



# **2015 ANNUAL REPORT**

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Cover Photo:  
Radio towers on South Mountain  
during a summer monsoon.

## EXECUTIVE DIRECTOR'S MESSAGE

Dear RWC Board of Directors and Community Members:

I am pleased to submit for your review the 2014-2015 Annual Report which highlights the on-going modernization, financial health, operational performance and achievements of the Regional Wireless Cooperative (RWC). Highlighted in this year's report are the following:



The RWC and many other regional public safety communications systems across the country received a favorable decision from the Federal Communications Commission (FCC) regarding the FCC's rule requiring narrow banding of all public safety 700 MHz frequencies. This resulted in our Members not having to immediately expend millions of dollars to upgrade subscriber equipment, and the RWC will now be able to exercise discretion in our operational need to narrow band.

The joint RWC/TRWC Governance Working Group (GWG) continued making steady progress by finalizing a unified draft governance document as well as completing financial and technical audits of the RWC and TRWC.

The RWC TDMA, Lifecycle and Infrastructure project, under the management of Phoenix IT/Radio Services Department, the Operations Working Group and Motorola Solutions, continued to stay ahead of schedule and within budget. These project milestones are critical for the RWC to receive the maximum pay out from Sprint/Nextel in our successful negotiations for our 800 MHz re-banding buyout.

Finally, there was no more challenging test of the operational integrity and performance of the RWC system than Super Bowl XLIX. After action reports validated the functionality, resilience and superior performance of the RWC in supporting virtually all public safety and first responder agencies who participated in this worldwide event.

I again want to thank the Board of Directors, Executive Committee, and Operations and Policy Working Groups for their commitment and support to the RWC. My appreciation goes out to the men and women who provide expert technical and administrative support to the RWC to make it one of the most impressive public safety interoperable communications systems in the country.

Sincerely,

A handwritten signature in black ink that reads "David A. Felix". The signature is fluid and cursive.

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 the 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 other high level representatives from the RWC and TRWC, including expertise from the executive directors, law enforcement, fire service and information technology.

- 1) The GWG made steady progress this year by completing a joint draft governance agreement. This document was subjected to numerous executive, administrative, financial, technical and legal reviews. While it is still a work in progress until its final adoption, the basic document is complete.
- 2) The technical staffs of the RWC and TRWC reviewed Motorola hardware, software, and service contracts to ensure they provide maximum support and service to the two systems at minimal costs.
- 3) The Phoenix Audit Department completed a financial and operational audit of the City of Phoenix as the Administrative and Network Manager to identify costs associated with operation and maintenance of the RWC. The results of this audit were provided to the TRWC to “map” TRWC to RWC expenditures for future merging of the two budgets.



A Phoenix Police Officer  
Directs traffic at Super Bowl XLIX

## YEAR IN REVIEW (continued)

### **Success on RWC's FCC Petition to Eliminate Narrow Banding Deadline**

The FCC made a positive ruling on behalf of the RWC and other regional public safety communications systems' across the country to extend the FCC's mandate to narrow band public safety 700 MHz frequencies. By eliminating the mandate to narrow band by 2017, RWC members are no longer required to expend millions of dollars to replace viable mobile and portable radios. Instead, RWC Members will maintain a normal lifecycle replacement schedule over several years, lifting a potential short term financial burden.

This RWC-led effort was supported by virtually all of the other regional public safety communications systems in the State of Arizona. Our voices were heard and contributed to a positive result for our many Members.

### **RWC Support of Super Bowl XLIX a Major Success**

Super Bowl XLIX determined the champion of the National Football League (NFL) for the 2014 season. The game was played on February 1, 2015, at University of Phoenix Stadium in Glendale, Arizona. The Super Bowl is recognized as the largest and premier worldwide sporting event, requiring maximum multi-agency efforts in advanced communications, logistics, security, law enforcement and public safety planning.

To further challenge local officials, the Pro Bowl, Waste Water Management (Phoenix) Open (hosted at the TPC Scottsdale) and innumerable Super Bowl related events were also taking place across the Phoenix metropolitan region around the time of the Super Bowl.

The RWC network was the central public safety radio communications system operating in the region and utilized by virtually every local, county, state, tribal and federal agency supporting multiple venues and events. Needless to say, the size and complexity of the public safety communications interoperability challenge was daunting. But through the efforts of hundreds of RWC and other interoperability participants, the management and field performance of the RWC network was outstanding and was a major contributor to law enforcement, fire, first responder and public safety.



Super Bowl XLIX Operations Center

## YEAR IN REVIEW (continued)

### **RWC/Motorola Technology Updates**

The RWC has facilitated several meetings with Motorola to update RWC and technical staff regarding the progress of the 7.14 upgrade, issues related to subscriber equipment and network and security monitoring services. The TRWC coordinated a briefing on the latest version of Motorola's Inter-Subsystem Interface (ISSI) to keep TRWC and RWC technical staff and members aware of the latest capabilities associated with the evolution of this technology. The ISSI is a means to interconnect systems to facilitate wide-area regional communications. Security issues are a high priority for any information technology based system, therefore discussions regarding how to secure the RWC network are being explored and considered for technical and policy implementation.

### **Arizona Public Safety Radio Communication Administrators Forum**

The RWC hosted the annual 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 important addition to these charter participants was the Gila River Indian Community (GRIC) and Salt River Pima Maricopa Indian Community (SRPMIC). These neighboring Communities border our Member agencies. They are often called upon to respond across jurisdictions during emergency and mutual aid responses. Participation by GRIC and SRPMIC system technical staffs will be vital to enhance efficient and effective public safety interoperability.

### **Executive Director and ITD Staff Approve RWC Equipment**

During a December 2014 visit to Motorola Solutions Corporate headquarters in Schaumburg, Illinois, Executive Director David Felix, Phoenix Deputy Fire Chief Doug Mummert, ITS Supervisor Tom Grebner and Lead Microwave Engineer John Sater participated in the second round of acceptance testing of the RWC's Simulcast B subsystem equipment. The RWC team also toured other key equipment assembly and laboratory test areas at Motorola's facilities. The last acceptance test process is scheduled for September 2015 for Simulcast A which will conclude the equipment staging for the TDMA/Lifecycle Replacement Project.

## 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 and 2015 Super Bowls, and the 2009 NBA and 2010 MLB All Star games. The Super Bowls, in particular, have 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.

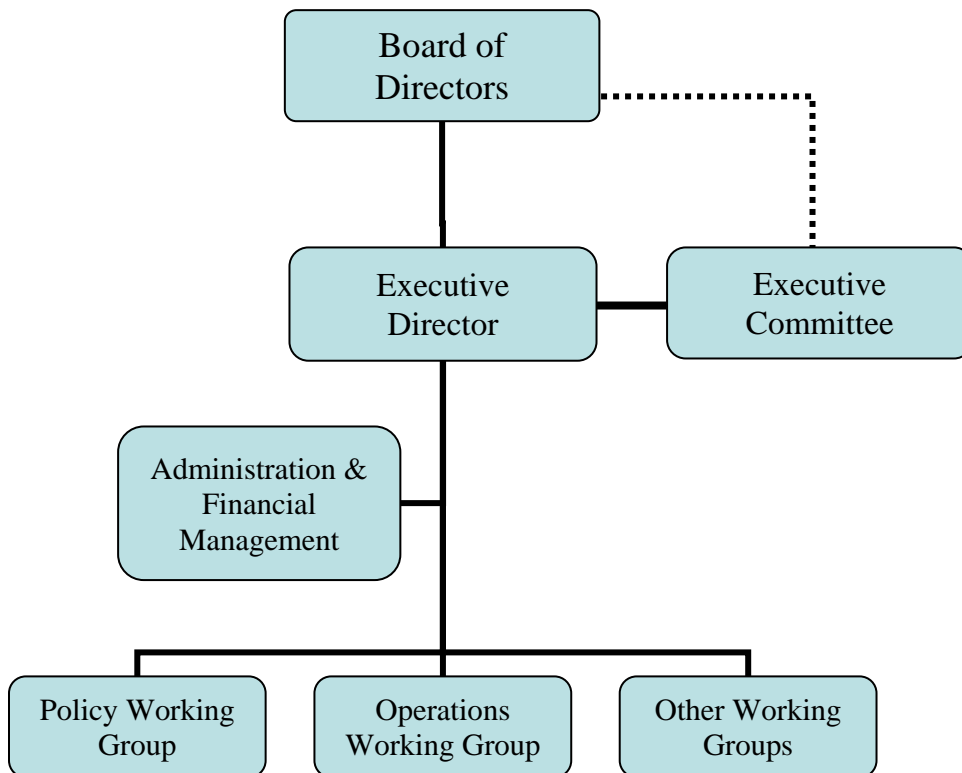
### **We Make the RWC Better**

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**

**Brad Hartig**  
CIO/Executive Director IT  
City of Scottsdale  
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### **Vice 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

