National Association of Counties
1997-1998
Annual Report
N A C o: Let the future begin!

We started the year with fireworks at the President’s Inaugural Gala in Baltimore, and now we are finishing with a bang in Oregon!

As an organization, NACo is in great shape today—perhaps the strongest in our 63-year history—and we are prepared to do even more for our members in the future.

NACo is financially sound and operating in the black. Our membership is stable and growing. More than 80 percent of the nation’s population live in NACo member counties. We have developed a three-year vision and workplan that set a clear direction for the future.

The White House, Administration officials and congressional leaders seek our views more than ever before. A survey in a recent issue of Fortune magazine ranked NACo in the top 100 out of the thousands of lobbying associations and firms in Washington, D.C.

NACo achieved some outstanding legislative victories, including reauthorization of the transportation bill (TEA 21) and increased funding for Payments In Lieu of Taxes. We continue to work on legislation that will have a huge impact on counties: workforce development, Internet taxes, juvenile justice and tobacco.

NACo also offers more programs and special services to counties. We provide valuable information and assistance on such issues as radon/indoor air quality, pollution prevention and nonpoint water pollution. NACo’s Financial Services Center offers a variety of programs that save counties real money. The Joint Center for Sustainable Communities and the Information Technology Department offer information and quality advice on such issues as indicators to measure progress, the Year 2000 computer problem and advanced computer mapping geographic information systems (GIS).

Although NACo as an organization is thriving today by almost any measurement, we also recognize that deferred compensation royalties from PEBSCO comprise one-third of NACo’s budget, making us overly dependent on revenue from a single source, and PEBSCO is attempting to re-negotiate and “restructure” the royalties they pay under our 10-year contract; that we are not close to fully utilizing what could be the most potent lobbying force in the nation—the county officials who live in about 400 of the nation’s 435 congressional districts; and that more than 1,300 counties—mostly smaller and rural—are not NACo members.

Still, today, NACo is poised to do even more on behalf of our members as we approach the millenium — an era when the federal and state governments will transfer even more responsibilities to counties, when citizens will demand more services and when everyone will insist on keeping taxes down.

During my term as president, I sought to establish programs that would help counties meet these challenges. My priorities were to help counties become global, digital and sustainable. I wanted counties to consider global markets in the exchange of knowledge and information and
products... to learn about the exciting opportunities that technology offers and embrace it enthusiastically... and to plan for sustainable communities that are economically strong, environmentally sound and socially secure. We have made great progress in all three areas.

A new globalization advisory committee identified issues, developed partnerships with other organizations and established a clearinghouse for information about local economic development opportunities in the rapidly emerging global economy. The People's Republic of China, through its Friendship Association, invited NACo to send a delegation of county officials to China as their guests in October - the first such invitation ever issued by the Chinese government. NACo reciprocated and hosted a delegation of locally elected Chinese officials this year. The exchange with China will continue annually and expand.

Helping counties become "digital," NACo and Intergraph Corporation will offer all member counties an advanced computer mapping geographic information system (GIS) "Starter Kit" at no cost. NACo highlighted and provided practical information on the Year 2000 computer problem. Technology training for county officials has been featured at every conference.

With great support from the White House, the Joint Center for Sustainable Communities was established in partnership with the U.S. Conference of Mayors. It has increased its capacity to assist local officials nationwide as we seek to build a sustainable future.

Even the most experienced county officials are often surprised by the number of programs NACo offers to American counties. I encourage you to read this Annual Report thoroughly and take advantage of NACo services that are appropriate for you.

This has been a very successful, exciting year. Thank you for giving me the opportunity to serve as your President. Now, let the future begin!

Randy Johnson
NACo President, 1997-1998
Chair, Hennepin County (Minn.) Board of Commissioners

Proud to serve America's hardest working officials

NACo's mission is to serve counties, and our staff is proud to serve the hardest working public officials in America. NACo is working to help counties in a number of ways through legislative representation, special projects, research, conferences, and technical assistance. NACo promotes counties and helps them prepare for the future through a number of programs.

This Annual Report summarizes NACo's accomplishments during the past 12 months. I hope that you find it interesting and informative. If you have any questions, please do not hesitate to contact me or any member of the NACo staff.

Larry E. Naake
NACo Executive Director
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Executive Director

Larry Naake

Department Directors

Ed Ferguson
County Services

Kathy Bosak
Finance and Administration

Winifred Lyday
Information Technology Center

Edwin S. Rosado
Legislative Affairs

Tom Goodman
Public Affairs

Tom Sweet
Public-Private Partnerships
President Randy Johnson

Presidential priorities: sustainable, global and digital

Each NACo president identifies priorities that are the focus of his or her term. President Randy Johnson sought to help counties become global, digital and sustainable. Here is a summary of NACo’s accomplishments in these three areas. More detailed information on programs is contained in the County Services and Information Technology sections of this report.

Global

- NACo encouraged counties to recognize the economic realities of globalization and increase their ability to compete in the international marketplace.

- A new Globalization Advisory Committee provided attention, advice and guidance to the globalization effort.

- A formal partnership with the National League of Cities co-produced Globecon, a monthly publication focusing on local economic development efforts in the global economy and specific examples and advice on collaborative efforts between the public and private sector.

- Again with the National League of Cities, NACo co-sponsored the second annual “Achieving World Class Local Economies” conference, hosted by the city of Orlando. The conference brought together county and city leaders, authors, academics and business professionals to highlight the importance of preparing for the global marketplace, and provided “best practices” examples.

- NACo worked with George Washington University to bring together state, city and county leaders, business representatives and community based groups to develop a coordinated approach to regional globalization efforts. NACo also has begun an outreach effort to the other universities throughout the nation that have been designated as National Resource Centers for International Studies to explore possibilities for collaboration.

- A globalization clearinghouse of resources and information for NACo’s library and website is being developed by an expert in international business and...
NACo President Randy Johnson accepts a gift from Mr. Sun Guizhang, vice chairman, Municipal People's Congress, Shanghai during a visit to Hennepin County in April.

