

Reclamation Manual

Directives and Standards

Reclamation Instructions Series 480, Part 496 Statement of Project Construction Cost and Repayment for Reference Purposes

Purpose: The 1977 Reclamation Instructions (RI) Series and Part that follows has been included in this Appendix only as a historical reference and as a means of maintaining this historical information as part of our official electronic Reclamation Manual system so it is not lost. This Directive and Standard and its other Appendices supersede this RI entirely. The information contain in this Appendix is intended only to serve as a means of providing historical reference.

Background: Some of our historical accounting records still contain the general ledger accounts used in this RI. The information contained in this Appendix, Appendix H – *FAST General Ledger (GL) Crosswalk to U.S. Standard General Ledger (SGL) Accounts*, Appendix I – *1988-1997 FFS SGL Account Changes Crosswalk*, and Appendix J – *SPCCR Table, SGL Account Crosswalks between FAST General Ledger (GL) Accounts and FFS U.S. Standard General Ledger (SGL) Accounts*, is intended to provide a complete history and crosswalk between the various accounting element conversions that have taken place during Reclamation's existence.

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- .1 Purpose of Statement. The Statement of Project Construction Cost and Repayment is designed to present the relationship of total construction costs (assignable to the several project purposes, divisions, and repaying entities) to total repayment, in which accounting data as to actual accomplishment to date of preparation are coordinated with estimates of future activity to the end of the payout period.

The statement will provide management with a comprehensive analysis for review of each project's payout plan and performance in relation to legislative and contract provisions. It will also provide the cost basis for the Power Repayment Study. A summary of these statements is published annually in the Water and Land Resource Accomplishments, Statistical Appendix II, and periodically in the book, Repayment of Reclamation Projects. These summary schedules show the purpose allocations of all authorized projects, the method of repayment of reimbursable costs, and progress to date in construction and repayment.

An analysis of the annual changes provides the best estimate of the Bureau's actual use of its construction appropriations in developing the various purposes for which its projects were authorized. For this reason the construction cost is defined for this Statement to be consistent with that on the Control Schedule, PF-2, used in the Bureau Justifications for Appropriations.

- .2 Project Coverage. A separate statement shall be prepared for each project authorized for construction.
- A. An initial statement will be required for each project at the close of the first fiscal year in which advance planning is commenced, and annually thereafter so long as the project is in active repayment status.
 - B. Authorized projects not yet under advance planning should be reported showing the latest approved data and "NA" for any data not available.
 - C. Each unit of a project authorized on a basinwide basis, such as the Pick-Sloan Missouri Basin Program, shall be consolidated into a summary statement for the related basinwide projects. Provision for the basinwide repayment plan, as reflected in the project Economic Analysis or Power Repayment Study should be made by including entries in the summary statement (RI 496.2.1B) for additional authorized units and units requiring authorization or reauthorization. Under this policy, the schedules supporting the consolidated summary statement for a basinwide project will include all authorized units as well as those units for which advance planning or construction is in progress or completed.

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- D. No statements are required for Soil and Moisture Conservation, Halogeton Weed Control, General Investigations, Loan Program, or for any construction activities of the Bureau not defined as projects, such as Technical Records and As-built Drawings, Delivery of Water to Mexico, or Recreation Facilities at existing Reservoirs.
- .3 Responsibility for Preparation. Preparation of the statement shall be the responsibility of the Finance Office at the project (regional) level, with allocations and estimates of future activity coordinated with the other offices as appropriate. The Statement should be approved by the Project Manager or by the appropriate Regional Officer, to confirm the validity of the allocations and the repayment procedures. Responsibility for preparation of the consolidated statement for the Pick-Sloan Missouri Basin Program, including Corps of Engineers, is assigned to UM Region, for the Colorado River Storage Project is assigned to UC Region, and the Colorado River Salinity Control Project to LC Region. The Pacific NW-SW Intertie need not be consolidated.
- .4 General Uniformity of Form and Content. The statement shall consist of a summary, with supporting schedules for those line entries which involve allocations or distributions to more than one purpose, division, or repaying entity. Reported amounts shall be rounded to the nearest dollar. It is recognized that varying conditions between the many Bureau projects require some flexibility as to form and content of the summary statement and supporting schedules. However, it is desirable that uniformity be achieved insofar as practical.
- .5 Sources of Information. The information required for preparation of the statement shall be obtained from the books of account with respect to costs incurred, certain cost deductions, and repayment realized. It is intended to be an economic analysis of the data in the accounts. Account balances are included only to the extent that they are significant for the analysis.

