NARATIVE FOR REVENUE AND EXPENDITURE COMPARISON
ACTUAL RESULTS 2011 THROUGH 2013
POST FORMATION BUDGET 2014/2015 AND ESTIMATES 2015/2016 THROUGH 2018/2019

Sources of Revenue

Donations

Donations for the years 2011 through 2013 are funds provided by the founder of the Baldwin Lake Volunteer Fire Department and area residents. In the aforementioned years, donations were the sole source of revenue. In the Post Formation years, the figures are based solely on Committee estimates.

Property Tax Revenue

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not receive any portion of the fire protection segment of the property taxes paid by Baldwin Lake property owners. The figures in the Post Formation years are based on information provided by LAFCO and County Fire. The assumption is that the property tax revenue will increase by 3% per annum.

Fire Assessment Fees

During the years 2011 through 2013 there were no supplemental fees for fire services assessed on Baldwin Lake property owners. The figures in the Post Formation years are based on an annual fee of $180 per house and $90 per vacant lot. In the 2014/2015 year, the fee assumes 404 homes and 1756 vacant lots. The figures in the years 2014/2015 through 2018/2019 assume that each year the number of houses increases by 2% and the number of vacant lots decreases by 2% over the previous year. The assessment fees are increased by 3% per annum.

Reimbursable Call Fees

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department was not eligible to charge insurance carriers for emergency response to vehicle incidents where traffic control and incident cleanup is required. Subsequent to becoming a fire protection district, the fire department will be entitled to bill for said services. The figure for the 2013/2014 year is based on two reimbursed vehicle accidents per month @ $500 per incident plus $3000 annually in additional fees. The figures in the years 2014/2015 through 2017/2018 assume that each year the number of incidents increases by 2%.

Expenditures

Employee Costs

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The proposed BLFPD will have only two full time employee. Those persons will have administrative, as well as fire prevention, firefighter training and clerical duties. The budgeted salary for the General Manager will be $36,000 in year one. Payroll taxes and other direct costs for said employee are budgeted to be 19% of salary. The General Manager will receive healthcare and retirement benefits as follows. The BLFPD will pay up to $3,600 annually for health insurance and up to $720 annually for a retirement plan. If the cost of the healthcare plan selected by the General Manager exceeds $3,600 the General Manager will be responsible for the excess amount. The retirement plan established will be a SIMPLE IRA plan pursuant to which the BLFPD will match the amount the General Manager contributes up to 2% of the his/her annual salary. All administrative cost of said plan will be the responsibility of the General Manager. The budgeted salary for the Fire Chief will be $30,000 in year one. The Fire Chief will not receive any benefits.

Contract Services

Contract services consist of three service areas, legal, accounting and firefighter training services.

Legal Services:

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not incur any legal costs. The Committee has negotiated a prospective arrangement with the Newport Beach Law Firm of Phillip Greer to provide all normal legal services for the BLFPD for $6,000 annually for the first year. Mr. Greer has provided a letter attached which sets forth his fee and the rationale for the amount of said fee.

Accounting Services:

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not engage an outside accounting firm. The Committee and negotiated a prospective arrangement with the Riverside accounting firm of David B. Whitford, CPA, to provide routine accounting and an annual financial audit of the proposed BLFPD for the first year for $3,000.

Training Services:

Training services consist of firefighter training that by regulation must be provided by a third party certified to provide said training. During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not incur any outside training costs. Following the formation of the BLFPD, the Committee has budgeted $5000 annually for outside training services.

Workers Compensation Insurance

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not incur costs for Workers Compensation Insurance for its volunteer firefighters. Subsequent to the formation of the BLFPD, as a recipient of tax dollars the BLFPD will be required to obtain workers comp insurance for its employee, volunteers and directors. The Committee has received a proposal for its worker compensation coverage from Fire Agencies Self Insurance System (FASIS). FASIS provides first dollar workers' compensation coverage to its members, self-insuring the first $500,000, and participates in the Local Agency Workers' Compensation Excess Joint Powers

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Authority (LAWCX) for excess coverage from $500,000 to statutory coverage. The policy proposed will cover the district's full time employee, all of the volunteer firefighters and members of the district's Board of Directors. The quoted premium for first year coverage following the formation of the BLFPD is $14,049. The budgeted figures for subsequent years assume a 5% annual premium increase.

