Pursuant to ORS 182.472, A Report of the Work of the Board from 7/1/2007 to 6/30/2009

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, 2009

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OREGON STATE BOARD OF GEOLOGIST'S EXAMINERS

Report to
The Governor,
The President of the Senate,
The Speaker of the House of Representatives, and
The Legislative Fiscal Office
Reflecting the work of the Board from July 1, 2007 to June 30, 2009
Submitted December 31, 2009

I. INTRODUCTION:

The Oregon State Board of Geologist Examiners (OSBGE) is a regulatory Board established in 1977 "to safeguard the health and welfare and property of the people of Oregon. These safeguards are in the fields of geology as related to engineering, ground water, land use planning, mineral exploration and development, geologic hazards, the further development of the science of geology, and other geologic matters of concern to the people of the state" per ORS 672.515. Since Senate Bill 546 was passed by the 1997 Legislative Assembly and signed into law by Governor Kitzhaber on July 25, 1997, the six-member Board has been carrying out its responsibilities as a semi-independent regulatory Board. Two Board Member changes occurred during this reporting period. **See APPENDIX 1** for current Board membership.

To carry out its responsibilities, OSBGE scheduled eight quarterly Board meetings for the biennium but convened four additional times for a total of twelve meetings. Minutes of all Board meetings are posted on the State of Oregon web page. Members are also assigned to various committees to carry out the work of the Board. **See APPENDIX 1.**

II. AUDIT

The Secretary of State's Office contracted with the CPA firm of Moss Adams LLP of Eugene, Oregon to complete an audit of the 2007-09 biennium. A copy of the final audit, Report No. 2009-32, December 2009, is enclosed. **See APPENDIX 2.**

On page 15 and 16 of the enclosed audit, **Financial Statement Findings**, 2009-1 recommends that "management and the Agency's governing body should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and design appropriate controls as necessary to rectify inadequacies." The auditors are concerned that GAAP requirements were not applied in the preparation of the financial statements because the staff of the Board does not have GAAP-based knowledge. The Board will consider this concern at its March 2010 Board meeting.

In addition, a letter dated December 17, 2009, was presented by Moss Adams LLP with three suggestions for strengthening internal controls. **See APPENDIX 3.** Staff immediately implemented an in-house monthly written notification between employees for validating monthly leave time. This process will augment the current procedure where the Administrator's leave time is always signed off by the Board Chair as is the monthly time sheet of the agency.

The letter listed two additional internal control situations. A Subway receipt totaling $60.09 was not present to document an offsite meal purchased on a Saturday for a Board retreat event. This was an oversight when gathering up the retreat paperwork and returning to the office from the retreat, but staff is unaware of any other necessary improvements for supporting documentation for expenditures. The letter noted that a late fee was incorrectly posted to a registrant account. This was an entry error by staff and staff is unaware of any other posting errors.

III. BUDGET INFORMATION:

The enclosed budget report contains budget totals for three biennia: the actual figures of the 2005-07 biennium; the adopted and actual figures for the audited biennium of 2007-09; and the adopted budget for the 2009-11 biennium with an estimated ending fund balance. **See APPENDIX 4.**

The report of the FUND ANALYSIS provides both the beginning and ending balances for all three biennia presented in appendix 4. **See APPENDIX 5.**

The BALANCE SHEET as of June 30, 2009, supports the Ending Fund Balance for the audited 2007-09 Financial Statement. **See APPENDIX 6.** The 2009-11 ending fund balance is a projection based on budgeted amounts.

The actual financial totals for the first quarter of the 2009-11 biennium are included in the Revenue and Expense Report from July 1, 2009 through September 30, 2009. **See APPENDIX 7.** Because renewal income varies from month to month, it is difficult to project any income trends in a one-quarter period in order to make projections for the biennium. The Board is carefully monitoring the quarterly renewal income at each Board meeting to determine if budget adjustments need to be made. A discussion about budget items occurs at various times in the INCOME and EXPENSE narrative below.

INCOME: The *income* for the work of the Board comes from three sources: the annual fee for registrants; an application fee from examination applicants and initial registration applicants; and an Administration Fee received from the Oregon State Landscape Architect Board (OSLAB) for administrating its activities through an Interagency Agreement. The Board also collects a fee for the national examination, but this money is passed through to

the national office to cover the examination charge. Examination fees were down in this biennium due to a decrease in examination candidates.

In March 2007, the 2007-09 budget was adopted. Subsequently, the Governor's office released a revised salary scale for management in September 2007 which increased the administrator's salary. Because the Interagency Agreement with OSLAB is based on personnel costs, the Interagency Agreement required revision and the Administration Fee was increased in the second year of the agreement to compensate for the increased salary expense. This explains why the reported actual figure from 2007-09 is $15,000+ greater than budgeted.

The renewal fees for the 2007-09 adopted budget fell just a bit short of projection. The Board raised fees for the 2007-09 budget because of planned line-item expenses: a one-time engineering geology examination development cost of $15,000 and ongoing Department of Justice charges for a registrant's revocation appeal procedure. When developing the 2009-11 budget, the Board calculated a non-renewal rate of 5% based on the slumping national and local economy. This explains the $13,000 decline in budgeted renewal fees for 2009-11.

The income from the Restoration Fee was $1700 greater than budgeted and actually up $2000 over the 2005-07 biennium. This fee is actually a late fee which is prorated based on the tardiness of renewing ones registration. Since sufficient notice of an approaching renewal deadline is provided, it is interesting that this category manages to accrue funds. The economic climate could affect this fee as a registrant may decide not to renew but then locates a work opportunity and reinstates later when a restoration fee must be included.

The interest income was down sharply by over $5000 in the 2007-09 biennium. Based on the first quarter interest received in the 2009-11 biennium, the adopted interest income of $4560 for 2009-11 could also be substantially reduced by more than half of the 2009-11 budgeted amount. The downward trend is directly related to the current national economic climate.

A substantial increase in the Application Fee income occurred because of a Board procedural change. Each person must apply for registration upon completing the examination requirement. This is considered an "initial" application for registration. Assignment of a registration number is based on receiving that initial registration application. This change was recommended through the audit procedure so that new registrant numbers could be tracked. This now prevents the automatic assignment of a registration number when a candidate complete the examination requirement as some candidates use Oregon's exam site without intending to register in Oregon. The application for examination is now separated from the application for registration. This new process increased the income category for application fees even though the examination applications were down.

EXPENSES: The instate travel expense of $3400 over budget reflects the cost of taking one unbudgeted Board meeting on the road to Baker City, Oregon in September of 2008. This trip was not planned when the budget was developed in March of 2007. But the Board determined that an outreach effort to local miners would be beneficial as follow-up to a contentious compliance case.

