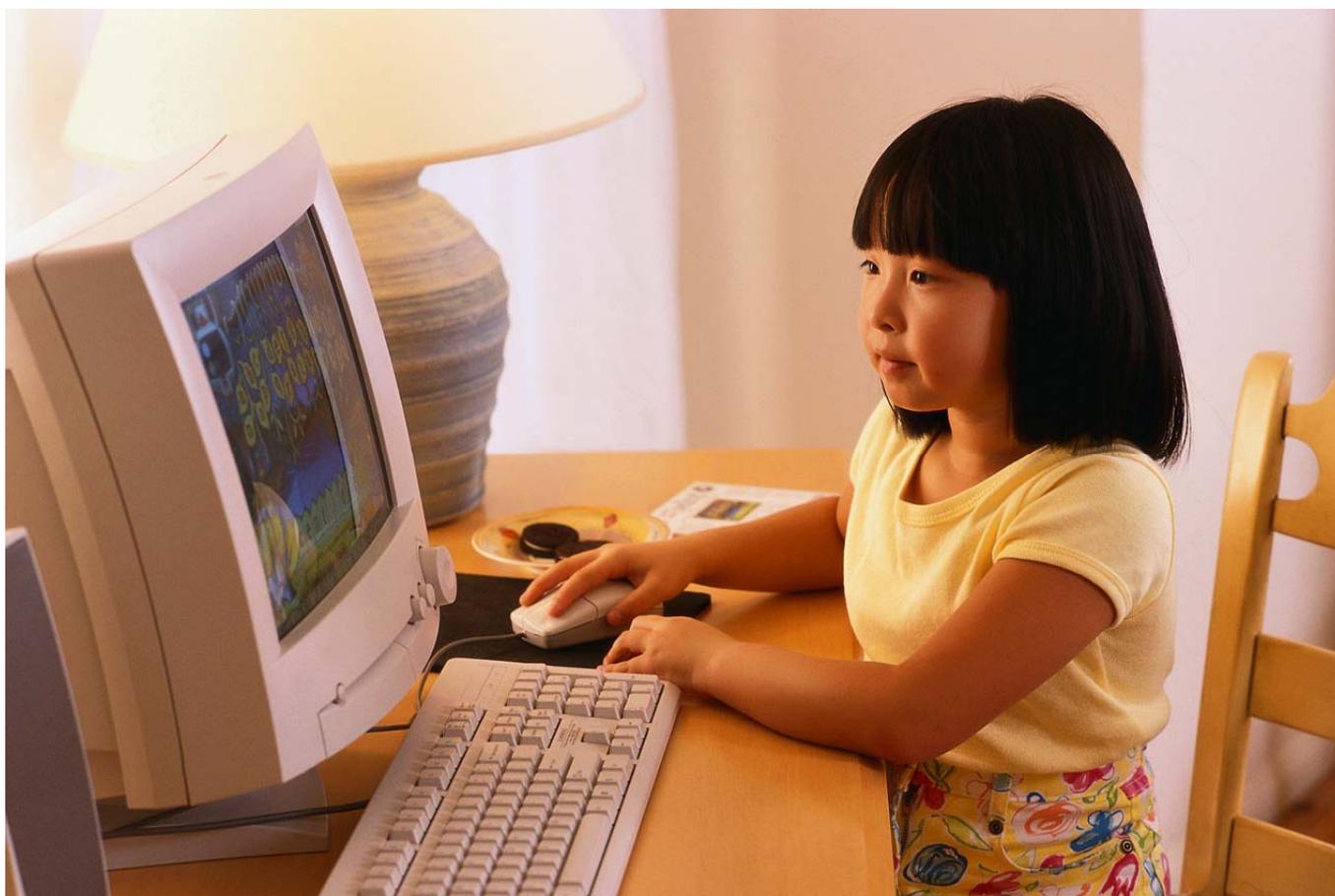


The Schools and Libraries Program Initial Statistical Analysis of Data from the 2007/2008 Compliances Attestation Examinations

By
Office of Inspector General
Federal Communications Commission

December 12, 2008



Background and Introduction

This report contains a preliminary statistical analysis of data from the 2007/2008 audits of the Schools and Libraries (“S&L”) Program of the Federal Communications Commission (“FCC” or “Commission”) for the funding year ended June 30, 2007. The primary objective of the Inspector General (“IG”) in auditing the S&L program was to determine the extent to which the Schools & Libraries program was being administered in accordance with the Commission's rules, orders and interpretative opinions. An additional objective was to provide audit results that would permit statistical estimates of the error rates under the Improper Payments Information Act of 2002 (“IPIA”).¹ Under IPIA standards, a program is at risk if the erroneous payment rate exceeds 2.5 % and the amount of erroneous payments is greater than \$10 million.² “The term “erroneous payment” and “improper payment” have the same meaning in the OMB Guidance.³ To assess compliance and risk, a stratified simple random sample of 260 beneficiaries was drawn and compliance attestation audits were completed. Statistical results from the sample suggest that the program is at risk. The erroneous payment rate is estimated at 13.8 % with a margin of error ± 3.1 % at the 90 % confidence level and erroneous payments are estimated to be \$232.7 millions.⁴

Schools and Libraries Program Description

The S&L Program of the Universal Service Fund (“USF”), commonly known as “E-rate,” is administered by the Universal Service Administrative Company (“USAC”) under the direction of the FCC, and provides discounts to assist schools and libraries in the United States in obtaining affordable telecommunications and Internet access services.⁵

The S&L Program supports “connectivity” (i.e. the conduit or pipeline for communications that use telecommunications services as well as the Internet). Applicants must provide additional resources including end-user equipment (e.g., computers, telephones), software, professional development, and the other elements that are necessary to utilize the connectivity funded by the Schools and Libraries Program. Funding is requested under four categories of service: telecommunications services, Internet access, internal connections, and

¹ Pub. L. 107-300; 11 Stat. 2350.

² OMB’s Guidance states that “ an improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments and underpayments, including inappropriate denial of payment or service. . . . In addition when an agency’s review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.” Office of Management and Budget, Memorandum for Heads of Executive Departments and Agencies (Aug. 10, 2006), Appendix C to OMB Circular A-123 at 2.

³ *Ibid.*

³ During the period audited, approximately \$1.7 billion was distributed to schools and libraries.

⁵ Pursuant to section 54.712 of the Commission’s rules, 47 C.F.R. § 54.712, carriers may recover universal service contributions from their end user customers so long as the line-item charge does “. . . not exceed the interstate telecommunications portion of the bill times the relevant contribution factor.” “United States” includes the fifty states, the District of Columbia, Puerto Rico and all United States territories. *See* 47 U.S.C. §§ 152(a), 153(51).

basic maintenance of internal connections. Discounts for support depend on the level of poverty and the urban or rural status of the population served. Discounts range from 20 % to 90 % of the costs of eligible services.⁶ Eligible schools, school districts and libraries may apply individually or as part of a consortium.⁷

Overview of Administrative Process

Federal and state laws determine eligibility of schools, school districts, and libraries for S&L support. In general, a school is eligible for S&L support if it meets the following eligibility requirements:

- schools must provide elementary or secondary education as determined under state law;
- schools may be public or private institutional day or residential schools, or public charter schools;
- schools must operate as non-profit businesses; and
- schools cannot have an endowment exceeding \$50 million.⁸

In many cases, non-traditional facilities and students may be eligible.⁹

Libraries must meet the statutory definition of a library or library consortium that is contained in the 1996 Library Services and Technology Act (“LSTA”)¹⁰ to meet eligibility requirements for S&L support. Libraries must be eligible for assistance from a state library administrative agency under that Act; must have budgets completely separate from any schools (including, but not limited to, elementary and secondary schools, colleges and universities); and cannot operate as for-profit businesses.

