



ANNUAL REPORT
2014



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Cover photo: ICMA Executive Board at the Old Executive Office Building as part of the White House commemoration of the association's 100th anniversary.

To Our Members, Affiliates, Partners, and Other Stakeholders

As ICMA celebrates its 100th anniversary, it is an ideal time to reflect on ICMA's accomplishments of the past 12 months. Leadership development remains central to ICMA, and following our annual conference in Boston in September 2013, we established a task force to examine the issue of leadership and more formally aggregate the support that ICMA can provide to all of our members. The members of the Task Force on Leadership presented their findings to the ICMA Executive Board at the Charlotte conference, as did the members of the Task Force on Women in the Profession, which was established in 2012. We are also adopting a thoughtful and careful approach to testing the recommendations presented to the board in Boston by the Task Force on Financing ICMA.



The *Life, Well Run* campaign continues to gain momentum thanks to the invaluable contributions provided by many of you, either individually or as part of a state-based commitment; the much-appreciated support of ICMA-RC's matching program, and the generosity of ICMA Strategic Partner Siemens. More than 80 amazing success stories have been posted on the *Life, Well Run* website map, more than a dozen communities have or are creating their own *Life, Well Run* videos, and the plan in 2014 included print advertisements in 46 state publications.

We also continue to lead the way in the provision of invaluable local government resources and technical assistance. With the growth in Knowledge Network engagement—23 percent higher this year than last—ICMA is positioned to capture leading practices and leadership insights while simultaneously sharing and building on that significant knowledge base. At the same time, the transition of our publishing efforts from print to succinct e-publications that address member needs promises to help ICMA continue to be a vibrant source of thought leadership for the profession.

Also, under the umbrella of the ICMA Center for Sustainable Communities, we partnered with longtime Strategic Partner Esri to respond to a White House Climate Data Initiative through which developers created mobile apps that enabled communities to understand and prepare for a more resilient and sustainable future. In May, through a new National Resource Network, we also partnered with the current administration to provide direct access to a "311 for Cities" resource to more than 50 communities initially and to hundreds of cities nationwide over the next few years.

ICMA also entered into an exclusive agreement with the Center for Public Safety Management, LLC, which formerly operated as a program center within ICMA, to continue to provide public safety technical assistance to our members and local governments.

In 2014, ICMA International continued to make a difference in communities worldwide through funding from the U.S. Agency for International Development. In addition, the ICMA China Center took significant steps this year toward achieving its goal of facilitating training and exchange opportunities for municipal managers in



China and the United States. ICMA hosted its first International Regional Summit in Yangzhou, China, in May 2014. The summit received accolades from the ICMA members, Chinese officials and professors, and other international participants as well as significant national press coverage through the Chinese media.

Successes such as these—combined with an impressive uptick in membership that exceeded our new full member goals by 20 percent—positions ICMA well to continue its mission in the next 100 years of advancing professional local government management to build sustainable communities worldwide.

Sincerely,

Simon Farbrother
2013-2014 ICMA President
City Manager
Edmonton, Alberta, Canada

Robert J. O'Neill, Jr.
Executive Director
ICMA

ICMA: Building Better Communities Through Professional Local Government Management

OVERVIEW

ICMA, the International City/County Management Association, is the world's premier local government leadership and management organization. Founded in 1914 by visionary reformers who sought to end municipal corruption and bring professionalism and transparency to local governance, we strive to build better, more livable communities by advancing the professional management of local governments worldwide. In our 100th year, ICMA's core values continue to be rooted in our stringently enforced Code of Ethics and commitment to representative democracy.

Our Focus

Of the three levels of government, local government has the greatest impact on the quality of our day-to-day lives. ICMA exists to serve those who work continuously to advance excellence in local governance and improve quality of life throughout the world.

We develop programs, publications, and services that identify leading practices and address the needs of the nearly 40,000 local governments and several million employees serving communities globally. We also provide technical and management assistance to transitioning local governments outside the United States, in Africa, the Middle East, Asia, Europe, Central Asia, and Latin America.



Our Approach

ICMA believes that convening community stakeholders across all sectors is the quickest way to identify solutions to the most pressing challenges facing today's local governments. We bring together experts and leaders from all levels of government, corporations, universities, foundations, community groups, and other disciplines to discuss and exchange ideas; collect, analyze, and share information and leading practices; and provide reliable assistance and support to organizations involved in the management of today's complex communities.

Our Reach

ICMA members are the key local government decision makers. They are the senior level city, county, and town executives whose decisions affect millions of people in thousands of communities across the globe.



ICMA members see the community in its entirety, without being tied to one department, one interest group, or one political point of view. Working in partnership with elected officials, ICMA members help translate policy into action and visionary ideas into real results. They manage the day-to-day operations that keep services up and running, while planning for the future. They develop and implement the budget, procure products and services, supervise department heads, and engage community stakeholders.

Our organization supports as members more than 9,200 senior local government executives and their

staffs in cities, towns, counties, and other regional entities in the United States and 33 other countries. At the core of that group are nearly 6,000 senior local government executives. We also represent directors of state associations of local governments, academics, students, and others who share our interest in improving local governance.

ICMA's reach, however, extends far beyond our core membership. We are uniquely qualified to partner with federal agencies, the private sector, foundations, and other organizations on projects that target the extensive local government market.

FY 2014: A Year in Review

MEMBERSHIP

ICMA's Membership Team is committed to serving our members and making ICMA the indispensable association for those who demonstrate a commitment to the highest standards of honesty and integrity, while seeking the best solutions in local government leadership and management worldwide. Through a variety of programs, this team also provides outreach beyond members to support professionalism in local government and provide partnerships that support our members.

