REPORT ON COMPLIANCE

Universal Service Administrative Company (USAC)
Erie 1 BOCES
(Beneficiary Number 149384)
For Selected Disbursements by USAC
During the Fiscal Year Ended June 30, 2008

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Report of Independent Accountants

Erie 1 BOCES
Universal Service Administrative Company
Federal Communications Commission

We have examined management's assertions, included in the accompanying Report of Management on Compliance with 47 CFR Part 54, relevant Federal Communications Commissions' ("FCC") Orders, and Universal Service Administrative Company ("USAC") implementing procedures, as applicable, that Erie 1 BOCES ("BOCES") (Beneficiary Number 149384) complied with 47 CFR Part 54 and relevant FCC Orders identified in the accompanying Attachment 1 and USAC implementing procedures, as applicable, (collectively, the "Rules") related to specific support payments of $6,322,600.02 disbursed from the Universal Service Fund under the Schools and Libraries Support Mechanism during the fiscal year ended June 30, 2008, relative to Funding Years 2005 and 2006 as listed in Attachment 2. Management is responsible for the BOCES' compliance with those Rules. Our responsibility is to express an opinion on management's assertions about the BOCES' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the BOCES' compliance with those Rules and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the BOCES' compliance with specified Rules.

In our opinion, management's assertions that the BOCES complied with the aforementioned Rules relative to specific support payments disbursed from the Universal Service Fund under the Schools and Libraries Support Mechanism during the fiscal year ended June 30, 2008, as listed in Attachment 2, are fairly stated, in all material respects.

Internal Control over Compliance

The management of the BOCES is responsible for establishing and maintaining effective internal control over compliance with the Rules. In planning and performing our examination, we considered the BOCES' internal control over compliance with the Rules that could have a direct and material effect on compliance with the Rules in order to determine our examination procedures for the purpose of expressing our opinion on compliance, but not for the purpose of

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expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the BOCES' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified significant deficiencies in internal control over compliance that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance, SL2008BE026_C01 and SL2008BE026_C02, described in Attachment 3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement will not be prevented or detected by the entity's internal controls. We consider the significant deficiencies in internal control over compliance listed in the previous paragraph, SL2008BE026_C01 and SL2008BE026_C02, to be material weaknesses.

The BOCES' responses to the comments identified in Attachment 3 to this report are described in Attachment 4. We did not perform an examination of the BOCES' responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the BOCES, the USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 5, 2009

Attachment 1 to Report of Independent Accountants
Erie 1 BOCES
47 CFR Part 54 and Relevant Federal Communications Commission Orders with which Compliance was Examined, As Applicable

Section 54.500 (b) which was effective as of July 21, 2003
Section 54.501 (b), as revised, which was originally effective as of July 17, 1997
Section 54.501(d)(1) which was effective as of July 17, 1997
Section 54.501(d)(2) which was effective as of July 17, 1997
Section 54.502, as revised, which was originally effective as of July 17, 1997
Section 54.503, as revised, which was originally effective as of July 17, 1997
Section 54.504 (a) which was effective as of February 12, 1997, with clarification included in FCC Order 03-313, par 39 & 56, which was issued December 8, 2003
Section 54.504 (b) (1), as revised, which was originally effective as of July 17, 1997
Section 54.504 (b) (2), as revised, which was originally effective as of July 17, 1997
Section 54.504 (b) (2) (i) as revised, which was originally effective as of February 12, 1998
Section 54.504 (b) (2) (iii), which was effective as of October 13, 2004
Section 54.504 (b) (2) (iv), which was effective as of October 13, 2004 which superseded Section 54.504 (b) (2) (ii) which was effective as of February 12, 1998
Section 54.504 (b) (2) (v) which was effective as of October 13, 2004
Section 54.504 (b) (2) (vi) which was effective as of October 13, 2004
Section 54.504 (b) (4)[1] which was effective as of January 1, 1999
Section 54.504 (c) which was effective as of February 12, 1998
Section 54.504 (c) (1) (vii) which was effective as of October 13, 2004
Section 54.504 (c) (1) (x) which was effective as of October 13, 2004
Section 54.504 (f) which were effective as of March 11, 2004
Section 54.504 which was effective from 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 54.504 (g) which was effective as of March 11, 2004
Section 54.504 which was effective from 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
Section 54.505 (a) which was effective as of July 17, 1997
Section 54.505 (b)[2] which was effective as of February 12, 1998

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[1] Section 54.504 (b) (4) interpreted to mean 'After posting on the Administrator's website an eligible school's, library's, or consortium's FCC Form 470, that entity shall then wait at least four weeks from the date on which its description of services is posted on the Administrator's website before making commitments with the selected providers of services'.

[2] Per FCC Wireline Competition Bureau memorandum with the subject *The E-Rate Program and Apparent Violations of USDA NSLP Rules* dated February 25, 2005 from Jeffrey J. Carlisle, Chief, Wireline Competition

Section 54.505 (b) (4)[3] which was effective as of February 12, 1998
Section 54.506 (a), as revised, which was originally effective as of February 12, 1998
Section 54.506 (b) which was effective as of October 13, 2004
Section 54.506 (c) which was effective as of October 13, 2004
Section 54.507 (d), as revised, which was effective as of July 17, 1997
Section 54.508 (a) which was effective as of October 13, 2004
Section 54.508 (c) which was effective as of October 13, 2004
Section 54.511 (a) which was effective as of July 21, 2003
Section 54.513 (c) which was effective as of March 11, 2004
Section 54.514 (b), as revised, which was originally effective as of July 21, 2003
Section 54.516 (a) (1)[4] which was effective as of October 13, 2004
Section 54.520 (c) which was effective as of April 20, 2001
Section 54.520 (c) (3) (i) which was effective as of April 20, 2001
Section 54.523 which was effective as of March 11, 2004, clarified in FCC Order 04-190, paragraph 24 which was issued August 13, 2004
FCC order 00-167, paragraph 10 which was issued on May 23, 2000
FCC order DA-01-1620, paragraph 9, which was issued on July 11, 2001

Bureau, to Walker Feaster, Inspector General, summary reports of National School Lunch Program data may be relied upon to support the poverty rate computation.

[3] Section 54.505 (b) (4) interpreted to mean 'that the Consortium is only responsible for calculating the discount percentage based on information provided by the consortia members.'