The out of state expense was less than budgeted by $900 because the Administrator did not attend the national meeting in Illinois because no program was planned for Administrators.

No new major updates were made to the database software which is reflected in the $7500 under budget for the computer data processing account.

The Board signed a lease agreement for a copier/scanner. A per sheet charge was previously paid for copying. In additional to a reduction of 6 cents per sheet in copying charge (paper is now purchased rather than provided), the US Mailing expenses have been greatly reduced by scanning and emailing documents. This is reflected in the $2300 savings in the Office, Services and Supplies account.

Examination expense line item was up because it included $15,000 for a once in a decade Task Analysis and development of new engineering geology examination forms. This is a joint effort with the Washington Geology Board.

The examination fees were approximately $5500 less than budgeted because the examinee numbers were down from projected. The national exam fees are just a pass through expense, but the fewer applicants for exam also converts to less income from exam application fee. That downward fee is not represented in the application fee income because of the registration application process implemented which includes an application fee.

The increase in Administrator salary was previously discussed under the Income category when explaining why the fee in the Interagency Agreement was increased. Although staff salaries for the 2009-11 biennium have been frozen, some salary adjustments were made in the budgeting process. One half-time position was reclassified to an Accounting Tech which placed it at a higher salary level. Although the Administrator did not receive a step increase, the step itself had increased during the prior year and that increase was not previously paid to the Administrator. That 2007-09 step revision which increased the salary amount of the frozen step is now reflected in the budget for 2009-11.

HEARING PROCESS: A Public Rulemaking Hearing was convened on June 5, 2009 for purpose of accepting comments on the draft 2009-11 budget. The Board deliberated on the budget during a March 5, 2009 Work Session. It convened again on March 18, 2009 in a special meeting for finalizing and approving the budget. A REPORT TO THE AGENCY is

included which identifies other outreach efforts in communicating the budget information. **See APPENDIX 8.**

IV. FEES:

Board fees are listed in the Oregon Administrative Rules, OAR 809-010-0001. Any revisions to the fee schedule must be processed through a Public Rule Making Hearing. The national examination fee is not set by the Board, but the Board had been informed that a fee increase for the practice section will be occurring. **See APPENDIX 9.**

The Board increased annual fees effective with the 2007-09 biennia, but no fee increases occurred in approving the 2009-11 budget. The Board was faced with two large expenses in the 2007-09 budget that could not be absorbed at the prior fee level. The budget included $15,000 for development of an engineering geology Task Analysis and new examination forms. The Attorney General legal fees were increased because of the anticipated expenses of the appeal of a revoked registration.

In March 2007 budget deliberations, the Board considered delaying the fee increase to year two of the 07-09 biennium or using reserve funds to balance the budget. But through serious discussions, the Board recognized that the cost of the Court of Appeals was an unknown so even with the fee increase, the Board might have to use reserve dollars. (*Note:* The appeal was upheld in the Court of Appeals and over $22,000 was expended. The revoked registrant hired a new attorney and the case was submitted to the Supreme Court. Late in October 2009, the Board was informed that the case was picked up by the Supreme Court.) In the end, the Board deliberations led to a very wise decision. The fee increase was effective July 1, 2007 before the incredible changes in the economy and the Administrator's salary increase.

Since the Supreme Court case was not anticipated, no dollars are included in the 2009-11 budget for ongoing Department of Justice charges. The Board does have reserve funds in CD's which were not tapped in the 2007-09 biennium which may have to be applied to the ongoing expense of this enforcement case.

The 2007-09 fee increase is also now being used to cover the Administrator salary expenses that were increased in the 2007-09 biennium

V. RULEMAKING PROCESS:

The Board submitted only two Administrative Rule revisions over the course of the biennium. One rule was resubmitted to the Administrative Rules Unit because it was submitted to Legislative Counsel outside the 10-day window and the re-noticing was

required. The second rule change was the adoption of the 2009-11 budget. **See APPENDIX 10.**

During this biennium, numerous rules changes have been discussed and some drafting has occurred as an outcome to the compliance case that resulted in the revocation. But because this case remains unresolved, the Board has chosen not to move to permanent rule changes at this time. The Board anticipates revising numerous rules when that case is finally resolved that will implement those changes that the case implements.

The Board spent one Saturday retreat in January 2009 reviewing and evaluating the Compliance procedure. This subsequently led to numerous revisions to the OAR 809, Division 55. That final rule was submitted after this reporting period.

A presentation on digital signatures was recently entertained by the Board. Final revisions to the stamping and signing rules are also imminent.

VI. CONSUMER PROTECTION:

The Board provides a list of all active registrants on the web page 24/7 so that the public can have access to registrant information. This information is updated monthly.

The Board developed and added a Complaint Form to the web site to assist the public in preparing complaints for the Board. The complaint flow chart revisions were just completed and this revised chart will soon be on the web page.

The Board publishes quarterly newsletters which are posted on the Board's web page. The newsletter have wide readership, as they are also issued to all cities and counties in the state.

The December meeting is convened annually on a university campus. Geology students and professors are encouraged to join the meeting where a luncheon presentation informs them about the regulation of the profession and the requirements of becoming registered. A graphic poster touting the TEN REASONS FOR BECOMING A REGISTERED GEOLOGIST was presented to the geology department during the campus visit.

The Board manned a booth in November of 2008 at the OWEB Conference convening in Eugene. A new large graphic poster was displayed for the first time and handouts were provided. The poster includes pictures of different hazards from around the state that are mitigated by geologists.

The Board works with the Engineering Board in a Joint Committee to discuss and resolve complaints in areas of overlap practice. This has led to an increased understanding about the scope of practice and the need to work together to protect the public.

As a follow-up to a compliance case involving the Eastern Oregon mining community, the Board met in Baker City in September 2008 for its quarterly meeting. A very interactive dinner discussion was held with guests from the US Forest Service, DOGAMI, and DEQ discussing roles in working with the local mining community. The Board had anticipated participation from members of the local mining community, but they chose not to participate.

During the 2009 legislative session, the Board submitted one bill. This bill was developed to provide immunity for volunteers that serve. The bill was much streamlined from a similar attempt in the 2007 Legislative session. The Board sees this as a critical component in consumer protection. Without some type of immunity from retaliation, the Board may encounter difficult times in the future to engage volunteers. The Board has been unsuccessful in passing this legislation. The Board will again attempt to pass immunity language in the 2011 legislative session.