Membership Recruitment and Retention

As of June 2014, ICMA had 9,253 members, including 8,818 in the United States and 435 internationally representing 33 countries. Of the total membership, 6,333 worked for local government. Our U.S. in-service retention rate was 91.3%.

Ensuring the Ethical Integrity of Professional Managers

We launched a major review of Tenet 12 (Seek No Favor) of the ICMA Code of Ethics with discussions at five regional summits, five state association meetings, and through an online forum and survey. The Committee on Professional Conduct began reviewing the survey results and comments at its meeting in September 2014, and plans to make recommended changes in order to place the matter of a revised tenet before the membership for a formal vote early in 2015. Proposed guidelines will be presented to the ICMA Executive Board for approval in 2015.

Credentialing

We granted ICMA Credential or Candidate status to 108 members, for a total of 1,339, and achieved a renewal rate of 99%, with the majority completed online.



Relationship Management

We maintained affiliate relationships with and provided support to the International Hispanic Network (IHN), the National Forum for Black Public Administrators (NFBPA), and the National Association of County Administrators (NACA). We also signed new affiliate agreements with the Association of Public Administrators in Romania, the Association of Secretaries of Urban and Municipal Authorities of the Czech Republic, and the League of Cities of the Philippines.

Career Services/Next Generation

We increased the number of ICMA student chapter participants from 28 to 42 chapters, including 2 international student chapters (in Afghanistan and Slovakia). We also secured 21 local governments to host 35 Local Government Management Fellows (LGMF). Seven fellows from 2013 will be entering their second year as well. This marks the 10th year of the LGMF program.



PROFESSIONAL DEVELOPMENT

The mission of Professional Development is to develop and enhance the leadership and management capacity of members and local government professionals through a comprehensive array of high-quality programs delivered in a variety of formats.

Annual Conference

With 3,560 total attendees, the 2013 ICMA Annual Conference in Boston was 19 percent larger than the 2012 conference and ranks tenth in ICMA's history. It was the third largest in terms of member attendees (2,397). The conference exceeded the budgeted contribution as a result of stronger than anticipated attendance, a sold-out exhibit hall, and success in generating sponsorships. We also launched our sixth virtual annual conference with 92 registrants.

ICMA University

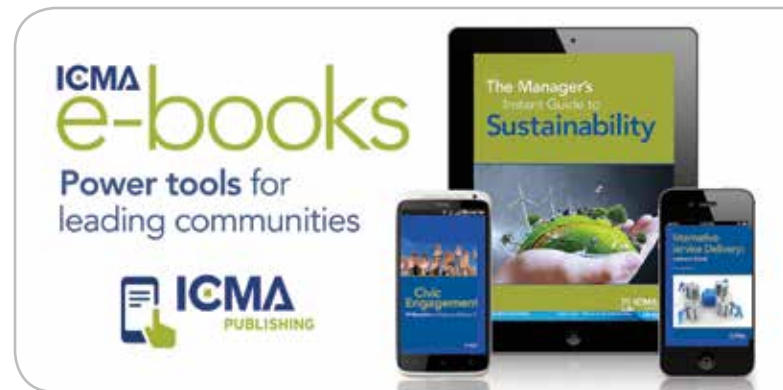
We launched the Williamsburg Leadership Institute with 12 registered participants; held the Gettysburg Leadership Institute with 29 participants; and offered the ICMA Senior Executive Institute with 22 senior manager participants.

We offered 13 ICMA University workshops and the third Annual Leadership Institute at the Boston conference, and partnered with state/affiliate associations and local governments to offer 20 workshops. We also added 11 new workshop offerings.

We graduated 12 members of Leadership ICMA Class of 2013; 20 members of the Emerging Leaders Development Program class of 2013; and 13 members of the inaugural Mid-Career Management Institute, 2012-2013.

Webinars

We conducted 27 ICMA University webinars, with a total registration of 1,231 jurisdictions.



INFORMATION

The mission of Information is to provide experience-based information and knowledge about local government management and leadership in the form of print and online books, brief reports, training materials, *PM* magazine, and the Knowledge Network (KN); contribute to ICMA's bottom line while supporting ICMA strategic objectives; grow ICMA's target markets; and expand the knowledge base that makes up professional local government management.

Publications

We developed a plan for a future direction of publishing to make the transition from print publishing to e-publications, which the board approved at its November 2013 meeting. By the end of the fiscal year, we had implemented the transition plan, including substantial inventory reductions and numerous print-to-PDF conversions of current well-selling titles. We offered *Leading Your Community* as our first print-to-"enhanced e-book" conversion.

We published four enhanced e-only books: *Getting Started: A Performance Measurement Handbook*; *Civic Engagement: 10 Questions to Shape an Effective Plan*; *The Manager's Instant Guide to Sustainability*; and *Alternative Service Delivery Handbook*.

We converted and published 62 case studies from ICMA's popular case study books: *Managing Local Economic Development: Cases in Decision Making*; *Managing Local Government: Cases in Effectiveness*; *Managing Local Government Finance: Cases in Decision Making*; *Managing Local Government: Cases in Decision Making*; and *Managing Human Resources: Local Government Cases* through academic and retail distributors.

We converted and published five new MYB e-book collections: *On Benefits and Compensation*, *On Innovative Practices*, *On Strategies and Services*, *On the Profession*, and *On Sustainability* through academic and retail distributors.

We converted and published *The Effective Local Government Manager*, 3rd edition, as an enhanced e-book.

