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Office of the City Manager

MEMORANDUM

TO:	Common Council
FROM:	Rachelle Blitch, Finance & Administrative Services Director and John S. Weidl, City Manager
DATE:	September 1, 2026
RE:	Claim that the City budget has grown from $25 million to $50 million

Purpose

A claim is circulating in the community that the City budget has grown from roughly $25 million a few years ago to $50 million today. Council and committee members have been asked about it. This memo starts with the number that directly impacts taxpayers, the City property tax levy, and walks it year by year. It then explains where the $50 million figure comes from and why it does not measure what Whitewater taxpayers pay for City services. Every figure is taken directly from the Adopted 2026-2027 Budget, with page references so that anyone can verify it independently.

Bottom line

- **The City levy went from $4.20 million to $7.74 million between the 2022 and 2026 tax bills** (p. 52). The levy is made up of two components; the operational levy and the debt service levy. The operating portion of the levy moved from $3,154,970 in 2022, to $5,864,269 in those four years, showing an increase of $2,709,299 of which $2,405,702 were voter-approved referenda. The closure of a TID in 2022 resulted in an increase of $219,353 to the operational levy. Aside from the referenda and TID closure, the operating levy increase was minimal: $25,426 in 2023, $38,909 in 2024, $50,836 in 2026, and a decrease of $30,926 in 2025. The small incremental increases in the operational levy are a result of the City's net new construction.
- **Of the $3.5 million increase in the City levy since 2022,** $2.4 million or two-thirds of the entire levy increase (nearly 90% of operating increase), was approved directly by voters at the ballot box, all of it for public safety; $1.1 million for Fire/EMS in 2023, and $1.3 million in 2026 for police, dispatch and Fire/EMS. The remainder was adopted by Council through the annual budget with the debt levy for capital projects documented in the CIP.
- **The debt service levy,** rose from $1.04 million to $1.88 million, with the step landing in 2025 (pp. 56). That is Council's capital borrowing for roads, facilities, and equipment. It represents approximately $833,000 of the total levy's increase, it is documented in the CIP, and it is most of the non-referendum story.

- **The "$50 million" is the grand total of all 44 City funds** (p. 48). It includes water, sewer, and stormwater utility construction paid by ratepayers and bonds, one-time capital projects, tax increment districts, and about $5.3 million of internal transfers that are counted twice. The same table shows the total falling to $38.4 million in 2027 because the utility and capital projects are finishing.

1. What taxpayers actually pay: the City levy, year by year

The property tax levy is the only number in the budget that is literally the cost of City government to property owners. The Adopted Budget reports the City levy (TID out) for every year since 2014 on page 52, and the split between the operating levy and the debt service levy as tax rates on page 9. Applying those rates to equalized value (p. 53) gives the dollar amounts below, which reconcile to the $5,864,269 general levy on page 4 and to the $1,895,130 debt service levy on page 48.

Tax bill	Operating levy	Debt service levy	Total City levy	Change	What changed
2022	$3.15M	$1.04M	$4.20M		Base year
2023	$4.50M	$1.26M	$5.76M	+$1.1M +$244K	Fire/EMS referendum for consolidation; TID closure & NNC
2024	$4.54M	$1.31M	$5.85M	+$39K	Net new construction only
2025	$4.51M	$1.95M	$6.46M	+$0.61M	Debt service step; operating levy decreased $31K
2026	$5.86M	$1.88M	$7.74M	+$1.28M	April 2025 referendum (+$1.3M operating); debt levy down $73K; $51K NNC

Sources: City levy, TID out, p. 52; operating and debt levy rates, p. 9; equalized value, p. 53; 2026 general levy and debt levy change, p. 4.