VII. LICENSURE ACTIVITIES:

The Board administers three types of registrations: Geologist-in-Training, Registered Geologist, and Engineering Geologist. In addition, the Board administers two national examinations two times each year. The Board also administers the Oregon/Washington Engineering Geology examination two times each year. **See APPENDIX 11.**

Little change occurred in the overall registration numbers from the 05-07 to the 07-09 biennium. A substantial increase in Geologist-in-Training (GIT) registrants occurred from 05-07 to 07-09. These should convert to Registered Geologists as they achieve the required experience.

The information in Appendix 11 reveals that applications for renewing registrations have declined and new registrations issued have also declined. The overall number of examination candidates has also dropped. In spite of all these declining numbers, the total registrants increased ever so slightly. This probably reflects individuals returning to an active status after failing to renew.

One expected statistic is the increase in retired Registered Geologists and Engineering Geologists. Registration began in 1978, just over 30 years ago. Considering the large number of initial registrants that grandfathered, those registrants are now reaching 70. The Board charges a reduced fee at age 70 and maintains those registrants as active on the roster.

One recent bright spot was the number of six engineering geology candidates in the October exam administration. In the entire 07-09 biennium, there were a total of nine candidates. Hopefully this is a positive sign of adding additional Engineering Geologists to the Board roster.

VIII. ENFORCEMENT ACTIVITIES:

The Board opened eleven cases against registrants during the 07-09 biennium. This was up from seven in the prior biennium. The total number of investigations as well as the number of complaints resolved was almost the same for both bienniums. The Board continues to focus on educating individuals about the registration requirement and encouraging individuals to become registered if they have the qualifications. The Board generally uses the LETTER OF CONCERN in the education process. One case was closed with a Letter of Advice providing the registrant with suggestions for enriching a report as the report quality was not a concern to the Board.

Two civil penalties were issued. Both penalties were the result of the same case, but one penalty was paid by a Professional Engineer for the fraudulent use of an engineering geology stamp. The other respondent returned to Canada and attempts at serving the Notice of Civil Penalty have been unsuccessful.

The October 20, 2006 revocation of a registration was finalized by an ORDER ON RECONSIDERATION issued January 21, 2008. The individual subsequently appealed the revocation decision and the Oregon Court of Appeals heard the case in February 2009. In June 2009, the Court of Appeals upheld the decision of the Board. The individual hired a new attorney and submitted the case to the Supreme Court. The Board learned in mid-October 2009 that the Supreme Court will hear the case in March 2010.

The number of days between beginning an investigation and reaching a resolution increased from 300 to 398 from the 05-07 to the 07-09 biennium. This is not good but is related to numerous spin-off complaints submitted by the revoked registrant following the Board's decision. Board Members serving as the Technical member of compliance committees struggled with the review of the spin-off complaints. This led the Compliance Committee to recognize the difficulty faced by Board Members and to seek assistance from outside Technical Reviewers to keep the cases moving.

This has turned out to be a positive change, as it has led to an overhauling of the Complaint process which has led to the use of Technical Reviewers rather than Board Members in the complaint review process. A special retreat in January 2009 led to many positive changes in the compliance procedure, including the development of a complaint form and a Technical Reviewer form.

Because Board Members have numerous other Board obligations, relieving them from the compliance review process has been a positive outcome of this revocation case. Technical Reviewers bring interest and energy and require little prodding to provide input. The length of time to complete cases should decrease with the Board's approval of the revised process. The Public Member of the Board has greatly facilitated these changes.

IX. Other Actions

The Board continued its participation in the ASBOG Council of Examiners. Because the regulatory examination administered by the Board is developed by ASBOG through this council, the Board has maintained active participation. Two Board Members, one participating in the fundamental exam and the other participating in the practice exam, attend this event on two separate occasions each year in the examination development process.

In October 2007, the Board invited the Science Education Specialist from the Oregon Department of Education to present information about Oregon science education. The Department was forming a large committee with an outcome of establishing the science standards for the next seven years. This led to the Board's Outreach Chair Dr. Stephen Taylor agreeing to serve on the committee. Over an eighteen month period, the Board newsletter communicated information to practicing geologist about the work of the committee. When it was solicited, many practicing geologists provided input to the committee about geology and science education. The result of the Board's involvement is that geology coursework will be included as an opportunity for science curriculum that school districts across the state can choose. This is awesome, as Oregon is considered to be a state with the most diverse geology within its borders. How wonderful that Oregon students can come to know about this geology.

The October 2007 newsletter's lead article was titled Watershed Assessment, River Restoration, and the Geoscience Profession. It was authored by Dr. Taylor and was well read across professions. It subsequently led to a presentation at a sustainability conference. The watershed arena crosses a variety of professions, some regulated, some not. The Board deals with inquires based on the application to the practice of geology.

The Board offered input to the Department of State Lands as they worked on a feasibility study for wetland science certification.

From December 2008 through June of 2009, the Board called on many of its Engineering Geologists to assist with the engineering geology examination development process. This was a joint venture coordinated with the Washington Board of registration. Many registrants completed the on-line Task Analysis and additional registrants participated in the numerous workshops required to complete new examination forms.

In March of 2009, the Board prepared a position statement and submitted it to the Association of Engineering Geologists regarding the purpose and outcome of a Joint Task Force on Areas of Practice. Information about this effort was published in the April 2009 newsletter.

Staff of the Board continues to be ambassadors for both the work of the Oregon State Board of Geologist Examiners and the regulatory work carried out by all the Boards that regulate professions in the State of Oregon. The Board office is located in a private building where the public roams the halls. The question is often asked: "What do geologists do?" In answering inquiries about the regulation of geology, an opportunity is available to talk about the important role regulatory Boards play in protecting this state and to encourage individuals to participate as Public Members on regulatory Boards.

The Board is comprised of highly competent individuals that are the small minority of the population that are driven to serve as volunteers. The staff carries out the actions of the Board. The multitude and variety of tasks from opening mail and processing application materials to drafting Administrative Rules and writing newsletters keeps staff very busy. With a large window on its work site, staff is constantly in a fish bowl and any member of the public can see that the Board employees are diligent workers who genuinely enjoy what they do.

