

June 10, 2008

REPORT NO. 2008-18

**REPORT BY THE FINANCE AND HUMAN RESOURCES COMMITTEE
CONCERNING FUNDING MECHANISMS FOR LIBRARY SERVICES**

To the Honorable Members of the Racine County Board of Supervisors:

As part of the 2008 county budget, the Racine County Board of Supervisors directed the Finance & Human Resources Committee to review the funding mechanisms for library services and report to the full County Board by June 10, 2008 with any appropriate proposals for change. After devoting a great deal of time and attention to this issue, the committee has reached its conclusions concerning this matter. The committee is, therefore, pleased to submit to the County Board of Supervisors the report attached hereto as Exhibit A and titled, "Reaffirming a Commitment to Balance."

Respectfully submitted,

**FINANCE AND HUMAN RESOURCES
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**REAFFIRMING A COMMITMENT
TO BALANCE**

REPORT OF THE
FINANCE & HUMAN RESOURCES COMMITTEE
OF THE
RACINE COUNTY BOARD OF SUPERVISORS
CONCERNING FUNDING MECHANISMS
FOR LIBRARY SERVICES

JUNE 10, 2008

EXHIBIT A

Foreword

As part of the 2008 county budget, the Racine County Board of Supervisors directed the Finance & Human Resources Committee to “review the funding mechanisms for library services and report to the full County Board by 6/10/08 with any appropriate proposals for change.” This report responds to that tasking.

The committee devoted much time and attention to this issue. It was an agenda item at seven committee meetings in 2008 alone, and on most of those occasions, it was the subject of lengthy discussion.

The committee wants to be very clear about its understanding of its task and about its purpose in producing this report. In recent years, determining the proper size of the county’s library levy has been a challenge for the County Board. Its directive came in the context of a particularly vigorous debate over the levy to be imposed as part of the 2008 budget.

The committee understands its task to relate exclusively to the amount of the county library levy, allocation of the library among the five participating municipal libraries, and related fiscal matters. It does not understand this task to extend to matters such as the value of libraries to the community, or the appropriate levels of service to be provided to the community.

Throughout its work, the committee has sought to achieve a substantial level of fairness in the property tax burdens for library services borne by two categories of Racine County residents: those living in municipalities that operate libraries, and those living in municipalities that do not.

The committee realizes that it is dealing with matters about which reasonable persons can differ. While the committee stands firmly behind the recommendations contained in this report, it understands that other approaches to library funding issues may have merit.

The committee wishes to express its appreciation to a number of persons for their assistance and contributions to the committee’s work: Lakeshores Library System Administrator Bernard Bellin; Village of Waterford President David Richmond, Waterford Public Library Director Pam Belden, and members of the Waterford Village Board and Public Library Board; and County Board Vice Chair Robert Miller, a member of the Lakeshores Library System Board of Trustees, as well as other supervisors who have contributed to the process. Special thanks go to the Racine County Finance Department, especially Finance Director Doug Stansil, and to Chief of Staff Geoff Greiveldinger.

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Executive Summary

- ❖ This report is submitted pursuant to the 2008 Racine County budget directive that the Finance & Human Resources Committee review the county's library funding mechanisms and make any appropriate proposals for change.
- ❖ Countywide taxing and spending for library services in Racine County—combined municipal funding and county library levy—is less than for most other Wisconsin counties and for almost every other populous county.
- ❖ Racine County does better than most other Wisconsin counties, including most other populous counties, at achieving comparable per capita tax revenues between residents of library municipalities and residents of non-library municipalities.
- ❖ Racine County's library levy does better than most at approaching, sometimes exceeding, 100% of municipal libraries' properly claimable costs of serving non-residents.
- ❖ Racine County municipalities that have libraries support them at levels well below the levels of most Wisconsin library municipalities.
- ❖ Circulation at the five municipal libraries in Racine County is changing. Only Burlington's circulation declined between 2001 and 2006. Racine's circulation increased, but declined as a percentage of total circulation in the county. The other three libraries—Rochester, Union Grove, and Waterford—experienced large percentage gains in total circulation and in circulation to non-residents.
- ❖ For all libraries except Burlington, over the period 2001-2006, the county library levy became substantially greater, in proportion to the municipal levy for library services, and grew as a percentage of each library's total income.
- ❖ Over the period 2001-2006, four of the five libraries had fluctuations in municipal levies for library services, with two showing net decreases during that time.
- ❖ State law imposes on the county two requirements regarding library funding:
 - To pay municipal libraries at least 70% of the share of their operating costs (less federal funds) attributable to their loans of library materials to Racine County residents who live in municipalities without libraries; and
 - In each year, to pay at least the average paid over the previous three years.
- ❖ To fulfill these requirements, Racine County imposes a library levy, a tax on property in municipalities that do not operate libraries: the Towns of Burlington, Dover, Norway, Raymond, Waterford, and Yorkville; and Villages of Caledonia, Elmwood Park, Mount Pleasant, North Bay, Sturtevant, and Wind Point.
- ❖ The library levy is intended to help municipal libraries defray only operating expenses (not capital expenses) and only expenses associated with circulation to Racine County residents who live in municipalities without libraries.
- ❖ The county pays the library levy to Lakeshores Library System, a federated library system comprising municipal libraries in Racine and Walworth Counties; Lakeshores distributes the levy among Racine County's municipal libraries in proportion to their costs and circulation to residents of non-library municipalities.

- ❖ Since 1989, Racine County and Lakeshores Library System have had a Library Services Agreement that prescribes what costs and what circulation numbers should be factored into the library levy calculation.
- ❖ Since at least 2003, Lakeshores has distributed the levy among the municipal libraries on the basis of recommendations of a 2002 ad hoc county committee.
- ❖ Due to tax and budget scheduling rules, municipal libraries receive levy payments about 14 months after the end of the year for which payment is requested.
- ❖ Some discussion about the adequacy of the county's library levy has been affected by a lack of understanding of the appropriate measure of the county's funding responsibilities under the relevant state statute and the 1989 agreement.
- ❖ When measured by the 1989 Library Services Agreement, Racine County's library levy resulted in payment to the municipal libraries of at least 100% of the total compensable costs that they incurred in each of the years 2001-2006.
- ❖ When measured by the relevant statute, Racine County's library levy resulted in payment to the municipal libraries of at least 85%, and sometimes over 100%, of the total compensable costs that they incurred in each of the years 2001-2006.
- ❖ The committee concludes that the library levy should be set at a level that ensures a fair balance of property tax burden for library services, between residents of library municipalities and residents of non-library municipalities.
- ❖ The committee recommends that the County Board review the library levy issue and articulate the factors it will consider in setting future library levies.
- ❖ The committee recommends that, as part of that review, the County Board reaffirm its adherence to the 1989 Library Services Agreement and to the principle of balanced property tax burden that is embodied in that agreement.
- ❖ The committee recommends that the County Board clarify its understanding of the Library Services Agreement, specifically, that the principle of balanced property tax burden is furthered by including in municipal libraries' compensable costs those costs that are offset by state or federal funds or that are offset by contracts for library services with local governments outside Racine County.
- ❖ The committee recommends that the County Board's articulation of factors to be considered in setting the library levy take advantage of the wealth of data collected, and publicly reported, by the Wisconsin Department of Public Instruction, which has supervisory authority over local libraries.
- ❖ The committee also recommends that the County Board prescribe the method by which the library levy is allocated among the county's municipal libraries.
- ❖ The committee further recommends that the prescribed method for allocation of the library levy be essentially the same method used since 2003.
- ❖ The committee deeply appreciates the contributions of other supervisors, local government officials, Lakeshores Library System staff, and county staff, to its understanding of this complex issue; their assistance was invaluable.

Introduction

In autumn 2007, when passing the 2008 budget, the Racine County Board of Supervisors directed the Finance and Human Resources Committee “to review the funding mechanisms for library services and report to the full County Board by 6/10/08 with any appropriate proposals for change.” As directed, the committee respectfully presents this report to the Racine County Board of Supervisors and to the people of Racine County.

The committee has devoted more time, attention, and effort to this issue than to any other single issue that any of its members can recall. The reasons are simple:

- Committee members are unanimous in their appreciation of the value of libraries to all our communities;
- Committee members understand that municipal libraries are required by law to provide the same services to non-residents of their municipalities as to their residents;
- Committee members understand that, because some residents of non-library municipalities may not fully recognize the value of the services they receive from municipal libraries, they may doubt the need for increases in the county library levy.
- Committee members are unanimous in their determination to ensure, as nearly as possible, a fair sharing of the property tax burden between residents of municipalities with libraries and residents of municipalities without libraries; but
- Despite the committee members’ agreement on these fundamental points, the library funding system’s complexity makes it difficult to devise a formula for determining what costs should be compensated by the library levy that is both fair and easily understood.

Fortunately, despite the complexities, the committee never lost sight of two basic principles:

- Because libraries are of great value to all, they deserve strong public support; and
- The property tax burden of supporting libraries should be shared fairly by all county residents.

When guided by those principles, the committee was able to develop a formula for determining what costs should be compensated by the library levy, to assure that municipal libraries receive a fair level of property tax support from residents of non-library municipalities.

In the course of its work, the committee accorded great attention and deference to a 1989 Library Services Agreement, between Racine County and the Lakeshores Library System, the federated library system of which all five Racine County municipal libraries are members. Committee members are pleased that the agreement, which is still in force, also reflects a commitment to adequate support for libraries, as well as equivalence in property tax burden between library municipalities and non-library municipalities. In fact, the committee’s recommendations do not break new ground. Rather, they are clarifications of the 1989 Library Services Agreement. They reaffirm the county’s commitment to fair and fairly shared support for the county’s five municipal libraries.

Identification of critical issues

The committee found the following issues most challenging and most important:

- What goals should the County Board seek to achieve in setting the library levy?
- What costs of municipal libraries should be considered in setting the library levy?
- What portion of municipal libraries' circulation should be considered in setting the library levy?
- Finally, although the committee initially focused only on the library levy, i.e., the total amount collected by the county, it has concluded that it should also give attention to the formula by which that levy amount is allocated among the county's five municipal libraries.

Function of the committee and the County Board in library funding matters

Some may believe that the County Board of Supervisors has, at most, a limited role with respect to library funding—i.e., simply to receive the annual levy request submitted by Lakeshores Library System on behalf of the municipal libraries and to set the county library levy at, or nearly at, that amount. The County Board's responsibility, however, is far greater.

County Board Supervisors are elected by, and represent, every individual in every municipality in Racine County; no other body of elected officials has that same breadth of responsibility. Some supervisors only represent municipalities with libraries; some represent only municipalities without libraries; and some represent both. No other elected body is directly charged with levying a library tax that helps assure fair payment to library municipalities for services rendered residents of other municipalities.

For the same reason, the committee has concluded that it is appropriate for the County Board to establish a formula for allocating the library levy among the five municipal libraries. No other body, elected or otherwise, is responsible to all county residents for ensuring that taxes are properly imposed and properly expended.

Essential features of the committee's recommendation

The committee believes that its recommendation offers the following advantages:

- It maintains, but clarifies, the agreement between Racine County and the Lakeshores Library System that has provided guidance for the library levy since 1989.
- It reaffirms the agreement's intention that the property tax burdens of county residents for library services should be fairly shared by residents of municipalities with libraries and residents of municipalities without them.
- It reaffirms the recognition of the agreement, and of the relevant Wisconsin statute, that the library levy should pay municipal libraries only for their use by residents of Racine County municipalities without libraries.
- It reaffirms the agreement's intention that, as nearly as possible, municipal libraries should receive from the library levy the shares of their claimable operating expenses in proportion to that use.
- It relies on circulation, expense, and revenue information consistent with figures reported to, and published by, the Wisconsin Department of Public Instruction (DPI), thereby providing assurance of the reliability of the data.

Challenges faced by the committee

Committee members have found this study one of the most interesting and rewarding projects that they have undertaken together. It has, however, presented certain challenges, some of which merit brief mention:

- *Complexity*
To reach its conclusions and make its recommendations, the committee has sifted through several sets of interconnected variables, including:
 - Which circulation data to apply for purposes of setting the levy;
 - Which costs to include, and which to exclude, for purposes of setting the levy;
 - Which circulation data to apply for purposes of allocating the levy among the five municipal libraries; and
 - Which costs to include, and which to exclude, for purposes allocating the levy among the five municipal libraries.A change in one variable often produced significant effects on the outcome.
- *Finding satisfactory measurements*
The committee faced a continuing challenge with the data, in at least two important respects:
 - There was some concern regarding the reliability of data reported by municipal libraries, on which they predicted their respective and collective requests for library levy support. The committee nonetheless concluded that there were ample assurances of the essential reliability of the data.
 - Both Wisconsin law and the relevant documents developed by Racine County and the Lakeshores Library System use data on circulation of books and similar materials as a measure of the total library levy and its allocation among the municipal libraries. Several committee members expressed a strong desire to find suitable measures of library costs and usage that more accurately reflected the ways in which libraries are now used (e.g., as Internet access points). The committee concluded, however, that it could not address these matters in the time available to it.
- *Depth of feeling*
This study touches on several points about which many people feel very strongly:
 - Access for themselves and others to quality library services;
 - The size of their property tax bill; and
 - Their perception of the fairness of their property tax burden, compared to that imposed on other property taxpayers.

Committee members never lost sight of these valid and deeply felt concerns. During most of the committee's work, six of its seven members represented districts that at least partially included municipalities with libraries; and three of the seven represented districts that at least partially included municipalities

without libraries. During the committee's later work, after the April 2008 election, the proportion changed slightly, to five and two, respectively.¹

¹ After the election, Chairman Peter Hansen, whose district includes Union Grove, and Supervisor John Wisch, who represents Caledonia, left the committee. They have been replaced by Supervisor Russell Clark, who represents the City of Racine, and Supervisor Robert Miller, who represents Mount Pleasant.

Racine County Compared to Other Wisconsin Counties

Introduction

It has sometimes been suggested that Racine County's library levy does not meet the needs of municipal libraries. Because examinations of funding mechanisms for public services often include examination of the practices of similarly situated jurisdictions, it is appropriate to look at how other Wisconsin counties fund library services. The following statistical comparisons may provide a context for evaluating library funding mechanisms by Racine County municipalities and by the county as a whole. All statistics come from 2006 data published by the Wisconsin Department of Public Instruction, which can be found at <http://www.dpi.state.wi.us/pld/dm-lib-stat.html>.²

Explanations of terms

The following terms will appear in the course of this examination. While most have their normal meaning, some have been given specific meanings in an effort to avoid unnecessary confusion.

<i>Term</i>	<i>Meaning</i>
Countywide	Refers to total library financial matters within a county, regardless of which jurisdiction is involved (e.g., total of municipal <i>and</i> county taxes)
Library Levy	Tax imposed by a <i>county</i> to pay for library services
Median	In a series of values (e.g., mill rates), the value that falls in the middle
Municipal/ Municipality	Refers to local governments (town, village, or city); in this context, usually refers to local governments that operate libraries
Per \$1000	Tax mill rate imposed on property in the relevant jurisdiction (county or municipality)
Per Capita	Total amount (e.g., of tax) divided by total number of people in the relevant jurisdiction (county or municipality)

Comparisons

The following discussion compares Racine County's library funding characteristics with those of all 71 other Wisconsin counties and, for a more focused comparison, with those of the state's 20 most populous counties (except Milwaukee County).³ The "top 20" counties were selected to minimize "apples to oranges" comparisons with sparsely populated rural counties, as well as the far more densely populated Milwaukee County.⁴

² Also of interest, but less focused on library revenues and expenditures, is an April 2008 Wisconsin Legislative Audit Bureau report, *Best Practices Review: Public Library Services*. <http://www.legis.state.wi.us/lab/reports/08-libraryservicesfull.pdf>.

³ The "top 20" counties are Dane, Dodge, Eau Claire, Fond du Lac, Jefferson, Kenosha, La Crosse, Manitowoc, Marathon, Outagamie, Ozaukee, Racine, Rock, Sheboygan, St Croix, Washington, Waukesha, and Winnebago. Milwaukee County differs from the others not merely in population served, but also in its exemption from the obligation to honor library cards from adjacent library systems and from the rules regarding county payment for library services. See, Wis. Stat., §§43.17(10), 43.12(7).

⁴ Even so, not all comparisons among the "top 20" will be useful. For example, three of the "top 20" counties—and 10 counties statewide—have county-funded library systems and, therefore, have uniform

General impressions

A quick review of the data suggests the following general observations:

- Countywide taxing and spending for library services in Racine County is less than for most other Wisconsin counties and for almost every other “top 20” county.
- Racine County does better than most other Wisconsin counties without consolidated countywide library systems (including those in the “top 20”) at achieving comparability in per capita tax revenues between residents of municipalities with libraries and residents of non-library municipalities.
- Among Wisconsin counties without county library systems, Racine County’s library levy does better than most at approaching 100% of municipal libraries’ costs of serving non-residents.
- Racine County municipalities that have libraries support them at levels well below the levels of most Wisconsin library municipalities.

Specific observations

a. Countywide library spending per capita.

In Racine County, total 2006 spending for library services—from municipal sources and from the county levy—was \$27.81 per capita. This placed it 41st among Wisconsin’s 72 counties, although the figure is only slightly below the state median of \$28.93. However, Racine County placed 18th among the “top 20” counties, with its spending well below that group’s median of \$36.12 per capita. See Tables 1 and 2.

b. Countywide library taxation per capita.

Perhaps not surprisingly, Racine County’s total 2006 tax support for library services was also below the state average. Its \$25.00 average per capita taxation for library services was below the statewide median of \$28.13 per capita and placed it 43rd among 72 counties. Among the “top 20” counties, Racine County had the lowest 2006 tax support for library services, well below the group median of \$34.76 per capita. See Tables 3 and 4.

c. Countywide library tax mill rates.

Given Racine County’s overall low spending for libraries, it should also not be surprising that the average mill rate reported in DPI’s 2006 data—the average of the mill rates for the library municipalities and for the county’s library levy—is also relatively low. In fact, at 0.379, that average is 15th among the 20 large counties and 41st out of 72 counties statewide. The median mill rates for those two groups are 0.501 and 0.412, respectively. See Tables 5 and 6.

d. Comparability of per capita tax burden.

While consolidated countywide library systems seem likely to produce the greatest parity in per capita tax burden on county residents, some Wisconsin counties without countywide systems also do a good job of achieving comparable per capita tax burdens; and Racine County stands high among them. For residents

library tax rates countywide. Thus, they provide no comparisons with regard to disparities in tax support between municipalities that have libraries and those that do not.

of non-library municipalities in Racine County, the 2006 per capita tax burden for library services was 84.32% of the per capita tax burden for the residents of library municipalities. That is more than twice the median percentage for the Wisconsin counties that do not have countywide library systems, and it places Racine County 3rd among those 60 counties.⁵ It also places Racine County 3rd among the 17 of the “top 20” counties that do not have countywide library systems. See Tables 7 and 8.

e. Comparability of mill rate tax burden.

A consolidated countywide system clearly produces the greatest equality, in terms of mill rate burden, among residents across the county. However, because property values can vary so greatly among municipalities, mill rates need not be identical for tax burden sharing to be relatively equal. For this purpose, relative standing among counties may be a better indicator of the equivalence of a county’s system, and Racine County stands well indeed. Among the 60 Wisconsin counties without countywide systems, Racine County has the 11th highest ratio of non-library municipalities’ mill rates (i.e., the county library levy mill rate) to the mill rates of the library municipalities. And among the relevant 17 large counties, its ratio puts it right in the middle, at 8th place. Thus, in its library tax rates, as well as its per capita taxation, Racine County compares favorably with other counties for ensuring a fair distribution of the burden. See Tables 9 and 10.

f. Library levy’s percentage of library municipality costs to serve non-residents.

This document elsewhere discusses the variety of appropriate measures of library municipalities’ costs of serving residents of other municipalities within the county. For purposes of this comparison, we will use the measure established in sec. 43.12, Wis. Stats.: (1) the municipal library’s total non-capital, operating expenditures (less expenditures of federal funds), divided by its total number of library loans, (2) multiplied by the number of library loans it made to county residents from municipalities that do not have libraries. (See Attachment A.)

Elsewhere, this document also discusses the problem of the so-called “two-year” delay between the time in which municipal libraries incur costs for serving non-residents and the time that they receive their shares of the county library levy. This can complicate inter-county comparisons, since the DPI data reflect county payments actually made in the year reported. Consequently, this examination will consider DPI’s data for 2006 (which, at least for some counties, will include county payments reflective of municipalities’ 2004 costs), as well as its data for 2004—but adjusted by insertion of 2006 county payments.

Using 2006 data alone—that is, comparing 2006 county payments to municipal libraries’ 2006 expenditures—Racine County’s library levy equaled 91.66% of library municipalities’ costs of serving non-residents. That places Racine County

⁵ Technically, Milwaukee County does not have a truly unified county system, because 4,052 of its 936,996 residents do not live in library municipalities. However, because that is only 0.43% of the county’s total population, and because Milwaukee County is exempt from the statute governing county payments for library services, it is more convenient to treat it as one of the 12 in the state that has a countywide system.

in the top half of the state's 60 counties without countywide systems, well above that group's median of 83.18%. Racine County's percentage also exceeds the percentages of 6 of the 17 large counties that do not have countywide systems. See Tables 11 and 12.

But the more relevant data are those which compare the municipal libraries' costs for one year with the county payments they receive two years later—e.g., municipal cost data for 2004, compared to payments they receive in 2006. Using that measure, Racine County's levy payment to municipal libraries was 98.74% of their compensable costs for loans to county residents from non-library municipalities. Statewide, that places Racine County well above the median for the 60 counties without countywide systems—90.97%. The county's percentage also exceeds the percentages of 7 of the 17 large counties that do not have countywide systems. See Tables 13 and 14.

Interestingly, some counties apparently fail to reach the statutory minimum of 70% reimbursement of municipal libraries' costs of serving non-residents. Measured by the unadjusted 2006 data, 12 of the 60 counties without countywide systems—20%—miss that mark. Even measured by the adjusted 2004 data, three counties fall short of the 70% target. See Tables 11 and 13.

g. Racine County *municipalities*' library taxes compared to municipal library taxes in other counties

An important reason why Racine County is at the lower end of county-by-county comparisons of support for libraries is that the Racine County municipalities that have libraries support them at levels well below the levels of most Wisconsin library municipalities.

One measure of support is the average library service mill rate imposed by library municipalities in a county (or the mill rate for library services imposed by the entire county, if it has a countywide system). For 2006, the average mill rate imposed by Racine County library municipalities was 0.566. This placed Racine County 45th out of 71 Wisconsin counties⁶ and well below the median for all 71 counties, which was 0.727. Among the 20 most populous counties (except Milwaukee County), Racine County's average municipal library mill rate placed it 12th and also below the median of 0.649. See Tables 15 and 16.

More illuminating may be a comparison of the average library service tax per capita imposed by library municipalities in a county (or, again, the tax per capita for library services imposed by the entire county, if it has a countywide system). Here, Racine County library municipalities fared even less well. In 2006, their average per capita tax burden for library services was \$26.97, placing Racine County 61st among all Wisconsin counties and substantially below the state median of \$38.66. Among the 20 most populous counties, the \$26.97 average per capita tax burden of Racine County library municipalities was even farther below that group's \$40.75 median. Of those 20, Racine County ranked second lowest. See Tables 17 and 18.

⁶ Menominee County does not impose a property tax for library support.

Comparisons among Racine County Municipal Libraries

Racine County's libraries are five independently governed and operated municipal libraries, not five members of a consolidated system. For that reason alone, it can be expected that many aspects of their respective operations, including usage and funding, can vary substantially. This discussion does not purport to provide an exhaustive, or even a wide-ranging, comparison of the county's five libraries, but it does attempt to highlight several aspects of library usage and funding that may be of general interest. Data come from DPI reports for the period 2001-2006.⁷

Overall usage trends

Between 2001 and 2006, total library circulation in Racine County generally increased, at an average annual rate of 5.27% and a total increase for that period, of 13.76%. The total amount of circulation to Racine County residents from non-library municipalities increased at only slightly greater rates: a 6.21% annual average and a 15.90% total increase. See Table 19 and Chart 1.

