

**ANNUAL REPORT FISCAL YEAR 2007**



**Iowa Communications Network**

## Letter to the Governor

December 27, 2007

The Honorable Chester J. Culver  
Governor, State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Governor Culver:

On behalf of the Iowa Telecommunications and Technology Commission, I am submitting to you the 2007 Annual Report of the Iowa Communications Network. As you will see in the stories highlighted in this report, the ICN continues to play an important part in the education, health, safety, and welfare of all Iowans.

Fiscal year 2007 was an exciting year for the ICN with the advent of the Operation Hometown Link program in conjunction with the non-profit Freedom Calls Foundation. With your help, we were able to introduce this program to Iowans through a dramatic press conference. From February through June of 2007, the ICN hosted over 50 video reunions. As Iowa soldiers continue to help defend our country, we continue to promote this program to their families back home.

ICN video, voice, and data services remain a valuable asset to state and federal agencies. State agencies reported record savings from using the ICN, allowing state employees more freedom in scheduling and increased productivity. Data services are available to all authorized users and the K-12 school districts continue to increase their need for bandwidth via the ICN due to increased technology uses.

In 2008, the Commission and ICN staff will continue to assist in your mission of "One Iowa," by actively promoting use of the Iowa Communications Network.

Sincerely,



Betsy Brandsgard  
Chair  
Iowa Telecommunications and Technology Commission

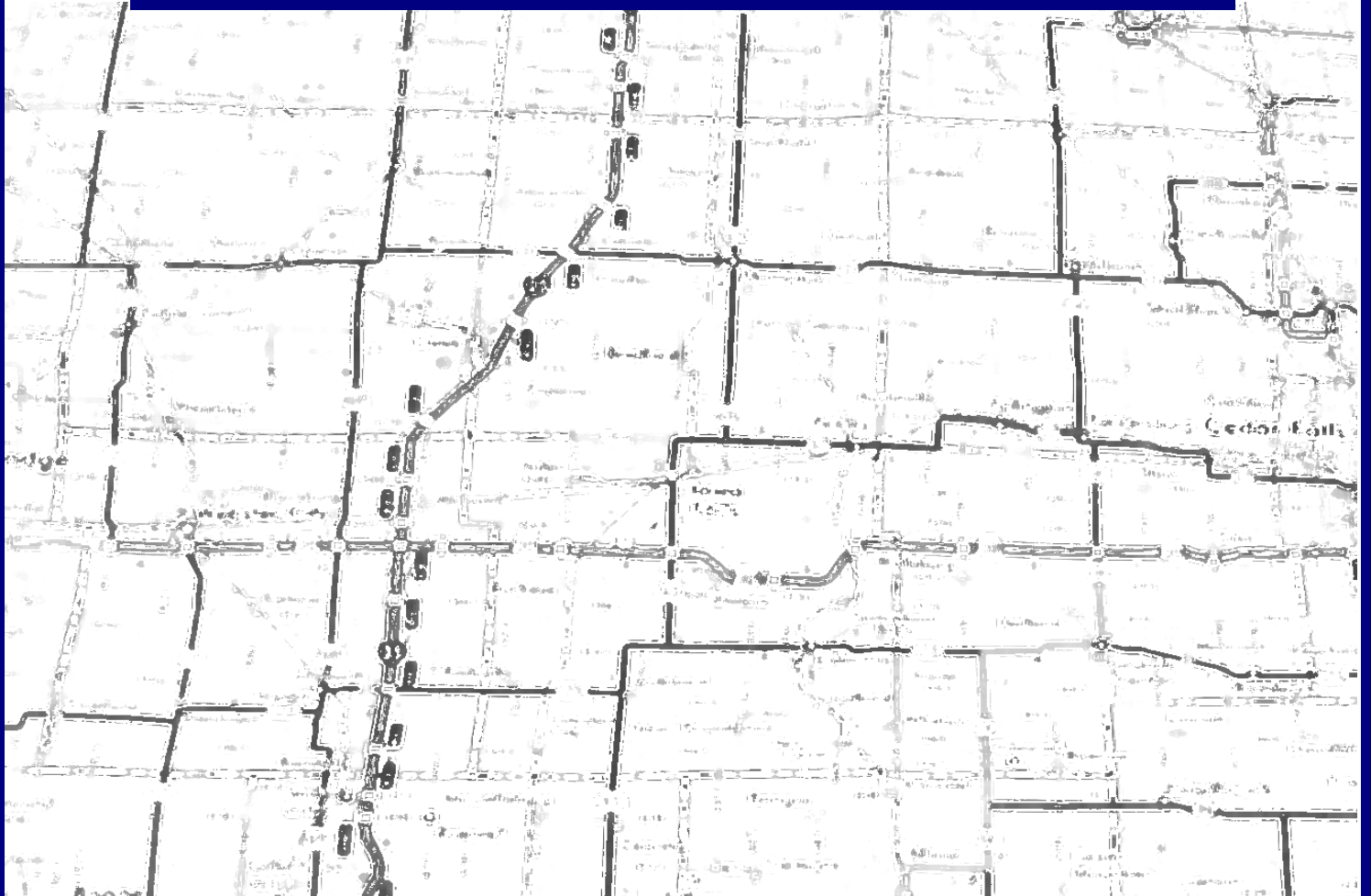
# **ICN Mission and Vision Statements**

## **Our Mission**

Provide authorized users the highest quality and technically-advanced education, medical, judicial, and governmental telecommunications services.

## **Our Vision**

Improve the quality of life for lowans through advanced telecommunications services to authorized users in education government, justice, and medicine by providing, at a reasonable cost, equal access to digital technology.