Tom Grebner  
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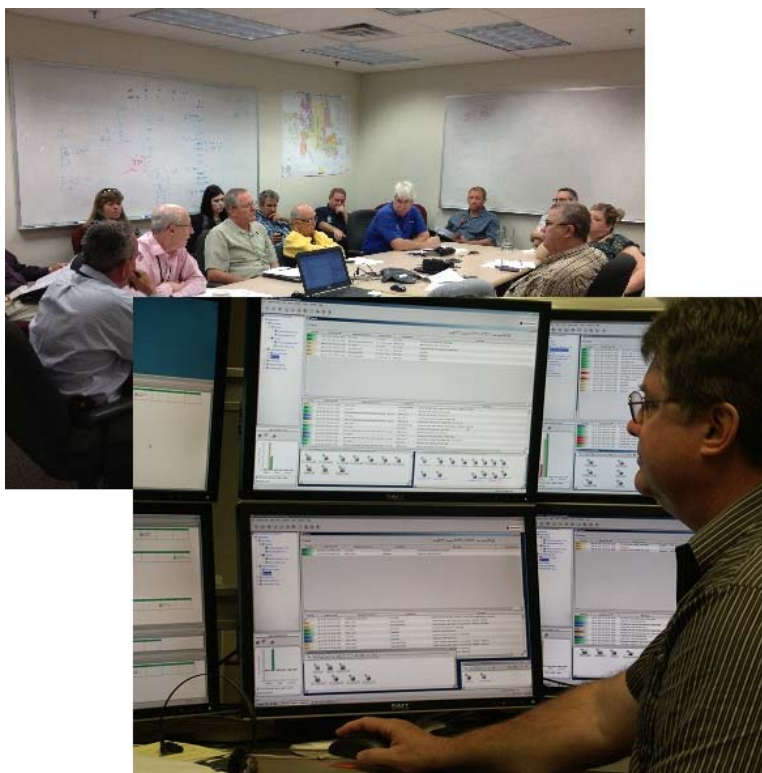
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## OPERATIONS WORKING GROUP

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 monthly 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 2014-15 and 2015-16

	FY 2014-15	FY 2015-16
<b>Operations, Maintenance and Staffing</b>	\$8,175,821	\$7,961,407
<b>System Upgrade (SUAll)</b>	\$2,648,200	\$2,804,000
<b>700MHz Narrow Banding, TDMA, Lifecycle Upgrade</b>	\$8,588,364	\$8,588,364
<b>Required Minimum Balance</b>	\$13,057	\$ -
<b>Total Budget</b>	\$19,425,442	\$19,353,771
<b>Subscriber Unit* Rate</b>	\$38.29	\$36.15
<b>Total Positions (Administrative Staff)</b>	4	4

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



Tom Grebner, an Executive Committee member from the City of Phoenix, and David Felix inspect RWC equipment at the Motorola Factory in Schaumburg, Illinois in 2014.

## **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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The RWC also won this award in 2013.



## PLAN FOR THE FUTURE

RWC PROJECTS	2014/15	2015/16	2016/17
<b>Software &amp; Hardware Upgrades</b>	7.14 Upgrade		7.16 Upgrade
<b>Goodyear</b>	Increase capacity on Simulcast J		
<b>City of Maricopa</b>		Add new site in Maricopa to improve in-building coverage	
<b>Paradise Valley</b>		Construction of new site in Simulcast H and complete transition to RWC	
<b>Scottsdale</b>	Add a new site to Simulcast H to improve coverage in northwest Scottsdale; to be collocated with the RWC Dove Valley site.		
<b>700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)</b>	Complete Hardware Upgrade to Simulcast B & IR Sites	Complete Hardware Upgrade to Simulcast A	Consider TDMA conversion to provide additional capacity, or extend cutover to 2019 or beyond
<b>800 MHz Re-banding</b>	Complete Negotiations for Cash-Out Option		
<b>END USER PROJECTS</b>			
<b>Gold Elite to MCC7500 Replacement</b>	Sky Harbor Dispatch Complete	Phoenix PD Console Replacement	Phoenix Fire Console Replacement
<b>Subscriber Replacement or Upgrade to TDMA Capable Radios</b>	Continue as funding permits to coincide with FCC Mandate as it is revised	Coincide with possible TDMA conversion for capacity.	Coincide with possible TDMA conversion for capacity.

**PLAN FOR THE FUTURE (continued)**

RWC PROJECTS	2017/18	2018/19	2019/2020
<b>Software &amp; Hardware Upgrades</b>		7.18 Upgrade	
<b>700 MHz Narrow-banding (Federal mandate to comply by Jan 2017)</b>	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	
<b>END USER PROJECTS</b>			
<b>Subscriber Replacement or Upgrade to TDMA Capable Radios</b>	Coincide with possible TDMA conversion for capacity.	Coincide with possible TDMA conversion for capacity.	



Keith Klein, an Operations Working Group member from the City of Phoenix, performs maintenance on an RWC communication tower.

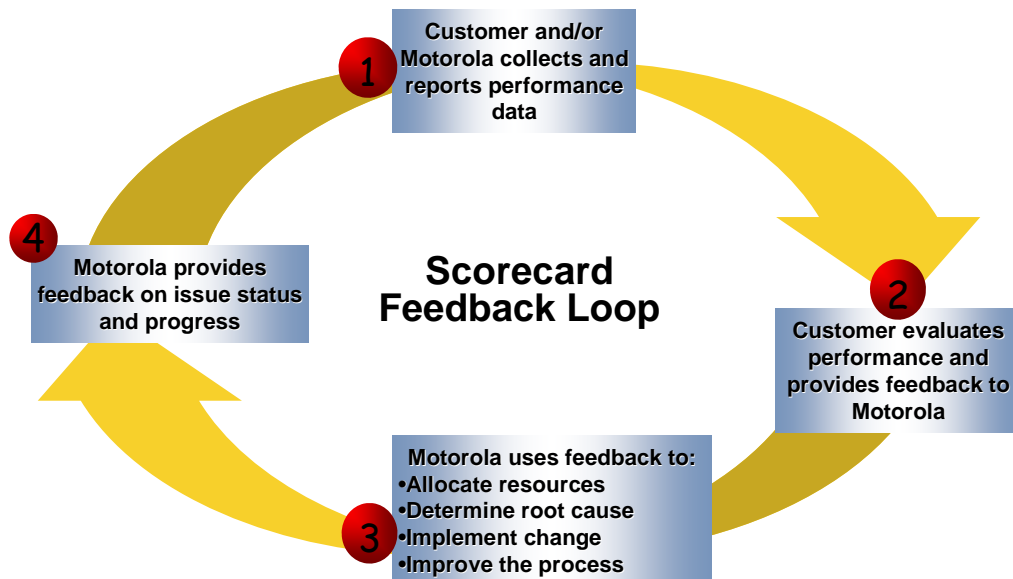
## MOTOROLA SCORECARD

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 2015 scorecard for the RWC had 14 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 2014/15 and beyond, are adding new members and improving radio coverage and reliability provided by the Regional Wireless Cooperative (RWC).

### **Maricopa County Community College District PD (College District PD) Coverage**

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

In April, the College District PD reported a number of coverage issues that needed to be addressed. Phoenix ITD/Radio Services staff worked with College District PD, Motorola and Creative Communications to identify the extent of the coverage issues and formulated a plan to test the new configuration. This process is on-going to include the reallocating of permissions on to local simulcast sites and deploying in-building treatments.

### **Paradise Valley**

The Town of Paradise Valley has been working with area residents to jointly select and design a new communications site in the Highland Street area. The Town was working on a site sharing agreement with Maricopa County in which both the County and the Town would share the expenses to build and operate this new site. Site selection was completed in FY 13/14. However, further evaluation of the construction requirements for that site, which included extensive and difficult trenching, compelled the Town to seek an alternate site. Another site has been identified and equipment contracts have been executed with Motorola at a significant cost reduction. The new site will be added to the Simulcast H sub-system (Scottsdale) to provide 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 RWC 800 MHz spectrum to mitigate interference with private cellular carriers. The project is primarily funded by Sprint/Nextel. Rather than go through the actual re-banding process, the RWC chose to move off of its 800 MHz frequencies, and transition onto the 700 MHz band making the entire RWC system 700 MHz. The RWC has reached an agreement with Sprint/Nextel on the “cash-out” option, and final agreement. The funding obtained from this effort will be used to offset the cost of the 700 MHz Narrow Banding, TDMA Conversion, and Lifecycle Upgrade Project.

## **PROJECTS AND MAJOR INITIATIVES (continued)**

The purpose of this project was convert the RWC system to Time Division Multiple Access (TDMA) protocol and implement several key lifecycle changes required due to equipment obsolescence. The project also took into consideration the Federal mandate for 800 MHz re-banding and integrates it with the overall project by converting the entire RWC network to 700 MHz frequencies. Simulcast “A”, “B” and “C” need to be upgraded with new TDMA compliant base station radios and antennas. Simulcast “F” was upgraded with two additional channels to help accommodate the additional subscriber traffic that was transitioned from Simulcast “C”. The Simulcast “C” upgrade was completed in November, 2014. Simulcast “B” was turned off in April, 2015 to begin the upgrade of TDMA base station radios and 700 MHz antennas. Simulcast “B” is on schedule to be completed by November, 2015. The Simulcast “A” upgrade is scheduled to begin by December, 2015. Users that are normally assigned to either Simulcast “A”, “B” or “C” are given permissions to operate on other RWC systems. This transition had little to no impact on the end user communications.

### **7.14 Software Upgrade**

During March 2015, the RWC Network was upgraded from Motorola platform 7.11 to 7.14, consistent with the terms of the System Upgrade Agreement (SUAI). Both hardware and software components were included as part of this upgrade. The 7.14 system release was successfully implemented in twelve weeks. During that time the RWC replaced five zone cores, updated operating systems in over 1400 network elements and refreshed nearly 250 dispatch consoles and network clients. Overall the upgrade went quite well with minimal operational impact. Thanks to the RWC member community for their patience and cooperation during this project.

### **City of Maricopa Coverage**

RWC, Phoenix IT and Motorola staff are working with the City of Maricopa to develop a new communications site at Maricopa Fire Station #575. The new site will provide improved coverage for all RWC Member agency personnel. Site preparation is underway with a completion date targeted for September/October 2015.

