

**Pursuant to ORS 182.472,
as Revised by HB 2029 of the
73rd Legislative Assembly,
A Report Encompassing the Work of the
Board from 7/1/2005 to 6/30/2007**

Submitted by the
OREGON STATE BOARD
OF
GEOLOGIST EXAMINERS

to

**The Governor,
The President of the Senate,
The Speaker of the House of Representatives, and
The Legislative Fiscal Office**

December 31, 2007

Prepared by:
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Administrator
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1

Introduction

2

Audit

3

Budget Information

4

Fees

5

Rulemaking Process

6

Consumer Protection

7

Licensure Activities

8

Enforcement Activities



Oregon

Theodore R. Kulongoski, Governor

State Board of Geologist Examiners

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Salem, OR 97302

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ABOUT THIS REPORT

1

This Report reflects the activities of the Oregon State Board of Geologist Examiners (OSBGE) from July 1, 2005 to June 30, 2007. The Board convened ten times during this two year period. Quarterly meetings were scheduled for each year, but additional special meetings convened to discuss the draft budget and to take action on a special compliance case.

The current Board membership list can be found on the page following. During this biennial reporting period, three Board appointments occurred when the following individuals completed terms:

- William Orr, RG, served the Board from 1/25/1999 to 11/17/2005
- David Michael RG, CEG, served the Board from 11/18/1999 to 11/17/2005
- Gary Peterson, RG, CEG, served the Board from 10/01/2000 through 12/31/2006

Loosing these three individuals with their wealth of knowledge and experience was sad, but with new Board Members come new ideas and new opportunities. Dr. Stephen Taylor, RG, began his term 11/18/2005 and has been instrumental in the numerous outreach efforts reflected under tab 6, Consumer Protection.

During this period of time, the State of Washington became engaged in the Engineering Geology examination jointly prepared with Oregon. This joint venture is proving very beneficial to both states and the CEG Board Members play a critical role in this process.

OSBGE and the Oregon State Landscape Architect Board joined together sharing staff and office space. The biennium was a successful year for both Boards with staff willing to carry out the direction of the Board. This contract arrangements provides for two full time employees that can respond to the public's needs for both Boards.

As the preparer of this report, please do not hesitate to call me should you have questions about any part of this report.

Respectfully presented,

Susanna R. Knight
Administrator

OREGON STATE BOARD OF GEOLOGIST EXAMINERS

1193 Royvonne Avenue SE, #24, Salem, Oregon 97302
Phone (503) 566-2837 Fax (503) 485.2947 Email: osbge.info@state.or.us

November 1, 2007

Susanna R. Knight, Administrator

Christopher C. Humphrey, RG, CEG
Bus: H.G. Schlicker & Associates, INC.
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Oregon City, OR 97045
(503) 655-8113
Fax: (503) 655-8173
Email: humphrey@teleport.com

Terms: 11/18/2005 to 11/17/2008

Vicki S. McConnell, PhD, RG
State Geologist
Bus: Department of Geology and
Mineral Industries
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Portland OR 97232
(971) 673-1550
Fax: (971) 673-1562
Email: vicki.mcconnell@dogami.state.or.us

Terms: Ex-Officio

Allen W. Morris, Public Member
Bus: (503) 266-7844
Email: allenmorris33@aol.com

Terms: 3/22/2004 to 1/24/2005
1/25/2005 to 1/24/2008

Stephen B. Taylor, PhD, RG
Board Vice Chair
Bus: Western Oregon University
Earth & Physical Sciences Department
345 North Monmouth Avenue
Monmouth, OR 97631
(503) 838-8398
Fax: (503) 838-8072
Email: taylor@s@wou.edu

Terms: 11/18/2005 to 11/17/2008

Rodney J. Weick, RG, CEG
Bus: Department of Environmental Quality
2020 SW Fourth Avenue
Portland, OR 97201
(503) 229-5886
Fax: (503) 229-3957
email: weick.rodney.j@deq.state.or.us

Term: 1/1/2007 to 12/31/2009

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AUDIT INFORMATION

The Secretary of State's Office released one audit and it is reflected in this section of the report.

- ✓ A financial audit "For the Two Years Ended June 30, 2005" [Report No. 2006-22, August 31, 2006].

An audit of the 7/1/2005 to 6/30/2007 biennium is scheduled to commence on 1/8/2008.

Report No. 2006-22

August 31, 2006



Secretary of State Audit Report

State of Oregon

State Board of Geologist Examiners

A Semi-Independent Agency

For the Biennium Ended June 30, 2005

Contract Auditor: Merina & Company, LLP

State of Oregon

State Board of Geologist Examiners

A Semi-Independent Agency

For the Biennium Ended June 30, 2005

OFFICE OF THE
SECRETARY OF STATE
Bill Bradbury
Secretary of State



AUDITS DIVISION
Charles A. Hibner
Director

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Auditing for a Better Oregon

The Honorable Theodore R. Kulongoski
Governor of Oregon
254 State Capitol
Salem, Oregon 97301

The Board of Directors
State Board of Geologist Examiners
1193 Royvonne Avenue SE, No. 24
Salem, Oregon 97302

This report contains audited financial statements of the State Board of Geologist Examiners, a semi-independent agency of the State of Oregon, as of and for the Biennium ended June 30, 2005, and a report on its internal control over financial reporting and on compliance with applicable laws, regulations and contracts. The audit was performed by Merina & Company, LLP for the Secretary of State Audits Division.

OREGON AUDITS DIVISION

Charles A. Hibner, CPA
Director

**STATE BOARD OF
GEOLOGIST EXAMINERS**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA**

For the Biennium Ended
June 30, 2005
with
Independent Auditors' Report

**MERINA
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

5499 AMY STREET • WEST LINN, OR 97068
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TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report.....	1
<u>Basic Financial Statements</u>	
Statement of Net Assets	2
Statement of Activities.....	3
Balance Sheet – Governmental Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual	6
<u>Notes to the Basic Financial Statements</u>	7
OTHER REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12

INDEPENDENT AUDITORS' REPORT

Board of Directors
State Board of Geologist Examiners
1193 Royvonne Avenue SE, #24
Salem, Oregon 97302

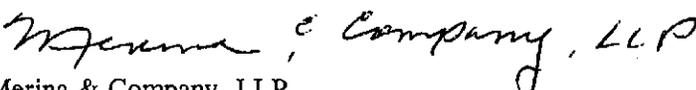
Charles A. Hibner, Director
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

We have audited the accompanying financial statements of the governmental activities and the special revenue fund of the State Board of Geologist Examiners, a semi-independent agency of the State of Oregon, as of and for the two years ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the State Board of Geologist Examiners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the State Board of Geologist Examiners as of June 30, 2005, and the respective changes in financial position, and the respective budgetary comparison statement for the special revenue fund for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2006 on our consideration of the State Board of Geologist Examiners' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report is separately presented in the Other Reports section as listed in the table of contents.


