

# Financial Statements

## Office of Comptroller of the Currency Balance Sheets As of September 30, 2004 and 2003

	FY 2004	FY 2003
<b>Assets</b>		
<b>Intragovernmental</b>		
Fund balance with Treasury	\$ 1,701,674	\$ 1,219,409
Accounts receivable	144,332	-
Investments and related interest (Note 3)	487,121,232	432,705,466
<b>Total intragovernmental</b>	<b>488,967,238</b>	<b>433,924,875</b>
Cash	25,961	26,092
Accounts receivable, net	112,201	432,773
Property and equipment, net (Note 4)	40,147,991	32,949,644
Advances and prepayments	1,144,599	1,381,230
<b>Total Assets</b>	<b>\$ 530,397,990</b>	<b>\$ 468,714,614</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
<b>Intragovernmental</b>		
Accounts payable	\$ 746,371	\$ 986,610
<b>Total intragovernmental</b>	<b>746,371</b>	<b>986,610</b>
Accounts payable	2,280,839	2,711,921
Accrued payroll and employee benefits	16,203,165	13,472,232
Accrued annual leave	24,037,799	23,524,329
Other accrued liabilities	16,582,611	14,518,150
Deferred revenue (Note 5)	125,015,607	117,048,226
Post retirement benefits (Note 7)	10,071,983	9,079,706
<b>Total liabilities</b>	<b>194,938,375</b>	<b>181,341,174</b>
<b>Net position (Note 8)</b>	<b>335,459,615</b>	<b>287,373,440</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 530,397,990</b>	<b>\$ 468,714,614</b>

The accompanying notes are an integral part of these financial statements.

**Office of Comptroller of the Currency  
Statements of Net Cost  
For the Years Ended September 30, 2004 and 2003**

	FY 2004	FY 2003 (Restated) (Note 2)
<b>Program Costs</b>		
<b>Supervise National Banks</b>		
Intragovernmental	\$ 55,013,447	\$ 61,272,570
With the public	337,088,793	352,257,726
<b>Subtotal - Supervise National Banks</b>	<b>\$ 392,102,240</b>	<b>\$ 413,530,296</b>
<b>Regulate National Banks</b>		
Intragovernmental	\$ 9,119,549	\$ 3,842,098
With the public	54,522,477	22,088,240
<b>Subtotal - Regulate National Banks</b>	<b>\$ 63,642,026</b>	<b>\$ 25,930,338</b>
<b>Charter National Banks</b>		
Intragovernmental	\$ 2,418,481	\$ 1,725,149
With the public	14,049,294	9,917,892
<b>Subtotal - Charter National Bank</b>	<b>\$ 16,467,775</b>	<b>\$ 11,643,041</b>
<b>Total Program Costs</b>	<b>\$ 472,212,041</b>	<b>\$ 451,103,675</b>
Less: Earned revenues not attributed to programs	(497,764,476)	(466,110,295)
<b>Net Cost of Operations</b>	<b>\$ (25,552,435)</b>	<b>\$ (15,006,620)</b>

The accompanying notes are an integral part of these financial statements.

**Office of Comptroller of the Currency  
Statements of Changes in Net Position  
For the Years Ended September 30, 2004 and 2003**

	FY 2004	FY 2003
<b>Beginning Balances</b>	\$ 287,373,440	\$ 251,678,048
<b>Other Financing Sources</b>		
Imputed financing from costs absorbed by others (Note 7)	22,533,740	20,688,772
<b>Net Cost of Operations</b>	25,552,435	15,006,620
<b>Ending Balances</b>	<b>\$ 335,459,615</b>	<b>\$ 287,373,440</b>

The accompanying notes are an integral part of these financial statements.

