



OFFICE OF THE UNDER SECRETARY OF DEFENSE

1 1 0 0 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1 1 0 0

May 3, 2024

COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
CHIEF FINANCIAL EXECUTIVES OF THE DEFENSE AGENCIES  
AND DOD FIELD ACTIVITIES

SUBJECT: Change in the Accounting Treatment for Long Range Ballistic Missiles  
(FPM24-02)

References: (a) Department of Defense Financial Management Regulation (DoD FMR),  
Volume 4, Chapter 4, "Inventory and Related Property," November 2017  
(b) DoD FMR, Volume 4, Chapter 25, "General Equipment," May 2019

This memorandum changes the accounting treatment for missiles. Effective immediately, all missiles, including long-range ballistic variants such as Intercontinental Ballistic Missiles (ICBMs) and Submarine Launched Ballistic Missiles (SLBMs), will be designated as Operating Materials and Supplies (OM&S) for financial reporting purposes. Analysis is in the attachment.

According to references (a) and (b), nuclear long-range ballistic missiles, when fully configured and armed, are currently classified as General Equipment (GE), with individual components considered OM&S when not integrated into a complete missile assembly. DoD Components must promptly reclassify missiles as OM&S if currently classified as GE and document the necessary prior period adjustments to their financial statements.

This directive takes immediate effect and will be integrated into the subsequent update of references (a) and (b). The staff point of contact is Ms. Dzenana Dzanic at 703-508-9277 or [dzenana.dzanic.civ@mail.mil](mailto:dzenana.dzanic.civ@mail.mil).

Thomas C. Steffens  
Deputy Chief Financial Officer

Attachment:  
As stated

## Accounting Treatment for Long-Range Ballistic Missiles

Two asset categories are considered for the accounting treatment of nuclear long range ballistic missiles (LRBMs): Operating Materials & Supplies (OM&S) and Property Plant and Equipment (PP&E).

OM&S, as defined in the Statement of Federal Financial Accounting Standards (SFFAS) 3, paragraphs 36 and 37, include tangible personal property to be consumed in normal operations that is either:

- Held for use,
- Held in reserve for future use, or
- Excess, obsolete, and unserviceable.

PP&E, as defined in SFFAS 6, paragraph 17, consists of tangible assets that:

- Have estimated useful lives of two years or more,
- Are not intended for sale in the ordinary course of operations, and
- Have been acquired or constructed with the intention of being used or being available for use by the entity.

Although an argument can be made that nuclear LRBMs have a strategically deterrent mission with an indeterminate useful life, and could therefore be treated as PP&E, the missiles would still be consumed upon use. SFFAS 6, paragraph 19, specifically excludes physically consumable items from PP&E. PP&E is expected to return for future use/missions.

For financial reporting purposes, long range ballistic missiles better fit the definition of OM&S for the following reasons:

- Physical consumption: All missiles, including nuclear LRBMs, are, in substance, a one-time use consumable asset.
- Department of Defense (DoD) consumption: The DoD tests (consumes) LRBMs frequently each year as a demonstration of capability.
- Similarity to other missiles: LRBMs are similar in nature to other missiles that are treated as OM&S.
- Storage and parts: LRBMs are frequently broken down and stored as separate parts. These parts are interchangeable and indistinguishable from spare parts which are considered OM&S.
- Ownership of nuclear warheads: While in DoD custody, nuclear warheads are critical components of assembled LRBMs, but remain Department of Energy (DOE) property. DOE reports the warheads as OM&S.