



# KANSAS STATE DEPARTMENT OF EDUCATION

FISCAL AUDITING TEAM  
Director of Fiscal Auditing  
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## BOND AND INTEREST AUDIT GUIDE

2017-18 Expenditures, Audited in FY19  
Revised August 2018

### 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, 2018.

### AUDIT STEPS

1. Claimed amounts and payments will be automatically entered into the audit write-up. 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. 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.
3. Allowable Expenditures:
  - Principal Payments
  - Interest Payments
4. Federal Tax Credit act as a deduction from the above list of expenses.
5. Cost of refinancing is not to be claimed.

## REPORTING REQUIREMENTS

Using the current USD audit 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.

Principal

Interest

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 Jackson, Topeka, KS 66612 785-296-3201*

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