

Funding Commitment Adjustment Report  
Form 471 Application Number: 373089

Funding Request Number: 1025347  
 Services Ordered: INTERNAL CONNECTIONS  
 SPIN: 143005607  
 Service Provider Name: International Business Machines Corporation  
 Contract Number: NA  
 Billing Account Number:  
 Site Identifier: 143257  
 Original Funding Commitment: \$1,755,626.93  
 Commitment Adjustment Amount: \$78,904.58  
 Adjusted Funding Commitment: \$1,676,722.35  
 Funds Disbursed to Date: \$1,755,626.93  
 Funds to be Recovered from Applicant: \$78,904.58

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$78,904.58. On the original Form 471 the applicant was approved at an 89 percent discount. FCC rules indicate that the level of poverty shall be measured by the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism. During the course of an audit it was determined that the applicant is only eligible to receive an 85 percent discount. This determination was based on documentation that was provided by the applicant during the audit. Accordingly, the commitment has been reduced by \$78,904.58 (pre-discount commitment amount\*(discount percentage approved on the Form 471 less the discount rate the applicant is actually eligible to receive)) and if recovery is required, USAC will seek recovery from the applicant.

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Funding Commitment Adjustment Report  
Form 471 Application Number: 373089

Funding Request Number: 1025547  
Services Ordered: INTERNAL CONNECTIONS  
SPIN: 143005607  
Service Provider Name: International Business Machines Corporation  
Contract Number: N/A  
Billing Account Number:  
Site Identifier: 143257  
Original Funding Commitment: \$2,243,090.27  
Commitment Adjustment Amount: \$100,813.05  
Adjusted Funding Commitment: \$2,142,277.22  
Funds Disbursed to Date: \$2,205,718.90  
Funds to be Recovered from Applicant: \$63,441.68

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$100,813.05. On the original Form 471 the applicant was approved at an 89 percent discount. FCC rules indicate that the level of poverty shall be measured by the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism. During the course of an audit it was determined that the applicant is only eligible to receive an 85 percent discount. This determination was based on documentation that was provided by the applicant during the audit. Accordingly, the commitment has been reduced by \$100,813.05 (pre-discount commitment amount\*(discount percentage approved on the Form 471 less the discount rate the applicant is actually eligible to receive)) and if recovery is required, USAC will seek recovery from the applicant.

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Funding Commitment Adjustment Report  
Form 471 Application Number: 373089

Funding Request Number: 1025382  
 Services Ordered: INTERNAL CONNECTIONS  
 SPIN: 143005607  
 Service Provider Name: International Business Machines Corporation  
 Contract Number: NA  
 Billing Account Number:  
 Site Identifier: 143257  
 Original Funding Commitment: \$1,671,817.65  
 Commitment Adjustment Amount: \$75,137.87  
 Adjusted Funding Commitment: \$1,596,679.78  
 Funds Disbursed to Date: \$1,669,408.15  
 Funds to be Recovered from Applicant: \$72,728.37

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$75,137.87. On the original Form 471 the applicant was approved at an 89 percent discount. FCC rules indicate that the level of poverty shall be measured by the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism. During the course of an audit it was determined that the applicant is only eligible to receive an 85 percent discount. This determination was based on documentation that was provided by the applicant during the audit. Accordingly, the commitment has been reduced by \$75,137.87 (pre-discount commitment amount\*(discount percentage approved on the Form 471 less the discount rate the applicant is actually eligible to receive)) and if recovery is required, USAC will seek recovery from the applicant.

