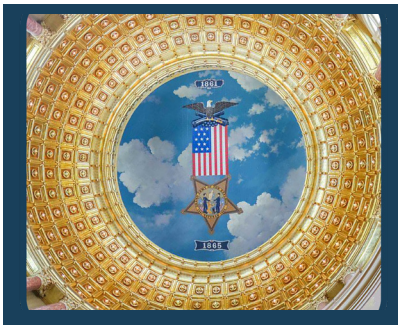
ANNUAL REPORT

Iowa Communications Network

Delivering innovative, secure, and reliable network and technology solutions for education, healthcare, public safety, and government across Iowa.













Explore More





Fiscal Year 2026

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Agency Direction

Mission

Committed to delivering innovative, secure, and reliable network and technology solutions for education, healthcare, public safety, and government across Iowa.

Vision

Operate as the Managed Service Provider securing Iowa's critical infrastructure, leveraging public-private partnerships to maximize our statewide asset for the benefit of all Iowans.

Legislative Session Recap

Commissioner Reappointment

Denise Sturm's ITTC membership appointment was confirmed by the Senate on March 30, 2026.

Contracts Exceeding $1 Million

Code of Iowa Reference

Pursuant to the Code of Iowa, Section 8D.3(3)(f), the Iowa Communications Network (ICN) reports no contracts exceeding $1 million entered into during FY 2026.

Commission and Leadership

Iowa Telecommunications and Technology Commission

Appointed by the Governor

Steve Olson, Chair | Robert Holz | Brett Mason | Carmine Boal | Denise Sturm

Rob Sand
ex officio, State of Iowa Auditor

Matt Behrens
ex officio, Chief Information Officer

Executive Leadership Team

Ryan Mulhall
Executive Director
Appointed by the Governor

Scott Pappan
Deputy Director

Leadership Team

Mike Cruise, Director of Finance

Stephanie DeVault, Director of Business Services

Patrick Kazeze, Director of Facilities, Cable Plant, NOC

Connor Kuehl, Director of Networking & Engineering

Our Priorities

1 Decrease Expenses

- Be ruthlessly efficient by constantly evaluating all hardware and software costs.
- Deeply understand our true cost of services.
- Eliminate legacy technical debt.

2 Increase Revenue

- Drive top-line growth to make payroll, fund network upgrades, and invest in our core functions.
- Act as the State's premier connectivity broker.
- Aggressively monetize our new reseller agreements.

3 Managed Service Provider

- Shift from a commodity "Pipes" provider to an MSP.
- Serve as the State's ultimate cybersecurity shield and unified communications broker.
- Absorb the network complexity for our users so they can focus on their core missions.

4 Tool/System Modernization

- Stop using generic government IT tools to run a complex telecom business.
- Implement a core billing and operational engine.
- Integrate AI & automation to handle routine tasks.

November 13, 2026

The Honorable Kim Reynolds
Governor, State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Governor Reynolds:

On behalf of the Iowa Telecommunications and Technology Commission (ITTC), I am pleased to present the Iowa Communications Network (ICN) Annual Report for Fiscal Year 2026. Over the past year, ICN has taken critical steps to strengthen Iowa's digital infrastructure, delivering a modern, resilient network while accomplishing strict fiscal management.

Our core achievements from FY 2026 highlight significant milestones across financial efficiency, safety upgrades, and high-speed network performance:

- **Financial Efficiency & Modernization:** By retiring outdated equipment and streamlining operations, ICN secured over $1.2 million in annual savings. Key reductions include decommissioning the DMS-500 voice switch to save $240,000+ per year and optimizing federal fund compliance to save $480,000 annually.

- **Enhanced Public Safety at the State Capitol**: In partnership with Granite Telecommunications, ICN upgraded emergency building connections across all 13 government buildings at the State Capitol Complex. Elevator connections, emergency phones, and fire panels now operate on backup-protected systems featuring dual cellular connections and 24-hour battery backups for uninterrupted service.

- **100G Route & Direct Cloud Access**: ICN completed major infrastructure upgrades, establishing 100-Gigabit routes to Chicago and Denver, while connecting directly to the Omaha IX and Chicago Equinix exchanges. By connecting to top cloud providers like Amazon Web Services (AWS), Google, and Microsoft, Iowa's schools, hospitals, and emergency services receive faster response times, greater reliability, and larger data capacity statewide.

