See the position of each job

A practical US small-contractor guide and editable workbook for reviewing costs, remaining estimates, earned revenue, billings and customer-held retainage at one common cutoff date.

Your pack contains two files.
construction-wip-guide.pdf explains the definitions, worked examples and limits.
construction-wip-workbook.xlsx contains WIP, Job costs and Retainage sheets. Save one reporting-period copy and preserve the prior approved version.

Choose the right use before entering numbers

- The earned-revenue model is a simplified cost-to-cost case. Have the accounting lead confirm that an appropriate over-time performance obligation and progress measure apply to each job. A method-approval entry records that decision; it does not make the contract eligible. [W1, W2]

- Each job column assumes one suitable obligation, one currency and consistent cumulative information. Combined contracts, multiple obligations, unusual concessions or special progress adjustments need a different accounting analysis. [W1, W2]

- If the method is not appropriate, the cost and remaining-estimate records can still help manage the job. Do not use the simplified earned-revenue output as a journal or tax calculation.

- The Retainage sheet tracks amounts held by customers from your invoices. Retainage you owe subcontractors is a separate payable schedule; do not net the two directions.

Bring records and estimates together

Use reviewed contract/price records, posted job-cost support, cumulative gross billings and a current project-manager estimate of work still to finish. Align every number to the same date. Identify missing bills, payroll and subcontractor accruals rather than relying only on cash paid.

Worked amounts in this guide are fictional USD examples, not case-study results or margin benchmarks. The workbook supports an operating review; it is not an official AIA payment application, a complete GAAP model or a tax return.

Understand the inputs and formulas

The simple formulas below assume the accounting lead has approved ordinary cost-to-cost measurement with no special progress adjustments. Keep the original bid and prior approved forecast outside the editable current estimate so changes remain explainable. [W1, W2, W5]

Input or result	Meaning and control
Reviewed contract value	Original contract plus confirmed approved changes and separately supported accountant-reviewed price adjustments. Do not add a pending request automatically.
Actual costs to date	Incurred costs through cutoff, reconciled to the job-cost ledger. The signed detail register can include genuine vendor credits.
Remaining estimate	Current expected costs still to be incurred, including the remaining part of commitments. Exclude costs already in actuals.
EAC: estimated cost at completion	Actual costs to date + remaining estimate. A missing estimate is not zero; zero means no cost remains only when explicitly confirmed.
Simple progress	Actual eligible progress cost / total eligible estimated progress cost. In the ordinary examples these equal actual costs and EAC.
Cumulative earned revenue	Reviewed contract value x approved simple progress. Estimates can change; the current-period amount is the new cumulative amount less revenue already recognized.
Expected total job gross profit	Reviewed contract value - EAC. This is not cash and is before company overhead unless the documented cost policy includes it.
Operational billing position	Underbilling = max(earned - gross billings, 0). Overbilling = max(gross billings - earned, 0). Show the two totals separately.

Use the right billing number.
Cumulative gross billings here means billed work before retainage withholding, net of credits and excluding sales taxes collected for authorities. It is not bank receipts or just the current payment requested. Reconcile the input to accepted billing records and track rejected applications separately. [W5, W6]

Review pending or disputed changes separately. An unsigned change is not automatically worthless, and a quoted amount is not automatically recognizable revenue. Enforceability, consideration and reversal risk require accounting judgment. [W1]

Three jobs, three different risks

Hypothetical ordinary cost-to-cost examples in USD. Job A includes a $1,000,000 original contract and a $50,000 confirmed change. Each job's inputs are cumulative to the same date; no special progress adjustments are assumed.

