



# KANSAS STATE DEPARTMENT OF EDUCATION

FISCAL AUDIT SECTION

MICHAEL C. MURPHY, Director of Fiscal Auditing

785-296-4976

## BOND AND INTEREST AUDIT GUIDE

2013-14 EXPENDITURES AUDITED IN FY15

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### PURPOSE OF AUDIT

Auditors will verify the expenditures incurred by the district for bond and interest payments from the Bond and Interest Fund during the fiscal year ended June 30, 2014.

### AUDIT STEPS

1. Claimed amounts and payments will be automatically entered into the district's audit write-up. This form will have two sections, payments made for bonds issued prior to July 1, 1992 and payments made for bonds issued after July 1, 1992. Auditors shall verify that payments made by the district are for the correct date of issue. These payments will most likely be made from the Bond and Interest Fund. Be aware that some districts will account for all bonds in one fund while others may use more than one Bond and Interest fund.
2. General Obligation Bonds issued prior to July 1, 1992 will be audited separately from General Obligation Bonds issued after July 1, 1992.
3. If bonds have been re-financed, be aware of the original issue date. Bonds issued prior to July 1, 1992 may be re-financed after July 1, 1992 but the original issue date may indicate that the bonds were issued prior to July 1, 1992 and payments made should reflect the original bond issue date **NOT THE DATE OF RE-FINANCING**.
4. Auditors will audit only the "General Obligation Bond" payments, not capital outlay. General Obligation Bonds are those bonds issued due to a vote of approval by qualified voters.
5. Allowable Expenditures:
  - Principal Payments
  - Interest Payments
  - Commission and Postage Expense
6. Federal Tax Credit act as a deduct from the above list of expenses.

7. Cost of refinancing is not to be claimed.

## REPORTING REQUIREMENTS

Using the current USD write-up program, find the “Bond & Interest” tab.

The district will report only a total amount of bond and interest payments, the payments and the entitlements paid by KSDE will be pre-loaded in the write-up. In the audit section record actual payments for the items listed below for each age group. (There are two age groups, “old” bonds refer to bonds issued prior to July 1, 1992, and “new” bonds refer to bonds issued on or after July 1, 1992.)

- Principal
- Interest
- Postage and Commission
- Federal Tax Credits (deduct from above expenses)

The “State Aid Ratio” has been supplied by School Finance and is pre-loaded into the write-up program. The write-up will calculate the audited entitlement.

### **Bond & Interest payments need to be audited even if the district receives no state aid.**

In the “notes” section explain changes made to the bond payments. Be specific, as this information will be critical in the event of an appeal by the district.

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KSDE General Counsel, 900 Jackso., Topeka, KS 66612 785-296-3201*

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