Schools, school districts, and libraries that want to apply for S&L support, commonly referred to as "E-rate," must first prepare a technology plan.¹¹ An approved technology plan sets out how information technology and telecommunications infrastructure will be used to achieve educational goals, specific curriculum reforms, or library service improvements.

A technology plan designed to improve education or library services is required to cover the entire funding year (July 1 to June 30) but not more than three years. The plan must contain five elements: (1) goals and a realistic strategy for using telecommunications and information technology; (2) a professional development strategy; (3) an assessment of telecommunication

⁶ See 47 C.F.R § 54.505.

⁷ See 47 C.F.R. § 54.501(d).

⁸ See 47 C.F.R. § 54.501.

⁹ For example, an Educational Service Agency, which may operate owned or leased instructional facilities, may be eligible for S&L support if it provides elementary or secondary education as defined by state law.

¹⁰ Pub. L. 104-208, 110 Stat. 3009.

¹¹ See 47 C.F.R. § 54.508.

services, hardware, software, and other services needed; (4) budget resources; and (5) an on-going evaluation process. The technology plan must be approved by a USAC certified technology plan approver before discounted services can begin. The state is the certified technology plan approver for libraries and public schools.¹²

Applicants must file the Description of Services Requested and Certification Form (Form 470)¹³ to begin the competitive procurement process and must ensure an open and fair competitive bidding process for specific products. Applicants must file Form 470 each funding year for requests for tariffed or month-to-month services and for new contractual services.¹⁴ When the Form 470 is filed, USAC makes it available to interested service providers by posting it on the USAC website. Applicants must: (1) describe specific services or functions for support; (2) identify the correct category of services: telecommunications, Internet access, internal connections, or basic maintenance of internal connections; (3) identify recipients of services for support; (4) follow all applicable state and local procurement laws; and (5) wait 28 days after the Form 470 is posted to the USAC website or after public availability of Request for Proposals (“RFP”), whichever is later, before selecting a vendor or executing a contract. Applicants may use RFPs or other solicitation methods tailored to specific needs and circumstances in addition to the required Form 470.

The Form 470 must be completed by the entity that will negotiate for eligible products and services with potential service providers. A service provider that participates in the competitive bidding process as a bidder cannot be involved in the preparation or certification of the entity's Form 470.

Applicants select the most cost-effective provider of the desired products or services eligible for support, with price as the primary factor.¹⁵ At the conclusion of the 28-day waiting period after the Form 470 is posted on the USAC website, the applicant may select a vendor for tariffed or month-to-month services or execute a contract for new contractual services. Applicants may also choose vendors from a State Master Contract, execute multi-year contracts pursuant to a Form 470, and enter into voluntary contract extensions, but certain additional contract requirements apply. In all cases, applicants must comply with state and local procurement laws.

¹² The term "state" includes the District of Columbia and U.S. territories and possessions. 47 U.S.C § 153(40). The state is the certified technology plan approver for libraries and public schools. Non-public schools and other entities that do not secure approval of their technology plan from their states may locate a USAC-certified technology plan approver from USAC. Applicants that seek S&L Program support only for basic telephone service do not need a technology plan.

¹³ A new Form 470 is not required if an applicant intends to seek discounts on services provided under a multi-year contract executed under a posted Form 470 in a prior funding year.

¹⁴ See n. 11, *supra*.

¹⁵ See 47 C.F.R. §54.504(b)(4).

Applicants must save all documentation pertaining to the competitive bidding process and vendor selection for five years.¹⁶ Applicants certify and acknowledge on the Form 470 and the Services Ordered and Certification Form (Form 471) that they may be audited and that they will retain all records that can verify the accuracy of information provided. An applicant that applies for S&L Program support for eligible services must calculate the discount percentage that it and the schools or libraries it represents are eligible to receive. Applicants use the Form 471 to calculate the discount and begin by listing the recipients of services for support. FCC rules include a discount matrix that takes into consideration poverty level and the urban or rural location of the participating entity.¹⁷

The primary measure for determining Schools and Libraries support discounts is the percentage of students eligible for free and reduced lunches under the National School Lunch Program (“NSLP”), calculated by individual school. A school district applicant calculates its shared discount by calculating a weighted average of the discounts of all individual schools included in the school district. Library branches or outlets must obtain and use the NSLP data for the public school district in which they are located to calculate the discount. A library system applicant calculates its shared discount by calculating an average of the discounts of all library branches or outlets included in the system. A consortium calculates its shared discount by calculating the average of the discounts of all eligible libraries and schools that are included in its membership.

Every school or library in the United States is located in either a rural or an urban area, based on Metropolitan Statistical Area (“MSA”) data. The applicant determines if the individual school or library is rural or urban to enable it to calculate its percentage discount correctly. Non-instructional facilities that serve educational purposes may be eligible to receive discounts on telecommunications and Internet access services (Priority 1 services).

Compliance and IPIA Audits

In Round 1 (i.e., the 2006-2007 audit of the Schools and Libraries Program disbursements), the primary objective of each audit was to determine the extent of compliance with FCC rules, orders and interpretative opinions. An additional objective was to estimate, statistically, the erroneous payment rate. In Round 1, the estimated erroneous payment rate was 12.9% with a margin of error of +/- 4.5%, and the estimated amount of erroneous payments was \$210 million. As a consequence, it was determined that the program was at risk under IPIA criteria. Because of the need for comparability between Round 1 and the audits of 2007-2008 of FY 2006 disbursements (“Round 2”) and because attestation audits provide the highest level of assurance from auditors, compliance attestation audits were undertaken in Round 2.

¹⁶ See 47 C.F.R. § 54.516(a).

¹⁷ See 47 C.F.R. § 54.505.

With compliance attestation audits, the auditee (management of the school or library receiving S&L support) signs an assertion letter acknowledging its responsibility for compliance with applicable requirements of Commission rules (*e.g.* 47 C.F.R. §§ 54.500 - 54.523) and related FCC orders and interpretive opinions. In addition, the auditee also makes specific assertions relative to an applicant’s compliance with those rules. Auditors test the assertions, and identify any cause(s) for failure of an assertion.

Because FCC rules changed during the time period audited, there were multiple assertion letters. Table 1 contains the essential aspects of an assertion letter. Appendix A contains all assertion letters that applied to the entities that were audited in this program. We statistically analyzed data generated from compliance attestation audits based on the assertion letters that are contained in Appendix A.

