



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

November 21, 2019

Dave Kegebein, CEO  
14th DAA, Santa Cruz County Fair  
2601 East Lake Avenue  
Watsonville, CA 95076

SUBJECT: SB 84 Obligation

Dear Mr. Kegebein:

As a follow up to the September 27, 2019 (D2019-04), letter regarding District Agricultural Association's (DAAs) liability resulting from the passing of [Senate Bill No. 84](#) Public Employees' Retirement Fund: state employer contributions / supplemental payments (SB 84), this letter provides information regarding the specific obligation of each DAA and how the DAA should record the SB 84 obligation in their financial records.

Under SB 84, the Department of Finance (DOF) was required to develop a repayment schedule for the loan principal and interest accrued from the \$6 billion that was borrowed. As a part of the requirement, DOF was tasked with determining the proportionate share of the obligation attributable to the DAAs based upon 2016-17 CalPERS employer retirement contributions.

For the Santa Cruz County Fair, the total SB 84 obligation is \$71,796. This amount is to be paid over five fiscal years beginning FY2020-21 and ending FY2024-25, with four equal payments in FY2020-21 through FY2023-24 of \$13,075 and one final payment in FY2024-25 of \$19,496.

The Department is currently seeking direction regarding the process and timing on how and when these payments are to be made and will provide further instruction at a later time. For 2020 budgeting purposes, each DAA needs to budget the amounts above accordingly so that monies are available to meet its financial obligation. The DAA's Finance and/or Executive Committee and Full Board should be informed of this obligation so they are fully aware of the amounts owed and repayment schedule.



November 20, 2019

Page 2

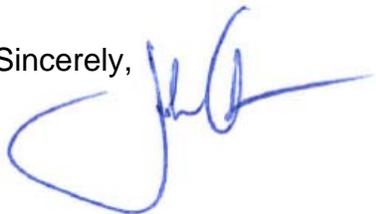
It has also been determined that this obligation impacts the financial records of each DAA going forward. Specifically, these obligations affect pension liability in a way that an accounting element associated with pension must be adjusted. To properly reflect this change and establish the supplemental pension obligation, the following journal entry, or a similar entry, is recommended to be made:

	<u>Debit</u>	<u>Credit</u>
Deferred Outflow of Resources – Pension	\$71,796	
Loans Payable – SB 84		\$71,796

To assist the DAA and ensure that the pension accounting elements are correctly reflected in year-end financial records, the next pension liability packet will incorporate the DAA's SB 84 information along with the annual pension information. The pension liability packet is expected to be distributed to the DAAs in the next few weeks.

If you have any questions, please contact me at 916-900-5025 or [john.quiroz@cdfa.ca.gov](mailto:john.quiroz@cdfa.ca.gov).

Sincerely,



John Quiroz  
Branch Chief  
Fairs & Expositions Branch