Estimated future costs, future cost deductions, and anticipated future repayment shall be obtained from the latest available Official Estimates, Control Schedules, Definite Plan and Feasibility Reports, or other sources of a relevant nature, approved and in effect on the date of the statement. The PF-65 is not a source document, but is a comparable report based on the same approved sources as these statements, and reflects the latest data presented to the Congress. Data reported in the Power Repayment Studies must agree with those reported in these statements. It is important that all costs of a reported project, both incurred and estimated future construction costs, and other charges, as well as all repayment coverage (including repayment contracts executed and proposed, and all other items which relate to realized and anticipated credits that accrue toward the

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repayment of project construction expenditures) be included in the statement. (See also RI 116.1, Repayment of Project Costs.) Otherwise, the project relationship will be misleading.

- A. Where a project prepares a construction PF-2 Control Schedule, the total to be allocated shall be based on the costs presented in the PF-2 that has been approved by the Commissioner and is in effect September 30. This is usually the PF-2 included in the justification for appropriations submitted to Congress the preceding January.
 - B. The reimbursable cost of a few Bureau projects includes a segment of certain multipurpose and certain single-purpose feature costs incurred by other agencies, such as the Corps of Engineers. These costs are obtained from the appropriate agency and will be included in both this Statement and in the Power Repayment Study.
 - C. The allocations and distribution of cost and repayment to the several purposes, divisions, and repaying entities shall be consistent with legislative provisions, actual or expected contract relationships, and official administrative determinations.
- .6 Submission Date. Statements of Project Construction Cost and Repayment shall be prepared annually as of September 30 and shall be submitted to the offices shown in .7 below no later than the first workday in January following the September report date except that the following types of statements should be submitted as soon as practical but no later than the first workday in March after the September report date:
- A. Statements which consolidate data from more than one accounting entity. Note that consolidated statements which must be further consolidated must be submitted to the consolidating office in sufficient time to meet this due date.
 - B. Statements which include data which must be obtained from another agency (e.g. Western Area Power Administration) before the report can be prepared.
- .7 Distribution. The summary statement shall be distributed as follows:

1 copy each to Commissioner, attention 350 and 365

Supporting schedules should be included for Central Valley Project and for each region of the Pick-Sloan Missouri Basin Program. Other supporting schedules shall be retained in the preparing office, subject to call for special inquiries.

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.1 Form and Content.

- A. The Statement of Project Construction Cost and Repayment shall consist of a summary statement with supporting schedules for those line entries which involve allocations or distribution to more than one purpose, division, or repaying entity. The summary statement shall show, in addition to total costs and repayments, the allocations and distributions thereof to purposes, divisions or irrigation districts, or other entities of the project's plan for repayment. Allocations for divisions of those projects which are allocated only in total should be estimated and the degree of reliability indicated by notes. Such estimates will be used only for those reports for which the indicated degree of reliability is acceptable.

No supporting schedules are required for a line entry in those instances where the entire reported amount is associated with a single feature with a single purpose; for example, "Irrigation Plant."

Schedules supporting costs shall show the component major feature and other costs and the basis on which those common to two or more purposes, divisions, or other entities are allocated. Schedules supporting repayment shall likewise show the component items and applicable allocation formulas. In addition to the allocation or distribution formula, its source such as contract numbers and date, Definite Plan Report and date, etc., should be shown.

- B. Data shall be presented in the summary statement by groups as follows:

<u>Costs</u>	<u>Totals</u>	<u>Allocation</u>
Plant, Property and Equipment	\$ _____	
Corollary Construction Costs	_____	
Total Construction Cost to Date	_____	
Estimated Cost to Complete	_____	
Estimated Total Construction Cost	_____	
Other Charges	_____	
Total Costs	=====	
<u>Repayment</u>		
Repayment Realized	\$ _____	
Anticipated Future Repayment	_____	
Total Repayment	_____	
Other Credits	_____	
Total Repayment and Other Credits	_____	
Excess of Repayment over Cost	_____	

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Each group will be detailed by line items, which for actual accomplishments are associated with general ledger accounts, rounded to whole dollars.