## PROJECTS AND MAJOR INITIATIVES (continued)

### Other Projects

- **City of Maricopa Dispatch:** Maricopa began 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 expressed interest in joining the RWC, with Tempe leading the effort to encourage and facilitate this interest. Proposals showing the costs of ASU remaining a stand-alone 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. Budgetary issues have delayed this project.
- **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 needed for TDMA operation. Glendale, Phoenix and Scottsdale are all either planning or have begun projects to replace their respective consoles.
- **Daisy Mountain Fire District Upgrade:** The RWC, Phoenix Fire and Motorola are working with Daisy Mountain Fire District (DMFD) on a project which will upgrade the existing radio system to improve coverage and reliability, as well as allow DMFD to operate consistent with other Fire Automatic Aid partners in the Phoenix metropolitan area. After consultation with DMFD, Motorola has developed a budgetary proposal which is under review and utilized by DMFD for a CIP bond funding request.
- **Southwest Valley Fire Districts:** RWC, Phoenix Fire and Motorola are conducting a radio communications coverage and impact assessment for Harquahala, Tonopah and Buckeye Valley Fire Districts for potential membership. The latest meeting continued discussions on needs, coverage and build-out options. Motorola is preparing a proposal for the Fire Districts' consideration.

## 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 2014-15			
	July	October	January	April
	Count	Count	Count	Count
Member Total	17,704	18,168	18,298	18,242
Interoperability	13,751	14,915	17,255	17,574
<b>Grand Total</b>	<b>31,455</b>	<b>33,083</b>	<b>35,553</b>	<b>35,816</b>



Typical handheld radios used by RWC Members.

## SYSTEM PERFORMANCE (continued)

### 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.

RWC System Statistics - FY 14 / 15	
Total Number of Calls	28,458,414
Total Call Duration (hh,hhh:mm:ss)	80,398:51:32
Total Call Duration (sec)	289,435,892
Average Call Duration (sec)	10.2
Average Calls Per Day	77,968
Total Number of Buses	740
Total Busy Duration (h:mm:ss)	0:11:40
Total Busy Duration (sec)	700
Average Busy Duration (sec)	1.1
Average Buses Per Day	2.0
Total Number of Emergency Calls	3854
Total Emergency Duration (h:mm:ss)	9:12:53
Total Emergency Duration (sec)	33,173
Average Emergency Duration (sec)	8.6
Average Emergency Per Day	10.6



**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:

<b>RWC Delivered Grade of Service - FY14 / 15</b>			
<b>Simulcast / ISR</b>	<b>Avg GOS</b>	<b>Max GOS</b>	<b>Date of Max GOS</b>
Entire RWC system	<b>0.020%</b>		
Simulcast A	0.001%	0.030%	05/28/2015 02:00 PM
Simulcast B	0.012%	0.334%	12/30/2014 01:00 PM
Simulcast C	0.000%	0.000%	06/30/2015 11:00 PM
Simulcast F	0.001%	0.040%	08/13/2014 12:00 PM
Simulcast G	0.028%	1.112%	09/27/2014 02:00 PM
Simulcast H	0.116%	<b>4.139%</b>	01/31/2015 04:00 PM
Simulcast J	0.025%	1.140%	04/16/2015 02:00 PM
Mt Gillen	0.000%	0.000%	06/30/2015 11:00 PM
North Mtn	0.000%	0.000%	06/30/2015 11:00 PM
Outlet Center	0.000%	0.000%	06/30/2015 11:00 PM
Quintero	0.000%	0.000%	06/30/2015 11:00 PM
Sacaton	0.000%	0.000%	06/30/2015 11:00 PM
Sky Harbor	0.173%	<b>3.173%</b>	09/18/2014 04:00 PM
South Mtn	0.001%	0.063%	06/04/2015 12:00 PM
Thompson Peak	0.000%	0.000%	06/30/2015 11:00 PM
Towers Mtn	0.000%	0.000%	06/30/2015 11:00 PM
White Tanks	0.005%	0.271%	01/01/2015 01:00 AM

**Red text denotes excessive busy calls**

## SYSTEM PERFORMANCE (continued)

### System Use

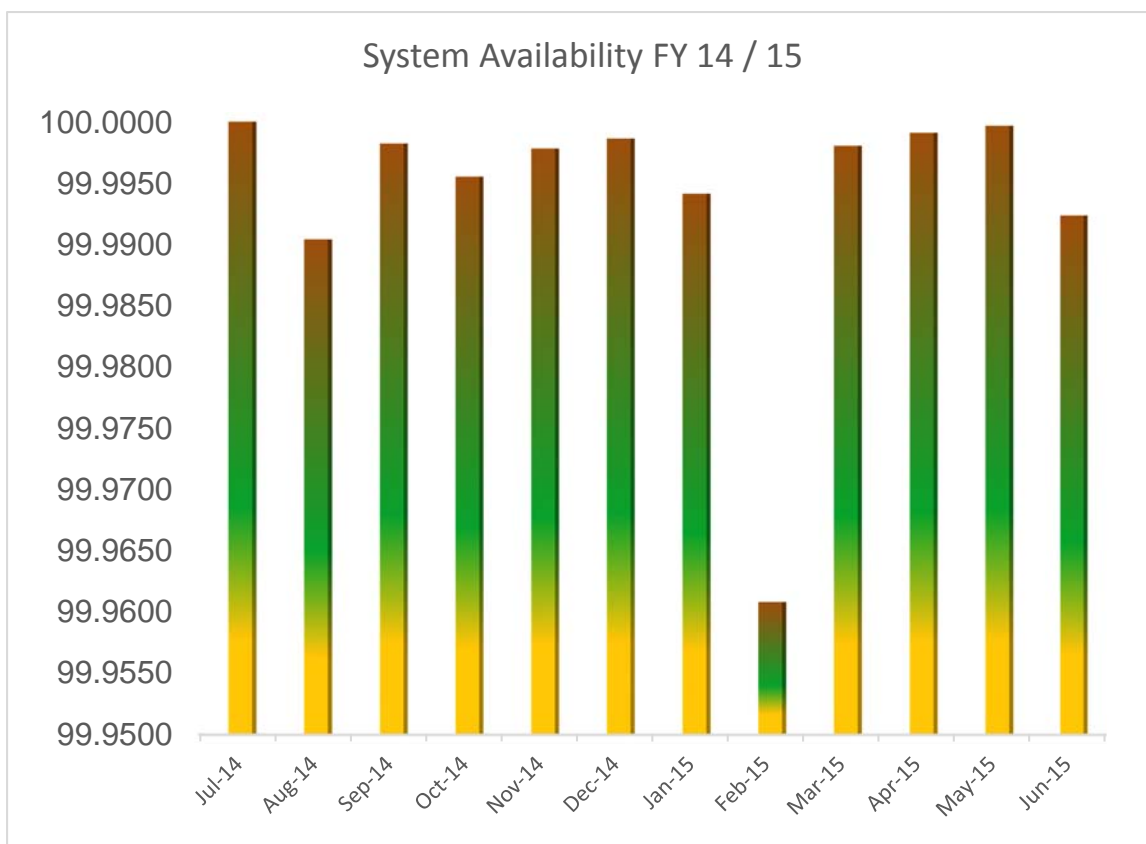
System Use shows the averages of how many of the system's channels are used. It is shown as a percentage of the number of channels used divided by the total number of channels available for each Simulcast and ISR subsystem.

<b>RWC Site Utilization - FY14 / 15</b>		
<b>Simulcast / ISR</b>	<b>Avg Use</b>	<b>Max Use</b>
Entire RWC system	<b>20.6%</b>	
Simulcast A	37.4%	51.1%
Simulcast B	33.2%	46.5%
Simulcast C	27.9%	45.4%
Simulcast F	22.4%	49.1%
Simulcast G	42.8%	54.8%
Simulcast H	31.2%	54.4%
Simulcast J	25.3%	35.2%
Mt Gillen	6.2%	9.2%
North Mtn	21.1%	26.6%
Outlet Center	16.1%	35.2%
Quintero	3.1%	9.0%
Sacaton	2.3%	13.9%
Sky Harbor	21.5%	53.6%
South Mtn	17.2%	28.0%
Thompson Peak	12.8%	22.3%
Towers Mtn	3.8%	10.9%
White Tanks	27.3%	42.6%

## 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 2014 through June 2015 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.

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From left to right: David Felix, Kelly Stewart, Kim Engle, David Clarke



**RWC**



**Comprehensive Annual Financial Report Fiscal Year 2015**  
**Regional Wireless Cooperative, an Arizona Joint Venture**  
**for the Fiscal Years Ended June 30, 2015 and 2014**



**RWC**

**FY2015 Comprehensive Annual Financial Report**

**Regional Wireless Cooperative, an Arizona Joint Venture  
for the Fiscal Year Ended June 30, 2015**

**Prepared By Regional Wireless Cooperative (RWC)  
Kelly Stewart, Accountant III**

MEMBERS



**Regional Wireless Cooperative  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**RWC BOARD OF DIRECTORS**

---

Chair

Brad Hartig  
CIO/Executive Director IT  
City of Scottsdale

Vice Chair

Danny Johnson  
Deputy Fire Chief  
Daisy Mountain Fire District

Kevin Artz  
Acting Assistant City Manager  
City of Avondale

Wayne Clement  
Fire Chief  
Town of Guadalupe

Milton Dohoney, Jr  
Assistant City Manager  
City of Phoenix

Bob Costello  
Fire Chief  
City of Buckeye

Lonnie Inskeep  
Assistant Chief  
City of Maricopa

Mike Thompson  
Fire Chief  
Sun City Fire District

Kevin Bailey  
Assistant Fire Chief  
City of Chandler

Brent Ackzen  
Communications Manager  
Maricopa County Community  
College District