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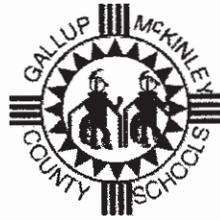
# GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS

Exhibit 2

Ray Arsenault  
SUPERINTENDENT

**KIM BROWN**  
Asst. Supt. of Business Services

**THERESA MARIANO**  
Asst. Supt. of Personnel Services



**MAX PEREZ**  
Asst. Supt. of Learning Services

**LEONARD HASKIE**  
Asst. Supt. of Support Services

"GROWING STUDENTS TO BE PRODUCTIVE CITIZENS IN A MULTI-CULTURAL SOCIETY"

**Date:** July 12, 2010

**To:** Letter of Appeal  
Schools and Libraries Division – Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, New Jersey 07054-0685

**SUBJECT:** Letter of Appeal, Notification of Commitment Adjustment Letters  
Funding Years: 2001, 2003  
NCAL Date: May 13, 2010  
Form 471#s: 248147, 373089  
FRNs: 606006, 1025347, 1025382, 1025547  
Billed Entity Name: GALLUP-MCKINLEY CO SCHOOL DIST (GMCS)  
BEN: 143257  
Service Provider: International Business Machines Corporation  
SPIN: 143005607

**CONTACT PERSON:** George McDonald  
Phone: 703-836-2450  
E-mail: gmcdonald@e-ratecentral.com

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To whom it may concern:

We are appealing the Notification of Commitment Adjustment Letters dated May 13, 2010, informing us that USAC's auditors (KPMG) had determined that the discounts claimed by GMCS for the FRNs cited above could not be supported and calculated new, lower discounts. As a result, the COMAD letters reflect adjusted commitments and, in most cases, a proposed recovery of funds. (Note that, for one FY 2003 FRN, the adjusted commitment is greater than the disbursed funds and no recovery is proposed. We are not appealing that FRN since there is no monetary impact on the district.) The following table summarizes the audit findings for FYs 2001 and 2003 and the proposed recoveries.

FY	471#	FRN	Funded Disct	Audit Disct	P2 Thrshld	Disbrsd Amt	Proposed Recovery
2001	248147	606006	90%	84%	86%	\$920,217.95	\$920,217.95
2003	373089	1025347	89%	85%	N/A	\$1,755,626.93	\$78,904.58
2003	373089	1025382	89%	85%	N/A	\$1,669,408.15	\$72,728.37
2003	373089	1025547	89%	85%	N/A	\$2,205,718.90	\$63,441.68

There have been changes in GMCS staff and in the district's outside E-rate consultant since these funding years and we are not exactly sure how the original discounts were determined for these funding years nor how the auditors calculated lower discount rates.

We have obtained some information from USAC about the schools with respect to which the auditors identified discrepancies and some idea of what adjustments they may have made to calculate the revised discounts. Attachment 1 is our best guess of how the auditors calculated the revised discount for FY 2001. Attachment 2 is our best guess for FY 2003. If these two attachments are not the way the auditors calculated the discounts, in the interest of fairness, we ask that you provide us with detail on how they did the calculations.

Assuming these two attachments do reflect the auditors' calculations, we believe we can support several changes to the calculation that will have the effect of moving the discounts closer to those originally claimed, but not completely.

Attachment 3 reflects our adjustments to what we believe may have been the auditors' calculations for FY 2001, and Attachment 4 reflects our adjustments for FY 2003. For FY 2001, we believe we can produce documentation supporting 90% discounts for Crownpoint High School, Gallup Middle School, and Turpen Elementary School, and an 80% discount for Gallup High School. For FY 2003, we believe we can support 90% discounts for Crownpoint High School and Navajo Middle School, and an 80% discount for Gallup Central High School. And Tse Ye Gai High School should not have been included on the Form 471 for that year since the school was not yet open, so it would not affect the district discount. We are searching for the claim forms for these schools for these years and will provide them to you as soon as we can.

With respect to FY 2001, we note that the New Mexico Department of Education Web site has a fact sheet for School Year 2000-2001 that shows, district-wide, 75.4% of GMCS' students were eligible for Free or Reduced Price lunches (see Attachment 5). That is a strong indication that the E-rate discount that we would have qualified for in FY 2001 would be higher than 84%.

The effect of these changes would be to raise the discounts at issue for both FYs 2001 and 2003 to 86%. That will adjust the recovery amounts as shown in the following table.