No "deficit" can be reported without advance approval of the Commissioner. Otherwise any cost not covered by existing repayment arrangements must be reported under Anticipated Future Repayment or else under Other Credits, where the authorization should be reported as a footnote. See also Part 496.2.2D(3) and F(4).

- (1) Plant, Property, and Equipment consists of those costs excluding capitalized interest during construction, which have been included in General Ledger Accounts 101 through 114.
- (2) Corollary Construction Costs consist of those additional costs which have been or will be included in the Bureau's construction program for the specific project. Features financed with funds authorized by Sec. 8 of the April 11, 1956, Colorado River Storage Project act should be included in this section.
- (3) Estimated Cost to Complete consists of programmed future costs to complete construction and any other programmed or unprogrammed future-year costs. See RI 496.1.5A.
- (4) Other Charges consist of capitalized interest during construction and any additional costs or charges, not part of the construction cost of the project, which are included in the repayment analysis or the resulting repayment obligations of a beneficiary.
- (5) Total Construction Cost to Date and Estimated Total Construction Cost, consisting of Plant, Property, and Equipment plus Corollary Construction Costs, plus Estimated Cost to Complete, is the amount shown as allocated. The Other Charges are shown as additions to the allocations.

Certain projects, for example the Colorado River Storage Project and Participating Projects, had their allocations developed by deducting certain "prepaid" contributions or Colorado River Development Fund charges before applying a formula to the balance. In order to have a consistent presentation of all the varying methods of allocating costs, the outline for the statement must show those prepaid deductions as repayment. In effect this presentation reverses the steps of the original allocation but the resulting presentations must be in agreement.

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- C. Allocations will be to officially authorized project purposes, such as irrigation, power, municipal and industrial water service, flood control, fish and wildlife, recreation, and highway construction. Prepare a column for each applicable purpose. All purposes must be identified - do not use an unidentified "Other." Pumping power may be shown separately under the appropriate project purpose wherever this will clarify the relationship to the Electric Plant in Service Accounts.

The irrigation segment shall be further allocated to divisions. In case costs and credits pertaining to Warren Act contracts are involved, they may be grouped in a single column with appropriate heading which in some instances may be a "Storage Division."

Cost allocation formulas can usually be obtained from Feasibility and Definite Plan Reports, unless subsequent cost allocation revisions have been approved, either administratively, by contract, or by legislative provision. Common bases of cost allocation are assigned capacity and irrigable area, though other approved methods have been used. Repayments shall be distributed to purposes, irrigation divisions and other repayment entities in accordance with executed and proposed contract repayment provisions, consistent with the allocation of the cost of the facilities with which associated, or such other methods as provided in the approved payout plan. Unidentified sources for repayment of future development costs should be shown under "Anticipated Future Repayment." Allocations for pumping power should be shown as line entries where necessary.

- .2 Preparation. The following instructions pertain to the line items on the summary statement. Line items for which there is no amount to be reported should be omitted from the statement.

A. Plant, Property, and Equipment.

<u>Line Item</u>	<u>G.L. Account</u>
Multipurpose Plant	101, except interest
Irrigation Plant, gross	102, except 102.5
Electric Plant	103, except interest
Municipal and Industrial Water Plant	104, except interest
Other - (specify)	105.1 through 105.4
Construction Work in Progress	107, except 107.3
Other Physical Property, gross (specify)	114
Nonreimbursable Investigation Costs Capitalized	109
Capitalized Movable Equipment (net)	113

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- (1) Plant construction costs shall embrace all balances in the several plant subaccounts and shall be in agreement with total amount recorded therein, excluding capitalized interest during construction. The supporting schedule showing the primary individual feature costs as recorded in the Plant Ledger shall be prepared for each plant classification involving allocation.
- (2) The amount reported for construction work in progress shall be the general ledger balance, exclusive of those items in G.L. Account 107.3 which, when work is completed, will not be capitalized but will be charged to operation and maintenance expense. Other construction in G.L. Account 107.90 should be included only if it is financed or otherwise established as a part of the construction of the project.