Troy Maloney  
Fire Chief  
Sun Lakes Fire District

Terry McDonald  
Interim Police Chief  
City of El Mirage

Tim Van Scoter  
Deputy Fire Chief  
North County Fire & Medical  
District

Mike Frazier  
Assistant City Manager  
City of Surprise

Rick St. John  
Assistant Police Chief  
City of Glendale

Mike Horn  
Police Lieutenant  
Town of Paradise Valley

Brenda Buren  
Assistant Police Chief  
City of Tempe

Paul Luizzi  
Fire Chief  
City of Goodyear

John Imig  
Information Technology  
Director  
City of Peoria

Bob Hansen  
Battalion Fire Chief  
City of Tolleson



**Regional Wireless Cooperative  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**RWC EXECUTIVE COMMITTEE**

---

David Felix  
RWC Executive Director

Chair  
Tom Grebner  
Wireless Communications Manager  
City of Phoenix

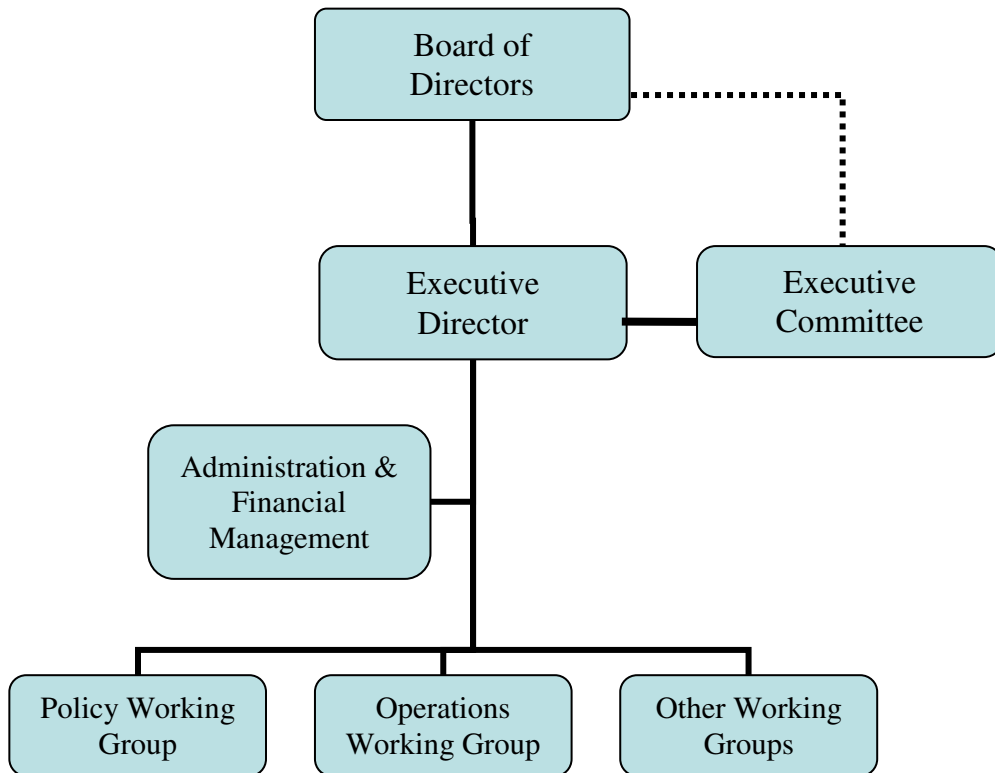
Jesse Cooper  
Police Department Bureau Administrator / IT Project Manager  
City of Phoenix

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

Shannon Tolle  
Information and Technology Communications Director  
City of Scottsdale

Mike Worrell  
Fire Division Chief  
City of Phoenix

# Regional Wireless Cooperative Organizational Chart



# INTRODUCTORY SECTION



Regional Wireless Cooperative

**Regional Wireless Cooperative  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

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**About the cover:**

Towers on top of Belle Butte, Police & Fire users  
of the RWC network, and a dish installation



January 28, 2016

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, 2015. 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, 2015. 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, North County Fire & Medical 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 2014 was 6.7 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 economic impact is \$28.7 billion annually. In 2014, more than 42 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 23 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**

During 2015, the RWC finalized system software upgrades to version 7.14. 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.

A Federal Communications Commission (FCC) mandate to narrowband all 700 MHz frequencies was finally overturned, resulting in a tremendous time and costs savings for RWC Members as well as other 700 MHz-based systems across the country. Narrowband (TDMA) capable equipment that is in the process of being replaced, will allow the current 12.5 KHz bandwidth of the 700 MHz channels to be changed to 6.25 KHz, effectively doubling the number of channels available.

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 overcome this limitation, the RWC will have converted 700 MHz components of the system to TDMA. Eventually, all subscriber equipment will be converted to TDMA.

The Hardware Upgrade phase of this project has been approved at a cost of \$25.4 million, which 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 further technical study is completed. 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 or fortify its resiliency and reliability. The projects include the following:

### ***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 and that these objectives are met.

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

## **AWARDS AND ACKNOWLEDGEMENTS**

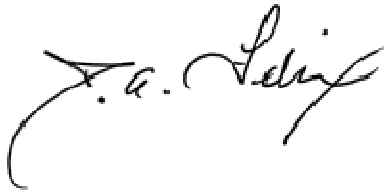
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the RWC for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious 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

**Certificate of  
Achievement  
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Presented to

**Regional Wireless Cooperative  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# 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 statement of net position as of June 30, 2015, and the related statement of revenues, expenses and changes in net position, and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the respective changes in its financial position and its cash flows for the year 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 11 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.



**CLALarsonAllen LLP**

Phoenix, Arizona  
January 26, 2016



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

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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, 2015. 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 \$95,883 at June 30, 2015 and increased by \$8,353 compared to fiscal year 2014. The increase in 2015 is primarily due to an increase in current assets and noncurrent assets.
- Operating revenue was \$23,500 for fiscal year 2015 and increased by \$5,068 compared to fiscal year 2014. The primary increase in 2015 is due to the Sprint cash-out funds received for construction of capital assets compared to 2014.
- The operating expenses decreased by \$3,436 to \$15,270 in fiscal year 2015. This decrease was related primarily to a \$3,037 decrease in depreciation.

### **OVERVIEW OF THE FINANCIAL STATEMENTS (in thousands)**

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**

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**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 (in thousands)**

Net position may serve over time as a useful indicator of the joint venture's financial position. The net position of the RWC increased by \$8,353 for the year ended June 30, 2015 as compared to June 30, 2014.

	June 30,	
	2015	2014
Current Assets	\$ 15,061	\$ 5,555
Capital Assets, Net	83,376	83,280
Total Assets	98,437	88,835
Current Liabilities	2,482	1,227
Noncurrent Liabilities	72	78
Total Liabilities	2,554	1,305
Investment in Capital Assets	83,376	83,280
Restricted	121	-
Unrestricted	12,386	4,250
Total Net Position	\$ 95,883	\$ 87,530

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

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**RWC'S FINANCIAL ANALYSIS (CONTINUED)**

- During fiscal year 2015, current assets increased by \$9,506 from fiscal year 2014. The increase in 2015 was primarily due to an increase in equity in pooled cash and investments.
- Capital assets, net increased by \$96 from fiscal years 2014. Increases were in equipment, intangible assets and construction in progress. There was also an increase to accumulated depreciation.
- Liabilities increased in 2015 by \$1,249 from fiscal year 2014. The increase in 2015 was primarily due to the \$1,003 in accounts payable from the change in the City of Phoenix eProcurement system.
- Net position increased by \$8,353 to \$95,883 in fiscal year 2015. For fiscal year 2015, \$83,376 was invested in capital assets and \$12,386 was unrestricted and available for short-term operations and ongoing obligations. In addition, a restricted investment of \$121 was for capital projects.

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

**RWC'S FINANCIAL ANALYSIS (CONTINUED)**

**RWC's Changes in Net Position**  
(in thousands)

	Years Ended June 30,	
	2015	2014
Operating Revenues - Primarily Members' Charge	\$ 23,500	\$ 18,432
Non-Operating Revenues	123	94
Total Revenues	23,623	18,526
Operating Expenses		
Administration	582	617
Operations and Maintenance	6,174	6,541
Special Assessments	5	3
Depreciation	8,509	11,546
Total Operating Expenses	15,270	18,707
Income (Loss) before Capital Contributions	8,353	(181)
Capital Contributions	-	-
Increase (Decrease) in Net Position	8,353	(181)
Net Position, July 1	87,530	87,711
Net Position, June 30	\$ 95,883	\$ 87,530

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

---

**RWC'S FINANCIAL ANALYSIS (CONTINUED)**

- Operating revenues increased by \$5,068 during 2015 primarily due to the Sprint cash-out funds received 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 2015 non-operating revenues increased \$29 due to increased interest revenues.
- During fiscal year 2015, operating expenses decreased by \$3,437. This decrease was mainly due to a reduction 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 2015, revenues amounted to \$23,500 of which \$7,209 is revenue from operations and maintenance, \$16,170 from special assessments, and the remaining \$121 from other revenue.