FRN	GMCS Appeal Dsct	P2 Thrslld	Original Comtmnt Amt	Predisct Value of Orig Commitment	GMCS Revised Dsct Amt	Disbrsd Amt	GMCS Proposed Recvery
606006	86%	86%	\$925,767.09	\$1,028,630.10	\$884,621.89	\$920,217.95	\$35,596.06
1025347	86%	N/A	\$1,755,626.93	\$1,972,614.53	\$1,696,448.50	\$1,755,626.93	\$59,178.43
1025382	86%	N/A	\$1,671,817.65	\$1,878,446.80	\$1,615,464.25	\$1,669,408.15	\$53,943.90
1025547	86%	N/A	\$2,243,090.27	\$2,520,326.15	\$2,167,480.49	\$2,205,718.90	\$38,238.41

If you have any questions about this appeal, please contact George McDonald at the phone number above.

Sincerely,



*for* Mr. Ray Arsenault  
 Superintendent  
 Phone: 505-721-1188



Mrs. Kim Brown  
 Assistant Superintendent of Business Services  
 Phone: 505-721-1072

cc: IBM

No.	School	Entity No.	471 Enrlmt	Disct	Weighted Prod
1	Chee Dodge Elementary School	99204	430	90%	387.0
2	Church Rock Elementary School	99165	331	90%	297.9
3	Crownpoint Elementary School	99171	385	90%	346.5
4	Crownpoint High School	99170	572	80%	457.6
5	David Skeet Elementary School	99191	271	90%	243.9
6	Gallup Central High School	99160	342	80%	273.6
7	Gallup High School	99162	1558	70%	1090.6
8	Gallup Junior High	99163	1276	80%	1020.8
9	Gallup Middle School	99157	796	80%	636.8
10	Indian Hills Elementary School	99146	370	80%	296.0
11	Jefferson Elementary School	99149	293	80%	234.4
12	Juan De Onate Elementary School	99150	359	90%	323.1
13	Kennedy Middle School	99148	614	90%	552.6
14	Lincoln Elementary School	99159	281	90%	252.9
15	Navajo Elementary School	99201	424	90%	381.6
16	Navajo Pine High School	99200	401	90%	360.9
17	Ramah Elementary School	99178	178	90%	160.2
18	Ramah High School	99177	220	80%	176.0
19	Rocky View Elementary School	99147	380	90%	342.0
20	Roosevelt Elementary School	99158	217	80%	173.6
21	Smith Lake Elementary School	99203	130	90%	117.0
22	Stagecoach Elementary School	99161	547	90%	492.3
23	Thoreau Elementary School	99185	441	90%	396.9
24	Thoreau High School	99182	517	90%	465.3
25	Thoreau Middle School	99183	421	90%	378.9
26	Tohatchi Elementary School	99186	235	90%	211.5
27	Tohatchi High School	99187	504	80%	403.2
28	Tohatchi Middle School	99189	279	90%	251.1
29	Turpen Elementary School	211687	272	80%	217.6
30	Twin Lakes Elementary School	99145	213	90%	191.7
31	Washington Elementary School	99152	<u>239</u>	90%	<u>215.1</u>
			13496		11348.6
					0.840886

Percentages in red are assumed to be auditors' adjustments.

