![Regional Wireless Cooperative]

Regional Wireless Cooperative

2011 ANNUAL REPORT

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EXECUTIVE DIRECTOR'S MESSAGE

Dear RWC Board of Directors and Community Members:

It is with great pleasure that I submit this first annual report highlighting the achievements of many individuals who serve and support the Regional Wireless Cooperative (RWC).

As described in the following pages, the RWC is a public safety radio communications system conceived, planned, funded and deployed through members representing 18 cities, towns and fire districts in the greater Phoenix metropolitan area.

Since the events of September 11, 2001 the vision of a multi-jurisdictional, interoperable public safety radio system has been brought to life through the efforts of a large team of government and private sector professionals. Today, the RWC is one of the largest, most complex public safety radio networks in the country, supporting over 14,600 front-line member users and over 6,800 non-member interoperability participants who engage in some of the most hazardous duties in America.

Formally known as the Phoenix Regional Wireless Network (PRWN), the RWC has been operational for many years with the current intergovernmental agreement (IGA) ratified in February 2009. This IGA formed the structure and necessary support staff to assist the City of Phoenix, as the Administrative Managing Member; to plan, maintain, expand and modernize the RWC network. In May 2010, I was hired as the RWC's first executive director. Throughout the course of this year I was privileged to hire and elicit the assistance of an exceptional staff who established the RWC office and administrative structures.

The City of Phoenix Information Technology/Radio Services team has worked tirelessly this year with RWC members and Motorola Solutions to make significant progress integrating the cities of Chandler, Scottsdale, Buckeye, Goodyear, Avondale and Tolleson into the RWC fold, managing numerous projects that will enhance the RWC's coverage footprint and provide back-up capabilities in the event of emergencies.

My thanks goes out to the Board of Directors, Executive Committee, Operations Working Group, Phoenix Information Technology and so many other partners and individuals, for your positive and unrelenting support. Your efforts have made the Regional Wireless Cooperative a national model of cooperation and success for the public safety professionals who dedicate their lives to the protection of our communities and our citizens.

Sincerely,

David Felix
Executive Director
Regional Wireless Cooperative

OVERVIEW

Background

The VHF communications system formerly used by the City of Phoenix's public safety and other departments was based on 1950s technology and unable to meet the operational needs of its users. After much study and several consultants' recommendations, the City replaced the existing system with a Project 25, digital, 800 MHz trunked radio system. 2001 Bond Funds were approved by Phoenix residents to pursue the replacement, which was completed in 2005.

The City formed the Phoenix Regional Wireless Network (PRWN) and began transitioning Phoenix Police, Fire and municipal departments to the new system. PRWN was intended to be a regional radio system supporting the City's operations as well as the Fire Department's automatic aid partners.

In 2008, in order to meet the needs of the expanding network and its many new partners, the Regional Wireless Cooperative (RWC) was formed; PRWN transitioned to RWC upon its formation. The RWC now oversees the administration, operation, management, maintenance and growth of this regional communications network.

Governance

The RWC is a cooperative body formed under an Intergovernmental Agreement. Membership is open to all local, state, and federal governmental entities and tribal entities and is expected to include the majority of cities in the Phoenix metropolitan area. Governance provides for a Board of Directors consisting of one executive representative from each Member. The Board directs the operation, maintenance, planning, design, implementation, and financing of the RWC.

The City of Phoenix serves as the "Administrative Managing Member" responsible for the administration and financial management of the RWC. Four administrative staff positions support the RWC: Executive Director, Accountant III, Management Assistant I, and Administrative Aide. RWC staff are City of Phoenix employees residing in the Government Relations office.

System Description

The RWC is a large, Public Safety radio network based on the Project 25, Phase I Standard. The network is an ASTRO 25™, Integrated Voice and Data, trunked radio system. It operates in the 700/800 MHz frequency bands and uses standard Simulcast, IP Simulcast, and individual site trunking. The network consists of seven (7) major simulcast subsystems and ten (10) Intelligent Site Repeaters (ISRs).

The system provides seamless, wide area coverage across the entire metropolitan area. It is data capable, but at the current time is only used in a data capacity to provide encryption services.

Some of the benefits of this large regional radio system include wide area coverage beyond what cities could achieve individually; seamless *interoperability* (the ability for diverse public safety agencies to communicate directly, in real-time, as the need requires); shared resources, such as people, equipment and tower sites and funding and financial responsibilities shared by all members based on their relative size, measured by the number of radios on the network and increased success in obtaining state and federal grant support.

OVERVIEW (continued)

Interoperability

The RWC system has provided a platform on which to build interoperability with many other agencies. Because of the regional nature of the system, significant grant funding has been made available to increase the regional use of the system and reduce the cost of membership in the RWC. Grants have been used to link the many dispatch centers, also known as Public Safety Answering points (PSAPs), in the Valley; add the City of Tempe to the network; increase system capacity to allow greater roaming and interoperability; add several mountain sites to be used for very wide-area coverage, emergency backup and wide area interoperability; provide connectivity to Peoria's new system; and provide cache radios to be used for emergencies.

The RWC system has been effectively used to provide interoperable communications for several special events in the metropolitan area. The system was used during the 2004 Presidential Debate linking motorcade officers, providing interoperability for Tempe and ASU, and administrative communications for the ASU staff coordinating the debate. The system provided support for the annual Fiesta Bowls, the BCS football game, the 2008 Super Bowl, and the 2009 NBA and 2010 MLB All Star games. The Super Bowl, in particular, clearly demonstrated the need for a truly regional radio system and has prompted more discussions between the metropolitan cities regarding more effective use of the RWC.

Many non-members of the RWC have programmed radios to allow them to interoperate with RWC members and other agencies around the Valley. These agencies include members of federal, tribal, state, county, local, quasi-government and support agencies:

Arizona State University
Alcohol Tobacco and Firearms
Arizona Department of Corrections
Arizona Department
  of Emergency Management
Arizona Department of Health Services
Arizona Department of Public Safety
Arizona Department of Transportation
Arizona Government
  Information Technology Agency
Arizona Department
  of Liquor License and Control
Arizona Radiation Regulatory Agency

Arizona Terrorism Liaison Officers
Central Arizona Project
Gila River Indian Community
Maricopa County Adult Probation
Maricopa County Sheriff's Office
PMT and Southwest Ambulances
TOPAZ Regional Wireless Cooperative
Transportation Security Administration
US Dept of Justice
US Drug Enforcement Agency
US Federal Bureau of Investigation
US Federal Reserve Bank
US Marshals Service

MISSION STATEMENT

The Mission of the Regional Wireless Cooperative (RWC) is to provide seamless operable and interoperable communications for all Members through a governance structure founded on the principle of cooperation for the mutual benefit of all Members.

In November of 2010, the newly formed staff of the RWC, as a component of the City of Phoenix's Government Relations Department, met to develop a strategic plan to assist them in serving the needs of RWC Members, Board of Directors, Executive Committee and other work groups. The following Value Statements are intended to focus staff's efforts and memorialize their commitment to support the RWC Mission:

We Are Dedicated to Serving Our Customers
We succeed by responding to and focusing our attention on the needs of our customers.

We Value and Respect Diversity
Understanding diversity helps us to work together and serve our communities.

We Work as a Team
Teamwork is the basis of our success. We use cooperation as our first tool in working with others.

We Each Do All We Can
We each have the opportunity and responsibility to develop and use our skills to the highest level.

We Learn, Change and Improve
We are open to new methods and we listen and learn from others. Training and education is the basis for our success.

We Focus on Results
Each of us knows the level of our customer satisfaction, our response time in delivering services and the cost of those services. We use information about the results we provide so we can improve.

We Work with Integrity
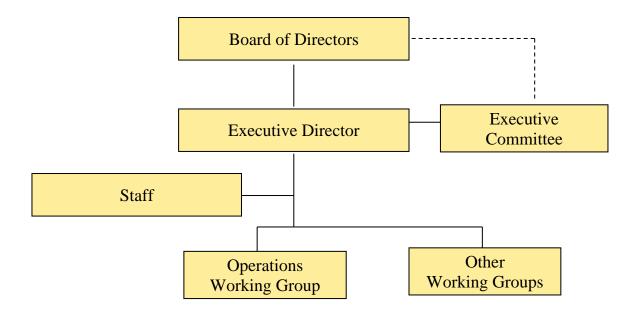Whenever we make a decision, provide a service or deal with customers, we act with honesty and integrity.

We Make the RWC Better
We work to make the RWC better. Improving the RWC is the reason we come to work each day.

ORGANIZATIONAL STRUCTURE

The RWC is governed by a Board of Directors, with all members of the RWC having a seat and a vote on the Board. The Executive Director reports to the Board of Directors and serves as a non-voting member of the Board-appointed Executive Committee. The Executive Director is supported by the Executive Committee, Operations Working Group, and other Working Groups, in addition to three staff positions who assist with the administration and financial management of the RWC. The Executive Director and staff are City of Phoenix employees residing in the Office of Government Relations.

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                    │  Board of Directors  │- - - - - - - - ┐
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                    │  Executive Director  │────│     Executive        │
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       │    Staff    │─────────┤
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        │   Operations     │        │      Other        │
        │  Working Group   │        │  Working Groups   │
        └──────────────────┘        └───────────────────┘
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MEMBERS

Avondale

Buckeye Arizona

Chandler • Arizona

Daisy Mountain Fire Department

City of El Mirage Arizona Inc 1951

Glendale

Goodyear Arizona

Town of Guadalupe

City of Maricopa

City of Peoria

City of Phoenix

City of Scottsdale

Sun City Fire Dept Arizona

Sun City West Arizona Fire District

Fire Dept. Sun Lakes, Arizona

Surprise Arizona

Tempe

City of Tolleson Arizona

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BOARD OF DIRECTORS

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EXECUTIVE COMMITTEE

The purpose of the Executive Committee is to provide high level expertise in communications and operations, advise the Board of Directors, help direct the efforts of the Executive Director and provide intermediate strategic direction for the RWC. Functions of the Executive Committee include review and approval of all proposals and recommendations, budget and financial reports, Network performance reports, and Board of Directors meeting agendas prior to submittal to the Board of Directors. The Executive Committee also identifies performance issues and recommendations for Network enhancements and construction.

The Executive Committee consists of five Representatives appointed by the Board of Directors, plus the Executive Director who is a non-voting member. Representatives, selected from the RWC Membership, consist of: one (1) Police Department executive manager; one (1) Fire Department executive manager; one (1) Municipal executive manager; one (1) Chief Information Officer (or equivalent); and one (1) executive manager from a Network Managing Member. The Executive Committee may not be comprised of Representatives from only one Member and every two years the Board of Directors reviews the Executive Committee representation. The Executive Committee Chair serves a two-year term.

The Executive Committee conducts regularly scheduled meetings at least once monthly prior to the Board of Directors meeting.