NACo will soon offer member counties an advanced computer mapping geographic information system (GIS) “Starter Kit” at little or no cost through a program developed with Intergraph Corporation, a NACo Premier Member partner. GIS is an effective decision-support and planning tool that clarifies complex data by displaying it in easy-to-understand visuals and graphics in print or on a computer screen. The GIS starter kit will include software, training, support and basic data.

NACo joined with its Premier Member corporate partners to provide hands-on training for various software applications at NACo conferences. Instructors guided county officials while they operated computers through real-life scenarios in order to provide first-hand experience. The County Technology Fair expanded to provide still another venue for county officials to learn about important new digital applications.
NACo joined with other organizations to assist counties with the Year 2000 (or "Y2K") computer problem. NACo, the National League of Cities, the International City/County Management Association and Public Technology, Inc., created a local government Y2K campaign that includes a Y2K Tool Kit of practical, understandable advice from the most knowledgeable people in the nation.

NACo also began working with the U.S. Department of Agriculture to utilize its network of extension agents to assist rural communities on Y2K issues.

Sustainable

Building communities that are economically strong, environmentally sound and socially secure is a fundamental part of the American dream.

Local officials face economic, environmental and social challenges that cross political jurisdiction boundaries, and that require multi-jurisdictional approaches. President Johnson challenged local leaders from all levels of government to work together with private business, labor and not-for-profit and service organizations.

Supporting this effort on a day-to-day basis is the mission of the Joint Center for Sustainable Communities, the historic partnership between NACo and the U.S. Conference of Mayors.

As Vice President Al Gore said at the White House in December, “This is the first time in the history of the United States where cities and counties have come together to address the quality of life for all Americans.” In the past year, the Joint Center has dramatically increased its capacity to assist local officials nationwide as they seek to build a sustainable future.

The Joint Center is serving as a catalyst for linking local officials to share knowledge and experiences, beginning with mayors and county officials in five regions. The first peer-to-peer match occurred in support of the flood-ravaged Red River Valley. The Joint Center also has developed a clearinghouse on sustainable development, a booklet of 10 case studies on creative approaches to collaborative community problem solving, and a guidebook on community based indicator projects. The Joint Center has established a toll free hotline (800/696-1667) to respond to inquiries from around the country.

With the support from the U.S. Forest Service and advice from the Rural Renaissance Task Force, the Joint Center will sponsor three pilot projects focusing on the unique aspects of sustainable development in small towns and sparsely populated counties.
The Legislative Affairs Department represents the interests of county government before Congress and with the Administration. NACo relies on its steering committees, Board of Directors and the general membership to develop and advocate public policies promoting generally agreed upon county positions. The Legislative Affairs Department follows these public policies as it works to make NACo and county officials an effective lobbying force in Washington, D.C. In October, a survey in Fortune magazine identified NACo as one of the top 100 lobbying organizations among the thousands that operate in Washington, D.C.

The 1997-98 legislative year was marked by a dramatic and rather sudden change in the federal budget. Due to a booming economy, the federal government approached an era of budget surpluses for the first time in 30 years. Budget issues now revolve around how to allocate the surplus: pay down the debt, provide tax relief, secure the financial future of Social Security and Medicare, or increase funding for domestic programs.

NACo staff recognized this fundamental change in Washington as they continued to focus on key county priorities. The department's general measures of success are the enactment of federal legislation that assists counties in serving their citizens more effectively and efficiently — and the defeat of measures that harm counties by limiting their authority, reducing their revenues, or mandating new unfunded federal requirements.

This year's legislative highlight was reauthorization of the transportation bill, the Transportation Equity Act for the 21st Century (TEA 21). All four of NACo's main goals for the legislation were achieved. Funding was increased by 40 percent; the bridge program was protected; rural county officials were given a stronger role in the transportation planning process; and most of the highway and transit funds were guaranteed.
On hand in June to see President Clinton sign into law the Transportation Equity Act for the 21st Century (TEA 21) were (l-r) First Vice President C. Vernon Gray; Executive Director Larry E. Naake; Commissioner Timothy Loewenstein, Buffalo County, Neb.; Commissioner Karen Miller, Boone County, Mo.; County Executive Jean Jacobson, Racine County, Wis.; Immediate Past President Michael Hightower; President-elect Betty Lou Ward; and Evie Hightower, Michael Hightower's daughter.

40 percent; the bridge program was protected; rural county officials were given a stronger role in the transportation planning process; and most of the highway and transit funds were guaranteed and will not be subject to an annual appropriations process.

The number one legislative priority for the NACo public lands agenda also was achieved when funding for the Payments in Lieu of Taxes program was increased by six percent—only the second boost in PILT since 1976.

Last summer, NACo won a major victory when Congress enacted a $3 billion Welfare-to-Work program that included a requirement that 25 percent of the funds be allocated directly to counties and other local entities through a competitive grant process. In the same bill, NACo successfully convinced Congress to restore benefits for many legal immigrants who lost coverage under the 1996 welfare reform law. The provision restored benefits not only to legal immigrants who were receiving SSI and residing in the U.S. as of the date of enactment, but it also will cover residents who became blind or...
disabled since the law’s enactment or become disabled in the future.

A five-year, $24 billion bill helps provide health care for uninsured children, relieving counties of some of the burden of raising taxes locally to provide health care for the uninsured.

Twenty new empowerment zones (15 urban and five rural) also were authorized. The new empowerment zones will be eligible for the brownfields tax incentive, provide special expensing of business assets and qualify for private activity tax exempt bonds.

NACo also helped block some tax proposals that attacked the principle of local control:

- Overcoming a strong effort by the House and the Administration, NACo helped to kill a proposed restriction on the two percent de minimis rule for corporate holdings of tax exempt bonds.

- NACo successfully fought proposed new federal restrictions that would limit local decision-making on using municipal bonds to finance sports stadiums.

- Low-income housing tax credits were maintained as NACo and others opposed their elimination.

NACo is continuing efforts to enact a House/Senate conference committee bill on workforce development legislation that retains the role of local elected county officials in designing and implementing employment and training programs. The bill consolidates and streamlines a number of employment and training activities.