No.	School	Entity No.	471 Enrlmt	Disct	Weighted Prod
1	Chee Dodge Elementary School	99204	399	90%	359.1
2	Church Rock Elementary School	99165	307	90%	276.3
3	Crownpoint Elementary School	99171	454	90%	408.6
4	Crownpoint High School	99170	613	80%	490.4
5	David Skeet Elementary School	99191	265	90%	238.5
6	Gallup Central High School	99160	357	70%	249.9
7	Gallup High School	99162	1556	80%	1244.8
8	Gallup Junior High	99163	1410	80%	1128.0
9	Gallup Middle School	99157	824	90%	741.6
10	Indian Hills Elementary School	99146	391	80%	312.8
11	Jefferson Elementary School	99149	263	90%	236.7
12	Juan De Onate Elementary School	99150	313	90%	281.7
13	Kennedy Middle School	99148	677	90%	609.3
14	Lincoln Elementary School	99159	281	90%	252.9
15	Navajo Elementary School	99201	345	90%	310.5
16	Navajo Middle School	235107	176	80%	140.8
17	Navajo Pine High School	99200	288	90%	259.2
18	Ramah Elementary School	99178	191	90%	171.9
19	Ramah High School	99177	241	80%	192.8
20	Red Rock Elementary School	99154	401	70%	280.7
21	Rocky View Elementary School	99147	348	90%	313.2
22	Roosevelt Elementary School	99158	202	80%	161.6
23	Smith Lake Elementary School	99203	104	90%	93.6
24	Stagecoach Elementary School	99161	493	90%	443.7
25	Thoreau Elementary School	99185	414	90%	372.6
26	Thoreau High School	99182	472	80%	377.6
27	Thoreau Middle School	99183	450	90%	405.0
28	Tohatchi Elementary School	99186	223	90%	200.7
29	Tohatchi High School	99187	472	80%	377.6
30	Tohatchi Middle School	99189	277	90%	249.3
31	Tse Yi Gai High School	235216	369	70%	258.3
32	Turpen Elementary School	211687	318	90%	286.2
33	Twin Lakes Elementary School	99145	204	90%	183.6
34	Washington Elementary School	99152	<u>249</u>	90%	<u>224.1</u>
			14347		12133.6
					0.845724

Percentages in red are assumed to be auditors' adjustments.

No.	School	Entity No.	471 Enrlmt	Disct	Weighted Prod
1	Chee Dodge Elementary School	99204	430	90%	387.0
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8	Gallup Junior High	99163	1276	80%	1020.8
9	Gallup Middle School	99157	796	90%	716.4
10	Indian Hills Elementary School	99146	370	80%	296.0
11	Jefferson Elementary School	99149	293	80%	234.4
12	Juan De Onate Elementary School	99150	359	90%	323.1
13	Kennedy Middle School	99148	614	90%	552.6
14	Lincoln Elementary School	99159	281	90%	252.9
15	Navajo Elementary School	99201	424	90%	381.6
16	Navajo Pine High School	99200	401	90%	360.9
17	Ramah Elementary School	99178	178	90%	160.2
18	Ramah High School	99177	220	80%	176.0
19	Rocky View Elementary School	99147	380	90%	342.0
20	Roosevelt Elementary School	99158	217	80%	173.6
21	Smith Lake Elementary School	99203	130	90%	117.0
22	Stagecoach Elementary School	99161	547	90%	492.3
23	Thoreau Elementary School	99185	441	90%	396.9
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25	Thoreau Middle School	99183	421	90%	378.9
26	Tohatchi Elementary School	99186	235	90%	211.5
27	Tohatchi High School	99187	504	90%	453.6
28	Tohatchi Middle School	99189	279	90%	251.1
29	Turpen Elementary School	211687	272	90%	244.8
30	Twin Lakes Elementary School	99145	213	90%	191.7
31	Washington Elementary School	99152	<u>239</u>	90%	<u>215.1</u>
			13496		11563.0 0.856772

Percentages in red are assumed to be auditors' adjustments.

Percentages in green are the schools for which GMCS believes the assumed auditor-adjusted discounts are too low.

No.	School	Entity No.	471 Enrlmt	Disct	Weighted Prod
1	Chee Dodge Elementary School	99204	399	90%	359.1
2	Church Rock Elementary School	99165	307	90%	276.3
3	Crownpoint Elementary School	99171	454	90%	408.6
4	Crownpoint High School	99170	613	90%	551.7
5	David Skeet Elementary School	99191	265	90%	238.5
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7	Gallup High School	99162	1556	80%	1244.8
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10	Indian Hills Elementary School	99146	391	80%	312.8
11	Jefferson Elementary School	99149	263	90%	236.7
12	Juan De Onate Elementary School	99150	313	90%	281.7
13	Kennedy Middle School	99148	677	90%	609.3
14	Lincoln Elementary School	99159	281	90%	252.9
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16	Navajo Middle School	235107	176	90%	158.4
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26	Thoreau High School	99182	472	80%	377.6
27	Thoreau Middle School	99183	450	90%	405.0
28	Tohatchi Elementary School	99186	223	90%	200.7
29	Tohatchi High School	99187	472	80%	377.6
30	Tohatchi Middle School	99189	277	90%	249.3
31	Tse Yi Gai High School	235216	0	70%	0.0
32	Turpen Elementary School	211687	318	90%	286.2
33	Twin Lakes Elementary School	99145	204	90%	183.6
34	Washington Elementary School	99152	<u>249</u>	90%	<u>224.1</u>
			13978		11989.9 0.857769

