**Instructions for Indirect Cost Adjustments**

**For calculating**

**Indirect Cost Rates**

**Kentucky Department of Education**

**Office of Administration and Support**

**Division of District Support**

**District Funding and Reporting Branch**

Date: May 15, 2019

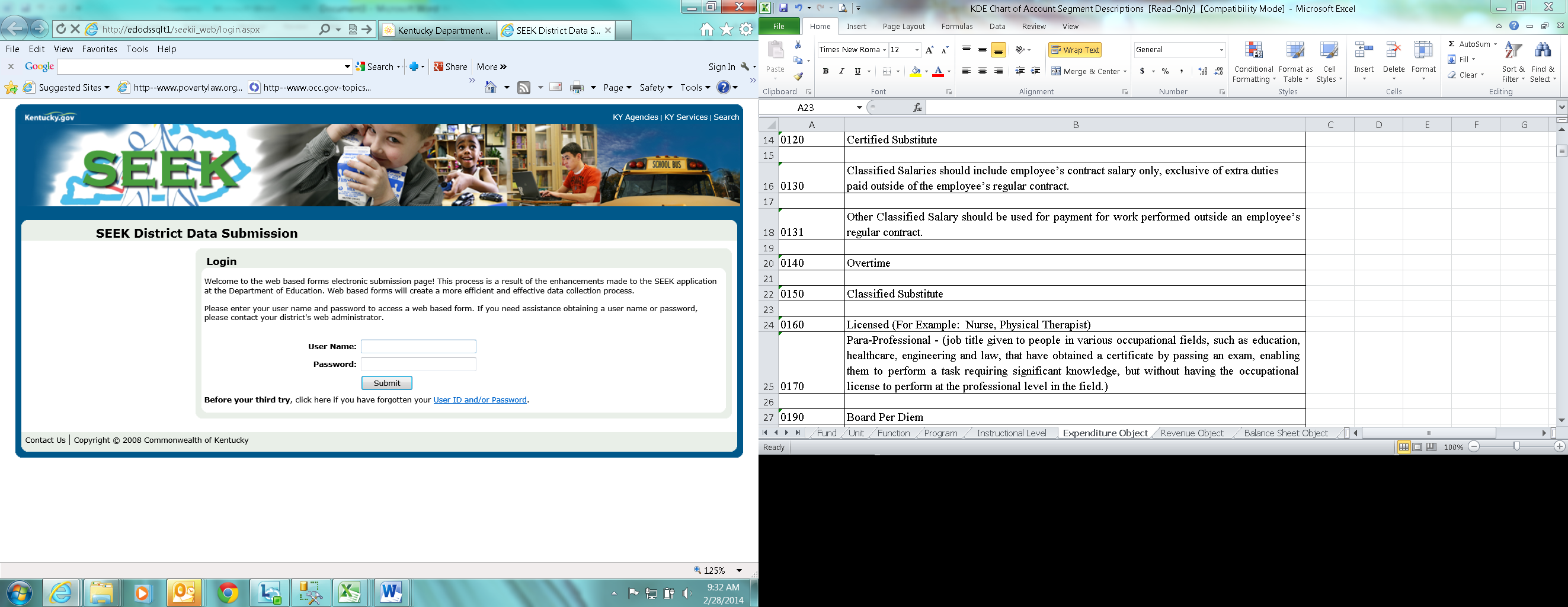
**WEB FORM SEEK DISTRICT DATA SUBMISSION**

**INDIRECT COST ADJUSTMENTS INSTRUCTIONS**

Districts are responsible for reviewing and verifying the indirect cost rate calculations. A web based form is available to allow districts to make adjustment to their audited annual financial report (AFR) data for the purpose of indirect cost calculations only. The rates are calculated using financial data from two years prior. (For example: 2018-19 rates use 2017-18 audited AFR data.) Reference the “Indirect Cost Guidelines” document for guidance relating to the calculation and application of indirect cost rates located at [Indirect Cost Guideline web link](http://education.ky.gov/districts/FinRept/Pages/Fund-Balances-and-Receipts-and-Expenditures%20and%20COA.aspx) .

