

# National Association of Counties

# Annual Report

# 2007-2008



## NACo Executive Committee



**The Honorable Eric Coleman**  
*President*  
Commissioner  
Oakland County, MI



**The Honorable Theresa Altemus**  
*Second Vice President*  
Supervisor  
Gloucester County, VA



**The Honorable Donald Stapley**  
*President-Elect*  
Supervisor  
Maricopa County, AZ



**The Honorable Colleen Landkamer**  
*Immediate Past President*  
Commissioner  
Blue Earth County, MN



**The Honorable Valerie Brown**  
*First Vice President*  
Supervisor  
Sonoma County, CA



**Larry Naake**  
*NACo Executive Director*  
Washington, DC

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# President's Message

Progress on initiatives, legislative successes mark year as President

Dear Fellow County Official,

What a fantastic, exciting experience I have had serving you as President of NACo. Thank you for allowing me to fill this role. The experience has given me a better understanding of the challenges facing county governments and a renewed sense of admiration for the county officials who are confronting those challenges. You face difficult decisions every day and you make them with a sense of fairness, objectivity and a belief in a better future for your communities.

I admire your willingness to serve and understand what you go through because I do it, too. NACo exists to help you and your county better serve your constituents. I believe that over the past 12 months we have done a great deal to achieve that goal.

In my family life and as a county official, I have committed myself to helping children find a brighter future in our communities. During my term as NACo President, I pursued two Presidential Initiatives. The first initiative focused on what counties can do to prevent the sexual exploitation of children. The second initiative sought to provide support to young adults aging out of foster care.

We have made considerable progress on these initiatives by raising awareness about these issues and promoting ways that counties can take a leadership role in



addressing them. My hope is that, through these initiatives, the NACo family of county officials has gained the knowledge and will to continue to work to improve the future for children in our communities.

We have also had success with our campaign to Restore the Partnership with the next President and Congress. I know that in my discussions with the candidates they all understand the need for the partnership – getting them to act on it will be the next challenge.

In addition, victories have come in the legislative area. We successfully opposed unfunded mandates like the election legislation and Waters of the U.S. bill. We secured level funding for the Payments In Lieu of Taxes program and we worked to include \$150 million in funding for rural development in the Farm Bill. NACo also played a major role in getting money for counties to develop programs to lower recidivism for ex-offenders. NACo will continue to work on these priority issues and others that are critical to America's counties.

As you may recall, there were questions raised about the election of officers at the Annual Conference last year. I appointed a Blue Ribbon Task Force to study the election process and make recommendations to the Board of Directors. The Board reviewed and approved the recommendations at the Legislative Conference.

We have made some changes to the process that we have implemented this year and other changes that require alteration of the Bylaws that will be voted on by the membership at the 2008 Annual Conference. I believe that

these changes are important for ensuring fairness in the process and for building confidence in the method that we elect our officers.

NACo is a good, stable organization that is committed to the ideal of helping counties and their residents. What makes NACo special is that it is always looking for new ways to provide that help. Thank you for your support and thank you again for letting me serve you as President.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Coleman", with a long horizontal flourish extending to the right.

Eric Coleman  
President  
Commissioner,  
Oakland County, Michigan



# Executive Director's Message

## Restore the Partnership Campaign off to excellent start

Dear NACo Member,

We have been very productive during the past 12 months, just as we have in the past. Membership has again set new records. U.S. Communities, the cooperative purchasing program, continues to grow. The Prescription Drug Discount Card Program adds more counties every week. There are now more than 1,000 counties participating. The savings to county residents have topped more than \$89 million, with the average savings more than 22 percent.

One of our greatest accomplishments over the past 12 months has been our efforts to Restore the Partnership between the federal government and county governments. This effort began with the 2008 Presidential Election Project, which was launched to raise the visibility of counties and educate Presidential candidates about county issues. Never before have we had so many county officials involved in a Presidential campaign and interacting with the candidates.

We were successful by getting candidates to speak at our conferences and also we assisted the Iowa State Association of Counties in getting candidates to participate in its meeting last fall. Clearly, the candidates received the message. They are more aware of county issues and our desire to be a partner to provide solutions. In 2008, we have expanded the campaign to include members of



Congress, as well as the Presidential candidates. This is a long-term effort, but we have gotten an excellent start.

