STATE LANDSCAPE CONTRACTORS BOARD OF OREGON

Report to the Governor and Legislative Assembly

for the 2011/13 Biennium

Prepared by: Shelley Sneed, Administrator

Submitted: April 2014

TABLE OF CONTENTS

Executive Summary

Section I Financial Review and Assessments
- A. Wicklund Financial Review Report…….1
- B. Agency Responses …….10
- C. DAS IT Assessment…….14
- D. 2011 Risk Assessment……..22
- E. 2011 Change of Director Review……..37

Section II Budget Comparison
- A. June 30, 2013 Balance Sheet (previous biennium comparison)……46
- B. 2011-13 Actual to Budget Reports with comparisons to 2009-11 and the approved 2013-15 budget ……..47
- C. 2011-13 Original and Amended budgets……..51
- D. Beginning and Ending Fund Balances for 2011-13……55
- E. Forecasted June 30, 2015 Balance Sheet……56
- F. Narrative on Material Changes in Budget to Actual and Changes Between 2011-13 and 2013-15 Budgets ……57
- G. Budget Adoption Process Overview and Filing Information……61
- H. Agency Fee Schedule with Proposed Changes……..62

Section III Rule Making Activities
Overview of agency rule making activities with justification for changes….63

Section IV Consumer Protection Activities……70

Section V Licensing Activities and Disciplinary Actions……72

Section VI Other Board Activities……77

Executive Summary

The State Landscape Contractors Board became semi-independent in 2002 and is responsible for ORS 671.510 through 671.997 and OAR Chapter 808, which regulates landscape construction work in Oregon.

The landscaping industry, like the general construction industry in Oregon, has been dramatically affected by the economic recession. Licensing numbers for individuals (LCP's) were lower than the previous biennium. Business license numbers stayed virtually the same as the end of the 2009-11 biennium. As of June 30, 2013 there were:

Individual licensees	1,353
Business licensees	1,164

The agency didn't introduce any legislation in this biennium but had a number of rule changes to clarify the activities and landscape contracting that business can undertake under the license jurisdiction and to address licensee issues with the agency's continuing education program.

There were also changes to license qualifications and the testing procedures to ensure that appropriately experienced and qualified individuals had the opportunity to test, and to test in an accommodating environment, to prove their knowledge and proficiency. The agency also translated several informational publications about licensure and landscape maintenance into Spanish per the board's translation policy.

The end of the biennium saw indicators of increased future licensure. Civil penalties and claims cases were lower than previous periods as well—another indicator of the lesser amount of landscaping work happening throughout the state.

Valerie A. Wicklund, CPA, LLC

Oregon State Landscape Contractors Board
Agreed Upon Procedures Report
Financial Review

Report No. 1-14
January 13, 2014

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Oregon State Landscape Contractors Board:

The Oregon State Landscape Contractors Board (LCB) is a semi-independent agency of the State of Oregon that operates under Chapter 808 and Chapter 182 of the Oregon Revised Statutes. It regulates the landscape construction industry in Oregon for the protection of the public interest and to promote a fair and competitive business environment through education, licensing, dispute resolution and enforcement. The LCB receives and investigates consumer complaints, answers consumer and landscape construction professional questions, and enforces compliance with the licensing law.

Oregon Revised Statute 182.464 requires the LCB to undergo a financial review each year according to financial review schedules set by the Secretary of State. We performed the procedures, as described below, which were agreed to by the LCB and the Secretary of State, for the two years ending June 30, 2013. The LCB is responsible for the establishment of and compliance with its financial processes and internal controls. The procedures were solely to assist management and the Secretary of State in evaluating the financial operations of the LCB. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is the sole responsibility of those specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below.

Agreed Upon Procedures Performed

1. We reviewed and evaluated internal controls related to handling cash, recording revenues, recording disbursements and licensing activities. This work included obtaining and reviewing the adequacy of policies, procedures and desk manuals related to (1) receiving, calculating, recording, and reporting transactions and (2) the licensing process. We performed process walk-throughs to determine compliance with procedures and performed testing as we determined necessary.

2. We reviewed and evaluated cash controls. We confirmed investment and bank balances with financial institutions, reviewed bank reconciliations, and reviewed cash handling and related internal controls.

3. We examined revenues and expenses. We obtained accounting and subsidiary records related to revenues and expenses. We selected samples of revenues and expense transactions and evaluated supporting documentation to determine if the transactions were appropriate and properly classified in the accounting records.

4. We compared budgeted revenues and expenditures to actual revenues and expenditures.

Results of Procedures

1. Our evaluation of internal controls over financial, accounting, and licensing processes found that, generally, adequate controls were in place at the end of the biennium considering the limitations of such a small staff of four employees. However, we also found weaknesses in internal controls that need attention.

   We identified key controls in the cash receipts, cash disbursements, and licensing processes and our tests showed many of these controls were working as intended by management. For example, the majority of receipts were immediately deposited into the bank using a check scanner and online credit card terminal. A good segregation of the duties of opening the mail from the processing of checks had been established. The licensing database system is pre-programmed to require fields related to initial licensing and renewal to be completed. The Administrator pre-qualified individuals for licensing before they were allowed to take exams. Generally, segregation of duties was adequate for such a small staff of four employees; however, we noted opportunities to further segregate duties, as discussed below. We noted the need to sign position descriptions, develop financial procedures, update or create policies, and approve journal entries. Improvements are needed to secure credit card numbers, petty cash, and license stock as discussed below.

   In response to our recommendation in the 2009-2011 financial review, the Administrator developed position descriptions for all positions. Only one of the four position descriptions was signed at the time of our fieldwork. Most financial procedures were not documented and written financial policies were out of date.

   The LCB had investments in money market accounts and certificates of deposit totaling $294,698 at June 30, 2013. Although the Administrator and the Board understand that investment transactions will not be made without approval of the Board, the Board does not have a written investment policy documenting this requirement.

   In the absence of signed position descriptions, policies, and procedures, there is a risk employees will not clearly understand and implement management's and the Board's direction.

   We recommend the Administrator ensure the position descriptions are signed and dated by both the employee and supervisor. As recommended in our prior financial review, ***we recommend*** the Administrator ensure financial procedures are developed and financial policies are updated. As recommended in our prior financial review, ***we recommend*** the Board establish a written investment policy. The policy should include the requirement for documentation of Board approval of investment transactions.

   The Administrator and Program Manager have each been provided with an agency credit card for purchases of office and Board meeting supplies. The Program Manager reviews and approves her own and the Administrator's purchases. The Program Manager purchases printing services and approves the related invoices. In the absence of review and approval of purchases by someone other than the individual making the purchase, the opportunity for inappropriate purchases increases. Generally accepted good business practices call for the segregation of the duties of purchasing from approving the purchase. It is a best practice among boards and commissions for the board to approve the Administrator's credit card statements.

We recommend the Board Chair approve the Administrator's credit card statements. ***We recommend*** the Administrator approve the Program Manager's purchases, including the Program Manager's credit card statement. The reviews should be documented with the initials and date of the approver.

Licensees and applicants often pay fees with a credit card. The credit card number, CCV number, address, and expiration date are written on the renewal form or the application. The agency has established a procedure to black out the credit card information after it is used; however, the information is visible through the magic marker used to black out the information.

To ensure the credit card information is adequately protected from unauthorized use, ***we recommend*** the agency adopt a method for redacting the credit card information that is effective in rendering the information unreadable. For example, the credit card information could be cut out of the application and shredded. Another option is for the agency to make a copy of the application with the credit card information blacked out with the magic marker and then shred the original.

Journal entries are commonly made to record items such as depreciation, accrued compensation, and to correct previous errors in recording transactions. Journal entries are made by the Administrator and there is no process in place for approval of journal entries. The review and approval of journal entries by someone other than the person making the journal entry is a key internal control. This review is done to help prevent errors such as adjusting the wrong accounts and transposing numbers. It also helps protect against fraud by making sure there is a valid reason for the journal entry.

We recommend the agency establish a process for a third party review and approval of journal entries. The approver should document their review and approval by initialing and dating the related documentation.

The agency keeps petty cash, totaling $200, in the office to make change and to provide cash for small office purchases. Petty cash is kept in an unlocked box in the licensing specialist's desk drawer. The drawer is locked only on week-ends and the cash is accessible to all employees throughout the week. License stock is kept in a cabinet in the licensing specialist area. The cabinet is locked only on week-ends. Good business practices call for securing cash, which is highly susceptible to loss, and limiting access only to those who need it to perform their job duties. Good business practices suggest that valuable stock, such as license stock, is properly secured.

We recommend the agency secure petty cash by placing it in a locked cabinet or desk until it is needed. Access to petty cash should be limited to only those who need it to perform their job duties. As we recommended in our last financial review, ***we recommend*** the agency store license stock in a secure area. Access to the license stock should be limited to only those who need it to perform their job duties.

The LCB took action on recommendations in our 2009-2011 financial review report. The Administrator put a process in place for her review and approval of all new license files to ensure all criteria are met before the license is issued. The agency revised OAR 808-003-0230 to align

the OAR with the renewal processes. The Administrator developed position descriptions for all employees.

2. We confirmed investment and bank account balances directly with the bank and determined bank account balances are properly recorded in the LCB's accounting records. We found the agency had good controls over its processes for receipting cash, checks, and credit cards. Bank deposits were made timely and bank reconciliations were performed timely during the biennium. We have a recommendation to improve the Board Chair's review of bank reconciliations, below. See Section 1 for our recommendation to create an investment policy.

   The Board Chair reviewed and approved the bank reconciliations in a timely manner, except as follows. One reconciliation was reviewed four months after the statement date. The Board Chair did not indicate the date of their review on four reconciliations and we were unable to determine the timeliness of their review. No Board Chair initials were found on two bank reconciliations and we were unable to determine if the review occurred. Board Chair review of bank reconciliations is a key control to provide oversight of banking operations.

   We recommend the Board Chair review the reconciliations in a timely manner, within one month after the reconciliation is completed. ***We recommend*** the Board Chair write their initials and the date of their review on the bank reconciliation.

   The LCB took action on recommendations made in our 2009-2011 financial review. It reconciled certificates of deposit and money market accounts to the accounting records at year-end. The responsibility of reconciling the bank account each month was transferred to an employee more independent of the receipting and disbursements process.

3. Our examination of revenues and expenditures found that, except as discussed below, transactions were appropriate and properly recorded and classified in the accounting records. We found an opportunity to improve payroll processes by documenting the managerial review of the payroll journal.

   We examined supporting documentation for selected transactions from the three largest revenue accounts; business renewal fee, renewal individual license, and civil penalties collected. All transactions tested were properly recorded and classified in the accounting records. Our testing found criteria for license renewal were met before the license renewal was approved and deposits were made timely.

   We examined supporting documentation for selected transactions from three expenditure accounts; staff wages, formal investigations and exam resource material. All transactions tested were properly recorded and classified in the accounting records. All expenses appeared appropriate to further the business of the LCB. No exceptions were noted, except for one payment made under an expired contract and the lack of consistent documentation of approval of payroll reports.

   The LCB uses an external payroll processing company (company) to prepare its payroll. After review and approval of employee's timesheets by the Administrator, an employee reports each employee's hours to the company. The company provides a report of the hours reported. A

different employee reviews the report for accuracy and authorizes the company to process the payroll. Our testing of seven payroll transactions found only one report bore evidence of the second employee's review of the report and submission to the payroll processing company.

Generally accepted good business practices call for segregation of the duties of initiating transactions from authorizing the transactions. Review of payroll, which is the agency's largest expense, is a key control to ensure the accuracy of payroll. Generally accepted good business practices call for documentation of supervisory review and approval. In the absence of documentation of supervisory review and approval of payroll reports, we were unable to determine if payroll was properly authorized.

We recommend the agency establish a process for the individual reviewing the payroll report and submitting payroll to the payroll processing company to document their review and approval.

During our testing of formal investigation expenditures, we found one $1,100 payment to an investigator was made after the contract term had expired. The contract expired in March 2012 and the services were provided in April 2012.

We recommend the Administrator ensure investigative services are provided only when a valid contract is in place.

4. The LCB's budget was adjusted during the biennium. We were unable to verify initial or adjusted budgeted revenues and expenditures provided to us were approved by the Board, as discussed below. We compared adjusted budgeted revenues and expenditures provided by the Administrator to actual revenues and expenditures for the two years ending June 30, 2013. We noted total revenues of $1,158,849 were $90,105 or 7.2% less than anticipated in the adjusted budget. Total expenses were 6.9% lower than budgeted, at $1,241,236 on adjusted budgeted expenses of $1,332,645. The agency experienced a net loss of $78,795 on a budgeted net loss of $75,691. See Schedule 1 for discussion of variances noted.

   The 2011-13 budget was adopted at the June 2011 Board meeting and amended at the July 24, 2012 Board meeting. The dollar value of the initial budget was not listed in the minutes approving the budget. The dollar value of the amended budget was not listed in the minutes approving the amended budget. The value of the original budget and the value of the amended budget value was not listed in OAR 808-001-0008 Operating Budget. The agency provided us with a Board approved detailed budget but we were unable to verify the amounts listed were approved by the Board. Documentation of Commission or Board approval of the amount of budgeted revenues and expenses in the minutes of the meeting where the budget is approved is a best practice among boards and commissions.

   We recommend the Board document its approval of total budgeted revenues and expenditures in the minutes of the meeting where approval is granted. ***We recommend*** the Board state the dollar value of total approved budgeted revenues and expenditures in OAR 808-001-0008.

   The Administrator provided us with a detailed spreadsheet representing the budget approved by the Board. When we tested the mathematical accuracy of the spreadsheet we found numerous errors. The detailed budget was developed on a spreadsheet containing a large number of subaccounts and subtotals, adding a degree of complexity to the budget which may have

contributed to the mathematical errors. Total budgeted expenses approved by the Board, as represented on the spreadsheet, were $31,400 higher than the sum of all budgeted expense accounts. The Administrator adjusted two budget expense accounts, Printing and Innovative Projects, to correct the errors.

During our 2009-11 financial review engagement, we noted similar budget errors totaling $7,000. We recommended the Board take action to ensure the budget was accurately calculated, including simplifying the budget spreadsheet to prevent further errors. The Board decided not to implement our recommendation to simplify the budget spreadsheet.

The biennial budget approved by the Board is the legal compliance standard against which the operations of the LCB are evaluated. It presents a detailed analysis of how the Board expects to collect revenues and incur expenditures in the biennium and creates a roadmap for operations. Good business practices call for the budget approved by the Board to be mathematically accurate.

We recommend the LCB take steps to ensure future detailed budgets are accurate prior to submission to the Board for review and approval. As recommended in our prior financial review, one option is to simplify the budget document to reduce the number of sub-accounts and accounts. Another option is for the agency to implement a process for a third party review of the mathematical accuracy of the detailed budget.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the adequacy of financial operations or compliance with laws, rules, regulations or standards. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the LCB and the Secretary of State and is not intended to be and should not be used by anyone other than the specified parties.

VALERIE A. WICKLUND, CPA, LLC

Valerie Wicklund

Valerie Wicklund, CPA
January 13, 2014

Schedule 1
Oregon Landscape Contractors Board
Budget to Actual Variance Analysis
For the Two Years Ending June 30, 2013

	Actual	Budget	Amount Over (Under) Budget	% Over (Under) Budget	Explanation
Revenues:					
4026 · Exam Resource Material Sales	29,088.00	15,000.00	14,088	94%	The agency created a new study resource for the examination process. As a new resource, there was no basis for estimating the potential sales. Sales were much higher than anticipated.
4110 · New Business License Fee	39,190	56,160	(16,970)	-30%	This biennium saw a lower level of business licensing than had been projected. Since the recession, the agency had seen licensing numbers decrease due to lower market opportunities for licensees.
4211 · Civil Penalties Collected	127,734	206,138	(78,404)	-38%	Enforcement cases were lower than anticipated during the biennium, resulting in collection of less civil penalties than anticipated.
Expenses:					
5026 · Exam Resource Material	35,436	13,000	22,436	173%	Since sales were brisk for the new exam study resource, the agency took advantage of discounted prices and bought more books than originally budgeted.
5030 · Printing Costs	14,083	23,400	(9,317)	-40%	The Administrator reduced the budgeted amount of $39,600 by $16,200 to correct errors in the budget spreadsheet approved by the Board. This line item was underspent due to the agency not having as much need for outside printing as budgeted.

	Actual	Budget	Amount Over (Under) Budget	% Over (Under) Budget	Explanation
5200 - Investigations	32,978	47,000	(14,022)	-30%	The variancce is mainly due to the agency receiving a lower number of enforcement reports than anticipated in the budget.
8308 - Other Consulting	180	14,000	(13,820)	-99%	The agency did not require the anticipated level of outside consulting services.
5450 · Innovative Projects	-	47,600	(47,600)	-100%	The budgeted amount represents an adjustment made by the Administrator to correct errors in the budget spreadsheet approved by the Board.

MEMORANDUM

To: LCB Board Members

From: Shelley Sneed, Administrator

Date: 2/10/14

Re: 2011-13 Financial Review

Finding #1 – Position descriptions, procedures and policies
We recommend the Administrator ensure the position descriptions are signed and dated by both the employee and supervisor. As recommended in our prior financial review, we recommend the Administrator ensure financial procedures are developed and financial policies are updated. As recommended in our prior financial review, we recommend the Board establish a written investment policy. The policy should include the requirement for documentation of Board approval of investment transactions.

Agency Response: Position descriptions were developed by the LCB Administrator and reviewed by DAS HR staff. The prior financial review didn't recommend that position descriptions be signed by employees. Each employee reviewed their position description, but they were not signed after their review. Every employee will sign their current position description and if there are any changes, those will be signed by both the employee and the Administrator.

Financial policies were not created as anticipated. The Administrator will develop draft financial policies for board approval prior by the end of the 2013-15 biennium. One of the policies will include the policy on investment handling. At the November 18, 2011 board meeting, the board changed their policy on check signers, signers on investments accounts and changes to investments in response to the 2009-11 financial review. The new policy is that the Board Chair and Vice Chair would approve any actions on investments, if there wasn't a board meeting to handle the matter in a timely manner. At the same meeting, the board agreed that any new or existing investment accounts would have at least three authorized signers—1) Administrator, 2) Program Manager, and 3) Board Chair.