We published *The Municipal Year Book 2014*, and many articles in this edition commemorate ICMA's 100th anniversary. This is the last MYB that will be offered as a print publication.

We produced and released four *InFocus* reports: "Engaging Your Citizens Using Social Media," "Mobile Devices: How to Safely Implement a BYOD (Bring Your Own Device) Policy," "Effective Crisis Communication," and "Effective Budget Communication."

PM (Public Management) Magazine

In recognition of our 100th anniversary, *PM* magazine publishes in each issue an anniversary department called "Moment in History," which features a fact from the anniversary timeline or another resource. We published a commemorative anniversary issue for September 2014, with more than 30 articles featuring both a look at the profession's past and a look into its future.

We published 123 member authors and 18 online-only articles. We received 52 requests to reprint *PM* articles.

Public Policy

ICMA coordinated the work of the "Big 7" national public interest groups representing state and local government to develop strategic policy direction and identify consensus priorities. We published two white papers: "Management's Perceptions of Annual Financial Reporting," written by researchers at Northern Illinois University; and "Leveraging Local Change: The States' Role," under the leadership of Carl Stenberg, University of North Carolina; and four fact sheets: 2014 Facts: State and Municipal Bankruptcy, Municipal Bonds, and State and Local Pensions; Understanding New Public Pension Funding Guidelines and Calculations (Books, Bonds, and Budgets); Local Governments Caring for Returning Veterans and Their Families; and Top 12 Things to Include in Parade Safety Plans.

We signed and supported 10 letters on issues related to tax-exempt municipal bonds, Marketplace Fairness Act, deductibility of state and local taxes, cash management, and other fiscal issues. We also signed six Supreme Court amicus briefs on issues related to the Fair Labor Standards Act, the Religious Freedom Restoration Act, qualified immunity, abandoned railroad right-of-way ownership, and buffer zones and protesters.

Knowledge Network (KN)

The number of registered KN users increased by 23%, to a total of 52,976. We established content-sharing partnerships with the Local Government Managers Australia and with many of our strategic partners. Improvements to The Knowledge Network were made based on feedback from focus groups conducted at the Boston conference. These improvements included improved inbox capabilities, mobile device functionality, and improved comments and review features.



PROGRAM CENTERS

ICMA's U.S. Program Centers seek to improve the efficiency and effectiveness of local government management by identifying and developing leading management practices, providing education and training around these leading practices, and offering technical assistance in their implementation. ICMA partners with foundations, universities, federal agencies, and private providers to address the range of issues facing local governments.

Center for Performance Analytics (ICMA Analytics)

ICMA renamed the Center for Performance Measurement, which became the ICMA Center for Performance Analytics (ICMA Analytics) to reflect the orientation on performance management, analytics, education, training, professional development opportunities, and technical assistance. We elevated performance management as a core practice area of ICMA and partnered with SAS, a leading developer of performance analytics software, to develop a new product, ICMA Insights™.

Center for Public Safety Management (CPSM)

We held the first police symposium prior to the Boston conference with more than 110 participants, with a focus on the future of the current police deployment system.

We signed an agreement with the Commission on Accreditation of Law Enforcement Agencies (CALEA), which recognizes the accreditation process as "the gold standard." CALEA also recognized the ICMA forensic data performance analysis as the preferred method for meeting accreditation requirements.

We signed an agreement with the Center for Public Safety Management LLC, formed by former ICMA Center staff, to provide public safety technical assistance services for local government through an exclusive service provider royalty agreement with ICMA.



Center for Sustainable Communities (CSC)

CSC continued to manage the Local Government Environmental Assistance Network (LGEAN), a joint partnership with the U.S. Environmental Protection Agency that features a website (lgean.org) and a hotline for environmental compliance officials working in local government.

With funding from the U.S. Department of Housing and Urban Development (HUD), we developed and launched the National Resource Network website and preliminary technical assistance services, including a "311 for Cities" that allows select local governments to write-in with research and consulting requests. We continued to conduct research on sustainability and social equity with the support of a cooperative agreement from HUD, and worked with HUD on a Choice Neighborhoods research program.

We produced and distributed two briefing papers: "Defying the Odds: Sustainability in Small and Rural Places" and a six-part briefing paper on "Asset-Based Economic Development." We also produced two podcasts based on "Asset-Based Economic Development Papers."

We continued to coordinate outreach and education in support of the SunShot project, which is funded by the U.S. Department of Energy and targets local strategies for increasing solar deployments in communities around the United States.

In partnership with CH2M HILL and the U.S. Environmental Protection Agency, we organized and facilitated workshops on “creating communities for all ages” with four communities.

In partnership with Esri, we finalized the book, *The GIS Guide for Elected Officials*.

We worked on other projects covering the topics of shared administrative services among local health departments, water utility and governing board rate case communications, and local government’s role in creating healthy food systems.

Center for Management Strategies (CMS)

CMS, along with the Alliance for Innovation and Arizona State University, continue to manage the work of the Local Government Research Collaborative (LGRC). At the Boston conference, the LGRC identified its first topic for research: *The Workplace / Workforce of the Future* with a specific focus on ways organizational due process can inhibit innovation in an organization and examples of alternative approaches. The research, titled “Red Tape to Green Tape: Improving Due Process Rules in Local Governments,” was presented to the ICMA membership at the Charlotte conference in September.

CMS sponsored the Center for Priority Based Budgeting’s annual conference in Arlington, Virginia, an open enrollment program on High Performance Organizations, and a three-part series commemorating the 20th anniversary of the Gaebler and Osborne book, *Reinventing Government*.



