
DEFINITIONS

1. Above-the-line-Cost. Cost identified as specific FMS line items for articles or services or as part of a specific line on an LOA (see Table 201-1). Applicable costs are added to arrive at the estimated cost shown on the LOA format.

2. Accrued Expenditures. The term used for the credits entered into the budgetary accounts to recognize liabilities incurred for (1) services performed by employees, contractors, other Government accounting entities, vendors, carriers, grantees, lessors, etc.; (2) goods and other tangible property received; and (3) items such as annuities or insurance claims for which no current service is required. Accrued expenditures are categorized as either paid or unpaid.

A. Accrued Expenditure-Paid. The budgetary account which matches the proprietary account "funds disbursed." It represents the dollar value of goods and services received for which payment has been made.

B. Accrued Expenditure-Unpaid. The budgetary account which matches the proprietary account "accounts payable." It represents the dollar value of goods and services received for which payment has not been made.

3. Allotment. Authority issued to a DoD Component to incur commitments and obligations within a specified amount. In the FMS program there are two types of allotments:

A. Allotment for Actual Administrative Expenses. All of the actual cost incurred by DoD Components in administering the FMS program are funded by this allotment. The allotment is issued on a quarterly basis and may not be exceeded.

B. Allotment for Program Implementation. An allotment of FMS case contract authority for use on a direct cite basis, citing the allotment holder's accounting station. This type of allotment is made when SAAC determines it does not have the accounting capability to support detailed accounting requirements below the FMS

case level, i.e., commitments, obligations and disbursements resulting from contract award to implement individual FMS case line items. The amount released on each FMS case is a specific limitation and the monthly status-of-allotment report must show the status of each case.

4. Anticipated Reimbursements. "Anticipated Reimbursements" refers to the dollar value of reimbursable orders that has been included in the DoD Component's budget. Applicable amounts are not available for obligation until an actual customer order has been received. There are two general type of anticipated FMS reimbursements.

A. Apportioned Anticipated Reimbursements. Initial and interim reports of budget execution reflect apportioned anticipated reimbursements but commitments and obligations cannot exceed the value of approved amounts reflected in column 10 of the DD Form 2060. September 30 budget execution reports will reduce the amount of anticipated reimbursement to agree with DD Form 2060 actual orders. In the event the reimbursable program is subject to apportionment action, DD Form 2060 orders received in excess of the apportionment are not available for obligation until the apportionment for reimbursable orders is increased through the Defense budget process.

B. Automatically Apportioned Anticipated Reimbursements. When anticipated reimbursements are subject to automatic apportionment, the value of any DD Form 2060 reimbursable order is available for obligation.

5. Arrearage. In FMS, a country-level arrearage occurs on a net cash basis wherein total accrued expenditures exceed total available cash resources.

6. Attrition. The destruction of a DoD capital asset when a foreign student was in physical control of the asset or was a direct result of negligence, simple or gross.

7. Below-the-line-Costs. Costs identified in the LOA (See Table 201-1) in lines 9 through 12. Applicable costs are added to line 8, net estimated costs, to arrive at line 13, estimated total costs. Normally, SAAC retains the obligational authority necessary to execute these applicable costs.

8. Contract/Budget Authority. Authority provided by law to enter into obligations (in support of FMS cases) without all of the cash necessary to liquidate the obligations. There are two basic types of budget authority resulting from operation of the FMS program:

A. Contract/Budget Authority in DoD Appropriation/Fund Account. In the direct program portion of the budget, this authority results from the appropriation process. For the reimbursable portion of the budget, the authority results from receipt of customer orders. In the case of the FMS program, the customer order (and hence budget authority) results from receipt by the implementing agency of a reimbursable order issued by the Security Assistance Accounting Center (SAAC) for all or a portion of an FMS case.

B. Contract/Budget Authority in the Trust Fund. This authority represents that portion of the FMS case which will be implemented in the current fiscal year. That portion of an FMS case that may not be implemented in the current fiscal year is an uncommitted acceptance. Uncommitted acceptances are not budget authority but are reported in schedules attached to the DD Form 1176, "Report on Budget Execution."

9. Defense Business Operations Fund. A working capital fund.

10. Defense Stock. The term "stock" includes defense articles on hand that are available for prompt delivery. It also includes defense articles (contract) on order that are available for delivery within a reasonable time from the date of order by an eligible foreign government or international organization without increasing outstanding contracts or entering into new contracts. Any orders received from and eligible foreign government or international organization which cannot be filled in this manner fall within the provisions

of Section 22 of the Arms Export Control Act [reference (a)].