TABLE 1

What kinds of service are you seeking: Telecommunications Services, Internet Access, Internal Connections Other than Basic Maintenance, or Basic Maintenance of Internal Connections?
<u>Telecommunications Services</u>
a. Do you have a Request for Proposal (RFP) that specifies the services you are seeking? If you check YES, your RFP must be available to all interested bidders for at least 28 days.
b. List below the Telecommunications Services you seek. Specify each service or function (<i>e.g.</i> local voice service) and quantity and/or capacity (<i>e.g.</i> 20 existing lines plus 10 new ones).
<u>Internet Access</u>
a. Do you have a Request for Proposal (RFP) that specifies the services you are seeking? If you check YES, your RFP must be available to all interested bidders for at least 28 days.
b. List below the Internet Access services you seek. Specify each service or function (<i>e.g.</i> , monthly Internet service) and quantity and/or capacity (<i>e.g.</i> , for 500 users)
<u>Internal Connections Other than Basic Maintenance</u>
a. Do you have a Request for Proposal (RFP) that specifies the services you are seeking? If you check YES, your RFP must be available to all interested bidders for at least 28 days.
b. List below the Internal Connections services you seek. Specify each service or function (<i>e.g.</i> , a router, hub and cabling) and quantity and/or capacity (<i>e.g.</i> , connecting 1 classroom of 30 students).
<u>Basic Maintenance of Internal Connections</u>
a. Do you have a Request for Proposal (RFP) that specifies the services you are seeking? If you check YES, your RFP must be available to all interested bidders for at least 28 days.
b. List below the Basic Maintenance services you seek. Specify each service or function (<i>e.g.</i> , basic maintenance of routers) and quantity and/or capacity (<i>e.g.</i> , for 10 routers).
(<i>Optional</i>) Please name the person on your staff or project who can provide additional technical details or answer specific questions from service providers about the services you are seeking.

<p>Check [this box] if there are any restrictions imposed by state or local laws or regulations on how or when service providers may contact you or on other bidding procedures. Please describe below any such restrictions or procedures and/or provide a Web address where they are posted and a contact name and telephone number.</p>
<p>Check [this box] if no state and local procurement/competitive bidding requirements apply to the procurement of services sought on this Form 470.</p>
<p>If you have plans to purchase additional services in future years, or expect to seek new contracts for existing services, you may summarize below (including the likely timeframes). If you are requesting services for a funding year for which a Form 470 cannot yet be filed online, include that information here.</p>
<p>Although the following services and facilities are ineligible for support, they are usually necessary to make effective use of the eligible services requested in this application. Unless you indicated that your application is ONLY for basic telephone service, you must check one or both boxes. You may provide details for purchases being sought.</p> <p>Desktop software: Software required a. has been purchased; and/or is being sought.</p> <p>Electrical systems: b. adequate electrical capacity is in place or has already been arranged; and/or upgrading for electrical capacity is being sought.</p> <p>Computers: a sufficient quantity of computers c. has been purchased; and/or is being sought.</p> <p>Computer hardware maintenance: adequate arrangements d. have been made; and/or are being sought.</p> <p>Staff development: e. all staff have had an appropriate level of training/additional training has been scheduled; and/or training is being sought.</p>
<p>Check the ONE choice that best describes this application and the eligible entities that will receive the services described in this application. You will then list the entity/entities that will pay the bills for these services.</p> <p>a. Individual school or single-site library. b. Statewide application for (enter 2-letter state code) representing (check all that apply): All public schools/districts in the state. All non-public schools in the state. All libraries in the state. c. School district, library system or consortium application to serve multiple eligible entities.</p>

Table 2 contains one of the assertion letters. The assertion letter applies to Schools in 2007.

TABLE 2

• **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, to date. 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 %age 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 depictions that are obscene, child pornography or harmful to minors (Section 54.520 (c) (1) (i) which was effective as of April 20, 2001); and

- b) its Internet safety policy addresses each of the following (Section 54.520 (c) (1) (ii) which was effective as of April 20, 2001):
 - i) access by minors to inappropriate matter on the Internet and World Wide Web;
 - ii) the safety and security of minors when using electronic mail, chat rooms, and other forms of direct electronic communications;
 - iii) unauthorized access, including so-called 'hacking', and other unlawful activities by minors online;
 - iv) unauthorized disclosure, use, and dissemination of personal identification information regarding minors; and
 - v) measures designed to restrict minors' access to materials harmful to minors.

C. Service Provider Selection Matters – The (*School or District*)::

- 1) Made a request for competitive bids for all eligible goods and/or services for which Universal Service Fund support was requested and complied with applicable state and local procurement processes included in its documented policies and procedures. (Section 54.504 (a) which was effective as of February 12, 1997, with clarification included in FCC Order 03-313, paragraphs 39 and 56, which was issued December 8, 2003 and was effective for Funding Year 2005) [Applicable for all funding years]
- 2) Waited at least four weeks after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers. (Section 54.504 (b) (4) which was effective as of January 1, 1999) [Applicable for all funding years]
- 3) Considered all bids submitted and selected the most cost-effective service offering, with price being the primary factor considered. (Section 54.511 (a) which was effective as of July 21, 2003) [Applicable for FY 2004 and subsequent FYs]
- 4) Considered all bids submitted and selected the most cost-effective service offering. (Section 54.511 (a) which was effective from July 17, 1997 through July 20, 2003) [Applicable prior to FY 2004]
- 5) Did not surrender control of its competitive bidding process to a service provider that participated in that bidding process and did not include service provider contact information on its FCC Forms 470. (FCC Order 00-167, paragraph 10, which was issued on May 23, 2000) [Applicable for all funding years]

D. Receipt of Services and Reimbursement Matters – The (*School or District*):

- 1. Applied its discount %age to the appropriate pre-discount price. (Section 54.505 (a) which was effective as of July 17, 1997) [Applicable for all funding years]
- 2. Received reimbursement from its service provider for purchases for which it had paid full price to the service provider. (Section 54.514 (b), as revised, which was originally effective as of July 21, 2003 as confirmation of earlier administrative practices)

[Applicable for all funding years]

3. Requested, and funds were disbursed by the Universal Service Fund, amounts related to service substitutions that provided the same functionality and were based on the lower of the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service. (Section 54.504 (f) which was effective as of March 11, 2004 as confirmation of earlier administrative practices) [Applicable for all funding years]
4. Used the services requested solely for educational purposes. (Section 54.504 (b) (2) (v) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (ii) which was effective as of February 12, 1998; as well as Section 54.504 (c) (1) (vii) which was effective as of October 13, 2004, and Section 54.500 (b) which was effective as of July 21, 2003) [Applicable for all funding years]
5. With respect to eligible services and equipment components purchased at a discount: (Section 54.504 (b) (2) (iii) which was effective July 17, 1997 and Section 54.513 (c) which was effective March 11, 2004) [Applicable for all funding years]
 - a) did not sell or resell such items for money or any other thing of value;
 - b) did not transfer such items, with or without consideration of money or any other thing of value, for a period of three years after purchase, or to date, other than in the event that such transfer was made to another eligible school or library in the event the particular location where the service was originally received was permanently or temporarily closed;
 - c) notified USAC of any such allowable transfer; and
 - d) maintained, as did the recipient, detailed records documenting the transfer and the reason for the transfer date.
6. Paid all “non-discount” portions of requested goods and/or services. (Section 54.523 which was effective as of March 11, 2004; and was clarified in FCC Order 04-190, paragraph 24, which was issued August 13, 2004; as well as Section 54.504 (b) (2) (v) which was effective from July 17, 1997 through March 10, 2004) [Applicable for all funding years]
7. Allocated the costs of any contract that included both eligible and ineligible components to those eligible and ineligible components in the related request for discount. (Section 54.504, which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, which was issued on December 8, 2003, and codified in Section 54.504 (g) which was effective as of March 11, 2004) [Applicable for all funding years]
8. Deducted from the pre-discount cost of services, indicated in funding requests, the value of all price reductions, promotional offers and “free” products or services. (Section 54.504 which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, that confirmed earlier administrative practices, which was issued on December 8, 2003, and codified in Section 54.523 which was effective as of March 11, 2004) [Applicable for all funding years]

Dated [DATE], 200x

NAME, Superintendent of Schools
BENEFICIARY NAME

NAME, Chief Financial Officer
BENEFICIARY NAME

NAME, E-Rate Coordinator
BENEFICIARY NAME

Sample Design

The Schools and Libraries program sample design for Round 2 was a stratified random sample of 260 schools and libraries from a population data base of 20,445. This differs from last year's design in which funding request numbers ("FRNs," or voucher numbers) were the sampling unit. In Round 2 the sampling unit is a complete beneficiary who may have had several payment invoices (FRNs) during the audited period. The five strata were defined in terms of "total amount disbursed" to each school or library as follows:

1. Amount disbursed from \$10,000,000 or more.
2. Amount disbursed from \$500,000 to less than \$10,000,000.
3. Amount disbursed from \$100,000 to less than \$500,000.
4. Amount disbursed from \$10,000 to less than \$100,000.
5. Amount disbursed from \$.01 to less than \$10,000.

