

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

IOWA COMMUNICATIONS NETWORK

FISCAL YEAR 2008 ANNUAL REPORT



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LETTER TO THE GOVERNOR

December 1, 2008

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 Fiscal Year 2008 Annual Report of the Iowa Communications Network. ICN video, voice, and data services remain a valuable asset to Iowans.

ICN was not significantly impacted by the natural disasters of spring 2008, however many of our customers were. Since ICN is an integral partner in education, health, safety, and welfare for all Iowans, the agency has given these customers top priority throughout the recovery effort.

State agencies again reported a combined record savings from ICN use. A new IP Video conferencing service was introduced that allows ICN users the opportunity to play an even bigger role in the Green Government Initiative by reducing fuel consumption, as well as travel expenditures.

In Fiscal Year 2009, the Commission and ICN staff will continue to assist in your 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)

THE ITTC HAS THE SOLE AUTHORITY TO SUPERVISE THE
MANAGEMENT, DEVELOPMENT, AND OPERATION OF THE ICN. THE
COMMISSION ENSURES THE EFFICIENT OPERATION OF THE NETWORK,
PROVIDING THE BEST ECONOMIC SERVICE ATTAINABLE TO 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 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. Ms. Duffy accepted an appointment to the Board of Directors of the Free Clinics of Iowa in July 2007, and is an adjunct professor 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. 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.



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 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. 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 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 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.



In 1989, when Internet and globalization were unfamiliar terms to most people, the State of Iowa was already starting a giant technology shift with the creation of the Iowa Communications Network. Today, the ICN allows Iowans to access a multitude of education, training and professional development opportunities offered over 6,400 miles of fiber cable - 3,100 owned by the Network and 3,500 leased. Through video, voice, and high-speed bandwidth, Iowans access education, health, justice, and government services offered by the Network's customers. These include secondary and post-secondary schools, libraries, hospitals, National Guard armories, state agencies, and federal offices.

With the power of the Internet, geographic boundaries disappear and allow people to collaborate anywhere around the world. Since 1995, the ICN has transported Iowa students to worlds outside their school corridors.

Time, space, soaring fuel costs, and financial resources have everyone rethinking access to technology and the rapidly evolving marketplace brings resource constraints to the forefront. ICN recognizes the need for a shift in delivery to provide authorized users greater access to videoconferencing -- not as a replacement of its current video classroom, but one that compliments this service and, in the end, benefits users by filling the voids felt in technology, budgets, and space.

Led by the ITTC and Executive Director John Gillispie, the ICN is meeting the shifting perspective of the world around it head on. The ICN is shifting, too, partnering with a company recognized nationally for its innovation in IP technology that allows ICN users to enhance IP services cost-effectively, focusing on the new expectations and standards of today's world --mobility, access, and collaboration.



Just as technology has supported the increasing globalization of business, the ICN remains, and will continue to play, an integral part of the shifting solutions delivered for the globalization of Iowa--transporting knowledge, instead of people.

ICN SERVICES UPDATE

STATE AGENCIES REPORTED ANOTHER COMBINED RECORD SAVINGS FOR FISCAL YEAR 2007 USING ICN SERVICES.

Annual savings reports, submitted by several executive and judicial branch agencies to the legislature, showed a combined savings of almost \$15 million from July 1, 2006, through June 30, 2007. The annual cost-savings reports are due in January for the previous year and are required by Iowa Code.

VIDEO

As gas prices rose, with little immediate relief in sight, ICN's customers continued to save fuel and time by using the Network.

During FY2008:

- Over 9,200 hours of video sessions were delivered through the K-12 Connections program, for a 26% increase over the previous year. K-12 Connections is a collaborative effort by the ICN and Iowa Public Television and provides live, interactive, distance learning opportunities to students, teachers, or school districts at no cost, unless continuing education or certification credit is involved.
- About 25% of the 43,000 participants were adults taking part in professional development opportunities, such as bullying prevention, school nurse certification, and food safety. One session brought together over 2,000 food nutrition workers at 236 ICN video classrooms in the largest session to be held in the Network's 15-year history.
- High school students continued to benefit academically from high school, college-credit and Advanced Placement classes offered over the ICN. During the 07-08 school year, classes in foreign languages, health science and medicine, and science made up many of the hours offered to students through high school class-sharing agreements or by two and four-year colleges.
- Moravia High School connected to the ICN for a total of 1,407 hours from July 2007 through June 2008, to provide additional learning opportunities for its students. For six to seven hours a day, Moravia students shared Spanish classes with Melcher-Dallas and Lineville-Clio High Schools.

Moravia has been a top user for the past five years. Rounding out the top ten educational usage sites on the Network in 2007-2008 were Sumner, Aplington-Parkersburg, Benton-Van Horne, Postville, Valley of Elgin, Brooklyn-Guernsey-Malcom (BGM), Melcher-Dallas, North Fayette and Cherokee.

