



KPMG LLP
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 McLean, VA 22102

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 Fax 703-286-8010
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January [REDACTED], 2008

[REDACTED]

Dear Schools and Libraries Program Beneficiary:

The attached letter from Universal Service Administrative Company's (USAC) Internal Audit Division (Attachment A) states that USAC has engaged various audit firms to perform compliance attestation examinations of recipients of Schools & Libraries (S&L) Program funds. The Federal Communications Commission's Office of the Inspector General (FCC OIG) is overseeing these examinations and expects your full and complete cooperation during the examination (see the FCC OIG's letter at Attachment B).

KPMG LLP has been selected to conduct the examination of the [REDACTED] Beneficiary Number [REDACTED]. We are planning to perform this examination during the months of January and February. We anticipate that fieldwork at your location will take approximately three weeks. However, our ability to complete the examination within that number of weeks will depend on the availability of your staff and the documentation made available to us both prior to our arrival at your location and during the rest of the examination.

The examination will cover the following disbursements from the Universal Service Fund made during the period July 1, 2006 through June 30, 2007:

FUNDING YEAR(s)	FORM 471 NO.	FRN(s)	AMOUNT DISBURSED
2005	[REDACTED]	[REDACTED]	[REDACTED]
2006	[REDACTED]	[REDACTED]	[REDACTED]
2005	[REDACTED]	[REDACTED]	[REDACTED]
2005	[REDACTED]	[REDACTED]	[REDACTED]

To help you further understand what the examination covers Attachment C, the Invoice/Disbursement Spreadsheet, relates the FRN disbursements listed above to the invoices submitted to USAC.

As stated in the attached letter from USAC, the examination relates to your compliance with FCC Rules for the S&L Program. It will cover:

- Record keeping
- Applications for each Funding Year listed above



- Service provider selection and contracting for the FRN(s) listed above
- Supporting documentation for the reimbursements listed above

The examination team will include the following KPMG personnel:

NAME	POSITION	PHONE NUMBER	EMAIL
Michael Vierheller	Partner	412-232-1676	mvierheller@kpmg.com
Eric Davis	Manager	412-232-1673	ewdavis@kpmg.com
Dawn Fisher	Senior Associate	412-208-2984	dmfisher@kpmg.com

They will contact you within the next week to discuss the examination and the timing of their visit to your location. A key objective of that discussion will be to make sure that you clearly understand what you need to do to ensure that the examination goes smoothly and efficiently. Those requirements include:

1. Within ten business days, sending us the documents requested in Attachment D
2. Completing Attachment F, Internal Control Questionnaire, and including it with the Attachment D documents
3. Gathering and organizing the documents requested in Attachment E for the examination team's on-site visit
4. Prepare the Service Provider Bill & Reimbursement Reconciliation spreadsheet (Attachment G) that is requested in item I of Attachment E

In addition to the URL link included on page two of USAC's letter, we encourage you to review the "Understanding Beneficiary Audits" page (<http://www.usac.org/sl/about/audits/default.aspx>) on USAC's website.

Please send the documents requested in Attachment D to the following address:

KPMG LLP
One Mellon
Bank Center
Pittsburgh, PA 15219-2598
ATTN: Steve DeNoon



If there are any immediate matters or issues that you would like to discuss please call the contacts listed above or John Fenstermaker at 703-286-8341.

Sincerely,

A handwritten signature in cursive script that reads "Joseph M. Crostic".

Joseph M. Crostic
Lead Engagement Partner

Attachments:

- A. USAC letter signed by Wayne Scott, Vice President Internal Audit Division
- B. FCC OIG letter signed by Kent R. Nilsson, Inspector General
- C. Invoice/Disbursement Spreadsheet
- D. Documentation to be Sent to KPMG within Ten Business Days of Examination Notification
- E. Documentation to be Provided to KPMG Upon Arrival at Your Location
- F. Internal Control Questionnaire
- G. Service Provider Bill & Reimbursement Reconciliation
- H. Assertions Letter Example

cc: USAC



Wayne M. Scott
Vice President

Internal Audit Division

November 2, 2007

RE: FCC Inspector General Universal Service Fund Audits – Round 2 (2007-2008)

Dear Schools & Libraries Program Beneficiary:

The Universal Service Administrative Company (USAC) has engaged the services of professional public accounting firms (audit firms) to perform examinations of recipients of Universal Service Fund (USF) Schools & Libraries (S&L) funds. These Examinations are being conducted under the direction of the Federal Communications Commission (FCC) Office of Inspector General (OIG) principally to assess compliance with FCC Rules and to address requirements related to the Improper Payments Information Act (IPIA).¹ The examination of your organization relates to compliance with FCC Rules and the S&L Program disbursements. The efficiency of the examination will depend on the availability of your staff and the condition of the documentation made available prior to and during the course of the examination.

