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A monthly review of Wisconsin government, taxes, and public finance

The Wisconsin Taxpayer



Map of downtown Eau Claire, 1919.

Also in this issue:

Wisconsin Notes: Florence County Adds Optional Sales Tax; Small Business Rankings

WISTAX Focus: Running for Office; Timely Words for Troubled Times

Municipal Debt

Trends in Municipal Expenditures

IN BRIEF

Prompted by citizen concern over rising property taxes and tension between state and local officials over spending trends, increases in local government spending have been scrutinized in recent years. Such concern and scrutiny emphasizes the importance of understanding municipal expenditure patterns. Among the findings of this study of spending in 228 cities and villages are:

- Police, fire, road, and administration accounted for 40.6% of Wisconsin municipal expenditures in 2004.
- Municipalities spent an average of \$220 per person on police in 2004, up 48.4% from 10 years earlier.
- Wisconsin's 40 largest municipalities devoted 24.5% more for basic expenditures than mid-size cities and villages on a per capita basis.
- Per capita debt increased an average of 5.7% per year from 1994 to 2004. Municipalities averaged \$1,234 debt per person in 2004.

Wisconsin Notes

■ **Florence County Adds Optional Sales Tax.** Effective July 1, Florence County will collect Wisconsin's 0.5% optional county sales tax, becoming the 59th county to do so. Florence will be the first county to add the levy since Wood did on January 1, 2004. UW-Extension estimated in 2005 that Florence would raise \$124,350 annually from the tax.

Just 13 of 72 counties have not enacted the tax: Brown, Calumet, Clark, Fond du Lac, Kewaunee, Manitowoc, Menominee, Outagamie, Racine, Rock, Sheboygan, Waukesha, and Winnebago.

■ **Small Business Rankings.** Wisconsin ranked 27th in policy friendliness to small businesses in 2005, according to a report from the Small Business & Entrepreneurship Council (SBEC). The study measured 26 "major government-imposed or government-related costs impacting small businesses and entrepreneurs," including taxes, mandates, and regulations.

The state scored most favorably for its reduced capital gains tax rate (11th), low number of public employees per person (13th), and low crime rate (14th). Wisconsin's lowest rankings were for individual income taxes (35th), state and local property taxes (43rd), and gas taxes (49th). Only New York's gas tax (42.9¢/gallon) was higher than Wisconsin's (32.9¢).

Wisconsin's SBEC ranking was unchanged from 2004 but up from 31st in 2003. Michigan (5th) and Illinois (23rd) placed ahead of Wisconsin, while Iowa (41st) and Minnesota (47th) trailed. Nationally, South Dakota ranked first, while California was last.

SBEC is a lobbying and research group based in Washington, DC that seeks to "enhance the environment for business start-up and growth." Small businesses account for 50% of the nation's non-farm gross domestic product (GDP).

WISTAX Focus

■ **Running for Office.** In "You can run for the legislature" (*Focus* #10-06), WISTAX provides a short guide for individuals considering seeking public office. In addition to qualifications and deadlines, the issue offers tips for running a successful campaign. The most essential advice? Communicate with voters and media, find help, and most important, be yourself.

■ **Words of Wisdom.** As partisanship continues to rise and political debate grows increasingly heated, WISTAX recalls the healing words of one of America's greatest orators, Abraham Lincoln. "Timely words for troubled times" (*Focus* #11-06) draws on the Gettysburg Address and Second Inaugural Address and reminds us that even in periods of national division, there is a place for civil discourse and reconciliation.

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Trends in Municipal Spending

Wisconsin has more municipalities than any other unit of government. Of more than 3,000 local governments in the state, 1,851 are municipalities, including 190 cities, 401 villages, and 1,260 towns. Cities and villages are usually in more populated areas, while towns are most common in rural Wisconsin. There are exceptions, including five towns with populations over 10,000.

The largest 228 cities and villages, those with populations of 2,000 or more, had almost two-thirds (63.0%) of the state's 2004 population. This report examines their 2004 per capita spending and its growth since 1994.

Not included are less populous municipalities, all towns, and any municipalities that incorporated after 1994. The responsibilities—and therefore, spending—of those municipalities are generally different from the cities and villages addressed here.

Two types of expenditure are measured in this report. The first is “basic” spending, a measure first developed by the Wisconsin Taxpayers Alliance (WISTAX) and a panel of municipal administrators. It includes four categories: police, fire-ambulance, street maintenance, and general government. These groups are good for comparisons because they account for a large share of spending in areas where municipalities must provide services.