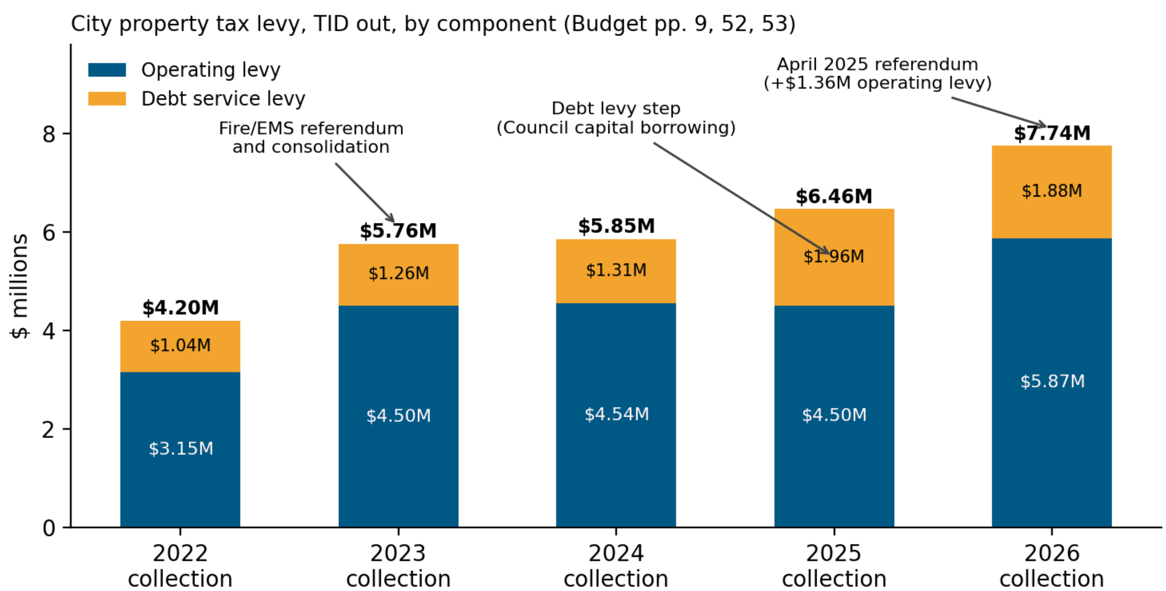

Figure 1. City property tax levy by component, 2022 through 2026 tax bills. Sources: Budget pp. 9, 52, 53.

Operating levy. Wisconsin's levy limit confines operating levy growth to the percentage of net new construction unless voters approve more. Whitewater's net new construction has run below 1 percent of equalized value in most recent years (p. 54), which means the allowable annual increase has been on the order of $25,000 to $51,000. The table shows exactly that: outside the two referendum years, the operating levy moved by less than $50,000, rising slightly in 2024 and falling slightly in 2025. (The rates on page 9 are published to the cent, so dollar figures derived from them carry a tolerance of roughly $5,000.) The 2023 step reflects the first referendum and the absorption of Fire/EMS as a City department (p. 22). The 2026 step is the April 2025 referendum, which added $1,305,702 to the general levy (p. 4) to fund five police officers, one dispatcher, and two firefighter/EMTs (p. 7) and the remaining $50,836 was due to net new construction. Every dollar of operating levy growth beyond net new construction was placed on a ballot and approved.

Debt service levy. The debt levy funds principal and interest on general obligation borrowing for capital projects not related to utilities or tax increment districts (p. 4). It rose from $1.04 million in 2022 to $1.95 million in 2025 and $1.88 million in 2026. This is the one component of the levy that increased without a referendum. It reflects Council's decisions to finance deferred capital projects through the Capital Improvement Plan (p. 7), and it decreased by $73,242 in the 2026 budget (p. 4).

2. The tax rate

The City tax rate, which is what appears on a bill, was $6.36 per $1,000 of equalized value on the 2022 tax bill (Walworth County) and is $7.52 on the 2026 bill (p. 52), or $7.54 combined across both counties (p. 49). **That is an 18 percent increase over four years, during which equalized value (TID Out) grew 47 percent**, from $705 million to $1.04 billion (pp. 9, 53). Both referenda are in that rate. The City is one of four taxing jurisdictions on the bill; the school district, county, and technical college levy the balance (p. 49). No reading of the levy or the rate produces a doubling, or anything close to it.

