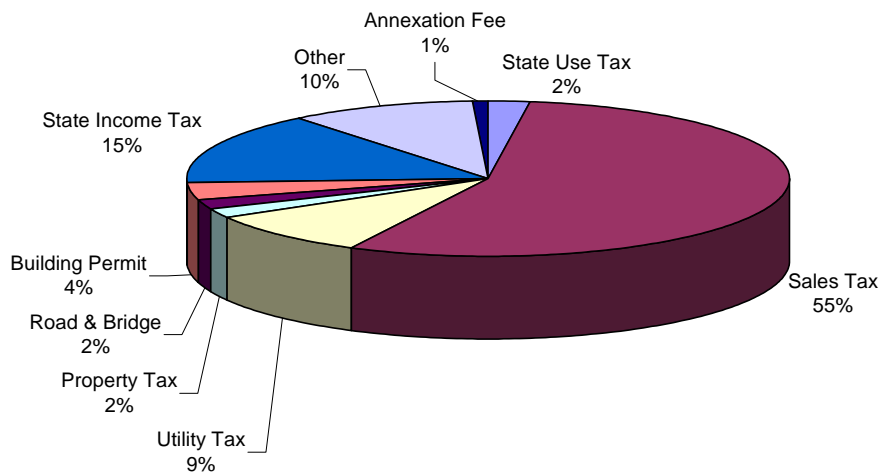


GENERAL FUND

The General Fund contains most of the operating functions of the City. The primary sources of revenue are sales tax, per capita share of the state income tax, state use tax, building permits, road and bridge tax, and property tax.

GENERAL FUND REVENUE SOURCE



SALES TAX- \$6,028,501(55%). This is a 3% increase from last year. This percentage is the same as last year, and continues a steady rise based upon an economic forecast. We have projected one new sales tax generating business this FY and anticipate several next year around the new Exit 16. Our overall dependence on sales tax decreased by 1% this year.

INCOME TAX-\$1,629,125(15%). The City receives a portion of the current 3% income tax collected by the state and distributed on a per capita basis. The total amount distributed to local governments is determined on a formula basis and is dependent on the overall condition of the state's economy. This item increased by 2% over last year. As was pointed out last year, this tax is controlled by the state and is subject to be changed at any time by them.

BUILDING PERMITS-\$390,000(4%). These fees include permits on buildings and remodeling. The amount is an increase from the actual number of permits issued in 2004. The residential building continues to grow, reflecting the amount of land available for building in the city and residential demand. Our commercial building is increased from last year and is reflective of the overall economy.

STATE USE TAX-\$250,423(2%). The City receives a portion of taxes collected on items purchased outside the state. The amount distributed is set and controlled by the state. In addition the state is slowing payment and has been as late as 3 months.

ROAD AND BRIDGE TAX-\$225,000(2%). This is property tax set and distributed by the county. While listed as a general fund, the money is used exclusively by the street department.

PROPERTY TAX-\$192,250(2%). This is an increase in actual dollars from last year but continues the city policy to not increase overall property tax. The 2004 individual property tax is below the 1992 rate.

UTILITY TAX-\$1,024,296(9%). While reported as a general fund, these new funds are dedicated to a new Public Safety facility and with some funds for the Parks Department. This year the Parks will receive \$250,000 from these funds.

ANNEXATION FEE-\$100,000(1%). This fund is for fees paid by developers to offset increase City costs.