



2014 ANNUAL REPORT

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Cover Photo:

Construction of an RWC tower in Chandler.

EXECUTIVE DIRECTOR'S MESSAGE

Dear RWC Board of Directors and Community Members:

I am pleased to submit for your review the 2013-2014 Annual Report which outlines the on-going modernization, financial health, operational performance and achievements of the Regional Wireless Cooperative (RWC).

This year we continue to strengthen relationships with our public safety customers and other regional radio communications systems. We are active in representing the RWC's interests in the future development of the National Public Safety Broadband Network through Arizona First Net and continue to maintain contact with the Federal Communications Commission (FCC) to monitor activities related to the FCC's rule to narrow band public safety 700 MHz frequencies.



The joint RWC/TRWC Governance Working Group (GWG) added two new members to the group and has made remarkable progress in developing a unified governance for approval by the joint Boards of Directors in late 2014.

I am pleased to report that, under the management of Phoenix Information Technology/Radio Services Department and supported by the Operations Working Group and Motorola Solutions; the RWC's TDMA, lifecycle infrastructure project is ahead of schedule and within budget. This project is significant for the future of the RWC.

This year we added the Goodyear Police Department onto the network along with a number of new interoperability participants. Increases to membership and frontline users make the RWC network more robust, economical and improve interoperability.

As always, I want to thank the Board of Directors, our Executive Committee, and Operations and Policy Working Groups for their commitment and support in efficiently managing the RWC. Finally, my appreciation goes out to the men and women who comprise the behind-the-scenes technical and administrative support team that have made the RWC one of the premier public safety interoperable communications systems in the country.

Sincerely,

A handwritten signature in black ink that reads "David A. Felix". The signature is written in a cursive, flowing style.

David Felix, Executive Director
Regional Wireless Cooperative

YEAR IN REVIEW

Joint RWC/TRWC Governance Working Group

In late 2012, the Boards of Directors of the Regional Wireless Cooperative (RWC) and Topaz Regional Wireless Cooperative (TRWC) met to develop a strategic plan for the future of public safety radio communications in the Phoenix metropolitan region. Discussions highlighted the need to unify and manage the two existing radio systems under a single governance structure to ensure that public safety and support personnel could interoperate during multi-agency events and emergencies.

From these discussions, the Boards established a joint Governance Working Group (GWG) whose purpose is to develop a structure which will more effectively and efficiently govern the two regional cooperatives. The GWG is comprised of eight Board and high level representatives from the RWC and TRWC, including expertise from the executive directors, law enforcement, fire service and information technology.



Members of the RWC and TRWC working together.

Update on RWC's FCC Petition to Delay Narrowbanding Deadline

Last year the FCC took two significant actions which are believed to be a precursor to a positive ruling on the RWC's petition to extend the FCC's mandate to narrowband 700 MHz frequencies. This mandate will have a negative impact on RWC Members by requiring them to collectively invest millions of dollars to replace their current inventory of subscriber units (radios) with those that are narrowband capable by December 31, 2016.

First, the FCC granted the State of Louisiana's petition to extend the narrowbanding deadline to 2024. Parts of the RWC's petition were modeled after language in Louisiana's petition; therefore it is believed that the FCC will view the RWC and other regional systems' petitions in a similar fashion.

Second, the FCC published a 700 MHz Notice of Public Rule Making (NPRM) "omnibus item" which is intended to address this issue through a national focused approach. The RWC posted a response to this NPRM to reinforce its position documented in the RWC's petition. The RWC continues to closely monitor this issue on behalf of its Members and the region.

YEAR IN REVIEW (continued)

Maricopa County Community College District Police Newest RWC Member

Through the combined efforts of the RWC, Phoenix ITS staff and Motorola Solutions, the Maricopa County Community College District Police Department (MCCCD PD) was approved by the Board of Directors as the newest member of the RWC. MCCCD PD provides security on 10 main campuses and several more satellite campuses spanning the entire Phoenix metropolitan region. The MCCCD PD has added over 200 radios and dispatch consoles to the network.

Arizona Public Safety Radio Communication Administrators Forum

The RWC hosted the second forum for regional Arizona public safety radio communication administrators. The focus of these forums is to discuss system information, future upgrades and projects, best practices and infrastructure sharing opportunities. The forum was attended by the administrators and technical representatives from the Topaz Regional Wireless Cooperative (TOPAZ-Mesa); Pima County Wireless Network System (PCWINS-Tucson); Yuma Regional Communications System (YRCS-Yuma); Flagstaff Regional Communications System (FRCS-Flagstaff); Maricopa County Wireless Systems Network (MCWS-Maricopa County); and the State of Arizona Department of Public Safety (DPS).



An Arizona Public Safety Radio Communication Administrators Forum Meeting in December, 2013.

Executive Director and ITD Staff Approve RWC Equipment

During a December 2013 visit to Motorola Solutions Corporate headquarters in Schaumburg, Illinois, Executive Director Felix and Phoenix ITS Supervisor Todd Rogers participated in acceptance testing of the RWC's "Simulcast C" subsystem equipment. Director Felix and Mr. Rogers also met with the "black belt" team responsible for tracking and resolving voice processing module (VPM) issues and toured other key laboratory test areas at Motorola's facilities.

YEAR IN REVIEW (continued)

RWC & TRWC Technical Staffs Collaborate to Solve VPM Issue

Led by RWC Board Chairman, Steve Campbell, a joint RWC/TRWC technical working group was formed to address radio console issues that were plaguing the City of Mesa and RWC Member dispatch centers. The main focus centered on the voice processing module (VPM) and its performance which could potentially impact radio communication reliability with officers and firefighters. The Motorola-based radio console VPM was exhibiting application freezes, random reboots, and missing audio issues.

Working with the joint RWC/TRWC team, Motorola formed a highly visible, “black-belt” team to focus efforts to diagnose and resolve the VPM issues. This team worked diligently to resolve the missing audio issues, and identify possible causes of the random reboots and application freezes. New software and hardware was developed and is now being used on two radio consoles in the Tempe Police Dispatch center to capture data for improved diagnostics. At the end of this reporting period, a variety of issues have been identified and are believed to be solved.



David Felix and Todd Rogers work with Motorola engineers in Schaumburg, Illinois.

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 currently includes 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:

Ak-Chin Fire Department	Maricopa County Adult Probation
Arizona Attorney General's Office	Maricopa County Attorney's Office
Arizona Department of Corrections	Maricopa County Department
Arizona Department of Health Services	of Emergency Management
Arizona Department of Juvenile Corrections	Maricopa County Department
Arizona Department	of Transportation
of Liquor Licenses and Control	Maricopa County Juvenile Probation Department
Arizona Department of Public Safety	Maricopa County Office
Arizona Department of Transportation	of Enterprise Technology
Arizona Division of Emergency Management	Maricopa County Office of Medical Examiner
Arizona National Guard	Maricopa County Regional Emergency Action
Arizona Radiation Regulatory Agency	Coordination Team (REACT)
Arizona State University Police Department	Maricopa County Sheriff's Office
Buckeye Valley Fire District	Maricopa County Superior Court Marshal's Office
Carefree Fire Department / Rural Metro	Pinal County
Casa Grande Fire Department	Salt River Pima Maricopa Indian Community
Cave Creek Marshal's Office	Tonopah Valley Fire District
Circle City / Morristown Fire District	Union Pacific Railroad Police Department
Community Bridges, Inc.	US DOJ Bureau of Alcohol, Tobacco,
Federal Reserve Police Department	Firearms and Explosives
Fort McDowell Yavapai Nation	US DOJ Drug Enforcement Agency
Fire Department	US DOJ Federal Bureau of Investigation
Gila River Indian Community	US DOJ United States Marshals Service
Harquahala Fire District	Wickenburg
Luke Air Force Base	Wittmann Fire District

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.

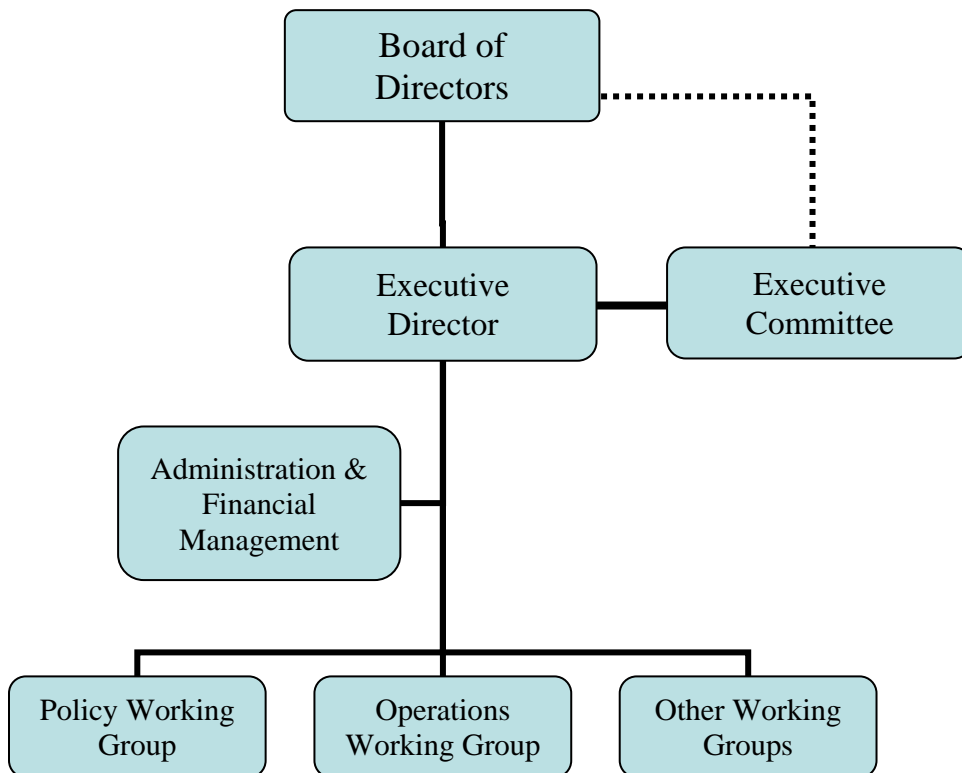
We Make the RWC Better

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

ATC Buckeye Tower

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.