Measure	Job A	Job B	Job C
Reviewed contract value	1,050,000	600,000	200,000
Actual costs to date	360,000	150,000	100,000
Remaining estimate	540,000	350,000	150,000
EAC = actual + remaining	900,000	500,000	250,000
Simple progress	40%	30%	40%
Earned revenue to date	420,000	180,000	80,000
Gross billings to date	500,000	140,000	90,000
Operational underbilling	0	40,000	0
Operational overbilling	80,000	0	10,000
Expected total gross profit/(loss)	150,000	100,000	(50,000)

Read the separate positions

The jobs total $40,000 underbilled and $90,000 overbilled. Do not present only a net $50,000 overbilling and lose sight of Job B's billing/collection exposure. An underbilling is not cash or guaranteed collectability; an overbilling does not prove the job is profitable. [W5]

Job C needs immediate loss review.
The expected total cost exceeds the reviewed value by $50,000. Its simple earned margin so far is $80,000 - $100,000 = negative $20,000. That does not implement the entire expected-loss provision. Have the accountant assess applicable loss guidance and amounts already recognized; do not blindly post an additional $50,000. [W3]

These are arithmetic teaching examples, not recommended contract margins. The blank workbook deliberately contains no fictional project balances to overwrite.

Review the job, not just the percentage

At each reporting cutoff, the project manager and accounting lead should agree the estimate, explain changes and assign next actions. This is an RFS suggested monthly operating routine. [W2, W5]

Review	Evidence and next action
Cost completeness	Tie Job costs to the independent ledger-control amount for each job. Investigate unknown job IDs, late invoices, payroll and signed credits.
Remaining estimate	Review quantity, labor, material, subcontract and other remaining costs. Use only the remaining portion of commitments; a full subcontract amount plus incurred subcontract cost double-counts work.
Price changes	Keep confirmed changes and accountant-reviewed adjustments supported. Track pending/disputed work and related remaining costs separately.
Forecast change	Compare EAC and expected profit with the original bid and prior approved forecast. Explain cost increases, scope changes and prior estimating errors.
Billing exposure	Check contract billing milestones, rejected applications, disputes and collectability. An underbilling can be timing or a deeper recovery problem.
Close and follow-up	Record who reviewed the schedule, its evidence and the next action. Preserve the approved version before rolling forward.

A forecast change - hypothetical

If Job A's remaining estimate rises from $540,000 to $600,000, its EAC becomes $960,000 and expected total profit falls from $150,000 to $90,000. This is $60,000 profit fade on the same reviewed contract value. Its simple cumulative progress becomes 37.5% and earned revenue $393,750. A current-period revenue adjustment depends on what was already recognized, not just the revised monthly cost.

When a method or input needs review, investigate the cause. Do not cap a broken percentage at 100%, convert a missing estimate to zero or hide a loss behind a portfolio average. The workbook's flags support review; they do not validate the underlying contract or estimate.

Retainage release is not cash

For customer-held retainage, record withholding, approval for release and actual collection separately. The contract and applicable law govern rates and release/payment conditions; this pack assumes no universal percentage or due date. [W4, W6]

Monthly rollforward - hypothetical USD	Calculation	Closing amount
Unreleased retainage	10,000 opening + 2,000 newly withheld - 3,000 released	9,000
Released but not collected	0 opening + 3,000 released - 1,000 collected	2,000
Total retainage cash outstanding	9,000 + 2,000	11,000

Use the Retainage sheet

Carry forward the last approved closing balances as openings. Enter this period's new withholding, supported releases and actual retainage receipts. Retain the application/release approval, expected follow-up date and bank receipt reference. A release moves an amount between the two buckets; only collection reduces their combined outstanding cash amount. Investigate releases above available withholding or collections above supported released amounts.

Do not equate gross overbilling with the GAAP contract liability.
Conditional retainage can change the contract balance, and unconditional rights are separate receivables. FASB staff's 2025 educational paper explains existing presentation guidance; it is not a new standard. The workbook's gross-billing position is an operational measure that needs an accountant's presentation bridge. [W4]

A presentation bridge - hypothetical

Assume earned revenue of $500,000, gross billings $550,000, conditional retainage $55,000, no cash received and no other contract balances. The operational overbilling is $50,000. If the unconditional receivable is $495,000, the remaining net contract position is a $5,000 asset, not a $50,000 liability. This illustrates why retainage conditions matter. [W4]

This tracker covers customer-held amounts owed to your business. Track subcontractor retainage payable separately. Do not assume an approval date creates an unconditional right without reviewing the contract's remaining conditions.