Finding #2 – Credit card and invoice approval
We recommend the Administrator approve the Program Manager's purchases, including the Program Manager's credit card statement. We recommend the

Board Chair approve the Administrator's credit card purchases. The reviews should be documented with the initials and date of the approver.

Agency Response: The Administrator will approve the Program Manager's credit card prior to payment. The Administrator's credit card statement will be reviewed and approved by the Program Manager and will also be sent to the Board Chair or Vice Chair for review and approval as well.

Finding #3 – Security of credit card numbers
We recommend the agency adopt a different method for redacting the credit card information. For example, the credit card information could be cut out of the application and shredded. Another option is for the agency to make a copy of the application with the credit card information blacked out with the magic market and then shred the original.

Agency Response: Since the financial review was conducted, the agency has purchased redaction stamps and is using them consistently. The new stamps fully redact the credit card information and make it illegible. That has mitigated this issue.

Finding #4 – Approval of adjusting entries
We recommend the agency establish a process for a third party review and approval of journal entries.

Agency Response: The agency does a minimal number of journal entries, but in the future, the journal entries made by the Administrator will be reviewed and initialed by the Program Manager.

Finding #5 – Safeguarding petty cash and licensing stock
We recommend the agency secure petty cash by placing it in a locked cabinet or desk until it is needed. Access to petty cash should be limited to only those who need it to perform their job duties. As we recommended in our last financial review, we recommend the agency store license stock in a secure area. Access to the license stock should be limited to only those who need it to perform their job duties.

Agency Response: The agency has purchased a new petty cash box with a functioning lock. That box will be locked in a locking cabinet each weekend. All license stock will be locked in a secure cabinet each weekend. The agency has a very low number of walk in visitors, so the risk to petty cash or license stock is minimal. The Licensing Specialist is the primary user of petty case. The agency's petty cash fund is reconciled each month by the Licensing Specialist and reviewed by the Administrator.

Finding #6 – Back reconciliation review
We recommend the Board Chair review the reconciliations in a timely manner, within one month after the reconciliation is completed. We recommend the Board Chair write the date of the review next to their initials on the bank statement.

Agency Response: Each month the bank is reconciled by the agency's Program Manager. The bank statement and reconciliation summary are sent to the board chair for approval. The Program Manager will follow up with the Board Chair, or Vice Chair if necessary, to ensure a timely follow up to their review of the bank reconciliation. Savings and investment accounts are reconciled and reviewed by staff due to the low volume of activity that happens in those accounts. The LCB board received financial statements, including balance sheets, at each board meeting for their review, so that is another review mechanism for board members.

Finding #7 – Payroll review
We recommend the agency create and document a process for the individual reviewing the payroll report and submitting payroll to the payroll processing company to document their review and approval.

Agency Response: After the 2009-11 financial review, the agency implemented a two step payroll process. One employee inputs the data into the system and another submits it after reviewing all of the data input. The agency staff will consistently initial and date that they have reviewed and submitted the payroll data.

Finding #8 – Payment made under expired contract
We recommend the Administrator ensure investigative services are provided only when a valid contract is in place.

Agency Response: The agency will make every effort in the future to ensure that any contractors providing service will be under contract prior to providing services and being paid.

Finding #9 – Budget approval
We recommend the Board document its approval of total budgeted revenues and expenditures in the minutes of the meeting where approval is granted. We recommend the Board state the dollar value of approved budgeted revenues and expenditures in OAR 808-001-0008.

Agency Response: In future rules documenting budget approvals, the rule language will include the dollar amount of total budgeted revenues and the total amount of expenditures.

Finding #10 – Budget errors

We recommend the LCB take steps to ensure future detailed budgets are accurate prior to submission to the Board for review and approval. As recommended in our prior financial review, one option is to simplify the budget document to reduce the number of sub-accounts and accounts. Another option is for the agency implement a process for a third party review of the mathematical accuracy of the detailed budget.

Agency Response: After the 2009-11 financial review, the board opted to continue using the detailed line item budget for the basis of its rule making approval.

The agency's current board has agreed to approve a less detailed budget—the detailed budget will be used for informational purposes at their regular board meetings and as the basis for approving the rolled up budget. Staff will thoroughly review the budget prior to board review and approval.

Security Assessment: Oregon Landscape Contractors Board

July 2013

DAS Enterprise Security Office

Summary

Several semi-independent boards received a recommendation from legislative audits that they have a security assessment performed of their operations and IT infrastructure. In response to this, a group of these boards, including the Oregon Landscape Contractors Board (OLCB), approached the Enterprise Security Office (ESO) and requested assessments of their agencies. The ESO conducted an assessment of OLCB's business operations and technical infrastructure and practices and this report details the findings of that assessment.

ESO identified several areas of vulnerability in the OLCB data protect practices and infrastructure. Some of these are vulnerabilities in business practices and physical security but the majority of identified vulnerabilities were IT practices and safeguards that should be improved. The ESO identified one critical vulnerability in the firewall protection and immediately notified OLCB so they could remediate it without delay. We recommend that OLCB evaluate these findings, decide which ones should be remediated, develop a plan to address them, and begin fixing them as soon as possible.

Methodology

Based on answers provided by OLCB in a pre-assessment survey, the ESO conducted interviews with Shelley Sneed to gain understanding of the OLCB purpose and business functions. The ESO also interviewed Robert Soppe and Darren Boss, consultants that provide IT services and infrastructure to OLCB. In addition to these interviews, the ESO performed two technical security assessments: an on-site network scan with the goal of determining the security status of OLCB's technical infrastructure, and a remote web vulnerability scan to assess the security of OLCB's web application.

The ESO's assessment activities were intended to discover the following types of information:

- Threat assessment to determine agency data and value for potential abuse
- Adequacy of business practices to secure data against threats
- Security of IT infrastructure and adequacy of its protections
- IT security practices as they relate to protecting agency data

Findings

Because of the disparate roles played by OLCB staff, Robert Soppe, and Darren Boss in support of OLCB business information and security, we've arranged our findings from the assessment into three categories: Business Practices, Network and System Infrastructure, and Web Application. Each category will contain findings appropriate to their distinct role. Individual findings will be given a threat/risk rating to help prioritize remediation efforts. In addition, these findings have been put into a prioritized table and presented in Appendix A.

The assessment identified a vulnerability that we felt was of sufficient risk to warrant immediate notification and remediation. We identified several "open ports" in the firewall configuration that were allowing unfiltered access to internal machines from any network location (details provided below). We notified OLCB of this vulnerability as soon as possible but haven't verified whether it's been remediated. There were no other critical vulnerabilities identified during this assessment.

The credentials provided the ESO for our internal network assessment had insufficient privileges to accurately assess the software patch status of the OLCB infrastructure – instead of "Administrator" credentials we were given "Developer" credentials. The ESO didn't notice this at the time so we failed to request new credentials. Although this means we were unable to search for and identify specific vulnerabilities in the systems we scanned, we were still able to gain an understanding of patch strategy and patching implementation by interviewing Robert and Darren.

Findings – Business Practices

Inadequate physical security for server with Level 3 data. When the ESO was onsite in the OLCB office we noted that the server closet door was open with a sign that it was to be kept open. OLCB indicated that there was a problem with the air conditioning such that the door had to be left open. Because the server contains OLCB's most sensitive information, including client personally identifiable information rated as Level 3 (Restricted), there should be additional security controls around it to reduce the likelihood of a disclosure in case of an office break-in. Failure to store Level 3 information in a secure facility or encrypted is a violation of the Statewide Information Security Standards (Section 2.1.3 – Protection of Information Assets, Level 3).
Threat/Impact: Although the threat of a breakin and server theft is probably **Low**, the impact of this happening would be **High**, as all client PII information stored on the server would be potentially compromised, requiring notification and remediation per the Oregon Consumer Identity Theft Protection Act with the accompanying reputational damage to the agency.
Recommendations: Additional controls could be as simple as fixing the air conditioning and locking the server closet door. Alternately, full disk encryption could be installed on the server and the console could be kept locked, ensuring that the data could not be accessed if the server was stolen. Although Microsoft BitLocker is a free product that does full disk encryption, it isn't supported on Windows 2003 SP2. The server would need to be upgraded to at least Server 2008 to use BitLocker. There are other commercial full disk encryption products that would be suitable. Note that any backup server or data backups also need to be either encrypted or stored in a locked place.

Insecure transport of Level 3 client information. OLCB clients may submit application information via email, including SSN and credit card information. Because email doesn't provide adequate security to protect Level 3 information such as SSN and credit card info, clients should be discouraged from emailing this information to OLCB. Emailing unencrypted Level 3 information is a violation of the Statewide Information Security Standards (Section 2.1.3 – Protection of Information Assets, Level 3).
Threat/Impact: The threat of individual loss of PII because of insecure transport via email is probably **Medium** because of individuals' poor control of their email service and password access to it. The impact to OLCB is probably **Low**, the main impact of this vulnerability is to individual OLCB customers, for whom it would be **High**.

Recommendations: OLCB should not accept Level 3 information via normal email. OLCB should consider using a web submission form via SSL-encrypted website to request this information from clients.

OLCB shared credentials. OLCB staff share each other's usernames and passwords to access email and other resources when coverage is needed. This is a bad security practice and a violation of the Statewide Information Security Standards (Authentication Standard Section 1.1.2).
Threat/Impact: The reason for individuals within an agency to have their own credentials and to not share them is primarily to provide non-repudiation in the event of a security or personnel incident. The threat of such an incident is hard to judge but in a small agency such as OLCB is probably **Low.** The impact of someone abusing shared credentials to gain access to information or perform actions on behalf of someone else could be **Medium** to **High**.
Recommendations: OLCB should implement group resources and grant access to them to authorized individuals. For example, customer communications could be directed to a group inbox that OLCB can access using individual credentials.

Findings – Network and System Infrastructure

Firewall: Open ports allowing unrestricted access to internal resources.
Examination of the firewall rules, confirmed by attempting access remotely, show that several ports were left open in the firewall to allow access to OLCB internal servers. Although intended to grant access to either remotely administer servers via VNC or for data exchange with an external webserver, the lack of restrictions on who could access the ports left them open to external attack. Specific ports open were 6092, 6093, 5998, 5991, 5995, allowing access to four distinct internal machines.
Threat/Impact: Unrestricted network ports open to external sources will be quickly discovered by attackers that routinely scan public networks looking for them. Once the ports have been discovered, their abuse is restricted only by software controls on the service running on the port if any, and by whether or not vulnerabilities exist in the service (see Patching discussion below). Because the services being offered via the open ports were restricted by software controls, we feel that the threat to OCLB is **Low** to **Medium**. The impact if the open services were exploited would be **High.**
Recommendations: Open ports granting direct access to the OLCB internal network, even those restricting access to limited IP addresses, should be minimized. For data exchange connections with external resources whose IP addresses are static and few in number, such as with OCLB's outsourced web server, we recommend that the open port in the firewall be configured to only allow connections from those few, static hosts. For remote access and administration, especially if a few static IP addresses cannot be determined, we recommend that a more robust external connection mechanism be deployed such as a VPN.

Firewall: Outdated firewall hardware. The Cisco PIX501 firewall deployed at OLCB is obsolete and no longer supported by Cisco. The last support provided by Cisco was in 2008 and since that time no further security updates have been available.
Threat/Impact: Because Cisco does not support this device they haven't released a security update since 2008. The threat of an unpatched vulnerability being exploited in the PIX501 firewall is probably **Low**, but the impact to OLCB of that happening would be **Medium** to **High**.

Recommendations: Upgrade the PIX501 firewall to a modern, supported hardware firewall suitable for small business use, such as the Cisco ASA5505. Consider a consolidated firewall/WiFi access point solution.

System Patching – Patch Management Inconsistent. Interviews with Robert and Darren indicated that there is no consistent patch management practice to determine what patch status is on systems, to evaluate new security patches, and to apply them in a consistent and timely manner. According to the assessment questionnaire, workstation Microsoft updates are applied automatically, which is good. It isn't clear what other third-party software exists on the OLCB workstations and how or when that third-party software gets updated. Automatic patching is generally a bad idea on servers but there appears to be no clear criterion for how and when server patches get applied. According to the assessment questionnaire, server patches are "periodically checked ... and installed when appropriate" but interviews with Robert and Darren indicate that this practice is somewhat haphazard and not necessarily driven by the release of security updates.
Threat/Impact: As mentioned above, the ESO is unsure of the exact patch status of workstations and servers in OLCB so we list threat and impact assuming that critical patches are missing. Unpatched workstation software is one of the major ways in which malicious actors compromise computers and steal sensitive information. The vulnerabilities that are being exploiting are usually not Microsoft ones but rather in third-party products such as Adobe Acrobat, Adobe Flash, and Oracle Java. The threat to unpatched workstations is **High**, and the impact, which commonly includes credential theft and theft of PII, is **Medium** to **High**. On servers, the threat is usually less direct unless the server has an external facing component such as a webserver or it is unprotected by a firewall, so the threat posed by servers missing patches is probably **Low** to **Medium** but the impact to OLCB if this is exploited remains **Medium** to **High**. And finally, the lack of a consistent patching practice poses a **Medium** threat to OLCB and the impact is **High**.
Recommendations: A patch management strategy and practices should be developed to track security updates to all software on OLCB systems, identify critical updates, test them and deploy them in a consistent and timely way. This strategy must include third party software as well as Microsoft software. Consider removing unneeded software from the default workstation environment, particularly Oracle Java. If OLCB wishes to have a detailed, accurate assessment of which machines are missing which patches, the ESO could re-scan the infrastructure with Administrative credentials.

Wireless – insecure encryption configuration. The OLCB WiFi access point is configured to use WPA encryption and allows a wireless client to select TKIP as an encryption method. There are several vulnerabilities in WPA, and TKIP is a weaker encryption algorithm than AES.
Threat/Impact: The threat that an attacker would exploit either of these two vulnerabilities is probably **Low**. The impact to OLCB, if the wireless is used only to access external resources, is probably also **Low**, although the impact to the person using the wireless could be **Low** to **High**, depending upon what data was stolen using the attack.
Recommendations: Reconfigure the wireless access point to only use WPA2 with AES encryption. All modern wireless clients support this so the change should have minimal impact.

Wireless – Unnecessary access to internal resources. According to interviews, the wireless network is not used to access the OLCB internal network and servers, but is only used as a "guest wireless" by board members wishing to access external resources. OLCB board members have no business need to access OLCB internal network resources. The OLCB wireless access point is attached to the OLCB internal network, shared with workstations and the server.
Threat/Impact: If an attacker discovered the wireless password, they could then connect to and attack the OLCB internal resources from outside the building. Probably the easiest way to discover the password would be to find or steal a member portable device that's configured to connect to the OLCB wireless. The threat of this happening is probably **Low**, but the impact if it were to happen would probably be **Medium**, unless the recovered device also had credentials allowing it to log onto the OLCB internal server, in which case it could have **High** impact.
Recommendations: Best practice for provisioning a "guest" wireless network is to segregate it from internal resources and allow users of it to only access external resources. Rearchitect the wireless access point to connect externally to the OLCB firewall. If OLCB upgraded their firewall to an ASA5505 (see above), that device supports a "DMZ" network in addition to an internal network.

Remote Access – Multiple methods of varying security. OLCB appears to support three different methods for remote access to their internal systems: LogMeIn (a web-based remote access service), Virtual Private Network (VPN) connections, and Virtual Network Computing (VNC) connections. Each access method appears to be used by different people for different purposes, for example the VPN connection appears to be solely for firewall administration, Vince and Darren use VNC, and LogMeIn appears to be being used by Robert. Each of these remote access technologies have their own security and usability tradeoffs, but supporting three different technologies for four people is inefficient and requires additional effort to secure and maintain.
Threat/Impact: The primary threat to OLCB is a maintenance failure causing a security problem, either in the form of patches and updates not being applied or an employee leaving and credentials not being removed – see above for a discussion of the threat of unapplied patches. The threat of an employee or contractor change without changing credentials is **Low**. The impact of this vulnerability being exploited could be **Low** to **High**, depending upon the failure and what was done with it.
Recommendations: Of the current technologies in place to provide remote access, VNC is probably the least secure because it requires individual installation and maintenance on every system installed on (five systems), it doesn't support centralized credentials, there are outdated versions in use, and it requires a direct connection through the firewall between any external machine to any internal machine. The VPN connection, although relatively secure, would need to be rearchitected to allow connections into internal machines other than the firewall. LogMeIn, although an outsourced web-based solution, requires less maintenance and specialized software to use. We recommend that OLCB simplify their remote access solution to either VPN or LogMeIn and disable VNC. A good solution would be to use a VPN solution that authenticates against the OLCB Active Directory so that no additional authentication method would need to be supported.

Findings – Web Application

In addition to its Oregon.gov web presence, OLCB has a hosted web site with a custom web application, the Contractor Search application. The Contractor Search application

is simple and the data that it uses is not sensitive. These are both good things from a security point of view – simple applications have fewer opportunities for flaws, and non-sensitive data lowers the bar for securing it.

Given the lack of data sensitivity, the Contractor Search application is, for the most part, adequately secure. We tested for many types of vulnerabilities that we didn't find, including SQL injection, cross-site scripting, buffer overflows, poor session management and others. There were a few minor vulnerabilities that we feel should be fixed which are listed below.

Web Application – Application Path Disclosure. Often during testing, when presented with invalid input, the application error page includes full debugging information. Although useful for a developer during application development, this detailed error page discloses information that should be kept from an attacker, such as the full path to the application code and other application paths.
Threat/Impact: This type of information is useful to attackers because it can be used to shape other attacks. Because exploiting this only gives information and because no corresponding vulnerabilities were found that could leverage this information, the threat is **Low**. The impact is also **Low** for the same reasons.
Recommendations: We recommend turning off the full debug feature on production websites. Instructions for doing so are included at the bottom of the error page.

IIS Web Server software – multiple potential vulnerabilities. Part of the web assessment process performs checks against the web server software version and known vulnerabilities in that version. Vendor patches may have been applied but, since this part of the assessment doesn't actually try to exploit the vulnerabilities, it can't tell if they've been patched or not. Below is a list of potential vulnerabilities based on the software version, each with links to details and solutions.

