

Reclamation Manual

Directives and Standards

Subject:	Assets Under Construction (AUC)
Purpose:	Establishes accounting requirements and procedures for recording AUC. The benefit of this Directive and Standard (D&S) is to provide specific accounting direction to the Bureau of Reclamation that is compliant with generally accepted accounting principles.
Authority:	Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> ; FASAB SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i> ; FASAB Technical Release (TR 14 , <i>Implementation Guidance on the Accounting for Disposal of General Property, Plant, & Equipment</i> ; and Department of the Interior Acquisition, Assistance, and Asset Policy (DOI-AAAP) 0122, <i>Property, Plant, and Equipment – Capitalization Criteria</i>
Approving Official:	Director, Mission Support Organization
Contact:	Finance Policy & Programs Division; Policy, Compliance, & Audit (PC&A) (84-27410)

- 1. Introduction.** Reclamation capitalizes costs incurred for general property, plant, and equipment (G-PP&E) in accordance with SFFAS 6. Reclamation records impairments, disposals, and removal from service in accordance with SFFAS 6, SFFAS 44, and TR 14. The costs of constructing an asset include both contract costs and non-contract costs, such as direct labor, direct materials, and indirect costs incurred to bring the asset to its intended use. During the time of construction and post-authorized/post-decisional investigation and development, the costs accumulate in AUC, also known as construction in progress (CIP). Once construction is substantially complete, the region transfers the costs from AUC to the appropriate completed asset account. The requirements and processes in this D&S must be used in coordination with Reclamation Manual (RM) D&S, *Completion of a Construction Activity: Transferring Reclamation Capital Assets Under Construction (AUC) to Operation and Maintenance (O&M) Status* ([FAC 01-05](#)); RM D&S, *Determination to Suspend an Authorized Construction Activity* ([FAC 01-13](#)); and RM D&S, *Project Management* ([CMP 07-01](#)).
- 2. Applicability.** This D&S applies to all Reclamation staff involved in the recording and monitoring of AUC. The requirements in this D&S do not apply to data processing software or land. Refer to RM D&S, *Computer Software Costs* ([FIN 07-32](#)) and RM D&S, *Land* ([FIN 07-22](#)) for requirements specific to these components of G-PP&E. Requirements in this D&S apply to assets constructed for another Federal entity but do not apply to stewardship investments for non-Federal physical property and research and development. Reclamation expenses stewardship investment costs in accordance with FASAB guidance.

Reclamation Manual

Directives and Standards

3. **Capitalization and Useful Life.** Reclamation records capitalized G-PP&E at cost. Refer to RM D&S, *General Property, Plant, and Equipment (G-PP&E)* ([FIN 07-20](#)) and the capitalization flowchart in FIN 07-20 [Appendix A](#) for additional information. Reclamation uses the [Federal Replacements Units, Service Lives, Factors](#) (also known as the Replacement Book or Blue Book) to assist in determining the unit of property or unit of maintenance and to identify the useful life of an asset. The region retains documentation to support the determination of the useful life. Refer to RM D&S, *Depreciation and Amortization* ([FIN 07-23](#)) for additional information on useful life.
4. **Cost Share Data.**
 - A. The total cost of an asset includes the non-Federal entity's share of both cash and the value of services in kind provided by the non-Federal entity, including work performed by non-Federal operating entities. The project manager provides data on any cost share to the regional finance office for review and posting to the Financial and Business Management System (FBMS) as required by generally accepted accounting principles, at least annually or in accordance with the cost share agreement, whichever is more frequent (i.e., quarterly, semi-annually, upon construction activity completion, etc.). The regional finance office records the non-Federal entity's cost share that meet Reclamation's capitalization criteria.
 - B. The project manager is not required to provide nor is the regional finance office required to record cost share provided by the non-Federal entity that FBMS captures elsewhere, such as:
 - (1) repayments;
 - (2) reimbursable agreements;
 - (3) advances (e.g., advances received for operation and maintenance payments);
 - (4) revolving funds; and
 - (5) other Federal agencies' share captured through inter-agency agreements.
5. **Interest During Construction (IDC).** Reclamation capitalizes IDC as part of the cost of the asset. Refer to RM D&S, *Interest During Construction*, [FIN 07-21](#) for requirements on the initiation, computation, and discontinuance of IDC.
6. **Investigation and Development Costs.**
 - A. Reclamation records post-authorization (i.e., after Congress authorizes construction) or post-decisional investigations and development costs in general ledger (GL) 1720.CIP00, *Construction-in-Progress*, using plant account 00192. Some examples of post-authorization investigations and development costs include:

Reclamation Manual

Directives and Standards

- (1) advance planning;
 - (2) definite plan reviews;
 - (3) engineering reviews;
 - (4) architectural reviews; and
 - (5) certain cultural resources or archaeological investigations or studies costs attributable to project construction.
- B. Reclamation records pre-authorization or pre-decisional investigations and development costs in the appropriate expense account as a current period cost. Congressionally authorized feasibility studies are considered pre-authorization investigations. Reclamation will also expense investigations and development costs not expected to result in the construction of an asset.
7. **Work Breakdown Structure (WBS).**
- A. The region must establish the WBS used to capture the AUC costs with the appropriate construction/plant accounts in the first five digits after the second period of the WBS, also known as the job number. Refer to Appendix A for a list of the construction/plant accounts. Reclamation follows the guidance in RM D&S, *Master Data and General Ledger (GL) Chart of Accounts* ([FIN 04-20](#)) and the WBS Element Handbook (FBMS Operations Reference site, Master Data, WBS Requests) when creating a WBS. The region retains documentation to support establishing a capitalized WBS. The support documentation must include:
- (1) Reclamation management's official decision to construct. See [CMP 07-01](#) for additional information and exceptions to this requirement.
 - (2) Evidence of ownership by a Federal agency.
 - (3) Support for determination to capitalize the asset (meets the capitalization criteria).
- B. PC&A enters and updates the estimated completion dates for each WBS for construction activities with an estimated total cost over \$10 million quarterly. The estimated complete dates are based on the dates provided on the regional quarterly AUC analysis reports.
8. **FBMS Procedures for Recording Costs.** Reclamation uses GL 1720.CIP00 to capture ongoing construction costs incurred for capitalized new construction, replacements, betterments, or additions for federally owned or held in trust G-PP&E construction activities. Reclamation initially records these costs in expense GLs 6100.xxxxx through 6850.00000 which then settle to GL 1720.CIP00 when posted to an RA WBS with a settlement rule. Reclamation begins gathering costs in GL 1720.CIP00 once granted

Reclamation Manual

Directives and Standards

construction authorization (post-authorization) or upon the official decision to construct (post-decisional). (See [CMP 07-01](#) for requirements to document the decision to construct.) The AUC process consists of the following steps:

- A. For capitalized new assets, replacements, and betterments by replacement, if a functional area (project) does not already exist, the regional office creates an AUC FBMS project in FBMS before the creation of the WBS element. For capitalized additions and betterments of existing assets, the region must create the WBS element against an existing FBMS project. The creation of the RA WBS element automatically creates an AUC asset shell in the 8000 series number. Construction activities using non-reimbursable (appropriated/Federal funds) use an RA type WBS. For reimbursable funded (using non-appropriated/non-Federal funds) AUCs with a WBS beginning with RR, RP, or RQ, the region ensures the bureau specific field in the WBS contains "AUC", and creates a "clone" RA WBS element. Refer to the WBS Element Handbook when establishing WBSs.
- B. Expenses such as labor, materials, supplies, etc. post to the WBS in GL 6100.xxxxx through 6850.00000.
- C. The Business Integration Office has a nightly job that runs the FBMS program RA_CREATE_ASSET_FM. This program automatically creates sub-assets on multi-funded RA WBS element posted construction costs based on the change in functional area and fund.
- D. FBMS settles the expenses from the WBS element(s) to the AUC asset and sub-assets nightly through the CJ8G settlement program. The GLs for the settlement are 1720.CIP00 and 6610.00000, *Cost Capitalization Offset*.
- E. For reimbursable agreement AUC costs, PC&A submits a journal voucher involving GL 6100.312Z0, *Non-capitalized - Transfers* in the RR, RP, or RQ WBS and the clone RA WBS monthly to allow settlement of the reimbursable construction activity. FBMS then settles the costs as in Paragraph D.
- F. If a WBS for a reimbursable agreement with AUC was created without the AUC indicator and costs were incurred in prior months, the regional finance office records a journal voucher and notifies PC&A.