NACo continues to support, reluctantly, a compromise alternative to a total moratorium on so-called “Internet taxes.” The total moratorium is an intrusion on the ability of local governments to raise their own revenues, and it would create an elite class of merchants exempt from collecting sales tax just because they happen to sell their wares or services over the Internet.

NACo also continues to lead in the battles over funding of juvenile justice programs, supporting a House provision which requires the states to pass through at least 75 percent of the federal funds to counties and cities.

As Congress and the Administration tackle controversial issues surrounding tobacco legislation, NACo seeks to ensure that counties that have incurred tobacco-related health costs are compensated and local tobacco ordinances are not preempted by federal or state law. When it appeared in September that President Clinton would sign tobacco legislation that did not protect county interests, President Johnson met at the White House with the president’s top domestic policy advisor on the issue. Other organizations expressed concerns, and one week later President Clinton announced his opposition to the bill. NACo also supports efforts to assist tobacco-dependent counties.

NACo’s stature as an influential lobbying association was evident by the caliber of speakers and meetings held this year. Speakers at the 1998 Legislative Conference included HUD Secretary Andrew Cuomo, Transportation Secretary Rodney Slater and Energy Secretary Frederico Peña. Senate Budget Committee Chairman Pete Domenici outlined the budget alternatives in light of federal surpluses, and U.S. Trade Representative Charlene Barshefsky explained the Administration’s international trade policies consistent with President Johnson’s globalization initiative.
Members of the Large Urban County Caucus (LUCC) met in King County (Seattle), Wash., in April to study the region’s efforts to balance economic redevelopment and environmental protection. During their visit, they toured the Duwamish River, a busy ship traffic channel for the Port of Seattle and namesake of the region’s EPA brownfields showcase grant. Pictured during their tour are (l-r) NACo Second Vice President Jane Hague, King County (Wash.) council member; Wayne Curry, Prince George’s County (Md.) executive; NACo President-elect Betty Lou Ward, Wake County (N.C.) commissioner; and LUCC Chairman Peter McLoughlin, Hennepin County (Minn.) commissioner. 

Empower America’s Jack Kemp gave his enthusiastic perspective on both domestic and international issues.

The Rural Renaissance Task Force continued to focus on the rural impact of county lobbying efforts. The Large Urban County Caucus (LUCC) expanded activities with the assignment of a NACo staff person to handle day-to-day operations. In November, LUCC members met with Vice President Gore at the White House to discuss legislative issues of special concern to urban areas.

The Legislative Affairs Department continues to refine its methods to reach out to member and use technology to advocate even more effectively. At NACo conferences, the Legislative Information Center encouraged delegates to meet personally with NACo staff and view NACo’s unique bill tracking and grassroots lobbying systems.

- NACo’s toll free number, 888/Leg-NACo, continues to be available for the exclusive use of member county officials to call their congressional delegations about NACo priorities.

- To keep up-to-date, NACo’s weekly Legislative Bulletin is sent to county officials serving on steering committees and the Board of Directors. The weekly Legislative Bulletin is also posted on NACo’s Web site at www.naco.org.
The County Services Department mission is to provide the best training, technical assistance, research support and conferences for NACo members. The staff provides expertise and assistance on issues ranging from economics and employment to beaches and brownfields. The department has been especially involved in two of President Randy Johnson's initiatives, "sustainability" and "globalization."

The County Services Department

Officials find key resources and assistance in County Services

Research Division

The Research Division continued to provide research and technical assistance for NACo members and received nearly 7,000 information requests. Responses were usually made within 48 hours.

The division conducted national surveys on county operations, wages and salaries, information technology, revenue capacity and welfare reform.

Ten publications were produced, including two special publications on the arts and county multicultural diversity programs. A new fact sheet format, "Research Briefs" was introduced. Four briefs were produced on topics identified through members' information requests.

Three awards programs were administered by the division; Achievement Award Program, the Multicultural Diversity Program and the Award for Excellence, a disability award program. A new internship, established by David M. Griffith and Associates in honor of the late Wesley A. Masco, a longtime friend of county government, also is part of the division. The intern conducts research and is currently producing a publication on current fiscal policy issues.

Conferences Division

NACo's four major conferences provided delegates with education, contacts, legislative updates and networking opportunities, as well as presentations by nationally recognized speakers and an opportunity to interact with NACo staff.

- The 1997 Annual Conference in Baltimore, Md., attracted more than 4,000 county officials. Speakers included Interior Secretary Bruce Babbitt and ABC Chief White House Correspondent Sam Donaldson. More than 50 workshop sessions covered rural and urban concerns, information technology, finances, public safety and environmental and other issues. The Annual Conference exposition offered delegates the opportunity to learn more about the products and services available to help counties meet the needs of citizens.
In an atmosphere similar to a political convention, NACo elects officers and develops policy at its Annual Conferences. The 1997 Annual Conference in Baltimore, which was attended by 4,000 delegates, was no exception. There were contested elections for two positions on the Executive Committee and policy decisions on a range of issues.

- The 1997 Workforce Development and Human Services Conference in Tulsa County, Oklahoma in November attracted more than 500 delegates. The conference featured a new format so that the Workforce Development group and the Human Services group each had distinct programs, yet they had the opportunity to interact on the one overlapping day of the conference.

- The 1998 Legislative Conference in Washington, D.C. attracted more than 2,500 delegates and featured such nationally recognized speakers as Energy Secretary Federico Pena; Sen. Pete Domenici (R-N.M.), chairman, U.S. Senate Budget Committee; General Barry McCaffrey, director, Office of National Drug Control Policy; Jack Kemp, co-director, Empower America; and television journalist Bill Moyers.

- The Western Interstate Region (WIR) conference, in Juneau, Alaska, in May, drew 350 delegates. The conference included workshop sessions on such topics as Kenai River One Stop Permitting; Decoupling Timber Receipts; Southwest Defense Alliance and Base Retention; Changing BLM Planning Guidance; How to Comment on an EIS; and Measuring Change in Rural Communities.