Individual libraries' usage trends

Among individual libraries, however, there were some "winners" and "losers." Although the Racine Public Library maintains its position with, far and away, the highest circulation, its pre-eminence is diminishing. For example, although its circulation did grow between 2001 and 2006, that growth was only 5.30%, far below the countywide average of 13.76%. Interestingly, the Racine Public Library's circulation to non-residents grew only by 3.14% in that period, even though the city's population has steadily declined, while the populations of neighboring municipalities continue to grow. Over those years, Racine Public Library's share of total county circulation has steadily declined, from 70.80% to 65.54%.

The Burlington Public Library experienced a 5.61% *decrease* in circulation between 2001 and 2006, along with a 15.14% decrease in circulation to nonresidents. Its share of total county circulation has also generally declined, from 14.96% to 12.41%.

Rochester, Union Grove, and Waterford have seen substantial percentage increases in circulation and in their shares of total county circulation. Union Grove's circulation increased 16.31% from 2001 to 2006, and its circulation to nonresidents increased by 21.66%. Rochester's circulation during that period increased by 46.13%, and its circulation to nonresidents jumped by 57.73%. Waterford, however, experienced the largest percentage increases: a 115.84% jump in total circulation and a nearly equal increase in nonresident circulation—110.83%.

Despite their impressive percentage increases, the Rochester and Union Grove libraries did not significantly change their shares of total Racine County circulation. Union Grove's share went from 4.44% to 4.54%, while that of Rochester went from 1.77% to 2.28%. Here again, Waterford's significant circulation increases had a demonstrable effect on its share of total county circulation. It went from an 8.03% share in 2001 to a 15.24% share in 2006—nearly doubling its portion of total library circulation in Racine County. See Tables 20 and 21 and Charts 2 and 3.

⁷ 2006 data are the most recent data available.

Changes in circulation to residents of Racine County library municipalities

As noted earlier, library levy calculations take into account only municipal libraries' circulation to non-residents who live in county municipalities without libraries. It is instructive, therefore, to look at 2001-2006 changes in circulation to residents of library municipalities and residents of non-library municipalities.

2001-2006 Changes in Circulation to Non-Residents

<u>Library</u>	<u>Change in Circulation to Non-Residents from Library Munis</u>	<u>Non-Library Munis</u>
Burlington:	-38.26%	-11.08%
Racine:	87.32%	1.88%
Rochester:	11.05%	109.79%
Union Grove:	132.22%	19.73%
Waterford:	164.43%	102.96%

County library levy relationship to individual libraries' budgets

For reasons more fully explained elsewhere,⁸ it can be difficult to measure with precision the relationship between the county library levy and municipalities' levies and total budgets for their libraries. Briefly stated, the problem is that of the so-called "two year" time lag between the year in which municipal libraries render services to nonresidents and the year in which they receive the county library levy as payment for those services. In an effort to minimize the complications due to this delay, ***the following discussion compares municipalities' yearly library levies and budgets with their respective shares of the county library levy passed in the following year and distributed to them in the year thereafter.*** Thus, municipalities' library levies and income totals for 2001 are compared with their respective shares of the levy imposed in 2002 and paid to them in 2003.

County library levy as a percentage of the municipal library levy

Except for the Burlington Public Library (which has experienced both an actual and a relative decline in circulation), between 2001 and 2006, the shares of the county library levy received by the individual municipalities have tended to be larger, in comparison to their individual levies. Thus, Racine's share of the county levy was 43.95% as large as the municipal levy for the 2001 budget, but 67.25% as large as the municipal levy for the 2006 budget. For Rochester, county funds for 2001 services were 25.57% of the municipal levy for that year, while county funds for 2006 services were 44.15% of the municipal levy for that year. Over the same period, Union Grove saw a relative increase in county levy, vis-à-vis municipal funding, from 52.03% to 74.93%. But once again, the "champion" was Waterford. Its portion of the county levy for 2001 services was 50.67% as great as its municipal levy for that year's services, but its share of the county levy for 2006 services was equal to 142.44% of its municipal levy for those services. See Table 22 and Chart 4.

County library levy as a percentage of municipal libraries' total income

Also of importance is the relationship between each municipality's share of the county library levy and its total income for the year. Here, as well, only Burlington saw the

⁸ See, 'How the Library Levy Works in Racine County,' *infra*.

county library’s contribution decline relative to its total income. Although there have been some slight peaks and valleys between 2001 and 2006, for each of the other four municipal libraries, its share of the county levy has been a generally increasing share of its total income for the relevant year. The percentage changes for the five libraries are as follows:

<u>Library</u>	Share of County Levy as Percentage of Library Income	
	<u>2001</u>	<u>2006</u>
Burlington:	31.55%	26.55%
Racine:	26.72%	35.18%
Rochester:	20.61%	33.82%
Union Grove:	23.60%	39.95%
Waterford:	34.19%	55.28%

As with the previous comparisons, Waterford has benefited the most. See Table 23 and Chart 5.

Changes in municipal levies for libraries

Although the Racine County library levy consistently increased over the period 2001-2006,⁹ Racine County municipal library levies fluctuated significantly over the same period. Three municipalities—City of Racine, Village of Union Grove, and Village of Waterford—had at least one year-to-year *decrease* in their levies for library services. See Table 24 and Chart 6.

Indeed, for that 2001-2006 period, two municipalities—the City of Racine and the Village of Waterford—had net municipal levy reductions of 3.84% and 11.99%, respectively. On the other hand, the Village of Union Grove’s levy for library services increased by a net 6.88%, the City of Burlington’s levy increased by a net 13.48%, and the Rochester municipalities’ library levies increased by 74.30%. See Table 24 and Chart 7.

Municipalities’ compliance with the “3-year average” rule

As noted earlier,¹⁰ the county is required to provide library funding in an amount no less than the average of what it provided in the previous three years.¹¹ The same is true of the municipalities whose libraries participate in the Lakeshores Library System.

Section 43.15(4)(c) of the Wisconsin Statutes states:

A municipal, county or joint public library may participate in a public library system if it meets all of the following requirements:

* * * * *

5. The total amount of funding received from its governing body or, for a joint public library, its governing bodies, is not less than the average of such funding received for the previous 3 years. The following are not included as funding for purposes of computing the 3-year average:

- a. Funding received from a state, federal or private source that has been designated as funding for library services.

⁹ Albeit with one year—2005—in which the levy remained flat.

¹⁰ See, “How the Library Levy Works,” *supra*.

¹¹ Wis. Stat. § 43.15(2).

b. Unspent funding appropriated by a municipality or county for library services for a prior year.

c. For a municipal or joint public library, funding received from a county.

Data available from DPI raise the possibility that, between 2002 and 2006, every Racine County library municipality, except the Town and Village of Rochester, may have technically failed to comply with this requirement at least once. See Table 25. In some cases, the departure from the 3-year average is minimal; in others, it appears, on a percentage basis, quite substantial.

It should be stressed, however, that a municipality's failure to comply with the 3-year average requirement does not, in and of itself, affect the county's responsibility to do so.

How the Library Levy Works in Racine County

Municipalities that operate libraries view the county library levy as a means by which they are “reimbursed” for the cost of serving non-resident patrons. Others view the levy not as a “reimbursement,” but as a way for residents of non-library municipalities to contribute in appropriate measure to libraries that they patronize. This difference of views helps to explain much of the annual debate over the size of the levy.

County responsibility to pay for library services

State law¹² requires Racine County to pay an amount each year to each municipality that operates a library in this and adjacent counties (except Milwaukee County), to help bear the cost of serving residents of other Racine County municipalities. That amount is required to be not less than 70% of the product of

- 1) the municipal library’s total non-capital, operating expenditures (less expenditures of federal funds), divided by its total number of library loans,
- 2) multiplied by the number of library loans it made to Racine County residents from municipalities that do not have libraries.

In short, Racine County must pay each library municipality at least 70% of its cost of serving this specified category of non-residents during the most recent year for which data are available. State law also requires that the county’s support for library services in a particular year be not less than the average of its support for the preceding three years.¹³ These are the two basic requirements concerning library services that state law imposes upon Racine County.

Municipalities subject to levy for library services

State law permits the county to levy a tax with which to make these payments for library services.¹⁴ A municipality that operates a library is exempted from a library levy, provided that the municipality’s mill rate for library services is at least as high as the mill rate imposed by the county for its library levy.¹⁵ Every Racine County municipality that operates a library is exempt from the county library levy. Thus, residents (and other property owners) of the Cities of Burlington and Racine, the Villages of Union Grove and Waterford, and the Town and Village of Rochester pay no county library levy, because their municipalites tax them at sufficiently high rates.

Phrased another way, residents (and other property owners) in the following municipalities do pay the library levy: the Towns of Burlington, Dover, Norway, Raymond, Waterford, and Yorkville; and the Villages of Caledonia, Elmwood Park, Mount Pleasant, North Bay, Sturtevant, and Wind Point.

Based on Wisconsin Department of Revenue equalized assessed valuations for January 1, 2007, the aggregate property values for the six library municipalities accounted for 37.7% of the county’s total. Based on Wisconsin Department of Administration population estimates for January 1, 2007, the populations of those library municipalities accounted for 53.1% of the county’s total.

¹² Wis. Stat. § 43.12.

¹³ Wis. Stat. § 43.15(2).

¹⁴ Wis. Stat. § 43.64.

¹⁵ In 2007, this mill rate was 0.228.

Distribution of proceeds

In Racine County, the proceeds of the tax go to the Lakeshores Library System, a two-county federated library system that includes all the Racine (and Walworth) County municipalities that operate libraries. Lakeshores first pays the cost of Racine County residents' use of library systems in adjacent counties¹⁶ and then allocates the remaining proceeds among the five Racine County municipal libraries in proportion to their respective total costs of serving non-residents. Amounts claimed by libraries in other counties, and agreed to by Lakeshores¹⁷, are paid in full. The remainder, whatever that may be, is split among the Racine County libraries.

Lakeshores Library System's method of allocation

Under the system currently employed by Lakeshores, each Racine County library calculates its costs of service to non-residents by multiplying its average cost per library loan¹⁸ times its total circulation to all Racine County residents who are non-residents of its municipality. If the total of all those costs exceeds the remaining amount of the library levy, the five libraries share the shortfall in proportion to their respective total costs of serving non-residents from Racine County.¹⁹ Thus, hypothetically, if the five libraries' costs of serving those non-residents total \$2 million, but the library levy remaining after paying adjacent counties is only \$1.8 million (90% of \$2 million), each library receives 90% of its cost of serving non-residents.

Some important implications of the statutory requirement and/or the Lakeshores allocation method

Several aspects of the statutory scheme, as implemented within the Lakeshores Library System, warrant particular attention.

The library levy does not help Racine County libraries cover the costs of serving residents of other counties

Just as libraries in adjacent counties look to Lakeshores to pay them for the cost of loans to Racine County residents, municipal libraries in Racine County look to the home counties of non-residents to whom they make loans. This is a function of the statute, which requires a county to pay libraries within its borders (and in adjacent counties) for loans to residents *of that county*.²⁰

¹⁶ These are primarily the Kenosha County Federated Library System, and Waukesha County Federated Library System. As noted above, Milwaukee County is not included, because Milwaukee County libraries are not required to grant lending privileges to residents of adjacent counties.

¹⁷ For example, pursuant to an agreement within the Lakeshores system, Lakeshores pays Walworth County libraries (also in the Lakeshores system) for their use by Racine County residents at a per-loan rate equal to the average cost per loan of the five Racine County libraries.

¹⁸ As with the calculation prescribed in Wis. Stat. § 43.12(1), this is to be based only on operating costs, not capital expenditures.

¹⁹ In theory, there could be some disparity in the "reimbursement" rates for the five municipal libraries, provided that no library's rate exceeds 95%, unless all libraries' rates do so. In practice, however, Lakeshores has allocated available levy funds among Racine County libraries in strict proportion to their respective costs of serving non-residents.

²⁰ Wis. Stat., § 43.12(2).

Until this year, the Lakeshores method of calculating compensable costs has departed from the method specified in the governing statute

As noted above, under Wisconsin law, the county must pay each municipality with a library at least 70% of an amount equal to its average cost of circulation, multiplied by the number of its loans to *residents of other municipalities within the county that do not have libraries*. Wisconsin law also specifies that the average cost of circulation must exclude expenditures of federal funds. In contrast to these statutory requirements, however, when reporting claimed compensable costs at least for the years 2002 to 2006, Racine County libraries in the Lakeshores Library System (a) did not deduct federal funds from their expenditure levels and (b) claimed both for loans to residents of Racine County municipalities without libraries, and for loans to residents of other municipalities with libraries. The latter departure from statutory requirements typically overstated circulation data by six to seven percent. (*Compare* Attachment B, Lakeshores' report of 2006 costs, with Table 26.)

Thus, depending on the particular year, a Racine County municipal library's claimed cost of circulation could have been higher than specified by statute²¹, and the total amount claimed would almost certainly have been higher than that contemplated under the relevant statute.²² At a minimum, this disparity has contributed to misperceptions about how closely the county's library levy has met municipal libraries' claimable costs.

Fortunately, this problem has recently been resolved. An April 28, 2008 letter from the Lakeshores Administrator to the County Executive forwards a total request for library levy funding that states its compliance with sec. 43.12, including its reliance only on circulation to Racine County residents from non-library municipalities. (Attachment C.)

The Lakeshores method of calculating compensable costs differs from the method specified in Lakeshores' Library Services Agreement with Racine County

In 1989, Lakeshores entered into an agreement with Racine County concerning library services. The agreement automatically renews every year, unless either party provides the other at least six months' notice of termination. Neither party has terminated the agreement, nor has either party taken formal action to amend it in any way. A copy of the agreement is Attachment D.

Although the agreement was executed in 1989, as recently as 2000, it was reviewed by the Wisconsin Department of Public Instruction (DPI), the state government agency responsible for supervising library systems. DPI interpreted the agreement "to commit Racine County to reimbursement of any system library serving Racine County residents who do not live in a library community, and provides a formula for calculating the funding level and reimbursement amounts for that service."²³ (Attachment E.)

²¹ Depending on whether it receives federal funds in that year.

²² Because every Racine County municipal library makes some loans to residents of other municipalities that also have libraries.

²³ But it should be noted that, in later correspondence, the same DPI representative may have discouraged use of the 1989 Agreement formula, rather than the formula contained in sec. 43.12. See Attachment C.

Two provisions of the agreement are of particular importance to this discussion. First, Section III declares:

Use by residents of one library municipality of another municipal library is considered reciprocal use in system contracts with member libraries. No compensation is paid to these libraries for such reciprocal use. *Such use will not be added to the circulation attributed to County-taxed residents or for formula calculations for County appropriations.* (Emphasis added.)

This seems to state quite clearly that, both in seeking county funds and in allocating funds among themselves, the municipal libraries are not to include circulation to residents of any of their municipalities.

Furthermore, Section IV includes this paragraph:

4. The following is the method for determining proposed annual funding by the County for library services to County-taxed residents: a) The annual circulation of materials by county-taxed residents at each library will be calculated for the most recent available reporting year. b) This circulation will be stated as a percentage of each library's total circulation. c) Each library's total operating costs (*from tax sources only*) for the most recent available year will be calculated. d) The County portion of tax support should, as nearly as possible, match the percent of circulation in (b) above. (Emphasis added.)

Note that this is a more limited definition of claimable operating costs than what appears in Sec. 43.12, Wis. Stats. Under that statute, libraries may calculate their average cost per circulation on the basis of all operating costs, except "expenditures of federal funds."

The phrase "from tax sources only" can be read in various ways. For instance, because state and federal funds, as well as county and municipal funds, derive from taxes of some sort, the phrase might permit libraries to count their operating expenditures from all such public funding sources. Even in that case, however, the agreement would appear to require municipal libraries to exclude operating expenditures funded by non-tax sources such as fees, fines, and donations.

But a more restrictive understanding of countable "tax sources" is also possible. The purpose of the entire agreement is to achieve some comparability in tax burdens between residents of municipalities that have libraries and residents of municipalities that do not. Viewed in that light, the agreement could be read as permitting claimable operating costs to include only those funded through property taxes—and, therefore, as excluding state and federal funds, as well as non-tax income sources.

Does Sec. 43.12, Wis. Stats., affect the library services agreement?

As noted above, Sec. 43.12, Wis. Stats., permits municipal libraries to report all operating costs, except those paid for with federal funds. That statute was enacted in May of 1998, eight and a half years after Racine County and Lakeshores executed the library services agreement. Does its subsequent enactment supersede the agreement in any way?

Although the statute necessarily affects the relationship between the county and the municipal libraries, it does not necessarily *supersede* the agreement. First, as noted above, a representative of DPI reviewed the agreement in 2000, two and a half years after enactment of Sec. 43.12. The reviewer noted no need for change, nor did he suggest that the statute had modified any provision of the agreement. It should be noted, however, that, in discussions with Lakeshores Library System officials during 2008, the same DPI

representative may have expressed a preference for the county's application only of sec. 43.12, rather than application of the Library Services Agreement, as limited by sec. 43.12. (See Attachments C and E.)

Second, the library services agreement and the statute are compatible with each other. The statute specifies the reportable circulation costs as part of its mandate that a county provide municipal libraries at least 70% of their costs of serving residents of non-library municipalities. The agreement specifies a more limited set of costs in conjunction with its statement that county tax support "should, as nearly as possible, match" the municipal libraries' costs of such service. The county can, "as nearly as possible, match" municipal libraries' circulation costs that exclude federal, state, and private funds and yet provide 70% of costs that include state and private funds. In fact, as shown on Table 27, for every year from 2001 through 2006, the reportable costs under the library services agreement greatly exceeded 70% of the costs reportable under the statute. This view of compatibility between the agreement and the statute is consistent with the reported views of the DPI representative, discussed in the immediately preceding paragraph.

The library levy provides no compensation to municipal libraries for capital expenditures

Although Wisconsin law permits (but does not require) a county to include funding for capital expenditures in its payments to municipal libraries,²⁴ both the library service agreement and the Lakeshores formula exclude such expenditures in the calculation of each library's cost per library loan. It should be noted, however, that acquisitions of library materials—books, CDs, DVDs, etc.—are treated as operating costs, not capital costs. Therefore, municipal libraries can claim proportional compensation, through the library levy, for updating and increasing their holdings to meet the needs of all their patrons, including patrons from Racine County municipalities without libraries.

The "two year" time lag

Municipal libraries routinely remind the county that they receive funds from the county two years after they have provided to non-residents the library services for which the funds are provided. But this is a necessary consequence of the statutory scheme that applies in every Wisconsin county that does not have a consolidated county library system; it is not unique to Racine County.

Wisconsin law requires each public library to report to the local county clerk, by July 1 of each year, the *previous* year's total circulation and its circulation, during the previous year, to residents of the county who do not reside in municipalities that have libraries. The county is to pay the municipal libraries at least 70% of the reportable costs of circulation to those specified county residents, by March 1 of the year following the report. Thus, costs incurred by the municipal libraries during Year 1 are reported to the county in mid-Year 2, factored into the county's budget for Year 3, and compensated early in Year 3. Because municipal libraries receive county funding on the basis of services already rendered, some time lag is inevitable. And, so long as the fiscal years of

²⁴ Wis. Stat., §43.12(5m).

both counties and municipalities (and their libraries) are calendar years, the present time lag of 14 to 26 months²⁵ also appears unavoidable.

²⁵ Municipal libraries often speak of being paid for services “two years” after they are rendered. Actually, sets the levy in Year 2 and actually pays the municipal libraries before March 1st of Year 3, for services provided from January to December of Year 1. Therefore, somewhere between 14 and 26 months elapse between the time that services are rendered and the time that compensation is paid.

Comparing the County Library Levy to Municipal Libraries' Compensable Costs

From time to time, especially in anticipation of the annual budget process, Racine County municipalities with libraries call upon the county to provide what they call “100% reimbursement” for the costs they believe should be compensated by the library levy. The reality is that, at least for the last six years, the county’s library levy has exceeded 100% of the properly compensable costs of its municipal libraries, as measured by the 1989 Library Services Agreement.

A previous section, “Library Levy Introduction,” explains two important differences between the costs for which Racine County municipal libraries have sought payment and the costs for which payment is contemplated under the relevant statute and/or the 1989 Library Services Agreement:

- Whereas both the statute and the Agreement exclude certain operating expenditures from consideration, Racine County municipal libraries make no such exclusions in their requests for payment; and
- Whereas both the statute and the Agreement exclude from consideration library loans made to residents of other library municipalities, Racine County municipal libraries make no such exclusions in their requests for payment.

These differences can have important consequences.

Table 27 compares municipal libraries’ actual compensable costs for the last six years for which DPI data are available (2001 through 2006) with the library levies that were paid in the corresponding years (2003 through 2008). It compares the levies with:

- The municipal libraries’ *maximum* claimable amounts under the Library Services Agreement (i.e., including state and federal income, but excluding contract income and “all other operating income” and excluding loans to residents of other library municipalities);
- The municipal libraries’ *minimum* claimable amounts under the Library Services Agreement (i.e., *excluding* state and federal income, as well as contract income and “all other operating income” and excluding loans to residents of other library municipalities); and
- The specifications of Sec. 43.12 (i.e., *excluding* federal income and excluding loans to residents of other library municipalities).

Contrary to popular misimpression, county library levy payments for the years 2001 through 2006 (made in 2003 through 2008) always met or exceeded the standards set by the 1989 Library Services Agreement. They ranged from 105.31% of the minimum amount payable (for 2001) to 120.63% of the minimum amount payable (for 2005). Library levy payments also ranged from 100.71% of the maximum amount payable (for 2001) to 119.17% of the maximum amount payable (for 2005). The 2008 payment (for 2006) is 107.93% of the minimum amount, and 107.23% of the maximum amount, payable under the Library Services Agreement.

Furthermore, Racine County has far exceeded the 70% minimum funding mandated by Section 43.12. When measured by the standards of that statute, overall payments to the Lakeshores Library System for the years 2001 through 2006 (made in 2003 through 2008) ranged from 87.04% (for 2001) to 100.67% and 101.107%(for 2005 and 2003,

respectively). The 2008 payment (for 2006) is 93.47% of the costs specified in Section 43.12.

It should be noted that the calculated percentages are countywide. Allocation of the total library levy among the Racine County libraries in the Lakeshores system might produce somewhat different results for individual libraries. Subject to that proviso, however, when municipal libraries' claimable costs are calculated in accordance with the relevant agreement and statute, it is clear that Racine County's library levy has routinely provided more than adequate compensation.

Issues for Determination by the County Board

Issue: When setting the annual library levy, should Racine County be guided only by the governing statute, Sec. 43.12, Wis. Stats., by the statute and the Library Services Agreement, or by the statute and some other guidance?

Racine County, like any other Wisconsin county, is bound by Sec.43.12, so there is no issue about whether to comply with it. But there are important questions about whether Racine County should also take other sources into consideration when setting the library levy. Obviously, one such source is the 1989 Library Services Agreement. Perhaps others could be found or devised.

Alternative 1: Comply only with Sec. 43.12.

Pros:

- Calls for a level of funding that Racine County has long provided.
- Not subject to changes in views on the part of either the county or the municipal libraries, that might result in changes to, or at least calls for changes to, the Library Services Agreement.

Cons:

- From the perspective of municipal libraries, the 70% standard likely falls short of what they consider fair.
- From the perspective of the county generally, relying exclusively on that standard is likely to result in continued annual debates about what constitutes a fair levy—not merely the minimally imposable one.

Alternative 2: Take the Library Services Agreement into consideration, while ensuring compliance with Sec. 43.12.