9. Quarterly AUC Analysis.

- A. Regional finance offices are responsible for coordinating the review of the status of **all** construction activities accounted for in the GL 1720.CIP00 at least quarterly. They must reconcile the AUC form(s) to the balance in GL 1720.CIP00 to ensure completeness. They coordinate with the appropriate project managers and other regional personnel to facilitate this analysis. See the instructions tab of Appendix B for additional information. The purpose of the analysis is to identify if construction activities:

Reclamation Manual

Directives and Standards

- (1) have active construction activity and still belong in AUC;
 - (2) have met the criteria for substantial completion and the project manager is facilitating the approval of the substantial completion concurrence documentation (refer to [FAC 01-05](#) for additional information);
 - (3) have met the [FAC 01-13](#) criteria to temporarily suspend construction activity and the project manager is requesting management's approval to transfer to construction in abeyance (CIA) (refer to RM D&S, *Construction in Abeyance (CIA)* ([FIN 07-26](#)) for specific requirements);
 - (4) have been determined to be permanently suspended by management in accordance with [FAC 01-13](#) or have been Congressionally de-authorized;
 - (5) have been determined to be moved to expense (e.g., the study or investigation will not be pursued further and there is no utility in the costs); or
 - (6) have residual costs to transfer to the appropriate completed asset account(s).
- B. The regions use the *Assets Under Construction Analysis Form* (Appendix B) to facilitate the quarterly analysis. The regional finance office prepares the form and forwards it to the appropriate project managers. See the instruction tab in Appendix B for explanations and assignment of each field. The regions may add additional columns to the form provided they do not modify the existing 15 columns (see note in Appendix B). They may add additional GLs such as 1720.CIA00, *Construction in Abeyance* and 6900.xxxxx, to address regional needs as long as others may easily reconcile GL 1720.CIP00. They use footnotes and/or the comments column to provide additional information when needed.
- C. The project manager is responsible for completing portions of the quarterly AUC analysis form. They update and concur with the information pertaining to their construction activities by signing the form, or sending an explicit email indicating agreement, even if the regional finance office's review is a consolidated form. The project managers use the form to provide:
- (1) information regarding who holds the title of the asset once construction is complete;
 - (2) Reclamation's estimated total cost of the construction activity;
 - (3) information pertaining to cost share (see Paragraph 4), when applicable;
 - (4) information pertaining to asset dependency (independent or interdependent);
 - (5) the estimated completion date for the entire construction activity;
 - (6) the status of the construction activity;

Reclamation Manual

Directives and Standards

- (7) an estimated date for the receipt of the approved substantial completion concurrence documentation for substantially completed construction activities, when applicable;
 - (8) an estimated date for the approval of the Request for Suspension for temporarily suspended construction activities, when applicable; and
 - (9) any other pertinent information.
- D. The regional finance office analyzes the completed quarterly AUC analysis forms to assist in ensuring the timely receipt of the approved substantial completion concurrence documentation or the signed Request for Suspension. At a minimum the regional finance office will:
- (1) review construction activities where current year costs are less than 10 percent of the total-to-date AUC costs as this is a possible indication that the construction activity may be substantially complete or construction may have halted;
 - (2) review construction activities approaching the estimated total cost of the construction activity;
 - (3) monitor the projects with the estimated completion dates nearing completion;
 - (4) monitor the projects annotated with substantially complete and CIA statuses;
 - (5) question anomalies such as activities past the estimated completion date;
 - (6) document their actions and/or the responses by email or updating the comments column; and
 - (7) follow up with the project manager if the approvals are not received.
- E. PC&A reviews and analyzes the regional quarterly AUC analysis forms for accuracy and completeness. They provide support for the timely and accurate transfers to the appropriate asset account.
- F. The regional finance office assists the project manager in the determination of when costs should transfer out of AUC. They coordinate with the project manager to ensure receipt of the appropriate transfer documentation when determining to transfer costs to completed asset accounts, CIA, or expense. The project manager initiates the substantial completion concurrence documentation in accordance with [FAC 01-05](#) or the Request for Suspension in accordance with [FAC 01-13](#). The project manager must obtain the appropriate approvals and provide the completed documentation to the regional finance office within 45 calendar days after the asset is operated, used, or occupied. See Paragraph 13 for deadline requirements. The regional finance office maintains the approved documents to support the associated accounting transactions.

Reclamation Manual

Directives and Standards

Outstanding transactions such as pending claims or litigation, contract completion, or minor termination work must not delay a transfer out of AUC.