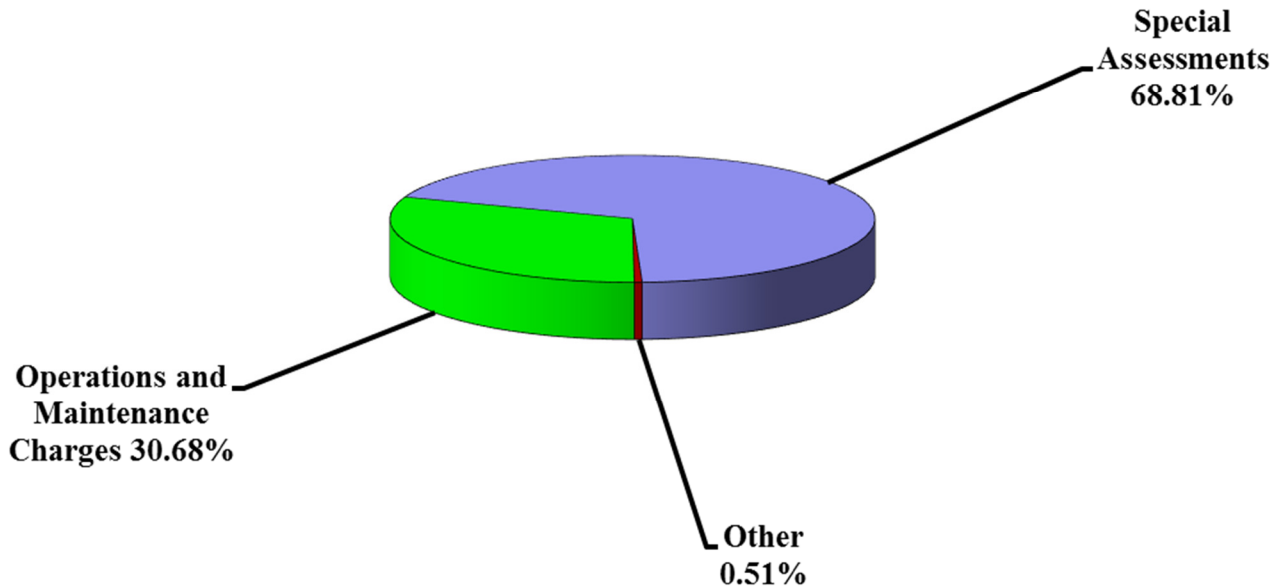
**REGIONAL WIRELESS COOPERATIVE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**OPERATING REVENUES (CONTINUED)**

The following chart depicts the RWC's revenues by category for the year ended June 30, 2015.

**Operating Revenues  
For Fiscal Year Ended June 30, 2015  
Total = \$23,500  
(in thousands)**



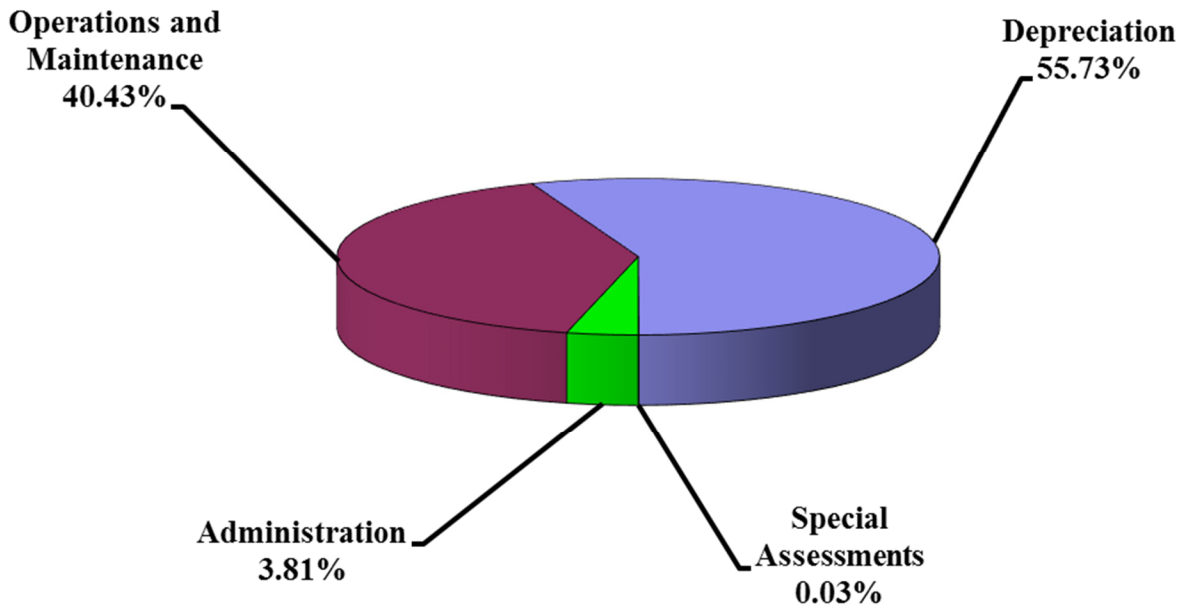
**REGIONAL WIRELESS COOPERATIVE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**OPERATING EXPENSES**

The following chart depicts the RWC's operating expenses by category for the year ended June 30, 2015.

**Operating Expenses  
For Fiscal Year Ended June 30, 2015  
Total = \$15,270  
(in thousands)**



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

---

**CAPITAL ASSETS**

The RWC's investment in capital assets as of June 30, 2015 amounts to \$83,376 (net of accumulated depreciation) and \$83,280 as of June 30, 2014. Net capital assets increased by \$96 during fiscal year 2015. 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 17 and Capital Assets, Note 3, page 22 of this report.

**RWC's Capital Assets**

(in thousands)

	June 30,	
	2015	2014
Buildings	\$ 28,842	\$ 28,842
Improvements Other than Buildings	4,830	4,830
Equipment	91,968	91,254
Intangible Assets	7,103	2,592
Construction in Progress	11,148	7,767
Accumulated Depreciation	(60,515)	(52,005)
Capital Assets, Net	\$ 83,376	\$ 83,280

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

Based on this analysis, the GWG is developing a new governance document, conducting a 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, associated agreement, and financial analysis process is still on track for completion in 2017.

**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, 12<sup>th</sup> Floor, Phoenix, Arizona, 85003-1611.

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# BASIC FINANCIAL STATEMENTS



Regional Wireless Cooperative

**Regional Wireless Cooperative**  
**Statement of Net Position**  
**June 30, 2015**  
(in thousands)

**ASSETS**

Current Assets	
Unrestricted Assets	
Equity in Pooled Cash and Investments	\$ 2,656
Equity in Pooled Cash and Investments - Operating Reserve	1,030
Equity in Pooled Cash and Investments - Capital	11,227
Accounts Receivable	27
Total Unrestricted Assets	14,940
Current Restricted Assets	
Equity in Pooled Cash and Investments	121
Total Restricted Assets	121
Total Current Assets	15,061
Noncurrent Assets	
Capital Assets	
Buildings	28,842
Improvements other than Buildings	4,830
Equipment	91,968
Intangible Assets	7,103
Construction in Progress	11,148
Less: Accumulated Depreciation	(60,515)
Capital Assets, Net	83,376
Total Assets	98,437

**LIABILITIES**

Current Liabilities	
Current Liabilities Payable from Current Assets	
Accounts Payable	1,119
Members' Payable	1,435
Total Current Liabilities	2,554
Total Noncurrent Liabilities	-
Total Liabilities	2,554

**NET POSITION**

Investment in Capital Assets	83,376
Restricted	
Capital Projects	121
Unrestricted	12,386
Net Position	\$ 95,883

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

**Regional Wireless Cooperative**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2015**  
(in thousands)

Operating Revenues	
Operations and Maintenance Charges	\$ 7,209
Special Assessments	16,170
Other	121
Total Operating Revenues	<u>23,500</u>
Operating Expenses	
Administration	582
Operation and Maintenance	6,174
Special Assessments	5
Depreciation	8,509
Total Operating Expenses	<u>15,270</u>
Operating Income	<u>8,230</u>
Non-Operating Revenues (Expenses)	
Investment Income:	
Net Decrease in Fair Value of Investments	(109)
Interest	232
Loss on Disposal of Capital Assets	-
Total Non-Operating Revenues (Expenses)	<u>123</u>
Changes in Net Position	8,353
<b>Net Position, July 1</b>	<u>87,530</u>
<b>Net Position, June 30</b>	<u><u>\$ 95,883</u></u>

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

**Regional Wireless Cooperative**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2015**  
(in thousands)

<hr/>	
Cash Flows from Operating Activities	
Cash Received from Members	\$ 23,473
Cash Paid to Suppliers	(4,923)
Cash Paid for Administration	(589)
Net Cash Provided by Operating Activities	17,961
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(8,605)
Net Cash Used by Capital and Related Financing Activities	(8,605)
Cash Flows from Investing Activities	
Interest on Investments	123
Net Cash Provided by Investing Activities	123
Net Increase in Cash and Cash Equivalents	9,479
Cash and Cash Equivalents, July 1	5,555
Cash and Cash Equivalents, June 30	\$ 15,034
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 8,230
Adjustments to Reconcile Operating Income to Net Cash	
Depreciation	8,509
Changes in Assets and Liabilities:	
Accounts Receivables	(27)
Accounts Payable	996
Members' Payable	253
Net Cash Provided by Operating Activities	\$ 17,961

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 Year Ended June 30, 2015**

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 Pooled Investments	20
3	Capital Assets	22
4	Members' Equity	23
5	Related Party Transactions	24
6	Commitments and Contingencies	24
7	Pension Plans	24
8	Other Post-Employment Benefits	27

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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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 Year Ended June 30, 2015**

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**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 Year Ended June 30, 2015**

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**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 re-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.

**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.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

**Members' Payable**

The RWC reports members' payable in connection with revenues from billings to members. Members' payable at June 30, 2015 was \$1,435,460.

**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.

**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.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

**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. RWC adopted these requirements in 2015; however, these pronouncements did not significantly impact the financial statements as the RWC staff are the employees of the City of Phoenix. For further discussion refer to Note 7.

**New Accounting Pronouncements (Continued)**

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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**2. Cash and Pooled Investments**

The RWC did not have cash on hand at June 30, 2015. Pooled investments are maintained in the cash and investment pool of the City.

