



Waves of Change

OCEANS OF OPPORTUNITY

2015 CIS ANNUAL REPORT

ENHANCED *“Hire-to-Retire” employment risk management services.*

INCREASED *available cyber liability coverage limits to \$1 million.*

CONTINUED TO COACH *Benefits members through Affordable Care Act (ACA) changes, and used reserves to pay more than \$1 million in ACA taxes and fees, rather than passing the cost on to members.*

WORKED TO ENSURE *Benefits members have the best product at the best price by undertaking a lengthy process to review and select a medical plan administrator, and by using a consultant to help find the best prices for member employees’ prescription drugs.*

LED THE WAY *in establishing the Oregon Public Entity Excess Pool (OPEEP) with founding members Clackamas, Deschutes, and Washington counties on July 1. OPEEP has already saved money for CIS members.*

NAMED ONE OF “TOP WORKPLACES IN OREGON” *for the second year in a row.*

WORKED TO CONTROL *litigation costs by creating an in-house counsel position for workers’ compensation, and a two-attorney liability litigation team, in lieu of using only outside counsel.*

The average person may think that city and county governments are static. But we know better: Oregon counties and cities are continually adapting ...

... to the economic, political, social, environmental, and technological changes that seem to come faster and faster these days.

Change is always with us, as constant as the ocean tides. And like the biggest waves, change can threaten to overwhelm us. We can face it with dread, or like surfers eyeing the waves, take advantage of the opportunity to test ourselves and find out how far we can go.

To face change successfully, it helps to have a partner with eyes on the horizon. In this report, you'll find examples of how CIS served as that partner in 2015, helping new supervisors find success, surprising a new police chief with unexpected resources, delivering fresh ideas for worksite wellness, and restructuring legal services to save money and increase value. As with everything we do, our partnerships reflect CIS' mission of providing members of the League of Oregon Cities and Association of Oregon Counties with Trust-worthy results in trustworthy ways.

On behalf of our Board of Trustees, thank you for your membership in CIS. We look forward to riding the next wave with you, into the future.

Lynn McNamara
Executive Director

CIS Leadership



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CIS Benefits' Summer Wellness Academy a Success!



Patricia (Pat) Gray and Julie Fisher from Sweet Home



CIS Benefits team members Melinda Lund and John Dalen

“It’s good to know that CIS is interested in their members.”

“It was just the boost I needed to become reenergized and recharged. Thank you, CIS!”

Wellness Academy Participants

Sherrie Burbank, Senior HR Analyst for the City of Tigard, had been a wellness committee of one before attending the CIS Benefits Summer Wellness Academy with two new committee members. When they left, she says, her colleagues had so many good ideas, she had to slow them down! The Tigard team joined other Benefits members to hear outstanding speakers in sessions devoted to helping members build and sustain a results-oriented wellness program.

The two-day event came about as a way to help members who struggle to get employees motivated and enthused about worksite wellness programs. Participants learned about practicing mindfulness and how to manage stress for success at home and work. A session on Gratitude Graffiti suggested ways that entities could integrate purposeful appreciation of one’s life through interactive art. Chef Ethan Davidsohn of Bon Appetit at Cambia Health Solutions served up tasty, healthy recipes and cooking tips.

And the keynote speaker, Laura Putnam of Motion Infusion, got the group moving, grooving and focused on fun and interesting ways to engage employees in workplace wellness.

Finally, the session provided a great opportunity for members to learn more about CIS Healthy Benefits and the new CIS-sponsored WellWorks – a platform designed to allow employees to track weight, fitness, diet and more.