MEMBERS



BOARD OF DIRECTORS

Chair

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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

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Administrator / IT Project Manager
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Doug Mummert
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Bill Phillips
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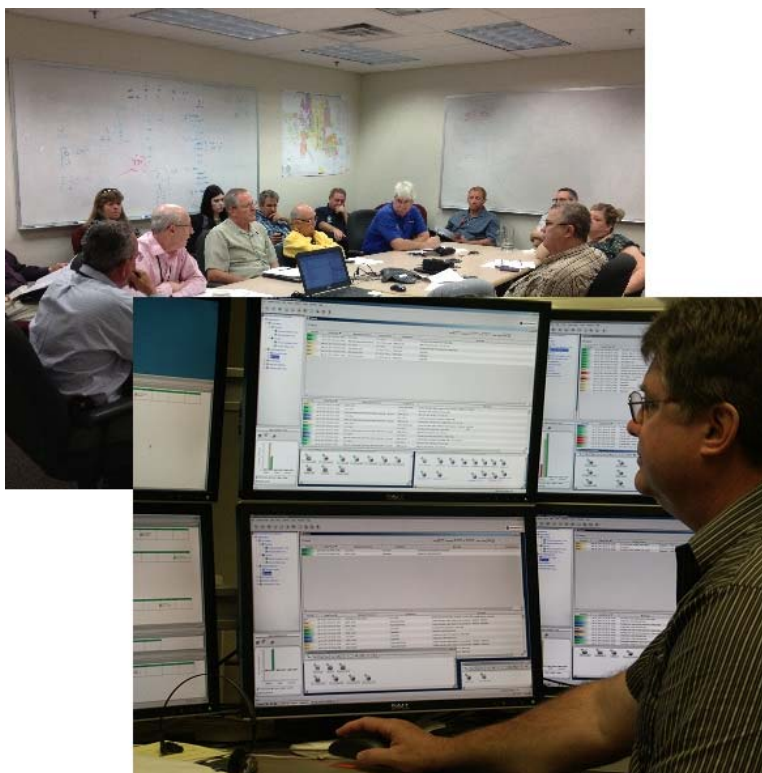
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OPERATIONS WORKING GROUP

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.



Above: a typical Operations Working Group Meeting
Below: Loy Wiechmann, of the City of Phoenix, monitors the RWC Network.

POLICY WORKING GROUP

The Policy Working Group (PWG) is responsible for developing, reviewing and modifying RWC policies and procedures. The PWG consists of representatives from Member agencies and meets bi-weekly or as required throughout the year. Policies and procedures completed by the PWG must be approved by the Operations Working Group, Executive Committee or Board of Directors prior to implementation.

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 2013-14 and 2014-15

	FY 2013-14	FY 2014-15
Operations, Maintenance and Staffing	\$8,237,764	\$8,175,821
System Upgrade (SUAll)	\$2,653,000	\$2,648,200
700MHz Narrow Banding, TDMA, Lifecycle Upgrade	\$8,455,000	\$8,588,364
Required Minimum Balance	\$4,196	\$13,057
Total Budget	\$19,349,960	\$19,425,442
Subscriber Unit* Rate	\$39.75	\$38.29
Total Positions (Administrative Staff)	4	4

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



Todd Rogers, an operations working group member from the City of Phoenix, inspects RWC equipment at the Motorola Factory in Schaumburg, Illinois.

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 for administrative services, network operations and maintenance services, network infrastructure replacement, and system upgrades.

Operations, Maintenance, and Staffing Costs

The operations, maintenance, and staffing portions of the budget are used to pay for the cost of maintaining and staffing the RWC Network. Operations and maintenance 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. Staffing include 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.

Capital Improvement Project Fund

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

Required Minimum Balance

The required minimum balance is used to provide a contingency 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 Position of RWC.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the RWC for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

PLAN FOR THE FUTURE

RWC PROJECTS	2014/15	2015/16	2016/17
Software & Hardware Upgrades	7.14 Upgrade		7.16 Upgrade
Goodyear	Increase capacity on Simulcast J		
City of Maricopa	Add new site in Maricopa to improve in-building coverage		
Paradise Valley	Completion construction of new site in Simulcast H and complete transition to RWC		
Scottsdale	Add a new site to Simulcast H to improve coverage in north-west Scottsdale; to be collocated with the RWC Dove Valley site.		
700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)	Complete Hardware Upgrade to Simulcast A & IR Sites	Complete Hardware Upgrade to Simulcast B	Current mandated completion of Narrow-Banding; Consider TDMA conversion to provide additional capacity, or extend cutover to 2019 or beyond
800 MHz Re-banding	Complete Negotiations for Cash-Out Option		
END USER PROJECTS			
Gold Elite to MCC7500 Replacement	Parts Support Ends		Upgrades must be complete before the 7.16 Upgrade
Subscriber Replacement or Upgrade to TDMA Capable Radios	Continue as funding permits to coincide with FCC Mandate as it is revised	Continue as funding permits to coincide with FCC Mandate as it is revised, or to coincide with possible TDMA conversion for capacity.	Continue as funding permits to coincide with FCC Mandate as it is revised, or to coincide with possible TDMA conversion for capacity.

PLAN FOR THE FUTURE (continued)

RWC PROJECTS	2017/18	2018/19	2019/2020
Software & Hardware Upgrades		7.18 Upgrade	
700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)	Consider TDMA conversion to provide additional capacity, or extend cutover to 2019 or beyond	Consider TDMA conversion to provide additional capacity, or extend cutover to 2019 or beyond	
END USER PROJECTS			
Subscriber Replacement or Upgrade to TDMA Capable Radios	Continue as funding permits to coincide with FCC Mandate as it is revised	Continue as funding permits to coincide with FCC Mandate as it is revised	



A technician performs maintenance on an RWC communication tower.

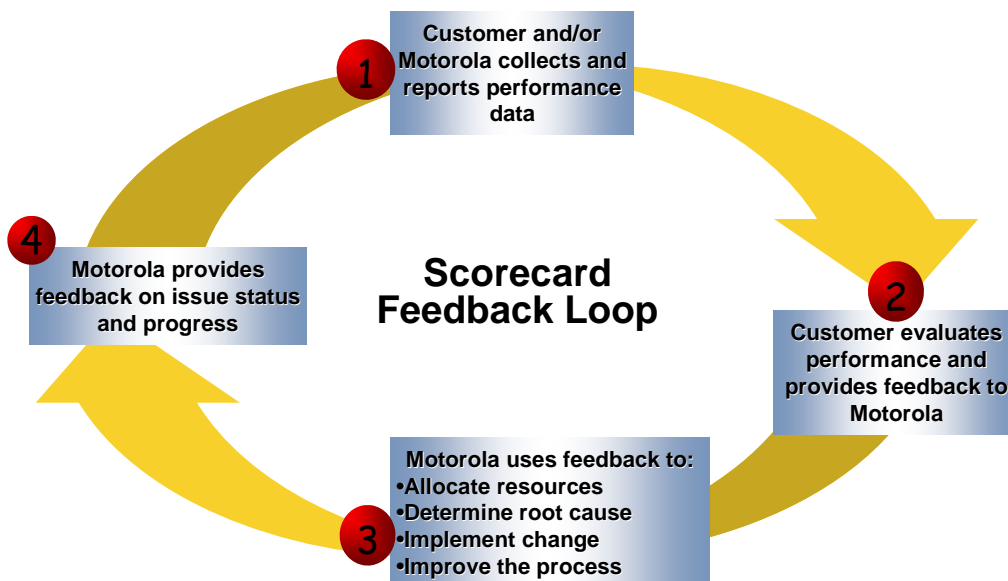
MOTOROLA SCORECARD

The scorecard initiative, which began at the end of 2004, is a joint process between Motorola and the RWC. It is used as a way for Motorola to improve its performance by validating 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 2014 scorecard for the RWC had 17 metric/performance items. Many of the deliverables are very strategic and also help other Motorola customers of the same size. This year a significant console problem (Voice Processing Module) affecting multiple RWC members was resolved through use of the scorecard as the means to track progress in resolving this issue.

The Scorecard Process is based on a Continuous Improvement Model



PROJECTS AND MAJOR INITIATIVES

These projects, underway in 2013/14 and beyond, are adding new members and improving radio coverage and reliability provided by the Regional Wireless Cooperative (RWC).

Goodyear

Goodyear has been a Member for the RWC for some time using the system for their Fire users. Goodyear Police had decided to hold off using the RWC network until their new dispatch center was completed. Goodyear Police made their transition to the RWC network in May 2014 in conjunction with completing their new dispatch center.

Avondale/Goodyear

At the same time that Goodyear brought their new dispatch center on-line, Avondale converted their Gold Elite Consoles to the new MCC 7500 consoles. Avondale did not bring their new consoles on-line in FY 13/14 since they were waiting for the new microwave connection through the Cashion site to be completed. This connectivity will be brought on-line in early FY 14/15, completing both Avondale's upgraded, and Goodyear's new, dispatch centers.

Maricopa County Community College District (MCCCD)

MCCCD became an RWC Member in September 2013. The MCCCD communications system was fragmented, into individual localized systems for each of their 10 campuses and their associated sub-campuses. The District decided that it needed to unify their police force and provide a consolidated dispatch center. They decided that joining the RWC would provide them with a wide area communications system that would form the backbone of their new consolidated communications plan. A new central dispatch center was built and was integrated into the RWC network in June 2014.

Paradise Valley

The Town of Paradise Valley has been working with the area residents to jointly select and design a new RF site in the Highland St area. The Town has also been working on a site sharing agreement with Maricopa County in which both the County and the Town will share the expenses to build and operate this new site. Site selection was completed in FY 13/14. Maricopa County will build the site as part of their new system build-out, and the Town will reimburse the County for their share of the construction costs. The County and Town expect to start construction in FY 14/15. The new site will be added to the Simulcast H sub-system (Scottsdale) to provide the necessary coverage for the Town. After the site is completed, Paradise Valley Police will transition to full operation on the RWC network.

PROJECTS AND MAJOR INITIATIVES (continued)

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. Rather than go through the actual re-banding process, the RWC intends to move off of the 800 MHz frequencies, and onto the 700 MHz band making the entire RWC system all 700 MHz. The RWC has reached a preliminary agreement with Sprint/Nextel on the “cash-out” option, and final agreement is expected in FY 14/15. Details of the agreement could not be released at the time this report was being prepared. The funding obtained from this effort will be used to offset the cost of the 700 MHz Narrow-Banding, TDMA Conversion, and Lifecycle Upgrade.

700 MHz Narrow-Banding, TDMA Conversion, and Lifecycle Upgrade

The purpose of this project is to comply with Federal mandates to narrow-band the 700 MHz spectrum used by the RWC by converting the RWC system to the Time Division Multiple Access (TDMA) protocol and implementing several key lifecycle changes required due to equipment obsolescence. The project also considers the Federal mandate for 800 MHz re-banding and integrates it with the overall project by converting the entire RWC network to use only 700 MHz frequencies, eliminating the need to re-band the 800 MHz frequencies. The project began with Simulcast C being taken off the air; equipment removal is nearly complete, and the Prime site was converted to the new configuration. Users in Ahwatukee, Chandler and Maricopa, who were normally on Simulcast C were transitioned to Simulcast F. Additionally, the South Mountain Overlay Site was converted to panel antennas and is being used to provide coverage to the City of Maricopa while Simulcast C is off air. Two of the five Simulcast C sites were upgraded to the new GTR base stations and IP configuration in FY 13/14. These sites were put on air and used in conjunction with Simulcast F to partially restore coverage and capacity for the normal Simulcast C users. The full upgrade and conversion of Simulcast C to 700 MHz will be completed by the end calendar year 2014. The latter half of FY 14/15 will be used to commence the conversion of Simulcast B.