[4] Per FCC Wireline Competition Bureau memorandum with the subject *The E-Rate Program and Apparent Violations of USDA NSLP Rules* dated February 25, 2005 from Jeffrey J. Carlisle, Chief, Wireline Competition Bureau, to Walker Feaster, Inspector General, summary reports of National School Lunch Program data may be relied upon to support the poverty rate computation.

Attachment 2 to Report of Independent Accountants
Erie 1 BOCES
Support Payments Disbursed from the Universal Service Fund
under the Schools and Libraries Support Mechanism
During the Fiscal Year Ended June 30, 2008

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1275921	2005	Telecommunications	$ 22,113.56
1276038	2005	Telecommunications	14,548.40
1276235	2005	Telecommunications	13,384.52
1276336	2005	Telecommunications	6,072.00
1276379	2005	Telecommunications	17,458.07
1276418	2005	Telecommunications	17,749.04
1276566	2005	Telecommunications	20,367.75
1276609	2005	Telecommunications	17,458.07
1280868	2005	Telecommunications	23,277.43
1280934	2005	Telecommunications	17,458.07
1281002	2005	Telecommunications	21,240.66
1281059	2005	Telecommunications	20,367.75
1281127	2005	Telecommunications	11,638.72
1281159	2005	Telecommunications	4,723.20
1281204	2005	Telecommunications	23,277.43
1281281	2005	Telecommunications	23,277.43
1281429	2005	Telecommunications	23,277.43
1281454	2005	Telecommunications	25,023.24
1281691	2005	Telecommunications	20,367.75
1281727	2005	Telecommunications	8,736.00
1281804	2005	Telecommunications	20,367.75
1281827	2005	Telecommunications	21,557.07
1281839	2005	Telecommunications	22,113.56
1283539	2005	Telecommunications	18,621.95
1283543	2005	Telecommunications	19,785.82
1283545	2005	Telecommunications	19,785.82
1283549	2005	Telecommunications	19,785.82
1283551	2005	Telecommunications	19,785.82
1283554	2005	Telecommunications	19,494.85
1283569	2005	Telecommunications	23,277.43

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1283576	2005	Telecommunications	$ 16,585.17
1283582	2005	Telecommunications	16,003.23
1283591	2005	Telecommunications	20,076.79
1283593	2005	Telecommunications	43,442.10
1283597	2005	Telecommunications	11,638.72
1283607	2005	Telecommunications	17,458.07
1283610	2005	Telecommunications	2,490.55
1283618	2005	Telecommunications	17,458.07
1283621	2005	Telecommunications	19,203.88
1283623	2005	Telecommunications	20,658.72
1283625	2005	Telecommunications	98,916.86
1284005	2005	Telecommunications	1,4548.4
1284009	2005	Telecommunications	3,292.74
1284020	2005	Telecommunications	22,113.56
1284033	2005	Telecommunications	7,935.17
1284041	2005	Telecommunications	11,638.72
1284045	2005	Telecommunications	17,458.07
1284054	2005	Telecommunications	14,548.40
1284057	2005	Telecommunications	14,548.40
1284059	2005	Telecommunications	14,548.40
1284063	2005	Telecommunications	14,548.40
1284069	2005	Telecommunications	14,548.40
1284072	2005	Telecommunications	14,548.40
1284118	2005	Telecommunications	16,294.20
1284127	2005	Telecommunications	16,294.20
1284134	2005	Telecommunications	16,294.20
1284137	2005	Telecommunications	16,294.20
1284151	2005	Telecommunications	16,294.20
1284160	2005	Telecommunications	15,130.33
1284167	2005	Telecommunications	20,367.75
1284180	2005	Telecommunications	15,712.27
1284185	2005	Telecommunications	21,822.59
1284204	2005	Telecommunications	13,675.49

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1284211	2005	Telecommunications	$ 13,093.56
1284220	2005	Telecommunications	23,277.43
1284233	2005	Telecommunications	13,675.49
1285768	2005	Telecommunications	23,277.43
1285772	2005	Telecommunications	22,404.53
1285773	2005	Telecommunications	11,638.72
1285780	2005	Telecommunications	30,357.82
1285785	2005	Telecommunications	12,220.65
1285798	2005	Telecommunications	18,040.01
1285810	2005	Telecommunications	20,367.75
1285821	2005	Telecommunications	13,384.52
1285826	2005	Telecommunications	26,187.11
1285831	2005	Telecommunications	21,822.59
1285839	2005	Telecommunications	20,250.00
1285848	2005	Telecommunications	11,638.72
1285851	2005	Telecommunications	21,240.66
1285858	2005	Telecommunications	21,273.42
1285883	2005	Telecommunications	32,628.75
1285898	2005	Telecommunications	15,421.30
1285902	2005	Telecommunications	48,926.52
1285910	2005	Telecommunications	25,314.21
1285924	2005	Telecommunications	12,511.62
1285927	2005	Telecommunications	11,638.72
1285929	2005	Telecommunications	17,458.07
1285954	2005	Telecommunications	21,822.59
1285960	2005	Telecommunications	15,130.33
1285968	2005	Telecommunications	13,966.46
1285972	2005	Telecommunications	19,785.82
1285978	2005	Telecommunications	11,638.72
1285982	2005	Telecommunications	16,585.17
1285985	2005	Telecommunications	16,585.17
1285988	2005	Telecommunications	16,585.17
1285991	2005	Telecommunications	14,548.40

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1285994	2005	Telecommunications	$ 17,458.07
1285997	2005	Telecommunications	17,458.07
1285999	2005	Telecommunications	23,277.43
1286012	2005	Telecommunications	26,187.11
1286358	2005	Telecommunications	20,367.75
1286364	2005	Telecommunications	23,277.43
1286371	2005	Telecommunications	0.00
1286379	2005	Telecommunications	23,277.43
1286382	2005	Telecommunications	23,277.43
1286388	2005	Telecommunications	23,277.43
1286392	2005	Telecommunications	17,458.07
1286401	2005	Telecommunications	13,675.49
1286405	2005	Telecommunications	13,384.52
1286415	2005	Telecommunications	11,638.72
1286421	2005	Telecommunications	18,912.91
1286425	2005	Telecommunications	18,912.91
1286432	2005	Telecommunications	16,003.23
1286437	2005	Telecommunications	21,531.62
1286442	2005	Telecommunications	8,366.11
1286453	2005	Telecommunications	13,966.46
1286501	2005	Telecommunications	17,458.07
1286510	2005	Telecommunications	20,367.75
1286518	2005	Telecommunications	11,638.72
1286535	2005	Telecommunications	20,949.69
1286547	2005	Telecommunications	0.00
1354662	2005	Internal Connections	11,383.80
1354663	2005	Internal Connections	14,055.91
1354664	2005	Internal Connections	11,732.64
1354665	2005	Internal Connections	27,879.26
1354666	2005	Internal Connections	18,586.18
1354946	2005	Basic Maintenance of Internal Connections	3,683.41
1354947	2005	Basic Maintenance of Internal Connections	425.89
1354948	2005	Basic Maintenance of Internal Connections	3,031.07