Sherrie says the most valuable aspects of the session were the resources that she picked up from other CIS members, and the encouragement to keep moving. That encouragement has turned into a new habit for the City: getting up and moving for a minute or two in meetings. And the momentum continues to build, she says: “it’s exciting, and we’re having fun!” ●

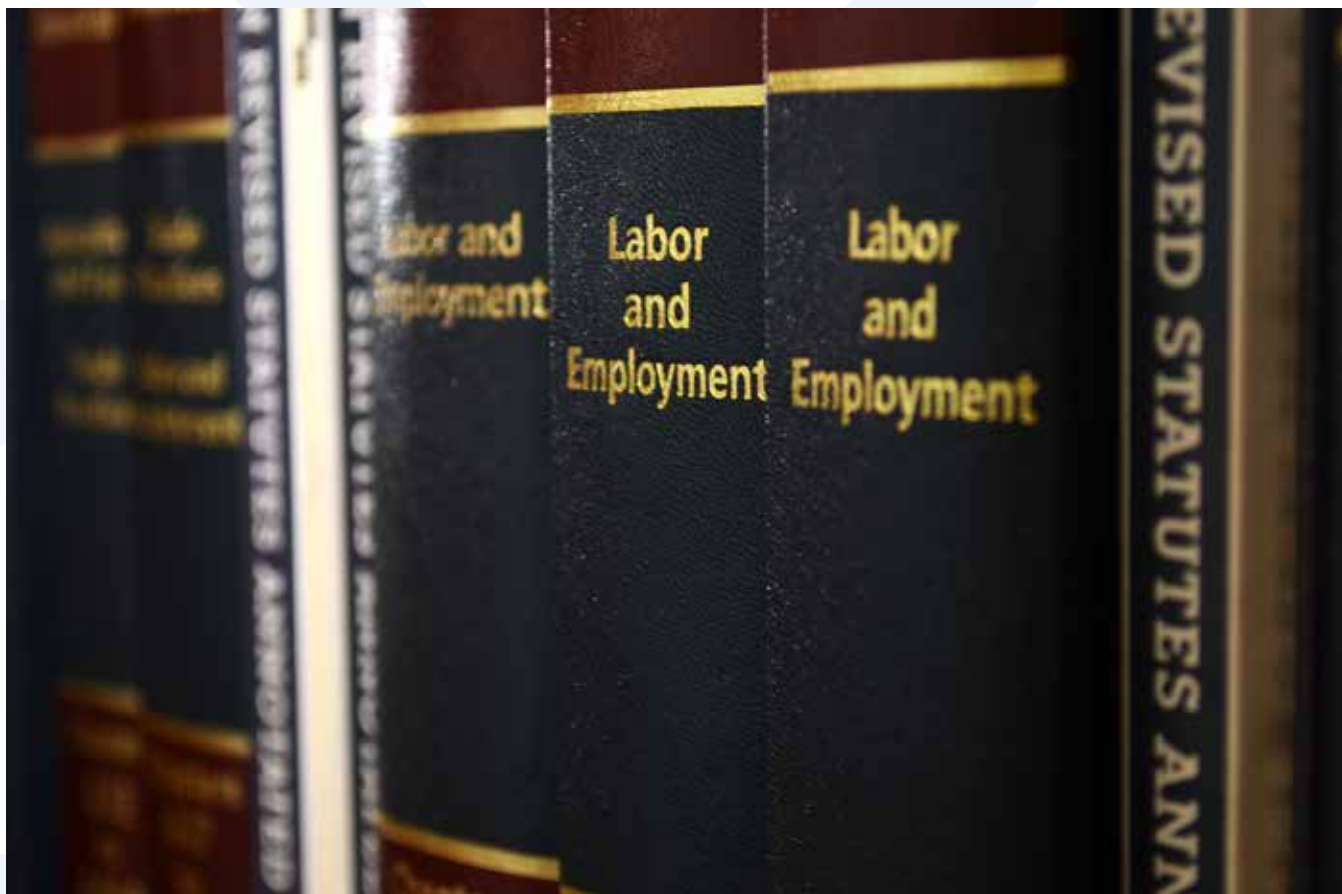
CHEF ETHAN DAVIDSOHN
Cambia Health Solutions



LAURA PUTNAM
Motion Infusion



In-house Litigation = Reduced Cost, Better Outcomes



CIS Litigation Team



Meet: Attorneys Rick Cantwell, Leslie Edenhofer and Steve Kraemer

Over the past year CIS re-established some in-house legal services for both the Workers' Compensation and Liability programs, bringing members both effective litigators and added value.

