



**Auditor of State  
Betty Montgomery**



VILLAGE OF CATAWBA  
CLARK COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Catawba  
Clark County  
115 South Persimmon Street  
P.O. Box 25  
Catawba, Ohio 43010

To the Village Council:

We have audited the accompanying financial statements of Village of Catawba, Clark County, (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this Village, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, village council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 28, 2004

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$39,146	\$2,447	\$41,593
Intergovernmental Receipts	5,130	7,895	13,025
Charges for Services	6,063		6,063
Fines, Licenses, and Permits	3,510		3,510
Earnings on Investments	183	119	302
Miscellaneous	425		425
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,457	10,461	64,918
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	6,807		6,807
Public Health Services		2,447	2,447
Leisure Time Activities	150		150
Transportation		5,875	5,875
General Government	43,028		43,028
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	49,985	8,322	58,307
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	4,472	2,139	6,611
	<hr/>	<hr/>	<hr/>
<b>Other Financing (Disbursements):</b>			
Other Financing Uses	(5,490)	(6,015)	(11,505)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts (Under) Cash Disbursements and Other Financing Disbursements	(1,018)	(3,876)	(4,894)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	26,851	22,375	49,226
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$25,833</u>	<u>\$18,499</u>	<u>\$44,332</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$87,071		\$87,071
All Other Revenues		3,770	3,770
Total Operating Cash Receipts	<u>87,071</u>	<u>3,770</u>	<u>90,841</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	11,848		11,848
Fringe Benefits	2,370		2,370
Contractual Services	7,846		7,846
Supplies and Materials	38,271		38,271
Court Disbursements:			
Village of Catawba		3,045	3,045
State Treasurer		725	725
Total Operating Cash Disbursements	<u>60,335</u>	<u>3,770</u>	<u>64,105</u>
Operating Income	<u>26,736</u>		<u>26,736</u>
<b>Non-Operating Cash Receipts:</b>			
Earning on Investments	537		537
Proceeds from Notes and Bonds	14,588		14,588
Total Non-Operating Cash Receipts	<u>15,125</u>		<u>15,125</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	41,017		41,017
Other Non-Operating Cash Disbursements	1,920		1,920
Total Non-Operating Cash Disbursements	<u>42,937</u>		<u>42,937</u>
Net Receipts Over/(Under) Disbursements	(1,076)		(1,076)
Fund Cash Balances, January 1	<u>75,509</u>	<u>10</u>	<u>75,519</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$74,433</u></u>	<u><u>\$10</u></u>	<u><u>\$74,443</u></u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$37,577	\$1,606	\$39,183
Intergovernmental Receipts	5,196	7,220	12,416
Charges for Services	2,955		2,955
Fines, Licenses, and Permits	4,995		4,995
Earnings on Investments	210	163	373
Miscellaneous	644		644
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	51,577	8,989	60,566
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	8,582		8,582
Public Health Services		1,606	1,606
Leisure Time Activities	750		750
Community Environment	680		680
Transportation		3,046	3,046
General Government	43,574		43,574
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,586	4,652	58,238
Total Receipts Over/(Under) Disbursements	(2,009)	4,337	2,328
<b>Other Financing (Disbursements):</b>			
Other Financing Uses	(4,898)	(1,044)	(5,942)
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,907)	3,293	(3,614)
Fund Cash Balances, January 1	33,758	19,082	52,840
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$26,851</u>	<u>\$22,375</u>	<u>\$49,226</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$103,260		\$103,260
All Other Revenue		6,466	6,466
<b>Total Operating Cash Receipts</b>	<b>103,260</b>	<b>6,466</b>	<b>109,726</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	10,760		10,760
Fringe Benefits	2,117		2,117
Contractual Services	7,555		7,555
Supplies and Materials	17,120		17,120
Court Disbursements:			
Village of Catawba		5,125	5,125
State Treasurer		1,325	1,325
<b>Total Operating Cash Disbursements</b>	<b>37,552</b>	<b>6,450</b>	<b>44,002</b>
Operating Income	65,708	16	65,724
<b>Non-Operating Cash Receipts:</b>			
Earning on Investments	546		546
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	40,488		40,488
Other Non-Operating Cash Disbursements		6	6
<b>Total Non-Operating Cash Disbursements</b>	<b>40,488</b>	<b>6</b>	<b>40,494</b>
Net Receipts Over Disbursements	25,766	10	25,776
Fund Cash Balances, January 1	49,743		49,743
<b>Fund Cash Balances, December 31</b>	<b>\$75,509</b>	<b>\$10</b>	<b>\$75,519</b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Catawba, Clark County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Sewer Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**4. Fiduciary Funds (Trust and Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

**Mayor's Court Fund** – This fund records the activity of the Village Mayor's Court receipts and disbursements.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<b>2003</b>	<b>2002</b>
Demand deposits	\$118,775	\$124,745

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$45,412	\$54,457	\$9,045
Special Revenue	9,714	10,461	747
Enterprise	98,469	102,196	3,727
Total	\$153,595	\$167,114	\$13,519

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General	\$72,049	\$55,475	\$16,574
Special Revenue	31,563	14,337	17,226
Enterprise	172,881	103,273	69,608
Total	\$276,493	\$173,085	\$103,408

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$54,602	\$51,577	(\$3,025)
Special Revenue	8,850	8,989	139
Enterprise	80,468	103,806	23,338
Total	\$143,920	\$164,372	\$20,452

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General	\$83,000	\$58,484	\$24,516
Special Revenue	27,752	5,696	22,056
Enterprise	129,994	78,040	51,954
Total	\$240,746	\$142,220	\$98,526

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Water Development Authority Loan #216	\$230,192	2.00%
Ohio Water Development Authority Loan #785	68,580	7.00%
Ohio Water Development Authority Loan #785-C	10,252	7.00%
Ohio Water Development Authority Loan #3893	14,627	4.28%
Total	\$323,651	

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt, including interest, is scheduled as follows:

	<u><b>OWDA Loan</b></u>
Year ending December 31:	
2004	41,568
2005	41,591
2006	41,616
2007	41,644
2008-2012	208,694
2013-2017	6,822
2018	682
Total	<u><u>\$382,617</u></u>

**7. RETIREMENT SYSTEMS**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village is a member of the Ohio Municipal League Joint Self Insurance pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may make supplemental premiums. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT ACCOUNTING STANDARDS**

Village of Catawba  
Clark County  
115 South Persimmon Street  
P.O. Box 25  
Catawba, Ohio 43010

To the Village Council:

We have audited the accompanying financial statements of the Village of Catawba, Clark County, (the Village), as of and for the years ended December 31, 2002 and 2003, and have issued our report thereon dated July 28, 200, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Village of Catawba  
Clark County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 28, 2004

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-30312-001	ORC Sec. 5705.41(D) - Failure to certify funds prior to expenditure	Yes	





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**VILLAGE OF CATAWBA**

**CLARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 12, 2004**