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1354981	2005	Basic Maintenance of Internal Connections	$ 657.65
1354983	2005	Basic Maintenance of Internal Connections	3,307.42
1354991	2005	Basic Maintenance of Internal Connections	194.24
1354996	2005	Basic Maintenance of Internal Connections	1,877.64
1355019	2005	Basic Maintenance of Internal Connections	1,005.64
1355020	2005	Basic Maintenance of Internal Connections	410.06
1355022	2005	Basic Maintenance of Internal Connections	975.33
1355024	2005	Basic Maintenance of Internal Connections	3,957.74
1355025	2005	Basic Maintenance of Internal Connections	494.96
1355026	2005	Basic Maintenance of Internal Connections	690.63
1413625	2006	Internet Access	93,120.16
1415055	2006	Telecommunications	8,807.94
1415060	2006	Telecommunications	22,741.40
1415064	2006	Telecommunications	6,109.55
1415068	2006	Telecommunications	3,287.18
1415076	2006	Telecommunications	14,283.24
1415085	2006	Telecommunications	13,426.24
1415088	2006	Telecommunications	6,204.00
1415091	2006	Telecommunications	17,139.88
1415095	2006	Telecommunications	15,425.89
1415098	2006	Telecommunications	4,496.16
1415101	2006	Telecommunications	19,996.53
1415102	2006	Telecommunications	17,139.88
1415105	2006	Telecommunications	2,764.50
1415106	2006	Telecommunications	19,996.53
1415109	2006	Telecommunications	17,139.88
1415113	2006	Telecommunications	21,139.19
1415114	2006	Telecommunications	19,996.53
1415128	2006	Telecommunications	11,426.59
1415131	2006	Telecommunications	4,723.20
1415136	2006	Telecommunications	21,139.19
1415142	2006	Telecommunications	22,853.18
1415146	2006	Telecommunications	24,567.16

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1415149	2006	Telecommunications	$ 908,457.37
1415152	2006	Telecommunications	30,207.11
1415154	2006	Telecommunications	19,996.53
1415158	2006	Telecommunications	19,996.53
1415165	2006	Telecommunications	8,736.00
1415167	2006	Telecommunications	19,996.53
1415170	2006	Telecommunications	19,139.53
1415173	2006	Telecommunications	19,139.53
1415178	2006	Telecommunications	19,710.86
1415180	2006	Telecommunications	18,853.87
1415182	2006	Telecommunications	18,853.87
1415186	2006	Telecommunications	18,853.87
1415192	2006	Telecommunications	18,853.87
1415196	2006	Telecommunications	19,139.53
1415197	2006	Telecommunications	6,096.07
1418606	2006	Telecommunications	22,853.18
1418620	2006	Telecommunications	11,316.00
1418641	2006	Telecommunications	16,282.89
1418652	2006	Telecommunications	3,424.23
1418657	2006	Telecommunications	14,854.56
1418670	2006	Telecommunications	10,233.60
1418690	2006	Telecommunications	22,853.18
1418702	2006	Telecommunications	49,551.65
1418708	2006	Telecommunications	11,426.59
1418718	2006	Telecommunications	246.44
1418730	2006	Telecommunications	17,139.88
1418743	2006	Telecommunications	2,450.18
1418765	2006	Telecommunications	17,139.88
1418774	2006	Telecommunications	18,282.54
1418779	2006	Telecommunications	20,282.19
1418789	2006	Telecommunications	52,556.93
1418796	2006	Telecommunications	14,283.24
1418805	2006	Telecommunications	3,237.80

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1418811	2006	Telecommunications	$ 23,424.51
1418822	2006	Telecommunications	20,468.77
1418831	2006	Telecommunications	7,806.62
1418850	2006	Telecommunications	865.04
1418858	2006	Telecommunications	11,426.59
1418873	2006	Telecommunications	4,780.60
1418882	2006	Telecommunications	17,139.88
1418916	2006	Telecommunications	14,854.56
1418927	2006	Telecommunications	14,854.56
1418935	2006	Telecommunications	14,854.56
1418945	2006	Telecommunications	14,854.56
1418954	2006	Telecommunications	14,854.56
1418964	2006	Telecommunications	14,854.56
1418971	2006	Telecommunications	29,735.25
1418978	2006	Telecommunications	8,326.12
1418986	2006	Telecommunications	16,568.55
1418994	2006	Telecommunications	16,568.55
1419003	2006	Telecommunications	16,568.55
1419008	2006	Telecommunications	16,568.55
1419015	2006	Telecommunications	3,005.33
1419035	2006	Telecommunications	15,425.89
1423295	2006	Telecommunications	15,425.89
1423322	2006	Telecommunications	19,996.53
1423366	2006	Telecommunications	17,139.88
1423392	2006	Telecommunications	22,853.18
1423429	2006	Telecommunications	13,140.58
1423448	2006	Telecommunications	14,283.24
1423473	2006	Telecommunications	22,853.18
1423509	2006	Telecommunications	13,140.58
1423529	2006	Telecommunications	22,853.18
1423546	2006	Telecommunications	21,996.18
1423565	2006	Telecommunications	11,426.59
1423581	2006	Telecommunications	36,435.02