Rapid advancements in conferencing technologies, combined with the wide-spread presence of IP (Internet Protocol) networks, are changing the way organizations do business. Critical for

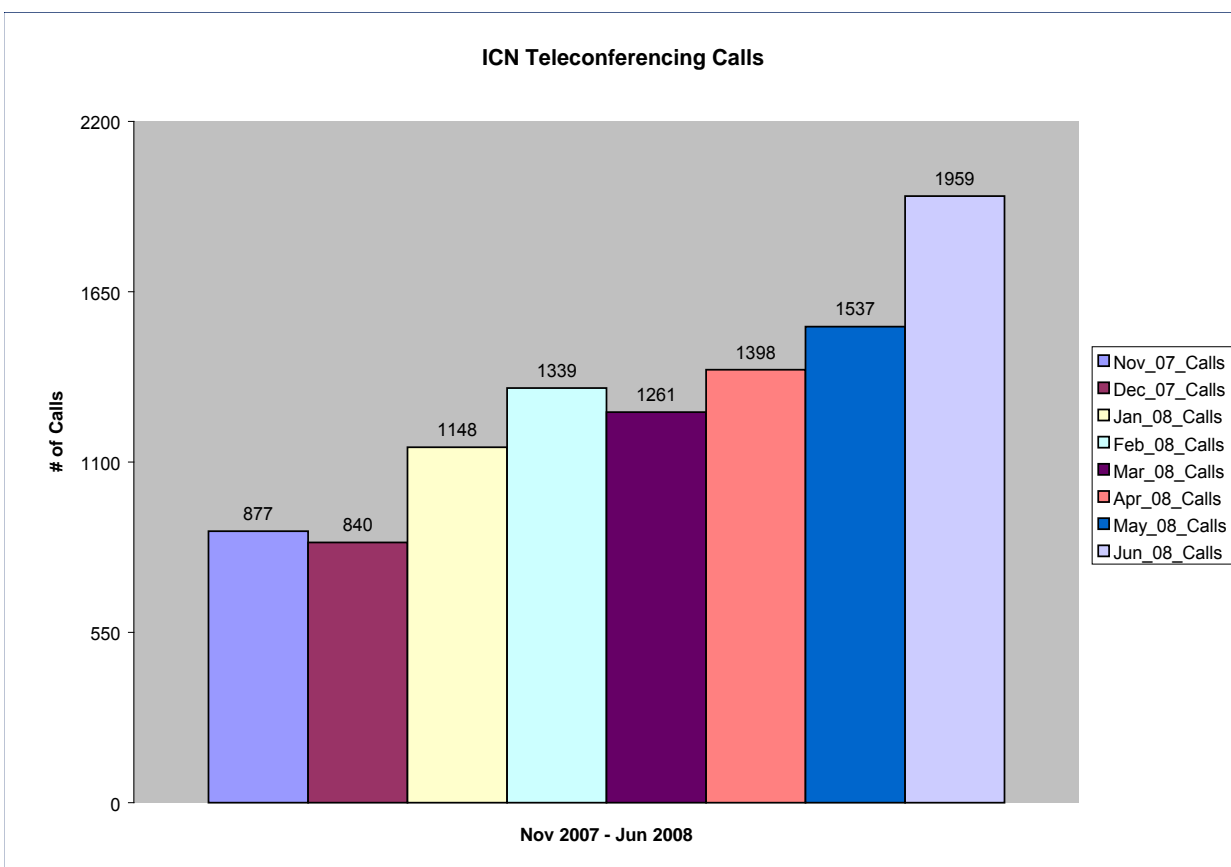
achieving business goals, conferencing technologies are essential for any organization that wants to advance its business.

In answer to that need, ICN Service Delivery introduced in the spring a new managed IP Video system to Network customers. PerfectMeetings Managed Video allows users to communicate from desktops and notebooks in videoconferences across the office, town, country or ocean. Desktop video participants and board room video sites can come together in the same video meeting using the PerfectMeetings Managed Video environment, and can be joined with those connecting by phone or viewing through streaming. The automated, on-demand and intuitive features of PerfectMeetings Managed Video allows anyone to easily initiate a multi-site video meeting. Any session can be recorded and stored for later viewing.

VOICE

ICN voice conferencing services now 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 all day, every day, without relying on an operator.

Since November 2007, ICN voice conferencing calls have jumped 123%.



INTERNET AND DATA

Use of ICN bandwidth and data services has 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 71% over the last two-year period (880 Megabits to 1,509 Megabits).
- 71% of the Internet provided by the ICN is being used by educational entities (1,116 Megabits by education, 393 Megabits for non-education).
- 78% of the 629 Megabit increase over the last two years has been ordered by educational entities (491 for education, 138 for non-education).

Students and teachers from PCM HS in Monroe, Iowa, visit with Senator Charles Grassley located in Washington, D.C.



ICN in the Spotlight

ICN was in the spotlight as the feature article in the March 2008 issue of *Distance Learning...for Educators, Trainers, and Leaders* (Volume 5, Number 1, 2008). The magazine is an official publication of the United States Distance Learning Association. The article was a team effort by Executive Director John Gillispie, Deputy Director Joseph Cassis, Government Relations Manager Tami Fujinaka, and Public Relations Manager Gail McMahon.