Nature of the Examination

As more fully described in Governmental Auditing Standards and AICPA Standards (Section AT 601), a compliance attestation examination requires that management:

- 1) Perform an evaluation of its compliance with *47 C.F.R Part 54, Subparts C and F and applicable FCC Orders ("Rules and Orders")*
- 2) Acknowledge (in the form of an assertion letter, which will be discussed with management at the inception of this examination) responsibility for compliance with applicable requirements of the Rules and Orders; and
- 3) Provide a representation letter to the audit firm. The form and content of the management representation letter will be discussed with management at the inception of this examination.

Contact Information

The audit firm will provide you with contact information of audit firm personnel responsible for conducting the audit. If you have any questions or concerns that the audit firm cannot address, please contact the following personnel:

NAME	COMPANY	POSITION	PHONE NUMBER	EMAIL
Jeff Mitchell	USAC	Director, Outsourced Audit Services	202-776-0200	jmitchell@usac.org
William Garay	FCC	Assistant Inspector General, USF Programs	202-418-7899	William.Garay@fcc.gov

¹ Public Law 107-300, Stat. 2350, November 26, 2002

Other Matters

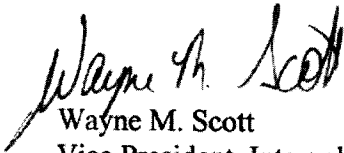
Please recognize that the audit firm has the same authority as USAC's Internal Audit Division to request and view documents.

The results of the audit firm's work including your management's written response will be presented in a draft report to USAC and the FCC Office of Inspector General (FCC OIG). Upon review and approval of the report by USAC in consultation with FCC OIG, the report will be distributed to appropriate parties.

The following URL provides some additional information to assist your understanding of this examination: <http://www.sl.universalservice.org/reference/bestpractices.asp>.

If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to call Mr. Jeff Mitchell or myself.

Sincerely,



Wayne M. Scott
Vice President, Internal Audit Division
Universal Service Administrative Company



OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20054

December 28, 2007

Dear Schools and Libraries Program Beneficiary:

Under the oversight of the Federal Communications Commission's Office of the Inspector General ("FCC OIG"), the Universal Service Administrative Company ("USAC") is auditing beneficiaries that receive federal Universal Service Funds ("USF") from the FCC's Schools and Libraries Support Program. Under this audit process your organization named in the audit firm's announcement letter was randomly selected for audit, and USAC retained a CPA audit firm to audit your organization. As a consequence, the FCC's Inspector General expects that the CPA firm will be given immediate and complete access to the books, records, and any other supporting documentation that was requested of your organization in the enclosed audit announcement letter from USAC and any additional information that the auditor shall require.

As the FCC-appointed administrator of the Universal Service support mechanisms,¹ USAC is legally authorized to audit schools and libraries reporting USF data.² The FCC, the FCC Inspector General, and USAC may request and obtain all records and documents and other information that is necessary to determine whether your entity has been in compliance with all FCC and state requirements for the Schools and Libraries Support Program.³ Under the Commission's rules, schools and libraries are required to maintain records and documents that demonstrate compliance with the FCC's rules and orders that are applicable to the Schools and Libraries USF fund. Upon request from the FCC or the Administrator or the FCC Inspector General, schools and libraries shall provide such records to the FCC or to the FCC Inspector General, or to the Administrator's auditors.

We look forward to your full and complete cooperation with the assigned CPA firm in its efforts to complete the audit of your organization. Failure to comply with FCC rules will

¹ 47 CFR § 54.701(a)

² 47 CFR § 54.707

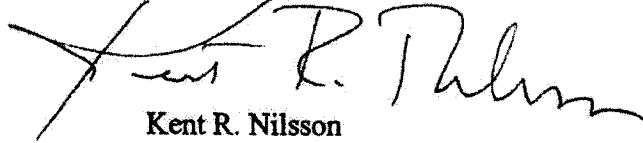
³ 47 CFR § 32.12; 5 USC, app. 3, § 6(a)(1)

ATTACHMENT B

subject your organization to the enforcement provisions (e.g., fines and forfeitures) of the Communications Act of 1934, as amended, and all other applicable laws and regulations.