The second type studied is “operating” expenditures; that is, all expenditures except capital outlays and debt service. In addition to the basic spending categories, this includes health and human services,

recreation, and various public works. Operating statistics paint a more complete picture of municipal spending.

TOTAL SPENDING

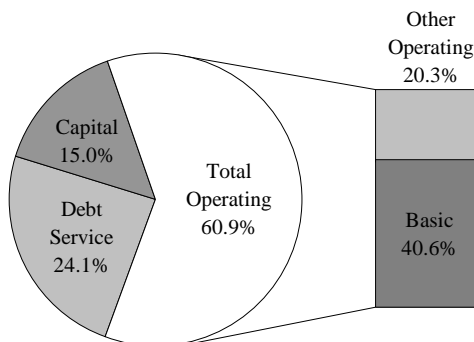
In 2004, expenditures in the 228 municipalities studied totalled \$4.68 billion. As the chart below shows, operating expenditures (\$2.85 billion) were 60.9% of the total, while basic expenditures (\$1.90 billion) accounted for 66.7% of operating and 40.6% of the total. Excluding the four basic categories from operating spending, the municipalities spent an additional \$950 million (20.3%).

The remaining expenditures were for debt service and capital projects. Debt payments accounted for 24.1% of the total (\$1.13 billion), while the communities spent 15.0% on capital expenditures (\$701 million). Debt payments repay loans, while capital expenditures are for onetime infrastructure and property purchases. For more information on debt and debt service, see the article beginning on the back cover.

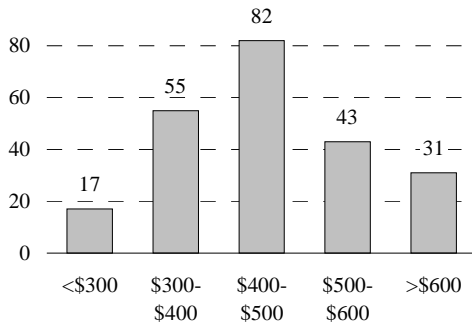
Wisconsin has 1,851 municipalities: 190 cities, 401 villages, and 1,260 towns.

Basic spending includes four key categories: police, fire-ambulance, streets, and general government.

Basic Less Than Half of Total
Expenditures by Area, 2004
(Total = \$4.68 Billion)



Basic Spending Varies
Municipalities by 2004 Per Capita Spending



Basic spending in the 228 cities and villages averaged \$545 in 2004.

BASIC SPENDING

Basic spending consists of four categories where cities and villages can be easily compared: police, fire-ambulance, street maintenance, and general government. How much a municipality spends in each category and in total suggests that community's priorities.

Current

In 2004, basic spending averaged \$545 per person among the 228 municipalities, while the median (half spending more, half less) was \$447. The average without Milwaukee and Madison was \$500.

Lake Delton (\$1,098) and West Milwaukee (\$1,046) were the only communities to spend more than \$1,000 per capita (see table at right). As a resort destination, Lake Delton has high revenues and expenditures but a small permanent population.

Three villages spent less than \$200 per person, with Howards Grove (\$144) at the bottom.

While per capita spending varied from less than \$150 to almost \$1,100, most municipalities spent similar amounts. Nearly 80% (180 of 228) spent between \$300 and \$600 per person, and more than one-third (82) spent between \$400 and \$500 (see chart above).

Trends

From 1994 through 2004, per capita spending in the 228 municipalities studied increased 40.7%, or 3.5% annually. The consumer price index (a measure of inflation) increased 27.5% during the period.

To decrease per capita spending, population must increase more than spending. Seven municipalities reduced their per capita basic spending from 1994 through 2004. Two, Redgranite and Stanley, had correctional facilities built that increased their populations much more than their spending.