- Microsoft IIS FTP Service CVE-2012-2532 Remote Command Injection Vulnerability
  Microsoft IIS is prone to a remote command-injection vulnerability because it fails to adequately sanitize user-supplied input data. Remote attackers can exploit this issue to execute arbitrary commands with the privileges of the application; this may disclose sensitive information.
  Detail information can be looked at http://www.securityfocus.com/bid/56440/info
  Solution: Updates are available. Please see the references for more information.
  http://www.securityfocus.com/bid/56440/references

- Microsoft IIS FTPd NLST Remote Buffer Overflow Vulnerability
  An attacker can exploit this issue to execute arbitrary code within the context of the affected application. Failed exploit attempts will result in a denial-of-service condition. This issue affects IIS 5.0, IIS 5.1, IIS 6.0 (denial of service only), and IIS 7.0 (denial of service only).
  Note that Microsoft IIS 7.0 with FTP Service 7.5 is not affected. Other versions may also be affected.
  Detail information can be looked at http://www.securityfocus.com/bid/36189/info
  Solution: Updates are available. Please see the references for details.

- Microsoft IIS FTPd Globbing Functionality Remote Denial of Service Vulnerability
  Microsoft IIS is prone to a denial-of-service vulnerability affecting the application's FTP server. An attacker can exploit this issue to terminate the affected application, denying service to legitimate users. This issue affects IIS 5.0, IIS 5.1, IIS 6.0, and IIS 7.0
  NOTE: Microsoft IIS 7.0 with FTP Service 7.5 is not affected by this issue.
  Detail information can be looked at http://www.securityfocus.com/bid/36273/info
  Solution: Updates are available. Please see the references for details.
  http://www.securityfocus.com/bid/36273/references

- Microsoft IIS Repeated Parameter Request Denial of Service Vulnerability
  Microsoft IIS is prone to a remote denial-of-service vulnerability. An attacker can exploit this issue to force the affected application to become unresponsive, denying service to legitimate users. This issue affects IIS 5.1, 6.0, 7.0, and 7.5.
  Detail information can be looked at http://www.securityfocus.com/bid/43140/info

Solution: Please see following links for more details. http://www.securityfocus.com/bid/43140/solution
http://www.microsoft.com/technet/security/Bulletin/MS10-065.mspx

- Microsoft IIS Authentication Remote Code Execution Vulnerability
  Microsoft IIS is prone to a remote code-execution vulnerability. An attacker can exploit this issue to execute arbitrary code within the context of the affected application. Failed exploit attempts will result in a denial-of-service condition.
  Detail information can be looked at http://www.securityfocus.com/bid/40573/info
  Solution: Updates are available. Please see the references for details.
  http://www.securityfocus.com/bid/40573/references

Recommendations: Because OLCB outsources their web services they won't be able to directly evaluate and remediate these potential vulnerabilities. OLCB will need to work with their web services vendor to ensure appropriate security patches have been applied.

Credits

The testing team consisted of the following people:

- ESO: John Ritchie and Shaun Gatherum
- OLCB: Shelley Sneed
- IT consultants for OLCB: Robert Soppe and Darren Boss

The ESO thanks OLCB for the opportunity to assess their agency security practices and infrastructure. We applaud OLCB's commitment to securing their client data.

Appendix A: Prioritized List of Vulnerabilities for Remediation Activity

Below is a table of the vulnerabilities described in this assessment, ordered by priority for remediation efforts.

Threat/Impact	Vulnerability	Comments
Low-Medium/High	Open Ports on Firewall	This represents an immediate threat to agency resources and should be remediated immediately
High/High	Inconsistent Patch Management	Vulnerabilities in workstation software is the number one method of compromise and occurs constantly
Low/Low	Web Application Path Disclosure	Low threat/impact but trivial to fix
Low/Low-High	Insecure Wireless Encryption Method	Low threat but trivial to fix
Low/High	Inadequate physical security for server	Consider fixing the air conditioning problem in the closet
Medium/Low-High	Insecure transport of client information (email)	This will require a web application development effort
Uncertain	IIS Webserver potential vulnerabilities	Reliance upon outsourced patch management practices introduces uncertain risk –

		request information about patch status
Low/Medium-High	Outdated Firewall	Although this is fairly low threat, this could be a dependency for the following two findings
Low/Low-High	Multiple Methods of Remote Access	As part of a new firewall setup, VPN access could become the sole method for remote access
Low/Medium-High	Unnecessary Wireless Access to Internal Resources	As part of a new firewall setup, wireless could either be integrated or moved into a DMZ
Low/Medium-High	Shared credentials among staff	

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Administrator of the Oregon Landscape Contractors Board:

The Oregon Landscape Contractors Board (LCB) regulates the landscape construction industry in Oregon for the protection of the public interest and to promote a fair and competitive business environment through education, licensing, dispute resolution and enforcement. The former LCB Administrator led the agency for nine of years, retiring on June 30, 2011. Prior to his departure he arranged for us to perform a risk assessment to identify and evaluate the risks to the achievement of the LCB's mission.

We performed the procedures, as described below, which were agreed to by the LCB. The procedures were solely to assist management in the performance of a risk assessment. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is the sole responsibility of those specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below.

The procedures performed are discussed below.

1. We obtained and reviewed information on the LCB's mission, objectives, and activities. We analyzed and consolidated the information obtained to form the basis of the self-assessment.

2. We performed a risk assessment with all LCB employees to analyze the results of information gained and to determine areas of high, medium, and low risk and potential impact on the agency.

The outcome of the risk assessment is presented in Attachment A. We recommend LCB management complete its plans to determine whether current risk mitigation strategies are adequate to address the risks. We also recommend management consider developing risk mitigation strategies as needed to ensure high risk areas are adequately addressed. Mitigation activities should be documented and monitored.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the adequacy of controls or compliance with laws, rules, regulations or standards. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the LCB and the Secretary of State and is not intended to be and should not be used by anyone other than the specified parties.

WICKLUND & LEW, CPA'S, LLC

Valerie Wicklund

Valerie Wicklund, CPA

June 30, 2011

Attachment A
Agreed-Upon Procedures
Oregon State Landscape Contractors Board
June 2011 Risk Assessment

This report presents the results of the risk assessment of the Oregon Landscape Contractors Board, conducted in June 2011.

Purpose:
The risk assessment was conducted to assist management identify areas of risk in program and support operations of the agency. Management plans to use the risk assessment results to identify existing controls that mitigate the identified risks or to develop such controls if needed.

This risk assessment was not designed to detect fraud, evaluate the adequacy of internal controls, evaluate compliance with policies or procedures, evaluate performance criteria, or determine whether agency goals and objectives have been met.

Methodology:
We performed the procedures below:

1. Reviewed the agency mission, objectives, and activities to provide the basis for identifying the risks.
2. Met with the Administrator and all employees to identify and rank, in terms of importance, eight mission-critical activities.
3. Identified risks that could prevent achievement of those activities.
4. Ranked each risk as to the probability of occurrence (high, medium, and low) and the impact of the risk (high, medium, and low) to determine the relative importance of each risk and sorted the risks from high to low.

The list of risks, including the perceived impact and probability of occurrence is provided in Appendix A.

Results:
Mission critical activities identified in order of importance were in the areas of legal framework, licensing, financial and accounting, enforcement, education, claims, external relationships and board relations. LCB's legal framework, ranked as the most important area, was perceived to be one of the lowest risk areas, as seen at Appendix A. The licensing area contained the greatest number of high level risks, with four high ranked risks identified. Two of these risks were related to the database; specifically, the functionality of the database and the accuracy of

information within the database. Other risks to the achievement of the LCB's mission are presented in Appendix A.

Conclusion and Recommendation:

Based on the results of this risk assessment, the LCB has considered the risk areas that could negatively affect its operations and the achievement of its mission and vision. We recommend that management implement its plan to identify and analyze mitigating controls to the risks identified in the risk assessment. If management determines mitigation controls are not adequate to address the risks, particularly the high risks, management should develop controls to ensure the risks are adequately addressed. The risk mitigation plans should be documented and periodically monitored.

The assistance and cooperation extended by officials and employees of the LCB during the course of this risk assessment were commendable and greatly appreciated.

WICKLUND & LEW, CPA'S, LLC

Valerie Wicklund

Valerie Wicklund, CPA
June 30, 2011

Appendix A
Agreed Upon Procedures
Oregon State Landscape Contractors Board
June 2011 Risk Assessment

Risk Assessment Matrix	1
Prioritized Activities	2
Legal Framework Risks	3
Licensing Risks	4
Financial and Accounting Risks	5
Enforcement	6
Education	7
Claims	8
External Relationships	9
Board Relations	10

Oregon Landscape Contractors Board
Risk Assessment Matrix
June 10, 2011

#	ACTIVITIES		RISKS 1		2		3		4		5		6		7	
2	Licensing	HH	Inadequate or decreasing revenues caused by declining licensing numbers	HM	Glitches in database functionality	HM	Inaccurate licensing information in the database	HM	Too difficult to obtain and maintain license	HL	Exam questions breached	HL	Issue or maintain license of unqualified business (no bond)	HL	Not collecting appropriate fees or all fees	ML
5	Education	HH	PSI going out of business in Oregon	HH	Losing licensees due to CEH	HL	PSI not performing under contract	MM	Contract investigators communicate inaccurate information to owners and individuals while performing work	MM	Outdated information shared in publications, study material, website, tradeshows and classes/presentations.	ML	Exam statistics not accurate or complete	ML	Inappropriately approving classes (not qualified, wrong category)	-
7	External Relationships	HM	Alienating industry	HM	Changing Legislative agenda (political risk)	HL	Alienating Licensees	HL	Legislature considers LCB not following legislative intent	MM	Loss of IT vendors	ML	Changing Administrator - re-establish relationships	ML	Public has poor experience with or no awareness of LCB	ML
3	Financial and Accounting	HM	Inadequate funds available for operations	HL	Administrator inappropriately uses funds from CD (only one signature required)	HL	Credit card numbers not properly safeguarded/destroyed	HL	Fraud or embezzlement	HL	Inaccurate financial statements	MH	Respondent not fulfilling payment obligations	ML	Administrator MIA and no-one can access CD account	ML
4	Enforcement	HH	Lack of funding (resources) to adequately enforce laws and rules	MM	Contract investigators not current on laws an rules	MM	Glitches in database functionality	MM	Inaccurate information from external parties	MM	Inaccurate or incomplete investigator reports	ML	Enforcement team not current on laws and rules	ML	Inaccurate information in database	ML
8	Board Relations	HM	Board decisions lead to bad relationships with staff, Legislature, licensees, industry or failure to meet goals.	HL	Loss of confidence in staff	HL	Loss of trained, experienced employees due to Board action	HL	Poor information is given to the Board. Board makes bad decisions based on inaccurate information.	MM	Board members agenda changes direction of LCB	MM	Micromanagement	-	n/a	-
1	Legal Framework	HL	LCB not following legal process (rule making, contested cases, public meetings, public records)	MM	Poorly written/unclear rules	ML	Misinterpret Rule or Statute	ML	New AAG assigned to agency (unfamiliar with the agency, needs training, different advice and direction)	ML	Not using legal resources	ML	Inadequate funding for legal resources	-	n/a	-
6	Claims	MM	Inaccurate information in database	ML	A bond pays out incorrectly based on LCB direction	ML	Agreements not enforceable (no end date, unclear)	ML	Assignment of savings closes without LCB knowledge	ML	Glitches in database functionality	ML	LCB (mediator/claims examiner) appears biased	ML	Processing a claim LCB has no jurisdiction for	-

Mitigation:

HH, HM		= High Risk. Extensive risk management, including internal audits or reviews as appropriate
HL, MH		= Medium Risk. Manage and monitor
MM, ML, LH		= Low Risk. Monitor
LM, LL		= Low Risk. Accept

8		9		10		11		12		13		14		15
Inaccurate license statistics (budget impact)	ML	Issue license to unqualified individual	ML	Issue or maintain license of unqualified business (no owner manager employee)	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
State agencies have poor working relationship with LCB	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Bills not paid timely or correct	ML	Credit card numbers taken over the phone not authorized by card owner	ML	Forgetting to charge credit card that is to be automatically charged each month	ML	Incorrect cashiering (items credited to wrong account or license)	ML	Not following up on collections timely	ML	Payroll not timely or correct	ML	PERS reporting inaccurate	ML	Report incorrect amount to collection agencies
Inappropriately suspending license	ML	Incorrectly issuing stop work orders	ML	Not consistent and fair in enforcement actions	ML	Not enough or too much follow up to investigate incoming leads. Inappropriate qualification of leads before action.	ML	S/A incomplete or poorly written	ML	Spending too much money on individual cases (cost/benefit - point of diminishing returns)	LL	Not identifying those operating without a license since random site checks are not being done	-	n/a
n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a		
n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a

Oregon Landscape Contractors Board
Prioritized Activities
Friday, June 10, 2011

The activities below represent the major areas performed by the Landscape Contractors Board. They were prioritized by staff on June 10, 2011 in order of importance to the organization's ability to meet its mission.

1 Legal Framework
2 Licensing
3 Financial and Accounting
4 Enforcement
5 Education
6 Claims
7 External Relationships
8 Board Relations

Legal framework risks	IMPACT	PROB.	RANKING
LCB not following legal process (rule making, contested cases, public meetings, public records)	H	L	HL
Poorly written/unclear rules	M	M	MM
Misinterpret rule or statute	M	L	ML
New AAG assigned to agency (unfamiliar with the agency, needs training, different advice and direction)	M	L	ML
Not using legal resources	M	L	ML
Inadequate funding for legal resources	M	L	ML

Licensing risks	IMPACT	PROB.	RANKING
Declining licensing numbers	H	H	HH
Glitches in database functionality	H	M	HM
Inaccurate licensing information in the database.	H	M	HM
Too difficult to obtain and maintain license	H	M	HM
Exam questions breached	H	L	HL
Issue or maintain license of unqualified business (no bond)	H	L	HL
Not collecting appropriate fees or all fees	H	L	HL
Inaccurate license statistics (budget impact)	M	L	ML
Issue license to unqualified individual	M	L	ML
Issue or maintain license of unqualified business (no owner manager employee)	M	L	ML

Financial & accounting risks	IMPACT	PROB.	RANKING
Inadequate funds available for operations	H	M	HM
Administrator inappropriately uses funds from CD (only one signature required)	H	L	HL
Credit card numbers not properly safeguarded/destroyed	H	L	HL
Fraud or embezzlement	H	L	HL
Inaccurate financial statements	H	L	HL
Respondent not fulfilling payment obligations	M	H	MH
Administrator MIA and no-one can access CD account	M	L	ML
Bills not paid timely or correctly	M	L	ML
Credit card numbers taken over the phone not authorized by card owner	M	L	ML
Forgetting to charge credit card that is to be automatically charged each month	M	L	ML
Incorrect cashiering (items credited to wrong account or license)	M	L	ML
Not following up on collections timely	M	L	ML
Payroll not timely or correct	M	L	ML
PERS reporting inaccurate	M	L	ML
Report incorrect amount to collection agencies	M	L	ML

Enforcement risks	IMPACT	PROB.	RANKING
Lack of funding (resources) to adequately enforce laws and rules	H	H	HH
Contract investigators not current on laws an rules	M	M	MM
Glitches in database functionality	M	M	MM
Inaccurate information from external parties	M	M	MM
Inaccurate or incomplete investigator reports	M	M	MM
Enforcement team not current on laws and rules	M	L	ML
Inaccurate information in database	M	L	ML
Inappropriately suspending license	M	L	ML
Incorrectly issuing stop work orders	M	L	ML
Not consistent and fair in enforcement actions	M	L	ML
Not enough or too much follow up to investigate incoming leads. Inappropriate qualification of leads before action.	M	L	ML
S/A incomplete or poorly written	M	L	ML
Spending too much money on individual cases (cost/benefit - point of diminishing returns)	M	L	ML
Not identifying those operating without a license since random site checks are not being done	L	L	LL

Education risks	IMPACT	PROB.	RANKING
Losing licensees due to CEH	H	H	HH
PSI nonperforming under contract	H	L	HL
Contract investigators communicate inaccurate information to owners and individuals while performing work	M	M	MM
Outdated information shared in publications, study material, website, tradeshows and classes/presentations.	M	M	MM
Exam statistics not accurate or complete	M	L	ML
Inappropriately approving classes (not qualified, wrong category)	M	L	ML
PSI going out of business in Oregon	H	H	HH

Claims risks	IMPACT	PROB.	RANKING
Inaccurate information in database	M	M	MM
A bond pays out incorrectly based on LCB direction	M	L	ML
Agreements not enforceable (no end date, unclear)	M	L	ML
Assignment of savings closes without LCB knowledge	M	L	ML
Glitches in database functionality	M	L	ML
LCB (mediator/claims examiner) appears biased	M	L	ML
Processing a claim LCB has no jurisdiction for	M	L	ML

External relationships risks	IMPACT	PROB.	RANKING
Alienating industry	H	M	HM
Changing Legislative agenda (political risk)	H	M	HM
Alienating Licensees	H	L	HL
Legislature considers LCB not following legislative intent	H	L	HL
Loss of IT vendors	M	M	MM
Changing Administrator - re-establish relationships	M	L	ML
Public has poor experience with or no awareness of LCB	M	L	ML
State agencies have poor working relationship with LCB	M	L	ML

Board relations risks	IMPACT	PROB.	RANKING
Board decisions lead to bad relationships with staff, Legislature, licensees, industry or failure to meet goals.	H	M	HM
Loss of confidence in staff	H	L	HL
Loss of trained, experienced employees due to Board action	H	L	HL
Poor information is given to the Board. Board makes bad decisions based on inaccurate information.	H	L	HL
Board members agenda changes direction of LCB	M	M	MM
Micromanagement	M	M	MM

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Oregon Landscape Contractors Board:

The Oregon Landscape Contractors Board (LCB) regulates the landscape construction industry in Oregon for the protection of the public interest and to promote a fair and competitive business environment through education, licensing, dispute resolution and enforcement. The former LCB Administrator led the agency for nine of years, retiring on June 30, 2011. Prior to his departure he arranged for us to perform this agreed-upon procedures engagement to review specific transactions executed immediately before and after the cessation of his employment.