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1423599	2006	Telecommunications	$ 12,569.25
1423627	2006	Telecommunications	33,048.15
1424112	2006	Telecommunications	19,996.53
1424120	2006	Telecommunications	7,085.65
1424125	2006	Telecommunications	19,996.53
1424130	2006	Telecommunications	13,140.58
1424138	2006	Telecommunications	25,709.82
1424144	2006	Telecommunications	21,139.19
1424154	2006	Telecommunications	19,980.00
1424160	2006	Telecommunications	11,426.59
1424167	2006	Telecommunications	9,057.74
1424170	2006	Telecommunications	20,853.52
1424175	2006	Telecommunications	21,424.85
1424181	2006	Telecommunications	35,595.00
1424186	2006	Telecommunications	15,711.56
1424199	2006	Telecommunications	49,950.16
1424208	2006	Telecommunications	24,852.83
1424216	2006	Telecommunications	32,533.34
1424222	2006	Telecommunications	11,426.59
1424226	2006	Telecommunications	11,426.59
1424229	2006	Telecommunications	16,282.89
1424238	2006	Telecommunications	37,364.94
1424245	2006	Telecommunications	1,222.09
1424251	2006	Telecommunications	35,496.69
1424257	2006	Telecommunications	3,165.07
1424265	2006	Telecommunications	8,140.48
1424269	2006	Telecommunications	21,424.85
1424271	2006	Telecommunications	16,282.89
1424280	2006	Telecommunications	34,713.43
1424287	2006	Telecommunications	1,189.43
1424292	2006	Telecommunications	13,997.57
1424296	2006	Telecommunications	19,996.53
1424312	2006	Telecommunications	11,426.59

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1424319	2006	Telecommunications	$ 15,997.22
1424326	2006	Telecommunications	15,997.22
1424337	2006	Telecommunications	15,997.22
1424340	2006	Telecommunications	14,283.24
1424344	2006	Telecommunications	17,139.88
1424346	2006	Telecommunications	17,139.88
1424350	2006	Telecommunications	19,996.53
1424352	2006	Telecommunications	25,709.82
1424356	2006	Telecommunications	18,568.21
1424360	2006	Telecommunications	22,853.18
1434172	2006	Telecommunications	22,853.18
1434182	2006	Telecommunications	22,853.18
1434196	2006	Telecommunications	22,853.18
1434204	2006	Telecommunications	17,139.88
1434221	2006	Telecommunications	13,426.24
1434226	2006	Telecommunications	13,140.58
1434233	2006	Telecommunications	2,976.00
1434237	2006	Telecommunications	11,426.59
1434246	2006	Telecommunications	18,568.21
1434251	2006	Telecommunications	18,568.21
1434259	2006	Telecommunications	33,084.28
1434266	2006	Telecommunications	15,425.89
1434272	2006	Telecommunications	21,139.19
1434282	2006	Telecommunications	8,230.55
1434295	2006	Telecommunications	13,711.91
1434310	2006	Telecommunications	3,911.86
1434317	2006	Telecommunications	4,818.29
1434321	2006	Telecommunications	14,283.24
1434325	2006	Telecommunications	19,996.53
1434328	2006	Telecommunications	11,426.59
1434345	2006	Telecommunications	10,108.14
1434347	2006	Telecommunications	19,425.20
1434383	2006	Telecommunications	36,602.78

Attachment 2 to Report of Independent Accountants (continued)
Erie 1 BOCES

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1434396	2006	Telecommunications	$ 20,504.20
1434406	2006	Telecommunications	703.20
1434438	2006	Telecommunications	16,870.50
1434449	2006	Telecommunications	11,036.03
1434461	2006	Telecommunications	18,321.17
1434481	2006	Telecommunications	28,312.31
1434490	2006	Telecommunications	48,845.35
1434505	2006	Telecommunications	28,391.81
1434513	2006	Telecommunications	22,018.15
1490777	2006	Telecommunications	2,024.12
1490778	2006	Telecommunications	15,521.69
1490779	2006	Telecommunications	1,886.09
1490781	2006	Telecommunications	3,723.14
1490782	2006	Telecommunications	122,192.67
1490783	2006	Telecommunications	1,602.53
1490784	2006	Telecommunications	35,504.00
1491971	2006	Basic Maintenance of Internal Connections	75.82
1491977	2006	Basic Maintenance of Internal Connections	1,821.78
1491998	2006	Basic Maintenance of Internal Connections	294.84
		Total	$6,322,600.02

Attachment 3 to Report of Independent Accountants
Erie 1 BOCES
Detailed Information Relative to
Material Noncompliance, Material Weaknesses, Significant Deficiencies, or Immaterial Instances of Noncompliance Presented in Accordance with the Standards Applicable to Attestation Engagements Contained in *Government Auditing Standards*

Issue Number SL2008BE026_C01

Condition The summary information supporting the poverty rate used by Erie 1 BOCES ("BOCES") was examined relating to disbursements by the Universal Service Administrative Company ("USAC") of $1,889,267.33. National School Lunch Program ("NSLP") data provided by the BOCES did not agree to the amounts input on FCC Form 471 # 504046 to calculate the shared discount percentage as shown below for funding year 2006.

School	Funding Request Number	Form 471 Number	Total Students		NSLP Students	
			Per Form 471	Per Support	Per Form 471	Per Support
Waterfront Elementary School	1415149	504046	850	804	633	681
Hyde Park Elementary School	1424269	504046	501	501	303	389
La Salle Middle School	1424269	504046	617	617	429	326
Niagara Falls High School	1424269	504046	2,424	2,424	911	912

There was no effect on the shared discount percentages due to these errors.

Criteria 47 CFR 54.505 (b) (4) states "School districts, library systems, or other billed entities shall calculate discounts on supported services described in Sec. 54.502 or other supported special services described in Sec. 54.503 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. School districts, library systems, or other billed entities shall ensure that, for each year in which an eligible school or library is included for

	purposes of calculating the aggregate discount rate, that eligible school or library shall receive a proportionate share of the shared services for which support is sought. For schools, the average discount shall be 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 shall be a simple average of the applicable discounts to which the libraries sharing a portion of the shared services are entitled."
Cause	There was insufficient review of the relevant data used to compute the discount percentage.
Effect	There is no monetary effect of this issue because the impact of the data entry errors did not change the discount rates.
Recommendation	Prior to submitting the FCC Form 471, the BOCES should review and verify the information used to calculate the discount percentage, including the number of total students and NSLP eligible students.
Beneficiary Response	See Attachment 4.