PROJECTS AND MAJOR INITIATIVES (continued)

Other Projects

- **Scottsdale Northwest Coverage Improvement:** Scottsdale entered into a contract to add another site to Simulcast H to improve their coverage in the northwestern part of the city. The site will be collocated with Simulcast A & B at the RWC site at Dove Valley. Installation and integration of the new site will take place in FY 14/15.
- **City of Maricopa Coverage:** Maricopa is looking into adding a new site to provide better in-building coverage in their downtown area. A proposal has been received and is being evaluated. A final decision on implementation will be made in FY 14/15.
- **City of Maricopa Dispatch:** Maricopa has also begun an effort to move their Police dispatch from Buckeye to Maricopa. They have begun evaluating options for building and starting their own dispatch center.
- **ASU Joining the RWC:** ASU has expressed an interest in joining the RWC, and Tempe has been leading the effort to encourage and facilitate this interest. Proposals showing the costs of ASU remaining a standalone system, and being integrated with the RWC, were received in late FY 13/14. ASU and the RWC will jointly review and evaluate the proposals and determine the next steps in FY 14/15.
- **Gold Elite Console Replacements:** Several RWC Members, in addition to Avondale and Goodyear, mentioned above, are working on replacing their Gold Elite consoles with newer, MCC 7500 consoles. These consoles are required because support for the Gold Elites is ending, system software will no longer support these consoles, and the new consoles are need for TDMA operation. Glendale, Phoenix and Scottsdale are all either planning or have begun projects to replace their respective consoles.

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 2013/14			
	July	October	January	April
	Count	Count	Count	Count
Member Total	17,455	17,389	17,348	17,371
Interoperability	8,568	8,958	9,506	10,143
Grand Total	26,023	26,347	26,854	27,514



Typical handheld radios used by RWC Members.

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)

	2013	2013	2013	2013
Month	July	August	September	October
Number of Calls	2,446,680	2,443,003	2,363,244	1,912,187
Total Duration (h,hhh:mm:ss)	6,586:03:16	6,707:04:48	6,529:33:49	5,168:48:30
Average Call Duration (Sec)	9.69	9.88	9.95	9.73
Average Calls Per Day	78,925	78,807	78,775	61,683
Number of Busies	96	76	84	56
Busy Duration (Sec)	40	19	61	46
Average Busy Duration (Sec)	0.4	0.3	0.7	0.8
Number of Emergency Calls	281	287	195	262
Emergency Duration (Sec)	9,045	10,824	9,020	6,520
Average Emergency Duration (Sec)	32.2	37.7	46.3	24.9
Grade of Service	0.0039%	0.0031%	0.0036%	0.0029%

	2013	2013	2014	2014
Month	November	December	January	February
Number of Calls	2,269,057	2,322,876	2,320,309	2,171,969
Total Duration (h,hhh:mm:ss)	6,211:33:36	6,284:27:53	6,364:38:23	5,972:48:49
Average Call Duration (Sec)	9.86	9.74	9.87	9.90
Average Calls Per Day	75,635	74,931	74,849	77,570
Number of Busies	24	31	22	185
Busy Duration (Sec)	7	15	6	254
Average Busy Duration (Sec)	0.3	0.5	0.3	1.4
Number of Emergency Calls	212	238	369	216
Emergency Duration (Sec)	6,393	7,049	9,829	7,406
Average Emergency Duration (Sec)	30.2	29.6	26.6	34.3
Grade of Service	0.0011%	0.0013%	0.0009%	0.0085%

	2014	2014	2014	2014
Month	March	April	May	June
Number of Calls	2,473,674	2,449,267	2,581,946	2,464,849
Total Duration (h,hhh:mm:ss)	24,339,726	24,105,592	25,634,516	24,536,534
Average Call Duration (Sec)	9.84	9.84	9.93	9.95
Average Calls Per Day	79,796	81,642	83,289	82,162
Number of Busies	17	58	54	229
Busy Duration (Sec)	4	20	17	245
Average Busy Duration (Sec)	0.2	0.3	0.3	1.1
Number of Emergency Calls	347	355	355	294
Emergency Duration (Sec)	12,252	13,451	12,109	12,553
Average Emergency Duration (Sec)	35.3	37.9	34.1	42.7
Grade of Service	0.0007%	0.0024%	0.0021%	0.0093%

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 Buses 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 subsystem:

RWC Annual GOS Maximum Summary FY 2013-2014			
Simulcast / ISR	Avg GOS	Max GOS	Date of Max GOS
Simulcast A	0.0000%	0.0000%	07/03/2014 21:00:00
Simulcast B	0.0117%	0.2831%	02/20/2014 12:00:00
Simulcast C	0.0000%	0.0000%	07/04/2014 21:00:00
Simulcast F	0.0363%	0.5053%	01/01/2014 01:00:00
Simulcast G	0.0000%	0.0000%	07/03/2014 21:00:00
Simulcast H	0.0519%	2.5532%	10/23/2013 14:00:00
Simulcast J	0.0000%	0.0000%	07/04/2014 22:00:00
Estrella	0.0000%	0.0000%	06/22/2012 21:00:00
Quintero	0.0000%	0.0000%	07/08/2014 23:00:00
Sky Harbor	0.1216%	1.9231%	06/04/2014 12:00:00
Mt Gillen	0.0000%	0.0000%	07/03/2014 12:00:00
North Mountain	0.0272%	1.1146%	06/04/2014 14:00:00
Sacaton Peak	0.0000%	0.0000%	07/04/2014 21:00:00
South Mountain	0.0034%	0.1735%	06/04/2014 12:00:00
Thompson Peak	0.0000%	0.0000%	07/04/2014 23:00:00
Towers Mountain	0.0000%	0.0000%	07/02/2014 22:00:00
White Tanks	0.0000%	0.0000%	07/04/2014 22:00:00

SYSTEM PERFORMANCE (continued)

System Use

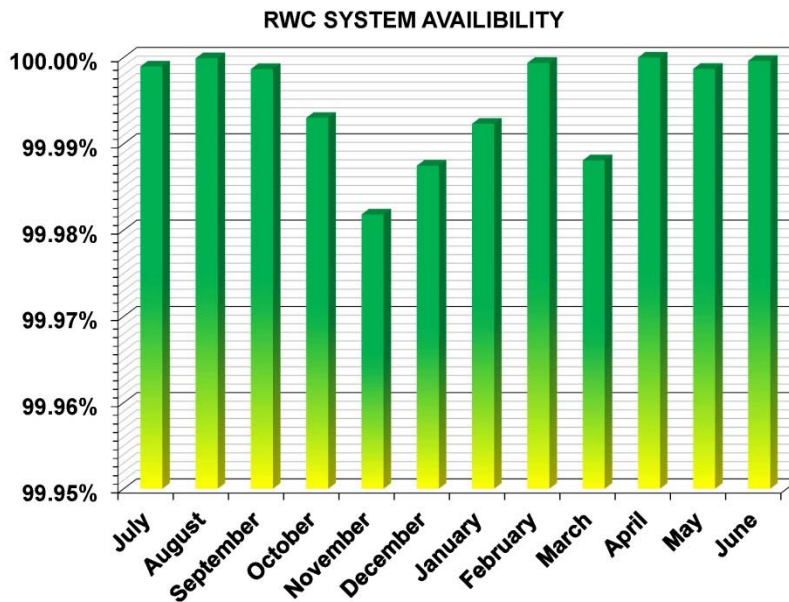
System Use shows the averages of how many of the system's channels are used. It is shown as a percentage of the number of channels used divided by the total number of channels available for each Simulcast and ISR subsystem.

RWC 12 Month Use Data for FY 2013-2014		
Sub-System / ISR	Average Use	Maximum Use
Simulcast A	34.59%	41.05%
Simulcast B	34.30%	46.69%
Simulcast C	17.62%	34.24%
Simulcast F	41.52%	53.01%
Simulcast G	38.88%	45.50%
Simulcast H	28.11%	45.37%
Simulcast J	21.13%	31.93%
Estrella	15.17%	24.13%
Quintero	3.80%	19.46%
Sky Harbor	22.22%	40.04%
Mt. Gillen	5.56%	12.50%
North Mountain	19.78%	47.59%
Sacaton Peak	6.23%	13.86%
South Mountain	15.94%	35.73%
Thompson Peak	9.83%	17.44%
Towers Mountain	4.25%	13.02%
White Tanks	28.44%	39.60%

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 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 2012 through June 2013 is shown below:



NOTE: The industry standard and baseline for system availability of public safety radio systems is 98.5%. The performance of the RWC Network is well above this standard. The scale above has been adjusted to a baseline of 99.95% to more easily show performance values.

CONTACT INFORMATION

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Clockwise from upper left: David Clarke, David Felix, Kelli Butz, Kim Engle



RWC



Comprehensive Annual Financial Report Fiscal Year 2014

**Regional Wireless Cooperative, an Arizona Joint Venture
for the Fiscal Years Ended June 30, 2014 and 2013**





RWC

FY2014 Comprehensive Annual Financial Report

**Regional Wireless Cooperative, an Arizona Joint Venture
for the Fiscal Years Ended June 30, 2014 and 2013**

**Prepared By Regional Wireless Cooperative (RWC)
Kelli Butz, Accountant III**

MEMBERS



**Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013**

RWC BOARD OF DIRECTORS

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Police Chief
City of El Mirage

Vice Chair

Brad Hartig
CIO/Executive Director IT
City of Scottsdale

Kevin Artz
Acting Assistant City Manager
City of Avondale

Wayne Clement
Fire Chief
Town of Guadalupe

Mike Thompson
Fire Chief
Sun City Fire District

Bob Costello
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Lonnie Inskeep
Assistant Chief
City of Maricopa

Tim Van Scoter
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Sun City West Fire District

Kevin Bailey
Assistant Fire Chief
City of Chandler

Brent Ackzen
Communications Manager
Maricopa County Community
College District

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Danny Johnson
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**Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013**

RWC EXECUTIVE COMMITTEE

David Felix
RWC Executive Director

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

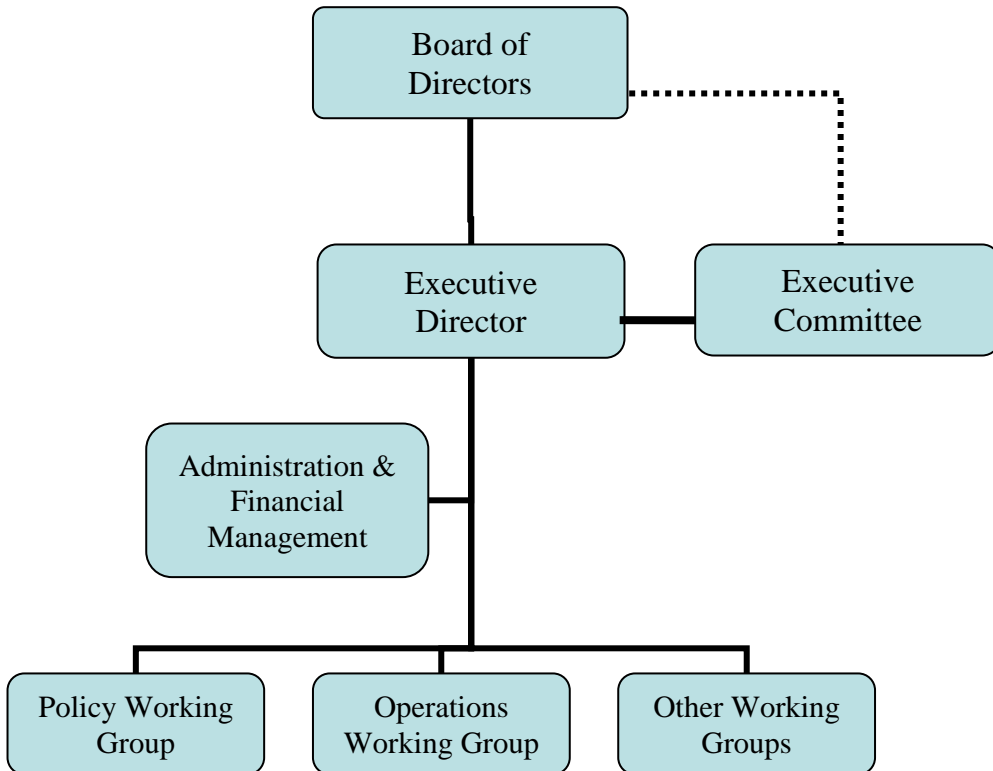
Dave Heck
Deputy Director of Finance and Technology / Chief Information Officer
City of Tempe

