



2009-2010 Annual Report



2009-2010 NACo Officers



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The Honorable Valerie Brown
Supervisor
Sonoma County, California



NACo President-Elect
The Honorable Glen Whitley
Judge
Tarrant County, Texas



NACo First Vice President
The Honorable Lenny Eliason
Commissioner
Athens County, Ohio



NACo Immediate Past President
The Honorable Don Stapley
Supervisor
Maricopa County, Arizona



NACo Executive Director
Larry E. Naake
Washington, DC

2009-2010 Annual Report



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Identifying the corporation responsible for a program or service

The National Association of Counties’ consolidated family is a group of corporations organized to provide services and products for county government elected officials, administrators, employees and residents. In this report, acronyms will appear in parenthesis following information about different programs and services. The acronyms identify the corporation responsible for the program or service: National Association of Counties – NACo; National Association of Counties Research Foundation – NACoRF; NACo Financial Services Corp. – NACoFSCorp.

NACo celebrates 75 years of distinguished accomplishments

Founded in 1935, the National Association of Counties (NACo) celebrates 75 years of distinguished accomplishments this year. Established at the urging of county officials from western states, who recognized a need for active representation in our nation's capital, NACo today represents more than 2,300 counties serving more than 80 percent of the nation's population.

NACo has truly been a major player in developing and setting public policy while working closely with all levels of government. The highlights and accomplishments include:

- Establishing the first Urban County Congress in 1959;
- Working for passage of the General Revenue Sharing program in 1972;
- Pushing to enact Payments in Lieu of Taxes legislation in 1976 to assist rural counties;
- Marching on the U.S. Capitol in 1994 to oppose federal unfunded mandates leading to the Unfunded Mandates Reform Act in 1995; and
- Initiating and seeking passage of the Restore the Partnership legislation, essential to solving the numerous problems facing our country.

NACo has also built some remarkable business partnerships that have been important to its success -- with Nationwide Retirement Solutions for 30 years and with U.S. Communities for 15 years.

With this strong foundation, NACo will continue to engage and lead its members to help America prosper now and into the future.

Turn to pages 10 and 11 for a time-line that highlights several important dates and events during NACo's history.





Valerie Brown

President's Message

NACo makes certain the county message is heard and understood by the Administration and Congress

Dear Fellow County Official,

This has been an exciting year and a great honor for me to serve as President of NACo. I have represented counties nationally and internationally. I have met with colleagues and friends at state association meetings and affiliate conferences, and I thank you for your hospitality and willingness to share your experiences in county government.

There is an added honor for me because I am serving as President while NACo celebrates its 75th anniversary. The association has a great history of building trust, speaking strongly for the interests of counties and their residents, and creating a better understanding of the important role that counties play in the governmental system.

There is no better time to be a member of this exciting and connected organization. When counties were struggling because of the tough economy, NACo found ways to help. When legislation on the economy and health reform were being considered, NACo made certain the Administration and Congress heard from counties — we sat at the table providing a better understanding of our role in providing services. When NACo was feeling the pinch of the recession, the association trimmed costs and found savings while maintaining the high level of services to members and keeping dues at the rate set in 2007.

That is the strength of NACo. It is strong because you are strong. It faces adversity with conviction and leads with the common sense approach of what is best for the American people.

Health reform is a perfect example. The focus of my term was making sure that counties had a meaningful role in the reform of the federal health system. To do this, I created a health reform working group and chaired regional hearings in Maricopa County, Arizona; Wake County, North Carolina; and Sacramento County, California to engage county officials in refining NACo's national health policy. The hearings also highlighted innovative county health programs and brought media and public attention to the county role in the health system.

Last year following the hearings, the working group became the NACo Health Reform Subcommittee. With members of the committee, NACo staff and the membership, I worked with the Obama Administration and the Congress to make sure they were aware how counties were going to be impacted by health care reform. I wanted to insure counties' interests were understood.



The health reform law was passed and signed into law in March. Key provisions important to counties and part of the policy approved by the NACo membership were included in the final legislation. These provisions of the new law:

- Expand coverage to all Americans;
- Provide funding for prevention and wellness;
- Expand Medicaid but do not require counties to pay additional costs for the expansion;
- Establish mechanisms to improve health care access and quality;
- Recognize the need for additional primary care physicians in rural and underserved areas;
- Provide funding to train, expand and support the health care workforce;
- Establish a voluntary insurance program for long term care; and
- Allow jail inmates to maintain private insurance pending disposition of charges.

As health reform was being debated, I promised that NACo would assist counties in implementing the health reform law when it was enacted. NACo is following through on that promise by identifying staff and resources to provide members with useful and timely information and insight about the impacts of federal health reform on counties.