Three others were fast-growing cities and villages: Walworth (42.6% spending growth; 46.4% population growth), Lomira

Basic Expenditure Rankings

Highest-, Lowest-Spending Municipalities, 2004

Municipality	Pop.	Spending Rank
<i>Highest Spending</i>		
Lake Delton	2,599	\$1,098.13 1
West Milwaukee	4,142	1,045.97 2
Bayside	4,286	952.31 3
Wisconsin Dells	2,456	928.03 4
West Allis	60,607	823.05 5
Glendale	13,024	807.08 6
Verona	8,888	802.51 7
Kohler	2,010	796.19 8
Saint Francis	8,728	793.00 9
Milwaukee	593,920	771.54 10
<i>Averages</i>		
Average		545.31
Median		446.71
<i>Lowest Spending</i>		
Denmark	2,017	262.00 219
Oostburg	2,773	254.98 220
Redgranite	2,019	252.06 221
Howard	15,208	250.39 222
Luxemburg	2,147	245.59 223
Merton	2,185	234.45 224
West Salem	4,809	207.76 225
Holmen	6,984	197.28 226
Wales	2,547	195.05 227
Howards Grove	2,926	143.92 228

(16.9%; 44.8%), and Lodi (5.1%; 23.0%). Wisconsin's total population increased 9.3% during the period.

Two municipalities decreased per capita spending without large population growth. Abbotsford decreased total basic spending 7.5% and had a 1.9% population increase. Oconto's spending (1.9%) increased less than its population (3.8%).

A common theme among municipalities that lowered per capita spending was a drop in street maintenance expenditures. Six of the seven communities reduced street spending, four reduced general government and fire-ambulance spending, and zero reduced per capita police expenditures.

As the chart (above, right) shows, expenditures for police and for general government were a greater share of spending in 2004 than they were in 1994. While total expenditures in each category increased, spending on street maintenance and fire-ambulance service rose more slowly than the other areas.

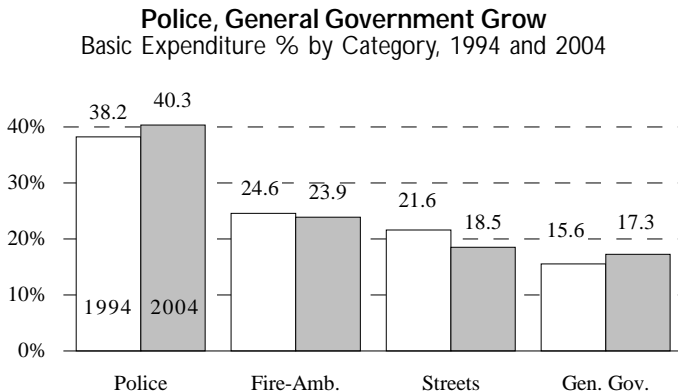
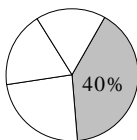
Police

Police spending refers to all law enforcement expenditures, including traffic patrol, crime investigation, officer training, and communications.

2004. In 2004, police expenditures were 40.3% of the basic spending total, the largest share of the four. In 193 of the 228 cities and villages, police was the most expensive basic spending category.

Per capita police spending averaged \$220 in 2004, ranging from \$0 in Wales to \$540 in West Milwaukee (see table on page 6). The median municipality spent \$178.

Disparities in municipal police costs are greater than those for other basic categories, partly because the range of police services provided is significant. Large



municipalities employ large full-time police forces, while smaller villages might need fewer police officers per citizen and share responsibilities with counties and neighboring communities.

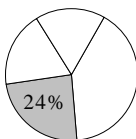
Using these options allowed six municipalities, all with less than 3,000 residents, to spend less than \$20 per person on law enforcement. Relying on the county for protection allows Wales to spend nothing on law enforcement.

1994-2004. From 1994 through 2004, per capita police spending increased 48.4% in the 228 municipalities, an average of 4.0% annually and the second-highest increase among the four categories. As a result, police expenditures rose from 38.2% of basic spending in 1994 to 40.3% in 2004.

Fire-Ambulance

Fire-ambulance includes the cost of running a fire department and providing mobile emergency care. These costs include payments to other units of government or private companies if the municipality contracts for fire or ambulance services.

2004. Fire and ambulance expenditures were the second-largest basic expenditure in 2004, accounting for 23.9% of the total. In 12 municipalities, these costs were the largest share.



Policing was the largest basic expenditure in 193 of the 228 municipalities in 2004.