INTERNATIONAL PROGRAMS

ICMA International Programs promote ICMA's mission in the international context and provide international opportunities for engagement with ICMA members. ICMA's international work seeks to build sustainable communities that improve people's lives by developing local capacity and promoting good governance. With funding from USAID and other international donor organizations, ICMA provides peer-to-peer technical assistance, training, and resources to municipalities in developing and decentralizing countries.

The team maintained an active project portfolio of 18 programs involving 19 countries. While a number of major projects in Afghanistan ended during the year, ICMA continued to be engaged in supporting the Afghan local government sector on a smaller scale.

We also supported important global city learning networks focused on climate change adaptation through the Association of Southeast Asian Nations (ASEAN) based in Indonesia and the Durban Adaptation Charter based in South Africa under the flagship CityLinks project.

We continued to increase the visibility and capabilities of the ICMA China Center. ICMA was approved as a certified training provider by the China State Administration of Foreign Expert Affairs in March, which enables ICMA to obtain

direct contracts from the Chinese government at the national, provincial, and local levels to provide training in China and the United States. We hosted the first ICMA International Regional Summit in Yangzhou, China, in May, attracting participants from eight countries, and provided pre- and post-summit study tours.

ICMA International deepened relationships with several international affiliates by involving them in the design and execution of donor-funded fellowship exchange programs. We also continued to expand programs into the practice areas of community policing/public safety, municipal finance, and environmental sustainability by introducing these programs into new countries, continuing to translate ICMA domestic capabilities into the international arena.

We also provided 21 ICMA members with opportunities to participate in ICMA International activities as advisors, consultants, conference presenters, and CityLinks partners.

BRAND MANAGEMENT, MARKETING, AND COMMUNICATIONS

The mission of the Brand Management, Marketing, and Communications (BMMC) Team is to increase awareness of and loyalty for the local government management profession and the ICMA brand while building equity in the organization's assets; provide consistent messaging to target audiences, meeting and exceeding revenue targets while ensuring consistency with the values of the local government management profession and the ICMA brand. This includes the Life, Well Run campaign, 100th anniversary, form of government, media relations, digital strategy, research, and creative services

The BMMC Team published weekly editions of *Leadership Matters* e-newsletter and a daily e-newsletter, *ICMA SmartBrief*.

We designed a 100th anniversary photo gallery based on images from the online timeline, which was displayed within the ICMA pavilion area at the Boston conference. An expanded version of the gallery that showcases authentic ICMA artifacts and art was unveiled at the Charlotte conference. We also designed an anniversary logo in January 2014.

Media Relations

ICMA generated 206.6 million online and 1.76 million print media impressions on a variety of local government-related topics.

We worked with a PR firm in September to coordinate and promote a special forum and a telephonic press event on gun violence. Events were covered by the *Associated Press*, *The Boston Herald*, *Charlotte Observer*, *Scripps Howard Foundation*, *Daily Caller*, *The Crime Report*, *Red Alert Politics*, *Gwinnett Daily Post*, *Force Science Institute*, *Conley Media*, and the *Miami Dade Police Department*.

We used a new multimedia press release service to distribute a press release, video interview, photo

gallery, audio of the press event, speaker handouts, and other assets related to the gun violence forum and media event. Efforts resulted in three articles: "City Leaders Reflect on Dealing with Shootings" (*Boston Herald*); "Norcross City Manager Talks Gun Violence, Local Response" (*Gwinnett Daily Post*); and "Gun Violence and Our Communities: Local Government Leaders Share First-Hand Perspectives & Lessons Learned" (*Heraldonline.com*).

Digital Strategy

Our expanded social media efforts have resulted in increased visibility, including page views and visits at a level approximately 30% higher than 2013. We exceeded our social media community size goal by 25 percent and our engagements goal by 49 percent.

We were recognized in the *Association Trends Social Media Report 2013* for achieving a ranking of #2 (out of 24) in the Government & Law sector and #53 in the Individual Member Type Category (out of 177).

Form of Government Advocacy and the Fund for Professional Management

As of June 30, 2014, the ICMA Fund for Professional Management had a balance of \$1,890,691.

We contributed a total of \$10,000 from the ICMA Fund for Professional Management to five communities seeking to adopt or retain council-manager government or establish a professional local government manager position.

We distributed nearly 800 copies of "Council-Manager Form of Government;" 70 copies of "Professional Local Government;" 270 copies of "Professional County Government;" 40 copies of "Recruitment Guidelines for Selecting a Local Government Administrator;" and one *Model City Charter* to citizens' groups and ICMA members to promote council-manager government and professional local government management.



Life, Well Run Campaign

We implemented the *Life, Well Run* campaign in 37 states through digital and print ads.

We announced the campaign launch, which was picked up by 30 media outlets across 18 industry categories. We held a satellite media tour in January 2014, followed by a news release picked up by more than 200 media outlets across the country. We developed a suite of campaign materials for target audiences that includes brochures, template materials, and a video for elected officials. We showcased the campaign and introduced *Life, Well Run* materials to members at the Boston conference with a booth, a session, videos, and displays and at the National League of Cities conference in Seattle.

We received two nominations from the Lone Star EMMYs® for all 6 campaign videos produced in San Antonio and Seguin.

Survey Research

We completed ICMA-funded surveys on Police and Fire Personnel Salaries and Expenditures and CAO Salary and Compensation, 2013. We also completed externally funded surveys on Planning across Generations and Shared Services in Public Health. Survey results were used to develop articles for *The Municipal Year Book*, *PM* magazine, and *Leadership Matters*.