Pros:

- Because the Library Services Agreement expresses an intention that the library levy should approximate the share of municipal libraries' specified operating costs accounted for by loans to Racine County residents of non-library municipalities, it is likely to be more acceptable to library municipalities than the 70% minimum set by Sec. 43.12.
- Because the Library Services Agreement excludes from consideration certain costs that would be permitted under Sec. 43.12, it is likely to be more acceptable to municipalities without libraries.
- The Library Services Agreement is consistent with Sec. 43.12, in considering only library loans to Racine County residents of non-library municipalities.
- As a practical matter, library levies that conform with the provisions of the Library Services Agreement routinely exceed the 70% minimum set by Sec. 43.12.

Cons:

- The Library Services Agreement still contains some ambiguity, primarily with respect to the meaning of the phrase, “Each library’s total operating costs (from tax sources only)”; although the County Board could act to further define what is meant by “tax sources.”
- Although not framed in mandatory language, some might find the phrase, “The County portion of tax support should, as nearly as possible, match the percent of circulation,” unduly restrictive on the prerogatives of future county boards.
- Since at least 2003, municipal libraries have sought compensation for library loans to all county residents not living in their respective municipalities, including those living in other library municipalities. They may view a strict application of the Library Services Agreement as a “step back” from what they consider present practice.

Alternative 3: Devise a new standard (a County Board resolution, a new agreement, or both), while ensuring compliance with Sec. 43.12.

Pros:

- This would permit full attention to and, hopefully, resolution of all the issues that have arisen over the last few years.

Cons:

- “Starting from scratch” is likely to be a protracted, highly challenging effort that should be undertaken only if substantial changes to the existing agreement are contemplated.
- In 2002, an ad hoc study group made recommendations concerning allocation of the library levy among the municipal libraries. Although those were never formally adopted by county government, the group’s work provides a model for making limited-purpose changes that could clarify the existing agreement without entirely abandoning it.

Issue: When setting the annual library levy, should Racine County adhere to the standard, contained in both Sec. 43.12 and the Library Services Agreement, that only library loans to Racine County residents who live in non-library municipalities should be considered?

Pros:

- Maintains consistency, not only with the standard as formally established for Racine County, but also as statutorily established for the entire state.
- Calculating the library levy on the basis of costs of library loans by one library municipality to residents of another library municipality shifts to residents of non-library municipalities costs that should be negotiated between the two municipalities directly involved.

Cons:

- Library municipalities have become used to claiming compensation for loans to residents of other library municipalities and may, to some

extent, develop their budgets in expectation of receiving county compensation therefor.

- Library municipalities may feel that requiring them to negotiate and settle the “debits and credits” of library loans to each other’s residents places an undue administrative burden on them.
- Library municipalities may feel that, at least if the county sets for itself the statutory “70%” standard, fairness would require that 70% to be based on loans to *all* county residents outside their individual municipalities.
- Including loans to residents of other library municipalities in calculation of the library levy would give municipal libraries an incentive to maximize such loans, because the cost would be borne by third parties.

Issue: When setting the annual library levy, should Racine County continue to exclude capital expenditures?

Although neither the Library Services Agreement nor Sec. 43.12 provides any basis for including libraries’ capital expenditures in development of a library levy formula, the County Board might want to review this issue.

Pros:

- Whether to build a library, and how to build it, is a decision for the municipality.
- If a municipality decides to have a library, it will have that library whether or not any non-residents borrow materials from it.
- Other municipalities have no input into/control over the nature of the capital investment and, therefore, should not be forced to contribute to it.
- Protects residents of non-library municipalities from substantial tax burdens over which they have no control.
- Avoids tempting library municipalities to make unnecessary capital investments in the expectation that others will help pay for them.

Cons:

- May not take into account the fact that capital investments may be dictated in part by the magnitude of municipal libraries’ service to surrounding communities.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by state or federal funding sources?

Sec. 43.12, Wis. Stats., specifies that, in calculating municipal library costs for purposes of applying the “70%” rule, costs covered by federal (but not state) funds are to be excluded. The Library Services Agreement speaks of “total operating costs (from tax sources only) . . .” Because municipal and county tax sources for library support can only be property taxes, that parenthetical phrase can be read to mean “from *property* tax sources only” and, therefore, to exclude state or federal funds. On the other hand, state and federal funds generally come from taxes of some sort. Should they be excluded for library levy purposes?

Pros:

- The Library Services Agreement is intended to achieve a rough equivalence in tax—i.e., property tax—burden between residents of library municipalities and residents of non-library municipalities. If costs defrayed by state or federal funds are not excluded from the calculation, residents of library municipalities pay proportionately less in property taxes than those in municipalities subject to the library levy.
- Although Sec. 43.12 does not exclude costs defrayed by state funds, it only requires counties to pay 70% of municipal libraries' compensable costs—and it does exclude federal funds. The Library Services Agreement, however, expresses an intention to pay, as nearly as possible, the share of compensable operating costs of circulation to residents of non-library municipalities. That intention suggests an expectation that costs will be calculated precisely enough to assure fairness to all sides.

Cons:

- Federal and state funds are tax-sourced. Had the county wanted to exclude such funds, the Library Services Agreement could have done so quite clearly.
- This is often a *de minimis* matter. Federal and state funds are generally not significant sources of income to municipal libraries; in some years, some Racine County municipal libraries receive no federal funds at all.
- When state funds are substantial, they are usually tied to special services provided by the respective libraries, not provided for general operating costs. Excluding those costs from consideration might penalize the recipient library for providing the special services.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by funds reported to DPI as “Contract Income” or “All Other Operating Income”?

DPI reports include categories for “Contract Income” and for “All Other Operating Income.” “Contract income” covers “income received from government units, libraries, and counties and library systems other than [the library’s own] county or [its] system for services provided by the library.” “All other operating income” includes “any operating income other than that reported in [previous] items . . . [including] gifts, donations, interest, fines, and fees . . . if the funds were available for library use.”²⁶ Because the Library Services Agreement considers costs “from tax sources only,” costs defrayed by funds in these categories would seem to be excluded. Here again, however, the County Board might want to revisit the matter.

²⁶ There has been discussion of whether, besides fines, fees, and donations, the term “All other operating income” encompasses carryover funds from a previous year. The instructions for the 2007 DPI report indicate that there may, for that year, be a new item for carryover funds. Reports for the years through 2006 do not contain a separate item. For purposes of our discussion, it probably should be assumed that “all other income” includes carryover funds.

Exclusion of “Contract Income” costs.

Pros:

- “Contract income” often involves contracts between the municipal library and jurisdictions whose residents it serves, as envisioned in the Library Services Agreement: “Use by residents of one library municipality of another municipal library is considered reciprocal use in system contracts with member libraries.”
- Expenditures that are defrayed by contract income should be excluded, to ensure that residents paying the library tax do not wind up bearing at least a portion of the costs of loans to residents of library municipalities.
- Protects residents of non-library municipalities from tax burden for which they should not be responsible.
- There is an additional reason for excluding contract income from *another library municipality in Racine County* (i.e., for library loans made to residents of that other municipality). The library making the payment can claim it as an operating expenditure. If the recipient library need not deduct the payment from its operating costs, those paying the library levy wind up paying a share of that cost twice.

Cons:

- If the library municipality collects more under contract than its average circulation cost, it does not derive the benefit of its “profit.”

Exclusion of “All Other Operating Income” costs.

Pros:

- The Library Services Agreement is intended to achieve a rough equivalence in tax—i.e., property tax—burden between residents of library municipalities and residents of non-library municipalities. If costs defrayed by non-property tax sources—e.g., fines, fees, and donations—are not excluded from the calculation, residents of library municipalities pay proportionately less in property taxes than those in municipalities subject to the library levy.
- Even if “All other operating income” includes carryover funds from a previous year, and even if those funds derive in whole or in part from municipal property tax sources, they should be excluded, because:
 - It is likely to be very difficult to distinguish the sources of carryover funds (except, perhaps, for funds earmarked for a specific use or purpose); and
 - It would give the library municipality a double claim: a proper claim of its municipal appropriation in the first year, but a claim for a portion of the very same appropriation in the second year.

Cons:

- Excluding from consideration costs defrayed by fines, fees, and donations arguably penalizes a municipal library for effective development of non-tax sources of support.

- Excluding from consideration costs defrayed by a carryover of funds from a previous year arguably penalizes a municipal library for efficient operations.

Issue: In addition to establishing guidance for establishing the library levy, should the County Board establish a method for allocation of the library levy among the county's five participating municipal libraries?

The Library Services Agreement discusses the considerations relevant to setting the Racine County library levy, but it says nothing about how the county's municipal libraries allocate that levy among themselves, once it is paid to the Lakeshores Library System. Prior to 2002, that allocation process was apparently worked out among the libraries.

As noted previously, in 2002 the libraries asked the county to assist it in devising a new formula for allocating the levy among themselves: and the County Executive accommodated that request, by appointing a working group of 11 individuals. Although the working group's recommendations never received formal approval by the County Board, the Lakeshores System's member libraries have since treated those recommendations as the prescribed formula for allocating the library levy. Should the County Board prescribe an allocation formula?

Pros:

- By setting the allocation formula, the county can be confident that the funds paid to the Lakeshores Library System will be proportionately redistributed to each municipal library.
- County government may be the only entity capable of establishing an allocation formula that can bind the actions of the Lakeshores Library System and withstand objection by individual municipalities. The Lakeshores Library System Board of Trustees may not have the authority to do so. Unless a formula is established by the County Board, the six library municipalities might have to negotiate an allocation formula among themselves.
- If the County Board adheres to the basic terms of Sec. 43.12 and of the Library Services Agreement—thereby excluding from consideration library loans made to residents of other library municipalities—municipal libraries may be entitled to lower levy payments than they have hitherto believed. This, in turn, could exacerbate competition for shares of the library levy, requiring that an allocation formula be set by an external authority (i.e., the County Board), rather than being negotiated among the library municipalities.

Cons:

- Setting an allocation formula will be a contentious process.
- At a minimum, the full County Board should have the benefit of committee recommendations.

Committee Recommendations on Issues for County Board Determination

Issue: When setting the annual library levy, should Racine County be guided only by the governing statute, Sec. 43.12, Wis. Stats., by the statute and the Library Services Agreement, or by the statute and some other guidance?

Recommendation: Racine County must, of course, comply with Sec. 43.12, which requires that each municipal library receive at least 70% of the operating expenditures (less expenditures offset by federal funds) attributable to their circulation to Racine County residents of municipalities without libraries. However, the committee believes that the county's responsibility with respect to library funding, and its commitment to a fair sharing of the property tax burden, are more fully reflected in the Library Services Agreement. Therefore, the committee recommends that Racine County be guided by the Library Services Agreement, provided, of course, that the minimum requirements of Sec. 43.12 are met.

Issue: When setting the annual library levy, should Racine County be guided by the standard, contained in both Sec. 43.12 and the Library Services Agreement, that only library loans to Racine County residents who live in non-library municipalities should be considered?

Recommendation: Yes. The committee commends the Lakeshores Library System for recognizing this standard and, therefore, for submitting a 2009 funding request that is based only on circulation to Racine County residents who live in non-library municipalities.

Issue: When setting the annual library levy, should Racine County continue to exclude capital expenditures?

Recommendation: Yes. The decisions whether and how to establish and furnish libraries rest exclusively with the municipalities that operate them. Unlike operating expenses due to circulation by non-residents, capital expenses are not engendered by non-residents. Consequently, non-residents should not be expected to help bear those costs through the library levy.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by state or federal funding sources?

Recommendation: No. The committee recognizes that, for purposes of Sec. 43.12, Wis. Stats., expenditures supported or offset by federal funds may be excluded from the operating expenditures for which municipal libraries may seek payment. Nevertheless, the committee believes that expenditures supported or offset by state funds and federal funds should be included for purposes of determining the appropriate level of the Racine County library levy.

For most Racine County municipal libraries, state and federal funds are generally insignificant; and, in some cases, federal funds are nonexistent. Thus, including expenses offset by those funds is not likely to have much effect on the library levy. In addition, the Library Services Agreement calls for compensation

based on municipal libraries operating costs that are offset by “tax sources only.” That phrase can be fairly read to include state and federal tax sources. For these reasons, the committee recommends inclusion of costs offset by state and federal funds for purposes of calculating the library levy.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by funds reported to DPI as “Contract Income”?

Recommendation: As defined by DPI, “Contract Income” refers to payments to municipal libraries from other jurisdictions for library services provided to residents of those other jurisdictions. In the case of Racine County municipal libraries, such contracts are likely to involve other counties, or municipalities in other counties, whose residents borrow library materials from those municipal libraries.

As a general proposition, the committee recommends that such expenditures be *included*, not *excluded*. However, the committee recommends one exception to this general rule; namely, with respect to contracts, if any, between two Racine County library municipalities for circulation to each other’s residents.

The committee makes its basic recommendation, that such expenditures be *included*, for several reasons. First, if a municipal library’s expenditures (costs) of library loans to another county’s residents are *excluded* because that county has paid for the library loans, then those loans should also be excluded from the municipal library’s total circulation. Although this is theoretically not a problem, DPI reports do not break down circulation data to reflect every individual jurisdiction in which borrowers reside.

Even if the circulation to the particular jurisdiction could be determined, exclusion of the expenditures could actually shift costs to the library levy. If the municipal library gives the outside jurisdiction a favorable deal—i.e., if it contracts for a price below the overall average cost of circulation—the municipal library shifts some of its “loss” to the library levy.

On the other hand, if the contract income is excluded, but the total circulation is *not* reduced, the average cost of circulation (the remaining costs divided by the total circulation) is affected. Under the Library Services Agreement, the library levy should cover the share of the claimable total operating costs that is proportional to the share of total circulation attributable to loans to residents of Racine County non-library municipalities. If the total operating costs are reduced, but total circulation is not correspondingly reduced, the library levy would pay the same percentage of a smaller amount. That would shortchange the municipal library and the municipality’s taxpayers. A hypothetical illustration appears in Table 28.

For the foregoing reasons, the committee has concluded that it more consistent with the principle of fair apportionment of the property tax burden to *include* costs offset by income from contracts with jurisdictions other than Racine County library municipalities.

The situation is reversed, however, if the contract is between two (or more) Racine County library municipalities. This is because DPI permits libraries to claim, as part of their operating expenditures, payments made to other libraries. Therefore, if one Racine County library makes a payment to another for loans made to its residents of its municipality, the library can claim that as an operating expenditure. If, however, the recipient library can also include the costs covered by that payment in its compensable costs, the library levy would bear a double burden. A hypothetical illustration appears in Table 29.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by funds, such as fees, fines, and donations, reported to DPI as “All Other Operating Income”?

Recommendation: Yes. DPI’s Instructions for the 2007 Wisconsin Public Library Annual Report state, with respect to the “All Other Operating Income” item, “Report gifts, donations, interest, fines and fees here if the funds were available for library use.” The instructions further state that the reporting library should “not include endowment or trust funds that were not available to the library for expenditure during the report year.” The committee recommends that, under the Library Services Agreement, expenditures supported or offset by such funds should be *excluded* when determining the expenditures subject to compensation by the library levy.

The committee’s recommendation is grounded in its commitment to strike as fair a balance, as possible, in the property tax burdens for library services borne by residents of library municipalities and those county residents paying the library levy. If a library municipality can claim as compensable expenditures that are offset by fees, fines, or donations, it derives the entire benefit of such funds, while persons paying the library levy derive no benefit from them at all. On the other hand, if expenditures offset by fees, fines, or donations are not claimable as compensable expenditures, the library municipality still derives some—but not *all*—of their benefit. Residents paying the library also share in that benefit, in proportion to their share of the contribution to the library’s total circulation and, in turn, to their share of its total claimable operating expenditures. A hypothetical illustration appears in Table 30.

Issue: If Racine County looks to the Library Services Agreement when setting the annual library levy, should it exclude expenditures supported by funds reported to DPI as “Funds Carried Forward”?

Recommendation: Yes. In previous years, it appears that “Funds Carried Forward” may have been included in the category “All Other Income.” Regardless of the specific DPI reporting category, the committee believes that expenditures supported, or offset, by such funds should be *excluded* from total operating expenditures under the Library Services Agreement. Here, again, the reasoning derives from the determination to achieve fairness in the respective property tax burdens of library municipality residents and residents of non-library municipalities who pay the library levy.

Funds carried forward, of course, are funds that a municipal library receives in one year, but does not fully expended in that year and, therefore, that are available to the library for expenditure in the following year. As with expenditures offset by fees, fines, and donations, if the municipal library may *include* expenditures made in the second year, but offset by funds carried forward from the previous year, the municipal library derives all the benefit of the amount carried forward, while persons paying the property tax levy derive none. If, however, expenditures offset by funds carried forward are *excluded*, both the municipal library and persons paying the library levy derive proportionate shares of the benefit.

It might be argued that, if the library carefully controls its expenditures and builds a reserve for the following year, it ought to reap all the benefit of its economies. That argument, however, reflects a misunderstanding both of “whose money” has been saved and of the fundamental principle of striking a fair balance of the property tax burden.

First, in most cases, the library’s funds, especially its general use funds, such as municipal and county appropriations, will have been commingled. Consequently, a portion of the “savings” will be from its own residents’ tax payments and a portion will be from county residents who pay the library levy. If that is the case, why should its own residents reap the entire benefit of the first year’s frugality and the other county residents reap none?

But even if the library claims that every dollar of the first year’s savings came from the municipal levy, the benefit in the second year should be shared proportionately. In the first year, the library municipality’s residents paid library taxes in proportion to their use of the library, and the non-residents paying the library levy contributed property taxes in proportion to their use. If the library municipality gets the full benefit of any funds carried forward, non-residents paying the library levy must contribute their full share of the library’s operating expenses through another round of tax payments, whereas the library municipality residents claim to contribute as part of their share some of the taxes they had paid in the previous year. It’s as though a taxpayer could claim the very same payment as an income tax deduction in two consecutive years. A hypothetical illustration appears in Table 31.

Accordingly, in the interests of fairness and proportionality in the property tax burdens of library municipality residents and persons in non-library municipalities, the committee recommends that compensable operating expenditures *exclude* those costs offset by funds carried forward from a prior year.

Issue: In addition to establishing guidance for establishing the library levy, should the County Board establish a method for allocation of the library levy among the county’s five participating municipal libraries?

Recommendation: Yes. The committee has concluded that it is appropriate for the County Board to establish a formula for allocating the library levy among the five municipal libraries. No other body, elected or otherwise, is responsible

to all county residents for ensuring that taxes are properly imposed and properly expended.

This conclusion is bolstered by two additional considerations. First, the committee has received information indicating that the Lakeshores Library System Board of Trustees and administrative staff would welcome the committee's establishing an allocation formula. Second, it is evident that the Lakeshores Library System administrative staff and at least some of its Board of Trustees believes that, in 2002, Racine County government prescribed the allocation method that Lakeshores has been using since at least 2003. While the committee is not convinced that the county has formally prescribed any allocation method, it notes that the Lakeshores libraries appear satisfied with the formula currently in use.

Issue: If the County Board decides to establish a method for allocation of the library levy, what formula is preferable?

Recommendation: The committee strongly recommends that the County Board adopt a formula for allocation of the library levy that essentially replicates the formula currently used. A statement of the formula appears at the end of this chapter.

Issue: In what manner should the County Board declare the method by which to establish the library levy and the formula for allocating the library levy among the municipal libraries?

Recommendation: The committee recommends that the County Board adopt a resolution that enunciates its continued support of, and adherence to, the 1989 Library Services Agreement, but that expresses clarifications of that agreement and establishes a formula for allocating the library levy among the five municipal libraries, all as recommended herein. The committee intends to introduce such a resolution at a future meeting of the County Board.

Notes:

Table 32 illustrates how the recommended formulas for setting the levy and for allocating the levy would have applied to levies set in the years 2002-2007 (for library services provided in 2001-2006).

Section 43.15(2)(b), Wis. Stats., states, "The county shall maintain its support for library services at a level not lower than the average of the previous 3 years." Table 33 reflects the minimum level of the Racine County library levy for the years 2008 through 2016 (to be set in the county's budgets for years 2009 through 2017). Table 33 assumes that, for all years from 2008 onward, the county sets only the minimum library levy. Should it set a higher levy in any of those years, the minimum amount in subsequent years would, of course, be greater.

PROPOSED FORMULA FOR DETERMINING LIBRARIES' COMPENSABLE COSTS, TO BE CONSIDERED WHEN SETTING ANNUAL LIBRARY LEVY

The measure of compensable costs to be considered during the setting of the annual library levy shall be the total of amounts calculated for all five Racine County municipal libraries plus access payments made to other libraries. For each such library, the calculation of compensable costs shall be made as follows, using the same data that the library reports to the Wisconsin Department of Public Instruction (DPI):

1. Determine the costs to be included in gross operating expenditures, i.e., all operating expenditures reportable to DPI in the following categories:
 - Salaries and wages
 - Fringe benefits
 - Expenditures for collection materials
 - Contract arrangement payments
 - Other operating expenditures (e.g., building operation and maintenance, utilities, postage, telecommunications costs, etc.)
2. Determine the costs to be excluded from gross operating expenditures, i.e., the costs that are offset by the following operating revenue items reportable to DPI:
 - Income reportable to DPI under the category of "All other operating income" (e.g., fines, fees, gifts, and donations)
 - Income reportable to DPI as funds carried forward from the previous year
 - Income reportable to DPI under the category of "Contract income," *but only* if, and to the extent, received from other Racine County library municipalities
3. Determine the compensable costs by totaling all includible operating expenditures and subtracting from them the total exclusions.
4. Determine, from data reportable to DPI:
 - The total circulation at each library;
 - The circulation to residents of Racine County municipalities without libraries; and
 - The percentage of total circulation attributable to library loans made to residents of Racine County municipalities without libraries.
5. Determine the library's compensable costs by multiplying the compensable costs calculated under item 3, above, by the percentage calculated under item 4, above.
6. To ensure compliance with sec. 43.12, Wis. Stats., for each municipal library, perform an alternative calculation as follows:
 - Reduce the gross operating expenditures calculated under item 1, above, by the amount of federal revenues, if any;
 - Multiply the reduced gross operating expenditures by the percentage calculated under item 4, above, and then multiply that result by 70%.

If the result determined under item 5 is greater than or equal to the amount determined under item 6, the individual library's compensable costs shall be the amount determined under item 5. If not, its compensable costs shall be the amount determined under item 6.

**PROPOSED FORMULA FOR DETERMINING TOTAL COSTS
TO BE CONSIDERED WHEN SETTING ANNUAL LIBRARY LEVY**

The annual library levy shall be set at an amount consistent with the letter and spirit of the Library Services Agreement.

The costs to be considered during the setting of the annual library levy shall be the sum of:

- The total of the compensable costs calculated for all five Racine County municipal libraries; plus
- The total of all access payments to be made by the Lakeshores Library System, on behalf of Racine County, to Walworth County libraries and to libraries in other counties.

Notwithstanding the foregoing, the total annual library levy shall be, at a minimum:

- No less than the average of the library levies set for the immediately preceding three years; and
- Such that, after subtraction of the amount of the access payments to be made to Walworth County libraries and libraries in other counties, the remainder will compensate each of the five Racine County municipal libraries at no less than the minimum amount specified in Sec. 43.12, Wis. Stats.

**PROPOSED FORMULA FOR ALLOCATING THE ANNUAL
LIBRARY LEVY AMONG RACINE COUNTY MUNICIPAL LIBRARIES**

The annual library levy set and collected by Racine County shall be allocated among the five municipal libraries of Racine County in the following manner:

1. There shall first be deducted from the library levy the total of all payments required to be made to Walworth County libraries and libraries in other counties.
2. If, after such deduction, the remainder equals or exceeds the total compensable costs for all Racine County libraries, each such library shall receive a payment at least equal to its individual compensable costs and proportional to its individual share of the total compensable costs for all five municipal libraries.
3. If, after such deduction, the remainder is less than the total compensable costs for all Racine County libraries, then each such library shall receive a payment in the same proportion to its individual compensable costs as the funds remaining available from the library levy bear to the total compensable costs for all five municipal libraries.