In addition to creating more predictable legal costs, the internal litigation teams advise CIS claims adjusters, and provide training to members.

The “new” lawyers aren't new to CIS at all; they have worked on CIS claims for some time. **Attorney Steve Kraemer**, who has represented CIS members for many years as a partner in the Hart Wagner law firm, leads the litigation group that focuses on claims against CIS-member law enforcement departments and officers. Steve is a former Clackamas County deputy sheriff. He is joined by **Attorney Leslie Edenhofer**, also formerly of Hart Wagner, and most recently with Multnomah County. Their presence speaks to the importance CIS places on the effective defense of law enforcement claims.

Steve is looking forward to dedicating his legal practice to exclusively representing CIS members in defending claims against police officers. “Working for CIS gives me the opportunity to expand the role I have had for over 20 years of aggressively defending agencies and officers, to a more proactive approach – providing advice and training before a claim is filed.”

Attorney Rick Cantwell joined CIS earlier this year to assist in reducing the legal cost of workers' compensation claims. Rick had been handling CIS workers' comp cases as a partner in the firm of Radler, Bohy, Replogle & Conratt. Having an in-house resource has already proven successful: at year end, the number of litigated workers' comp claims was down substantially, and Rick is providing “pre-loss” support on new claims.

Rick cites a key benefit of working at CIS as being able to work closely with the very skilled and experienced claims team in identifying potentially challenging cases in the early stages. “Through this collaboration, we have been able to target appropriate claims for early resolution. Further, in cases of doubtful compensability, we have been able to aggressively work up the case for defense even before there is formal litigation. This has frequently resulted in workers deciding against going forward with litigation. Ultimately, working in-house has allowed me to take a more proactive approach to help limit claim costs and obtain better results for the members.”

Of course, given the number of claims in a year and the special expertise some require, CIS continues to use outside counsel as well. But the new in-house expertise is certainly pointing toward reduced costs, expanded service, and better outcomes for CIS members. ●

BY-THE-NUMBERS

*CIS Learning Center attracted **4,667 USERS** who completed **9,093 COURSES**.
The Learning Center now has **8,797 TOTAL ACTIVE USERS**.*

*CIS' two "H₂R" employment risk management consultants made
160 ONSITE VISITS to **89 MEMBERS** over the course of the year.*

***3,470 ATTENDEES** received training on pre-loss, risk management, and
benefits by CIS Staff. Trainings were held in person and via webinar.*