We are working closely with Obama Administration officials to ensure that county interests are considered as federal task forces, policies, and regulations are developed. The health reform law is designed to take eight years or more to take full effect. We will be there to inform and assist counties throughout the process.

NACo followed a similar implementation process following the passage of the American Recovery and Reinvestment Act (ARRA) in February 2009. We created a communications network to expedite the delivery of essential Recovery Act information to counties, held a series of webinars explaining key implementation topics and requirements and began collecting positive examples of county programs. NACo plans to continue to provide Recovery Act information and assistance and to find other ways to help counties through these tough financial times.

There is a great deal of which to be proud during the past year. Building positive relationships with the Administration and Congress is part of our ongoing campaign to Restore the Partnership. There are other legislative successes on transportation, airport reauthorization and rural development, as well as the continuation of successful programs, like the NACo Prescription Discount Card Program, U.S. Communities cooperative purchasing and the NACo Deferred Compensation Program.

This report will provide you with highlights of our achievements in 2009 - 2010 and plans for the future. I welcome your feedback and comments. You can reach me by all the conventional methods – mail, phone and email. But to instantly let me know what you think, tweet me at [nacoprez09](#). Thank you again for your support and for allowing me to serve you as President of NACo.



Valerie Brown
President
Supervisor
Sonoma County, CA





Larry E. Naake

Executive Director's Message

NACo achieves important milestone – 75th anniversary

Dear NACo Member,

NACo has achieved an important milestone this year by reaching the 75th anniversary of its founding. In 1935, county officials from across the country came together to form an association to help counties and ensure that they are part of the discussion when legislation and policy are discussed at the national level.

The intent of NACo's early founders is alive and well. We engage in efforts to ensure that the county message is heard and understood in the nation's capital. Our commitment to helping counties is part of what we pursue each day.

I have often said that county officials are the hardest working elected officials in the nation. This year county officials have had to work even harder. The economy is slowly improving, but that improvement has yet to reach many counties. I recently received a letter from an Illinois county that is essentially down to its last dollars and forced to decide which bills to pay to keep the county running. They are not alone.

Revenue is down, and states, facing their own budget problems, are placing the burden on counties. Even for counties that don't have budget problems, there have been controversial issues that have made governing difficult.

NACo knows the difficult challenges and choices you face. We have worked hard to help you overcome those challenges. We appreciate the confidence and support you have shown in our association. While we have lost some members this year due to the economic problems, we remain a strong, viable association and continue to be a leader among associations with our 96 percent retention rate. Thank you for continuing to give us your support.

This past year, we offered information and ideas to help you and other county officials deal with tough economic times through *County News*, NACo *e-News*, the NACo website, webinars and workshops. Our focus has been to assist counties in maximizing access to and managing federal stimulus funds available through the American Recovery and Reinvestment Act (ARRA). We used the same communication methods to provide this information.

In addition, we have offered many more webinars on a variety of subjects to enable county officials and staff to receive valuable information through their office or home computers saving time and not having to spend money on travel costs. We have held 39 webinars in the past 12 months in which more than 5,000 officials and staff have participated.



Proven NACo programs like U.S. Communities cooperative purchasing program, the NACo Deferred Compensation Program and the NACo Prescription Discount Card Program continue to help counties and their residents. U.S. Communities has 23 contracts on a variety of products and provides annual savings of \$250 million.

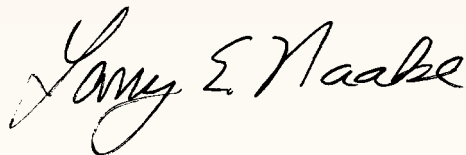
The prescription discount program has saved county residents nationwide more than \$284 million since the program began in 2005. The average savings have grown to 24 percent. More than 1,300 counties are now participating in the program.

NACo continues to achieve legislative successes. This includes health reform, the Recovery Act and funding for transportation, airport reauthorization, rural development and assistance for needy families. On health reform, NACo supported changes to the nation's health system that would enhance service to county residents, without adding new burdens on counties. We are now working to help counties with the implementation of the health law with webinars, articles in *County News* and workshops at conferences.

The Restore the Partnership Campaign still remains an important part of our effort. We have made great strides to build our relationship with President Obama's Administration and the Congress through Congressional briefings and efforts to create a national commission that will study intergovernmental relations.

As an association, NACo is facing many of the same revenue problems that confront counties. But we have maintained our solid financial position by trimming costs and finding areas where we can save. At the same time, we have not reduced our services to members.