Issue Number	SL2008BE026_C02
Condition	For Erie 1 BOCES ("BOCES"), bid documentation related to the selection of vendors for 40 Funding Request Numbers ("FRN") selected for testing was requested. Part of the bid documentation from Adelphia was not provided for the telecommunication services in funding year 2005 and 2006 related to the following FRNs: 1276038, 1281002, 1281429, 1284057, 1284211, 1285848, 1285968, 1285972, 1285997, 1286379, 1286388, 1286425, 1286535, 1415102, 1415106, 1415142, 1415167, 1418657, 1418811, 1418882, 1423529, 1424112, 1424125, 1424170, 1424269, 1424356, 1424360, 1434182, and 1434221. The final scoring related to the bid analysis was provided, as well as the initial Adelphia bid documents. However, bid documentation related to an additional $24,000 for five years of annual maintenance was not provided. If the bid information had been posted correctly, Adelphia would still have been awarded the contract. The approved disbursement amount paid to the winning bidder, Adelphia, related to the FRNs listed above was $554,205.47. Disbursements totaling $1,889,267.33 were examined related to competitive bidding.
Criteria	47 CFR 54.504 (c) (1) (x) states "The applicant recognizes that it may be audited pursuant to its application, that it will retain for five years any and all worksheets and other records relied upon to fill out its application, and that, if audited, it will make such records available". 47 CFR section 54.516 (a) (1) states "Schools and libraries shall retain all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services for at least 5 years after the last day of service delivered in a particular Funding Year. Any other document that demonstrates compliance with the statutory or regulatory requirements for the schools and libraries mechanism shall be retained as well. Schools and libraries shall maintain asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment for a period of five years after purchase."
Cause	The BOCES did not retain all bid documentation from Adelphia.

Effect	There is no monetary effect of this issue because Adelphia would have been selected as the lowest cost vendor regardless of the error.
Recommendation	The BOCES should implement a process to ensure all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services are retained. The BOCES should also review and validate the information used in the bid evaluation worksheet with the supporting bid documentation for accuracy and completeness prior to selecting vendors.
Beneficiary Response	See Attachment 4.

Attachment 4 to Report of Independent Accountants
Erie 1 BOCES
Beneficiary Responses to Detailed Information Relative to
Material Noncompliance, Material Weaknesses, Significant Deficiencies, or
Immaterial Instances of Noncompliance Presented in Accordance with the
Standards Applicable to Attestation Engagements Contained in *Government Auditing Standards*

Issue Number: SL2008BE026_C01

Beneficiary Response: "In order to establish the E-rate discount rate for the Western New York Regional Information Center, FY 2006 Form 471, Application #504046, the Administration sent surveys to 103 billed entities for the National School Lunch Program data for 482 school district buildings. In response to the surveys each district provided the appropriate student counts and the resulting free and reduce lunch percentage for the time period requested. Each district also provided the necessary documentation to substantiate the numbers. It is the beneficiary's understanding that this is one of four acceptable methods of determining the appropriate discount rate.

The beneficiary agrees that all the numbers do not match the information found on the NYSED website containing the NSLP data, which is another acceptable method listed by the USAC. However, these two sets of numbers may be base on different reporting dates and we do not believe that our numbers are inaccurate or unsubstantiated, they are just based on a different reference point.

Going forward the beneficiary will ensure that it continues to follow an acceptable USAC method of determining the discount rate. The beneficiary will also review all supporting documentation for each district to ensure that the computation of the discount rate is accurate.

If the USAC and auditors feel that it would be better for consistency purposes to only use the NSLP data, in exclusion of all other methods we would appreciate the guidance and will adhere to their recommendation. If we could receive some confirmation to this recommendation we would greatly appreciate it."

Issue Number: SL2008BE026_C02

Beneficiary Response: "The Beneficiary recognizes that for this particular bid that there was insufficient documentation to support the $24,000 that was identified in our evaluation process. The organization has modified its bidding procedures to ensure that all relevant cost related to a bid or RFP be detailed out and be supported through documentation by the respondees in such a way that it is clear what is being bid on."

Technology Services

wnyric

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Erie 1 BOCES Education Campus
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Report of Management on Compliance with 47 CFR Part 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures

October 5, 2009

Management of Erie 1 BOCES (the "BOCES") is responsible for ensuring the BOCES' compliance with applicable requirements of 47 CFR 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, related FCC Orders, and Universal Service Administrative Company ("USAC") implementing procedures.

Management has performed an evaluation of the BOCES' compliance with the applicable requirements of 47 CFR Section 54.500 through 54.523, as amended, related FCC Orders, and USAC implementing procedures with respect to disbursements made from the Universal Service Fund under the Schools and Libraries Support Mechanism during the year July 1, 2007 through June 30, 2008 on our behalf as listed on Attachment 1. Based on this evaluation, we assert that the BOCES complied with all applicable requirements of 47 CFR Sections 54.500 through 54.523, as amended, related FCC Orders, and USAC implementing procedures in all material respects.

The BOCES used various organizations as its service providers relative to the Funding Request Numbers ("FRN") for which disbursements were made during the year July 1, 2007 through June 30, 2008. In addition to providing the goods and services for which the disbursements were made relative to those FRNs, the 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:

- Prepared and submitted FCC Forms 473, Service Provider Annual Certification Form
- Received disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement
- Reimbursed the BOCES of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement

The BOCES has obtained and relied upon assurance from the service providers to verify that controls and procedures relating to these assertions have been established and maintained by the service providers in accordance with all applicable requirements of 47 CFR Sections 54.500 through 54.523, as amended, related FCC Orders, and USAC implementing procedures.

The District represents the following assertions per the FCC Rules and Regulations, as amended, related FCC Orders, and USAC implementing procedures with respect to disbursements made from the Universal Service Fund during the year ended June 30, 2008, on our behalf as listed in Attachment 1:

A. Record Keeping – The BOCES:
   1. maintained for its purchases of telecommunications and other supported services at

2. 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) – *This assertion is not applicable because the disbursements selected for examination by the FCC OIG were for funding years after the effective period of the assertion.*

2.3. 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)

3.4. 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)

B. Application Matters – The BOCES:

1. [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)
2. [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) – *This assertion is not applicable because the disbursements selected for examination by the FCC OIG were for a schools consortium.*
3. 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)
4. 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)

5. 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)
6. 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)
7. 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)
8. 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)

    a) a statement of goals and a strategy for using telecommunications and information technology to improve education or library services;

    b) a professional development strategy to ensure that the staff understands how to use these new technologies to improve education or library services;

    c) an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;

    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 or library to monitor progress toward the specific goals and make mid-course corrections in response to new developments and opportunities as they arise

9. 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) – *This assertion is not applicable because the disbursements selected for examination by the FCC OIG were for funding years after the effective period of the assertion.*
10. 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)
11. 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)

12. 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)
13. 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)
14. 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