**Office of Comptroller of the Currency  
Statements of Budgetary Resources  
For the Years Ended September 30, 2004 and 2003**

	FY 2004	FY 2003
<b>Budgetary Resources</b>		
Unobligated balance		
Beginning of period	\$ 339,989,380	\$ 312,757,649
Spending authority from offsetting collections:		
Earned		
Collected	507,438,496	471,264,186
Receivable from Federal sources	569,956	229,167
Subtotal	508,008,452	471,493,353
<b>Total Budgetary Resources</b>	<b>\$ 847,997,832</b>	<b>\$ 784,251,002</b>
<b>Status of Budgetary Resources</b>		
Obligations incurred	\$ 449,462,750	\$ 444,261,622
Unobligated balance available	398,535,082	339,989,380
<b>Total Status of Budgetary Resources</b>	<b>\$ 847,997,832</b>	<b>\$ 784,251,002</b>
<b>Relationship of Obligations to Outlays</b>		
Obligated balance, net, beginning of period	82,639,683	67,315,029
Obligated balance, net, end of period:		
Interest and other receivable	(5,690,582)	(5,120,625)
Undelivered orders	16,425,985	23,467,361
Accounts payable and accruals net of assessments refunds	69,922,769	64,292,948
Outlays:		
Disbursements	\$ 450,874,306	\$ 428,707,802
Collections	(507,438,496)	(471,264,186)
<b>Net Collections in Excess of Disbursements</b>	<b>\$ (56,564,190)</b>	<b>\$ (42,556,384)</b>

The accompanying notes are an integral part of these financial statements.

**Office of Comptroller of the Currency**  
**Statements of Financing**  
**For the Years Ended September 30, 2004 and 2003**

	FY 2004	FY 2003
<b>Resources Used to Finance Activities</b>		
Budgetary Resources Obligated		
Obligations incurred	\$ 449,462,750	\$ 444,261,622
Less: Spending authority from offsetting collections	(508,008,452)	(471,493,353)
Net obligations	(58,545,702)	(27,231,731)
Other Resources		
Imputed financing from costs absorbed by others (Note 7)	22,533,740	20,688,772
<b>Total resources used to finance activities</b>	<b>(36,011,962)</b>	<b>(6,542,959)</b>
<b>Resources Used to Finance Items not Part of the Net Cost of Operations</b>		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	7,278,008	(5,848,595)
Resources that finance the acquisition of assets	(16,304,977)	(14,685,716)
Other resources or adjustments to net obligated resources that do not affect net cost of operations	320,570	(85,582)
<b>Total resources used to finance items not part of the net cost of operations</b>	<b>(8,706,399)</b>	<b>(20,619,893)</b>
<b>Total resources used to finance the net cost of operations</b>	<b>(44,718,361)</b>	<b>(27,162,852)</b>
<b>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period</b>		
Components Requiring or Generating Resources in Future Periods:		
Change in deferred revenue	7,967,380	7,302,491
Change in assessment refunds	-	(819,835)
Total components that will require or generate resources in future periods	7,967,380	6,482,656
Components not Requiring or Generating Resources:		
Depreciation and amortization	8,869,905	6,792,297
Net (increase) decrease in bond premium	2,091,916	(1,118,721)
Other	236,725	-
Total components that will not require or generate resources	11,198,546	5,673,576
<b>Total components of net cost of operations that will not require or generate resources in the current period</b>	<b>19,165,926</b>	<b>12,156,232</b>
<b>Net Cost of Operations</b>	<b>\$ (25,552,435)</b>	<b>\$ (15,006,620)</b>

The accompanying notes are an integral part of these financial statements.

**Office of Comptroller of the Currency**  
**Statements of Custodial Activity**  
**For the Years Ended September 30, 2004 and 2003**

	FY 2004	FY 2003
<b>Revenue Activity</b>		
Revenue Received		
Civil monetary penalties	\$ 25,566,393	\$ 1,035,122
Accrual adjustment	733,784	795,968
Total civil monetary revenue received	24,300,177	1,831,090
Disposition of Custodial Revenue		
Amounts provided to Treasury	(25,577,843)	(951,089)
Decrease (Increase) in amount yet to be transferred	1,277,666	(880,001)
Total disposition for custodial revenue	(24,300,177)	(1,831,090)
<b>Net Custodial Revenue Activity</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the Financial Statements

## **Note 1 - Organization**

The OCC was created as a bureau within the U.S. Department of the Treasury by an act of Congress in 1863. The OCC was created to establish and regulate a system of federally chartered national banks. The National Currency Act of 1863, rewritten and reenacted as the National Bank Act of 1864, authorized the OCC to supervise national banks and to regulate the lending and investment activities of federally chartered institutions.