If you have any questions, please contact William Garay, Assistant Inspector General for Universal Services Program at (202) 418-0814 or email to William.Garay@fcc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent R. Nilsson". The signature is fluid and cursive, with a large initial "K" and "N".

Kent R. Nilsson
Inspector General

cc: Mr. Jeffrey A. Mitchell, USAC



ATTACHMENT D
DOCUMENTS TO BE SENT TO KPMG LLP
WITHIN *TEN BUSINESS DAYS* OF EXAMINATION NOTIFICATION

1. Technology plan(s) covering the Funding Year(s) identified in the letter. <i>(Not necessary if the FRNs are only for basic local and long distance telephone services.)</i>
2. Approval letter(s) for the technology plans in item 1 above.
3. Technology budget(s) for the technology plans in item 1 above.
4. General description of the information technology environment and a high-level network diagram. <i>(The description should include how S&L Program funding for internal connections is being used in the IT environment.)</i>
5. Method used and documentation supporting the discount calculation. Please, identify each entity included in your supporting documentation with the Entity Number assigned by USAC, as it is included in your FCC Forms 471.
6. Copies of audited financial statements for the Funding Year(s) identified in the accompanying letter and a copy of the most recent statements.
7. If your organization is required to have a Single Audit, copies of the OMB Circular A-133 audit reports covering the Funding Year(s) identified in the accompanying letter through the most recent such report,
8. Copies of your Internet Safety Policy and other documentation supporting compliance with the Children's Internet Protection Act (CIPA).
9. Fixed asset inventory or other records listing S&L Program funded equipment that was acquired and reimbursed under the FRN(s) identified in the accompanying letter. <i>(Not necessary if the FRNs related to services rather than equipment.)</i> This listing should include the following elements: <ul style="list-style-type: none">• Make• Model• Serial number• Physical location (including room number and any movement history)• Date installed• FRN• Customer bill reference number(s)
10. Copies of all relevant contracts and written agreements with service providers and consultants for the period(s) and FRN(s) identified in the accompanying letter. <i>(Include addendums and amendments.)</i>
11. Record Retention Policy that applied to and was followed for S&L Program documentation.
12. Completed Internal Control Questionnaire (see Attachment F).



ATTACHMENT E

DOCUMENTS DUE TO KPMG LLP UPON ARRIVAL AT YOUR LOCATION

<p>A. Copies of the following forms (if applicable) for the Funding Year(s) and FRN(s) identified in the accompanying letter:</p> <ul style="list-style-type: none">i. FCC Form 470ii. FCC Form 471iii. FCC Form 486iv. FCC Form 472 (BEAR), if used for reimbursement(s)v. FCC Form 500, if applicable
<p>B. All documentation associated with above FCC Form(s) 471 and selected FRN(s) to include, but not limited to, service substitution approval letters and equipment transfer notification letters to USAC.</p>
<p>C. When FCC Form 472 (BEAR) is used:</p> <ul style="list-style-type: none">i. Copy of canceled checks written to the service providerii. Copy of bank statement and any other supporting documentation to confirm receipt of the discounted portion from the service provider.
<p>D. When FCC Form 474 (SPI) is used, copy of canceled check written to the service provider to cover the non-discounted portion.</p>
<p>E. Copies of local and state procurement regulations pertaining to contracting for the purchase of telephone service, internet access, and internal connections.</p>
<p>F. In association with the above FCC Form(s) 471, information related to the service provider selection process including, but not limited to:</p> <ul style="list-style-type: none">i. RFPs or bidding specificationsii. all bids received (both winning and losing)iii. correspondence (including informal communications) with potential selected service providers (i.e. competitive bidding, service issues, etc.)iv. meeting minutes for discussions and selection of service provider(s)
<p>G. Copy of relevant meeting minutes during the period(s) being examined where the S&L Program was an agenda item.</p>
<p>H. If applicable, copies of contract(s) for the technology protection measure (i.e. Internet filter) and invoices for the Funding Year(s) under review.</p>
<p>I. Using the Invoice/Disbursement Spreadsheet (Attachment C), prepare the Service Provider Bill & Reimbursement Reconciliation (see Attachment G) that provides an analysis of service provider bills to S&L Program invoices. Also provide copies of the bills and invoices. <i>(Attachment G includes an instructions tab.)</i></p>
<p>J. The FCC-OIG has requested the following contact information:</p> <ul style="list-style-type: none">i. School board members' names and telephone numbersii. Superintendent's name and telephone numberiii. Principal's name and telephone number (if the beneficiary is an individual school)