Appendix 1

OREGON STATE BOARD OF GEOLOGIST EXAMINERS

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October 20, 2009

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Terms: 11/18/2005 to 11/17/2008
11/18/2008 to 11/17/2011

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Terms: 12/27/2007 to 2/28/2008
03/01/2008 to 2/28/2011

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Appendix 2

COMMITTEES OF OSBGE

December 2009

BUDGET COMMITTEE

Susanna Knight, Chair
Vicki McConnell
Steve Taylor

CEG GUIDELINE COMMITTEE

Chris Humphrey
Rodney Weick

COMPLIANCE COMMITTEE

Richard Heinzkill, Chair, Public Member of Board
Susanna Knight, Administrator
Technical Reviewers (on a case by case basis)

GEOLOGY REPORT GUIDELINES COMMITTEE

Vacant

JOINT COMPLIANCE COMMITTEE [MOU/OSBEELS]

Rodney Weick, Chair
Gary Peterson, RG, CEG, Appointed by the Chair

LEGISLATIVE COMMITTEE

Vicki McConnell, Chair
Eric Floyd
Tova Peltz

OUTREACH COMMITTEE

Steve Taylor, Chair
Todd Jarvis
Dennis Nelson

PROFESSIONAL PRACTICES COMMITTEE

Christopher Humphrey, Chair
Jason Hinkle
Bernie KIeutsch
John Marra

RULES COMMITTEE

Mark Yinger, Chair

Jennifer Berry	Terry Crotwell
Audrey Eldridge	Bernie Kleutsch
David Livermore	Ted Weasma

Appendix 3

Report No. 2009-32
December 2009

Kate Brown, Secretary of State
Gary Blackmer, Director, Audits Division

Secretary of State Audit Report

State of Oregon

Board of Geologist Examiners

A Semi-Independent Agency
For the Biennium Ended June 30, 2009

Contract Auditor: Moss Adams LLP

STATE OF OREGON

BOARD OF GEOLOGIST EXAMINERS

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS
(With Supplemental Information)

FOR THE BIENNIUM ENDED

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Oregon State Board of Geologist Examiners

We have audited the accompanying financial statements of the governmental activities and the general fund of the Oregon State Board of Geologist Examiners (Board), a semi-independent agency of the State of Oregon, as of and for the biennium ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Oregon State Board of Geologist Examiners' management. Our responsibility is to express opinions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the governmental activities and the general fund of the Oregon State Board of Geologist Examiners, as of June 30, 2009, and for the biennium then ended in conformity with accounting principles generally accepted in the United States of America.

The Oregon State Board of Geologist Examiners has not presented *Management's discussion and analysis* (MD&A) that accounting principles accepted in the United States of America have determined necessary to supplement, but are not required, to be part of the basic financial statements. The budgetary comparison information on page 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, on our consideration of the Oregon State Board of Geologist Examiners' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 Audit Standards* and should be considered in assessing the results of our audit. That report is separately presented in the Other Reports section as listed in the table of contents.

Moss Adams LLP

Eugene, Oregon
December 17, 2009

OREGON STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
BALANCE SHEET - GENERAL FUND
STATEMENT OF NET ASSETS
JUNE 30, 2009

	General Fund	Adjustments (Note 3)	Statement of Net Assets
ASSETS:			
Cash and cash equivalents	$ 147,538	$ -	$ 147,538
Investments	68,000	-	68,000
Total assets	$ 215,538	$ -	$ 215,538
LIABILITIES			
Compensated absences	-	2,498	2,498
Total liabilities	-	2,498	2,498
FUND BALANCE			
Unreserved	215,538	(215,538)	-
Total fund balance	215,538	(215,538)	-
Total liabilities and fund balance	$ 215,538		
NET ASSETS			
Unrestricted		(213,040)	213,040
Total net assets		$ (213,040)	$ 213,040

See accompanying notes.

OREGON STATE BOARD OF GEOLOGIST EXAMINERS
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATEMENT OF ACTIVITIES
FOR THE BIENNIUM ENDED JUNE 30, 2009

	General Fund	Adjustments (Note 3)	Statement of Activities
REVENUES			
Licenses and fees	$ 319,851	$ -	$ 319,851
Administrative fees	153,600	-	153,600
Interest income	11,377	-	11,377
Other income	542	-	542
Total revenues	485,370	-	485,370
EXPENDITURES / EXPENSES			
Personal services	290,376	(916)	291,292
Service and supplies	163,910	-	163,910
Total expenditures / expenses	454,286	-	455,202
Excess of revenues over expenditures	31,084	-	30,168
OTHER FINANCING SOURCES	-	-	-
NET CHANGE IN FUND BALANCE/NET ASSETS			
Fund balance /Net assets - June 30, 2007	184,454	1,582	182,872
Fund balance /Net assets - June 30, 2009	$ 215,538	$ 2,498	$ 213,040

See accompanying notes.

NOTE 1 - NATURE OF THE ORGANIZATION

The objective of the Oregon State Board of Geologist Examiners (The Board) 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 education and experience 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 registrations or certifications and to assess civil penalties when warranted.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Oregon 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 created in 1977. 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. Oregon's State Geologist serves as an ex-officio sixth member of the Board. 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. In the 1999 legislative session, Oregon senate Bill 1127 made additional revisions.

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 governmental fund. Revenues are from license fees, service fees, civil penalties and interest income.

The Board presents both governmental fund financial statements and government-wide financial statements which report on separate measurement focuses. Due to these differences, certain adjustments are necessary to reconcile between governmental fund financial statements and the government-wide financial statements. Those adjustments are described in Note 3.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 measureable and available except for license fees which are 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 and interested parties.

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 non-appropriated budgets. The budgetary statement included herein compares the total of annualized non-appropriated budgets for fiscal years ending 2008 and 2009 to actual expenditures for the two years ended June 30, 2009.

Cash and cash equivalents - Cash includes cash on hand and demand deposits.

Supplies - Supplies are charged as expenditures when purchased.

Compensated Absences - Full-time, permanent employees are granted paid time off benefits of varying amounts to specified maximums depending on tenure with the Board. An annual fiscal year-end analysis and subsequent general ledger journal entry is booked to maintain a relevant accrual liability for compensated absence that have been earned but not yet taken.

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.

Civil penalties - The Board is authorized under state laws to impose civil penalties to enforce certain provisions and professional standards. Civil penalties are recognized upon board motion to impose disciplinary action.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes reconciliation between the fund balance and net assets as reported in the government wide statement of net assets for the following:

Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds:	$ 2,498

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between the government-wide statement of activities for the following:

Change in compensated absences	$ (916)

NOTE 4 - CASH AND INVESTMENTS

Credit risk - State Statutes authorize the Oregon 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 182.470 (Depository accounts for moneys collected or received by semi-independent state agencies); ORS 294.035 (Investment of surplus finds 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.