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## Iowa Telecommunications and Technology Commission (ITTC)

**The ITTC was established with the sole authority to supervise the management, development, and operation of the ICN and ensure that all components of the network are technically compatible. The duty of the commission is to ensure the network operates in an efficient and responsible manner for the purpose of providing the best economic service attainable to the network users consistent with the state's financial capacity.**

### Mary Elizabeth “Betsy” Brandsgard

Betsy Brandsgard is Chairperson of the ITTC. She was reappointed to a second six-year term in April 2006. Ms. Brandsgard holds bachelor and master’s degrees in social work from The University of Iowa. She is the Executive Vice President of Davenport One, which is the combined chamber of commerce, economic development organization and downtown development group in Davenport, Iowa. Ms. Brandsgard was co-chair of Governor Vilsack's Iowa 2010 Strategic Planning Council, and has served on the board of directors of the Quad City Animal Welfare Center and AIDS Project Quad Cities. She currently serves as a board member with United Way of the Quad Cities and the Riverboat Development Authority.



### Pamela A. Duffy

Pamela Duffy is Physical Medicine Director for Wellmark Blue Cross Blue Shield of Iowa. Professional memberships include the American Physical Therapy Association, American Chiropractic Association, National Institute of Parliamentarians, Health Volunteers Overseas, and the Iowa Physical Therapy Association. She is a past board member of the Moingona Girl Scout Council, the Iowa Physical Therapy Association, and the American Physical Therapy Association. Ms. Duffy accepted an appointment to the Board of Directors of the Free Clinics of Iowa in July 2007, and is researching health care for the underserved. She is a Doctoral Candidate in Education, Department of Curriculum and Instruction, College of Human Sciences, at Iowa State University. Her term runs through April 2010.



### Dr. Robert Hardman

Dr. Robert Hardman is professor emeritus at the University of Northern Iowa, from where he retired in 1999. Appointed by Governor Vilsack to serve on the ITTC through April 2008, Dr. Hardman served on the executive planning committee for the development of the ICN and has delivered numerous national and international workshops and presentations on the use of educational technology and telecommunications. Dr. Hardman has been honored with several awards, including: the Career Achievement Award from the Educational Telecommunications Council; the Distinguished Service Award from the Iowa Association for Communication Technology; the national Excellence in Teaching and Teacher



Lamp Lighter Award, the most prestigious award offered by the Iowa Educational Media Association.

### Michael W. Mahaffey

Michael W. Mahaffey was appointed by Governor Vilsack to the ITTC in December 2005. Mahaffey is a 1970 graduate of The University of Iowa and a 1975 graduate of the University of Kansas School of Law. He has served as Poweshiek County Attorney since 1979 and has a private law practice, engaging in general practice with an emphasis on probate and agricultural law. Mahaffey is a former state chairman of the Republican Party of Iowa and is on the Advocacy Board of the Montezuma Nursing and Rehabilitation Center. He and his wife Patti have been married for 36 years and have three children: Matthew, a law student at St. Louis University, Mary Kathleen, an admissions counselor for St. Thomas University in Minneapolis, and Patrick, a student at Grinnell College.



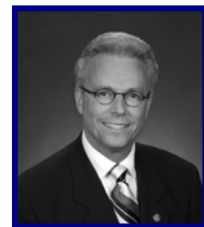
### Timothy Lapointe

Timothy Lapointe was reappointed to the ITTC in May 2005. A 1987 graduate of the University of Northern Iowa with a degree in history, Lapointe completed law school at The University of Iowa and, in 1992, he returned to Mason City to practice law with his brother. They formed Lapointe & Lapointe at Law, engaging in general practice. Lapointe has been actively involved in local and state politics in his hometown of Mason City. He was Chairman of the Information Technology Council in 2004, is former chairman of the Cerro Gordo County Democrats, a Rotarian, and is a past president and vice-president of the North Iowa AIDS Coalition. He has been a coach for Little League baseball, football, and basketball for the past several years and is currently a member of the Mason City Community Theater Board.



### David A. Vaudt, CPA

As State Auditor, David Vaudt is mandated by Chapter 8D, Code of Iowa, to serve or assign a designee to the ITTC as an ex officio commission member. Auditor Vaudt began his second four-year term in January 2007. Following his graduation from Upper Iowa University in 1976, he joined the CPA firm of KPMG (formerly Peat, Marwick, Mitchell & Co.) in Des Moines. In 1988, he was elected to the partnership. He retired from the firm in 2001 to pursue public office. Vaudt served as chairman of the Iowa Accountancy Examining Board from 1995-2002. He served ten years on the board of directors of the National Association of State Boards of Accountancy. He is a member of the American Institute of Certified Public Accountants and the Iowa Society of Certified Public Accountants. He currently serves as Board Member of the Iowa Homeless Youth Center and member of the Des Moines Rotary.





# Freedom Calls - ICN Answers

**Using state-of-the-art technology, the ICN journeys across oceans to connect Iowa families with their loved ones serving in Iraq.**

In February 2007, Governor Chet Culver and Lt. Governor Patty Judge held a press conference from the ICN offices to announce the beginning of Operation Hometown Link.

Using Video over IP technology, the ICN connects families in Iowa via videoconference with their loved ones serving in three areas of Iraq - Al Asad, Fallujah and Taji. Operation Hometown Link is an initiative of the national non-profit Freedom Calls Foundation,

This major initiative was brought to the attention of Executive Director John Gillispie by several ICN employees who recognized that the ICN was in a unique position to help Iowa families see and talk to their family serving in Iraq.