As we look to the future, the slowdown in the economy will have us carefully reviewing the budget for the remainder of this year and at next year's expenditures. I know that the downturn will affect our member counties. It depends on when that affect will take place and the level of impact.

We will strive to develop programs and services to help counties and their residents during this difficult time. One effort that we are considering is a discount dental program for counties to provide to their residents. We will continue to help counties with the Green Government Initiative that encourages counties to protect the environment with cost effective actions.

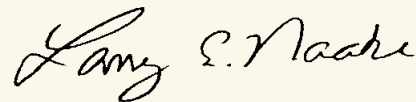
We will also urge counties to use the NACo Web site which contains vast amounts of information that can help county officials more effectively serve their constituents. Among the information available is the model counties program, the Grants Clearinghouse and the Peer to Peer Networks, which is a list of county officials who can provide advice and ideas on specific topics.

NACo has four primary responsibilities to you and other members of our association that we will continue to pursue. Those responsibilities are to:

- represent you in the nation's capital;
- help you to better serve your constituents;
- work to save you and your taxpayers money; and
- promote your county through our efforts to promote county government.

Thank you for your support and involvement with NACo. The greater the participation by our members the more effective we become.

Sincerely,

A handwritten signature in black ink, reading "Larry E. Naake". The signature is written in a cursive, flowing style.

Larry E. Naake  
Executive Director







# Presidential Initiatives

## Campaign Against Sexual Exploitation

Child sexual exploitation is a scourge on our society, and its effects can last a lifetime. Many victims battle depression, post traumatic stress syndrome, or become drug abusers; some may even become sexual offenders themselves. This type of victimization often carries with it an enormous social and financial burden, not only on the individual victims, but on an entire community.

In partnership with the National Center for Missing and Exploited Children, the NACo Campaign to End Sexual Exploitation Task Force worked this year to raise awareness about the prevalence of child pornography, prostitution, sexual tourism, molestation, and online sexual solicitation. As a result, more than 50 counties passed local policies, held public meetings, and established community-wide task forces to fight child sexual exploitation. Many more counties are now using the National Center for Missing and Exploited Children's resources to promote public awareness in their counties.

As part of the initiative, NACo produced a publication, "Campaign Against Sexual Exploitation," to assist counties in dealing with this issue. This publication highlights county strategies and programs for addressing this growing problem.

## Aging Out of Foster Care

More than 20,000 children ages 18-22 leave the foster care system and transition to independent adulthood each year. Since many do not have family or other dependable adults to provide assistance, these young adults are at high risk for homelessness, joblessness, illness, incarceration, welfare dependency, early pregnancy, and sexual and physical victimization.

Counties play an important role in the foster care system, and it has been the goal of this initiative to put NACo member counties in the forefront of solving this national crisis.

The NACo Youth Aging Out of Foster Care Task Force has worked with the National Association of County Human Services Administrators and other NACo committees and affiliate organizations to raise awareness among county officials about the plight of young adults aging out of foster care, promote promising county practices that support them as they transition to independent adulthood, identify policy solutions, and enlist county officials in a call to action to take a leadership role in our communities to improve outcomes for former foster youth.

NACo also produced a publication for this initiative: "Youth Aging Out of Foster Care." This publication highlights strategies and programs for dealing with youth leaving the foster care system.

# Major Accomplishments

## Restore the Partnership Campaign targets the next President, Congress

For decades, the county and federal governments worked together to answer the challenges facing the nation. But in recent years that partnership has disappeared.

To bring the partnership back, NACo has launched a campaign to Restore the Partnership between the next President and Congress and America's counties.

This campaign, which began two years ago with the 2008 Presidential Election Project, emphasizes the importance of federalism to the American system of government. Its goals are to reestablish the partnership and to educate Presidential candidates and members of Congress about county issues and responsibilities.

As part of the campaign, county officials from across the country are being urged to meet with the candidates for President and Congress to discuss the importance of the partnership.

The multi-pronged approach to the campaign includes an updated section on the NACo Web site ([www.naco.org](http://www.naco.org)) where members can access information that explains the initiative and find out how they can participate. All visitors to NACo's site can learn about the partnership and why it is important to their daily lives.

