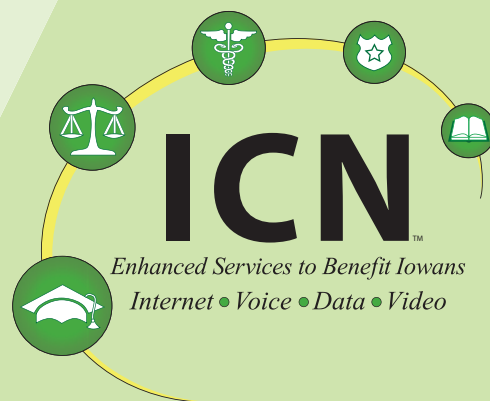Annual Report
FY2013

Iowa Communications Network

Enhanced Services to Benefit Iowans

Internet | Voice | Data | Video

ICN™

Enhanced Services to Benefit Iowans
Internet • Voice • Data • Video

www.icn.iowa.gov

Iowa Communications Network
Annual Report FY13

The Iowa Communications Network (ICN) is the country's premier distance learning and state government Network, committed to continued enhancement of distance learning and providing Iowans with convenient, equal access to education, government, and telemedicine.

The Network makes it possible for Iowans, physically separated by location, to interact in an efficient, creative, and cost-effective manner. ICN services include video, voice (phone), data, and high-speed Internet.

Iowa Telecommunications and Technology Commission Members
Richard Bruner, Chair
Dr. Robert Hardman | Kathleen Kohorst | Timothy Lapointe | Mary Sellers
Mary Mosiman, Ex-Officio

Mission
Through Iowa's broadband infrastructure and partnerships, broker access for Iowans to acquire the highest quality education, medical, judicial, and governmental telecommunications services.

Grimes State Office Building
400 East 14th Street, Des Moines, IA 50319
Phone: 515-725-4692
Fax: 515-725-4727
Toll Free: 877-426-4692
Email: icn.info@iowa.gov

Website: www.icn.iowa.gov

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ICN Facts

In mid-1989, the Iowa Legislature passed a bill that called for the construction of a shared statewide telecommunications network. The bill was signed into law by Governor Branstad and within a year, construction began to install one fiber-optic endpoint in every Iowa county. By 1994, 104 fiber endpoints were in place and a state agency (the ICN) was created to manage the vast network.

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner	Kathleen Kohorst	Timothy L. Lapointe	Mary Mosiman
CHAIR	Robert Hardman	Mary Sellers	

DAVID LINGREN, EXECUTIVE DIRECTOR   GOVERNOR TERRY E. BRANSTAD   LIEUTENANT GOVERNOR KIM REYNOLDS

November 7, 2013

The Honorable Terry E. Branstad
Governor, State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Governor Branstad:

On behalf of the Iowa Telecommunications and Technology Commission (ITTC) overseeing the Iowa Communications Network (ICN), I am pleased to submit the Fiscal Year 2013 Annual Report. Throughout the report you will find stories explaining how network services have evolved. ICN continues to enrich the lives of Iowans with the use of Internet, data, video, and voice services.

In June 2013, ICN successfully completed a $25 million network infrastructure upgrade, which included a $16.2 million federal Broadband Technology Opportunities Program grant. The new electronics and related equipment mean, once again, that Iowa's state-of-the-art network is on the leading edge of technology. An immediate effect of the most recent upgrade will mean faster application performance and industry-current voice and video services. Since greater bandwidth is available, the network can support more users and more advanced applications.

I am pleased to provide the Fiscal Year 2013 Annual Report for your review, and trust you will agree that the ICN remains a valuable asset to Iowans. Users have rising expectations that are resulting in explosive growth in data traffic, which continues to fuel a demand for Internet and data capacity. In Fiscal Year 2014, the Commission and ICN staff plan to utilize additional partnerships with the private sector to elevate Iowa's broadband footprint. Broadband is and will continue to be a critical component for rural Iowans. ICN's infrastructure provides the foundation to: offer Iowans the opportunity to compete globally in education through online curriculum, foster economic development to attract and retain business investments, and deliver a secure, controlled access network for public safety communication operations.

We appreciate the opportunity to be of service.

Sincerely,

Richard L. Bruner
Chair
Iowa Telecommunications and Technology Commission

IOWA COMMUNICATIONS NETWORK

Grimes State Office Building, 400 E. 14th Street, Des Moines, IA 50319   Phone: 515-725-4692   Fax: 515-725-4727   www.icn.iowa.gov

ICNext Chapter
The ICN has never been more valuable...

ICN is beginning the next chapter, continuing to focus on ensuring that essential education, public safety, and healthcare services requiring broadband capabilities are offered in the most cost effective way for Iowans. The infrastructure enhancements allow for ICN's authorized users to utilize the Network's full potential. An ICNext Chapter handout was made for distributing at trade shows.

Homeland Security

Redundancy for Public Safety Answering Points
Keeps first responders connected during disasters and other emergencies by connecting 120 PSAPs to two geographically diverse data centers for ease in dispatching personnel.

First Responder Interoperability

Opportunity to Provide (Radio) Backbone
Having an extensive public fiber optic network already in place in Iowa, (unlike other states) will put the State in the forefront when FirstNet begins. If Iowa did not have the ICN, substantial costs would be incurred to duplicate the Network to support public safety.

Education

1:1 Laptop/Tablet Program
Brings video conferencing and learning to the individual level making it more personal and more effective.

Infrastructure

1Gb Ethernet to Selected Authorized User Locations, 10Gb to Each Aggregation Point
Provides for constantly increasing bandwidth demands in a growing world economy. Without bandwidth, communities and citizens are left behind.

Private Closed Network
Ensures that critical needs are never crowded out by network congestion caused by high bandwidth consumer usage (streaming video, file uploads and downloads, etc).