ICN Receives Accolades from State Association

In April 2008, the ICN was honored for its contributions to education in Iowa. The Network was presented the 2008 Innovators Award from the Iowa Distance Learning Association in a presentation at the IDLA annual conference in Cedar Rapids.

The honor is given to individuals or organizations for contributions to distance learning through outstanding teaching, program design and development, innovations in methods, technique, and technology, and advocacy.

ICN Executive Director John Gillispie said, "The ICN is proud to play such an integral part in education for all Iowans. Especially during these times of high fuel costs, we can assist in transporting knowledge, instead of students, increasing the globalization of Iowa education."

NATURE'S FURY OF SPRING 2008

ON SUNDAY, MAY 25, AT 5 P.M., THE LANDSCAPE OF IOWA CHANGED FOREVER.

An EF-5 tornado wrecked havoc in Parkersburg, wiping out the southern half of the town, and causing devastating damage in the surrounding areas near New Hartford and Dike. Over the next two weeks, Mother Nature sent severe storms, hail, winds, and torrential rains. Iowa rivers, already overloaded, began their climb toward record crests. On June 11, the flooding began.



Iowa's spring 2008 natural disasters did not significantly affect the ICN overall. There were some locations where ICN lost equipment; Network team members dealt with issues as they became apparent, and planned for events they could anticipate with available information. Extensive communication and collaboration, both internally and with state agencies, made the difference in resolving issues. ICN video administrators worked with regional schedulers and session hosts to accommodate video sessions that had to be relocated due to flooding and evacuations.

Some ICN stakeholders lost Network equipment or complete video classrooms. Flood-related customer issues received top priority in reestablishing or relocating lost services.

- Parkersburg
Aplington-Parkersburg High School was on its way to being one of the top users in 07-08 for college-credit classes and has traditionally been a strong user of the ICN. The high school was destroyed in the May 25 tornado.
- Vinton
Kirkwood Community College has a video classroom in Vinton. The center's operations were relocated to the Vinton-Shellsburg Middle School building while the building was repaired from flooding. The Vinton Center reopened in August 2008.
- Iowa City
The staff of The University of Iowa's key computing facility, located in the Lindquist building, took extraordinary precautions to relocate ICN equipment. At one point, floodwaters isolated the building. However, because of their efforts, no equipment was lost. The University was able to re-establish ICN Internet connection, so ICN still had two paths out for Internet customers.

University of Iowa's North Hall, which was evacuated, holds the dedicated ICN video classroom. Sixteen other ICN video connections on the campus were impacted because the switching/routing equipment had to be removed from Lindquist Hall.

The Iowa City National Guard site was no longer usable due to the Iowa City flooding. A temporary site has been established in Coralville, while a permanent armory is constructed in Iowa City.

- Cedar Rapids
Four ICN video classrooms in Cedar Rapids are currently inactive due to flood damage.
 - ICN lost equipment at the Cedar Rapids Community School District offices, which were temporarily moved to Thomas Jefferson High School, until a permanent site is established.
 - The Grant Wood AEA classroom is closed until August 2009.
 - The Cedar Rapids Public Library may be out of service for two years.
 - The African-American Museum was hit hard by the floods and their ICN CART system was destroyed.

Pro-active measures, along with rapid response by ICN staff, helped protect a great deal of state resources and allowed many ICN authorized users to get back up and running with little downtime.

"Thanks for your assistance and directives to accomplish establishing the temporary Linn County Courthouse location with a Network connection... You greatly assisted the administration of justice for the citizens of Iowa during some really stressful conditions. We depend upon the ICN to provide these essential services to our courts..."

*Thanks again.
Larry J. Murphy
Director of Information Systems and Technology
Judicial Branch*

Floods of 2008

40,000 Iowans displaced

4,000 Iowa National Guard members filling sandbags, building up levees, and keeping watch over communities.

Thousands of state, county, and municipal employees working overtime.

50,000 Iowans volunteering to help fellow Iowans.

13 million sandbags distributed by Iowa, Illinois, and Missouri to hold back the Mississippi River and its tributaries. (Washington Post estimate)

85 of 99 Iowa counties declared Presidential disaster areas

More than \$1 billion in total assistance received by the state from various state and federal programs.



Flood 2008 Resource Center
<http://flood2008.iowa.gov/>



Rebuild Iowa website
<http://www.rio.iowa.gov/>

THE GREEN FACTOR

IN FEBRUARY 2008, GOVERNOR CHET CULVER SIGNED EXECUTIVE ORDER NO. 6 ENACTING THE GREEN GOVERNMENT INITIATIVE.