Increasing communication to members of Congress is also part of the campaign. NACo's lobbying efforts, print and

electronic online advertisements in Capitol Hill publications, and sponsorships of radio news programs are raising the visibility of counties and county issues.

One goal of the campaign is ensuring that the intergovernmental affairs office in the White House is dedicated to policy development and to encouraging dialogue with county officials about critical issues. A second long-term goal is the creation of a commission, composed of individuals who represent local, state and federal governments, to study and debate major issues and foster ideas for improving our nation. Legislation to create the commission has been drafted, and NACo staff are seeking bicameral/bipartisan co-sponsorship.

Both goals are critical to the success of the partnership.

## Legislative successes achieved on key priority issues

### Opposition to Unfunded Mandates & Preemptions

- Successfully blocked election reform unfunded mandate legislation.
- Blocking Waters of the U.S. Clean Water Act CWA preemption language.
- Blocking collective bargaining mandate legislation.
- Secured language in the war supplemental appropriations bill extending a moratorium on costly Medicaid regulations proposed by Centers for Medicare and Medicaid Services.





### **Tax Issues**

Secured 250 House co-sponsors and 13 Senate co-sponsors to repeal the 3 percent withholding tax mandate.

### **Payment In Lieu of Taxes**

PILT is expected to be funded at current levels as part of a Continuing Resolution.

### **Farm Bill Reauthorization**

Worked to secure passage of the Farm Bill with \$150 million for rural development.

### **Criminal Justice**

The Second Chance Act, which will provide counties with demonstration funds to lower recidivism for ex-offenders through education, job training, housing and treatment, was signed into law.

## **Cooperative purchasing program saves counties \$25 million**

The U.S. Communities Government Purchasing Alliance continues to provide substantial savings to counties, other local governments and non-profit organizations. Counties saved \$25 million last year on \$237 million in purchases. The results of the program are outstanding:

- Since the program inception, public agencies and non-profits have saved more than \$1 billion.
- More than \$1.4 billion in purchases were made, saving participating public agencies and non-profit organizations over \$240 million last year.

- More than 32,000 public agencies are registered and using the program
- Program offers 16 publicly solicited contracts serviced by 26 suppliers to all public agencies and non-profit organizations.

## NACo membership sets new records

At the end of May, NACo had 2,336 county, parish, and borough members. Since January 1st, NACo has had 76 new members join with dues totaling \$67,000. This continues the robust new member recruitment pace in 2007 and indicates that NACo will set another new membership record in 2008.

NACo also has a record 21 states with 100 percent membership. While membership numbers and retention continue to be high, NACo is also cognizant of the softening national economy and has frozen dues at the 2007 level for the second year in a row (both 2008 and 2009 dues have not been increased).

At the end of 2007, NACo finished with a record high in membership (2,301 members), highest retention rate ever (98 percent) and the highest membership revenue in its 73-year history (\$4,452,000).

## Prescription Drug Discount Card Program continues to grow

Here are the results of the program from its start in 2005 to early June:

- \$89 million saved by county residents
- 1,022 counties participating – which is one third of the nation's counties
- At least one county participating from every state that has functioning county governments
- 8 million prescriptions filled
- 22.5 percent overall average savings

## Report features the county role in the transportation system

NACo continues to participate in the Intergovernmental Forum of the National Academy of Public Administration, which brings together representatives from the three levels of government to discuss key issues. The report summary of the intergovernmental forum on transportation was released in spring 2008. The report included an extensive look at how transportation is currently being funded in the U.S., and highlighted the important role counties play in the nation's transportation system.

## Climate Forum provides strategies to reduce greenhouse gases

One hundred county officials attended the first NACo County Climate Protection Forum in September 2007. Attendees



learned from national experts and county peers about effective local strategies to reduce greenhouse gas emissions and adapt to a changing climate. NACo also has begun offering members assistance in developing local climate change plans, including a sample county resolution and access to an online, searchable database that contains hundreds of examples of county policies, programs and initiatives.

