

GUARDIANS OF THE FUTURE



2017 ANNUAL REPORT

2017 HIGHLIGHTS

Advised cities and counties in preparation for the solar eclipse.

Presented our first state-wide Law Enforcement Conference in Bend with 79 members and agents attending.

Supported law-enforcement personnel by hiring a new defense litigator and risk management consultant.

Launched best-practice programs for corrections facilities.

Unveiled a new healthy lifestyle program known as *hubbub*.

Provided intermediate and advanced-level management skills training to members at CIS Annual Conference.

Moved to a new, money-saving prescription drug service provider for CIS Benefits.

Created opportunity for new members to automatically receive both property and liability coverage.

Increased coverage for earthquake and flood insurance to \$400 million.

Received prestigious award from the Association of Governmental Risk Pools for Executive Director's leadership.

Named one of Oregon's "Top Workplaces" for the fourth straight year.

What do CIS and a science-fiction movie have in common?

More than you'd think.

This year's annual report theme — "Guardians of the Future" — is a take off on the popular "Guardians of the Galaxy" movies. One might think that a risk pool like CIS and a raucous science fiction film have little in common. But consider this: Guardians of the Galaxy is the story of underdogs who band together and successfully take on those who threaten their homeland. Sounds a lot like the Oregon cities and counties that banded together 37 years ago to take on their risk management challenges, and insure themselves when the commercial market would not.

Now, Oregon local government has its next generation of leaders, ready to take on the future. Whether it's charting a new course, improving health, protecting their entity's property, or making their workplaces safer, they're looking ahead, with CIS at their side. This year's annual report tells those member stories, and celebrates their personal and organizational success.

I'm pleased that CIS had a role to play in these achievements, and feel confident that the partnership between CIS and its members will keep our 98,466 square-mile "galaxy" safe for many years to come.

On behalf of our Board of Trustees, thank you for your membership in CIS.

Lynn McNamara Executive Director



Scott McClure Chair 2016–17 **Bill Elfering** Chair 2017–18

CIS Leadership

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Collaborating for a County's Future



The snow was coming down hard the night after Crook County Judge **Seth Crawford** was sworn in to his new position last January. At 5 a.m., he got a call from public works: do you want to close the County?

“I said, ‘what’s the procedure?’ They said, ‘We call the judge and he decides.’”

That was the first of many day-to-day decisions that come with the job, Judge Crawford learned, and the first opportunity to begin putting some new procedures in place to ensure the County’s smooth operation. By the end of the first day, he notes, he and his team had developed a clear understanding of the process for weather closures, including how employees would be compensated and contacted if a closure is required.

But procedures and policies aren’t necessarily effective without training, and training for employees is especially important, he says.

“Training helps employees be more comfortable in their jobs — when they understand where the County is going, when they

*Crook County Judge **Seth Crawford** deeply values ongoing training and works closely with CIS to keep his staff well-trained.*

“CIS is a wealth of knowledge, with tons and tons of resources. Make sure you use it to its fullest.”

Crook County Judge **Seth Crawford**

understand best practices, and what the expectations are,” he says. And that’s where CIS came in.

Between online and in-person classes, “CIS has an amazing amount of training,” he notes. HR Senior Consultant **Sharon Harris**, based in nearby Redmond, began working with the Judge and the County’s HR team last spring to deliver training to the County, in the areas where they were trying to move forward.

The classes were from CIS’ standard HR curriculum, but informed by the County’s specific needs, Sharon says, and delivered in a workshop format.

She especially appreciates the County’s attitude that training is time well spent.

“Some employees would say it’s not valuable, but they know now that it’s ok to train. It’s ok to come together and learn something new or have a refresher. It gets employees talking, and thinking, and going in the same direction.”

Since moving forward sometimes involves steps back, Judge Crawford also became familiar with CIS pre-loss — “one of the

most useful tools.” Talking with pre-loss attorneys, “you have the ability to have conversations before making an organizational decision, and you understand what the decision will mean — the positives and negatives of moving in one direction or another.

“I may argue for my position, but in the end, you have to listen to what the professionals say,” he adds.

With CIS services making his first year as Judge a little easier, Seth Crawford looks to the future, continuing to move forward and fine tune what has been put in place. His message to other newly-elected leaders? “CIS is a wealth of knowledge, with tons and tons of resources.

“Make sure you use it to its fullest.” ●

CIS Members Invest in Their Health in 2017

Margie Pearce absolutely loves getting her fist bumps from **hubbub**. Since March 2017, she's completed 115 challenges, joining 482 other CIS Benefits members who are doing the online activities that encourage healthier living.