Definitions

<i>Term</i>	<i>Meaning</i>
All other operating income	An item reported by libraries to DPI. It refers to any operating income other than government funds or contract income, including things like gifts, donations, interest, fines, and fees.
Allocation	As used in this report, “allocation” refers to the annual process whereby the county’s library levy is distributed to the county’s five municipal libraries. The library levy is paid to the Lakeshores Library System, which, in turn, calculates each library’s share and disburses the funds accordingly.
Circulation	Loans of books and other library materials, such as CDs, DVDs, and magazines
Consolidated library system	A system of one or more public libraries in a county that is responsible for the total program of public library service in the territory it serves.
Contract income	An item reported by libraries to DPI. It refers to income received by a reporting library from government units, libraries, and counties and library systems other than its own county or system, for services provided by the library. One municipality may contract with another, to pay for library services that residents of the first have received from the latter.
DPI	Wisconsin Department of Public Instruction, the state government department responsible for regulating and maintaining records on public libraries.
Federated library system	A system of public libraries in one or more counties that is responsible for system-wide functions and services. Control of individual libraries rests with their individual library boards. Racine County municipal libraries are part of a federated system, Lakeshores Library System.
Lakeshores Library System	A federated library system consisting of municipal libraries in Racine and Walworth Counties; it is funded by the state, not the county or municipalities. Lakeshores provides administrative support to local libraries, including annual distribution to Racine County’s municipal libraries of the county’s library levy.
Library levy	Tax imposed by a <i>county</i> to pay for services received at municipal libraries by county residents from municipalities without libraries. The library levy is then distributed to the various municipal libraries. Residents of municipalities with libraries <i>do not</i> pay the library levy.
Library municipality	A town, village, or city that has a municipal public library. Racine County has six library municipalities: Cities of Racine and Burlington, Villages of Union Grove and Waterford and Town and Village of Rochester (joint library).
Library Services Agreement	An agreement between Racine County and Lakeshores Library System (on behalf of the county’s municipal libraries) that defines the relations between the county and the system and, among other things, provides guidance on how to determine the appropriate size of the annual library levy. Entered into in 1989, it remains in force.
Median	In a series of values (e.g., mill rates), the value that falls in the middle
Municipal/ Municipality	Refers to local governments (town, village, or city); in this context, usually refers to local governments that operate libraries

Sewer Agreement	2002 Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement. Parties to the agreement include the City of Racine and surrounding municipalities (e.g., Caledonia, Mount Pleasant, and Sturtevant). The agreement authorizes the jointly governed Wastewater Utility to make an annual payment to the City of Racine in an amount that fluctuates with the Racine Public Library's share of the county library levy.
Statute	A law passed by a state legislature or the U.S. Congress; as used in this report, it always refers to a Wisconsin law.
Tax per capita	Total amount of tax divided by total number of people in the relevant jurisdiction (e.g., county or municipality)
Tax per \$1000	Tax rate imposed on property in the relevant jurisdiction (county or municipality), also known as the mill rate

Annex: Observations Concerning 2002 Racine Area Sewer Agreement

Introduction

This memorandum examines the effect of the 2002 Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement (hereinafter “Sewer Agreement”) on funding for the Racine Public Library.

Although the Sewer Agreement was touted as a way for surrounding municipalities to contribute to city amenities, including the Racine Public Library, and although the city receives funds for its amenities, city budget documents do not demonstrate that the funds have been used for those purposes. Especially with respect to the Racine Public Library, the city has chosen, instead, to demand that the *county* increase the taxes it imposes on residents of other municipalities.²⁷ The fact is that if the city were to use the funds it receives for the library, it could not only make up ostensible shortfalls in its own library funding, but it could also “free up” enough county library levy dollars to compensate for the ostensible shortfalls in the funds for the county’s other four municipal libraries.

Funds Available Under the Sewer Agreement

In spring of 2002, Racine, Sturtevant, and Caledonia and Mount Pleasant (then towns), along with their respective wastewater utilities, entered into the Sewer Agreement. Other county municipalities—Elmwood Park, North Bay, Raymond, Wind Point, and Yorkville—are also eligible to join.

A much publicized feature of the Sewer Agreement was Part VIII (Attachment F). Part VIII provides for transfer of funds from the Wastewater Utility to the City of Racine, to help subsidize the Racine Zoo and the Wustum Museum, as well as to help defray what the Sewer Agreement calls the “shortfall in Racine County funding for the Racine Public Library related to the cost of serving” residents of other municipalities that may participate in the Sewer Agreement. The Sewer Agreement, which was described as “earmark[ing] funds to support the city's zoo, fine arts museum and library,”²⁸ was a critical part of the Greater Racine Area’s successful 2003 effort to be declared an All-America City. In 2004, Public Policy Forum extolled the Sewer Agreement as a remarkable example of inter-governmental cooperation and specifically mentioned that “a portion of the surplus income generated by the water [sic] utility is returned to the City of Racine to be spent on regional amenities, such as the library, zoo, and art museum.”²⁹

Part VIII authorizes the Wastewater Commission (seven members from Racine, four from other municipalities) to make payments from the “Capital Reserve Account Funds” of the Racine Wastewater Utility to the City of Racine for:

- Completion of reimbursement to the city for transfer of assets to the Utility—in the amount of \$660,000 per year, (to be completed in 2007); and

²⁷ City of Racine Common Council Resolution 07-0351 (August 6, 2007); attached as Exhibit H.

²⁸ http://www.ncl.org/aac/past_winners/cities/2003/wi_greater_racine.html

²⁹ Public Policy Forum, **State Shared Revenue and the Future of Regional Cooperation**,

<http://www.publicpolicyforum.org/pdfs/SharedRevenue.pdf>.

See also, Bunker and Mielke, **Racine Intergovernmental Sewer Agreement for sewer service and revenue sharing**, *American Public Works Association Reporter Online*,

http://www.apwa.net/Publications/Reporter/ReporterOnline/index.asp?DISPLAY=ISSUE&ISSUE_DATE=022006&ARTICLE_NUMBER=1208

- “A share of the Racine subsidy for the Racine Zoological Gardens, . . .”—in the amount of \$285,000 per year, to increase by 3% each year until it reaches \$330,393 in 2007, and to remain flat thereafter; and
- “A share of the Racine subsidy for the . . . Wustum [Art] Museum . . .”—in the amount of \$115,000 per year, to increase by 3% each year until it reaches \$133,317 in 2007, and to remain flat thereafter; and
- “The shortfall in Racine County funding for the Racine Public Library relating to the cost of serving the Anticipated Outlying Parties . . .”.

Unlike the other three items, the authorized amount of funding for the library can vary from year to year, because it is tied to the so-called “shortfall in Racine County funding.” Using 2002 data, the Sewer Agreement requires a page and a half of text, plus six tables, to explain the method of calculation. Essentially, the process is as follows:

- Determine what percentage of Racine Public Library (RPL) circulation involved Racine County residents from outside the city (in the 2002 example, 42%), and how much is attributable to each county municipality.
- Determine RPL’s total net local funding requirement for the year—including all operating costs *and* amortized *capital* costs—less state funds, fees, and other revenue (in the 2002 example, a net local requirement of \$2,986,817).
- Determine the “shortfall” by multiplying the net local funding requirement by the county’s percentage, then subtracting that year’s county library levy funding to the RPL (in the 2002 example, a net “shortfall” of \$467,527).
- Determine how much of the “shortfall” is attributable to each county municipality that is an “anticipated” participant in the Sewer Agreement: Caledonia, Elmwood Park, Mount Pleasant, North Bay, Raymond, Sturtevant, Wind Point, and Yorkville (in the 2002 example, 97%).
- Determine the maximum payment to the City of Racine by multiplying the shortfall by that percentage (in the 2002 example, \$455,007).

The Sewer Agreement’s method of calculating RPL’s costs is similar to the cost calculation method used to determine the required minimum library levy amount under §43.12(1), Wis. Stat., *except* that, under the statute, capital expenditures are excluded. Thus, because it takes capital expenditures into consideration, the Sewer Agreement permits Racine to receive from the Wastewater Utility an amount that is even greater than the difference between its share of the county library levy and so-called “100% reimbursement”—and, in fact, that is the case. The City of Racine receives, under the Sewer Agreement, more money than necessary to achieve “100% reimbursement”.³⁰

³⁰ As noted in the “Library Levy Introduction,” above, municipal libraries’ claimed compensable costs, as reported by Lakeshores Library System, are greater than those calculated under the 1989 Library Services Agreement. In addition, until Lakeshores’ most recent submission (April 28, 2008), municipal libraries’ claimed compensable costs also exceeded the amount permitted under sec. 43.12, Wis. Stats. Thus, the money received by the City of Racine under the Sewer Agreement exceeds a properly calculated “100% reimbursement” by an even greater amount.

Has the City of Racine actually used Wastewater Utility funds for its library?

According to the Wastewater Utility portion of the City of Racine's 2007 and 2008 budgets, the utility has made "Appropriation[s] to City of Racine" in the following amounts:

- 2005 \$1,633,055
- 2006 \$1,466,124
- 2007 \$ 609,736
- 2008 \$ 882,151³¹

The Wastewater Utility's budget does not, of course, itemize the uses to which the City of Racine has actually put those funds. For that we must look elsewhere in the city's budget. But the library portions of the city's 2007 and 2008 budgets contain no indication of payments from the Wastewater Utility for any of the years 2005 to 2008.³²

Two possible conclusions can be drawn:

- The Wastewater Commission has appropriated funds to the City of Racine to assist the library, and the City of Racine is devoting them to the specified purposes, but without acknowledging the source of the funds; or
- The Wastewater Commission has appropriated funds to the City of Racine to assist the library, and the City of Racine is treating the funds as general purpose revenues and devoting them to other purposes.

How does the City of Racine's failure to use the funds in accordance with the terms of the Sewer Agreement affect tax burdens on county residents outside the city?

By failing to use Wastewater Utility funds to support its library, the City of Racine, whether or not intentionally, shifts a tax burden onto other county residents, a tax shift that is especially onerous to residents of Caledonia, Mount Pleasant and Sturtevant. This is because the annual library-related payment draws down an available source of capital funds for the Wastewater Utility. Consequently, Wastewater Utility capital expenditures that might have been defrayed by that fund must be paid out of increased sewer rates or through bonding that, in turn, is repaid out of sewer rates.

As required by state law, the county levies a tax on residents of municipalities that do not operate libraries; the purpose is to provide funds to the municipalities that do operate libraries, to help bear the cost of their service to residents of other communities. Municipalities that operate libraries view the county library levy as a means by which they are "reimbursed" for the cost of serving non-resident patrons. Others view the levy not as a "reimbursement," but as a way for residents of non-library municipalities to contribute in appropriate measure to libraries that they patronize.

In Racine County, the proceeds of the tax go to the Lakeshores Library System, a federated library system among whose members are all the Racine County municipalities that operate libraries. The participating libraries calculate their costs of service to non-residents by multiplying the total circulation to non-residents times the cost per

³¹ http://www.cityofracine.org/Depts/finance/media/pdf/2007_budget_book/tab11.pdf (page 246); http://www.cityofracine.org/Depts/finance/media/pdf/2008_budget_book.pdf (page 237).

³² http://www.cityofracine.org/Depts/finance/media/pdf/2007_budget_book/tab7.pdf (page 161); http://www.cityofracine.org/Depts/finance/media/pdf/2008_budget_book.pdf (page 151).

circulation. Lakeshores allocates the library levy proceeds among the participating libraries in proportion to their respective total costs of serving non-residents.

Tax shifting onto residents of non-library municipalities

By failing to devote to the Racine Public Library the Wastewater Utility funds designated for that purpose, the City of Racine places an additional tax burden on residents of those municipalities subject to the county library levy. This is because the City of Racine claims that it suffers a “shortfall” between the cost of serving non-city residents and its share of the county library levy. In reality, were the city to use those funds for the purpose intended, it would more than make up any of the supposed “shortfall”.

Tax shifting onto residents of municipalities that operate libraries

Moreover, by failing to devote to library use Wastewater Utility funds intended for that purpose, the City of Racine places an additional tax burden on residents of the other Racine County communities that, like it, operate municipal libraries.

As explained above, the Lakeshores Library System receives the proceeds of the Racine County library levy and allocates those funds among the various library municipalities in a proportion based on each library’s circulation (number of library loans) to non-residents, multiplied by the average cost per circulation. Not surprisingly, the Racine Public Library had the highest number of circulations to non-residents, and it also had the highest cost per circulation. In 2007, Racine received fully two-thirds of the funds distributed among the county communities that operate municipal libraries.³³

The Lakeshores Library System’s allocation method accords the same *proportionate* detriment to all of those municipalities. Thus, if there is an overall “shortfall” of, say, five percent, each of the municipalities receives five percent less than its claimed amount. Proportionately, all the libraries are treated the same.

But, because of the Sewer Agreement, only Racine has a “fail-safe” against “shortfall.” By drawing on Wastewater Utility funds to make up its so-called “shortfall,” Racine could permit other municipal libraries slightly larger “shares” of the county library levy, thereby reducing some of the tax burden on residents of those municipalities, without placing an additional burden on its own. In fact, if every *other* Racine County library were to receive an amount it considers “100% reimbursement,” the total remaining library levy funds plus Wastewater Utility funds would still exceed the supposed “shortfall” for the Racine Public Library.

But the City of Racine has not offered to employ this alternative distribution method. As a result, to the extent that other library municipalities incur service costs not adequately compensated by the library levy, their residents bear an unnecessary extra tax burden.

Conclusion

Racine County residents who live outside the City of Racine make substantial contributions toward the Racine Public Library, both through county taxes and through Wastewater Utility funds. Under the Sewer Agreement, the City of Racine annually receives large sums of Wastewater Utility funds to help support its library. To date, these funds have not figured in calculations of the county’s library levy or in the allocation of levy proceeds among the county’s five municipal libraries.

³³ \$1,338,375 out of a total of \$1,988,264.

Tables

Table 1: Countywide Library Expenditures Per Capita-All Counties

County	Library Expenditures Per Capita
La Crosse Total	\$ 55.73
Dane Total	\$ 46.78
Door Total	\$ 45.70
Kenosha Total	\$ 43.54
Winnebago Total	\$ 43.47
Sheboygan Total	\$ 43.42
Price Total	\$ 43.35
Lincoln Total	\$ 41.14
Waukesha Total	\$ 40.89
Green Lake Total	\$ 40.63
Milwaukee Total	\$ 40.23
Waupaca Total	\$ 39.79
Green Total	\$ 39.63
Rock Total	\$ 39.50
Manitowoc Total	\$ 38.76
Eau Claire Total	\$ 38.49
Sauk Total	\$ 38.40
Oneida Total	\$ 37.55
Pierce Total	\$ 37.13
Jefferson Total	\$ 36.22
Ashland Total	\$ 36.13
Wood Total	\$ 36.01
Ozaukee Total	\$ 35.62
Columbia Total	\$ 35.12
Vilas Total	\$ 34.75
Dodge Total	\$ 34.40
Bayfield Total	\$ 34.10
Fond du Lac Total	\$ 33.15
Walworth Total	\$ 32.80
Outagamie Total	\$ 32.14
Menominee Total	\$ 30.05
Iron Total	\$ 29.61
Grant Total	\$ 29.19
Langlade Total	\$ 29.15
Douglas Total	\$ 29.08
Marathon Total	\$ 29.00
Polk Total	\$ 28.87
Juneau Total	\$ 28.86
Barron Total	\$ 28.31
Rusk Total	\$ 28.27
Racine Total	\$ 27.81
Taylor Total	\$ 27.23
Brown Total	\$ 26.58

St. Croix Total	\$	26.50
Vernon Total	\$	26.22
Washington Total	\$	26.16
Waushara Total	\$	25.11
Sawyer Total	\$	25.07
Trempealeau Total	\$	25.05
Chippewa Total	\$	24.94
Portage Total	\$	24.87
Calumet Total	\$	24.57
Iowa Total	\$	23.28
Marquette Total	\$	22.82
Richland Total	\$	22.72
Kewaunee Total	\$	22.43
Clark Total	\$	21.66
Monroe Total	\$	21.53
Crawford Total	\$	20.65
Adams Total	\$	20.61
Dunn Total	\$	19.74
Lafayette Total	\$	19.58
Marinette Total	\$	18.81
Washburn Total	\$	18.77
Pepin Total	\$	18.58
Shawano Total	\$	16.86
Oconto Total	\$	15.68
Forest Total	\$	15.66
Jackson Total	\$	14.20
Burnett Total	\$	12.80
Florence Total	\$	11.87
Buffalo Total	\$	8.64
Median	\$	28.93

Table 1

Table 2: 2006 County Library Expenditures Per Capita--Top 20

County	Total Service Population 2006	Total Operating Expenditures	Library Expenditures Per Capita
La Crosse Total	110,743	\$6,171,540	\$ 55.73
Dane Total	464,854	\$21,746,486	\$ 46.78
Kenosha Total	159,630	\$6,950,969	\$ 43.54
Winnebago Total	164,405	\$7,146,994	\$ 43.47
Sheboygan Total	116,348	\$5,051,935	\$ 43.42
Waukesha Total	379,612	\$15,522,658	\$ 40.89
Rock Total	158,506	\$6,260,624	\$ 39.50
Manitowoc Total	84,954	\$3,292,755	\$ 38.76
Eau Claire Total	99,766	\$3,839,992	\$ 38.49
Jefferson Total	99,769	\$3,614,007	\$ 36.22
Wood Total	79,467	\$2,861,613	\$ 36.01
Ozaukee Total	86,199	\$3,070,434	\$ 35.62
Dodge Total	84,322	\$2,900,434	\$ 34.40
Fond du Lac Total	97,388	\$3,228,086	\$ 33.15
Walworth Total	88,541	\$2,904,041	\$ 32.80
Outagamie Total	181,314	\$5,827,005	\$ 32.14
Marathon Total	129,076	\$3,743,283	\$ 29.00
Racine Total	194,580	\$5,410,666	\$ 27.81
Brown Total	244,790	\$6,506,694	\$ 26.58
Washington Total	127,957	\$3,347,396	\$ 26.16
Median			\$ 36.12

Table 2

Table 3: Average Library Tax Per Capita-Countywide

County	Average Tax Rates Support Per Capita
La Crosse Total	\$ 51.00
Door Total	\$ 49.45
Dane Total	\$ 41.77
Sheboygan Total	\$ 41.06
Price Total	\$ 41.03
Winnebago Total	\$ 40.00
Waukesha Total	\$ 39.29
Kenosha Total	\$ 39.25
Lincoln Total	\$ 39.02
Waupaca Total	\$ 37.36
Rock Total	\$ 36.84
Sauk Total	\$ 36.43
Eau Claire Total	\$ 36.28
Manitowoc Total	\$ 36.27
Milwaukee Total	\$ 36.07
Green Lake Total	\$ 35.99
Green Total	\$ 35.73
Ashland Total	\$ 35.45
Ozaukee Total	\$ 35.14
Wood Total	\$ 34.98
Oneida Total	\$ 34.83
Dodge Total	\$ 34.38
Pierce Total	\$ 33.67
Walworth Total	\$ 32.39
Jefferson Total	\$ 31.90
Fond du Lac Total	\$ 31.70
Menominee Total	\$ 31.47
Outagamie Total	\$ 31.35
Columbia Total	\$ 30.04
Polk Total	\$ 29.16
Barron Total	\$ 29.06
Langlade Total	\$ 28.71
Douglas Total	\$ 28.64
Marathon Total	\$ 28.54
Bayfield Total	\$ 28.41
Juneau Total	\$ 28.34
Vilas Total	\$ 27.92
Washington Total	\$ 27.88
Rusk Total	\$ 27.73
Grant Total	\$ 27.39
St. Croix Total	\$ 26.05
Brown Total	\$ 25.37
Racine Total	\$ 25.00
Chippewa Total	\$ 24.66
Portage Total	\$ 23.77

Trempealeau Total	\$	23.72
Taylor Total	\$	23.48
Waushara Total	\$	22.96
Calumet Total	\$	22.90
Vernon Total	\$	22.64
Iowa Total	\$	22.55
Richland Total	\$	22.16
Iron Total	\$	21.84
Crawford Total	\$	21.71
Marquette Total	\$	21.63
Clark Total	\$	20.70
Kewaunee Total	\$	20.35
Lafayette Total	\$	20.19
Adams Total	\$	19.72
Dunn Total	\$	19.60
Monroe Total	\$	19.59
Washburn Total	\$	17.87
Pepin Total	\$	17.76
Marinette Total	\$	17.51
Sawyer Total	\$	17.27
Forest Total	\$	15.84
Shawano Total	\$	15.59
Oconto Total	\$	14.47
Jackson Total	\$	12.83
Burnett Total	\$	12.05
Florence Total	\$	11.87
Buffalo Total	\$	9.12
Median	\$	28.13

Table 3

Table 4: Average Library Tax Per Capita-Countywide-Top 20 Counties

County	Average Tax Support Per Capita
County	avepercapita
La Crosse Total	\$ 51.00
Dane Total	\$ 41.77
Sheboygan Total	\$ 41.06
Winnebago Total	\$ 40.00
Waukesha Total	\$ 39.29
Kenosha Total	\$ 39.25
Rock Total	\$ 36.84
Eau Claire Total	\$ 36.28
Manitowoc Total	\$ 36.27
Ozaukee Total	\$ 35.14
Dodge Total	\$ 34.38
Walworth Total	\$ 32.39
Jefferson Total	\$ 31.90
Fond du Lac Total	\$ 31.70
Outagamie Total	\$ 31.35
Marathon Total	\$ 28.54
Washington Total	\$ 27.88
St. Croix Total	\$ 26.05
Brown Total	\$ 25.37
Racine Total	\$ 25.00
Median	\$ 34.76

Table 4

Table 5: Average Library Tax Per \$1000-Countywide

County	Support Per \$1,000 EAV
County	aveper\$1000
Menominee Total	-
La Crosse Total	\$ 0.880
Manitowoc Total	\$ 0.692
Rock Total	\$ 0.677
Wood Total	\$ 0.651
Winnebago Total	\$ 0.647
Sheboygan Total	\$ 0.640
Dodge Total	\$ 0.619
Waupaca Total	\$ 0.617
Milwaukee Total	\$ 0.615
Eau Claire Total	\$ 0.609
Grant Total	\$ 0.606
Green Total	\$ 0.593
Lincoln Total	\$ 0.580
Fond du Lac Total	\$ 0.552
Ashland Total	\$ 0.548
Price Total	\$ 0.522
Kenosha Total	\$ 0.522
Jefferson Total	\$ 0.509
Trempealeau Total	\$ 0.505
Vernon Total	\$ 0.501
Outagamie Total	\$ 0.493
Marathon Total	\$ 0.490
Clark Total	\$ 0.490
Juneau Total	\$ 0.487
Pierce Total	\$ 0.474
Dane Total	\$ 0.471
Richland Total	\$ 0.463
Crawford Total	\$ 0.455
Douglas Total	\$ 0.447
Monroe Total	\$ 0.441
Rusk Total	\$ 0.440
Lafayette Total	\$ 0.432
Taylor Total	\$ 0.430
Langlade Total	\$ 0.419
Barron Total	\$ 0.416
Chippewa Total	\$ 0.412
Sauk Total	\$ 0.407
Portage Total	\$ 0.393
Brown Total	\$ 0.387
Racine Total	\$ 0.379
Columbia Total	\$ 0.375
Calumet Total	\$ 0.369