Judicial

Paperless Court Administration
Helps enable Electronic Document Management System (EDMS) for more efficient court administration by providing secure connections to courthouses for laptop connectivity.

Services

IP Video
Diligently working to transition the traditional video platform to provide an Internet based video experience using tablets, laptops, and desktop computers, along with integrating video in multipurpose rooms for user flexibility.
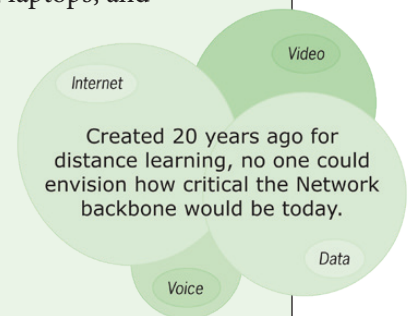
Unified Communications
Users can interface with video conferencing, data and voice communications, as well as have voice messages converted to emails with the technology of a 21st century telecommunications system. The remote employee can have the same telephone number and functionality as if they were working within their normal office environment.

Internet

Video

Data

Voice

Created 20 years ago for distance learning, no one could envision how critical the Network backbone would be today.

Healthcare

Remote Critical Care Monitoring
Enables medical specialists in connected communities to spot early patient warning signs, advise staff, and identify possible complications with remote radiology readings and electronic medical records.

In December 2012, Mary Sellers became the newest commission member to serve on the Iowa Telecommunications and Technology Commission (ITTC). Sellers' appointment by Governor Branstad received Senate confirmation on February 20, 2013.

Sellers is the president of the United Way of Central Iowa. As the organization's chief executive, she leads United Way's strategies to achieve substantive community impact in the priority areas of education, income, and health to improve lives and build a stronger central Iowa.

Sellers has been recognized by The Des Moines Business Record as one of the 40 leaders under 40, and by Point Blank newspaper (now CityView) as one of the top 10 people making a difference for the community.

Sellers earned her BA degree from the University of Florida and her MBA through the Executive MBA program at the University of Iowa Tippie School of Management. She also graduated from the Getty Leadership Institute at the University of California Berkeley, and the Strategic Perspectives in Nonprofit Management program at the Harvard University Graduate School of Business.

Mary Mosiman was appointed Auditor of State in May 2013, making her the ex-officio member of the ITTC. Mosiman replaced Auditor David Vaudt who resigned in April.

Prior to her appointment as Auditor of State, Mosiman served as the elected Story County Auditor for 10 years before serving as a Deputy in the Secretary of State's Office.

Mosiman graduated from Iowa State University with a bachelor's degree in Business/Accounting in 1999. She is a member of the Iowa Society of Certified Public Accountants (ISCPA), the American Institute of Certified Public Accountants (AICPA), and the National Association of State Auditors, Comptrollers and Treasurers (NASACT).

Mosiman has served on several professional, community, and civic organization boards and committees, including the Iowa State Association of Counties Taxation & Finance Committee, the US Military Academy Selection Board, the Story County United Way Nevada Community Committee, the Ames Chapter of the American Society of Women Accountants, the Ames Chamber of Commerce Government Affairs Committee, and the Gilbert Education Foundation Board. She is a past-president of the Nevada Rotary Club.
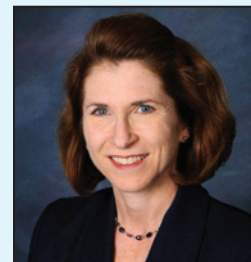
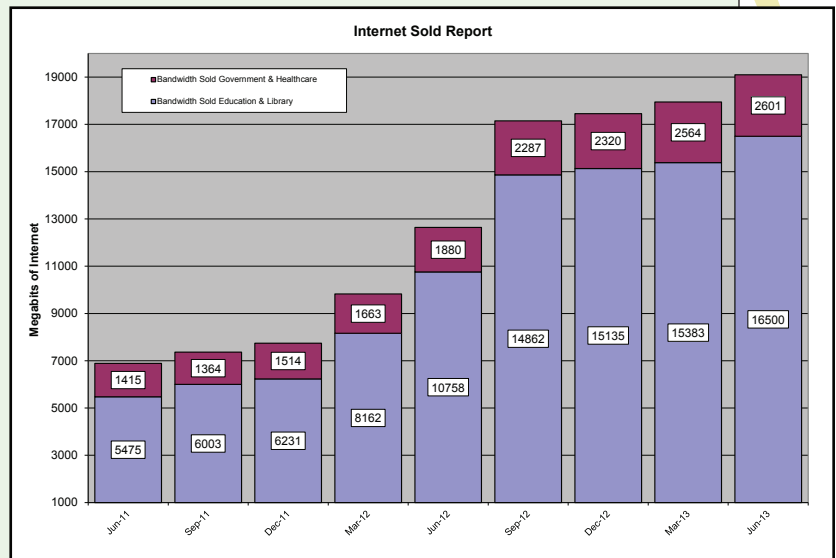**Mary Sellers**   **Mary Mosiman**

ICN Services Update
Internet

ICN's bandwidth and data services continue to climb at a remarkable pace, almost tripling in the past two years. This reflects the demand and need for greater access to high-speed Internet.

- The amount of Internet purchased by customers (authorized users) has increased 178 percent over the past two years (6.9Gb to 19.1Gb).

- Eighty-six percent of the Internet provided by the ICN is being used by educational entities (16.5Gb education, 2.6Gb non-education).

- Ninety percent of the 12.2Gb increase over the last two years has been ordered by educational entities (11.1Gb education, 1.1Gb non-education).

- The 1:1 program develops new innovative teaching and learning practices with iPads, tablets, and laptops. ICN provides many Iowa schools with services necessary for the program.