C. Service Provider Selection Matters – The BOCES:
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, 1998, 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)
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)
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)
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) – *This assertion is not applicable because the disbursements selected for examination by the FCC OIG were for funding years after the effective period of the assertion.*
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)

D. Receipt of Services and Reimbursement Matters – The BOCES:
1. applied its discount percentage to the appropriate pre-discount price. (Section 54.505 (a) which was effective as of July 17, 1997)
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)
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)
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)

5. with respect to eligible services and equipment components purchased at a discount: (Section 54.504 (b) (2) (v) which was effective as of October 13, 2004 and superseded Section 54.504 (b) (2) (iii) which was effective July 17, 1997; and Section 54.513 (c) which was effective March 11, 2004)
   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)
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)
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)

Donald Ogilvie
Chief Executive Officer and District Superintendent

Jim Fregelette
Director of Finance

Susan Melancon
E-Rate Coordinator

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1275921	2005	Telecommunications	$ 22,113.56
1276038	2005	Telecommunications	14,548.40
1276235	2005	Telecommunications	13,384.52
1276336	2005	Telecommunications	6,072.00
1276379	2005	Telecommunications	17,458.07
1276418	2005	Telecommunications	17,749.04
1276566	2005	Telecommunications	20,367.75
1276609	2005	Telecommunications	17,458.07
1280868	2005	Telecommunications	23,277.43
1280934	2005	Telecommunications	17,458.07
1281002	2005	Telecommunications	21,240.66
1281059	2005	Telecommunications	20,367.75
1281127	2005	Telecommunications	11,638.72
1281159	2005	Telecommunications	4,723.20
1281204	2005	Telecommunications	23,277.43
1281281	2005	Telecommunications	23,277.43
1281429	2005	Telecommunications	23,277.43
1281454	2005	Telecommunications	25,023.24
1281691	2005	Telecommunications	20,367.75
1281727	2005	Telecommunications	8,736.00
1281804	2005	Telecommunications	20,367.75
1281827	2005	Telecommunications	21,557.07
1281839	2005	Telecommunications	22,113.56
1283539	2005	Telecommunications	18,621.95
1283543	2005	Telecommunications	19,785.82
1283545	2005	Telecommunications	19,785.82
1283549	2005	Telecommunications	19,785.82
1283551	2005	Telecommunications	19,785.82
1283554	2005	Telecommunications	19,494.85
1283569	2005	Telecommunications	23,277.43
1283576	2005	Telecommunications	16,585.17
1283582	2005	Telecommunications	16,003.23
1283591	2005	Telecommunications	20,076.79
1283593	2005	Telecommunications	43,442.10
1283597	2005	Telecommunications	11,638.72

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1283607	2005	Telecommunications	17,458.07
1283610	2005	Telecommunications	2,490.55
1283618	2005	Telecommunications	17,458.07
1283621	2005	Telecommunications	19,203.88
1283623	2005	Telecommunications	20,658.72
1283625	2005	Telecommunications	98,916.86
1284005	2005	Telecommunications	1,4548.4
1284009	2005	Telecommunications	3,292.74
1284020	2005	Telecommunications	22,113.56
1284033	2005	Telecommunications	7,935.17
1284041	2005	Telecommunications	11,638.72
1284045	2005	Telecommunications	17,458.07
1284054	2005	Telecommunications	14,548.40
1284057	2005	Telecommunications	14,548.40
1284059	2005	Telecommunications	14,548.40
1284063	2005	Telecommunications	14,548.40
1284069	2005	Telecommunications	14,548.40
1284072	2005	Telecommunications	14,548.40
1284118	2005	Telecommunications	16,294.20
1284127	2005	Telecommunications	16,294.20
1284134	2005	Telecommunications	16,294.20
1284137	2005	Telecommunications	16,294.20
1284151	2005	Telecommunications	16,294.20
1284160	2005	Telecommunications	15,130.33
1284167	2005	Telecommunications	20,367.75
1284180	2005	Telecommunications	15,712.27
1284185	2005	Telecommunications	21,822.59
1284204	2005	Telecommunications	13,675.49
1284211	2005	Telecommunications	13,093.56
1284220	2005	Telecommunications	23,277.43
1284233	2005	Telecommunications	13,675.49
1285768	2005	Telecommunications	23,277.43
1285772	2005	Telecommunications	22,404.53
1285773	2005	Telecommunications	11,638.72
1285780	2005	Telecommunications	30,357.82
1285785	2005	Telecommunications	12,220.65

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1285798	2005	Telecommunications	18,040.01
1285810	2005	Telecommunications	20,367.75
1285821	2005	Telecommunications	13,384.52
1285826	2005	Telecommunications	26,187.11
1285831	2005	Telecommunications	21,822.59
1285839	2005	Telecommunications	20,250.00
1285848	2005	Telecommunications	11,638.72
1285851	2005	Telecommunications	21,240.66
1285858	2005	Telecommunications	21,273.42
1285883	2005	Telecommunications	32,628.75
1285898	2005	Telecommunications	15,421.30
1285902	2005	Telecommunications	48,926.52
1285910	2005	Telecommunications	25,314.21
1285924	2005	Telecommunications	12,511.62
1285927	2005	Telecommunications	11,638.72
1285929	2005	Telecommunications	17,458.07
1285954	2005	Telecommunications	21,822.59
1285960	2005	Telecommunications	15,130.33
1285968	2005	Telecommunications	13,966.46
1285972	2005	Telecommunications	19,785.82
1285978	2005	Telecommunications	11,638.72
1285982	2005	Telecommunications	16,585.17
1285985	2005	Telecommunications	16,585.17
1285988	2005	Telecommunications	16,585.17
1285991	2005	Telecommunications	14,548.40
1285994	2005	Telecommunications	17,458.07
1285997	2005	Telecommunications	17,458.07
1285999	2005	Telecommunications	23,277.43
1286012	2005	Telecommunications	26,187.11
1286358	2005	Telecommunications	20,367.75
1286364	2005	Telecommunications	23,277.43
1286371	2005	Telecommunications	0.00
1286379	2005	Telecommunications	23,277.43
1286382	2005	Telecommunications	23,277.43
1286388	2005	Telecommunications	23,277.43
1286392	2005	Telecommunications	17,458.07