Doug Mummert
Fire Battalion Chief
City of Phoenix

Bill Phillips
Enterprise Technology Manager
City of Phoenix

Shannon Tolle
Information and Technology Communications Director
City of Scottsdale

Regional Wireless Cooperative Organizational Chart



INTRODUCTORY SECTION



Regional Wireless Cooperative

**Regional Wireless Cooperative
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013**

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About the cover:

Towers on top of South Mountain, and representation of
public safety users of the RWC network.



November 10, 2014

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, 2014. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to fairly present 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 net position and changes in net position have been included.

CliftonLarsonAllen, LLP has issued an unmodified ("clean") opinion on the RWC financial statements as of and for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' 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. 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 an independent, multi-jurisdictional organization throughout the Phoenix Metropolitan Region which currently consists of the following 20 members: City of Avondale, City 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, Maricopa County Community College District, Town of Paradise Valley, 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.

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 estimated population in the State of Arizona as of 2013 was 6.6 million. This represents a population growth of 18% from a decade ago. The Phoenix metropolitan area has been one of the most rapidly growing metropolitan areas in the country in recent decades in terms of population, employment and personal income growth. From 2000 to 2010, population growth was 24.2% in Maricopa County compared to 9.7% for the United States.

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 \$28.7 billion annually. In 2013, 40 million passengers arrived and departed 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. 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.

LOCAL ECONOMY (CONTINUED)

Major employers range from hospitals and banks, to private universities and aerospace manufacturers. Emerging industries include renewable energy, biotechnology, and data centers. 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 7.14 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.

It appears very likely that the FCC will delay or eliminate the 700 MHz narrow-banding mandate, therefore, the RWC has therefore divided this effort into two phases. The first phase will be to upgrade the RWC network hardware so that it is compatible with and ready for the Phase 2 TDMA Conversion. This phase will also move the RWC off of all 800 MHz frequencies onto the 700 MHz band complying with the FCC mandate regarding 800 MHz re-banding. The Hardware Upgrade phase has been approved at a cost of \$25.4 M, commenced in July 2013, and will be completed in late 2016.

LONG TERM FINANCIAL PLANNING (CONTINUED)

The second phase is the actual TDMA conversion and narrow-banding. This phase is planned and approved, but will not commence until the FCC determines the final 700 MHz narrow-banding deadline. This phase is estimated to cost \$17.7 M.

MAJOR INITIATIVES

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

Maricopa County Community College District

In 2013 Maricopa County Community College District (MCCCD) became a member of the RWC. MCCCD'S membership on the RWC network will standardize police and security services for the 10 MCCCD main campuses and 19 satellite campuses located across the Valley.

Goodyear

Goodyear Police transitioned in early 2014 with the completion of their new dispatch center.

Paradise Valley

The Town of Paradise Valley joined the RWC in the fall of 2012. The Town is planning a two-phased approach to joining the RWC. In the first phase, a new site will be constructed in Paradise Valley in partnership with Maricopa County. During the second phase, 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.

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.

Rather than go through the actual re-banding process, the RWC intends to move off of the 800 MHz frequencies, and onto the 700 MHz band making the entire RWC system all 700 MHz. The RWC will negotiate with Sprint/Nextel to use the "cash-out" option. The funding obtained from this effort will be used to offset the cost of the 700 MHz Narrow-Banding, TDMA Conversion and Lifecycle Upgrade (see "Long Term Financial Planning" above).

RELEVANT FINANCIAL POLICIES

General

The City of Phoenix serves as the Administrative Managing Member, responsible for the administration and financial management of the RWC. As such, the RWC follows all of the administrative and financial management policies and procedures of the City of Phoenix.

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 at a cost that does not exceed the benefits to be derived. Management of the RWC has established a system of integral internal controls designed to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements 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

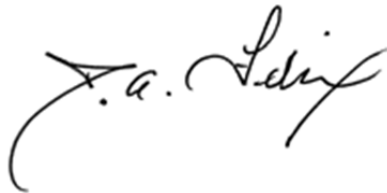
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the RWC for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious 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, the 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.

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 assistance in the preparation of this comprehensive financial report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Felix". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Felix
RWC Executive Director



Government Finance Officers Association

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**Regional Wireless Cooperative
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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FINANCIAL SECTION



Regional Wireless Cooperative

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Wireless Cooperative

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Wireless Cooperative, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Regional Wireless Cooperative as of June 30, 2014 and 2013, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Wireless Cooperative's basic financial statements. The accompanying supplementary information, introductory and statistical sections, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

CliftonLarsonAllen LLP

Phoenix, Arizona
November 10, 2014

REGIONAL WIRELESS COOPERATIVE MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended June 30, 2014. 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)

- Net position for the RWC totaled \$87,530 at June 30, 2014 and \$87,711 at June 30, 2013. Net position for fiscal year 2014 decreased by \$181 as compared to fiscal year 2013. In fiscal year 2013, net position decreased by \$8,638. The decrease in 2014 is primarily due to an increase in current assets and an increase in accumulated depreciation. The decrease in net position for fiscal year 2013 compared to 2012 was primarily an increase in accumulated depreciation.
- Operating revenue was \$18,432 for fiscal year 2014 and \$9,224 for fiscal year 2013. Operating revenues increased by \$9,208 in 2014 and increased by \$811 in 2013. The increase in 2014 is due to an increase in Members' contributions for construction of capital assets compared to 2013. In 2013, the increase was due to an increase in Members' contributions for construction of capital assets.
- The operating expenses increased by \$1,618 to \$18,707 in fiscal year 2014. Operating expenses decreased by \$1,059 to \$17,089 during fiscal years 2013. In 2014, the increase was related to an increase of \$493 in operation and maintenance expense, an increase of \$20 in administration expense, an increase of \$3 for special assessment expense, and an increase of \$1,102 in depreciation expense. In 2013, the decrease was attributable to a \$1,554 decrease in operation and maintenance expense, an increase of \$98 in administration expense, a decrease of \$48 for special assessment expense, and an increase of \$445 in depreciation expense.

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 position, statement of revenues and expenses and changes in net position; 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.

**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

RWC'S FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the joint venture's financial position. The net position of the RWC decreased by \$181 for the year ended June 30, 2014 as compared to June 30, 2013 and decreased by \$8,638 in 2013 as compared to June 30, 2012.

RWC's Net Assets
(in thousands)

	June 30,		
	2014	2013	2012
Current Assets	\$ 5,555	\$ 2,599	\$ 1,694
Capital Assets, Net	83,280	87,125	95,643
Total Assets	88,835	89,724	97,337
Current Liabilities	1,227	2,013	988
Noncurrent Liabilities	78	-	-
Total Liabilities	1,305	2,013	988
Investment in Capital Assets	83,280	87,125	95,643
Restricted	-	88	-
Unrestricted	4,250	498	706
Total Net Position	\$ 87,530	\$ 87,711	\$96,349

**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

RWC'S FINANCIAL ANALYSIS (CONTINUED)

- During fiscal year 2014, current assets increased by \$2,956 compared to an increase of \$905 in 2013. The increase in 2014 was primarily due to an increase in unrestricted pooled investments. The increase in 2013 compared to 2012 was primarily due to an increase in unrestricted and restricted pooled investments.
- Capital assets, net decreased by \$3,845 and by \$8,518 during fiscal years 2014 and 2013, respectively. The decrease in 2014 resulted primarily from an increase in construction in progress and an increase in accumulated depreciation. The decrease in 2013 resulted primarily from an increase of accumulated depreciation.
- Liabilities decreased by \$708 during fiscal year 2014 and increased by \$1,025 during fiscal year 2013. The decrease in 2014 was primarily attributable to a decrease in deferred revenue related to RWC member billings for operations, maintenance and administration. The increase in 2013 compared to 2012 was primarily attributable to an increase in deferred revenue related to RWC member billings for operations, maintenance and administration.
- Net position decreased by \$181 to \$87,530 in fiscal year 2014. For fiscal year 2014, \$83,280 was invested in capital assets and \$4,250 was unrestricted and available for short-term operations and ongoing obligation compared to \$87,125 in capital assets, \$88 in restricted, and \$498 in unrestricted for fiscal year 2013 and \$95,643 invested in capital assets and \$706 in unrestricted for fiscal year 2012.

**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

RWC'S FINANCIAL ANALYSIS (CONTINUED)

RWC's Changes in Net Position
(in thousands)

	Year Ended June 30,		
	2014	2013	2012
Operating Revenues - Primarily Members' Charges	\$ 18,432	\$ 9,224	\$ 8,413
Non-Operating Revenues	94	(773)	25
Total Revenues	<u>18,526</u>	<u>8,451</u>	<u>8,438</u>
Operating Expenses			
Staff and Administrative	617	597	499
Operations and Maintenance	6,541	6,048	7,602
Special Assessments	3	-	48
Depreciation	11,546	10,444	9,999
Total Operating Expenses	<u>18,707</u>	<u>17,089</u>	<u>18,148</u>
Loss before Capital Contributions	(181)	(8,638)	(9,710)
Capital Contributions	-	-	6,044
Decrease in Net Position	<u>(181)</u>	<u>(8,638)</u>	<u>(3,666)</u>
Net Position, July 1	<u>87,711</u>	<u>96,349</u>	<u>100,015</u>
Net Position, June 30	<u>\$ 87,530</u>	<u>\$ 87,711</u>	<u>\$ 96,349</u>

**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

RWC'S FINANCIAL ANALYSIS (CONTINUED)

- Operating revenues increased by \$9,208 during 2014 and increased by \$811 during 2013. The increase in 2014 is due to increase in Members' contributions for construction of capital assets compared to 2013. The increase in 2013 compared to 2012 was also attributable to an increase in Members' contributions for construction of capital assets.
- Non-operating revenues consist of the net increase or decrease in fair value of investments and interest in investments and gain or loss on disposal of capital assets. During fiscal year 2014 non-operating revenues increased by \$867 due to increased interest revenue. During fiscal year 2013, non-operating revenues decreased by \$798 due to a loss on disposal of capital assets of \$777.
- During fiscal year 2014, operating expenses increased by \$1,618. The increase in 2014 was related to a \$493 increase in operations and maintenance expense, \$3 increase in special assessments, \$20 increase in staff and administrative expense, and \$1,102 increase in depreciation expense. During fiscal year 2013, operating expenses decreased by \$1,059. The decrease in 2013 was related to a \$1,554 decrease in operations and maintenance expense and a decrease of \$48 in special assessments, and increases of \$98 in staff and administrative expense, and \$445 increase in depreciation expense.