Internet Sold Report

Bandwidth Sold Government & Healthcare
Bandwidth Sold Education & Library

Month	Education & Library	Government & Healthcare
Jun-11	5475	1415
Sep-11	6003	1364
Dec-11	6231	1514
Mar-12	8162	1663
Jun-12	10758	1880
Sep-12	14862	2287
Dec-12	15135	2320
Mar-13	15383	2564
Jun-13	16500	2601

Internet Capacity Sold

ICN Education Users	Total (Mb)
Heartland AEA 11 (Johnston)	3072
Great Wood AEA (Cedar Rapids)	2560
Great Prairie AEA (Ottumwa)	2000
AEA 267 (Cedar Falls)	2000
Green Hills AEA (Council Bluffs)	1000
Keystone AEA (Elkader)	1000
Prairie Lake AEA (Pocahontas)	700
University of Dubuque (Dubuque)	425
Kirkwood CC (Cedar Rapids)	365
DSM Area CC (Des Moines)	225

AEA = Area Education Agency

ICN Non-Education Users	Total (Mb)
IRHTP-Medical *	1020
Dept. of Transportation **	409
Dept. of Administrative Services **	100
Iowa Workforce Development **	85
Dept. of Public Safety **	70
Judicial	61
Dept. of Human Services **	50
Dept. of Correction **	50
Legislative Services Agency	50

*Encompasses many healthcare users
**Statewide use

ICN produced a total of 107,717 full motion video hours including 21,272 IP video hours in FY13. Top three video groups in FY13: community colleges, higher education, K-12 education.

IP Video@*LightSpeed*$_{TM}$

In FY13, ICN prepared for the release of its video conferencing service. IP Video@LightSpeed$_{TM}$ (V@LS) is compatible with industry standard IP video equipment. Users will be able to experience the high video quality within a flexible room layout with open microphones and high definition cameras. Service will be available in FY14.

The following users became ICN's platform development partners as we transition to an IP video conferencing network from our MPEG network. These users are providing us with feedback and continue to assist in testing the functionality of the IP video conferencing service.

Atlantic High School	Elkader AEA	Johnston AEA
Belle Plaine High School	Hawkeye Community College	Northeast Iowa Community College
Bettendorf AEA	Iowa Central Community College	

Our Commitment to Education…

Since its inception the ICN has played a key role in the support of education by providing high-speed connectivity. Placing computers, mobile or otherwise, in the hands of every student and teacher is more than purchasing the devices, it requires a significant amount of bandwidth to assure usable connectivity to all. As the educational community orders additional bandwidth, users immediately maximize the added capacity, due to continuously high demand.

K-12 Connections

In FY13, 13,469 participants interacted in K-12 Connections video sessions held state-wide, consisting of 327 sessions between 2,162 sites, producing a total of 4,115.58 hours. K-12 Connections is a partnership between Iowa Public Television and ICN, striving to offer high quality interactions that are relevant to Iowa's K-12 curricula, at no cost for K-12 students and educational professionals. While providing support and resources for educators and students, K-12 Connections is committed to national education standards and the continued enhancement of distance learning.

Most Popular Video Session by Number of Students
1. Arthur Goes to Camp (283 students)
2. Iowa Capitol Virtual Tour (254 students)
3. Stories and More: Food (217 students)
4. Zoo Friends: Chickens Aren't the Only Ones (204 students)
5. Stories and More: Environment (194 students)

To learn more about K-12 Connections visit www.k12connections.iptv.org.

ICN Services Update
Voice (Phone)

Voice (phone) is a fundamental communication service that our authorized users utilize. ICN provides a 99.999% Network reliability and dependability to its customers.

ICN offers local phone service to state agencies located on the Capitol Complex and throughout the Des Moines metro area. In addition, ICN offers long distance, toll-free, calling cards, and reservationless voice conferencing services.

Our Commitment to Public Safety…
Local events such as fires, regional incidents like tornadoes and floods, and national incidents like pandemic illnesses can severely disrupt normal governmental operations. Iowans have the security of ICN's dedicated network, allowing governmental operations to be conducted nearly anywhere in the state, and permitting operation centers to be moved where needed during emergencies.

Unified Communications

In FY13 ICN prepared for the launch of four Voice over Internet Protocol (VoIP) products to state government authorized users. ICN's managed OpenScape Voice (OSV) service can be designed to reach almost any location in Iowa. Service is anticipated to be available in FY14.

- **OSVAnalog** service preserves investments in analog telephones (lobby, tunnel, and/or elevator) and faxes. OSVAnalog service includes an analog connection over IP, 24/7/365 day service support, break/fix analog port support, software MAC (moves, adds, changes), and application design consultation.

- **OSVEssential** service includes a Siemens Gigabit SIP (Session Initiation Protocol) desk telephone, Siemens Xpressions voice mail, 24/7/365 day service support, break/fix telephone replacement, software MAC (moves, adds, changes), and application design consultation.

- **OSVPremium** service includes a choice of one of six different Unified Communication (UC) Cloud Services Product Bundles, 24/7/365 day service support, break/fix telephone support (if applicable), either http web-based or web embedded client desktop software, moves, adds, changes (remote software MAC), and application design consultation.

  - UC Application is flexible and modular, and offers a range of user-centric deployment options to give businesses of every size and type the flexibility they need to meet the diverse needs to even the most rural areas of Iowa.

- **OSVCC** service for Contact Centers provides a set of solutions including multi-channel inbound, outbound, self-service, and workforce optimization implemented on premise, in the cloud, or hybrid. OSVCC delivers technology with intuitive management tools (OSVCCMANAGER) and agent desktops (OSVCCAGENT) that increase the contact center's effectiveness.

ICN Services Update

Atlantic High School Opens New IP Multipurpose Room

Atlantic Community School District (CSD) enhanced their video experience to the next level of distance learning, incorporating an IP multipurpose room at the high school. With the remodeling of the middle school, it was decided to move their video site to the new location, and the school district arranged for fiber to connect the two schools.