- iv. CFO or controller's name
- v. Consultant's company name, address, and telephone number, as well as the individual consultant's name (if a S&L Program consultant is used)



ATTACHMENT F
INTERNAL CONTROL QUESTIONNAIRE

PROPERTY MANAGEMENT

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries "maintain an updated list or file of the status of all work, in order to monitor both the progress of the project and the expenditure of approved funds related to the project." Furthermore, USAC urges that beneficiaries "verify – either through an approved internal process or by an independent third party - that all work has been completed and that all equipment is operating properly."

In addition, USAC urges that beneficiaries "maintain and update detailed asset registers (including make, model, serial number, and location) for all sites to facilitate the tracking of equipment purchased with USF support." See also the USAC guidance at <http://www.sl.universalservice.org/reference/bestpractices.asp>.

Control Question	Yes/No or NA	Description of Control
1) Do you have a property management system that records acquisitions, disposals, and locations of physical assets?		
2) Are physical assets funded through the S&L Program included in the property management system?	(If "No", describe the system used for S&L Program funded assets and answer the following questions for that system.)	
3) Are S&L Program funded assets designated as such in the system?		
4) Are there policies and procedures that define usage of the property management system?		

Control Question	Yes/No or NA	Description of Control
5) Does the property management system include an identification number (such as a serial number or a property ID tag number)?		
6) Does the property management system capture the method of acquiring each physical asset and the date of the acquisition?		
7) Can individual assets in the property management system be traced to invoices and/or other records of receipt?		
8) Are there controls to ensure that the property management system is updated if physical assets are moved or disposed of?		
9) Do you perform physical inventories and reconcile the counts to the property management system? (If so, how often is this done?)		
10) Does the property management system provide an audit trail of additions, changes, and dispositions of the physical assets?		
11) Are physical assets protected from theft?		
12) Do you maintain any excess inventory of S&L Program funded assets in a secure environment?		



ACCOUNTS PAYABLE/CASH DISBURSEMENTS

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries who use Form 472 (BEAR) to request reimbursement for approved expenses "review and approve the form to ensure that the work has been completed, that the service provider's bill has been paid in full, and that the reimbursement amount requested is correct." In addition, USAC urges that these beneficiaries "maintain a file for each Form 472 (BEAR) submitted to USAC. This file should contain a completed copy of the Form (including the signature of the service provider) and all supporting documentation."

For those who do not use Form 472 for reimbursement, USAC urges that the beneficiaries "review the Quarterly Disbursements Report provided by the Schools and Libraries Program to ensure any payments to service providers are consistent with work actually performed and discounts provided on bills received."

Furthermore, USAC urges all beneficiaries to "maintain a spreadsheet which tracks either the Form 472 (BEAR) requests for reimbursement or the discounts (in the form of discounts on bills, checks, or credits) provided by the service provider to ensure the committed amount on the FRN(s) has not been exceeded." See also the USAC guidance at <http://www.sl.universalservice.org/reference/bestpractices.asp>.

Control Question	Yes/No or NA	Description of Control
1) Are there policies and procedures that define how billings are recorded and vendor payments are made?		
2) Are all disbursements reviewed and approved before payment?		
3) Do you ever use Form 472 (BEAR) for reimbursement of S&L Program eligible expenses?	(If "Yes", continue with the next question. If "No", skip to question 7.)	



Control Question	Yes/No or NA	Description of Control
4) Before you submit a Form 472 (BEAR), do you ensure that the work has been completed, that the service provider's bill has been paid in full, and that the reimbursement requested is correct?		
5) Do you maintain a file for each Form 472, which includes the following supporting documents, a) vendor invoice or a worksheet supporting the claim, b) proof of payment to the service provider, c) correspondence with vendor regarding payments of the related invoices?		
6) Do you have a process to identify and remove non S&L Program eligible charges on invoices before submitting each FCC Form 472?		