Executive Committee Members

Chair
Bill Phillips
Enterprise Technology Manager
City of Phoenix
602-261-8285
bill.phillips@phoenix.gov

Carol Campbell
Communications Manager
City of Surprise
623-222-4323
carol.campbell@surpriseaz.gov

Larry Rooney
Deputy Fire Chief
City of Peoria
623-773-7905
larry.rooney@peoriaaz.gov

Dave Heck
Deputy Director of Finance and
Technology / Chief Information Officer
City of Tempe
480-350-8777
dave_heck@tempe.gov

Shannon Tolle
Information and Technology
Communications Director
City of Scottsdale
480-312-7631
stolle@scottsdaleaz.gov

OPERATIONS WORKING GROUP

The Operations Working Group is responsible for addressing Network operational issues and maintaining Board-approved comprehensive policies and procedures for the operation and maintenance of the Network. The Operations Working Group reviews the RWC policies and procedures on an as needed basis, but not less than bi-annually, and submits necessary revisions to the Executive Director for Board of Directors' approval.

Each Member may have up to three (3) representatives ("Agency Representatives"), with one (1) Agency Representative each from a Law Enforcement Agency, Fire Services Agency and Municipal Agency. However, each Member may only have an Agency Representative from each agency for which the Member has actual users on the Network. The Agency Representatives act as liaisons to their respective agencies and are responsible for promptly notifying the Operations Working Group of issues potentially affecting Network operations.

FINANCIAL MANAGEMENT

The responsibilities and tasks of managing the financial well being of The Regional Wireless Cooperative includes Fund Management, Budget Development, Subscriber Unit Rates and Fees, Member Billing, Procurement, Financial Reporting and Financial Audit.

RWC Budgetary Information for Fiscal Year 2010-11 and 2011-12

	FY 2010-11	FY 2011-12
Operations and Maintenance	$7,747,891	$8,076,023
Special Assessments – Staffing	$528,191	$590,731
System Upgrade	$505,890	$0.00
Required Minimum Balance	$0.00	$83,771
Total Budget	$8,781,972	$8,750,525
Subscriber Unit* Rate	$46.15	$39.30
Total Positions (Administrative Staff)	4	4

* Includes: mobile and portable radios, dispatch consoles and control stations.

FINANCIAL MANAGEMENT (continued)

Funding
The RWC is funded through annual membership fees and special assessments from the Members. The annual membership fees are used to pay administrative services costs, network operations and maintenance services, network infrastructure replacement, and enhancement projects such as system upgrades.

Operations and Maintenance Costs
The operations and maintenance portion of the budget is used to pay for the cost of maintaining the RWC Network. Expenditures include labor costs related to network operations and maintenance, microwave expenses, and software subscription and service agreements contracted through Motorola. Other costs include land leases, utilities charges, insurance premiums, and maintenance managing member expenses.

Special Assessments – Staffing
The special assessments for staffing are used to allocate the costs associated with the RWC Executive Director and the support staff. Such costs include salaries for staff and an Encryption Specialist, a Project Manager's wages, and office expenses.

Infrastructure Replacement and Enhancement Fund
Funds budgeted for system upgrades, infrastructure replacement and other long term capital projects are accounted for in this fund. Funds from RWC members deposited into the Infrastructure Replacement and Enhancement Fund are included in determining RWC Members' equity percentages.

Required Minimum Balance
The required minimum balance is used to provide cash flow for the cost of operating and maintaining the communications network. Member billing for the required minimum balance is accounted for in an RWC operating reserve fund.

Equity
Members of the RWC who contributed assets or funds to pay for RWC infrastructure have equity in the RWC. The total Members' equity in the RWC is equal to the Net Value of RWC.

FINANCIAL MANAGEMENT (continued)

Grants

Community Oriented Policing (COPS) 2007, Capacity Increase Executive Summary
This project represents a multi-jurisdictional, multidisciplinary approach to allowing day-to-day voice interoperability in the Metropolitan Phoenix region. Currently, system coverage exists over most of the urban area. The limitation that exists is the capacity needed to support numerous interoperability partners from local, county, state, tribal, and federal entities who are requesting access to the network to assist with preplanned events and unexpected incidents.

The goals of this proposal are to:

- Utilize existing infrastructure (coverage) and increase system capacity by the addition of 700 MHz and 800 MHz frequencies to supplement the current capacity. This project would increase capacity at the following sites:
  - Increase Simulcast A from 20 to 23 channels
  - Increase Simulcast C from 10 to 18 channels
  - Increase Simulcast G from 12 to 18 channels
- Provide an opportunity for smaller agencies to potentially join the regional system and have wide-area roaming capabilities for interoperability at lower initial costs.
- Allow outside jurisdictions the ability to operate their subscriber equipment with interoperable talkgroups on the regional network to facilitate response on day-to-day interoperability needs and during critical events or incidents that occur in the region.

The total cost of this project is $7,122,469.00. The total federal funding is $5,341,851.80 with a local match of $1,780,617.20.

Public Safety Interoperable Communications (PSIC) 2007 Executive Summary
This initiative is establishing seven (7) high elevation sites around the Central Region (Towers Mountain, White Tanks, Far North Mountain, North Mountain, Thompson Peak, South Mountain, and Sacaton). These high-sites provide a network that may be utilized by all agencies (local, county, state, federal, and tribal) that have 700MHz, P25 capable equipment. It provides on-street coverage for a majority of agencies in the Central Region without impacting any one agency's radio network. In addition, in the event of a significant system problem or failure, it serves as a back-up for the RWC, permitting it to continue operations for a significant population base in Arizona. This network will facilitate handling many major planned events and unplanned incidents each year. In order to add additional users and partners, this project also upgraded the system, to the version 7.4 platform, to accommodate additional sites, consoles, and users.

PSIC funding in the amount of $7,377,000 is being used to build-out the various high-sites. The RWC provided $8,400,000 for the system upgrade as the in-kind match for the grant. The total implementation costs are $15,777,000.

PLAN FOR THE FUTURE

RWC PROJECTS	2009/2010	2010/2011	2011/12
Governance	Support Staff	Net Ops (1); Infr (3)	Infr (2); Mwave (1)
Software & Hardware Upgrades		7.7 Funding	Windows 7
Fire Transition		Complete Non-Hazard Zone Transition; Update Radio Counts & Adjust Billing	
Buckeye		Commence Buildout	Complete Buildout; Update Radio Counts & Adjust Billing
Daisy Mountain Fire District	Evaluate Current Configuration		Evaluate & Proposal
Chandler		Complete Buildout	Update Radio Counts & Adjust Billing; Add Site O&M
Glendale & Avondale			Complete Buildout; Update Radio Counts & Adjust Billing
Goodyear		Tentative Start	Tentative Completion; Add Site O&M
Scottsdale			Transition & Project Completion; Update Radio Counts & Billing
Transit	Complete Conceptual Design		Possible Project Begins
700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)		Commence Awareness & Planning	Request to Federal Communications Commission to Delay 2017 Mandate
800 MHz Re-banding	Commence Planning		
COPS Grant Capacity Increase		Complete	End Warranty; Increase Software Subscription Agreement (SSA) & Svc
In-Fill		Complete Dove Valley & Arcadia; Add Site O&M	Increase SSA & Svc; End Warranty for ASU; Increase SSA & Svc; Complete ASU; Add Site O&M; End Warranty for Dove Valley & Arcadia
PSIC Grant High Sites	Complete North Mtn. & Far North Mtn.; Add Site O&M	Complete South Mt; Add Site O&M	Complete South & North Mt, Sacaton, Far North & Towers Mt; Add Site O&M; Increase SSA & Svc; End Warranty for South Mt; Increase SSA & Svc; Complete Thompson Peak; Add Site O&M

PLAN FOR THE FUTURE (continued)

RWC PROJECTS	2012/2013	2013/2014	2014/2015
Governance			
Software & Hardware Upgrades	7.11		7.15
Fire Transition			
Buckeye	End Warranty; Increase SSA & Svc		
Daisy Mountain Fire District			
Chandler	End Warranty; Increase SSA & Svc		
Glendale & Avondale			
Goodyear	Tentative End Warranty; Increase SSA & Svc		
Scottsdale	End Warranty; Increase SSA & Svc		
Transit	Completion by December 2012		
700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)			
800 MHz Re-banding			
COPS Grant Capacity Increase			
In-Fill			
PSIC Grant High Sites	End Warranty for North Mt & Far North; End Warranty for Sacaton & Towers Mt; Increase SSA & Svc; End Warranty for Thompson Peak; Increase SSA & Svc		
Base Station Upgrade (Product Group STR to GTR (STR will work through 7.19)		Estimated Completion; STR Parts Support Ends	
END USER PROJECTS	2012/2013	2013/2014	2014/2015
Gold Elite to MCC7500 Replacement			Parts Support Ends
MCC7500 Upgrade: General Purpose Input/Output (GPIOM) to Voice Processor Module (VPM)			Need VPM before 7.15 upgrade; GPIOM Parts Support Ends

MOTOROLA SCORECARD

The scorecard initiative, which began at the end of 2004, is a joint process between Motorola and its top customers. Scorecard customers are large entities with plans and strategies in place and who have an idea of how Motorola can assist them. At present, there are 27 scorecard customers worldwide and 11 in the United States which included 5 public safety entities.
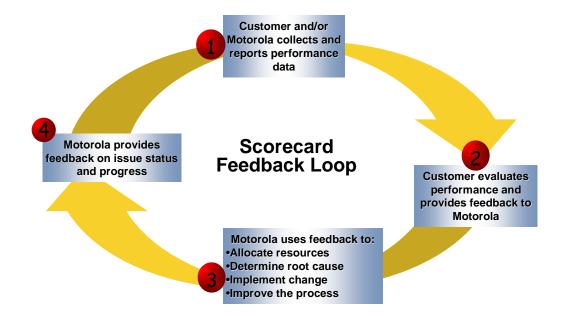
The scorecard initiative is a way for Motorola to improve its performance by validating a customer's key requirements through measurable objectives. Quarterly meetings are held with Motorola's local team, select executives, and RWC Members.

The continuous improvement model includes the collection of performance data, evaluation by the customer, and feedback to Motorola so that improvements can be made.

The 2011 Scorecard for the RWC had 13 metric/performance items. Many of the deliverables are very strategic and also help other customers of the same size. The RWC was the first to request a five-year rolling plan and now every customer's scorecard has this process.

The Scorecard Process is based on a Continuous Improvement Model

1 — Customer and/or Motorola collects and reports performance data

2 — Customer evaluates performance and provides feedback to Motorola

3 — Motorola uses feedback to:
•Allocate resources
•Determine root cause
•Implement change
•Improve the process

4 — Motorola provides feedback on issue status and progress

Scorecard Feedback Loop

PROJECTS AND ACCOMPLISHMENTS

These projects, underway in 2011 and beyond, will improve the coverage and reliability provided by the Regional Wireless Cooperative to its members.

Fire Transition

Given the need for direct radio to radio communications in the "Hazard Zone" (fire ground or hazardous materials handling area), the Fire agencies on the RWC are transitioning onto the RWC network in phases. The network is being used for all non-Hazard Zone (predominately medical response) communications and the Fire agencies are examining alternatives for meshing Hazard Zone communications with the RWC network.

RWC Build-out

Buckeye/Goodyear

Four new sites are being added to the RWC network forming a Simulcast J sub-system in the southwest valley. These new sites will carry the primary communications traffic for Buckeye and Goodyear, Police, Fire and Municipal users.

Chandler

In 2011, the Chandler Police Department and municipal users joined the Chandler Fire Department as participants on the RWC network. This addition expands the Simulcast C sub-system to provide additional coverage and capacity to support these users. The Simulcast C prime site is also being relocated into Chandler, to provide greater redundancy and reliability.