The OCC's revenue is derived primarily from assessments and fees paid by national banks and income on investments in U.S. government securities. The OCC does not receive congressional appropriations to fund any of its operations. Therefore, the OCC does not have any unexpended appropriations.

By federal statute 12 USC 481, the OCC's funds are maintained in a U.S. government trust revolving fund. The funds remain available to cover the annual costs of the OCC's operations in accordance with policies established by the Comptroller.

The Departmental Offices (DO), another entity of the U.S. Department of the Treasury, provides certain administrative services to the OCC. The OCC pays the DO for services rendered pursuant to established interagency agreements. Administrative services provided by the DO totaled \$2,467,099 in FY 2004, and \$2,444,650 in FY 2003.

## **Note 2 - Significant Accounting Policies**

### **Basis of Accounting**

The OCC's financial statements have been prepared from its accounting records in conformity with generally accepted accounting principles (GAAP) in the United States of America. The financial statements consist of a balance sheet, and the statements of net cost, changes in net position, budgetary resources, financing, and custodial activity. These financial statements are presented on a comparative basis providing information for FYs 2004 and 2003.

FY 2004 is the first year the OCC prepared the Statement of Custodial Activity to reflect CMP activity. In prior years, CMP information was disclosed in a note to the financial statements. The OCC collects CMPs due to the federal government that are assessed through court enforced legal actions against a national bank and/or its officers. Outstanding CMPs at September 30, 2004 and 2003 amounted to \$1,280,718 and \$2,014,502, respectively.

The financial statements reflect both the accrual and budgetary bases of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to cash receipt or payment. The budgetary method recognizes the obligation of funds according to legal requirements, which, in many cases, is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

### **Fund Balance with Treasury**

The OCC's cash receipts and disbursements are processed by the U.S. Treasury. Sufficient funds are maintained in a U.S. government trust revolving fund and are available to pay current liabilities. The OCC invests all the funds that are not immediately needed in U.S. government securities (Note 3).

## **Accounts Receivable**

Accounts receivable represent monies owed to the OCC for services and goods provided. Accounts receivable from the public are reduced to their net realizable value by an Allowance for Doubtful Accounts. The OCC reserves an allowance equal to 100 percent of accounts with outstanding balances exceeding one year, and 50 percent of accounts with balances exceeding six months but less than one year. At September 30, 2004 and 2003, accounts receivable from the public amounted to \$147,597 less an allowance of \$35,396 and \$451,767 less an allowance of \$18,994, respectively.

## **Advances and Prepayments**

Advances and prepayments to the public consist of rent and insurance paid. The amounts are recorded as prepaid expenses at the time of payment and are expensed when related goods and services are received.

## **Liabilities**

Liabilities represent the amounts owing or accruing under contractual or other arrangements governing the transactions, including operating expenses incurred but not yet paid. Payments are made in a timely manner in accordance with the Prompt Payment Act. Interest penalties are paid when payments are late. Discounts are taken when cost effective, and the invoice is paid within the discount period.

## **Annual, Sick, and Other Leave**

Annual leave is accrued and funded by the OCC as it is earned, and the accrual is reduced as leave is taken or paid. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. Sick leave and other types of leave are expensed as taken.

## **Program Costs**

In FY 2004, the OCC eliminated analyze risk as a separate program area for managing its operations. The activities that comprised the program were so closely aligned to the objectives and performance goals of the supervise program that maintaining a separate program was no longer meaningful. The FY 2003 Statement of Net Cost has been restated to reflect this change.

## **Use of Estimates**

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Such estimates and assumptions could change in the future as more information becomes known, which could affect the amounts reported and disclosed herein.



### Note 3 - Investments and Related Interest

Investments are U.S. Treasury securities stated at amortized cost and the related accrued interest. The OCC plans to hold these investments to maturity. Premiums and discounts are amortized over the term of the investment using the straight-line method, which approximates the effective yield method. The fair market value of investment securities was \$484,401,551 at September 30, 2004, and \$434,739,500 at September 30, 2003.