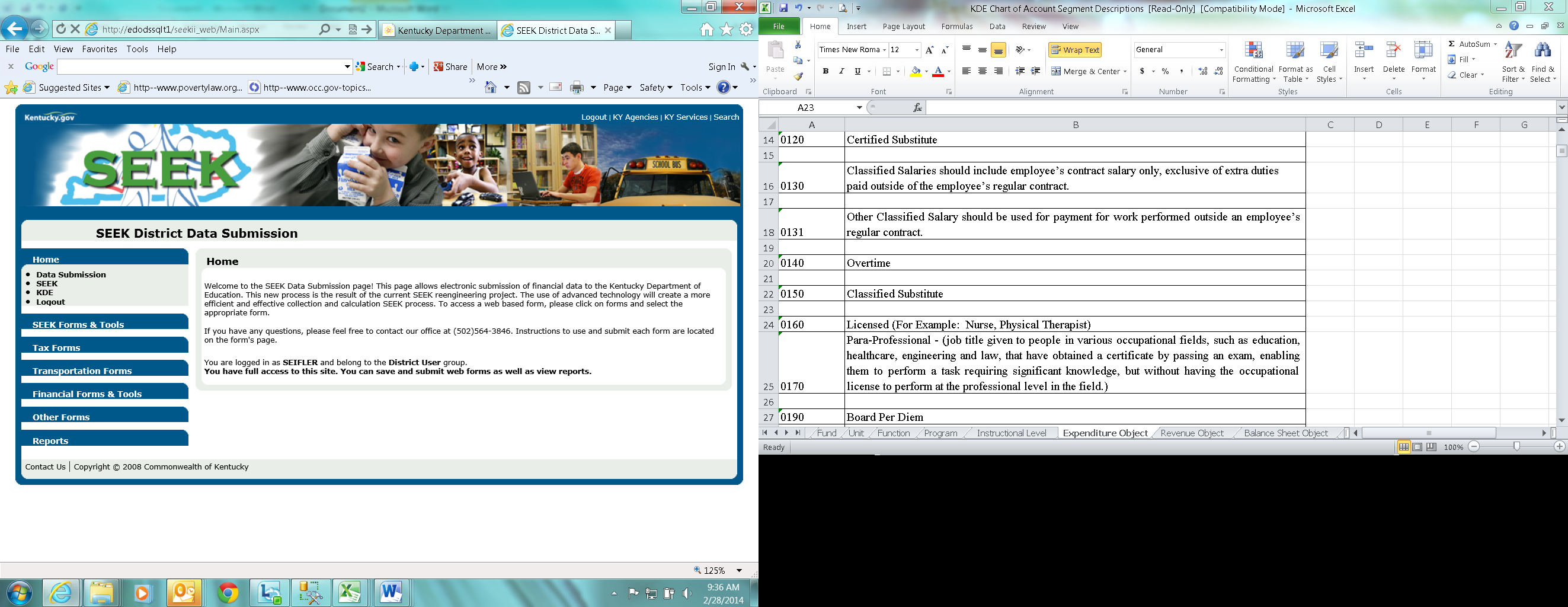
1. Below is some helpful information to use when completing this form:
2. During the process you will see the current fiscal year reflected. We are using the prior fiscal year’s audited Annual Financial Reports (AFRs) and will be calculating indirect cost rates for the next fiscal year.
3. Review your calculation via this website: [SEEK Web Forms for submitting data](https://opsupport.education.ky.gov/webforms/odssreport.aspx)
4. All districts must go to the SEEK web form and either check the box “I have no adjustments to our data.” if your district has no adjustments or make the adjustments as instructed below. By checking the box all values in the fields will default to zero.
5. Districts may subtract from their calculation by entering a positive number and adding to their calculation by entering a negative number.
6. There are six categories available for adjustments. Combine the funds to make one entry. Enter each adjustment separately to appropriately change your calculation. The categories are below:
   1. Total (expenditures)
   2. Direct and Unallowed
   3. Indirect
   4. Adjustment to function 2300 and 2600 (included in the adjustment to “indirect” above)
   5. Excluded
7. These adjustment amounts entered by the district will change the audited AFR financial data submitted to KDE for the purposes of calculating the indirect cost rates only. These adjustments will not change the AFR file itself.
8. Upon completion of entering the data please finish by doing the following:
9. press “save” and you will see the message “Your adjustments have been saved”
10. now press “report” and you will be taken to the report to generate a new indirect cost report with your adjustments
11. The Reports Manager page will appear. The option for the report defaults to PDF. You may change the file from PDF to Excel to review your data in an Excel document.
12. Simply change the “Save As” from PDF to Excel and press “Run”.
13. A box will pop up and ask you to “open”, “save” or “cancel” choose how you would like to view your report.
    1. If you open it and want to retain it after viewing you will have to save it to your computer.
    2. If you choose save then you will have to go to the source where you saved it to open it to review.
14. Review the report and the new rates. This will be your new rate submitted to the Kentucky Board of Education (KBE) for approval.
15. If after you review the report you find additional adjustments or corrections you will have to sign back into the SEEK District Data Submission and follow the same steps as above. Each time adjustments are made to the Indirect Cost Calculation a new report should be generated and reviewed. The last report generated by your district becomes your new rate that will be submitted to the KBE.