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1286401	2005	Telecommunications	13,675.49
1286405	2005	Telecommunications	13,384.52
1286415	2005	Telecommunications	11,638.72
1286421	2005	Telecommunications	18,912.91
1286425	2005	Telecommunications	18,912.91
1286432	2005	Telecommunications	16,003.23
1286437	2005	Telecommunications	21,531.62
1286442	2005	Telecommunications	8,366.11
1286453	2005	Telecommunications	13,966.46
1286501	2005	Telecommunications	17,458.07
1286510	2005	Telecommunications	20,367.75
1286518	2005	Telecommunications	11,638.72
1286535	2005	Telecommunications	20,949.69
1286547	2005	Telecommunications	0.00
1354662	2005	Internal Connections	11,383.80
1354663	2005	Internal Connections	14,055.91
1354664	2005	Internal Connections	11,732.64
1354665	2005	Internal Connections	27,879.26
1354666	2005	Internal Connections	18,586.18
1354946	2005	Basic Maintenance of Internal Connections	3,683.41
1354947	2005	Basic Maintenance of Internal Connections	425.89
1354948	2005	Basic Maintenance of Internal Connections	3,031.07
1354981	2005	Basic Maintenance of Internal Connections	657.65
1354983	2005	Basic Maintenance of Internal Connections	3,307.42
1354991	2005	Basic Maintenance of Internal Connections	194.24
1354996	2005	Basic Maintenance of Internal Connections	1,877.64
1355019	2005	Basic Maintenance of Internal Connections	1,005.64
1355020	2005	Basic Maintenance of Internal Connections	410.06
1355022	2005	Basic Maintenance of Internal Connections	975.33
1355024	2005	Basic Maintenance of Internal Connections	3,957.74
1355025	2005	Basic Maintenance of Internal Connections	494.96
1355026	2005	Basic Maintenance of Internal Connections	690.63
1413625	2006	Internet Access	93,120.16
1415055	2006	Telecommunications	8,807.94
1415060	2006	Telecommunications	22,741.40
1415064	2006	Telecommunications	6,109.55

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1415068	2006	Telecommunications	3,287.18
1415076	2006	Telecommunications	14,283.24
1415085	2006	Telecommunications	13,426.24
1415088	2006	Telecommunications	6,204.00
1415091	2006	Telecommunications	17,139.88
1415095	2006	Telecommunications	15,425.89
1415098	2006	Telecommunications	4,496.16
1415101	2006	Telecommunications	19,996.53
1415102	2006	Telecommunications	17,139.88
1415105	2006	Telecommunications	2,764.50
1415106	2006	Telecommunications	19,996.53
1415109	2006	Telecommunications	17,139.88
1415113	2006	Telecommunications	21,139.19
1415114	2006	Telecommunications	19,996.53
1415128	2006	Telecommunications	11,426.59
1415131	2006	Telecommunications	4,723.20
1415136	2006	Telecommunications	21,139.19
1415142	2006	Telecommunications	22,853.18
1415146	2006	Telecommunications	24,567.16
1415149	2006	Telecommunications	908,457.37
1415152	2006	Telecommunications	30,207.11
1415154	2006	Telecommunications	19,996.53
1415158	2006	Telecommunications	19,996.53
1415165	2006	Telecommunications	8,736.00
1415167	2006	Telecommunications	19,996.53
1415170	2006	Telecommunications	19,139.53
1415173	2006	Telecommunications	19,139.53
1415178	2006	Telecommunications	19,710.86
1415180	2006	Telecommunications	18,853.87
1415182	2006	Telecommunications	18,853.87
1415186	2006	Telecommunications	18,853.87
1415192	2006	Telecommunications	18,853.87
1415196	2006	Telecommunications	19,139.53
1415197	2006	Telecommunications	6,096.07
1418606	2006	Telecommunications	22,853.18
1418620	2006	Telecommunications	11,316.00

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1418641	2006	Telecommunications	16,282.89
1418652	2006	Telecommunications	3,424.23
1418657	2006	Telecommunications	14,854.56
1418670	2006	Telecommunications	10,233.60
1418690	2006	Telecommunications	22,853.18
1418702	2006	Telecommunications	49,551.65
1418708	2006	Telecommunications	11,426.59
1418718	2006	Telecommunications	246.44
1418730	2006	Telecommunications	17,139.88
1418743	2006	Telecommunications	2,450.18
1418765	2006	Telecommunications	17,139.88
1418774	2006	Telecommunications	18,282.54
1418779	2006	Telecommunications	20,282.19
1418789	2006	Telecommunications	52,556.93
1418796	2006	Telecommunications	14,283.24
1418805	2006	Telecommunications	3,237.80
1418811	2006	Telecommunications	23,424.51
1418822	2006	Telecommunications	20,468.77
1418831	2006	Telecommunications	7,806.62
1418850	2006	Telecommunications	865.04
1418858	2006	Telecommunications	11,426.59
1418873	2006	Telecommunications	4,780.60
1418882	2006	Telecommunications	17,139.88
1418916	2006	Telecommunications	14,854.56
1418927	2006	Telecommunications	14,854.56
1418935	2006	Telecommunications	14,854.56
1418945	2006	Telecommunications	14,854.56
1418954	2006	Telecommunications	14,854.56
1418964	2006	Telecommunications	14,854.56
1418971	2006	Telecommunications	29,735.25
1418978	2006	Telecommunications	8,326.12
1418986	2006	Telecommunications	16,568.55
1418994	2006	Telecommunications	16,568.55
1419003	2006	Telecommunications	16,568.55
1419008	2006	Telecommunications	16,568.55
1419015	2006	Telecommunications	3,005.33

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1419035	2006	Telecommunications	15,425.89
1423295	2006	Telecommunications	15,425.89
1423322	2006	Telecommunications	19,996.53
1423366	2006	Telecommunications	17,139.88
1423392	2006	Telecommunications	22,853.18
1423429	2006	Telecommunications	13,140.58
1423448	2006	Telecommunications	14,283.24
1423473	2006	Telecommunications	22,853.18
1423509	2006	Telecommunications	13,140.58
1423529	2006	Telecommunications	22,853.18
1423546	2006	Telecommunications	21,996.18
1423565	2006	Telecommunications	11,426.59
1423581	2006	Telecommunications	36,435.02
1423599	2006	Telecommunications	12,569.25
1423627	2006	Telecommunications	33,048.15
1424112	2006	Telecommunications	19,996.53
1424120	2006	Telecommunications	7,085.65
1424125	2006	Telecommunications	19,996.53
1424130	2006	Telecommunications	13,140.58
1424138	2006	Telecommunications	25,709.82
1424144	2006	Telecommunications	21,139.19
1424154	2006	Telecommunications	19,980.00
1424160	2006	Telecommunications	11,426.59
1424167	2006	Telecommunications	9,057.74
1424170	2006	Telecommunications	20,853.52
1424175	2006	Telecommunications	21,424.85
1424181	2006	Telecommunications	35,595.00
1424186	2006	Telecommunications	15,711.56
1424199	2006	Telecommunications	49,950.16
1424208	2006	Telecommunications	24,852.83
1424216	2006	Telecommunications	32,533.34
1424222	2006	Telecommunications	11,426.59
1424226	2006	Telecommunications	11,426.59
1424229	2006	Telecommunications	16,282.89
1424238	2006	Telecommunications	37,364.94
1424245	2006	Telecommunications	1,222.09