**Pooled Investments**

The RWC investments are included in the City pooled investments. The City Charter and ordinances authorize the City to invest in obligations of the United States Treasury, 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, 2015 is summarized below.

<u>Fiscal Year</u> <u>Ended</u>	<u>Credit</u> <u>Quality</u> <u>Rating</u>	<u>Fair Value</u>	<u>Weighted</u> <u>Average Maturity</u> <u>(Years)</u>
June 30, 2015	N/A	\$ 15,034	2.149

**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 Year Ended June 30, 2015**

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**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.

**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>	2015 <u>Fair Value</u>
FHLB Notes	\$198,296
FHLMC Notes	\$158,957

**Regional Wireless Cooperative**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**3. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Non-Depreciable Assets</b>				
Construction in Progress	\$ 7,767	\$ 8,278	\$ (4,897)	\$ 11,148
Total Non-Depreciable Assets	<u>7,767</u>	<u>8,278</u>	<u>(4,897)</u>	<u>11,148</u>
<b>Depreciable Assets</b>				
Buildings	28,842	-	-	28,842
Improvements other than Buildings	4,830	-	-	4,830
Equipment	91,254	714	-	91,968
Intangible Assets	2,592	4,511	-	7,103
Total Depreciable Assets	<u>127,518</u>	<u>5,225</u>	<u>-</u>	<u>132,743</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(3,627)	(793)	-	(4,420)
Improvements other than Buildings	(903)	(237)	-	(1,140)
Equipment	(47,068)	(6,937)	-	(54,005)
Intangible Assets	(407)	(543)	-	(950)
Total Accumulated Depreciation	<u>(52,005)</u>	<u>(8,510)</u>	<u>-</u>	<u>(60,515)</u>
Total Depreciable Assets, Net	<u>75,513</u>	<u>(3,285)</u>	<u>-</u>	<u>72,228</u>
Total Capital Assets, Net	<u>\$ 83,280</u>	<u>\$ 4,993</u>	<u>\$ (4,897)</u>	<u>\$ 83,376</u>

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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**4. Members' Equity**

A summary of the joint venture members' equity as of June 30, 2015 is as follows:

	<u>June 30, 2015</u>
City of Avondale	\$ 591,405
City of Buckeye	214,038
City of Chandler	1,881,994
Daisy Mountain Fire District	120,500
City of El Mirage	339,547
City of Glendale	3,661,194
City of Goodyear	259,701
Town of Guadalupe	116,908
City of Maricopa	138,326
Maricopa County Community College District	124,859
North County Fire & Medical (Formerly Sun City West Fire District)	422,931
Town of Paradise Valley	-
City of Peoria	1,982,140
City of Phoenix	69,594,112
City of Scottsdale	1,405,305
Sun City Fire District	901,919
Sun Lakes Fire District	30,439
City of Surprise	1,184,213
City of Tempe	12,756,782
City of Tolleson	155,828
Total	<u>\$ 95,882,141</u>

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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**5. Related Party Transactions**

Staff and administrative costs allocated by the City of Phoenix to RWC was \$582,016 for the year ended June 30, 2015. 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 71% for the year ended June 30, 2015.

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**

RWC's full-time staff are employed by the City of Phoenix, Arizona and participate in 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.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

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**7. Pension Plans (Continued)**

**Plan Description (Continued)**

Benefits are calculated on the basis of a given rate, final average compensation and service credit.

Tier 1 Pension Benefits: Employees hired prior to July 1, 2013 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credit service.
3. Any age which added to years of credited service equals 80.

The pension benefit for Tier 1 employees is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and 0.5% thereafter.

Tier 2 Pension Benefits: Employees hired on or after July 1, 2014 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credit service.
3. Any age which added to years of credited service equals 87.

The pension benefit for Tier 2 employees is based on 2.1% of final average compensation multiplied by years of service credit for those less than 20 years, 2.15% for 20-24.9 years, 2.2% for 25-29.9 years and 2.3% thereafter.

COPERS is authorized by and administered in accordance with Chapter XXIV of the Charter of the City. 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 supplementary information, may be obtained from COPERS, 200 West Washington, 10<sup>th</sup> Floor, Phoenix, Arizona 85003.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

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**7. Pension Plans (Continued)**

**Funding Policy**

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 23 year period. Tier 1 employees contributed 5% of compensation, Tier 2 employees contributed 14.8% of compensation.

RWC's contributions to COPERS equaled the annual required contributions and were as follows (in actual dollars).

<u>Fiscal Year Ended</u>	<u>Required Contributions</u>	<u>Annual Contributions</u>	<u>Percentage of Required Contributions</u>	<u>Percentage of Covered Payroll (Tier 1 / Tier2)</u>
June 30, 2015	\$ 73,129	\$ 73,129	100%	24.6% / 14.8%
June 30, 2014	74,256	74,256	100%	19.25%
June 30, 2013	71,765	71,765	100%	19.27%

The City assigned four full-time staff to RWC as of June 30, 2015 and compensation totaled \$461 thousand for the year ended June 30, 2015.

**Net Pension Liability**

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The impact of the net pension liability for RWC's staff are included as part of the City of Phoenix's reporting of net pension liability and therefore covered in the City's Comprehensive Annual Financial Report. In the opinion of management, no provision for net pension liability is required in the RWC's financial statements.

**Regional Wireless Cooperative**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2015**

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**8. Other Post-Employment Benefits (OPEB)**

**Post-Employment Healthcare and Long Term Disability Program**

The City provides certain post-employment health care benefits 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**

City 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.

**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.

**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.

The purpose of the monthly subsidy is to reimburse retirees for qualified medical expenses. The subsidy varies with length of service of bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional subsidies depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future eligible retirees who purchase health insurance through the City's plan during retirement will receive an additional subsidy to minimize the impact of unblending health insurance rates for active and retired employees.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

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**8. Other Post-Employment Benefits (continued)**

**Post-Employment Healthcare and Long Term Disability Program (continued)**

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

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

The following table shows the components of the City's annual MERP related OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	\$ 27,936
Interest on OPEB obligation	-
Contributions from the City	<u>27,936</u>
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ -</u></u>



**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

**8. Other Post-Employment Benefits (continued)**

**Post-Employment Healthcare and Long Term Disability Program (continued)**

The City's annual MERP related OPEB cost, the percentage of annual OPEB costs contribution (annual required contribution to the plan), and the net OPEB obligation (asset) for the current year and each of 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, 2015	\$ 27,936	\$ 27,936	100.0%	\$ -
June 30, 2014	29,508	29,508	100.0%	-
June 30, 2013	34,021	34,021	100.0%	-

As of July 1, 2015, the most recent actuarial valuation date, MERP benefits were funded by the City to a dedicated MERP Trust. The actuarial liability for benefits was \$433,805,000 and the actuarial value of the assets was \$138,466,00, resulting in an unfunded actuarial accrued liability (UAAL) of \$295,339,000. The covered payroll (annual payroll of active employees covered by the plan) was \$379,302,000 and the ratio of the UALL to the covered payroll was 77.9 percent.

The following table summarizes the more significant actuarial methods and assumptions used to calculate the ARC:

Valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortized method	Level dollar, closed
Remaining amortization period	27 years
Asset Valuation methods	Market Value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	N/A
Inflation rate	3%
Pre-Medicare healthcare cost trend	5% - 9%
Post-Medicare healthcare cost trend	5% - 6%

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

**8. Other Post-Employment Benefits (continued)**

**Post-Employment Healthcare and Long Term Disability Program (continued)**

The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number of covered or the type of coverage since that date.

	General City	Public Safety	Total
Active employees	2,936	2,358	5,321
Retirees and Beneficiaries	5,672	2,528	8,200
Total	8,608	4,913	13,521

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 9<sup>th</sup> Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The City's annual LTD related 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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual LTD related OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset (in thousands):

Annual required contribution*	\$ 2,656
Interest on Net OPEB Asset	(78)
Contributions made	<u>(2,581)</u>
Increase in OPEB Asset	(3)
Net OPEB asset, beginning of year	<u>(1,118)</u>
Net OPEB asset, end of year	<u>\$ (1,121)</u>

\*The City does not calculate an adjustment to the ARC based on the value of the OPEB Asset.

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

**8. Other Post-Employment Benefits (continued)**

**Post-Employment Healthcare and Long Term Disability Program (continued)**

The City's annual LTD related OPEB cost, the percentage of annual OPEB cost (annual required contribution) contributed to the plan, and the net OPEB asset for the current year and each of 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, 2015	\$ 2,578	\$ 2,581	100.1%	\$ 1,121
June 30, 2014	2,719	2,751	101.2%	1,118
June 30, 2013	2,872	2,971	103.4%	1,086

The following table summarizes the more significant actuarial methods and assumptions used to calculate the ARC.

Valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortized method	Level percentage of pay, open
Amortization period	30 years
Asset Valuation methods	Market Value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	3.5%
Inflation rate	3%
Healthcare cost trend	NA

The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number of covered or the type of coverage since that date.

	Fire	Police	General City	Total
Current Active employees	1,592	2,731	7,736	12,059
Currently Disabled Employees	4	10	306	320
Total Covered Participants	1,596	2,741	8,042	12,379

**Regional Wireless Cooperative  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2015**

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**8. Other Post-Employment Benefits (continued)**

**Actuarial Valuations**

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.

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 the post employment healthcare and long-term disability programs as of June 30, 2015.

# SUPPLEMENTARY INFORMATION



Regional Wireless Cooperative

**Regional Wireless Cooperative  
Members' Operating Fund Reserve  
For the Fiscal Year Ended June 30, 2015**

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.