Through targeted financial savings, critical safety enhancements, and strategic infrastructure expansion, ICN remains committed to serving as Iowa's reliable critical infrastructure.

Sincerely,



Steve Olson
Chair, Iowa Telecommunications and Technology Commission

Critical Infrastructure for Iowans

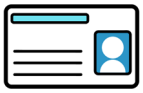
More Than a Network: Iowa's Lifeline of Safety and Connection



Every 911 call made in Iowa is transported across the statewide Network.



Iowa's hospitals and clinics are connected. They share resources, while keeping traffic inside the State.



Providing connections to courthouses, driver's license stations, and workforce development sites.

The Value of the ICN



Reinvests Back to the Private Sector

ICN reinvested $21.8 million in FY 2026, directing $8 million to private telecoms and the remainder to the private sector.



Connecting all 99 Counties

ICN connects all 99 counties with its 3,400 miles of owned fiber and leased connections.



$143 Million in Savings

Over the years, ICN has saved Iowa's schools, libraries, hospitals, clinics and healthcare providers millions of dollars in telecom services.



Closed Users Group

Dedicated support for public safety, healthcare, government & education sectors. All calls handled by local technicians.



Middle Mile Provider

We play a critical role as a middle mile provider. The importance of middle-mile providers is growing as demand for bandwidth increases.



Cybersecurity Protection

Over 97,840 DDoS attacks on the State network were successfully blocked in FY 2026, thanks to ICN's cybersecurity protection.



Essential Connections

Each day, public safety officers communicate across the Land Mobile Radio system. That radio traffic travels on the ICN.



Network Core Uptime at 100%

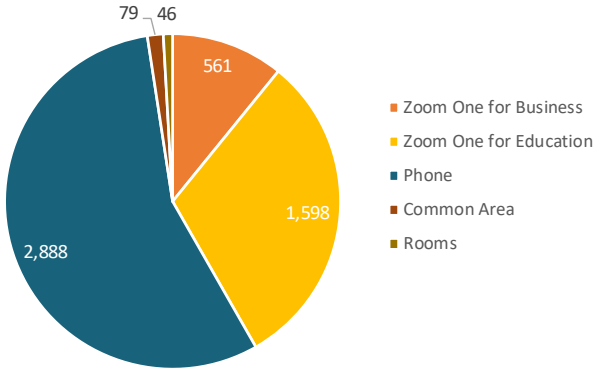
ICN's core network has maintained 100% stable and reliable uptime since FY 2022.

Service Overview

Voice

As a Zoom reseller, ICN offers a range of flexible and comprehensive features to our customers.

Customer License Count for Zoom Products



Additional products and services such as webinars, recordings, and support are also available.

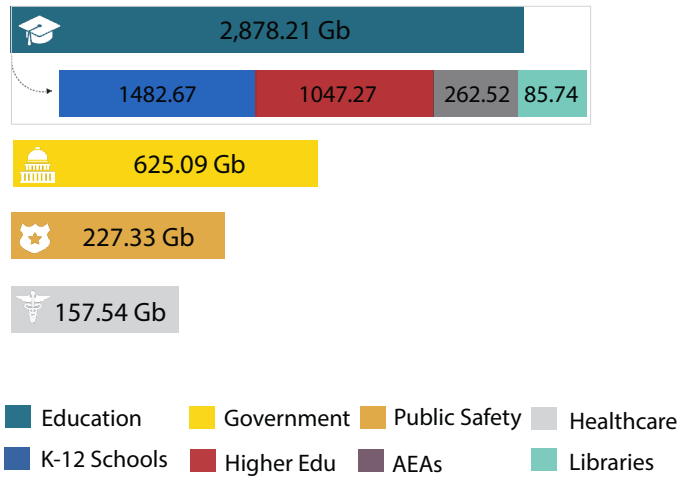
Managed Voice Service (Lumen)

Currently serving 109 customer groups and 3,711 employee seats.

Internet

Operating as a critical middle-mile provider, the ICN meets the rapidly escalating demand for network bandwidth, maintaining a total purchased capacity of 3,888.17 Gb.