The ICN plays an active part in promoting the initiative by:

- Buying eco-friendly products and purchasing from businesses that support green practices and use green materials.
- Replacing agency computer monitors with monitors that have earned the ENERGY STAR label, expecting to realize annual savings between \$2,500 and \$3,100.
- Attaching a water filter to the common kitchen area sink to reduce the need for employees to use bottled drinking water.
- Offering energy-saving alternatives to customers to help reduce travel time and costs. By using the 740 video classrooms available statewide for training or conferencing, state agencies and other customers of the ICN recognize savings on travel expenses and more cost-efficient use of time realized by employees. Just in the past year, the four Iowa Telecommunications and Technology Commission members who live outside the Des Moines area have used ICN videoconferencing an average of 77% of the time for their meetings.
- Researching and developing a new service for ICN customers called PerfectMeetings Managed Video. With this new desktop video presentation/conferencing service, customers have the ability to add IP/ISDN rooms and telephones to a videoconference, allowing participants to communicate from nearly anywhere, any time. Additional features include streaming the conference to non-interactive users, recording the conference, and bridging audio-only users to the conference.
- Providing a convenient, reservationless, voice conferencing service to customers as another alternative to meeting travel.

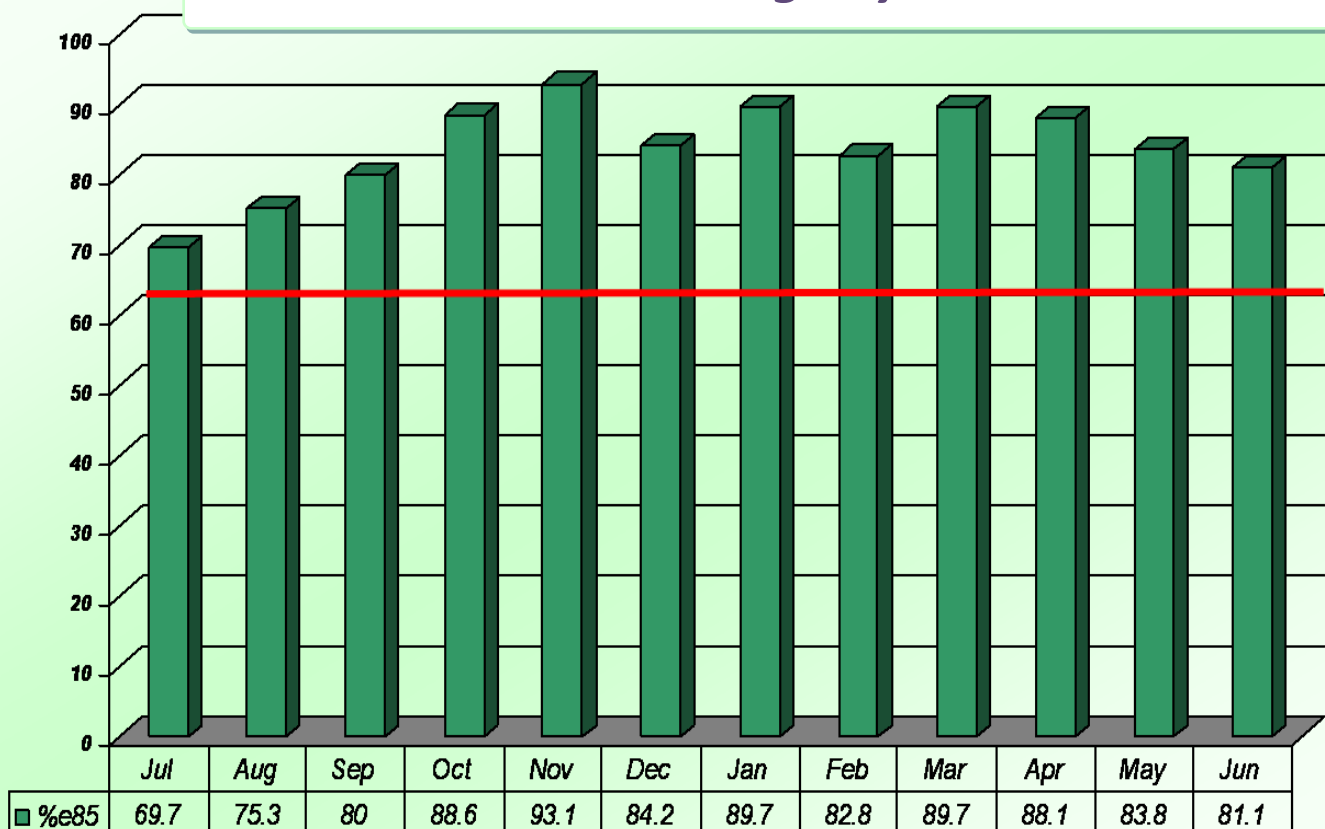
Vicki Harris and Dan Schuchard from ICN Operations check out some electric utility vehicles designed for use on grounds like the Capitol Complex.



GOVERNOR CULVER'S EXECUTIVE ORDER NO. 3 MANDATES THAT STATE GOVERNMENT INCREASE ITS PURCHASE OF E85 FUEL, FOR FLEXIBLE FUEL VEHICLES, TO 60% BY JUNE 30, 2009.

The ICN has several staff that use state-owned, flexible fuel vehicles to serve customers on a statewide basis. The agency consistently surpassed the Governor's state government-wide goal for renewable energy and fuel efficiency in FY08.

