

Iowa Communications Network

Fiscal Year 2009 Annual Report



Providing authorized users the highest quality and technologically advanced educational, medical, judicial, and governmental telecommunications services.





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Chester J. Culver
GOVERNOR

Patty Judge
LT. GOVERNOR

IOWA TELECOMMUNICATIONS & TECHNOLOGY COMMISSION

Betsy Brandsgard
CHAIRPERSON

Dr. Pamela A. Duffy
Dr. Robert R. Hardman

Timothy L. Lapointe
Michael W. Mahaffey

David A. Vaudt



LETTER TO THE GOVERNOR

November 1, 2009

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 (ITTC) overseeing the Iowa Communications Network, I am pleased to submit the Fiscal Year 2009 Annual Report. Throughout the report you will find stories and examples that demonstrate the many ways in which ICN video, voice, Internet, and data services have touched the lives of Iowans across our state.

The ITTC strongly supports the IJOBS initiative and has enthusiastically accepted its responsibilities as stated in SF376 bill passed during the 2009 legislative session. Through the collaboration of the Iowa Utilities Board, Iowa Department of Economic Development and ITTC, a talented governing board is bringing together the interests of many public and private stakeholders to strengthen our telecommunications infrastructure and make broadband access a reality for every Iowan.

During challenging economic times, we believe it is especially important for the ICN to continue to make sound financial decisions that provide a return on investment for taxpayers while safeguarding the well-being of our customers. Because the ICN is an integral partner with education, health, safety, and welfare for all Iowans, we take seriously our charge to assist in the IJOBS initiative, the Green Government initiative, and the mission of "One Iowa" by actively promoting use of the Iowa Communications Network.

Sincerely,

Betsy Brandsgard
Chair

Iowa Telecommunications and Technology Commission

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION (ITTC)

- *Established in 1994 by statute, with the sole authority to supervise the management, development, and operation of the Iowa Communications Network.*
- *The ITTC provides for the centralized, coordinated use, and control of the Network.*
- *The Commission's duty is to ensure that the Network operates in an efficient and responsible manner and provides the best economic service attainable to its customers 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 the Iowa Quad Cities Chamber of Commerce, which is a regional chamber of commerce, economic development organization and downtown redevelopment group in Scott County. 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, AIDS Project Quad Cities and United Way of the Quad Cities. She is currently a board member of the Riverboat Development Authority and serves on the Downtown Design Review Board. Her ITTC term runs through April 2012.

Dr. PAMELA A. DUFFY



Dr. Pamela Duffy is the Physical Medicine Director for Wellmark Blue Cross Blue Shield of Iowa. Professional memberships include the American Physical Therapy 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. Dr. Duffy accepted an appointment to the Board of Directors of the Free Clinics of Iowa in July 2007, and is a course coordinator and guest lecturer at Des Moines University in the College of Health Sciences (Doctor of Physical Therapy Program, Masters in Health Care Administration Program, and Masters of Public Health Program). She received her PhD from Iowa State University in May 2008, with a major in Education and a minor certificate in Gerontology. Ms. Duffy received her degree and certificate in Physical Therapy from the University of Pennsylvania in 1978. Her ITTC 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. He was reappointed by Governor Culver, in April 2008, to serve on the ITTC. He served on the executive planning committee for the development of the ICN and has delivered many national and international workshops and presentations on the use of educational technology and telecommunications. Dr. Hardman has been honored with numerous 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 Education Award, presented by the United States Distance Education Association; and the Lamp Lighter Award, the most prestigious award offered by the Iowa Educational Media Association. His ITTC term runs through April 2014.

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. Mahaffey 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 38 years and have three children: Matthew, a public defender in St. Louis, Mary Kathleen, an admissions counselor for Hamline University in St. Paul, and Patrick, a student at Grinnell College. His ITTC term runs through April 2013.

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. In September 2008, he formed the Offices of Timothy L. Lapointe, P.C., a general practice firm with a focus on personal injury, employment, civil, and criminal litigation. Lapointe is a current active member with the Iowa Association for Justice (IAJ). 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 past 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 several years, and is a past member of the Mason City Community Theater Board. Lapointe is also a current active member of the St. Joseph's Catholic Church in Mason City. His ITTC term runs through April 2011.



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 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 is also a member of the Des Moines Rotary.