Merina & Company, LLP
West Linn, Oregon
June 9, 2006

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 156,329
Accounts receivable	<u>21,000</u>
Total assets	<u>\$ 177,329</u>
LIABILITIES:	
Compensated absences	<u>1,100</u>
Total liabilities	<u>1,100</u>
NET ASSETS:	
Unrestricted	<u>176,229</u>
Total net assets	<u>176,229</u>
Total liabilities and net assets	<u>\$ 177,329</u>

The accompanying notes are an integral part of these financial statements

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF ACTIVITIES
For the Biennium Ended June 30, 2005

	<u>Expenses</u>	Net Revenue (Expenses) and Changes in Net Assets
EXPENSES:		
Governmental activities:		
Licensing	\$ 236,825	\$ (236,825)
Total program expenses		<u>(236,825)</u>
GENERAL REVENUES:		
General revenues:		
Licenses and fees		250,174
Administration fees		21,000
Interest income		3,167
Other income		<u>1,363</u>
Total general revenues		<u>275,704</u>
Change in net assets		38,879
NET ASSETS, BEGINNING		<u>137,350</u>
NET ASSETS, ENDING		<u><u>\$ 176,229</u></u>

The accompanying notes are an integral part of these financial statements

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2005

	Total Governmental Fund
ASSETS:	
Cash and cash equivalents	\$ 156,329
Accounts receivable	<u>21,000</u>
Total assets	<u>\$ 177,329</u>
LIABILITIES AND FUND BALANCE:	
Compensated absences	<u>\$ 1,100</u>
Total liabilities	<u>1,100</u>
FUND BALANCE:	
Unreserved	176,229
Total fund balance	<u>176,229</u>
Total liabilities and fund balance	<u>\$ 177,329</u>

The accompanying notes are an integral part of these financial statements

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
For the Biennium Ended June 30, 2005

	Total Governmental Fund
REVENUES:	
License and fees	\$ 250,174
Administration fees	21,000
Interest income	3,167
Other income	1,363
	<hr/>
Total revenues	275,704
	<hr/>
EXPENDITURES:	
Personal services	131,530
Service and supplies	105,295
	<hr/>
Total expenditures	236,825
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Revenues over (under) expenditures	38,879
	<hr/>
FUND BALANCE, BEGINNING	137,350
	<hr/>
FUND BALANCE, ENDING	<u>\$ 176,229</u>

The accompanying notes are an integral part of these financial statements

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Biennium Ended June 30, 2005

	Biennial	Actual			Variance
	Budget				Positive
	Original				(Negative)
	& Final	FY 2004	FY 2005	Biennial	
REVENUES:					
License and fees	\$ 227,452	\$ 124,333	\$ 125,841	\$ 250,174	\$ 22,722
Administration fees	-	-	21,000	21,000	21,000
Interest income	-	1,269	1,898	3,167	3,167
Other income	14,296	332	1,031	1,363	(12,933)
Total revenues	241,748	125,934	149,770	275,704	33,956
EXPENDITURES:					
Personal services	136,712	64,777	66,753	131,530	5,182
Service and supplies	113,147	55,836	49,459	105,295	7,852
Total expenditures	249,859	120,613	116,212	236,825	13,034
Revenues over (under) expenditures	(8,111)	5,321	33,558	38,879	46,990
FUND BALANCES, BEGINNING	100,500	137,350	142,671	137,350	36,850
FUND BALANCES, ENDING	<u>\$ 92,389</u>	<u>\$ 142,671</u>	<u>\$ 176,229</u>	<u>\$ 176,229</u>	<u>\$ 83,840</u>

The accompanying notes are an integral part of these financial statements

STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
For the Biennium Ended June 30, 2005

NATURE OF THE ORGANIZATION

The State Board of Geologist Examiners' (the Board) objective is to safeguard the health, welfare, and property of Oregonians affected by the geologic fields of ground water, land-use planning, mineral exploration and development, geologic hazards and the further development of the science of geology. The Board has the authority to determine qualifications, examine and register geologists, certify those with an engineering specialty, grant reciprocity for comparable requirements in other states, and suspend, revoke, or refuse to renew registration or certification and to assess civil penalties when warranted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State Board of Geologist Examiners is a semi-independent agency of the State of Oregon. The Board operates under Oregon Revised Statutes (ORS) Chapter 672.505 to 672.991. The Board consists of five members appointed by the governor for three-year terms. Four members are registered geologists and the fifth member is a public citizen. The Board examines applicants for licensure and imposes disciplinary proceedings against those who violate statutes. The Board also makes rules and enforces professional standards for the practice of geology in Oregon.

Pursuant to Oregon Senate Bill 546 adopted in 1997, the Board was granted semi-independent status by the Legislature; revised by Oregon Senate Bill 1127 in 1999.

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. The accounts of the Board are organized on the basis of a special revenue fund. Revenues are from license fees, civil penalties, and interest income.

Government-wide Statements

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include all the financial activities of the Board.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available, except for license fees which are

**STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
For the Biennium Ended June 30, 2005**

recognized when received. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Budget

The Board is required to adopt budgets on a biennial basis. The Board may adopt or modify a budget only after holding a public hearing and must give notice of budget hearings to all licensees.

Unlike most budgets in state government where the agency budgets are enacted into law by the Legislature, the Board's budget is not subject to review and approval by the Legislature or to future modification by the Legislature or the Emergency Board. For this reason, the budgets adopted by the Board are considered to be a non-appropriated budget. The budgetary statement included herein compares the total of annualized non-appropriated budgets for fiscal years 2004 and 2005 to actual expenditures for the two years ended June 30, 2005.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits.

Supplies

Supplies are charged as expenditures when purchased.

License Fees

License fees are billed monthly for an annual period based upon anniversary date. Fees are recognized when collected.

Compensated Absences

Full-time, permanent employees are granted paid time-off benefits of varying amounts to specified maximums depending on tenure with the Board.

Equipment

Equipment with a cost of more than \$5,000 is depreciated over its useful life. Currently, the Board does not have any equipment with a cost basis greater than \$5,000.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent

**STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
For the Biennium Ended June 30, 2005**

assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CASH AND INVESTMENTS

Credit risk

State Statutes authorize the State Board of Geologist Examiners to invest in general obligations of the U.S. Government and its agencies, certain debt obligations of Oregon, California, Washington and Idaho, bank repurchase agreements, bankers' acceptances, and certain corporate debt obligations, among others.