STRATEGIC DEVELOPMENT AND FUND RAISING

The mission of Strategic Development and Fund Raising is to broaden awareness of ICMA offerings and benefits of partnering with ICMA across various market segments, and to build strong communities by leveraging ICMA and partner expertise to deliver value to members, while providing partners with equitable benefits.

ICMA Strategic Partners provided nearly \$1,700,000 in support of ICMA programs and activities through Strategic Partner fees, contributions, grants, joint ventures, sponsorships, webinars, advertising, and contributions-in-kind.

New partner Siemens has agreed to a \$75,000 commitment in the first year supporting *Life, Well Run*. Siemens will deliver thought leadership to our members by producing a webinar on leadership and resiliency and providing case studies for our *Life, Well Run* website and historical private-public milestones for the ICMA Experience.

We continued efforts to support ICMA membership recruitment and retention goals by providing additional member content/benefits: ICMA-RC videos focusing on personal retirement planning were uploaded and promoted; signed agreement between ICMA and 2U, Inc. to provide unlimited \$5,000 scholarship funds for ICMA members accepted in the University of North Carolina online MPA program; and The Ferguson Group committed for a third year to fund a city/county manager or assistant manager to attend the Harvard Kennedy School "Senior Executives in Local Government" program.

ORGANIZATIONAL SUPPORT

ICMA's Organizational Support Teams provide the program teams with the people, technology, and resources required to achieve their priorities and meet their performance objectives. The support teams are charged with ensuring organizational sustainability and an integrated commitment to the mission, vision, and core beliefs of the association.

We obtained an unqualified opinion on the FY 2014 audit, with no material findings or control weakness reported.

ICMA led the Center for Public Administration Services Operations Committee, which includes representatives from all three building owners, and made significant enhancements to the property that houses ICMA headquarters, including upgrades to building elevators systems and cab interiors and upgraded partial building lighting from T-12 fixtures to LED.

We completed a major upgrade of ICMA's CostPoint financial system, time and expense, and COGNOS reporting systems.

We are working on solutions documentation and implementation plan for conversion to a new association management system, netFORUM. We negotiated with a new vendor, 20Twenty, to provide data conversion and implementation services to get the project back on track from delays due to a change in ownership with the software vendor.

We made enhancements to the website and Knowledge Network.



We actively supported the conceptualization, design, and launch of ICMA Insights™ with SAS, including the development of a shopping cart application to facilitate the purchase and enrollment of ICMA Insights™ for jurisdictions.

We launched a "Healthy and Wealthy in 2014" program to improve the physical and financial wellbeing of staff. We also conducted supervisory training for ICMA managers and supervisors based on ICMA's *Effective Supervisory Practices* webinar and materials.



FY 2014 Financial Summary

The certified public accounting firm Rubino & Company completed its audit of the financial records of ICMA, delivering an unqualified opinion on the financial statements for the year ended June 30, 2014. The audit report is presented each year to the Audit and Evaluation Committee of the Executive Board and is accepted by the full board at the annual conference board meeting. Review copies of the FY 2014 audit report are available for inspection upon request.

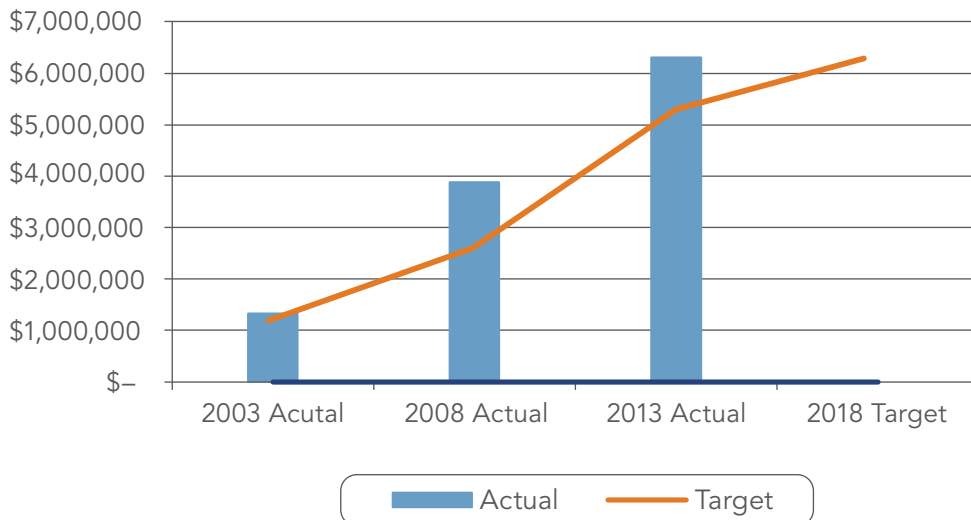
For the year ended June 30, 2014, expenses exceeded revenues by \$476,826 for all funds, with total revenues of \$34,167,487 and expenses of \$34,644,313. Unrestricted revenues of \$34,423,074 were less than expenses of \$34,644,313 by \$221,239. Temporarily restricted expenses exceeded revenues by \$255,586. ICMA's combined net assets at fiscal year-end were \$8,182,591 as represented by unrestricted net assets of \$6,070,327 and temporarily restricted net assets of \$2,112,264.