There were no Schools and Libraries in the universe with either zero or negative dollar disbursements.

The results from Round 1 were used to determine the sample sizes in each stratum. The goal was to pick sample sizes large enough to result in an estimate of erroneous payment rate with a margin of error of 2.5 % at the 90 % confidence level. Neyman (optimal) allocation was applied to allocate sample sizes across strata.¹⁸

The following sample sizes in each stratum resulted:

¹⁸ Neyman allocation uses the population sizes in each stratum along with an estimate of the variance of the erroneous payment rate for each stratum from last year's results.

Strata Sample Sizes for Schools and Libraries (Stratified by Amount of Disbursements)			
Strata	Strata Definition	Population Size	Sample Size
1	≥ 10 Mil	10	10
2	500K to 10 Mil	468	114
3	100k to 500K	1780	105
4	10K to 100K	8086	26
5	\$.01 to 10K	10101	5
Total		20445	260

It should be noted that the entire population of schools and libraries in the first stratum (\geq \$10 millions of disbursements) was chosen. Neyman allocation showed that a complete census of this stratum was optimal.

Sample Selection

A random sample was selected from each stratum (except the first stratum for which all schools and libraries were chosen) by assigning a random number to each school and library and selecting the schools and libraries with the smallest random numbers. For example, for stratum 2, the schools and libraries with the 114 smallest random numbers were selected. The random number generator in Microsoft Excel was used. Additional schools and libraries have been randomly selected in each stratum for use, as back-ups and to augment the sample and/or replace schools and libraries that cannot be audited for various reasons.

Estimation Formulas¹⁹

The Schools and Libraries sample design consisted of five strata. The first stratum contained 10 schools and libraries with disbursements of \$10,000,000 or more, all of which were audited. Simple random samples were selected from the other strata.

To estimate the amount and proportion of erroneous payments in the population, the *combined ratio estimator* was used. The remainder of this section gives the formulas used to compute the combined ratio estimator and its margin of error.

$$x_i = \text{amount dispersed to school or library } i.$$

¹⁹ See W.G. Cochran, *Sampling Techniques*, 3rd edition, John Wiley & Sons, New York (1977).

y_i = absolute value of improper payment amount for school or library i .

t_x = known population total of x .

N_h = number of schools and libraries in stratum h .

n_h = sample size from stratum h .

$\bar{x}_h = \frac{1}{n_h} \sum_{i \in h} x_i$ = sample mean disbursement x in stratum h .

$\bar{y}_h = \frac{1}{n_h} \sum_{i \in h} y_i$ = sample mean of improper payments y in stratum h .

$\hat{t}_{xh} = N_h \bar{x}_h$ = estimate of total disbursements in stratum h .

$\hat{t}_{yh} = N_h \bar{y}_h$ = estimate of total erroneous payments in stratum h .

$\hat{p} = \frac{\sum_h \hat{t}_{yh}}{\sum_h \hat{t}_{xh}}$ = estimated proportion of erroneous payments in the population.

$d_i = y_i - \hat{p}x_i$ = residual

$\bar{d}_h = \frac{1}{n_h} \sum_{i \in h} d_i$ = sample mean residual in stratum h .

$s_{dh}^2 = \frac{1}{n_h - 1} \sum_{i \in h} (d_i - \bar{d}_h)^2$ = sample variance of residuals d in stratum h .

$ME = (1.645) \frac{1}{t_x} \sqrt{\sum_h N_h^2 \left(\frac{1}{n_h} - \frac{1}{N_h} \right) s_{dh}^2}$ = 90 % margin of error for estimated proportion.

Estimation Results

As noted for Round 1, the estimated erroneous payment rate was 12.9% with a margin of error of $\pm 4.5\%$, and the estimated amount of erroneous payment was \$210 million.

For Round 2, the erroneous payment rate was estimated at 13.8 % with a margin of error of ± 3.1 % at the 90 % confidence level. In other words, a 90 % confidence interval for the error rate is 10.7 % to 16.9 %. Total estimated erroneous payments for the Schools and Libraries Program is \$232.7 million. The rate of improper over payments is also 13.8 %, and the margin of error for this estimate is 3.1 %. Table 3 contains a summary of the results.

Table 3: IPIA Summary of S&L Improper/Erroneous Payments

Estimated Erroneous Payments Rate	Margin of Error	Confidence Limit – Lower	Confidence Limit - Upper	Estimated Erroneous Payments
13.8%	3.1%	10.7%	16.9%	\$232.7 m

Causes of Erroneous Payments

Whenever there was an erroneous payment, data were collected on causes of the error. If an auditor found multiple causes for an erroneous payment, all causes of the erroneous payment were identified. There were 21 possible causes of erroneous payments. An auditor could check any or all of the 21 causes and provide additional descriptive information associated with each cause. In addition, we required auditors to assign dollar amounts to each cause such that the sum of dollars across all causes plus any portion of erroneous payments that could not be assigned to a cause, would equal the total amount of erroneous payment. This meant that, if an auditor was not able to assign all or some portion of erroneous payments to a particular cause, then the unassigned dollars were assigned to a category/field called “Could Not Assign.”

If an auditor encountered a situation in which some portion of total erroneous payments for a beneficiary (the same subset of dollars) could have been assigned to multiple causes, then the auditor was required to assign that portion of dollars to the single most important cause. For example, if there were \$3,000 of erroneous payments for a beneficiary and the auditor assigned \$1,700 to Cause 6 - Followed USAC Procedures (apparent conflict with FCC rule/s) and \$1,000 to Cause 7 - Inadequate Documentation Retention, then \$300 ($\$3,000 - \$1,700 - 1,000 = \300) could have been assigned to both causes 11 - Failure to Review/Monitor Work, Material or Data/Application and 12 - Applicant/Auditee Weak Internal Controls. Given the requirement of prioritization of cause, the auditor could decide to assign the \$300 to only cause 12 (as the most important) - Applicant/Auditee Weak Internal Controls. However, the auditor was required to check causes 6, 7, 11, and 12 in the binary data.

The causes of the improper payments that were identified are summarized below in Tables 4, 5, and 6.