In 2017, CIS members began turning everyday things like drinking more water or taking the stairs, into fun, team-building challenges. The goal: strive for progress rather than perfection. The innovative program encourages small incremental steps that can help break bad habits, and it does so by making them fun, on a social, game-like platform. It's available to all CIS medical plan participants, be they with Regence or Kaiser, and the rewards are not just greater well-being — participants can earn gift cards, too.

According to Pearce, hubbub also has helped her feel better, “not only physically, but mentally.”

The “check-ins” are like having an accountability partner that keeps you on track. Pearce feels a sense of accomplishment by finishing each challenge and has employed a winning strategy for completing them.

“I earned so many badges because I only chose challenges that I could incorporate into my daily activities — like doing calf raises while I am at the copier or stair steps at break time,” she says.

Elaine Payne is another frequent user who's completed 248 challenges.

“The things I like best about hubbub are that it's easy to use and there's a variety of challenges with different degrees of complexity,” said Payne. “I find it encouraging, and it helps with accountability.”

Payne believes that seeing her accomplishments, “makes me feel good about myself. It also challenges me to step out of my comfort zone, which is a good thing.”

One of hubbub's biggest fans is **Marsha Richmond**, who's completed a remarkable 451 challenges since hubbub was rolled out on a trial basis in March.

Richmond says her favorite thing about hubbub is that it's fun, while still being practical and easy to use. She's created some new healthy habits through challenges; from keeping herself hydrated, to positive affirmations that even her husband is willing to recite, the manageable habits are simple to incorporate in her day.

The best part is that Richmond is already noticing a beneficial impact in her life.

“In our busy lives it is easy to forget that these things, such as pet time, music, and nutrition, make a difference and are not hard to do — nor do they need to take an overwhelming amount of time. Plus, if done daily, they are more likely to become a habit for life.”

For those who haven't tried hubbub yet, Payne gives some helpful advice.

“Just try it,” she said. “There's nothing to lose by trying, only something to gain — better health and a better outlook on life.”

And earning the gift cards is just an extra bonus. ●



*It's easy and fun
with the **hubbub** app!*

hubbub 360



Heather Matthews from CIS Benefits loves **hubbub**

We asked Matthews, who coordinates CIS' Healthy Benefits program, what about **hubbub** inspired her to earn 40 badges.

“hubbub is quick, convenient and fun for me to keep track of the goals that I set for myself. It helps that I can earn rewards and encourage others I work with to join in. I LOVE that my phone reminders gently nudge me to check in, so I can quickly go do the task or log what I've already done. My 14-year-old son wants to create his own account this year so that he can try to “one-up” his mom, and I am ALL for that! Bring it on, kid!”

Support Makes Members Future-Ready

A serious on-the-job injury means change. It's life-changing for an injured worker who's unable to perform normal tasks. It upends things for a manager who's suddenly faced with doing the work with less help. And it forces everyone to look at what caused the injury, and what changes are needed to prevent future harm.

Enter the change manager: CIS Return-to-Work Specialist (RTW) **Moira Przybylowski**, armed with CIS' unique workers' compensation Return-to-Work Incentive grants. And for two CIS workers' comp-member cities, that combination made a big difference in 2017.

Seneca Invests in Employee Safety

The City of Seneca has a trash trailer that its citizens love to visit. Twice a week, the City takes the trailer to a nearby transfer station. A heavy tarp on top keeps trash in place. But it's also what gave **Jerry Pettyjohn**, a 63-year-old City public works employee, a severe shoulder injury in December 2016, when he slipped while putting on the tarp.

His boss, **Josh Walker**, reported the claim to CIS. He figured that they'd file the claim, the employee would seek medical care, the payments would be made by CIS, and that would be that. He was right about the medical care and payments, but there was more help in store.

"CIS' workers' comp program is unique because we offer additional financial incentives to members, above and beyond the State's Employer-At-Injury funds," says Return-to-Work Specialist Przybylowski.

As Pettyjohn recovered, Przybylowski briefed him on the early return to work program. Walker worked through the schedule and budget to accommodate Pettyjohn's return. He then explored options to address the serious safety issue that led to the injury.

With CIS' help, Seneca purchased a \$9,000 hydraulic dump trailer. CIS reimbursed \$7,500 of the cost to City out of the State's Employer-at-Injury Program and the internal CIS Return-to-Work Incentive, which is reserved for more complex claims. The City Council voted to cover the remaining cost.