We performed the procedures, as described below, which were agreed to by the LCB. The procedures were solely to assist management to determine if appropriate actions were taken to protect LCB assets when the former Administrator resigned from his position. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is the sole responsibility of those specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below.

Agreed Upon Procedures Performed

1. We reviewed travel claims for the prior administrator for the four months prior to the cessation of his employment.

2. We reviewed contracts executed four months prior and two weeks after the cessation of employment.

3. We reviewed records related to assets and access rights to physical and information assets assigned to the prior Administrator to determine if all assets belonging to the agency were properly returned and access rights to assets were properly terminated.

4. We reviewed payroll records to determine if applicable laws, policies and procedures were properly followed for the three months prior to the cessation of employment.

Results of Procedures

1. Our review of travel claims for the prior administrator for the four months prior to the cessation of his employment found each claim to be properly signed, dated and approved. With the exception of the items discussed below, lodging, meal, and mileage reimbursements were within allowable rates and in compliance with LCB policies on travel claims. Expenses appear reasonable and consistent with the operation of the LCB.

   a. No policy allowing procurement of food for meeting.
   On February 17, 2011 the former Administrator purchased food for a vendor meeting related to a project to develop educational materials. Although the charges appear

reasonable for a lunch meeting, the LCB does not have a written policy allowing the organization to provide meals for business meetings or providing guidelines to staff on appropriate meal purchases. In the absence of a policy and procedure related to purchasing business meals, the risk increases that LCB employees may over-spend funds on meals or spend funds on inappropriate items. We recommend the Board create a formal policy and procedure providing its employees the authority to procure meals for business meetings. The policy and procedure should provide criteria for determining the circumstances under which it is appropriate to procure meals. It should provide criteria related to acceptable and unacceptable food purchases. For example, the Board may wish to prohibit the purchase of alcohol for business meetings.

b. Lunch per diem not allowed by policy.
The former Administrator received a meal per diem totaling $33.00 for lunch for two days in February 2011 that he served at a trade show in Portland. He did not stay overnight in Portland on either of those days. We could not locate any special Board authorization to pay the meal expense. The per diem payment was not in compliance with Board policy.

The Board adopted the Oregon Accounting Manual (OAM) Statewide Travel Policy. OAM number 40.10.00 PO .113 b. provides policies on meal per diem during non-overnight travel, as follows:

> ***Lunch.*** *No allowance is provided for lunch during non-overnight travel unless the employee is attending an official business meeting and the meal is an agenda item, that was not included in the fee, and the cost and choice of having the meal were beyond the control of the employee. A receipt is required.*
>
> *Other circumstances may warrant an exception to the provision that no allowance is provided for lunch. The agency director or designee, board member or commission member may authorize such an exception when such payment provides a clear and distinct economic advantage to the agency and is critical and essential to the mission of the agency.*

We recommend the new Administrator establish procedures for the review of travel claims to ensure employees are not inappropriately paid for meals.

2. We reviewed contracts executed three months prior and two weeks after the cessation of employment. We found that two contracts were approved by the former Administrator. We noted that these contracts were properly signed and dated by both parties and in compliance with signature authority limits set by LCB contract policy. The amount of compensation and payment method was listed, the contract term was properly documented, and the contracts contained a clear statement of work with deliverables tied to payment. We noted that the purpose of each contract was reasonable and consistent with the mission and operation of the LCB.

3. Our review of access rights to information systems and records found the former Administrator's access to the building, financial accounts, computers, and computer applications were properly terminated. We were unable to verify that all assets assigned to the prior Administrator were properly returned. During the period under review the LCB did not maintain a list of assets assigned to the former Administrator and there was no written procedure related to assigning or returning assets assigned to employees. Although we were unable to verify the return of the assets, based on representations of management, it appears that assets assigned to the prior administrator were properly returned.

Generally accepted business practices call for establishing accountability over assets so that those having custody of the assets are identified. In the absence of such accountability, the risk increases that the organization will lose track of assets placed in the custody of employees, such as ID badges, key cards, cell phones, credit cards, or computers. Without a list of assets assigned to them, employees leaving the LCB may not remember to return the assets and the agency may not call for them to be returned.

We recommend the LCB create a procedure related to assigning and receiving assets provided to employees. For example, a formal checklist could be used to document the assets assigned to each employee. The checklist could be signed by the employee acknowledging receipt of the assets. When the employee leaves the organization, the checklist could be used to determine that all assets were returned. We also recommend management perform an annual verification of items on the list to verify they are still in the employee's possession and in good working order.

4. Our review of payroll records found no violation of applicable laws, policies and procedures related to cessation of employment of the former Administrator. The former Administrator's leave accrual and use was properly recorded and reflected in the payroll records. No unusual transactions or payments related were processed through the payroll system.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the adequacy of controls or compliance with laws, rules, regulations or standards. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the LCB and the Secretary of State and is not intended to be and should not be used by anyone other than the specified parties.

WICKLUND & LEW, CPA'S, LLC

Valerie Wicklund

Valerie Wicklund, CPA
July 27, 2011

LCB Responses to Wicklund & Lew, CPAs, LLC

Change of Director Audit -- #1103

Finding #1:

The new Administrator has identified goals for her first six months of employment. One of those goals is to update and standardize the agency's policies. Attached is a sample policy that the board chair has reviewed for format. The project will be reviewed with the entire board. One of the new policies will address providing meals during business meetings. (Please see the attached six month goals and policy template example).

Also, ORS 671.681(2) Advisory and technical committees says, "Members of the committees are not entitled to compensation, but the board may fix and pay to the committee members from the funds available to the board per diem and actual and necessary travel and other expenses incurred by the committee members in the performance of their official duties. [2007 c.399 §1]. The agency's interpretation is that this piece of legislation allows the agency to compensate our volunteer committee members with lunch and incidental during meeting days.

Finding #2:

As mentioned in "Finding and Recommendation #1," the Administrator will incorporate the recommended changes in the policy development project. In the specific instance mentioned, the former Administrator was working a trade show in Portland and was the sole agency representative there. Being alone, he was required to stay onsite to maintain an agency presence, so it wasn't practical to leave the site to purchase a lunch; it was to the agency's benefit to pay reasonable meal costs to ensure a consistent presence at the trade show.

Finding #3:

The Administrator has created a new "Staff Asset Inventory Checklist" and a form has been completed by each current LCB employee. The form includes space to have the agency and employee verify assets in the employee's possession each year. That procedure will be implemented and the forms reviewed each January.

Attachments:

- Shelley Hanson's 6 month goals
- Policy template sample
- Staff Asset Inventory Checklist

Shelley Hanson's Six Month Goals

May 1 through November 20, 2011

Category	Goal	Review/Approval	Expected Completion Date
Training	Investigator training	Board Chair	10/31/2011
	Board leadership & planning	Board Chair	Ongoing
	Executive Leadership for Regulators	Board Chair	10/31/2011
	Mediation--train with Len of the CCB	N/A	7/30/2011
	Industry training--Kim & I attend OLCA's CLT program (& other activities)	N/A	Ongoing
	Work with Kim to learn the statute and rule making processes	N/A	Ongoing
	Spend the day with Lisa and Matt Triplett learning the industry	Board Chair	10/31/2011
Administration	Work with Board to update strategic planning research	Program Mgr/Board Chair	Ongoing
	Update & standardize the Agency's Policies	Staff/Board members	10/31/2011
	Work with Kim to plan and effectively facilitate BoD mtngs	Program Mgr/Board Chair	Ongoing
	Develop a policy and procedure for offsite data back up	Program Mgr/Board Chair	7/30/2011
	Schedule the state tour with the Board Chair for January	Board Chair	10/31/2011
	Hire 1-2 new contract investigators	Staff	7/30/2011
	Host a 1/2 day investigator meeting after new ones are contracted	Staff	9/30/2011
	Oversee the risk assessment, financial and director change reviews	Staff/Board members	10/31/2011
	Have one on one discussions with each board member on needs	Board Chair	9/30/2011
	Update database--debug and add any new functions we need	Staff	9/30/2011
Programs	Develop written curriculum for all LCB training programs	Staff/Board Chair	10/31/2011
	Learn the licensing process	Staff/Board Chair	Ongoing
	Learn the laws & rules	Staff/Board Chair	Ongoing
	Get a firm understanding of the enforcement process	Staff	Ongoing
	Get a firm understanding of the claims process	Staff	Ongoing
	Review the CEH program and modify based on board direction	Staff/Board Chair	9/30/2011
	Develop at least one LCB online CEH course	Staff/Board Chair	10/31/2011
Licensee Education	Provide at least quarterly LCB CEH courses	Staff	Ongoing
	Implement at least one online training program	Staff	10/31/2011

Y:\2011 first six month goals.xls

Shelley Hanson's Six Month Goals

May 1 through November 20, 2011

Staff Development	Identify a staff evaluation/planning system for annual use	Staff/Board Chair	9/30/2011
	Look at training needs for staff	Staff	9/30/2011
	All staff attend OLCA in December	Staff/Board Chair	12/31/2011
Communications	Work with the Licensing Spec. to represent the agency @ trade shows	Staff/Board Chair	Ongoing
	Implement the email newsletter system--goal =25% or more receiving	Staff	9/30/2011
	Develop a system for tracking email changes when we convert to email	Staff	9/30/2011
	Develop a system to regularly update the website (back up for Kim)	Staff	9/30/2011
	Send out quarterly newsletters and encourage email set up	Staff	Ongoing
	Look at using other social media (Facebook, text messages, etc)	Staff/Board Chair	9/30/2011
Legislative Activities	Work with Kim on future legislative needs for 2012	Staff/Board Chair	Ongoing
Financial Management	Track the CD's and manage cash flow prudently	Staff/Board Chair	Ongoing
	Prepare accurate, timely financial statements for board review	Staff/Board members	Ongoing
	Work with Cindy to lower the credit card processing costs (September)	Staff/Board Chair	9/30/2011
	Look at online renewals, applications, etc (was a security issue)	Staff/Board members	Ongoing

Y:\2011 first six month goals.xls

Policy Purpose (or overview):
The Oregon Landscape Contractors Board (LCB) has a history of listening to the voice of the industry and consumers. Meetings are conducted under the purview of Oregon's Public Meeting Law, which intends to ensure that Oregonians have the opportunity to see it's elected officials and state agencies deliberate and make decisions on issues important to the citizenry. Oregon's LCB believes in providing a venue for our stakeholders to give input to the Board on their decisions. This policy clarifies when and how the Board will allow citizens to participate in the public comment process.

Applicability:
This policy applies to: Oregonians, LCB licensees, or other related industry members with an interest in LCB business and decisions.

References (if any):
ORS 192.620 (Oregon Public Meetings)

Definitions:
Board meeting is any publicly noticed meeting of the LCB where a majority of the board members will meet, deliberate and make decisions that have implications for landscaping licensees in Oregon. Meetings may happen in various geographic locations across the state face to face, or via conference call.

Policy:
Unless publicly noticed and allowable by law, Oregon LCB meetings will be open to the public. When the board meets **face-to-face** there will be a public comment period, whereby Oregonians or licensees can voice any concerns, grievances or issues of concern to the Board. All meeting notices include the meeting location, so the preference will be that the public will attend the meeting in person to give testimony or comment.

There can be exceptions to the requirement to attend meetings in person; where LCB may allow individuals to make comment or testimony via conference call in the following circumstances:

- If the individual has a documented medical condition that prevents them from being at the meeting location, and provides written verification from their medical provider at least 18 days prior to the meeting. Once the request is approved by the board, the individual will also be required to provide a phone number where they can be reached during the board's scheduled meeting time. Exact times may not be accommodated, so individuals will need to be flexible about the time they will speak to the board.
- If an individual has a pre-approved request to attend via conference call due to a previously scheduled absence from the state. A written explanation of the reason for being outside of the state must be received at least 18 days prior to

the meeting and the Administrator and Board chairperson will approve or disapprove the request.

- If the weather is hazardous and an individual will not be able to travel through adverse conditions to attend the meeting. At least five days prior to the meeting, a written request must be made to accommodate a weather related request for conference call attendance at a meeting.

Requests will be reviewed by the Administrator and Board chairperson and the requestor will be notified at least 10 days prior to the meeting about the approval or disapproval of their request. If attendance via conference call is approved, LCB recommends that individuals participating via conference call not use speaker phones or cell phones to maximize everyone's ability to hear one another.

If a citizen or licensee wants to have time on the board's agenda to present information to the board (face-to-face or phone??), a written request needs to be received by the LCB's Administrator at least 18 days before the scheduled meeting. The request must specify the topic to be discussed, the reason for the appearance before the board, the amount of time requested and copies of any written information that will be presented to the board at the meeting.

(NOTE: Oregon PUC allows public attendance at meetings via telephone. Here's a link to the place on their site that talks about it:
http://www.oregon.gov/PUC/meetings/phone_option.shtml)

Procedures associated with this policy:
N/A

Staff Asset Inventory Checklist

Name: _____

I hereby acknowledge and agree that I have checked out and/or returned the following assets or equipment from the Oregon Landscape Board:

Asset	Notes/Description	Checked out	Checked in
Cell Phone		☐	☐
Cell accessories		☐	☐
ID card		☐	☐
LCB Investigator badge		☐	☐
Laptop		☐	☐
Printer		☐	☐
Office keys		☐	☐
Alarm remote		☐	☐
Credit Card		☐	☐
Other (specify)		☐	☐

_____ _____

Employee Signature Date

_____ _____

Administrator Signature Date

Annual verifications:

_____ _____

Employee Signature Date

_____ _____

Employee Signature Date

_____ _____

Employee Signature Date

_____ _____

Employee Signature Date

**Employee should record serial numbers or model #s for any cell phones or computer equipment in the notes/description section*

Oregon Landscape Contractors Board
Balance Sheet Prev Biennium Comparison
As of June 30, 2013

	Jun 30, 13	Jun 30, 11
ASSETS		
Current Assets		
Checking/Savings		
1010 · Petty Cash	200.00	100.00
1020 · Cash in Checking	27,751.23	1,501.61
1030 · Cash in Savings	57,423.46	77,941.57
1035 · Investment W.C.#63097874		
1036 · Money Market	100,029.37	100,008.09
Total 1035 · Investment W.C.#63097874	100,029.37	100,008.09
1037 · Washington Federal Savings		
1037-01 · CD $35K 10/30/13 064-409477-3	35,660.12	35,293.24
1037-02 · CD $35K 10/29/12 064-409476-5	0.00	35,072.14
1037-03 · CD $35K 4/30/13 064-409475-7	0.00	35,616.47
1037-04 · CD $20K 10/22/12 064-409589-5	0.00	20,046.47
1037-05 · CD $30K 10/22/12 064-409590-3	0.00	30,228.55
1037-06 · CD $30K 10/23/13 064-409591-1	30,566.89	30,259.60
1037-MM · Money Market	128,441.46	5,685.69
Total 1037 · Washington Federal Savings	194,668.47	192,202.16
1045 · Annuities		
1045-1 · AMN Annuity 14512705-4.4%	0.00	25,044.32
1045-2 · NYL Annuity 52066057 3%	0.00	63,716.89
Total 1045 · Annuities	0.00	88,761.21
Total Checking/Savings	380,072.53	460,514.64
Other Current Assets		
1205 · Allowance for Doubtfull CP	0.00	-365,844.00
1230 · Accounts Receivable - Per Audit	0.00	402,158.00
Total Other Current Assets	0.00	36,314.00
Total Current Assets	380,072.53	496,828.64
Fixed Assets		
1510 · Office Equipment		
1511 · Computers	17,114.62	17,114.62
1511AD · Accum. Depr. Computer	-16,811.38	-15,446.49
1520 · Scanner	719.00	719.00
1520AD · Accum. Depr. Scanner	-719.00	-719.00
1530 · Printers	899.00	899.00
1530AD · Accum. Depr. Printer	-899.00	-899.00
Total 1510 · Office Equipment	303.24	1,668.13
Total Fixed Assets	303.24	1,668.13
TOTAL ASSETS	**380,375.77**	**498,496.77**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · Accounts Payable	22,210.74	22,230.95
Total Accounts Payable	22,210.74	22,230.95
Other Current Liabilities		
2050 · Compensated Absence Liability	13,279.43	17,646.62
Total Other Current Liabilities	13,279.43	17,646.62
Total Current Liabilities	35,490.17	39,877.57
Total Liabilities	35,490.17	39,877.57
Equity		
3000 · Opening Bal Equity	10,856.88	10,856.88
3010 · Paid In Equity	67,096.54	67,096.54
3900 · Retained Earnings	330,422.17	370,797.57
3910 · Prior Period Adjustment	-36,314.00	0.00
Net Income	-27,175.99	9,868.21
Total Equity	344,885.60	458,619.20
TOTAL LIABILITIES & EQUITY	**380,375.77**	**498,496.77**

Oregon Landscape Contractors Board
Profit & Loss Budget vs. Actual -- July 2009 through June 2013