TABLE 4: Causes of Erroneous Payments²⁰

Causes of Erroneous Payments	Proportion Beneficiaries in Population
1-USAC Error	0.0%
2- SOLIX Error	0.0%
3-NECA Error	0.0%
4-Imprecise FCC Rule/s	0.1%
5-Contradictory FCC Rule/s	0.0%
6-Overly Complex FCC Rule/s	0.1%
7-Disregarded FCC Rule/s	12.2%
8-Followed State Rule/s	0.1%
9-Followed USAC Procedures	0.0%
10-Inadequate Documentation	17.5%
11-Inadequate Auditee Processes and/or Policies and Procedures	29.7%
12-Inadequate Systems for Collecting, Reporting, and/or Monitoring Data	3.5%
13-Insufficient Resources/Time to Complete Task/Activity	0.0%
14-Failure to Review/Monitor Work, Material, or Data/Application Submitted by Consultant/Agent	1.9%
15-Applicant/Auditee Weak Internal Controls	6.7%
16-Applicant/Auditee Data Entry Error	0.2%
17-Service Provider Weak Internal Controls	0.2%
18-Service Provider Data Entry Error	1.5%
19-Service Provider Error (other)	2.0%
20-Force Majeure (Acts of God and Nature)	0.0%
21-Other ²¹	0.1%

²⁰ The percentages associated with causes do not sum to 100 because data were collected such that multiple causes for an erroneous payment could be found and reported by an auditor.

²¹ USAC provided data in which auditors duplicated the other 20 cause codes in field 21. The text entry “withdrawal,” which was not a duplicate entry, was changed to the value 1. All other values in field 21 were assigned the value 0.

Table 5: Rate of Improper Payment By Cause²²

Causes of Erroneous Payments	Rate of Improper Disbursement
1-USAC Error	0.0%
2-SOLIX Error	0.0%
3-NECA Error	0.0%
4-Imprecise FCC Rule/s	0.0%
5-Contradictory FCC Rule/s	0.0%
6-Overly Complex FCC Rule/s	0.0%
7-Disregarded FCC Rule/s	5.7%
8-Followed State Rule/s	0.4%
9-Followed USAC Procedures	0.2%
10-Inadequate Documentation	3.2%
11-Inadequate Auditee Processes and/or Policies and Procedures	1.5%
12-Inadequate Systems for Collecting, Reporting, and/or Monitoring Data	0.2%
13-Insufficient Resources/Time to Complete Task/Activity	0.0%
14-Failure to Review/Monitor Work, Material, or Data/Application Submitted by Consultant/Agent	0.1%
15-Applicant/Auditee Weak Internal Controls	2.1%
16-Applicant/Auditee Data Entry Error	0.0%
17-Service Provider Weak Internal Controls	0.1%
18-Service Provider Data Entry Error	0.1%
19-Service Provider Error (other)	0.0%
20-Force Majeure (Acts of God and Nature)	0.0%
21-Other	0.0%

²² Each percentage is an estimate of the rate of improper payment that is associated with a specific cause out of total disbursements. Each percentage is a combined ratio estimate. The percentages in Table 5 should approximately sum to the overall improper payment rate of 13.8%.

Table 6: Proportions of Total Improper Payments²³

Causes of Erroneous Payments	Proportion of Total Improper Payment
1-USAC Error	0.0%
2-SOLIX Error	0.0%
3-NECA Error	0.0%
4-Imprecise FCC Rule/s	0.2%
5-Contradictory FCC Rule/s	0.0%
6-Overly Complex FCC Rule/s	0.0%
7-Disregarded FCC Rule/s	41.1%
8-Followed State Rule/s	2.8%
9-Followed USAC Procedures	1.1%
10-Inadequate Documentation	23.2%
11-Inadequate Auditee Processes and/or Policies and Procedures	10.8%
12-Inadequate Systems for Collecting, Reporting, and/or Monitoring Data	1.8%
13-Insufficient Resources/Time to Complete Task/Activity	0.0%
14-Failure to Review/Monitor Work, Material, or Data/Application Submitted by Consultant/Agent	0.6%
15-Applicant/Auditee Weak Internal Controls	15.1%
16-Applicant/Auditee Data Entry Error	0.1%
17-Service Provider Weak Internal Controls	0.9%
18-Service Provider Data Entry Error	0.4%
19-Service Provider Error (other)	0.2%
20-Force Majeure (Acts of God and Nature)	0.0%
21-Other	0.0%

²³ Each percentage is the rate of improper payment that is associated with a specific cause out of total improper payments. Each percentage is a combined ratio estimate. The percentages in Table 6 should approximately sum to 100, except for rounding.

Discussion and Conclusions

The S&L Program of USF appears to be at risk because the estimated erroneous payment rate is 13.8 %, and the erroneous payment for the Schools and Libraries Program is \$232.7 million.²⁴ The margin of error for the estimated rate of improper payment is 3.1 %. The rate of improper over payment is 13.8% ith a margin of error of 3.1%. The proportion of improper over payments out of total improper payments is 99.5% (in other words, the erroneous payments from the sample showed that 99.5% of the erroneous payments were over payments and only 0.5% were underpayments). The principle causes of erroneous payments were: inadequate auditee process and/or policies and procedures (29.7% of beneficiaries); inadequate documentation (17.5% of beneficiaries); disregard for FCC rules (12.2% of beneficiaries); weak internal controls (6.7% of beneficiaries). and inadequate systems for collecting, reporting, and/or monitoring data (3.5% of beneficiaries).

These results are preliminary, however, as third-party quality checks and finalized audit reports have not yet been completed. After final third-party quality checks are completed, and after the final compliance database is populated and quality checked, USAC will provide finalized compliance data so that final estimates of erroneous payment rates, causes of non-compliance, and total erroneous payments can be computed in USAC states. That final report and data will be available not later than December 2008. After receiving that information, OIG will re-estimate the IPIA results. Because of auditors' internal standards and quality controls, the preliminary results are not expected to change substantially.

²⁴ Under the IPIA, estimates of both the erroneous payment rate and amount of erroneous payment are intended to guide the Commission in assessing the risk that is associated with the Schools and Libraries Program. Under IPIA standards, a program is at risk if the erroneous payment rate exceeds 2.5 % and the amount of erroneous payment is greater than \$10 million.

Appendix 1: Assertion Letters

Library Letter

Management of [BENEFICIARY NAME – Library, library board or authority responsible for administration of a library] (the “Library”) is responsible for ensuring the Library’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 Library’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 Library 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 Library 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 Library, 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 Library of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement

The Library 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 Library 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 Library:

4. 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]
5. 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]
6. 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 Library:

- 12) Requested discounts from the Universal Service Fund for telecommunications and other supported services only for libraries that are eligible for assistance from a State library administrative agency under the Library Services and Technology Act (Public Law 104-208), do not operate as for-profit businesses, and whose budgets are completely separate from any schools. (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 (c), as revised, which was originally effective as of July 17, 1997) [Applicable for all funding years]
- 13) 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]
- 14) 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]
- 15) 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]

- 16) 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]
- f) a statement of goals and a strategy for using telecommunications and information technology to improve education or library services;
 - g) a professional development strategy to ensure that the staff understands how to use these new technologies to improve education or library services;
 - h) an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;
 - i) 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
 - j) an evaluation process that enables the library to monitor progress toward the specific goals and make mid-course corrections in response to new developments and opportunities as they arise.
- 17) 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]
- 18) Accurately determined its level of poverty, for use in determining its available discount rate, by using the %age 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]
- 19) 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]
- 20) 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]
- 21) 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]
- 22) 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]
- c) 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 depictions that are obscene, child pornography or harmful to minors (Section 54.520 (c) (1) (i) which was effective as of April 20, 2001); and

- d) its Internet safety policy addresses each of the following (Section 54.520 (c) (1) (ii) which was effective as of April 20, 2001):
 - vi) access by minors to inappropriate matter on the Internet and World Wide Web;
 - vii) the safety and security of minors when using electronic mail, chat rooms, and other forms of direct electronic communications;
 - viii) unauthorized access, including so-called 'hacking', and other unlawful activities by minors online;
 - ix) unauthorized disclosure, use, and dissemination of personal identification information regarding minors; and
 - x) measures designed to restrict minors' access to materials harmful to minors.