Internet Purchased by Sector



Security

DDoS Mitigation

Customers benefit from our advanced monitoring system, which incorporates automatic detection of attacks.

97,840

DDoS attacks detected on the State's Network that were successfully mitigated by the ICN in FY 2026.

11 hrs, 59 mins, 6 secs

Longest DDoS attack mitigated on the State's Network.

37.42 TB

Largest total DDoS attack mitigated on the State's Network.

Agency Accomplishments

Network Infrastructure & Expanded Capacity

Public-Private Partnerships

Omaha IX Peering Established

July 1, 2025

ICN joined the Omaha IX internet exchange at 1623 Farnam Data Center in Omaha, Nebraska. This presence enabled direct local peering with major content and cloud providers, resulting in faster, lower-latency connectivity to Iowa's public safety, healthcare, government, and education networks.

BOREAS Partnership *(Broadband Optical Research, Education and Sciences Network)*

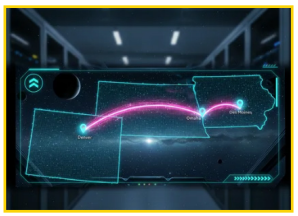
September 2025

ICN announced a regional network connection with the BOREAS Network. This collaboration set the foundation for expanding network diversity and high-speed regional transport capacity across the Midwest.

100G Denver Route

February 2026

ICN completed a full migration onto a new 100-Gigabit (100G) route to Denver, significantly enhancing network stability and performance. In partnership with Uniti and Great Plains Communications, ICN established a new colocation instance at 1623 Farnam in Omaha, providing a direct link to the 100G Denver path and increasing Midwest peering capacity.



100G Chicago Route

June 2026

ICN reached another major milestone by activating a dedicated 100G route to Chicago in collaboration with the BOREAS Network. Connecting directly to Internet Exchange Points (IXPs) at Equinix in Chicago allows ICN to peer directly with cloud providers like Google, AWS, and Microsoft, eliminating unnecessary network "hops" to deliver low latency and massive bandwidth to Iowa's public sector.



Upgrading Safety Systems at the Capitol Complex



Public-Private Partnership

ICN and Granite Telecommunications completed a major safety upgrade across all 13 government buildings at the State Capitol Complex in Des Moines.

Elevator connections, emergency phones, and fire panel systems now rely on a platform backed by direct fiber internet and dual cellular providers. This built-in redundancy ensures that there is no service disruption. Additionally, 24-hour battery backups keep critical emergency lines running even during power outages.

Financial Accomplishments



Decommission the DMS-500 Voice Switch

The decommissioning of the DMS-500 Voice switch eliminated significant operational liabilities, specifically, reliance on obsolete parts. This milestone captured more than $720,000 in annualized cost reductions by decommissioning the obsolete voice switch.

Outsource Legacy Voice

Public-Private Partnership

A sub-project of the decommissioning of the Voice switch included successfully transitioning all long-distance customer Voice traffic to a modern platform, leveraging a new public-private partnership with Aureon. ICN secured the ongoing, reliable delivery of long-distance voice services to communities across Iowa.

Universal Service Fund (USF) Optimization

ICN is actively restructuring its Universal Service Fund (USF) categorization to align with 2014 regulatory shifts. ICN implemented a retroactive review to eliminate the agency's $40,000 monthly USF contribution ($480,000 annually), directly enhancing the long-term fiscal stability of the ICN.



Fiber Buffer Zone Efficiency and Cost Savings

The reduction of the ICN-designated fiber-optic buffer zone from 200 feet down to 50 feet aligns ICN with standard industry utility practices. This change has yielded immediate operational savings while modernizing agency work-flows.

By narrowing this boundary, monthly locate costs dropped significantly from $9,558 in May 2026 to $6,016 in June 2026, delivering a $3,541 monthly expense reduction driven primarily by a 46.75% decline in ticket volume (falling from 400 to 213 tickets). This shift successfully curbed unnecessary dispatch expenses while reallocating resource capacity. While managing a narrower safety boundary requires active risk oversight regarding fiber protection, this change successfully balances fiscal responsibility with lean operational strategy.