NOTE 4 - CASH AND INVESTMENTS (Continued)

The following is the investment balance as of June 30, 2009:

	Fair Value
Certificates of deposit	$ 68,000
Total investments	$ 68,000

Interest rate risk - The Board currently does not have a formal investment policy that limits investments as a means of managing its exposure to fluctuating interest rates. However, the Board approves all investments on an individual basis and has invested in certificates of deposit in order to reduce interest rate risk as once the investment is made, the interest rate does not change.

Custodial credit risk - deposits - HB 2901, which passed during the 2007 Legislative Session, significantly revised ORS 295 (Depositories of Public Funds and Securities) which governs the collateralization of public funds deposits. The changes streamline the collateralization process and eliminate the need to request and maintain Certificates of Participation (COP's). The Bill created a shared liability structure of the qualified depositories. Under the new law, government entities no longer have to request and maintain the issuance of a COP for balances over the $250,000 FDIC insured amount when using a qualified depository. Government entities only need to verify that the bank they use as a depository appears on the list of qualified depositories with the State Treasurers Department. The Oregon State Board of Geologist Examiners funds depository institution is Pioneer Trust Bank. The balance in this account was less than the FDIC insurance limit and Pioneer Trust Bank has a branch in Oregon.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities, if any, that are in the possession of an outside party.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan description - The Board is a participating employer in the Oregon Public Employees Retirement System (PERS). Board employees hired after August 28, 2003, participate in the Oregon Public Service Retirement Plan (OPSRP). Employees hired on or before this date are PERS members. All Board employees who work over 600 hours per year are eligible to participate in the plans after completing six months of employment with a PERS/OPSRP covered employer. Both plans require actuarially determined contributions from the employer and an employee contribution of six percent of covered salary. The Board pays the employee's contribution as allowed by law. Both plans are administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238 and 238A. Both plans provide retirement benefits and cost-of-living adjustments, as well as disability, post-employment healthcare, and death benefits to plan members and beneficiaries. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS Fiscal Services Division, 11410 SW 68th Parkway, Tigard, Oregon 97223.

Public Employees Retirement System (PERS) - PERS plan members also participate in a cost-sharing multiple-employer defined benefit pension plan. The Board is required by statute to contribute actuarially computed amounts as determined by the PERS Board. The rates are subject to change as a result of subsequent actuarial valuations. During the two year biennium period ending June 30, 2009, the Board contributed 5.03% of covered salary.

Oregon Public Service Retirement Plan (OPSRP) - OPSRP is a cost-sharing multiple-employer defined benefit and defined contribution pension plan created by the Oregon Legislative Assembly in 2003 as a successor plan for PERS.

- The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rates for the OPSRP defined benefit pension plan was 7.74% for general service employees as of July 1, 2007.

- The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. PERS members retain their existing PERS accounts; however, member contributions have been deposited in the member's IAP since the beginning of 2004 rather than into the member's PERS account.

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions - Required contributions are determined using the projected unit credit actuarial cost method. Under this method, the Tier 1/Tier 2 regular UAL and Retiree Healthcare UAL as of December 31, 2007 are amortized as a level percentage of combined valuation payroll over a closed 20-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. Amortization of a change in Tier 1/Tier 2 UAL and Retiree Healthcare UAL due to a change in the actuarial cost method is amortized as a level percentage of combined valuation over a rolling three-year period. Contributions are credited toward the payment of this change in UAL beginning July 1, 2007. For OPSRP UAL, amortization for gains and losses between odd-year valuations are amortized as a level percentage of combined payroll over 16 years from the odd-year valuation in which they are first recognized. The actuarial value of PERS assets is reported at fair market value. In order to reduce year-to-year volatility in contribution requirements due to changes in asset value, new contribution rates are confined to a collar based on the prior contribution rate. New contribution rates will not increase or decrease by more than the greater of 3 percentage points or 20 percent of the current rate. If the funded percentage drops below 80% or increases above 120%, the size of the collar doubles.

Other charges - 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 23 years the state will be obligated to make the principal and interest payments on the pension obligation bonds. All benefiting agencies are charged the same rate to pay this debt service. The rate is applied to subject salaries and during this biennium the rate fluctuated from 6.20% at the beginning of the biennium to 5.95% effective January 1, 2008. The Board's total Oregon General Obligation Pension Bond expense for the biennium ended June 30, 2009 was $11,454.

Annual pension cost - Contributions actually made are equivalent the annual pension cost. The Board's contributions were equal to the annually required contributions. The following table presents three-year information related to funding of the Board's defined benefit pension plans

	2007	2008	2009
Board contribution rates	5.50%	5.50%	5.50%
Employee contribution paid by Board	6.00%	6.00%	6.00%
Payroll covered by PERS	$ 79,057	$ 85,740	$ 13,483
Annual pension cost and bond assessment	17,243	15,270	19,151
Net pension obligation	-	-	-

NOTE 6 - OTHER POSTEMPLOYMENT BENEFIT PLANS

The Board's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefit Plans (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statues (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS Fiscal Services Division, 11410 SW 68th Parkway, Tigard, Oregon 97223.

Retirement Health Insurance Account - The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer OPEB plan which provides a payment of up to $60 toward the monthly cost of health insurance for eligible PER members. To be eligible for the RHIA subsidiary, the member must have eight years of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, receive both Medicare parts A and B coverage, and enroll in a PERS sponsored health insurance plan. The Board is required by statutes to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as the result of subsequent actuarial valuations. The rate of each covered employees salary for the biennium ended June 30, 2009 was .37%, which is embedded within the PERS contribution rate as described above in Note 5.

Retiree Health Insurance Premium Account - The Retiree Health Insurance Premium Account (RHIPA) is a single-employer OPEB plan that provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. Retired state employees are qualified to receive the RHIPA subsidy if they had eight or more years of qualifying service in PERS at the time of retirement or are receiving disability pension calculated as if they had eight or more years of qualifying services, but are not eligible for federal Medicare coverage. The Board is required to contribute actuarially computed amounts as determined by PERS. Rates are subject to changes as the result of subsequent actuarially determined valuations. The rate of each covered employ's salary for the biennium ended June 30, 2009 was .10% which is embedded within the total PERS contribution rate as described in Note 5.

Board contributions to the plans for the years ended June 30, 2007, 2008 and 2009 were $401, $249, and $304 respectively, equal to the required contributions each year.

NOTE 7 - COMPENSATED ABSENCES

Sick Leave - Sick leave is earned at the rate of eight hours per month with no maximum limit. Accumulated sick leave at June 30, 2009 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.

NOTE 7 - COMPENSATED ABSENCES (Continued)

Vacation Leave - Vacation time is earned, subject to a maximum accumulation of 250 to 350 hours depending on employee classification, at a rate of 8.0 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 $2,498 at June 30, 2009.