Glendale/Avondale

Both Glendale and Avondale are already Fire participants on the RWC. Currently the two cities are using Glendale's radio system to support their respective Police departments.This project will add the Police and Municipal users onto the RWC network. No new coverage or capacity is required, but a new zone is being created, using Glendale's existing master site, to provide support for their Gold Elite consoles.

Scottsdale

This project has added a new, seven-site, Simulcast H sub-system to the RWC to bring all Scottsdale Police, Fire and Municipal users onto the network. It also creates a new zone to provide support for Scottsdale's Gold Elite consoles and increase geographic separation and reliability for the network.

PROJECTS AND ACCOMPLISHMENTS (continued)

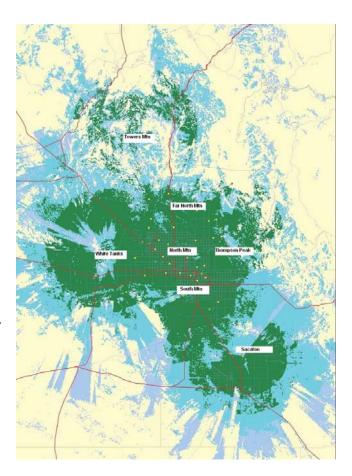**COPS (Community Oriented Policing) Grant Capacity Increase**
This federal grant program is providing additional capacity on three of the RWC Network's major sub-systems. The purpose of the additional capacity is to increase the ability to support wide area interoperability and to provide additional roaming capacity for all RWC Members.

PSIC (Public Safety Interoperable Communications) High Sites
This state/federal grant is being used to add 6 mountain top high-sites, which in addition to the existing White Tanks site, will provide a very wide area overlay and increases the coverage footprint to the RWC network. These sites will provide a very wide area of coverage for large scale interoperability for all agencies using 700 MHz-capable radios. The sites will also provide emergency backup in case of the failure of any of the major sub-systems of the RWC.

In-Fill Coverage
The City of Phoenix is adding three new sites to the Simulcast A and B subsystems. The purpose of these sites is to provide and improve in-building coverage in certain areas. It also expands coverage in the northeast to support a new Police precinct and Fire station.

800 MHz Re-Banding
This project is to provide compliance with the FCC mandate to relocate the 800 MHz spectrum. The spectrum is being relocated to eliminate interference with the cellular carriers, primarily Sprint/NEXTEL who is funding the project.

Transit
This project is comprised of evaluating the options for bringing all of the transit entities in the metropolitan area onto the RWC network. At this time, the project only includes producing a conceptual design with cost estimates to bring these entities onto the RWC.

SYSTEM PERFORMANCE

Radio Counts

Radio counts give a generalized picture of the size and relative volume of the system. Radios on the system include all consoles, control stations, portables and mobiles. They also include radios used by the RWC members and those radios used by outside agencies for interoperability. Radio counts are updated quarterly and the last year's totals are shown below:

	FY 2010/11			
	July	October	January	April
	Count	Count	Count	Count
Member Total	14,049	14,131	14,261	14,635
Interoperability	4,519	4,588	4,696	6,878
Grand Total	18,568	18,719	18,957	21,513

Overall System Statistics

The following charts provide a compilation of the overall system statistics including the number of calls, busy calls and emergency calls, including the total and average duration of each type of call. A busy signal occurs when a user tries to make a call, but all channel resources are in use and thus the user must wait to complete the call. An emergency call occurs when the user presses the emergency button on a radio. Grade of Service (GOS) for the system is also shown; GOS is explained in more detail in the next item. System statistics provide a general overview of system performance, but they cannot be used as the final guide since statistics must be viewed individually for each sub-system in order to truly see the performance from the user perspective. These statistics are not shown in this report since they are so voluminous.

SYSTEM PERFORMANCE (continued)

	2010	2010	2010	2010
Month	July	August	September	October
Number of calls	1,680,320	1,722,200	1,765,488	1,788,183
Duration	4,657:10:24	4,858:50:35	4,992:37:34	4,939:17:21
Average Duration (sec)	9.98	10.16	10.18	9.94
Average Calls per Day	54,204	55,555	56,951	57,683
No. Busy Calls	3	9	15	11
Busy Duration	0000:00:01	0000:00:02	0000:00:06	0000:00:03
Average Busy Duration (sec)	0.33	0.22	0.40	0.27
Emergency Calls	123	208	159	162
Emergency Duration	0002:30:54	0002:37:34	0001:53:20	0001:49:09
Average Emergency Duration (sec)	73.61	45.45	42.77	40.43
Grade of Service %	0.0002%	0.0005%	0.0008%	0.0006%

	2010	2010	2011	2011
Month	November	December	January	February
Number of calls	1,665,598	1,690,816	1,710,158	1,606,291
Duration	4,590:13:42	4,682:28:40	4,777:22:48	4,459:49:13
Average Duration (sec)	9.92	9.97	10.06	10.00
Average Calls per Day	53,729	54,542	55,166	51,816
No. Busy Calls	3	6	4	133
Busy Duration	0000:00:00	0000:00:01	0000:00:01	0000:27:43
Average Busy Duration (sec)	0.00	0.17	0.25	12.50
Emergency Calls	136	160	151	161
Emergency Duration	0001:47:13	0002:51:25	0001:50:24	0002:05:05
Average Emergency Duration (sec)	47.30	64.28	43.87	46.61
Grade of Service %	0.0002%	0.0004%	0.0002%	0.0083%

	2011	2011	2011	2011
Month	March	April	May	June
Number of calls	1,887,343	1,749,946	2,055,474	1,999,011
Duration	5,233:55:32	4,885:08:41	5,786:48:24	5,578:14:16
Average Duration (sec)	9.98	10.05	10.14	10.05
Average Calls per Day	60,882	56,450	66,306	64,484
No. Busy Calls	7	153	22	7
Busy Duration	0000:00:13	0000:00:48	0000:00:05	0000:00:01
Average Busy Duration (sec)	1.86	0.31	0.23	0.14
Emergency Calls	341	149	250	260
Emergency Duration	0003:40:39	0001:53:30	0002:57:02	0002:51:43
Average Emergency Duration (sec)	38.82	45.70	42.49	39.63
Grade of Service %	0.0004%	0.0087%	0.0011%	0.0004%

SYSTEM PERFORMANCE (continued)

Grade of Service

Grade of Service (GOS) is a measure of how many times a user gets a "Busy" signal when he or she "Pushes To Talk" (PTT) on their radio. GOS is measured in percent as the number of PTT's where a Busy occurs divided by the total number of PTT's. The design specifications for the RWC system is to maintain a GOS of 2% or less, which means that there will be only 2 Busies or less, out of each 100 PTT's. GOS is measured on each Simulcast and Intelligent Site Repeater (ISR) subsystem. GOS reports are prepared weekly and the 2% GOS goal has not been exceeded on any subsystem. The following table shows the maximum GOS for the past year on each sub-system:

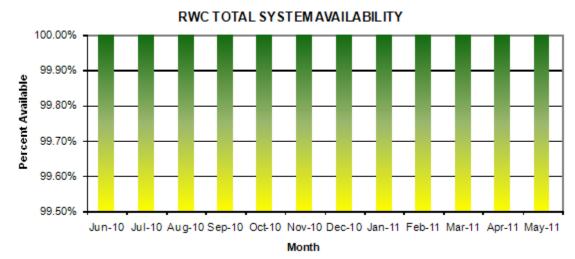| RWC Annual GOS Maximum Summary		
Simulcast / ISR	Max GOS	Date / Time of Occurrence
Simulcast A	0.00%	
Simulcast B	0.00%	
Simulcast C	0.00%	
Simulcast F	0.00%	
Simulcast G	0.00%	
Simulcast H	0.00%	
Simulcast J	0.00%	
Sky Harbor	0.14%	10/26/2010 10:00
South Mountain	0.27%	7/4/2010 22:00
Quintero	0.00%	
White Tanks	0.00%	

System Use

System Use shows the averages of how many of the system's channels are used. It is shown as a percentage of the number of channels used divided by the total number of channels available for each Simulcast and ISR subsystem.

RWC 12 Month Use Data		
Date Start / End:	06/23/10	06/08/11
Sub-System / ISR	Average Use	Maximum Use
Simulcast A	16.04%	37.98%
Simulcast B	6.60%	25.55%
Simulcast C	9.81%	32.33%
Simulcast F	8.90%	28.36%
Simulcast G	10.56%	31.39%
Simulcast H	1.50%	21.78%
Estrella	4.01%	23.81%
Quintero	1.18%	10.98%
Sky Harbor	6.98%	27.45%
South Mountain	1.23%	26.51%
White Tanks	9.18%	27.73%

SYSTEM PERFORMANCE (continued)

System Availability

System Availability is a measure of the percentage of time that the system is operating normally, with no operational impact to the users. Since the system is made up of many Simulcast and Intelligent Site Repeater (ISR) sub-systems, the system availability is the combined availability of all these subsystems. The goal is to keep the system operating as close to 100% available from the user's perspective. Note that failures to may occur to various components, but due to the system redundancy, there is no impact to the user. If System Availability is less than 100%, it may be due to a failure in a single subsystem, with the majority of the overall network remaining available to the users. System Availability for the RWC network for the twelve month period of June 2010 through May 2011 is shown below:

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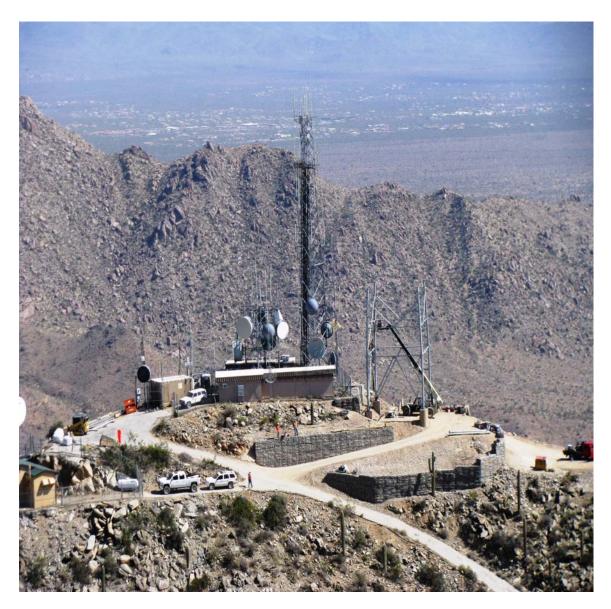
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R W C
REGIONAL WIRELESS COOPERATIVE
(an Arizona Joint Venture)

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Regional Wireless Cooperative

(An Arizona Joint Venture)

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Prepared By:
Regional Wireless Cooperative (RWC)
Kelli Butz**

MEMBERS

Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

RWC BOARD OF DIRECTORS

Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

RWC EXECUTIVE COMMITTEE

David Felix
RWC Executive Director

<u>Chair</u>
Jesse Cooper
Police Department Acting Bureau Administrator / IT Project Manager
City of Phoenix

Chris DeChant
Assistant Fire Chief
City of Glendale

Dave Heck
Deputy Director of Finance and Technology / Chief Information Officer
City of Tempe

Bill Phillips
Enterprise Technology Manager
City of Phoenix

Shannon Tolle
Information and Technology Communications Director
City of Scottsdale

Regional Wireless Cooperative
Organizational Chart

Board of Directors

Executive Director

Executive Committee

Administration & Financial Management

Policy Working Group

Operations Working Group

Other Working Groups

INTRODUCTORY SECTION

Regional Wireless Cooperative

Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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Introductory Section

> **About the cover**:
> RWC radio tower at Thompson Peak and RWC
> Logo.