Control Question	Yes/No or NA	Description of Control
<p>7) When receiving discounted services from the service provider, do you maintain files that contain a) vendor invoice or reconciliation worksheet supporting the undiscounted portion of the S&L Program expenditure, b) proof of payment for the undiscounted portion, c) support that the discounted services billed were received and were approved by the Funding Commitment Letter, and d) if possible, copies of the invoice submitted by the service provider to the Schools and Libraries Division?</p>		
<p>8) Do you review the "Quarterly Disbursements Report" provided by the Schools and Libraries Division to ensure that payments to service providers are consistent with the goods and services received from the service provider and the discounts shown on bills received?</p>		
<p>9) Do you maintain a spreadsheet or track by another method the total amount of the Form 472 requests and the discounts allowed by service providers to ensure that the FRN(s) has not been exceeded?</p>		



Control Question	Yes/No or NA	Description of Control
10) Do your records provide the ability to track S&L Program funded assets from invoices to your property management system?		



S&L PROGRAM APPLICATION & CONTRACTING (FCC FORMS 470 AND 471)

To comply with S&L Program rules and to be able to demonstrate compliance, USAC has urged that beneficiaries maintain a file of the Services Requested and Certification Form (Form 470) and the Services Ordered and Certification Form (Form 471) applications. See also the USAC guidance at <http://www.sl.universalservice.org/reference/bestpractices.asp>.

Control Question	Yes/No or NA	Description of Control
1) Is a specific individual responsible for the S&L Program application process?		
2) Is the responsible individual knowledgeable in S&L Program requirements and processes?	(If "Yes", explain qualifications.)	
3) Are the FCC Form 470 and FCC Form 471 reviewed and approved by an appropriate official?		
4) Do you have a policies and procedures manual that summarizes the procurement process?		

Control Question	Yes/No or NA	Description of Control
<p>5) Do you maintain an S&L Program application file containing the following documents?</p> <ul style="list-style-type: none"> a) FCC Form 470 b) FCC Form 471 c) Requests for Proposal, if applicable d) Copies of all bids e) Documentation of the award process and the rationale for the bid award f) Copies of all related contracts g) Copies of all service provider invoices h) Copy of the board resolution for any contract award, and i) Any other related documentation 		
<p>6) Do you maintain a log of all communications with USAC, including the name of the person making the call, the time and date of the call, the name of the USAC employee who responded to the call, and the substance of the communication?</p>		
<p>7) Do you maintain a file of all change orders or documentation for verbal change orders?</p>		



ATTACHMENT G

Instructions for preparing the spreadsheet	
Row 3	Insert the name or your organization as shown on the Announcement Letter.
Row 4	Insert the name of the person who prepared this spreadsheet and the date it was prepared.
Col. A	Insert the FCC Form 471 number from the Announcement Letter and from Attachment C to that letter. If there are more than one FCC Form 471, add additional tabs (worksheets) for each additional form.
Col. B	From the Announcement Letter and from Attachment C to that letter, insert the FRN number(s) that relate to the FCC Form 471 in Col. A.
Col. C	Insert the name of the service provider for the FRN in Col. B.
Col. D	Insert the type of S&L Program service (Telecom, Internet Access, or Internal Connections) that the FRN in Col. B provides.
Col. E	Insert the reference number (invoice number) for the bill received from the service provider.
Col. F	Insert the date of the bill received from the service provider.
Col. G	Insert the dollar amount of the bill received from the service provider.
Col. H	Indicate whether this FRN uses the SPI (FCC Form 474) or the BEAR (FCC Form 472) method to request reimbursement from USAC.
Col. I	If known, indicate the number of the FCC Form 474 or FCC Form 472 used to request reimbursement for the service provider bill in Cols. E through G.
Col. J	Insert the discounted amount submitted to USAC for reimbursement. (Service provider bill amount less any ineligible charges times the discount percentage)
Col. K	Insert any ineligible charges included in the service provider bill in Cols. E through G.
Col. L	Insert a reference letter to provide an explanation for any ineligible charges or other items that need further explanation. Provide the explanation below the matrix.
Col. M	Insert the undiscounted amount, the Beneficiary's share, included in the service provider bill in Cols. E through G.
Col. N	Provide the number of the check that paid the undiscounted amount, your share, of the service provider bill in Cols. E through G. (If a single check covered more than one service provider bill, insert that check number on each row to which it relates.)
Col. O	Provide the date of the check in Col. N.
Col. P	Provide the total dollar amount of the check in Col. N.
Col. Q	Because the check in Col. N through Col. P may cover more than one service provider bill, indicate the portion of the check that relates to the undiscounted
Col. R	For SPI reimbursements, this column is calculated as Col. M, the undiscounted amount, less Col. Q, the portion of the check related to the bill. For BEAR reimbursements, this column is calculated as Col. Q, the portion of the check amount related to the bill, less Col. J, the discounted amount, less Col. M, the undiscounted amount.
Col. S	Insert a reference letter to provide an explanation for any differences or other items that need further explanation. Provide the explanation below the matrix.