OPERATING REVENUES

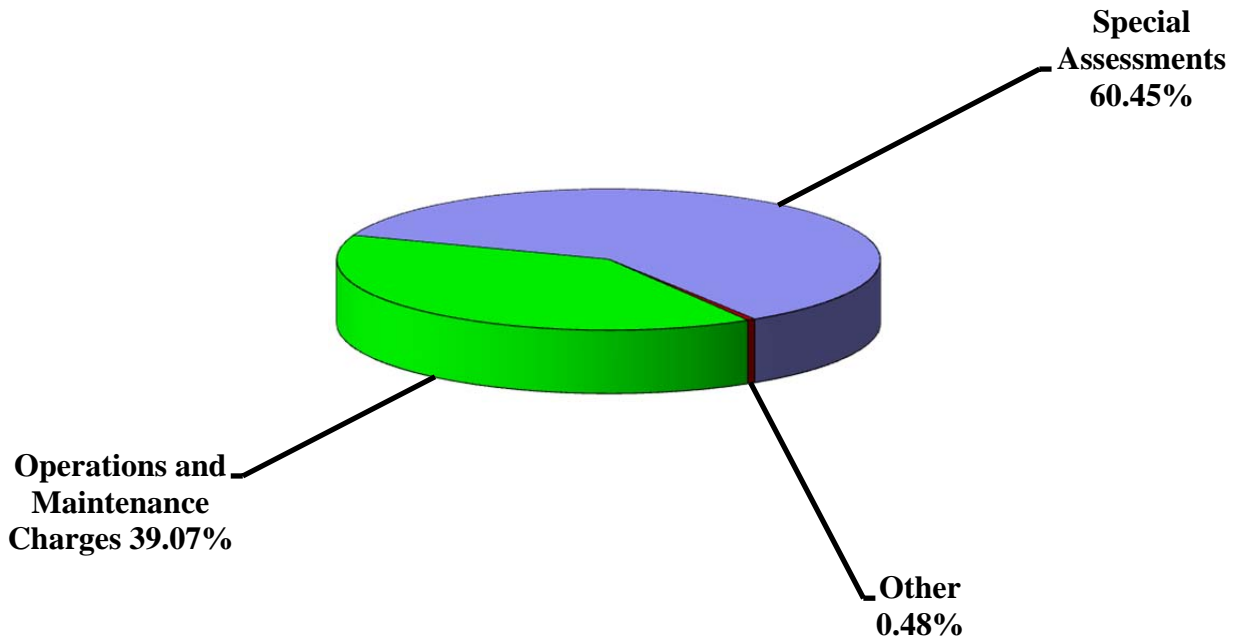
The RWC's revenue is primarily generated by charges to the joint venture members for operations and maintenance costs, special assessments, and an operating reserve. For fiscal year 2014, revenues amounted to \$18,432 of which \$7,201 is revenue from operations and maintenance, \$11,143 from special assessments, and the remaining \$88 from other revenue. For fiscal year 2013, revenues amounted to \$9,224 of which \$6,746 is revenue from operations and maintenance, \$2,390 from special assessments, and the remaining \$88 from other revenue.

**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OPERATING REVENUES (CONTINUED)

The following chart depicts the RWC's revenues by category for the year ended June 30, 2014.

**Operating Revenues
For Fiscal Year Ended June 30, 2014
Total = \$18,432
(in thousands)**

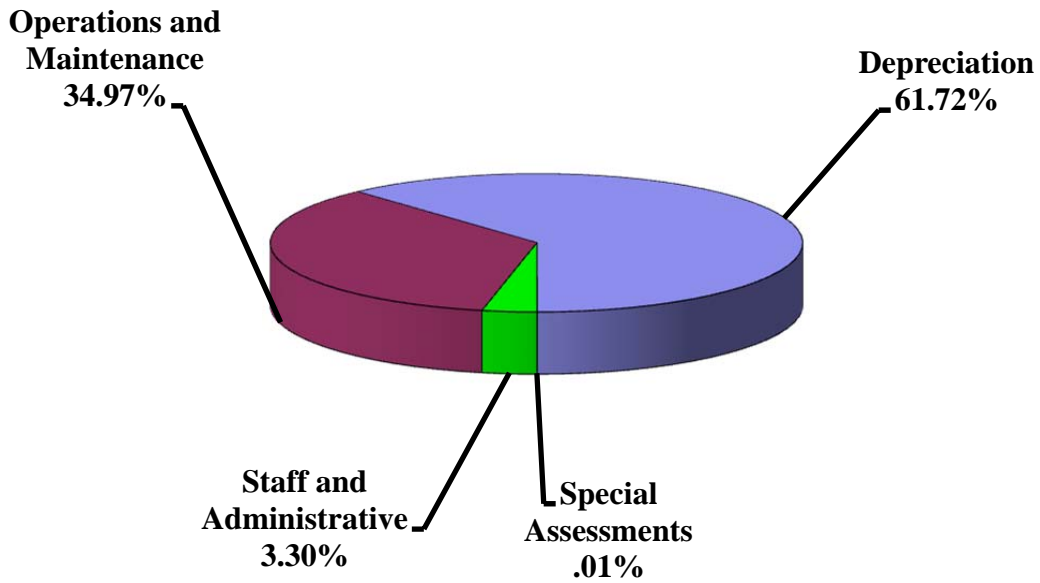


**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OPERATING EXPENSES

The following chart depicts the RWC's operating expenses by category for the year ended June 30, 2014.

**Operating Expenses
For Fiscal Year Ended June 30, 2014
Total = \$18,707
(in thousands)**



**REGIONAL WIRELESS COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSETS

The RWC's investment in capital assets as of June 30, 2014 amounts to \$83,280 (net of accumulated depreciation) \$87,125 as of June 30, 2013 and \$95,643 as of June 30, 2012 as shown below. Net capital assets decreased by \$3,845 and decreased by \$8,518 during fiscal year 2014 compared to 2013. Additional information on RWC's capital assets can be found in the notes to the financial statements, Organization and Summary of Significant Accounting Policies, Note 1, page 18 and Capital Assets, Note 3, pages 22 and 23 of this report.

RWC's Capital Assets

(in thousands)

	June 30,		
	2014	2013	2012
Buildings	\$ 28,842	\$ 28,842	\$ 26,179
Improvements Other than Buildings	4,830	4,830	3,229
Equipment	91,254	91,070	77,287
Intangible Assets	2,592	446	-
Construction in Progress	7,767	2,396	19,054
Accumulated Depreciation	(52,005)	(40,459)	(30,106)
Capital Assets, Net	\$ 83,280	\$ 87,125	\$ 95,643

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During fiscal year 2014, Maricopa County Community College District joined the RWC as a new member. In November 2013, the 2013-14 budget was presented to the RWC Board of Directors and was approved.

During a series of joint RWC and Topaz Regional Wireless Cooperative (TRWC) Strategic Planning meetings, the participants formed a joint RWC/TRWC Governance Working Group (GWG) comprised of members representing the two regional public safety radio communications systems. The purpose of the GWG is to develop a revised governance document and recommendations for the unification of the two radio systems under a new structure. The vision of the GWG is: "to assure seamless radio and data communications to meet the operational needs of the users in a cost effective and sustainable manner." The GWG engaged in a detailed evaluation of the various governance options in use by a number of systems across the country.

REGIONAL WIRELESS COOPERATIVE MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Based on this analysis, the GWG is developing a new governance document, conducting financial analysis and researching various cost allocation models. The GWG briefed the Boards of Directors of its progress at a meeting of the joint RWC and TRWC in September of 2014. The final governance document and associated agreement will be completed by December 2014.

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.

BASIC FINANCIAL STATEMENTS



Regional Wireless Cooperative

Regional Wireless Cooperative
Statements of Net Position
June 30, 2014 and 2013
(in thousands)

	2014	2013
<u>ASSETS</u>		
Current Assets		
Unrestricted Assets		
Equity in Pooled Cash and Investments	\$ 1,397	\$ 1,745
Equity in Pooled Cash and Investments - Operating Reserve	706	694
Equity in Pooled Cash and Investments - Capital	3,452	61
Accounts Receivable	-	11
Total Unrestricted Assets	<u>5,555</u>	<u>2,511</u>
Current Restricted Assets		
Equity in Pooled Cash and Investments	-	88
Total Restricted Assets	<u>-</u>	<u>88</u>
Total Current Assets	<u>5,555</u>	<u>2,599</u>
Noncurrent Assets		
Capital Assets		
Buildings	28,842	28,842
Improvements Other Than Buildings	4,830	4,830
Equipment	91,254	91,070
Intangible Assets	2,592	446
Construction in Progress	7,767	2,396
Less: Accumulated Depreciation	<u>(52,005)</u>	<u>(40,459)</u>
Capital Assets, Net	<u>83,280</u>	<u>87,125</u>
Total Assets	<u>88,835</u>	<u>89,724</u>
<u>LIABILITIES</u>		
Current Liabilities		
Current Liabilities Payable from Current Assets		
Accounts Payable	34	22
Members' Payable	1,182	1,991
Accrued Compensated Absences, Current	<u>11</u>	<u>-</u>
Total Current Liabilities	<u>1,227</u>	<u>2,013</u>
Noncurrent Liabilities		
Accrued Compensated Absences, Net	<u>78</u>	<u>-</u>
Total Noncurrent Liabilities	<u>78</u>	<u>-</u>
Total Liabilities	<u>1,305</u>	<u>2,013</u>
<u>NET POSITION</u>		
Investment in Capital Assets	83,280	87,125
Restricted		
Capital Projects	-	88
Unrestricted	<u>4,250</u>	<u>498</u>
Net Position	<u>\$ 87,530</u>	<u>\$ 87,711</u>

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

Regional Wireless Cooperative
Statements of Revenues, Expenses and
Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	2014	2013
Operating Revenues		
Operations and Maintenance Charges	\$ 7,201	\$ 6,746
Special Assessments	11,143	2,390
Other	88	88
Total Operating Revenues	<u>18,432</u>	<u>9,224</u>
Operating Expenses		
Staff and Administrative	617	597
Operation and Maintenance	6,541	6,048
Special Assessments	3	-
Depreciation	11,546	10,444
Total Operating Expenses	<u>18,707</u>	<u>17,089</u>
Operating (Loss)	<u>(275)</u>	<u>(7,865)</u>
Non-Operating Revenues (Expenses)		
Investment Income:		
Net Decrease in Fair Value of Investments	(109)	(77)
Interest	203	81
Loss on Disposal of Capital Assets	-	(777)
Total Non-Operating Revenues (Expenses)	<u>94</u>	<u>(773)</u>
Changes in Net Position	(181)	(8,638)
Net Position, July 1	<u>87,711</u>	<u>96,349</u>
Net Position, June 30	<u>\$ 87,530</u>	<u>\$ 87,711</u>