Atlantic has utilized the new site by continuing the tradition of conferencing with a high school chemistry class at Freemont Mills High School. IP sites are able to connect the new technology with the previous MPEG technology which is important for schools that have not converted to IP. Atlantic has had no trouble connecting to the MPEG equipment at Freemont Mills.

Atlantic's new multipurpose room consists of a podium that encompasses the hardware, speakers and mics in the ceiling, a smart board monitor up front and a screen with projector in the back. According to Roger Warne, the Technology Coordinator at Atlantic, it works wonderfully. "We don't need large tables and the equipment doesn't take up much space - there was a lot of bulky equipment in the old room," said Warne. The room is also used for other meetings and classes because of the flexibility to connect a laptop to the projector.

Atlantic's chemistry instructor Steve Baier, after a short adjustment period, is now comfortable with the equipment and really likes it. A point-of-view camera was added for easier demonstration of assembling equipment for labs. During their current partnership with Freemont Mills, Baier also credits para-professional Delores Moles for her support in taking attendance, helping with labs and coordinating the class locally for the students. The class is junior/senior level and receives dual college credit through Iowa Western Community College.

Baier suggested using the ICN when he was hired 10 years ago. The principal and technology staff were very supportive which he says is needed for flexible scheduling and help with equipment.

Warne looks forward to conferencing in HD. "As long as you have a computer, you should be able to get the information," he said. "We can be used as an originating [video] site to help out students in other school districts where it is hard to get an instructor [for certain subjects]."

Who is Authorized to Use the ICN?

* ICN does not provide services to all authorized users. Number of Users reflect entities classified as authorized users in the Code of Iowa.

Authorized User Type *	Number of Users
Higher Education (Regents Universities, Community Colleges, Independent Colleges and Universities)	47
K-12 Schools (Public and Private)	533
Area Education Agencies	9
State Agencies	39
Libraries	544
Hospitals & Physician Clinics	144
Miscellaneous (Federal Agencies, Polk County)	14
TOTAL	1,330

Communications Update

ICN Launches New Website and Logo

In February, ICN introduced its enhanced website with the new URL of **www.icn.iowa.gov**. The Communications Team worked with Iowa Interactive to redesign the web environment to meet Governor Branstad's Executive Order 73 standards. Those standards require that all state government websites have a similar navigation structure and architecture environment.

Enhancements to ICN's web environment included:

- 'Benefiting Iowans' section added to educate the general public.

- 'Customer Focused' section places all documents and helpful information for users in one place.

- 'Contact Us' section includes electronic forms offering a simplified experience for visitors.

- 'Back to the Basics' page goes into detail about various topics related to the history and operations of ICN.

- Added "text size" options and "breadcrumbs" to help visitors identify their location and progress through the website.

Our Commitment to Telejustice…

ICN is integrated into the Iowa Judicial system through interactive video. By supporting the court system, telejustice in Iowa creates secure, protected legal and penal environments reducing the potential for courtroom violence. Electronic court administration documents can also be accessible throughout the facility with the use of the instant Internet connectivity.
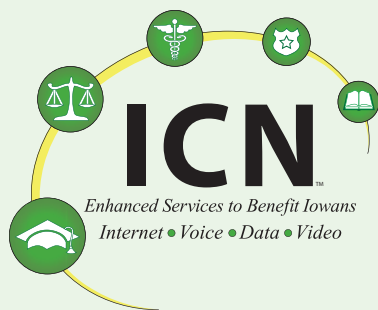
ICN's new logo illustrates the dedicated commitment the Network has to its authorized users and Iowans. With the Ethernet infrastructure, ICN is enhancing services to benefit Iowans. Icons are portrayed for education, judicial, healthcare, public safety, and libraries; while also listing the services of Internet, voice, data, and video.

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Iowa Rural Health Telecommunications Program Update

ICN hosts healthcare connections for the Iowa Rural Health Telecommunications Program's (IRHTP) statewide fiber optic Network. With IRHTP there are 144 active healthcare sites. The facilities utilize private Ethernet services and Internet, provided by the ICN, to offer remote radiology readings, remote portal accessibility for physicians, remote ICU monitoring, continuing education for staff, and electronic medical records.

Our Commitment to Telemedicine…

Iowa has one of the largest privately owned, not-for-profit, dedicated healthcare networks in the USA, and ICN plays a critical role by managing or providing last mile connectivity for portions of that network. With the ICN, Iowa's rural healthcare facilities can attain the type of connectivity needed for telemedicine applications that can offer remote radiology readings, off-site data backup, continuing education, and portal accessibility.

eICU Benefits Wayne County Hospital

Wayne County Hospital reopened their eICU (Electronic Intensive Care Unit) in October 2012, benefiting from a new arrangement with St. Lukes Hospital in Kansas City. The hospital is connected to the IRHTP's statewide healthcare fiber optic network, which is hosted by the ICN. ICN's backbone completes the high-speed IRHTP network by providing each core site with redundant 10Gb connections.

Laurie Ehrich, Wayne County Hospital's Chief Communications Officer explained the numerous eICU benefits gained through the hospital's connection with the program:

1. Provides reliable real time access to patient information;
2. Offers support to local medical staff with a 24-hour remote monitoring capability;
3. Supplies early intervention opportunities;
4. Provides a higher level of care…that would normally be available only in larger hospital systems due to the level of communication and transmission of data;
5. Decrease in transfers; patients and families are able to remain close to home.

Ehrich added, "The eICU has enabled Wayne County Hospital to provide a higher level of quality care in our rural setting."