Member	Beginning Balance July 2014	Contributions	Interest	Expenditures	Ending Balance June 2015
City of Avondale	\$ 9,703	\$ 8,075	\$ 101	\$ -	\$ 17,879
City of Buckeye	6,953	10,263	72	-	17,288
City of Chandler	33,286	18,474	346	-	52,106
Daisy Mountain Fire District	148	922	2	-	1,072
City of El Mirage	2,662	2,738	28	-	5,428
City of Glendale	57,050	15,808	592	-	73,450
City of Goodyear	-	21,998	228	-	22,226
Town of Guadalupe	148	415	2	-	565
City of Maricopa	4,685	4,148	49	-	8,882
Maricopa County Community College District	-	12,940	-	-	12,940
North County Fire & Medical	1,400	737	15	-	2,152
Town of Paradise Valley	-	-	-	-	-
City of Peoria	31,179	18,500	324	-	50,003
City of Phoenix	443,260	97,350	4,602	-	545,212
Rural Metro	-	6,189	64	-	6,253
City of Scottsdale	51,863	33,259	539	-	85,661
Sun City Fire District	1,474	1,057	15	-	2,546
Sun Lakes Fire District	995	693	10	-	1,698
City of Surprise	9,727	13,340	101	-	23,168
City of Tempe	50,633	48,161	526	-	99,320
City of Tolleson	737	1,007	8	-	1,752
Total	<u>\$ 705,903</u>	<u>\$ 316,074</u>	<u>\$ 7,624</u>	<u>\$ -</u>	<u>\$ 1,029,601</u>

**Regional Wireless Cooperative**  
**Members' Infrastructure Replacement and Enhancement Activity**  
**For the Fiscal Year Ended June 30, 2015**

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.

Member	Beginning	Contributions	Interest	Expenditures	Ending
	Balance				Balance
	July 2014				June 2015
City of Avondale	\$ 48,219	\$ 191,705	\$ 1,292	\$ (83,173)	\$ 158,043
City of Buckeye	35,879	139,620	941	(60,575)	115,865
City of Chandler	176,572	699,544	4,715	(303,502)	577,329
Daisy Mountain Fire District	1,028	3,618	24	(1,570)	3,100
City of El Mirage	15,231	59,320	400	(25,737)	49,214
City of Glendale	283,318	1,127,084	7,596	(488,993)	929,005
City of Goodyear	18,246	72,342	488	(31,386)	59,690
Town of Guadalupe	2,025	7,957	54	(3,452)	6,584
City of Maricopa	25,135	99,832	673	(43,313)	82,327
Maricopa County Community College District	-	166,405	1,122	(72,196)	95,331
North County Fire & Medical	6,935	27,490	185	(11,927)	22,683
Town of Paradise Valley	-	-	-	-	-
City of Peoria	167,199	649,628	4,378	(281,845)	539,360
City of Phoenix	2,031,569	7,899,497	53,240	(3,427,249)	6,557,057
City of Scottsdale	254,906	1,007,720	6,792	(437,206)	832,212
Sun City Fire District	7,671	30,384	205	(13,182)	25,078
Sun Lakes Fire District	5,512	21,702	146	(9,416)	17,944
City of Surprise	74,162	290,089	1,955	(125,857)	240,349
City of Tempe	293,352	1,142,998	7,703	(495,897)	948,156
City of Tolleson	5,274	20,979	141	(9,102)	17,292
Total	<u>\$ 3,452,233</u>	<u>\$13,657,914</u>	<u>\$ 92,050</u>	<u>\$(5,925,578)</u>	<u>\$11,276,619</u>



**Regional Wireless Cooperative  
Net Operating and Maintenance Expenditures  
For the Fiscal Year Ended June 30, 2015**

Member	Amount Billed	2015 Charge (Credit) Per User Settlement (1)	Net Operating Expenditures
City of Avondale	\$ 145,031	\$ (23,881)	\$ 121,150
City of Buckeye	146,958	(23,666)	123,292
City of Chandler	436,832	(74,109)	362,723
Daisy Mountain Fire District	9,881	(1,642)	8,239
City of El Mirage	46,733	(7,594)	39,139
City of Glendale	626,049	(112,737)	513,312
City of Goodyear	201,640	(31,375)	170,265
Town of Guadalupe	5,010	(793)	4,217
City of Maricopa	79,163	(14,575)	64,588
Maricopa County Community College District	95,606	(16,083)	79,523
North County Fire & Medical	18,197	(3,013)	15,184
Town of Paradise Valley	-	-	-
City of Peoria	424,565	(70,070)	354,495
City of Phoenix	4,520,534	(762,063)	3,758,471
City of Scottsdale	703,181	(106,539)	596,642
Sun City Fire District	21,734	(3,568)	18,166
Sun Lakes Fire District	15,166	(2,503)	12,663
City of Surprise	212,795	(42,562)	170,233
City of Tempe	847,542	(136,055)	711,487
City of Tolleson	15,516	(2,629)	12,887
Non-Members	72,710	-	72,710
Total	<u>\$ 8,644,843</u>	<u>\$ (1,435,457)</u>	<u>\$ 7,209,386</u>

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

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# 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. The RWC began operation in FY 2010; therefore, 10 years of data is not available for presentation in this section.

### **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.

	<u>Page</u>
Statements of Net Position	36
Statements of Revenues, Expenses and Changes in Net Position	36
Members' Operations and Maintenance Expenses	37

### **Demographic and Economic Information**

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

Jurisdictions Map	38
Coverage Map	39
RWC Cities' Population Growth	40
Major Employers Metropolitan Phoenix	41

### **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.

Subscriber Units	41
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**Regional Wireless Cooperative  
Statements of Net Position  
Last Six Fiscal Years  
(in thousands)**

	2015	2014	2013	2012	2011	2010
Investment in Capital Asset	\$ 83,376	\$83,280	\$87,125	\$95,643	\$ 99,481	\$96,350
Restricted						
Capital Projects	121	-	88	-	-	-
Unrestricted	12,386	4,250	498	706	534	514
Net Position	<u>\$ 95,883</u>	<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 Six Fiscal Years (in thousands)**

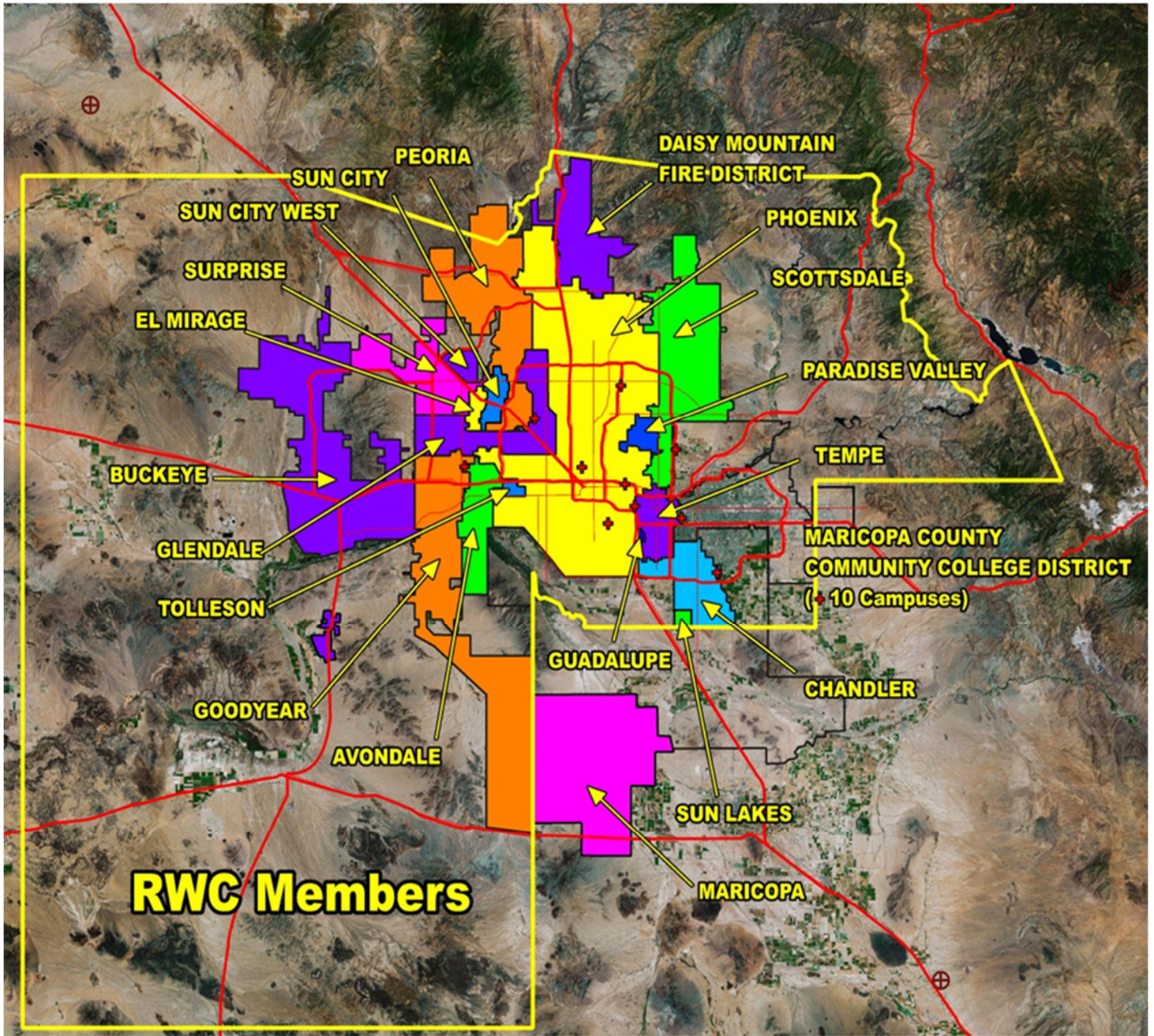
	2015	2014	2013	2012	2011	2010
Operating Revenues						
Operation and Maintenance Charges	\$ 7,209	\$ 7,201	\$ 6,746	\$ 8,305	\$ 6,389	\$ 5,964
Special Assessments	16,170	11,143	2,390	48	93	-
Other	121	88	88	60	445	-
Total Operating Revenues	<u>23,500</u>	<u>18,432</u>	<u>9,224</u>	<u>8,413</u>	<u>6,927</u>	<u>5,964</u>
Operating Expenses						
Administration	582	617	597	499	527	30
Operation and Maintenance	6,174	6,541	6,048	7,602	5,853	5,420
Special Assessments	5	3	-	48	93	-
Depreciation	8,509	11,546	10,444	9,999	10,181	9,926
Total Operating Expenses	<u>15,270</u>	<u>18,707</u>	<u>17,089</u>	<u>18,148</u>	<u>16,654</u>	<u>15,376</u>
Operating Loss	<u>8,230</u>	<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)	(109)	(77)	(53)	(18)	-
Interest	232	203	81	78	30	-
Loss on Disposal of Capital Assets	-	-	(777)	-	-	-
Total Non-Operating Revenues (Expenses)	<u>123</u>	<u>94</u>	<u>(773)</u>	<u>25</u>	<u>12</u>	<u>-</u>
Loss Before Contributions	<u>8,353</u>	<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>\$ 8,353</u>	<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 Six Fiscal Years**