It was made even more personal to the ICN family because of Captain Andy Ryan. Captain Ryan, an ICN Telecommunications Engineer, was serving in Iraq with the Iowa National Guard 133rd Infantry Battalion. The 133rd would end up serving 23 months, in the longest deployment of any Guard unit since World War II.

Former Freedom Calls volunteer videoconference coordinator, Dick Bartlett, worked with stateside ICN staffers and Ryan, in Iraq, to coordinate the parameters of the program.



“If every state in the Union established its own counterpart to the ICN, contact between deployed military members and their families back home would be much easier to arrange...Iowans who are serving their country in Iraq as well as their families back home will all benefit greatly. Also, Iowans like you, as well as a former Iowan like me, will find great satisfaction in the roles we have played in making the conferences happen,” Bartlett said at the press conference.

Video reunions may take place during the week and on Saturdays at many of the 700+ ICN classrooms located around the state. ICN staff members find an appropriate location for the family, while Freedom Calls schedules, and pays for, the soldier’s satellite time.





Over 30 Iowa military families served  
56 military family reunions  
35 schools and locations



Captain Andy Ryan (ICN employee) visits with his daughter while stationed in Iraq.

ICN thanks those locations that unquestioningly open their classrooms to accommodate Iowa families reuniting with their soldiers, including:

Ames High School  
Anamosa High School  
Ankeny High School  
Ar-We-Va High School  
BGM High School  
Boone High School  
Cedar Falls High School  
Charles City High School  
Clinton Community College  
Clinton National Guard  
Decorah High School  
Eastern Iowa CC, Davenport  
Ellsworth CC, Iowa Falls  
Griswold High School  
Hampton High School  
Hawkeye CC  
Hubbard-Radcliffe High School

I-35 High School  
Iowa Central CC, Storm Lake  
Iowa Falls National Guard  
Kirkwood CC, Iowa City  
Mt. Vernon High School  
Nashua-Plainfield High School  
North Iowa Area CC, Charles City  
Northeast Iowa CC, Calmar  
Pleasant Hill Public Library

Sergeant Bluff-Luton High School  
Solon Public Library  
Storm Lake High School  
Storm Lake National Guard  
Southern Cal High School  
Union High School  
Urbandale Public Library  
Waterloo Public Library  
Western Iowa Tech, Denison



Technology, generosity ease  
hardship on military families  
Omaha World-Herald  
Omaha, NE  
2/6/2007



## ICN Services Update

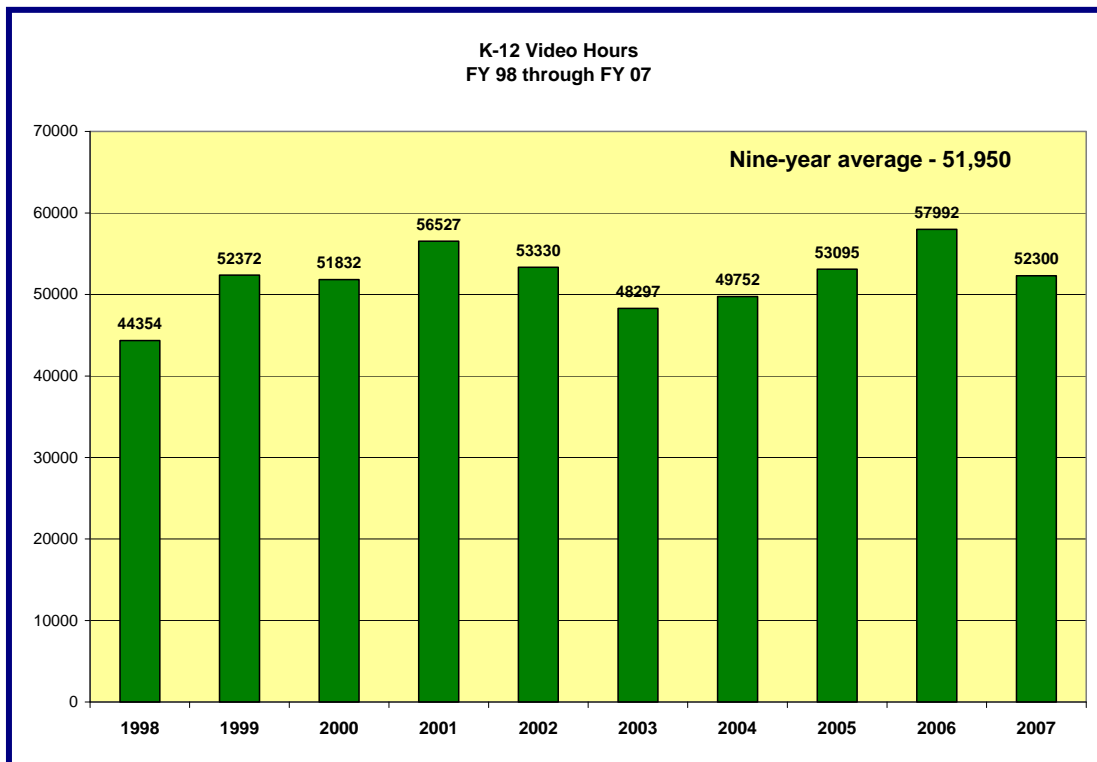
**In January 2007, state agencies reported record savings for fiscal year 2006, through the use of the ICN for video, voice, and data.**

Annual savings reports, submitted by several executive and judicial branch agencies to the legislature, showed a combined savings of over \$14.2 million from July 1, 2005, through June 30, 2006.

The annual cost-savings reports are due in January for the previous year and are required by Iowa Code. As of December 27, 2007, state agencies are already reporting an ICN usage savings of over \$11 million with several yet to report.