John Gillispie was initially appointed as the Executive Director by the Commission in 2002 and reappointed by the Commission in 2006. As Executive Director, Gillispie oversees management of a unique state-owned fiber optic network. Iowans can access distance learning and training opportunities, government services, telemedicine, and telejustice via high-speed Internet and interactive videoconferencing. In Fiscal Year 2009, ICN customers benefitted from over 210,000 hours of videoconferencing.



Gillispie's achievements are:

- Holds the Chair position of the Iowa Broadband Deployment Governance Board. The Board's 15 members' mission is to promote the deployment and sustainability of high-speed broadband access in Iowa.
- Accepted into the 2009 Henry Toll Fellowship Program. The Henry Toll Fellowship Program is the premier leadership development program for state government officials sponsored by the Council of State Governments. Participants gain valuable insights and perspectives not readily available in the course of everyday public service. To be chosen is an honor for Iowa as few Executive branch invitations are made.
- Past-President of the National Association of State Chief Information Officers (NASCIO), an organization of state chief information officers and information technology executives and managers from state governments across the United States and US territories. Other NASCIO positions Gillispie has occupied include Vice-President and Secretary/Treasurer.
- Gillispie also holds the Chief Operating Officer position for DAS-ITE (Department of Administrative Services-Information Technology Enterprise) and is designated as the State of Iowa's Chief Information Officer.

ICN Services Update

IOWANS CONTINUE TO UTILIZE ICN'S SERVICES IN RECORD NUMBERS

Annual savings reports, submitted by several executive and judicial branch agencies to the legislature, showed a combined savings of more than \$11.4 million from July 1, 2007, through June 30, 2008. The annual cost-savings reports are due in January for the previous year and are required by Iowa Code.

VIDEO

As businesses are trying to escape from the economy's pressures, ICN's customers continued to save fuel, time, and money by using the Network.

During Fiscal Year 2009:

- ICN customers continued to benefit from using ICN's videoconferencing services. In Fiscal Year 09, customers utilized over 210,000 hours of videoconferencing. By using the ICN, customers are able to reduce travel costs, while still obtaining the capability of meeting face-to-face.
- Over 8,217 hours of video sessions were delivered through the K-12 Connections program; second best year in a five-year reporting period. K-12 Connections is a collaborative effort by the ICN and Iowa Public Television and provides live, interactive, distance learning opportunities to students, teachers, and school districts at no cost, unless continuing education or certification credit is involved.
- High school students continued to benefit academically from high school, college-credit and Advanced Placement classes offered over the ICN. During the 08-09 school year, classes in health science and medicine, foreign languages, and science made up many of the hours offered

Top 10 Reasons to use the ICN and the Internet

1. 21st Century Learning: Why not choose a meaningful ICN learning experience, enhancing student skills through communicating, collaborating, or collectively analyzing learning?
2. Students can take a course online.
3. IPTV develops and provides a wide range of rich ICN, real-world learning for all grade levels using ICN K-12 Connections.
4. The 2008 Technology Standards for Teachers, identified by the International Society of Technology Educators, supports the use of video conferencing.
5. Many students will go on to use video conferencing tools in their future.
6. Utilize the ICN by participating in free virtual field trips at any age using K-12 Connections.
7. You can easily set up and customize a meaningful ICN session to connect your students to others.
8. The ICN classroom is a unique Iowa resource. Only a handful of states have a network that is comparable.
9. Educational best practices point to good reasons to use the ICN in student learning.
10. The ICN is one of many ways to video conference, or meet collaboratively online.

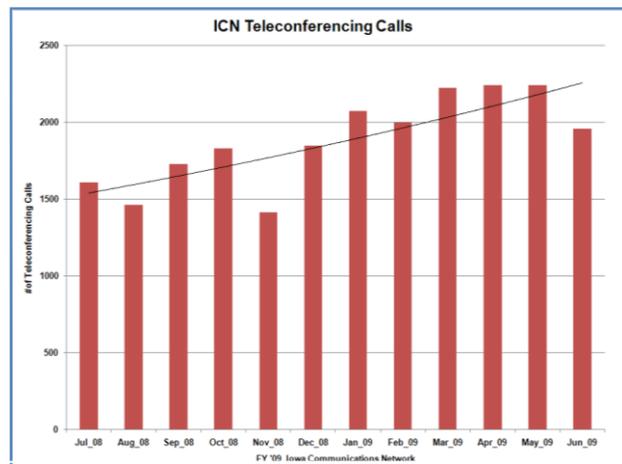
*Published in ICN News, March 2009,
Heartland AEA 11*
<http://www.aea11.k12.ia.us/tech/icn>

to students through high school class-sharing agreements or by two and four-year colleges.