11. Dependable Undertaking. A firm commitment made by a foreign government or international organization to pay the full cost of and to assure the U.S. Government against any loss on a contract for new production or the performance of a defense service.

12. Direct Cite. Citation of the Trust Fund, 97-11X8242, as the financing source on documents leaving the DoD system, contracts with commercial firms, General Services Administration, Department of Transportation, etc. The term "direct cite" is not valid if any DoD organization establishes a reimbursable order to a DoD appropriation account, or Defense Business Operations Fund.

13. Distributed Costs. Refers to a cost which has been identified or allocated to an FMS case.

14. Estimated Actual Charges. A systematic and documented estimate of actual cost. The procedure is used in the absence of an established cost accounting system and the procedure is sometimes referred to as a cost finding technique.

15. Expenditure Authority. Authority issued by SAAC to a disbursing activity authorizing the disbursement of an FMS country's funds. See Section 406 for complete details.

16. Full Value for DoD Stocks and Services. A selling price computed in accordance with Chapter 7 of this Volume.

17. Financing Appropriation. The appropriation account originally increased as a result of the performing DoD Component's acceptance of a reimbursable order from the SAAC. This activity is reflected as "FMS reimbursables."

18. FMS Case. A DD Form 1513, "United States Department of Defense Offer and Acceptance," which has been accepted by a foreign country.

19. FMSO. A term which stands for Foreign Military Sales Order and used to describe LOAs which implement Cooperative Logistics Supply Support Arrangements. Two LOAs are written;

a FMSO I and a FMSO II. The FMSO I, Part A, represents the on-hand value of DoD CONUS inventories required to support FMS customer requisitions. The FMSO I, Part B, provides the obligational authority to fund the remaining portion of the order. The FMSO II is the annual consumption case, and all FMSO deliveries are reported against this case.

20. Implementing Agency. The Military Department or Defense Agency assigned responsibility by the Defense Security Assistance Agency to prepare a DD Form 1513 and to implement the case. The implementing agency is responsible for overall management of the actions which will result in delivery of the materials or services set forth in the Letter of Offer and Acceptance (LOA) which was accepted by a foreign country or international organization.

21. Indebtedness. “Indebtedness” refers to financial obligations of FMS customers to make payment(s) to the U.S. Government in accordance with the provisions of the Letters of Offer and Acceptance.

22. Major Defense Equipment (MDE). MDE are those items of significant military equipment, as identified in the International Traffic in Arms Regulation U.S. Munitions List, which have incurred a nonrecurring cost for RDT&E of \$50 million or a total production cost of \$200 million or more.

23. Net Case Value. Total amount of cost reflected above-the-line on the LOA as amended or modified.

24. Nonstandard Article. For FMS purposes, a nonstandard article is one that the DoD does not manage, either because applicable end items have been retired or because they were never purchased for DoD Components.

25. Nonstandard Service. For FMS purposes a nonstandard service is a service that the DoD does not routinely purchase or perform.

26. Obligational Authority. Total authority received through use of the DD Form 2060. Includes column 11 authority to incur commit-

ments and obligations directly against the Trust Fund and column 10 reimbursable orders.

27. Omnibus Billing Statement of Account. A statement of additional charges or credits to cases that have been recategorized from active to inactive status.

28. Reimbursable Order. A DD Form 2060 with a dollar value in column 10. Applicable amounts must be reflected in reimbursement reports as an FMS Trust Fund reimbursable activity.

29. Secondary Appropriation. An appropriation account increased as a result of reimbursable orders from an implementing agency which cite one of the implementing agency’s appropriation accounts. Activity in a secondary appropriation is not categorized as an “FMS reimbursable.”

30. Staging Cost. The cost incurred by the Department of Defense in consolidation of materiel before shipment to an FMS customer. Includes costs incident to storage and control of inventory, consolidation of incoming articles into a single shipment, and a break in CONUS transportation.

31. Trust Fund. The Trust Fund, “Advances, Foreign Military Sales, Executive” (97-11X8242).

32. Uncommitted Acceptance. The portion of the dollar value for FMS which cannot be executed and which has not been released to an implementing agency.

33. Undistributed Cost. A cost or disbursement to a budget authority which has not been allocated to a specific case.

34. Working Capital Fund. The Defense Business Operations Fund.