Green Lake Total	\$	0.360
Kewaunee Total	\$	0.348
Iowa Total	\$	0.344
Dunn Total	\$	0.338
Waukesha Total	\$	0.334
Polk Total	\$	0.315
Washington Total	\$	0.313
Ozaukee Total	\$	0.313
Pepin Total	\$	0.288
St. Croix Total	\$	0.281
Waushara Total	\$	0.272
Shawano Total	\$	0.269
Walworth Total	\$	0.266
Marquette Total	\$	0.252
Marinette Total	\$	0.250
Jackson Total	\$	0.242
Door Total	\$	0.239
Oneida Total	\$	0.224
Adams Total	\$	0.208
Bayfield Total	\$	0.204
Iron Total	\$	0.196
Oconto Total	\$	0.184
Forest Total	\$	0.168
Buffalo Total	\$	0.159
Washburn Total	\$	0.140
Florence Total	\$	0.135
Vilas Total	\$	0.101
Sawyer Total	\$	0.094
Burnett Total	\$	0.081
Median	\$	0.412

Table 5

Table 6: Average Library Tax Per \$1000-Countywide-Top 20 Counties

County **Average Tax Support Per \$1,000 EAV**

County	aveper\$1000
La Crosse Total	\$ 0.880
Manitowoc Total	\$ 0.692
Rock Total	\$ 0.677
Winnebago Total	\$ 0.647
Sheboygan Total	\$ 0.640
Dodge Total	\$ 0.619
Eau Claire Total	\$ 0.609
Fond du Lac Total	\$ 0.552
Kenosha Total	\$ 0.522
Jefferson Total	\$ 0.509
Outagamie Total	\$ 0.493
Marathon Total	\$ 0.490
Dane Total	\$ 0.471
Brown Total	\$ 0.387
Racine Total	\$ 0.379
Waukesha Total	\$ 0.334
Washington Total	\$ 0.313
Ozaukee Total	\$ 0.313
St. Croix Total	\$ 0.281
Walworth Total	\$ 0.266
Median	\$ 0.501

Table 6

Table 7: Comparative Tax Rates Per Capita-Library Muni Residents and Non-Residents

County	Resident Tax Rates Support Per Capita	Non resident Tax Rates Support Per Capita	Non-Resident/ Resident Per Capita Support
County	Tax percapita	nonrespercapita	NR-ResPC
Adams Total	\$ 19.72	County System	County System
Brown Total	\$ 25.37	County System	County System
Door Total	\$ 49.45	County System	County System
Florence Total	\$ 11.87	County System	County System
La Crosse Total	\$ 51.00	County System	County System
Marathon Total	\$ 28.54	County System	County System
Marinette Total	\$ 17.51	County System	County System
Menominee Total	\$ 31.47	County System	County System
Milwaukee Total*	\$ 36.03	County System	County System
Portage Total	\$ 23.77	County System	County System
Rusk Total	\$ 27.73	County System	County System
Shawano Total	\$ 15.59	County System	County System
Winnebago Total	\$ 40.98	\$ 37.77	92.17%
Washington Total	\$ 29.64	\$ 25.69	86.66%
Racine Total	\$ 26.97	\$ 22.74	84.32%
Sawyer Total	\$ 19.29	\$ 16.23	84.14%
Waukesha Total	\$ 40.63	\$ 33.92	83.47%
Waushara Total	\$ 21.84	\$ 17.80	81.52%
Dane Total	\$ 44.21	\$ 34.04	77.00%
Kenosha Total	\$ 41.91	\$ 31.20	74.45%
Oneida Total	\$ 38.23	\$ 27.50	71.93%
Ozaukee Total	\$ 36.65	\$ 25.21	68.80%
Lincoln Total	\$ 47.28	\$ 32.03	67.73%
Jefferson Total	\$ 35.60	\$ 23.49	65.99%
Eau Claire Total	\$ 38.60	\$ 23.88	61.86%
Walworth Total	\$ 40.86	\$ 24.90	60.94%
Douglas Total	\$ 33.89	\$ 20.13	59.40%
Manitowoc Total	\$ 43.57	\$ 25.37	58.22%
Sauk Total	\$ 45.97	\$ 26.24	57.09%
Rock Total	\$ 41.40	\$ 23.37	56.44%
Sheboygan Total	\$ 47.60	\$ 26.79	56.28%
Dodge Total	\$ 41.66	\$ 22.96	55.13%
Fond du Lac Total	\$ 38.41	\$ 21.12	54.98%
Bayfield Total	\$ 39.21	\$ 21.15	53.93%
Langlade Total	\$ 35.28	\$ 18.88	53.51%
Green Total	\$ 42.37	\$ 22.35	52.75%
Pierce Total	\$ 43.30	\$ 21.58	49.83%
Dunn Total	\$ 27.46	\$ 13.24	48.24%
St. Croix Total	\$ 32.11	\$ 15.00	46.71%
Taylor Total	\$ 37.01	\$ 16.40	44.31%

Marquette Total	\$	34.10	\$	14.69	43.08%
Chippewa Total	\$	38.47	\$	15.34	39.88%
Waupaca Total	\$	56.22	\$	22.19	39.46%
Calumet Total	\$	39.60	\$	15.46	39.03%
Wood Total	\$	47.72	\$	18.55	38.87%
Green Lake Total	\$	40.58	\$	15.71	38.72%
Outagamie Total	\$	41.11	\$	15.51	37.72%
Polk Total	\$	48.46	\$	17.99	37.13%
Oconto Total	\$	22.39	\$	8.22	36.71%
Columbia Total	\$	44.67	\$	15.56	34.84%
Pepin Total	\$	25.98	\$	8.91	34.28%
Monroe Total	\$	30.10	\$	10.01	33.26%
Kewaunee Total	\$	38.72	\$	12.67	32.71%
Ashland Total	\$	47.40	\$	14.76	31.15%
Grant Total	\$	39.04	\$	12.07	30.92%
Clark Total	\$	37.21	\$	11.23	30.19%
Price Total	\$	78.15	\$	21.86	27.97%
Iron Total	\$	33.80	\$	9.02	26.69%
Forest Total	\$	26.43	\$	7.01	26.54%
Vernon Total	\$	42.52	\$	11.23	26.42%
Juneau Total	\$	53.16	\$	13.93	26.21%
Trempealeau Total	\$	39.99	\$	10.12	25.30%
Barron Total	\$	52.80	\$	12.62	23.90%
Richland Total	\$	42.82	\$	9.90	23.12%
Lafayette Total	\$	35.61	\$	8.19	22.99%
Crawford Total	\$	39.44	\$	8.87	22.48%
Iowa Total	\$	44.83	\$	9.19	20.51%
Washburn Total	\$	46.23	\$	9.15	19.79%
Burnett Total	\$	40.64	\$	7.87	19.36%
Jackson Total	\$	37.91	\$	6.41	16.90%
Buffalo Total	\$	27.37	\$	2.74	10.01%
Vilas Total	\$	30.00	\$	1.18	3.92%
Median					39.67%

Technically, Milwaukee County does not have a truly unified county system, because 4,052 of its 936,996 residents do not live in library municipalities. However, because that is only 0.43% of the county's total population, it is more convenient to treat Milwaukee County as one of the 12 in the state that has a countywide system.

Table 7

Table 8: Comparative Tax Rates Per Capita-Library Muni Residents and Non-Residents-Top 20 Counties

County	Resident Tax Rates		Non resident Tax Rates		Non-Resident/ Resident Per Capita Support
	Support Per Capita		Support Per Capita		
La Crosse Total	\$	51.00	-		County System
Marathon Total	\$	28.54	-		County System
Brown Total	\$	25.37	-		County System
Winnebago Total	\$	40.98	\$	37.77	92.17%
Washington Total	\$	29.64	\$	25.69	86.66%
Racine Total	\$	26.97	\$	22.74	84.32%
Waukesha Total	\$	40.63	\$	33.92	83.47%
Dane Total	\$	44.21	\$	34.04	77.00%
Kenosha Total	\$	41.91	\$	31.20	74.45%
Ozaukee Total	\$	36.65	\$	25.21	68.80%
Jefferson Total	\$	35.60	\$	23.49	65.99%
Eau Claire Total	\$	38.60	\$	23.88	61.86%
Walworth Total	\$	40.86	\$	24.90	60.94%
Manitowoc Total	\$	43.57	\$	25.37	58.22%
Rock Total	\$	41.40	\$	23.37	56.44%
Sheboygan Total	\$	47.60	\$	26.79	56.28%
Dodge Total	\$	41.66	\$	22.96	55.13%
Fond du Lac Total	\$	38.41	\$	21.12	54.98%
St. Croix Total	\$	32.11	\$	15.00	46.71%
Outagamie Total	\$	41.11	\$	15.51	37.72%
Median				61.86%	

Table 8

Table 9: Comparative Library Tax Rates Per \$1000-Library Muni Residents and Non-Residents

County	Support Per \$1,000 EAV	Support Per \$1,000 EAV	Non-Resident/ Resident Support Per \$1K
County	per \$1000	nonresper \$1000	NR-Res\$1000
Adams Total	0.208	County System	County System
Brown Total	0.387	County System	County System
Door Total	0.239	County System	County System
Florence Total	0.135	County System	County System
La Crosse Total	0.880	County System	County System
Marathon Total	0.490	County System	County System
Marinette Total	0.250	County System	County System
Menominee Total	-	County System	County System
Milwaukee Total*	0.615	County System	County System
Portage Total	0.393	County System	County System
Rusk Total	0.440	County System	County System
Shawano Total	0.269	County System	County System
Sawyer Total	0.067	0.067	100.00%
Ozaukee Total	0.318	0.272	85.44%
Waukesha Total	0.364	0.242	66.44%
Oneida Total	0.255	0.164	64.13%
Washington Total	0.388	0.246	63.36%
Dane Total	0.527	0.329	62.35%
Winnebago Total	0.791	0.447	56.45%
Kenosha Total	0.623	0.313	50.25%
Eau Claire Total	0.699	0.327	46.73%
Racine Total	0.566	0.262	46.19%
St. Croix Total	0.354	0.156	43.90%
Dunn Total	0.509	0.217	42.64%
Manitowoc Total	0.962	0.403	41.86%
Walworth Total	0.420	0.174	41.36%
Jefferson Total	0.675	0.276	40.93%
Sheboygan Total	0.835	0.336	40.31%
Rock Total	0.839	0.337	40.18%
Waushara Total	0.420	0.167	39.80%
Fond du Lac Total	0.778	0.301	38.69%
Wood Total	0.901	0.339	37.57%
Bayfield Total	0.365	0.131	35.96%
Taylor Total	0.783	0.281	35.84%
Dodge Total	0.920	0.321	34.86%
Douglas Total	0.673	0.234	34.68%
Green Total	0.829	0.284	34.21%
Lincoln Total	1.103	0.364	33.01%
Pierce Total	0.773	0.240	31.10%
Calumet Total	0.792	0.229	28.89%

Sauk Total	0.766	0.217	28.33%
Monroe Total	0.747	0.208	27.80%
Iron Total	0.300	0.082	27.32%
Ashland Total	0.776	0.208	26.88%
Outagamie Total	0.764	0.195	25.52%
Chippewa Total	0.870	0.219	25.18%
Oconto Total	0.371	0.093	25.07%
Kewaunee Total	0.814	0.201	24.68%
Waupaca Total	1.245	0.304	24.43%
Marquette Total	0.593	0.145	24.39%
Pepin Total	0.532	0.128	24.06%
Grant Total	0.974	0.234	23.98%
Clark Total	1.028	0.246	23.91%
Langlade Total	0.927	0.212	22.85%
Green Lake Total	0.521	0.119	22.83%
Columbia Total	0.712	0.160	22.48%
Polk Total	0.825	0.164	19.87%
Trempealeau Total	0.981	0.194	19.74%
Vernon Total	1.162	0.224	19.31%
Iowa Total	0.753	0.133	17.66%
Crawford Total	0.970	0.168	17.27%
Richland Total	1.108	0.186	16.81%
Lafayette Total	0.965	0.150	15.58%
Barron Total	1.004	0.154	15.38%
Jackson Total	0.791	0.118	14.95%
Price Total	1.822	0.228	12.53%
Juneau Total	1.576	0.192	12.21%
Forest Total	0.521	0.054	10.34%
Vilas Total	0.100	0.009	8.57%
Washburn Total	0.727	0.062	8.52%
Buffalo Total	0.629	0.044	7.03%
Burnett Total	0.927	0.048	5.16%
Median			27.56%

Table 9

Table 10: Comparative Tax Rates Per \$1000-Library Muni Res and Non-Res--Top 20 Counties

County	Support Per \$1,000 EAV	Support Per \$1,000 EAV		Non-Resident/ Resident Support Per \$1000
County	per \$1000	nonresper\$1000		NR-Res\$1000
La Crosse Total	0.880	-	County System	
Marathon Total	0.490	-	County System	
Brown Total	0.387	-	County System	
Ozaukee Total	0.318	0.272		85.44%
Waukesha Total	0.364	0.242		66.44%
Washington Total	0.388	0.246		63.36%
Dane Total	0.527	0.329		62.35%
Winnebago Total	0.791	0.447		56.45%
Kenosha Total	0.623	0.313		50.25%
Eau Claire Total	0.699	0.327		46.73%
Racine Total	0.566	0.262		46.19%
St. Croix Total	0.354	0.156		43.90%
Manitowoc Total	0.962	0.403		41.86%
Walworth Total	0.420	0.174		41.36%
Jefferson Total	0.675	0.276		40.93%
Sheboygan Total	0.835	0.336		40.31%
Rock Total	0.839	0.337		40.18%
Fond du Lac Total	0.778	0.301		38.69%
Dodge Total	0.920	0.321		34.86%
Outagamie Total	0.764	0.195		25.52%
Median				43.90%

Table 10

Table 11: All Counties: Levy as % of Non-Resident Service Costs [43.12 Formula]

County	Total Circulation (2006)	County Appropriation (2006)	Federal Operating Funds	Total Operating Expenditures (2006)	Total Circulation to Non-Residents (2006)	%age of cost of serving non-residents**
County	CircTotal	CountyTotal2	FedTotal4	TotOpExpend	CtyWOLib	NonRes%
Adams Total	119,081	\$306,745	\$3,136	\$443,662	0	County System
Brown Total	2,380,856	\$5,859,466	\$6,000	\$6,506,694	0	County System
Door Total	344,061	\$1,407,028	\$530	\$1,358,191	0	County System
Florence Total	37,550	\$62,431	\$173	\$62,430	0	County System
La Crosse Total	1,373,870	\$1,411,464	\$0	\$6,171,540	63	County System
Marathon Total	849,425	\$3,683,851	\$830	\$3,743,283	0	County System
Marinette Total	261,583	\$779,873	\$981	\$837,793	0	County System
Menominee Total	1,887	\$18,872	\$5,000	\$139,244	0	County System
Milwaukee Total	7,702,326	\$66,651	\$711,023	\$37,692,981	42,832	County System
Portage Total	485,446	\$1,629,238	\$4,000	\$1,730,906	0	County System
Rusk Total	146,415	\$268,173	\$1,240	\$440,240	0	County System
Shawano Total	322,380	\$435,000	\$1,188	\$711,321	0	County System
Vilas Total	213,389	\$52,971	\$9,138	\$778,909	8,556	171.62%
Dodge Total	849,426	\$753,689	\$6,075	\$2,900,434	161,673	136.81%
Calumet Total	221,468	\$349,822	\$159	\$803,939	71,608	134.60%
Washington Total	1,201,750	\$1,464,146	\$3,375	\$3,347,396	429,078	122.63%
Ozaukee Total	1,080,584	\$287,432	\$3,215	\$3,070,434	83,376	121.45%
Eau Claire Total	1,322,629	\$707,386	\$4,811	\$3,839,992	202,037	120.75%
Sawyer Total	102,716	\$214,779	\$75,251	\$436,418	50,791	120.26%
Walworth Total	607,820	\$1,169,527	\$4,050	\$2,904,041	208,252	117.71%
Winnebago Total	2,424,895	\$1,900,881	\$3,802	\$7,146,994	550,812	117.15%
Langlade Total	189,367	\$311,948	\$0	\$625,869	81,512	115.79%
Waushara Total	319,607	\$352,800	\$0	\$627,668	155,163	115.78%
Green Lake Total	329,275	\$230,938	\$0	\$789,715	83,345	115.53%
Oneida Total	362,177	\$333,406	\$1,216	\$1,438,643	76,101	110.39%
Lincoln Total	405,015	\$530,114	\$242	\$1,257,304	163,174	104.67%
Dane Total	8,531,102	\$3,793,169	\$72,812	\$21,746,486	1,436,281	103.95%
Manitowoc Total	923,713	\$863,655	\$578	\$3,292,755	235,299	102.99%
Oconto Total	258,482	\$261,780	\$1,030	\$606,601	109,666	101.89%
Sauk Total	881,946	\$759,741	\$4,000	\$2,300,600	288,300	101.20%
Waukesha Total	4,861,595	\$2,576,633	\$0	\$15,522,658	815,953	98.90%
Bayfield Total	138,408	\$200,171	\$42,264	\$539,715	56,647	98.32%
Kewaunee Total	151,212	\$188,922	\$851	\$474,451	62,061	97.19%
Kenosha Total	1,362,388	\$1,237,230	\$9,310	\$6,950,969	254,321	95.48%
Pepin Total	61,115	\$60,302	\$300	\$141,833	27,570	94.45%

Polk Total	479,766	\$581,869	\$2,512	\$1,300,753	228,730	94.01%
Racine Total	1,436,690	\$2,064,803	\$8,545	\$5,410,666	599,070	91.66%
Marquette Total	144,426	\$143,988	\$0	\$347,978	65,370	91.42%
Sheboygan Total	1,316,991	\$980,530	\$5,144	\$5,051,935	285,762	89.54%
Iron Total	33,554	\$30,390	\$885	\$206,744	5,813	85.21%
Taylor Total	203,079	\$214,519	\$1,423	\$542,308	95,132	84.66%
Jefferson Total	1,088,409	\$715,831	\$3,375	\$3,614,007	257,258	83.88%
Forest Total	33,975	\$39,336	\$0	\$160,905	9,985	83.18%
Fond du Lac Total	1,032,817	\$798,737	\$0	\$3,228,086	309,861	82.47%
Rock Total	1,968,558	\$937,280	\$17,727	\$6,260,624	362,338	81.57%
St. Croix Total	808,533	\$475,084	\$1,620	\$1,998,738	242,677	79.26%
Burnett Total	53,754	\$114,013	\$2,436	\$212,614	37,249	78.28%
Douglas Total	401,039	\$337,193	\$2,880	\$1,277,713	136,889	77.49%
Waupaca Total	755,034	\$677,311	\$906	\$2,191,933	303,026	77.02%
Ashland Total	161,156	\$91,366	\$18,898	\$610,755	32,425	76.72%
Dunn Total	394,955	\$327,336	\$0	\$843,997	199,887	76.63%
Iowa Total	234,145	\$136,074	\$0	\$551,266	75,585	76.47%
Crawford Total	101,993	\$88,895	\$0	\$356,842	33,770	75.24%
Chippewa Total	548,829	\$558,545	\$252	\$1,468,805	280,288	74.47%
Green Total	474,038	\$265,477	\$17,000	\$1,419,511	120,783	74.29%
Lafayette Total	94,502	\$74,736	\$753	\$317,719	30,280	73.59%
Clark Total	305,621	\$253,790	\$4,112	\$770,353	137,574	73.58%
Wood Total	916,619	\$643,713	\$8,972	\$2,861,613	282,702	73.17%
Outagamie Total	2,024,882	\$1,071,868	\$479	\$5,827,005	512,626	72.67%
Washburn Total	117,693	\$120,575	\$986	\$323,469	61,140	71.97%
Buffalo Total	49,886	\$28,704	\$0	\$122,204	17,206	68.10%
Columbia Total	666,234	\$429,556	\$6,000	\$1,928,605	219,366	67.86%
Monroe Total	312,844	\$228,000	\$0	\$937,612	112,506	67.62%
Price Total	172,687	\$250,055	\$767	\$696,495	93,637	66.28%
Vernon Total	288,029	\$209,114	\$0	\$768,153	119,871	65.41%
Grant Total	427,396	\$281,316	\$0	\$1,485,656	127,783	63.33%
Juneau Total	198,035	\$237,139	\$0	\$776,327	96,548	62.66%
Pierce Total	589,165	\$405,654	\$840	\$1,574,239	243,388	62.41%
Richland Total	141,753	\$121,312	\$0	\$418,853	66,480	61.76%
Jackson Total	88,320	\$101,874	\$0	\$283,619	52,229	60.74%
Barron Total	408,970	\$352,870	\$0	\$1,339,669	186,972	57.61%
Trempealeau Total	196,287	\$154,967	\$0	\$704,569	76,102	56.73%
Median						83.53%

Table 11

Table 12: Top 20 Counties: Levy as % of Cost of Serving Non-Residents [43.12 Formula]

County	Total Circulation (2006)	County Appropriation (2006)	Federal Operating Funds	Total Operating Expenditures (2006)	Total Circulation to Non-Residents (2006)	%age of cost of serving non-residents**
County	CircTotal	CountyTotal2	FedTotal4	TotOpExpend	CtyWOLib	NonRes% County System
Brown Total	2,380,856	\$5,859,466	\$6,000	\$6,506,694	0	County System
La Crosse Total	1,373,870	\$1,411,464	\$0	\$6,171,540	63	County System
Marathon Total	849,425	\$3,683,851	\$830	\$3,743,283	0	County System
Dodge Total	849,426	\$753,689	\$6,075	\$2,900,434	161,673	136.81%
Washington Total	1,201,750	\$1,464,146	\$3,375	\$3,347,396	429,078	122.63%
Ozaukee Total	1,080,584	\$287,432	\$3,215	\$3,070,434	83,376	121.45%
Eau Claire Total	1,322,629	\$707,386	\$4,811	\$3,839,992	202,037	120.75%
Walworth Total	607,820	\$1,169,527	\$4,050	\$2,904,041	208,252	117.71%
Winnebago Total	2,424,895	\$1,900,881	\$3,802	\$7,146,994	550,812	117.15%
Dane Total	8,531,102	\$3,793,169	\$72,812	\$21,746,486	1,436,281	103.95%
Manitowoc Total	923,713	\$863,655	\$578	\$3,292,755	235,299	102.99%
Waukesha Total	4,861,595	\$2,576,633	\$0	\$15,522,658	815,953	98.90%
Kenosha Total	1,362,388	\$1,237,230	\$9,310	\$6,950,969	254,321	95.48%
Racine Total	1,436,690	\$2,064,803	\$8,545	\$5,410,666	599,070	91.66%
Sheboygan Total	1,316,991	\$980,530	\$5,144	\$5,051,935	285,762	89.54%
Jefferson Total	1,088,409	\$715,831	\$3,375	\$3,614,007	257,258	83.88%
Fond du Lac Total	1,032,817	\$798,737	\$0	\$3,228,086	309,861	82.47%
Rock Total	1,968,558	\$937,280	\$17,727	\$6,260,624	362,338	81.57%
St. Croix Total	808,533	\$475,084	\$1,620	\$1,998,738	242,677	79.26%
Outagamie Total	2,024,882	\$1,071,868	\$479	\$5,827,005	512,626	72.67%
Median						98.90%

Table 12

Table 13: All Counties: Levy as % of Non-Resident Service Cost [43.12 Formula; 2004 Adj.]