January 10, 2013

To the Board of Directors of the Regional Wireless Cooperative:

In accordance with the governance of the Regional Wireless Cooperative (RWC), I am pleased to submit the RWC Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the RWC. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the RWC. All disclosures necessary to enable the reader to gain an understanding of the RWC's financial position and results of operation have been included.

CliftonLarsonAllen LLP has issued an unqualified ("clean") opinion on the RWC financial statements as of and for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE REGIONAL WIRELESS COOPERATIVE

This report summarizes the activities of the RWC. Formerly known as the Phoenix Regional Wireless Network, the RWC was formed in 2008 to oversee the administration, operation, management, and maintenance of an expanding regional communications network. The RWC was formed through a governance structure founded on the principles of cooperation for the mutual benefit of all members, and has expanded to serve a still-growing list of cities, towns, and fire districts, along with many other area entities who serve public safety needs.

The RWC is made up of cities, towns, and fire districts throughout the Valley of the Sun and currently consists of the following 18 members: City of Avondale, Town of Buckeye, City of Chandler, Daisy Mountain Fire District, City of El Mirage, City of Glendale, City of Goodyear, Town of Guadalupe, City of Maricopa, City of Peoria, City of Phoenix, City of Scottsdale, Sun City Fire District, Sun City West Fire District, Sun Lakes Fire District, City of Surprise, City of Tempe, and City of Tolleson. The City of Phoenix serves as the Administrative Managing Member, responsible for the administration and financial management of the RWC.

PROFILE OF THE REGIONAL WIRELESS COOPERATIVE (CONTINUED)

The RWC is a large, Public Safety radio network based on the Project 25, Phase I Standard. The network is an ASTRO 25™, integrated voice and data, trunked radio system that operates in the 700/800 MHz frequency bands and uses standard Simulcast, IP Simulcast and individual site trunking. The network consists of seven (7) major simulcast subsystems and ten (10) Intelligent Site Repeaters (ISR's).

This regional radio communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. The system is data capable, but at the current time, is only used in a data capacity to provide encryption services. Some of the benefits of this large regional radio system include wide area coverage beyond what cities could achieve individually; seamless interoperability (the ability for diverse public safety agencies to communicate directly, in real-time, as the need requires); shared resources; such as people, equipment, and tower sites; shared funding; and increased success in obtaining state and federal grant support. Financial responsibilities are shared by all members based on their relative size, and is measured by the number of subscriber units (radios) on the network.

LOCAL ECONOMY

According to the Arizona Department of Administration, the total population in the State of Arizona as of 2011 was 6.5 million. This represents a population growth of 25% from a decade ago. The population for the Phoenix metropolitan area grew from 3.07 million in the year 2000 to 3.82 in the year 2010. The 25% population increase in the Phoenix metropolitan area mirrors the State's population increase.

Metro Phoenix, also known as the Valley of the Sun, is home to a strong and growing transportation system including one of the nation's 10 busiest airports, Sky Harbor International Airport. The airport's estimated daily economic impact is $90 million. On average, 100,000 passengers arrive and depart each day from Sky Harbor. Other features of the area transportation system are two major railways and excellent interstate highways and local freeways connecting the Valley to major markets and ports in western states and Mexico. The Metro Light Rail System currently covers 19 miles linking Mesa, Tempe, and Phoenix. Expansion plans will include service to additional cities in the region.

The Valley has access to a labor pool of several million diverse workers, and has a wealth of educational resources to educate new and existing talent. The area includes a current enrollment of approximately 300,000 college students. All three Arizona public universities have a presence in the Valley, along with many other public and private academic institutions offering undergraduate and graduate degrees. Major employers range from hospitals and banks, to private universities and aerospace manufacturers. Emerging industries include renewable energy, biotechnology, and data centers.

LOCAL ECONOMY (CONTINUED)

Arizona has a well-managed water and power supply including an abundant supply of electricity from various sources, including the largest U.S. nuclear plant, dams, coal and gas burning plants as well as wind and solar plants. The water supply to the Valley via canals from local reservoirs and the Colorado River is adequate to meet projected population growth for at least the next 100 years.

LONG TERM FINANCIAL PLANNING

The RWC is currently planning for system software upgrades to version 7.11, in January of 2013, and to version 7.14 in January of 2015. These upgrades have been included in the RWC Five-Year Plan and budget that was recently submitted to the RWC Board of Directors. In addition, there are many product changes that occur as part of the life of the system. Motorola has briefed the RWC on the product roadmap for the next five years. The roadmap includes several key product changes where support for certain products will be ending, thus necessitating upgrades and/or changes in these products. The critical product changes that must be considered are those affecting base stations, consoles, and subscriber units.

Additionally, a Federal Communications Commission (FCC) mandate on the horizon is for all 700 MHZ frequencies to be narrow-banded. The narrow-banding requirement affects how the system will change over the next several years. The requirement changes the current 12.5 KHz bandwidth of the 700 MHz channels to 6.25 KHz, effectively doubling the number of channels available. The deadline for this mandate is currently set at January 2017. In order to meet the narrow-banding requirement, the RWC's 700 MHz equipment must use a different communication protocol called Time Division Multiple Access (TDMA), which allows the equipment to broadcast two voice conversations on a single 700 MHz channel.

Currently, the RWC is using the Frequency Division Multiple Access (FDMA) protocol. Although both protocols may be used on the same system, they cannot be used on the same talkgroup at the same time. This limits the ability to seamlessly roam. Thus, in order to comply with the Federal mandate, the RWC must convert the 700 MHz components of the system to TDMA, and in order to maintain seamless roaming, the entire network must be converted to TDMA.

MAJOR INITIATIVES

The membership of the RWC is increasing, therefore, the RWC is embarking on several projects aimed at expanding the regional radio network. The projects include the following:

MAJOR INITIATIVES (CONTINUED)

Fire Transition

Given the need for direct radio-to-radio communications in the "Hazard Zone" (fire ground or hazardous materials handling area), the Fire agencies on the RWC are transitioning onto the RWC network in phases. The network is being used for all non-Hazard Zone (predominately medical response) communications while the Fire agencies examine alternatives for meshing Hazard Zone communications with the RWC network.

Buckeye/Goodyear

Four new sites have been added to the RWC network forming a Simulcast J sub-system in the Southwest Valley. These new sites will carry the primary communications traffic for Buckeye and Goodyear, Police, Fire, and Municipal users. Final acceptance is planned for early FY 2012/13 with Buckeye Police making the transition to the new sub-system at that time. Goodyear Police will be transitioning in late 2013 pending the completion of their new dispatch center.

Chandler

In 2011, the Chandler Police and Municipal users joined the Chandler Fire Department as participants on the RWC network. This addition expanded the Simulcast C sub-system to provide additional coverage and capacity to support these users. The Simulcast C prime site was also relocated into Chandler to provide greater redundancy and reliability.

Glendale/Avondale

Both Glendale and Avondale have been Fire participants on the RWC, and as of July 2011, Avondale Police and Glendale Police and Municipal users all came onto the network. No new coverage or capacity was required but a new zone was created, using Glendale's existing master site to provide support for their Gold Elite consoles.

Maricopa

The City of Maricopa is a Fire participant on the RWC and is planning to transition their Police Department onto the RWC as of October 2012. The Police will be added to Simulcast C; no additional coverage or capacity is required thus no infrastructure changes are necessary. The Town of Buckeye will provide dispatch service for Maricopa Police.

MAJOR INITIATIVES (CONTINUED)

Paradise Valley

The Town of Paradise Valley is planning to join the RWC in the fall of 2012. The town is planning a two-phased approach to joining the RWC. In the first year, a new site will be constructed in Paradise Valley. During the second year, equipment will be purchased and installed and the new site will be added to the Simulcast H sub-system (Scottsdale). This will provide the necessary coverage for the Town. After the site is completed, paradise Valley Police will transition to full operation on the RWC network.

Scottsdale

This project has added a new seven-site Simulcast H sub-system to the RWC to bring all Scottsdale Police, Fire, and Municipal users onto the network. It also created a new zone to provide support for Scottsdale's Gold Elite consoles, and increased geographic separation and reliability for the network.

COPS (Community Oriented Policing) Grant Capacity Increase

The COPS federal grant for a capacity increase was completed in October 2011. This grant provided additional capacity on three of the RWC Network's major sub-systems increasing the RWC's ability to support wide area interoperability, and providing additional roaming capacity for all RWC Members.

PSIC (Public Safety Interoperable Communications) High Sites

The PSIC initiative was completed in June 2012. This state/federal grant added six mountain top high-sites, which in addition to the existing White Tanks site, now provides a very wide area overlay and increases the coverage footprint to the RWC network. These sites provide a wide area of coverage for large scale interoperability for all agencies using 700 MHz-capable radios. The sites also provide emergency backup in case of the failure of any of the major sub-systems of the RWC.

800 MHz Re-Banding

This project is to provide compliance with the FCC mandate to relocate the 800 MHz spectrum. The spectrum is being relocated to eliminate interference with the cellular carriers. The project is primarily funded by Sprint/Nextel.

RELEVANT FINANCIAL POLICIES

Budgeting Systems and Controls

The RWC maintains budgetary controls, which are designed to ensure compliance with the provisions of the annual budget adopted by the RWC Board of Directors. The RWC budget process provides for input from the RWC Members and the Executive Committee in developing revenue and expenditure projections, and determines RWC programs and services for the coming year.

Accounting and Administrative Controls

Internal controls are procedures that are designed to protect assets from loss, theft, or misuse; check the accuracy and reliability of accounting data; promote operational efficiency; and encourage compliance with managerial policies. Management of the RWC is responsible for establishing a system of internal controls designed to provide reasonable assurance that these objectives are met.

Federal and State financial assistance programs require recipients to comply with many laws and regulations. Administrative controls are procedures designed to ensure compliance with these requirements. The RWC has established a system of administrative controls to ensure compliance with the requirements of the programs under which it receives financial assistance. As with other internal controls, this system is subject to a periodic review and evaluation by management. As part of the annual audit process, internal controls are considered in order to determine the nature, timing, and extent of auditing procedures.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement in Financial Reporting to the RWC for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, RWC published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and the applicable legal requirements. I believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another certificate.

AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)

I want to thank all the members of the RWC Board of Directors, the RWC Executive Committee, City of Phoenix (City) Information Technology and Services Department and City Budget and Research Department for their assistance throughout the past year. Special thanks to the City Finance Department for their efforts in the preparation of this comprehensive financial report.

Respectfully submitted,

David Felix
RWC Executive Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Regional Wireless Cooperative

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.

Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

Regional Wireless Cooperative

REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

The following Management Discussion and Analysis (MD&A) of the Regional Wireless Cooperative's (RWC) activities and financial performance provides an introduction to RWC's financial statements as of and for fiscal years ended June 30, 2012 and 2011. The information in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section of this report.