Know when to stop and escalate

The simple model is useful only within its stated scope. Use an accountant for these cases before relying on the earned-revenue output or posting accounting entries.

Issue	What needs review
Method not established	Whether revenue is over-time or point-in-time, the performance obligations, and whether cost-to-cost depicts actual transfer of control. [W1, W2]
Large upfront materials or waste	Uninstalled materials and abnormal wasted costs may require a different progress treatment. Do not simply erase actual costs from the ledger or loss review. [W2]
Loss-making contract	Applicable loss-provision rules, the correct cost/consideration base, unit of account and amounts already recognized. The worksheet flags risk; it does not generate the complete provision. [W3]
Pending claims or changes	Enforceability, estimated consideration, reversal risk and the appropriate price/cost update. [W1]
Financial-statement presentation	Conditional retainage, unconditional receivables and contract-by-contract net presentation. Do not offset unrelated jobs to hide asset/liability exposure. [W4]

Management WIP and tax income are different views

Do not use workbook earned revenue automatically as taxable income. Federal long-term-contract methods, exemptions and effective dates depend on the contract and taxpayer; state treatment can differ. Current IRS Revenue Procedure 2026-32 addresses residential-construction changes and method procedures. Ask your tax adviser which rules apply to your contracts instead of relying on an old generic threshold or assuming every contractor must use tax percentage of completion. [W7]

The monthly handoff

Give the accountant the reviewed schedule, job-cost and billing tie-outs, retained source records, current estimates, change/claim log, retainage conditions and prior-period revenue/loss entries. A clear source package helps the accountant make and document the accounting conclusions the template cannot decide.

No industry margin benchmark, automatic tax election or legal retainage entitlement is assumed. For help with job costing and recurring close work, visit remotefinancialservices.com/construction-bookkeeping-services/.

Sources and method notes

Research checked October 20, 2026. The workflow and workbook controls are RFS recommendations. All numeric examples were created for this pack; they are not reproduced client results.

[W1] RSM - Revenue Recognition for Construction Contractors, November 2025
Contract changes, obligations, transaction price, over-time criteria and presentation. See sections 3.4, 5.2, 7.2 and 9.
RSM construction revenue guide

[W2] Deloitte DART - Measuring progress for revenue recognized over time
Appropriate progress measures, updated estimates, abnormal waste and uninstalled materials. Section 8.5.
Deloitte progress-measure guidance

[W3] Deloitte DART - Onerous performance obligations
Applicable construction-contract expected-loss guidance. Section 13.5.1.1.
Deloitte contract-loss guidance

[W4] FASB staff - Presentation and disclosure of construction retainage, 2025
Existing GAAP distinction between conditional retainage, receivables and net contract positions. Paragraphs 5-7 and Exhibit B.
FASB staff educational paper

[W5] NASBP / Old Republic Surety - A Surety's Perspective of Underbilling, 2025
Operational under/overbilling, estimate quality and investigation of recovery risks.
NASBP underbilling review

[W6] AIA Contract Documents - Completing the G702 payment application
Contract changes, completed/stored work, retainage and application controls. No proprietary form is reproduced.
AIA payment-application guidance

[W7] IRS - Revenue Procedure 2026-32, Internal Revenue Bulletin 2026-39
Current residential-construction tax-method changes and procedures. See sections 2.03 and 4-5.
IRS bulletin, September 21, 2026

Use one common cutoff and reporting currency. General accounting references explain principles; actual recognition, presentation, contract terms and tax methods require a review of the facts. Read the guide's scope before using a worksheet result in financial statements.