County	Total Circulation (2004)	County Appropriation (2006)	Federal Operating Funds	Total Operating Expenditures (2004)	Total Circulation to Non-Residents (2004)	%age of cost of serving non-residents**
County	CircTotal	CountyTotal2	FedTotal4	TotOpExpend	CtyWOLib	NonRes%
Adams Total	90,454	\$306,745	\$1,364	\$350,263	0	County System
Brown Total	2,434,056	\$5,859,466	\$21,527	\$6,359,653	0	County System
Door Total	342,082	\$1,407,028	\$2,886	\$1,312,190	0	County System
Florence Total	18,374	\$62,431	\$362	\$60,423	0	County System
La Crosse Total	1,240,525	\$1,411,464	\$0	\$5,564,975	72	County System
Marathon Total	745,754	\$3,683,851	\$0	\$3,536,943	0	County System
Marinette Total	191,085	\$779,873	\$5,398	\$749,699	0	County System
Menominee Total	1,654	\$18,872	\$4,000	\$94,805	0	County System
Milwaukee Total	8,199,538	\$66,651	\$839,746	\$34,915,673	25,481	County System
Portage Total	495,051	\$1,629,238	\$4,000	\$1,602,341	0	County System
Rusk Total	145,855	\$268,173	\$0	\$420,926	0	County System
Shawano Total	340,586	\$435,000	\$0	\$669,145	0	County System
Vilas Total	208,001	\$52,971	\$12,728	\$708,515	4,409	359.16%
Calumet Total	211,904	\$349,822	\$571	\$706,088	67,353	156.00%
Oneida Total	341,295	\$333,406	\$0	\$1,297,694	64,758	135.41%
Walworth Total	555,129	\$1,169,527	\$5,000	\$2,630,765	183,796	134.53%
Ozaukee Total	1,029,526	\$287,432	\$8,617	\$2,986,996	74,319	133.69%
Washington Total	1,142,142	\$1,464,146	\$0	\$3,095,540	416,876	129.59%
Dodge Total	834,797	\$753,689	\$0	\$2,775,742	176,113	128.71%
Eau Claire Total	1,367,350	\$707,386	\$4,735	\$3,718,549	207,615	125.45%
Langlade Total	195,728	\$311,948	\$125	\$613,863	79,568	125.03%
Iron Total	35,415	\$30,390	\$1,916	\$172,395	5,182	121.83%
Winnebago Total	2,249,461	\$1,900,881	\$0	\$6,610,462	534,162	121.10%
Waushara Total	295,135	\$352,800	\$0	\$604,183	143,820	119.83%
Green Lake Total	285,030	\$230,938	\$0	\$770,548	71,747	119.06%
Polk Total	368,668	\$581,869	\$0	\$1,121,541	163,147	117.24%
Manitowoc Total	992,997	\$863,655	\$2,160	\$2,989,554	248,749	115.41%
Sauk Total	812,538	\$759,741	\$10,413	\$2,055,460	261,989	115.22%
Dane Total	7,661,656	\$3,793,169	\$44,979	\$19,210,867	1,323,252	114.59%
Kenosha Total	1,268,701	\$1,237,230	\$24,542	\$6,478,083	221,145	109.99%
Lincoln Total	408,394	\$530,114	\$2,312	\$1,206,544	164,705	109.15%
Green Total	485,363	\$265,477	\$500	\$1,121,963	107,159	107.22%
Sawyer Total	87,882	\$214,779	\$39,602	\$387,382	50,622	107.21%
Bayfield Total	119,234	\$200,171	\$9,123	\$439,002	52,400	105.96%
Oconto Total	251,884	\$261,780	\$4,611	\$587,485	107,237	105.49%

Kewaunee Total	137,152	\$188,922	\$1,194	\$438,749	57,006	103.88%
Pepin Total	56,978	\$60,302	\$1,644	\$139,674	24,864	100.11%
Racine Total	1,392,340	\$2,064,803	\$7,150	\$5,094,675	572,295	98.74%
Taylor Total	183,047	\$214,519	\$366	\$471,624	86,957	95.82%
Marquette Total	136,303	\$143,988	\$0	\$335,841	62,271	93.85%
Jefferson Total	1,052,490	\$715,831	\$0	\$3,287,859	245,307	93.41%
Dunn Total	354,233	\$327,336	\$3,304	\$718,039	177,565	91.37%
Lafayette Total	83,486	\$74,736	\$175	\$273,459	25,207	90.57%
Sheboygan Total	1,235,562	\$980,530	\$12,388	\$4,848,060	277,331	90.34%
Fond du Lac Total	893,323	\$798,737	\$2,572	\$2,948,913	269,737	89.78%
St. Croix Total	610,279	\$475,084	\$4,748	\$1,723,551	189,353	89.08%
Waukesha Total	4,553,071	\$2,576,633	\$0	\$14,258,692	929,484	88.52%
Forest Total	37,663	\$39,336	\$778	\$154,841	11,033	87.16%
Rock Total	1,877,673	\$937,280	\$37,626	\$5,977,217	352,144	84.14%
Burnett Total	53,291	\$114,013	\$2,391	\$199,377	37,507	82.24%
Clark Total	304,238	\$253,790	\$291	\$700,611	135,520	81.36%
Buffalo Total	58,825	\$28,704	\$0	\$117,920	17,788	80.50%
Chippewa Total	528,479	\$558,545	\$793	\$1,386,328	268,459	79.36%
Waupaca Total	736,827	\$677,311	\$2,098	\$2,045,063	309,750	78.86%
Crawford Total	95,029	\$88,895	\$0	\$363,531	30,029	77.38%
Columbia Total	621,450	\$429,556	\$5,000	\$1,717,277	202,420	77.02%
Ashland Total	159,044	\$91,366	\$16,751	\$612,459	31,775	76.77%
Douglas Total	437,978	\$337,193	\$0	\$1,257,256	153,100	76.72%
Outagamie Total	1,833,154	\$1,071,868	\$0	\$5,425,249	473,161	76.54%
Washburn Total	105,096	\$120,575	\$20,389	\$313,221	56,685	76.34%
Iowa Total	217,116	\$136,074	\$0	\$540,636	72,468	75.41%
Vernon Total	227,601	\$209,114	\$0	\$707,597	89,656	75.02%
Monroe Total	331,438	\$228,000	\$0	\$887,976	115,202	73.87%
Wood Total	897,622	\$643,713	\$4,400	\$2,842,628	281,736	72.26%
Juneau Total	191,604	\$237,139	\$0	\$707,510	89,623	71.66%
Trempealeau Total	169,426	\$154,967	\$0	\$570,594	64,432	71.42%
Jackson Total	94,005	\$101,874	\$0	\$250,980	54,170	70.44%
Price Total	164,027	\$250,055	\$0	\$658,838	88,710	70.18%
Richland Total	134,059	\$121,312	\$0	\$400,289	58,344	69.64%
Grant Total	391,580	\$281,316	\$0	\$1,280,759	126,518	67.98%
Pierce Total	496,857	\$405,654	\$0	\$1,429,430	213,232	66.13%
Barron Total	351,215	\$352,870	\$0	\$1,307,519	153,514	61.74%
Median						90.97%

Table 13

Table 14: Top 20: Levy as % of Non-Resident Service Costs [43.12 Formula; 2004 Adj.]

County	Total Circulation (2004)	County Appropriation (2006)	Federal Operating Funds	Total Operating Expenditures (2004)	Total Circulation to Non-Residents (2004)	%age of cost of serving non-residents**
County	CircTotal	CountyTotal2	FedTotal4	TotOpExpend	CtyWOLib	NonRes%
Brown Total	2,434,056	\$5,859,466	\$21,527	\$6,359,653	0	County System
La Crosse Total	1,240,525	\$1,411,464	\$0	\$5,564,975	72	County System
Marathon Total	745,754	\$3,683,851	\$0	\$3,536,943	0	County System
Walworth Total	555,129	\$1,169,527	\$5,000	\$2,630,765	183,796	134.53%
Ozaukee Total	1,029,526	\$287,432	\$8,617	\$2,986,996	74,319	133.69%
Washington Total	1,142,142	\$1,464,146	\$0	\$3,095,540	416,876	129.59%
Dodge Total	834,797	\$753,689	\$0	\$2,775,742	176,113	128.71%
Eau Claire Total	1,367,350	\$707,386	\$4,735	\$3,718,549	207,615	125.45%
Winnebago Total	2,249,461	\$1,900,881	\$0	\$6,610,462	534,162	121.10%
Manitowoc Total	992,997	\$863,655	\$2,160	\$2,989,554	248,749	115.41%
Dane Total	7,661,656	\$3,793,169	\$44,979	\$19,210,867	1,323,252	114.59%
Kenosha Total	1,268,701	\$1,237,230	\$24,542	\$6,478,083	221,145	109.99%
Racine Total	1,392,340	\$2,064,803	\$7,150	\$5,094,675	572,295	98.74%
Jefferson Total	1,052,490	\$715,831	\$0	\$3,287,859	245,307	93.41%
Sheboygan Total	1,235,562	\$980,530	\$12,388	\$4,848,060	277,331	90.34%
Fond du Lac Total	893,323	\$798,737	\$2,572	\$2,948,913	269,737	89.78%
St. Croix Total	610,279	\$475,084	\$4,748	\$1,723,551	189,353	89.08%
Waukesha Total	4,553,071	\$2,576,633	\$0	\$14,258,692	929,484	88.52%
Rock Total	1,877,673	\$937,280	\$37,626	\$5,977,217	352,144	84.14%
Outagamie Total	1,833,154	\$1,071,868	\$0	\$5,425,249	473,161	76.54%
Median						109.99%

Table 14

Table 15: Library Tax Rates Per \$1000-Library Municipality Residents

County	Support Per \$1,000 EAV
County	per \$1000
Menominee Total	-
Price Total	1.822
Juneau Total	1.576
Waupaca Total	1.245
Vernon Total	1.162
Richland Total	1.108
Lincoln Total	1.103
Clark Total	1.028
Barron Total	1.004
Trempealeau Total	0.981
Grant Total	0.974
Crawford Total	0.970
Lafayette Total	0.965
Manitowoc Total	0.962
Langlade Total	0.927
Burnett Total	0.927
Dodge Total	0.920
Wood Total	0.901
La Crosse Total	0.880
Chippewa Total	0.870
Rock Total	0.839
Sheboygan Total	0.835
Green Total	0.829
Polk Total	0.825
Kewaunee Total	0.814
Calumet Total	0.792
Jackson Total	0.791
Winnebago Total	0.791
Taylor Total	0.783
Fond du Lac Total	0.778
Ashland Total	0.776
Pierce Total	0.773
Sauk Total	0.766
Outagamie Total	0.764
Iowa Total	0.753
Monroe Total	0.747
Washburn Total	0.727
Columbia Total	0.712
Eau Claire Total	0.699
Jefferson Total	0.675
Douglas Total	0.673
Buffalo Total	0.629
Kenosha Total	0.623
Milwaukee Total*	0.615

Marquette Total	0.593
Racine Total	0.566
Pepin Total	0.532
Dane Total	0.527
Forest Total	0.521
Green Lake Total	0.521
Dunn Total	0.509
Marathon Total	0.490
Rusk Total	0.440
Walworth Total	0.420
Waushara Total	0.420
Portage Total	0.393
Washington Total	0.388
Brown Total	0.387
Oconto Total	0.371
Bayfield Total	0.365
Waukesha Total	0.364
St. Croix Total	0.354
Ozaukee Total	0.318
Iron Total	0.300
Shawano Total	0.269
Oneida Total	0.255
Marinette Total	0.250
Door Total	0.239
Adams Total	0.208
Florence Total	0.135
Vilas Total	0.100
Sawyer Total	0.067
Median	0.727

Table 15

Table 16: Tax Rates Per \$1000-Library Municipality Residents--Top 20 Counties

County Support Per \$1,000 EAV

County	per \$1000
Manitowoc Total	0.962
Dodge Total	0.920
La Crosse Total	0.880
Rock Total	0.839
Sheboygan Total	0.835
Winnebago Total	0.791
Fond du Lac Total	0.778
Outagamie Total	0.764
Eau Claire Total	0.699
Jefferson Total	0.675
Kenosha Total	0.623
Racine Total	0.566
Dane Total	0.527
Marathon Total	0.490
Walworth Total	0.420
Washington Total	0.388
Brown Total	0.387
Waukesha Total	0.364
St. Croix Total	0.354
Ozaukee Total	0.318
Median	0.649

Table 16

Table 17: Tax Rates Per Capita-Library Municipality Residents-All Counties

County	Resident Tax Rates Support Per Capita
County	Tax percapita
Price Total	\$ 78.15
Waupaca Total	\$ 56.22
Juneau Total	\$ 53.16
Barron Total	\$ 52.80
La Crosse Total	\$ 51.00
Door Total	\$ 49.45
Polk Total	\$ 48.46
Wood Total	\$ 47.72
Sheboygan Total	\$ 47.60
Ashland Total	\$ 47.40
Lincoln Total	\$ 47.28
Washburn Total	\$ 46.23
Sauk Total	\$ 45.97
Iowa Total	\$ 44.83
Columbia Total	\$ 44.67
Dane Total	\$ 44.21
Manitowoc Total	\$ 43.57
Pierce Total	\$ 43.30
Richland Total	\$ 42.82
Vernon Total	\$ 42.52
Green Total	\$ 42.37
Kenosha Total	\$ 41.91
Dodge Total	\$ 41.66
Rock Total	\$ 41.40
Outagamie Total	\$ 41.11
Winnebago Total	\$ 40.98
Walworth Total	\$ 40.86
Burnett Total	\$ 40.64
Waukesha Total	\$ 40.63
Green Lake Total	\$ 40.58
Trempealeau Total	\$ 39.99
Calumet Total	\$ 39.60
Crawford Total	\$ 39.44
Bayfield Total	\$ 39.21
Grant Total	\$ 39.04
Kewaunee Total	\$ 38.72
Eau Claire Total	\$ 38.60
Chippewa Total	\$ 38.47
Fond du Lac Total	\$ 38.41
Oneida Total	\$ 38.23
Jackson Total	\$ 37.91
Clark Total	\$ 37.21
Taylor Total	\$ 37.01

Ozaukee Total	\$	36.65
Milwaukee Total*	\$	36.03
Lafayette Total	\$	35.61
Jefferson Total	\$	35.60
Langlade Total	\$	35.28
Marquette Total	\$	34.10
Douglas Total	\$	33.89
Iron Total	\$	33.80
St. Croix Total	\$	32.11
Menominee Total	\$	31.47
Monroe Total	\$	30.10
Vilas Total	\$	30.00
Washington Total	\$	29.64
Marathon Total	\$	28.54
Rusk Total	\$	27.73
Dunn Total	\$	27.46
Buffalo Total	\$	27.37
Racine Total	\$	26.97
Forest Total	\$	26.43
Pepin Total	\$	25.98
Brown Total	\$	25.37
Portage Total	\$	23.77
Oconto Total	\$	22.39
Waushara Total	\$	21.84
Adams Total	\$	19.72
Sawyer Total	\$	19.29
Marinette Total	\$	17.51
Shawano Total	\$	15.59
Florence Total	\$	11.87
Median	\$	38.66

Table 17

Table 18: Tax Rates Per Capita-Library Municipality Residents-Top 20 Counties

County	Resident Tax Rates Support Per Capita	
County	Tax percapita	
La Crosse Total	\$	51.00
Sheboygan Total	\$	47.60
Dane Total	\$	44.21
Manitowoc Total	\$	43.57
Kenosha Total	\$	41.91
Dodge Total	\$	41.66
Rock Total	\$	41.40
Outagamie Total	\$	41.11
Winnebago Total	\$	40.98
Walworth Total	\$	40.86
Waukesha Total	\$	40.63
Eau Claire Total	\$	38.60
Fond du Lac Total	\$	38.41
Ozaukee Total	\$	36.65
Jefferson Total	\$	35.60
St. Croix Total	\$	32.11
Washington Total	\$	29.64
Marathon Total	\$	28.54
Racine Total	\$	26.97
Brown Total	\$	25.37
Median	\$	40.75

Table 18

Table 19: Trends in Total Racine County Library Circulation, 2001-2006

	Non-Res from Rac Cty as %age of circ	Non-Res from Rac Cty Lib Munis as %age of circ	Non-Res from Rac Cty Non-Lib Munis as %age of circ	Muni Res as %age of circ	Annual %age Change in Total Circ	Annual %age Change in Racine County Nonres Circ
2001	44.03%	2.27%	41.76%	51.09%		
2002	45.65%	2.46%	43.19%	49.73%	6.96%	10.88%
2003	44.48%	3.12%	41.36%	51.16%	3.86%	1.19%
2004	43.66%	2.56%	41.10%	51.81%	-0.75%	-2.58%
2005	42.93%	3.08%	39.85%	52.36%	2.64%	0.93%
2006	44.86%	3.17%	41.70%	50.28%	0.53%	5.06%
				Average Change	5.27%	6.21%
					13.76%	15.90%
						Overall Percentage Change, 2001-2006

Table 19

Table 20: Percentage Change in Total and Nonresident Circulation, 2001-2006

Year	Library	Percentage Change in Total Circulation	Percentage Change in Circulation to Residents of Library Munis	Percentage Change in Circulation to Residents of Non-Library Munis
2001	Burlington			
2001	Racine			
2001	Rochester			
	Union			
2001	Grove			
2001	Waterford			
2002	Burlington	-2.66%	-14.14%	-3.74%
2002	Racine	6.63%	0.16%	10.94%
2002	Rochester	-12.26%	-17.49%	-15.48%
	Union			
2002	Grove	2.50%	-1.11%	-2.35%
2002	Waterford	34.45%	75.51%	29.04%
2003	Burlington	4.99%	49.80%	11.02%
2003	Racine	3.75%	83.23%	-3.18%
2003	Rochester	-2.56%	-22.67%	11.40%
	Union			
2003	Grove	-6.92%	18.20%	-2.48%
2003	Waterford	8.53%	15.34%	6.41%
2004	Burlington	-7.95%	-36.96%	-13.63%
2004	Racine	-2.41%	-49.17%	-3.81%
2004	Rochester	13.93%	-27.37%	13.61%
	Union			
2004	Grove	6.16%	85.36%	9.31%
2004	Waterford	15.36%	10.81%	15.79%
2005	Burlington	1.55%	-6.47%	-1.48%
2005	Racine	0.60%	108.93%	-3.13%
2005	Rochester	38.81%	56.77%	78.72%
	Union			
2005	Grove	7.10%	40.62%	8.95%
2005	Waterford	9.26%	8.09%	4.98%
2006	Burlington	-1.18%	-18.58%	-2.23%
2006	Racine	-3.04%	-3.88%	1.80%
2006	Rochester	8.07%	52.84%	9.74%
	Union			
2006	Grove	7.22%	-23.78%	5.57%
2006	Waterford	17.36%	9.06%	21.61%
2006	Total	0.53%	3.30%	5.19%
2001-2006	Burlington	-5.61%	-38.26%	-11.08%
2001-2006	Racine	5.30%	87.32%	1.88%
2001-2006	Rochester	46.13%	11.05%	109.79%
	Union			
2001-2006	Grove	16.31%	132.22%	19.73%
2001-2006	Waterford	115.84%	164.43%	102.96%
2001-2006	Total	13.76%	58.41%	13.59%

Table 20

Table 21: Change in Share of Total County Circulation, 2001-2006

Library	Percentage of Total County Circulation					
	2001	2002	2003	2004	2005	2006
Burlington	14.96%	13.61%	13.76%	12.76%	12.62%	12.41%
Racine	70.80%	70.59%	70.52%	69.34%	67.95%	65.54%
Rochester	1.77%	1.45%	1.36%	1.57%	2.12%	2.28%
Union Grove	4.44%	4.25%	3.81%	4.08%	4.25%	4.54%
Waterford	8.03%	10.09%	10.55%	12.26%	13.05%	15.24%

Table 21

Table 22: County Library as Percentage of Municipal Library Levy
Municipality **County Levy* as Percentage of Municipal Levy**

Burlington	68.41%	67.89%	65.12%	76.23%	66.75%	61.31%	62.47%
Racine	43.95%	55.98%	62.97%	65.79%	65.95%	67.25%	55.52%
Rochester	25.57%	29.62%	35.32%	37.59%	27.82%	44.15%	31.52%
Union Grove	52.03%	52.39%	57.25%	66.05%	72.22%	74.93%	56.92%
Waterford	50.67%	75.47%	111.79%	114.13%	132.65%	142.44%	94.48%

Table 22

Table 23: County Library Levy as Percentage of Municipal Library Total Income

Municipality	County Levy* as Percentage of Total Income						
	2001	2002	2003	2004	2005	2006	Average
Burlington	31.55%	29.35%	29.00%	32.94%	28.92%	26.55%	29.72%
Racine	26.72%	29.14%	35.07%	34.52%	33.37%	35.18%	32.33%
Rochester	20.61%	22.22%	26.09%	27.71%	20.14%	33.82%	25.10%
Union Grove	23.60%	32.13%	35.46%	39.15%	40.43%	39.95%	35.12%
Waterford	34.19%	48.36%	54.13%	48.58%	51.21%	55.28%	48.63%

*Calculations based on county library levy in succeeding year

Table 23

Table 24: Changes in Municipal Library Levies, 2001-2006

		2001	2002	2003	2004	2005	2006
Municipal Appropriation	Burlington	\$ 258,008	\$ 260,685	\$276,155	\$276,910	\$285,757	\$292,786
	Racine	\$ 2,143,055	\$ 1,946,110	\$2,053,402	\$2,080,129	\$2,048,733	\$2,060,768
	Rochester	\$ 56,540	\$ 63,500	\$72,800	\$82,000	\$91,000	\$98,550
	Union	\$ 126,143	\$ 127,245	\$132,580	\$135,080	\$137,300	\$134,820
	Grove	\$ 241,282	\$ 250,000	\$213,396	\$215,208	\$212,342	\$212,342
	Waterford	\$ 241,282	\$ 250,000	\$213,396	\$215,208	\$212,342	\$212,342
			2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Year-to-Year Change	Burlington		1.04%	5.93%	0.27%	3.19%	2.46%
	Racine		-9.19%	5.51%	1.30%	-1.51%	0.59%
	Rochester		12.31%	14.65%	12.64%	10.98%	8.30%
	Union						
	Grove		0.87%	4.19%	1.89%	1.64%	-1.81%
	Waterford		3.61%	-14.64%	0.85%	-1.33%	0.00%
2001-2006 Change	Burlington		13.48%				
	Racine		-3.84%				
	Rochester		74.30%				
	Union						
	Grove		6.88%				
	Waterford		-11.99%				

Table 24

Table 25: Municipal Library Levies Compared to Averages of Previous 3 Years

	Municipal Approp.	Muni Capital Funds	Muni Funds Per 43.15*	3-Year Average	Below 3-Yr Average	Muni Funds Per 43.15* (w/o cap)	3-Year Average (w/o cap)	Below 3-Yr Average (w/o cap)
06	Burlington	\$292,786	\$ -	\$483,195	\$ 462,362	\$483,195	\$ 448,524	
	Racine	\$2,060,768	\$11,394	\$2,578,924	\$ 2,571,752	\$2,567,530	\$ 2,571,752	Possible
	Rochester	\$98,550	\$ -	\$102,634	\$ 86,208	\$102,634	\$ 86,208	
	Union Grove	\$134,820	\$10,977	\$164,019	\$ 173,154	\$153,042	\$ 151,468	
	Waterford	\$212,342	\$ -	\$259,589	\$ 286,741	\$259,589	\$ 274,015	Possible
05	Burlington	\$285,757	\$ -	\$442,015	\$ 457,183	\$442,015	\$ 443,346	Possible
	Racine	\$2,048,733	\$ -	\$2,632,912	\$ 2,594,682	\$2,632,912	\$ 2,572,456	
	Rochester	\$91,000	\$ -	\$93,883	\$ 78,105	\$93,883	\$ 78,105	
	Union Grove	\$137,300	\$ 5,099	\$160,587	\$ 167,343	\$155,488	\$ 146,811	Possible
	Waterford	\$212,342	\$10,000	\$313,519	\$ 275,711	\$303,519	\$ 262,130	
04	Burlington	\$276,910	\$41,513	\$501,956	\$ 425,516	\$460,443	\$ 425,516	
	Racine	\$2,080,129	\$0	\$2,595,155	\$ 2,595,046	\$2,595,155	\$ 2,550,594	
	Rochester	\$82,000	\$0	\$85,005	\$ 69,542	\$85,005	\$ 69,542	
	Union Grove	\$135,080	\$40,077	\$191,602	\$ 177,054	\$151,525	\$ 169,335	Possible
	Waterford	\$215,208	\$19,684	\$286,184	\$ 271,285	\$266,500	\$ 260,078	
03	Burlington	\$276,155	\$0	\$443,114	\$395,887	\$443,114	\$ 394,899	
	Racine	\$2,053,402	\$0	\$2,487,190	\$2,513,402	\$2,487,190	\$ 2,468,950	
	Rochester	\$72,800	\$0	\$79,736	\$60,900	\$79,736	\$ 60,900	
	Union Grove	\$132,580	\$19,883	\$167,273	\$177,379	\$147,390	\$ 171,313	Possible
	Waterford	\$213,396	\$8,493	\$260,520	\$241,371	\$252,027	\$ 229,706	
02	Burlington	\$ 260,685	\$ -	\$426,480	\$370,781	\$426,480	\$ 369,793	
	Racine	\$ 1,946,110	\$66,678	\$2,701,701	\$2,269,974	\$2,635,023	\$ 2,247,748	
	Rochester	\$ 63,500	\$ -	\$69,575	\$54,304	\$69,575	\$ 54,304	
	Union Grove	\$ 127,245	\$ 1,636	\$143,155	\$174,218	\$141,519	\$ 167,700	Possible
	Waterford	\$ 250,000	\$12,564	\$280,428	\$190,863	\$267,864	\$ 183,387	