FINANCIAL AND OPERATIONAL HIGHLIGHTS (in thousands)

- Total net assets for the RWC totaled $96,349 at June 30, 2012 and $100,015 at June 30, 2011. Net assets for fiscal year 2012 decreased by $3,666 as compared to fiscal year 2011. In fiscal year 2011 net assets increased by $3,151. The decrease of assets in 2012 is primarily due a slow down in construction in progress and an increase in accumulated depreciation. The increase in net assets for fiscal year 2011 was primarily associated with an increase in construction in progress.

- Operating revenue was $8,413 for fiscal year 2012 and $6,927 for fiscal year 2011. Operating revenues increased by $1,486 in the current year and increased by $963 in 2011. Both increases are attributable to an increase in RWC member billings, as more radios became operational on the RWC Network.

- The operating expenses increased by $1,494 to $18,148 and increased by $1,278 to $16,654 during fiscal years 2012 and 2011 respectively. Both increases are attributable to increases in operation and maintenance charges, as additional sites were added to the RWC Network.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the RWC's basic financial statements. The RWC's basic financial statements include statement of net assets, statement of revenues and expenses and changes in net assets; statement of cash flows; and notes to the financial statements. The RWC's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles applicable to a governmental entity.

Enterprise Operations

The RWC is structured as a joint venture, governed by a Board of Directors, with all members of the RWC having a seat and a vote on the Board. The Executive Director reports to the Board of Directors and serves as a non-voting member of the Board-appointed Executive Committee.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Executive Director is supported by the Executive Committee, Operations Working Group, and other Working Groups, in addition to three staff positions who assist with the administration and financial management of the RWC.

Enterprise Operations (Continued)

The Executive Director and staff are City of Phoenix employees residing in the Office of Government Relations.

RWC'S FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the joint venture's financial position. The net assets of the RWC decreased by $3,666 for the year ended June 30, 2012 as compared to June 30, 2011 and increased by $3,151 in 2011 as compared to June 30, 2010.

RWC's Net Assets

(in thousands)

	June 30,		
	2012	2011	2010 (unaudited)
Current Assets	$ 1,694	$ 3,008	$ 2,009
Net Capital Assets	95,643	99,481	96,350
Total Assets	97,337	102,489	98,359
Current Liabilities	989	2,474	1,495
Total Liabilities	989	2,474	1,495
Invested in Capital Assets	95,643	99,481	96,350
Unrestricted	706	534	514
Total Net Assets	$ 96,349	$ 100,015	$ 96,864

RWC'S FINANCIAL ANALYSIS (CONTINUED)

- During fiscal year 2012, current assets decreased by $1,314 compared to an increase of $999 in 2011. The decrease in 2012 was primary due to a decrease in unrestricted pooled investments. The increase in 2011 as compared to 2010 was primarily attributable to cash contributions from RWC members for the operating reserve fund.

- Net capital assets decreased by $3,838 and increased $3,131 during fiscal years 2012 and 2011, respectively. The decrease in 2012 resulted from an increase of accumulated depreciation and a slow down in construction to the network. The increase in 2011 resulted ongoing construction projects to add capacity to the network.

- Liabilities decreased by $1,485 during fiscal year 2012 and increased by $979 during fiscal year 2011. During fiscal year 2012 the decrease was primarily attributable to a decrease in deferred revenue related to RWC member billings for operations. Liabilities increased by $979 in 2011 as compared to 2010 which was attributed to an increase in deferred revenue related to RWC member billings for operations.

- Total net assets decreased by $3,666 to $96,349 in fiscal year 2012. For fiscal year 2012, $95,643 was invested in capital assets and $706 was unrestricted and available for short-term operations and ongoing obligation compared to $99,481 and $534 for fiscal year 2011 and $96,350 and $514 for fiscal year 2010.

RWC'S FINANCIAL ANALYSIS (CONTINUED)

	Year Ended June 30,		
	2012	2011	2010 (unaudited)
Operating Revenues - Primarily Members' Charges	$ 8,413	$ 6,927	$ 5,964
Non-Operating Revenues	25	12	-
Total Revenues	8,438	6,939	5,964
Operating Expenses			
Staff and Administrative	499	527	30
Operations and Maintenance	7,602	5,853	5,420
Special Assessments	48	93	-
Depreciation	9,999	10,181	9,926
Total Operating Expenses	18,148	16,654	15,376
Net Loss before Capital Contributions	(9,710)	(9,715)	(9,412)
Capital Contributions	6,044	12,866	106,276
Increase in Net Assets	(3,666)	3,151	96,864
Net Assets, July 1	100,015	96,864	-
Net Assets, June 30	$ 96,349	$ 100,015	$ 96,864

RWC'S FINANCIAL ANALYSIS (CONTINUED)

- Operating revenues increased by $1,486 during fiscal year 2012 and increased by $963 during fiscal year 2011. Both increases are attributable to an increase in the number of billable radios on the RWC Network.

- Non-operating revenues consist of the net increase or decrease in fair value of investments and interest in investments. During fiscal year 2012, non-operating revenues increased by $13. During fiscal year 2011 non-operating revenues increased by $12.

- During fiscal year 2012, operating expenses increased by $1,494. The increase in 2012 was related to a $1,749 increase in operations and maintenance expense, with decreases of $28 in staff and administrative expense, $45 in special assessments, and $182 in depreciation expense. For fiscal year 2011, operating expensed increased by $1,278 with a $497 increase in staff and administrative expense, a $433 increase in operations and maintenance expense, a $93 increase in special assessments, and a $255 increase in depreciation expense.

OPERATING REVENUES

The RWC's revenue is primarily generated by charges to the joint venture members for operations and maintenance costs, special assessments and an operating reserve. For fiscal year 2012, revenues amounted to $8,413 of which $8,305 is revenue from operations and maintenance, $48 from special assessments, and the remaining $60 from other revenue. For fiscal year 2011, revenues amounted to $6,927 of which $6,389 is revenue from operations and maintenance, $93 from special assessments, and the remaining $445 from other revenue.

OPERATING REVENUES (CONTINUED)

Operating Revenues
For Fiscal Year Ended June 30, 2012
Total = $8,413
(in thousands)

Operations & Maintenance Charges   98.73%

Special Assessments 0.56%

Other 0.71%

OPERATING EXPENSES

The following chart depicts the RWC's operating expenses by category for the year ended June 30, 2012.

Operating Expenses
For Fiscal Year Ended June 30, 2012
Total = $18,148
(in thousands)

Operations and Maintenance 41.89%

Depreciation 55.10%

Staff and Administrative 2.75%

Special Assessments 0.26%

CAPITAL ASSETS

The RWC's investment in capital assets as of June 30, 2012 amounts to $95,643 (net of accumulated depreciation), $99,481 as of June 30, 2011 and $96,350 as of June 30, 2010 as shown below. Net capital assets decreased by $3,838 and increased by $3,131 during fiscal years 2012 and 2011, respectively. Additional information on RWC's capital assets can be found in the notes to the financial statements on page 17 and page 21 of this report.

RWC's Capital Assets
(in thousands)

	June 30,		
	2012	2011	2010 (unaudited)
Buildings	$ 26,179	$ 26,179	$ 26,179
Improvements Other than Buildings	3,229	3,229	3,229
Equipments	77,287	70,073	69,627
Construction in Progress	19,054	20,107	7,241
Accumulated Depreciation	(30,106)	(20,107)	(9,926)
Total Assets	$ 95,643	$ 99,481	$ 96,350

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During fiscal year 2012, the City of Tolleson joined the RWC as a new member. Discussions are in progress for the Town of Paradise's membership to the RWC. In November 2011, the 2011 budget was presented to the RWC Board of Directors and was approved.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of RWC'S finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Regional Wireless Cooperative, 200 West Washington Street, 12th Floor, Phoenix, Arizona, 85003-1611.

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BASIC FINANCIAL STATEMENTS

Regional Wireless Cooperative

Regional Wireless Cooperative
Statements of Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	2012	2011
ASSETS		
Current Assets		
Unrestricted Assets		
Equity in Pooled Cash and Investments	$ 866	$ 2,414
Accounts Receivable	140	-
Total Unrestricted Assets	1,006	2,414
Current Restricted Assets		
Operating Reserve		
Equity in Pooled Cash and Investments	627	534
Accounts Receivable	-	-
Capital Projects		
Equity in Pooled Cash and Investments	61	60
Total Restricted Assets	688	594
Total Current Assets	1,694	3,008
Noncurrent Assets		
Capital Assets		
Buildings	26,179	26,179
Improvements Other Than Buildings	3,229	3,229
Equipment	77,287	70,073
Construction in Progress	19,054	20,107
Less: Accumulated Depreciation	(30,106)	(20,107)
Total Capital Assets, Net of Accumulated Depreciation	95,643	99,481
Total Assets	97,337	102,489
LIABILITIES		
Current Liabilities		
Current Liabilities Payable from Current Assets		
Accounts Payable	321	243
Members' Payable	668	2,231
Total Current Liabilities Payable from Current Assets	989	2,474
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	95,643	99,481
Unrestricted	706	534
Total Net Assets	$ 96,349	$ 100,015

The accompanying notes are an integral part of these financial statements.

Regional Wireless Cooperative
Statements of Revenues, Expenses and
Changes in Fund Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	2012	2011
Operating Revenues		
Operations & Maintenance Charges	$ 8,305	$ 6,389
Special Assessment	48	93
Other	60	445
Total Operating Revenues	8,413	6,927
Operating Expenses		
Staff and Administrative	499	527
Operation and Maintenance	7,602	5,853
Special Assessment	48	93
Depreciation	9,999	10,181
Total Operating Expenses	18,148	16,654
Operating Income (Loss)	(9,735)	(9,727)
Non-Operating Revenues (Expenses)		
Investment Income:		
Net Decrease in Fair Value of Investments	(53)	(18)
Interest	78	30
Total Non-Operating Revenues (Expenses)	25	12
Income (Loss) Before Contributions and Transfers	(9,710)	(9,715)
Capital Contributions	6,044	12,866
Change in Net Assets	(3,666)	3,151
Net Assets, July 1	100,015	96,864
Net Assets, June 30	$ 96,349	$ 100,015

The accompanying notes are an integral part of these financial statements.

Regional Wireless Cooperative
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	2012	2011
Cash Flows from Operating Activities		
Cash Received from Customers	$ 8,273	$ 8,476
Cash Paid to Suppliers	(9,135)	(4,967)
Cash Paid to Employees	(401)	(372)
Payment of Staff and Administrative Expenses	(98)	(155)
Net Cash Provided by (Used In) Operating Activities	(1,361)	2,982
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(118)	(446)
Net Cash Used by Capital and Related Financing Activities	(118)	(446)
Cash Flows from Investing Activities		
Interest on Investments	25	12
Net Cash Provided by Investing Activities	25	12
Net Increase in Cash and Cash Equivalents	(1,454)	2,548
Cash and Cash Equivalents, July 1	3,008	460
Cash and Cash Equivalents, June 30	$ 1,554	$ 3,008
Reconciliation of Operating Loss to Net Cash Provided by (Used In) Operating Activities		
Operating Loss	$ (9,735)	$ (9,727)
Adjustments to Reconcile Operating Loss to Net Cash		
Depreciation	9,999	10,181
Changes in Assets and Liabilities:		
Accounts Receivables	(140)	1,549
Accounts Payable	78	26
Members' Payable	(1,563)	953
Net Cash Provided by (Used In) Operating Activities	$ (1,361)	$ 2,982
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	$ 6,044	$ 12,866
Total Noncash Transactions Affecting Financial Position	$ 6,044	$ 12,866

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NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of significant accounting policies and other disclosures necessary for a clear understanding of the accompanying financial statements.