Monthly Percentage of E-85 Fuel Usage by ICN



FIRST ANNUAL ICN IN TOTO CONFERENCE

ICN REPRESENTATIVES AND SCHEDULERS FROM AROUND THE STATE GATHERED IN DES MOINES ON NOVEMBER 7, 2007, FOR THE FIRST ANNUAL ICN IN TOTO CONFERENCE.

The conference was designed to bring together the people who create the public face of the ICN “in toto” –in all; completely; entirely; wholly. ICN regional and administrative schedulers, site contacts, and others who work directly and indirectly with the Network around the state convened at the State Historical to attend information-packed sessions and presentations throughout the day.

The conference began with a keynote address from motivational speaker Monte Wyatt on the six steps to a successful team. During the lunch program, ICN employee Captain Andy Ryan of the Iowa National Guard's 133rd Infantry expressed the importance of the Freedom Calls program to soldiers stationed in Iraq. Following Captain Ryan, Iowa Learning Online (ILO) physics instructor Terry Frisch discussed the origins of the ILO program, comparing it to the creation of an athletic team from scratch.

Sessions at the conference covered a broad range of topics including scheduling tips, handling unusual site circumstances when scheduling and the use of the ICN for telemedicine and telejustice. Updates were also presented on Iowa's progress with broadband and the ICN in general.

Brooklyn-Guernsey-Malcolm HS Principal Rick Radcliffe (left) receives the first annual Innovative Use of the ICN award from ICN Deputy Director Joseph Cassis (right). The award was presented at the In Toto Conference for BGM's proactive use of the ICN to retain their Spanish teacher and program.



University of Northern Iowa Regional Scheduler Kathy Hockemeyer received the first annual ICN Scheduler of the Year award at the In Toto Conference. ICN Deputy Director Joseph Cassis (right) presented the award to Hockemeyer (left).



MOLDOVAN OFFICIALS VISIT ICN

GOVERNMENT OFFICIALS FROM EASTERN EUROPE SPENT A DAY IN MAY 2008 LEARNING FROM ICN OFFICIALS AND USERS.

Ten information technology professionals from the Republic of Moldova learned basics of how the ICN operates, along with the many benefits it brings to Iowans. The group visited with ITTC Chairperson Betsy Brandsgard, ITTC Commissioner Tim Lapointe, and ICN Executive Director John Gillispie about Network governance and operations. The group also learned from Iowa Public Television, Department of Education, and Des Moines Public Schools representatives about projects involving ICN, and ICN's new IP videoconferencing service.

Director of the Academy of Sciences of Moldova, Igor Cojocaru, said he learned a great deal from the visit.

"We have many technology projects we know we need to do in Moldova; it is beneficial to see in person and visualize what it is we need to do," said Cojocaru.

"It is beneficial to see in person and visualize what it is we need to do."

Igor Cojocaru, Director of the Academy of Sciences of Moldova



The Academy in Moldova plans to open in the fall of 2008 and will be a school for gifted and talented students. Cojocaru said he would like to be able to connect his students to Iowa students using the technology he saw during his visit with ICN, despite the eight-hour time difference.

The visit was arranged by the Iowa Council for International Understanding and is part of the Community Connections Program. The program, managed by the Bureau for Europe and Eurasia at the U.S. Agency for International Development (USAID) and administered by World Learning, is designed to promote public diplomacy through the exchange of cultural ideas and values among participants, U.S. families and local community host organizations. It seeks to establish and strengthen links

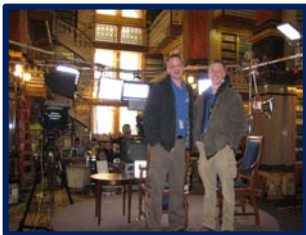
between U.S. communities and communities in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

TAKING IOWA TO THE WORLD

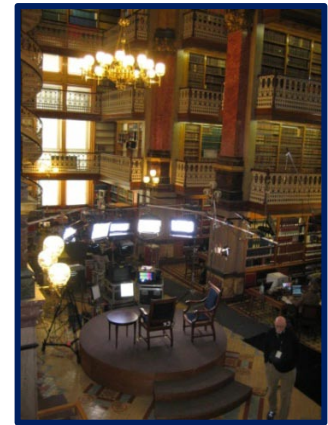
CAUCUS NIGHT IN JANUARY HAD THE ICN PLAYING AN INTEGRAL PART IN COMMUNICATING COVERAGE OF THE EVENT TO IOWANS AND THE REST OF THE WORLD.

Behind the bright lights and television cameras, the Network supplied voice, Internet, data, and video services to various national and international 2008 Iowa caucus broadcasts. ICN provided the services, and stand-by support, at the request of the Department of Administrative Services - General Services Enterprise.

ICN Capitol Complex Technicians Jason Mease and Greg Dorrell worked around the clock assisting CBS News technical staff with technology needed to broadcast from the State Capitol Law Library.