Update on Sale/Lease Process

In February 2013, the Iowa Telecommunications and Technology Commission (ITTC), ICN's governing body, released the requirements (RFP 13-006) for potential bidders interested in purchasing or leasing the state-wide fiber optic Network. Legislation passed during the 2011 legislative session required the ITTC to implement a request for proposals (RFP) process for the sale or lease of the ICN.

The ICN backbone includes an estimated 3,400 miles of state-own fiber and 5,261 miles of leased fiber connections. The State only has authority to sell or lease the state-owned portion of the fiber Network; the leased miles are owned by private telecommunications providers.

Potential bidders had an opportunity to ask questions at a bidders' conference held on February 28. Interested bidders had until May 30 to submit proposals in response to RFP 13-006.

Sale/Lease Responses Received

The ITTC received two offers from one vendor, Iowa Network Services (INS). An internal ICN team reviewed, evaluated, and scored the bids. During the scheduled public telephonic meeting on June 26, the ITTC recommended the two offers be rejected. A report was submitted to the Governor's office on June 28. The following summarizes various reasons the Commission recommended the rejection of the two offers:

- The proposals were less than the $25 million invested in Network upgrades under the federal Broadband Technology Opportunities Program (BTOP). The project was completed June 30, and maintains the ICN as a state-of-the-art network.

- ICN operates with a positive net cash annually and has no loses. ICN receives appropriations (currently $2.2M) for Capitol Complex/State agency communications (not part of sale) and the required investment for federal e-rate funding. Remaining network costs are covered through existing fee structure. The proposals inaccurately indicated that the ICN has sustained losses over the last five year.

- Public funds cannot be used to secure the purchase of the network, as indicated within state law. The proposals included the value of public funds they have asked to be waived that they would otherwise be required to pay to the State, and the value of federal funds that would be used to upgrade privately owned networks that are not a part of the sale, but that provide "last mile" connections to schools and other users of the ICN.

- There would be significant risks to public safety with a sale of the ICN, given that the ICN currently provides a secure network for E-911 traffic, and the anticipated involvement with the State's Public Safety Radio Interoperability Network.

Governor's Response

On August 28, the Governor announced his intention to reject the offers for the purchase of the ICN.

ICN Completes Broadband Initiative

Federal Broadband Grant Finalized June 30

The ICN successfully completed its three-year Broadband Technology Opportunities Program (BTOP) federal grant that enhanced the estimated 3,400-mile network infrastructure. The upgrade increased bandwidth to all 99 counties with a 10 Gb capable backbone (including ICN county points-of-presence, Community Colleges and other education endpoints, and the State Capitol Complex endpoint). Switching equipment was added to selected K-12 and library sites, now with the capability for them to have up to 1 Gb of data service at the endpoints.

Benefits of the grant included removing legacy equipment (553 existing sites were upgraded), simplifying the process of troubleshooting equipment, providing additional bandwidth to edge points, and cost effectively bringing authorized users to the network at the bandwidth capacity their applications require. The project included 231 new sites impacting 429 customer locations and 824 equipment installations. Users who had existing leased connections (typically 1.5 Mb speed) were able to increase to 10 Mb immediately on turn-up, with growth potential exceeding 100Mb.

Due to being under budget, ICN was also able to purchase higher capacity routers for some locations to deliver 10 Gb opposed to their original 1 Gb.

Decorah Metronet and the Meskwaki Nation were sub-recipient partners of the grant and have been greatly successful with the completion of their portion of the BTOP enabled networks. The federal grant provided five miles of middle-mile fiber routes to connect the Meskwaki Nation's tribal community anchor institutions (settlement school, tribal clinic, and tribal center), and in a separate initiative the tribe itself deployed over 14 miles of FTTH (fiber to the home) fiber routes to approximately 196 residences. The Decorah Metronet installed just over eight miles of fiber to government and educational entities in Decorah.

The Next Generation 9-1-1 (NG911) service of the Iowa Homeland Security and Emergency Management (IHSEM) Division also benefited, providing NG911 connections across Iowa. The NG911 deployment consists of a highly available emergency services IP Network connecting all Public Safety Answering Points (PSAPs) in the state to two geographically redundant call logic centers.

Meskwaki Settlement 99th Annual Pow-wow was streamed live on the Pow-wow Association's website.

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Meskwaki Testimonial
"The Meskwaki community is a federally recognized tribe and Iowa's only resident tribe. The BTOP project has afforded the Meskwaki community another avenue to strengthen and enhance the Tribe's goals to further education, improve quality of life, and provide accessibility to the governing nation and its community. We have a foundation to build better and brighter futures."

Janice Eagle Hawk, IT Director
Sac & Fox Tribe of the Mississippi in Iowa

2013 Legislative Session Recap

2013 Legislative Summary

The Legislature adjourned on May 23. The following were the bills of interest to ICN:

House File 638 included an appropriation of $2,727,000 to the Department of Education for FY2013-2014 for Part III (fiber leased from private providers that was installed to connect schools and libraries, etc.) maintenance and lease costs and $2,248,653 for equipment replacement for FY2013-2014. HF 638 also allows the ITTC to enter into contracts in excess of the contract limitation amount established in section 8D of the Code of Iowa. The bill was signed into law by Governor Branstad on June 20.

House File 603 included appropriation of $992,913 for FY14 and $496,457 for FY15 for the Regional Telecommunications Councils (RTC) for maintenance of video classrooms, regional scheduling, and Local Area Network (LAN)/Wide Area Network (WAN) technical support. The appropriation is a "pass through" to community colleges and is used to assist educational users of the network. The bill was signed into law by Governor Branstad on June 17. Visit http://icn.iowa.gov/about-icn/commission/rtc-appropriation for additional RTC information.

Change in Program Oversight for RTCs

Beginning July 1, 2012, there was a change in program oversight and appropriation management of the RTCs allocated funding (SF 2313). The RTC appropriation was listed as a General Fund appropriation to the ITTC. This was a 'pass through' appropriation, and in past years these funds had previously been appropriated to Iowa Public Television (IPTV), who allocated the funding to Iowa's community colleges to support the functions of the RTCs.