E. Service Provider Selection Matters – The Library:

- 6) Made a request for competitive bids for all eligible goods and/or services for which Universal Service Fund support was requested and complied with applicable state and local procurement processes included in its documented policies and procedures. (Section 54.504 (a) which was effective as of February 12, 1997, with clarification included in FCC Order 03-313, paragraphs 39 and 56, which was issued December 8, 2003 and was effective for Funding Year 2005) [Applicable for all funding years]
- 7) Waited at least four weeks after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers. (Section 54.504 (b) (4) which was effective as of January 1, 1999) [Applicable for all funding years]
- 8) Considered all bids submitted and selected the most cost-effective service offering, with price being the primary factor considered. (Section 54.511 (a) which was effective as of July 21, 2003) [Applicable for FY 2004 and subsequent FYs]
- 9) Considered all bids submitted and selected the most cost-effective service offering. (Section 54.511 (a) which was effective from July 17, 1997 through July 20, 2003) [Applicable prior to FY 2004]
- 10) Did not surrender control of its competitive bidding process to a service provider that participated in that bidding process and did not include service provider contact information on its FCC Forms 470. (FCC Order 00-167, paragraph 10, which was issued on May 23, 2000) [Applicable for all funding years]

F. Receipt of Services and Reimbursement Matters – The Library:

- 1. Applied its discount %age to the appropriate pre-discount price. (Section 54.505 (a) which was effective as of July 17, 1997) [Applicable for all funding years]
- 2. Received reimbursement from its service provider for purchases for which it had paid full price to the service provider. (Section 54.514 (b), as revised, which was originally effective as of July 21, 2003 as confirmation of earlier administrative practices) [Applicable for all funding years]

3. Requested amounts, and funds were disbursed by the Universal Service Fund, related to service substitutions that provided the same functionality and were based on the lower of the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service. (Section 54.504 (f) which was effective as of March 11, 2004 as confirmation of earlier administrative practices) [Applicable for all funding years]
4. Used the services requested solely for educational purposes. (Section 54.504 (b) (2) (v) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (ii) which was effective as of February 12, 1998; as well as Section 54.504 (c) (1) (vii) which was effective as of October 13, 2004, and Section 54.500 (b) which was effective as of July 21, 2003) [Applicable for all funding years]
5. With respect to eligible services and equipment components purchased at a discount; (Section 54.504 (b) (2) (iii) which was effective July 17, 1997 and Section 54.513 (c) which was effective March 11, 2004) [Applicable for all funding years]
 - a. did not sell or resell such items for money or any other thing of value;
 - b. did not transfer such items, with or without consideration of money or any other thing of value, for a period of three years after purchase, or to date, other than in the event that such transfer was made to another eligible school or library in the event the particular location where the service was originally received was permanently or temporarily closed;
 - c. notified USAC of any such allowable transfer; and
 - d. maintained, as did the recipient, detailed records documenting the transfer and the reason for the transfer date.
6. Paid all “non-discount” portions of requested goods and/or services. (Section 54.523 which was effective as of March 11, 2004; and was clarified in FCC Order 04-190, paragraph 24, which was issued August 13, 2004; as well as Section 54.504 (b) (2) (v) which was effective from July 17, 1997 through March 10, 2004) [Applicable for all funding years]
7. Allocated the costs of any contract that included both eligible and ineligible components to those eligible and ineligible components in the related request for discount. (Section 54.504, which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, which was issued on December 8, 2003, and codified in Section 54.504 (g) which was effective as of March 11, 2004) [Applicable for all funding years]
8. Deducted from the pre-discount cost of services, indicated in funding requests, the value of all price reductions, promotional offers and “free” products or services. (Section 54.504 which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, that confirmed earlier administrative practices, which was issued on December 8, 2003, and codified in Section 54.523 which was effective as of March 11, 2004) [Applicable for all funding years]

Dated [DATE], 200x

NAME, Chief Executive Officer

BENEFICIARY NAME

NAME, Chief Financial Officer
BENEFICIARY NAME

NAME, E-Rate Coordinator
BENEFICIARY NAME

Consortium Letter

Management of [CONSORTIUM NAME/BILLED ENTITY NAME] (the “Consortium”) is responsible for ensuring the Consortium’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 Consortium’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 Consortium 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 Consortium 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 Consortium, 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 Consortium 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 Consortium 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 Consortium and/or its member entities:

7. 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]
8. 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]
9. 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 Consortium and/or its member entities:

- 23) [if a schools consortium] 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]
- 24) [if a libraries consortium] requested discounts from the Universal Service Fund for telecommunications and other supported services only for libraries that are eligible for assistance from a State library administrative agency under the Library Services and Technology Act (Public Law 104-208), do not operate as for-profit businesses, and whose budgets are completely separate from any schools. (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 (c), as revised, which was originally effective as of July 17, 1997) [Applicable for all funding years]

- 25) For purposes of seeking competitive bids for telecommunications services support, formed a consortia with other eligible entities (i.e., schools and libraries, with health care providers eligible under subpart G, and with public sector (governmental) entities, including, but not limited to, state colleges and state universities, state educational broadcasters, counties, and municipalities) when ordering telecommunications and other supported services. If the consortia includes ineligible private sector entities, (a) discounts were not sought for interstate services, and (b) pre-discount prices of any services received from ILECs (“incumbent local exchange carrier”) were generally tariffed rates (Section 54.501 (d) (1) which was effective as of July 17, 1997) [Applicable for all funding years]
- 26) Applied for discounts only for eligible telecommunications and other supported services used by eligible schools and libraries (Section 54.501 (d) (2) which was effective as of July 17, 1997) [Applicable for all funding years]
- 27) 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]
- 28) 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]
- 29) 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]
- 30) 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]
- k) a statement of goals and a strategy for using telecommunications and information technology to improve education or library services;
 - l) a professional development strategy to ensure that the staff understands how to use these new technologies to improve education or library services;
 - m) an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;
 - n) 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
 - o) an evaluation process that enables the school or library to monitor progress toward the specific goals and make mid-course corrections in response to new developments and opportunities as they arise.

- 31) 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]
- 32) Calculated discounts on supported services that are shared by two or more of their schools, libraries, or consortia members by calculating an average based on the applicable discounts of all member schools and libraries. The school districts, library systems, or other billed entities ensured that, for each year in which an eligible school or library was included for purposes of calculating the aggregate discount rate, that eligible school or library received a proportionate share of the shared services for which support was sought. For schools, the average discount was a weighted average of the applicable discount of all schools sharing a portion of the shared services, with the weighting based on the number of students in each school. For libraries, the average discount was a simple average of the applicable discounts to which the libraries sharing a portion of the shared services are entitled (Section 54.505 (b) (4) which was effective as of February 12, 1998) [Applicable for all funding years]
- 33) 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]
- 34) 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]
- 35) Collected from each eligible consortia member a certified FCC Form 479 indicating the status of its compliance with the Children’s Internet Protection Act requirements and made certification on FCC Form 486 that FCC Forms 479 were duly completed and signed, if approved to receive discounts for services other than telecommunications services. (Section 54.520 (c) (3) (i) which was effective as of April 20, 2001) [Applicable for all funding years]
- 36) Submitted a “bona fide request” for services, such that the application was submitted on behalf of the schools and/or libraries which actually authorized the Consortium to make the request. (FCC Order DA 01-1620, paragraph 9, which was issued on July 11, 2001) [Applicable for all funding years]