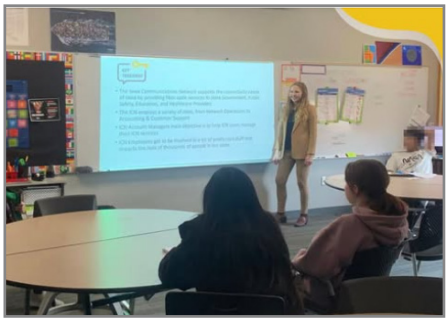
Strengthening Infrastructure Through Strategic Fiber Audits

In early 2026, ICN completed a Fiber Audit to modernize asset tracking, secure physical infrastructure, and eliminate legacy lines. Initiated following state facility transitions, this effort ensures all active fiber connections are backed by clear, enforceable contracts and recorded in a centralized system. This project delivers indirect cost savings for the State by reclaiming abandoned or underutilized fiber lines and transitioning from fragmented legacy records to an efficient digital database.

Youth Outreach

The ICN is dedicated to empowering the next generation with hands-on knowledge in technology, cabling, and cybersecurity. Throughout the year, we offered mentorship through our regular Peer to Career program with the Ottumwa Job Corps and the Statewide Youth Broadband Advisory Council (SYBAC), while also hosting facility tours and sending our staff to speak at external events.









Looking Ahead to FY 2027

System Modernization (MCL/Cadebill Deployment)

The deployment of the MCL/Cadebill core billing and operational platform represents the foundational investment in ICN's long-term operational framework. Designed to replace legacy infrastructure, this initiative focuses on streamlining work-flows, establishing a standardized book-to-bill performance metric, and enhancing financial visibility to accurately capture fully loaded service costs and drive competitive, value-based pricing.

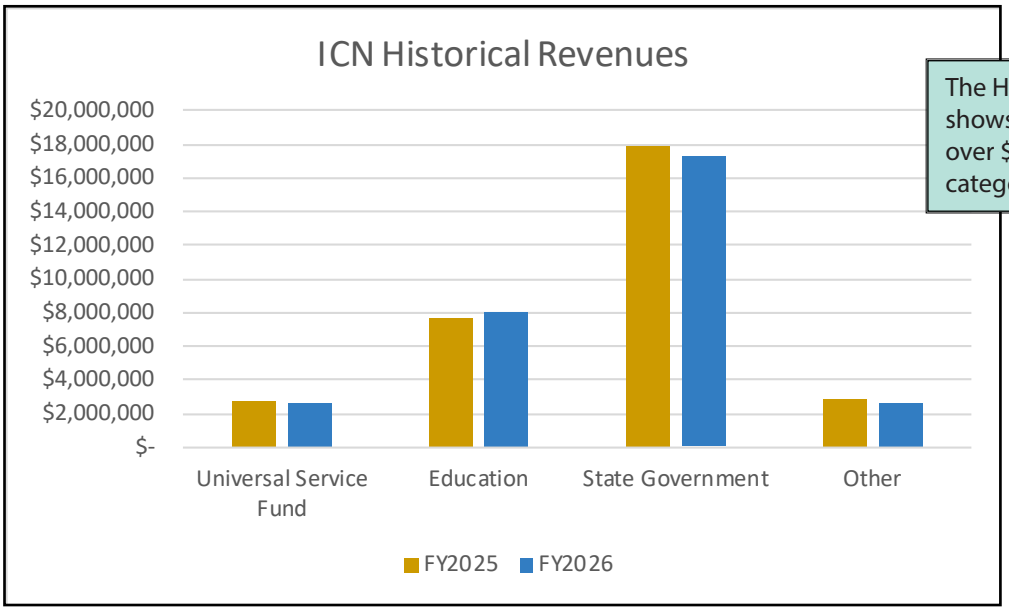
Financial Health & Operational Efficiency

We remain dedicated to maximizing value and ensuring long-term financial stability through disciplined fiscal management. We will continue optimizing our cost structure by re-evaluating recurring operational expenses and assessing our hardware and software investments to eliminate outdated technology debt.