	Jul '09 - Jun '11 Actuals	Jul '09 - Jun '11 Budget	Difference	Jul '11 - Jun '13 Actuals	Jul '11 - Jun '13 Budget	Difference	Jul '13-Jun 15 Budget
Ordinary Income/Expense							
Income							
4000 · Applications/Examination							
4005 · LCP Application Fee	24,135.00	35,000.00	(10,865.00)	25,815.00	20,690.00	5,125.00	14,000.00
4005ME · ME Application Fee	720.00	3,000.00	(2,280.00)	600.00	840.00	(240.00)	480.00
4005P · Probationary Application Fee	3,200.00	5,625.00	(2,425.00)	1,895.00	1,800.00	95.00	900.00
4010 · Initial Exam.Fees	-		0.00	-	-	0.00	
4026 · Exam Resource Material Sales	4,721.95		4,721.95	29,088.00	15,000.00	14,088.00	24,750.00
4027 · Exam Resource S & H	119.60		119.60	645.00	220.00	425.00	500.00
4030 · NSF Fee	-		0.00	25.00	-	25.00	0.00
4036 · PSI	5,175.00	10,000.00	(4,825.00)	3,805.00	3,640.00	165.00	4,000.00
Total 4000 · Applications/Examination	38,071.55	53,625.00	(15,553.45)	61,873.00	42,190.00	19,683.00	44,630.00
4100 · Licensing Fees							
4109 · New Business Application Fee	29,916.75	31,500.00	(1,583.25)	23,425.00	32,000.00	(8,575.00)	24,000.00
4110 · New Business License Fee	51,515.00	65,000.00	(13,485.00)	39,190.00	56,160.00	(16,970.00)	41,600.00
4115 · Business Renewal Fee	602,025.00	676,000.00	(73,975.00)	590,304.00	586,180.00	4,124.00	570,440.00
4120 · New Individual License Fees	12,813.00	19,000.00	(6,187.00)	10,170.00	13,506.00	(3,336.00)	15,200.00
4125 · Renewal Individual License	283,990.00	313,500.00	(29,510.00)	276,270.00	283,240.00	(6,970.00)	266,000.00
4127 · Reinstatement Fee	5,070.00	12,000.00	(6,930.00)	6,275.00	5,220.00	1,055.00	5,000.00
4128 · License Card Fee	180.00	2,000.00	(1,820.00)	100.00	-	100.00	0.00
4129 · Status Change Fee	-		0.00	1,395.00	-	1,395.00	2,000.00
4130 · Late Fees	21,575.00	21,000.00	575.00	20,370.00	22,150.00	(1,780.00)	14,000.00
4135 · NSF Fees	(41.00)		(41.00)	8.00	-	8.00	
4140 · Document Fees	1,545.00	900.00	645.00	1,526.50	1,840.00	(313.50)	1,200.00
4145 · Sticker Fees	876.50	1,500.00	(623.50)	-	-	0.00	0.00
Total 4100 · Licensing Fees	1,009,465.25	1,142,400.00	(132,934.75)	969,033.50	1,000,296.00	(31,262.50)	939,440.00
4200 · Enforcement							
4210 · Collected Civil Penalties							
4211 · Civil Penalties Collected	222,549.93	150,000.00	72,549.93	127,733.88	206,138.00	(78,404.12)	160,000.00
4213 · Uncollectible CP - Bankruptcies	-		0.00	-	(900.00)	900.00	0.00
4216 · Reimbursed Legal Fees	-		0.00	-	900.00	(900.00)	0.00
4210 · Collected Civil Penalties - Other	-		0.00	-	-	0.00	0.00
Total 4210 · Collected Civil Penalties	222,549.93	150,000.00	72,549.93	127,733.88	206,138.00	(78,404.12)	160,000.00
4220 · NSF Fees	(12.00)		(12.00)	(6.00)		(6.00)	
4230 · Document Fees	28.50		28.50	118.25	330.00	(211.75)	100.00
4200 · Enforcement - Other	150.00		150.00	50.00	-	50.00	0.00
Total 4200 · Enforcement	222,716.43	150,000.00	72,716.43	127,896.13	206,468.00	(78,571.87)	160,100.00
4300 · Claims							
4310 · Document Fees	-	0.00	0.00	46.00	-	46.00	100.00
Total 4300 · Claims	-	0.00	0.00	46.00	-	46.00	100.00
Total Income	1,270,253.23	1,346,025.00	(75,771.77)	1,158,848.63	1,248,954.00	(90,105.37)	1,144,270.00
Gross Profit	1,270,253.23	1,346,025.00	(75,771.77)	1,158,848.63	1,248,954.00	(90,105.37)	1,144,270.00
Expense							
5000 · Direct Costs							
5010 · Staff Wages	566,543.28	563,588.92	2,954.36	531,798.28	529,060.00	2,738.28	484,722.00
5011 · Payroll Taxes							
5012 · FICA Expense	36,988.05	34,942.51	2,045.54	32,386.33	32,801.72	(415.39)	37,081.23
5013 · Medicare Expense	8,529.30	8,172.04	357.26	7,483.32	7,671.37	(188.05)	7,028.47
5014 · SUTA/FUTA	(758.14)		(758.14)	-	-	0.00	0.00
5015 · Worker's Compensation	273.49	350.00	(76.51)	1,851.93	348.00	1,503.93	2,196.70
5016 · Unemployment Expense	-	3,000.00	(3,000.00)	3,374.00	1,000.00	2,374.00	0.00
5011 · Payroll Taxes - Other	(676.54)	0.00	(676.54)	(725.87)	-	(725.87)	0.00
Total 5011 · Payroll Taxes	44,356.16	46,464.55	(2,108.39)	44,369.71	41,821.09	2,548.62	46,306.40
5020 · Employee Benefits							
5021 · PEBB/BCA	134,038.92	121,768.14	12,270.78	172,351.31	184,400.00	(12,048.69)	167,996.40
5022 · PERS							
5022-A · PERS- Regular Payment	48,363.12	33,533.54	14,829.58	79,612.46	57,485.43	22,127.03	70,478.58
5022-B · DAS-PERS Bond	35,037.04	68,588.77	(33,551.73)	34,807.25	58,643.24	(23,835.99)	28,840.96
5022 · PERS - Other	-	0.00	0.00	298.42	-	298.42	0.00
Total 5022 · PERS	83,400.16	102,122.31	(18,722.15)	114,718.13	116,128.67	(1,410.54)	99,319.54
Total 5020 · Employee Benefits	217,439.08	223,890.45	(6,451.37)	287,069.44	300,528.67	(13,459.23)	267,315.94

Oregon Landscape Contractors Board
Profit & Loss Budget vs. Actual -- July 2009 through June 2013

	Jul '09 - Jun '11 Actuals	Jul '09 - Jun '11 Budget	Difference	Jul '11 - Jun '13 Actuals	Jul '11 - Jun '13 Budget	Difference	Jul '13-Jun 15 Budget
5024 · Contract Labor	-	0.00	0.00	1,350.88	1,500.00	(149.12)	2,000.00
5025 · Testing Subcontracts	-	0.00	0.00	-	-	0.00	
5026 · Exam Resource Material	10,501.74	0.00	10,501.74	35,436.17	13,000.00	22,436.17	13,000.00
5030 · Printing Costs					-	0.00	
5030-AD · Admin. Printing	8,406.39	7,000.00	1,406.39	8,515.55	7,000.00	1,515.55	7,000.00
5030-BD · Board Packets/Meeting	101.79	400.00	(298.21)	679.26	400.00	279.26	400.00
5030NL · Newsletter	9,579.56	8,000.00	1,579.56	4,888.20	10,000.00	(5,111.80)	4,000.00
5030PR · Pamphlet/Brochure	1,250.74	10,000.00	(8,749.26)	-	6,000.00	(6,000.00)	2,000.00
5030ST · Stickers	418.89	0.00	418.89	-	-	0.00	0.00
Total 5030 · Printing Costs	19,757.37	25,400.00	(5,642.63)	14,083.01	23,400.00	(9,316.99)	13,400.00
5031 · Advertising	1,854.84	0.00	1,854.84	5.00	-	5.00	0.00
5035 · Postage Costs							
5035M · Postage Assessed for Mail	23,207.51	26,000.00	(2,792.49)	24,104.93	24,000.00	104.93	24,000.00
5035NL · Postage for Newsletter	3,366.28	5,800.00	(2,433.72)	3,603.72	4,000.00	(396.28)	4,000.00
5035S · State Mail Service Charge	2,762.00	1,200.00	1,562.00	2,213.50	1,400.00	813.50	24,000.00
Total 5035 · Postage Costs	29,335.79	33,000.00	(3,664.21)	29,922.15	29,400.00	522.15	52,000.00
5040 · Staff Mileage							
5040BOB · Staff Car - Bob's	-			-	-	0.00	
5040KEN · Staff Car - Ken's	12,315.13	9,000.00	3,315.13	480.00	-	480.00	
5040S · Staff Personal Car Mileage	1,006.45	2,000.00	(993.55)	1,463.88	2,000.00	(536.12)	4,000.00
5040STC · State Car (Non-Invest)	732.16	2,400.00	(1,667.84)	42.73	2,000.00	(1,957.27)	0.00
5040VIN · Staff Car -Michael/ Vince's	8,670.70	8,400.00	270.70	16,343.05	13,000.00	3,343.05	12,000.00
Total 5040 · Staff Mileage	22,724.44	21,800.00	924.44	18,329.66	17,000.00	1,329.66	16,000.00
5050 · Staff Travel							
5050 L · Staff Lodging	2,702.22	6,000.00	(3,297.78)	295.21	3,000.00	(2,704.79)	3,000.00
5050M · Staff Meals	2,441.00	3,400.00	(959.00)	952.49	2,000.00	(1,047.51)	2,000.00
5050 · Staff Travel - Other	377.20	0.00	377.20	-	-	0.00	0.00
Total 5050 · Staff Travel	5,520.42	9,400.00	(3,879.58)	1,247.70	5,000.00	(3,752.30)	5,000.00
5100 · Hearing Officer Panel	15,719.72	14,400.00	1,319.72	30,763.30	30,000.00	763.30	30,000.00
5150 · Department Of Justice							
5151-IC · Attorney General IC	-	0.00	0.00	-	-	0.00	0.00
5151 · AAG Advice (Enf/Claims/Admin)	17,307.14	49,000.00	(31,692.86)	25,001.14	28,000.00	(2,998.86)	24,000.00
5153 · DOJ (Injunct/UTPA/Enforce)	-	10,000.00	(10,000.00)	-	1,250.00	(1,250.00)	1,000.00
5150 · Department Of Justice - Other	-	0.00	0.00	-	-	0.00	0.00
Total 5150 · Department Of Justice	17,307.14	59,000.00	(41,692.86)	25,001.14	29,250.00	(4,248.86)	25,000.00
5152 · Legislative Counsel	1,500.00	3,000.00	(1,500.00)	-	1,500.00	(1,500.00)	3,000.00
5154 · Filing Fees							
5154-LF · Lien Filing Fee	89.00	1,500.00	(1,411.00)	185.00	1,000.00	(815.00)	2,000.00
Total 5154 · Filing Fees	89.00	1,500.00	(1,411.00)	185.00	1,000.00	(815.00)	2,000.00
5170 · Resource Material/Publications	5.00	0.00	5.00	-	-	0.00	0.00
5200 · Investigations							
5210 · Contract Investigators							
5210-CL · Claims Investigations	1,185.30	2,400.00	(1,214.70)	1,448.94	2,400.00	(951.06)	2,400.00
5210-FI · Formal Investigations	23,865.00	67,500.00	(43,635.00)	25,708.80	28,000.00	(2,291.20)	28,000.00
5210-LM · Investigator Meals/Lodging	248.50	5,400.00	(5,151.50)	-	3,000.00	(3,000.00)	4,000.00
5210-M · Investigator Mileage	1,678.91	8,100.00	(6,421.09)	1,007.37	4,000.00	(2,992.63)	4,000.00
5210-O · Other Investigative Expense	-	21,000.00	(21,000.00)	90.00	1,000.00	(910.00)	1,000.00
5210-SC · Site Checks	8,941.50	15,000.00	(6,058.50)	3,210.00	4,000.00	(790.00)	4,000.00
5210-TT · Travel Time	2,274.00	2,000.00	274.00	690.00	2,000.00	(1,310.00)	2,000.00
Total 5210 · Contract Investigators	38,193.21	121,400.00	(83,206.79)	32,155.11	44,400.00	(12,244.89)	45,400.00
5215 · Investigator Training/Lic Cert	99.00	1,200.00	(1,101.00)	-	-	0.00	
5225 · Investigation Inquiry fees	1,197.05	2,800.00	(1,602.95)	822.87	2,400.00	(1,577.13)	1,000.00
5226 · Investigative Subpoena Expense	20.00	1,160.00	(1,140.00)	-	200.00	(200.00)	1,000.00
Total 5200 · Investigations	39,509.26	5,160.00	34,349.26	32,977.98	47,000.00	(14,022.02)	47,400.00
5300 · Collection Costs							
5301 · DOR Collection costs	2,776.07	3,200.00	(423.93)		3,318.00	(3,318.00)	1,000.00
5302 · Private Collections Costs	4,447.62	1,000.00	3,447.62	4,948.67	5,004.00	(55.33)	4,800.00
Total 5300 · Collection Costs	7,223.69	4,200.00	3,023.69	5,522.27	8,322.00	(2,799.73)	5,800.00
5400 · Committee Meeting Expenses							
5401 · Advisory Committee							
5401M · AC Mileage	212.67	0.00	212.67	-	-	0.00	0.00

Oregon Landscape Contractors Board
Profit & Loss Budget vs. Actual -- July 2009 through June 2013

	Jul '09 - Jun '11 Actuals	Jul '09 - Jun '11 Budget	Difference	Jul '11 - Jun '13 Actuals	Jul '11 - Jun '13 Budget	Difference	Jul '13-Jun 15 Budget
Total 5401 · Advisory Committee	212.67	0.00	212.67	-	-	0.00	0.00
5402 · Exam Committee							
5402L · Exam Committee Meals/Lodging	99.00	0.00	99.00	281.59	-	281.59	0.00
5402M · Exam Committee Mileage	-	0.00	0.00	33.66	-	33.66	0.00
Total 5402 · Exam Committee	99.00	0.00	99.00	315.25	-	315.25	0.00
5422 · Exam Meeting Meals	55.01	0.00	55.01	-	-	0.00	0.00
Total 5400 · Committee Meeting Expenses	366.68	-		315.25	-	315.25	0.00
5450 · Innovative Projects		6,000.00	(6,000.00)	-	47,600.00	(47,600.00)	0.00
5000 · Direct Costs - Other	-	0.00	0.00	-	-	0.00	0.00
Total 5000 · Direct Costs	999,753.61	1,139,703.92	(139,950.31)	1,058,376.94	1,125,381.76	(67,004.82)	1,012,944.34
6000 · Administrative Expenses							
6020 · Staff Training	1,856.13	3,000.00	(1,143.87)	450.00	1,000.00	(550.00)	1,000.00
6100 · Board Meeting Expenses							
6110 · Board Members Expense							
6110-LM · Board Member Meal/Lodging	7,004.29	5,000.00	2,004.29	4,476.80	5,000.00	(523.20)	5,000.00
6110-M · Board Member Mileage	9,101.82	7,800.00	1,301.82	9,114.30	8,000.00	1,114.30	8,000.00
6110-PD · Board Member Per Diem	7,895.96	7,600.00	295.96	4,854.60	5,000.00	(145.40)	6,000.00
6110-TE · Board Member conf call exp	-		0.00	92.61	-	92.61	0.00
6110 · Board Members Expense - Other	-	250.00	(250.00)	-	-	0.00	0.00
Total 6110 · Board Members Expense	24,002.07	20,650.00	3,352.07	18,538.31	18,000.00	538.31	19,000.00
6120 · Board Meeting Room Chrg	1,005.00	900.00	105.00	1,608.40	1,200.00	408.40	2,400.00
6122 · Board Meeting Meals	3,443.26	2,400.00	1,043.26	2,472.98	2,600.00	(127.02)	2,600.00
6125 · A.G. Board Meeting Consult	19,563.60	14,000.00	5,563.60	12,848.55	15,200.00	(2,351.45)	15,200.00
6127 · Board Consulting/Training	2,077.00	4,000.00	(1,923.00)	-	-	0.00	0.00
Total 6100 · Board Meeting Expenses	50,090.93	41,950.00	8,140.93	35,468.24		35,468.24	39,200.00
6200 · Educational Training							
6210 · Ed Training - Room Chrg	40.00	0.00	40.00	-	-		0.00
Total 6200 · Educational Training	40.00	0.00	40.00	-	-	0.00	0.00
6400 · Payroll Preparation Service	3,238.12	2,880.00	358.12		4,200.00	(4,200.00)	3,600.00
7000 · Office Lease						0.00	
7000ML · Monthly Lease	56,487.42	53,396.00	3,091.42	58,144.53	60,357.06	(2,212.53)	60,000.00
Total 7000 · Office Lease	56,487.42	53,396.00	3,091.42	58,144.53	60,357.06	(2,212.53)	60,000.00
7003 · Utilities							
7003EL · Electric	3,240.92	3,400.00	(159.08)	3,376.73	3,200.00	176.73	3,600.00
7003GA · Gas	2,510.42	3,000.00	(489.58)	1,636.91	2,000.00	(363.09)	2,400.00
7003SC · Office Security	763.35	775.00	(11.65)	846.04	800.00	46.04	1,000.00
Total 7003 · Utilities	6,514.69	7,175.00	(660.31)	5,859.68	6,000.00	(140.32)	7,000.00
7010 · Insurance	3,524.00	5,200.00	(1,676.00)	10,652.00	12,256.00	(1,604.00)	10,121.00
7100 · Telephone							
7101 · Cell Phone	3,884.88	3,960.00	(75.12)	4,038.19	2,600.00	1,438.19	4,000.00
7102 · Office Telephone	5,225.00	5,340.00	(115.00)	5,352.46	4,800.00	552.46	5,000.00
Total 7100 · Telephone	9,109.88	9,300.00	(190.12)	9,390.65	7,400.00	1,990.65	9,000.00
7110 · Office Supplies							
7111 · Office equip. repair and maint.	1,416.00	960.00	456.00	1,486.00	1,440.00	46.00	1,600.00
7112 · Dues & Subscriptions	1,140.94	960.00	180.94	729.00	960.00	(231.00)	1,000.00
7113 · Office Furnishing/setup	-	1,500.00	(1,500.00)	-	400.00	(400.00)	0.00
7114 · Office Supplies	5,415.94	9,000.00	(3,584.06)	4,738.21	5,000.00	(261.79)	4,000.00
Total 7110 · Office Supplies	7,972.88	12,420.00	(4,447.12)	6,953.21	7,800.00	(846.79)	6,600.00
7115 · Copier/Fax/Print Lease							
7116 · Copier/Fax/Print Maint	1,224.04	1,400.00	(175.96)	1,193.77	2,000.00	(806.23)	2,000.00
7117 · Lease Fee for Copier	3,280.86	3,600.00	(319.14)	3,330.00	3,600.00	(270.00)	3,000.00
Total 7115 · Copier/Fax/Print Lease	4,504.90	5,000.00	(495.10)	4,523.77	5,600.00	(1,076.23)	5,000.00
7200 · Bank fees							
7205 · Credit Card Use Fees	13,213.50	8,000.00	5,213.50	13,337.12	12,000.00	1,337.12	12,000.00
7206IN · Credit Card Interest	-	0.00	0.00	124.33	-	124.33	0.00
7207 · NSF Fee	54.00	200.00	(146.00)	24.00	200.00	(176.00)	100.00
7210 · Bank checks and supplies	67.80	200.00	(132.20)	47.55	200.00	(152.45)	300.00
7211 · Bank Fees	86.08	0.00	86.08	110.22	-	110.22	0.00
7212 · ACH Fee	1,112.12	0.00	1,112.12	-	-	0.00	0.00