NACo has achieved many successes in its 75 years. We remain committed to you and all of our member counties for continued success and to help our country grow and prosper. Thank you for allowing us to serve you.



Larry E. Naake
Executive Director



Presidential Initiative

Health Reform Law includes elements vital to counties



NACo President Valerie Brown made advocacy for counties in federal health reform a hallmark of her leadership of the association in 2009-2010.

As NACo President-Elect in 2008-2009, Brown formed a health reform working group and, with state associations of counties and NACo-affiliated organizations, chaired regional *NACo Hearings on U.S. Health Reform* in Maricopa County, Arizona; Wake County, North Carolina; and Sacramento County, California. The hearings engaged county officials in developing a white paper that refined NACo's national health policy agenda, highlighted innovative county health programs, and brought media and public attention to the county role in the health system.

In 2009, President Brown transitioned the working group to a NACo Health Reform Subcommittee. Brown and the members of the subcommittee, along with the NACo staff and the membership at large, worked with the Obama Administration and the Congress to advocate for counties' interests.

The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act of 2010 (HCEARA) were adopted and signed into law in March. While NACo did not take a position on the overall health reform bill, it did advocate for the principles of NACo's health reform policy that were endorsed

by NACo's members at the Annual Conference last July in Nashville/Davidson County, Tenn. The health reform law contains a number of provisions that are consistent with that policy

At the heart of NACo's white paper was a commitment to transforming America's "sick care" system by building healthy communities. PPACA takes some important steps in that direction.

The key elements important to counties are:

● Public Health, Prevention and Wellness

PPACA makes significant investments in health promotion and disease prevention activities and recognizes the unique role played by local public health departments. It includes a stable funding stream for chronic disease prevention and support for the local public health workforce, both of which will help to sustain the kind of population and community-based prevention activities which are beyond the reach of health insurers and health care providers.

● Coverage

The PPACA will expand health insurance coverage to nearly all Americans by expanding public programs, like Medicaid, and by setting up state-based health insurance exchanges where uninsured individuals and small businesses can buy and compare private insurance policies and apply tax subsidies for which they are eligible on a sliding scale.

● Maintaining the Safety Net

Beginning in 2014, the PPACA and HCEARA will expand Medicaid to cover all individuals under 133 percent of the federal poverty level (FPL) and provide 100 percent federal funding for the Medicaid expansion, ramping down to 90 percent federal funding in 2019. NACo was successful in including language that prevents states from requiring counties to contribute more to the non-federal share of Medicaid than they contributed in 2009. The language is also applied retroactively to the enhanced Medicaid federal medical assistance percentage (FMAP) provisions of the Recovery Act.

The HCEARA fully funds raising the Medicaid reimbursement rates for primary care physicians to the Medicare level in 2013 and 2014 in order to help support access to care for the newly eligible Medicaid beneficiaries.



NACo opposed the \$50 billion in mandatory reductions to Medicaid disproportionate share hospital (DSH) payments proposed by the Administration last year. The HCEARA reduced the cuts to DSH which were in the PPACA from \$18.1 billion to a total of \$14.1 billion from 2014 through 2019.

● **Delivery Systems and Access**

The PPACA establishes a number of promising mechanisms designed to improve access and quality and potentially help slow the growth of health care costs.

The HCEARA will invest \$11 billion over 10 years in community health centers – \$2.5 billion more than was in the PPACA – to help extend access to basic health services for underserved areas.



● **Health Workforce**

PPACA includes ambitious programs to plan for and invest in all the health professions. It will increase workforce supply and support training of health professionals through scholarships and loans; support primary care training and capacity building; establish a public health workforce loan repayment program; promote training of a diverse workforce; promote cultural competence training of health care professionals; support the development of interdisciplinary mental and behavioral health training programs; and establish a training program for oral health professionals.

● **Long Term Care**

PPACA includes the CLASS program, a national, voluntary insurance program for purchasing community living assistance services and supports (CLASS). The program is financed through

voluntary payroll deductions: all working adults will be automatically enrolled in the program, unless they choose to opt-out.

● **Jail Health**

PPACA does include a provision that allows inmates in custody pending disposition of charges to maintain their eligibility for private insurance plans available on the exchanges.

During the policy debate, Brown promised that NACo would be ready to assist counties in implementing the health reform law when it was enacted, and the association is delivering on that promise. NACo has realigned staff and resources to provide members with useful and timely information and insight about the impacts of federal health reform on counties.

A special “Health Reform Implementation” section on www.naco.org has been created, and members have been encouraged to send questions about the new law to healthreforminfo@naco.org. NACo delivered two webinars this spring on health reform implementation – first, an overview of the new law and key portions that affect counties and, second, a program focused on new health insurance requirements and the county role as employer.

