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Interest During Construction (IDC) Computation Spreadsheet Instructions

1. **General.** After thoroughly researching the specifics of a given project and having determined the reimbursable functions, multipurpose (MP) allocation percentages, and applicable interest rates, prepare an IDC worksheet. Figure 1 is a worksheet template. While the template may be changed to meet regional needs, the template must contain:
 - A. the fund,
 - B. the functional area,
 - C. the project feature,
 - D. the IDC start date,
 - E. the advance planning and pre-construction costs,
 - F. the total fiscal year (FY) expenditures broken out by FY,
 - G. the amount of transfers to plant,
 - H. the amount of IDC not transferred to plant,
 - I. the amount of IDC transferred to plant,
 - J. the reimbursable percentage,
 - K. the calculation of the half-year convention,
 - L. the annual IDC percentage rate, and
 - M. footnotes of any significant changes each FY.
2. **Completion of the IDC Worksheet.** The upper left-hand corner of the IDC worksheet includes the fund, functional area (previously known as the project), project feature, and the month and year the IDC started. (Note: only input data in columns A, B, H and J and cells C16 and I16. All other fields are calculated by a formula in the cell.)
 - A. For each reimbursable MP project or project feature(s):
 - (1) **Column A, Fiscal Year (FY).** Input “AP Costs” in row 17 and the applicable FY(s) starting in row 18. For the current FY indicate the applicable quarter (Qtr) (i.e., FY2015 1st Qtr). When the FY is complete remove the reference to the Qtrs.
 - (2) **Column B, Total FY Expenditures.**
 - (a) **Advance Planning and Preconstruction Costs.** Enter the expenditures

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(total to date cumulative amount) in general ledgers (GL) 4902.xxxxx for the prior FY(s) representing the advance planning and preconstruction amount on the “AP Costs” row. (Note: the advance planning and preconstruction costs are included in the IDC calculation once construction starts.)

- (b) **FY Costs.** Enter the expenditures (total to date FY cumulative amount) in GL 4902.xxxxx for the current FY through the current Qtr.
- (3) **Column C, Reimbursable Percentage FY Expenditures.** Input the MP reimbursable percentage for the project or project feature(s) in cell C16. The formula in the worksheet then calculates the reimbursable percentage of FY expenditures (total FY expenditures (column B) multiplied by the reimbursable percentage (cell C16)) and inputs this amount in column C.
- (4) **Column D, Total Cumulative Reimbursable Expenditures.** The formula calculates the cumulative total reimbursable expenditures for all accounting periods (sum of reimbursable expenditures (column C) less the sum of expenditures transferred (column K)).
- (5) **Column E, Half-year Convention.** The half-year convention is a calculation of a weighted average of the costs incurred throughout the year. This approach avoids having to compute IDC on a daily, weekly, or monthly basis. The formula calculates one-half of the sums of reimbursable expenditures (column C).
- (6) **Column F, Plus Prior Year Cumulative Interest Not Transferred to Plant.** The formula populates the cell with the total IDC not transferred to plant for each accounting period (previous period IDC not transferred (column M)).
- (7) **Column G, Amount Subject to Interest.** Calculates the total expenditures subject to interest. (Cumulative reimbursable expenditures (column D) less half-year convention (column E) plus cumulative IDC not transferred (column F).)
- (8) **Column H, Qtr Percentage.** Update the percentage to the applicable Qtr on the current FY row. (i.e., 1st Qtr is 25 percent, 2nd Qtr is 50 percent, etc.)
- (9) **Column I, IDC Annual (Percentage Rate).** Input IDC percentage rate in cell I16, then the formula calculates the IDC and inputs the amount in column I. (Amount subject to interest (column G) multiplied by Qtr percentage (column H) then the result is multiplied by the IDC annual percentage rate (cell I16).) The interest rate is determined the year construction begins. The Director, Policy and Programs, sends a memo to the regional directors every year with the current year rates. The rates can also be found on the Department of the Treasury [website](#). See Reclamation Manual Directive and Standard, *Interest Rates for Interest During Construction (IDC) and Interest on Investment (IOI)* ([FIN 06-31](#)) for additional information.