Oregon Landscape Contractors Board
Profit & Loss Budget vs. Actual -- July 2009 through June 2013

	Jul '09 - Jun '11 Actuals	Jul '09 - Jun '11 Budget	Difference	Jul '11 - Jun '13 Actuals	Jul '11 - Jun '13 Budget	Difference	Jul '13-Jun 15 Budget
7213 · iDEPOSIT FEE	650.00	0.00	650.00	1,475.00	1,200.00	275.00	1,800.00
7200 · Bank fees - Other	-	0.00	0.00	97.88	-	97.88	0.00
Total 7200 · Bank fees	15,183.50	8,400.00	6,783.50	15,216.10	13,600.00	1,616.10	14,200.00
8000 · Trade Show Expense							
8010 · Staff Mileage Trade Show	470.22	1,400.00	(929.78)		1,500.00	(1,500.00)	2,000.00
8011 · Staff Meals/Lodging Trade Show	1,791.90	1,400.00	391.90		1,500.00	(1,500.00)	2,000.00
8012 · Trade Show Booth Fees	210.00	250.00	(40.00)	260.00	250.00	10.00	600.00
8020 · Trade Show Display	261.10	1,500.00	(1,238.90)	-	500.00	(500.00)	600.00
Total 8000 · Trade Show Expense	2,733.22	4,550.00	(1,816.78)	2,326.06	3,750.00	(1,423.94)	5,200.00
8100 · Web Expense							
8105 · Web Hosting	2,410.00	1,400.00	1,010.00	1,687.50	2,000.00	(312.50)	1,800.00
8110 · Web Consulting	-	5,000.00	(5,000.00)	-	4,000.00	(4,000.00)	0.00
8116 · Comcast Connection	3,162.71	2,650.00	512.71	2,592.17	2,400.00	192.17	2,400.00
8120 · E-mail Hosting	61.40	0.00	61.40	581.25	-	581.25	600.00
Total 8100 · Web Expense	5,634.11	9,050.00	(3,415.89)	4,860.92	8,400.00	(3,539.08)	4,800.00
8200 · Computer Expenses							
8210 · Computer Consulting	9,765.00	2,400.00	7,365.00	1,825.00	2,000.00	(175.00)	2,500.00
8220 · Computer Software <$500>	-	1,000.00	(1,000.00)	-	1,000.00	(1,000.00)	0.00
8225 · Computer Hardware <$500>	562.00	2,900.00	(2,338.00)	-	1,000.00	(1,000.00)	0.00
8230 · Computer Maintenance	571.07	4,000.00	(3,428.93)	443.93	600.00	(156.07)	1,000.00
8235 · Networking	381.48	400.00	(18.52)	-	-	0.00	0.00
8240 · Database Configuring	12,270.76	14,000.00	(1,729.24)	6,318.75	6,000.00	318.75	10,000.00
Total 8200 · Computer Expenses	23,550.31	24,700.00	(1,149.69)	8,587.68	10,600.00	(2,012.32)	13,500.00
8300 · Professional Services							
8301 · SIBA Lobbiest	2,733.34	3,000.00	(266.66)	-	-	0.00	0.00
8302 · Auditing							
8302-IA · Audit- Internal Auditor(Private	2,918.00	2,000.00	918.00	5,538.00	5,600.00	(62.00)	10,000.00
8302-SS · Auditing- Secretary of State	11,114.25	7,000.00	4,114.25	-	-	0.00	0.00
Total 8302 · Auditing	14,032.25	9,000.00	5,032.25	5,538.00	5,600.00	(62.00)	10,000.00
8303 · Janitorial	3,838.71	3,700.00	138.71	3,757.78	4,000.00	(242.22)	3,600.00
8305 · Recycle, Shred & Storage	531.00	600.00	(69.00)	634.00	700.00	(66.00)	0.00
8306 · Misc DAS fees							
8306-RF · Rule Filing	-	0.00	0.00	4,540.00	-	4,540.00	2,735.00
8306L - Linus			0.00			0.00	420.00
8306ED - Ethics Commission			0.00			0.00	137.00
8306A - Archives			0.00			0.00	776.00
8306 · Misc DAS fees - Other	2,102.00	0.00	2,102.00	-	4,000.00	(4,000.00)	0.00
Total 8306 · Misc DAS fees	2,102.00	0.00	2,102.00	4,540.00	4,000.00	540.00	4,068.00
8308 · Other Consulting	-		0.00	180.00	14,000.00	(13,820.00)	0.00
Total 8300 · Professional Services	23,237.30	16,300.00	6,937.30	14,649.78	28,300.00	(13,650.22)	17,668.00
8900 · Depreciation Expense	4,324.90	3,000.00	1,324.90	1,364.89	1,000.00	364.89	0.00
Total 6000 · Administrative Expenses	218,002.29	206,321.00	11,681.29	181,483.56	207,263.06	(25,779.50)	196,889.00
6999 · Uncategorized Expenses	-	0.00	0.00	-	-	0.00	8,000.00
Total Expense	1,217,755.90	1,346,024.92	(128,269.02)	1,239,860.50	1,332,644.82	(92,784.32)	1,217,833.34
Net Ordinary Income	52,497.33	0.08	52,497.25	(81,011.87)	(83,690.82)	2,678.95	(73,563.34)
Other Income/Expense							
Other Income							
9000 · Other Income							
9015 · Interest	14,437.58	0.00	14,437.58	3,592.27	8,000.00	(4,407.73)	4,000.00
Total 9000 · Other Income	14,437.58	0.00	14,437.58	3,592.27	8,000.00	(4,407.73)	4,000.00
Total Other Income	14,437.58	0.00	14,437.58	3,592.27	8,000.00	(4,407.73)	4,000.00
Net Other Income	14,437.58	0.00	14,437.58	3,592.27	8,000.00	(4,407.73)	4,000.00
Net Income	66,934.91	**0.08**	66,934.83	(77,419.60)	(75,690.82)	(1,728.78)	**(69,563.34)**

LCB 2011/13 Budget--Original and Amended

Amendment Approved July 24, 2012

	Total 2011-2013 Approved Budget	Amended 2011-13 Budget *Approved 7/24/12*
Ordinary Income/Expense		
Income		
4000 · Application/ exam		
4005 ·LCP Application Fee	$ 26,000.00	20,690.00
4005P- Probationary	$ 3,600.00	1,800.00
4006 - Business Application fee	$ 30,000.00	32,000.00
4007 - Owner/ME Application Fee	$ 480.00	840.00
4026 · Exam Resource Material Sales	$ 13,000.00	***15,000.00***
4027 · Exam Resource S & H		220.00
4036- PSI	$ 5,850.00	3,640.00
Total 4000 · Application/Exam	**$ 78,930.00**	**74,190.00**
4100 · Licensing Fees		
4110 · New Business Fee	$ 64,480.00	56,160.00
4115 · Business Renewal Fee	$ 628,160.00	586,180.00
4120 · New Individual License Fees	$ 16,720.00	13,506.00
4125 · Renewal Individual License	$ 287,850.00	283,240.00
4127- Reinstate Fee	$ 9,200.00	5,220.00
4130 · Late Fees	$ 21,000.00	22,150.00
4135 · Change in Status	$ 3,000.00	-
4140 · Document Fees	$ 900.00	1,840.00
Total 4100 · Licensing Fees	**$ 1,031,310.00**	**968,296.00**
4200 · Enforcement		
4210 · Assessed Civil Penalties		
4211 · Civil Penalties Assessed	$ 165,000.00	***206,138.00***
4212-06 · CP Suspended-2006	$ -	-
4212-07 · CP Suspended-2007	$ -	-
4213 ·Payment Service Fee	$ 1,800.00	-
4214 · Uncollectible CP - WO	$ -	-
4215 · Interest	$ -	-
Total 4210 · Assessed Civil Penalties	**$ 166,800.00**	**206,138.00**
4220 · NSF Fees		
4230 · Document Fees		330.00
Total 4200 · Enforcement	**$ 166,800.00**	**206,468.00**
4300 · Claims		
4310 · Document Fees		-
4320 · Pre-Claim Settlement Fees		-
Total 4300 · Claims		-
4400 · Educational Publication Sales		
4401 · DVD Sales		-
4402 · Brochure Sales		-
Total 4400 · Educational Publication Sales		-
Total Income	**$ 1,277,040.00**	**1,248,954.00**
Expense		(28,086.00)
5000 · Direct Costs		
5010 · Staff Wages-American Payroll	**$ 540,768.00**	***529,060.00***
5011 · Payroll Taxes		
5012 · FICA Expense (4.2%2011--6.2%))	$ 28,247.14	***32,801.72***
5013 · Medicare Expense (1.45%)	$ 7,841.14	7,671.37
5014 · SUTA/FUTA	$ -	-
5015 · Worker's Compensation	$ 348.00	348.00
5016 · Unemployment Expense	$ 1,000.00	1,000.00
Total 5011 · Payroll Taxes	**$ 37,436.27**	**41,821.09**
5020 · Employee Benefits		
5021 · PEBB/BCA (less 5% staff reimb)	$ 150,480.00	***184,400.00***
5022 · PERS		
5022A · DAS-PERS Bond (5.95%)	$ 32,175.70	31,479.07
5022 · PERS (9.8%+6%)	$ 85,441.34	84,649.60
Total 5022 · PERS & BOND	$ 117,617.04	116,128.67
Total 5020 · Employee Benefits	**$ 268,097.04**	**300,528.67**

Income is budgeted at 2010/11 levels in proposed 2011/13 budget

$10,000 year to date 2011/12

Budgeted @ 10/11 levels, but we are undercollecting

Adj. to actual and then adjusted for COLA & Furlough days

$1,600/mo for 5 staff less 5% for 2011/12 fiscal yr

LCB 2011/13 Budget--Original and Amended

Amendment Approved July 24, 2012

	Total 2011-2013 Approved Budget	Amended 2011-13 Budget
Total Employee costs	**846,301.31**	**871,409.76**
5024 · Contract Labor	**$ -**	***1,500.00***
5025 · Testing Subcontracts	**$ -**	
5026 · Exam Resource Material	**$ 13,000.00**	13,000.00
5028 · DMV Testing Fees	**$ -**	
5030 · Printing Costs		
5030-AD · Admin. Printing	$ 7,000.00	7,000.00
5030-BD · Board Packets/Meeting	$ 400.00	400.00
5030NL - Newsletter	$ 10,000.00	10,000.00
5030PR · Pamphlet/Brochure	$ 9,000.00	***6,000.00***
Total 5030 · Printing Costs	**$ 26,400.00**	**39,600.00**
5031 · Advertising	$ -	-
5035 · Postage		
5035M · Postage Assessed State	$ 24,000.00	24,000.00
5035S· State Mail Service Charge	$ 2,800.00	1,400.00
5035NL- Newsletter Postage	$ 4,000.00	4,000.00
Total 5035 · Postage Costs	**$ 30,800.00**	**29,400.00**
5040 · Staff Mileage		
5040KEN · Staff Car - Ken's		-
5040VIN - Staff Car- Vincent	$ 13,000.00	13,000.00
5040S · Staff Personal Car Mileage	$ 2,000.00	2,000.00
5040STC · State Car (Non-Invest)	$ 2,000.00	2,000.00
Total 5040 · Staff Mileage	**$ 17,000.00**	**17,000.00**
5050 · Staff Travel		
5050 L · Staff Lodging	$ 5,000.00	***3,000.00***
5050M · Staff Meals	$ 2,600.00	***2,000.00***
Total 5050 · Staff Travel	**$ 7,600.00**	**5,000.00**
5100 · Hearing Officer Panel	**$ 13,000.00**	***30,000.00***
5150 · Department Of Justice		
5151-IC · Attorney General IC	$ -	-
5151 · AAG Advice (Enf/Claims/Admin)	$ 28,000.00	28,000.00
5151 · DOJ (Injunct/UTPA/Enforce)	$ 2,500.00	***1,250.00***
Total 5150 · Department Of Justice	**$ 30,500.00**	**29,250.00**
5152 · Legislative Counsel	**$ 1,500.00**	1,500.00
5154 · Filing Fees		
5154-CF · Court Fees	$ -	-
5154-LF · Lien Filing Fee	$ 1,000.00	1,000.00
Total 5154 · Filing Fees	**$ 1,000.00**	**1,000.00**
5170 · Resource Material/Publications	$ -	
5200 · Investigations		
5210 · Contract Investigators		
5210-CL · Claims Investigations	$ 2,400.00	2,400.00
5210-FI · Formal Investigations	$ 50,000.00	***28,000.00***
5210-LM · Investigator Meals/Lodging	$ 3,000.00	3,000.00
5210-M · Investigator Mileage	$ 4,000.00	4,000.00
5210-O - Other Investigator Exp	$ 1,000.00	1,000.00
5210-SC · Site Checks	$ 14,000.00	***4,000.00***
5210-TT · Travel Time	$ 2,000.00	2,000.00
Total 5210 · Contract Investigators	**$ 76,400.00**	**44,400.00**
5215 · Investigator Training/PI Cert.	$ -	
5225 · Investigation Inquiry fees	$ 2,400.00	2,400.00
5226 · Investigative Subpoena Expense	$ 200.00	200.00
5227- Investigator Lic. Fees	$ -	-
Total 5200 · Investigations	**$ 79,000.00**	**47,000.00**
5300 · Collection costs		
5301 · DOR Collection costs	$ 3,318.00	3,318.00
5302 · Private Collections Costs	$ 5,004.00	5,004.00
Total 5300 · Collection Costs	**$ 8,322.00**	**8,322.00**
5450 · Innovative Projects	**$ -**	-
5990 · Refund		
Total 5000 · Direct Costs	**$ 1,137,823.31**	**$ 1,125,381.76**
Gross Margin	**$ 139,216.69**	**123,572.24**

Contract Labor is new budget item for mediation/claims training

No costs incurred to date

Hearing costs thru 4/11 are over $14,000

LCB 2011/13 Budget--Original and Amended

Amendment Approved July 24, 2012

	Total 2011-2013 Approved Budget	Amended 2011-13 Budget
6000 · Administrative Expenses		
6020 · Staff Training/non-investigation	**$ 1,000.00**	1,000.00
6100 · Board Meeting Expenses		
6110 · Board Members Expense		
6110-LM · Board Member Meal/Lodging	$ 7,000.00	***5,000.00***
6110-M · Board Member Mileage	$ 9,000.00	***8,000.00***
6110-PD · Board Member Per Diem	$ 8,000.00	***5,000.00***
Total 6110 · Board Members Expense	**$ 24,000.00**	**18,000.00**
6120 · Board Meeting Room Chrg	$ 1,200.00	1,200.00
6122 · Board Meeting Meals	$ 2,600.00	2,600.00
6125 · A.G. Board Meeting Consult	$ 15,200.00	15,200.00
6127-Board Consulting-Training	$ -	
Total 6100 · Board Meeting Expenses	**43,000.00**	**37,000.00**
6400 · Payroll Preparation Service	**$ 4,200.00**	**4,200.00**
7000 · Office Lease		
7000 · LF Leasing fees	$ -	
7000ML · Monthly Lease	$ 60,357.06	60,357.06
Total 7000 · Office Lease	**60,357.06**	**60,357.06**
7003 · Utilities		
7003EL · Electric	$ 3,200.00	3,200.00
7003GA · Gas	$ 2,000.00	2,000.00
7003SC · Office Security	$ 800.00	800.00
Total 7003 · Utilities	**6,000.00**	**6,000.00**
7010 · Insurance	**$ 12,256.00**	**12,256.00**
7100 · Telephone		
7101 · Cell Phone	$ 2,600.00	2,600.00
7102 · Office Telephone ($ split with Internet fees)	$ 6,800.00	***4,800.00***
Total 7100 · Telephone	**$ 9,400.00**	**7,400.00**
7110 · Office Supplies		
7111 · Office eqip. repair and maint.	$ 1,440.00	1,440.00
7112 · Dues & Subscriptions	$ 960.00	960.00
7113 · Office Furnishing/setup	$ 400.00	400.00
7114 · Office Supplies	$ 6,000.00	***5,000.00***
Total 7110 · Office Supplies	**$ 8,800.00**	**7,800.00**
7115 · Copier/Fax/Print Lease		
7116 · Copier/Fax/Print Maint	$ 1,400.00	2,000.00
7117 · Lease Fee for Copier	$ 3,600.00	3,600.00
Total 7115 · Copier/Fax/Print Lease	**$ 5,000.00**	**5,600.00**
7200 · Bank fees		
7205- Credit card service fees	$ 12,000.00	12,000.00
7207 · NSF Fee	$ 200.00	200.00
7210 · Bank checks and supplies	$ 200.00	200.00
7212-ACH Fee	$ -	-
7213-Ideposit Fee	$ 1,200.00	1,200.00
Total 7200 · Bank fees	**13,600.00**	**13,600.00**
8000 · Trade Show Expense		
8010 · Staff Mileage Trade Show	$ 800.00	***1,500.00***
8011 · Staff Meals/Lodging Trade Show	$ 2,000.00	***1,500.00***
8012 · Trade Show Booth Fees	$ 250.00	250.00
8020 · Trade Show Display	$ 500.00	500.00
Total 8000 · Trade Show Expense	**$ 3,550.00**	**3,750.00**
8100 · Web Expense		
8105 · Web Hosting	$ 2,000.00	2,000.00
8110 · Web Consulting/configure	$ 4,000.00	4,000.00
8116 - Comcast Connection	$ -	***2,400.00***
Total 8100 · Web Expense	**$ 6,000.00**	**8,400.00**
8200 · Computer Expenses		
8210 · Computer Consulting	$ 4,000.00	***2,000.00***
8220 · Computer Software <$500>	$ 1,000.00	1,000.00
8225 · Computer Hardware <$500>	$ 1,100.00	1,000.00
8230 · Computer Maintenance	$ 600.00	600.00
8240 · Database Configuring	$ 10,000.00	***6,000.00***