3. Where the $25 million to $50 million figure comes from

The Adopted Budget publishes a table titled "Expenditures by Fund, All Funds" on page 48. It lists every one of the City's 44 accounting funds and sums them. The bottom line of that table is the source of the claim:

Year	All 43 funds combined	General Fund only
2022 Actual	$26,853,553	$10,064,668
2023 Actual	$28,429,251	$12,311,799
2024 Actual	$45,553,266	$13,533,307
2025 Adopted	$45,358,483	$13,572,202
2026 Adopted	$49,474,397	$15,889,149
2027 Adopted	$38,392,250	$15,995,979

Source: Adopted 2026-2027 Budget, "Expenditures by Fund, All Funds," p. 48.

Taking 2022 or 2023 as the base year and 2026 as the end point produces $25 million to $50 million. That is the whole derivation. It requires ignoring the right-hand 2027 column, and treating a consolidated accounting total as though it were a tax bill.

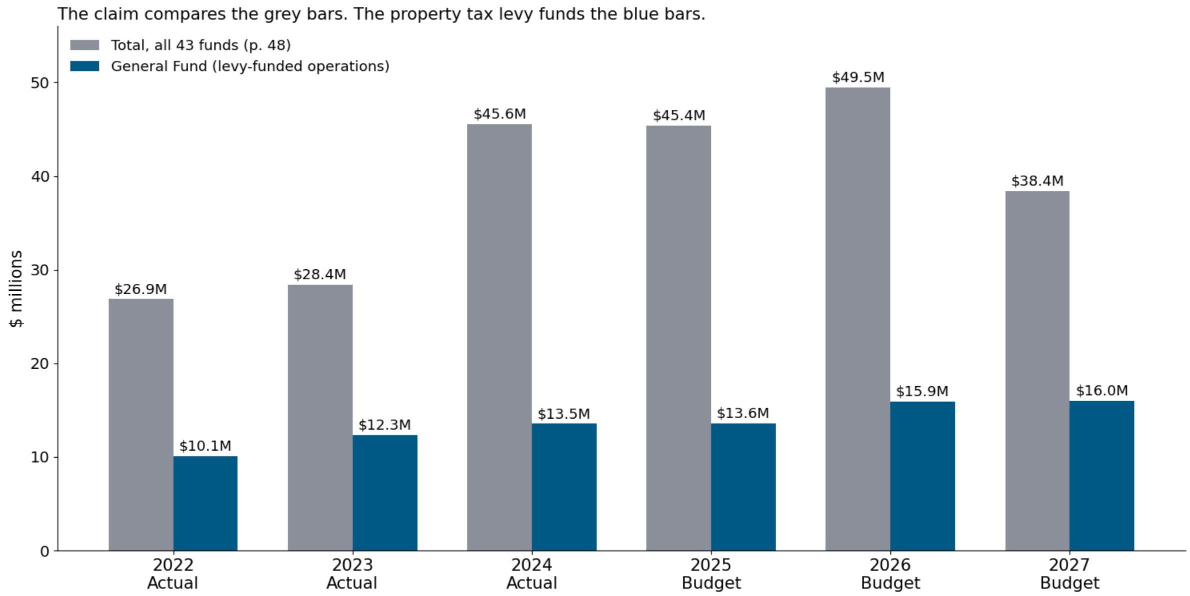

Figure 2. All-funds total versus General Fund, 2022 through 2027. Source: Budget p. 48.

4. What the all-funds total actually contains

Municipal budgets in Wisconsin are organized by fund, and each fund has its own revenue source. Adding them together produces a number that is useful for accountants and auditors and nearly meaningless as a measure of the tax burden. Figure 3 breaks the total apart by year.