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1424251	2006	Telecommunications	35,496.69
1424257	2006	Telecommunications	3,165.07
1424265	2006	Telecommunications	8,140.48
1424269	2006	Telecommunications	21,424.85
1424271	2006	Telecommunications	16,282.89
1424280	2006	Telecommunications	34,713.43
1424287	2006	Telecommunications	1,189.43
1424292	2006	Telecommunications	13,997.57
1424296	2006	Telecommunications	19,996.53
1424312	2006	Telecommunications	11,426.59
1424319	2006	Telecommunications	15,997.22
1424326	2006	Telecommunications	15,997.22
1424337	2006	Telecommunications	15,997.22
1424340	2006	Telecommunications	14,283.24
1424344	2006	Telecommunications	17,139.88
1424346	2006	Telecommunications	17,139.88
1424350	2006	Telecommunications	19,996.53
1424352	2006	Telecommunications	25,709.82
1424356	2006	Telecommunications	18,568.21
1424360	2006	Telecommunications	22,853.18
1434172	2006	Telecommunications	22,853.18
1434182	2006	Telecommunications	22,853.18
1434196	2006	Telecommunications	22,853.18
1434204	2006	Telecommunications	17,139.88
1434221	2006	Telecommunications	13,426.24
1434226	2006	Telecommunications	13,140.58
1434233	2006	Telecommunications	2,976.00
1434237	2006	Telecommunications	11,426.59
1434246	2006	Telecommunications	18,568.21
1434251	2006	Telecommunications	18,568.21
1434259	2006	Telecommunications	33,084.28
1434266	2006	Telecommunications	15,425.89
1434272	2006	Telecommunications	21,139.19
1434282	2006	Telecommunications	8,230.55
1434295	2006	Telecommunications	13,711.91
1434310	2006	Telecommunications	3,911.86

Attachment 1
Report of Management on Compliance with Applicable Requirements of 47 CFR Section 54 of the Federal Communications Commission's Rules and Regulations, Related FCC Orders, and USAC Implementing Procedures (continued)

Funding Request Number	Funding Year	Type of Service	Amount Disbursed
1434317	2006	Telecommunications	4,818.29
1434321	2006	Telecommunications	14,283.24
1434325	2006	Telecommunications	19,996.53
1434328	2006	Telecommunications	11,426.59
1434345	2006	Telecommunications	10,108.14
1434347	2006	Telecommunications	19,425.20
1434383	2006	Telecommunications	36,602.78
1434396	2006	Telecommunications	20,504.20
1434406	2006	Telecommunications	703.20
1434438	2006	Telecommunications	16,870.50
1434449	2006	Telecommunications	11,036.03
1434461	2006	Telecommunications	18,321.17
1434481	2006	Telecommunications	28,312.31
1434490	2006	Telecommunications	48,845.35
1434505	2006	Telecommunications	28,391.81
1434513	2006	Telecommunications	22,018.15
1490777	2006	Telecommunications	2,024.12
1490778	2006	Telecommunications	15,521.69
1490779	2006	Telecommunications	1,886.09
1490781	2006	Telecommunications	3,723.14
1490782	2006	Telecommunications	122,192.67
1490783	2006	Telecommunications	1,602.53
1490784	2006	Telecommunications	35,504.00
1491971	2006	Basic Maintenance of Internal Connections	75.82
1491977	2006	Basic Maintenance of Internal Connections	1,821.78
1491998	2006	Basic Maintenance of Internal Connections	294.84
		Total	$6,322,600.02

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USAC Management Response

Date: November 17, 2009

Subject: Federal Communications Commission, Office of Inspector General, Universal Service Fund (FCC OIG USF) Audit of the Schools & Libraries Program at Erie 1 BOCES

USAC management has reviewed the FCC OIG USF Audit of the Erie 1 BOCES. Our response to the audit is as follows:

Finding ID: SL2008BE026_C01

Finding/Comment Narrative:

The summary information supporting the poverty rate used by Erie 1 BOCES ("BOCES") was examined relating to disbursements by the Universal Service Administrative Company ("USAC") of $1,889,267.33. National School Lunch Program ("NSLP") data provided by the BOCES did not agree to the amounts input on FCC Form 471 # 504046 to calculate the shared discount percentage for funding year 2006. There was no effect on the shared discount percentages due to these errors.

Management Comment:

There is no monetary effect as a result of this finding since the discount percentages did not change. The Beneficiary can find further guidance regarding discount calculations in the instructions to the FCC Form 471 and on USAC's website. USAC management concurs with the comment and recommendation.

Finding ID: SL2008BE026_C02

Finding/Comment Narrative:

For Erie 1 BOCES ("BOCES"), bid documentation related to the selection of vendors for 40 Funding Request Numbers ("FRN") selected for testing was requested. Part of the bid documentation from Adelphia was not provided for the telecommunication services in funding year 2005 and 2006. The final scoring related to the bid analysis was provided, as well as the initial Adelphia bid documents. However, bid documentation related to an additional $24,000 for five years of annual maintenance was not provided. If the bid information had been posted correctly, Adelphia would still have been awarded the contract.

Management Comment:

Pursuant to FCC rules, applicants are required to maintain records for a minimum of five years. Going forward, the applicant should familiarize itself with the FCC's Fifth Report and Order, which clarified record keeping requirements. For further guidance, the applicant should refer to the Schools and Libraries section of USAC's website and the link to "Understanding Audits," then access the training presentations available under "Audit Presentation." USAC management concurs with the comment, effect, and recommendation.

This concludes the USAC management response to the audit.