***35 LEARNING PLANS** were created by **32 MEMBERS** and completed by
798 EMPLOYEES.*

***7,700 EMPLOYEES** completed the Open Enrollment process online.*

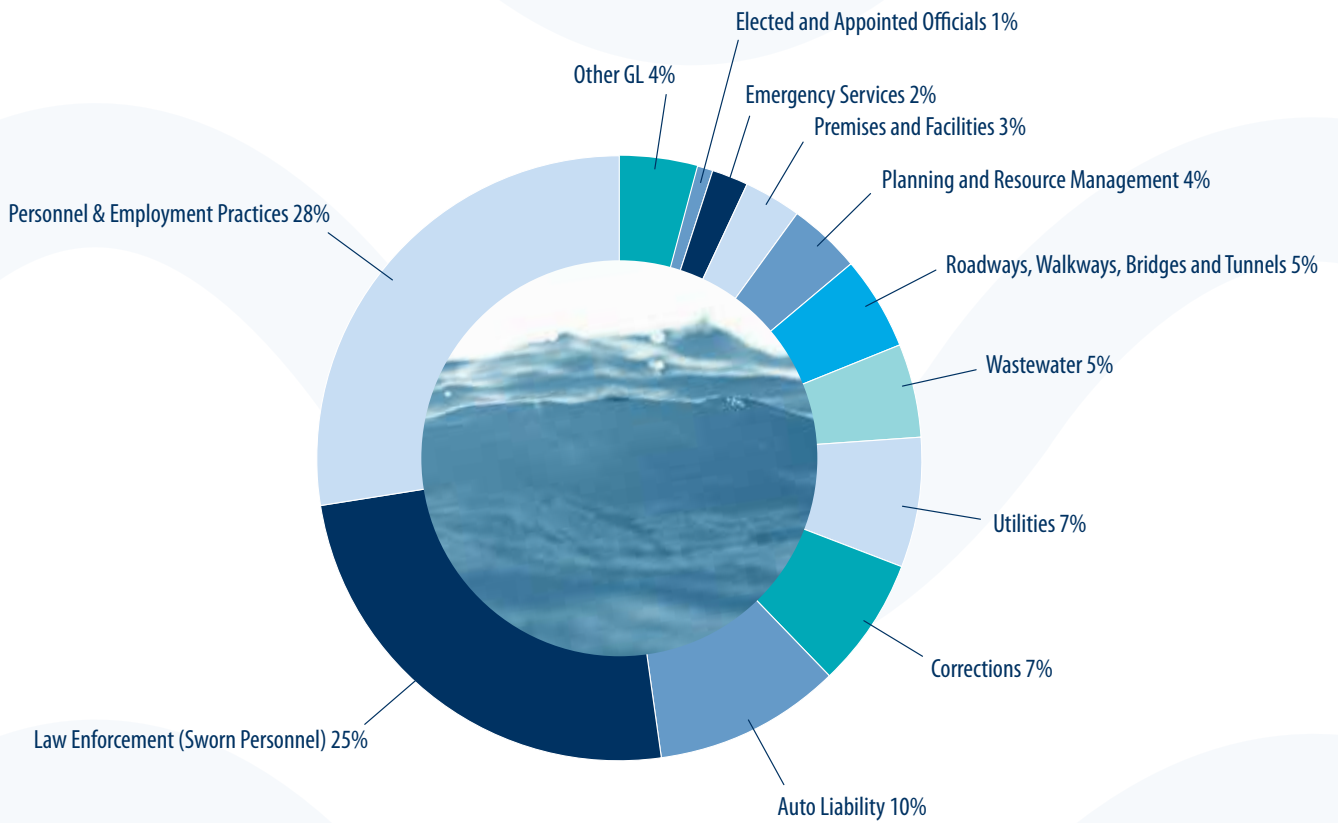
*Risk Management Consultants logged over **4,000 INTERACTIONS** with
members either via email, phone, or in person.*

*Nearly **\$800,000** was reimbursed to Workers' Compensation members
for Employer-at-Injury Program purchases, wage reimbursements and
CIS grants to get injured employees back on the job.*

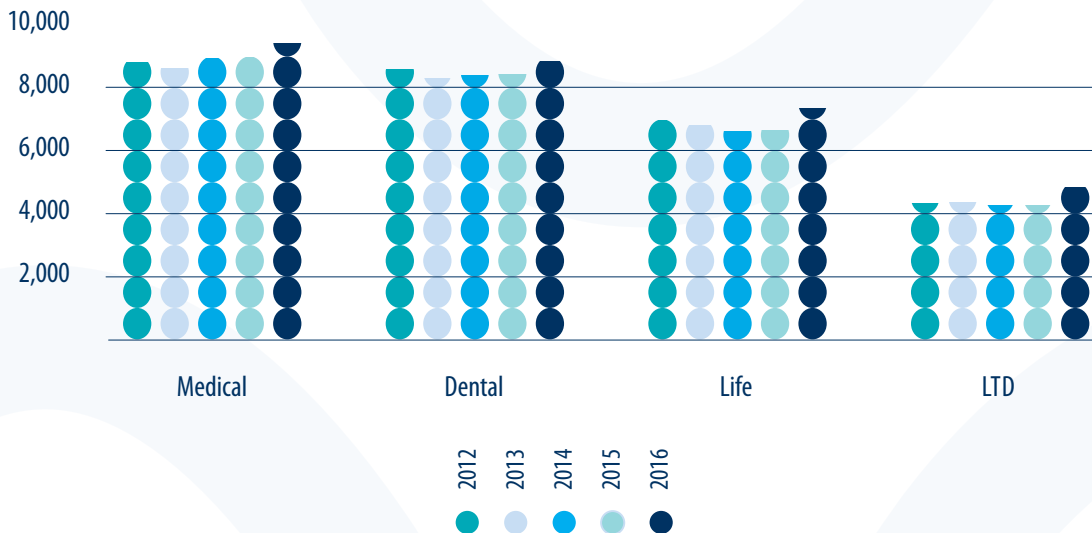
*More than **1,700 NEW CLAIMS** handled by the Property/Liability claims consultants
and almost **800 NEW CLAIMS** handled by the Workers' Compensation team.*