### VIDEO

K-12 usage of ICN video continued at a steady pace in fiscal year 2007 with 52,300 hours of usage. This was slightly above the nine-year average of 51,950 hours.



High school students continued to benefit academically from high school, college-credit and Advanced Placement classes offered over the ICN. During the 06-07 school year, classes in foreign languages, health science and medicine, and science classes led categories for the number of hours they were offered to students through high school class-sharing agreements or by two and four-year colleges.

A northeast Iowa high school was tops once again in K-12 usage during FY 07. Waukon High School connected to the Network a total of 1,136 hours to provide additional learning

opportunities for the community. Six to seven hours a day, high school students and adult learners took college credit classes ranging from medical-related to statistics to entrepreneurship and marketing. Younger children participated in educational, interactive sessions offered by Iowa Public Television. Educational and community professionals received training and attended meetings over the network classroom without the high costs of travel. The site was also used for confidential telemedicine purposes.

Allamakee School District Superintendent David Herold says one reason the use of the ICN at the high school level is so strong is because school counselor Amy Wasson and Talented and Gifted instructor Kathy Hay encourage students to take advantage of it.

“They are always coming to my office explaining to me why we need to expand opportunities for all kids. That is the neat thing about the ICN. You don't need to be an "A" student to take advantage of the network. All students from all ability levels can take classes over the ICN and earn college or high school credit,” said Herold.

The ICN has become such an integral part of the whole community that Northeast Iowa Community College was asked to include an ICN classroom in their satellite campus being built across the street from the high school.

Rounding out the top ten usage sites on the Network in fiscal year 2007 were Brooklyn-Guernsey-Malcom (BGM) HS, Wall-Lake View-Auburn HS, Benton HS, Iowa Valley HS, Odebolt-Arthur HS, Atlantic Middle School, Postville Middle School, Melcher-Dallas HS and Sumner-Fredericksburg. The majority of hours at all these sites were devoted to sharing classes with other schools or making college credit classes available to their students and the community.

Additionally during the 2006-2007 school year, over 50,000 students and teachers benefited from distance learning opportunities delivered over the ICN by IPTV. Almost 7,000 hours of learning were provided at no cost to PK-12 students and those adults working with, or on behalf of, those students. Through the K-12 Connections experience, students explored worlds near and far, interacting live with presenters. Professional development sessions were provided for teachers and other district staff. Popular topics included Internet safety, conversations with Iowa Supreme Court Justices, food safety classes for food service professionals, certification classes for school nurses, and school security issues.

A new video service offering is on the horizon, which will give schools around the state more options to bring classes to their students. Recognizing how technology is changing the way people communicate using video, the ICN is aggressively pursuing the development of Video over Internet products and services.

ICN Executive Director John Gillispie recognizes the importance of Internet Protocol (IP) technology and the importance of having services that complement the expectations of students and teachers. They are continuously increasing their familiarity with the latest technology and want to use it for teaching and learning.

ICN is looking at products that will offer educational partners a total IP solution encompassing video scheduling and managed services. The new service would enhance opportunities for those schools already connected to the ICN and would open new doors for those who are not able to take advantage of the ICN as an instructional tool.

## VOICE

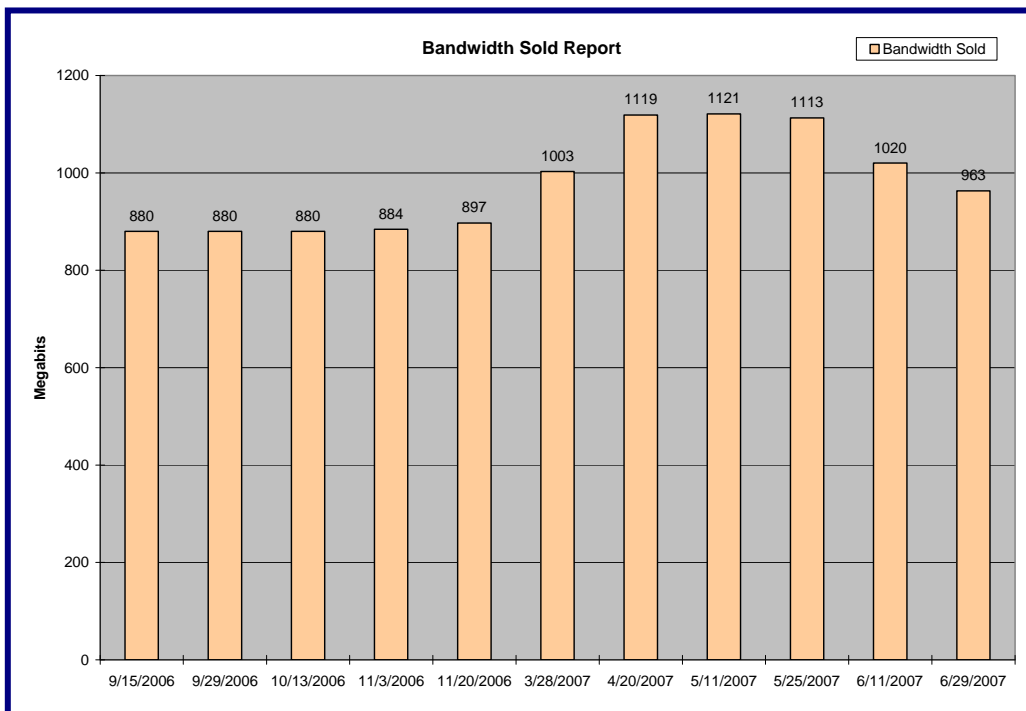
ICN has provided telephone service to state agency partners for nearly 11 years. In fiscal year 2007, the Network entered the first phase of a three to five year plan to upgrade telephone service for the Capitol Complex. The new service will allow features to be activated and deactivated by simple software changes made by ICN technicians, saving end users time and making it more convenient to select different features.