Concentration of credit risk

All investments of the Board shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), and ORS 294.145 (Prohibited conduct for custodial officer). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager security having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. However, in accordance with State statutes, the State Treasurer allows certain depository banks to be the custodian with respect to their own pledged collateral securities. For these institutions, the State Treasurer is the collateral pool manager. As of June 30, 2005, the Board's bank balance was \$166,971. Of this amount, \$100,000 was covered by Federal Depository Insurance and \$60,000 was covered by a collateral certificate held in the pledging financial institution's trust department or agent, in the Board's name. The remaining balance of \$6,971 was uninsured and uncollateralized.

PENSION PLAN

Oregon Public Employee Retirement System (PERS)

Employees who were plan members before August 29, 2003, participate in the Oregon Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS is administered by the Public Employees Retirement Board (PERB) under the guidelines of Oregon Revised Statutes, Chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from thirteen retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent

**STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
For the Biennium Ended June 30, 2005**

of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits.

The Board is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate for employees at fiscal year 2005 was 4.71%.

Oregon Public Service Retirement Plan (OPSRP)

The pension program, a cost-sharing multiple-employer defined benefit pension plan, is the defined benefit portion of the Oregon Public Service Retirement Plan (OPSRP). The pension program is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238A. The pension program monthly pension benefit is payable for life and, after the death of the member, payable to the designated beneficiary at either the same amount or one-half of the amount, depending on the option the member chose at retirement. If the monthly pension benefit is less than \$200 or the monthly death benefit payable to the beneficiary of a deceased member is less than \$200, a lump sum payment that represents the actuarial equivalent of the present value of the pension or death benefit will be paid to the member or the deceased member's beneficiary.

The Board is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate for employees at fiscal year 2005 was 8.04%.

The Individual Account Program (IAP)

IAP is the defined contribution portion of OPSRP. The IAP is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238A. It is applicable to all new hires on or after August 29, 2003 and for active PERS members as of January 1, 2004. Covered employees are required by State statute to contribute 6% of their salary to the plan. Current law requires employers that had been paying the member contributions into PERS to pay employee contributions to the IAP until at least December 31, 2005.

The Board contributions to PERS and OPSRP for the two years ended June 30, 2005 was \$11,242, and the amount contributed for the three years ended June 30, 2003 was \$21,407. Total contributions were equal to the required contributions for all five years.

During the biennium, Oregon General Obligation Pension Bonds were issued to fund the States' share of the Unfunded Actuarial Liability and \$2 billion was delivered directly to PERS. Over the next 24 years, the state will be obligated to make the principal and interest payments on the pension obligation bonds. All benefitting agencies are charged the same rate to pay this debt service, which fluctuated during this biennium. The amount paid by the Board for the two years ended June 30, 2005 was \$3,646.

**STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
For the Biennium Ended June 30, 2005**

EMPLOYEE LEAVE

Sick leave is earned at the rate of eight hours per month with no maximum limit. Accumulated sick leave at June 30, 2005 can be used in case of an employee's extended illness or injury. When the employee retires, any sick leave accrual terminates and no compensation made for such hours. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Vacation time is earned, subject to a maximum accumulation of 250 to 350 hours depending on employee classification, at a rate of eight hours per month to 17.34 hours per month depending on employee classification and length of service. The time-off is vested when earned and recorded as an expenditure. Accumulated paid time-off, based on current salary rates, was \$1,100 at June 30, 2005.

INSURANCE

Insurance programs are administered for the Board by the Risk Management Division of the Oregon Department of Administrative Services, which provides insurance coverage to all state agencies with a blanket honesty and faithful performance bond, general liability and vehicle liability self-insurance, and self-insurance property damage program.

The cost of servicing insurance claims and payments is covered by charging an assessment to each State entity based upon its share of services provided in a prior period.

LEASE COMMITMENT

The Board leases space under a one year lease expiring January 1, 2006. Total lease payments for the two years ended June 30, 2005 were \$5,252. Future minimum lease payments for the year ending June 30, 2006 is \$1,814.

INTERAGENCY AGREEMENT

From December 1, 2004 through June 30, 2005, the Board entered an interagency agreement to provide administrative support services for the Oregon Landscape Architects Board (OLAB) at a rate of \$3,000 per month. At June 30, 2005, the amount due to the Board was \$21,000.

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Directors
State Board of Geologist Examiners
1193 Royvonne Avenue SE, #24
Salem, Oregon 97302

Charles A. Hibner, Director
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

We have audited the financial statements of State Board of Geologist Examiners as of and for the two years ended June 30, 2005, and have issued our report thereon dated June 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we have considered the State Board of Geologist Examiners' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether State Board of Geologist Examiners' financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. Monies in excess of the Federal Deposit Insurance Corporation (FDIC) limit were not secured at times during the two year period in accordance with ORS 295.

We noted certain matters that we reported to management of State Board of Geologist Examiners, in a separate letter dated June 9, 2006.

This report is intended solely for the information and use of State Board of Geologist Examiners, the Governor of the State of Oregon, and Oregon Legislative Assembly, and is not intended to be and should not be used by anyone other than these specified parties.

Merina & Company, LLP
Merina & Company, LLP
West Linn, Oregon
June 9, 2006

ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

Directory of Key Officials

Director	Charles A. Hibner, CPA
Deputy Director	William K. Garber, MPA, CGFM
Deputy Director	Mary E. Wenger, CPA

This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained from:

internet: <http://www.sos.state.or.us/audits/index.html>

phone: 503-986-2255

mail: Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

Auditing to Protect the Public Interest and Improve Oregon Government

BUDGET INFORMATION

The following items are included in this section:

- A. A spreadsheet of BUDGET VERSUS ACTUAL for the budgets of both the 2003-05 and the 2005-07 Biennium per ORS 182.472(2).
- B. Per ORS 182.472(2)(a), two Balance Sheets, one as of 6/30/2005 and one as of 6/30/2007, which provide the beginning balance for each of the two biennia, 05-07 and 07-09.
- C. Per ORS 182.472(2)(a), a Revenue & Expense Report for both the 03-05 and 05-07 biennia to support the Net Income reflected on the Balance Sheet.
- D. Per ORS 182.472(2)(b), a summary statement regarding the material changes in the actual budget figures from the 2003-05 Biennium to the 2005-07 Biennium.
- E. The Adopted Budget for the 2007-09 Biennium.
- F. Per ORS 182.472(2)(c), a copy of the Presiding Officer's Report of the Rule Making Hearing for Purposes of Adopting the 2005-07 Budget

OR State Board of **Chiropractors** Examiners
Biennial Revenue & Expense Report Budget vs. Actual
 July 1, 2003 to June 30, 2005 and July 1, 2005 to June 30, 2007

