FINANCIAL STATEMENTS

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2016

CONTENTS

		PAGE NO.
INDEPENDENT AUDITOR'S REPORT		2 - 3
EXHIBIT A -	Statement of Financial Position, as of June 30, 2017, with Summarized Financial Information for 2016	4
EXHIBIT B -	Statement of Activities and Change in Net Assets, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016	5
EXHIBIT C -	Statement of Cash Flows, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016	6
NOTES TO FINANCIAL STATEMENTS		7 - 19
SUPPLEMENTAL INFORMATION		
SCHEDULE 1 -	Schedule of Financial Position by Fund, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016	20
SCHEDULE 2 -	Schedule of Functional Expenses, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016	21 - 22

INDEPENDENT AUDITOR'S REPORT

To the Executive Board
International City/County Management Association
Washington, D.C.

We have audited the accompanying financial statements of International City/County Management Association (the Association), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2017, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Association's 2016 financial statements, which were audited by other auditors and, in their report dated September 6, 2016, they expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position by Fund on page 20 and the Schedule of Functional Expenses on pages 21 - 22 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gelman Rozenberg & Freedman

October 11, 2017

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS

	2017	2016
ASSETS		
Cash and cash equivalents	$ 3,279,000	$ 2,640,723
Grants and contracts receivable, net	2,966,628	3,804,008
Pledges receivable, net	104,854	163,774
Trade receivables, net	1,131,693	1,199,887
Prepaid expenses and advances	734,970	791,400
Investments	10,689,375	8,895,952
Property and equipment, net	2,441,223	2,309,736
Capitalized legal commissions, net	30,814	13,320
TOTAL ASSETS	**$ 21,378,557**	**$ 19,818,800**

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable and accrued expenses	$ 4,294,988	$ 4,543,719
Advance payments in excess of revenue recognized	46,902	47,870
Deferred revenue	4,505,622	5,191,935
Subtenant deposits	51,471	53,101
Total liabilities	8,898,983	9,836,625
NET ASSETS		
Unrestricted	9,577,628	7,353,415
Temporarily restricted	2,901,946	2,628,760
Total net assets	12,479,574	9,982,175
TOTAL LIABILITIES AND NET ASSETS	**$ 21,378,557**	**$ 19,818,800**

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Grants and contracts				
Government	$ 18,608,661	$ -	$ 18,608,661	$ 17,522,422
Contributed services	1,186,803	-	1,186,803	495,879
Program income	27,476	-	27,476	12,695
Non-government	146,000	-	146,000	156,055
Membership dues	5,543,791	-	5,543,791	5,326,141
Publications, subscriptions sales and advertising	1,259,645	-	1,259,645	1,361,830
Conferences and meetings	3,905,558	-	3,905,558	4,647,457
Fees	1,866,409	-	1,866,409	2,185,914
Subtenant rental income	1,075,607	-	1,075,607	1,062,517
Royalty income	1,640,331	-	1,640,331	423,769
Investment income	712,920	148,695	861,615	655,006
Other	413,675	150,853	564,528	1,173,534
Net assets released from donor restrictions	26,362	(26,362)	-	-
Total support and support and revenue	36,413,238	273,186	36,686,424	35,023,219
EXPENSES				
Program services	25,733,545	-	25,733,545	25,092,711
Management and general	8,455,480	-	8,455,480	8,056,308
Total expenses	34,189,025	-	34,189,025	33,149,019
Change in net assets	2,224,213	273,186	2,497,399	1,874,200
Net assets at beginning of year	7,353,415	2,628,760	9,982,175	8,107,975
NET ASSETS AT END OF YEAR	**$ 9,577,628**	**$ 2,901,946**	**$ 12,479,574**	**$ 9,982,175**

See accompanying notes to financial statements.