## Study explores the impact of GASB 45 on counties

The National Center for the Study of Counties, a partnership between NACo and the Carl Vinson Institute of Government at the University of Georgia, released an important research study on the impact on counties of GASB 45, which requires local governments to account for its employee pension and health care liabilities. This spring, the center completed its fifth annual commissioners' opinion poll, which will be released at the 2008 NACo Annual Conference. The poll summarizes information and opinions on a variety of issues, including the impact of the current economic slowdown.

## *County News* redesigned

A major redesign of County News occurred last year with the first issue appearing at the 2007 Annual Conference in Richmond, Va. The redesign incorporated the recommendations from a 2006 Readers Survey into a more contemporary, cleaner look.

Typefaces, headline styles and graphics were all reworked to provide cleaner and easier to read pages. Parallel editorial changes focused on more compact, easier to read stories, with plenty of art to illustrate their main points wherever possible. The response by readers to the new look has been very positive.

## New IT system improves service to members

NACo implemented a new association management system this year that improved the capability of the association to serve member counties. This system enhanced NACo's ability to obtain, organize, and manage interactions with members and streamline internal processes. In addition, it enhanced the ability to provide county participation and membership benefits information to members. Other IT improvements included implementation of virtualization technology and enhanced cyber intrusion capabilities.

## Publication features new methods for juvenile detention

In 2007, every member county received a copy of the new NACo publication, "Juvenile Detention Reform: Achieving Results-Oriented Innovation in Your Juvenile Detention System." The guide describes a groundbreaking model for detention reform that improves public safety and outcomes for at-risk youth while saving counties money. The model, called Juvenile Detention Alternatives Initiative, is currently being implemented by counties in 24 states.

## County issues receive good media coverage

NACo received positive national media attention in 2007-08 on various initiatives and county government trends: CNN on the effects of methamphetamine abuse and illegal immigration on counties; *USA Today* on the effects record-high gas prices on counties; USA Today.com on the Green Government Initiative; Fox Business Channel, *The Washington Post* and Bloomberg News on the effects of the foreclosure crisis on counties.

*Governing* magazine featured Executive Director Larry E. Naake on the Restore the Partnership campaign and National Review Online published a lengthy opinion piece mentioning NACo's concerns about proposed legislation to vastly expand the federal reach of the Clean Water Act.

NACo also generated media coverage on its advocacy efforts in Capitol Hill publications including *Roll Call*, *The Hill*, *Congress Daily* and *CQ Today* on several issues such as elections legislation, surface transportation infrastructure and the Internet tax moratorium.





# Programs to Help Counties

## E-News improves communication to members

In January, NACo launched e-NEWS, an electronic bi-monthly newsletter sent to 25,000 NACo members. Each issue informs and educates members about new NACo initiatives, programs, products and services. The electronic newsletter was started to help county officials to better serve their constituents. Never before has NACo communicated so frequently to so many members.

## Webinars help counties to ‘go green’

NACo is offering more than 20 free two-hour webinars in 2008, covering a range of topics to help counties to “go green,” including energy efficiency, fleets, green building, waste management and renewable energy. Elected officials and county staff can learn valuable information about each subject, discover new resources, and hear case studies from other counties. Internet access and a phone line are all that’s required to participate. Presentations from previous webinars are online at [www.greencounties.org](http://www.greencounties.org).

Educational forums help counties deal with the meth crisis. NACo continues to be a leader in providing information, tools and resources to assist counties in addressing the methamphetamine crisis. Through 2008, NACo will present a series of one-day educational forums in various locations across the country for county officials and community partners to gain access to expert knowledge and insight and learn about innovative county policies and practices to improve meth prevention and treatment.

## Peer-to-Peer Network continues to grow

The Peer-to-Peer Network, which provides a way for county officials to discuss common problems with colleagues, continues to grow. With more than 300 inquiries, NACo continues to offer this valuable resource to county officials through the Members Only section of the NACo Web site.

## Grants Clearinghouse provides great resource for counties

The Grants Clearinghouse is major feature of the Members Only section of the NACo Web site. More than 2,000 county officials visited the clearinghouse seeking grant funding information last year. Special attention is paid to including more foundation and targeted grant opportunities to meet the varying revenue and resource needs of counties.

