

THE ICMA FUND FOR PROFESSIONAL MANAGEMENT

Annual Report
for
June 30, 2006



*“...supporting the Council-manager form and
professional local government...”*

Communities Receiving Fund Contributions
1994-2006

Arkadelphia, Arkansas
Ashtabula, Ohio
Beloit, Wisconsin
Berlin, Connecticut
Bexley, Ohio
Blaine, Washington
Braintree, Massachusetts
Bremerton, Washington
Broward County, Florida
Brunswick, Ohio
Catoosa County, Georgia
Cedar Rapids, Iowa
Cincinnati, Ohio
Clinton, Iowa
Collinsville, Illinois
Corpus Christi, Texas
Cullman, Alabama
Dallas, Texas
Des Moines, Washington
Draper, Utah
Evendale, Ohio
Ferndale, Michigan
Ferndale, Washington
Forrest Park, Ohio
Fort Oglethorpe, Georgia
Hartford, Connecticut
Island County, Washington

Kent, Ohio
Kewanee, Illinois
Marysville, Ohio
Mattoon, Illinois
Maumelle, Arkansas
Medina, Ohio
Mentor, Ohio
Miami, Oklahoma
New Rochelle, New York
Oakland, California
Oshkosh, Wisconsin
Palm Beach County, Florida
Palmer, Massachusetts
Plymouth, Massachusetts
Reading, Pennsylvania
Redmond, Washington
Sandusky, Ohio
Sanford, Florida
Sarasota, Florida
Seabrook, Texas
SeaTac, Washington
Spokane, Washington
Stratford, Connecticut
Sultan, Washington
Superior, Washington
Troy, New York
West Orange, New Jersey

Activity Report

History and Background

An Executive Board resolution in October 1985 established the Endowment Fund for the Profession (renamed in July 1997 as the Fund for Professional Management) to supersede the ICMA Foundation. The resolution narrowed the Fund's purpose to:

...supporting professional management in all forms of local government and specifically to encourage local governments to adopt and retain the council-manager and general-management plans.

To support this focus, the Foundation-sponsored awards programs were transferred to ICMA to administer.

In July 2000, the Board adopted the strategic plan for ICMA which outlined as an objective and strategy to:

Build the Fund for Professional Management to finance efforts to promote, adopt and retain council-manager government.

A major fundraising campaign for the Fund was launched in 1987 with the goal of raising a million dollars in donations and pledges by the conclusion of the 75th anniversary celebration. Board policy states that only interest earned on contributions to the Fund may be spent for fundraising and program activities until such time as the Fund corpus reaches \$1 million. The Fund surpassed the \$1 million target in 2004 and the board voted in 2006 to authorize the use of interest earnings to support program activities of the Fund.

In an effort to enhance fundraising, the Board hired a fundraising consultant to assess ICMA's fundraising capacity and conduct research on existing donors and members to determine why they give or don't give, the range of activities/programs that appeal to them, and what would encourage them to support the Fund. Following discussion of the consultant's report, the board subsequently agreed to:

1. Retain the current Fund mission;
2. Continue to use interest earned on the Fund corpus to finance activities in support of council-manager government adoption and retention, educating citizens on the value of professional management, civic education and research on council-manager government and professional management;
3. Create an advisory board to provide leadership and oversight for fundraising activities in addition to actively soliciting funds; and
4. Include an investment in the FY2007-2009 Financial Plan using a combination of general fund and Fund corpus monies to build the infrastructure and capacity to create and implement an annual giving program, to create effective donor stewardship programs, and to create and implement a planned giving program focused initially on bequests and gifts of appreciated stocks; and
5. Review progress in the third year and determine whether to continue this investment.

Program Activity

Advocacy and Defense Ballot Measures

The Fund provided \$21,274 in financial support to assist 2 community based efforts to adopt or retain the form.

Activity Report

Election Date	Local Government	Fund Contribution	Outcome
November 2005	Dallas, Texas	\$18,600	Retained the council-manager form.
April 2006	Braintree, Massachusetts	\$2,674	Replaced town meeting structure with mayor-council structure by a 2 to 1 margin
		Total \$21,274	

Since 1994, the Fund has provided financial assistance to 55 community based efforts to adopt and retain council-manager government.

General Advocacy Programs

The Fund underwrote the cost of distributing the popular informational brochure, **The Council-Manager Form of Government: Answers to Your Questions**, as well as copies of the **National Civic League's Model City Charter**. On the civic education front, the Fund provided a second grant to the Michigan Civic League's ongoing effort to develop curriculum on local government for students. This 2nd grant was earmarked for the development of curriculum for elementary and middle school students. Lastly, the Fund provided financial support to the Massachusetts Municipal Association to develop tailored materials to promote the benefits of professional management in a state that operates primarily under the town meeting or representative town meeting form of government.