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,497,399	$ 1,874,200
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	421,535	388,761
Realized and unrealized gain on investments	(71,665)	(6,662)
Discount for present value of pledges receivable	(722)	(12,265)
Provision for uncollectible pledges	-	(19,680)
Provision for doubtful accounts and reserves	73,979	183,028
(Increase) decrease in:		
Receivables	831,595	(1,082,656)
Pledges receivable	59,642	158,413
Capitalized legal commissions and deposit	(35,709)	-
Prepaid expenses and advances	56,430	32,362
Increase (decrease) in:		
Accounts payable and accrued expenses	(248,731)	993,367
Advance payments in excess of revenue recognized	(968)	10,635
Deferred revenue	(686,313)	2,132,809
Subtenant deposits	(1,630)	-
Net cash provided by operating activities	2,894,842	4,652,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,158,833)	(6,333,263)
Proceeds from sale of investments	6,437,075	3,892,842
Purchase of property and equipment	(534,807)	(826,350)
Net cash used by investing activities	(2,256,565)	(3,266,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on line of credit	-	(250,000)
Net cash used by financing activities	-	(250,000)
Net increase in cash and cash equivalents	638,277	1,135,541
Cash and cash equivalents at beginning of year	2,640,723	1,505,182
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,279,000	$ 2,640,723

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Founded in 1914, the International City/County Management Association (ICMA or the Association) is a professional and educational organization that advances professional local government through leadership, management, innovation, and ethics. The Association's vision is to be the leading professional association dedicated to creating and supporting thriving communities throughout the world. ICMA's members are the professional city, town, and county managers who are appointed by elected officials to oversee the day-to-day operation of our communities. The Association promotes and embraces diversity among its members, including a governing board that reflects ICMA's membership and the communities served.

ICMA provides member support, publications, data and information, peer and results-oriented assistance, and training and professional development to over 11,000 city, town, and county managers, their staffs, and other individuals and organizations throughout the world. The management decisions made by ICMA's members affect millions of individuals living in thousands of communities, from small villages and towns to large metropolitan areas.

ICMA is a 501(c)(3) nonprofit organization that offers a wide range of services to its members and the local government community. It also performs mission-driven grant and contract-funded work both in the U.S. and internationally, which is supported by federal government agencies, foundations, and corporations. Such funded work provided 54% of gross support and revenues for the Association during the year ended June 30, 2017.

The Association's projects and programs are organized and managed around the following outcomes:

Member Services - Build and sustain a dynamic network of engaged members who demonstrate a commitment to the highest standards of honesty and integrity while seeking the best solutions in local government leadership and management worldwide.

Professional Development - Be the comprehensive and accessible source for professional development in local government leadership and management.

Research and Policy - Identify trends and issues affecting local governments, and conduct research and develop information resources important to local government professionals and government leaders.

Global Program Management - Identify and develop leading practices and provide technical assistance in their implementation to local governments. Provide a broad array of customized, adaptable, client-driven services to local governments to improve the effectiveness and efficiency of local government services and local governance worldwide.

Outreach - Build awareness and reputation of ICMA and the profession through effective packaging and dissemination of local government thought leadership content leading to increased demand for: Membership, Partnerships, and Resources.

Strategic Development - Generate business opportunities/innovations that boost membership value and foster professional local government management by identifying and aligning resources with the Association's strategic goals.

Support Services - Provide program teams with the right people, technology and resources needed to achieve their priorities and meet their performance objectives.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

The accounts of the International City Management Association Retirement Corporation (ICMA-RC) and the Center for Public Administration and Service, Inc. (CPAS) are excluded from the accompanying financial statements. Although affiliated with the Association, they function as dissimilar entities not under the control of the Association.

Cash and cash equivalents -

The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year the Association maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Purchases and sales of securities are recorded on a trade-date basis. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets as increases or decreases in unrestricted net assets, unless otherwise restricted by the donor or by law.

Receivables -

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts, based on management's evaluation of the collection of receivables at June 30, 2017 is $31,078 for grants and contracts receivable and $311,544 for trade receivables.

Property and equipment -

The Association capitalizes all property and equipment purchased with non-Federal funds with a cost of $1,000 or more. Property and equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 2 to 10 years. Leasehold improvements are also recorded at cost and are amortized over their estimated useful lives or the remaining life of the lease, whichever is shorter. The cost of maintenance and repairs is recorded as expenses are incurred. Replacements and betterments are capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment (continued) -

Property and equipment purchased under federal government contracts and grants, subject to reversion to the federal government, are expensed as contract costs.

