



# CITY OF RAPID CITY

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## MEMORANDUM

**TO:** Legal and Finance Committee  
**FROM:** Mayor Sam Kooiker *Sam Kooiker*  
**DATE:** November 28, 2012  
**SUBJECT:** Ordinance 5887 – Required annual report on Interdepartmental Charges

Interdepartmental Charges and Payments in Lieu of Property Taxes (PILT) have long been part of Rapid City's budgeting process. It makes sense for General fund departments to charge the Enterprise funds for services. Over the years it's become a tangled mess since there are no existing formulas or documentation available to guide the process.

In preparation for the 2014 budget process, the Finance office is working with the departments to come up with formulas for Interdepartmental charges. This is not an easy task.

To General Fund (Net)	2006	2007	2008	2009	2010	2011	2012	2013
Interdepartmental	\$ 3,528,579	\$ 3,800,654	\$ 4,210,962	\$ 4,636,589	\$ 4,954,591	\$ 5,124,219	\$ 5,259,670	\$ 5,143,080
PILT	\$ 588,894	\$ 588,894	\$ 588,894	\$ 624,756	\$ 643,499	\$ 662,804	\$ 455,127	\$ 169,677
<b>Total</b>	<b>\$ 4,117,473</b>	<b>\$ 4,389,548</b>	<b>\$ 4,799,856</b>	<b>\$ 5,261,345</b>	<b>\$ 5,598,090</b>	<b>\$ 5,787,023</b>	<b>\$ 5,714,797</b>	<b>\$ 5,312,757</b>

Philosophies on this issue will likely change over time, which underscores the need for reporting of these charges. For example, Payments in Lieu of Property Taxes (PILT) charges appear redundant, especially because no one knows what the formulas are for Interdepartmental charges and because the Interdepartmental charges have increased significantly in the past, without explanation. However, if Interdepartmental charges were explainable, it would provide more of a justification for PILT charges.

Ordinance 5887 simply requires an annual report on the amounts of these charges to the City Council and community for the sake of transparency and to facilitate discussion during the annual budgeting process.



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