Training Division
The Training Division produces a wide range of materials for officials in many media and settings.

Continuing the four-year tradition of the popular "Basic Training" seminars, the division held one-day sessions at the Annual Conference and the Legislative Conference to help county officials deal with the challenges of their jobs. The seminars were divided into two sections: the morning was designed for newly-
elected officials. The afternoon was designed for those with more experience. At both, topics ranged from ethics, resources and budgeting, to teamwork, public speaking and humor. Props, interactive discussions, costumes and role-playing were used. Attendees received a notebook of materials and “dog tags” for completing the training.

The division worked with the Joint Center for Sustainable Communities to create an eight-minute videotape that explains the Center’s goals and its technical assistance role. It also created an eight-minute annual report video for the Annual Conference featuring highlights of President Michael Hightower’s term (1996-97) and NACo’s accomplishments on behalf of counties.

The division concluded its third year of work on the Americans with Disabilities Act (ADA) project with the National League of Cities and the U.S. Department of Education. In 1998, it held seminars in five states for hundreds of county and city officials, created a bibliography of ADA materials, provided telephone hotline technical assistance, wrote three articles on ADA issues for County News and provided NACo’s research library with materials on the project.

The division conducted the Member Programs and Services Survey of 5,000 officials to learn more about education; training; and technical assistance needs, priorities and preferences. The survey results will guide NACo’s multi-year training plan.

Collaborating with an educational organization that teaches students about the law, the division is developing a program to educate students across the nation about counties. The organization—Streetlaw—will create the curriculum, and the division will work with state associations of counties and local county officials to provide schools with classroom materials, videotapes and publications.

The division is working with NACo’s Information Technology Department and Intergraph Corporation to create an eight-minute videotape and collateral publications explaining how Geographic Information Systems (GIS) can dramatically improve local decision-making.

Community Services Division

Collaboration for Children and Youth

Through efforts as part of the Local Collaboration for Children and Youth, NACo conducted a national awards program to identify and honor community collaborative partnerships that made a significant difference in improving the lives of children and youth. The Local Collaboration for Children and Youth is comprised of six organizations that represent local government and school systems throughout the nation.

A best practices guide highlighting the winners was developed and distributed to local government and school officials nationwide. To help other communities launch successful community partnerships for children, NACo and the Local Collaboration held the first in a series of national training institutes on collaboration in Jefferson County, Ky., in April 1998. Additional institutes and a forum on local collaboration for children are planned for later this year.

Grant for At-Risk Youth

Too often, communities become aware of the needs of at-risk children when it is too late—after a child has been abused, neglected or killed. These tragedies can be prevented with early identification,
intervention and community involvement. Through a grant from SBC Communications and CableTV Montgomery, NACo is providing information and training to county officials on a nationally recognized program that quickly identifies at-risk children and connects them with help in the community. The program started in Colorado and was replicated in Montgomery County, Md.; Polk County, Iowa; and several counties in Michigan.

**Future of County Government**

The NACo Board of Directors in December 1997 added a project in NACo’s Three-Year Plan that will be carried out by the grants division to explore the trends affecting county government now and into the future.

Over the past two decades, the responsibilities of America’s 3,069 county governments have changed dramatically. As we approach the millennium, county governments will confront new challenges as their role in the American governmental system continues to evolve and expand. These challenges will affect the basic foundations of county government — its form, functions and financing. To serve citizens effectively, counties need to be prepared with the knowledge, leadership and technology to manage change.

**Workforce Development Program**

Through a grant from the U.S. Department of Labor and membership dues from the workforce development community, NACo provides information and technical assistance to county elected and appointed officials involved in job training and Welfare-to-Work programs.

Last year NACo focused on assisting counties to develop strategies to move welfare recipients into the workforce. NACo keeps employment and training officials informed through its biweekly newsletter, the Update on Job Training, and by providing late breaking news by e-mail, fax and telephone. The successful Workforce Development and Human Services Conference was held last year in Tulsa County, Okla., and this year’s conference will be in Hennepin County, Minn.

The 1998-1999 Job Training Partnership Act Directory will be published in July. More than 3,500 copies of this publication will be distributed. It will also be available on NACo’s web page.

**HOME Affordable Housing Project**

The HOME Affordable Housing Project provides technical and informational assistance to county officials through workshops at NACo conferences, publications, and articles in County News. Workshops focus on how counties can integrate affordable housing strategies into overall plans for economic development.

This approach stresses the importance of affordable housing in order to attract new business and jobs. The 1998 NACo Annual Conference will feature workshops addressing the need for regional solutions in metropolitan areas and creative partnerships for affordable housing in rural counties.

**Radon/Indoor Air Project**

1998 marked the second year of a three-year cooperative agreement with the U.S. EPA’s Indoor Environments Division. This year NACo’s Radon/Indoor Air Project continued the highly regarded Indoor Air Model County Program, with nearly 70 counties participating. The Local Indoor Air
NACo’s Nonpoint Source Pollution Project continued to offer counties information and technical assistance about sources of pollution, the seriousness of their threat to waterways and what can be done to prevent them. NACo is collaborating with the National Association of County Engineers (NACE) on a new manual on stormwater management and researching opportunities for counties to adopt development policies to reduce runoff problems.

Pollution Prevention Project
Environmental protection and preservation efforts are too often focused on cleanup rather than prevention. NACo’s Pollution Prevention Project continues to provide county officials with technical assistance and networking opportunities to help prevent pollution at the source, when costs are lower and long-term impacts can be greatly reduced.

In addition, NACo embarked on a major new publicity campaign in support of National Pollution Prevention Week, coordinating radio public service announcements and distributing special information packets.

Environmentally Preferable Purchasing Project
NACo launched a new initiative assisting counties to incorporate health and environmental criteria into government purchasing. NACo established a clearinghouse of environmentally preferable purchasing information, developed information packets on eight product categories, helped counties adopt pilot projects and began developing a “Starter-Kit,” that includes case studies and model resolutions.