At the time assets are retired or otherwise disposed, the property and related accumulated depreciation or amortization accounts are relieved of the applicable amounts, and any gain or loss is credited or charged to revenue or expense in the accompanying statement of activities and change in net assets. Depreciation and amortization expense for the year ended June 30, 2017 totaled $421,535.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Association is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. As such, it is exempt from income taxes on all but unrelated business income. No provisions for federal or state income taxes is required for 2017. The Association's income tax returns for fiscal years ending June 30, 2014, 2015 and 2016 are open as of June 30, 2017.

Uncertain tax positions -

For the year ended June 30, 2017, the Association has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Deferred revenue -

Deferred revenue consists of member dues, subscriptions, conference and meeting registrations and other items. The Association recognizes member dues and subscriptions on a pro-rata basis over the annual membership or subscription period. The Association recognizes conference and meeting revenue when the related event has occurred.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Association and include both internally designated and undesignated resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Net asset classification (continued) -

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions -

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions are recognized as unrestricted support and revenue only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Grant and contract revenue -

The Association receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Revenue on cost-type contracts and grants is recognized as costs are incurred plus an allocable portion of the fee related to performance. Revenue on time and materials contracts is recognized based on fixed hourly rates for direct labor hours expended. The fixed rate includes direct labor, indirect expenses, and related fees. Material and other direct costs are recorded at actual cost. Revenue on fixed price contracts is recognized as the work is performed, with estimated profits recorded based on costs incurred and total estimated costs for the contracts. Advances received from contracts and grants in progress, in excess of allowable costs incurred, are recorded as a liability. Reimbursable contract and grant costs incurred in excess of advances and reimbursements are reported as accounts receivable.

Promises to give -

Unconditional promises to give (i.e., pledges or contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support and revenue until the conditions are substantially met.

Contributed services -

Contributed services consist of services of corporate, government, and member volunteers who have donated time in the performance of the Association's contracts and grants, which would otherwise have to be purchased and have a clear measurable basis for valuation, are recorded as contributed services and expenses at their estimated fair market value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investment risks and uncertainties -

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Association adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Association accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements not yet adopted -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017 (ICMA's fiscal year 2019). Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Association's financial statements, it is not expected to alter the Association's reported financial position. The Association plans to adopt the new ASU at the required implementation date.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018 (ICMA's fiscal year 2020). Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. The Association plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019 (ICMA's fiscal year 2021). Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Association plans to adopt the new ASU at the required implementation date.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2017 consisted of the following:

Unrestricted:	
Cash	$ 2,717,888
Money market	475,405
Temporarily restricted - money market	85,707
TOTAL	**$ 3,279,000**

3. PLEDGES RECEIVABLE

Pledges receivable are discounted to present value using a blended rate that contemplates the donor's estimated borrowing rate and a risk free rate of return at the time the unconditional promise is made. Management estimates that the fair value of pledges receivable approximates their carrying values. The discount rate for 2017 was 2.38%. An allowance for uncollectible pledges receivable is recorded to accommodate outstanding amounts that management believes may not be collected based upon the current economic conditions.

The Association has recorded an allowance for uncollectible pledges receivable of $3,520. The outstanding pledges at June 30, 2017 are expected to be collected as follows:

Less than one year	$ 19,107
One to five years	68,213
Beyond five years	30,000
Total	117,320
Less: Allowance to discount balance to present value	(8,946)
Less: Allowance for uncollectible pledges	(3,520)
PLEDGES RECEIVABLE, NET	**$ 104,854**

4. INVESTMENTS

Investments consisted of the following at June 30, 2017:

	Fair Value
Certificates of deposit	$ 7,588,049
Corporate and government bonds	867,428
Annuities	603,231
Exchange traded funds	1,630,252
Common stock	415
	$ 10,689,375

Included in investment income are the following:

Interest and dividends (including CPAS dividend - see Note 15)	$ 789,950
Realized and unrealized gain on investments, net	71,665
TOTAL INVESTMENT INCOME	$ 861,615

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017:

Asset Category:	Estimated Useful Lives	Cost	Accumulated Depreciation	Net Book Value	Depreciation Expense
Software	3-10 years	$ 2,353,605	$ 461,572	$ 1,892,033	$ 226,316
Computer hardware	2 to 5 years	732,778	453,678	279,100	104,324
Furniture and fixtures	10 years	115,081	71,545	43,536	10,043
Leasehold improvements	Lease terms	242,904	109,554	133,350	24,550
Office equipment	5 Years	158,527	65,323	93,204	38,087
TOTAL PROPERTY AND EQUIPMENT		$ 3,602,895	$ 1,161,672	$ 2,441,223	$ 403,320

6. CAPITALIZED LEGAL COMMISSIONS

The Association has capitalized legal commissions of $30,814 at June 30, 2017, net of accumulated amortization of $130,186 for legal services obtained while subleasing space within its own leased office space. The costs are amortized using the straight-line method over the life of the leases. Amortization expense was $18,215 for the year ended June 30, 2017.

7. LINE OF CREDIT

The Association has a $1,000,000 line of credit with SunTrust Bank which matures March 30, 2018 and is payable on demand. Amounts borrowed under this agreement bear interest at the one month LIBOR rate plus two percent and are secured primarily by all deposits and investments maintained by the Association. There was no balance outstanding on the line of credit as of June 30, 2017.

8. DEFERRED REVENUE

Deferred revenue at June 30, 2017, consists of the following:

Membership dues	$ 3,342,833
Conference	1,030,663
Subscriptions	7,142
Other	124,984
TOTAL DEFERRED REVENUE	**$ 4,505,622**

9. LEASE COMMITMENTS

The Association leases office space from the Center for Public Administration and Service, Inc. (CPAS), a related party (See Note 15), under an operating lease expiring on December 31, 2026. The office lease consists of minimum payments plus additional amounts from pass-through of real estate taxes and operating expenses. Rent expense for the year June 30, 2017 was $2,201,212.

The following is a schedule of the future minimum lease payments:

Year Ending June 30,	
2018	$ 1,193,200
2019	1,193,200
2020	1,186,100
2021	1,186,100
2022	1,186,100
Thereafter	5,337,200
	$ 11,281,900

The Association also sublets certain office space as lessor. Sublease income for the year ended June 30, 2017 was $1,075,607, including approximately $743,800 from a related party as discussed in Note 15.

The following is a schedule of the future minimum rental income:

Year Ending June 30,	
2018	$ 982,600
2019	637,700
2020	332,900
2021	89,600
2022	92,300
Thereafter	7,900
	$ 2,143,000

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include donor restricted and other funds, which are only available for program services. Temporarily restricted net assets were released from restrictions during the year ended June 30, 2017 through the accomplishment of the purpose restrictions.

10 TEMPORARILY RESTRICTED NET ASSETS (Continued)

Following is a summary of temporarily restricted net assets for the year ended June 30, 2017:

	Balance at June 30, 2016	Additions	Releases	Balance at June 30, 2017
Fund for Professional Management	$2,154,211	$ 140,954	$ (81,654)	$2,213,511
Life, Well Run Campaign	261,019	27,611	105,188	393,818
Future of Professional Management	-	101,930	(17,902)	84,028
Tranter-Leong Fund	-	760	-	760
Endowed awards	57,157	3,599	(1,919)	58,837
Babs Elwell	23,883	3,884	-	27,767
Garvey Scholarship	29,333	1,702	(5,809)	25,226
Kennedy Shaw	8,742	505	(1,816)	7,431
Legacy Fund	41,069	3,952	(5,250)	39,771
Hansell Fund	23,684	5,179	-	28,863
CAI-ICMA Coaching Program	28,644	1,294	(17,200)	12,738
O'Neill Leadership Fund	1,018	8,178	-	9,196
	$2,628,760	$ 299,548	$ (26,362)	$2,901,946

11. RETIREMENT PLANS

The Association maintains a defined contribution plan with TIAA-CREF. Employees contribute to the plan through elective salary deferrals. However, effective January 2013, the plan was amended to require a salary deferral equal to 1.5% of the employee's annual salary with employees also to receive a matching contribution equal to 1.5% of their annual salary.

In addition, upon completion of one year of service with the Association, the Association contributes 1.5% of the employee's annual salary.

For employees who have completed two years of service with the Association, the Association contributes 7% of the employee's annual salary up to the maximum FICA salary base and 12.7% on salary in excess of the FICA limit. For employees who have completed 10 years of service, the Association contributes 8% of the employee's annual salary up to the maximum FICA salary base and 13.7% on salary in excess of the FICA limit.