- Rounding out the top five educational usage sites on the Network in 2008-2009 was Spencer High School (1,061.4 hours); Sumner High School (1,037.9 hours); Waukon High School (887.9 hours); New Hampton High School (838.8 hours); Elgin-Valley High School (764.5 hours).
- On April 15, Creighton University Dental School and Baghdad Dental School held an ICN session as part of the Sister City Partnership between Council Bluffs and Karadah, Baghdad, Iraq. Five people were involved in Iraq and four involved in Council Bluffs. The meeting originated from the Iowa National Guard Armory in Council Bluffs, and was coordinated by LTC Rick Burns, who is leading the Sister City Partnership. Burns said the session was “flawless” and, “I truly believe this is a first step toward great things.”

VOICE

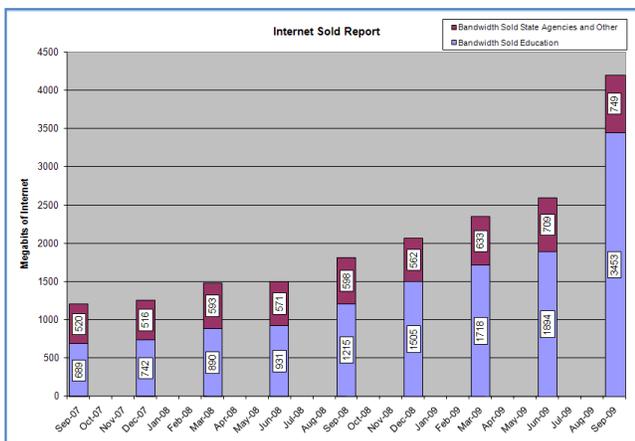
ICN’s voice conferencing services offer customers the ability to have instant access to conference calls whenever necessary, without making a reservation or requiring the help of an operator. ICN’s reservationless voice conferencing is on-demand, which allows users to initiate a conference call all day, every day, without relying on an operator.



ICN Teleconferencing Calls have increased throughout Fiscal Year 09.

INTERNET AND DATA

Use of ICN bandwidth and data services have continued to climb at a steady pace, reflecting 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 248 percent over the past two-years (1,209 Megabits to 4,202 Megabits).

82 percent of the Internet provided by the ICN is being used by educational entities (2,933 Megabits by education, 749 Megabits for non-education).

92 percent of the 2,993 Megabit increase over the last two years has been ordered by educational entities (2,764 Megabits for education, 229 Megabits for non-education).

ICN Provides Telehealth Possibilities

PROVIDING BACKBONE CAPABILITIES TO PARTICIPATING HOSPITALS

The Iowa Communications Network (ICN), at the request of a consortium of healthcare providers and the Iowa Hospital Association (IHA), has assisted with the development of a project proposal to deploy a secure, statewide, high-speed network to connect rural hospitals to vital healthcare resources. The ICN was able to participate as a technical resource since the Association's membership is comprised of authorized users of the Network. The proposal calls for constructing high-speed bandwidth, fiber-optic connections from the ICN backbone to each participating hospital. The consortium based its business model on the availability of the ICN's cost effective, fiber-optic, statewide backbone for carrying the long-haul broadband traffic. Eighty-five healthcare facilities intend to connect their facilities to the Iowa Rural Healthcare Telecommunications Network.

The purpose of this project is to provide sufficient bandwidth for more timely diagnosis and treatment or transfer of patients, increased rapid access to and transmission of medical imagery extended, improved terrorism response and disaster preparedness, transfer of electronic medical records, and enabling remote care for intensive care patients.

The ICN is excited to support and provide the expertise to the consortium of healthcare providers and the IHA. As the project progresses, the ICN will continue to provide updates regarding this exciting endeavor.

Background: On September 2006, Federal Communications Commission (FCC) announced the Rural Health Care project. On November 19, 2007, the Iowa Rural Health Telecommunications Program (IRHTP) consortium, led by the IHA, was awarded funding from the FCC for a project to connect hospitals in Iowa, Nebraska, and South Dakota. In addition to IRHTP's funding of \$9.9 million, Iowa Health System (IHS) also received \$7.8 million to connect 17 hospitals within their group of hospitals which they own.