#### Investments and Related Interest Receivable

	FY 2004	FY 2003
Par Value	\$ 478,652,000	\$421,407,000
Net Unamortized Premium	2,922,982	6,177,841
Net Unamortized Value	481,574,982	427,584,841
Interest Receivable	5,546,250	5,120,625
<b>Total</b>	<b>\$487,121,232</b>	<b>\$432,705,466</b>

#### FY 2004 Investment Portfolio

Maturity	Par Value	Coupon Rate
Overnight	\$27,652,000	1.720%
T-Bill	20,000,000	1.770%
	120,000,000	1.590%
During 2005	55,000,000	5.875%
	40,000,000	6.500%
During 2006	29,000,000	5.750%
	25,000,000	6.875%
During 2007	30,000,000	3.500%
	30,000,000	4.375%
During 2008	30,000,000	3.000%
	30,000,000	2.625%
During 2009	21,000,000	3.375%
	21,000,000	3.875%
<b>Total</b>	<b>\$478,652,000</b>	

#### FY 2003 Investment Portfolio

Maturity	Par Value	Coupon Rate
Overnight	\$177,407,000	0.950%
During 2004	55,000,000	4.250%
	40,000,000	5.250%
During 2005	55,000,000	5.875%
	40,000,000	6.500%
During 2006	29,000,000	5.750%
	25,000,000	6.875%
<b>Total</b>	<b>\$421,407,000</b>	

#### **Note 4 - Property and Equipment, net**

Property and equipment purchased at a cost greater than or equal to the noted thresholds below with useful lives of five years or more are capitalized at cost and depreciated or amortized, as applicable. Leasehold improvements are amortized on a straight-line basis over the lesser of the terms of the related leases or their estimated useful lives. All other property and equipment are depreciated or amortized, as applicable, on a straight-line basis over their estimated useful lives. The tables presented below summarize property and equipment balances as of September 30, 2004, and 2003.

##### **FY 2004 Property and Equipment, net**

<b>Class of Assets</b>	<b>Capitalization Threshold/ Useful Life</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Leasehold Improvements	\$50,000 5-20	\$ 25,633,257	\$ (18,780,875)	\$ 6,852,382
Equipment	\$50,000 5-10	11,562,453	(7,265,324)	4,297,129
Furniture and Fixtures	\$50,000 5-10	1,336,778	(907,841)	428,937
Internal Use Software	\$500,000 5-10	30,489,430	(8,201,611)	22,287,819
Internal Use Software-Dev	\$500,000 5-10	5,145,251	-	5,145,251
Leasehold Improvements-Dev	\$50,000 5-20	1,136,473	-	1,136,473
<b>Total</b>		<b>\$75,303,642</b>	<b>\$ (35,155,651)</b>	<b>\$ 40,147,991</b>

##### **FY 2003 Property and Equipment, net**

<b>Class of Assets</b>	<b>Capitalization Threshold/ Useful Life</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Leasehold Improvements	\$ 50,000 5-20	\$ 25,277,761	\$ (16,885,879)	\$ 8,391,882
Equipment	\$50,000 5-10	9,590,672	(6,091,601)	3,499,071
Furniture and Fixtures	\$ 50,000 5-10	1,336,779	(843,805)	492,974
Internal Use Software	\$ 500,000 5-10	21,876,063	(5,603,148)	16,272,915
Internal Use Software-Dev	\$500,000 5-10	4,292,802	-	4,292,802
<b>Total</b>		<b>\$ 62,374,077</b>	<b>\$ (29,424,433)</b>	<b>\$ 32,949,644</b>

#### **Note 5 - Deferred Revenue**

The OCC's activities are primarily financed by assessments on assets held by national banks and the federal branches of foreign banks. These assessments are due January 31 and July 31 of each year based on asset balances as of call reports dated December 31 and June 30, respectively. Assessments are paid in advance and are recognized as earned revenue on a straight-line basis over the six months following the call date. The unearned portions are reduced accordingly.

## Note 6 - Leases

The OCC leases office space for headquarters operations in Washington, D.C., and for district and field operations. The lease agreements expire at various dates. These leases are treated as operating leases.