ICMA's total assets, net of appropriate allowances and accumulated depreciation and amortization,

at June 30, 2014, were \$15,570,124 consisting of \$8,821,897 of cash and investments; net accounts receivable of \$4,810,334; publications inventory, net of allowances, of \$224,483; net furniture, equipment, and leasehold improvements of \$870,633; and other assets of \$842,776. Total liabilities and deferred revenues were \$7,387,533, consisting of accounts payable and accrued expenses of \$2,640,539, refundable advances of \$96,824, deferred revenues of \$4,603,944, and other liabilities of \$46,226.

Each year, as part of the financial planning process, the board establishes goals and benchmarks for unrestricted net asset balances for ICMA. Net asset targets are established in five-year increments. At June 30, 2014, the net asset balance was \$6,070,327. The net asset target established for FY 2018 was \$7,625,000; however, because of anticipated overall reduction in future funding, the board revisited this target during the FY 2015 budget process. The revised net asset target for FY 2018 is \$6,300,000.

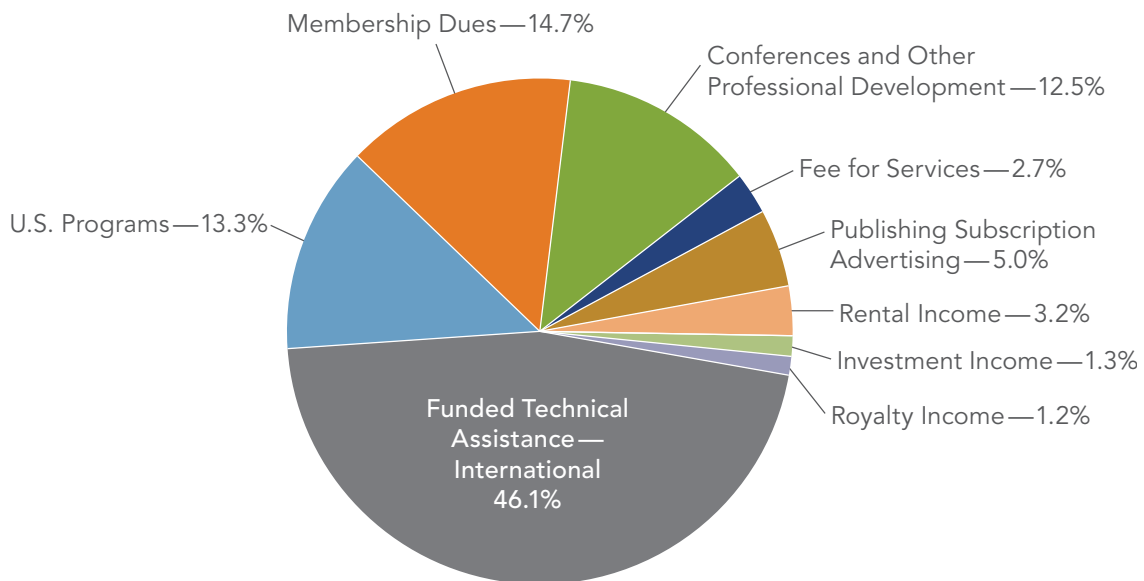
Progress Toward Net Asset Goal



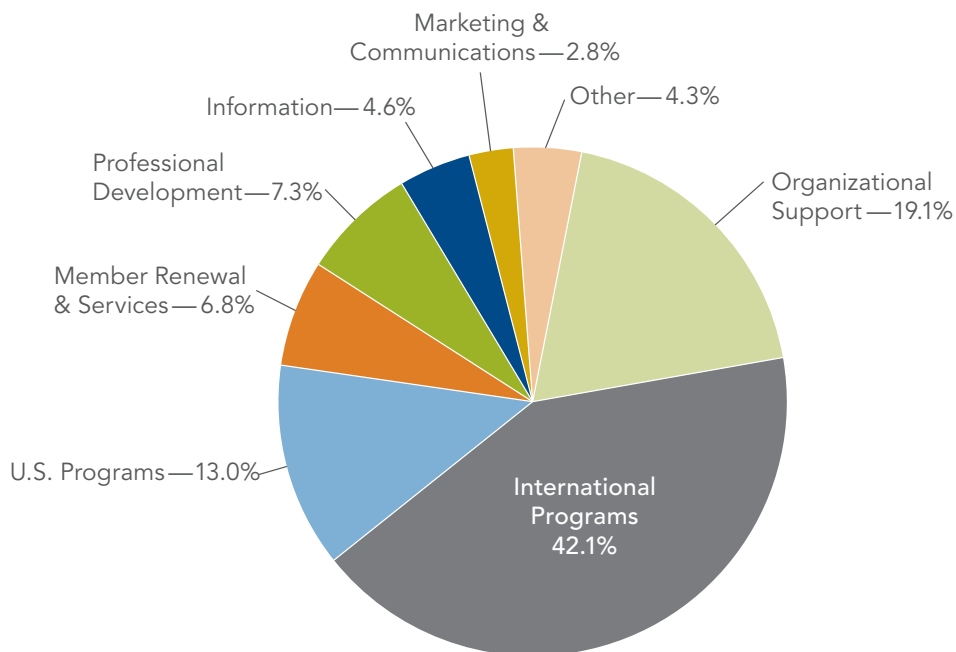
ICMA Financial Results of Operations

ICMA programs and activities in FY 2014 resulted in a loss from General Fund operations of \$221,239 with revenues of \$34,423,074 and expenses of \$34,644,313. The following pie charts show FY 2014 sources of revenue and the allocation of these revenues to the outcome areas:

FY 2014 Sources of ICMA Revenue



FY 2014 Allocation of ICMA Resources to Outcomes





Financial results for the programs and activities are classified and reported below according to the strategic outcomes as reflected in the FY 2014 ICMA budget.