- G. The costs transferred from AUC are the costs as of the date of the transfer. The costs listed on the quarterly AUC analysis form are as of the date the regional finance office retrieved the information. Additional activity will likely occur between the date of the analysis and the date of the transfer, causing the amounts to differ.
10. **Determining Status.** Costs remain in the GL 1720.CIP00 account until the regional finance office receives the appropriate approvals to classify the construction activity as substantially complete, temporarily suspended, or permanently suspended.
- A. **Substantially Complete.** The regional director or their delegated designee approves the project manager's recommendation of when the construction activity has met the criteria of substantial completion as defined in the project management plan (PMP). In accordance with [FAC 01-05](#), the project managers will provide the approved substantial completion concurrence documentation to the regional finance office within 45 calendar days after the asset being used, operated, or occupied. See Paragraph 13 for deadline requirements. Substantial completion is determined by the criteria in the PMP, not by contract completion. Minor activities to satisfy check lists, testing of an asset, etc., do not preclude a construction activity from meeting the criteria for substantial completion. Some indications that the construction activity may be near substantial completion and the project manager must consult the criteria in the PMP are:
- (1) Reclamation, or another Federal agency, is ready to place the independent or interdependent asset(s) in service or when a portion of an asset is being modified, that portion is ready for use, operation, or occupation. For example, in Safety of Dam construction, the construction activity is considered substantially complete when the risk reduction verification is complete.
 - (2) Current year construction activity costs are less than 10 percent of the total-to-date AUC costs.
 - (3) The total cost of the construction activity is approaching its budget ceiling.
- B. **Temporarily Suspended.** Project managers prepare the Request for Suspension of Construction activities in accordance with [FAC 01-13](#). Management determines whether the activity is temporarily suspended, which authorizes the transfer of cost to CIA. Reclamation uses GL 1720.CIA00 to report costs incurred for construction activities that have been temporarily suspended. Refer to [FIN 07-26](#) for additional information.
- C. **Permanently Suspended.** Project managers prepare the Request for Suspension of Construction activities in accordance with [FAC 01-13](#). Management determines whether the activity is permanently suspended, which authorizes the transfer of costs to

Reclamation Manual

Directives and Standards

the appropriate loss or expense accounts. Reclamation records the loss or expense of capitalized costs incurred for the de-authorized construction activity in the period of de-authorization. Refer to [FIN 07-26](#) for additional information.

11. **Transfer AUC to the Completed Asset Account.** Upon receipt of the regional director's or their designee's concurrence that a construction activity is substantially complete, the regional finance office moves the costs (including the non-Federal partner's cost) from AUC to the appropriate asset account (e.g., GL 1730.xxxxx, *Buildings* or GL 1740.xxxxx, *Other Structures and Facilities*). See Paragraph 13 for deadline requirements. If Reclamation constructs the asset for another Federal agency, the regional finance office transfers the asset from AUC to the appropriate asset account and coordinates with the receiving agency to transfer the asset and associated costs. Some items to note when transferring from AUC to the completed asset account:
 - A. When creating temporary assets in FBMS, the regional finance office must use one of the following asset classes to prevent the automatic creation of real estate objects (REO) from occurring with the temporary asset:
 - (1) 56CAC323, *CAP Build exist REO* – GL 1730.xxxxx, capitalized building for existing REO;
 - (2) 56CAD322, *CAP Reclam exist REO* – GL 1740.xxxxx, capitalized dams and improvements for existing Reclamation REO; or
 - (3) 56CAZ323 *CAP Reclam exist REO* – GL 1740.xxxxx capitalized Reclamation capital structures and non-building.
 - B. For no year funds, the fund of the new asset must be XXXxxxxxxx (e.g., if the fund of the AUC was 18XR0680A1, the new asset must have a fund of XXXR0680A1).
 - C. The regional finance office verifies that any main asset record created during the transfer process also created the appropriate REO and notifies the Regional Property Management personnel to update the non-financial information of the REO.
 - D. If the completed asset replaces an existing asset, the regional finance office or Regional Property Management personnel retires the existing asset in accordance with [FIN 07-20](#).
 - E. The regional finance office reviews any zero value assets created through the capitalization process and retires the identified zero value assets that are no longer necessary. They analyze RA WBSs and close when no longer necessary.
 - F. Prior to month end depreciation processing, PC&A ensures no RA WBS with a balance is recorded in the plant or building general ledgers.

