

Date: April 22, 2026

To: Common Council

John Weidl, City Manager

From: Rachelle Blitch, Director of Financial and Administrative Services

Re: City Statement Regarding Interfund Loan Between the Sewer Utility and Tax Increment District (TID) No. 11

The City of Whitewater is aware of recent social media posts expressing concerns about the interfund loan made from the Sewer Utility to Tax Increment District (TID) No. 11. We appreciate residents' interest in how public funds are managed and want to provide clear information about the purpose, legality, and safeguards associated with this loan.

Utility Funds Remain Restricted and Are Not Given Away

Sewer Utility revenues are legally required to remain within the utility and may not be permanently transferred for unrelated purposes. The interfund loan to TID 11 **is not a transfer**. It is a **documented loan** that must be **fully repaid to the Sewer Utility with interest**. The funds remain an asset of the utility throughout the life of the loan.

Interfund Loans Are Permitted Under Wisconsin Law

Wisconsin municipalities are allowed to use interfund loans as a financing tool when:

- The loan is properly authorized
- The loan is documented
- The loan includes a reasonable interest rate
- The loan is repaid to the lending fund

These requirements ensure that ratepayers are not subsidizing private development and that utility operations remain financially sound.

The Loan Includes Interest and Repayment Requirements

The loan to TID 11 carries an interest rate of **3.5%**, which is the rate it's currently earning at American Deposit. All interest paid on the loan is returned to the Sewer Utility, strengthening—not weakening—its financial position.

No Utility Revenues Are Being Used to Subsidize Private Development

The loan proceeds are used to cover eligible TID project costs. The TID, not the utility, is responsible for repaying the loan. This means:

- Utility ratepayers do **not** bear the cost of development

- The utility receives full repayment with interest
- The loan does not reduce the utility's ability to operate, maintain, or improve the sewer system

The Loan Was Approved Through the Required Public Process

The interfund loan was approved by the Common Council in a public meeting. All actions were taken through the City's standard financial procedures and with the required authority.

Addressing Terms Raised in the Social Media Post

Several legal terms were referenced online. To avoid confusion:

- **Misappropriation of funds** refers to the unauthorized personal use of public money. This loan was authorized, documented, and publicly approved.
- **Unlawful diversion of utility revenues** refers to permanently redirecting utility funds for unrelated purposes. This did not occur; the funds remain a loaned asset of the utility.
- **Illegal subsidization** would require utility ratepayers to bear development costs. Because the loan is repaid with interest, no subsidy occurs.

Commitment to Transparency

The City understands that financial matters can be complex, and we are committed to providing clear information. A detailed summary of the loan, repayment schedule, and authorizing actions are posted on the City's website for public review.

Residents with questions are encouraged to contact the Finance Department where this topic can be discussed further.