	Biennial Budget		Actual		Biennial Budget		Actual	
	07/01/03 - 06/30/05	07/01/03 - 06/30/05	07/01/03 - 06/30/05	07/01/03 - 06/30/05	07/01/05 - 06/30/07	07/01/05 - 06/30/07	07/01/05 - 06/30/07	07/01/05 - 06/30/07
Income								
Administration Fee	0.00	0.00	0.00	0.00	108,000.00	108,000.00	129,000.00	129,000.00
Renewal Fees & Exam Fees	227,452.00	227,452.00	236,539.90	236,539.90	244,950.00	244,950.00	245,432.28	245,432.28
Civil Penalties	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	3,600.00	3,600.00	3,166.37	3,166.37	2,400.00	2,400.00	10,465.40	10,465.40
Misc. - Restoration & Application Fee	10,696.00	10,696.00	14,997.94	14,997.94	0.00	0.00	401.00	401.00
Fee Refunds	0.00	0.00	(1,890.76)	(1,890.76)	0.00	0.00	(2,455.00)	(2,455.00)
Total Income	241,748.00	241,748.00	252,813.45	252,813.45	355,350.00	355,350.00	382,843.68	382,843.68
Expense								
Dues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Expenses	0.00	0.00	0.00	0.00	270.00	270.00	0.00	0.00
Instate Travel Expenses	4,320.00	4,320.00	6,272.21	6,272.21	4,952.00	4,952.00	7,006.41	7,006.41
Out of State Travel Expenses	16,184.00	16,184.00	13,709.96	13,709.96	9,215.00	9,215.00	8,379.30	8,379.30
Office Expenses	22,364.00	22,364.00	12,340.26	12,340.26	11,833.00	11,833.00	14,164.89	14,164.89
Telephone-related Services	3,308.00	3,308.00	2,670.36	2,670.36	3,160.00	3,160.00	3,376.94	3,376.94
Computer Data Processing	10,500.00	10,500.00	9,535.99	9,535.99	14,500.00	14,500.00	11,016.21	11,016.21
Training	0.00	0.00	415.00	415.00	1,600.00	1,600.00	1,208.00	1,208.00
Professional Services	1,240.00	1,240.00	1,434.66	1,434.66	1,216.00	1,216.00	2,180.93	2,180.93
Attorney General Legal Fees	24,990.00	24,990.00	19,615.75	19,615.75	25,200.00	25,200.00	35,801.94	35,801.94
Government Services	5,920.00	5,920.00	10,778.53	10,778.53	18,278.00	18,278.00	21,882.15	21,882.15
Facilities Rent	4,781.00	4,781.00	6,147.20	6,147.20	8,120.00	8,120.00	8,377.10	8,377.10
Examinations	18,900.00	18,900.00	21,150.00	21,150.00	22,000.00	22,000.00	18,050.00	18,050.00
CEG Task Analysis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	640.00	640.00	684.00	684.00	5,430.00	5,430.00	2,986.91	2,986.91
Personal Services	136,712.00	136,712.00	131,222.82	131,222.82	197,002.00	197,002.00	213,946.78	213,946.78
Total Expense	198,890.00	198,890.00	199,767.43	199,767.43	300,760.00	300,760.00	354,987.56	354,987.56
Net Income	42,858.00	42,858.00	53,046.02	53,046.02	54,589.00	54,589.00	27,856.12	27,856.12

OR State Board of Geologists Examiners

Balance Sheet

As of June 30, 2005

	<u>June 30, 2005</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 · Pioneer Trust Bank	156,329.71
Total Checking/Savings	<u>156,329.71</u>
Total Current Assets	<u>156,329.71</u>
TOTAL ASSETS	<u><u>156,329.71</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	1,770.73
Total Accounts Payable	<u>1,770.73</u>
Other Current Liabilities	
2100 · Payroll Liabilities	-37.88
2150 · Accrued Vacation	409.89
Total Other Current Liabilities	<u>372.01</u>
Total Current Liabilities	<u>2,142.74</u>
Total Liabilities	2,142.74
Equity	
3000 · Opening Bal Equity	140,933.33
3900 · Retained Earnings	1,738.09
Net Income	11,515.55
Total Equity	<u>154,186.97</u>
TOTAL LIABILITIES & EQUITY	<u><u>156,329.71</u></u>

OR State Board of Geologists Examiners
Balance Sheet
As of June 30, 2007

	<u>June 30, 2007</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 · Pioneer Trust Bank	121,638.17
Total Checking/Savings	<u>121,638.17</u>
Total Current Assets	121,638.17
Other Assets	
1500 · CD's	62,815.70
Total Other Assets	<u>62,815.70</u>
TOTAL ASSETS	<u><u>184,453.87</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2150 · Accrued Vacation	1,582.07
Total Other Current Liabilities	<u>1,582.07</u>
Total Current Liabilities	<u>1,582.07</u>
Total Liabilities	1,582.07
Equity	
3100 · Operating Equity	110,000.00
3900 · Retained Earnings	82,179.14
Net Income	-9,307.34
Total Equity	<u>182,871.80</u>
TOTAL LIABILITIES & EQUITY	<u><u>184,453.87</u></u>

OR State Board of Geologists Examiners
Revenue & Expense Report
July 1, 2003 through June 30, 2005

	Jul '03 - Jun 04	Jul '04 - Jun 05	TOTAL
Ordinary Income/Expense			
Income			
4200 · RPG & CEG Fees Income	124,323.64	125,831.26	250,154.90
4350 · Computer List Sales	10.00	10.00	20.00
1603 · Interest	1,268.61	1,897.76	3,166.37
1800 · Miscellaneous Cash Receipts	332.13	1,030.81	1,362.94
44000 · Fee Refunds	-730.76	-1,160.00	-1,890.76
Total Income	125,203.62	127,609.83	252,813.45
Expense			
41000 · IS Travel Expenses	3,758.06	2,514.15	6,272.21
4150 · OS Travel Expenses	3,633.23	3,551.73	7,184.96
42000 · Office	5,750.17	6,590.09	12,340.26
4351 · Dues	2,950.00	0.00	2,950.00
4400 · Publicity & Publications	12.00	182.92	194.92
4500 · Telephone-related Services	1,198.26	1,277.18	2,475.44
4550 · Computer Data Processing	7,589.00	1,946.99	9,535.99
4700 · Training	380.00	660.00	1,040.00
5200 · Professional Services	596.69	3,787.97	4,384.66
5050 · Attorney General Legal Fees	8,897.25	10,718.50	19,615.75
5105 · Gov Services	5,901.15	4,877.38	10,778.53
5400 · Rent/Lease	2,503.00	3,374.20	5,877.20
5800 · Examinations	11,620.00	9,800.00	21,420.00
8000 · Bank Charges, Other	317.00	367.00	684.00
9000 · Payroll Expenses	64,776.65	65,998.55	130,775.20
9300 · Temporary Employment Servi	0.00	447.62	447.62
Total Expense	119,882.46	116,094.28	235,976.74
Net Ordinary Income	5,321.16	11,515.55	16,836.71
Net Income	5,321.16	11,515.55	16,836.71