		Municipal Approp.	Muni Capital Funds	Muni Funds Per 43.15	3-Year Average	Below 3-Yr Average	Muni Funds Per 43.15 (w/o cap)	3-Year Average (w/o cap)	Below 3-Yr Average (w/o cap)
01	Burlington	\$ 258,008	\$ -	\$406,954	Insuff. Data		\$406,954	Insuff. Data	
	Racine	\$ 2,143,055	\$66,678	\$2,596,248	Insuff. Data		\$2,529,570	Insuff. Data	
	Rochester	\$ 56,540	\$ -	\$59,315	Insuff. Data		\$59,315	Insuff. Data	
	Union Grove	\$ 126,143	\$ 1,636	\$220,733	Insuff. Data		\$219,097	Insuff. Data	
	Waterford	\$ 241,282	\$12,564	\$272,906	Insuff. Data		\$260,342	Insuff. Data	
00	Burlington	\$256,224	\$2,964	\$354,228	Insuff. Data		\$351,264	Insuff. Data	
	Racine	\$1,978,810	\$0	\$2,242,257	Insuff. Data		\$2,242,257	Insuff. Data	
	Rochester	\$50,758	\$0	\$53,810	Insuff. Data		\$53,810	Insuff. Data	
	Union Grove	\$123,798	\$14,925	\$168,249	Insuff. Data		\$153,324	Insuff. Data	
	Waterford	\$148,904	\$9,865	\$170,778	Insuff. Data		\$160,913	Insuff. Data	
99	Burlington	\$239,582	\$0	\$351,160	Insuff. Data		\$351,160	Insuff. Data	
	Racine	\$1,890,945	\$0	\$1,971,417	Insuff. Data		\$1,971,417	Insuff. Data	
	Rochester	\$46,032	\$0	\$49,786	Insuff. Data		\$49,786	Insuff. Data	
	Union Grove	\$115,223	\$2,994	\$133,672	Insuff. Data		\$130,678	Insuff. Data	
	Waterford	\$118,514	\$0	\$128,906	Insuff. Data		\$128,906	Insuff. Data	

*Section 43.15(4)(c)5., Wis. Stat., requires municipalities whose libraries participate in federated library systems to fund their libraries at not less than the average of the last 3 years. It excludes, for purposes of the 3-year computation, county funding; state, federal or private funding designated for library services; and unspent prior year library appropriations. Available data do not indicate whether "All Other Income" or municipal capital funding come from state, federal, or private sources, or from unspent prior year appropriations; and, therefore, there is some uncertainty about these calculations. They are provided merely to highlight a possible issue for further consideration.

Table 25

Table 26: Comparison of Claimed Circulation with Circulation Permitted Under Sec. 43.12

<u>System County</u> Municipality	2006 DPI Data Home County			Circulation Claimed on June 26, 2007 Letter to Racine County Clerk
	Circulation to those with a library	Circulation to those without a library	Total	
Burlington	5,886	48,251	54,137	54,121
Racine	10,754	391,269	402,023	402,023
Rochester	4,744	8,037	12,781	12,781
Union Grove	1,045	31,010	32,055	32,055
Waterford	23,061	120,503	143,564	143,564
<i>Adjustment</i>				
Racine Total	45,490	599,070	644,560	644,544

Table 26

Table 27: County Library Levy Compared to Costs Claimable
Under Library Services Agreement and Sec. 43.12

System <u>County</u> Municipality	Maximum claimable costs under Library Services Agreement	Levy as % of Library Services Agreement maximum claimable costs	Minimum claimable costs under Library Services Agreement	Levy as % of Library Services Agreement minimum claimable costs	Claimable costs under Sec. 43.12	Levy as % of Sec. 43.12 Claimable Costs
2006						
Burlington	\$ 131,457		\$ 130,853		\$ 182,803	
Racine	\$ 1,337,479		\$ 1,328,888		\$ 1,547,770	
Rochester	\$ 30,134		\$ 29,968		\$ 30,972	
Union Grove	\$ 103,685		\$ 103,364		\$ 112,035	
Waterford	\$ 265,401		\$ 262,183		\$ 288,194	
<i>Out-of-county borrowing*</i>	\$126,099		\$126,099		\$126,099	
Racine Total	\$ 1,994,255		\$ 1,981,355		\$ 2,287,873	
	\$ 2,138,533	107.23%	\$ 2,138,533	107.93%	\$ 2,138,533	93.47%
2005						
Burlington	\$ 137,641		\$ 135,894		\$ 178,633	
Racine	\$ 1,157,942		\$ 1,139,312		\$ 1,384,951	
Rochester	\$ 29,717		\$ 29,486		\$ 30,184	
Union Grove	\$ 98,856		\$ 98,588		\$ 107,379	
Waterford	\$ 223,480		\$ 222,973		\$ 271,416	
<i>Out-of-county borrowing*</i>	\$119,617		\$119,617		\$119,617	
Racine Total	\$ 1,767,252		\$ 1,745,870		\$ 2,092,180	
	\$ 2,106,099	119.17%	\$ 2,106,099	120.63%	\$ 2,106,099	100.67%
2004						
Burlington	\$ 128,914		\$ 128,773		\$ 180,517	
Racine	\$ 1,245,580		\$ 1,214,285		\$ 1,455,121	
Rochester	\$ 20,336		\$ 20,242		\$ 20,807	
Union Grove	\$ 96,464		\$ 96,227		\$ 104,040	
Waterford	\$ 226,680		\$ 226,404		\$ 254,766	
<i>Out-of-county borrowing*</i>	\$116,089		\$116,089		\$116,089	
Racine Total	\$ 1,834,063		\$ 1,802,019		\$ 2,131,341	
	\$ 2,064,803	112.58%	\$ 2,064,803	114.58%	\$ 2,064,803	96.88%

*Reimbursement to other counties for borrowing by Racine County residents

<u>System County</u> Municipality	Maximum claimable costs under Library Services Agreement	Levy as % of Library Services Agreement maximum claimable costs	Minimum claimable costs under Library Services Agreement	Levy as % of Library Services Agreement minimum claimable costs	Claimable costs under Sec. 43.12	Levy as % of Sec. 43.12 Claimable Costs
2003						
Burlington	\$ 133,659		\$ 133,659		\$ 183,823	
Racine	\$ 1,235,347		\$ 1,189,218		\$ 1,416,226	
Rochester	\$ 17,263		\$ 17,263		\$ 18,570	
Union Grove	\$ 84,086		\$ 84,086		\$ 90,919	
Waterford	\$ 195,989		\$ 195,989		\$ 217,271	
<i>Out-of-county borrowing*</i>	\$115,428					
Racine Total	\$ 1,781,771		\$ 1,735,642		\$ 2,042,238	
	\$ 2,064,803	115.88%	\$ 2,064,803	118.96%	\$ 2,064,803	101.10%
2002						
Burlington	\$ 124,212		\$ 124,212		\$ 171,317	
Racine	\$ 1,109,167		\$ 1,036,940		\$ 1,416,982	
Rochester	\$ 12,882		\$ 12,783		\$ 13,883	
Union Grove	\$ 75,787		\$ 75,655		\$ 82,073	
Waterford	\$ 210,835		\$ 210,835		\$ 220,873	
<i>Out-of-county borrowing*</i>	\$109,402					
Racine Total	\$ 1,642,284		\$ 1,569,826		\$ 2,014,530	
	\$ 1,929,140	117.47%	\$ 1,929,140	122.89%	\$ 1,929,140	95.76%
2001						
Burlington	\$ 117,903		\$ 117,656		\$ 160,447	
Racine	\$ 1,179,490		\$ 1,109,947		\$ 1,341,716	
Rochester	\$ 10,781		\$ 10,519		\$ 11,256	
Union Grove	\$ 39,534		\$ 38,341		\$ 81,957	
Waterford	\$ 194,486		\$ 193,925		\$ 205,085	
<i>Out-of-county borrowing*</i>	\$102,023					
Racine Total	\$ 1,644,218		\$ 1,572,411		\$ 1,902,483	
	\$ 1,655,909	100.71%	\$ 1,655,909	105.31%	\$ 1,655,909	87.04%

*Reimbursement to other counties for borrowing by Racine County residents

Table 27

Table 28: Hypothetical Exclusion/Inclusion of Operating Costs Offset by Contract Income

Total Operating Expenses	\$	10,000	
Assumed Contract Income	\$	1,000	
Residents' circulation share			45%
Non-residents' circulation share			45%
Out of county share			10%
Property Tax Burden			
<i>If no contract income</i>			
Tax support by library levy	\$	4,500	[45% of \$10,000]
Tax support by library municipality	\$	5,500	[Remainder of (\$10,000-\$4,500)]
<i>If costs offset by contract income excluded</i>			
Tax support by library levy	\$	4,050	[45% of (\$10,000 - \$1,000)]
Tax support by library municipality	\$	4,950	[Remainder of (\$10,000 - \$1,000 - \$4,050)]
<i>If costs offset by contract income included</i>			
Tax support by library levy	\$	4,500	[45% of \$10,000]
Tax support by library municipality	\$	4,500	[Remainder of (\$10,000 - \$1,000 - \$4,500)]

Table 28

Table 29: Hypothetical Exclusion/Inclusion of Operating Costs Offset by Intra-Racine County Contract Income

Library A

Total Operating Expenses	\$ 10,000
Contract Income from Library B	\$ 1,000
Net Operating Expenses	\$ 9,000

Residents' circulation share	45%
Non-residents' circulation share	45%
Municipality B circulation share	10%

Library B

Total Operating Expenses	\$ 10,000	[Includes contract income to Library A]
Residents' circulation share	50%	
Non-residents' circulation share	50%	

Property Tax Burden

If costs offset by contract income *excluded*

Library A

Tax support by library levy	\$ 4,050	[45% of (\$10,000 - \$1,000)]
Tax support by library municipality	\$ 4,950	[Remainder of (\$10,000 - \$1,000 - \$4,050)]

Library B

Tax support by library levy	\$ 5,000	[50% of \$10,000]
Tax support by library municipality	\$ 5,000	[Remainder of (\$10,000 - \$5,000)]

Total for Library Levy	\$ 9,050	[\$4,050 + \$5,000]
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If costs offset by contract income *included*

Library A

Tax support by library levy	\$ 4,500	[45% of \$10,000]
Tax support by library municipality	\$ 4,500	[Remainder of (\$10,000 - \$1,000 - \$4,500)]

Library B

Tax support by library levy	\$ 5,000	[50% of \$10,000]
Tax support by library municipality	\$ 5,000	[Remainder of (\$10,000 - \$5,000)]

Total for Library Levy	\$ 9,500	[\$4,500 + \$5,000]
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Table 29

Table 30: Hypothetical Exclusion/Inclusion of Operating Costs Offset by Fines, Fees, & Donations

Total Operating Expenses	\$ 10,000	
Fines, fees, donations	\$ 1,000	
	Residents' circulation share	50%
	Non-residents' circulation share	50%
Property Tax Burden		
<i>If no fines, fees, donations</i>		
	Tax support by library municipality	\$ 5,000 [50% of \$10,000]
	Tax support by library levy	\$ 5,000 [50% of \$10,000]
<i>If costs offset by fees, fines, donations included</i>		
	Tax support by library municipality	\$ 4,000 [50% of \$10,000 - \$1,000]
	Tax support by library levy	\$ 5,000 [50% of \$10,000]
<i>If costs offset by fees, fines, donations excluded</i>		
	Tax support by library municipality	\$ 4,500 [50% of (\$10,000 - \$1,000)]
	Tax support by library levy	\$ 4,500 [50% of (\$10,000 - \$1,000)]

Table 30

Table 31: Hypothetical Exclusion/Inclusion of Operating Costs Offset by Funds Carried Forward

Year 1

Total Budgeted Operating Expenses	\$ 10,000	
Residents' circulation share		50%
Non-residents' circulation share		50%
Property Tax Burden		
Tax support by library municipality	\$ 5,000	[50% of \$10,000]
Tax support by library levy	\$ 5,000	[50% of \$10,000]

Year 2

Total Operating Expenses	\$ 10,000	
Carried forward from prior year	\$ 1,000	
Residents' circulation share		50%
Non-residents' circulation share		50%
Property Tax Burden		
<i>If no carryover</i>	\$ 5,000	[50% of \$10,000]
	\$ 5,000	[50% of \$10,000]
<i>If costs offset by funds carried forward included</i>		
Tax support by library municipality	\$ 4,000	[50% of \$10,000 - \$1,000]
Tax support by library levy	\$ 5,000	[50% of \$10,000]
<i>If costs offset by funds carried forward excluded</i>		
Tax support by library municipality	\$ 4,500	[50% of (\$10,000 - \$1,000)]
Tax support by library levy	\$ 4,500	[50% of (\$10,000 - \$1,000)]

Table 31

Table 32: Application of Recommended Formula & Comparison to Sec. 43.12

<u>System County</u> Municipality	Claimable costs under recommended formula	Levy as % of claimable costs under recommended formula	Claimable costs under Sec. 43.12	Levy as % of Sec. 43.12 Claimable Costs	Allocation of actual levy in proportion to recommended formula claimable costs	Allocation of actual levy in proportion to Sec. 43.12 claimable costs
2006						
Burlington	\$ 166,553		\$ 182,803		\$ 174,623	\$ 170,175
Racine	\$ 1,343,758		\$ 1,547,770		\$ 1,408,861	\$ 1,440,846
Rochester	\$ 30,157		\$ 30,972		\$ 31,619	\$ 28,832
Union Grove	\$ 106,292		\$ 112,035		\$ 111,442	\$ 104,296
Waterford	\$ 272,679		\$ 288,194		\$ 285,890	\$ 268,285
<i>Out-of-county borrowing*</i>	\$126,099		\$126,099		\$126,099	\$126,099
Racine Total	\$ 2,045,539		\$ 2,287,873		\$ 2,138,533	\$ 2,138,533
	\$ 2,138,533	104.55%	\$ 2,138,533	93.47%		
2005						
Burlington	\$ 174,368		\$ 178,633		\$ 203,524	\$ 179,894
Racine	\$ 1,167,797		\$ 1,384,951		\$ 1,363,063	\$ 1,394,724
Rochester	\$ 29,739		\$ 30,184		\$ 34,712	\$ 30,397
Union Grove	\$ 101,528		\$ 107,379		\$ 118,505	\$ 108,137
Waterford	\$ 228,476		\$ 271,416		\$ 266,679	\$ 273,331
<i>Out-of-county borrowing*</i>	\$119,617		\$119,617		\$119,617	\$119,617
Racine Total	\$ 1,821,525		\$ 2,092,180		\$ 2,106,099	\$ 2,106,099
	\$ 2,106,099	115.62%	\$ 2,106,099	100.67%		
2004						
Burlington	\$ 163,747		\$ 180,517		\$ 180,831	\$ 174,557
Racine	\$ 1,254,067		\$ 1,455,121		\$ 1,384,910	\$ 1,407,078
Rochester	\$ 20,353		\$ 20,807		\$ 22,477	\$ 20,120
Union Grove	\$ 99,111		\$ 104,040		\$ 109,452	\$ 100,605
Waterford	\$ 227,326		\$ 254,766		\$ 251,044	\$ 246,354
<i>Out-of-county borrowing*</i>	\$116,089		\$116,089		\$116,089	\$116,089
Racine Total	\$ 1,880,693		\$ 2,131,341		\$ 2,064,803	\$ 2,064,803
	\$ 2,064,803	109.79%	\$ 2,064,803	96.88%		

*Reimbursement to other counties for borrowing by Racine County residents

Table 32

Table 32: Application of Recommended Formula & Comparison to Sec. 43.12

<u>System County</u> Municipality	Claimable costs under recommended formula	Levy as % of claimable costs under recommended formula	Claimable costs under Sec. 43.12	Levy as % of Sec. 43.12 Claimable Costs	Allocation of actual levy in proportion to recommended formula claimable costs	Allocation of actual levy in proportion to Sec. 43.12 claimable costs
2003						
Burlington	\$ 170,553		\$ 183,823		\$ 191,320	\$ 185,976
Racine	\$ 1,266,751		\$ 1,416,226		\$ 1,420,998	\$ 1,432,812
Rochester	\$ 17,273		\$ 18,570		\$ 19,376	\$ 18,788
Union Grove	\$ 86,840		\$ 90,919		\$ 97,415	\$ 91,984
Waterford	\$ 196,357		\$ 217,271		\$ 220,266	\$ 219,815
<i>Out-of-county borrowing*</i>	\$115,428					
Racine Total	\$ 1,853,202		\$ 2,042,238		\$ 2,064,803	\$ 2,064,803
	\$ 2,064,803	111.42%	\$ 2,064,803	101.10%		
2002						
Burlington	\$ 157,128		\$ 171,317		\$ 181,805	\$ 163,639
Racine	\$ 1,113,464		\$ 1,416,982		\$ 1,288,329	\$ 1,353,471
Rochester	\$ 12,887		\$ 13,883		\$ 14,911	\$ 13,261
Union Grove	\$ 78,252		\$ 82,073		\$ 90,541	\$ 78,394
Waterford	\$ 211,014		\$ 220,873		\$ 244,153	\$ 210,973
<i>Out-of-county borrowing*</i>	\$ 109,402					
Racine Total	\$ 1,682,147		\$ 2,014,530		\$ 1,929,140	\$ 1,929,140
	\$ 1,929,140	114.68%	\$ 1,929,140	95.76%		
2001						
Burlington	\$ 150,266		\$ 160,447		\$ 147,623	\$ 138,474
Racine	\$ 1,183,636		\$ 1,341,716		\$ 1,162,818	\$ 1,157,967
Rochester	\$ 10,781		\$ 11,256		\$ 10,591	\$ 9,714
Union Grove	\$ 42,299		\$ 81,957		\$ 41,556	\$ 70,733
Waterford	\$ 194,723		\$ 205,085		\$ 191,298	\$ 176,998
<i>Out-of-county borrowing*</i>	\$ 102,023					
Racine Total	\$ 1,683,729		\$ 1,902,483		\$ 1,655,909	\$ 1,655,909
	\$ 1,655,909	98.35%	\$ 1,655,909	87.04%		

*Reimbursement to other counties for borrowing by Racine County residents

Table 32

Table 33: Minimum Library Levies (3-year average)

	Actual Levies	Minimum Levies*
2005	\$ 2,064,803	
2006	\$ 2,106,099	
2007	\$ 2,138,533	
2008		\$ 2,103,145
2009		\$ 2,122,316
2010		\$ 2,138,533
2011		\$ 2,121,331
2012		\$ 2,127,393
2013		\$ 2,129,086
2014		\$ 2,125,937
2015		\$ 2,127,472
2016		\$ 2,127,498

*Levies for 2009 onward assume minimum levies in all years from 2008 onward. Were a higher than minimum levy to be set in any such year, the minimums in succeeding years would be greater.