You will go to this screen and sign in. Each person that uses this site must have a user name and password that is assigned and created for the person by the district Technical Person.

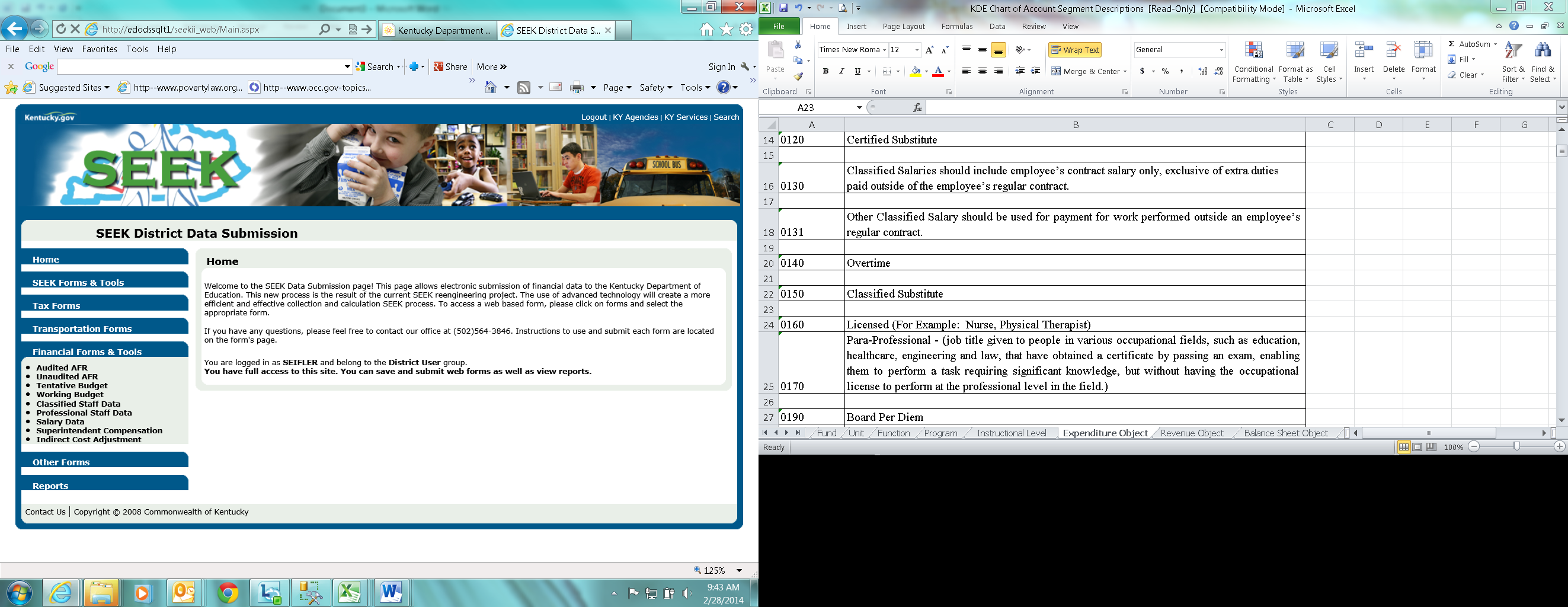


After you have signed into the system correctly this will be the next page you will see.