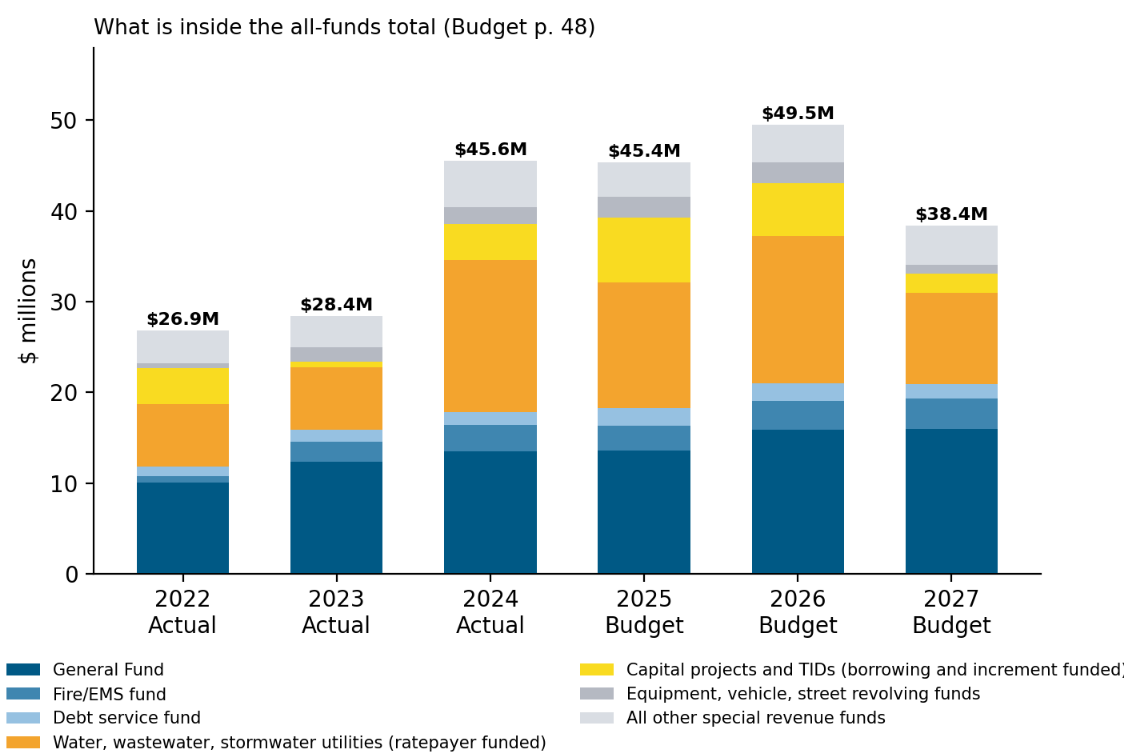

Figure 3. Composition of the all-funds total. Source: Budget p. 48; fund types per the legend on pp. 46 and 48.

Utilities (orange). Water, wastewater, and stormwater are enterprise funds paid for by utility bills and utility revenue bonds. The Budget Message states plainly that "Utilities and Tax Increment Districts support the repayment of their related debt from utility billing and Tax Increment revenue and do not receive support from property taxes" (p. 4). These three funds went from $6.9 million in 2022 to $16.3 million in 2026, then fall to $10.0 million in 2027 (p. 48). Enterprise funds (such as water, wastewater, and stormwater) function like self-supported businesses, so they use full accrual accounting. As a result, capital project costs shown in the budget are not treated as current-year expenses. Instead, those costs are capitalized as assets and depreciated over their useful lives. This difference can make it challenging to compare prior-year expenditures to the current-year budget.

Capital projects and TIDs (yellow). The capital projects fund is $5.3 million in 2026 and $1.3 million in 2027 (p. 48). Tax increment districts are funded by increment, not the general levy (p. 4). These figures are lumpy by design; the TID capital funds were $0.2 million in 2022 and $0.47 million in the 2026 budget.

Internal transfers counted twice (inside the blue and grey segments). The General Fund transfers money to the Fire/EMS fund, the debt service fund, and the equipment and vehicle revolving funds. In 2026 those transfers total $5,292,752 (p. 59: Transfers to Other Funds $1,750,000; Transfer to Debt Service $1,879,330; Transfer to Fire Department $1,662,922; other $500). Each dollar appears once as a General Fund expenditure and again when the receiving fund spends it. **The all-funds total therefore overstates actual spending by more than $5 million in 2026 and by $2.6 million in 2022**. Netting transfers, the real all-funds figures are approximately $24.3 million in 2022 and $44.2 million in 2026.

Fire/EMS fund. Whitewater Fire/EMS became a City department on July 31, 2022 (p. 22). The 2022 column therefore carries only five months of Fire/EMS activity ($0.7 million); a full year is $2.3 million to $3.2 million (p. 48). Anyone using 2022 as a base year is comparing a partial-year organization to a full-year one.

