

TERRY BRANSTAD, GOVERNOR

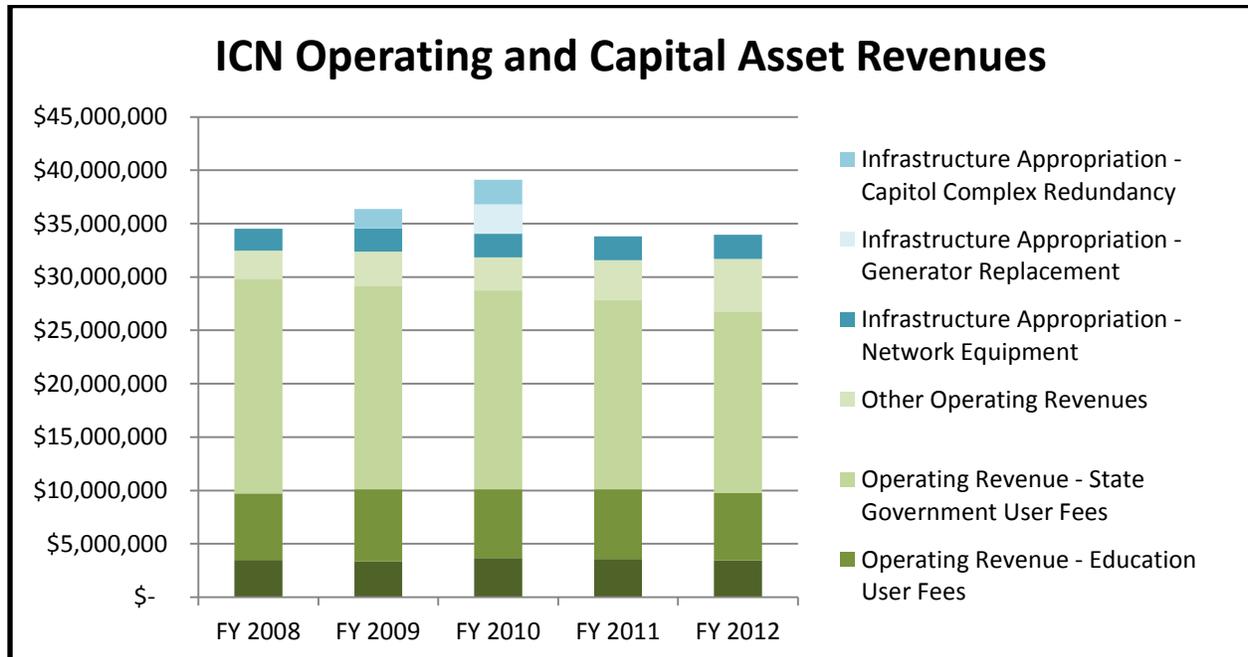
KIM REYNOLDS, LT. GOVERNOR

IOWA COMMUNICATIONS NETWORK

SHARING IOWA'S INFINITE POSSIBILITIES

Revenues and Expenses

Unlike most state departments and agencies, the Iowa Communications Network (ICN) operates with fee-based revenues rather than General Fund Appropriations. Below is a graph depicting the operating revenues and capital asset appropriations that ICN has received during the past five fiscal years.



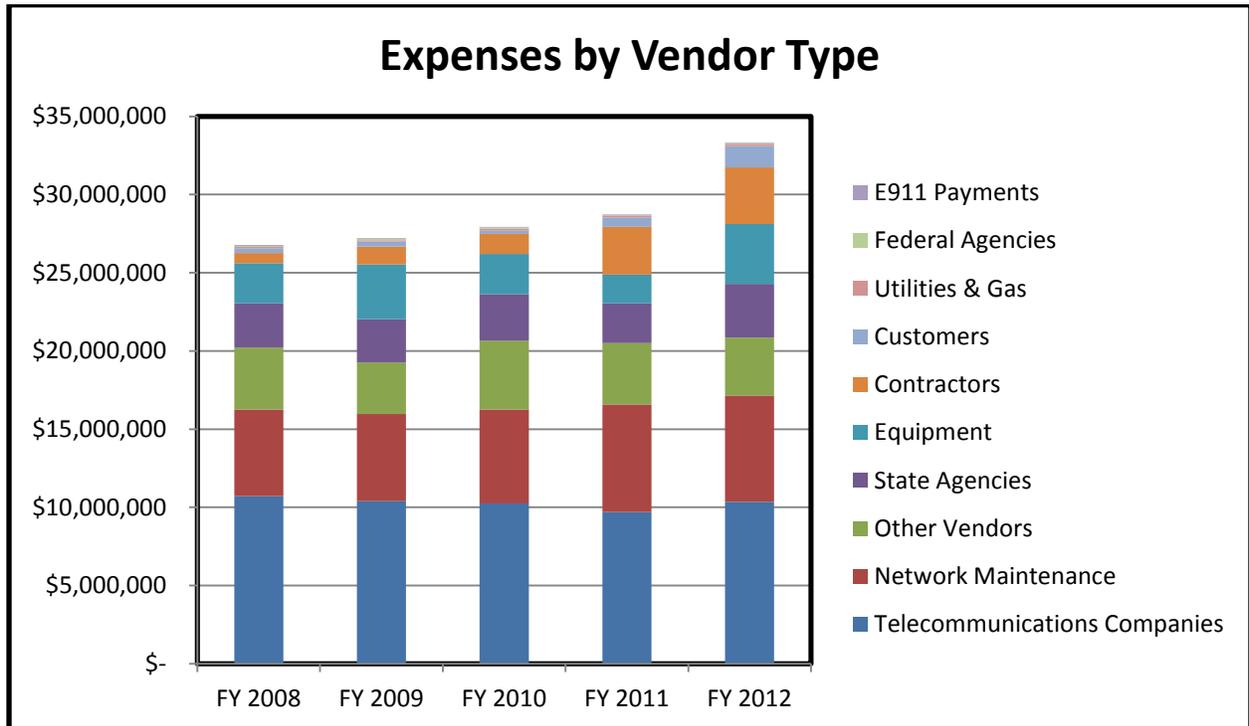
During this time frame, a majority of the operating revenues have been realized from the Network's largest users which are state government agencies. Besides supplying the video and data services to authorized users, the ICN is the corporate telecommunications provider for the state government enterprise and provides line side telephone services on the Capitol Complex and other locations throughout the metro Des Moines Area.

Capital asset revenues are appropriated from infrastructure funding sources such as the Technology Reinvestment Fund. To ensure ICN's eligibility to receive a portion of the Universal Service Fund reimbursements on behalf of Iowa schools and libraries, a network infrastructure investment must be made by the State. The Equipment Appropriation has provided that investment requirement by annually providing the ICN with approximately \$2.2 million.

ICN relies on partnerships that have been created with various private sector companies to deliver services to authorized users. The largest percentage of ICN expenses is a result of the "last-mile"

DAVE LINGREN, EXECUTIVE DIRECTOR

connections provided to ICN users. Last mile is a descriptor for the portion of the connection that links the customer with the main network backbone. It can be much less or greater than a mile. ICN also uses a private contractor for network maintenance. Their experience in staffing the Network Operations Center and delivering repair and maintenance services in the field is vital. In many cases, the ICN is the broker that enables government, educational, and medical users to receive volume advantages that they would not receive otherwise.



The expenses by Vendor Type chart shows the ICN expenses paid to vendors in various categories for Fiscal Years 2008 to 2012. Payments to Telecommunications Companies exceed the payments to other vendor types in each year.