This is the view you will see once you have access by using the username and password. Go to the selection called Financial Forms and Tools.

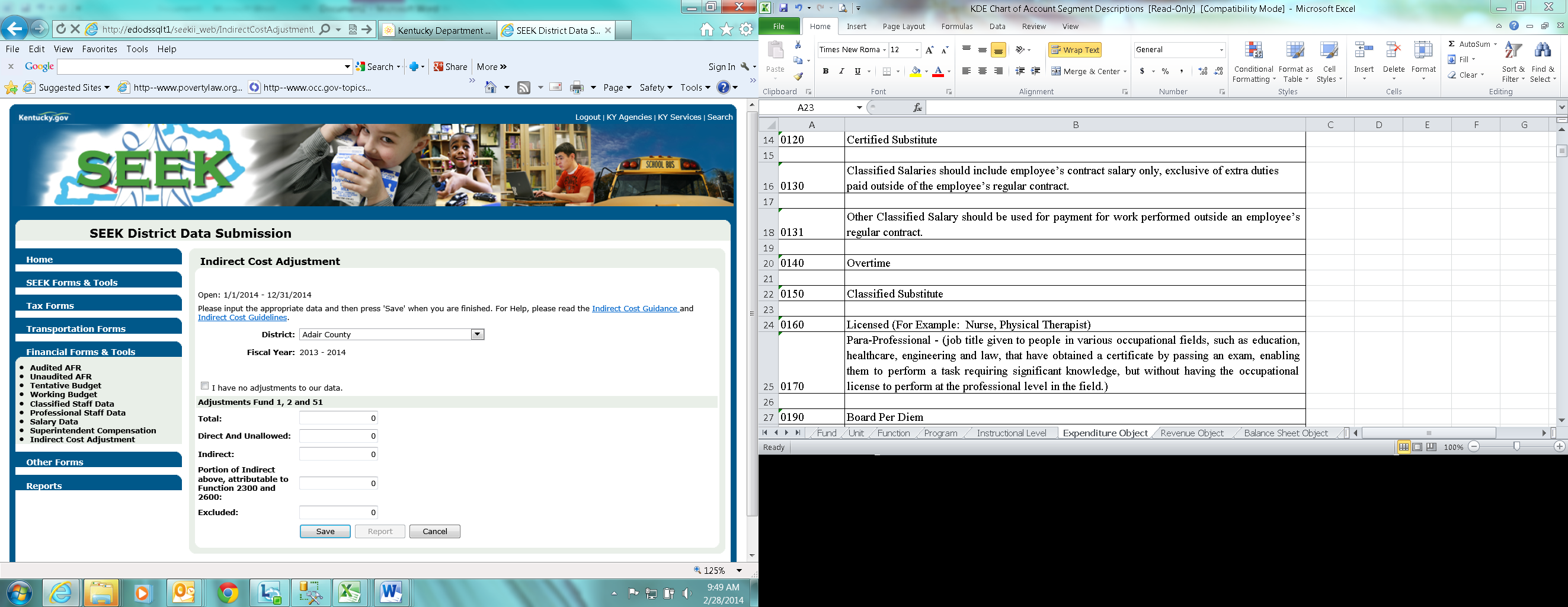


Once the drop down has opened you will want to select the Indirect Cost Adjustment