Community-Based Environmental Protection Project
With funding from EPA’s Office of Research and Development, NACo assisted small and rural communities to better meet environmental challenges. This included hosting a three-day training session at a state-of-the-art training center, helping communities get “on-line” to access EPA and other computer resources, distributing grants to communities for selected projects and providing EPA practical information to improve their delivery of technical assistance.

Nonpoint Water Pollution Prevention Project
NACo’s Nonpoint Source Pollution Project continued to offer counties information and technical assistance about diffuse sources of pollution, the seriousness of their threat to waterways and what can be done to prevent them.

Smart Growth Project
With increasing frequency, counties are required to make difficult choices about how to accommodate growth in a way that integrates economic prosperity, social...
The first meeting of the Advisory Committee of the Joint Center for Sustainable Communities was held at the White House in December. Following the meeting, Vice President Al Gore participated in a news conference with NACo President Randy Johnson and then U.S. Conference of Mayors Vice President and Salt Lake City Mayor Deedee Corradini.

NACo convened three separate groups of county officials to discuss issues related to growth and development; conducted a growth and development survey of county officials at the 1997 NACo Annual Conference; published articles in County News and County Environmental Quarterly; and joined the U.S. EPA's Smart Growth Network.

**Joint Center for Sustainable Communities**

The Joint Center for Sustainable Communities continued efforts to become a primary resource for county leaders in developing sustainable communities.

The Joint Center Advisory Committee was convened in December, comprised of 50 mayors and county officials. The committee met at the White House with Vice President Gore and U.S. Department of Housing and Urban Development Secretary Andrew Cuomo.

The Joint Center is serving as a catalyst for linking local officials to share knowledge and experiences, beginning with mayors and county officials in five regions. The first peer-to-peer match occurred in support of the flood-ravaged Red River Valley.

The Joint Center clearinghouse on sustainable development contains best practice models, sample codes and ordinances, and resource materials on subjects ranging from brownfields redevelopment to farmland protection. A booklet of 10 case studies on creative approaches to collaborative community problem solving, “Innovative City/County Partnerships for Sustainable Communities,” and a guidebook on community based indicator projects, “Measuring Progress: Profiles of City and County Indicators Programs” were published.

The Joint Center established a toll free hotline (800-696-1667) to respond to inquiries from around the country. With the support from the U.S. Forest Service and advice from the Rural Renaissance Task Force, the Joint Center will sponsor three pilot projects focusing on the unique aspects of sustainable development in small towns and sparsely populated counties.
Department of Public/Private Partnerships

Special programs help counties save money

The Department of Public/Private Partnerships develops programs that offer competitive products and services to counties and their employees. The department is part of NACoS, the NACo Services Corporation, and it is a for-profit corporation under the laws of Delaware. Current programs include the NACo Financial Services Center, deferred compensation through PEBSCO for county employees and NACo's Corporate Membership Program.

Financial Services Center

The NACo Financial Services Center (FSC) began operations in January 1995. It is a joint venture partnership between NACo Services Corporation and the Davenport/Pitts Group. Chartered to provide unique financial services to counties, county employees and retirees, the FSC works in four major sectors: insurance, employee retirement and savings, public finance and banking. It has three sector partners: PEBSCO, Sedgwick, Inc. and Evare.

This year FSC completed its build-out of the four sectors when a long-term strategic alliance was signed with Evare for finance and banking. This sector will initially work with treasurers and finance officers to provide portfolio management, investment compliance and cash management for counties and related entities.

- The National Cooperative Purchasing Program offers four national contracts: office supplies, computers and peripherals, office systems furniture and general supplies. Individual county employees are allowed to purchase off the computer and office supply contracts. A tax-exempt lease finance program offers counties access to inexpensive equipment and capital improvement financing.

- The Insurance Sector developed the Insurance Center for Local Government. It offers personal lines automobile and homeowners insurance to county employees, surety bonds for public officials and viatical settlement agreements for terminally ill county
employees and family members. The center is piloting a jail inmate health care program, and it offers premium financing for employee benefit plans with significant savings to counties.

- The Employee Retirement and Savings Sector offers pre- and post-tax investment services for county employees, including college savings programs, asset accumulation investments, personal financial investment advice services and defined contribution retirement services. The post employment health plan program provides tax-free benefits to county employees for health-related expenses after they terminate employment.

**Deferred Compensation**

The NACo Deferred Compensation Program had $4.72 billion in total assets through the first quarter of 1998, an increase of 24 percent over last year. There were 316,948 participants enrolled in the program, an increase of 15 percent from last year. Nearly 3,000 jurisdictions are enrolled in the program, including 1,748 counties.

NACo is the only deferred compensation program offered to county employees that features a broad-based advisory committee of county officials and employees. The 15-member committee acts as an advocate for counties and participating employees by making recommendations to the NACo Services Board on marketing, program competitiveness, fund selection and deselection, participant education and other areas as needed.

Recent enhancements to the program include the Sales & Relationship Tools (SMaRT) Program, a technology that gives field representatives daily updated account balances and participants’ investments histories on laptop computers. A new VisionTrack MoneySense brochure assists participants in selecting the most appropriate payout option.

Nationwide-PEBSCO have proposed a restructuring and reduction of royalties paid to NACo under the 10-year contract. The Advisory Committee continues to review negotiations between the company and NACo, and so far has not supported amending the contract to reduce royalty payments.

**Corporate Membership**

NACo’s Corporate Membership Program is five years old and offers counties and corporations the opportunity to exchange information and collaborate for mutual understanding and benefit. There are 133 corporate members, a 30 percent increase since last year. These corporations represent a broad cross-section of the nation’s business community, from relatively small local firms to multinational corporations.

Corporate members meet as an organization during NACo conferences. The annual membership dues of $500 provide corporate participants with the opportunity to attend corporate member functions and all meetings, seminars, exhibit halls, receptions and joint programs with NACo’s county members.

In March, corporate members and NACo officials were invited to meet with top Chinese diplomatic and trade officials at a reception at the Chinese Embassy.