1/2 time A.A.G at Board meetings as of 7/1/12

Budget moved from Comcast Connection for phone expense

$ moved to office phone--this is Internet fees only

LCB 2011/13 Budget--Original and Amended

Amendment Approved July 24, 2012

	Total 2011-2013 Approved Budget	Amended 2011-13 Budget
Total 8200 · Computer Expenses	**$ 16,700.00**	**10,600.00**
8300 · Professional Services		
8301 · SIBA Lobby - VanNetta/Kafoury	$ 3,000.00	**-**
8302 · Auditing		
8302-IA · Audit- Internal Auditor(Private	$ 4,000.00	***5,600.00***
8302-SS · Auditing- Secretary of State	$ 5,000.00	-
Total 8302 · Auditing	**$ 9,000.00**	**5,600.00**
8303 · Janitorial	$ 4,000.00	4,000.00
8305 · Recycle, Shred & Storage	$ 700.00	700.00
8306 - Rule Filing	$ -	***4,000.00***
Total 8300 · Professional Services	**$ 16,700.00**	**10,300.00**
6999 Uncategorized Expenses	**$ 12,000.00**	**12,000.00**
8900 · Depreciation Expense	**$ 1,000.00**	1,000.00
Total 6000 · Administrative Expenses	**231,563.06**	**207,263.06**
Total Expense	**$ 1,385,586.37**	**1,332,644.82**
Net Ordinary Income	**$ (108,546.37)**	**(83,690.82)**
Other Income/Expense		
Other Income		
9000 · Other Income		
9012 · Discounts Received		
9015 · Interest	$ 8,000.00	8,000.00
9030 · Suspense Income		
Total 9000 · Other Income	$ 8,000.00	8,000.00
Total Other Income	$ 8,000.00	8,000.00
Net Other Income	$ 8,000.00	8,000.00
Net Income	**$ (100,546.37)**	**(75,690.82)**

State Landscape Contractors Board

Fund Balance Report for 2011-13 Governor's Report

	2011-13	2013-15
	Actual	**Projected**
Beginning Balance	407,838.27	330,418.67
Net Income/Loss	(77,419.60)	(69,563.34)
Ending Balance	330,418.67	260,855.33

Current Assets					
	Checking/Savings				
		1010 · Petty Cash			200
		1020 · Cash in Checking			810
		1030 · Cash in Savings			40,000
		1035 · Investment W.C.#63097874			
			1036 · Money Market		102,029
		Total 1035 · Investment W.C.#63097874			102,029
		1037 · Washington Federal Savings			
			1037-01 · CD $35K 10/30/13 064-409477-3		-
			1037-02 · CD $35K 10/29/12 064-409476-5		-
			1037-03 · CD $35K 4/30/13 064-409475-7		-
			1037-04 · CD $20K 10/22/12 064-409589-5		-
			1037-05 · CD $30K 10/22/12 064-409590-3		-
			1037-06 · CD $30K 10/23/13 064-409591-1		-
			1037-MM · Money Market		196,668
		Total 1037 · Washington Federal Savings			196,668
		1045 · Annuities			
			1045-1 · AMN Annuity 14512705-4.4%		-
			1045-2 · NYL Annuity 52066057 3%		-
		Total 1045 · Annuities			-
	Total Checking/Savings				339,708
	Other Current Assets				
		1205 · Allowance for Doubtfull CP			-
		1230 · Accounts Receivable - Per Audit			-
	Total Other Current Assets				-
Total Current Assets					339,708
Fixed Assets					
	1510 · Office Equipment				
		1511 · Computers			25,115
		1511AD · Accum. Depr. Computer			(20,315)
		1520 · Scanner			719
		1520AD · Accum. Depr. Scanner			(719)
		1530 · Printers			899
		1530AD · Accum. Depr. Printer			(899)
	Total 1510 · Office Equipment				4,800
Total Fixed Assets					4,800
					344,508
Liabilities					
	Current Liabilities				
		Accounts Payable			
			2010 · Accounts Payable		22,210
		Total Accounts Payable			22,210
		Other Current Liabilities			
			2050 · Compensated Absence Liability		15,000
		Total Other Current Liabilities			15,000
	Total Current Liabilities				37,210
Total Liabilities					37,210
Equity					
	3000 · Opening Bal Equity				10,857
	3010 · Paid In Equity				67,097
	3900 · Retained Earnings				294,108
	3910 · Prior Period Adjustment				-
	Net Income				(64,763)
Total Equity					307,298
					344,508

State Landscape Contractors Board

Material Changes in budget to actual narrative
for 11/13 and in the 2011/13 budget vs 13/15 biennium

The 2011/13 biennium was a tumultuous one for the State Landscape Contractors Board (LCB). With the lingering recession, licensing fees continued to decrease. The primary cost driver of the agency is staff wages and benefits. Four of the agency's five staff had been with the agency over five years, so all were in higher levels of the compensation structure. The LCB board discussed the agency's budget in several meetings and on July 24, 2012 approved a budget adjustment. Many of the costs adjusted in the budget were to realign them closer to the actual costs. The board also made several changes that impacted staff costs. LCB staff during the second year of the biennium were required to implement furlough days, staff were not eligible for step increases and began paying 5% of their health care costs. The LCB board had not wanted to make those decisions, but with increasing financial pressures, it was in the agency's best interest to implement those changes.

2011/13 Budget to Actual

In looking at the 2011/13 profit and loss report (see Section B of Section II with the actual and budgeted income and expenses for the biennium).There was increased income in the applications/examinations portion of the budget. A significant portion of that was attributable to exam resource material sales. The agency worked with a California author to amend a book and add several new chapters for Oregon. The landscape exams are primarily resourced to the book, so sales are a good indicator of future licensing activity.

Licensing fees were below budget and primarily due to low business applications and renewals. Many of LCB's licensees are one person operations, so the recession eliminated some of those businesses. An individual license requires re-testing, which can be an arduous process, so licensees usually retain their individual licenses but give up business licenses when times are tough. Business licenses require a higher annual license fee, insurance and bond expenses. A business license can easily be reacquired, whereas an individual license that lapses requires passing a number of exams to show proficiency in the trade.

Civil penalty collections were substantially below budget. Civil penalties depend on several factors:

1) the number and type of enforcement actions taken by the agency,
2) the respondent's ability and willingness to pay the penalty, and
3) the agency's collection company's ability to collect accounts assigned to them.

LCB has been working with our private collection agency to improve collections efforts and success. On December 4, 2012 the agency's rules were changed to allow the agency to settle first and second cases of violations. The settlement structure gives the respondent a discount for paying within 30 days. The goal of the rule change was to lower the hearing costs for contested cases and improve the agency's collection rate. Handling cases internally improves the collection efforts and eliminates the need to pay collection agency fees.

Staff wages and payroll taxes were slightly above the anticipated budget. During the bulk of the biennium, the agency had a number of long-term staff so wages were at the top of the classification level. The agency also had some staff turnover and incurred some unemployment expenses due to the staff member leaving. They agency pays unemployment on a cost reimbursement basis, so those costs were not anticipated in the original budget. Due to the staff change, and lower than budgeted health insurance costs, the agency saved about $12,000 from the budget for PEBB insurance costs.

A major, newer expense for the agency is exam resource materials. Those are primarily the costs to purchase the David Sauter, Landscape Construction, Oregon edition book. Due to increased demand, the agency purchased a second printing of the guides in the biennium. Those expenses were approved by the board due to the cost being more than $10,000, which requires board action to approve the expenditure.

Contract Investigator expense is dependent on the number and types of cases reported to the agency. With less landscaping work being done with a slow economy, less work was reported to the agency. Contract investigators are used in areas outside of the LCB staff investigator's ability to serve. During the 2011/13 biennium the LCB investigator worked part time in Redmond/Bend and part time in the Salem area. That gave the agency a great deal of flexibility to follow up without incurring the costs of external, contract investigators.

Interest income was negatively affected by the low returns on investments. The agency liquidated a number of CD investments as they came due. Rather than having investments in very low return investments with penalties for withdrawl, the board decided to move the investments to two money market accounts. Having the money in two institutions ensures that all funds are federally insured and gives the agency liquidity in the event it needs it. Interest income was at historic lows, so this line item was overstated in the original budget.

2011/13 versus 2013/15 budget changes

At the July 24, 2012 board meeting, the board approved a rule change that created a budget amendment. The budget amendment realigned LCB expenses closer to actual, so the 2013/15 budget was based on those revisions. Several line items were overstated

based on historical agency expenses, so the 2012 revision aligned those costs closer to historic expense levels.

Looking at LCB revenue in the 2013/15 budget as compared to the 2011/13 budget, there were several assumptions or changes:

- Applications/examinations income was projected with minor growth based on some sense of increased licensing demand but being conservatives about changes within the economy that affect licensure.
- Licensing fees were projected based on actual licensing numbers in the past biennium with modest growth for new licensing. Oregon's economy was improving but the agency didn't want to over estimate the impact on licensing income.
- Enforcement collections were projected based on actual collections in the previous biennial budget. Collections have been significantly less than budgeted in the past 2 bienniums.

There were several expense items that differed from the previous biennium.

The salaries expense in the 2013/15 budget reflected a staffing cut from five full time staff to 4.5 in the first year of the biennium. The adopted budget included reducing the agency's investigator/mediator position to half time in the second year of the biennium. The board was dedicated to keeping that position full time if the budget was going to allow it. The positions included in the LCB 2013/15 budget were:

1.0	FTE	Administrator
1.0	FTE	Program Manager
1.0	FTE	Investigator/mediator (.5 FTE in 2014/15)
1.0	FTE	Licensing Specialist (Administrative Specialist 1)
.5	FTE	Administrative Specialist 2

The LCB Board approved keeping the investigator/mediator position full time throughout biennium at November 15, 2013 board meeting.

The 2013/15 budget changes included:

- No furlough days but staff continuing to pay 5% of health insurance costs.
- Staff would be eligible for step increases each of the two years of the biennium.
- Health care costs are estimated to increase 10% each year of the biennium.
- PERS costs are estimated at 20.49% (based on 14.49% employer rate plus 6% employee pick up) rates each year of the biennium.

One of the major changes in the 2013/15 budget were in the postage costs section for the state mail assessment. The cost estimate wasn't received until after biennium began, so the budget estimate was $20,000 more than what the actual cost will be. The LCB board will modify the agency budget mid-biennium with other changes to more closely reflect actual costs.

The lien filing fees line item has increased due to the agency becoming more aggressive in filing liens against debts owed. Staff are working with Cascade Collections to use liens as a collection tool for property, bank balances, cash drawers and other assets.

The Investigations expense categories are higher than the past biennium. Due to a retirement, the agency has a new investigator/mediator. With the staff change, the improving economy and the agency planning to use more tools and contract investigators to find illegal landscaping work and taking legal action, these expenses were increased $15,000 over the previous biennium.

The board expenses items were Increased due to one new southern oregon board member and one from central Oregon. Having board members from outside of the Salem/Portland metro area increases travel, lodging and meal costs due to the travel associated with coming to meetings from more distant areas.

The agency's office lease was renegotiated in August 2013—after the agency's budget was adopted. Budgeted lease costs were estimated by 2013 lease rates, but the agency negotiated a better rate, so that line item will be modified mid-biennium with other revenues and expenses based on agency experience in the first year of the biennium.

The agency's computer equipment needed some upgrades. The 2013/15 budget includes three new desktop systems for staff and a new server. The agency's server is over 5 years old and the $5,000 upgraded the equipment and software.

The board reviewed the budget early in the 2013/15 biennium and is projecting some changes due to existing staff levels, early indications of improving licensing activity and other cost savings. One of the changes is that the agency hired two new employees, which changed the salaries expense. The $20,000 overestimate for state mail charge needs to be allocated or offset the agency's projected net loss. Based on the first few months of the biennium, the agency is projecting a brighter financial position and may end up being closer to break even at the end of the 2013/15 biennium.

State Landscape Contractors Board

2011-13 Budget Adoption Process

The first draft budgets were presented to the board at their March 18, 2011 board meeting. Due to decreasing income, the administrator developed a number of budget scenarios for the board's consideration The board approved one of the budget scenarios to be moved forward to rule making.

The budget rule notice was filed on April 15, 2011. The rule notice was sent to an on-going list of interested parties, all agency licensed individuals and businesses. The rule hearing notice was also posted on the agency's website for anyone interested in reviewing and commenting on the proposed budget.

A rulemaking hearing was held on May 20, 2011. Two stakeholders attended the hearing One represented Oregon Landscape Contractors Association (OLCA), the industry trade association. The other attendee represented APLD and ANLD, which both represent landscape designers.

The board met on June 16, 2011 via conference call and adopted OAR 808-001-0008, which is the agency's budget rule.

The permanent administrative rules were filed on June 17, 2011 with a June 17, 2011 effective date.

Since the LCB is a semi-independent agency, the budget isn't filed with the Secretary of State or Legislative Counsel. The agency's board has the authority to independently approve and adopt a biennial budget, while follow the rule making process.

Account #	Title	Fee as of 6/30/2009	Fee as of 6/30/2011	Fee as of 6/30/2013	Fee as of 6/30/2015 (LCB board hasn't discussed any fee increases)
4005	LCP (individual) application fee	$75	$100	$100	$100
4005ME	Managing Owner/Employee Application fee	$30	$60	$60	$60
4005P	Probationary	$50	$75	$75	$75
4109	Business Application Fee	$75	$150	$150	$150
4110	New Business License Fee	$225	$260	$260	$260
4115	Business Renewal Fee	$225	$260	$260	$260
4120	New Individual License fee	$75	$95	$95	$95
4125	Individual license renewal	$75	$95	$95	$95
4127	Reinstatement Fee	$0	$30	$50	$50
4130	Late Fee	$25	$35	$35	$35
4129	Change in Status Fee	$0	$0	$50	$50

State Landscape Contractors Board of Oregon

July 1, 2011 through June 30, 2013 Rule Amendments

Planting on Structures	
Notice of Rulemaking Hearing	4/15/2011
Rule Hearing	5/20/2011
Board Adopted	7/15/2011
Filed with SOS	7/26/2011
Effective Date	8/1/2011

Modifies the definition of landscaping work to clarify that preparation of property includes installing root penetration materials and placement of containers and pots that require the use of power equipment to move. Landscaping work does not include structural work, waterproofing, waterproofing materials or other materials that involve the building envelope. These changes were intended to address planting on structures.

AMEND: 808-002-0455, 808-002-0500

Containers/Pots/Planters	
Notice of Rulemaking Hearing	4/15/2011
Rule Hearing	5/20/2011
Board Adopted	7/15/2011
Filed with SOS	7/26/2011
Effective Date	8/1/2011

Changes the definitions of casual, minor or inconsequential and landscape maintenance to allow for the planting of outdoor pots and containers that are part of a structure or a container that can be moved with power equipment. Landscape maintenance includes planting outdoor pots and containers that can be moved without power equipment.

AMEND: 808-002-0200, 808-002-0620

Managing Employee	
Notice of Rulemaking Hearing	4/15/2011
Rule Hearing	5/20/2011
Board Adopted	7/15/2011
Filed with SOS	7/26/2011
Effective Date	8/1/2011

Clarifies the requirements of a managing employee and the managing owner. Also adds civil penalties for breaches of these requirements.

ADOPT: 808-030-0015, 808-030-0018
AMEND: 808-003-015, 808-003-0010, 808-005-0020

2011-2013 Budget	
Notice of Rulemaking Hearing	4/15/2011
Rule Hearing	5/20/2011
Board Adopted	6/16/2011
Filed with SOS	6/17/2011
Effective Date	6/17/2011
Adopted the agency's 2011-13 budget. **AMEND**: 808-001-0008	

Contract Requirements—Temporary Rule	
Notice of Rulemaking Hearing	N/A
Rule Hearing	N/A
Board Adopted	N/A
Filed with SOS	1/27/2011
Effective Date	1/28/2011
Removes the requirement for landscaping contracts and subcontracts to include the name and license number of any subcontractor and a description of landscaping work. **AMEND**: 808-002-0020	

Contract Requirements	
Notice of Rulemaking Hearing	4/15/2011
Rule Hearing	5/20/2011
Board Adopted	6/16/2011
Filed with SOS	6/17/2011
Effective Date	6/17/2011
Adds requirement to show intention to subcontract work t contract standards. . **AMEND**: 808-002-0020 **REPEAL**: 808-002-0020(t)	

Planting License	
Notice of Rulemaking Hearing	10/13/2011
Rule Hearing	11/28/2011
Board Adopted	Not adopted
Filed with SOS	N/A
Effective Date	N/A

Proposed to add a new Planting license option and outlined the changes to the exam process and licensing rules.

AMEND: 808-003-0035, 808-003-0040, 808-003-0040, 808-003-0060, 808-003-0045

CEH Streamlining	
Notice of Rulemaking Hearing	10/13/2011
Rule Hearing	11/28/2011
Board Adopted	12/15/2011 & 3/16/2012
Filed with SOS	12/29/2011 & 3/30/2012
Effective Date	1/1/2012 & 4/1/2012

Reduced the number of continuing education hours required. Also eliminated the minimum number of hours by category, clarified volunteer hour credit.

AMEND: 808-040-0020, 808-040-0080, 808-040-0025

Reinstatement Fee	
Notice of Rulemaking Hearing	7/14/2011
Rule Hearing	8/24/2011
Board Adopted	9/16/2011
Filed with SOS	12/29/2011
Effective Date	1/1/2012

Added a fee to convert a license status other than at renewal for $50 and increased reinstatement fee to $50.