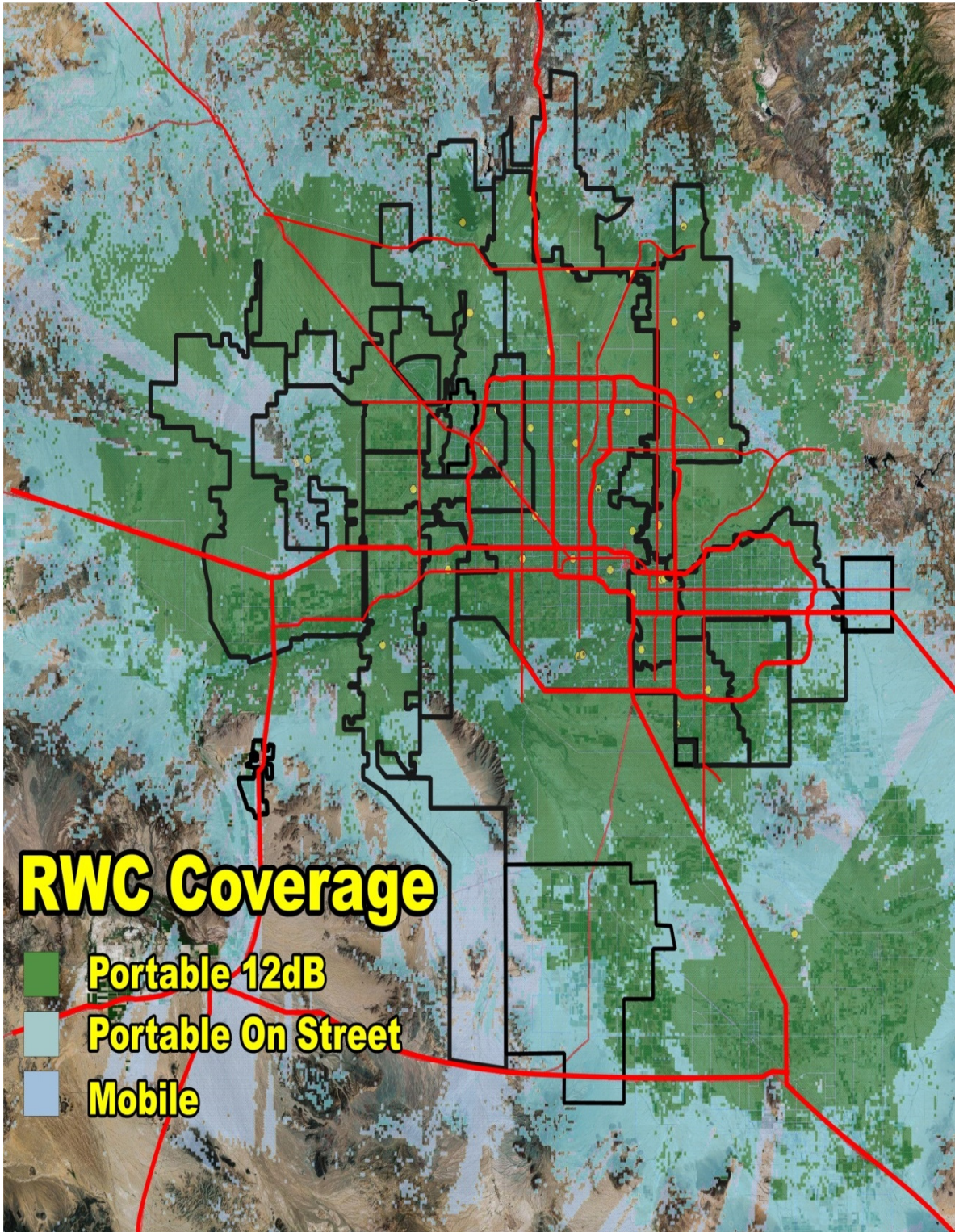
Member	2015	2014	2013	2012	2011	2010
City of Avondale	\$ 121,150	\$ 123,697	\$ 108,885	\$ 39,787	\$ 10,297	\$ 885
City of Buckeye	123,292	105,746	77,987	91,438	81,737	41,952
City of Chandler	362,723	378,692	340,153	455,420	54,459	2,856
Daisy Mountain Fire District	8,239	3,819	2,111	3,314	1,830	110
City of El Mirage	39,139	38,067	31,944	38,635	34,353	22,574
City of Glendale	513,312	535,581	583,921	248,367	5,604	-
City of Goodyear	170,265	41,573	36,693	46,518	12,539	1,121
Town of Guadalupe	4,217	4,126	4,036	2,417	382	34
City of Maricopa	64,588	63,551	39,943	8,707	6,099	366
Maricopa County Community College	79,523	-	-	-	-	-
North County Fire & Medical	15,184	15,680	13,944	16,758	4,337	190
Town of Paradise Valley	-	-	-	-	-	-
City of Peoria	354,495	369,820	330,061	430,102	411,673	340,948
City of Phoenix	3,758,471	3,999,612	3,878,073	5,289,117	4,937,469	4,912,226
City of Scottsdale	596,642	568,508	503,669	717,469	48,494	4,336
Sun City Fire District	18,166	18,260	15,411	18,971	6,807	141
Sun Lakes Fire District	12,663	12,379	11,008	14,271	4,562	102
City of Surprise	170,233	167,321	147,314	144,535	123,972	82,651
City of Tempe	711,487	675,808	573,249	710,090	630,029	553,684
City of Tolleson	12,887	12,174	10,454	12,498	-	-
Non-Members (1)	72,710	66,432	37,498	16,506	14,537	-
Total	<u>\$ 7,209,386</u>	<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 Six Calendar Years**

Member	2015	2014	2013	2012	2011	2010
City of Avondale	78,090	78,822	77,511	76,870	76,392	76,238
City of Buckeye	58,795	56,683	56,460	54,102	52,334	50,876
City of Chandler	249,423	245,588	246,197	241,214	238,381	236,326
City of El Mirage	32,857	32,998	32,472	32,067	31,862	31,797
City of Glendale	232,680	234,632	231,109	229,008	227,446	226,721
City of Goodyear	74,743	72,864	72,275	69,018	67,337	65,275
Town of Guadalupe	6,084	6,072	6,019	5,943	5,895	5,523
City of Maricopa	47,442	45,508	44,946	44,396	43,598	43,482
Town of Paradise Valley	13,457	13,387	13,282	13,154	13,035	12,820
City of Peoria	163,832	162,592	160,545	157,653	155,754	154,058
City of Phoenix	1,506,439	1,505,070	1,485,751	1,465,901	1,453,462	1,447,128
City of Scottsdale	225,698	226,918	222,213	219,713	217,965	217,385
City of Surprise	123,797	123,546	121,629	119,530	118,349	117,517
City of Tempe	169,529	168,228	165,158	164,659	162,503	161,719
City of Tolleson	6,777	6,756	6,632	6,579	6,541	6,545

Source: Maricopa Association of Governments, US Census Bureau.

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

Employer	2015		2006	
	Employees	Rank	Employees	Rank
State of Arizona	50,816	1	49,958	1
Banner Health	35,406	2	19,250	3
Wal-Mart Stores Inc.	32,373	3	28,246	2
Fry's Food Stores	17,286	4		
City of Phoenix	14,585	5	13,844	4
Wells Fargo	14,480	6	11,533	6
Maricopa County	13,567	7	13,002	5
Arizona State University	12,676	8	11,202	7
Dignity Health	12,100	9		
Intel Corporation	11,760	10	10,100	10
US Postal Service			11,000	8
Honeywell Aerospace			10,700	9

Source: Phoenix Business Journal Book of Lists, Arizona Department of Commerce, Workforce Development

Note: Top employers in Maricopa County

**Subscriber Units  
Last Six Fiscal Years**

	2015	2014	2013	2012	2011	2010
Subscriber Units						
Member Total	18,242	17,371	17,695	18,213	17,996	14,049
Interoperability	17,574	10,143	11,682	8,390	5,727	6,639
Grand Total	35,816	27,514	29,377	26,603	23,723	20,688