OR State Board of Geologists Examiners
Revenue & Expense Report
July 1, 2005 through June 30, 2007

	Jul '05 - Jun 06	Jul '06 - Jun 07	TOTAL
Ordinary Income/Expense			
Income			
4100 · Administration Fee	69,000.00	60,000.00	129,000.00
4200 · RPG & CEG Fees Income	124,727.20	120,755.08	245,482.28
1603 · Interest	3,532.72	6,932.68	10,465.40
1800 · Miscellaneous Cash Receipts	226.00	125.00	351.00
44000 · Fee Refunds	-1,245.00	-1,210.00	-2,455.00
Total Income	196,240.92	186,602.76	382,843.68
Expense			
41000 · IS Travel Expenses	3,691.95	3,314.46	7,006.41
4150 · OS Travel Expenses	4,094.71	4,284.59	8,379.30
42000 · Office	6,899.57	7,265.32	14,164.89
4351 · Dues	2,950.00	3,610.00	6,560.00
4400 · Publicity & Publications	0.00	50.00	50.00
4500 · Telephone-related Services	1,491.48	1,885.46	3,376.94
4550 · Computer Data Processing	1,048.99	9,967.22	11,016.21
4700 · Training	1,014.00	194.00	1,208.00
5200 · Professional Services	994.15	1,186.78	2,180.93
5050 · Attorney General Legal Fees	23,889.02	11,912.92	35,801.94
5105 · Gov Services	7,491.88	14,390.27	21,882.15
5400 · Rent/Lease	3,672.70	3,704.40	7,377.10
5800 · Examinations	9,375.00	9,675.00	19,050.00
8000 · Bank Charges, Other	1,488.98	1,497.93	2,986.91
9000 · Payroll Expenses	90,975.03	122,971.75	213,946.78
Total Expense	159,077.46	195,910.10	354,987.56
Net Ordinary Income	37,163.46	-9,307.34	27,856.12
Other Income/Expense			
Other Income			
17000 · Misc Credits	0.00	0.00	0.00
Total Other Income	0.00	0.00	0.00
Other Expense			
4001 · RETURN CHECKS	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Income	37,163.46	-9,307.34	27,856.12

**A Description of the Material Changes between the Actual Budgets of the
2003-05 and the 2005-07 Biennia and
Material Changes between Actual 05-07 Budget and Projected Budget for 07-09**

BUDGETED VERSUS ACTUAL FOR '05-07' BUDGET CYCLE: Beginning in December, 2004, the Oregon State Board of Geologist Examiners (OSBGE) allowed staff to assist the Oregon State Landscape Architect Board (OSLAB) by providing administrative services. This was an unknown factor when the '03-05' budget was crafted. So late in the '03-05' budget cycle (12/2003 to 6/2004), OSBGE did bill OSLAB for ADMINISTRATION FEES of \$21,000. However, payment was not received during the '03-05' budget year. The \$21,000 of ADMINISTRATION INCOME *over* the actual budgeted for the '05-07' budget reflects the delayed payment to OSBGE by OSLAB for services provided in the '03-05' budget year. The actual **Income** for ADMINISTRATION FEE in the '05-07' budget is therefore greater than what was budgeted.

Another **Income** item that did not play out in the '05-07' budget as was projected was the bank interest income from the Board's checking account. The budget projection for the '05-07' Interest Income was based on actual interest received during 2004. But the interest rates moved upward and the Interest income was \$8,000 greater than the budget projected.

Due to the increased income from both the ADMINISTRATION INCOME and the INTEREST INCOME, the revenue side of the projected budget for the 05-07 biennium was increased.

PROJECTED REVENUE FOR '07-09': The increase in projected revenue from the 05-07 *actual* to the 07-09 *projected* is based on two changes: 1) the increase in the Administration Fee to be received from OSLAB during the 07-09 biennium and 2) the increase in fees from registrants due to a fee increase. The fee increase information is provided under the FEE tab of this document.

EXPENSE CHANGES FOR '05-07': For the 05-07 budget, two events created additional expense: 1) revocation of a registrant; and 2) FTE from .5 to 1.0. The legal fees for the Attorney General office were \$10,000+ more than budgeted. This was due to attorney costs of a revocation hearing. In addition, the Board incurred cost of over \$4000 for the Administrative Law Judge for hearing the proceeding. Another increase in the budgeted versus the actual was for PERSONAL SERVICES. The Board approved the increase of FTE from .5 during year one of the biennium to 1.0 for year two of the biennium with a resultant increase in both salary and benefit payments. These items led to an increase in the actual figure versus the budgeted figure for '05-07'.

INCREASED EXPENSES FOR '07-09': Events similar to those of '05-07' are affecting the budgeted items for '07-09'. The '07-09' PERSONAL SERVICES budgeted total reflects 2.0 FTE for both years as compared to 1.5FTE for year one of the '05-07' actual budget figures. Additional increases occur because of the changes of a 2.0 FTE benefit packages versus a part-time benefit package for the .5FTE in year one of the '05-07' budget. The PERSONAL SERVICES budget category now also includes the monthly payment to DAS for repayment of the PERS bond, as payment is based on monthly salary paid and is a PERS related item. This adds over \$5,000 to the PERSONAL SERVICES total. The Board also approved a stipend increase for Board Members

working on behalf of the Board. This converts to a PERSONAL SERVICES increase of just over \$10,000 from the '05-07' actual.

Two significant new line items which add \$45,000 to the expenses are included in the '07-09' Budget: 1) The CEG Task Analysis and 2) Funds for additional Legal fees. Costs for the CEG Task Analysis will be shared with the State of Washington and such a project occurs once in a decade. Due to an appeal of the registrant's revoked license, the Board is incurring additional attorney charges which will be ongoing hopefully ending before this biennium is over.