### FY 2004 Future Lease Payments

Year	Amount
2005	\$ 22,930,047
2006	15,332,707
2007	6,904,679
2008	6,532,164
2009	6,141,103
2010 and beyond	25,968,478
<b>Total</b>	<b>\$ 83,809,178</b>

### FY 2003 Future Lease Payments

Year	Amount
2004	\$ 21,827,454
2005	19,666,349
2006	13,841,164
2007	4,437,938
2008	3,844,151
2009 and beyond	14,705,613
<b>Total</b>	<b>\$ 78,322,669</b>

## Note 7 - Retirement Plans and Other Benefits

### Retirement

OCC employees are eligible to participate in one of two retirement plans. Employees hired prior to January 1, 1984, are covered by the CSRS, unless they elected to join the FERS and Social Security during the election period. Employees hired after December 31, 1983 are automatically covered by FERS and Social Security. The distribution of the OCC's workforce by retirement plan is 67 percent FERS and 32 percent CSRS. The remaining 1 percent of employees qualify only for Social Security benefits. For employees covered by CSRS, the OCC contributes 7 percent of their adjusted base pay to the plan. OCC contributions to CSRS were \$6,582,430 in FY 2004 and \$6,839,400 in FY 2003. For employees covered by FERS, the OCC contributes 10.7 percent of their adjusted base pay. OCC contributions totaled \$15,129,774 in FY 2004, and \$14,390,270 in FY 2003.

Furthermore, the OPM contributed an additional \$22,533,740 toward these retirement plans during FY 2004, and \$20,688,772 in FY 2003. The OCC recognized these contributions as "Imputed Costs Absorbed by Others" and an offset in equal amount to "Imputed Financing from Costs Absorbed by Others" as a result of not having to reimburse the OPM.

The OCC does not report in its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts, such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, are presently the responsibility of the OPM.

## Other Benefits

OCC employees are eligible to participate in the Federal Thrift Savings Plan (TSP). For those employees under FERS, a TSP account is automatically established, and the OCC contributes a mandatory 1 percent of adjusted base pay to this account. In addition, the OCC matches employee contributions up to an additional 4 percent of pay, for a maximum OCC contribution amounting to 5 percent of adjusted base pay. Employees under CSRS may participate in the TSP, but do not receive the automatic (1 percent) and matching employer contributions. The OCC's contributions for the TSP totaled \$6,437,886 in FY 2004 and \$6,132,018 in FY 2003. The OCC also contributed a total of \$12,332,480 for Social Security and Medicare benefits for all eligible employees in FY 2004, and \$11,731,468 in FY 2003.

Employees can elect to contribute up to 10 percent of their adjusted base pay in the OCC 401(K) Plan, subject to Internal Revenue regulations. Prudential Securities Incorporated administers the plan. Currently, the OCC contributes a maximum of 2 percent of the adjusted base pay to the plan for all participating employees. Approximately 2,300 employees are currently enrolled in the plan, which represents a participation rate exceeding 85 percent. The total cost of the OCC's matching contribution plus associated administration fees amounted to \$4,138,146 during FY 2004, and \$3,425,093 in FY 2003.

The OCC sponsors a life insurance benefit plan for current and retired employees. This plan is a defined benefit plan. Premium payments made during FY 2004 totaled \$128,258 and \$134,477 in FY 2003.

### Accrued Post-Retirement Benefit Cost and Net Periodic Post-Retirement Benefit Cost

Component	FY 2004	FY 2003
Accumulated Post-Retirement Benefit Obligation	\$ (12,613,233)	\$ (10,979,016)
Unrecognized Transition Obligation	1,158,542	1,555,545
Unrecognized Net Gain	1,382,708	343,765
<b>Total</b>	<b>\$ (10,071,983)</b>	<b>\$ (9,079,706)</b>
Service Cost	\$ 468,500	\$ 403,456
Interest Cost	663,926	599,490
Amortization of Transition Obligation	172,837	172,837
<b>Total</b>	<b>\$ 1,305,263</b>	<b>\$ 1,175,783</b>

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 6 percent. Gains or losses due to changes in actuarial assumptions are amortized over the service life of the plan.