***87 NEW LAWSUITS** and a total of **\$4.9 MILLION** for defense costs.*

Total Liability Claims FY 2011 through FY 2015, as of June 30, 2015



Employees Enrolled in CIS Benefits 2012 through 2016



Helping Team Members Become Team Leaders



“I immediately put training into practice ...”

“I kept my cool in a whole new way!”

“... I know I can do it with the info and tips you provided.”

Supervisor Training Participants

Supervisors may toil in relative obscurity in many cities and counties, but they are front and center in virtually every employment claim. While CIS has been offering training to supervisors for more than a decade, in 2015, we moved beyond a “one-size-fits-all” approach to experiential training for supervisors in every phase of their careers.

With the advent of “Hire to Retire” employment risk management program in 2014, CIS recognized that we needed to revise our training to accommodate both brand-new and more seasoned supervisors. The fall of 2015 kicked off the segmented approach, with Supervisor Training 101: “Transitioning from Team Member to Team Leader.”

The training, which included real-life scenarios and audience interaction, was conducted in five locations around the state. It provided an employment law overview and best practices for:

- The realities of transitioning from team member to team leader;
- Listening and communicating effectively;
- Conducting effective meetings;
- Mastering management organizational skills; and
- Setting goals.

The reaction from supervisors who attended the training indicates that the session was right on the money!

“I recently moved into a management position and I will use what I learned to help with the transition! I recognize that I may have to change my social habits while in the office, but I know I can do it with the info and tips you provided.”

“While I was at the training something came up back at the office that had to be dealt with. I immediately put training into practice – recognizing that I was now the leader and not a team member. I kept my cool in a whole new way!”

And even seasoned supervisors took home valuable information. “While I’ve been a supervisor for some time I still found the content of this class helpful in understanding my transition and how even though some of those behaviors exist, understanding where they come from makes it easier.”

This “Supervisor 101” program will be followed in Spring 2016 with “Supervisor 201” training for more experienced managers. “Supervisor 301” – advanced-level management training – will be part of the 2016 CIS Conference. And that makes many people happy. “Looking forward to Supervisor 201 and 301 for a well-rounded tool set.” ●

Rising Tide of Law Enforcement Issues – CIS Responds



“I get all the information I need, with a real quick turnaround ... The best part? Implementation of solutions, without resulting litigation.”

Tom Turner, Police Chief, City of Florence

Police Chief Tom Turner never had a connection with CIS before he started work with City of Florence in May. That changed quickly for the former Lane County Sheriff, who found that the City was going to lose its HR manager, but not the issues with its employees.

Chief Turner’s first meeting was with the CIS triumvirate of **Public Safety Manager Dave Nelson, Senior HR Consultant Kurt Chapman, and Risk Management Consultant Dunny Sorensen**. That meeting produced something the Chief hadn’t expected: support to develop a new policy manual for the Police Department.

“We had a policy manual adapted from another department, and were under the gun to update it,” he said. Dave provided information about CIS’ partnership with Lexipol, the risk management company that provides the framework and recommendations for law enforcement agencies to develop public safety manuals online, and then train officers to the policy. CIS pays half of the one-time fee for policy development.