Above and around the temporary CBS News set at the State Capitol Law Library, over 7,000 feet of copper wound its way through bookcases, down walls, and across ceilings. Wiring can become a technical obstacle course in a location like this. Technicians work around historical documents valued at thousands of dollars, finding ways to run the cable without harming historic architecture, such as the 124-year-old tile floor, and keeping safety in mind for those working on the main floor or on one of the four narrow, ornate balconies above. A small box with multiple connections coming in to it was clearly marked “Do Not Touch” and tucked out of the sight of crew, library staff, and tour traffic. That box was the connection that would send CBS News anchor Katie



Couric's broadcast to the world.

ICN provided similar technical and standby support for CNN, broadcasting from the State Judicial Building, and Alhurra Broadcasting, airing from the State Historical Building.

ICN's video capabilities were also on hand caucus night and in the months leading up to it. Iowa State University used the ICN to carry a live interview of Diane Bystrom, Director of the Carrie Chapman Catt Center for Women and Politics, to The University of Iowa, which used a satellite uplink to send the interview to the Comcast Network.

In December 2007, the ICN provided a feed for the presidential debates from Iowa Public Television (IPTV) to CNN, Fox News, C-SPAN, and others. Following that broadcast, the ICN provided additional Internet capacity to IPTV to help meet the demand of viewers going to their website following the debates.

GIVING BACK

IN FISCAL YEAR 2008, ICN SUPPORTED THE COMMUNITY, COMING UP WITH NEW, INNOVATING WAYS TO RAISE FUNDS.

One of the many fundraising efforts that ICN takes part in annually is 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 2007 was set at \$9,250; ICN employees and ITTC commissioners exceeded this pledge by 160%. The total pledge ICN made to the One Gift campaign was \$14,762, setting the bar even higher for next year.

When one of ICN's own employees, Captain Andy Ryan, was deployed to Iraq for 22 months with the Iowa National Guard 133rd Infantry, ICN employee Jeannie Patterson wanted to do something to support Andy while he was away. Every month, Patterson would send a big care

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ICN employee captain Andy Ryan and his fellow soldiers appreciated spicing up their meals in Iraq with donated spices!



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package, with the help of donations from the ICN employees, to Andy and his unit. The care packages included things such as spices, letters, bottled water, hygiene products, and whatever else Andy and his unit requested in their letters. For her efforts, Patterson was nominated by Ryan for the Freedom Team Salute Award, given to civilians for their dedication and support of the men and woman in uniform.

The ICN takes part in the annual Toys for Tots event, raising money and donating toys to support this foundation. Kammy Moore volunteered to be the coordinator on behalf of the ICN this year. In December 2007, ICN Toys for Tots fundraising activities included Penny Wars, Guys vs. Gals, Denim Day, Salad & Soup Luncheon, Silent Auction, and the Ugliest Tie Contest. As a department, the ICN donated 55 toys and \$475 to the Toys for Tots organization.

In the fall of 2007, a group of ICN employees decided to form a committee to promote Breast Cancer Awareness in remembrance of Paula Schultz, who passed away the year before after battling the disease. In the first year, the fundraising activities involved ICN staff selling homemade cinnamon rolls and making and selling ribbon pins for the event within the agency. The committee, consisting of Bonnie Weiss, Patterson, and Holly Johnson, raised a total of \$1,500. In 2007, they decided to include other Grimes Building agencies in the effort to promote breast cancer awareness in October. They started the month off by selling carnations, candy bars, cookies, and cinnamon rolls every Wednesday. Throughout the month people signed up to participate in the 5k walk for Breast Cancer. This year's activities also included a Silent Auction of themed gift baskets put together by all the departments in the Grimes Building; total donations for October 2007 added up to \$2,500 for the Susan G. Komen Breast Cancer Foundation.

Having traditionally played a small part in the state employee Food Bank campaign, this year's ICN Food Bank committee came together to form new fun ways of contributing to the cause. The new plan resulted in a 634% increase in ICN donations to the Food Bank and recognition from the Governor's Office for Third Place – Most Improved Agency.

With activities such as Healthy Hearts for the Hungry Day, in conjunction with Lighten Up Iowa, Trash John Gillispie's Office Day, where ICN employees donated paper products to fill Executive Director Gillispie's office, and Tic-Tac-Food, pitting ICN employees against each other to donate food and fill in tic-tac-toe squares, ICN donated an average of 27 items/pounds per employee. ICN donated a total of 2,220 items.

ICN employee Bonnie Weiss readies the table for the Breast Cancer Awareness Silent Auction.



ICN employees Manila Bush and Kip Ferguson were captains of the X and O teams in the Tic-Tac-Food competition.



In FY08, ICN gave back to Iowans but also to less fortunate outside the country. Team Jamaica is a three-year-old operation sponsored by the Blank Hospital and Issa Trust Foundation. Each year the Blank Hospital sends volunteer medical professionals to aid less fortunate families in Jamaica, giving the necessary tools to stay healthy. In the fall of 2007, the ICN joined in on the mission for Team Jamaica by donating personal hygiene supplies for two orphanages: the Clifton Boys Home in Darliston and Westmoreland Swift Purscell Boys Home in Ocho Rios. Team Jamaica was overwhelmed by ICN employees' generous donation of over 1,000 items.