"It wasn't very difficult to look at how our employee got hurt and determining how we could prevent future injuries. Working with CIS, we found a good solution," said Walker. ●

"We encourage members to apply for money for equipment that can lessen the physical demands of a job and enable employees to safely return earlier to their regular tasks."

CIS Return-to-Work Specialist
Moira Przybylowski



*Preventing future injuries: the **City of Seneca's** old public dump trailer was difficult to cover manually; **LaGrande's** new wind guard protects workers from 100-mile-per-hour winds.*

La Grande takes on Ferocious Winds for Safety

Joel Bushman, a wastewater treatment worker for the City of La Grande, is a big guy. But he was no match for the hard-blowing wind at the City's Tule Lake facility on March 9, 2016.

After finishing his duties in the chlorine room, Bushman opened the heavy door to the outside. That's when the wind, that can gust up to 100 miles an hour, caught the door like a sail and nearly ripped it out of Bushman's hand.

Bushman, 37, thought he had a simple wrist sprain. His doctor confirmed the diagnosis. However, when the pain persisted, he got a second opinion and learned that he'd torn ligaments in his wrist.

"It was so bad I couldn't use my hand to write with a pen or pencil," said Bushman.

Still, Bushman persevered and worked up until his surgery in July.

When he returned to work in October for light duty, CIS Return-to-Work Specialist Przybylowski had already facilitated the purchase of tablets for the team's daily rounds, so Bushman wouldn't have to use pen and paper. The tablets also helped the City save time, as they didn't have to transpose the numbers from paper to electronic files.

But even more urgent was the need to prevent another accident. So, CIS funded a wind guard that would take pressure off the exterior door. The total cost of the project was \$7,164, \$5,000 of which came from the State's Employer-at-Injury Program and the rest from the CIS Return-to-Work Incentive for complex claims.

City Engineer **Kyle Carpenter**, who is also responsible for employee safety, learned of the program during a CIS training and worked with Przybylowski to move the project forward.

"Moir was invaluable in giving me ideas," said Carpenter. "She has been able to help us on more than one occasion." Carpenter suggests that CIS' workers' comp members should call CIS and talk to Przybylowski if they have questions about workers' comp and the RTW incentive funds. ●

2017 BY-THE-NUMBERS

CIS Learning Center attracted **3,160** new users. The Learning Center now has **13,150** active users who completed **11,820** online courses.

CIS' two "H₂R" employment risk management consultants made **99** visits to members over the course of the year.

3,171 attendees received training from CIS staff on pre-loss, risk management, H₂R and benefits. Trainings were held in person and via webinar.

72 Learning Plans were assigned by **53** members and completed by **1,007** employees.

8,346 employees completed the benefits Open Enrollment process online.

A total of **\$597,494** was reimbursed to Workers' Compensation members. The funds paid for Employer-at-Injury Program purchases, wage reimbursements, and CIS grants to get injured employees back on the job.

Risk Management Consultants logged over **6,000** interactions with members either via email, phone, or in person.

More than **1,700** new claims were received this year by the Property/Liability claims consultants, and **1,872** claims were resolved. More than **700** new claims were handled by the Workers' Compensation team.