Basic Spending by Category
Top and Bottom 10 Municipalities by Per Capita Spending in Each Area, 2004

Police		Fire-Ambulance		Street Maintenance		General Government	
<i>Highest Spending</i>							
West Milwaukee	\$539.87	Ashland	\$269.89	Verona	\$525.81	Lake Delton	\$233.85
Wisconsin Dells	478.28	West Allis	258.68	Kohler	265.15	Milwaukee	186.37
Bayside	470.80	Merrill	249.99	Wisconsin Dells	228.77	Sturtevant	181.41
Lake Delton	454.75	Wauwatosa	249.68	Lake Delton	211.47	Washburn	166.13
Glendale	433.83	Lake Mills	243.27	Nekoosa	209.79	West Milwaukee	160.96
West Allis	357.43	Black River Falls	239.94	Marshfield	193.37	Bayside	148.42
Kohler	329.87	West Milwaukee	233.36	Merrill	190.62	Chetek	146.99
Milwaukee	321.61	Nekoosa	217.85	Chippewa Falls	187.64	Wisconsin Dells	144.10
Lake Geneva	317.72	Chippewa Falls	215.40	Lake Mills	184.72	Medford	134.06
Elm Grove	312.96	Sturtevant	214.59	Cumberland	183.45	Lake Geneva	132.26
<i>Averages</i>							
Average	220.02	Average	130.18	Average	100.98	Average	94.13
Median	177.99	Median	78.55	Median	103.91	Median	77.52
<i>Lowest Spending</i>							
Denmark	62.48	Spooner	27.48	Allouez	57.66	Watertown	43.85
Merton	62.08	Silver Lake	24.97	Pewaukee	57.50	Fort Atkinson	43.40
Luxemburg	58.10	Marshall	24.96	Howards Grove	54.66	Genoa City	42.95
Allouez	46.73	Ladysmith	24.14	Walworth	50.73	Chilton	42.34
Fredonia	19.19	Milton	23.95	Oregon	49.63	Green Bay	39.41
Oostburg	16.20	Lancaster	23.75	Fitchburg	49.03	Allouez	37.92
Wrightstown	16.05	New Richmond	22.79	Madison	48.37	Sheboygan Falls	37.54
Howards Grove	4.32	Twin Lakes	19.34	Redgranite	47.94	Redgranite	36.82
Sherwood	2.26	Wautoma	15.88	Holmen	47.66	West Salem	34.62
Wales	0.00	Sheboygan Falls	15.85	Sussex	43.42	Holmen	30.56

Fire-ambulance spending averaged \$130 per capita in 2004.

Fire-ambulance spending averaged \$130 per person. As the table above shows, Ashland (\$270 per person) spent the most, while Sheboygan Falls and Wautoma (both \$16) spent the least. The median was \$79 per person.

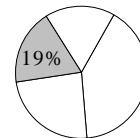
Some large fire departments provide fire protection to smaller municipalities that pay for the service. These figures account only for the provider municipality's expenditures, not offsetting revenues from the "purchasing" community.

1994-2004. From 1994 through 2004, per capita spending on fire-ambulance service increased 36.6%, or 3.2% per year. As a share of basic spending, it dropped slightly, from 24.6% to 23.9%.

Street Maintenance

Street maintenance includes the costs of repairing public roads, lighting streets, and maintaining sewers, bridges, and limited-purpose roads.

2004. Street maintenance was the third-largest component of basic spending, averaging 18.5% of expenditures.



Sixteen municipalities spent their largest share on street maintenance.

Per capita street maintenance spending averaged \$101. Verona (\$526) spent the most, nearly twice as much per capita as the next municipality, Kohler (\$265). Sussex (\$43) spent the least and was one of six municipalities that spent less than \$50

Basic Spending Growth
Average Per Capita Expenditures,
1994 and 2004

Category	1994	2004	% Chg.
Police	\$148	\$220	48.4%
Fire-Ambulance	95	130	36.6
Street Maintenance	84	101	20.5
Gen. Government	60	94	56.0
Total	388	545	40.6

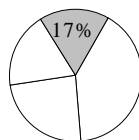
per person. Five of the six had 1994 to 2004 population increases of 30% or more. The median was \$104 per person.

1994-2004. As shown in the table above, per capita spending rose 20.5% from 1994 through 2004, an annual average of 1.9%. Of the four categories, street maintenance expenditures increased the least. As a result, its share of basic spending fell from 21.6% to 18.5%.

General Government

General government spending covers the administrative functions of a municipality. It includes salaries of certain municipal employees and elected officials, election and census expenditures, and rent and utilities on government buildings.

2004. General government was the smallest component of basic spending, averaging 17.3% of the 228-municipality total. In seven cities and villages, it was the largest category.



Per capita costs averaged \$94 in 2004 and ranged from \$31 in Holmen to \$234 in Lake Delton and \$186 in Milwaukee. The median amount was \$78.