## New publications look at critical county issues

Several Research Division publications were produced during the year, including:

- Employee Background Checks – Nonsense or Necessary?
- A Look at Real ID
- Counties and Immigrants – Some Recent Resolutions, Ordinances and Initiatives
- A Look at Annexation Laws – A State-By-State Report
- Continuing Education – Requirements for County Officials

## Program helps state association meeting planners

NACo's Conferences and Meetings staff held a two-day program in Kansas City in April for state associations of counties' meeting planners. The program featured "how-to" information on a variety of meeting-related topics, and allowed the meeting planners to network with each other to discuss mutual issues.





# Goals for the Future

## Dental Discount Card Program to be created

NACo is developing a dental discount card program. The program would be a membership benefit and allow counties to help their residents reduce their dental costs. Proposals to provide the program were received in late June.

A task force was appointed by NACo President Eric Coleman to evaluate proposals and to choose a company that can establish a discount program. The task force will meet at the Annual Conference. The task force will make a recommendation to the NACo Board of Directors following its review. The goal is to begin a pilot program in 2009 and then expand the program once it is determined that it can be made available to other counties.

## NACo to promote green vehicles

NACo President-Elect Don Stapley is committed to helping counties save money, decrease foreign oil dependence and improve the environment by accelerating the transition of county fleets to alternatively fueled and advanced technology vehicles. NACo is working with the federal government, auto manufacturers and other organizations to provide county officials with the latest information about green vehicles, promote good policies, and explore discount purchasing agreements and county pilot projects for these cars of the future.

## Civil dialogue on immigration issues to be pursued

NACo continues to advocate for comprehensive federal immigration legislation. NACo President-Elect Don Stapley believes that a workable system for legal immigration is essential to the U.S. economy and our individual communities.

Illegal immigration, on the other hand, continues to stress the education, health care, criminal justice and other locally-run systems in counties across the country. Stapley will work to restore civility to the immigration debate and build a consensus around a workable system of legal immigration.

## Field hearings to be part of health care reform effort

NACo First Vice-President Valerie Brown has a plan to engage NACo members with the new U.S. President and Congress in 2009 in order to achieve national health care reform that improves the health status of individuals and communities and has a positive fiscal impact on counties. The plan includes a series of field hearings to collect policy recommendations from counties across the country, presentation of findings to the new federal leadership, and being recognized as an important voice in health care reform.

## NACo Web site redesign planned

Plans are underway to redesign NACo's Web site to make it easier to use through improved navigation and search capacity. The redesign will also incorporate Web 2.0 elements, such as blogs, wiki's, and discussion forums, which will make NACo's site more socially networked.

Other new functions may include streaming video capacity, a web-based data correction process that would allow members to correct their data directly through the site, online registration and payment for all conferences, publication sales or award applications.

In addition, NACo will work to update and reorganize research publications, enhance the Grants Clearinghouse, and improve access to the Model County Programs. NACo's site is now currently visited by 65,000 visitors weekly.

## On-line access to conference information planned

NACo is working to develop on-line access to conference workshop and general session presentations, both for persons who attended the conference and for those who could not attend. The programs would be offered for a nominal charge.

## Emergency plans for conferences to be developed

Over the next year, NACo will develop Emergency Plans for each of its major conferences. The plans will be designed to protect conference attendees in case of unexpected emergencies, weather disruptions or other on-site problems.

## IT financial system to be replaced

Information technology improvements at NACo include replacing the financial system to reduce operating costs and enhance functionality to better serve member counties. Also, business continuity in case of a disaster is essential for the association. To ensure continuity, the system failover capabilities to remote sites will be enhanced.

# Financial Services Corporation Highlights

## FSCorp provides high quality products, services for the lowest price

The NACo Financial Services Corporation (FSCorp) develops and delivers needed financial products and services of the best available quality and price to county governments and affiliated organizations, county employees, retirees and their families.

FSCorp is a for-profit subsidiary of NACo that owns the NACo deferred compensation program and 50 percent of the NACo Financial Services Center. The Financial Services Center offers a variety of programs and services, including cost recovery and cost containment services, cooperative purchasing and post employment health programs.