The ICN serves nearly 12,000 telephone, fax, and modem numbers in the Des Moines metropolitan area.

## INTERNET AND DATA

Technology has transformed the way Iowans work and learn. The tremendous growth of ICN bandwidth and data services over the past year reflects the demand and need for greater access to high-speed Internet by all authorized users of the state fiber-optic network.

- The amount of Internet sold to customers has increased 42% over the last two-year period
- 74% of the Internet provided by the ICN is being used by educational entities (920 Megabits by education; 330 Megabits for non-education)
- 85% of the 370 Megabit increase over the last two years has been ordered by educational entities (315 for education; 55 for non-education)



Note:  
Downward trend  
reflects end of  
K-12 school  
year for the  
summer.

## District Sharing is Win-Win for All

**Faced with the prospect of losing a foreign language program, one East Central Iowa school district took the challenge and used the ICN to create a unique teaching model, provide an incentive for a teacher, and maintain an academic program for students.**

Iowa and the nation struggle with a foreign language teacher shortage. However, in a period of just three days, the BGM district saved a teacher's job, rescued the Spanish program, and kept the possibilities open for almost 200 Iowa students to meet foreign language requirements.

BGM Spanish teacher Nicki Maestre submitted her resignation for monetary reasons. The high school had already phased out French and was receiving German over the ICN.

Faced with losing a program for 120 students, Radcliffe scratched out some figures, and proposed an incentive plan, to the school board and incoming superintendent, for Maestre to teach over the ICN.

"If I could get 60 students from other schools and the schools would pay \$250 per student to us, I could give her (the teacher) a percentage," said Radcliffe, creating a stipend to entice the Spanish teacher to stay. The board and superintendent said "go with it" and Maestre rescinded her resignation and agreed to try it.

With the assistance of the Department of Education's Iowa Learning Online program, the district advertised the availability of the Spanish classes over the ICN and the contacts started coming in. North Mahaska couldn't find a Spanish teacher, East Marshall was overloaded in Spanish, and Bedford lost their shared Spanish teacher from Lenox.

While scheduling is often cited by schools as an obstacle to using the ICN, North Mahaska simply changed their daily schedule to coincide with BGM. They pushed their start time up by 10 minutes and both schools had a common start and end date for the school year.

Maestre had a large task ahead of her in the fall of 2006. Teach Spanish to 200 students, six sessions a day, and use the ICN to reach 80 of those students located in other school districts. The stipend she earned helped cover out-of-class time she spent doing such things as updating her web page, scanning notes for students, tracking grades, and recording classroom notes for one visually impaired student.





Maestre said her distance learning classroom has more technology than her regular classroom.

"I can pull up pictures on my computer, use videos, music, DVDs. It's all right there at my finger tips," she added.

Successful teaching over the ICN means incorporating interaction whenever possible. Interaction was a primary goal for Maestre, who sometimes taught to three different sites at once.

"The students have a good relationship between schools. They like to call on each other. They are actually very supportive of each other's schools and teams," said Maestre.

In fact, her students often had more diverse interaction with other students than many students who learn in a regular classroom. Maestre used her creativity to provide plenty of interaction between her students at BGM, Bedford, and North Mahaska.

The largest group, Spanish II, organized a circus and invited some of the elementary classes. North Mahaska also invited an elementary class into their ICN room, so all the students enjoyed the circus and interacted over the ICN. The Bedford students, with no school on the scheduled circus day, planned and created a puppet show to be shown to the students.

"The program is constantly evolving and I have some new ideas for the upcoming year," The school-wide Spanish club has really been a success and I think it's brought the kids together as a whole so we're definitely doing that again," said Maestre, who enthusiastically returned in 2007.

BGM Principal Radcliffe said his goal is to find other schools they can help, and at the same time, keep their Spanish teacher and share her skills with others.

"It's a win-win situation for all," said Radcliffe.

***"We've learned to share."  
BGM High School Principal Rick Radcliffe***

## Hundreds of Iowans Attend Elder Law Series

**A state agency and a nonprofit organization team up to provide a series of free seminars over the ICN to an audience who may not have been able to acquire important legal advice.**

The Iowa Department of Elder Affairs and Iowa Legal Aid's Legal hotline for Older Iowans presented three seminars on Elder law to 26 ICN sites around the state. Sponsors estimate over 800 older Iowans and their caregivers were reached by the sessions spanning across the summer months.

Deanna Clingan-Fisher of the Iowa Department of Elder Affairs has presented over the ICN in the past and recognizes the benefits the network provides state government and Iowans.

"People like the convenience and not having to travel to a large metropolitan area to receive training or important information. The ICN is especially important to our agency because of the people we serve."

Many of the older Iowans these sessions targeted are not able to get in a vehicle and travel long distances to receive the training they need. The only other way to reach



all of the individuals necessary would be to travel to each area of the state, and this is why the ICN has proven to be time and cost-effective for many agencies.

In the first session of the Elder Law series, representatives from Iowa's Senior Health Insurance Program delivered information on

health care and public benefits. Medicare and other programs that help pay nursing home and medical expenses were explained.

Life planning was the topic of the second session and staff from the Iowa Department of Elder Affairs and Iowa Legal Aid addressed how to put legal affairs in order in case one becomes incapacitated or passes away. Living wills, powers of attorney, guardianship, and estate planning tools were all discussed.