The 'pass through' appropriation provided funding of various activities at the regional level to support all educational users of the ICN. RTCs are to plan for and expend these funds based upon the activities outlined in the legislation. Quoting from SF 2313, "The regional telecommunications councils established in section 8D.5 shall use the moneys appropriated in this section to provide technical assistance for network classrooms, planning and troubleshooting for local area networks, scheduling of video sites and other related support activities."
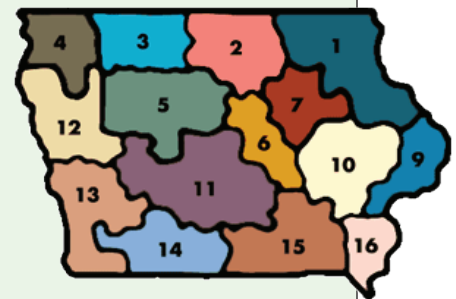
The ITTC wanted the changes in the process to be seamless. The changes included a transparency element, to ensure that the allocation of the funding follows well documented procedures for accountability obligations. New guidelines assisted in providing guidance within the allocation process. A tracking requirement provided real-time field information from the three support functions: video technicians, scheduling, and Local Area Network/Wide Area Network (LAN/WAN).

ICN had no contracts exceeding $1 million during FY 2013. Providing a listing is required by the Code of Iowa, Chapter 8D.3(3)(f).
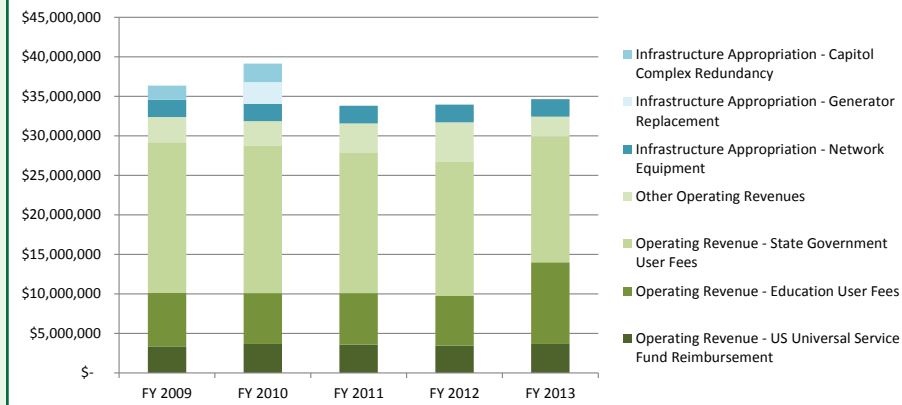
Iowa Communications Network
FY13 Financial Information

ICN Operating and Capital Asset Revenues

Legend:
- Infrastructure Appropriation - Capitol Complex Redundancy
- Infrastructure Appropriation - Generator Replacement
- Infrastructure Appropriation - Network Equipment
- Other Operating Revenues
- Operating Revenue - State Government User Fees
- Operating Revenue - Education User Fees
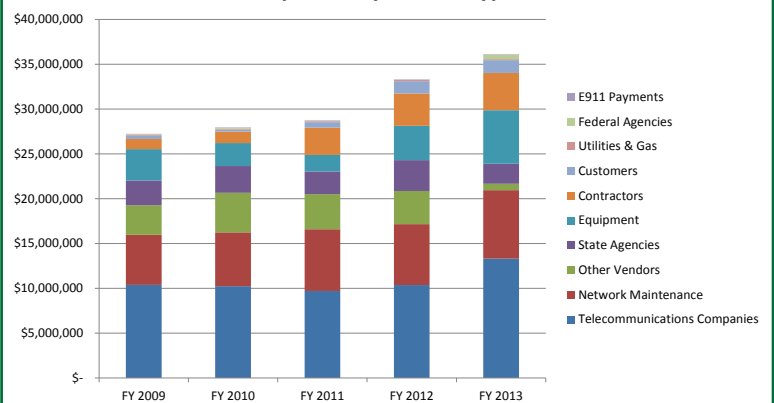- Operating Revenue - US Universal Service Fund Reimbursement

Capital asset revenues are appropriated from infrastructure funding sources. This ensures ICN eligibility to receive a portion of the Universal Service Fund reimbursements on behalf of Iowa schools and libraries, a network infrastructure investment must be made by the State.

The expenses demonstrate the monies that go from the Network, which are received as user fees, and then are distributed. The largest percentage of ICN expenses is a result the "last-mile" connections paid to telecommunications companies.

* Expenses to outside vendors only - excludes payroll and employee reimbursements

Expenses by Vendor Type *

Legend:
- E911 Payments
- Federal Agencies
- Utilities & Gas
- Customers
- Contractors
- Equipment
- State Agencies
- Other Vendors
- Network Maintenance
- Telecommunications Companies