G. Service Provider Selection Matters – The Consortium and/or its member entities:

- 11) Made a request for competitive bids for all eligible goods and/or services for which Universal Service Fund support was requested and complied with applicable state and local procurement processes included in its documented policies and procedures. (Section 54.504 (a) which was effective as of February 12, 1997, with clarification included in FCC Order 03-313, paragraphs 39 and 56, which was issued December 8, 2003 and was effective for Funding Year 2005) [Applicable for all funding years]
- 12) Waited at least four weeks after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers. (Section 54.504 (b) (4) which was effective as of January 1, 1999) [Applicable for all funding years]
- 13) Considered all bids submitted and selected the most cost-effective service offering, with price being the primary factor considered. (Section 54.511 (a) which was effective as of July 21, 2003) [Applicable for FY 2004 and subsequent FYs]

- 14) considered all bids submitted and selected the most cost-effective service offering. (Section 54.511 (a) which was effective from July 17, 1997 through July 20, 2003) [Applicable prior to FY 2004]
- 15) Did not surrender control of its competitive bidding process to a service provider that participated in that bidding process and did not include service provider contact information on its FCC Forms 470. (FCC Order 00-167, paragraph 10, which was issued on May 23, 2000) [Applicable for all funding years]

H. Receipt of Services and Reimbursement Matters – The Consortium and/or its member entities:

9. Applied its discount %age to the appropriate pre-discount price. (Section 54.505 (a) which was effective as of July 17, 1997) [Applicable for all funding years]
10. Received reimbursement from its service provider for purchases for which it had paid full price to the service provider. (Section 54.514 (b), as revised, which was originally effective as of July 21, 2003 as confirmation of earlier administrative practices) [Applicable for all funding years]
11. Requested amounts, and funds were disbursed by the Universal Service Fund, related to service substitutions that provided the same functionality and were based on the lower of the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service. (Section 54.504 (f) which was effective as of March 11, 2004 as confirmation of earlier administrative practices) [Applicable for all funding years]
12. Used the services requested solely for educational purposes. (Section 54.504 (b) (2) (v) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (ii) which was effective as of February 12, 1998; as well as Section 54.504 (c) (1) (vii) which was effective as of October 13, 2004, and Section 54.500 (b) which was effective as of July 21, 2003) [Applicable for all funding years]
13. With respect to eligible services and equipment components purchased at a discount: (Section 54.504 (b) (2) (iii) which was effective July 17, 1997 and Section 54.513 (c) which was effective March 11, 2004) [Applicable for all funding years]
 - a) did not sell or resell such items for money or any other thing of value;
 - b) did not transfer such items, with or without consideration of money or any other thing of value, for a period of three years after purchase, or to date, other than in the event that such transfer was made to another eligible school or library in the event the particular location where the service was originally received was permanently or temporarily closed;
 - c) notified USAC of any such allowable transfer; and
 - d) maintained, as did the recipient, detailed records documenting the transfer and the reason for the transfer date.
14. Paid all “non-discount” portions of requested goods and/or services. (Section 54.523 which was effective as of March 11, 2004; and was clarified in FCC Order 04-190, paragraph 24, which was issued August 13, 2004; as well as Section 54.504 (b) (2) (v) which was effective from July 17, 1997 through March 10, 2004) [Applicable for all funding years]
15. Allocated the costs of any contract that included both eligible and ineligible components to those eligible and ineligible components in the related request for discount. (Section

54.504, which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, which was issued on December 8, 2003, and codified in Section 54.504 (g) which was effective as of March 11, 2004) [Applicable for all funding years]

16. Deducted from the pre-discount cost of services, indicated in funding requests, the value of all price reductions, promotional offers and “free” products or services. (Section 54.504 which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, that confirmed earlier administrative practices, which was issued on December 8, 2003, and codified in Section 54.523 which was effective as of March 11, 2004) [Applicable for all funding years]

Dated [DATE], 200Z

NAME, Chief Executive Officer
BENEFICIARY NAME

NAME, Chief Financial Officer
BENEFICIARY NAME

NAME, E-Rate Coordinator
BENEFICIARY NAME

Appendix 2

Chart 1 contains data from Round 2 audits of the Schools and Libraries Program. The data are disbursements and auditor estimated erroneous payments for beneficiaries in each stratum.

Chart 1
Disbursements and Erroneous Payments
08-31-08 Data

Obs²⁵	Stratum	Disbursement	Erroneous Payment
1	5	\$217.43	\$0.00
2	5	\$2,498.58	\$0.00
3	5	\$4,800.00	\$300.00
4	5	\$5,342.87	\$2,671.00
5	5	\$5,680.80	\$3,313.00

22	4	\$45,332.05	\$64.31
23	4	\$46,355.59	\$0.00
24	4	\$51,447.92	\$25,395.00
25	4	\$60,563.77	\$1,697.00
26	4	\$77,491.08	\$2,879.86

Obs	Stratum	Disbursement	Erroneous Payment
1	4	\$10,096.80	\$0.00
2	4	\$11,795.64	\$423.00
3	4	\$11,832.19	\$0.00
4	4	\$11,986.41	\$272.04
5	4	\$12,183.55	\$7,412.00
6	4	\$12,317.28	\$0.00
7	4	\$17,332.54	\$3,370.00
8	4	\$17,430.00	\$11,205.00
9	4	\$17,780.65	\$1,617.00
10	4	\$18,041.80	\$294.00
11	4	\$21,807.76	\$804.14
12	4	\$21,977.51	\$1,215.00
13	4	\$24,714.69	\$413.00
14	4	\$27,301.33	\$7,234.00
15	4	\$27,861.95	\$27.00
16	4	\$31,209.41	\$0.00
17	4	\$33,414.31	\$0.00
18	4	\$34,927.04	\$34,927.04
19	4	\$41,357.05	\$0.00
20	4	\$41,688.82	\$3,895.00
21	4	\$43,754.26	\$244.26

Obs	Stratum	Disbursement	Erroneous Payment
1	3	\$100,827.80	\$1,754.14
2	3	\$102,356.88	\$0.00
3	3	\$104,623.05	\$5,208.45
4	3	\$104,882.33	\$0.00
5	3	\$107,135.63	\$0.00
6	3	\$107,181.29	\$41,819.00
7	3	\$107,666.09	\$630.00
8	3	\$108,673.81	\$0.00
9	3	\$109,755.95	\$0.00
10	3	\$112,723.39	\$16,850.00
11	3	\$114,034.67	\$319.00
12	3	\$114,203.74	\$0.00
13	3	\$115,689.38	\$6,297.00
14	3	\$116,624.49	\$116,624.49
15	3	\$119,062.42	\$9,115.00
16	3	\$120,479.91	\$1,294.00
17	3	\$123,238.26	\$18,524.00
18	3	\$123,657.80	\$3,930.00
19	3	\$125,878.65	\$24,259.32
20	3	\$125,894.59	\$38,967.39
21	3	\$126,746.35	\$2,878.00
22	3	\$129,706.93	\$0.00
23	3	\$131,541.41	\$1,386.91
24	3	\$132,070.67	\$0.00

²⁵ "Obs" indicates individual observations.