An index to the notes follows:

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

The Regional Wireless Cooperative (RWC) was formed in 2008 to oversee the administration, operation, management and maintenance of the expanding regional communication network. The RWC is an unincorporated association made up of 18 member cities, towns and fire districts throughout the Valley of the Sun. The RWC is a large, Public Safety radio network based on the Project 25, Phase I Standard. The network is an ASTRO 25™, integrated voice and data, trunked radio system. It operates in the 700/800 MHz frequency bands and uses standard Simulcast, IP Simulcast, and individual site trunking. The network consists of seven major simulcast subsystems and ten Intelligent Site Repeaters (ISR's).

The system provides seamless, wide area coverage in and around Central Arizona's Valley of the Sun. The system is data capable, but at the current time is only used in a data capacity to provide encryption services.

Some of the benefits of this large regional radio system include wide area coverage beyond what cities could achieve individually; seamless interoperability (the ability for diverse public safety agencies to communicate directly, in real-time, as the need requires); shared resources; such as people, equipment, and tower sites and funding; and increased success in obtaining state and federal grant support. Financial responsibilities are shared by all members based on their relative size, and is measured by the number of subscriber units (radios) on the network.

1. Organization and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting,* requires that government's proprietary activities apply all applicable GASB pronouncements as well as the pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins. Governmental entities are given the option whether or not to apply all FASB Statements and Interpretations issues after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The RWC has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscals Years Ended June 30, 2012 and 2011

1. **Organization and Summary of Significant Accounting Policies (Continued)**

The RWC is a special purpose governmental entity, engaged only in business-type activities. It is required to present the financial statements required for enterprise funds, which include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It also requires a Management's Discussion and Analysis as required supplementary information.

The RWC's other significant accounting and financial policies are described below.

(a) **Reporting Entity**

The RWC is structured and reported as a joint venture between the members. Each member includes their equity in the joint venture in their respective basic financial statements. The accompanying financial statements present the financial position of the RWC only. The RWC does not have any component units.

(b) **Basis of Accounting**

The RWC is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues, and expenses are accounted for through an enterprise fund. Revenues are recorded when earned and expenses recorded at the time the liabilities are incurred.

Operating revenues are members' charges and other miscellaneous revenues that are received based on the ongoing activities of the RWC. Operating expenses are those incurred for network operations, maintenance, administration and depreciation of capital assets. Non-operating revenues and expenses are items that are not a result of the direct operations of the network, including interest.

(c) **Cash and Pooled Investment**

Pooled investments are maintained in the cash and investment pool of the City of Phoenix, Arizona (City). The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. Interest earned by the pool is distributed monthly to the RWC based on daily equity in the pool.

The RWC's pooled investments are stated at fair value, except for purchase agreements with original maturities of one year or less which are valued at cost that approximates fair value. Fair value is based on quoted market prices as of the valuation date.

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Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies (Continued)

(d) Receivables

Management analyzes receivables periodically to determine whether an allowance for doubtful accounts should be recorded. There is no current provision required for possible bad debts.

(e) Capital Assets

Capital assets are recorded at historical cost plus capitalized interest on assets constructed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Land	Not depreciated
Construction in Progress	Not depreciated
Buildings	10 – 40 years
Improvements other than buildings	10 – 50 years
Equipments	5 – 30 years
Intangibles	5 – 40 years

A gain or loss on disposal of capital assets is recognized when assets are retired from service or are otherwise sold or removed. The minimum capitalization policy is $5, 000 or more with an estimated useful life exceeding two years.

(f) Members' Payable

The RWC reports members' payable in connection with revenues from billings to members. Members' payable at June 30, 2012 was $668,270.

(g) Operating Revenues

Operating revenue includes members' charges and other revenues. Members' charges are contributions received from the members for costs of operation and maintenance, administration, and the construction of capital assets. All operating revenues are recognized when earned. Members' charges for operating costs are earned ratably throughout the year.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

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1. Organization and Summary of Significant Accounting Policies (Continued)

(h) Operating Expenses

Operating expenses include operations and maintenance expenses, depreciation and administrative expenses. Administrative expenses include direct administrative costs for RWC staff.

Operating, maintenance, and administrative costs are allocated to the members based on the number of operable radios on the network.

(i) Budget

The RWC staff, in cooperation with the Operations Working Group, prepares and presents the operating and capital budget to the Executive Committee. The budget includes operations and maintenance, administration costs as well as planned capital costs. The budget is forwarded to the RWC Board of Directors for approval and adoption. It is the responsibility of each RWC member to take appropriate steps in conformity with the state and local laws to ensure that it appropriates sufficient funds to cover its obligation. The budget is prepared in sufficient detail to facilitate its use by management in monitoring operations.

(j) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

The RWC did not have cash on hand at the end of the fiscal year. Pooled investments are maintained in the cash and investment pool of the City.

Pooled Investments

The RWC investments are included in the City pooled investments. The City Charter and ordinances authorize the City to invest in obligations of the United States Treasury,

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

2. Cash and Investments (Continued)

Pooled Investments (Continued)

its agencies and instrumentalities, repurchase agreements, money market accounts, certificates of deposit, the State Treasurer's investment pool, highly rated obligations issued or guaranteed by any state or political subdivision thereof rated in the highest short-term or second highest long-term category, and investment grade corporate bonds, debentures, notes and other evidences of indebtedness issued or guaranteed by a solvent U.S. corporation which is not in default as to principal or interest.

The RWC's pooled investments are carried at fair value, which is the same as the fair value of the City's pool shares. It is the City of Phoenix's policy generally to hold investments until maturity. The RWC's pooled investments at June 30, 2012 are summarized below.

Fiscal Year Ended	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
June 30, 2012	N/A	$ 1,554	1.61
June 30, 2011	N/A	$ 3,008	1.29

Interest Rate Risk

In order to limit interest rate risk, the City's investment policy limits maturities as follows:

U.S. Treasury Securities	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Repurchase Agreements	60 days
Municipal Obligations	5 years for long-term issues
Money Market Mutual Funds	90 days
Commercial Paper	270 days

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

2. Cash and Investments (Continued)

Interest Rate Risk (Continued)

For Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO), the maximum weighted average life using current Public Securities Association (PSA) prepayment assumption shall be 12 years at the time of purchase for MBS and 5 years at the time of purchase for CMO.

Credit Risk

The City's investment policy limits its investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's "S&P" and Moody's Investors Service "Moody's". The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102% Subsequent to June 30th, 2011, citing deficits, rating agency Standard & Poor downgraded U.S. debt from AAA to AA+, the first debt downgrade in U.S. history. Repurchase agreements are collateralized by U.S. Treasuries at 102%. In addition, the portfolio is invested in pre-refunded municipals securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix. Money market mutual funds must have a current minimum money market rating of AAAm by S&P and Aaa by Moody's. For commercial paper, an Issuer's program must have a minimum rating of A1 by S&P and P1 by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of A+ by S&P and A1 by Moody's. Programs rated by only one of the agencies are ineligible.

The City has invested in commercial paper and corporate notes issued by various financial institutions. These investments are insured by the Federal Deposit Insurance Corporation (FDIC) via the Temporary Liquidity Guarantee Program (TLGP). The FDIC has created this program to strengthen confidence and encourage liquidity in the banking system by guaranteeing newly issued senior unsecured debt of banks, thrifts, and certain holding companies, and by providing full coverage of non-interest bearing deposit transaction accounts, regardless of dollar amount.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

2. Cash and Investments (Continued)

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total City investment are as follows (in thousands)

Issuer	Fair Value
FNMA	$ 168,477
FHLMC	109,095
FHLB	386,772

3. Capital Assets

Capital assets activity for the fiscal years ended June 30, 2012 and 2011 were as follows (in thousands):

	Balance, July 1, 2011	Additions	Deletions	Balance, June 30, 2012
Non-Depreciable Assets				
Construction in Progress	$ 20,107	$ -	(1,053)	$ 19,054
Total Non-Depreciable Assets	20,107	-	(1,053)	19,054
Depreciable Assets				
Buildings	26,179	-	-	26,179
Improvements other than Buildings	3,229	-	-	3,229
Equipments	70,073	7,214	-	77,287
Less Accumulated Depreciation	(20,107)	(9,999)	-	(30,106)
Total Depreciable Assets, Net	79,374	(2,785)		76,589
Total Capital Assets, Net	$ 99,481	$ (2,785)		$ 95,643

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

3. **Capital Assets (Continued)**

	Balance, July 1, 2010	Additions	Balance, June 30, 2011
Non-Depreciable Assets			
Construction in Progress	$ 7,241	$ 12,866	$ 20,107
Total Non-Depreciable Assets	7,241	12,866	20,107
Depreciable Assets			
Buildings	26,179	-	26,179
Improvements other than Buildings	3,229	-	3,229
Equipments	69,627	446	70,073
Less Accumulated Depreciation	(9,926)	(10,181)	(20,107)
Total Depreciable Assets, Net	89,109	(9,735)	79,374
Total Capital Assets, Net	$ 96,350	$ 3,131	$ 99,481

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

4. Members' Equity

A summary of the joint venture members' equity is as follows:

	June 30, 2012	June 30, 2011
City of Avondale	$ 395,372	$ 432,617
Town of Buckeye	5,016	5,298
City of Chandler	1,153,140	1,261,615
Daisy Mountain Fire District	142,345	155,728
City of El Mirage	318,075	347,967
City of Glendale	2,681,575	2,934,240
City of Goodyear	165,715	181,314
Town of Guadalupe	132,373	144,839
City of Maricopa	262	277
City of Peoria	1,349,833	1,476,066
City of Phoenix	73,392,485	74,905,729
City of Scottsdale	10,222	10,797
Sun City Fire District	1,072,507	1,173,553
Sun City West Fire District	480,296	525,545
Sun Lakes Fire District	367	388
City of Surprise	973,700	1,065,142
City of Tempe	13,917,854	15,221,236
City of Tolleson	158,034	172,924
Total	$ 96,349,173	$ 100,015,274

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

5. Related Party Transactions

Staff and administrative costs are City of Phoenix central services costs allocated to RWC. These costs include: building maintenance, custodial services, electrical maintenance, accounting, insurance, payroll, money management, accounts payable, various financial services, real estate, materials management, personnel, safety, fringe benefit administration, labor relations and training, switchboard, internal and external auditing, general management services, and legal services. Staff and administrative costs allocated to RWC was $498,791 and $527,173 for the years ended June 30, 2012 and 2011, respectively.

6. Commitments and Contingencies

The RWC has entered in to contractual agreements with Motorola to provide services related to maintenance and operations of the RWC Network. These agreements include a software subscription agreement and maintenance service agreement.

At this point in time, RWC is not involved in any litigation and claims arising in the normal course of operations. In the opinion of management based on consultation with legal counsel, losses, if any, from pending litigation and claims are covered by insurance or are immaterial; therefore, no provision has been made in the accompanying financial statements for losses, if any, that might arise from the ultimate outcome of these matters.