The final session consisted of representatives from Iowa Legal Aid and the Iowa Attorney General's Office addressing consumer issues. Nursing home resident's rights and elder abuse were hot topics, as well as avoiding common financial problems.

Those attending the sessions were given the opportunity to gain beneficial knowledge about matters affecting them, with time permitted to ask questions or request clarification of policies. This allowed audience members the chance to receive information regarding when and how to contact different agencies with elder law issues or abuse reports.

### About the author:

Chantel Witt was a summer intern in the Deputy Director division. She assisted in government publications as well as outreach programs. Regarding her experience at the ICN she said, "Being a part of state government allowed me to the opportunity to see first-hand how agencies work together to provide services to Iowans. While assisting the agency with day-to-day operations, I was able to develop skills that will benefit me no matter what avenue or career path I choose."



## Community Connections across the Pond

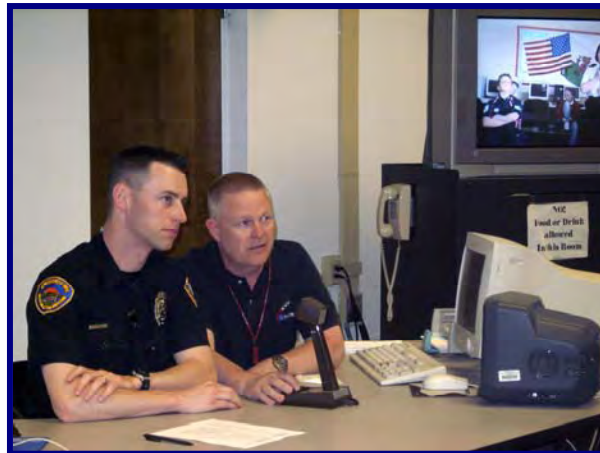
**An ocean apart, two communities come together regularly through the creative work of educators, enthusiastic third graders, and the technology of the Iowa Communications Network.**

Over the past six years, students in Sioux City, Iowa, and the country of Wales have created a tool for international understanding and communication, by using the ICN. Their visits include topics such as holidays, sports, the cost of living, and the weather in Iowa. The Sioux City students even participated in a question and answer session with an American astronaut and Russian cosmonaut who were guests at the Welsh school.

Jim Christensen, distance learning coordinator with Northwest AEA in Sioux City, helped establish the link after meeting Wales's Halfway School Principal Colin Evans, a teacher at that time. Originally held with Lincoln Elementary, the educational videoconferences are now conducted with Bryant Elementary in Sioux City. Christensen helps run the ICN room in Sioux City so the teacher and students can focus on the conversation with the students in Wales.

In six years, they've streamlined the international exchange to involve two yearly ICN sessions, an "e-pal" program, and report sharing. A December session includes sharing holiday and New Year traditions, and e-pals giving holiday greetings across the ICN. A spring session includes a Sioux City police officer and a local officer in Wales.

Principal Evans says the police officer program started as an opportunity for Sioux City to explain the DARE program (Drug and Alcohol Resistance Education). Now officers on both sides join with the students in the annual session to answer questions and talk about the things they do, similarities and differences, in their jobs.



Jim Christensen and Sioux City Police Officer Chad Sheehan visit with Wales Police Officer Lucy Bennet and Welsh students.

In a recent police and student exchange, the officers talked about their uniforms and tools of the trade.

Evans said, "The conference went very well. Students sitting quietly for over an hour is a good indication of how the conference has gone!"

Wales Community Police Officer Lucy Bennet says the concept of the communication between the schools in South Wales and Sioux City is a wonderful project. She says the project helps promote a better understanding of the officers' role within the community.

Bennet says, "I was fascinated by the questions asked by the children, the similarities of the problems that we as police officers have to deal with and the effort that the police on both sides of the Atlantic are making in work with children."

The students play an integral part in the success of the program. Evans says the content of the conference is decided at least three months in advance so there is plenty of prep time. The students have to come up with questions and then the class votes on what questions should be asked. They practice and know when it is their turn to ask a question because of the predetermined order. He says this helps especially when working with special needs students.

Evans says despite the six-hour time difference and many miles, he often forgets that the students across the ocean are not just around the corner.

"It's most fun to see from the Welsh end. You don't have the perspective that the time is different. You have to stop and think - I'm a quarter of the globe away!"



Welsh Community Police Officer Lucy Bennet and students pose with the American flag at their school in Wales

Officer Sheehan takes a question from a Welsh student about his role as a police officer.





## Internship Program Starts at ICN

### ICN begins an internship program to assist college students in preparing for the work world.

Three University of Iowa students joined the ICN team as interns from January through May. JaNae Ketterling, a junior Sociology major, worked in Government and Public Relations. Courtney Frank, a junior International Studies and Communication Studies double major, worked in Finance and Administration. Allison Payne, a senior English major, worked in Sales and Marketing. Additionally, Frank Dunn, from Iowa State University joined the ICN in March. With a master's degree in Community and Regional Planning, and a focus on telecommunications, he worked with the IT/IS group and focused on IP video services.

ICN Deputy Director Joseph Cassis, who first contacted universities to find interns, said, "The benefits have been substantial for the ICN. The University of Iowa's Des Moines Center Internship Program is quite innovative. The program was thorough in its experiential education format, considering that the students gain an appreciation for the areas they are working, have constant mentoring from other professionals outside of the company and conduct volunteer events. The selected interns were exceptional with great attitudes, motivation, skill sets, and talent."

The program has been positive not only for ICN, but also for the interns. Frank felt her internship with the ICN was the perfect chance to gain experience that will benefit her in future jobs.