1994-2004. General government costs increased the most of the four basic spending categories in the 10 years following

Per capita street maintenance costs increased the least of the four spending categories.

Spending Priorities: A Case Study

Viewing municipal spending by category may suggest the priorities of a community. Two seemingly similar villages illustrate this point.

Merton and Wales, 12 miles apart in Waukesha County, have similar populations (2,185 and 2,547, respectively). In 2004, Merton's basic expenditures were \$234 per person and Wales's were \$195.

Given these figures, it might be expected that Merton would spend slightly more than Wales in most basic categories. However, as the table below shows, that is not the case.

A Tale of Two Villages

Per Capita Expenditures by Category, 2004

Category	Merton	Wales
Police	\$62.08	\$0.00
Fire-Ambulance	31.84	42.76
Street Maintenance	66.12	75.45
Gen. Government	74.41	76.83
Total	234.45	195.05

Actually, Wales spent more than Merton in three of the four basic areas. However, because Wales spent nothing on police, its per capita spending for basic services was lower.

This is an illustration of how priorities can affect the spending of a community. Neither village demanded elaborate services from its municipal government, as both were in the bottom five in per capita basic spending (see table on page 4).

The villages differed, however, on specifics. Merton held spending down in each area. In all four categories, Merton was in the bottom half of municipalities and at least 20% below the state average. Wales, on the other hand, spent more than Merton on fire-ambulance, street maintenance, and general government, but relied completely on Waukesha County for its law enforcement needs.

Viewing spending in this way enables a more complete understanding of a community's priorities than just examining total municipal spending or property tax statistics.

With no police expenditures, Wales spent less than \$200 per capita on basic services in 2004.

1994. Per capita expenditures rose 56.0% from 1994 through 2004, or 4.5% per year. Consequently, as a share of the total, it increased from 15.6% to 17.3%.

If both street maintenance and general government spending continue to increase at the same rates, general government will pass street maintenance as the third-largest share of basic spending in 2007.

Lake Delton spent 65% more per capita than the next highest-spending municipality.

OPERATING SPENDING

Operating spending covers more services than the basic category. It includes most municipal expenditures, except debt payments and capital outlays.

Current

Operating spending varies considerably more than basic spending. In 2004, it ranged from \$221 in Howards Grove to \$3,265 in Lake Delton and \$1,974 in Wisconsin Dells (see table at right). Lake Delton spent nearly 15 times as much per person as Howards Grove.

The municipal average was \$818, while the median was \$694.

Separating operating from basic spending gives an indication of how much a municipality spends on goods and services other than the “basics.” The median amount spent on the additional operating expenditures was \$233. However, it varied from \$61 in Redgranite and \$76 in Plover to \$2,167 in Lake Delton.

Almost all (\$2,019 per person) of Lake Delton’s additional operating spending came from “economic development” expenditures, which includes advertising. No other municipality spent nearly as much in this area. Wisconsin Dells, another resort community, spent the second most, \$381 per person, while Richland Center was third at \$329. Just 11 of the 228 municipalities spent more than \$100 per person.

Operating Expenditure Rankings Highest-, Lowest-Spending Municipalities, 2004

Municipality	Operating Expenditures	Operating - Comparative
<i>Highest Spending</i>		
Lake Delton	\$3,265.17	\$2,167.05
Wisconsin Dells	1,973.82	1,045.79
Kohler	1,275.70	479.51
West Milwaukee	1,219.34	173.37
West Allis	1,198.50	375.45
Merrill	1,175.40	407.62
Bayside	1,116.57	164.26
Ashland	1,084.53	353.59
Milwaukee	1,053.10	281.56
Racine	1,047.83	349.61
<i>Averages</i>		
Average	817.54	272.23
Median	693.87	233.40
<i>Lowest Spending</i>		
Denmark	372.07	110.06
Merton	371.81	137.36
Howard	357.05	106.66
Fredonia	356.45	87.60
Luxemburg	336.49	90.90
Holmen	334.90	137.62
Redgranite	313.52	61.46
West Salem	304.28	96.52
Wales	301.68	106.63
Howards Grove	220.99	77.06

Trends

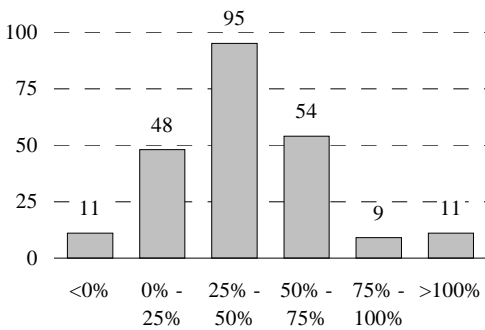
Operating expenditures increased more slowly than basic spending. From 1994 through 2004, per capita operating expenditures rose 35.9%, or an average of 3.1% per year. In 1994, the municipalities spent an average of \$602 on operating services.