The corporate members advisory committee and the Community and Economic Development Steering Committee will meet at the 1998 Annual Conference. Soon, corporate members will be invited to participate in NACo’s Cooperative Purchasing Program.
Information Technology Department
NACo to provide GIS ‘Starter Kits’ to members

The Department of Information Technology (also called the Information Technology Center or ITC) manages NACo’s internal and external information technology programs. This includes NACo’s Web site, the Information Technology Premier Member Program and NACo’s internal computer and telecommunications operations.

GIS “Starter Kit”
NACo and Intergraph Corporation, a NACo Premier Member partner and leader in the geographic information system (GIS) industry, are offering at no cost a GIS “Starter Kit” to qualified NACo member counties. The offer includes not only Intergraph’s latest, industry-leading GIS software package, Geomedia, but also the critical elements of an entire GIS infrastructure: data specific to member counties, initial software training and ongoing service support. NACo will announce this program to its membership at the Annual Conference.

Premier Member Program
The Information Technology (IT) Premier Member Program was established to develop partnerships with leading companies in the IT industry. This collaboration taps into the expertise of the private sector, informing county officials about hardware and software applications that improve their ability to communicate with constituents, deliver services to their citizens and address critical operational problems.

NACo’s current Premier Members are AT&T, EDS, GTE, IBM and Intergraph. Premier Members pay annual dues of $15,000. NACo and current Premier Members are working together to identify additional Premier Members that can provide significant additional information technology services to counties.

Education and Training
Premier Members sponsored computer laboratory training classes, special training seminars and workshop sessions for county officials during the past year. Premier Members also increase NACo’s education and training capacity by contributing significant staff time and in-kind resources.

The education and training capacity of the ITC significantly expanded this year with the sponsorship and donations by NACo’s Premier Member corporate partners.
At the NACo Legislative and Western Interstate Region (WIR) conferences, the ITC and Intergraph Corporation built a computer classroom, complete with computer workstations provided by Intergraph, and held a series of hands-on, entry level “Communicating Geographically” GIS training sessions. The computer classroom will be expanded at the Annual Conference.

A pre-conference training session, “Survival Skills for the Information Age,” will be offered by IBM at the Annual Conference. IBM will soon offer classes on navigating the Web and communicating by e-mail. The County Technology Fair also expanded, with growing participation by government agencies and Premier Member corporations. The ITC continued to hold a technology session during every workshop block at NACo major conferences, and the Technology Column now regularly appears in County News.

**Y2K Initiatives**

The ITC assists counties with the Year 2000 computer problem, often referred to as “Y2K.”

NACo joined with the International City/County Management Association, National League of Cities and Public Technology, Inc., to create a local government Y2K campaign. The campaign focuses attention on the Y2K issue and assists local governments with practical solutions, available resources and contingency planning. The key component of the campaign is a “Y2K Tool Kit” which will be introduced at the 1998 NACo Annual Conference. A video teleconference also is planned to assist counties with Y2K.

In addition, NACo is working with the U.S. Department of Agriculture (USDA), to utilize its network of extension agents and field office personnel to help rural counties with Y2K issues. NACo’s Web site offers a special section devoted solely to the Y2K problem, and the ITC offers workshops on Y2K at every major NACo conference.

**IT Directors Survey**

The ITC is seeking insight into county government information technology operations and to increase the ability of IT directors to communicate with NACo and with other county IT directors.

Funded by a grant from Public Technology, Inc., the study will: (1) identify the individual in every county who oversees the county’s information technology operations; (2) survey each identified IT director to obtain a summary of county IT operations, applications, hardware/software, policies, procedures and projects; (3) produce a report based on the findings; and (4) design a web site for county IT directors and related groups containing relevant information and an electronic bulletin board.

**Intergovernmental Efforts**

The ITC works with other associations, governmental organizations and agencies to advance county interests on information technology policies and programs.

To provide county input into data standards related to geographic information systems (GIS), NACo appointed at least one county representative to each of the 23 subcommittees and working groups of the Federal Geographic Data Committee. The NACo representatives are members of the new NACo Geospatial Information Committee, which held its first meeting at the Legislative Conference in March.

The U.S. Geological Survey has detailed a liaison at the NACo office to assist with county GIS efforts, a very
important development as counties move to use GIS technology. NACo worked with American Forests to publish a national study of GIS capabilities in urban municipalities and counties.

The ITC continues to work closely with the National States Geographic Information Council (NSGIC). This relationship was so effective that NACo entered into a Memorandum of Understanding with the National Association of State Information Resource Executives (NASIRE). Other organizations on which NACo representatives also serve include: Intergovernmental Advisory Board coordinated by the General Services Administration, Institute for Land Information, Federation of Government Information Processing Councils (FGIPC), Management of Change Advisory Board and the Department of Commerce Evaluation Panel for Innovative Computing and Telecommunications Grant Applications.

In June, NACo, Howard County, Md., and Fairfax County, Va., hosted a delegation of government and industry executives from Italy interested in innovative local government applications of information technology. NACo and Intergraph Corporation are offering a GIS "Starter Kit" to member counties.

NACo Web Site Redesign

NACo's Web site (www.naco.org) is widely regarded as among the best of any trade association. A new redesign will even better accommodate the variety and quantity of information NACo disseminates to members and the general public. The new design will allow web site pages to be generated directly from NACo databases. New site management software will improve NACo’s capability to track utilization patterns. The redesigned site will be launched at the 1998 Annual Conference.

Operations and Internal Data Bases

NACo employees seek to use new technology efficiently to serve our members. Sixty desktop and laptop computers were upgraded as part of a planned desktop replacement strategy, and the office migrated to a new network operating system.

NACo continues to improve the association management system installed in 1995. Working closely with SACO, the system provider, staff identified specific areas requiring improvement. An orders processing module, installed in the spring of 1997, has yet to be fully tested, the logistics portion of the conference module needs further review and the grant tracking module still requires further adjustments.
Public Affairs Department

NACo: profile up, membership up, County News revenue up

The Public Affairs Department's three primary responsibilities are media relations, retaining and developing members and publishing County News. Other responsibilities include design support for NACo's publications and Web site, publication fulfillment and such public affairs activities as National County Government Week and the Counties Serve America program.