Percentages in red are assumed to be auditors' adjustments.

Percentages in green are the schools for which GMCS believes the assumed auditor-adjusted discounts are too low or improperly weighted.

**DATA COLLECTION AND REPORTING UNIT**

Accountability and Information Services

New Mexico Department of Education

300 Don Gaspar Avenue, Santa Fe, New Mexico 87501-2786 \*\* Telephone (505) 827-6526 Fax (505) 827-3986

Exhibit 2

**PERCENT OF STUDENTS RECEIVING FREE AND REDUCED LUNCHES \* School Year 2000-2001**

This list is the percentage of students receiving free and reduced lunches in each of New Mexico's 89 public school districts was compiled from data submitted by districts on the Accountability Data System (ADS). It is updated annually in January.

School District	%-FREE	REDUCED	TOTAL	School District	%-FREE	REDUCED	TOTAL
Alamogordo Public	30.6	12.8	43.5	Las Cruces Public	48.7	8.2	57.0
Albuquerque	35.7	7.7	43.3	Las Vegas City Public	42.4	16.1	58.5
Animas Public	48.8	13.3	62.1	Logan Municipal	46.8	21.2	68.0
Artesia Public	28.8	7.4	36.3	Lordsburg Municipal	56.5	11.2	67.7
Aztec Municipal	29.5	8.5	38.0	Los Alamos Public	0.0	0.0	0.0
Belen Consolidated	54.6	11.9	66.5	Los Lunas Public	49.8	11.6	61.4
Bernalillo Public	70.8	13.3	84.1	Loving Municipal	62.9	13.1	76.0
Bloomfield Municipal	46.8	13.5	60.3	Lovington Municipal	50.3	10.9	61.2
Capitan Municipal	40.6	26.6	67.2	Magdalena Municipal	70.6	7.8	78.3
Carlsbad Municipal	42.8	10.8	53.6	Maxwell Municipal	46.3	17.4	63.8
Carrizozo Municipal	45.5	17.8	63.2	Melrose Public	35.0	16.1	51.1
Central Consolidated	65.0	12.2	77.1	Mesa Vista Consolidated	57.9	9.5	67.4
Chama Valley Independent	53.8	17.0	70.8	Mora Independent	61.4	16.2	77.6
Cimarron Municipal	30.3	13.8	44.2	Moriarty Municipal	30.2	10.5	40.7
Clayton Public	39.0	13.8	52.8	Mosquero Municipal	36.8	26.3	63.2
Cloudcroft Municipal	24.1	11.9	36.0	Mountainair Public	65.3	15.3	80.7
Clovis Municipal	47.2	13.6	60.8	Pecos Independent	68.7	18.9	87.6
Cobre Consolidated	60.1	17.7	77.9	Penasco Independent	55.1	18.2	73.3
Corona Municipal	61.0	15.9	76.8	Pojoaque Valley Public	31.7	15.1	46.8
Cuba Independent	72.3	10.1	82.4	Portales Municipal	43.7	8.0	51.8
Deming Public	68.2	8.7	76.9	Quemado Independent	52.9	7.1	60.0
Des Moines Municipal	35.4	19.0	54.4	Questa Independent	42.9	23.4	66.3
Dexter Consolidated	58.9	10.7	69.6	Raton Public	46.7	11.6	58.3
Dora Municipal	35.9	11.6	47.4	Reserve Public	48.4	17.2	65.6
Dulce Independent	62.8	15.0	77.8	Rio Rancho Public	16.7	9.9	26.6
Elida Municipal	46.2	11.8	58.0	Roswell Independent	51.7	10.9	62.6
Espanola Municipal	60.3	12.5	72.8	Roy Municipal	21.8	17.3	39.1
Estancia Municipal	38.9	11.3	50.2	Ruidoso Municipal	48.8	12.2	61.0
Eunice Municipal	44.4	10.6	55.0	San Jon Municipal	38.3	14.5	52.8
Farmington Municipal	32.5	10.4	42.9	Santa Fe Public	36.9	10.4	47.4
Floyd Municipal	57.1	13.4	70.5	Santa Rosa Consolidated	56.6	15.3	71.9
Fort Sumner Municipal	50.8	13.1	63.9	Silver Consolidated	38.3	10.2	48.6
Gadsden Independent	87.5	4.7	92.2	Socorro Consolidated	49.4	8.5	57.9
Gallup McKinley County	64.9	10.5	75.4	Springer Municipal	60.1	18.5	78.6
Grady Municipal	30.9	17.3	48.2	Taos Municipal	40.6	2.7	43.3
Grants Cibola County	62.1	10.5	72.6	Tatum Municipal	51.1	12.8	63.9
Hagerman Municipal	68.4	11.3	79.7	Texico Municipal	32.0	10.2	42.3
Hatch Valley Municipal	72.8	6.1	78.9	T or C Municipal	55.4	13.5	68.9
Hobbs Municipal	46.5	7.6	54.1	Tucumcari Public	46.0	10.3	56.3
Hondo Valley Public	64.2	20.9	85.1	Tularosa Municipal	57.2	14.0	71.2
House Municipal	25.8	5.4	31.2	Vaughn Municipal	73.7	25.3	99.0
Jal Public	42.3	11.9	54.2	Wagon Mound Public	65.9	9.7	75.6
Jemez Mountain Public	58.4	18.1	76.4	West Las Vegas Public	63.4	13.6	77.1
Jemez Valley Public	53.2	8.8	62.0	Zuni Public	82.4	7.9	90.3
Lake Arthur Municipal	59.7	9.5	69.2	<b>STATE WIDE</b>	45.4	9.7	55.1