Per capita spending increased the most in Verona (186.6%), one of 11 municipalities where operating expenditures more than doubled (see chart on page 9).

More than two-thirds (154 of 228) of Wisconsin municipalities were able to hold per capita operating spending growth below 50% from 1994 through 2004. Of

Per capita operating spending increased an average of 3.1% per year from 1994 to 2004.

Per Capita Operating Spending
Municipalities by % Increase, 1994-2004



those, most had increases between 25% and 50% (see chart above). The median was 38%.

A small group of mostly fast-growing municipalities was able to lower per capita operating expenditures. Led by Redgranite, 11 municipalities decreased per capita spending. Seven of the 11 had at least 20% population growth during the period.

LARGE MUNICIPALITIES

Large cities have particular responsibilities that their smaller counterparts may not. It is worthwhile to take a closer look at the 40 largest municipalities. The table on page 10 details expenditures and spending growth (plus debt data) for these communities.

With regard to spending, the primary advantage of large cities is that some services can be provided more cost-efficiently as populations grow. However, one disadvantage is that they generally have to provide more services than smaller communities.

Current

Basic. In 2004, the 40 largest municipalities spent an average of \$583 per person, ranging from \$360 in Watertown to \$823 in West Allis.

The statewide average among the other 188 municipalities studied was \$468. Thus, the 40 largest cities spent an average of 24.5% more than the midsize municipalities, while 33 spent more than the median, \$447.

Operating. Average operating expenditures of the 40 municipalities was \$867 per person in 2004, with a low of \$507 in Fitchburg and a high of \$1,199 in West Allis.

Operating spending averaged \$715 per person in the other 188 municipalities. On average, the large municipalities spent 21.3% more, and 27 spent more than the \$694 median.

Trends

Basic. From 1994 through 2004, per capita spending increased 40.9% in the largest cities, compared to 40.7% in all 228.

Per capita basic spending grew the fastest in Fitchburg (107.8%) and the slowest in Mequon (17.0%). Fitchburg's per capita spending increased more than six times as fast as Mequon's, while its population has grown about twice as fast.

Operating. From 1994 through 2004, per capita spending increased 35.4% in the largest municipalities, versus a statewide average of 35.9%. Of the 40 municipalities, 21 kept spending growth below the state average.

Sun Prairie's growth led the group at 79.8%, while Greenfield ranked last at 11.4%. There are interesting parallels between the municipalities with the largest and smallest increases in both spending measures. In both areas, the community with the largest jump was a fast-growing Dane County city and the smallest increase belonged to a suburb of Milwaukee. □

DATA SOURCE:

Wisconsin Department of Revenue; and WISTAX calculations.

From 1994 through 2004, per capita operating spending more than doubled in 11 municipalities.

Wisconsin's largest cities spent 24.5% more than midsize municipalities on basic spending.

Spending and Debt in Wisconsin's 40 Largest Cities and Villages
Per Capita Spending, 2004 vs. 1994, and Debt Per Capita and as % of State Limit, 2004