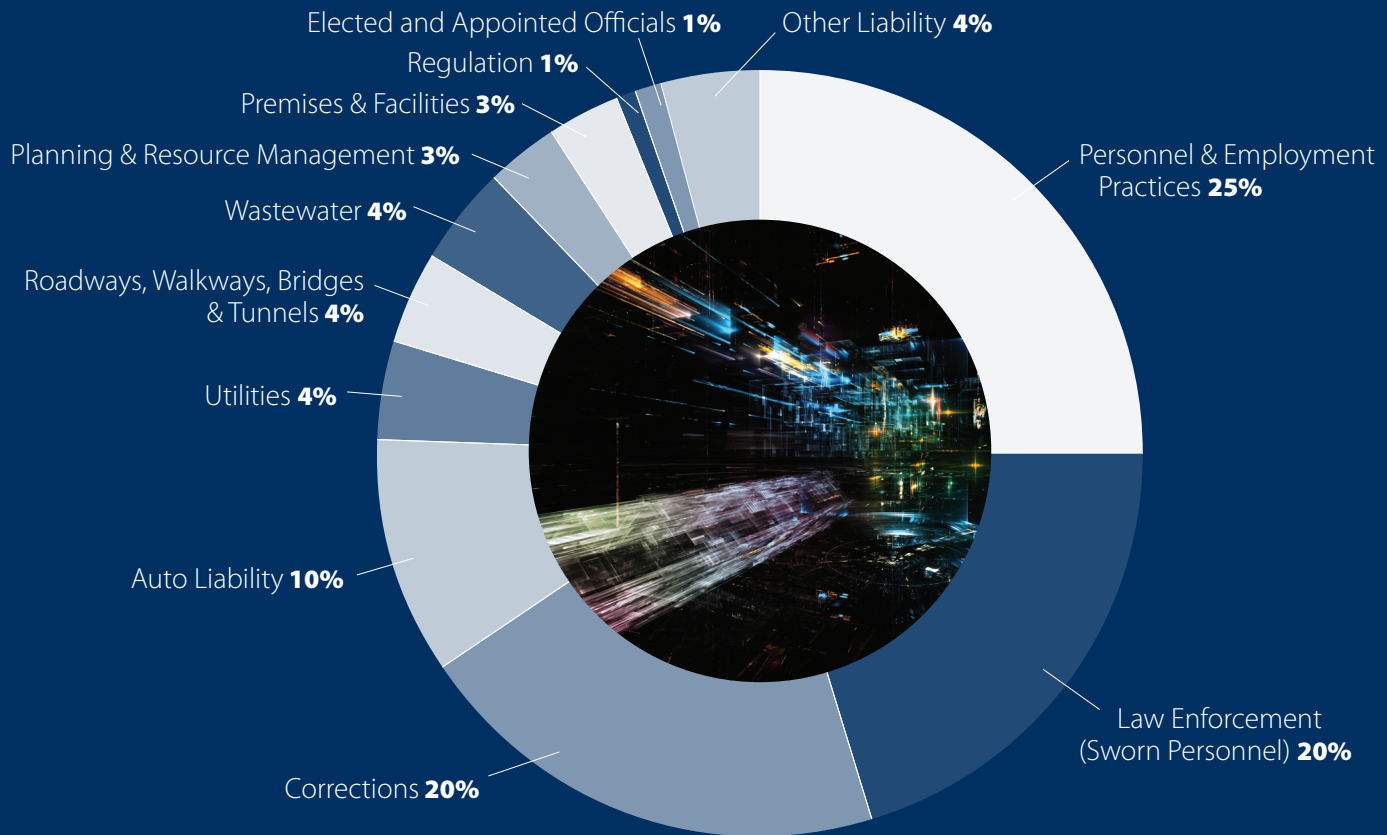
102 new lawsuits were filed and defense costs were **\$4.27** million. Five cases were taken to trial with three wins for defense and two for plaintiffs.

354 members and agents received training on topics related to a wide variety of employment, risk management, and benefits topics at CIS' Annual Conference. An additional **62** members and agents registered for the live sessions that were broadcast from the conference.

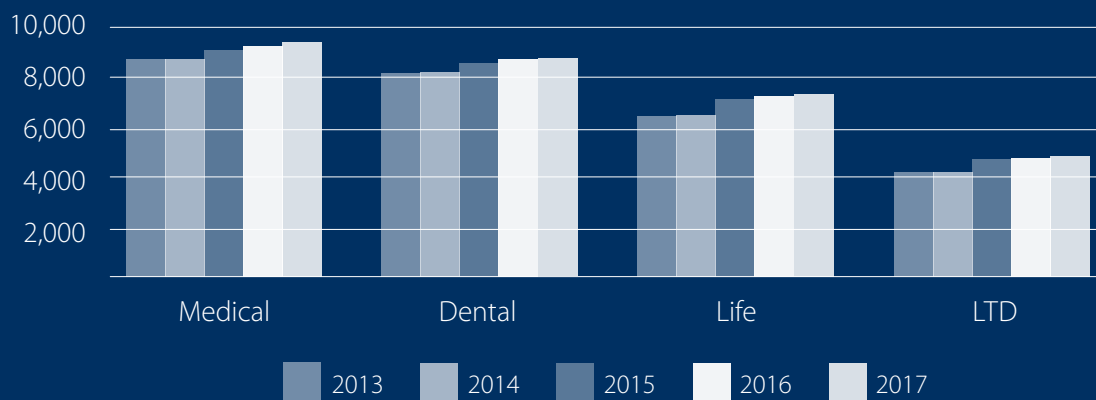
35 onsite harassment training sessions were provided to **1,318** employees in **32** member entities across Oregon. An additional **350** employees completed the online courses.