Employees and retirees of the OCC are eligible to participate in Federal Employees Health Benefits (FEHB) and Federal Employees Group Life Insurance (FEGLI) plans that involve a cost sharing of bi-weekly coverage premiums by employee and employer. Both of these employee benefit plans are administered by the OPM. Total OCC contributions for active employees who participate in the FEHB plans were \$13,589,369 for FY 2004, and \$12,577,572 for FY 2003. OCC contributions for active employees who participate in the FEGLI plan were \$201,697 for FY 2004, and \$201,440 for FY 2003.

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for the OCC's employees under FECA are administered by the U.S. Department of Labor (DOL) and later billed to the OCC. The OCC accrued \$5,564,904 of workers' compensation costs as of September 30, 2004, and \$5,366,500 as of September 30, 2003. This amount includes unpaid costs and an actuarial estimated liability for unbilled costs incurred as of year-end calculated by the DOL.

**Note 8 - Net Position**

The OCC sets aside a portion of its Net Position as Contingency, Special, and Asset Replacement Reserves to be used at the discretion of the Comptroller. In addition, funds are set aside to cover the cost of ongoing operations.

The Contingency Reserve supports the OCC's ability to accomplish its mission in the case of foreseeable but rare events. Foreseeable but rare events are beyond the control of the OCC, such as a major change in the national banking system or a disaster, such as a fire, flood, or significant impairment of its information technology systems.

The Special Reserve supplements revenue from assessments and other sources that are made available to fund the OCC's annual budget. The Special Reserve reduces the effect on operations of unforecasted revenue shortfalls or unbudgeted and unanticipated requirements or opportunities. The Special Reserve was reduced in FY 2003 to provide funding for the OCC's district restructuring efforts and was replenished in FY 2004 from results of operations.

The asset replacement reserve was established in FY 2004. It ensures the incremental funding of leasehold improvements and replacement of furniture and equipment scheduled for future years. A specific amount is accumulated each year based on the expected cost and useful life of the asset to ensure that adequate funds are available when the time comes for the leasehold improvement or asset replacement. The FY 2005 budget authorized the use of approximately \$10 million to fund various capital projects and set a target level for the reserve of \$23,103,757 by September 30, 2005.

**Net Position Availability**

Components	FY 2004	FY 2003
Contingency Reserve	\$ 219,473,390	\$ 196,479,819
Special Reserve	15,000,000	10,856,000
Asset Replacement Reserve	17,532,950	-
Earmarked for Ongoing Operations:		
Undelivered Orders	16,425,985	23,467,361
Consumption of Assets	45,401,954	40,964,927
Capital Investments	17,235,357	5,426,982
District Offices Restructuring	4,389,979	10,178,351
<b>Net Position</b>	<b>\$ 335,459,615</b>	<b>\$ 287,373,440</b>

### **Note 9 - Expenses by Budget Object Classification**

The following table illustrates the OCC's costs by major budget object class for FYs 2004 and 2003.

<b>Budget Object Class</b>	<b>FY 2004</b>	<b>FY 2003</b>
Personnel Compensation	\$ 253,743,442	\$ 246,172,715
Personnel Benefits	72,166,389	66,326,330
Benefits to Former Employees	3,053,268	3,359,129
Travel and Transportation of Persons	27,366,170	26,347,257
Travel and Transportation of Things	1,893,377	1,521,893
Rent, Communication, and Utilities	32,130,835	32,989,698
Printing and Reproduction	914,616	608,477
Other Contractual Services	38,102,100	34,648,286
Supplies and Materials	3,365,474	2,974,034
Equipment	4,811,125	8,478,600
Land and Structures - Leasehold Improvements	2,872,330	128,173
Insurance Claims and Indemnities	152,545	68,014
Depreciation	8,869,905	6,792,297
Loss on Asset Disposal	236,725	-
Imputed Costs	22,533,740	20,688,772
<b>Total</b>	<b>\$ 472,212,041</b>	<b>\$451,103,675</b>

### **Note 10 – Contingencies**

The OCC is party to various administrative proceedings, legal actions, and claims. In the opinion of the management and the Chief Counsel, the probability is remote that the ultimate resolution of these matters, individually or in the aggregate, will have a material adverse effect on the OCC's financial position or the results of its operations.