WHAT AN ACCOMPLISHMENT...FOUNDRY BIG IRON ETHERNET SWITCH

On May 15, 2009, ICN staff tackled a major maintenance window, installing a new Foundry Big Iron Ethernet Switch at the Lucas Building, located on the Capitol Complex, Des Moines, IA. Completing the intricate and complicated process meant scheduling a planned outage for all ICN services routed through the Lucas Building for four to six hours. There was the chance to greatly affect other agencies' services, however with diligent planning by many ICN employees, the project was successful.



Jason Mease, ICN employee, making fiber/copper connections to the new Foundry Big Iron Ethernet Switch.



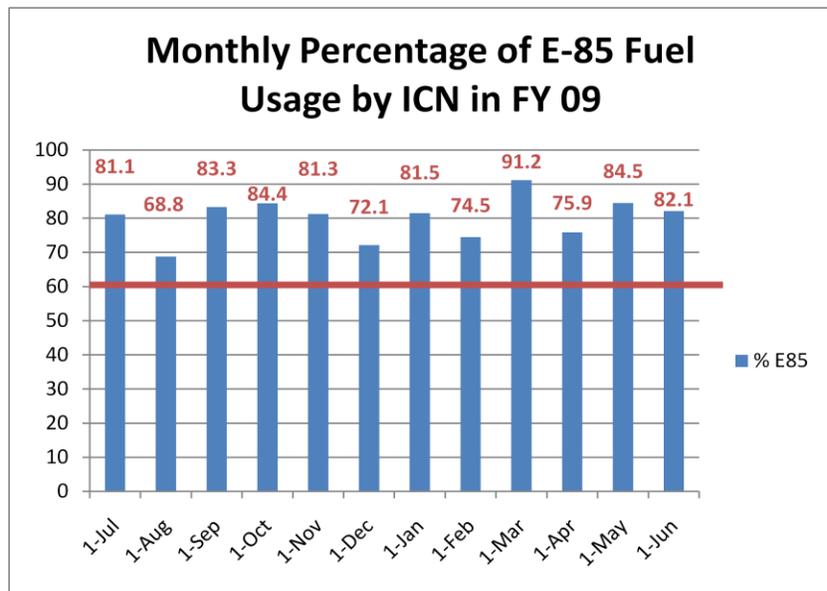
ICN's Green Initiative

PARTICIPATING IN ENVIRONMENTALLY-FRIENDLY ACTIONS THAT SAVE THE AGENCY TIME AND MONEY.

Staff members at Iowa Communications Network (ICN) are continually looking for ways to provide better customer service in a more environmentally-friendly and cost-effective way. On March 1, 2009, the Billing and Auditing division of ICN Finance moved to paperless billing. This allows ICN to electronically submit bills to their state agency customers to assist in the State's green initiative. This first step in going paperless provides a more cost-efficient and effective use of resources. ICN moved all customers to electronic billing on July 1, 2009. Deb Evans, ICN Billing Manager said, "ICN needed to setup a billing database to automatically send invoices to customers when billing closes. This meant that customers needed to be contacted to verify or setup e-mail addresses." Implementing online billing means more time to focus on customer-related projects and customer's changing needs, rather than preparing a mailing, printing bills and stuffing envelopes. At the request of ICN Executive Director John Gillispie, the ICN moved the billing date closer to the beginning of the month. Customers now have their bill(s) within the first five business days of the month, barring any unforeseen circumstances. Evans also stated an additional benefit is that customers can have multiple contacts in the database; allowing more than one person to have access to the billing details for a single account.

ICN CONTINUES TO PURCHASE E85 FUEL FOR FLEXIBLE FUEL VEHICLES.

The ICN has several staff members that use state-owned, flexible fuel vehicles to service customers on a statewide basis. The agency has consistently surpassed the Governor's state government-wide goal in Executive Order No 3, which mandates that state government increase its purchase of E85 fuel to 60 percent.





Second Annual In Toto Conference

“FOOD FOR THOUGHT – CATERING TO IOWANS”

ICN served up their second annual In Toto Conference on September 25, 2008, held at the State Historical Building in Des Moines. The theme for the conference was “Food For Thought – Catering to lowans”. Over 70 participants attended including schedulers, ICN site contacts, technology coordinators, and others who work with the ICN to help bring lowans access to education and government. The annual conference featured sessions on the technology, issues and strategies that affect all those who work directly and indirectly with the ICN. The In Toto Conference was a great learning experience for anyone associated with the ICN.