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- (10) **Column J, Percentage of Assets Under Construction (AUC) to be Transferred to Plant.** Input the percentage of construction expenditures to be transferred to plant, if applicable. This column applies when the project feature involves different phases of assets becoming substantially complete and transferred to plant at different times throughout the construction activity. Use 100 percent if the entire construction project transfers to plant at once. If not applicable, enter zero or leave blank. (Note: AUC percentage rate (column J) may be eliminated and the amounts entered directly into expenditures transferred (column K) and IDC transferred (column L) if you calculated the actual amount transferred to plant instead of a percentage.)
- (11) **Column K, Expenditures Transferred to Plant Annual.** Calculates the amount of construction expenditures to be transferred to plant by FY (cumulative reimbursable expenditures (column D) multiplied by AUC percentage rate (column J)). This calculation applies when the project feature involves different phases of assets becoming substantially complete and transferred to plant at different times throughout the construction activity. (Note: You may enter the amounts directly into expenditures transferred (column K) if you calculated the actual amount transferred to plant instead of a percentage.)
- (12) **Column L, IDC Transferred to Plant Annual.** Calculates the amount of IDC to transfer to plant (previous period IDC not transferred (column M) plus current period IDC (column I) multiplied by AUC percentage rate (column J)). This calculation applies when the project feature involves different phases of assets becoming substantially complete and transferred to plant at different times throughout the construction activity. (Note: You may enter the amounts directly into IDC transferred (column L) if you calculated the actual amount transferred to plant instead of a percentage.)
- (13) **Column M, Cumulative IDC not Transferred to Plant.** Calculates the cumulative IDC not transferred to plant (previous period IDC not transferred (column M) plus current period IDC (column I) less current period IDC transferred (column L)).

- B. For single purpose reimbursable projects, proceed as in (1) above but use 100 percent as the percentage for cell C16.

3. Transfers.

- A. **Transfers between Purposes for AUC (also known as Construction in Progress).** For transfers between different project purposes within construction work in progress that changes the reimbursable percentage (i.e., change the purpose from non-reimbursable to reimbursable), the IDC calculation must allow for calculating the pro rata transfer of net expenditures and IDC before and after the change.

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- B. Transfers to Plant.** When transfers to plant occur, columns J through L allow for calculating the pro rata amount of IDC to be transferred and for calculating the pro rata amount of net expenditures to be subtracted from total expenditures.
- (1) If the transfer occurred in the current FY but was effective as of the end of the prior FY, deduct the pro rata share of expenditures and IDC before calculating the current year's IDC.
 - (2) If the transfer is effective at the end of the current FY, determine the pro rata amounts after calculating IDC for the current fiscal period.
 - (3) If the transfer is effective in the middle of the current FY, add a second column to enable the calculation of IDC both before and after the transfer for the current FY.
- 4. Non-Federal Contributions.** The method of handling non-Federal contributions is determined by the repayment contract and/or authorizing legislation. Adapt the IDC spreadsheet to fit the specific needs of the project. The governing criteria for the adaptation are to calculate and accrue IDC only on the reimbursable portion of Federal net expenditures.
- A.** There may be situations in which the non-Federal contributor is participating in the entire project.
 - B.** If the non-Federal contributor is participating in only one or two of the project purposes, their contributions each year must be applied only to the purposes in which they are participating.

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5. Figure 1.

ATTACHMENT A FIGURE 1

IDC COMPOUND INTEREST MASTER COMPUTATION OF INTEREST DURING CONSTRUCTION (Compound Interest)												
Fund: xxxxxxxxxx Functional Area: Rxxxxxx.xxxxxx Project Feature: xxxxxxxxxx IDC Start Date: 10/2012												
A	B	C	D	E	F	G	H	I	J	K	L	M
Fiscal Year (FY)	Total FY Expenditures	Reimbursable Percentage FY Expenditures 50	Total Cumulative Reimbursable Expenditures	Half-year Convention	Plus Prior Year Cumulative Interest not trfd to Plant	Amount Subject to Interest	Quarter Percentage	IDC Annual (Percentage Rate) 5.101	Percentage of AUC to be trfd to Plant	Expenditures Trfd to Plant Annual	IDC Trfd to Plant Annual	Cumulative IDC not Trfd to Plant
AP Costs	44,598	22,299										
FY2013	288,547	144,274	166,573	72,137	0	94,436	100.00%	4,817	0	0	0	4,817
FY2014	10,000	5,000	171,573	2,500	4,817	173,890	100.00%	8,870	75	128,680	10,265	3,422
FY2015 1st Qtr	5,000	2,500	45,393	1,250	3,422	47,565	25.00%	607	0	0	0	4,029
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
	0	0	0	0	0	0		0	0	0	0	0
Totals	348,145	174,073		75,987		315,891				128,680	10,265	
Notes:												