25	3	\$132,269.91	\$160,690.69	66	3	\$229,732.11	\$0.00
26	3	\$132,812.00	\$94,468.00	67	3	\$235,296.50	\$235,296.50
27	3	\$133,391.79	\$0.00	68	3	\$242,068.96	\$0.00
28	3	\$133,682.00	\$3,799.00	69	3	\$243,795.35	\$0.00
29	3	\$133,929.76	\$0.00	70	3	\$244,138.46	\$244,138.46
30	3	\$135,398.97	\$135,398.97	71	3	\$250,197.75	\$828.00
31	3	\$136,731.43	\$14,185.00	72	3	\$251,232.65	\$17,004.00
32	3	\$136,777.54	\$0.00	73	3	\$260,673.90	\$0.00
33	3	\$137,501.36	\$1,140.48	74	3	\$270,922.42	\$51,910.00
34	3	\$139,230.09	\$0.00	75	3	\$273,530.49	\$0.00
35	3	\$139,802.28	\$0.00	76	3	\$274,423.86	\$1,759.66
36	3	\$141,642.21	\$0.00	77	3	\$280,959.31	\$3,387.00
37	3	\$146,222.14	\$14,350.00	78	3	\$284,342.96	\$7,215.72
38	3	\$152,763.64	\$2,220.78	79	3	\$288,616.39	\$0.00
39	3	\$153,903.42	\$4,218.75	80	3	\$289,257.37	\$0.00
40	3	\$153,930.78	\$10,052.00	81	3	\$289,742.90	\$557.00
41	3	\$155,912.64	\$336.00	82	3	\$299,203.40	\$117,914.27
42	3	\$156,167.35	\$0.00	83	3	\$301,834.16	\$0.00
43	3	\$157,436.17	\$0.00	84	3	\$302,078.16	\$15,614.00
44	3	\$162,676.21	\$0.00	85	3	\$306,000.87	\$8,191.00
45	3	\$165,935.82	\$0.00	86	3	\$306,926.37	\$246,815.00
46	3	\$168,279.52	\$0.00	87	3	\$308,072.57	\$0.00
47	3	\$177,745.53	\$14,203.00	88	3	\$312,573.60	\$0.00
48	3	\$178,433.45	\$178,433.45	89	3	\$314,889.76	\$0.00
49	3	\$178,825.44	\$0.00	90	3	\$334,812.42	\$3,958.00
50	3	\$180,624.44	\$32,396.00	91	3	\$344,303.67	\$197.00
51	3	\$184,528.76	\$68,061.00	92	3	\$351,154.76	\$55.48
52	3	\$184,951.16	\$0.00	93	3	\$355,379.14	\$0.00
53	3	\$189,999.15	\$118.00	94	3	\$359,845.09	\$7,992.96
54	3	\$191,900.54	\$0.00	95	3	\$401,078.86	\$18,541.00
55	3	\$194,397.67	\$188,415.00	96	3	\$413,103.08	\$0.00
56	3	\$201,376.41	\$63,241.00	97	3	\$416,072.75	\$108,008.06
57	3	\$201,388.70	\$44,076.00	98	3	\$421,733.48	\$1,356.00
58	3	\$205,964.89	\$0.00	99	3	\$432,285.67	\$31,855.00
59	3	\$207,322.36	\$13,709.00	100	3	\$448,862.86	\$6,500.00
60	3	\$207,660.69	\$183,736.00	101	3	\$466,158.71	\$0.00
61	3	\$207,892.23	\$0.00	102	3	\$468,160.98	\$3,079.00
62	3	\$210,572.46	\$18,818.98	103	3	\$475,247.42	\$1,676.76
63	3	\$211,505.44	\$0.00	104	3	\$480,049.44	\$65,037.00
64	3	\$216,608.96	\$110,140.69	105	3	\$489,653.29	\$0.00
65	3	\$222,612.03	\$26,850.00				

Obs	Stratum	Disbursement	Erroneous Payment
1	2	\$504,809.79	\$12,083.00
2	2	\$517,939.74	\$208,874.78
3	2	\$534,867.12	\$35,280.00
4	2	\$538,915.75	\$0.00
5	2	\$539,278.74	\$539,278.74
6	2	\$541,473.81	\$0.00
7	2	\$542,126.18	\$203,243.00
8	2	\$542,604.35	\$0.00
9	2	\$549,784.59	\$64,832.00
10	2	\$549,860.68	\$0.00
11	2	\$553,258.37	\$0.00
12	2	\$553,577.24	\$0.00
13	2	\$557,841.32	\$36,108.00
14	2	\$559,359.40	\$0.00
15	2	\$562,128.16	\$1,454.09
16	2	\$562,918.58	\$0.00
17	2	\$565,246.84	\$2,907.00
18	2	\$565,614.73	\$0.00
19	2	\$569,967.30	\$690.00
20	2	\$588,610.28	\$63,696.58
21	2	\$590,594.69	\$0.00
22	2	\$591,524.45	\$3,474.42
23	2	\$600,037.34	\$469.00
24	2	\$602,509.17	\$0.00
25	2	\$611,490.53	\$611,490.53
26	2	\$613,704.88	\$90,880.00
27	2	\$627,204.90	\$351.50
28	2	\$649,174.93	\$0.00
29	2	\$670,931.61	\$0.00
30	2	\$671,296.37	\$1,585.00
31	2	\$674,291.17	\$674,291.17
32	2	\$675,612.68	\$0.00
33	2	\$678,889.36	\$0.00
34	2	\$679,927.68	\$0.00
35	2	\$681,177.90	\$171,106.00
36	2	\$685,818.81	\$562,674.00
37	2	\$703,816.85	\$53,505.00
38	2	\$704,002.81	\$0.00
39	2	\$711,902.80	\$0.00
40	2	\$712,509.17	\$0.00
41	2	\$715,541.95	\$0.00
42	2	\$717,723.35	\$717,723.35
43	2	\$720,971.60	\$0.00
44	2	\$729,172.42	\$690.00
45	2	\$732,371.11	\$0.00
46	2	\$748,122.09	\$165,498.97
47	2	\$750,662.82	\$0.00
48	2	\$759,328.90	\$2,305.17
49	2	\$775,340.96	\$95,054.00
50	2	\$779,881.28	\$4,423.19
51	2	\$787,341.68	\$22,394.00
52	2	\$802,715.79	\$4,372.25
53	2	\$810,366.38	\$152,940.00
54	2	\$812,971.83	\$2,478.00
55	2	\$832,268.27	\$0.00
56	2	\$832,941.75	\$7,506.19
57	2	\$833,412.30	\$117,016.00
58	2	\$833,566.06	\$0.00
59	2	\$833,855.47	\$0.00
60	2	\$851,023.31	\$143.00
61	2	\$853,850.19	\$853,850.19
62	2	\$857,966.31	\$0.00
63	2	\$861,303.76	\$29,070.00
64	2	\$871,357.08	\$1,849.00
65	2	\$894,503.90	\$66,891.00
66	2	\$909,296.64	\$23,701.00
67	2	\$941,973.98	\$130,251.73
68	2	\$943,185.21	\$11,258.00
69	2	\$959,958.28	\$0.00
70	2	\$994,630.31	\$74,258.00
71	2	\$1,010,836.58	\$0.00
72	2	\$1,026,559.68	\$36,430.00
73	2	\$1,027,210.31	\$26,677.00
74	2	\$1,035,442.84	\$9,714.00
75	2	\$1,088,909.21	\$56,756.00
76	2	\$1,110,851.29	\$7,584.00
77	2	\$1,113,692.85	\$2,626.00
78	2	\$1,188,640.84	\$3,286.00
79	2	\$1,335,000.16	\$0.00
80	2	\$1,434,702.05	\$8,297.00
81	2	\$1,556,538.45	\$2,447.00