NOTE 8 - 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. The Board's total liability insurance expense for the biennium ended June 30, 2009 was $500.

NOTE 9 - LEASES

Operating lease - The Board leased space under a year-to-year lease expiring June 30, 2009. Total lease payments for the year biennium ended, July 1, 2007 to June 30, 2009 were $7,522.

The Board relocated effective July 1, 2009.

Future lease payments are based on a base rent of $465 per month. However, the base rent will increase by 3% in year 2 ($479); by 3% of year 2 base for year 3 ($493).

NOTE 8 - INTERAGENCY AGREEMENT

For the period July 1, 2007 through June 30, 2009, the Board entered an Interagency Agreement to provide administrative support services for the Oregon State Landscape Architects Board (OSLAB) at a rate of $5,500 per month for the first year. From July 1, 2008 to June 30, 2009 the rate increased to $7,300.

REQUIRED SUPPLEMENTAL INFORMATION

OREGON 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, 2009

	Biennial Budget	Actual			Variance
	Original & Final	FY 2007	FY 2008	Biennial	Positive (Negative)
REVENUES					
License and fees	$ 315,915	$ 159,594	$ 160,257	$ 319,851	$ 3,936
Administrative fees	151,200	66,000	87,600	153,600	2,400
Interest income	8,400	6,807	4,570	11,377	2,977
Other income	5,600	42	500	542	(5,058)
Total revenues	481,115	232,443	252,927	485,370	4,255
EXPENDITURES					
Personal service	317,752	130,906	159,470	290,376	(27,376)
Service and supplies	163,363	71,146	92,764	163,910	547
Total expenditures	481,115	202,052	252,234	454,286	(26,829)
Revenues over expenditures	-	30,391	693	31,084	31,084
FUND BALANCE, BEGINNING	184,454	184,454	214,845	184,454	-
FUND BALANCE, ENDING	$ 184,454	$ 214,845	$ 215,538	$ 215,538	$ 31,084

See accompanying notes.

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 *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities and the general fund of the Oregon State Board of Geologist Examiners, as of and for the biennium ended June 30, 2009, which collectively comprise the Oregon State Board of Geologist Examiners' basic financial statements and have issued our report thereon dated December 17, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Oregon State Board of Geologist Examiners internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oregon State Board of Geologist Examiners internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oregon State Board of Geologist Examiners internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Oregon State Board of Geologist Examiners ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Oregon State Board of Geologist Examiners financial statements that is more than inconsequential will not be prevented or detected by the Oregon State Board of Geologist Examiners internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting. This deficiency is listed as 2009-1.

Financial Statement Findings

2009-1

Condition

The internal control structure of the Board has focused primarily on the objective of effectiveness and efficiency of operations. However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles. For the biennium ended June 30, 2009, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements.

Management of the Board maintained accounting records primarily on a cash basis of accounting. Preparation of a GAAP-based financial statement for the Board requires a thorough knowledge of full accrual, modified accrual, and budget basis accounting. As a result, certain adjustments were required to be made to the financial statements subsequent to the start of the audit process. Adjustments included the recognition of differences between the government wide full accrual financial statements and the modified accrual fund financial statements.

Additionally, Management required assistance with certain disclosures that included the pension plans and other post employment benefits. As described in the *Independent Auditors Report*, Management has not presented *Management's discussion and analysis* (MD&A) that accounting principles accepted in the United States of America have determined necessary to supplement, the basic financial statements.

The cumulative effect of these observations regarding the lack of internal control over the financial close and reporting cycle could result in a material misstatement of the financial statements; this deficiency is deemed to be a material weakness.

Criteria

To minimize the risk of material errors in the financial statements, management should possess sufficient understanding of the basic reporting requirements as required under generally accepted accounting practices in the United States.

Effect

Lack of internal controls and management education about GAAP significantly increases the risk of material accounting errors in Board financial statements.

Financial Statement Findings (Continued)

Cause

Semi-independent State Board's such as the Oregon State Board of Geologist Examiners are required to produce GAAP financial statements on a biennium basis. The infrequent nature of financial reporting creates conditions which diminish the significance for possessing a thorough understanding about GAAP reporting requirements.

Recommendations

Management and the Agency's governing body should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and design appropriate controls as necessary to rectify inadequacies.

Response

The Oregon State Board of Geologist Examiners agrees that the financial statements were not prepared by staff with GAAP-based knowledge. However, prior to the audit, the financial statements were reviewed by a neutral third party to confirm that the information was properly recorded. The Board notes the following statement on page 14 of the audit report: "The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*"

The audit's Financial Statement Findings presents a concern regarding a possible misstatement of the financial statement due to the lack of GAAP education and the possible cumulative effect of this lack of GAAP knowledge. The Board will take this concern into consideration at its next regularly scheduled meeting March 4, 2010. An assessment will be made by the Board to determine what policy or procedure might be established to address this finding relative to the preparation of financial statements.