Employee contributions, plus actual earnings thereon, are fully vested. Contributions made by the Association vest 25% annually after two years of service, with full vesting after five years. The Association contributed $712,806 to the plan during the year ended June 30, 2017.

The Association also maintains a non-qualified deferred compensation plan pursuant to Section 457(b) of the Internal Revenue Code which covers qualified participants.

Earnings on 457(b) plan assets are reflected as an increase in the plan obligations. Plan obligations totaled $603,230 at June 30, 2017, and are reflected as part of accounts payable and accrued expenses on the statement of financial position. Investment elections for Plan assets are made by the participants. Plan investments are deferred from distribution until the participant terminates employment and are subject to the Association's general creditor claims. The underlying assets are included with the Association's investments.

12. CONCENTRATION OF REVENUE

Approximately 44% of the Association's revenue for the year ended June 30, 2017 was derived from grants awarded by The Unites States Agency for International Development (USAID).

13. COMMITMENTS

Hotel Contracts

The Association has entered into several contracts for hotel rooms for conferences. In the event of cancellations, the Association is required to pay various costs of the hotel rooms and conference spaces as stipulated in the contracts, the amounts of which are dependent upon the date of cancellation.

Employment Agreement

The Association has entered into an employment contract with the Executive Director of the Association, which commenced on October 31, 2016 and continues indefinitely. The contract provides, if terminated by the board other than "for cause,' severance payments equal to a period of twelve months. Any amount paid would be based upon the Executive Director's salary at the date of termination.

14. CONTINGENCIES

The Association receives grants from various agencies of the United States Government. For fiscal years through June 30, 2015, such grants were subject to audit under the provisions of OMB Circular A-133.

Beginning for the fiscal year ended June 30, 2016, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2017. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Association also participates in a number of federally assisted programs which are subject to financial and compliance audits. The Association has undergone an audit by the Special Inspector General for Afghanistan Reconstruction (SIGAR) on a cooperative agreement awarded to the Association by USAID in 2007.

In connection with the audit, $1,902,410 of reimbursable costs have been identified as questioned costs. Management believes that such costs are allowable and is working with USAID to resolve the questioned costs. However, as the ultimate resolution of the questioned costs is unknown, in 2015 management elected to record a reserve of approximately $951,000 for any cost disallowances. This reserve is included in accounts payable and accrued expenses in the accompanying statement of financial position.

15. RELATED PARTY

Center for Public Administration and Service, Inc.

The Center for Public Administration and Service, Inc. (CPAS) is equally owned by the following common shareholders: Metropolitan Washington Council of Governments (MWCOG), the International City/County Management Association (ICMA) and the International City Management Association Retirement Corporation (ICMA-RC). In 2007, CPAS made a tax election under the Internal Revenue Code Section 856 to become a Real Estate Investment Trust (REIT). During 2008, CPAS accepted 125 preferred shareholders, each of whom invested in one $1,000 share of non-voting 12.5% cumulative preferred stock.

CPAS carries on its books at December 31, 2016 $37,300,000 in notes payable for the financing of the building. The note bears interest at 3.65% per annum and is payable in 119 equal interest only installments with a balloon payment required on January 5, 2026, with the land, building, improvements thereon, personal property, rents and receivables serving as collateral. Under the refinancing agreement, the Association has agreed to extend its lease at 777 North Capitol Street until December 31, 2026.

The Association accounts for its investment in CPAS under the equity method; however, since the Association has no obligation to provide additional financial support to CPAS, any losses recognized have been limited to the cost of their investment. For the year ended June 30, 2017, the Association recognized no losses because its equity has been reduced to zero in previous years.

During the year ended June 30, 2017, the Association received $670,000 in dividend income from the investment in the REIT.