In some cases the current value in the plant accounts to be shown on the statement will differ from that shown on the Control Schedule, PF-2, because of replacements and dispositions. These differences should be absorbed in the "Estimated Cost to Complete."

- (3) The supporting schedules prescribed in (1) and (2) above may be combined and the format varied if practical to present the required information.

B. Corollary Construction Costs. The line items in this group shall be obtained from general ledger accounts and other sources as indicated below, whenever financed from construction appropriations or otherwise considered part of the Bureau's construction program. Do not include nonconstruction items.

<u>Line Item</u>	<u>G.L. Account</u>
Fish and Wildlife Plant (Sec. 8)	105.20, 107.10
Recreational Facilities (Sec. 8)	105.30, 107.10
Costs Incurred by Other Agencies (specify)	-
Rehabilitation and Betterment	
Contracts, gross	122
Retirement Work in Progress	180
Transitional Development Costs, gross	117
Deferred Maintenance Funded (R&B)	220.2
Property Transfers	220.3
Nonreimbursable Construction Expenses	217
Investigation Costs	116 or 217
Bureau Costs Transferred to BPA or WAPA	-

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- (1) For the Colorado River Storage Project and Participating Projects, any features completed or under construction with appropriations identified as being for Sec. 8 work should be included as corollary costs rather than as "Plant, Property, and Equipment."
- (2) In some instances costs incurred by other agencies (Corps of Engineers), but not recorded in the accounts of the Bureau of Reclamation, are included in the reimbursable cost of the project. This is particularly true of the Pick-Sloan Missouri Basin Program. While these costs are not to be recorded in the accounts of the Bureau under present policy, the amount shall be included in the statement. This information shall be obtained from the agency involved in establishing the repayment arrangement. Such data on power costs and repayment must also be reported on the Power Repayment Study. The nonreimbursable portion should be shown under "Other Credits - Nonreimbursable."

On some projects, certain Bureau-incurred costs such as those for transmission lines have been transferred to other agencies (Western Area Power Administration and Bonneville Power Administration) for repayment. Those should also be included here, properly identified, and offset below under "Repayment" or "Other Credits."
- (3) Some projects will have occasion to report costs classified in the accounts as other long-term assets. In those instances where the amount reported includes the acquisition cost of power income rights of water users, the cost and power revenues realized and anticipated as a return thereof should be shown in the power allocation column of the summary statement. Repayment should be shown as illustrated in .2E and F following.
- (4) Retirement Work in Progress should include only net costs associated with incomplete retirement cost authorities.
- (5) Transitional Development costs will reflect the balance in G.L. Account 117, but any future estimated costs of this nature should be included under "Estimated Cost to Complete." They are included gross, prior to repayment shown under E following.
- (6) Completed Rehabilitation and Betterment (R&B) work in G.L. Account 220.2 was part of the construction program and should be reported.
- (7) Property financed with Federal construction funds, G.L. Account 220.3, and transferred to water users should be included.
- (8) Include only nonreimbursable expenses incurred under a construction or rehabilitation and betterment program, such as those

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incurred in carrying out the provisions of the Farm Unit Exchange that are nonreimbursable under Section 13 of that Act, and the cost of surveys made under Subsection K of the Fact Finders Act.

- (9) Ordinarily, reimbursable investigations costs are included in the construction cost of completed features or in the total estimated cost, if uncompleted. However, if there are any such costs at the reporting date which are not included in plant cost or reported programed costs, or financed with construction funds, provision for inclusion of the amount shall be made in the summary statement.