ATTACHMENT G

Example Service Provider Bill Reimbursement Reconciliation Spreadsheet

Beneficiary Name: _____
 Prepared By: _____
 Date Prepared: _____

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
FCC Form 471	FRN No.	Service Provider Name	Category of Service	Service Provider Bill No.	Service Provider Bill Date	Total Service Provider Bill Amount	Method Used to Invoice USAC	SPI or BEAR Form No. (if known)	Discounted Amount submitted to USAC	Ineligible Charges (if any)	Comments	Undiscounted amount (col. G - J - K)	Check No.	Check Date	Check Amount	Portion of check related to bill	Difference in undiscounted amount paid
987854	123456	Billy's Telecom	Telecom	A-139	07/02/03	\$ 1,000.00	SPI		\$ 900.00			\$ 100.00	34892	07/14/03	\$ 100.00	\$ 100.00	\$ -
				A-140	08/02/03	\$ 1,000.00	SPI		\$ 900.00			\$ 100.00	36908	09/14/03	\$ 350.00	\$ 100.00	\$ -
				A-141	09/02/03	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	36908	09/14/03	\$ 350.00	\$ 250.00	\$ -
				A-142	10/02/03	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	37084	10/14/03	\$ 250.00	\$ 250.00	\$ -
				A-143	11/02/03	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	45869	01/14/04	\$ 700.00	\$ 250.00	\$ -
				A-144	12/02/03	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	45869	01/14/04	\$ 700.00	\$ 250.00	\$ -
				A-145	01/02/04	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	45869	01/14/04	\$ 700.00	\$ 250.00	\$ -
				A-146	02/02/04	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	49666	02/28/04	\$ 50.00	\$ 50.00	\$ (50.00) (b)
				A-147	03/02/04	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	47899	03/14/04	\$ 500.00	\$ 250.00	\$ -
				A-148	04/02/04	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	48493	05/14/04	\$ 500.00	\$ 250.00	\$ -
				A-149	05/02/04	\$ 2,500.00	SPI		\$ 2,250.00			\$ 250.00	48493	05/14/04	\$ 500.00	\$ 250.00	\$ -
				A-150	06/02/04	\$ 2,500.00	SPI		\$ 1,800.00	\$ 500.00	(a)	\$ 200.00	48860	06/14/04	\$ 250.00	\$ 250.00	\$ -
						\$ 27,000.00			\$ 23,850.00	\$ 500.00		\$ 2,650.00	49271	08/28/04	\$ 450.00	\$ 450.00	\$ (500.00) (a)
654321		Southwest Online	Internet Access	Q1-211	09/13/03	\$ 1,800.00	BEAR	656565	\$ 1,620.00	\$ 500.00		\$ 180.00	36956	09/30/03	\$ 1,800.00	\$ 1,800.00	\$ -
				Q2-356	12/12/03	\$ 1,800.00	BEAR	777777	\$ 1,620.00	\$ -		\$ 180.00	42087	12/27/03	\$ 1,800.00	\$ 1,800.00	\$ -
				Q3-487	03/14/04	\$ 2,000.00	BEAR	868688	\$ 1,620.00	\$ 200.00	(c)	\$ 180.00	47927	03/29/04	\$ 2,000.00	\$ 2,000.00	\$ 200.00 (c)
				Q4-615	06/13/04	\$ 2,000.00	BEAR	999999	\$ 1,620.00	\$ 200.00	(c)	\$ 180.00	49015	06/30/04	\$ 2,000.00	\$ 2,000.00	\$ 200.00 (c)
						\$ 7,600.00			\$ 6,480.00	\$ 400.00		\$ 720.00			\$ 7,600.00	\$ 7,600.00	\$ 400.00

Comments
(a) Service Provider bill dated 6/2/04 contained ineligible charges consisting of late fees totaling \$500. We initially paid \$250, which was our 10% share of the entire \$2500 bill. We later paid the additional \$450 of ineligible charges that remained unpaid.
(b) The check to the Service Provider was only \$2000 due to a clerical error. A subsequent check (number 49666) was issued to correct the error.
(c) The third and fourth quarter bills included charges for additional services not included in the FCC Form 471. We paid for these ineligible charges.