Now, after undertaking the project with Lexipol and CIS, “it’s great to have a current policy manual, something that only bigger departments would usually be able to afford,” Chief Turner said. “It’s tailor made for us,” and “got us in best practice mode.”

Next up for the new chief were some challenges with employees. There, Chief Turner found help from Kurt, along with **Pre-Loss Attorney Tamara Jones**. The interactions were “fantastic,” he said, noting that the discussions were always thoughtful, collaborative and in-depth, with the CIS team asking, “what do you think?” about prospective approaches. And the interaction continues: the Chief and his team continue to reach out to Kurt regularly. “I get all the information I need, with a real quick turnaround,” he said. The best part? Implementation of solutions, without resulting litigation, the Chief noted.

“It’s what any department needs, but definitely ours did,” Chief Turner says. He also noted his appreciation for Dave’s role: “someone who’s part of ‘our’ profession, and is speaking from experience.”

Now that they’re starting to grow again, Chief Turner says there’s lots more to do. And CIS will be with him and the City every step of the way. ●

CHIEF TURNER



2015 SUMMARY FINANCIAL INFORMATION

Consolidated CIS Assets, Liabilities and Net Position

As of June 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Investments	\$ 166,760,553	\$ 167,485,822
Receivables	2,772,030	2,652,659
Deposits and Prepaid expenses	1,428,843	954,470
Other noncurrent assets	1,435,489	1,492,213
Capital assets, net	3,518,648	3,399,309
Net pension asset & related Deferred outflows of resources	1,538,906	-
Total Assets and Deferred Outflows of Resources	<u>\$ 177,454,469</u>	<u>\$ 175,984,473</u>
LIABILITIES		
Unearned contributions	\$ 4,161,057	\$ 4,293,552
Accounts & Accrued expenses payable	2,945,050	3,359,195
Claims liabilities – current portion	22,993,000	19,678,056
Claims liabilities – noncurrent	34,482,430	28,693,797
Net pension liability & related Deferred inflows of resources	2,155,658	-
Total Liabilities and Deferred Inflows of Resources	<u>66,737,195</u>	<u>56,024,600</u>
NET POSITION	<u>110,717,274</u>	<u>119,959,873</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 177,454,469</u>	<u>\$ 175,984,473</u>

Consolidated CIS Net Position by Trust

As of June 30,

	<u>2015</u>	<u>2014</u>
CIS P/C	\$ 25,236,225	\$ 28,420,651
EBS	58,447,094	63,635,716
AOCIT	27,033,955	27,903,506
	<u>\$ 110,717,274</u>	<u>\$ 119,959,873</u>

2015 SUMMARY FINANCIAL INFORMATION

Consolidated CIS Revenues, Expenses, and Changes in Net Position

For the fiscal year ended June 30,

	<u>2015</u>	<u>2014</u>
REVENUE		
Member contributions	\$ 174,645,821	\$ 166,862,671
Investment and Other income (Loss)	5,021,224	5,849,784
Total Revenue	<u>179,667,045</u>	<u>172,712,455</u>
EXPENSES		
Claims expense	134,341,363	115,016,792
Reinsurance expense	7,641,664	7,462,887
Ceded insurance	23,270,312	22,114,742
Acquisition costs	10,335,474	10,293,300
Administrative expense	11,289,333	12,094,884
Total Expenses	<u>186,878,146</u>	<u>166,982,605</u>
Excess Revenue over Expenses before Member Dividends	(7,211,101)	5,729,850
Member dividend credits expired	–	298,095
Total change in Net Position	(7,211,101)	6,027,945
Beginning Net Position – As originally reported	119,959,873	113,931,928
Prior Period Adjustments	(2,031,498)	–
Beginning Net Position – As restated	<u>117,928,375</u>	<u>113,931,928</u>
Net Position – end of year	<u>\$ 110,717,274</u>	<u>\$ 119,959,873</u>

The Summary Financial Information at June 30, 2015 has been derived from the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2015 and 2014, which is readily available at www.cisoregon.org. CIS's 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 which 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, 2015, therefore, is not a substitute for reading the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2015 and 2014.



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