By pooling the purchasing power of counties throughout the nation and using volume purchasing as leverage in the private sector, NACo helps bring better quality, improved benefits, and/or lower cost products and services than individual counties can negotiate on their own. Most services offered have been competitively solicited by a lead public agency and the resulting contracts are immediately available to counties and other local governments. Highlights of the past 12 months include:

### **Purchasing Program**

The U.S. Communities Government Purchasing Alliance offers 16 publicly solicited contracts serviced by 26 suppliers to all public agencies and non-profit organizations.

- More than 32,000 public agencies are registered and using the program

- More than \$1.4 billion in purchases were made, saving participating public agencies and non-profit organizations over \$240 million last year.
- Of this, \$237 million in purchases were attributable to counties, representing more than \$25 million in savings to participating county agencies.
- Since the program's inception, public agencies and non-profits have saved more than \$1 billion.
- New contracts include auto parts and supplies, synthetic field turf and enhanced furniture contracts. The program continues to provide the best office and school supply contract in the nation, as well as contracts for technology products and solutions, homeland security solutions, disaster recovery products, maintenance, repair and operations products, roofing solutions and many more.

### **Retirement Programs**

Since 1980, NACo has been helping county employees save more money for their retirement. Through the NACo deferred compensation program, in the last 28 years, more than 800,000 county employees having jointly saved billions of dollars to supplement their other retirement programs and savings.

Program assets have increased from several million dollars in 1981 to more than \$9.254 billion. Administered by Nationwide Retirement Solutions, the program currently serves more than 360,000 county employees in nearly 1,800 counties and 1,200 county special districts. These program participants benefit from NACo oversight that includes the Deferred Compensation Advisory Committee that is composed of 15 county officials who are also program participants, the endorsement of 41 state associations of counties, and independent consultant studies that evaluate program



competitiveness and the financial creditworthiness of Nationwide Financial.

In addition, in the first half of 2008, NACo hosted a Plan Sponsor Program Review Meeting at Nationwide Retirement Solutions' home office in Dublin, Ohio, to help fine-tune our program so that it continues to meet the needs of our participants and plan sponsors.

NACo also sponsors a deferred compensation match and a defined contribution programs as well as a post employment health plan program.

### **FSC Cost Recovery Program**

In August 2005, the NACo Financial Services Corporation partnered with Dallas County, Texas, to conduct a public solicitation to select providers that offered services to save counties money, reduce risk or liabilities, and help collect monies owed to them. Highlights of the program:

In 2007, 14 mostly small and rural counties saved nearly \$1 million on inmate health care costs by using the medical claims management program offered through Correctional Risk Services.

Through 2007, 75 counties used the energy and telecom auditing program offered by Cost Control Associates and saved \$1.85 million in refunds and first-year cost savings.

*For additional information about the FSC, contact Steve Swendiman, Managing Director/CEO at 202-942-4282 or [sswendiman@naco.org](mailto:sswendiman@naco.org)*



# Financial Information

## NACo ends 2007 with surplus of \$2.2 million

NACo's consolidated financial operations ended the 2007 fiscal year with a net surplus of \$2.2 million, exceeding the budget by \$656,000. Revenue came in \$683,000 above budget and was offset by slightly higher expenses.

Revenue from NACo's for profit subsidiaries increased 4 percent over 2006. In addition to providing valuable services to local government agencies these programs contributed almost \$5 million to the NACo bottom line. During 2007 counties saved more than \$25 million on \$238 million in purchases through the U.S. Communities Purchasing program.

Grant funded programs continued to be a vital part of NACo's operations as program expenditures increased 43 percent to almost \$1.9 million. Grant funded programs provide grants to counties, educational programming for county officials and research on topics relevant to county officials.