Deanna Clingan-Fisher, Legal Services Developer for the Department of Elder Affairs (DEA), accepted the Innovative Use of the ICN award on behalf of Elder Affairs. The DEA was recognized for efforts to bring essential information to elder lowans and their caregivers through the Elder Law Series. Over 1500 citizens have benefitted from the series of one-hour sessions conveniently located at 26 sites around the state.

Four schedulers were nominated for the 2008 ICN Scheduler of the Year award. The winner was Judy Bonstetter, Regional Scheduler from Northeast Iowa Community College. Also nominated were Jackie Kokke, Administrative Regional Scheduler for the State Library of Iowa, Rebecca Head, Scheduler for the Department of Economic Development, and Dawn Fratzke, Regional Scheduler (#7) at Hawkeye Community College.



Deanna Clingan-Fisher receiving the *Innovative Use of the ICN* award from Gail McMahon.



Judy Bonstetter receiving the 2008 ICN Scheduler of the Year



BILLING CHALLENGE FOR ICN’S BILLING AND AUDITING DIVISION

In December 2008, the Billing and Auditing division of ICN Finance was given the challenge to change the delivery of bills from 15 days to 5 days. The division succeeded, and by changing the delivery date gives ICN customers more time to plan their accounts payable.



Sharing Iowa's Infinite Possibilities

SLOGAN CHANGES HELP COMMUNICATE ICN'S MISSION

"**Sharing Iowa's Infinite Possibilities**", is the Iowa Communications Network (ICN) new slogan that was launched on January 5, 2009, which demonstrates ICN's vision for the future. One of the reasons the new slogan was created was to reduce confusion in the marketplace, while improving the branding of ICN. The slogan emphasizes the countless possibilities that ICN's customers can do with their ideas, while also highlighting the information exchange that takes place over the Network. Imbedded in this slogan are the letters IP to represent the future move toward Internet-based technologies. Much of the original logo stayed the same, but the solid line over the "I" changed from blue to black. A number of individuals saw it as a lower case "i". The application of how it will be used in conjunction with the logo was also introduced and has been incorporated on all letterhead and other document templates.



"**Sharing Iowa's Infinite Possibilities**" reflects ICN's mission to the State of Iowa and ICN's vision of increased use of IP technology, which has unlimited possibilities. The new slogan replaces *Connecting Iowans to the World*.

To demonstrate ICN's **Infinite Possibilities**, the ICN updated its web site to ensure that customers continue to come back for more informational tools. ICN's new and improved web site (www.icn.state.ia.us) was introduced in April 2009. There were many website improvements which included, user-friendly navigational tools, content and layout changes to provide information in a more timely approach, and a wide range of 2-3 minute video snippets that are changed routinely to bring viewers updated information about ICN users, news, etc. The homepage incorporates a "feature" section to highlight products, services, employees, or customer stories. ICN envisions the new website changes will give more of a news interest, which will draw attention on a repetitive basis. ICN has received many compliments on their new website which demonstrates that visitors are coming back for more information, which was the overall goal.



Lending a Helping Hand

ICN GOES ABOVE AND BEYOND WHEN HELPING OTHERS.

During Fiscal Year 2009, ICN employees went above and beyond raising record-breaking fundraising amounts for charitable organizations throughout central Iowa. ICN employees rise to each occasion with a competitive approach when participating in fundraising efforts. While fundraising efforts were underway, ICN received recognition for its responsiveness and assistance from the Cedar Rapids community during the June 2008 flooding.

Annually, the ICN participates in the One Gift campaign that allows State of Iowa employees to contribute to a charity of their choice within the state. The pledge goal for 2008 was set at \$11,000. ICN employees and ITTC Commissioners met this pledge by 119.5 percent. The final total pledge ICN made to the One Gift campaign was \$13,150.



ICN employees displaying quilt at "Make the Dome Pink 2008".

In November 2008, a group of ICN employees continued their dedicated work in promoting Breast Cancer Awareness in remembrance of Paula Schultz, an ICN employee who passed away from battling the disease. Fundraising efforts included: \$250 in carnation sales, over \$950 in freewill donations, nearly \$250 in the Race for the Cure, and over \$2,000 in a Pink Month Silent Auction. All ICN employees truly support the effort for this initiative. At the end of the group's third year, they raised over \$4,300 for the Komen for a Cure program. ICN is very proud of this group and their dedication to this great cause.

The ICN took part in the 2008 state employees' Toys for Tots campaign, raising money and donating toys to support the Toys for Tots foundation. ICN employees participated in BRINGO (similar to BINGO) which increased the competitiveness by donating toys and raising money. In December 2008, ICN donated 110 toys (doubling last year's toy total) and \$480.81 in cash donations to the Toys for Tots organization.