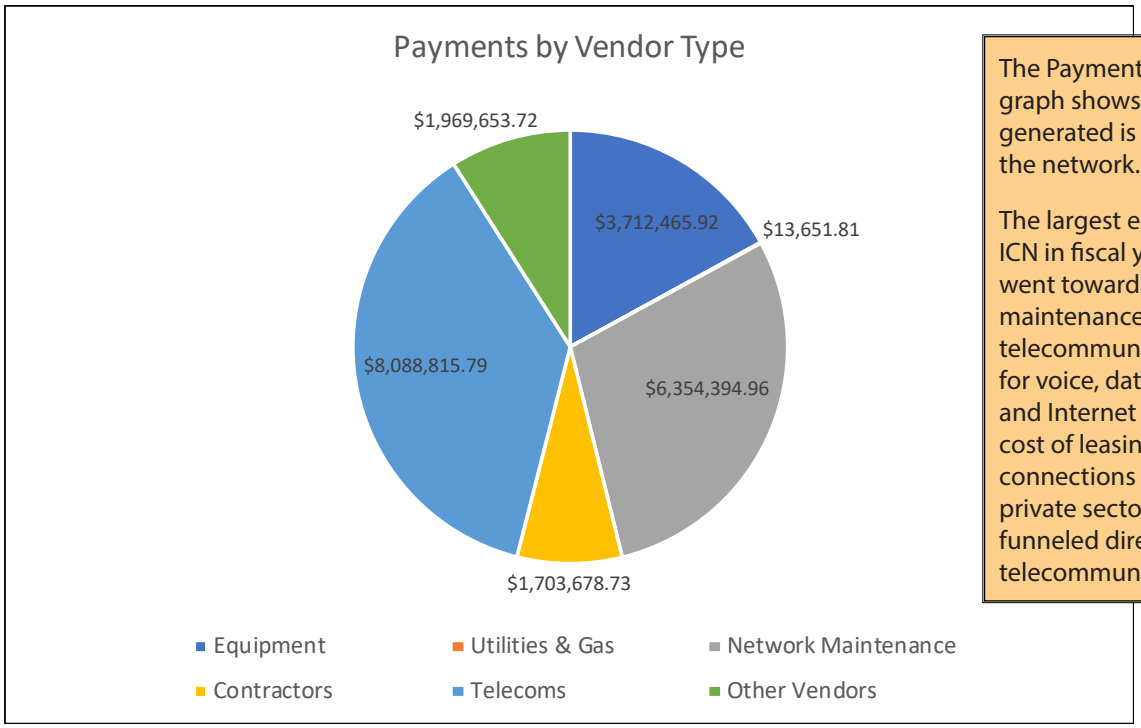
Regulatory Modernization

ICN is focusing regulatory efforts on completing the requirements of Governor Reynolds' Executive Order 10. By updating and republishing our administrative rules (Iowa Administrative Code (IAC) 751, Chapters 1–18), ICN will significantly streamline regulatory language, eliminate outdated technology references, remove unused chapters, and adopt uniform State standards to better serve Iowa's evolving digital landscape.

Financial Charts



The Historical Revenues graph shows that the ICN generated over $30M in revenue across four categories.



The Payments by Vendor Type graph shows how the revenue generated is used in supporting the network.

The largest expenses for ICN in fiscal year 2026 went toward network maintenance and payments to telecommunication companies for voice, data transport, and Internet services. The cost of leasing the "last-mile" connections from these private sector providers is funneled directly back to Iowa's telecommunications sector.

Expenses to outside vendors only. Excludes payroll and employee reimbursements.

ICN's financial statements are shown using Generally Accepted Accounting Principles (GAAP). As a government entity in a fee-for-service environment, ICN uses accrual accounting with a measurement focus emphasizing the matching of revenues with costs of services, including depreciation of assets such as network equipment and fiber. Most other State of Iowa agencies use the modified accrual accounting method with a measurement focus emphasizing control and accountability over the raising and spending of public monies.