5. Reconciling the $22.6 million difference

Figure 4 walks from the 2022 actual to the 2026 budget by category. Every bar ties to page 48.

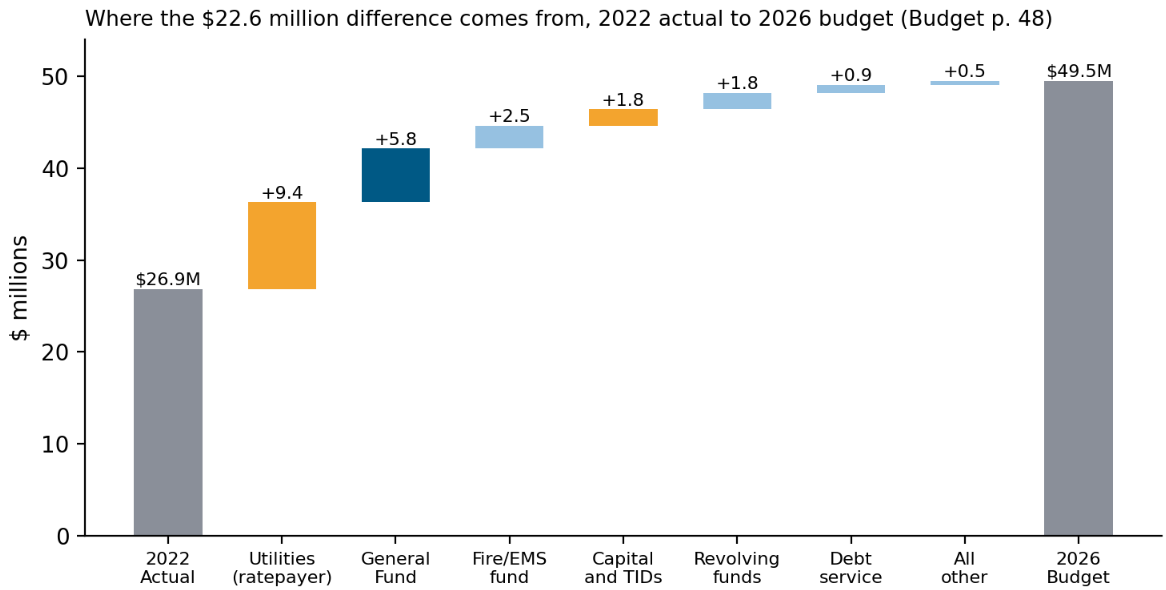

Figure 4. Drivers of the change in the all-funds total, 2022 actual to 2026 adopted. Source: Budget p. 48.

Driver	Change, 2022 to 2026	Funded by
Water, wastewater, stormwater utilities	+$9.4M	Utility rates and revenue bonds
General Fund (see Section 6)	+$5.8M	Levy, State aid, permits, interest
Fire/EMS fund (partial year in 2022)	+$2.5M	Largely a General Fund transfer; double counted
Capital projects and TIDs	+$1.8M	Borrowing and tax increment
Equipment, vehicle, street revolving funds	+$1.8M	Largely General Fund transfers; double counted
Debt service fund	+$0.9M	Debt levy; also a General Fund transfer
All other special revenue funds	+$0.5M	Fees, grants, program revenue
Total	**+$22.6M**	

Source: Budget p. 48; transfer detail p. 59.

Of the $22.6 million, about $9.4 million is utility and its capital construction with no levy connection, and $5.8 million is the General Fund itself which includes two approved referenda totaling $2.4 million. The balance is growth in Fire/EMS, revolving funds, capital projects and special revenue activity funded by those funds' own revenues. The General Fund is the portion most relevant to taxpayers, and it is addressed next.

6. The General Fund: what actually changed

On the revenue side, the General Fund grew from $10.4 million to $15.9 million, an increase of $5.5 million (p. 46). Figure 5 shows where that revenue came from.