Municipality	Basic Spending					Operating Spending				Debt	
	2004	2004		1994-2004		2004		1994-2004		2004	
	Pop.	Per Cap.	Rk.	% Chg.	Rk.	Per Cap.	Rk.	% Chg.	Rk.	Per Cap.	% Lmt.
Appleton	71,895	\$471.56	26	39.7%	18	\$792.20	17	22.6%	32	\$699.72	25.8%
Beloit	36,058	635.83	6	29.1	33	1,033.14	4	33.3	24	878.51	49.1
Brookfield	39,607	556.89	11	30.1	29	762.47	22	34.0	22	1,958.02	28.2
Cudahy	18,315	500.67	21	29.4	32	680.17	29	15.3	39	1,621.42	58.5
De Pere	22,038	432.30	34	28.7	34	656.54	31	23.1	31	1,069.32	31.0
Eau Claire	63,897	454.07	32	22.7	37	747.44	25	23.7	30	941.40	33.9
Fitchburg	22,030	373.16	38	107.8	1	507.32	40	74.1	3	780.04	18.2
Fond du Lac	42,865	468.12	27	29.4	31	689.59	28	29.9	26	1,219.20	46.8
Franklin	31,804	464.62	31	76.2	5	628.97	33	50.6	11	779.78	18.5
Germantown	19,001	417.15	36	38.8	20	579.28	36	19.6	35	2,195.67	43.8
Green Bay	103,653	532.53	14	25.9	35	861.59	11	20.1	34	1,274.37	46.8
Greenfield	36,059	465.16	30	32.9	26	578.75	37	11.4	40	197.49	5.7
Janesville	61,310	429.79	35	34.3	23	785.77	18	17.7	37	1,011.05	36.1
Kenosha	92,808	507.94	19	52.1	9	767.37	21	51.7	10	1,336.50	48.2
La Crosse	51,507	583.77	8	47.6	12	922.42	9	43.8	15	1,373.60	54.6
Madison	217,935	467.98	28	37.2	22	826.67	14	49.2	12	827.33	20.3
Manitowoc	34,612	533.56	13	49.9	10	843.75	12	43.7	16	1,685.57	68.0
Marshfield	19,012	647.72	5	52.2	8	939.13	8	40.2	17	1,277.10	42.8
Menomonee Falls	33,660	519.24	17	31.7	28	821.11	15	47.8	13	2,386.30	44.8
Mequon	23,416	466.55	29	17.0	40	582.94	35	18.4	36	1,290.33	16.1
Milwaukee	593,920	771.54	2	49.9	11	1,053.10	2	37.8	18	1,133.03	57.3
Muskego	22,203	360.56	39	53.7	7	550.64	38	55.6	7	1,144.13	24.9
Neenah	25,193	520.03	16	32.7	27	795.75	16	29.0	27	1,378.30	40.7
New Berlin	38,896	479.17	25	78.6	4	618.69	34	74.7	2	1,145.21	22.5
Oak Creek	31,029	605.03	7	19.1	39	757.77	24	16.5	38	505.65	12.7
Oshkosh	65,095	447.39	33	38.5	21	679.60	30	34.1	21	1,736.02	71.9
Pleasant Prairie	18,122	389.13	37	47.3	13	525.76	39	52.3	9	5,340.75	97.2
Racine	80,806	698.22	3	41.4	15	1,047.83	3	30.3	25	1,184.04	57.6
Sheboygan	50,672	496.55	22	40.1	16	829.14	13	44.8	14	1,319.09	56.8
South Milwaukee	21,360	560.84	10	56.5	6	768.34	20	60.0	6	1,078.97	43.4
Stevens Point	25,094	531.90	15	39.5	19	736.09	26	27.1	29	411.87	16.2
Sun Prairie	23,226	509.14	18	94.4	2	774.74	19	79.8	1	1,644.05	39.9
Superior	27,221	548.88	12	19.9	38	880.94	10	21.8	33	830.96	35.2
Watertown	22,732	359.72	40	23.9	36	651.40	32	33.9	23	992.18	39.0
Waukesha	66,816	489.62	24	33.6	24	705.41	27	27.2	28	1,133.95	31.4
Wausau	38,912	505.84	20	33.4	25	958.67	6	63.9	5	1,741.82	65.1
Wauwatosa	46,511	675.81	4	42.6	14	939.27	7	35.2	20	488.42	10.1
West Allis	60,607	823.05	1	79.3	3	1,198.50	1	66.7	4	1,122.68	38.9
West Bend	29,204	490.20	23	39.8	17	761.88	23	54.2	8	2,297.38	67.7
Wisconsin Rapids	18,410	563.44	9	30.1	30	1,006.90	5	36.7	19	794.04	32.6

continued from back cover

As a percentage of the Wisconsin limit, large municipalities had slightly more debt than their midsize counterparts. Those with populations between 2,000 and 9,999 were at 37.7% of their debt limit, while those over 10,000 averaged 39.5%.

Of Wisconsin's 40 largest municipalities, only Pleasant Prairie and Oshkosh had debt exceeding 70% of the allowable amount. Greenfield was the only city in the group to have less than 10%. Seven held less than 20% (see table on page 10).