7. Pension Plans

(a) Plan Description

The RWC's full-time employees are covered by the City of Phoenix Employees' Retirement Plan (COPERS). In addition to normal retirement benefits, COPERS also provides for disability and survivor benefits, as well as deferred pensions for former employees. Pension benefits vest after five years for general City of Phoenix (City) employees.

COPERS is a single-employer defined benefit pension plan for all full-time classified civil service general City employees. Members are eligible for retirement benefits upon meeting one of the following age and service requirements:

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

7. **Pension Plans (Continued)**

(a) Plan Description (Continued)

1. Age 60 years, with ten or more years of credited service.

2. Age 62 years, with five or more years of credited service.

3. Any age, which added to years of credited service equals 80.

COPERS is authorized by and administered in accordance with Chapter XXIV of the Charter of the City of Phoenix. Authority to make amendments to the plan rests with City voters. It is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplemental information, may be obtained from COPERS, 200 West Washington Street, 10th Floor, Phoenix, Arizona 85003.

(b)   Funding Policy

The employee contribution rate is 5% of compensation. The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2011. The RWC's contributions to COPERS equaled the annual required contributions and were as follows (in actual dollars).

Fiscal Year Ended	Required Contributions	Percentage of Covered Payroll
June 30, 2012	$ 58,459	18.28%
June 30, 2011	$ 46,869	19.01%
June 30, 2010	$ 2,689	19.38%

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

8. **Other Post-Employment Benefits**

Post-Employment Healthcare and Long-Term Disability Program

The City provides certain post-employment health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. Retirees may choose single or family coverage. As of August 1, 2007, separate rates have been established for active and retiree health insurance.

Medical Expense Reimbursement Plan
Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan (MERP) when they retire, as current retirees do. The MERP is a single-employer, defined benefit plan. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP.

The City has established the City of Phoenix MERP Trust and the City of Phoenix Long-Term Disability (LTD) Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in the Administrative Regulation 2.42 Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners and in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the MERP Trust and LTD, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 9th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The City's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

8. Other Post-Employment Benefits (Continued)

Post-Employment Healthcare and Long-Term Disability Program (Continued)

Post-Employment Health Plan
Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a $150 monthly contribution to a Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a 100% employer-paid defined contribution. Funds accumulated in the account can be used upon termination of employment for qualified medical expenses. The current administrator of the plan is Nationwide Retirement Solutions.
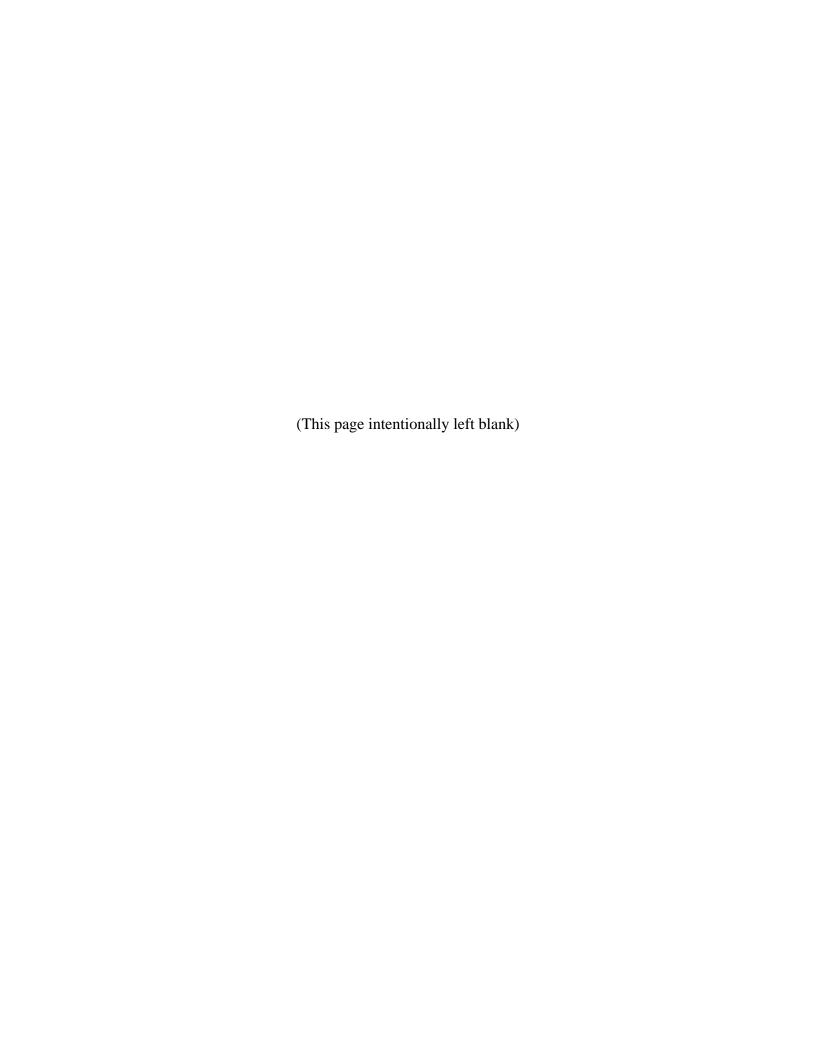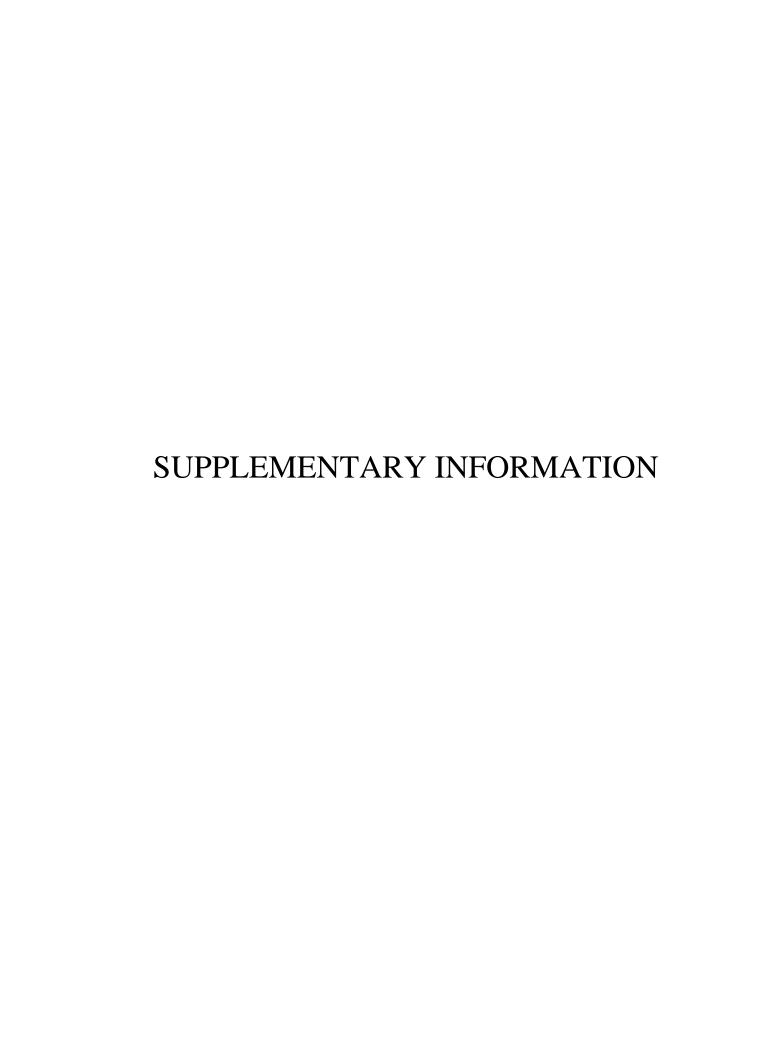
Actuarial Valuations

In the July 1, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets. The actuarial value of assets was equal to fair value. The AAL, or in this case surplus, is amortized over a period such that the normal cost plus the amortization payment equals the budgeted contribution amount. The amortization will not exceed 30 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The RWC has no assets or liabilities reflected on its statements of net assets related to GASB No. 45 as of June 30, 2012 and 2011.

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SUPPLEMENTARY INFORMATION

Regional Wireless Cooperative

Regional Wireless Cooperative
Members' Operating Fund Reserve
For the Fiscal Year Ended June 30, 2012

2012

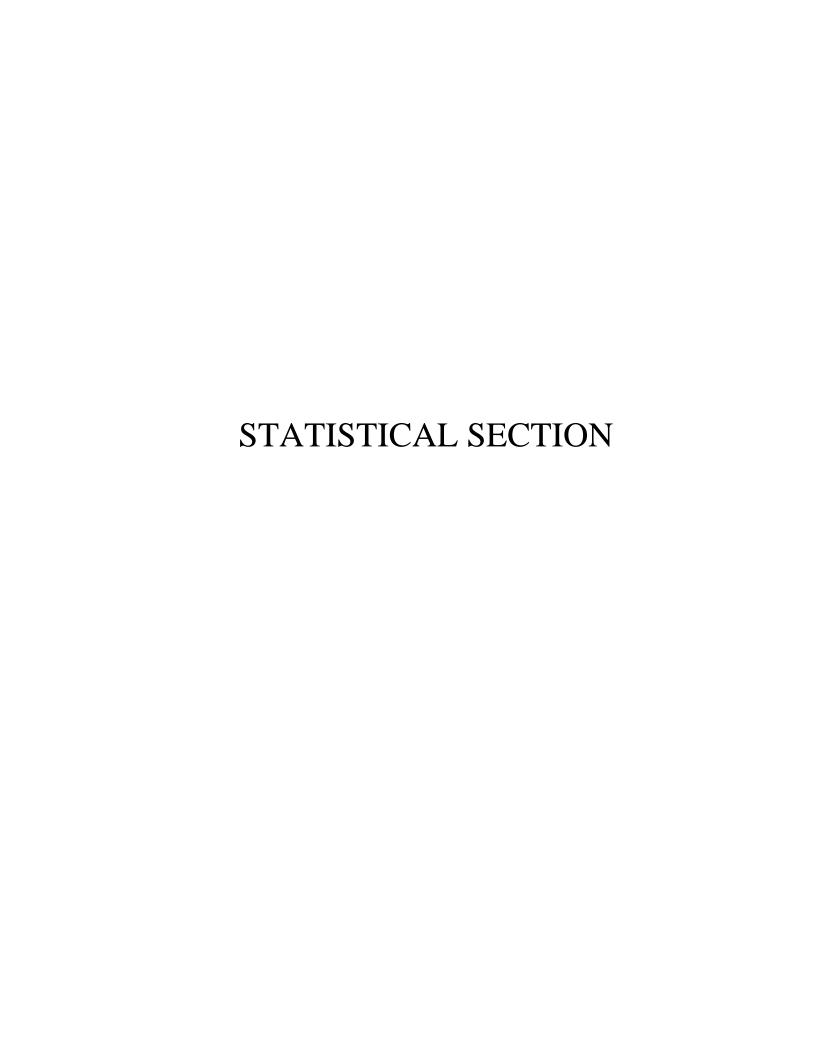| Member	Beginning Balance July 2011	Contributions	Interest	Ending Balance June 2012
City of Avondale	$ -	$ -	$ -	$ -
Town of Buckeye	6,821	-	45	6,867
City of Chandler	-	32,662	217	32,879
Daisy Mountain Fire District	-	145	1	146
City El Mirage	2,612	-	17	2,630
City of Glendale	-	-	-	-
City of Goodyear	-	-	-	-
Town of Guadalupe	-	145	1	146
City of Maricopa	-	398	3	401
City of Peoria	30,588	-	203	30,791
City of Phoenix Phoenix	434,970	-	2,893	437,862
City of Scottsdale	-	50,891	338	51,230
Sun City Fire District	-	1,447	10	1,456
Sun City West Fire District	-	1,374	9	1,384
Sun Lakes Fire District	-	977	6	983
City of Surprise	9,543	-	63	9,606
City of Tempe	49,673	-	330	50,003
Town of Tolleson	-	723	5	728
Total	$ 534,207	$ 88,761	$ 4,143	$ 627,111

RWC members maintain an operating fund reserve to provide cash flow for cost of operating and maintaining the communication network. Each member's obligation to fund the balance reserve is proportionate to its subscriber units in use on the Network at the time the fee is assessed.