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

Regional Wireless Cooperative
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	2014	2013
Cash Flows from Operating Activities		
Cash Received from Members	\$ 18,443	\$ 9,353
Cash Paid to Suppliers	(7,341)	(5,023)
Cash Paid to Staff	(407)	(485)
Cash Paid for Administrative Expenses	(121)	(112)
Net Cash Provided by Operating Activities	<u>10,574</u>	<u>3,733</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(7,701)	(2,703)
Net Cash Used by Capital and Related Financing Activities	<u>(7,701)</u>	<u>(2,703)</u>
Cash Flows from Investing Activities		
Interest on Investments	94	4
Net Cash Provided by Investing Activities	<u>94</u>	<u>4</u>
Net Increase in Cash and Cash Equivalents	2,967	1,034
Cash and Cash Equivalents, July 1	2,588	1,554
Cash and Cash Equivalents, June 30	<u>\$ 5,555</u>	<u>\$ 2,588</u>
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities		
Operating Loss	\$ (275)	\$ (7,865)
Adjustments to Reconcile Operating Loss to Net Cash		
Depreciation	11,546	10,444
Changes in Assets and Liabilities:		
Accounts Receivables	11	129
Accounts Payable	12	(298)
Members' Payable	(809)	1,323
Accrued Compensated Absences	89	-
Net Cash Provided by Operating Activities	<u>\$ 10,574</u>	<u>\$ 3,733</u>

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

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NOTES TO THE FINANCIAL
STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2014 and 2013

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:

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Organization and Summary of Significant Accounting Policies	15
2	Cash and Investments	19
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5	Related Party Transactions	25
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**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

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 Arizona joint venture, multi-jurisdictional organization throughout the Phoenix Metropolitan Region which currently consists of 20 members. 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 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.

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 position, a statement of revenues, expenses and changes in net position, 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 as follows:

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

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

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.

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 position, 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.

The Statement of Net Position present the reporting entity's assets and liabilities, with the difference reported as net position. Net position is reported in three components:

Investment in capital assets consists of capital assets, net of accumulated depreciation and is reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted results when constraints placed on asset use are either externally imposed by creditors, grantor, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted consist of those assets which do not meet the definition of the two preceding categories. Unrestricted often are designated to indicate that management does not consider them to be available for general operations. The unrestricted component often has constraints on resources which are imposed by management, but can be removed or modified by the RWC Board of Directors.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

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

The Statement of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the expenses are offset by revenues. 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.

Cash and Pooled Investments

Pooled investments are cash equivalents and are held in the 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.

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.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

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

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
Buildings	10 – 40 years
Improvements other than buildings	10 – 50 years
Equipment	5 – 30 years
Intangible assets	5 – 40 years
Construction in progress	Not depreciated

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.

Members' Payable

The RWC reports members' payable in connection with revenues from billings to members. Members' payable at June 30, 2014 was \$1,182,171 and \$1,990,905 at June 30, 2013.

Operating Revenues

Operating revenues include 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, 2014 and 2013

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

Operating Expenses

Operating expenses include operation 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 subscribers on the network.

Application of Restricted or Unrestricted Resources

In cases where an expense is incurred for purposes for which both restricted and unrestricted resources are available, the expense is applied to the restricted resources.

Budget

The RWC staff 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.

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.

New Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, improves accounting and financial reporting for pensions. This statement replaces the requirements for Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trust or equivalents arrangements. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

2. Cash and Pooled Investments

The RWC did not have cash on hand at June 30, 2014 and 2013. Pooled investments are maintained in the cash and investment pool of the City.

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

2. Cash and Pooled Investments (Continued)

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, 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 pooled shares. It is the City of Phoenix's policy generally to hold investments until maturity. The RWC's pooled investments at June 30, 2014 and 2013 are summarized below.

<u>Fiscal Year Ended</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
June 30, 2014	N/A	\$ 5,555	2.20
June 30, 2013	N/A	\$ 2,588	2.11

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
Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government	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, 2014 and 2013

2. Cash and Pooled 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%. In addition, the portfolio is invested in pre-funded municipal 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.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

2. Cash, Cash Equivalents 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)

<u>Issuer</u>	<u>2014 Fair Value</u>	<u>2013 Fair Value</u>
FHLB	\$224,261	\$200,590

3. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-Depreciable Assets				
Construction in Progress	\$ 2,396	\$ 7,767	\$ (2,396)	\$ 7,767
Total Non-Depreciable Assets	2,396	7,767	(2,396)	7,767
Depreciable Assets				
Buildings	28,842	-	-	28,842
Improvements other than Buildings	4,830	-	-	4,830
Equipment	91,070	184	-	91,254
Intangible Assets	446	2,146	-	2,592
Total Depreciable Assets	125,188	2,330	-	127,518
Less Accumulated Depreciation for:				
Buildings	(2,834)	(793)	-	(3,627)
Improvements other than Buildings	(666)	(237)	-	(903)
Equipment	(36,845)	(10,223)	-	(47,068)
Intangible Assets	(114)	(293)	-	(407)
Total Accumulated Depreciation	(40,459)	(11,546)	-	(52,005)
Total Depreciable Assets, Net	84,729	(9,216)	-	75,513
Total Capital Assets, Net	\$ 87,125	\$ (1,449)	\$ (2,396)	\$ 83,280

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

3. Capital Assets (Continued)

Capital asset activity for the fiscal year ended June 30, 2013 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets				
Construction in Progress	\$ 19,054	\$ 2,396	\$ (19,054)	\$ 2,396
Total Non-Depreciable Assets	19,054	2,396	(19,054)	2,396
Depreciable Assets				
Buildings	26,179	3,532	(869)	28,841
Improvements other than Buildings	3,229	1,601	-	4,830
Equipment	77,287	21,325	(7,542)	91,070
Intangible Assets	-	446	-	446
Total Depreciable Assets	106,695	26,904	(8,411)	125,188
Less Accumulated Depreciation for:				
Buildings	(2,152)	(773)	91	(2,834)
Improvements other than Buildings	(463)	(203)	-	(666)
Equipment	(27,491)	(9,354)	-	(36,845)
Intangible Assets	-	(114)	-	(114)
Total Accumulated Depreciation	(30,106)	(10,444)	91	(40,459)
Total Depreciable Assets, Net	76,589	16,460	(8,320)	84,729
Total Capital Assets, Net	\$ 95,643	\$ 18,856	\$ (27,374)	\$ 87,125

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

4. Members' Equity

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
City of Avondale	\$ 450,850	\$ 376,186
City of Buckeye	99,647	22,495
City of Chandler	1,384,782	1,109,261
Daisy Mountain Fire District	119,137	127,618
City of El Mirage	299,805	291,516
City of Glendale	2,892,191	2,526,231
City of Goodyear	182,339	156,705
Town of Guadalupe	113,479	119,152
City of Maricopa	61,994	9,705
Maricopa County Community College District	-	-
Town of Paradise Valley	-	-
City of Peoria	1,523,020	1,283,742
City of Phoenix	65,157,586	66,550,601
City of Scottsdale	651,352	128,420
Sun City Fire District	898,586	961,266
Sun City West Fire District	411,192	432,158
Sun Lakes Fire District	14,237	2,952
City of Surprise	984,567	904,618
City of Tempe	12,141,939	12,564,803
City of Tolleson	142,871	143,638
Total	<u>\$ 87,529,574</u>	<u>\$ 87,711,067</u>

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

5. Related Party Transactions

Staff and administrative costs allocated to RWC was \$616,869 and \$597,658 for the years ended June 30, 2014 and 2013 respectively. These costs include: salaries, photocopy equipment, office supplies, computer software, computer components, motor pool, and security charges. The City of Phoenix subsidizes central services costs for the RWC. These costs include: building maintenance, custodial services, electrical maintenance, money management, accounts payable, various financial services, materials management, human resources, safety, fringe benefit administration, labor relations, training, network services, communication services, and general management services.

6. Commitments and Contingencies

The RWC has entered into contractual agreements with Motorola to provide services related to maintenance, operations, and upgrades of the RWC Network. The percentages of the total RWC budget for these agreements were 70% for the year ended June 30, 2014 and 46% year ended June 30, 2013.

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

Plan Description

The RWC's staff are employees of the City of Phoenix, Arizona and 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. On March 12, 2013 Phoenix voters passed Proposition 201 – Reform of the City of Phoenix Employee's Retirement Plan. The reform has transformed COPERS into a two tier retirement plan, which became effective for new hires on or after July 1, 2013.

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

7. Pension Plans (Continued)

Plan Description (Continued)

Tier 1

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.

Tier 2

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 87.

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.

Funding Policy

The employee contribution rate for Tier 1 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 30 years from July 1, 2012. The RWC's contributions to COPERS Tier 1 equaled the annual required contributions and were as follows (in actual dollars).

<u>Fiscal Year Ended</u>	<u>Required Contributions</u>	<u>Percentage of Covered Payroll</u>
June 30, 2014	\$ 74,256	19.25%
June 30, 2013	\$ 71,765	19.27%
June 30, 2012	\$ 58,459	18.28%

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

Funding Policy (Continued)

The employee contribution rate for Tier 2 is 13.62 percent, which is a 50/50 split between the employee and the City. The RWC does not have any employees contributing to Tier 2.

8. Other Post-Employment Benefits (OPEB)

Post-Employment Healthcare and Long Term Disability Program

Upon retirement, RWC's employees are eligible for certain post-employment health care benefits that are provided by the City for its retired employees. Retirees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. 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. 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 established the City of Phoenix MERP Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.42 – Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the MERP Trust, subject to oversight of the City Council.

The City's annual 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.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the current year and the two preceding years were as follows (in thousands):

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
June 30, 2014	\$ 29,508	\$ 29,508	100.0%	\$ -
June 30, 2013	34,021	34,021	100.0%	-
June 30, 2012	33,456	33,456	100.0%	-

8. Other Post-Employment Benefits (OPEB)

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.

Long-Term disability Program

Long-term disability (LTD) benefits are available to regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. The program provides income protection of 2/3 of an employee's monthly base salary following a continuous three-month waiting period from the last day worked after which all leave accruals have been exhausted. The benefit continues to age 80 for those disabled prior to July 1, 2013 and age 75 for those disabled on or after July 1, 2013. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost for this benefit.

The City has established the City of Phoenix Long-Term Disability 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 2.323 City of Phoenix Long-Term Disability Program. A five-member Board of Trustees has been delegated fiduciary responsibility for the LTD Trust, subject to oversight by 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.

**Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013**

8. Other Post-Employment Benefits (Continued)

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

The City's annual OPEB expense is calculated based on the ARC, and amount determined actuarially in accordance with the parameters of GASB Statement 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.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the current year and the two preceding years were as follows (in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
June 30, 2014	\$ 2,795	\$ 2,751	98.4%	\$ 1,118
June 30, 2013	2,941	2,971	101.0%	1,086
June 30, 2012	2,486	2,018	81.2%	987

Actuarial Valuations

As of July 1, 2013, the most recent actuarial valuation date, the LTD was 99.9 percent funded. 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 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 assumptions are made about the future.

Regional Wireless Cooperative
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

8. Other Post-Employment Benefits (Continued)

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

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 position related to GASB No. 45 as of June 30, 2014 and 2013.

SUPPLEMENTARY INFORMATION



Regional Wireless Cooperative

**Regional Wireless Cooperative
Members' Operating Fund Reserve
For the Fiscal Year Ended June 30, 2014**

Member	Beginning	Contributions	Interest	Expenditures	Ending
	Balance				Balance
	July 2013				June 2014
City of Avondale	\$ 9,596	\$ -	\$ 107	\$ -	\$ 9,703
City of Buckeye	6,876	-	77	-	6,953
City of Chandler	32,918	-	368	-	33,286
Daisy Mountain Fire District	146	-	2	-	148
City of El Mirage	2,633	-	29	-	2,662
City of Glendale	56,420	-	630	-	57,050
City of Goodyear	-	-	-	-	-
Town of Guadalupe	146	-	2	-	148
City of Maricopa	401	4,232	52	-	4,685
Maricopa County Community College District	-	-	-	-	-
Town of Paradise Valley	-	-	-	-	-
City of Peoria	30,834	-	345	-	31,179
City of Phoenix	438,362	-	4,898	-	443,260
City of Scottsdale	51,290	-	573	-	51,863
Sun City Fire District	1,458	-	16	-	1,474
Sun City West Fire District	1,385	-	15	-	1,400
Sun Lakes Fire District	984	-	11	-	995
City of Surprise	9,620	-	107	-	9,727
City of Tempe	50,073	-	560	-	50,633
City of Tolleson	729	-	8	-	737
Total	<u>\$ 693,871</u>	<u>\$ 4,232</u>	<u>\$ 7,800</u>	<u>\$ -</u>	<u>\$ 705,903</u>

RWC members maintain an operating fund reserve to provide cash flow for cost of operating and maintenance of the 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, 2014**

Member	Beginning Balance July 2013	Contributions	Interest	Expenditures	Ending Balance June 2014
City of Avondale	\$ 29	\$ 120,604	\$ 821	\$ (73,235)	\$ 48,219
City of Buckeye	782	87,836	598	(53,337)	35,879
City of Chandler	726	440,090	2,995	(267,239)	176,572
Daisy Mountain Fire District	119	2,276	15	(1,382)	1,028
City of El Mirage	319	37,319	254	(22,661)	15,231
City of Glendale	-	709,059	4,826	(430,567)	283,318
City of Goodyear	61	45,511	310	(27,636)	18,246
Town of Guadalupe	25	5,006	34	(3,040)	2,025
City of Maricopa	41	62,805	427	(38,138)	25,135
Maricopa County Community College District	-	-	-	-	-
Town of Paradise Valley	-	-	-	-	-
City of Peoria	3,901	408,687	2,781	(248,170)	167,199
City of Phoenix	45,854	4,969,649	33,823	(3,017,757)	2,031,569
City of Scottsdale	1,593	633,966	4,315	(384,968)	254,906
Sun City Fire District	33	19,115	130	(11,607)	7,671
Sun City West Fire District	25	17,294	118	(10,502)	6,935
Sun Lakes Fire District	57	13,653	93	(8,291)	5,512
City of Surprise	1,242	182,498	1,242	(110,820)	74,162
City of Tempe	6,034	719,071	4,894	(436,647)	293,352
City of Tolleson	-	13,198	90	(8,014)	5,274
Total	<u>\$ 60,841</u>	<u>\$ 8,487,637</u>	<u>\$ 57,766</u>	<u>\$(5,154,011)</u>	<u>\$ 3,452,233</u>

RWC Members fund the Infrastructure Replacement and Enhancement Fund through RWC Board of Directors formal resolution stating the purpose of the project, term of project, total cost of project, and each RWC Member's fixed share of the project cost programmed across the specified term. Funds are used to pay for network upgrades and system enhancements.

**Regional Wireless Cooperative
Net Operating and Maintenance Expenditures
For the Fiscal Year Ended June 30, 2014**

Member	Amount Billed	2014 Charge (Credit) Per User Settlement (1)	Net Operating Expenditures
City of Avondale	\$ 142,981	\$ (19,284)	\$ 123,697
City of Buckeye	122,231	(16,485)	105,746
City of Chandler	437,767	(59,075)	378,692
Daisy Mountain Fire District	4,412	(593)	3,819
City of El Mirage	44,003	(5,936)	38,067
City of Glendale	620,708	(85,127)	535,581
City of Goodyear	48,058	(6,485)	41,573
Town of Guadalupe	4,770	(644)	4,126
City of Maricopa	72,801	(9,250)	63,551
Maricopa County Community College District	-	-	-
Town of Paradise Valley	-	-	-
City of Peoria	427,511	(57,691)	369,820
City of Phoenix	4,623,680	(624,068)	3,999,612
City of Scottsdale	657,187	(88,679)	568,508
Sun City Fire District	21,107	(2,847)	18,260
Sun City West Fire District	18,126	(2,446)	15,679
Sun Lakes Fire District	14,310	(1,931)	12,379
City of Surprise	193,424	(26,103)	167,321
City of Tempe	781,207	(105,399)	675,808
City of Tolleson	14,072	(1,898)	12,174
Non-Members	66,432	-	66,432
Total	<u>\$ 8,314,787</u>	<u>\$ (1,113,941)</u>	<u>\$7,200,846</u>

(1) These amounts represent the settlement of operating and maintenance expenditures.

**Regional Wireless Cooperative
Net Operating and Maintenance Expenditures
For the Fiscal Year Ended June 30, 2013**

Member	Amount Billed	Charge (Credit) Per User Settlement (1)	Net Operating Expenditures
City of Avondale	\$ 137,315	\$ (28,430)	\$ 108,885
Town of Buckeye	99,162	(21,175)	77,987
City of Chandler	437,847	(97,694)	340,153
Daisy Mountain Fire District	2,715	(604)	2,111
City of El Mirage	41,081	(9,137)	31,944
City of Glendale	736,203	(152,282)	583,921
City of Goodyear	47,220	(10,527)	36,693
Town of Guadalupe	5,194	(1,158)	4,036
City of Maricopa	51,116	(11,173)	39,943
Town of Paradise Valley	-	-	-
City of Peoria	424,744	(94,683)	330,061
City of Phoenix	4,993,869	(1,115,796)	3,878,073
City of Scottsdale	648,213	(144,544)	503,669
Sun City Fire District	19,832	(4,421)	15,411
Sun City West Fire District	17,944	(4,000)	13,944
Sun Lakes Fire District	14,166	(3,158)	11,008
City of Surprise	189,588	(42,274)	147,314
City of Tempe	737,813	(164,564)	573,249
City of Tolleson	13,458	(3,004)	10,454
Non-Members	37,498	-	37,498
Total	<u>\$ 8,654,978</u>	<u>\$ (1,908,624)</u>	<u>\$ 6,746,354</u>

(1) These amounts represent the settlement of operating and maintenance expenditures.

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.

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Statements of Net Position	35
Statements of Revenues, Expenses and Changes in Net Position	35
Members' Operations and Maintenance Expenses	36

Demographic and Economic Information

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

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Jurisdictions Map	37
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RWC Cities' Population Growth	39
Major Employers Metropolitan Phoenix	40

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.

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Subscriber Units	40
Full-Time Equivalent Employees	40

Regional Wireless Cooperative
Statements of Net Position
Last Five Fiscal Years
(in thousands)

	2014	2013	2012	2011	2010
Investment in Capital Asset Restricted	\$83,280	\$87,125	\$95,643	\$ 99,481	\$96,350
Capital Assets	-	88	-	-	-
Unrestricted	4,250	498	706	534	514
Net Position	<u>\$87,530</u>	<u>\$87,711</u>	<u>\$96,349</u>	<u>\$100,015</u>	<u>\$96,864</u>

Statements of Revenues, Expenses and Changes in Net Position
Last Five Fiscal Years
(in thousands)

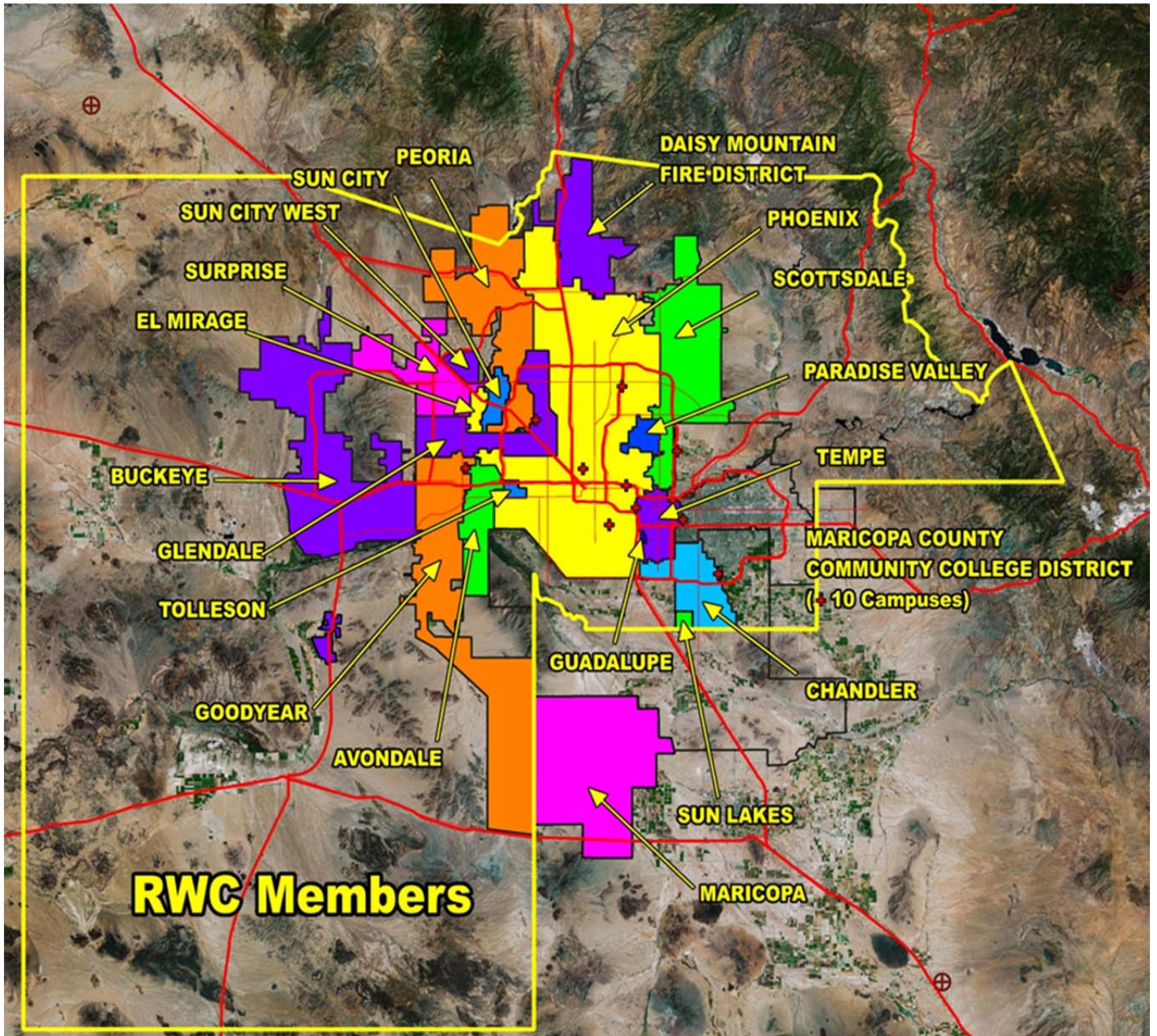
	2014	2013	2012	2011	2010
Operating Revenues					
Operation and Maintenance Charges	\$ 7,201	\$ 6,746	\$ 8,305	\$ 6,389	\$ 5,964
Special Assessments	11,143	2,390	48	93	-
Other	88	88	60	445	-
Total Operating Revenues	<u>18,432</u>	<u>9,224</u>	<u>8,413</u>	<u>6,927</u>	<u>5,964</u>
Operating Expenses					
Staff and Administrative	617	597	499	527	30
Operation and Maintenance	6,541	6,048	7,602	5,853	5,420
Special Assessments	3	-	48	93	-
Depreciation	11,546	10,444	9,999	10,181	9,926
Total Operating Expenses	<u>18,707</u>	<u>17,089</u>	<u>18,148</u>	<u>16,654</u>	<u>15,376</u>
Operating Loss	<u>(275)</u>	<u>(7,865)</u>	<u>(9,735)</u>	<u>(9,727)</u>	<u>(9,412)</u>
Non-Operating Revenues (Expenses)					
Investment Income					
Net Decrease in Fair Value of Investments	(109)	(77)	(53)	(18)	-
Interest	203	81	78	30	-
Loss on Disposal of Capital Assets	-	(777)	-	-	-
Total Non-Operating Revenues (Expenses)	<u>94</u>	<u>(773)</u>	<u>25</u>	<u>12</u>	<u>-</u>
Loss Before Contributions	<u>(181)</u>	<u>(8,638)</u>	<u>(9,710)</u>	<u>(9,715)</u>	<u>(9,412)</u>
Capital Contributions	-	-	6,044	12,866	106,276
Changes in Net Position	<u>\$ (181)</u>	<u>\$ (8,638)</u>	<u>\$ (3,666)</u>	<u>\$ 3,151</u>	<u>\$ 96,864</u>