Appendix 4

Budget Totals for Three Biennia

		Actual Figures 2005-2007 Biennium	Adopted Budget 2007-2009	Actual Figures 2007-2009 Biennium	Adopted Budget 2009-2011
Income	*Carryover*				$3,500.00
	Administration Fee	$ 108,000.00	$ 138,000.00	$ 153,600.00	171,600.00
	Application Fee	7,425.00	6,225.00	12,775.00	14,175.00
	CEG Exam Fee	3,250.00	2,800.00	2,675.00	2,400.00
	Exam Fee (GIT)	12,750.00	14,350.00	11,900.00	9,450.00
	Exam Fee RPG	8,100.00	11,250.00	9,750.00	11,250.00
	LIC RENEW (GIT)	3,275.00	6,200.00	7,170.82	5,300.00
	Lic Renew (RPG)	173,122.42	228,200.00	226,284.76	213,400.00
	Lic Renew (CEG)	29,904.03	43,800.00	41,462.50	39,150.00
	Restoration Fee	4,950.00	5,200.00	6,945.00	6,000.00
	Cert Fee (RPG & CEG)	75.00	400.00	150.00	400.00
	Over 70 RG Renewal	1,515.83	1,995.00	2,104.50	1,920.00
	Over 70 CEG Renewal	1,065.00	1,095.00	1,132.50	870.00
	Civil Penalties	0.00	0.00	500.00	
	Interest, Checking	10,465.40	8,400.00	5,065.18	4,560.00
	Miscellaneous Cash Receipts	401.00	0.00	112.88	0.00
	TOTAL REVENUE	364,298.68	467,915.00	481,628.14	483,975.00
	44000 · Fee Refunds				
	CEG Exam Fee	(200.00)	0.00	0.00	0.00
	Fundamental Exam Fee	(275.00)	0.00	(175.00)	0.00
	Practice Exam Fee	(300.00)	0.00	(450.00)	0.00
	Refund Application Fee	(100.00)	0.00	(50.00)	0.00
	GIT Renewal	(25.00)	0.00	(245.80)	0.00
	RPG Renewal Fee	(470.00)	0.00	(940.00)	0.00
	CEG Renewal	(790.00)	0.00	(370.00)	0.00
	Restoration Fee Refund	(180.00)	0.00	(270.00)	0.00
	Over 70 RPG Renewal	(65.00)	0.00	0.00	0.00
	Over 70 CEG Fee	(50.00)	0.00	(70.00)	0.00
	Fee Refunds	(2,455.00)	0.00	(2570.80)	0.00
Total Income		$ 361,843.68	$ 467,915.00	$ 479,057.34	483,975.00
Expense					
	Miscellaneous Expenses				
	IS Travel Expenses	7,006.41	6,502.00	9,937.97	9,742.00
	OS Travel Expenses	8,379.30	8,530.00	7,696.14	0.00
	Office, Services & Supplies	14,378.88	15,300.00	13,072.95	11,040.00
	Dues	6,560.00	5,900.00	7,195.00	7,050.00
	Web Page	50.00	1,200.00	1,262.50	1,200.00
	Telephone-related Services	3,376.94	3,100.00	3,075.32	3,200.00
	Computer Data Processing	11,016.21	12,840.00	5,032.50	9,500.00
	Training	1,208.00	1,200.00	863.00	0.00
	Professional Services	2,180.93	2,400.00	5,036.54	9,660.00
	Attorney General Legal Fees	35,801.94	54,000.00	46,712.44	29,592.00
	Gov Services	21,882.15	20,000.00	17,275.42	9,900.00
	Facilities Rent	8,377.10	8,580.00	9,097.20	12,312.00
	Examinations	18,050.00	41,100.00	35,543.72	20,700.00
	Bank Charges	2,986.91	3,120.00	3,039.36	3,120.00
	Regular Employees	212,364.78	284,143.00	289,445.92	347,281.00
Total Expense		$ 353,619.55	$ 467,915.00	$ 454,285.98	474,297.00
Net Ordinary Income		$ 8,224.13	0.00	$ 24,771.36	9,678.00
Other Income					
	Interest on CDs	0.00	0.00	$6,312.21	0.00
Net Income		$ 8,225.00	$0.00	$ 31,083.57	9,678.00
Fund Balance, Ending		$ 176,229.00		184,454.00	215,537.57
Fund Balance, Ending		$ 184,454.00		$ 215,537.57	$225,215.57

Appendix 5

Oregon State Board of Geologist Examiners
Biennium Budgets

Fund Analysis

Source	2005-07 Biennium Actual	2007-09 Biennium Actual	2009-11 Biennium Approved
Beginning Fund Balance	$ 176,229.00	$ 184,454.00	$ 215,538.00
Total Revenue	364,299.00	485,370.00	483,975.00
Total Funds Available	540,528.00	669,824.00	699,513.00
Total Expenditure	356,074.00	454,286.00	474,297.00
Ending Fund Balance	$ 184,454.00	$ 215,538.00	$ 225,216.00

Appendix 6

OR State Board of Geologists Examiners
Balance Sheet
As of June 30, 2009

		June 30, 2009
ASSETS		
Current Assets		
Checking/Savings		
1001 · Pioneer Trust Bank	$	146,409.56
Total Checking/Savings		146,409.56
Total Current Assets	$	146,409.56
Other Assets		
1540 · Cash & Money Market		1,127.91
1500 · CD's		
1550 · 18 Month CD - Mountain National		23,000.00
1530 · 18 Month CD - Farmer's Merchant		21,000.00
1520 · 18 Month CD - Wachovia		24,000.00
Total 1500 · CD's		68,000.00
Total Other Assets	$	69,127.91
TOTAL ASSETS	$	**215,537.47**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2100 · Payroll Liabilities		
2100f · Employee Paid Insurance		-10.92
2100e · Medical/Dental/Life - Employer		-52.41
2100d · Work Comp		12.36
Total 2100 · Payroll Liabilities		-50.97
2150 · Accrued Vacation		2,548.90
Total Other Current Liabilities		2,497.93
Total Current Liabilities		2,497.93
Total Liabilities	$	2,497.93
Equity		
3600 · Vacation time accrued		-2,548.90
3100 · Operating Equity		
3110 · Six-Month Operating Equity		60,000.00
3120 · Compliance Equity		50,000.00
Total 3100 · Operating Equity		110,000.00
3900 · Retained Earnings		106,431.54
Net Income		-843.10
Total Equity	$	213,039.54
TOTAL LIABILITIES & EQUITY	$	**215,537.47**

Appendix 7

		Adopted Budget 2009-2011	Actual Figures 7-1-09 to 9-30-09
Income	*Carryover*	$3,500.00	0.00
	Administration Fee	171,600.00	21,300.00
	Application Fee	14,175.00	450.00
	CEG Exam Fee	2,400.00	400.00
	Exam Fee (GIT)	9,450.00	350.00
	Exam Fee RPG	11,250.00	450.00
	LIC RENEW (GIT)	5,300.00	100.00
	Lic Renew (RPG)	213,400.00	19,075.00
	Lic Renew (CEG)	39,150.00	4,675.00
	Restoration Fee	6,000.00	1,100.00
	Cert Fee (RPG & CEG)	400.00	0.00
	Over 70 RG Renewal	1,920.00	405.00
	Over 70 CEG Renewal	870.00	165.00
	Civil Penalties	0.00	0.00
	Interest, Checking	4,560.00	189.48
	Miscellaneous Cash Receipts	0.00	0.00
	TOTAL REVENUE	$ 483,975.00	$ 48,659.48
	44000 · Fee Refunds		
	CEG Exam Fee	0.00	0.00
	Fundamental Exam Fee	0.00	0.00
	Practice Exam Fee	0.00	0.00
	Refund Application Fee	0.00	0.00
	GIT Renewal	0.00	0.00
	RPG Renewal Fee	0.00	100.00
	CEG Renewal	0.00	0.00
	Restoration Fee Refund	0.00	0.00
	Over 70 RPG Renewal	0.00	0.00
	Over 70 CEG Fee	0.00	0.00
	Fee Refunds	0.00	100.00
Total Income		483,975.00	48,559.48
Expense			
	Miscellaneous Expenses	0	0.00
	IS Travel Expenses	9,742.00	408.80
	OS Travel Expenses	0.00	0.00
	Office, Services & Supplies	11,040.00	734.51
	Dues	7,050.00	2,950.00
	Web Page	1,200.00	0.00
	Telephone-related Services	3,200.00	309.93
	Computer Data Processing	9,500.00	25.00
	Training	0.00	450.00
	Professional Services	9,660.00	400.55
	Attorney General Legal Fees	29,592.00	712.40
	Gov Services	9,900.00	2,586.32
	Facilities Rent	12,312.00	1,201.00
	Examinations	20,700.00	0.00
	Bank Charges	3,120.00	298.81
	Regular Employees	347,281.00	39,798.79
Total Expense		474,297.00	49,876.11
Net Ordinary Income		9,678.00	$ (1,316.63)
Other Income			
	Interest on CDs	0.00	760.55
Net Income		$ 9,678.00	$ (556.08)