Regional Wireless Cooperative
Members' Infrastructure Replacement and Enhancement Activity
For the Fiscal Year Ended June 30, 2012

2012

Member	Balance July 2011	Contributions	Expenditure	Balance June 2012
City of Avondale	$ 28	$ -	$ -	$ 28
Town of Buckeye	773	-	-	773
City of Chandler	719	-	-	719
Daisy Mountain Fire District	117	-	-	117
City El Mirage	315	-	-	315
City of Glendale	-	-	-	-
City of Goodyear	61	-	-	61
Town of Guadalupe	24	-	-	24
City of Maricopa	40	-	-	40
City of Peoria	3,859	-	-	3,859
City of Phoenix Phoenix	45,366	-	-	45,366
City of Scottsdale	1,576	-	-	1,576
Sun City Fire District	32	-	-	32
Sun City West Fire District	24	-	-	24
Sun Lakes Fire District	57	-	-	57
City of Surprise	1,229	-	-	1,229
City of Tempe	5,969	-	-	5,969
Town of Tolleson	-	-	-	-
Total	$ 60,190	$ -	$ -	$ 60,190

RWC members funded the Infrastructure Replacement and Enhancement Fund through contribution based on number of subscriber units on the network at the time of the assessment. Funds in this fund are used to pay for network upgrade and system enhancements.

STATISTICAL SECTION

STATISTICAL SECTION

This section of the RWC's comprehensive annual financial report presents detailed information as context for understanding of the information in the financial statements, note disclosures, required supplementary information, and the joint venture's overall financial condition.

Financial Trends

These schedules contain trend information to help the reader understand how the RWC's financial performance and well-being have changed over time.

Demographic and Economic Information

These schedules offer demographic and economic indicators to show the environment within which the RWC's financial activities take place.

Operating Information

These schedules contain service data to show how the RWC's financial information relates to the services the RWC provides and the activity it performs.

<div align="center">

Regional Wireless Cooperative
Statements of Net Assets
Last Three Fiscal Years
(in thousands)

</div>

	2012	2011	2010
Invested in Capital Asset	$ 95,643	$ 99,481	$ 96,350
Unrestricted	706	534	514
Total Net Assets	$ 96,349	$ 100,015	$ 96,864

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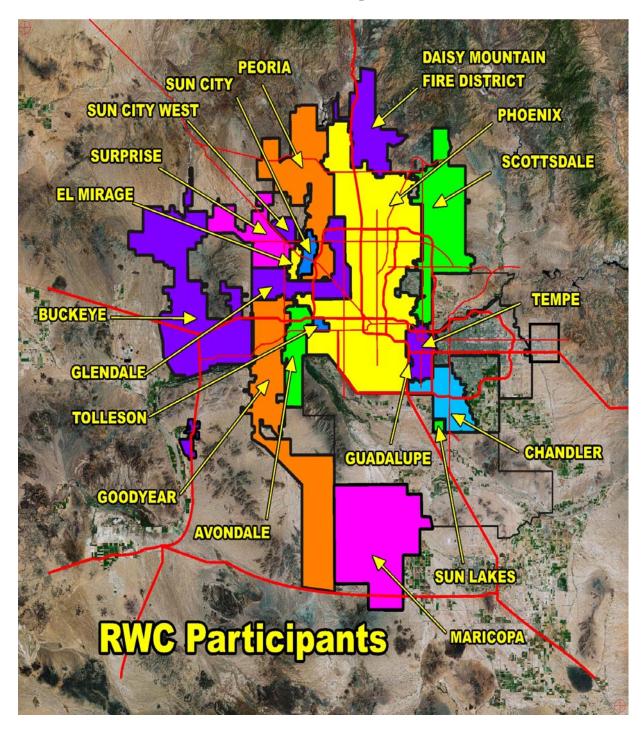**Statements of Revenues and Expenses and Changes in Net Assets**
Last Three Fiscal Years
(in thousands)

</div>

	2012	2011	2010
Operating Revenues			
Operation & Maintenance Charges	$ 8,305	$ 6,389	$ 5,964
Special Assessments	48	93	-
Other	60	445	-
Total Operating Revenues	8,413	6,927	5,964
Operating Expenses			
Staff and Administrative	499	527	30
Operation and Maintenance	7,602	5,853	5,420
Special Assessment	48	93	-
Depreciation	9,999	10,181	9,926
Total Operating Expenses	18,148	16,654	15,376
Operating Loss	(9,735)	(9,727)	(9,412)
Non-Operating Revenues (Expenses)			
Investment Income			
Net Decrease in Fair Value of Investments	(53)	(18)	-
Interest	78	30	-
Total Non-Operating Revenues (Expenses)	25	12	-
Loss Before Contributions	(9,710)	(9,715)	(9,412)
Capital Contributions	6,044	12,866	106,276
Increase in Net Assets	$ (3,666)	$ 3,151	$ 96,864

Regional Wireless Cooperative
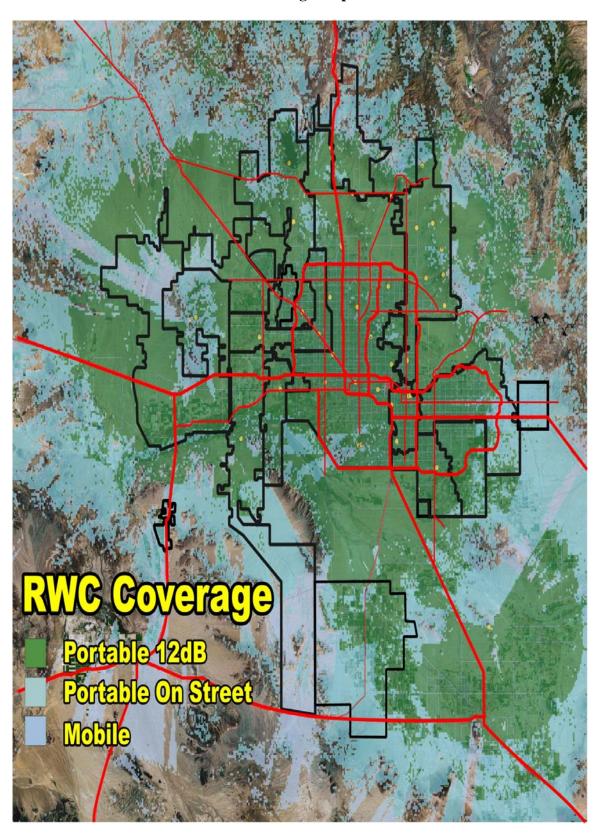**Members' Operating Charges**
Last Three Fiscal Years

Member	2,012	2011	2010
City of Avondale	$ 39,787	$ 10,297	$ 885
Town of Buckeye	91,438	81,737	41,952
City of Chandler	455,420	54,459	2,856
Daisy Mountain Fire	3,314	1,830	110
City El Mirage	38,635	34,353	22,574
City of Glendale	248,367	5,604	-
City of Goodyear	46,518	12,539	1,121
Town of Guadalupe	2,417	382	34
City of Maricopa	8,707	6,099	366
City of Peoria	430,102	411,673	340,948
City of Phoenix Phoenix	5,289,117	4,937,469	4,912,226
City of Scottsdale	717,469	48,494	4,336
Sun City Fire District	18,971	6,807	141
Sun City West Fire	16,758	4,337	190
Sun Lakes Fire District	14,271	4,562	102
City of Surprise	144,535	123,972	82,651
City of Tempe	710,090	630,029	553,684
Town of Tolleson	12,498	-	-
Non-Members	16,506	14,537	-
Total	$ 8,304,917	$ 6,389,177	$ 5,964,176

(1) Non-RWC Member's fee for use of the RWC Network.

Regional Wireless Cooperative
Jurisdictions Map

SUN CITY

PEORIA

DAISY MOUNTAIN
FIRE DISTRICT

SUN CITY WEST

PHOENIX

SURPRISE

SCOTTSDALE

EL MIRAGE

BUCKEYE

TEMPE

GLENDALE

TOLLESON

CHANDLER

GOODYEAR

GUADALUPE

AVONDALE

SUN LAKES

RWC Participants

MARICOPA

RWC Coverage

- Portable 12dB
- Portable On Street
- Mobile

Regional Wireless Cooperative
RWC Cities' Population Growth
Last Three Calendar Years

Member	2012	2011	2010
City of Avondale	77,518	76,468	76,238
Town of Buckeye	51,649	51,019	50,876
City of Chandler	240,101	236,687	236,123
City of El Mirage	32,332	31,911	31,797
City of Glendale	230,482	227,217	226,721
City of Goodyear	66,309	65,404	65,275
Town of Guadalupe	7,132	5,540	5,523
City of Maricopa	44,396	43,598	43,482
City of Peoria	156,637	154,164	154,058
City of Phoenix	1,464,405	1,451,966	1,445,632
City of Scottsdale	221,020	217,365	217,385
City of Surprise	119,489	117,688	117,517
City of Tempe	164,268	161,974	161,719
Town of Tolleson	6,655	6,573	6,545

Major Employers Metropolitan Phoenix
Current Year and 9 Years Ago

Employer	2012 Employees	Rank	2003 Employees	Rank
State of Arizona	49,800	1	49,849	1
Wal-Mart	30,634	2	15,895	2
Banner Health Systems	24,825	3	15,521	4
City of Phoenix	15,100	4	13,156	7
Wells Fargo	13,308	5		
Bank of America	13,300	6		
Maricopa County	12,792	7	15,523	3
Arizona State University	11,185	8		
Apollo Group	11,000	9		
JPMorgan/Chase	10,600	10		
Honeywell International			15,000	5
Kroger Company			13,500	6
US Postal Service			11,406	8
Motorola			10,600	9
Intel Corporation			10,000	10
Phillips Petroleum			10,000	10

Source: Phoenix Business Journal Book of Lists

Regional Wireless Cooperative
Subscriber Units
Last Three Fiscal Years

	2012	2011	2010
Subscriber Units			
Member Total	18,213	17,996	14,049
Interoperability	8,390	5,727	6,639
Grand Total	26,603	23,723	20,688

Full-Time Equivalent Employees
Last Three Fiscal Years

	2012	2011	2010
Administrative Staff	4	4	4