



# Inter-Departmental Communication

DATE: March 1, 2006  
TO: Dr. Charles A. Eddy, Chair, Finance and Audit Committee  
FROM: Mark Funkhouser, City Auditor  
SUBJECT: Restoring City Auditor's Office Budget for Fiscal Year 2007

I am requesting that \$80,000 be restored to my 2007 budget request. I submitted our budget request to the Budget and Audit Committee on November 21<sup>st</sup> and the members did not modify it. In his 2007 proposed budget, the City Manager reduced our budget by \$80,000, including reducing salaries and benefits and eliminating funds for an external quality control review – which is required to meet government auditing standards. The City Manager is the person who is ultimately accountable for the performance of the organizations and programs we audit. Allowing him to cut our budget, compromises our independence.

The City Auditor's Office is the only department whose salaries and benefits budget for 2007 is less than its 2006 budget. (See Exhibit 1.)

Exhibit 1. Salaries and Benefits Budget by Department

Department	Adopted Budget 2006	Proposed Budget 2007	Percentage Change
City Auditor	\$ 1,303,255	\$ 1,258,237	-3.45%
Aviation	25,946,234	26,635,234	2.66%
Finance	7,746,063	8,004,564	3.34%
Water Services	48,781,308	50,776,532	4.09%
Human Resources	2,405,814	2,515,326	4.55%
Mayor & Council	2,466,207	2,599,001	5.38%
City Clerk	358,313	379,949	6.04%
Convention & Entertainment Centers	5,073,450	5,381,574	6.07%
Police	129,511,971	138,026,701	6.57%
Fire	70,402,268	75,172,418	6.78%
Law	2,957,195	3,173,398	7.31%
Public Works	18,268,848	19,664,734	7.64%
Health	9,123,426	9,959,610	9.17%
Parks & Recreation	17,005,834	18,694,178	9.93%
City Development	12,701,914	14,016,921	10.35%
Municipal Court	4,030,766	4,473,938	10.99%
Neighborhood & Community Services	10,968,919	12,743,644	16.18%
Office of the City Manager	5,905,874	7,036,060	19.14%
Information Technology	6,382,629	8,132,657	27.42%

Source: City Manager's Proposed Budget 2007.

We are also one of only four departments whose proposed operating budget for 2007 is less than its 2006 budget. (See Exhibit 2.)

Exhibit 2. Operating Budget<sup>1</sup> by Department

Department	Adopted Budget 2006	Proposed Budget 2007	Percentage Change
Public Works	\$ 108,000,299	\$ 100,891,363	-6.58%
Parks & Recreation	41,473,594	40,035,895	-3.47%
City Auditor	1,390,278	1,356,588	-2.42%
City Development	30,011,621	29,353,861	-2.19%
Water Services	115,655,589	117,923,603	1.96%
Health	16,639,725	17,125,679	2.92%
Fire	86,455,978	88,989,086	2.93%
Mayor and Council	3,312,071	3,410,365	2.97%
City Clerk	489,839	519,443	6.04%
Finance	11,013,910	11,678,777	6.04%
Municipal Court	6,215,829	6,646,578	6.93%
Police	170,599,604	183,369,246	7.49%
Human Resources	3,136,866	3,386,650	7.96%
Information Technology	13,693,734	14,812,001	8.17%
Neighborhood & Community Services	20,148,353	21,967,362	9.03%
Law	3,285,840	3,662,873	11.47%
Convention & Entertainment Centers	11,790,864	13,253,255	12.40%
Office of the City Manager	7,319,223	8,855,407	20.99%
Aviation	150,303,962	105,707,483	29.67%

Source: City Manager's Proposed Budget 2007.

The amount of work we do for the City Council and the citizens of Kansas City has been adversely affected by years of budget reductions. The city has been in financial difficulties the last few years and we have tried to do our part to reduce expenditures; however, our budget continues to suffer and often more than other departments' budgets do. In September of 2001, the City Manager mandated that all General Fund supported departments reduce operating and maintenance accounts by eight to ten percent. In response, we reduced our budget by nine percent. In July of 2002, in response to a projected shortfall of \$11.5 million in the general fund budget, the City Manager asked most departments to reduce their budgets by seven percent. I delayed filling three vacant positions to save the seven percent. I also informed the Budget Director that this was not to be considered a permanent reduction as I planned to fill the positions in 2004. However, In November 2002, the city's budget was revised and the three positions – which had been added in 1999 at the initiative of the City Council to increase the amount of audit work we produce– were eliminated. As a result, our budget was reduced by almost 10 percent – the highest percentage of any other department. In the last two fiscal years, meeting required salary savings has forced us to delay filling vacant positions. The City Manager's 2007 proposed budget includes even higher salary savings from our office.

<sup>1</sup> Operating budget includes salaries and benefits, contracts, and supplies.

I am requesting that you restore \$80,000 to our 2007 budget so that we can continue to fulfill our charter mandate to carry on a continuous investigation of the work of all city departments and to meet government auditing standards while fulfilling that mandate.

cc: Mayor Kay Barnes  
Members of the City Council  
Wayne Cauthen, City Manager  
LaTrisha Underhill, Assistant to the City Manager  
Troy Schulte, Budget Director