FY 2013 Revenues

- Install 2%
- Other 1%
- Video 6%
- Voice 22%
- Internet 24%
- Data 45%

FY 2013 Expenses

- Direct Expenses 28%
- Maintenance 18%
- Equipment & Indirect Installation 6%
- Depreciation & Loss on Disposal 16%
- Other Operating Expenses 4%
- General & Administrative 28%
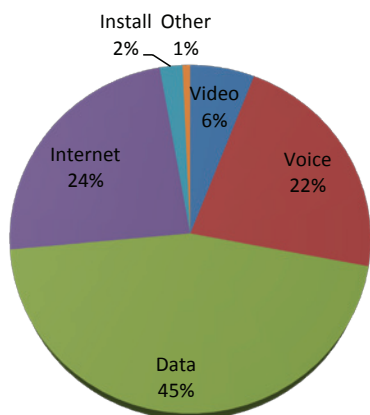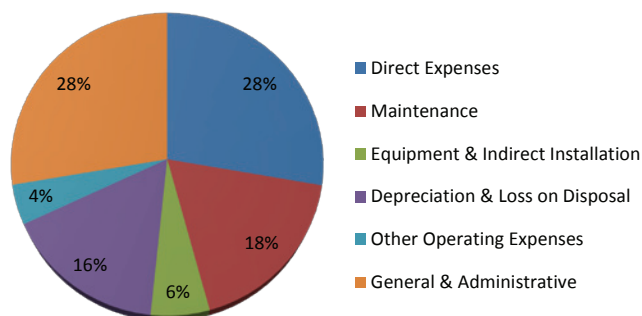
ICN's financial statements are shown using Generally Accepted Accounting Principles (GAAP). As a government entity in a fee-for-service environment, ICN uses accrual accounting with a measurement focus emphasizing the matching of revenues with costs of services including depreciation of assets such as network equipment and fiber. Most other State of Iowa agencies use the modified accrual accounting method with a measurement focus emphasizing control and accountability over the raising and spending of public monies.

Iowa Communications Network
Statement of Net Assets
As of June 30, 2013
(Unaudited)

Assets	
Current assets:	
Cash & Cash Equivalents	$11,854,823
Accounts Receivable, net	4,895,023
Interest Receivable	9,998
Inventory	2,557,669
Total Current Assets	19,317,513
Unexpended appropriation	6,651,522
Unexpended BTOP Match	2,329,737
Noncurrent assets:	
Capital Assets, net	21,828,880
Prepaid Expenses	378,447
Other Assets	133,558
Total Noncurrent Assets	$22,340,885
Total Assets	$50,639,657
Liabilities	
Current liabilities:	
Accounts Payable	$7,274,290
Deferred Revenue	620,826
Compensated Absences	774,645
Total Current Liabilities	$ 8,669,761
Noncurrent liabilities:	
Deferred Revenue	2,452,627
Compensated Absences	721,314
Other Post-Employment Benefits	345,862
Total Noncurrent Liabilities	$3,519,803
Total Liabilities	$12,189,564
Net Assets	
Invested in capital assets	21,828,880
Unrestricted	16,621,213
Total Net Assets	$38,450,093
Total Liabilities and Net Assets	**$50,639,657**

Iowa Communications Network
Statement of Revenues, Expenses
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Operating Revenues:	
Sales, rents, and services:	
Voice Services	$7,091,854
Data Services	22,236,596
Video Services	1,906,849
Installation Services	674,437
Equipment Sales	60,000
Other Revenues	167,349
Total Operating Revenues, gross	$ 32,137,085
Bad Debt Expense	1,668
Total Operating Revenues, net	$ 32,138,753
Operating Expenses:	
Direct Expenses:	
Voice Costs	$ 2,324,591
Data Costs	6,715,012
Video Costs	1,260,907
Installation Costs	824,281
Total Direct Expenses	$ 11,124,791
Depreciation Expense	$ 6,480,126
Other Operating Expenses:	
Network Equipment	$ 1,543,137
System Maintenance	7,099,212
System Utilities Costs	102,267
Outside Plant Costs	1,607,705
System Repair Maintenance	119,529
Other System Costs	3,858
Network Installation Costs	820,323
Loss on disposal of capital assets and inventory	89,836
Total Other Operating Expenses	$ 11,385,867
General & Administrative Expenses:	
Personnel	$ 9,332,314
Travel	100,388
Administrative Services	112,278
Rent	128,226
Professional Fees	1,321,062
Other General & Administrative Expenses	106,751
Total General & Administrative Expenses	$ 11,101,019
Total Operating Expenses	$ 40,091,803
Operating Loss (*see note below)	**$(7,953,050)**

* Operating Loss does not include
Non-Operating Revenues, see page 19.

Iowa Communications Network
Statement of Revenues, Expenses & Changes in Net Assets
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Operating Revenues	
Sales, rents, and services	$32,138,753
Operating Expenses	
Direct Expenses	11,124,791
Depreciation Expense	6,480,126
Other Operating Expenses	11,385,867
General & Administrative Expenses	11,101,019
Total Operating Expenses	40,091,803
Operating Loss	(7,953,050)
Non- Operating Revenues	
State Appropriations	3,176,275
Federal Grant	4,244,395
Investment Income	33,225
Other Non-Operating Expense(net)	(447)
Total non-operating revenues	7,453,448
Increase in net assets	(499,602)
Net assets beginning of year	38,949,695
Net assets end of year	**$38,450,093**

Iowa Communications Network
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013
(Unaudited)

|	
Cash flows from operating activities:	
Cash received from customers	$33,850,407
Cash paid for goods and services	(22,952,630)
Cash paid for salaries and benefits	(8,850,423)
Net cash provided by operating activities	2,047,354
Cash flows from non-capital financing activities:	
State appropriations	3,176,275
Federal grant - BTOP	4,244,394
Net cash provided by non-capital financing activities	7,420,669
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(7,239,986)
Net cash used in capital and related financing activities	(7,239,986)
Cash flows from investing activities:	
Interest received on investments	41,809
Net cash provided by investing activities	41,809
Net increase in cash & cash equivalents	2,269,846
Cash and cash equivalents, beginning of year	18,566,236
Total cash and cash equivalents, end of year	$20,836,082
Unexpended funds from State of Iowa capital appropriations	6,651,522
Unexpended funds for BTOP Match	2,329,737
Current cash and cash equivalents, end of year	$11,854,823
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	$(5,754,844)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	6,480,126
Loss on disposal of capital assets and inventory	89,836
(Increase) decrease in accounts receivable	2,463,492
(Increase) decrease in due from other state agencies	(883,090)
(Increase) decrease in inventory	80,555
(Increase) decrease in prepaid expense	187,880
(Increase) decrease in deferred revenue	131,252
(Increase) decrease in State of Iowa capital appropriation	(2,198,653)
Increase (decrease) in accounts payable	807,600
Increase (decrease) in due to other state agencies	680,457
Increase (decrease) in compensated absences	(37,258)
Total adjustments	$ 7,802,198
Net cash provided by operating activities	**$2,047,354**