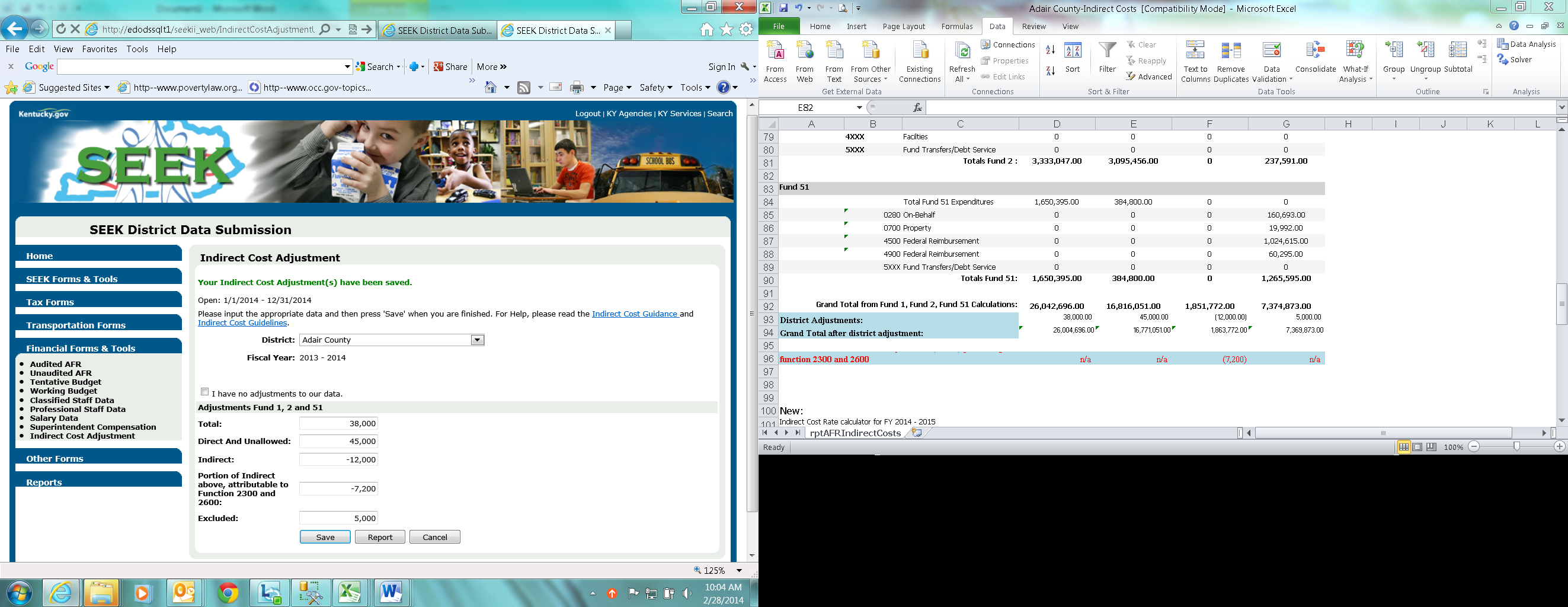


The next pop up should show your district name, the fiscal year and the list of options. If your district is not going to make any adjustments then the check the box, “I have no adjustments to our data.”