Facility Rent Payment

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department paid rent of $24,000 per annum that included all utilities. The budgeted figures for subsequent years assume a 3% annual premium increase.

CalFire Rental Agreement

CalFire has a lease agreement through April of 2016 which calls for a monthly lease payment of $1,000 increasing annually 4%.

Utilities

Post 2010, utilities expense for the Baldwin Lake Volunteer Fire Department dropped significantly due to the installation of a wind turbine generating system that essentially eliminated the cost of electrical service. In 2013, a solar power generating system will be installed at the Facility to compliment the power generated by the Facility wind power generating system. Subsequent to the formation of the proposed BLFPD, utilities not included in the Facility Lease shall be the responsibility of the BLFPD. This will include telephone, internet, sewage pumping and electrical service should electricity usage exceed the production of the renewable energy system(s) installed on the premises, the power production of which, are included in the Facility Lease. The budgeted costs for utilities subsequent to district formation is based on the Committee's estimate of costs for 2014/2015 increasing 3% per year thereafter.

Equipment and Related Expenditures

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department utilized fire vehicles and equipment purchased by the department's founder, Larry Winslow, at no cost to the department. Subsequent to the formation of the proposed BLFPD, Larry Winslow will donate all of the equipment utilized by the department for an amount of equal to the amount of remaining debt owed on the equipment, which is approximately $25,000 as of the date of this application. The appraised value of said equipment is $132,000 as of the date of this application (the appraisal letter is Attachment "D" to this application). In 2014/2015, the anticipated initial year operating year of the proposed BLFPD, the Committee proposes to install the first two water storage ponds in the community at a total cost to the district of $5000 (see Improved Fire Protection on page 26 of the

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Justification For Forming the Baldwin Lake Fire Protection District.) In 2015/2016, the Committee proposes to install two additional water storage ponds in the community and purchase a trailer mounted "structure foaming machine" to protect structures at a combined cost of $30,000. In 2015-2016, the Committee proposes to install two additional water storage ponds in the community and replace the existing "brush engine" at a combined net capital outlay of $37,500. In 2016/2017, the Committee proposes to replace the department's "squad utility vehicle" at a net capital outlay of $20,000. In 2017/2018, the Committee proposes to replace the department's primary fire engine at a net capital outlay of $40,000.

Fuel and Equipment Maintenance

As a volunteer organization, the Baldwin Lake Volunteer Fire Department has to date been able to obtain the services of experienced maintenance personnel on a minimal or no cost basis to maintain the department's fire vehicles. Similarly, the department has generally been able to purchase the needed parts and supplies on a discounted basis or through donation. The Committee believes the department will be able to continue to do so after the formation of the proposed BLFPD. The major expenditure related to equipment operation and maintenance is purchasing fuel for the vehicles. The budgeted costs for fuel and equipment maintenance post district formation is based on the expenditure by the Baldwin Lake Volunteer Fire Department for said items during the years 2011 through 2013 increasing 10% per year thereafter.

Radios/dispatch Fees

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department rented a type 800-trunking radio from County Fire for $80 per radio per month pursuant to the department's dispatching arrangement with County Fire. Subsequent to the formation of the proposed BLFPD, the department will obtain dispatch services from Cal Fire. The fee for this service will be approximately $2000 for the first year and adjusted in the years thereafter based on call volume. By utilizing Cal Fire for dispatch services the department will be able to use its VHF radios for dispatch and will no longer need to rent the 800-trunking radio.

Facility Consumables and Maintenance

The budget figures for facility consumables and maintenance following the formation of the BLFPD are based on the expenditure for said items prior to the formation of the district. The budgeted costs for facility consumables and maintenance post district formation is based on the Committee's estimate of costs for 2014/2015 increasing 5% per year thereafter.