PER CAPITA DEBT

Per capita debt averaged \$1,234 in 2004, while the median (half higher, half lower) was \$1,188. In the largest cities, the average was slightly lower (\$1,183), and 21 of 40 had less than the median.

Pleasant Prairie (\$5,341) and Glendale (\$5,082) had the most debt per capita. No other municipalities had more than \$4,000, while fewer than 10% (22) had less than \$500.

TRENDS

Relative to state limits, debt decreased slightly from 1994 through 2004. In the 228 municipalities, debt averaged 41.5% of state limits in 1994 and 41.7% in 1999. By 2004, it dropped to 39.2%.

The main reason for the decline was rising property values, which increased the debt a municipality could carry.

From 1994 through 2004, total debt increased 85.2%. However, during the same period, property values (and statutory debt limits) in the 228 municipalities increased 96.1%. Therefore, debt as a percentage of the state limit dropped 2.3 percentage points during the period.

Per capita debt has increased 73.4% (5.7% per year) since 1994, when the municipal average was \$712. Only two municipalities (Lake Delton and Lake Geneva) had more than \$2,000 in per capita debt in 1994, but 29 did in 2004.

Per capita debt increased in 186 municipalities and decreased in 41 from 1994 through 2004. The village of West Salem had none in either period. In 1994, a majority of municipalities had between \$500 and \$1,000 in per capita debt, but by 2004, most had between \$1,000 and \$2,000.

DEBT SERVICE

The 228 municipalities spent an average of \$220 per person on debt service in 2004; the median was \$175. Glendale, with the second-highest per capita debt, spent the most (\$2,708 per person), more than six times as much as the city spent on police. Stanley ranked second (\$1,889) but paid off its entire municipal debt. Nearly one-fifth (44) of the municipalities studied spent less than \$100 per person on debt payments.

By comparison, in 1994, the municipalities spent an average of \$126 on debt service and the median was \$115. The 10-year increase in debt service was 74.1%, very similar to the per capita debt increase (73.4%).

Although some projects require a community to borrow, carrying less debt generally means less debt service. This gives municipalities more financial flexibility. □

DATA SOURCE:

Wisconsin Department of Revenue and WISTAX calculations.

Per capita debt averaged \$1,234 in Wisconsin in 2004, up 73.4% from 1994.

Municipalities spent an average of \$220 per person on debt service.

Municipal Debt

Debt and debt service are important measures of a municipality's financial health. Cities and villages with chronically high debt may find it more difficult to fund municipal services and development projects.

In 2004, 228 of the largest municipalities held 39.2% of their maximum allowable debt.

STATE LIMITS

With few exceptions, state law limits municipal debt to 5.0% of equalized (market) property value. In 2004, 228 of the largest cities and villages in Wisconsin reported \$4.30 billion in debt, or 39.2% of their state limits.

Wautoma and Pleasant Prairie were closest to their state limits (see table at right). Wautoma was at 97.5% of its limit and Pleasant Prairie was at 97.2%. No other municipality had debt of more than 90% of its limit. However, three others had more than 80%, while another eight held at least 70%.

Two municipalities (Stanley and West Salem) were debt-free in 2004. A total of 13 of the 228 municipalities were at less than 10% of their limit; 40 had less than 20%.

continued on page 11

Municipal Debt Rankings Debt, Per Capita and as % of State Limit, 2004

Municipality	Per Capita Debt	% of Limit	Limit Rank
<i>Most Debt</i>			
Wautoma	\$1,898.35	97.5%	1
Pleasant Prairie	5,340.75	97.2	2
Mukwonago	3,378.92	83.3	3
Oconto Falls	2,020.69	83.3	4
Menasha	2,126.11	81.3	5
Glendale	5,082.25	79.9	6
Two Rivers	1,551.94	76.7	7
Park Falls	1,532.17	74.0	8
Rothschild	2,718.28	72.9	9
Cumberland	1,997.44	72.7	10
<i>Averages</i>			
Average	1,234.37	39.2%	
Median	1,188.04	40.5	
<i>Least Debt</i>			
Abbotsford	197.69	8.9%	219
Thiensville	290.65	6.7	220
Greenfield	197.49	5.7	221
Twin Lakes	307.30	5.1	222
Ellsworth	134.18	5.0	223
Saint Francis	118.93	4.4	224
Walworth	109.79	3.2	225
Silver Lake	10.16	0.3	226
Stanley	0.00	0.0	227
West Salem	0.00	0.0	227



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