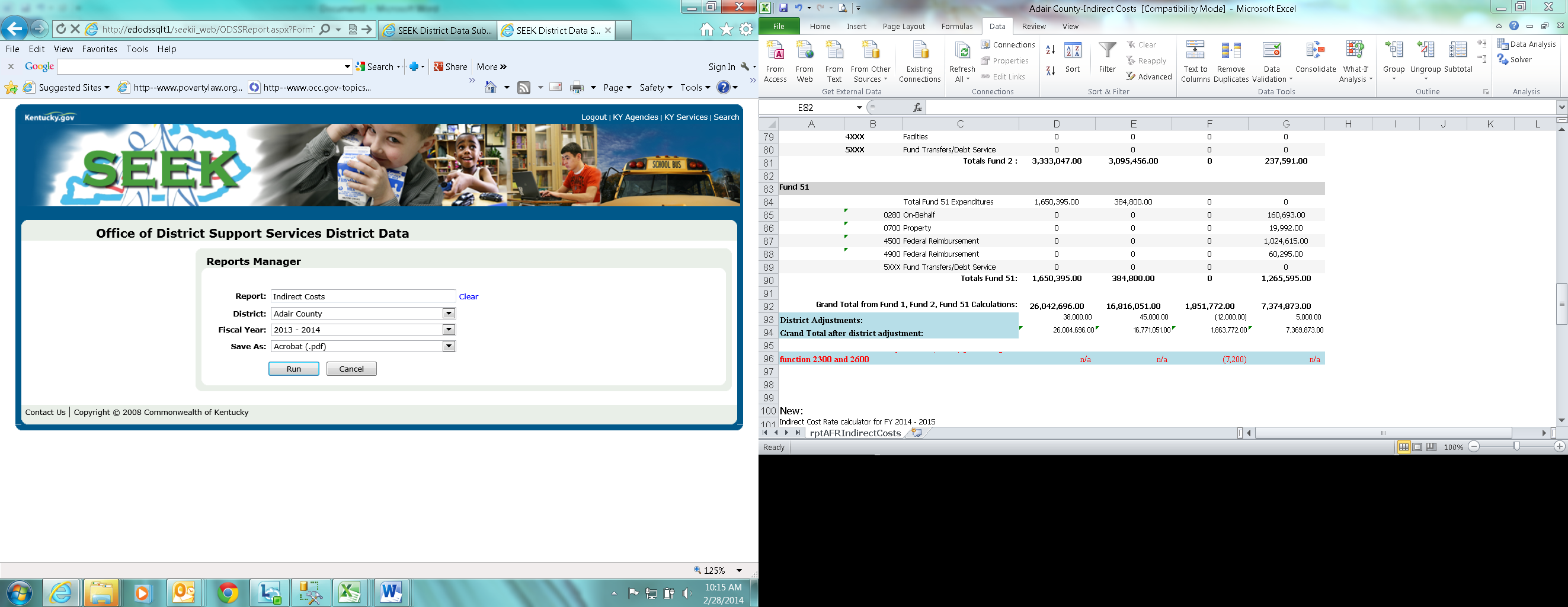
Adjustments that district make is for the financial information to either be taken out of or added to allowing for the calculation to calculate new indirect cost rates.



