
Secretary of State

State of Oregon

STATE LANDSCAPE ARCHITECT BOARD

For the Three Years Ended June 30, 2003



Audits Division

Contract Auditor: Grove, Mueller & Swank, P.C.

Secretary of State

State of Oregon

STATE LANDSCAPE ARCHITECT BOARD

For the Three Years Ended June 30, 2003



Audits Division

OFFICE OF THE
SECRETARY OF STATE

Bill Bradbury
Secretary of State



AUDITS DIVISION
Cathy Pollino
State Auditor

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Auditing for a Better Oregon

The Honorable Ted Kulongoski
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

The Board of Directors
State Landscape Architect Board
1193 Royvonne Avenue SE, #19
Salem, Oregon 97302

This report contains audited financial statements of the State Landscape Architect Board, a semi-independent agency of the State of Oregon, as of and for the three years ended June 30, 2003, and a report on the State Landscape Architect Boards' compliance with laws and regulations, contracts and grants and on internal control over financial reporting. The audit was performed by Grove, Mueller & Swank, P.C. for the Audits Division.

OREGON AUDITS DIVISION

Cathy Pollino
State Auditor

STATE LANDSCAPE ARCHITECT BOARD
*(A Semi-Independent Agency of the
State of Oregon)*
**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**
For the Three Years Ended June 30, 2003

STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Landscape Architect Board
1193 Royvonne Avenue SE, #19
Salem, Oregon 97302

Catherine E. Pollino, State Auditor
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

We have audited the accompanying financial statements of the State Landscape Architect Board, a semi-independent agency of the State of Oregon, as of and for the three years ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the State Landscape Architect Board's 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 Landscape Architect Board as of June 30, 2003, and the results of its operations for the three 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 December 5, 2003, on our consideration of the State Landscape Architect Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 compliance section as listed in the table of contents.

The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the State Landscape Architect Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

GROVE, MUELLER & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS

By:

Charles A. Swank, A Shareholder
December 5, 2003

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STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
BALANCE SHEET
JUNE 30, 2003

ASSETS

Cash \$ 40,274

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable \$ 18,020

Accrued expenses 8,328

Compensated absences 5,225

Total Liabilities 31,573

Fund Balance

Unreserved 8,701

Total Liabilities and Fund Balance \$ 40,274

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

STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
THREE YEARS ENDED JUNE 30, 2003

REVENUES

Licenses and fees	\$ 378,770
Interest income	299
Other income	<u>4,490</u>
<i>Total Revenues</i>	383,559

EXPENDITURES

Licensing	<u>386,203</u>
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DEFICIENCY OF REVENUES (UNDER) EXPENDITURES (2,644)

FUND BALANCE, July 1, 2000 11,345

FUND BALANCE, June 30, 2003 \$ 8,701

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

STATE LANDSCAPE ARCHITECT BOARD

(A Semi-Independent Agency of the State of Oregon)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –

BUDGET AND ACTUAL

THREE YEARS ENDED JUNE 30, 2003

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Licenses and fees	\$ 378,770	\$ 400,050	\$ (21,280)
Interest income	299	4,000	(3,701)
Other income	<u>4,490</u>	<u>3,250</u>	<u>1,240</u>
<i>Total Revenues</i>	383,559	407,300	(23,741)
EXPENDITURES			
Personal services	178,223	149,175	(29,048)
Services and supplies	<u>207,980</u>	<u>233,376</u>	<u>25,396</u>
<i>Total Expenditures</i>	<u>386,203</u>	<u>382,551</u>	<u>(3,652)</u>
DEFICIENCY OF REVENUES (UNDER) EXPENDITURES	(2,644)	24,749	(27,393)
FUND BALANCE, July 1, 2000	<u>11,345</u>	<u>11,345</u>	<u>-</u>
FUND BALANCE, June 30, 2003	<u>\$ 8,701</u>	<u>\$ 36,094</u>	<u>\$ (27,393)</u>

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

STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
THREE YEARS ENDED JUNE 30, 2003