C. Estimated Cost to Complete.

Line Item

Construction
Recreational Facilities (Section 8)
Fish & Wildlife (Section 8)
Other (identify)

- (1) Estimated cost to complete will be the total programed future year cost as developed in the supporting schedule based on the PF-2. Construction work in progress and estimated cost to complete construction will be supported by the same schedule in which costs will be listed by program item. However, similar items may be grouped if individual listing is impractical and the group total does not involve more than one allocation formula. The schedule will contain three monetary columns: (1) Total Estimated Cost; (2) Construction Work in Progress; and (3) Balance to Complete Construction. The amounts in column 1 will be obtained from the Official Estimate, Form 7-1720. The amounts in column 2 will be obtained from the Cost Authority Ledger, and the amounts in column 3 will be the difference between columns 1 and 2. If, at any date of preparation, the project has no completed features, the "Estimated Total Construction Cost" reported in the summary should, as a general rule, be in agreement with the total "Construction Cost" reported on Form 7-1720 - Project Cost Estimate.
- (2) Service Facilities, G.L. Account 115, are also included in "Estimated Cost to Complete."
- (3) Estimated cost to complete work under Section 8 should also be included in this section.
- (4) Future estimated transitional costs will be included in "Other" and identified as such.

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- D. Other Charges. Many repayment arrangements include costs other than those for project construction, particularly for interest during construction.

The line items in this group and sources of information are:

<u>Line Item</u>	<u>G.L. Account</u>
Interest during Construction (IDC)	101, 103, 104, 108
Estimated IDC to Complete	-
Costs assumed from _____ Project	258.1
O&M Deficit Funded	220.1
O&M Deficit not Funded	225
Interest & Penalties Funded	221
Other Costs Funded	220.4
Costs of Other Agencies (specify)	258.2
Loans-Drought Emergency Assistance	124.3

- (1) Not all projects are required by law to capitalize interest during construction in the plant accounts. For those which are, the amounts to date can be obtained from the supporting schedule in the project Financial Statement.
- (2) In some instances the facilities constructed or to be constructed by one project serve another, and the cost assigned thereto is covered or proposed to be covered for repayment under contracts in the latter.
- (3) O&M Deficit Funded and/or to be funded and Interest and Penalties Funded will be distributed to the Districts or other contracting organizations to which they pertain. Include Other Costs Funded which are subject to the repayment analysis. If operating revenues have not been adequate to cover operating costs, the Excess of Expense Over Income, G.L. Account 225, should be reported here. Do not show negative income under repayment with a resulting unauthorized excess of cost over repayment.
- (4) Drought Emergency Assistance Loans, 1976, for projects which require preparation of this statement should be included. These loans to loan program projects or non-Bureau projects should be omitted.
- (5) Project Costs of Other Agencies, which are associated financially with the Bureau's appropriations, should be reported here. Costs and interest, if applicable, should be shown separately for "to date" and "to complete."

- E. Repayment Realized. The usual line entries for this group and the sources of information are:

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<u>Line Item</u>	<u>G.L. Account</u>
Repayment Contracts Matured	219
Rehabilitation and Betterment Contracts Matured	122
Repayment of Other Physical Property Contributions	114 222
Excess of Income over Expense	
Power Revenues	225.1
Irrigation Water Service & Rentals	225.21
M&I Water Service & Rentals	225.22
Other (specify source)	225.3/.4
Repayment Realized from Other Sources	
Contributions	218
Other (specify type)	218
Colorado River Development Fund	212.1
Nonfunded Depreciation	260
O&M of Nonreimbursable features	
Loans-Drought Emergency Assistance Matured	124.3

- (1) Repayment Contracts or R&B Contracts Matured pertain to Type 9(d) contracts. Net revenue under Type 9(e) contracts will be included in the amount reported under Excess of Income Over Expense. Fully matured and repaid contracts should continue to be reported as both Cost and Repayment items. Such repayment accomplishments are significant and should not be deleted from the Statement after completion.
- (2) The schedule supporting contributions will show the name of contributor, date, purpose, and amount for each major contribution. The total should be followed with a summary of total amounts relating to each benefiting division keyed to the listing together with the project features to which the contributions apply. Minor contributions under 10 percent of total cost may be summarized. Federal funds are not contributions; they are reported under "Other Credits."
- (3) Excess of Income Over Expense will include all amounts recorded in G.L. Account 225 except those recorded in Subaccount 225.7, because amounts properly recorded in that account are not available for inclusion as a partial return of reimbursable cost. Revenues of some projects retained in G.L. Account 225.4, .5, and .6, Net Income Pending Distribution, at the reporting date may in part accrue to the United States as a partial return of reimbursable construction cost. Such net income should be given recognition in the Summary Statement as Repayment Realized in the same manner as that provided above.