This year the ICN continued their giving back while participating in the Governor's Office sponsored 2009 State Employee Food Bank Campaign. ICN Food Bank fundraising activities included: a wide variety of silent auction items; cash jar donations, weekly themes for food box donations, dog days of summer hot dog lunch, and a spaghetti and more lunch. The ICN raised over \$2,500 in cash through activities and donations, which is eight times the amount of money ICN raised in 2008. After completing all the hard work, ICN was recognized by winning Second Place - Most Improved Agency from the Governor's Office. After the great accomplishment, ICN staff was treated to ice cream sundaes.



ICN's Certificate of Recognition for winning Second Place - Most Improved Agency for the 2009 State Employee Food Bank Campaign.

ICN Recognized for 2008 Flood Response

The ICN was honored with a Special Service to Education award by the Cedar Rapids Community School District's (CRCS) Technology Department.

The award was a result of ICN's responsiveness and assistance to the District during the June 2008 flood that devastated the Cedar Rapids community. The Network was instrumental in providing the Grant Wood Area Education Agency (AEA) with Internet access, while District central services were located at Jefferson High School. The district receives its Internet and e-mail access via the ICN through the AEA.

CRCS Technology Manager, Lori Bruzek, said the reestablishment of communication to the outside world was imperative in dealing with the disaster.

"With classes out of session, the fastest form of communication we had was e-mail. ICN was very responsive to our emergency needs after the flood forced us to relocate our network operations to Jefferson High School for the summer. We were able to quickly re-establish our district's external circuit to Grant Wood AEA and the Internet. That link was critical for both district operations and as a means for communicating with staff and the community during our post-flood transitions," said Bruzek.

ICN Executive Director John Gillispie said the honor underscores the purpose and importance of the Network.

This award exemplifies the role ICN plays in Iowa education. Our customers rely on the Network for high-speed and secure Internet access. Our employees' expertise and responsiveness in routine, and extraordinary times like the Floods of 2008, are an added benefit.



ICN's team "Wii Be Fit" receiving their first place recognition at the Live Healthy Iowa ceremony.

Many ICN employees took part in Lt. Governor Judge's Live Healthy Iowa 100 Day Challenge initiative. Live Healthy Iowa is a team based weight loss and physical activity program that assists teammates in making positive changes that lead to a healthier lifestyle. ICN's team "Wii Be Fit" received first place recognition at the Live Healthy Iowa ceremony in April 2009. ICN's team "Marathon One" came in eighth place.



From The Hill

ICN ISSUES DURING FY 09'S LEGISLATIVE SESSION.

Appropriations to ITTC

Generator Appropriation

- Just over \$2.7 million was appropriated for the purchase and installation of approximately 100 generators at switching and regeneration sites on the Network.
- If the normal power source fails, the generators ensure that the power required to transport information on the Network is available. These generators are vital to the ongoing dependability of the Network. The current generators to be replaced are at the end of their useful life.

Capitol Complex Redundancy Appropriation

- \$2.32 million was appropriated for continuation of the Capitol Complex Redundancy project.
- This portion of this three-year project will provide redundancy for the voice services on the Capitol Complex, and is vital in the continuation of government operations in event of telecommunications failure.
- If the current voice platform fails or is destroyed, 30 agencies in 21 buildings, as well as their outstate offices, would be affected.

Updating Network Equipment Appropriation

- Just over \$2.2 million was appropriated for updating network equipment. This funding will be used for three primary purposes:
 - ❖ The upgrade and replacement of obsolete phone equipment for state agencies located in the Metro Des Moines area.
 - ❖ The purchase of network equipment needed to provide the most efficient Internet Protocol technologies, which are used extensively by the medical and educational communities.
 - ❖ To ensure ICN eligibility to receive Universal Service Funds on behalf of the schools and libraries. ICN estimates that this investment of \$2.2 million will result in the receipt of approximately \$1.7 million during the 2009-2010 school year funding cycle.



Telecommunication and Renewable Energy Appropriation

This appropriation is part of the Governor’s IJOBS initiative (bonding bill SF376), which was signed into law on May 14, 2009, provides \$25 million to the Iowa Telecommunications and Technology Commission (ITTC) to fund public broadband technology state grants for the deployment and sustainability of high-speed Internet access across Iowa. The grants will be awarded by a joint governance board of 15 members that will be appointed and supported by the ITTC, the Iowa Utilities Board (IUB), and the Economic Development Board (IDED). The intent of the legislation is to increase access to high-speed Internet services to all Iowans, and that the state grants be used in conjunction of federal Broadband Stimulus funding to the greatest extent possible.