Oregon State Board of Geologist Examiners
 2007-09 Budget Approved 3/23/2007
 Administrative Rules Hearing held June 1, 2007

REVENUE	Fee Amount		Year 1	Year 2	Biennium
Application Fee, Registration	75	75	1575	1500	\$3,075
Application Fee, Examination	75		1650	1500	\$3,150
Examination Fee, Fundamental	175	175	7175	7175	\$14,350
Examination Fee, Practice	225	225	5625	5625	\$11,250
Examination Fee, CEG	200	200	1400	1400	\$2,800
RG Renewals	100	100	114100	114100	\$228,200
Over 70 RG Renewal	15	15	945	1050	\$1,995
Over 70 CEG Renewal	15	15	495	600	\$1,095
CEG Renewals	75	75	21900	21900	\$43,800
GIT Renewals	50	50	3100	3100	\$6,200
Restoration Fee	Varies		2600	2600	\$5,200
Other penalty/sales income	Varies		200	200	\$400
Interest	350		4200	4200	\$8,400
Revenue subtotal					\$329,915
OSLAB Contract	5500	6000	66000	72000	\$138,000
Total Revenue			\$ 230,965	\$ 236,950	\$467,915

EXPENSES

Personal Services

Staff salary and benefits			126970	137920	\$264,890
PERS Bond repayment to DAS			2654	2799	\$5,453
Temp Employee			1200	1200	\$2,400
Board Member Stipends		100	6700	7100	\$13,800
Total Personal Services			137523.5	149019	\$286,543

Services and Supplies

Office Supplies (including postage, cop)	500	500	6000	6000	\$12,000
Bank Charges	130		1560	1560	\$3,120
ASBOG Membership Dues			2950	2950	\$5,900
Newsletter (publication)			1650	1650	\$3,300
Website support	50		600	600	\$1,200
Instate Meals and Lodging			700	700	\$1,400
Instate Ground Transportation	0.485	0.485	2668	2435	\$5,102
Out of State Meals, Lodging, Misc			2085	2085	\$4,170
Out of State Transportation			2180	2180	\$4,360
Communication (Phone, Email)			1550	1550	\$3,100
Computer Hardware support	62.5		750	750	\$1,500
Computer Hardware upgrades			0	600	\$600
Computer Software support	90	90	5400	3240	\$8,640
Professional Services	85	90	1020	1080	\$2,100
Government Services (including financial audit)			10000	10000	\$20,000
AG Fees			12000	12000	\$24,000
Rental, Office space	309	323	3704	3876	\$7,580
Rental, Exam Site	250	250	500	500	\$1,000
Board/Staff Training			600	600	\$1,200
ASBOG Examination Expense			\$ 12,800	\$12,800	\$25,600
CEG Task Analysis			7500	8000	\$15,500
and for Additional Legal Fees			15000	15000	\$30,000
Total Services and Supplies			\$ 91,217	\$ 90,156	\$181,373

Total Expenses					\$467,915
Total Revenues					\$467,915
Net Projected 2007/2009 Revenue					\$0

Presiding Officer's Report to Agency on Rulemaking Hearing

Date: June 1, 2007
To: Members of Board of Geologist Examiners
From: Susanna Knight, Board Administrator, Presiding Officer
Subject: Presiding Officer's Report on Rulemaking Hearing

Hearing Date: June 1, 2007
Hearing Location: Sunset Center South, Conference Room
Salem, Oregon
Title of Proposed Rules: OAR 809-010-0025, Operating Budget
OAR 809-010-0001, Fees
Staff Present: Marilou Arrobang, Licensing Specialist
Guests Present: None present

The rulemaking hearing on OAR 809-010-0025, Operating Budget and OAR 809-010-0001, Fees, was convened at 8:45 AM. Presiding Officer Knight stated that comments would be received from anyone completing a registration card. No Registration Cards were received for presentation during the formal hearing.

Summary of Comments

The purpose of this hearing was to provide an opportunity for public comment on the Board's budget for the 2007-09 biennium and the fee increases approved by the Board at a March 23, 2007, Board meeting to become effective July 1, 2007. Notification was published in the May 2007 Oregon Bulletin. Notification was also provided in the Board's April newsletter. Written comments were accepted until 5:00 PM on June 1, 2007. No requests for the budget or written comments about the budget or the increase in fees were received prior to the hearing. No oral comments were received during the hearing.

The hearing was adjourned at 8:49 AM.

CURRENT FEES WITH JUSTIFICATION FOR ADOPTED OR PROPOSED FEE CHANGES

Numerous fee increases were approved by the Board effective July 1, 2007. In preparing the 2007-09 biennial budget, a shortfall was projected in the second year based on budgeted expenses for an examination task analysis, personnel costs, and the attorney and administrative law charges involved with an appeal of a revoked license. Extensive discussion by the Board led to a decision to seek fee increases as follow:

- Fundamental exam from \$150 to \$175;
- Practice exam from \$150 to \$225;
- Geologist-in-training annual fee from \$25 to \$50;
- Registered Geologist (RG) annual renewal from \$75 to \$100;
- Certified Engineering Geologist (CEG) annual renewal from \$50 to \$75;
- Replacement pocket card from \$3 to \$25;
- Restoration fee if paid between one-and-ninety-days from \$10 to \$25;
- Over 70 RG renewal fee from \$10 to \$15;
- Over 70 CEG renewal fee from \$10 to \$15;
- Application fee from \$50 annually to \$75 for each application; and
- Temporary permit fee from \$50 to \$100.

This information was published in the April 2007 Board newsletter which is distributed to all registrants of the Board. Both articles published in that newsletter are included with this statement. No public input was received regarding the fee increases. No interested parties attended the Public Rulemaking Hearing held June 1, 2007.

OAR 809, DIVISION 10 contains the fee information for the Board of Geologist Examiners. The following fee list was retrieved from the online Administrative Rules, 809-010-0001:

Fees, as established by the Board of Geologist Examiners, are:

- (1) Fundamental Section of the national examination for Geologist registration -- \$175.00.
- (2) Practice Section of the national examination for Geologist certification -- \$225.00.
- (3) Examination for Engineering Geologist certification -- \$200.00.
- (4) Geologist-in-Training initial registration and annual renewal -- \$50.00.
- (5) Geologist initial registration and annual renewal-- \$100.00.
- (6) Engineering Geologist initial certification and annual renewal -- \$75.00. Engineering Geologist must have a current Geologist registration.
- (7) Duplicate or replacement of lost, destroyed, or mutilated registration card -- \$25.00; duplicate or replacement of lost, destroyed, or mutilated wall certificate -- \$25.00.
- (8) Restoration fee if postmarked:
 - (a) One to ninety days after due date: \$25.00;
 - (b) Ninety-one to one-hundred seventy-nine days after due date: \$50;
 - (c) Over one-hundred seventy-nine days after due date: \$100.
- (9) Renewal of registration by Geologist, if applicant is 70 years of age or over by renewal date - \$15.00.
- (10) Renewal of certification by Engineering Geologist, if applicant is 70 years of age or over by renewal date -- \$15.00.

(11) Application Fee -- \$75.00. This fee is to accompany any application for registration or examination and any reapplication for examination.

(12) Temporary Permit Fee -- \$100.00. This fee is to accompany any notification per 672.545(3)(b).