International City Management Association Retirement Corporation

In accordance with an agreement dated July 1981, the International City Management Association Retirement Corporation (ICMA-RC) pays a royalty to the Association for the use of the Association's name and for marketing efforts performed on behalf of the ICMA-RC. The Association and ICMA-RC entered a revised royalty agreement in 1993, and the agreement was amended effective January 1, 2017. Under the agreement, the Association grants ICMA-RC a license to use its name and logo and ICMA-RC agrees to pay the Association an annual royalty. For the year ended June 30, 2017, ICMA-RC paid the Association a royalty of $1,640,331, of which $620,777 was outstanding at June 30, 2017 and is included in accounts receivable in the accompanying statement of financial position. The agreement is effective through December 31, 2026, and will automatically renew thereafter unless both parties agree to an earlier termination. The agreement is subject to review at five year intervals beginning with the inception date.

On July 1, 2004, the Association entered into a sublease agreement with ICMA-RC, wherein ICMA-RC agreed to sublease 6,218 of rentable square feet of space from the Association. Subsequent to the initial sublease agreement, ICMA-RC subleased an additional 14,593 square feet from the Association.

Some portion of the sublease expired in July and August 2010, while a portion of the sublease expired on December 31, 2016 and another portion expires on December 31, 2019. According to the terms of the sublease, ICMA-RC agreed to pay a base monthly rent of $64,278 beginning in fiscal year 2016, with annual escalations at 2.5% ($65,887 for fiscal year 2017).

ICMA-RC paid the Association $482,500 in fiscal year 2017 as sponsorship towards the Association's annual conference and other professional development activities.

16. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Association has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2017.

- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

- *Corporate and government bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security’s terms and conditions, and interest rate and credit risk.

- *Annuities* - These accounts are invested principally in equity securities, fixed income instruments, real estate-related investments, and short-term investments in accordance with each portfolio's investment objectives.

  The account's value is principally derived from the market value of the underlying holdings using market quotations or prices obtained from independent pricing sources that may employ various pricing methods to value the investments including matrix pricing. Accordingly, such assets, and the corresponding 457(b) Plan liability (Note 11), are classified within level 2 of the valuation hierarchy.

- *Exchange traded funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

16. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of June 30, 2017:

	Level 1	Level 2	Level 3	Total June 30, 2017
Asset Class:				
Certificates of deposit	$ -	$ 7,588,049	$ -	$ 7,588,049
Corporate and government bonds	-	867,428	-	867,428
Annuities	-	603,231	-	603,231
Exchange traded funds	1,630,252	-	-	1,630,252
Common stock	415	-	-	415
TOTAL	**$1,630,667**	**$ 9,058,708**	**$ -**	**$ 10,689,375**

The table below summarizes, by level within the fair value hierarchy, the Association's liabilities measured at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total June 30, 2017
Liability Class:				
457(b) Plan	**$ -**	**$ 603,231**	**$ -**	**$ 603,231**

17. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 11, 2017, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

SCHEDULE OF FINANCIAL POSITION BY FUND
FOR THE YEAR ENDED JUNE 30 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017				2016
ASSETS	**Unrestricted**	**Temporarily Restricted**	**Eliminations**	**Total**	**Total**
Cash and cash equivalents	$ 3,193,293	$ 85,707	$ -	$ 3,279,000	$ 2,640,723
Grants and contracts receivable, net	2,966,628	-	-	2,966,628	3,804,008
Pledges receivable, net	-	104,854	-	104,854	163,774
Trade receivables, net	1,131,693	213,290	(213,290)	1,131,693	1,199,887
Prepaid expenses and advances	734,970	-	-	734,970	791,400
Investments	8,191,280	2,498,095	-	10,689,375	8,895,952
Property and equipment, net	2,441,223	-	-	2,441,223	2,309,736
Capitalized legal commissions and deposit	30,814	-	-	30,814	13,320
TOTAL ASSETS	**$ 18,689,901**	**$ 2,901,946**	**$ (213,290)**	**$ 21,378,557**	**$ 19,818,800**
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	$ 4,508,278	$ -	$ (213,290)	$ 4,294,988	$ 4,543,719
Advance payments in excess of revenue recognized	46,902	-	-	46,902	47,870
Deferred revenues	4,505,622	-	-	4,505,622	5,191,935
Subtenant deposits	51,471	-	-	51,471	53,101
Total liabilities	9,112,273	-	(213,290)	8,898,983	9,836,625
Net assets:					
Unrestricted	9,577,628	-	-	9,577,628	7,353,415
Temporarily restricted	-	2,901,946	-	2,901,946	2,628,760
Total net assets	9,577,628	2,901,946	-	12,479,574	9,982,175
TOTAL LIABILITIES AND NET ASSETS	**$ 18,689,901**	**$ 2,901,946**	**$ (213,290)**	**$ 21,378,557**	**$ 19,818,800**