Financial Report

Operating Budget Proposal
Iowa Communications Network
Fiscal Year Ending June 30, 2027

	FY2026 Actuals	FY26 Budget	FY27 Budget Proposal
REVENUES			
Voice Revenue	7,006,185	7,037,041	6,647,386
Data Revenue	14,960,631	14,336,209	14,984,788
Internet Revenue	5,319,123	5,799,840	5,033,654
Security Revenue	526,430	566,208	550,647
Colocation Revenue	363,705	274,500	363,485
Outside Plant Build Out	568,765	321,504	325,000
Outside Plant MRC	980,747	952,521	905,692
Network Professional Services Revenue	17,619	11,000	20,000
Structured Cabling Revenue	63,805	2,500	50,000
Interest Revenue	169,728	144,382	131,945
Other Revenue	7,018	6,015	6,045
Federal	-	-	-
Gross Revenues	$ 29,983,756	$ 29,451,720	$ 29,018,643
DIRECT EXPENSES			
Voice Direct Expense	4,767,127	4,384,420	3,651,135
Data Expenses	3,956,797	4,777,624	4,338,543
Internet Expenses	647,588	682,746	627,280
Security Expenses	311,199	65,991	145,022
Colocation Expenses	24,646	24,823	19,718
Outside Plant Build Out Expenses	322,463	112,512	112,500
Network Professional Services Expenses	-	-	-
Structured Cabling Expense	-	750	-
Total Direct Expenses	$ 10,029,820	$ 10,048,866	$ 8,894,199
Gross Margin	$ 19,953,936	$ 19,402,854	$ 20,124,444
OPERATING EXPENSES			
System Maintenance and Technical Support	2,021,936	719,044	845,504
Outside Plant Maintenance Expenses	2,160,918	2,897,834	2,060,457
Outside Plant Cost Recovery (revenue)	(598,194)	(884,478)	(588,174)
Operating Professional Fees	3,713	100,800	4,000
Other Operating Expenses	511,857	451,259	541,620
Total Operating Expenses	$ 4,100,230	$ 3,284,459	$ 2,863,407
Net Margin	$ 15,853,706	$ 16,118,395	$ 17,261,037
GENERAL AND ADMINISTRATIVE			
Personnel Services (ICN)	8,903,288	9,004,956	9,000,990
Personnel Services (Contracted)	5,671,993	6,055,438	6,204,690
Travel	(11,870)	43,283	29,061
Other General & Administrative Expenses	843,146	850,876	933,295
Professional Fees	3,685	-	165,000
Total G, S, and A Expenses	$ 15,410,242	$ 15,954,553	$ 16,333,036
Net Cash (Deficit) from Operations	$ 443,464	$ 163,842	$ 928,001
CAPITAL BUDGET			
Capital Expenditures	329,042	163,842	928,001
Net Equipment Purchases	$ 329,042	$ 163,842	$ 928,001
Net Cash (Deficit)	$ 114,422	$ 0	$ 0

Financial Report

Statement of Net Assets
Iowa Communications Network
For the Thirteen Months Ending
Tuesday, June 30, 2026