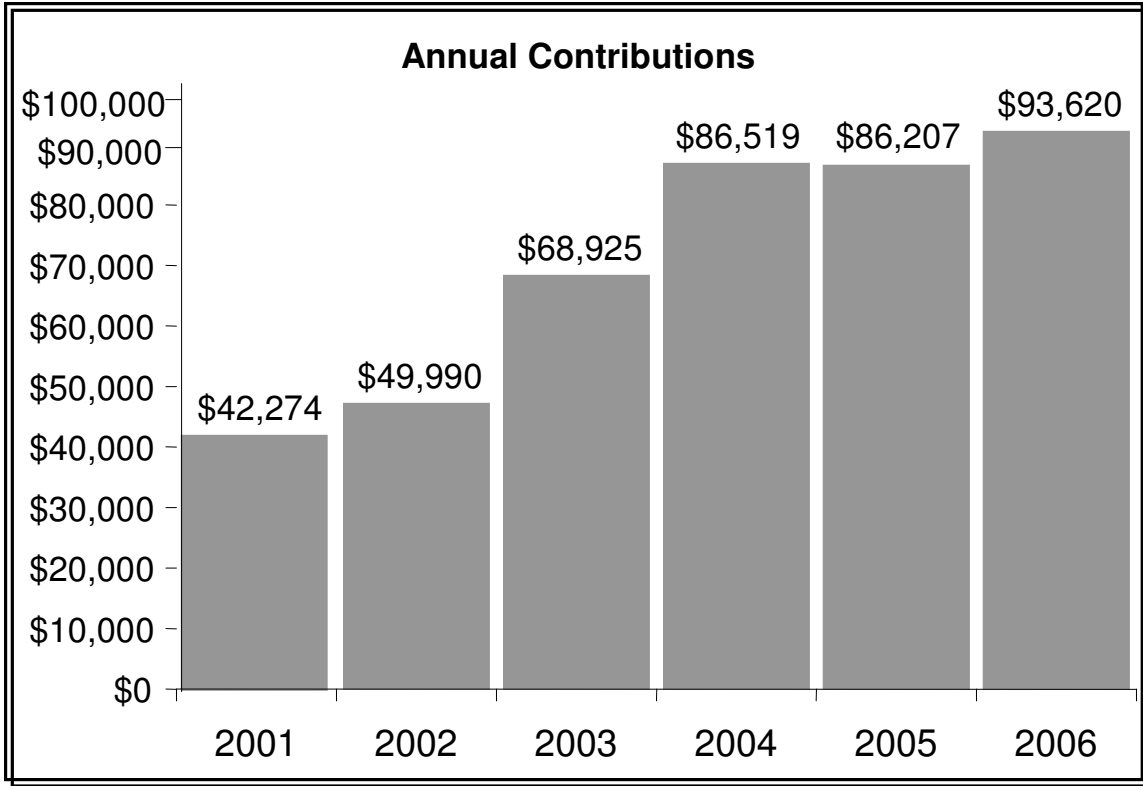
Fund Raising Activity

The Fall 2005 solicitation included for the first time a statement of giving for each member. All members were asked via a letter from the President to contribute to the Fund. The practice of soliciting contributions with dues invoices and conference registrations continued during FY06.

Efforts continued to develop an ethic of annual giving in the membership. Members were recognized for achieving annual giving levels as well as lifetime achievements. All individuals and state associations who made an annual contribution were recognized in ICMA's *Public Management* magazine. Members who achieved the status of Platinum, Gold, Silver or Bronze (i.e. those who have donated more than \$5,000, \$2,500, \$1,000 or \$500 respectively to the Fund since its inception) were highlighted in the ICMA Annual Conference program. New Platinum, Gold, and Silver donors were recognized at the Conference closing session.

The President and Regional Vice-Presidents promoted the Fund at state association and other meetings with members.

Activity Report



Financial Report

Financial Statements

ICMA Fund for Professional Management		
Statements of financial position		
At June 30, 2006 and 2005		
	<u>2006</u>	<u>2005</u>
Assets		
Cash, investments, and accrued dividends	\$ 1,101,910	1,018,559
Due from ICMA General Fund	<u>2,803</u>	<u>-</u>
Total assets	<u>\$ 1,104,713</u>	<u>1,018,559</u>
Liabilities and Net Assets		
Due to ICMA General Fund	\$ -	4,438
Net Assets:		
Restricted	1,088,903	989,476
Operations	<u>15,810</u>	<u>24,645</u>
	<u>1,104,713</u>	<u>1,014,121</u>
Total liabilities and net assets	<u>\$ 1,104,713</u>	<u>1,018,559</u>

Financial Report

ICMA Fund for Professional Management		
Statements of activities and changes in net assets		
At June 30, 2006 and 2005		
	<u>2006</u>	<u>2005</u>
Revenues		
Contributions	\$ 93,620	86,207
Interest	48,465	44,600
Unrealized Gain/(Loss)	<u>5,807</u>	<u>(1,739)</u>
Total revenues	147,892	129,068
Expenses		
	<u>57,000</u>	<u>84,624</u>
Addition to net assets	\$ 90,592	44,444
Beginning net assets	<u>1,014,121</u>	<u>969,677</u>
Ending net assets	<u>\$ 1,104,713</u>	<u>1,014,121</u>

The net assets (fund balance) for the Fund were \$1,104,713 at June 30, 2006, a 9% increase from the previous year. Net assets are composed of \$1,101,910 in cash, investments, accrued dividends, and net of \$2,803 due to the ICMA General Fund.

By Board policy, contributions to the Fund are restricted for investment only. Interest and dividends earned may be expended in any given year for approved Fund activities. Unexpended unrestricted funds are available for activities in subsequent years. These are represented in the Operations balance in net assets, currently \$15,810 at June 30, 2006.

Fund assets are expended only for approved activities with the focus on advocacy and retention of council-manager government. An amount "due to ICMA General Fund" represents expenditures for approved Fund-supported purposes paid out of General Fund cash and yet to be reimbursed to the General Fund. These funds are settled in the subsequent fiscal quarter.

The investment portfolio is composed of high-grade fixed-income instruments in accordance with an ICMA Executive Board-approved investment policy. The portfolio yield at June 30, 2006 was 5.13%. Changes in market value are reflected as unrealized gains and losses. The Board's intentions are to maximize gains or to hold investments until maturity to avoid realizing investment losses.