

HHS Booster Club hosts annual dinner and auction



The Heppner High School Booster Club annual dinner and auction packed ‘em in for a steak dinner and auction Saturday night at the Elks Club in Heppner. The evening included a general raffle with over 80 items, card games, a silent auction and a live auction with over 30 items. Auctioneer was Ken Grieb and Dale Bates provided sound. Numerous individuals and organizations contributed through cash donations. Pictured upper left: Waylon Sykes helps himself to grandpa, David Sykes’, steak.

County retirement fund has \$10.3 million shortfall

‘What we have now is just too generous and unsustainable’

By David Sykes

The Morrow County retirement fund is short 10.3 million dollars and it must be dealt with to meet current and future obligations, says County Commissioner Don Russell. He spoke with the Gazette-Times recently on how the county got into this fix, and how it might get out of it.

Years ago the county set up a retirement plan separate but similar to the state of Oregon’s then PERS 1 retirement system. The plan is called a defined benefit as it guarantees retirees a certain monthly payment amount when they retire. The state has since moved away from the defined benefit system because it is unsustainable. Commissioner Russell says the county’s “very generous” retirement system has created a \$10.3 million unfunded liability in the retirement fund. It’s time to do something about it. The unfunded liability is the amount of money the

county currently owes to those already retired and currently employed with the county who will someday retire. “These are contracts we have with those people and they cannot be broken,” Russell pointed out.

Russell, who graduated from OSU with an accounting degree and passed the Certified Public Accountant exam, says instead of guaranteeing a monthly amount upon retirement, the county should move to a defined contribution plan. Under defined contribution the county would guarantee a certain amount of money to be contributed each payday into the employee’s retirement account, and the payment upon retirement would depend on how well the invested funds perform. “It’s what most private employers are doing,” Russell says, and it would be like the familiar 401K plans many people now have. The risk would be shifted to the

employee and the amount of money available at retirement would depend on how well the investments do. “We have to do something,” Russell says. “What we have now is just too generous and it’s unsustainable. We just can’t keep paying this,” he emphasized.

Under the current plan, each employee contributes six percent of their paycheck into the retirement fund and the county matches that with a 24.8 percent contribution for a total of 30.8 percent. As an example, Russell says that if a person works for the county for 30 years they could retire with payments of 72 percent of their average wage near the end of their employment. He says this, coupled with social security payments, in some cases provides a retiree with more income than when they worked. As an example of other plans, Russell says an employee at the Port of Morrow puts in six percent

of their paycheck to the retirement fund, with the Port then matching an additional nine percent. And it is a defined contribution plan.

Currently county employees and elected officials are “vested” or included in the county retirement plan after five years of employment. Russell says the current defined benefit plan is not transferable, so if someone is no longer employed after five years, although they would still receive a payment on retirement, they cannot take their plan with them to their new job. Under a defined contribution plan the employee would be able to take their retirement fund with them to the new job.

Investment of the current retirement fund is handled by a private professional investment company. The money is invested in the stock market and Russell says the fund is currently drawing around 6.5 percent return on investment. However,



Commissioner Don Russell

it has not always been so good, which is part of the reason the fund is so far in the hole, he points out. For instance, during the eight years of the Obama administration he says the return was low and the retirement fund went into the negative. Russell says with a 6.5 percent return on investments the deficiency could be paid down by 2039. However, if the return drops to 5.5 percent, for instance, the fund will never pay down, and if it were to go to 5 percent it would be in a negative and the deficiency would begin growing even larger.

Russell says although all the current employees

are covered under the defined benefit plan, negotiations with the two unions in the county for a change in the retirement benefits for new hires could begin soon. He says even though the employment contract with the Teamsters, who represent the Sheriff’s Office, is a three-year agreement, there is a clause in the contract which allows renegotiation of retirement benefits on an off year. The same with the Public Employees union which covers the other county employees. Also related to retirement benefits state law stipulates that public safety employees such as the Sheriff’s office can only have a retirement plan that is equal to or better than the current state retirement plan.

Russell says he hopes to have a new defined contribution plan for new employees in place by July 1 of 2020, which would stem the current increases in the unfunded liability of the retirement fund. Then he says they must just deal with the ten million still unfunded, left over from past year’s deficits.

Columbia Basin to hold 75th annual meeting

Columbia Basin Electric Cooperative (CBEC) will hold its 75th annual meeting, October 31 at St. Patrick’s Parish Hall in Heppner. Check-in will begin at 11:15 a.m. with lunch being served at noon.

According to the press release, this year’s meeting will be extra special as CBEC will be celebrating 75 years of existence. The St. Patrick’s Alter Society will be serving pork loin, mashed potatoes with gra-

vy, Caesar salad, hot rolls and a pumpkin dessert. Extra door prizes will be awarded this year, as well as a copy of Columbia Basin’s history book given to each household in attendance.

“We are really proud of the recently completed Columbia Basin Electric’s book Serving Family, Friends, and Neighbors since 1944,” said CEO/General Manager Thomas Wolff. “Debbie Lankford championed this project for

our co-op and has done a tremendous job. The book chronicles CBEC’s development and progress over the past 75 years, with many photos and anecdotal comments from our early and current members,” he continued.

The press release also stated it is Columbia Basin’s intention to keep all of its members up to date on the welfare of their co-

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BEO Bancorp reports third quarter earnings

BEO Bancorp and its subsidiary, Bank of Eastern Oregon, announced third quarter 2019 consolidated net income of \$1,229,000 or \$1.04 per share compared to \$1,196,000 or \$1.01 per share for third quarter 2018. Year to date earnings were \$2,973,000 up 5.2 percent year over year. Total assets were up 20.4 percent year over year at \$483.3 million. Net loans of \$401.5 million were up 24.0 percent from the same period in 2018, while deposits were at \$432.6 million, also up 21.6 percent year over year.

“The expansion proj-

ects announced earlier in the year are translating into significant growth in deposits, loans and assets. The expansion has resulted in additional overhead costs, but these costs are now translating into increased revenue. Earnings for the quarter are up 2.76 percent year over year. Year to date results show a 5.2 percent increase from 2018,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “Our shareholder equity is up 9.0 percent year over year, while our book value per

share is up 9.3 percent. Return on Average Assets for the quarter was 1.03 percent and Return on Average Equity was 13.28 percent compared to 1.19 percent and 14.12 percent respectively year over year”.

Chief Operations Officer Gary Prophet said, “We have had tremendous reception from our new communities in southeast Washington and the expanded locations in Hermiston, La Grande and Pendleton have also exceeded our expectations. We look

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M.C.G.G. Morrow County Grain Growers Inc.

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