2017 CLAIMS & BENEFITS

Total Liability Claims FY 2013 through FY 2017, as of December 31, 2017



Employees Enrolled in CIS Benefits 2013 through 2017



Lafayette Shows Tremendous Determination After Devastating Fire

On a summer night in 2016, vandals broke into the City of Lafayette’s wastewater treatment plant. They knocked over filing cabinets, poured water on electrical panels and tore through the small, 784 square foot building. For their destructive finale, they entered the public works director’s office and set the room ablaze. The fire quickly engulfed the room and smoke entered the rest of the building.

“I never had to go through a situation like this in the nearly 30 years I’ve worked in government,” explained Lafayette’s City Administrator **Preston Polasek**. “I never had the extent of malicious vandalism, where so much was destroyed — records and everything. It was heartbreaking, but CIS was there immediately to help us through it.”

The next day, CIS’ Senior Claims Consultant **Eric Ramm** was on site, aiding the City in what they might need to keep the wastewater plant up and running. As soon as Ramm had heard that the City had a fire, he immediately called the crisis team at Agility Recovery, so they’d be ready to mobilize if needed. CIS contracts with Agility to provide office space, power, communications, and hardware to members with property coverage during crises.

“The City had done a good job and had already gotten the treatment plant back online with only a two-hour interruption,” said Ramm.

Polasek was appreciative of the quick response.

“Before I was even thinking about operations, Eric was already working with Agility to get us a modular trailer and other equipment,” said Polasek. “That was amazing!”

Ramm explained to Polasek what CIS could do to help.

“He told me what CIS could do and what the City needed to do,” said Polasek. “I didn’t have time to worry. Eric was so quick to get our operations up and running — it really was amazing.”

After Ramm surveyed the building, it was clear that smoke and fire had done significant damage to the building, but it was still unclear if the building was a total loss.

Ramm and Agility’s **Aly Johnson** discussed the City’s immediate needs with the seasoned city administrator. Polasek immediately agreed to Agility’s delivery costs and gave them the ok to respond to the crisis. That Sunday, the equipment was delivered: a generator and five workstations with internet, phones, and printers. All of it was up and running by Monday morning. CIS even worked with Royal Restrooms to provide facilities for staff.

“CIS and Agility covered our backs and guided us through,” said Polasek. “It was a good experience overall and I feel indebted to CIS for helping us through a difficult time.”

For a long time, CIS has had systems in place to prevent service interruptions for members.

“We got on the ball right away and brought in Agility immediately,” said Ramm. “This quick response helped us avoid negatively impacting residents.”

Polasek added that he valued the quick response, the caring attitude, and the clarity. However, Ramm didn’t leave Polasek on his own after the crisis — he continued to help by defining the repair work and reviewing bids as well as looking at possible security improvements.

“Eric was there to answer all of our questions; he brought clarity on what would be covered and what was not,” said Polasek. “He answered all my budget questions and was very helpful in communicating what I’d need to budget for and what CIS would reimburse us for.”

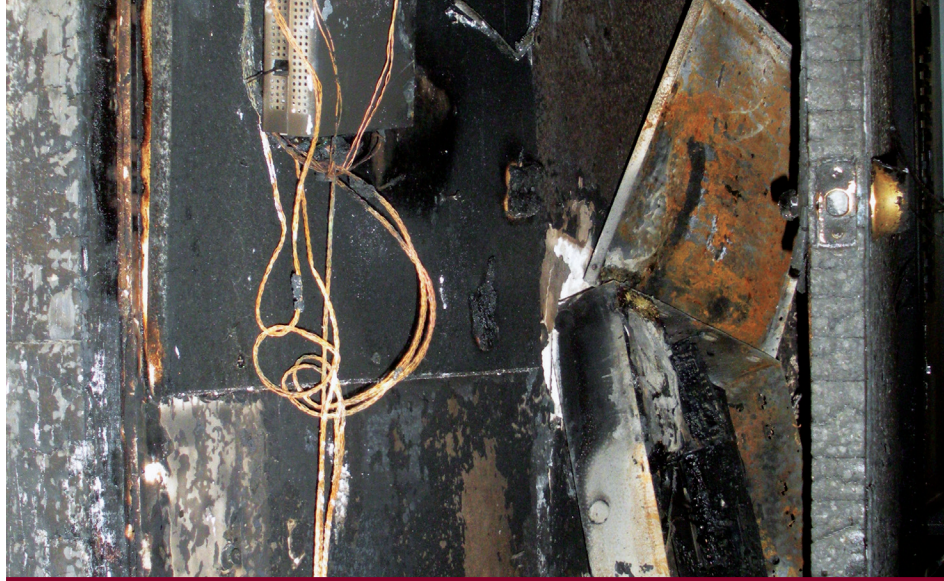
“The City’s response was excellent,” said Ramm. “The City only employs 10.5 FTE so keeping the City’s wastewater plant going — and running the day to day operations of the City was impressive. They really rolled up their sleeves and got the work done.”