ATTACHMENT H
Example Assertions Letter

TOP NOTES TO ASSERTIONS LETTER

- **The references to applicable periods accompanying each assertion, highlighted in yellow, are included only for use in determining applicable assertions and should be removed before the letter is signed.**

- **The check boxes before each assertion currently reflect a typical set of applicable assertions for Funding Year (FY) 2005 or later. However, the preparer needs to carefully assess the circumstances of each Beneficiary and be certain to have the assertions in the signed letter properly marked relative to that Beneficiary and all FYs included in the scope of the letter.**



Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Section 54 of the Federal Communications Commission's Rules and Regulations and Related Orders

Management of [BENEFICIARY NAME] (the "District") is responsible for ensuring the District's compliance with applicable requirements of 47 C.F.R. Sections 54.500 through 54.523 of the Federal Communications Commission's ("FCC") Rules and Regulations for Universal Service Support for Schools and Libraries, as amended, and related FCC Orders.

Management has performed an evaluation of the District's compliance with the applicable requirements of 47 C.F.R. Section 54.500 through 54.523, as amended, and related FCC Orders with respect to disbursements made from the Universal Service Fund during the period July 1, 2006 through June 30, 2007 on our behalf and the related Funding Year(s) 200X(and 200Y) application(s) for funding and service provider selection(s) related to the Funding Request Numbers ("FRNs") for which such disbursements were made. Based on this evaluation, we assert that as of [DATE], 200Z, the District complied with all applicable requirements of 47 C.F.R. Sections 54.500 through 54.523, as amended, and related FCC Orders, in all material respects.

The District used [SERVICE PROVIDER NAME(S) *or* "various organizations"] as its service provider(s) relative to the FRNs for which disbursements were made during the period July 1, 2006 through June 30, 2007. In addition to providing the goods and/or services for which the disbursements were made relative to those FRNs, [SERVICE PROVIDER NAME(S) *or* "those service providers"] performed the following specific functions to qualify as a service provider for the Schools and Libraries Support Mechanism and on behalf of the District, as applicable:

- Preparation and submission of FCC Form 473, Service Provider Annual Certification Form
- Preparation and submission of FCC Forms 474, Service Provider Invoice
- Receipt of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement, or FCC Forms 474, Service Provider Invoice
- Reimbursement to the District of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement

The District has obtained and relied upon assurance from [SERVICE PROVIDER NAME(S) *or* "our service providers"] to verify that controls and procedures relating to these assertions have been established and maintained by [SERVICE PROVIDER NAME(S) *or* "those service providers"] in accordance with all applicable requirements of 47 C.F.R. Sections 54.500 through 54.523, as amended, and related FCC Orders.

NOTE: The checkbox before each assertion indicates whether that assertion is applicable.

The *(School or District)* represents the following assertions per the FCC Rules and Regulations, as amended, and related FCC Orders (which are indicated as “applicable” and are identified herein with each assertion) with respect to disbursements made from the Universal Service Fund during the year ended June 30, 2007 on our behalf and the related Funding Year(s) 200X (and 200Y) application(s) for funding and service provider selection(s) related to the FRNs for which such disbursements were made:

A. Record Keeping – The *(School or District)*:

1. maintained for its purchases of telecommunications and other supported services at discounted rates the kind of procurement records that it maintains for other purchases. (Section 54.516 (a) which was effective from July 17, 1997 through October 12, 2004) [Applicable to service provider selection documentation prior to FY 2005 and purchasing documentation (such as service provider bills) for products and services delivered before October 13, 2004]
2. retained all documents, to date, related to the application for, receipt, and delivery of discounted telecommunications and other supported services. Also, any other document that demonstrated compliance with the statutory or regulatory requirements for the schools and libraries mechanism was retained. (Sections 54.516 (a) (1) and 54.504 (c) (1) (x) which were effective as of October 13, 2004 and require a five-year retention period for such documents) [Applicable fully to FY 2005 and subsequent FYs and for the receipt and delivery of products and services that took place after October 12, 2004 irrespective of FY]
3. maintained, to date, asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment. (Section 54.516 (a) which was applicable from March 11, 2004 to October 12, 2004 and Section 54.516 (a) (1) which was effective as of October 13, 2004, both of which require maintenance of such records for a period of five years after purchase) [Only applicable if the FRN(s) include internal connections services other than maintenance and the delivery of the products took place after March 10, 2004]