Reclamation Manual

Directives and Standards

12. Residual Transfers.

- A. Prior to November 6, 2015, Reclamation settled residual AUC costs directly to the completed asset account using a residual cost element WBS. Residual costs set up in an RX WBS prior to November 6, 2015, will settle directly into the RX WBS until the contract, purchase order, etc., expires or terminates. These costs are exempt from the requirements for residuals in an RA WBS. For all other AUC, once the region determines a construction activity meets the transfer criteria, it initiates the transfer.
- B. Residual costs that occur more than 3 years after the original AUC to the completed asset account transfer require PC&A's approval to confirm the activity is residual activity and not a new construction activity or maintenance. The regional finance office, in conjunction with program personnel, requests approval via email prior to transferring. PC&A coordinates discussions with program personnel, finance personnel, and Dam Safety and Infrastructure, as needed. The request must contain the circumstances surrounding the residual including:
- (1) month and year of the original asset transfer;
 - (2) dollar amount of the current residual;
 - (3) estimate of future residual costs;
 - (4) detailed description of the activity or activities causing the residual costs;
 - (5) expected completion date of the residual activities;
 - (6) contracts or PMP pertaining to the residual activities; and
 - (7) description of why the activities are being performed three years after the original transfer.

13. Deadline for Transfers.

- A. **Initial Transfers.** The regional finance office must process the initial transfer of the costs from AUC within 45 calendar days from the receipt of the approved substantial completion concurrence documentation or within 90 calendar days after the asset is operated, used, or occupied whichever occurs first. During the third and fourth quarters, the regional finance office must reasonably attempt to process the initial transfer from AUC before the end of the quarter following the Remedy ticket submission deadline in Paragraph 13.C. When transferring completed assets to another agency or bureau, the regional office coordinates with the receiving agency to transfer the assets and associated costs. If they are unable to complete the transfer to the other agency or bureau within the deadline, the regional finance office contacts PC&A. PC&A monitors the transfer, assists in coordinating, and elevates the request, if needed. The regional office ensures all transfers are complete within 30 days before the end of

Reclamation Manual

Directives and Standards

the fiscal year in which the asset is operated, used, or occupied in accordance with DOI AAAP-0122. If unexpected transfers must occur after the remedy ticket deadline, the regional finance office coordinates settlements with PC&A.

- B. Residual Transfers.** The regional finance office transfers accumulated residual costs from AUC to the completed asset account following the Remedy ticket submission deadlines in Paragraph 13.C. They transfer costs totaling \$10,000 or more at least quarterly and residual costs under \$10,000 at least annually in the fourth quarter. Reclamation assumes that residual August and September costs for construction activity previously moved to the completed asset account(s) are immaterial.
- C. Remedy Tickets.** In the first, second, and third quarters, the regional finance office must submit the Remedy tickets to “BOR-Cost Controlling” and email fbms_helpdesk@ios.doi.gov on or before the 24th day of the last month of the quarter to allow time for processing. In fourth quarter, the regional finance office must submit the Remedy ticket on or before the 24th day of August. If unexpected transfers must occur after the 24th day, the regional finance office coordinates settlements with PC&A.
- 14. Coordination and Documentation.** The project manager obtains the regional director’s, or their delegated designee’s, approval of the substantial completion concurrence documentation. Copies of the approved substantial completion concurrence documentation are forwarded to all necessary parties as identified in [FAC 01-05](#) to ensure completion of any follow-up actions such as cost adjustments, updating FBMS property attributes, etc. The regional finance office permanently retains the supporting documentation for transfers between AUC and the completed asset account, CIA, or expense.
- 15. Definitions.**
- A. Additions.** New, separate, physical assets or sub-assets that increase the capacity or operating efficiency of an existing asset.
- B. Asset Under Construction or AUC (Also Known as Construction in Progress or CIP).** G-PP&E construction costs that meet the requirements for capitalization until the work is substantially complete, as defined in the PMP.
- C. Authorized Project.** A statutorily defined assembly of features and supporting assets required to provide the benefit(s) authorized by Congress.
- D. Betterment.** An improvement or upgrade of an existing asset that increases the size, capacity, or operating efficiency. A betterment may also extend the useful life of an asset.
- E. Capital Assets.** Capital assets include land, structures, equipment, and intellectual property (e.g., software) owned by the Federal Government that meet the capitalization criteria. Capital assets include not only the asset as initially acquired but also all capitalized additions, betterments, and replacements (see [FIN 07-23](#)). Capital assets

Reclamation Manual

Directives and Standards

include facilities for which Reclamation has transferred operations and maintenance responsibilities with Reclamation retaining the title but do not include facilities for which Reclamation has transferred title to a non-Federal entity.