About the author of this story: ICN spring 2008 intern Adrienne Vesey was a University of Iowa student majoring in Business and Entrepreneurship. She says, "Throughout my time with the ICN there have been some challenging projects and a lot of doubts on my part... but I can honestly say I am leaving with a greater sense of confidence in my ability to handle certain challenges handed to me."



FROM THE HILL

THERE WERE ISSUES AFFECTING THE ICN, DIRECTLY AND INDIRECTLY, THAT AROSE IN LEGISLATIVE SESSION IN FY08.

POLICY CHANGES

Changes in the Health Care Bill

- Provides the Iowa Hospital Association with access to the ICN for the purpose of collecting, maintaining, and disseminating health and financial data for hospitals and for hospital education services.
- Includes a deployment process to develop a statewide health information technology plan by July 2009.
- Creates an electronic health information advisory council, which will provide advice to the council's executive committee in their development of the statewide health information technology plan. The ICN Executive Director is included as a member of the advisory council.
- The plan will evaluate current public and private resources in the process and determine collaborative methodology in their recommendations. ICN facilities and expertise are expected to be included as current available resources.

Financing of Equipment

- Authorizes the ITTC to use a financing agreement, entered into by the Treasurer of State, for the replacement of Network equipment.
- Repayment of any amounts financed will be made from receipts associated with fees charged for use of the Network.

APPROPRIATIONS TO ITTC

Equipment Appropriation

- Appropriates \$2.2 million to replace aging equipment.
- This infrastructure 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 \$1.93 during FY 09.

Capitol Complex Network Redundancy Appropriation

- Appropriates \$1.8 million to create a redundant fiber ring using existing buried fiber and DAS ductwork, along with new buried fiber, while leaving current tunnel-installed fiber for backup.
- Currently, the State's Capitol Complex fiber network does not have redundancy and is located in the underground tunnel system that connects Complex buildings. It is accessible by the public. The conduits share the facility with steam pipes and the housing of the new fiber path is better protected from man-made or natural disaster.
- This project is Part I of a three-part project to provide a redundant telecommunications infrastructure to Iowa's State Capitol Complex.

APPROPRIATIONS TO OTHER AGENCIES IN ULTIMATE SUPPORT OF NETWORK OPERATION

Part III Appropriation

- **Appropriates \$2.7 million to the Department of Education** for maintenance and lease costs associated with connections for Part III of the ICN. Part III connections include K-12 public and private schools, Area Education Agencies, and Public Libraries.

RTC Appropriation

- **Appropriates \$1.4 million 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 consistent with FY 08 funding.

PROPOSALS THAT WOULD HAVE DIRECTLY IMPACTED THE ICN BUT WERE NOT APPROVED

Part III and Other Leased Connections Proposed by the ITTC

- This language would have authorized the ITTC to pursue other options to connect Part III sites and specific agencies if there were no bids for the connections or if the bids were not aligned with current telecommunications market prices. Currently, these connections must be leased but, as leases expire, oftentimes ICN does not receive bids, or receives bids not consistent with current market prices.

County Connections

- This proposal by the Iowa State Association of Counties would have authorized counties to access the ICN as a public agency.

Schedule of Operating Revenues and Expenses

Year ended June 30, 2008
(Unaudited)

Operating revenues:

Sales, rents and services:	
Video services	\$ 3,967,225
Voice services	9,822,679
Data services	17,016,299
Equipment sales	13,570
Installation fees	1,466,822
Other revenues	176,560
Total operating revenues	<u>32,463,155</u>
Less: bad debt expense	(25,504)
Net operating revenues	<u>32,437,651</u>

Operating expenses:

Direct expenses:	
Voice costs	3,940,583
Data costs	6,854,575
Video costs	439,418
Installation costs	522,123
Cost of goods sold	-
Total direct expenses	<u>11,756,699</u>
Depreciation expense	<u>7,796,759</u>

Other operating expenses:

Network equipment	1,065,629
System maintenance	6,889,124
Outside plant costs	1,042,146
System utility costs	69,317
System repair costs	162,287
Other system costs	54,329
Network installation costs	307,150
Loss on disposal of capital assets and inventory	178,748
Total other operating expenses	<u>9,768,730</u>

General and administrative expenses:

Personnel	8,848,088
Travel	143,485
Administrative services	143,210
Rent	106,843
Professional fees	233,693
Other general and administrative	108,670
Total general and administrative expenses	<u>9,583,989</u>
Total operating expenses	<u>38,906,177</u>

Operating loss	<u><u>\$ (6,468,526)</u></u>
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Statement of Cash Flows

Year ended June 30, 2008
(Unaudited)

Cash flows from operating activities:

Cash received from customers	\$ 31,391,448
Cash paid for goods and services	(23,572,915)
Cash paid for salaries and benefits	(8,341,160)
Net cash used by operating activities	<u>(522,627)</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(2,367,269)
Payment to State Treasurer	(250,000)
State appropriations	2,067,000
Net cash used by capital and related financing activities	<u>(550,269)</u>

Cash flows from investing activities

Interest received on investments	<u>384,370</u>
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Net decrease in cash and cash equivalents (688,526)

Cash and cash equivalents beginning of year 10,994,993

Cash and cash equivalents end of year \$ 10,306,467

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss \$ (6,468,526)

Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation expense	7,796,759
Loss on disposal of capital assets and inventory	178,748
(Increase) in accounts receivable	(4,605,561)
Decrease in due from other state agencies	3,583,548
Decrease in inventory	32,232
Decrease in prepaid expense	216,574
(Decrease) in deferred revenue	(24,190)
(Decrease) in accounts payable	(1,633,136)
(Decrease) in due to other state agencies	(106,003)
Increase in compensated absences	506,928

Total adjustments 5,945,899

Net cash used by operating activities \$ (522,627)

Statement of Net Assets

June 30, 2008

(Unaudited)

Assets

Current assets:

Cash and cash equivalents	\$ 10,306,467
Accounts receivable, net	4,976,703
Interest receivable	98,122
Inventory	1,080,900
Prepaid expense	193,714
Total current assets	<u>16,655,906</u>

Noncurrent assets:

Capital assets, net	28,631,705
Prepaid expense	305,356
Total noncurrent assets	<u>28,937,061</u>

Total assets

45,592,967

Liabilities

Current liabilities:

Accounts payable	2,281,940
Due to State Treasurer	250,000
Deferred revenue	38,185
Compensated absences	621,907
Total current liabilities	<u>3,192,032</u>

Noncurrent liabilities:

Due to State Treasurer	500,000
Compensated absences	420,809
Other Post-Employment Benefits	48,590
Total noncurrent liabilities	<u>969,399</u>
Total liabilities	<u>4,161,431</u>

Net Assets

Invested in capital assets	28,631,705
Unrestricted	<u>12,799,831</u>
Total net assets	<u>\$ 41,431,536</u>

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2008
(Unaudited)

Operating revenues:

Sales, rents and services	\$ 32,437,651
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Operating expenses:

Direct expenses	11,756,699
Depreciation expense	7,796,759
Other operating expenses	9,768,730
General and administrative expenses	9,583,989
Total operating expenses	<u>38,906,177</u>

Operating loss	(6,468,526)
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Non-operating revenues:

State appropriations	2,067,000
Investment income	344,392
Total non-operating revenues	<u>2,411,392</u>

Decrease in net assets	(4,057,134)
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Net assets beginning of year, as restated	<u>45,488,670</u>
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Net assets end of year	<u><u>\$ 41,431,536</u></u>
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IOWA COMMUNICATIONS NETWORK
FISCAL YEAR ENDING JUNE 30, 2010
OPERATING BUDGET PROPOSAL FY10

	Budget for FY 2009	Proposed Budget for FY 2010
REVENUES		
Voice Revenues	\$ 8,972,031	\$ 9,065,005
Data Revenues	17,955,318	18,551,420
Video Revenues	4,209,858	3,677,931
Installation Charges	867,500	1,202,250
Equipment Appropriation Request	2,190,123	2,211,000
Other Revenues	573,878	602,872
<i>Gross Revenues</i>	\$ 34,768,708	\$ 35,310,478
DIRECT EXPENSES		
Toll	277,279	263,751
Switched Access	1,379,345	1,351,915
Other Voice Direct Expenses	1,929,940	2,022,271
Data Circuit Expenses	6,848,316	7,129,002
Video Direct Expenses/Other expenses	499,310	495,068
Installation Expenses	499,500	703,750
<i>Total Direct Expenses</i>	\$ 11,433,690	\$ 11,965,757
<i>Gross Margin</i>	\$ 23,335,018	\$ 23,344,721
OPERATING EXPENSES		
System Maintenance and Technical Support	7,554,339	7,853,233
Outside Plant Expenses	1,118,708	1,231,931
Other Operating Expenses	873,431	1,026,279
<i>Total Operating Expenses</i>	\$ 9,546,478	\$ 10,111,443
<i>Net Margin</i>	\$ 13,788,540	\$ 13,233,278
GENERAL, SALES, AND ADMINISTRATIVE		
Personnel Services	9,088,241	9,348,958
Travel	173,350	172,250
Data Processing, ITE	96,529	96,529
Other Administrative Expenses	880,917	390,036
Professional Fees	507,406	290,940
<i>Total G, S, and A Expenses</i>	\$ 10,746,443	\$ 10,298,713
<i>Net Cash (Deficit) from Operations</i>	\$ 3,042,097	\$ 2,934,565
EQUIPMENT PURCHASES		
Network (net)	3,042,097	2,934,565
<i>Net Equipment Purchases</i>	\$ 3,042,097	\$ 2,934,565
<i>Net Cash (Deficit)</i>	\$ -	\$ -