B. Application Matters – The *(School or District)*:

1. requested discounts from the Universal Service Fund for telecommunications and other supported services only for schools that meet the statutory definition of elementary and secondary schools found under section 254(h) of the Communications Act of 1934, as amended in the No Child Left Behind Act of 2001, 20 U.S.C. 7801(18) and (38), do not operate as for-profit businesses, and do not have endowments exceeding \$50 million. (Section 54.504 (b) (2) (i) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (i) which was effective as of February 12, 1998; as well as Section 54.501 (b), as revised, which was originally effective as of July 17, 1997) [Applicable for all funding years]
2. submitted a completed FCC Form 470, including the required certifications, signed by the person authorized to order telecommunications and other supported services. (Section 54.504 (b) (2), as revised, which was originally effective as of July 17, 1997) [Applicable for all funding years]
3. had the resources required to make use of the services requested, or such resources were budgeted for purchase for the current, next or other future academic years, at the time the FCC Form 470 was filed. (Section 54.504 (b) (1), as revised, which was originally effective as of July 17, 1997; and Section 54.504 (b) (2) (vi) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (v) which was effective as of July 17, 1997) [Applicable for all funding years]
4. had a technology plan for using the services requested at the time of filing the FCC Form 470 that had been or would be approved by its state or other authorized body prior to the receipt of the requested services. (Sections 54.504 (b) (2) (iii) and (iv); as well as 54.508 (c) which were effective



as of October 13, 2004) [Applicable for FY 2005 and subsequent FYs if the Beneficiary received discounted services other than basic telephone service]

5. the technology plan for using the services requested in the FCC Form 470 included the following elements: (Section 54.508 (a) which was effective as of October 13, 2004) [Applicable for FY 2005 and subsequent FYs]
 - a) a statement of goals and a strategy for using telecommunications and information technology to improve education;
 - b) a professional development strategy to ensure that the staff understands how to use these new technologies to improve education;
 - c) an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education;
 - d) a budget sufficient to acquire and support the non-discounted elements of the plan: the hardware, software, professional development, and other services that will be needed to implement the strategy; and
 - e) an evaluation process that enables the school to monitor progress toward the specific goals and make mid-course corrections in response to new developments and opportunities as they arise.
6. had a technology plan that had been certified by its state, USAC or an independent entity approved by the FCC at the time of filing the FCC Form 470. (Sections 54.504 (b) (2) (vii) which was effective from July 17, 1997 to October 12, 2004) [Applicable for funding years prior to FY 2005]
7. accurately determined its level of poverty, for use in determining its available discount rate, by using the percentage of its student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism in the public school district in which they are located. (Section 54.505 (b) which was effective as of July 17, 1997) [Applicable for all funding years]
8. accurately applied the approved discount matrix, with the correct consideration of urban or rural location, to its determined level of poverty to set its discount rate to be applied to eligible goods and/or services. (Section 54.505 (c), as revised, which was originally effective as of July 17, 1997) [Applicable for all funding years]
9. submitted a completed FCC Form 471 only after signing a contract for eligible goods and/or services. (Section 54.504 (c) which was effective as of February 12, 1998) [Applicable for all funding years]
10. requested, and funds were disbursed by the Universal Service Fund for, only eligible goods and services. (Sections 54.504 (b) (1) which was effective as of July 17, 1997 and 54.504 (c) which was effective as of February 12, 1998) [Applicable for all funding years]
11. submitted a certification on FCC Form 486 that an Internet safety policy is being enforced and complied with the certification such that: (Section 54.520 (c) which was effective as of April 20, 2001) [Applicable for all FCC Form 486 submissions subsequent to April 19, 2001 and the Beneficiary received discounts for Internet access, internal connections, and/or for internal connections maintenance]
 - a) it enforced a policy of Internet safety that includes monitoring the online activities of minors and the operation of a technology protection measure, with respect to any of its computers with Internet access, that protects against access through such computers to visual