"This internship has allowed me to have a better understanding of what it is like to work in a professional environment. I have learned that Human Resources is much more than hiring. There is a lot of interaction with co-workers," said Frank.

Payne also felt she gained valuable knowledge while interning in the Sales division.

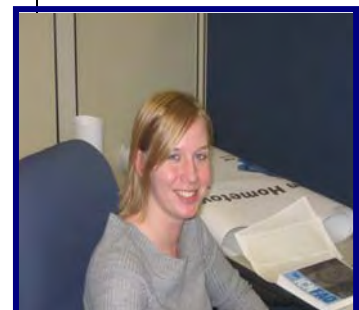
She said, "I have learned the logistics for getting a project completed. If you follow the necessary steps and guidelines, they can be completed in a very timely manner."

The interns worked in different areas and were exposed to different projects, but they agree they gained valuable knowledge while working at the ICN.

About the author:  
JaNae Ketterling was an intern in the Deputy Director Division assisting the Government and Public Relations areas. She helped on numerous Public Relations projects and knew it was beneficial to get exposure to the projects on a day-to-day basis.

She said, "My time spent at the ICN gave me greater insights into the inner workings of a government agency.

I have been given a chance to get real experience, and I know this opportunity will benefit me in a multitude of ways in the future."





## From the Hill

**It was a busy legislative session for the ICN in FY 07. Several issues, directly impacting the agency, were contained in bills passed by the legislature and signed by Governor Culver.**

### Policy Changes

#### *Authorized Spending Limitation:*

- Increases the spending authorization for property, equipment, and services for telecommunications, without legislative approval, from \$1 million to \$2 million.
- Provides for this amount to be adjusted annually in relationship to the change in the Consumer Price Index (CPI).
- Permits the ICN to enter into contracts exceeding the authorized spending amount, as a result of a natural disaster or a threat to homeland security, with the approval of the Executive Council.
- Requires the ICN to list all contracts exceeding \$1 million in the ICN's annual report. (Includes contracts entered into pursuant to section 8D.11 or 8D.13 or any other authority of the Commission.)

#### *Weighted Funding:*

- Allows classes shared using ICN video services to receive supplemental funding for both the district providing the class and for the district receiving the class.
- Instructors teaching the shared classes will receive half of the funding received by the district providing the class. If the instructor's contract provides additional pay for teaching a class using ICN video services, the instructor shall receive the greater amount of either the amount provided for in the bill or the amount provided for in the instructor's contract.
- This language goes into effect July 1, 2008.

### Appropriations to ITTC

#### *Equipment appropriation:*

- Appropriates \$2,060,000 to replace aging equipment.
- A state appropriation investment allows the state to receive Universal Service Fund monies on behalf of schools and libraries in accordance with the Code of Federal Regulations. Historically, ICN appropriations, including the appropriations to repay the network's certificates of participation, have been identified as state support and were applied against the price of the video service provided to K-12 schools and libraries. This request is in keeping with this precedent and the state would be eligible for E-rate discounts up to \$1,932,964 during FY 2008.

### Appropriations to other agencies in ultimate support of Network operation

#### *Part III appropriation*

**Appropriates \$2,727,000 to the Department of Education** for maintenance and lease costs associated with connections for Part III of the Iowa Communications Network.

#### *RTC Appropriation*

**Appropriates \$1,364,525 to Iowa Public Television** for the Regional Telecommunications Councils (RTCs) established in section 8D.5. RTCs shall use the funds appropriated in this subsection to provide technical assistance for network classrooms, planning and troubleshooting for local area networks, scheduling of video sites and other related support activities. This appropriation is an increase of \$124,000 for the RTCs to replace federal E-rate funding.

Iowa Communications Network  
Schedule of Operating Revenues and Expenses  
Year ended June 30, 2007

Operating revenues:	
Sales, rents and services:	
Video services	\$ 4,696,204
Voice services	9,868,159
Data services	16,735,803
Equipment sales	45,096
Installation fees	1,483,429
Other revenues	2,121,943
Total operating revenues	<u>34,950,634</u>
Less: Bad Debt Expense	(162,003)
Net operating revenues	<u>34,788,631</u>
Operating expenses:	
Direct expenses:	
Voice costs	3,757,390
Data costs	7,113,617
Video costs	559,780
Installation costs	938,788
Cost of goods sold	19,145
Total direct expenses	<u>12,388,720</u>
Depreciation expense	<u>8,265,390</u>
Other operating expenses:	
Network equipment	1,900,458
System maintenance	6,849,590
Outside plant costs	1,075,297
System utility costs	84,148
System repair costs	174,043
Other system costs	54,330
Network installation costs	748,328
Loss on disposal of capital assets and inventory	129,051
Total other operating expenses	<u>11,015,245</u>
General and administrative expenses:	
Personnel	7,701,878
Travel	155,728
Administrative services	98,642
Rent	112,215
Professional fees	196,150
Other general and administrative	258,127
Total general and administrative expenses	<u>8,522,740</u>
Total operating expenses	<u>40,192,095</u>
Operating loss	<u><u>\$ (5,403,464)</u></u>

Iowa Communications Network

Statement of Cash Flows

Year ended June 30, 2007

Cash flows from operating activities:	
Cash received from customers	\$ 35,190,170
Cash paid for goods and services	(23,983,688)
Cash paid for salaries and benefits	(7,707,538)
Net cash provided by operating activities	<u>3,498,944</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,350,334)
Net cash used by capital and related financing activities	<u>(2,350,334)</u>
Cash flows from investing activities:	
Interest received on investments	279,475
Net cash used by capital and related financing activities	<u>279,475</u>
Net decrease in cash and cash equivalents	1,428,085
Cash and cash equivalents beginning of year	<u>9,529,245</u>
Cash and cash equivalents end of year	<u>\$ 10,957,330</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (5,403,464)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	8,265,390
Loss on disposal of capital assets and inventory	15,267
Decrease in accounts receivable	141,073
Decrease in due from other state agencies	387,072
Increase in inventory	(102,892)
Decrease in prepaid expense	57,256
Decrease in deferred revenue	(126,606)
Increase in accounts payable	271,508
Decrease in compensated absences	(5,660)
Total adjustments	<u>8,902,408</u>
Net cash provided by operating activities	<u>\$ 3,498,944</u>

See notes to financial statements.