Ray Arsenault  
Gallup-McKinley County Public Schools  
P.O. Box 1318  
700 S Boardman Avenue  
Gallup, NM 87305

Billed Entity Number: 143257  
Form 471 Application Number: 373089  
Form 486 Application Number:



**Universal Service Administrative Company**  
Schools & Libraries Division

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**Administrator's Decision on Appeal – Funding Year 2003-2004**

August 23, 2010

Ray Arsenault  
Gallup-McKinley County Public Schools  
P.O. Box 1318  
700 S Boardman Avenue  
Gallup, NM 87305

Re: Applicant Name: GALLUP-MCKINLEY CO SCHOOL DIST  
Billed Entity Number: 143257  
Form 471 Application Number: 373089  
Funding Request Number(s): 1025347, 1025382, 1025547  
Your Correspondence Dated: July 12, 2010

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2003 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1025347, 1025382, 1025547  
Decision on Appeal: **Canceled**  
Explanation:

- The appeal for the funding requests cited above was cancelled at your request during review of the appeal.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or

by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

cc: George McDonald

GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS

Exhibit 4

*B. Stanley*

RAY ARSENAULT  
SUPERINTENDENT

KIM BROWN  
Asst. Supt. of Business Services

THERESA MARIANO  
Asst. Supt. of Personnel Services



MAX PEREZ  
Asst. Supt. of Learning Services

LEONARD HASKIE  
Asst. Supt. of Support Services

"GROWING STUDENTS TO BE PRODUCTIVE CITIZENS IN A MULTI-CULTURAL SOCIETY"