Media Relations

During the past year, NACo successfully projected a higher profile with national and Washington, D.C. media. In March, Washington's National Public Radio (NPR) began broadcasting a 15-second NACo spot, eight times a day, every Wednesday. It is the first time NACo sponsored news programming on NPR to help inform federal lawmakers, administration officials and Washington metro-area residents about NACo and county government. The radio spot substantially increased NACo's name recognition and NACo Web site hits (www.naco.org).

NACo expanded its first Public Broadcasting Service (PBS) partnership that began in 1997. As a PBS Outreach Associate, media relations staff and county

Seventeen television cameras and more than four dozen print journalists covered NACo's news conference in March on the release of a report on county tobacco lawsuits. Pictured are (L-R) Robert J. Gaffney, County Executive, Suffolk County, N.Y.; Lawrence Kahn, Chief Litigating Assistant, New York City, N.Y.; Randy Johnson, NACo President; Zev Yaroslavsky, Supervisor, Los Angeles County, Calif.; Dennis T. Gorski, County Executive, Erie County, N.Y.; and Louise Renne, City Attorney, City and County of San Francisco, Calif.
behavioral health directors worked closely for 11 months with PBS's Bill Moyers on his “Close to Home” series on addiction and recovery. The five-part PBS series was broadcast nationwide in March. Moyers' presentation at the Legislative Conference was aired nationwide on C-SPAN and highlighted the important role counties play in the nation's health care system.

With health care and a possible national tobacco settlement debate taking center stage in Washington, NACo insured that the nation, Congress and the administration were aware of the county position—that counties with health care responsibilities must be included in any settlement. The effort included personal meetings with journalists, news advisories and administration meetings, and it culminated with NACo's standing-room-only news conference at the National Press Club. Seventeen television cameras and more than four-dozen print journalists covered NACo's release of a report on county tobacco lawsuits throughout the country. It received national attention, including coverage by CNN, CBS Radio and dozens of major daily newspapers.

Nationally syndicated columnist David Broder published a column in 300 newspapers in March about the economic power of large urban counties. Nationally syndicated columnist Neal Peirce the following month wrote a thought-provoking column on the same subject, quoting NACo President Randy Johnson.

Membership

For 1998 by the end of June, there were 1,727 NACo member counties, reflecting 27 new member counties and 44 cancelled counties. While more than 80 percent of the nation's population live in NACo member counties, there are still more than 1,300 counties that are not NACo members. Improved follow-up methods for county dues payments led to a significant reduction in the number of counties canceling their membership. In all of 1997, 54 counties canceled membership. NACo's membership retention rate is 98.3 percent, and places NACo in the top one percent of retention rates among national associations according to statistics from the American Society of Association Executives.

Membership dues revenue increased slightly. NACo derives 16 percent of its revenue from dues. A 2.8 percent annual dues increase approved by the NACo Board effective in 1999 will help increase revenue on a regular basis in the future.

NACo is still seeking to reach the goal of 2,000 members by the end of the year 2000. The Membership Committee, co-chaired by San Bernardino County (Calif.) Supervisor Jerry Eaves, and Jane Hague, NACo Second Vice President, has been instrumental in obtaining significant membership support at the state level. A new marketing plan includes:

- **Theme and Specific Goals:**
  "Counties Save with NACo" is the theme developed to show counties that NACo membership provides them with "tangible" benefits. Annual goals establish the path to achieving the NACo Board goal of "2,000 county members by the end of the year 2000."

- **State Association Executive Directors:** State association executive directors will be asked to help pass resolutions stating their goal for increasing NACo membership within their state as well as committing to specific
strategies for membership recruitment. NACo will provide recruitment aids such as informational literature, direct mail packets/assistance, PowerPoint presentations on hard copy and disk, camera-ready advertisements, articles and free trial conference registrations.

- **Direct Mail Promotion:** Special, targeted mailings were sent to all non-member counties offering officials a free, no-obligation subscription to County News, as well as one free conference registration. All recipients receive follow up correspondence on the benefits of NACo membership. These materials are available to any county that would like to use them for recruitment purposes.

- **State Association Meetings:** Contact

Other special efforts to increase NACo membership include: a successive years membership awards program; NACo staff training; a pre-renewal benefits letter and full correspondence review; membership coverage in County News; and exit surveys/phone calls with state association executive directors.

**County News**

A good year for business

This was a good year for the business side of County News. Costs declined while advertising revenues were up substantially, as County News' classified advertising revenue from Job Market postings increased 67 percent. Display advertising also increased, in part due to expansion of business partnerships through the NACo Financial Services Center.

Editorial coverage expanded

County News expanded its coverage of “inside the Beltway stories” that go beyond traditional reporting on legislative initiatives. County News readers learned about proposals from the Federal Communications Commission (FCC) that would pre-empt local zoning authority in siting digital TV towers,
reduced fee Internet services for rural schools, libraries and health care facilities, and electric utility restructuring.

County News also increased its legal coverage. In addition to the regular feature “Legal Notes,” County News covered court-related stories on immunity, local zoning, affirmative action and solid waste flow control.

Technology and its implications for counties were high profile issues and County News reported on GIS, Recorders on the Web, enhanced 911 and digital imaging.

County News also provided county perspective on nationally-breaking stories with its coverage of welfare reform, El Niño and school violence.

Two new regular features were added to County News. Profiles in Service gives readers a bright snapshot of NACo members and staff who have made significant contributions to the association. WebWatch is a sometimes funky but always informative spotlight on the Internet.

County News Online publishes Friday before its Monday print publication date at www.naco.org/news/news/htm.

National County Government Week

National County Government Week (NCGW), was celebrated on April 19 - 25 and raised public awareness and understanding about the roles and responsibilities of county governments.

The nationwide effort has grown steadily during the past eight years. This year, more than 1,100 counties recognized NCGW and held some type of activity or program. NCGW will be celebrated in 1999 on April 18 - 24, and in 2000 on April 9 - 15.