Now Polasek and his team are wrapping up renovations. All repairs to the lab are done, and by early 2018, they’ll be moving into their permanent quarters.

Polasek believes that CIS is the “supreme example of how government can come together and aid a member.”

“CIS came to our aid in a very dark time,” he said. “I wasn’t even worrying about operations on the day of the fire. I was really in shock. But there was Eric talking me through it. CIS had our backs and we’ll always remember what they did for us.” ●

*Top to bottom: Fire damage at the City of Lafayette wastewater treatment plant was extensive, so Agility provided temporary space and equipment; City Administrator **Preston Polasek** celebrates completion of the refurbished office building.*



2017 SUMMARY FINANCIAL INFORMATION

Consolidated CIS Assets, Liabilities and Net Position

As of June 30,

	2017	2016
ASSETS		
Cash and Investments	\$ 189,419,423	\$ 174,430,221
Receivables	3,616,433	3,391,363
Deposits and Prepaid expenses	2,346,762	5,589,434
Other noncurrent assets	1,578,502	1,453,350
Capital assets, net	3,329,790	3,466,975
Pension related Deferred outflows of resources	4,098,232	847,379
Total Assets and Deferred Outflows of Resources	\$ 204,389,142	\$ 189,178,722
LIABILITIES		
Unearned contributions	\$ 4,492,330	\$ 3,587,281
Accounts & Accrued expenses payable	2,373,916	3,019,834
Claims liabilities — current portion	23,360,000	22,950,000
Claims liabilities — noncurrent	32,010,637	32,470,347
Net pension liability & related Deferred inflows of resources	7,586,971	3,775,137
Total Liabilities and Deferred Inflows of Resources	69,823,854	65,802,599
NET POSITION	134,565,288	123,376,123
Total Liabilities, Deferred Inflows and Net Position	\$ 204,389,142	\$ 189,178,722

Consolidated CIS Net Position by Trust

As of June 30,

	2017	2016
CIS Property/Casualty Trust	\$ 36,964,675	\$ 30,874,868
League of Oregon Cities Employee Benefits Services Trust	70,444,452	64,955,382
Association of Oregon Counties Insurance Trust	27,156,161	27,545,873
	\$ 134,565,288	\$ 123,376,123

Consolidated CIS Revenues, Expenses, and Changes in Net Position

For the fiscal years ended June 30,

	<u>2017</u>	<u>2016</u>
<u>REVENUE</u>		
Member contributions	\$ 200,540,168	\$ 186,476,486
Investment and Other income	4,743,740	11,103,106
Total Revenue	<u>205,283,908</u>	<u>197,579,592</u>
<u>EXPENSES</u>		
Claims expense	135,806,473	126,666,280
Reinsurance expense	8,156,931	7,932,607
Ceded insurance	26,840,394	24,958,808
Acquisition costs	9,246,281	9,789,896
Administrative expense	14,044,664	15,573,152
Total Expenses	<u>194,094,743</u>	<u>184,920,743</u>
Total change in Net Position	11,189,165	12,658,849
Beginning Net Position	123,376,123	110,717,274
Net Position — end of year	<u><u>\$ 134,565,288</u></u>	<u><u>\$ 123,376,123</u></u>

The Summary Financial Information at June 30, 2017 has been derived from the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2017 and 2016; which is readily available at: <http://www.cisoregon.org/About/TrustDocs>. CIS' Financial Statements with Independent Auditor's Report is also filed annually with the Oregon Secretary of State-Audits Division and those filings are available at: <https://secure.sos.state.or.us/muni/public.do>. Search for government name starting with "CIS."

The Summary Financial Information is unaudited and does not contain all the disclosures, Management's Discussion and Analysis and other required supplementary information required by generally accepted accounting principles as established by the Governmental Accounting Standards Board who considers that information an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic or historical context. Reading the Summary Financial Information at June 30, 2017, therefore, is not a substitute for reading the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2017 and 2016.



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