September 2, 2010

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**RE: Request for Waiver**

**Decision being addressed:** Notification of Commitment Adjustment Letter dated May 13, 2010 (Attachment 1)

**Form 471 Application Numbers:** 373089

**FRNs:** 1025347, 1025382, 1025547

**Funding Year:** 2003 (7/1/2003 – 6/30/2004)

**Billed Entity Number:** 143257

**SPIN:** 143005607

**Service Provider Name:** International Business Machines Corporation

**Applicant:** Gallup-McKinley County Schools  
PO Box 1318  
640 S. Boardman Avenue  
Gallup, NM 87305

**Applicant's Contact Person:** George McDonald  
202 E. Alexandria Avenue  
Alexandria, VA 22301-1808  
Phone: (703) 836-2450  
Fax: (516) 801-7830  
E-Mail: [gmcDonald@e-ratecentral.com](mailto:gmcDonald@e-ratecentral.com)

Letter to Ms. Dortch  
September 2, 2010  
Page 2

Dear Ms. Dortch:

On behalf of Gallup-McKinley County Schools (GMCS), I am writing to request a waiver of FCC rules so that GMCS will not be required to repay some \$215 thousand and potentially more disbursed on our behalf for FY 2003.

GMCS underwent an audit in 2008 conducted by KPMG. The only findings from the audit that had a monetary effect were discrepancies between the discount levels approved by USAC for FYs 2001, 2003, and 2005, and the discounts that KPMG was able to support, reportedly with data from the National Center for Education Statistics, although we were not permitted to see the work papers that showed how they calculated the discounts.

We appealed the Notification of Commitment Adjustment (COMAD) Letters relating to FYs 2001 and 2003. While we had not located documentation to support discounts higher than those determined by the auditors by the deadline for filing the appeal, we continued our research after filing the appeal and provided documentation to support an 86% discount for FY 2001 on August 17, 2010. On that date, since we had not been able to find documentation to support the discount approved for FY 2003, we withdrew our appeal for those COMADs.

No one who was involved with preparation of the Forms 471 for FY 2001, 2003, and 2005 is still associated with GMCS – neither GMCS staff nor the E-rate consultant from that period. As the audit report indicated, “The Beneficiary utilized a consulting firm to prepare its FCC Forms 471 that did not provide them with final copies of the support used to complete the discount calculations. In addition, some documents were incorrectly shredded earlier than the planned destruction date.” Therefore, we do not know how the numbers were derived for these funding years. There are legitimate ways to support higher Free/Reduced percentages than those based solely on *participation* in the F/R lunch program, matching siblings across schools, for example, which can more accurately reflect the level of poverty, especially for high schools. However, seven years after the fact, we are unable to produce documentation to support the discount percentage USAC approved. We do not know whether sibling match or some other acceptable alternative mechanism was used for any or all of these funding years. However, we do believe the approved discount percentage for FY 2003 was accurate.

GMCS is a high-poverty district, and the finances of the district are under severe strain with the continuing recession. From the start of the program, GMCS has used E-rate funds to build an IT infrastructure in a remote, challenging geographical environment to give our students technology support that compares well with many urban districts. If we have to repay the funds at issue (and potentially additional funds for other FY 2003 FRNs), it will force further budget reductions for the district and ultimately hurt the students we are trying so hard to help.

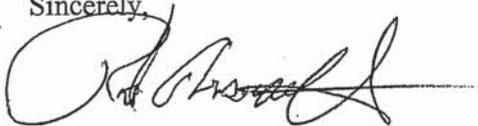
Given the uncertainty about the accuracy of the discounts USAC approved for FY 2003 and the impact recovery of these funds would have on our students, we ask that you waive your rules that

Letter to Ms. Dortch  
September 2, 2010  
Page 3

require recovery. We have retained new consultant support and put in place a robust document retention system so that, in future audits, we will be able to demonstrate exactly how we derived our requested discounts. We hope that you will forgive these *potential* ministerial/clerical errors from more than seven years ago.

Thank you for your consideration of this request for review. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Arsenault", with a long horizontal flourish extending to the right.

Raymond Arsenault  
Superintendent of Schools