The Board The only fee changes during 2005 were two examination related fees, one for the national examination and one for an Oregon examination.

The National Association of State Boards of Geology (ASBOG) is the body charged with examination development and the Oregon State Board of Geologist Examiners (OSBGE) administers the examination. ASBOG increased the fee for the fundamental examination from \$125.00 to \$150.00 effective with the March 2006 examination administration. The rule change occurred in 2005 because fees for the March 2006 administration were collected in 2005.

Effective June 1, 2005, OSBGE eliminated the Oregon Specific Geology examination requirement. The \$50.00 fee for this examination was removed from the fee schedule.

BOARD AFFIRMS FEE INCREASES FOR 2007-09 BIENNIUM

In the month of March 2007, during one regularly scheduled meeting and one special telephone meeting of the Board, extensive discussion surrounded the 2007-09 draft operating budget. The draft budget, prepared by Administrator Knight and reviewed by the Budget Committee of Board Members Webb and McConnell, was presented for discussion at the March 15, 2007 Quarterly Board Meeting. The draft budget revealed a projected shortage of \$41,398 in the 2007-09 biennium. Budget items contributing to this projected deficit include: 1) \$15,000 for funding the cost for an Engineering Geology Task Analysis (Washington and Oregon jointly share examination development expenses.); 2) \$10,000 in increased expenses under Government Services for the mandatory biennial audit and projected Administrative Law expenses; and 3) \$35,000 in increased Personnel costs which include both the stipend increase of \$10,000 and staff increases of \$25,000. Another anticipated but difficult to project and therefore budget expense is the cost of continuing legal expenses relating to a compliance case in the appellate appeal process.

The Board was informed of increasing costs to procure and administer the ASBOG exams. Chair Webb informed the Board that ASBOG has increased the cost for the practice section of the national examination from \$150 to \$200. Taylor offered that an additional increase in the examination fee should be assessed to cover actual costs of administering the examination (for example, expenses for room rental, shipping fees, and proctor costs are currently absorbed by renewal fees). In addition to the fee increase for the practice section of ASBOG, and having reviewed the current fees, Webb asked for an increase in the restoration fee for the 1-to-90-day late period from \$10 to \$25 and an increase in the application fee from \$50 to \$75 for each application presented. During the fee discussion, the Board inquired as to the last fee increase and Knight reported that the last fee increase was in April of 1999. After a lengthy discussion, the Board approved a general increase in most fees. See the related chart for a list of all fee increases.

Under Old Business at the meeting convened March 15, 2007, a stipend discussion was again held. A stipend is a flat amount awarded to each non-state employee Board Member for participation at a scheduled meeting. It is understood that all Board members are non-paid volunteers. The stipend currently stands at \$30/day where it has been since the 1977 inception of the Board. The Board agreed that it is time to raise the stipend to \$100/day, reflecting current dollars. Currently three Board members are eligible for stipends.

During New Business of the March 15, 2007 meeting, the Board directed staff to incorporate the fee increases into the draft revenue budget and the stipend increase into the expenditures; then provide the draft budget back to the members and schedule a special meeting to discuss the revised draft.

The Board met in a telephone meeting on Friday, March 23, 2007, to discuss the revised draft budget. With an increase in fees beginning in July 2007, the Board could anticipate a \$30,000 ending balance in 2007-09. The additional funds were included in a line item expense of \$30,000 for Anticipated Legal Fees. Extensive discussion was held about this expense item. Members agreed that funding legal costs is imperative to carry out the regulation of the profession, and enforcement should not be overlooked because of the associated costs. With the incorporated fee increases and the additional line item expense, a final budget of \$467,915 was approved by the Board.

**ADMINISTRATIVE RULES HEARING SCHEDULE FOR FEE INCREASES AND
APPROVAL OF BOARD'S OPERATING BUDGET**

The Oregon State Board of Geologist Examiners (OSBGE) is one of numerous semi-independent Boards that operate under statute in Oregon. The unique feature of semi-independent government is that funds for operating budgets do not come from any tax dollar source. For a regulatory Board such as OSBGE, the majority of the funding comes from registrants' annual fees. Semi-independent government must present its budget and any fee increases to its registrants through the Administrative Hearing process, thereby allowing the registrants the opportunity to ask questions about the budget and offer input to the budget.

OSBGE determined that the anticipated expenses of the 2007-09 biennium require increased fees to registrants as well as increased fees for other services rendered by the Board (see related article titled BOARD AFFIRMS FEE INCREASES). Anyone interested in the final budget figures may contact the Board office.

An Administrative Hearing on the fee increases and the 2007-09 budget will be held on Friday, June 1, 2007, beginning at 8:30 AM in the Conference Room of the Board office building. Registrants and the public are welcome to attend this hearing. Individuals unable to attend the hearing may provide written comments to the Board. All written comments must be received no later than 5:00 PM on Friday, June 1, 2007. Both written and oral comments will be considered by the Board when it convenes for the next quarterly meeting on Thursday, June 7, 2007, and takes final action on the budget and the fees.

OSBGE Action on Oregon Administrative Rules Chapter 809
from 7/1/2005 to 6/30/2007

5

OAR #	Effective Date	Adopted	Amended	Repealed	Suspend	Description
809-010-0025	8/15/2005		X			Adopt 2005-07 Biennial Budget
809-010-0001	9/28/2005		X			ASBOG fundamental exam fee to \$150
809-010-0001	9/28/2005		X			Remove OR Geo Exam fee
809-040-0002	9/28/2005		X			Remove OR Geo Exam information
809-040-0006	9/28/2005		X			Remove OR Geo Exam information
809-050-0010	9/28/2005		X			Remove OR Geo Exam information
809-010-0001	12/7/2005		X			Reinstate file maintenance fee
809-015-0000	12/14/2005		X			Aligns renewal fee due date with ORS
809-015-0005	12/14/2005		X			Clarifies when lapsed fee is required
809-050-0000	3/26/2006		X			Facsimile of seal; electronic seal
809-030-0025	3/17/2006		X			45 hours of geology coursework
809-003-0000	11/13/2006		X			Non substantive revisions of definitions
809-020-0025	3/14/2007		X			Geologist must respond by 21 days when contacted by Board
809-015-0010	3/14/2007		X			Term lapsed removed from rule; registration expires when not paid
809-010-0025	6/25/2007		X			Adopt 2007-09 Biennial Budget
809-010-0001	6/25/2007					Adopt increased application, exam, renewal fees

PROGRAM ELEMENTS THAT ADDRESS CONSUMER PROTECTION

The Mission Statement of the Board clearly outlines two areas focused on Consumer Protection:

- public education directed at appropriate regulatory communities and
- systematic outreach to counties, cities and registrants.