Appendix 8

Oregon
Theodore R. Kulongoski, Governor

State Board of Geologist Examiners
707 13th Street SE, #260
Salem, OR 97301
Phone: 503.566.2837
Fax: 503.485.2947
Website: www.oregon.gov/osbge

Presiding Officer's Report to Agency on Rulemaking Hearing

Date: June 5, 2009
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 5, 2009
Hearing Location:	Sunset Center South, Conference Room Salem, Oregon
Title of Proposed Rules:	OAR 809-010-0025, Operating Budget
Staff Present:	Susanna Knight, Administrator Marilou Arrobang, Licensing Specialist
Guests Present:	None present

The rulemaking hearing on OAR 809-010-0025, Operating Budget convened at 9:00 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 2009-11 biennium approved by the Board at a Special Budget Meeting convened March 18, 2009. The budget will become effective July 1, 2009. Notification was published in the May 2009 Oregon Bulletin. Notification was also provided in the Board's April newsletter. Written comments were accepted until 5:00 PM on June 5, 2009.

No requests for a copy of the budget or written comments about the budget were received prior to the hearing for by the June 5, 2009, 5:00 PM deadline. No oral comments were received during the hearing.

The hearing was adjourned at 9:05 AM.

Respectfully submitted,
Susanna R. Knight
OSBGE Administrator
June 8, 2009

Appendix 9

Appendix 9, OSBGE Biennial Report, 12/31/2009

Oregon State Board of Geologist Examiners

Fees

Type of Fee	2007-2009 Biennium	Fee Increase	2009-11 Biennium
Examination, Fundamental ASBOG	175	$ -	$ 175
Examination, Practice ASBOG	225	-	225
Examination, Engineering Geology	200	-	200
Geologist-in Training, Initial Registration	50	-	50
Geologist-in Training, Annual Renewal	50	-	50
Geologist, Initial Registration	100	-	100
Geologist, Annual Renewal	100	-	100
Engineering Geologist, Initial Registration	75	-	75
Engineering Geologist, Annual Renewal	75	-	75
Duplicate or replacement registration card	25	-	25
Restoration Fee			
one to ninety days	25	-	25
91 to 175 days	50	-	50
over 176 days	100	-	100
Geologist, Annual Fee if 70 years or older	15	-	15
Engineering Geologist Fee if 70 years or older	15	-	15
Application Fee	50	-	50
Temporary Permit Fee	100	-	100

Appendix 10

Administrative Rules Coming Under Consideration by OSBGE from 7/1/2007 to 6/30/2009

OAR #	Effective Date	Adopted	Amended	Amend & Renumber	Repealed	Suspend	Filed with SOS	Description
809-030-0025	3/20/2008		3/17/2006				3/17/06, 3/20/08	Qualification for Geologist exam; transcript must contain courses listed in this Rule.
809-010-0025	7/1/2009		3/18/2009				6/15/2009	Adoption of the Board's 2009-11 Operating Budget w/ spending limit of $483,975.00

Appendix 11

Appendix II, OSBGE Biennial Report, 12/31/2009

ORS 182.46=72 Section 5 (a-d)

Licensure Activities

Section 5	7/1/2005 to 6/30/2007	7/1/2007 to 6/30/2009	% Change
Total registrants	**1246**	**1250**	**+.003**
Renewing, Geologists and Engineering Geologists	1148	1121	-2.4%
Renewing, Retired Geologists and Engineering Geologists	52	64	+23%
Renewing Geologists-in-training	46	65	+41%
(a) The number of license applications;	**136**	**114**	**-16%**
Geologists-in-Training	36	27	-25%
Registered Geologist	87	80	-8%
Certified Engineering Geologist	13	7	-46%
(b) Total new number of licenses issued	**134**	**113**	**-15.7%**
New Geologists-in-Training	36	27	-25%
New Registered Geologist	85	79	-14%
New Certified Engineering Geologist	13	7	-46%
(c) The number of examinations conducted;	**8**	**8**	**N/C**
Number of examination candidates	**135**	**128**	**-5%**
ASBOG Fundamental candidates	76	71	-6.6%
ASBOG Practice candidates	46	48	+4%
Engineering Geologist candidates	13	9	-31%
(d) The average time between application for and issuance of licenses;	**less than 2 weeks**	**less than 2 weeks**	

Appendix 12

ORS 182.472 Section 5 (e-i)

Enforcement Activities

Section 5	2005-07	2007-09	% Change
(e) Total number and types of complaints received about persons holding licenses; (total)	**7**	**11**	+57%
Registered Geologist	5	9	+44%
Certified Engineering Geologist	2	2	N/C
(f) The number and types of investigations conducted;	**15**	**14**	-7%
Negligent or fraudulent work	1	3	+200%
Poor report quality/practice	4	3	-25%
Complaint against technical reviewer	1	0	-100%
Unlicenced practice	5	5	N/C
Fraudulent use of registrant stamp	1	3	300%
Overlap in practice	2	0	-200%
(g) The number and types of resolutions of complaints;	**12**	**11**	-8%
Closed with no action	5	1	-80%
Complaint unfounded	4	3	-25%
Sanction withdrawn		1	+100%
Poor practice	1	2	+100%
Practice of geology without registration	2	5	+250%
(h) Total number and type of sanctions imposed	**4**	**5**	+25%
Open cases	6	8	
Letter of advice		1	+100%
Letters of concern	3	2	-33%
Civil penalty		2	+200%
Revocation	1	0	-100%
(i) The number of days between beginning an investigation and reaching a resolution.	**300**	**398**	**+33%**