

July 30, 2008

TO: School District Administrators

FROM: Division of Administration and Finance

SUBJECT: Revenue Limit Reduction (RLR) For Current Liability Payrolls

As noted in the past, all district payrolls are now subject to RLR calculations. This process, under normal circumstances, involves the accounting system debiting object code 3801/3802 to the appropriate fund and resource, and crediting object code 8092 to the General Fund, resource 0000.

However, for current liability payrolls, the process is somewhat different. Here the computer debits object code 3801/3802 to the appropriate fund and resource, and credits object code 9509 by fund and resource as of June 30th of the 2007-08 fiscal year. It then debits object code 9500 and credits object code 8092 (both in the General Fund), in the 2008-09 fiscal year. This causes a problem because 3801/3802 and 8092 must be equal in both years.

In order to correct this problem, it will be necessary to make some correcting entries. First, it will be necessary to run a Detailed General Ledger using the date **June 30, 2008**, and request **only** object code 3801/3802 in all funds. Summarize the totals by resource. You would then make a transfer debiting object code 9509 by fund and resource, and crediting object code 8092, resource 0000, in the General Fund, for the grand total. **Note:** If funds other than the General Fund are involved, a "Due To" and "Due From" entry will also be required. These entries would be made using the date of June 30, 2008 (in the old year).

Next, you would go into the new year, (2008-09) and make a transfer debiting object code 8092, and crediting object code 9500 by same fund and resource. If this entry is not made, the RLR object codes will be out of balance in both years.

**Please call Steve Mattern, director, District Financial Services, at (661) 636-4691 for assistance.**

SJM:mrp