Membership Dues

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Member Dues Revenue	\$ 4,935,558	\$4,885,000	—	—	\$4,935,558	\$4,885,000

Membership Dues revenue exceeded budget targets by \$50,558. At June 30, 2014, ICMA had 9,253 members: 8,818 U.S. members and 435 international members representing 33 countries. In FY 2014, ICMA continued state-by-state recruitment efforts in partnership with the state associations.

Membership Services

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Member Services & Benefits	\$ 618,765	511,700	2,123,573	2,047,242	(1,504,808)	(1,535,542)
Relationship Management	12,465	15,500	159,645	165,592	(147,180)	(150,092)
Total Member Services	\$ 631,230	527,200	2,283,218	2,212,834	(1,651,988)	(1,685,634)

Member Services and Benefits includes expenses for the ethics program, personal support and Range Rider activities, member committees, the Job Center, partners programs, *Leadership Matters*, and other member benefits such as the awards programs, Leading Ideas, Members In Transition, and member operations. Relationship Management includes ICMA support of the National Association of County Administrators and affiliate relationships with the National Forum for Black Public Administrators, the International Hispanic Network, and other international affiliates.

Revenues in this area exceeded budget because of higher than anticipated advertising in the Job Center. However, expenses were also higher than anticipated, reflecting higher costs of member benefits, member operations, and state liaison activities. The overall net contribution in this area was better than budget by \$33,646.

Professional Development

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Conference	\$ 2,894,627	2,527,280	1,716,782	1,723,323	1,177,846	803,957
Training and Education	867,408	852,711	604,215	744,496	263,193	108,215
Leadership and Development	293,680	307,795	146,172	174,831	147,508	132,964
Total Professional Development	\$ 4,055,716	3,687,786	2,467,169	2,642,650	1,588,547	1,045,136

Conference includes results of the ICMA Annual Conference held in Boston, Massachusetts. Net contribution from the 2013 annual conference exceeded budget by \$373,889, primarily due to stronger-than-anticipated attendance. The Boston conference had a record 3,560 total attendees, including 2,397 members, ranking it the third largest conference in terms of member attendees. The conference continued to receive sponsorships of \$300,000 each from ICMA-RC and Cigna. With 92 registrants, the virtual conference fell short of budgeted expectations and was below prior year's attendance by approximately 30 percent.

Training and Education includes the ICMA University workshops, assessments, web workshops and conferences, product development, sponsorships, local government ethics training workshops, and the new webinar series based on ICMA's best-selling book, *Effective Supervisory Practices*. Net contribution from these programs exceeded budget by \$154,978.

Leadership and Development includes programs for senior managers and emerging leaders. Net contribution from these programs exceeded budget by \$14,544.

Overall net contribution from this area exceeded budget by \$543,411.

Information

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Public Policy	\$ —	—	114,154	146,923	(114,154)	(146,923)
Publishing	1,129,971	899,452	1,289,696	1,217,060	(159,725)	(317,608)
Web Initiatives	15,000	10,000	140,870	135,762	(125,870)	(125,762)
Total Information	\$ 1,144,971	909,452	1,544,720	1,499,745	(399,748)	(590,293)

Public Policy includes costs to coordinate the work of the Big 7 to develop strategic policy direction and identify priorities for the seven national associations and for issuing white papers. Publishing activities include textbooks, brief reports, and *PM* magazine. By the end of FY 2014, ICMA developed and began implementation of a plan to transition from print publishing to e-publications, including substantial reduction of print inventory and conversion of current well-selling titles to digital formats. Web Initiatives include the Knowledge Network and the partnership with the Alliance for Innovation.

Revenues exceeded budget due to higher than anticipated sales of publications at the end of the year. Increased revenues combined with expense controls resulted in net contribution from this area better than budget by \$190,545.



U.S. Programs

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Strategic Partner Program	\$ 229,992	265,000	138,126	119,891	91,866	145,109
Center for Performance Measurement	683,120	921,122	706,195	694,247	(23,075)	226,875
Center for Performance Analytics	—	—	7,368	—	(7,368)	—
Center for Sustainable Communities	2,077,850	2,177,141	1,656,475	1,781,526	421,374	395,615
Center for Public Safety Management	1,186,536	1,824,269	1,441,730	1,551,131	(255,193)	273,138
Center for Management Strategies	266,654	263,750	202,090	204,433	64,565	59,317
USP Management and Contract Administration	—	—	232,096	360,701	(232,096)	(360,701)
Total U.S. Programs	\$ 4,444,152	5,451,282	4,384,080	4,711,929	60,072	739,353

Net contribution from the Strategic Partner Program fell short of budget by \$53,243 due to lower than anticipated revenues.

The Center for Performance Measurement ended the year with net loss of \$23,075, compared to budgeted net contribution of \$226,875. This is due to the change in the strategic direction of this program to expand ICMA's presence in performance measurement and management beyond merely collecting and reporting data to the comparison and analysis of the data for effective performance management. In response to this, ICMA entered into a partnership with SAS, a global leader in performance analytics software, to roll out a new product, ICMA Insights, in the first quarter of FY 2015. As a result, ICMA discontinued the current CPM program at the end of FY 2014 and made a \$139,000 one-time write-off of the remaining balance of the CPM software.

The Center for Sustainable Communities continued work on several funded projects during the year. The Center's net contribution was higher than budgeted by \$25,759.