General Insurance

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department purchased its general-purpose insurance coverage from Volunteer Firefighters Insurance Services. The specific coverage under the policy for 2013/2014 is a follows: the fire station and crew facility buildings in the amount of $270,000, portable fire fighting equipment at replacement cost, personal property in the amount of $29,747, cash and equivalents in the amount of $10,000, vehicle liability in the amount of $1,000,000, vehicle replacement at replacement cost, uninsured motorist in the amount of $100,000

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for each incident, general liability in the amount of $1,000,000 for each occurrence, $2,000,000 general aggregate, management liability $2,000,000 in aggregate, wrongful acts $1,000,000 and $25,000 for injunctive relief. The deductable for building and vehicles is $1,000 and for general and management liability there is no deductable. Subsequent to the formation of the BLFPD, the Committee believes that Volunteer Firefighters Insurance Services will continue to be the best source for general-insurance coverage. The budgeted costs for general-insurance post district formation is based on the expenditure by the Baldwin Lake Volunteer Fire Department for said items during 2013 increasing 5% per year thereafter.

Community Relations

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not incur costs for community relations. The Committee believes that subsequent to the formation of the BLFPD, the district should develop a community awareness program.

Subscriptions

During the years 2011 through 2013 the Baldwin Lake Volunteer Fire Department did not incur costs for subscriptions. The Committee believes that subsequent to the formation of the BLFPD, its fire department will have significantly increased responsibilities concerning fire prevention and related matters. This will require the fire department to subscribe to the National Fire Protection Code and similar publications.

Election Fees

Subject to approval of the proposed BLFPD by LAFCO, a special election must be held to solicit a two-thirds approval for the formation of the proposed BLFPD from the residents of Baldwin Lake and election of a five-person Board of Directors. The estimated cost of this special election is $6000. Subsequent to the formation of the BLFPD, regularly scheduled elections will be held every other year to elect members of the Board of Directors. The figures in every other year subsequent to the formation of the BLFPD represent the Committee's estimates as to the cost of said elections based on the cost to special districts of similar size from the June 2013 election cycle.

Directors Fees and Expenses

Subject to voter approval of the proposed BLFPD, the newly elected Board of Directors will announce regularly scheduled Board Meetings. The Committee believes that in the spirit of the fire department being a volunteer organization, the Board of Directors will likely serve without compensation. Being that only the newly elected Board of Directors can make this decision, the Committee believes that it is prudent to budget $3000 annually to cover possible fees and expenses. This figure is based on quarterly meetings and miscellaneous expenses.

Unanticipated Expenses

Given that the BLFPD will be a newly formed entity for Baldwin Lake, the Committee believes it is prudent to budget an amount of $5000 annually for unanticipated or unforeseen expenses.

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SCHEDULE OF SALARIES, BENEFITS AND CONTRACT SERVICES

PERSONNEL	FPD TOTAL FTE.	FPD FTE			
Administrative			Salary	Amount	Percent of Total
General Manager	1.00	1.00	$36,000	$36,000	
Fire Chief	1.00	1.00	$30,000	$30,000	
Flirefighters			$146,000	$146,000	
Taxes				$25,440	
Health Insurance				$3,600	
Retirement Plan				$720	
Total Employee Cost	1.00	1.00	$212,000	$241,760	61.40%
Worker's Compensation				$14,840	17.48%
Sub-total All FPD Employees				$256,600	78.84%
Director's Stipend				$2,000	
Director's Expenses				$1,000	
Total Director's Cost				$3,000	3.73%
Total Employees and Directors				$259,600	
Contract Services					
Legal Services				$6,000	7.46%
Accounting Services				$3,000	3.73%
Training Services				$5,000	6.22%
Total Contract Services				$14,000	17.42%
Total Employee and Contract Services				$273,600	100.00%