- F. **Construction Activity.** Any activity to rehabilitate, renovate, or replace existing assets or to develop new assets. Construction activities are performed by Reclamation staff (i.e., force account work or in-house labor) or accomplished through a construction contract or force account work and include the procurement of equipment and materials that are to become a fixed part of Reclamation's facilities.
- G. **Construction in Abeyance or CIA.** Construction activities approved by Reclamation management, as outlined in [FAC 01-13](#), to be identified as temporarily suspended.
- H. **Cost Share.** The contributions (monetary, in-kind, or both) provided by non-Federal entities or funding partners including work performed by non-Federal operating entities. Cost share is sometimes known as matching or matching funds.
- I. **Decision to Construct.** Management's decision to execute a construction activity.
- J. **Feature.** An asset or group of individual assets that are interdependent and must function together to provide an authorized project purpose as defined in the PMP.
- K. **Impairment.** A significant and permanent decline, in whole or in part, whether gradual or sudden, in the service utility of G-PP&E or expected service utility for AUC. The events or changes in circumstance that lead to the impairment are not normal and ordinary. That is, at the time Reclamation acquired the G-PP&E, Reclamation would not expect the event or change in circumstances to occur during the useful life of the G-PP&E, or if expected, find it sufficiently predictable to be considered in estimating its useful life.
- L. **Independent Asset.** An asset that, by itself, provides a benefit to an authorized project; an asset that does not require another asset to be operated, used, or occupied.
- M. **Interdependent Assets.** The aggregation of multiple assets that are functionally or operationally dependent to provide authorized project benefits. All of the interdependent assets must function in order to deliver the designed benefit or perform the designed operation.
- N. **Interest during Construction or IDC.** Interest accumulated during the construction period. Reclamation adds this interest to the cost of the long-term asset. Refer to [FIN 07-21](#) for additional information.
- O. **Investigations and Development Costs.** Costs incurred in the collection of data and the preparation of plans, estimates, surveys, maps, general layouts, and reports in advance of construction for appraisal, feasibility, planning, and other general engineering and research.

Reclamation Manual

Directives and Standards

- P. **Management.** Refers to the position delegated authority in the RM [Delegations of Authority](#) to carry out the laws that authorize Reclamation to proceed with a course of action. The first step in determining who has authority is to identify the authority that permits Reclamation to take an action and refer to the RM [Delegations of Authority](#) to determine if the Commissioner has re-delegated that authority.
- Q. **Program.** Long term, indefinite, authorized activities (e.g., Dam Safety Program, operation and maintenance programs, WaterSMART Program).
- R. **Project.** A temporary endeavor undertaken to create a unique product, service, or result. A project has a discrete and definable beginning and end. Not to be mistaken with an authorized project. For the purpose of this D&S, projects pertain to capitalized construction activities.
- S. **Project Management Plan or PMP.** A formal, approved document that defines how the project is executed, monitored, and controlled. It may be a summary or detailed and may be composed of one or more subsidiary management plans and other planning documents. See [CMP 07-01](#) for additional information.
- T. **Project Manager.** The person assigned by a director (or by a manager with delegated authority from the director) to achieve project objectives and deliver a project on schedule, within budget, and to the appropriate scope.
- U. **Replacement.** The construction or installation of G-PP&E to replace existing property. The new replacement asset may or may not increase the capacity, efficiency, or useful life and thus may or may not be capitalized. See [FIN 07-20](#) for additional information.
- V. **Residual Cost.** Any costs Reclamation processes to complete the construction of an asset after the initial transfer of the asset from AUC to the appropriate completed asset account.
- W. **Substantial Completion.** Management's determination that an independent or interdependent asset is sufficiently complete, in accordance with the criteria in a PMP, for Reclamation to use, operate, occupy, or otherwise place the asset into service for its intended purpose. Substantial completion in connection with the project management of a construction activity is separate and distinct from the substantial completion of a construction contract, which is defined in the construction contract and determined by the contracting officer. In addition, the substantial completion of an authorized project is defined in the repayment contract for the authorized project.
- X. **Useful Life.** The normal operating life of an asset in terms of utility to the owner.
16. **Review Period.** The originating office will review this release every 4 years.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____