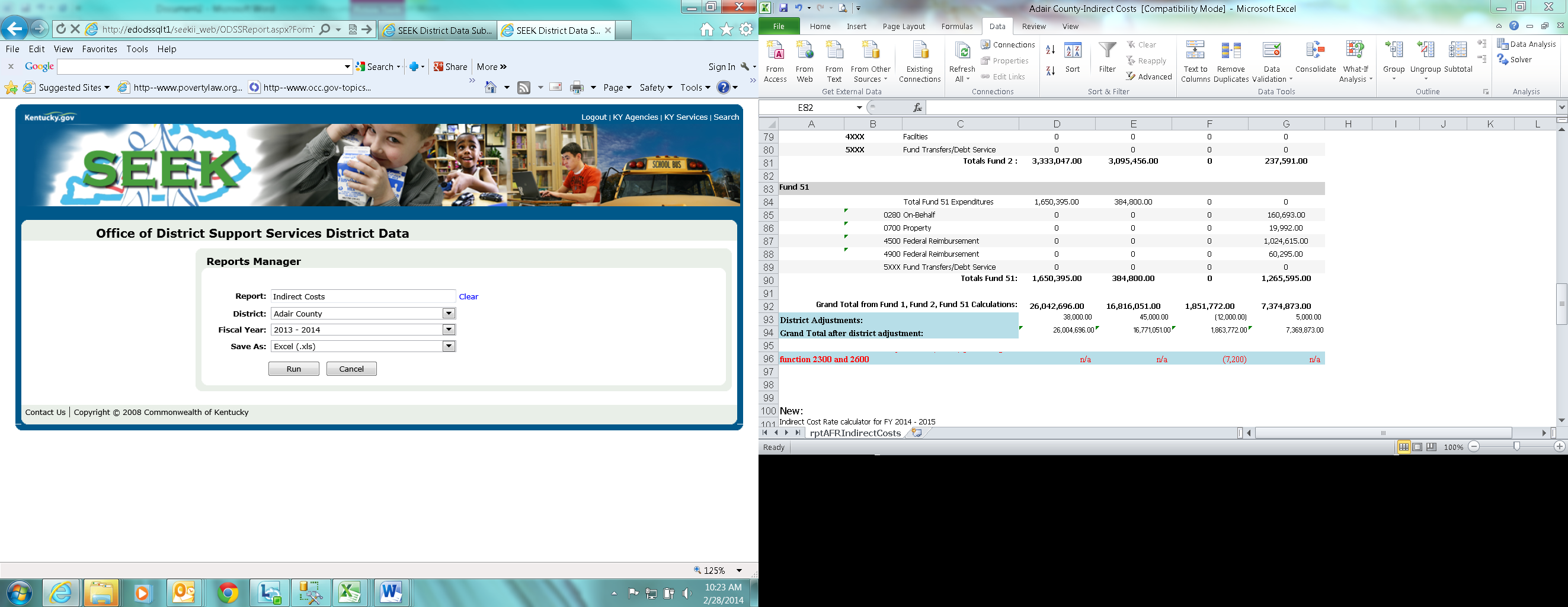
Once the adjustments are made you will apply the save “option” and then you will be able to use the “report” option to get an updated indirect cost rate that will show what your adjustments did in the new calculation. (This can be done as many times as needed.)



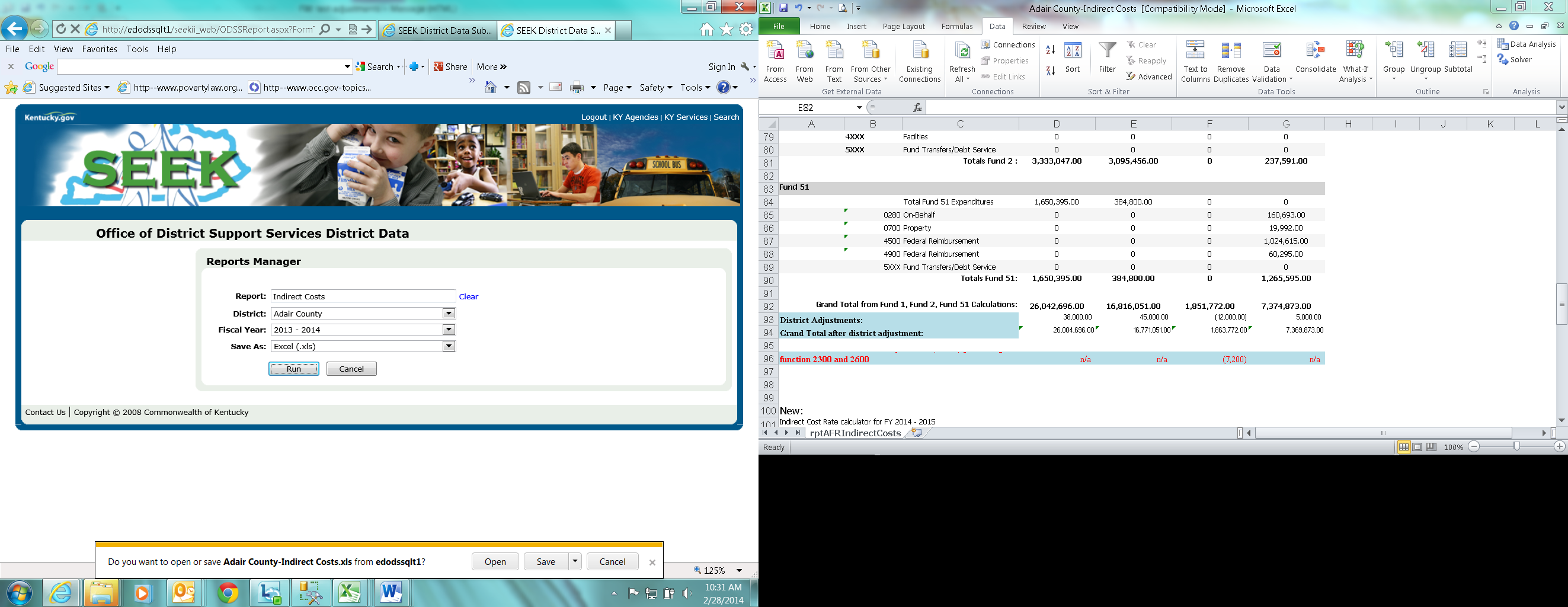
This is the view of the Reports Manager for Indirect Cost. The “Save As” option allows you to change the PDF default to excel if you would like to export it to that type of report.