**Regional Wireless Cooperative
Members' Operations and Maintenance Expenses
Last Five Fiscal Years**

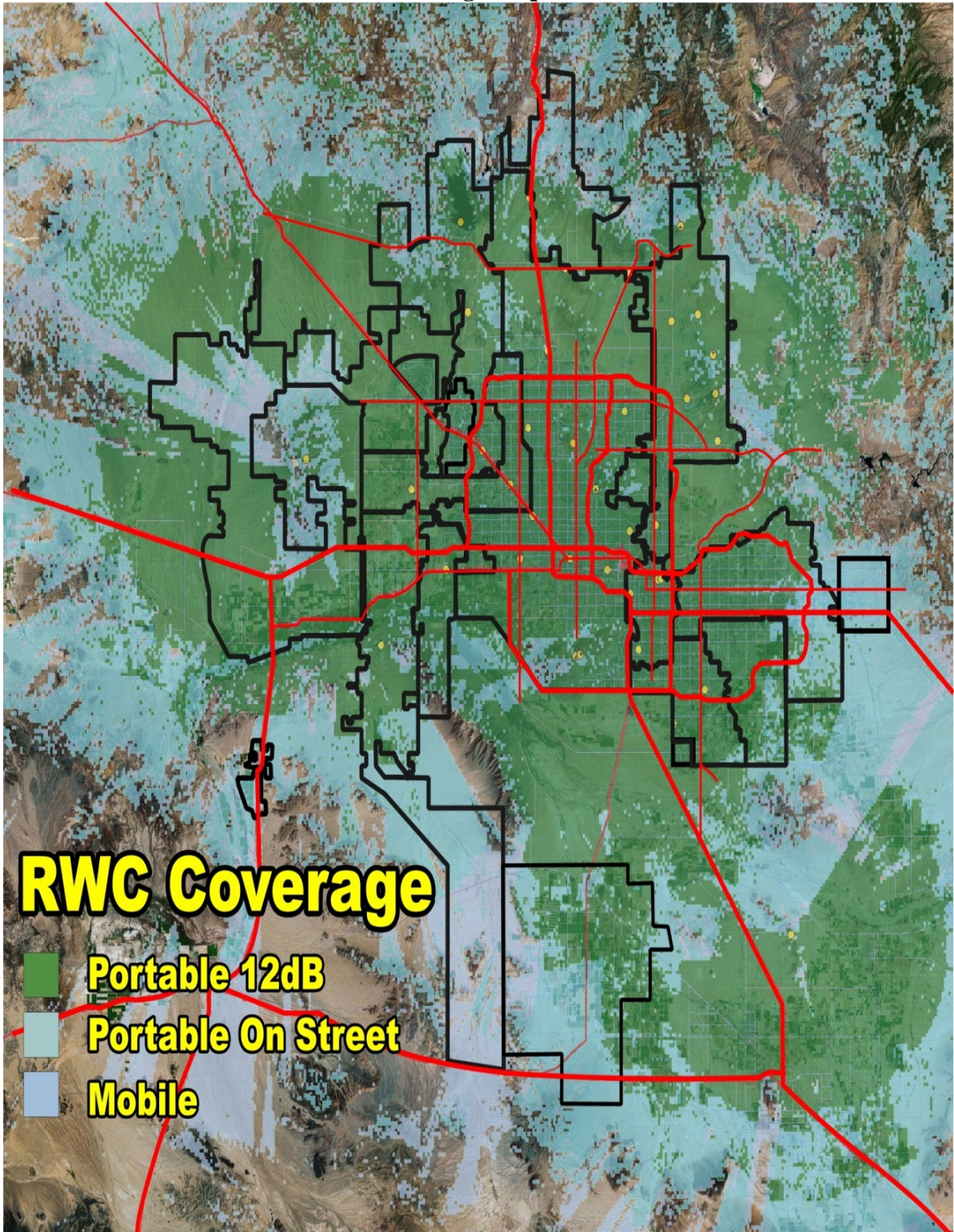
Member	2014	2013	2012	2011	2010
City of Avondale	\$ 123,697	\$ 108,885	\$ 39,787	\$ 10,297	\$ 885
City of Buckeye	105,746	77,987	91,438	81,737	41,952
City of Chandler	378,692	340,153	455,420	54,459	2,856
Daisy Mountain Fire District	3,819	2,111	3,314	1,830	110
City of El Mirage	38,067	31,944	38,635	34,353	22,574
City of Glendale	535,581	583,921	248,367	5,604	-
City of Goodyear	41,573	36,693	46,518	12,539	1,121
Town of Guadalupe	4,126	4,036	2,417	382	34
City of Maricopa	63,551	39,943	8,707	6,099	366
Maricopa County Community College	-	-	-	-	-
Town of Paradise Valley	-	-	-	-	-
City of Peoria	369,820	330,061	430,102	411,673	340,948
City of Phoenix	3,999,612	3,878,073	5,289,117	4,937,469	4,912,226
City of Scottsdale	568,508	503,669	717,469	48,494	4,336
Sun City Fire District	18,260	15,411	18,971	6,807	141
Sun City West Fire District	15,680	13,944	16,758	4,337	190
Sun Lakes Fire District	12,379	11,008	14,271	4,562	102
City of Surprise	167,321	147,314	144,535	123,972	82,651
City of Tempe	675,808	573,249	710,090	630,029	553,684
City of Tolleson	12,174	10,454	12,498	-	-
Non-Members	66,432	37,498	16,506	14,537	-
Total	<u>\$ 7,200,846</u>	<u>\$ 6,746,354</u>	<u>\$ 8,304,920</u>	<u>\$ 6,389,180</u>	<u>\$ 5,964,176</u>

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

Regional Wireless Cooperative Jurisdictions Map



Regional Wireless Cooperative Coverage Map



**Regional Wireless Cooperative
RWC Cities' and Towns' Population Growth
Last Five Calendar Years**

Member	2014	2013	2012	2011	2010
City of Avondale	78,822	77,511	76,870	76,392	76,238
City of Buckeye	56,683	56,460	54,102	52,334	50,876
City of Chandler	245,588	246,197	241,214	238,381	236,326
City of El Mirage	32,998	32,472	32,067	31,862	31,797
City of Glendale	234,632	231,109	229,008	227,446	226,721
City of Goodyear	72,864	72,275	69,018	67,337	65,275
Town of Guadalupe	6,072	6,019	5,943	5,895	5,523
City of Maricopa	45,508	44,946	44,396	43,598	43,482
Town of Paradise Valley	13,387	13,282	13,154	13,035	12,820
City of Peoria	162,592	160,545	157,653	155,754	154,058
City of Phoenix	1,505,070	1,485,751	1,465,901	1,453,462	1,447,128
City of Scottsdale	226,918	222,213	219,713	217,965	217,385
City of Surprise	123,546	121,629	119,530	118,349	117,517
City of Tempe	168,228	165,158	164,659	162,503	161,719
City of Tolleson	6,756	6,632	6,579	6,541	6,545

Source: Maricopa Association of Governments, US Census Bureau, and Comprehensive Annual Financial Reports

**Major Employers Metropolitan Phoenix
Current Year and Ten Years Ago**

Employer	2014		2004	
	Employees	Rank	Employees	Rank
State of Arizona	49,278	1	50,363	1
Wal-Mart	32,169	2	18,677	2
Banner Health Systems	25,270	3	13,756	3
City of Phoenix	14,983	4	13,095	5
Wells Fargo	14,713	5	11,000	8
Maricopa County	12,698	6	13,482	4
Arizona State University	12,222	7	10,005	9
Intel Corporation	11,900	8		
JPMorgan Chase & Co.	11,042	9		
Bank of America	11,000	10		
Honeywell International			12,000	6
U. S, Postal Service	7,312	20	11,406	7
Albertson's-Osco			9,500	10

Source: Phoenix Business Journal Book of Lists, City-Data.com

**Regional Wireless Cooperative
Subscriber Units
Last Five Fiscal Years**

	2014	2013	2012	2011	2010
Subscriber Units					
Member Total	17,371	17,695	18,213	17,996	14,049
Interoperability	10,143	11,682	8,390	5,727	6,639
Grand Total	<u>27,514</u>	<u>29,377</u>	<u>26,603</u>	<u>23,723</u>	<u>20,688</u>

**Full-Time Equivalent Employees
Last Five Fiscal Years**

	2014	2013	2012	2011	2010
Administrative Staff	4	4	4	4	4