Iowa Communications Network
Operating Budget Proposal
For the Fiscal Years Ending June 30, 2015 and June 30, 2016

ICN™

	FY2013 Budget	FY2014 Budget Proposal	FY2015 Budget Proposal
REVENUES			
Voice Revenues	$7,307,313	$6,379,548	$5,802,308
Data Revenues	20,679,456	23,005,928	24,151,436
Video Revenues	2,451,549	1,673,501	1,267,824
Installation Charges	858,500	633,345	528,929
Equipment Appropriation Request	2,198,653	2,248,653	2,248,653
Other Revenues	203,888	183,915	187,283
Gross Revenues	**$33,699,359**	**$34,124,890**	**$34,186,433**
DIRECT EXPENSES			
Toll	951,402	1,181,888	1,098,367
Switched Access	1,067,356	792,416	698,912
Other Voice Direct Expenses	972,454	385,907	348,125
Data Circuit Expenses	7,092,612	6,703,509	6,759,344
Video Direct Expenses/Other expenses	308,175	300,909	284,774
Installation Expenses	614,500	569,361	475,386
Total Direct Expenses	**$11,006,499**	**$ 9,933,990**	**$ 9,664,908**
Gross Margin	**$22,692,860**	**$24,190,900**	**$24,521,525**
OPERATING EXPENSES			
System Maintenance and Technical Support	6,903,606	7,066,480	7,224,926
Outside Plant Expenses	1,498,011	1,490,140	1,534,844
Other Operating Expenses	1,339,272	830,619	859,824
Total Operating Expenses	**$9,740,889**	**$9,387,239**	**$9,619,594**
Net Margin	**$12,951,971**	**$14,803,661**	**$14,901,931**
GENERAL, SALES AND ADMINISTRATIVE			
Personnel Services	8,976,325	9,541,263	9,781,452
Travel	172,360	307,970	208,660
Data Processing, ITE	138,636	86,000	86,000
Other Administrative Expenses	443,375	365,606	363,906
Professional Fees	877,160	410,850	391,950
Total G, S, and A Expenses	**$10,607,856**	**$10,711,689**	**$10,831,968**
Net Cash (Deficit) from Operations	**$2,344,115**	**$4,091,972**	**$4,069,963**
EQUIPMENT PURCHASES			
Network (net)	2,344,115	4,091,972	4,069,963
Net Equipment Purchases	**$2,344,115**	**$4,091,972**	**$1,821,310**
Net Cash (Deficit)	$-	$-	$-

Annual Report
FY2013
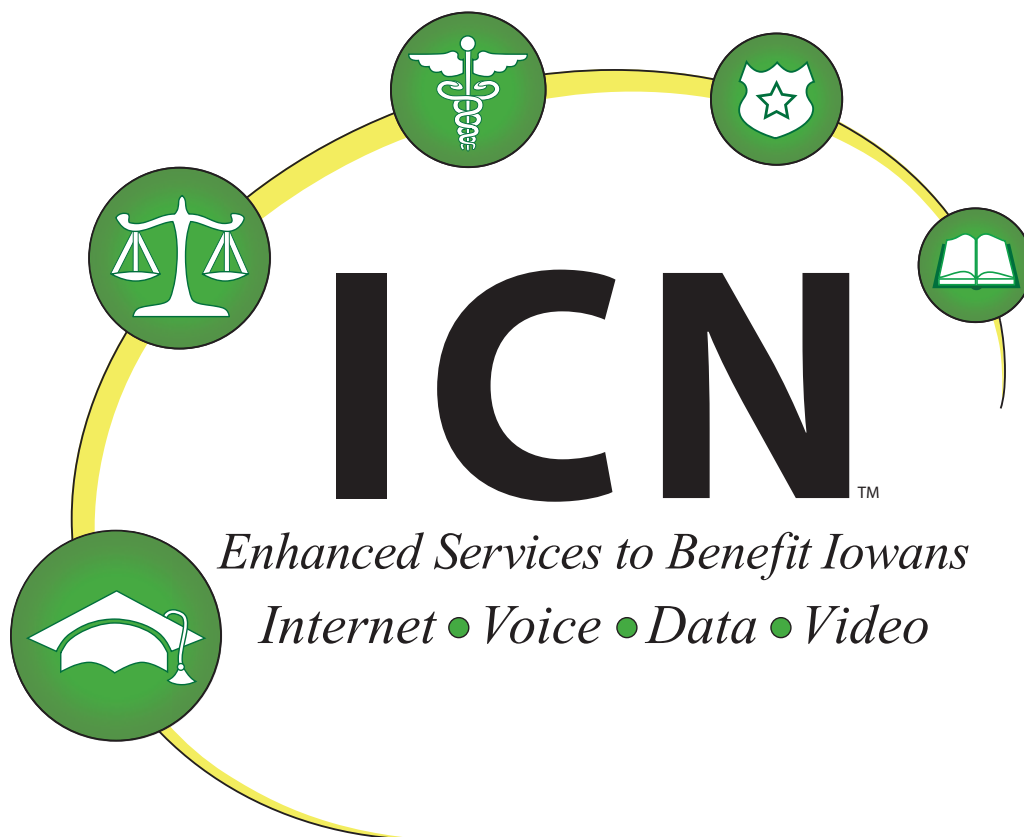
ICN ™

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