The Iowa Broadband Deployment Governance Board was established through IJOBS, Iowa’s infrastructure investment initiative, to award grant money to Iowa projects that can demonstrate high-speed broadband access to unserved or underserved areas of the state. This funding, coupled with Federal funding (www.broadbandusa.gov), shall be used to promote universal access to high-speed broadband services exceeding the current federal requirements. The Iowa Broadband Deployment Governance Board consists of 15 members representing various organizations and demographics. The Board’s membership is from cities, counties, residential users, educational users, broadband and telecommunications providers (cable, wireline, and wireless), state agencies, and four legislators as ex officio, non-voting, members. The Chair of the Board is John Gillispie, ICN, and the Vice-Chair is Krista Tanner, IUB. More information can be found at the Board’s website

<http://broadband.iowa.gov>.



The Iowa Broadband Deployment Governance Board’s website will inform state broadband grant applicants of the grant process, grant submission, grant awards, and the overall broadband plan.



Contracts

Below are the contracts entered into by the Iowa Communications Network exceeding \$1 million during Fiscal Year 2009 as required by the Code of Iowa, Chapter 8D.13 (3)(f).

- 08-018 IA - Telecom for Ethernet services
- 08-018B - INS contract
- 08-018C - Iowa Telecom



Financial Information

IOWA COMMUNICATIONS NETWORK

Statement of Net Assets

As of June 30, 2009

(Unaudited)

Assets

Current assets:

Cash & Cash Equivalents	\$	15,726,006
Accounts Receivable, net		4,520,480
Interest Receivable		40,032
Inventory		1,216,342
Total Current Assets		<u>21,502,859</u>

Noncurrent assets:

Capital Assets, net		23,714,817
Prepaid Expenses		375,901
Total noncurrent assets		<u>24,090,718</u>

Total Assets	\$	<u>45,593,577</u>
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Liabilities

Current liabilities:

Accounts Payable	\$	4,780,915.60
Deferred Revenue		95,801
Compensated Absences		635,060
Total Current Liabilities		<u>5,511,776</u>

Noncurrent liabilities:

Compensated Absences		589,891
Other Post-Employment Benefits		111,284
Total noncurrent liabilities		<u>701,175</u>
Total Liabilities		<u>6,212,951</u>

Net Assets

Invested in capital assets		<u>23,714,817</u>
Unrestricted		15,665,809
Total net assets		<u>39,380,626</u>

Total liabilities and net assets	\$	<u>45,593,576.97</u>
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IOWA COMMUNICATIONS NETWORK
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009
(Unaudited)

Cash flows from operating activities:	
Cash received from customers	\$ 32,920,281
Cash paid for goods and services	(20,517,408)
Cash paid for salaries and benefits	(8,526,044)
Net cash provided by operating activities	<u>3,876,829</u>
Cash flows from non-capital financing activities:	
State appropriations	<u>3,990,123</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,776,506)
Net cash used by capital and related financing activities	<u>(2,776,506)</u>
Cash flows from investing activities:	
Interest received on investments	<u>329,093</u>
Net cash provided by (used in) investing activities	<u>329,093</u>
Net decrease in cash and cash equivalents	5,419,539
Cash and cash equivalents beginning of year	<u>10,306,467</u>
Cash and cash equivalents end of year	<u>\$ 15,726,006</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (6,312,037)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation Expense	7,638,975
Loss on disposal of capital assets and inventory	54,419
(Increase) decrease in accounts receivable	801,588
(Increase) decrease in due from other state agencies	(345,365)
(Increase) decrease in inventory	(135,442)
(Increase) decrease in prepaid expense	123,169
(Increase) decrease in deferred revenue	57,616
Increase (decrease) in accounts payable	2,009,921
Increase (decrease) in due to other state agencies	(260,945)
Increase (decrease) in compensated absences	<u>244,929</u>
Total adjustments	<u>10,188,865</u>
Net cash provided by operating activities	<u>\$ 3,876,829</u>

IOWA COMMUNICATIONS NETWORK
Statement of Revenues, Expenses & Changes in Equity
For the Fiscal Year Ended June 30, 2009
(Unaudited)

Operating Revenues:

Sales, rents, and services:

Voice Services	\$ 9,402,319
Data Services	18,028,432
Video Services	3,587,241
Installation Services	1,147,289
Equipment Sales	1,054
Other Revenues	205,887
Total operating revenues	32,372,222
Bad Debt Expense	34,220
Total Operating Revenues	<u>32,406,442</u>

Operating Expenses:

Direct Expenses:

Voice Costs	3,489,980
Data Costs	6,973,162
Video Costs	478,576
Installation Costs	613,741
Total Direct Expenses	<u>11,555,460</u>

Depreciation Expense	<u>7,638,975</u>
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Other Operating Expenses:

Network Equipment	1,126,481
System Maintenance	6,829,917
System Utilities Costs	70,929
Outside Plant Costs	1,195,468
System Repair Maintenance	176,958
Other System Costs	54,330
Network Installation Costs	537,739
Loss on disposal of capital assets and inventory	54,419
Total Other Operating Expenses	<u>10,046,242</u>

General & Administrative Expenses:

Personnel	8,770,973
Travel	94,163
Administrative Services	157,945
Rent	110,492
Professional Fees	232,269
Other General & Administrative Expenses	111,960
Total General & Administrative Expenses	<u>9,477,802</u>
Total operating expenses	<u>38,718,479</u>

Operating Loss	<u>\$ (6,312,037)</u>
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IOWA COMMUNICATIONS NETWORK
Statement of Revenues, Expenses & Changes in Net Assets
For the Fiscal Year Ended June 30, 2009
(Unaudited)

Operating Revenues	
Sales, rents, and services	<u>\$ 32,406,442</u>
Operating Expenses	
Direct Expenses	11,555,460
Depreciation Expense	7,638,975
Other Operating Expenses	10,046,242
General & Administrative Expenses	<u>9,477,802</u>
Total Operating Expenses	<u>38,718,479</u>
Operating Loss	(6,312,037)
Non- Operating Revenues	
State Appropriations	3,990,123
Investment Income	<u>271,003</u>
Total non-operating revenues	<u>4,261,126</u>
Decrease in net assets	(2,050,911)
Net assets beginning of year	<u>41,431,536</u>
Net assets end of year	<u><u>\$ 39,380,626</u></u>



IOWA COMMUNICATIONS NETWORK
FISCAL YEAR ENDING JUNE 30, 2011
OPERATING BUDGET PROPOSAL

	Budget for FY 2010	Proposed Budget for FY 2011
REVENUES		
Voice Revenues	\$ 8,637,669	\$ 8,644,950
Data Revenues	18,439,546	18,742,738
Video Revenues	3,430,230	3,373,525
Installation Charges	835,660	706,585
Equipment Appropriation Request	2,211,863	2,211,863
Other Revenues	515,124	426,506
<i>Gross Revenues</i>	\$ 34,070,092	\$ 34,106,167
DIRECT EXPENSES		
Toll	349,924	301,665
Switched Access	1,254,424	1,151,451
Other Voice Direct Expenses	1,684,994	1,736,050
Data Circuit Expenses	6,835,233	6,946,793
Video Direct Expenses/Other expenses	467,552	418,615
Installation Expenses	557,750	425,500
<i>Total Direct Expenses</i>	\$ 11,149,877	\$ 10,980,074
<i>Gross Margin</i>	\$ 22,920,215	\$ 23,126,093
OPERATING EXPENSES		
System Maintenance and Technical Support	7,607,624	7,678,920
Outside Plant Expenses	1,358,347	1,297,218
Other Operating Expenses	983,982	983,982
<i>Total Operating Expenses</i>	\$ 9,949,953	\$ 9,960,120
<i>Net Margin</i>	\$ 12,970,262	\$ 13,165,973
GENERAL, SALES, AND ADMINISTRATIVE		
Personnel Services	8,563,985	9,207,519
Travel	200,750	142,150
Data Processing, ITE	96,529	96,529
Other Administrative Expenses	1,139,536	415,100
Professional Fees	440,940	440,940
<i>Total G, S, and A Expenses</i>	\$ 10,441,740	\$ 10,302,238
<i>Net Cash (Deficit) from Operations</i>	\$ 2,528,522	\$ 2,863,735
EQUIPMENT PURCHASES		
Network (net)	2,528,522	2,863,735
<i>Net Equipment Purchases</i>	\$ 2,528,522	\$ 2,863,735
<i>Net Cash (Deficit)</i>	\$ -	\$ -





Iowa Communications Network
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