Then once the version has changed in the “Save As” step has changed use the “Run” to generate the new report.



This screen will appear after you have pressed “run”. You can choose to “save” (will prompt you to save to your computer or location you choose) or “open” (it will automatically open in Excel)



Below is a sample of what the calculation will look like at the end of the calculation contrasting the old to the new view:

| **Kentucky Department of Education**  **Adair County School District** |  |  | **Indirect Cost Report for FY 2014 - 2015 Based on FYE 2012 - 2013** |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Expenditure** |  |  |  |
|  | **Munis Code** | **Program Name** | **Total** | **Direct and Unallowed** | **Indirect** | **Excluded** |
| **OLD VIEW:** |  |  |  |  |  |  |
| **Grand Total from Fund 1, Fund 2, Fund 51 Calculations:** |  |  | **26,042,696.00** | **16,816,051.00** | **1,851,772.00** | **7,374,873.00** |
| Indirect Cost Rate calculator for FY 2014 – 2015 |  |  |  |  |  |  |
| **Non Restricted Indirect Cost Rate:** |  |  | **(1,851,772.00** | **\* 90%) /** | **16,816,051.00** | **= 9.91%** |
| **Restricted Indirect Cost Rate:** |  |  | **(210,636.00 =** | **\* 90%) /** | **18,457,187.00** | **1.03% \*\*** |
| \*\* Non Restricted |  | 1,851,772.00 | Less Plant Operations and Maintenance | & Admin | 1,641,136.00 |  |
| Non Restricted Direct |  | 16,816,051.00 | Plus Plant Operations and Maintenance | & Admin | 1,641,136.00 |  |
| **NEW VIEW:** |  |  |  |  |  |  |
| **Grand Total From Fund 1, Fund 2, Fund 51 Calculations:** |  |  | **26,042,696.00** | **16,816,051.00** | **1,851,772.00** | **7,374,873.00** |
| District Adjustments: |  |  | 38,000.00 | 45,000.00 | -12,000.00 | 5,000.00 |
| **District Adjustment Pertaining to Function 2300 & 2600:** |  |  |  |  | -7,200.00 |  |
| Indirect Cost Rate calculator for FY 2014 - 2015 |  |  |  |  |  |  |
| **Non Restricted Indirect Cost Rate:** |  |  | **1,863,772.00 =** | **\* 90%) /** | **16,771,051.00** | **10.00%** |
| **Restricted Indirect Cost Rate:** |  |  | **(215,436.00 =** | **\* 90%) /** | **18,419,387.00** | **1.05% \*\*** |
| \*\* Non Restricted Indirect |  | 1,863,772.00 | Less Plant Operations and Maintenance | & Admin | 1,648,336.00 |  |
| Non Restricted Direct |  | 16,771,051.00 | Plus Plant Operations and Maintenance | & Admin | 1,648,336.00 |  |