AMEND: 808-003-0130

Adopt new AG Model Rules Manual	
Notice of Rulemaking Hearing	3/15/2012
Rule Hearing	N/A
Board Adopted	5/18/2012
Filed with SOS	5/30/2012
Effective Date	6/1/2012
Amended agency rules to reflect changes to the Attorney General's model rules. **AMEND**: 808-001-0005	

Documentation for license renewal	
Notice of Rulemaking Hearing	3/14/2012
Rule Hearing	N/A
Board Adopted	5/18/2012
Filed with SOS	5/30/2012
Effective Date	6/1/2012
Clarified the documentation needed to renew a license with the agency. **AMEND**: 808-003-0230	

Construction Materials—Artificial Turf	
Notice of Rulemaking Hearing	4/10/2012
Rule Hearing	5/22/2012
Board Adopted	7/20/2012
Filed with SOS	8/2/2012
Effective Date	8/2/2012
Added synthetic turf as a type of construction material. **AMEND**: 808-002-0050	

Extend CEH Post Approval Deadline—Temporary Rule	
Notice of Rulemaking Hearing	3/30/2012
Rule Hearing	N/A
Board Adopted	N/A
Filed with SOS	3/30/2012
Effective Date	4/1/2012

Extended deadline from 30 to 180 days for post approval of CEH courses.

AMEND: 808-040-0050

Extend CEH Post Approval Deadline	
Notice of Rulemaking Hearing	4/10/2012
Rule Hearing	5/22/2012
Board Adopted	7/20/2012
Filed with SOS	8/2/2012
Effective Date	8/2/2012

Replaced temporary rule to extend deadline from 30 to 180 days for post approval of CEH courses.

AMEND: 808-040-0050

REPEAL: 808-040-0050(t)

2011-13 Budget Amendment	
Notice of Rulemaking Hearing	6/5/2012
Rule Hearing	7/23/2012
Board Adopted	7/24/2012
Filed with SOS	8/2/2012
Effective Date	8/2/2012

Amended the 2011-13 budget to reflect changes—added furlough days, 5% health insurance reimbursements and no step increases for LCB staff in second year of biennium. Adjusted other expense categories to more closely reflect anticipated actual expenses.

AMEND: 808-001-0008

Bond Coverage, Worker's Comp, Change Orders, Probationary Apps, Qualifications, Planting on Structures	
Notice of Rulemaking Hearing	10/13/2011
Rule Hearing	11/28/2011
Board Adopted	12/15/2011
Filed with SOS	12/29/2011
Effective Date	1/1/2012

A variety of rule changes to clarify bond coverage applies to backflow assemblies, irrigation control and landscape lighting; nonexempt businesses must verify leasing company worker's comp coverage; contracts requiring a materials description and change orders need to be made in writing; probationary applicant can reapply and carry forward unexpired exam scores; amended qualifications for licensure; removed the requirement for managing employees to be full time employees.

ADOPT: 808-002-0390, 808-003-0620, 808-003-0126

AMEND: 808-004-0320, 808-003-0015, 808-003-0090, 808-005-0020, 808-002-0020, 808-003-0030, 808-003-0065, 808-003-0025, 808-002-0625, 808-003-0040,

REPEAL:

Teaching CEH, Contacts with other Licensees, Settling Penalties, Penalty for Misleading Statements	
Notice of Rulemaking Hearing	8/13/2012
Rule Hearing	9/25/2012
Board Adopted	11/16/2012
Filed with SOS	12/4/2012
Effective Date	12/4/2012

Clarified the rule to claim teaching time for CEH credit; changed the requirements for contracting with other licensed businesses; allowed the agency to settle first and second violations; created a civil penalty for businesses making misleading statements in their advertising.

AMEND: 808-040-0025, 808-040-0050, 808-040-0060, 808-002-0020, 808-005-0020

Patio Definition	
Notice of Rulemaking Hearing	10/10/2012
Rule Hearing	11/28/2012
Board Adopted	1/17/2013
Filed with SOS	1/29/2013
Effective Date	2/1/2013
Clarifies the definition of patio to include fire pits, wood burning ovens , etc. **ADOPT**: 808-002-0765	

2013-15 Budget	
Notice of Rulemaking Hearing	3/27/2013
Rule Hearing	5/22/2013
Board Adopted	6/20/2013
Filed with SOS	6/21/2013
Effective Date	7/1/2013
Adopted the agency's 2013-15 biennial budget. **AMEND**: 808-001-0008	

Exam Titles	
Notice of Rulemaking Hearing	3/14/2013
Rule Hearing	N/A
Board Adopted	5/17/2013
Filed with SOS	5/31/2013
Effective Date	6/1/2013
Change the exam section titles to more closely reflect the exam content. **AMEND**: 808-003-0045, 808-003-0060	

State Landscape Contractors Board
2011-13 Consumer Protection Activities

The State Landscape Contractors Board provides a variety of services and communications designed to educate and inform consumers about license requirements and benefits. As a state licensing agency, our primary purpose is consumer protection and the agency focuses its services, communications and activities to protect Oregonians purchasing landscaping services, or landowners who could be affected by landscaping work. Here is an overview of the agency's consumer projection activities.

The agency offers a high quality **website** that is continuously updated with relevant information for licensees and the public. One of the major stakeholder groups that visits our website is landscape maintenance businesses and their customers. Landscape maintenance work is unregulated, so the agency strives to maintain current, accurate information about what work unlicensed individuals can perform. When consumers call with complaints about landscape maintenance businesses, the agency educated them on the legal requirements and refers the caller to the Department of Justice's Consumer Hotline for follow up if needed.

The agency attends several consumer and licensee **trade shows** to educate consumers about license requirements and benefits. LCB also educates licensees about legal requirements. Shows are offered in Portland, Salem, Redmond and Southern Oregon. Depending on staff availability and budget, LCB staff attend these informational events.

LCB licensees are required to earn **continuing education credits (CEH),** which ensures that they stay current in latest trends, laws and practices. Some licensees use this legal requirement to enhance their skills, abilities and knowledge and ensure that their business stays on the cutting edge of landscaping practices.

The agency has a trifold **"Consumer Protection" brochure** that it offers at the office, on the agency's website and at trade shows. It's designed to offer consumers information about Oregon's legal requirements, how to gather information about a prospective contractor and how to plan for a successful landscaping project.

Facebook is the first social marketing tool being used by the agency. With staff changes, the agency is still working to effectively use this tool to educate and inform consumers.

The LCB's website offers a **license search** function. A consumer or other interested party can search for a licensed business by name, zip code, city, or other parameters. The search brings up licensed businesses and identifies the LCP (individual licensee) affiliated with the business. Enforcement actions against the business are available on the website and users are encouraged to call the agency about the business' claim history.

This allows agency staff to explain the claims process and give more detailed information about the nature of any claims.

LCB staff routinely answers **phone and email inquiries** about licensees, alleged breeches of the law and consumer complaints. Those inquiries are responded to in a timely manner with any forms required for further action to be available on the website, or mailed to the party.

State Landscape Contractors Board

2011-13 Licensing Activities and Disciplinary Actions

The attached spreadsheet gives the biennial data for the agency's licensing, enforcement and claims activities. With the on-going recession, this biennium saw low licensing activity due to the limited business available in the market place. The next sections will give an overview of the trends and changes in the attached data.

Number of Licensees: The agency saw a decrease in the number of individual licensees in this biennium, but the decrease began to level off as compared to the previous biennium. The number of individual licensees saw a 3% decrease, while the number of business licensees was virtually the same.

License Applications: The second half of the biennium saw an increase in licensing activity as consumer confidence rose and homeowners began investing in home improvements. Commercial construction was increasing as well. For the overall biennium, the agency had a 86% increase in individual license applications and 49% in business applications.

Number of Exams: During the biennium the LCB board changed the qualifications standards for licensure, which broadened the level of acceptable experience to qualify for the exam. The board also implemented changes to the exam in April 2013. The changes included open book tests and additional time for applicants' whose primary language is not English. The increased number of applicants didn't translate to exams taken due to timing. Landscaping is a seasonal business in Oregon. Summer is the primary work season for licensees and a individual landscape license application is good for two years. Applicants wouldn't begin testing until Fall or Winter, after the work season is over. They usually apply earlier, but the exam process is time intensive, so the 2013-15 numbers will show the increased examination activity.

Time for application to licensure: Individual licensees (LCPs) apply for a license and then are required to pass exams to become licensed. Their applications are good for a two year period, so many of them take a number of months to pass the exams. The 2013-15 average was 8.2 months, which is a bit less than the June 2007 report, and longer than the 2011 report. When the economy is slow and there isn't work available, there is less incentive to quickly complete the licensing process. Business licenses require: 1) a LCP (individual), 2) insurance, 3) bond, 4) assumed business name registration with the Secretary of State and 5) worker's compensation insurance if the business has employees. Most business applicants submit applications when they have most or all of the pieces in place to get licensed. The average time has been stable over the last three biennia—12 days from application to licensure.

Claims: Claims are consumer complaints against a licensed landscape contracting business. Claims activity is difficult to forecast. One variable is the amount of landscaping work being done overall. Another variable is the amount of unsatisfactory work or lack of payment for supplies and labor. Claims activity was the highest in the biennium ending June 2009. The numbers have decreased in each biennium since then. Each biennium saw a decrease of more than 30%. There isn't any strong indicator of claims activity in the agency's experience. The LCB receives consumer complaints via phone and encourages consumer to file complaints to resolve the dispute.

A claim filing has a number of steps. Upon receipt the agency notifies the licensee of the complaint and provides all of the information submitted. If the dispute isn't resolved after the initial notification, the agency's Investigator/Mediator offers mediation to attempt to settle the matter. If that's not successful the Investigator/Mediator then makes recommendations. If either party disagrees with the recommendations the matter is sent to the Office of Administrative Hearings for either arbitration or a contested case hearing.

Compliance/enforcement: These cases involve violations of the agency's statues or rules. These numbers depend on volume of landscaping work happening overall, the number and quality of reports to the agency and the ability of the agency to gather strong evidence to support the case. Like claims, the number of enforcement cases in this biennium was substantially less than the previous biennium. The agency settles the matters in a number of ways:

- Respondent pays the civil penalty
- Respondent signs a settlement agreement/stipulated order for a lesser penalty
- License suspension
- Withdrawl of the case
- Refuse to renew a license
- Revocation of a license
- Refuse to issue (a new license)

Over 40% of the agency's cases were dismissed. The bulk of those were advertising cases where the agency couldn't locate the infractor or the wrong person was contacted (due to relying on phone records). Cases are also dismissed when the agency doesn't have enough evidence to support a case. Sometimes that's when homeowners refuse to cooperate or there are other mitigating factors affecting the agency's ability to make a case.

Agency hearing costs were increasing at an alarming rate. In order to control those costs and provide another option for respondents, other than requesting a hearing to resolve the matters, the agency's board approved a rule change allowing agency staff to settle first and second violations of contested cases. The agency's settlement protocol gives

respondents a discount for paying the penalty within 30 days of signing the stipulated order. So far, the experience is showing that this is a successful way to handle cases.

The amount of time to close a compliance cases differs dramatically between licensed and unlicensed individuals/businesses. Licensees are required to maintain current addresses with the agency—that makes it easy to serve legal notice to them. With unlicensed respondents the agency may need to serve the notice more than once due to not having an accurate address.

Agency data is gathered primarily from the licensing database for this report. The database is used to handle all of the agency's licensing, claims and compliance data. The data provided in this report is for all licensing activities in the 24 month biennium, as well as any enforcement and claims cases closed in the 24 mont period.

Section 5	June 2005	June 2007	% Change	June 2009	% Change	June 2011	% Change	June 2013	% Change
Actively licensed landscape construction professional individuals	1462	1590	9%	1630	3%	1,396	-14%	1,353	-3%
Actively licensed landscape businesses	1174	1227	5%	1240	1%	1,159	-7%	1,164	0%
(a) The number of license applications;	**382**	**557**	**46%**	**700**	**26%**	**284**	**-59%**	**454**	**60%**
Individual licenses	203	281	38%	415	48%	85	-80%	158	86%
Business licenses	179	276	54%	285	3%	199	-30%	296	49%
(b) The number of licenses issued; (total)	**292**	**505**	**73%**	**399**	**-21%**	**333**	**-17%**	**308**	**-7%**
Individual licenses	108	206	91%	122	-41%	135	11%	154	14%
Business licenses	184	299	63%	277	-7%	198	-29%	154	-22%
(c) The number of examinations conducted;	**2145**	**4754**	**122%**	**4087**	**-14%**	**3,052**	**-25%**	**1,011**	**-67%**
Laws and rules	382	751	97%	674	-10%	530	-21%	183	-65%
General A exam	373	906	143%	711	-22%	463	-35%	162	-65%
General B exam	318	691	117%	518	-25%	367	-29%	134	-63%
General C exam	211	464	120%	415	-11%	331	-20%	110	-67%
General D exam	309	743	140%	588	-21%	510	-13%	164	-68%
Backflow	253	572	126%	570	0%	427	-25%	132	-69%
Irrigation	299	627	110%	611	-3%	424	-31%	126	-70%
(d) The average time between application for and issuance of licenses (months);									
Landscape Construction Professional (individual)	3.7	8.6	132%	5.6	-35%	6.3	13%	8.2	30%
Landscape Contracting Business	0.3	0.3	0%	0.4	33%	0.4	-3%	0.4	3%
(e) The number and types of complaints received about persons holding licenses; (total)=> CLAIMS (complaints from consumers): Dispute Resolution	**123**	**182**	48%	**219**	20%	**140**	-36%	**32**	-77%
Employee		2		3	50%	6	100%	2	-67%
Material Supplier	30	39	30%	88	126%	53	-40%	33	-38%
Owner (Breach of Contract/Negligent work)	88	132	50%	121	-8%	77	-36%	57	-26%
Lien (new ability to accept 2007)				1		-	-100%	1	#DIV/0!
Subcontractor	5	9	80%	6	-33%	4	-33%	2	-50%
(f) The number and types of "CLAIM" investigations conducted	**123**	**182**	48%	**219**	20%	**140**	-36%	**95**	-32%
Onsite Investigation (Owner Claims)	59	97	64%	37	-62%	2	-95%	9	350%
Administrative (Office process investigaton-includes mediation)	64	85	33%	182	114%	138	-24%	86	-38%

Section 5	June 2005	June 2007	% Change	June 2009	% Change	June 2011	% Change	June 2013	% Change
(g) The number and types of resolutions of complaints (Claims);	**126**	**160**	27%	**198**	24%	**130**	-34%	**95**	-27%
Onsite Mediation Resolution	36	63	75%	36	-43%	N/A	#VALUE!	23	#VALUE!
Dismissed/Untimely filed/Claimant failed to respond	23	24	4%	36	50%	42	17%	31	-26%
Referred to OAH	4	1	-75%	3	200%	N/A	#VALUE!	6	#VALUE!
P.O. issued; paid by Bond	16	8	-50%	18	125%	25	39%	20	-20%
P.O. issued; paid by Landscape Contracting Business	3	25	733%	38	52%	18	-53%	5	-72%
P.O. issued; Bond Exhausted	9	4	-56%	23	475%	1	-96%	5	400%
Claimant Withdrew	21	1	-95%	5	400%	1	-80%	1	0%
Parties resolved independently	14	34	143%	39	15%	43	10%	13	-70%
(g-2) The number of days between beginning a CLAIM investigation and reaching a resolution (in days)	**90.05**	**150.6**	67%	**133.98**	-11%	**155**	16%	**146**	-6%
(h-1) The number and type of COMPLIANCE sanctions imposed against Licensed; (total)	**132**	**420**	218%	**614**	46%	**779**	27%	**361**	-54%
Civil penalty	9	37	311%	154	316%	217	41%	46	-79%
Settlement agreement (Stipulated order as of 12/4/13)	34	68	100%	90	32%	28	-69%	44	57%
Suspended license(business or individual)	25	183	632%	263	44%	345	31%	107	-69%
Withdrew/Dismissed	52	71	37%	22	-69%	159	623%	149	-6%
Closed; No violation	3	15	400%	64	327%	10	-84%	-	-100%
Closed; Informational letter issued	6	37	517%	1	-97%	-	-100%	-	#DIV/0!
Refuse to renew	3	9	200%	19	111%	13	-32%	13	0%
Revocation (new in 2009-11)	0	0	0%	0	0%	4	#DIV/0!	2	-50%
Refuse to issue	0	0		1		3	200%	-	-100%
(h-2) The number and type of COMPLIANCE sanctions imposed against Un-Licensed (total)	**157**	**455**	190%	**451**	-1%	**453**	0%	**194**	-57%
Civil penalty	42	93	121%	165	77%	125	-24%	50	-60%
Settlement agreement (Stipulated order as of 12/4/13)	57	227	298%	208	-8%	208	0%	105	-50%
Withdrew/Dismissed	9	44	389%	17	-61%	81	376%	30	-63%
Closed; No violation (includes cannot locates)	24	52	117%	34	-35%	18	-47%	9	-50%
Closed; Informational letter issued	24	32	33%	24	-25%	14	-42%	-	-100%
Refuse to issue	2	7	250%	3	-57%	7	133%	-	-100%
(i-1) The number of days between beginning a Compliance investigation and reaching a resolution: Licensed (in days)	**40.63**	**35**	-14%	**31.5**	-10%	**20**	-37%	**23**	15%
(i-2) The number of days between beginning a Compliance investigation and reaching a resolution: Un-Licensed (in days)	**59.23**	**73**	23%	**59.5**	-18%	**45**	-24%	**45**	0%

Agency Name: State Landscape Contractors Board

Biennia	Positions-close of biennium	FTE	Board Meetings	Approximate # Licensees on June 30 close of biennium		Board Stipend	Director Salary $/Month on 6/30 close of biennium
				Individuals	Firms/ Business		
Example	5	4.50	12	2,777	589	$30/a day	$4,937
2003-2005	4	3.50	12 face to face	1,462	1,174	$30/a day	$4,099
2005-2007	8	7.50	12 face to face	1,590	1227	$30/a day	$4,937
2007-2009	6	5.50	12 face to face; 10 Telephone	1,630	1240	$30/a day	$6,045
2009-2011	6	5.50	12 face to face; 10 Telephone	as of 6/21/10: 1,548	as of 6/21/10: 1,225	$30/a day	$6,349
2011-2013	4	4.00	11 face to face; 3 Telephone	as of 7/3/13: 1,353	as of 7/3/13: 1,164	$30/a day	$6,349

2011-13 Biennium notes: The agency changed the qualifications for licensure to broaden the types of experience that allowed an individual to qualify to take the landscaping exams and become license. In April 2013 the board made the exams all open book (except for backflow which is a plumbers exam and allowed extra time for candidates who's primary language isn't English.