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017						2016
	Program Services				Supporting Services		
	Grants and Contracts	Other Association Activities	Temporarily Restricted	Total Program Services	Management and General	Total Expenses	Total Expenses
On-site labor	$ 966,956	$ 3,197,906	$ -	$ 4,164,862	$ 2,715,097	$ 6,879,959	$ 6,571,980
Domestic offsite labor	145,343	701,812	-	847,155	117,505	964,660	914,223
Field Office labor	392,418	422	-	392,840	-	392,840	765,924
Interns	8,541	26,314	-	34,855	2,272	37,127	78,190
TOTAL SALARIES AND WAGES	1,513,258	3,926,454	-	5,439,712	2,834,874	8,274,586	8,330,317
Fringe benefits	659,414	1,709,163	-	2,368,577	1,241,335	3,609,912	3,531,008
Other employee costs	-	-	-	-	720,575	720,575	624,215
Professional fees and consulting services	4,077,500	699,166	25,850	4,802,516	700,228	5,502,744	4,907,430
Field office expenses and other	6,244,459	-	-	6,244,459	-	6,244,459	5,493,901
Travel and related expenses	1,222,527	422,559	2,451	1,647,537	298,453	1,945,990	2,273,415
Contributed services	1,186,803	-	-	1,186,803	-	1,186,803	495,879
Rent	-	1,091,860	-	1,091,860	1,109,353	2,201,213	2,167,086
Conferences, meetings, and workshops	48,766	1,255,284	-	1,304,050	179,338	1,483,388	1,617,600
Printing and other production costs	25,843	360,520	695	387,058	7,435	394,493	402,103
Communications	27,675	228,609	15	256,299	121,975	378,274	363,397
Living allowance	214,662	-	-	214,662	-	214,662	389,539
Depreciation and amortization	-	21,467	-	21,467	400,068	421,535	388,761
Subgrants	200,354	-	-	200,354	-	200,354	44,541
Selling expenses	-	19,692	-	19,692	-	19,692	20,747
Non-capitalized equipment	12,217	1,023	-	13,240	152,550	165,790	132,023
Insurance	30,969	-	-	30,969	105,039	136,008	197,123
Supplies	2,255	63,984	-	66,239	57,045	123,284	141,357
Equipment rental and maintenance	2,698	14,424	543	17,665	8,702	26,367	76,030
Credit card processing fees	-	-	-	-	177,015	177,015	207,353
Memberships and subscriptions	2,575	112,767	-	115,342	8,892	124,234	146,339
Interest	-	-	-	-	2,266	2,266	(65)
Bank fees	-	-	-	-	20,512	20,512	28,628
Promotions	-	-	769	769	-	769	700
Other expenses	77,715	229,500	(3,961)	303,254	308,804	612,058	1,156,814
Service center allocations	-	1,021	-	1,021	1,021	2,042	12,778
TOTAL DIRECT EXPENSES	15,549,690	10,157,493	26,362	25,733,545	8,455,480	34,189,025	33,149,019

SCHEDULE 2
(Continued)

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017						2016
	Program Services				Supporting Services		
	Grants and Contracts	Other Association Activities	Temporarily Restricted	Total Program Services	Management and General	Total Expenses	Total Expenses
Allocation of onsite contract administration expenses	$ 510,248	$ -	$ -	$ 510,248	$ (510,248)	$ -	$ -
Allocation of onsite facilities costs	152,239	503,182	-	655,421	(655,421)	-	-
Allocation of field office contract administration expenses	169,299	-	-	169,299	(169,299)	-	-
Allocation of general and administrative costs	3,605,971	2,529,970	6,256	6,142,197	(6,142,197)	-	-
TOTAL EXPENSES AFTER ALLOCATIONS	**$ 19,987,447**	**$ 13,190,645**	**$ 32,618**	**$ 33,210,710**	**$ 978,315**	**$ 34,189,025**	**$ 33,149,019**