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Minor amounts of nonoperating income, such as grazing leases and building rentals, need not be itemized. The supporting schedule shall contain a listing of the component amounts by source and subaccount. The subaccount totals should be in agreement with the related general ledger accounts balances as at the date of the report. See .2C(3) above for Excess of Expense Over Income.

- (4) Repayments Realized from Other Sources, G.L. Account 218, consist of certain contributions, revenues, and credits for equipment purchased with funds advanced by water users. Show the amount applicable to contributions separately with a supporting schedule showing: for significant amounts, the name of the organization or individual who made the contribution, the project feature to which the contribution applies, and the amount contributed; and for insignificant amounts, a summary showing the project feature or features to which the contribution applies and the total amount applicable to each feature.

Show the amount applicable to specific revenues separately by type of revenue, such as power revenues or repayment contracts, and also show separately the amount applicable to equipment purchased with water users' advances.

- (5) The net balance in G.L. Account 260, Reserve for Depreciation, is generally a result of: annual provisions for depreciation, and other credits, both charged against income; less the original cost of retired plant and net retirement costs. The annual provisions and other credits are not funded and, thus, do not reduce the amount available for repayment, but the charges for retirements are a part of the repayable costs of the project which would otherwise be shown as plant costs or other charges. The net credit balance is accordingly considered as repayment realized through nonfunded depreciation.
- (6) Credit allowed for water user operation of nonreimbursable features should be recorded as repayment.
- F. Anticipated Future Repayment. The most common line items in this group will be comparable to those in .2E above for Repayment Realized.
- (1) Future Repayment Contracts will be those Type 9(d) contracts under negotiation or expected to be negotiated.
- (2) Future Power revenues should be in an amount consistent with the Power Repayment Study in effect on September 30 of the report year.

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- (3) It is recognized that in many instances there is no specific payout period for project costs to be recovered through Type 9(c) and 9(e) water rentals. Estimated future revenues from this source will, in those cases, be reported in an amount sufficient to reflect full recovery of costs allocated to this activity.
- (4) Minor costs not yet adjusted on the repayment contracts should be shown as future repayment rather than Excess of Cost over Repayment. The latter category is intended primarily for those projects with repayment problems pending before Congress.
- G. Other Credits. For projects not fully repayable under the line items shown in .2E above, it is necessary to show the portions which are nonreimbursable or otherwise provided for. The most common line items will be:

<u>Line Item</u>	<u>G.L. Account</u>
Repayment Reduction Authorized	269.20
Chargeoffs Authorized by Congress	102.50
Nonreimbursable Construction Expenses	217
Cost assumed or to be assumed:	
By _____ Project	259.10
By _____ agency	259.20

The legislative authority for nonreimbursable costs must be cited as a footnote on the summary sheet and on the supporting schedule.

- (1) The distribution of these chargeoffs to functions, divisions, and repayment entities will follow the distribution of costs pertaining to the requirements for repayment which have been authorized to be reduced.
- (2) The amount to be shown as nonreimbursable may not be reflected in a general ledger account, but will be reported in the same amount as the construction cost allocated to the related non-reimbursable function. The legal authority should be cited.
- (3) The amount reported as Costs Assumed by Other Projects should offset the related amount of Plant construction so allocated. Show repayment of other agency costs (Corollary Costs) in this section as "Other Credits."

If cost transfers have been completed, the balance in G.L. Account 259 should be in agreement with the cost allocation. If the transfers have not been completed, this line amount shall be

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increased to the amount of the allocation, with the balance in G.L. Account 259 and balance to complete shown in the supporting schedule.

- (4) Costs funded by other agencies are not repayment but should be also included under Other Credits.
- H. The preceding line items are those most commonly required in Statements of Project Construction Cost and Repayment. It is recognized that additional line categories may be occasionally necessary to meet conditions of a particular project.

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