The Center for Public Safety Management ended the year with net loss of \$255,193, compared to budgeted net contribution of \$273,138. The \$528,331 variance is due to optimistic revenue projections as well as high fixed costs of managing this program in-house. As of July 1, 2014, ICMA has changed its business model for this program by entering into an exclusive partnership agreement with a separate business entity, CPSM, LLC.

The Center for Management Strategies met FY 2014 budget targets for both revenues and expenses.

Overall net contribution from this area fell short of budget by \$679,281.

International Programs

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Business Development and Management	\$ 3,900	—	1,636,808	1,776,398	(1,632,908)	(1,776,398)
International Technical Assistance	15,347,744	18,890,996	11,319,807	14,654,858	4,027,937	4,236,138
ICMA Latin America	91,058	55,964	79,335	55,964	11,722	—
Contract Administration	—	—	639,868	636,239	(639,868)	(636,239)
Contingency Reserve	—	—	497,785	—	(497,785)	—
Total International Programs	\$ 15,442,702	18,946,960	14,173,603	17,123,459	1,269,099	1,823,501

Revenues from international programs fell short of budget by \$3,504,258, due to the abrupt cancellation by the funder of a large ongoing subcontract for work in Afghanistan. In addition, several major programs in Afghanistan came to an end in the last quarter of the year. Overall, net contribution from international programs fell short of budget by \$554,402.

Brand Management, Marketing, and Communications

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Form of Government	\$ —	—	43,222	45,408	(43,222)	(45,408)
Survey and Research	22,448	33,000	84,336	156,216	(61,888)	(123,216)
Marketing and Communications	52,343	142,000	818,828	1,083,810	(766,485)	(941,810)
Total Marketing and Communications	\$ 74,790	175,000	946,386	1,285,434	(871,595)	(1,110,434)

Form of Government expenses include activities to assist communities seeking to adopt or retain council-manager form of government or establish the position of professional manager. Survey Research includes surveys related to membership, compensation, state of the profession, and other funded surveys. Marketing and Communications includes expenses related to increasing brand awareness, ICMA's digital strategy and website, and management expenses related to the *Life, Well Run* campaign. Revenues were under budget because of lower than anticipated digital advertising revenue. However, with expense controls, net contribution from this area was better than budget by \$238,839.

Program expenses and contributions related to the Fund for Professional Management and *Life, Well Run* campaign are reflected in the Temporarily Restricted Funds.



Support Services

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
Leadership and Management	\$ 500	—	1,317,061	1,187,837	(1,316,561)	(1,187,837)
Facilities	117,000	102,000	1,629,791	1,757,918	(1,512,791)	(1,655,918)
Other Support	1,239	—	3,497,399	3,563,928	(3,496,160)	(3,563,928)
Total Support Services	\$ 118,739	102,000	6,444,251	6,509,683	(6,325,512)	(6,407,683)

This area includes ICMA's support activities, such as Executive Board, Executive Office, Facilities, Administration, Finance, Human Resources, and Information Technology. Net contribution in this area was better than budget by \$82,171 primarily due to the delay in implementation of the new Association Management Software and its related costs and cost controls implemented as a result of the reduction in international funding.

Other

	Revenues		Labor, Fringe and Direct Costs		Net before allocation of support	
	Actual	Budget	Actual	Budget	Actual	Budget
ICMA-RC: CSLGE Reimbursement	\$ 733,727	698,890	542,923	519,767	190,804	179,123
ICMA-RC: Royalty	400,470	389,000	—	—	400,470	389,000
Subtenant Space	1,058,052	985,800	910,279	913,500	147,773	72,300
Investment income	435,287	525,631	—	—	435,287	525,631
Total Other	\$ 2,627,535	2,599,321	1,453,202	1,433,267	1,174,333	1,166,054

ICMA-RC reimburses ICMA for all direct and indirect costs associated with administering and managing the Center for State and Local Government Excellence. ICMA-RC also pays ICMA a royalty based on a formula tied to RC's gross revenues amounting to \$400,470 in FY 2014. Subtenant space includes revenue and expenses related to sublease of ICMA's space and is higher than budget because all available space was fully leased during the year. Investment income includes interest earned on investments and a dividend payout of \$420,000 from the investment in the building through a Real Estate Investment Trust (REIT). The REIT dividend payout was \$90,000 lower than anticipated due to additional capital improvements made by the building, which reduced the REIT dividend payout.

ICMA's various business lines present both a challenge and an opportunity. The challenge is in balancing the various needs and compliance requirements of the diverse business lines, which, while helping us mitigate risks of the impact of the economy, may affect various sectors. Overall in FY 2014, net results of operations from the general fund were lower than budget by \$86,239, resulting in the use of net assets of \$221,239.

Temporarily Restricted Funds

	Balance			Balance
	June 30, 2013	Revenues	Expenses	June 30, 2014
Fund for Professional Management	\$ 1,713,450	277,962	100,721	1,890,691
Life, Well Run Campaign	467,508	163,752	613,474	17,786
Other Endowed Funds	186,893	38,110	21,215	203,788
Total	\$ 2,367,851	479,824	735,410	2,112,265

Expenses for the Fund for Professional Management consist of fundraising expenses and expenses in support of citizen groups attempting to adopt or retain the council-manager form of government. Funds raised for the *Life, Well Run* campaign are used for various activities designed to raise awareness of the role professional local government managers play in their communities. Other funds include the Awards Fund, Babs Elwell Fund, Garvey Scholarship Fund, Kennedy Shaw Fund, Legacy Fund, and Hansell Fund. In 2014, expenses from all funds exceeded revenues by \$255,586, primarily because of lower-than-anticipated corporate contributions raised for the *Life, Well Run* campaign.



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