NATURE OF THE ORGANIZATION

The State Landscape Architect Board (the Board) regulates the practice of landscape architecture by conducting examinations to qualify applicants for registration, issuing certificates to those who qualify and disciplining those who violate the law. The Board is primarily concerned with providing safeguards in landscape architecture, ground water, wet land usage, land use planning and landscape hazards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State Landscape Architect Board is a semi-independent agency of the State of Oregon. The Board operates under Oregon Revised Statutes (ORS) Chapter 672.505 - 672.991. The Board consists of five members appointed by the governor for four-year terms. Three members are registered landscape architects, and two members are public citizens. 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 landscape architecture in Oregon.

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

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 in a single special revenue fund which is used to account for the Board's activities. Revenues are from license fees, civil penalties and interest income.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All funds of the Board are accounted for on the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets. Long-term assets and liabilities would be accounted for in account groups.

The Board uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets, except for licensee fees which are recognized when received. Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred.

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 nonappropriated budget. The budgetary statement included herein compares the total of annualized nonappropriated budgets for fiscal years 2001, 2002 and 2003 to actual expenditures for the three years ended June 30, 2003.

STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS (Continued)
THREE YEARS ENDED JUNE 30, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are defined to be short-term, highly-liquid investments with maturities of three months or less are considered to be cash equivalents.

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.

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.

Licensee Fees

Licensee fees have been recorded on the basis of receipts due to the uncertainty of collectibility.

Accounting 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.

CASH

The Board's deposits are covered by federal depository insurance and a collateral agreement. The Federal Deposit Insurance Corporation generally limits insurance to \$100,000 of deposits. The Board was in compliance with Oregon Revised Statute 295.

The Board of Directors has adopted the State of Oregon's investment policies which restrict investment types and maturities. The Board's investments, which are shown below, comply with these restrictions. These accounts are classified as cash because of their liquidity.

<u>Investment Type</u>	<u>Amount</u>	<u>Rate</u>	<u>Due</u>
Checking	\$ 40,224	0.05%	Demand
Petty cash	<u>50</u>		
	<u>\$ 40,274</u>		

STATE LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS (Continued)
THREE YEARS ENDED JUNE 30, 2003

PENSION PLAN

The Board employees participate in the Oregon Public Employees Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. All Board employees are eligible to participate in the system after completing six months of service. Total payroll was \$120,410 and covered payroll was \$104,764 for the three years ended June 30, 2003. 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 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. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 23700, Tigard, Oregon 97281-3700.

Covered employees are required by State statute to contribute 6.0 percent of their salary to the plan. The Board is required by statute to contribute actuarially computed amounts as determined by PERB. Rates are subject to change as a result of subsequent actuarial valuations. Currently, the rate is 9.49 percent of each covered employee's salary. The amount contributed by the Board for the three years ended June 30, 2003, was \$17,572, which was equal to the required contributions for the three years.

EMPLOYEE LEAVE

Sick leave is earned at the rate of eight hours per month with no maximum limit. Accumulated sick leave at June 30, 2003 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 is 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 \$5,225 at June 30, 2003.

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 its building space. Total lease payments for the three years ended June 30, 2003 were \$13,763, which was charged to expense.

Future minimum lease payments through January 1, 2005 are \$5,292.

