

## Note 5. Inventory and Related Property, Net

<b>Inventory and Related Property, net as of September 30, 2025, and 2024</b>		
(In billions of dollars)	<b>2025</b>	<b>Restated 2024</b>
Operating materials and supplies	244.5	242.7
Less: operating materials and supplies - allowance for loss	(6.6)	(2.1)
Operating materials and supplies, net	<u>237.9</u>	<u>240.6</u>
Inventory	197.7	171.9
Less: inventory - allowance for loss	(1.9)	(1.2)
Inventory, net	<u>195.8</u>	<u>170.7</u>
Stockpile materials, net	68.2	65.9
Other related property, net	2.3	2.7
Total inventory and related property, net	<u><u>504.2</u></u>	<u><u>479.9</u></u>

Inventory and related property, net includes OM&S, inventory, stockpile materials, and other related property. DOD comprises approximately 76.6 percent of the government's inventory and related property, net as of September 30, 2025.

OM&S consists of tangible personal property to be consumed in normal operations (e.g., spare and repair parts, ammunition, tactical missiles, aircraft configuration pods, and centrally managed aircraft engines held for consumption). As of September 30, 2025 and 2024, OM&S, gross totaled \$244.5 and \$242.7 billion, respectively. For FY 2025 and 2024, OM&S consisted primarily of OM&S held for use in the amounts of \$185.0 billion and \$179.8 billion, respectively.

Inventory is tangible personal property that is either held for sale, in the process of production for sale, or to be consumed in the production of goods for sale or in the provision of services for a fee. Examples of inventory include raw materials, finished goods, spare and repair parts, clothing and textiles, and fuels. As of September 30, 2025, inventory, gross, totaled \$197.7 billion which consists primarily of inventory held for current sale and held for repair in the amounts of \$122.0 billion and \$54.4 billion, respectively. As of September 30, 2024, inventory, gross totaled \$171.9 billion and consisted primarily of inventory held for current sale and held for repair in the amounts of \$112.5 billion and \$50.1 billion, respectively. The FY 2024 inventory balance was restated by an increase of \$32.6 billion due to corrections of errors related to SAA assets that were previously classified as expense and revenue transactions. In FY 2025, DOD's application of cost methodologies permitted by SFFAS 48, *Opening Balances for Inventory, Operating Materials and Supplies and Stockpile Materials* resulted in a \$19.1 billion increase in beginning balance FY 2025 inventory.

Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or local/national emergencies. Stockpile materials are not held with the intent of selling in the ordinary course of business and are restricted unless released by congressional action. Once authorized, the materials (e.g., ores, metals, alloys, and medical supplies) are reclassified to held for sale. As of September 30, 2025 and 2024, stockpile materials and supplies, net totaled \$68.2 billion and \$65.9 billion, respectively. For FY 2025 and 2024, stockpile materials and supplies consisted primarily of stockpile materials and supplies held in reserve for future use in the amounts of \$67.3 billion and \$65.1 billion, respectively.

Other related property includes: 1) forfeited property that consists of monetary instruments, intangible property, real property, and tangible personal property; 2) goods acquired under price support stabilization programs which are also referred to as commodities; and 3) seized property which includes monetary instruments, real property, and tangible personal property in an actual or constructive possession of a custodial entity.

Additional information concerning inventory and related property can be obtained from the financial statements of DOD, DOE, and SAA.