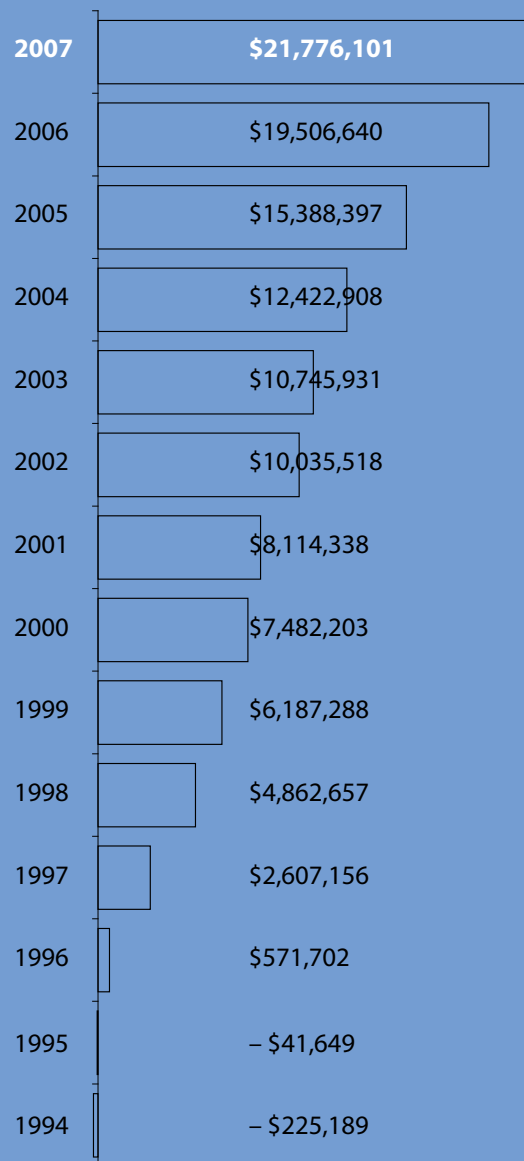
Revenue from county and corporate membership exceeded \$4.9 million as county membership hit 2,301 counties, an increase of 82 over 2006. This continued a membership growth trend that started in 1995, when NACo started the year with 1,704 counties as members.

Net assets increased 12 percent over 2006, reaching \$21.8 million. 2007 marks the 14th consecutive year with a net surplus.

Net Assets (beginning of year)	19,506,640
Surplus	2,269,461
Net Assets (December 31, 2007)	21,776,101

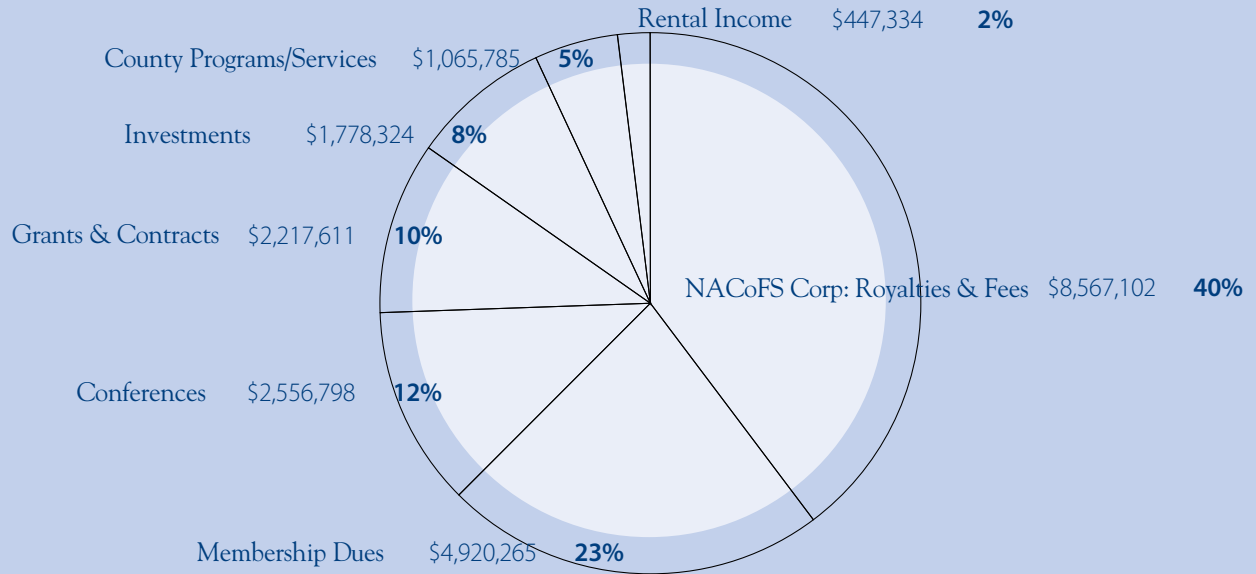
## Net Assets

From 1994 to 2007





# Sources of Revenue



# Expenditures by Program