NACo Millennium Programs

Counties Serve America Campaign

NACo’s Community Countdown 2000 campaign has been renamed Counties Serve America, and enters its second phase with $100,000 in financial support for 1998 and 1999 from Nationwide Insurance Enterprise. NACo also budgeted $100,000 in 1998 to support the campaign.

Counties Serve America is NACo’s national initiative to achieve increased citizen understanding of and involvement with county government. It addresses the issue of public confidence in government by creating an environment in which citizen responsibility can be nurtured, flourish and be recognized as integral to meeting local challenges.

The second phase will contain two parts: the national advertising campaign and an Acts of Caring National Awards Program. The national advertising campaign will highlight the role of counties in the lives of average Americans. The first phase will be image-based and consist of a series of public service announcements (PSAs) aimed at identifying valuable, basic, everyday services that are provided by counties.

Example: A scene of raging waters and a rescue effort with the words “Natural Disasters” floating across the screen with the accompanying voice-over—“We’re working hard when disaster strikes.” A voice-over tag line will say: “Your county. Working for you in ways you never imagined.”
Seven 15-second television PSA s and five radio PSA s will be produced on such topics as public safety, transportation, economic development, immunizations, food inspections, disaster assistance, parks and recreation and recycling.

The second phase of the advertising will be cause-oriented. N A C o will produce three 30-second television PSA s to promoting the Acts of Caring National Awards Program highlighting volunteerism and counties. Counties across America will nominate individuals who contributed to their counties through Acts of Caring, volunteer activities that seek to improve the quality of life for their citizens. The awards program will recognize the top efforts by volunteers and county employees with a national ceremony to present the awards during National County Government Week, April 9 – 15, 2000.

C ounties C elebrate the M illennium

N A C o established a Millennium Committee that is co-chaired by First Vice President C. Vernon Gray and Second Vice President Jane Hague. As part of “Counties Celebrate the Millennium”, the committee will assist counties and NACo in developing millennium activities, recognizing and celebrating the history and achievements of counties and NACo, and highlighting their contributions in shaping our democratic society. The committee will offer ideas to counties on how to celebrate the millennium and establish legacy projects.

NACo’s millennium activities will be launched at the 1998 Annual Conference, and delegates will be surveyed about their planned millennium activities. During the next 18 months, NACo will promote millennium activities and legacy projects through the NACo web site, in County News, and at conferences.
The National Association of Counties (NACo) consolidated family is a closely held group of organizations designed to provide services and products that meet the needs of county governments, its elected officials, administrators, employees and citizens. The NACo Board of Directors has the responsibility to periodically review NACo's financial condition and to approve the yearly budget.

NACo is organized under IRC 501(c)(4) as a non-profit corporation that provides education and other services to its members. Its primary sources of income are royalties, dues and conferences. As the parent company, it provides membership services to counties through Legislative Affairs, Public Affairs and Public Relations, Conferences and the Western Interstate Region Services program. The members of the Board of Directors of NACo are county elected and appointed officials. The Executive Committee, elected from the general membership, and the Executive Director, manage the affairs of NACo. The Executive Director supervises a staff of 73 to 80 full-time employees.

NACoRF, the National Association of Counties Research Foundation, is a subsidiary of NACo organized under IRC 501(c)(3) as a charitable organization. Its primary sources of income are grants, contracts and County News. It primarily provides services to counties through the JTPA Service Program, federal and private grants, training, education and research. It also has an Associate Member Program and Information Technology Center comprised of private corporations that sponsor various projects for NACo and the foundation. The NACoRF Board of Directors and Executive Committee are the same as those of NACo.

NACoS, the NACo Services Corporation, is a subsidiary of NACo, organized as a for-profit company and incorporated under the laws of Delaware. Its mission is to develop, market, and promote programs that offer competitive products and services to counties and their employees. During 1997, its programs included the deferred compensation program for county employees sponsored by PEBSCO. The NACoS Board of Directors is composed of the five members of the Executive Committee and the Executive Director of NACo, and three outside directors. The three outside directors may be other county officials, retired county officials, leaders from the corporate community or members of academia.

NACoFS, the NACo Financial Services Corporation, is a subsidiary of NACoS, organized as a for-profit company and incorporated under the laws of Delaware. The NACoFS provides management and marketing support and oversight to the NACo Financial Services Center (FSC). The FSC was formally created in 1994 to offer a broad mix of financial products and services to counties and their employees. The FSC is an equity partnership, owned and controlled by NACoFS and the Davenport-Pitts Group, Ltd. (DPG).

Representatives from both NACo and DPG, as well as the Managing Director of the FSC, comprise the NACoFS Board of Directors.

NACo's fiscal year is the calendar year.
National Association of Counties Consolidated Statement of Activities and Change in Net Assets for 1997

Over the past few years, NACo worked diligently to reduce a long-standing deficit. By budgeting for surplus revenues, NACo was finally able to eliminate its deficit in 1996. NACo’s $2 million surplus for 1997 was achieved primarily through temporary reductions in staff and consultants and further increased its reserves and opportunities to support member programs.

Net Assets

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<td>(1,500,000)</td>
<td>(1,044,257)</td>
<td>(748,781)</td>
<td>(225,189)</td>
<td>(41,649)</td>
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1997 Sources of Revenue

- Interest & Investments: 2%
- CN/Publications & Other: 2%
- County Services Programs: 3%
- Rental Operations: 15%
- Royalties & NACoS Fees: 37%
- Conferences: 12%
- Grants & Contracts: 13%
- County Member Dues: 17%
1997 Expenditures by Program

Sources of Revenue

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<tr>
<th>Source</th>
<th>Revenue</th>
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<td>County Member Dues</td>
<td>$2,910,889</td>
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<td>Conferences</td>
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<td>NACoS: Royalties &amp; Fees</td>
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<td>County Services Programs</td>
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<td>Interest &amp; Investments</td>
<td>282,261</td>
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<td>Total Revenue</td>
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Expenditure by Program

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<td>Total Expenses</td>
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Change in Net Assets

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Phone: 202/393-6226 www.naco.org fax: 202/393-2630