	June Fiscal Year 2026	June Fiscal Year 2025	Increase (Decrease) Amount	%
ASSETS				
Cash & Cash Equivalents	$3,676,515.61	$3,729,116.51	($52,600.90)	(1.41%)
Accounts Receivable	3,768,363.78	4,403,013.02	(634,649.24)	(14.41%)
Due From Other Agencies	0.00	31,232.56	(31,232.56)	(100.00%)
Interest Receivable	32,661.61	24,671.02	7,990.59	32.39%
Inventory	701,885.43	910,050.63	(208,165.20)	(22.87%)
Prepaid Expenses	926,893.09	1,027,381.44	(100,488.35)	(9.78%)
Total Current Assets	9,106,319.52	10,125,465.18	(1,019,145.66)	(10.07%)
Fixed Assets(Net)	3,387,496.82	3,445,210.84	(57,714.02)	(1.68%)
Lease Assets(Net)	3,671,613.26	4,055,194.03	(383,580.77)	(9.46%)
Other Assets	117,000.00	864,639.00	(747,639.00)	(86.47%)
Total Deferred outflows of resources	1,085,411.21	1,012,537.02	72,874.19	7.20%
TOTAL ASSETS	**$17,367,840.81**	**$19,503,046.07**	**($2,135,205.26)**	**(10.95%)**
LIABILITIES				
Accounts Payable & Accruals	2,292,465.48	3,429,289.53	(1,136,824.05)	(33.15%)
Sick Leave Incentive Program - Retirees	33,844.00	42,816.00	(8,972.00)	(20.95%)
Current Portion, Long-Term Debt	55,824.94	0.00	55,824.94	0.00%
Current Portion, Lease Liability	708,596.78	713,914.61	(5,317.83)	(0.74%)
Unearned Revenue	278,063.08	451,942.05	(173,878.97)	(38.47%)
Short-Term Compensated Absences	471,940.96	476,335.43	(4,394.47)	(0.92%)
Sick Leave Incentive Program - Employees	67,365.27	59,498.32	7,866.95	13.22%
Other Post-Employment Benefits	34,259.00	34,246.97	12.03	0.04%
Total Current Liabilities	3,942,359.51	5,208,042.91	(1,265,683.40)	(24.30%)
LT Sick Leave Incentive Program - Retirees	34,095.00	71,875.00	(37,780.00)	(52.56%)
Long-Term Debt	233,518.73	0.00	233,518.73	0.00%
Long-Term Lease Liability	3,012,584.70	3,390,847.64	(378,262.94)	(11.16%)
Long-Term Compensated Absences	314,627.31	317,556.96	(2,929.65)	(0.92%)
LT Sick Leave Incentive Program - Employees	865,285.13	810,994.37	54,290.76	6.69%
Accrued Sick Leave	38,416.00	58,669.27	(20,253.27)	(34.52%)
Other Post-Employment Benefits	623,257.00	497,232.42	126,024.58	25.35%
Net Pension Liabilities	1,651,342.00	2,610,017.00	(958,675.00)	(36.73%)
Total deferred inflows of resources	1,187,116.00	1,283,468.97	(96,352.97)	(7.51%)
Total Long-Term Liabilities	7,960,241.87	9,040,661.63	(1,080,419.76)	(11.95%)
TOTAL LIABILITIES	**11,902,601.38**	**14,248,704.54**	**(2,346,103.16)**	**(16.47%)**
FUND EQUITY				
Retained Earnings	5,465,239.43	5,254,341.53	210,897.90	4.01%
TOTAL FUND EQUITY	**5,465,239.43**	**5,254,341.53**	**210,897.90**	**4.01%**
TOTAL LIABILITIES & FUND EQUITY	**$17,367,840.81**	**$19,503,046.07**	**($2,135,205.26)**	**(10.95%)**

Financial Report

Statement of Changes in Net Position
Iowa Communications Network
For the Thirteen Months Ending
Tuesday, June 30, 2026

	June Fiscal Year 2026	June Fiscal Year 2025	Increase (Decrease) Amount	Increase (Decrease) %
OPERATING REVENUES				
Operating Revenues:				
Sales, rents & services	$30,662,723	$31,184,941	($522,217)	(1.67%)
TOTAL OPERATING REVENUES	**30,662,723**	**31,184,941**	**(522,217)**	**(1.67%)**
OPERATING EXPENSES				
General & Administrative	8,467,768	9,867,211	(1,399,443)	(14.18%)
Depreciation & Amortization	1,684,445	1,766,341	(81,897)	(4.64%)
Direct	9,088,805	9,882,015	(793,210)	(8.03%)
Operations	11,076,280	12,252,542	(1,176,261)	(9.60%)
TOTAL OPERATING EXPENSES	**30,317,298**	**33,768,109**	**(3,450,811)**	**(10.22%)**
OPERATING INCOME (LOSS)	**345,425**	**(2,583,169)**	**2,928,594**	**(113.37%)**
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	159,565	208,592	(49,027)	(23.50%)
Non-Operating Expense - Other	(294,092)		(294,092)	0.00%
NET NONOPERATING REVENUES (EXPENSE)	**(134,527)**	**208,592**	**(343,120)**	**(164.49%)**
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	**210,898**	**(2,374,576)**	**2,585,474**	**(108.88%)**
Transfers out				
CHANGE IN NET POSITION	**210,898**	**(2,374,576)**	**2,585,474**	**(108.88%)**
NET POSITION - JUNE 30	**5,254,342**	**7,628,918**	**(2,374,576)**	**(31.13%)**
NET POSITION - JUNE 30	**5,465,239**	**5,254,342**	**210,898**	**4.01%**

2026 | ANNUAL REPORT

Iowa Communications Network
Grimes State Office Building
400 E 14th Street
Des Moines, IA 50319

icn.iowa.gov