Table 33

Charts

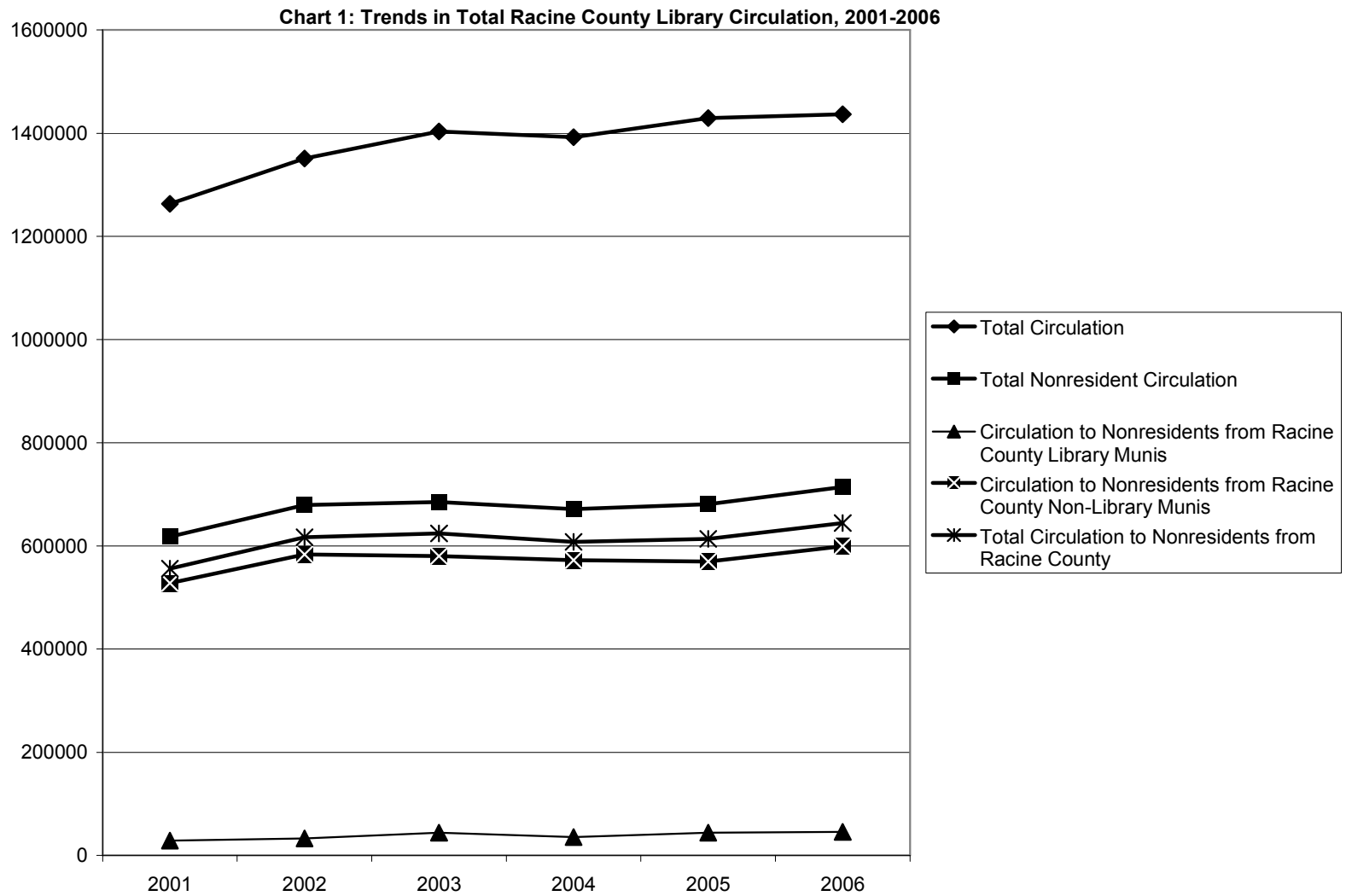


Chart 1: Trends in Racine County Library Circulation, 2001-2006

Chart 2: Change in Total and Nonresident Circulation, 2001-2006

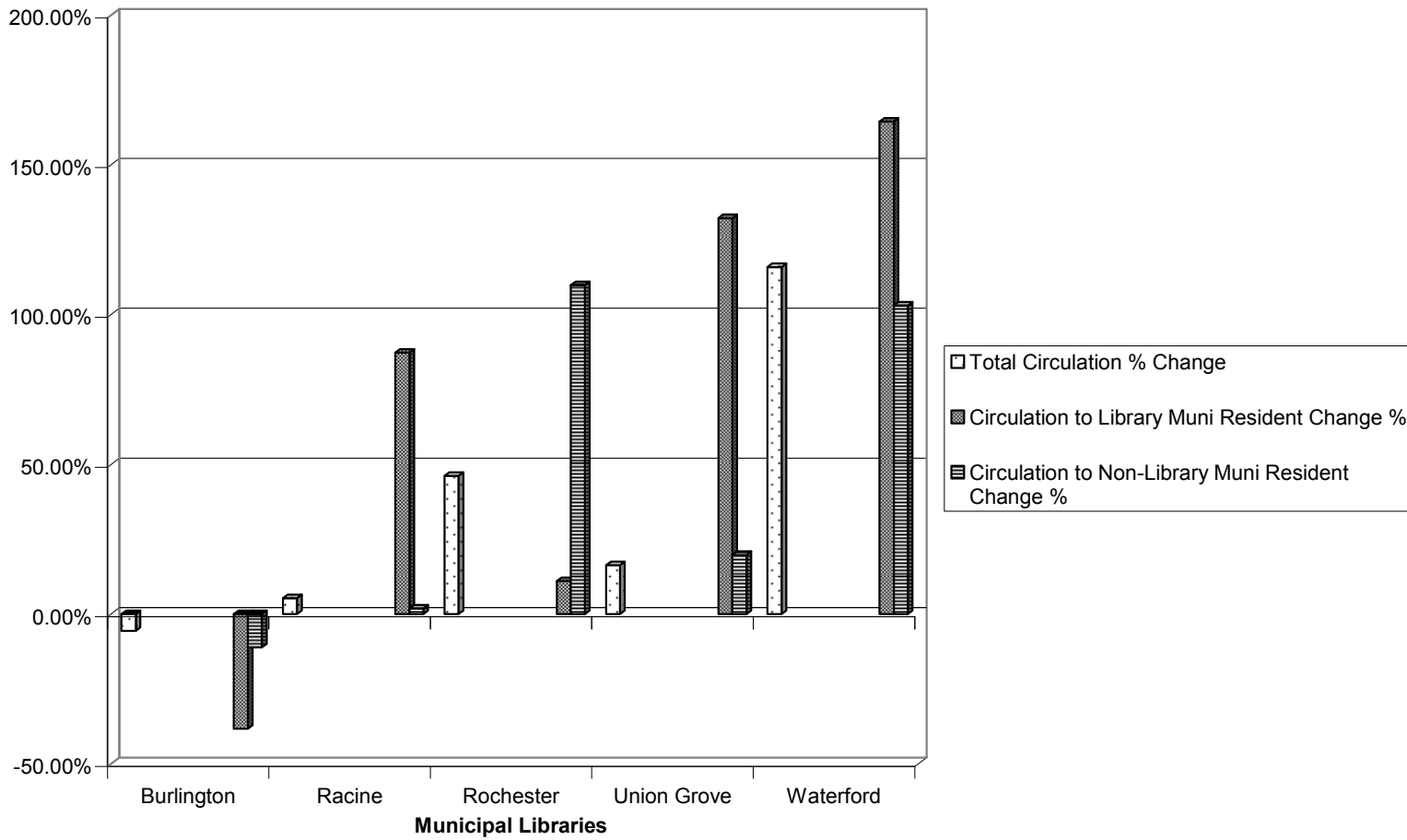


Chart 2: Change in Total and Nonresident Circulation, 2001-2006

Table 3: Change in Share of Total County Circulation, 2001-2006

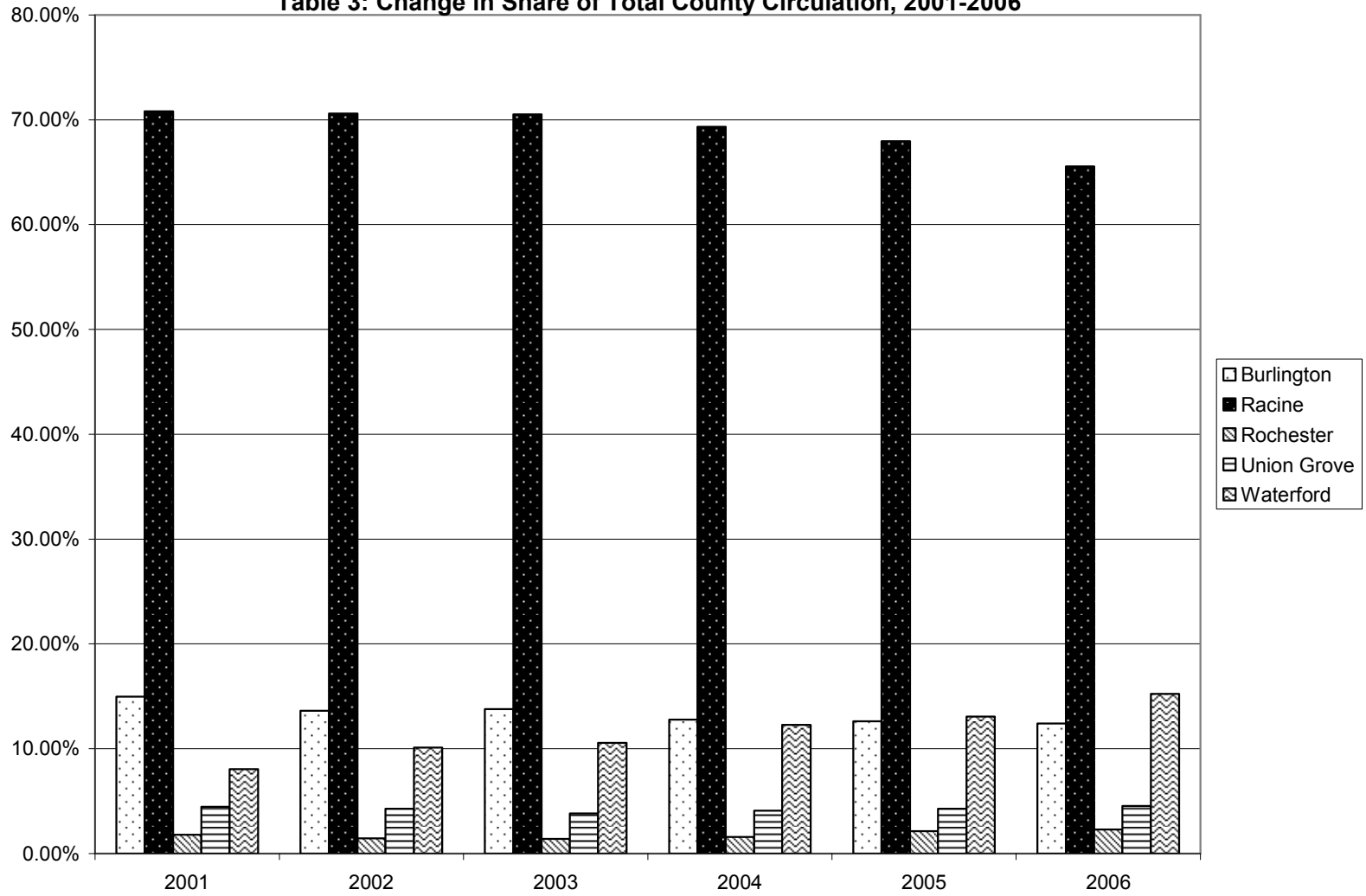


Chart 3: Change in Share of Total County Circulation, 2001-2006

Chart 4: County Library Levy as Percentage of Municipal Library Levy

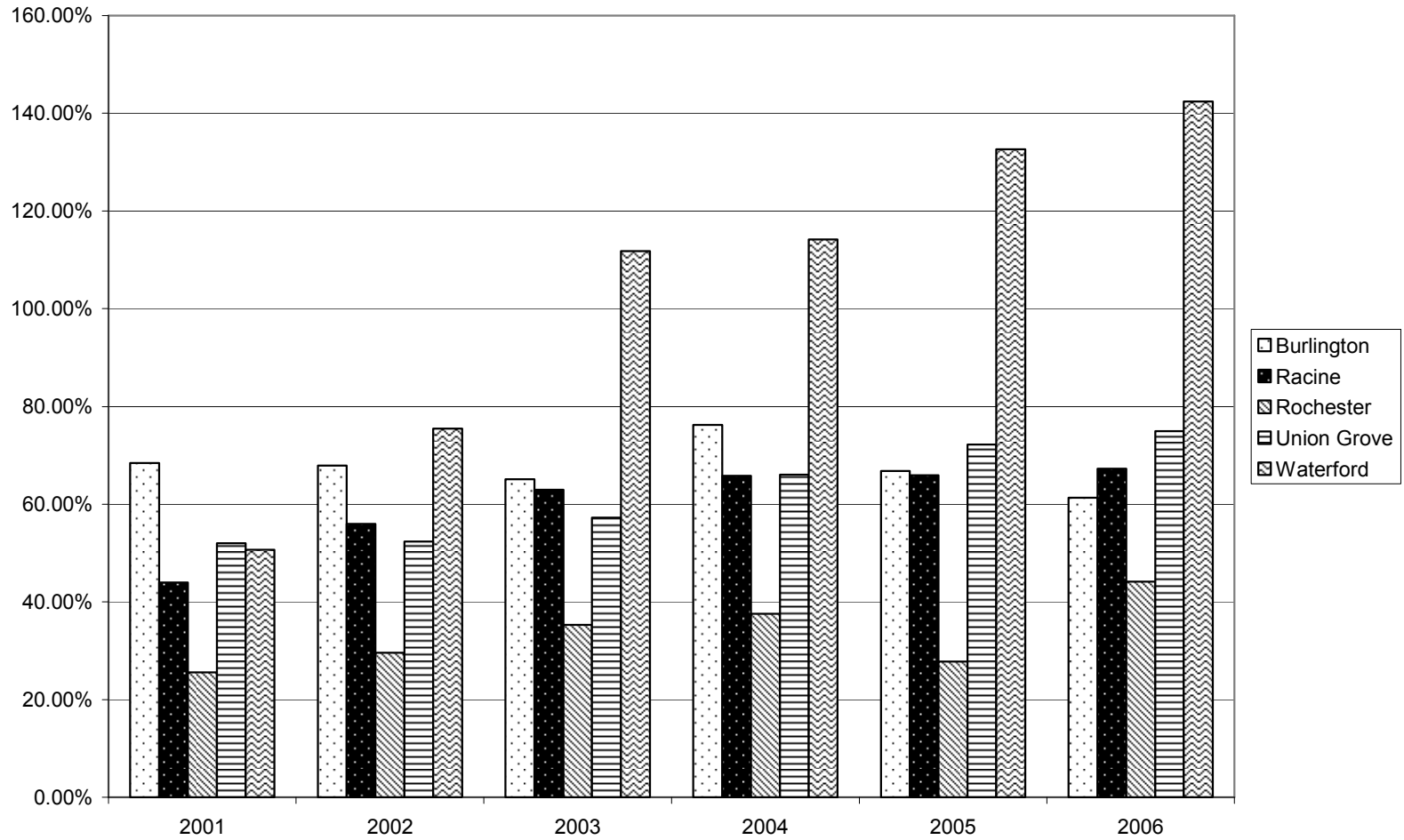


Chart 4: County Library Levy as Share of Municipal Library Levy

Chart 5: County Library Levy as Percentage of Municipal Libraries' Total Income

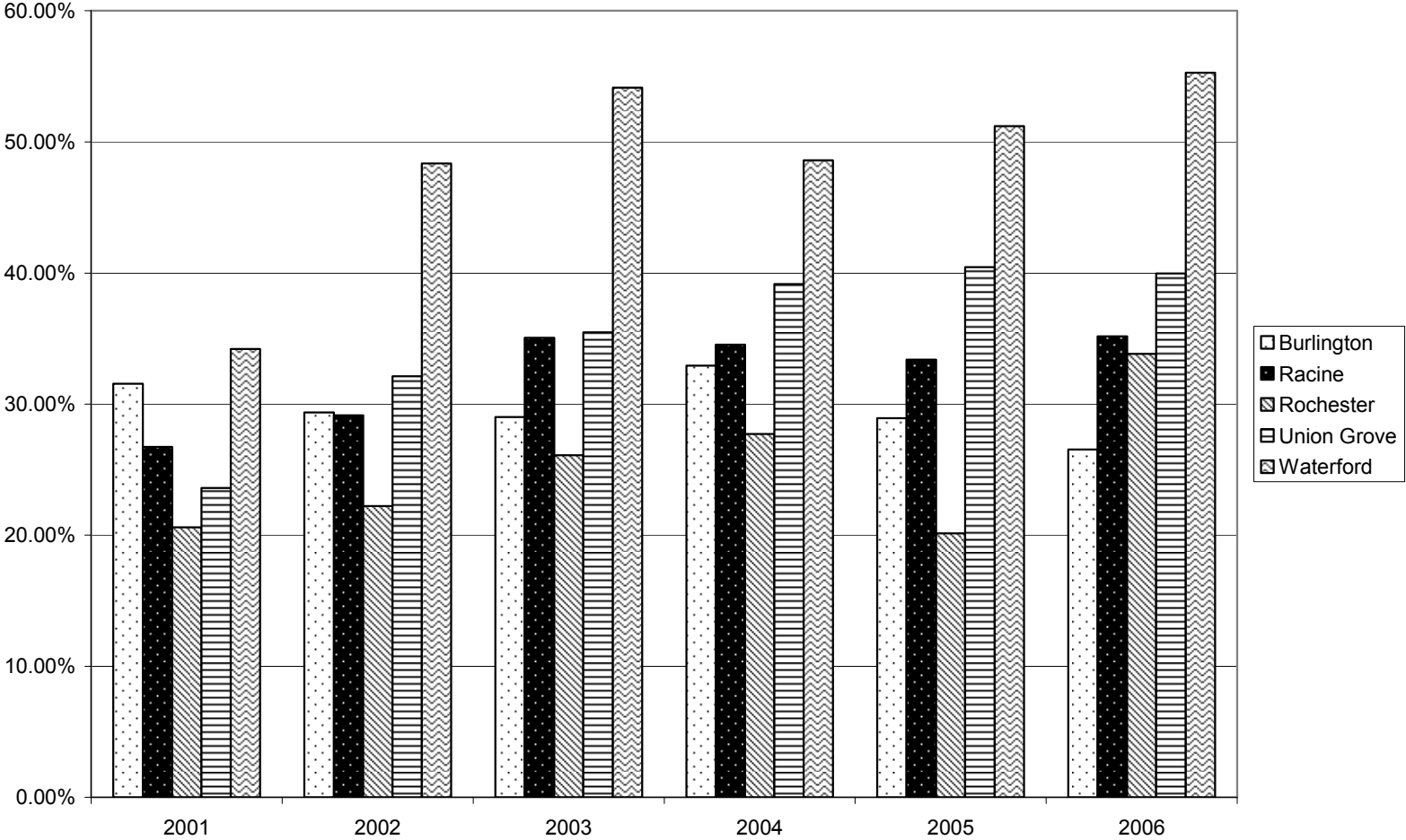


Chart 5: County Library Levy as Percentage of Municipal Libraries' Total Income

Chart 6: Municipal Library Levies: Change 2001-2006

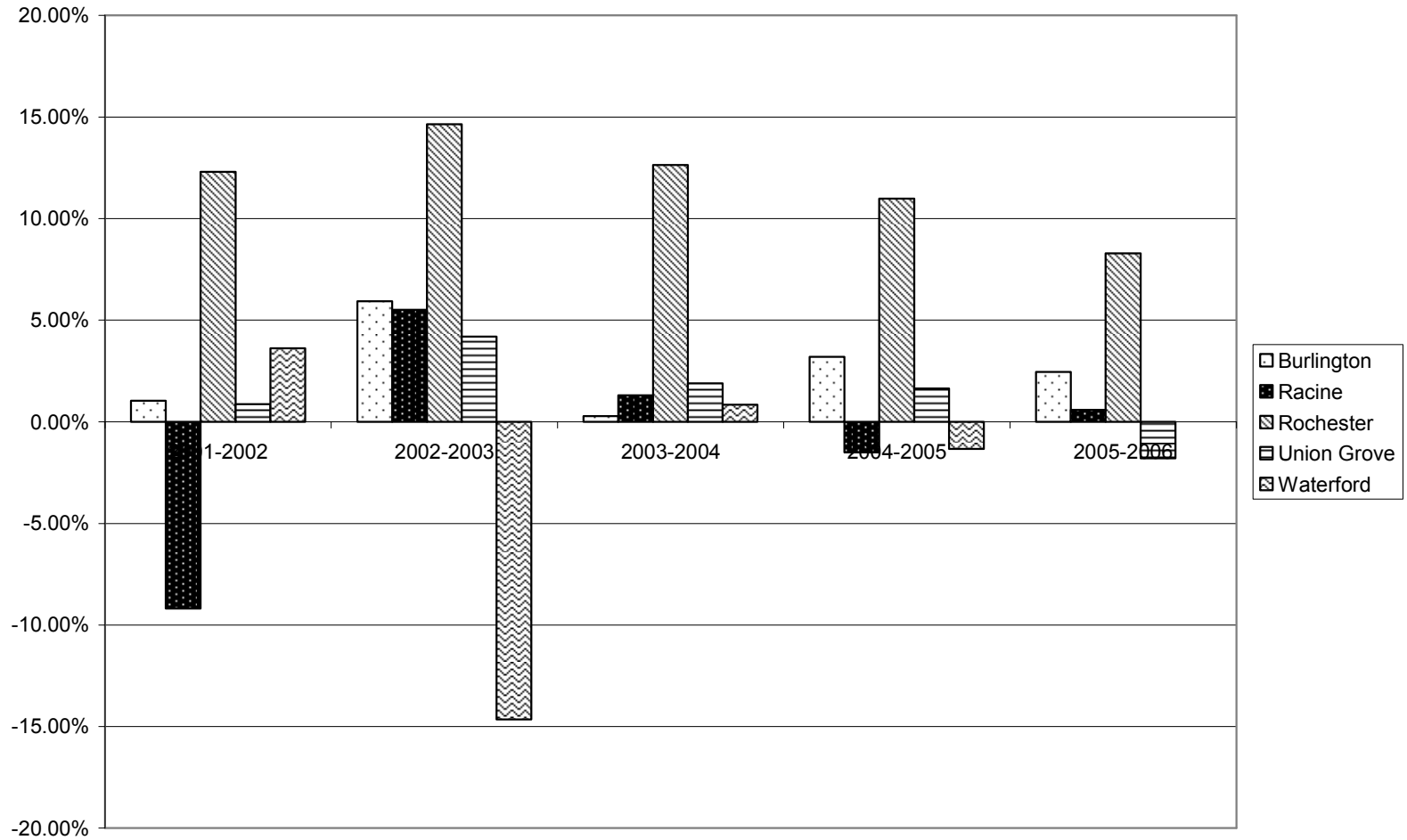


Chart 6: Municipal Library Levies: Annual Change, 2001-2006

Chart 7: Municipal Library Levy Change: 2001-2006

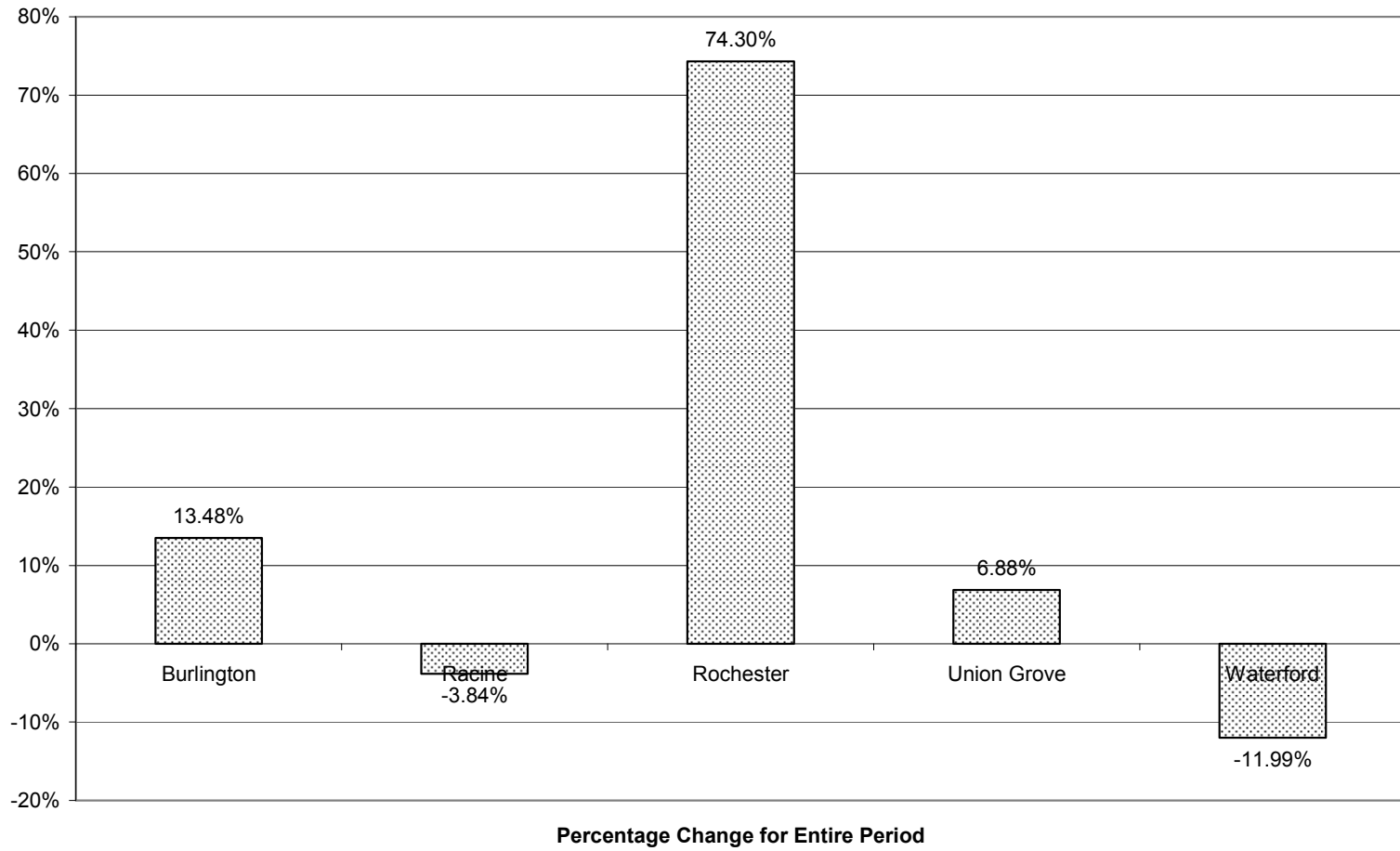


Chart 7: Municipal Library Levy Changes, Total 2001-2006

Attachments

- Attachment A: Sec. 43.12, Wis. Stats.*
- Attachment B: Lakeshores Library System Letter, June 26, 2007*
- Attachment C: Lakeshores Library System Letter, April 28, 2008*
- Attachment D: Library Services Agreement, Racine County-Lakeshores Library System, 1989*
- Attachment E: Email, Department of Public Instruction-Racine County Corporation Counsel, October 10, 2000*
- Attachment F: Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement (Part VIII), 2002*
- Attachment G: 2007 Wisconsin Public Library Annual Report Instructions*