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	BUDGET 2013-14	PROPOSED 2014-15	PROPOSED 2014-15	PROPOSED 2014-15	PROPOSED 2014-15
CapEx provision	$35,000	$40,000	$50,000	$50,000	$50,000
Water pond construction	$5,000	$5,000	$2,500	$2,500	$2,500
Equipment replacement (1)	$0	$25,000	$37,500	$20,000	$40,000
PPE/SCBA replacement	$0	$10,000	$10,000	$10,000	$10,000
Fire Protection District Origination Costs	$25,000	$0	$0	$0	$0
CapEx expenditure	$30,000	$40,000	$50,000	$32,500	$52,500
CapEx surplus/shortfall	$5,000	$0	$0	$17,500	$2,500
Balance carried forward	$5,000	$5,000	$5,000	$22,500	$20,000

(1) 2013 no equipment replaced/added

(1) 2014 "structure foaming machine" added

(1) 2015 brush engine replaced

(1) 2016 squad vehicle replaced

(1) 2017 fire engine replaced

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	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	BUDGET 2014-15	ESTIMATE 2015-16	ESTIMATE 2016-17	ESTIMATE 2017-18	ESTIMATE 2018-19
Sources of Revenue								
Donations	$41,291	$41,053	$42,853	$0	$0	$0	$0	$0
Property tax revenue	$0	$0	$0	$137,000	$141,110	$145,343	$149,704	$154,195
Assessment fees houses	$0	$0	$0	$72,720	$76,400	$80,265	$84,327	$88,594
Assessment fees vacant lots	$0	$0	$0	$158,040	$159,526	$162,011	$164,535	$167,099
Reimbursable call fees	$0	$0	$0	$15,000	$15,300	$15,606	$15,918	$16,236
Calfire Rental Payment	$0	$0	$0	$12,000	$12,480	$12,979	$13,498	$14,038
Total revenue generated	$41,291	$41,053	$42,853	$394,760	$404,815	$416,205	$427,982	$440,161
Expenditures								
Employee Costs	$0	$0	$0	$241,760	$249,013	$256,483	$264,178	$272,103
Contract Services	$0	$0	$0	$14,000	$14,420	$14,853	$15,298	$15,757
Workers Comp. Insurance	$0	$0	$0	$14,840	$15,285	$15,744	$16,216	$16,703
Facility Rent	$24,000	$24,000	$24,000	$30,000	$30,900	$31,827	$32,782	$33,765
Utilities	$1,067	$1,065	$1,143	$2,760	$2,843	$2,928	$3,016	$3,106
Equipment and Related Exp.	$0	$0	$0	$35,000	$40,000	$50,000	$50,000	$50,000
Fuel	$4,801	$5,128	$4,399	$5,641	$6,205	$6,825	$7,508	$8,259
Equipment Maintenance	$4,319	$2,974	$5,115	$6,000	$6,200	$6,400	$6,600	$6,800
Radios/dispatch fees	$960	$960	$960	$3,600	$3,672	$3,745	$3,820	$3,897
Facility Consumables	$477	$452	$593	$500	$525	$551	$579	$608
Facility Maintenance	$889	$1,740	$645	$1,000	$1,050	$1,103	$1,158	$1,216
General Insurance	$4,295	$4,586	$5,306	$4,815	$4,959	$5,108	$5,261	$5,419
Community Relations	$0	$0	$0	$1,500	$1,500	$1,500	$1,500	$1,500
Subscriptions	$0	$0	$0	$2,000	$2,100	$2,200	$2,300	$2,400
Election Fees	$0	$0	$0	$6,000	$0	$1,200	$0	$1,400
LAFCO Fee	$0	$0	$0	$100	$100	$100	$100	$100
Miscellaneous Expenses	$483	$148	$612	$2,000	$2,000	$2,000	$2,000	$2,000
Directors Fees and Expenses	$0	$0	$0	$3,000	$3,000	$3,000	$3,000	$3,000
Unanticipated expenses	$0	$0	$0	$5,000	$5,000	$5,000	$5,000	$5,000
Total Expenditures	$41,291	$41,053	$42,773	$379,516	$388,772	$410,567	$420,316	$433,033
Net Change In Assets	$0	$0		$15,244	$16,043	$5,638	$7,666	$7,128

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