The Board continues to do an outstanding job of systematic outreach to its registrants through its quarterly newsletter. The newsletter keeps registrants informed of the decisions of the Board that could effect their practice. During the entire 2005-07 biennium, that newsletter was also issued to every community listed in the State Blue Book as well as every county in the state. An article about the practice of geology designed to educate cities and counties about the role of the Registered Geologist in assuring the health, safety and welfare of the citizens of Oregon has been generally included in each issue.

In November 2006, the Board participated in the annual meeting of the Association of Oregon Counties at the Eugene, Oregon venue. For two days, a manned display table answered questions about geology regulation and provided information about the work of the Board. Additional names were added to the newsletter distribution list.

Also in November 2006, staff visited both Oregon State University (OSU) and the University of Oregon (UO) to present information to upper level geology students about the requirement of geology registration and the examination process. This was the first invite to visit the UO, but visiting OSU has been an annual event since 2003. As the gatekeepers for future registrants, the institutions of higher education must be engaged in disseminating information about regulation. Quarterly meeting notices are issued to key contact professors at OSU, Portland State University (PSU), Southern Oregon University (SOU), UO and Western Oregon University (WOU). Those contact professors are asked to post Board information so that it is available for student viewing.

The Board holds one quarterly meeting annually on a university campus as an outreach effort. The November 2005 meeting was convened on the SOU campus; the December 2006 meeting was convened on the WOU campus. Students were present at both meetings which allowed the Board an opportunity to expose students to the regulation of geology.

The Board also interacted with numerous other regulatory communities as follows:

- Participation in the Coastal Processes Working Group spearheaded by DOGAMI during 2006 & 2007;
- Educational presentation by Department of Justice on the Contested Case Process, March 2006;
- Met with the Governor's Natural Resource Advisor Michael Carrier in September 2006 to share information about the work of the Board;
- Joined by an employee of Marion County Planning for a discussion of expectations of geology reports, December 2006;
- Presentation by ODOT regarding their process of stamping and signing documents, March 2007;
- Watershed discussions with OWEB being educated about state funding for watersheds and discussing the practice of geology as it relates to watersheds.

**OREGON STATE BOARD OF GEOLOGIST EXAMINERS
LICENSURE ACTIVITIES FROM 7/1/2005 TO 6/30/2007**

During this report period, per ORS 182.472(5)(a) The number of license applications:

(b) The number of licenses issued;

- ✓ 37 Geologists-in-Training;
- ✓ 47 Registered Geologists by examination;
- ✓ 13 Certified Engineering Geologists.
- ✓ 38 Registered Geologists by Cooperative Registration.

(c) The number of examinations conducted;

- ✓ Four National Association of State Boards of Geology (ASBOG) examinations conducted on: October 7, 2005; March 3, 2006; October 6, 2006; and March 2, 2007.
- ✓ Four WA/OR Certified Engineering Geology examinations conducted on: October 7, 2005; March 3, 2006; October 6, 2006; and March 2, 2007.

(d) The average time between application for and issuance of licenses;

Cooperative Registrations: These applications generally take two to three weeks, depending on whether the applicant has provided a complete packet, before the registration is complete.

Initial Registration by Examination: Examination results are received from ASBOG about 60 days after the examination. Staff is able to register passing candidates and notify them within 48 hours of receipt of results. Upon the receipt of the annual registration fee, an active registration is issued. Staff is generally able to process those payments within two weeks of receipt by the bank.

Engineering Geologists' examinations are scored by staff and the turnaround time is generally less than two weeks. Again, upon receipt of the prorated annual fee, the registration is activated.

Annual renewal reminders are issued approximately six weeks before the expiration date of the registration. Envelopes are provided for submitting renewal payments. If the registrant forwards payment in a timely fashion, their current registration is in their hands before the expiration date. Turnaround time is generally less than two weeks.

There are currently 1194 active and 52 retired registrants in the database for a total of 1246 registrants, a slight increase from the 1240 of last year.

**SUMMARY OF ENFORCEMENT AND COMPLIANCE ACTIVITIES
FOR THE OREGON STATE BOARD OF GEOLOGIST EXAMINERS**

Per 182.472 Reports:

(e) The number and types of complaints received about persons holding licenses;

Six complaints were received about persons holding licenses. Both Registered Geologists (RG) and Certified Engineering Geologists (CEG) are regulated by the Board. Two of the complaints were against Certified Engineering Geologists (CEG) practicing in the overlap area of shared by CEGs and Geotechnical Engineers. One complaint of RG poor work product was presented by a citizen. Three complaints were RGs versus RGs for negligence in the work product.

(f) The number and types of investigations conducted; (g) The number and types of resolutions of complaints;

Six complaints were processed through the Joint Compliance Committee with the Oregon State Board of Examiners for Engineering and Land Surveying (OSBEELS). The following investigations were conducted:

- overlap practice issues (2) resolved by Compliance Committee meeting and clarifying the work expectation to the registrants;
- unlicensed practice (2) resolved by issuing a Letter of Concern informing them that when the work product represents a regulated practice arena, the individuals must bring on registered staff to comply;
- company providing substandard hydrogeology services (1); OSBEELS took the lead on this case and closed it with no action. But
- the investigation led to the discovery of an unregistered individual possibly providing geologic services(1). This is still under investigation.

Two cases regarding unlicensed practice of geology were investigated.

- One individual was placed on notice with a Letter of Concern should future findings reveal unstamped geologic work products.
- The second case was closed after extensive investigation with no action.

Two cases were closed with no action. The RG complainant provided no support documentation for the two complaints when requested by the Board. One complaint was against a company offering geologic services; the other was a complaint against an RG.

The citizen complaint against an RG was placed on hold. The RG was revoked and cannot practice at this time. That case would be reopened should the appeal turn around the revocation.

Of the two remaining complaints by an RG of an RG,

- One was closed, allegations unfounded; and
- One remains under review.

One complaint remains in the investigation stage. It was submitted by an RG regarding the unlawful use of a CEG stamp by the company that formerly employed him.

(h) The number and type of sanctions imposed; and

Five LETTERS OF CONCERN were issued. These are not disciplinary sanctions but are rather tools the Board uses to educate individuals regarding the practice of geology. Should those individuals come before the Board in the future, the Board would have the foundation to take disciplinary action.

One complaint was closed, allegations unfounded.

One case was closed withdrawing a previous Notice without prejudice.

(i) The number of days between beginning an investigation and reaching a resolution.

The number of months was between 5 and 22 months. The average number of months was 10.

Other Information of Note: A revocation of a geology registration was unanimously approved at the June 7, 2005 meeting of the Board. The registrant subsequently requested a hearing. The Hearing was held in May 2006. Following review of the ALJ Findings, the Board upheld the revocation in October 2006. The revocation was appealed and is currently under review.