Iowa Communications Network

Statement of Net Assets

June 30, 2007

**Assets**

Current assets:

Cash and cash equivalents (note 2)	\$ 10,957,330
Accounts receivable, net (note 3)	1,020,251
Interest receivable	105,390
Due from other state agencies	2,934,439
Inventory	1,113,132
Total current assets	<u>16,130,542</u>

Noncurrent assets:

Capital assets - depreciable, net (note 4)	34,239,944
Prepaid expense	715,644
Total noncurrent assets	<u>34,955,588</u>

**Total assets**

51,086,130

**Liabilities**

Current liabilities:

Accounts payable	3,942,393
Due to other state agencies	78,686
Deferred revenue	62,375
Compensated absences	584,378
	<u>4,667,832</u>

**Total liabilities**

4,667,832

**Net Assets**

Invested in capital assets	34,239,944
Unrestricted	12,178,354
<b>Total net assets</b>	<u>\$ 46,418,298</u>

Iowa Communications Network

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2007

Operating revenues:	
Sales, rents and services	<u>\$ 34,788,631</u>
Operating expenses:	
Direct expenses	12,388,720
Depreciation expense	8,265,390
Other operating expenses	11,015,245
General and administrative expenses	<u>8,522,740</u>
Total operating expenses	<u>40,192,095</u>
Operating loss	<u>(5,403,464)</u>
Non-operating revenues (expenses):	
Interest Income	<u>384,865</u>
Increase in net assets	(5,018,599)
Net assets beginning of year	<u>51,436,897</u>
Net assets end of year	<u><u>\$ 46,418,298</u></u>

IOWA COMMUNICATIONS NETWORK  
FISCAL YEAR ENDING JUNE 30, 2009  
OPERATING BUDGET PROPOSAL

	FY 2007 Actual	Budget for FY 2008	Proposed Budget for FY 2009
<b>REVENUES</b>			
Voice Revenues	\$ 9,585,992	\$ 8,986,860	\$ 9,182,487
Data Revenues	16,836,726	16,489,141	17,095,859
Video Revenues	4,696,204	4,269,742	3,841,736
Installation Charges	1,488,687	749,500	1,028,200
Equipment Appropriation Request	1,997,500	2,067,000	2,190,123
Other Revenues	508,924	555,539	621,130
<b>Gross Revenues</b>	<b>\$ 35,114,033</b>	<b>\$ 33,117,782</b>	<b>\$ 33,959,535</b>
<b>DIRECT EXPENSES</b>			
Toll	455,829	442,292	391,982
Switched Access	1,647,848	1,701,086	1,635,083
Other Voice Direct Expenses	1,655,910	1,326,184	1,510,533
Data Circuit Expenses	7,113,617	6,719,858	6,881,639
Installation Expenses	938,788	543,000	632,700
Video Direct Expenses/Other expenses	490,324	493,604	510,742
Cost of Goods Sold	19,145	0	0
<b>Total Direct Expenses</b>	<b>\$ 12,321,461</b>	<b>\$ 11,226,024</b>	<b>\$ 11,562,679</b>
<b>Gross Margin</b>	<b>\$ 22,792,572</b>	<b>\$ 21,891,758</b>	<b>\$ 22,396,856</b>
<b>OPERATING EXPENSES</b>			
System Maintenance and Technical Support	6,849,590	7,033,092	7,339,597
Outside Plant Expenses	1,067,574	1,060,700	1,084,550
Other Operating Expenses	265,889	275,765	280,600
Network Installation Expenses	748,328	787,691	807,000
<b>Total Operating Expenses</b>	<b>\$ 8,931,381</b>	<b>\$ 9,157,248</b>	<b>\$ 9,511,747</b>
<b>Net Margin</b>	<b>\$ 13,861,191</b>	<b>\$ 12,734,510</b>	<b>\$ 12,885,109</b>
<b>GENERAL, SALES, AND ADMINISTRATIVE</b>			
Personnel Services	7,768,450	8,717,838	9,088,049
Travel	233,849	174,638	199,180
Data Processing, ITE	79,605	77,430	80,000
Other Administrative Expenses	416,162	294,761	313,932
Professional Fees	196,257	192,690	187,300
<b>Total G, S, and A Expenses</b>	<b>\$ 8,694,323</b>	<b>\$ 9,457,357</b>	<b>\$ 9,868,461</b>
<b>Net Cash (Deficit) from Operations</b>	<b>\$ 5,166,868</b>	<b>\$ 3,277,153</b>	<b>\$ 3,016,648</b>
<b>EQUIPMENT PURCHASES</b>			
Network (net)	4,420,803	3,277,153	3,016,648
<b>Net Equipment Purchases</b>	<b>\$ 4,420,803</b>	<b>\$ 3,277,153</b>	<b>\$ 3,016,648</b>
<b>Net Cash (Deficit)</b>	<b>\$ 746,065</b>	<b>\$ -</b>	<b>\$ -</b>