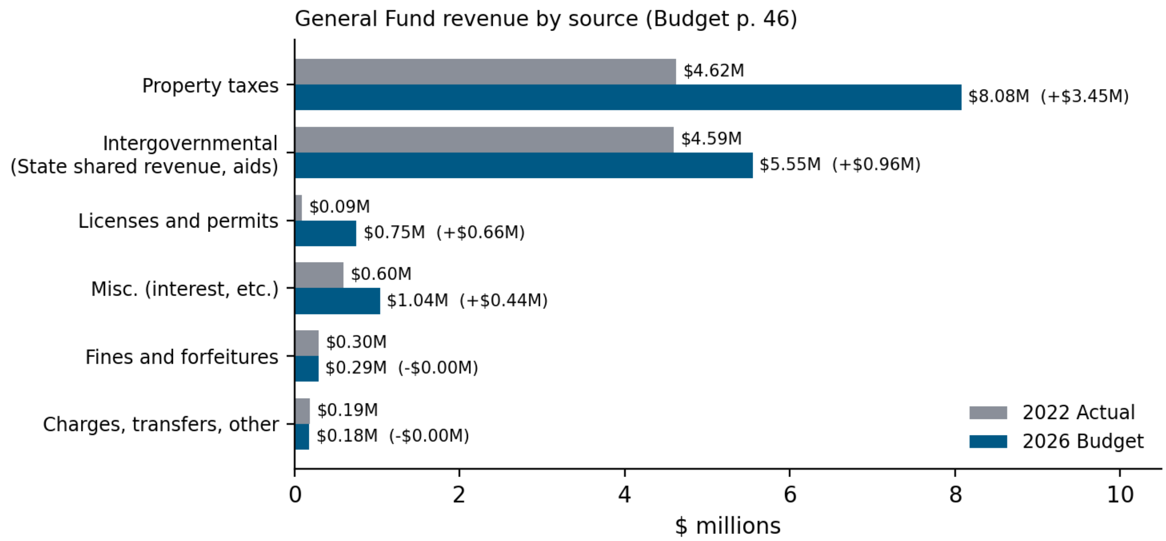

Figure 5. General Fund revenue by source, 2022 actual versus 2026 adopted. Source: Budget p. 46.

1. **Property taxes, +$3.45 million.** This is the levy ledger in Section 1 viewed from the revenue side: two referenda and the debt levy step. The first referendum, effective with the 2023 budget year, absorbed Fire/EMS into the City and is visible as the jump from $4.6 million to $6.1 million in 2023 (p. 46). The second was approved by voters in April 2025 and added $1.3 million to the general levy for 2026, funding five police officers, one dispatcher, and two firefighter/EMTs (pp. 4 and 7). The 2026 operational levy is $5,864,269, up $1,356,539 from 2025, and the Budget Message attributes that increase mainly to the referendum (p. 4). The debt service levy actually decreased by $73,242 (p. 4).
2. **Intergovernmental revenue, +$0.96 million.** State shared revenue increased under the 2024 budget. County and Municipal Aid is $3,738,985 for 2026 (p. 4). This is money the State sends to Whitewater; it does not come from local taxpayers.
3. **Licenses and permits, +$0.66 million.** Building and development permits rose from $89,048 in 2022 to $752,950 budgeted in 2026 (p. 46). This reflects construction activity in the city. It is earned revenue, not a tax.
4. **Miscellaneous revenue, +$0.44 million.** Primarily interest earnings on City funds in a higher-rate environment (p. 46).

Those four items account for the entire $5.5 million increase in General Fund revenue. Referenda and State aid account for $4.4 million of it. Nothing else moved materially: fines and charges for services are down slightly, and other financing sources changed by less than $30,000 (p. 46). The 2027 General Fund was originally budgeted at $16.0 million, an increase of 0.7 percent (p. 48). The 2027 budget will be updated and adopted in November of this year.

It is also worth noting that 2022 actual spending of $10.1 million was an unusually low year, which inflates any percentage computed from it. Between the 2023 actual ($12.3 million, the first full year with Fire/EMS) and the 2026 budget, General Fund growth is $3.6 million, of which $1.3 million is the 2025 referendum.

7. Conclusion

Staff will continue to publish the all-funds total because it is required for complete financial reporting. Beginning with the 2027-2028 budget, the Budget Message will also include a one-page summary that leads with the levy by component, nets out interfund transfers, and separates ratepayer-funded and borrowing-funded activity from levy-funded operations, so that the document itself answers this question before it is asked.

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