SUPPLEMENTAL INFORMATION

STATE LANDSCAPE ARCHITECT BOARD*(A Semi-Independent Agency of the State of Oregon)***SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****SPECIAL REVENUE FUND - BUDGET AND ACTUAL****THREE YEARS ENDED JUNE 30, 2003**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Licenses and fees			
Examination fees	\$ 88,345	\$ 82,500	\$ 5,845
Renewals	271,100	269,300	1,800
Registration	16,325	41,750	(25,425)
Reciprocity	3,000	6,500	(3,500)
<i>Total Licenses and Fees</i>	378,770	400,050	(21,280)
Interest Income	299	4,000	(3,701)
Other Income	4,490	3,250	1,240
<i>Total Revenues</i>	383,559	407,300	(23,741)
EXPENDITURES			
Personal Services			
Employee payroll	110,540	106,400	(4,140)
Retirements	17,572	10,000	(7,572)
Temporary employees	5,762	5,500	(262)
Payroll taxes	25,902	13,250	(12,652)
Employee benefits	18,447	14,025	(4,422)
<i>Total Personal Services</i>	178,223	149,175	(29,048)
Services and Supplies			
Instate meals	1,606	3,000	1,394
Instate ground transportation	1,446	3,500	2,054
Instate travel miscellaneous	187	-	(187)
Out-of-state meals	2,392	4,500	2,108
Out-of-state air transportation	5,104	5,000	(104)
Out-of-state ground transportation	448	-	(448)
Office supplies	24,808	28,500	3,692
Small equipment	668	-	(668)
Postage	3,907	3,300	(607)
Freight	356	700	344
Printing	6,183	4,000	(2,183)
Office expenses	82	-	(82)
Reference material	90	-	(90)
Rental of office equipment	4,946	10,500	5,554
Dues	5,960	9,700	3,740
Conferences	4,285	-	(4,285)
Publications	1,800	3,000	1,200
Communications	10,520	12,500	1,980

STATE LANDSCAPE ARCHITECT BOARD

(A Semi-Independent Agency of the State of Oregon)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

SPECIAL REVENUE FUND - BUDGET AND ACTUAL

THREE YEARS ENDED JUNE 30, 2003

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)			
Services and Supplies (Continued)			
Personal computer	\$ 1,325	\$ 2,250	\$ 925
Data processing	1,873	4,500	2,627
Office furniture and equipment repair	3,851	1,000	(2,851)
Professional development training	325	-	(325)
Professional development in-state	730	-	(730)
Professional services	19,739	2,000	(17,739)
Attorney general fees	1,092	7,500	6,408
State government services	41	300	259
Auditing	5,294	6,000	706
DAS assessment	-	126	126
Contract services	4,195	4,500	305
Facilities rent	13,763	5,750	(8,013)
Rental of buildings and land	23,331	30,250	6,919
Examination services	57,235	81,000	23,765
Transportation costs	398	-	(398)
	<u>207,980</u>	<u>233,376</u>	<u>25,396</u>
<i>Total Services and Supplies</i>			
	<u>207,980</u>	<u>233,376</u>	<u>25,396</u>
<i>Total Expenditures</i>	<u>386,203</u>	<u>382,551</u>	<u>(3,652)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,644)	24,749	(27,393)
FUND BALANCE, July 1, 2000	<u>11,345</u>	<u>11,345</u>	<u>-</u>
FUND BALANCE, June 30, 2003	<u>\$ 8,701</u>	<u>\$ 36,094</u>	<u>\$ (27,393)</u>

***REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS***

Board of Directors
State Landscape Architect Board
1193 Royvonne Avenue SE, #19
Salem, Oregon 97302

Catherine E. Pollino, State Auditor
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

We have audited the financial statements of State Landscape Architect Board as of and for the three years ended June 30, 2003, and have issued our report thereon dated December 5, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether State Landscape Architect Board's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we have considered the State Landscape Architect Board's 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 constitute material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the combined 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 5, 2003.

This report is intended solely for the information and use of State Landscape Architect Board, the Governor of 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.

Salem, Oregon
December 5, 2003


CERTIFIED PUBLIC ACCOUNTANTS

FACTS 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

<i>State Auditor</i>	Cathy Pollino, CGFM, MBA
<i>Deputy State Auditor</i>	Charles A. Hibner, CPA
<i>Deputy State Auditor</i>	Mary E. Wenger, CPA

This report, which is a public record, is intended to promote the best possible management of public resources.

If you received a copy of an audit report and no longer need it, you may return it to the Audits Division. We maintain an inventory of past audit reports. Your cooperation helps us save on printing costs.

Oregon Audits Division
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We invite comments on our reports through our Hotline or Internet address.

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Auditing to Protect the Public Interest and Improve Oregon Government