The association also produced a special pull-out report for *County News* on health reform implementation and conducted workshops on key health reform topics for the NACo Western Interstate Region Conference and NACo Annual Conference.

NACo continues to work closely with Obama Administration officials to advocate for county interests as federal task forces, policies, and implementing regulations are developed. The health reform law is designed to take eight years or more to take full effect; NACo plans to be there to inform and assist counties every step of the way.



Accomplishments

Health reform tops legislative achievements

The top legislative achievement during the past 12 months was the passage of health reform legislation that contains elements important to counties. The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act of 2010 (HCEARA), passed and signed into law in March, include a number of provisions consistent with NACo's health reform priorities explained in the policy white paper, *Restoring the Partnership for American Health: Counties in a 21st Century Health System*.

These provisions are part of the health policy approved by the NACo membership at the Annual Conference in July 2009. (See a detailed description of the provisions on pages 7 and 8.)

Other legislative victories favorable to county governments include:

- Enactment of the HIRE Act which includes an extension of surface transportation funding, Highway Trust Fund spending authority through December 31, 2010 and also transfers almost \$20 billion from the general fund to the Highway Trust Fund;
- The House and Senate have passed airport reauthorization legislation that includes a number of NACo priorities, including increases in funding for and reforms of both the Airport Improvement Program and the Essential Air Service program;
- TANF Emergency Contingency Fund -- House passage includes a one-year extension of the

Temporary Assistance for Needy Families Block Grant's Emergency Contingency Fund (TANF-ECF) through September 30, 2011. The Senate has not taken action on the legislation;

- NACo was instrumental in reestablishment of the bipartisan Congressional Rural Caucus; and
- USDA Rural Development Bolstered Technical Assistance for Communities after NACo testimony on the need for more technical assistance for rural counties. (NACo)

Access to Recovery Act funding maximized

With \$575 billion available for states, local governments and other recipients across the U.S., NACo has been working to assist counties in maximizing access to and properly managing federal stimulus funds since passage of the American Recovery and Reinvestment Act in February 2009.

Shortly after enactment of the Recovery Act, NACo created a communications network to deliver of essential Recovery Act information to counties, began collecting positive examples of Recovery Act investments in county programs, and held a series of webinars explaining key implementation topics, such as new reporting requirements and the application of Davis-Bacon prevailing wage and Buy American requirements. The communication network included sending information directly to county officials, as well as articles in *County News*, in NACo *e-News* and on the website.

NACo has focused on providing information and assistance to counties in implementing federal programs that were funded for the first time through the Recovery Act. These programs include the Broadband Technology Opportunities Program, the Energy Efficiency and Conservation Block Grant, Green Jobs Training, and Recovery Zone and other bond programs.

Over the past year, NACo has worked closely with key federal partners and other state and local government associations to represent counties' interest in various aspects of Recovery Act implementation. This includes regular communications with the White House Office of Management and



Continued on page 12 ➔



75th Anniversary Timeline

- ★ First Executive Director named, Bernard Hillenbrand 1957 – 1982
- ★ Aldredge Plan established the County Information Service (CIS Membership), counties could purchase various services from NACO
- ★ The National Association of County Officials (NACO) became the National Association of Counties (NACo)
- ★ Established its first headquarters in two rented rooms in the laundry of Washington's Mayflower Hotel
- ★ A powerful bond and partnership was created with our state associations and affiliates enabling counties to have both state and national representation



1957

- ★ President Ford signs Payment in Lieu of Tolls Program (PILT)
- ★ President Ford signs the Airport and Airway Development Act
- ★ President Ford signs the Zone Management Legislation



1970

- ★ First woman President – Gladys Noon Spellman, Prince George's County, MD
- ★ President Nixon signed into law, "State and Local Fiscal Assistance Act of 1972" created general revenue sharing key to counties

- ★ First established as National Association of County Officials

- ★ Founded – First President - George Breitbaugh, Milwaukee County, WI

1935

- ★ First incorporated in the state of Delaware

1946

- ★ First Urban County Congress/Caucus in Washington, DC with Vice President Richard Nixon attending



1959

- ★ First issue of County News published

1971

- ★ First Japanese American President – Clesson Chicasuye, Honolulu County, HI

1970

1935

1950

1965

1937

- ★ Association's first magazine, *The County Officer*, subscription \$5 per year

- ★ First American County Platform published

- ★ NACO Research Foundation established – 501 (c) (3)

- ★ The *Monday Letter*, covering legislative issues, arrived on most County Official's desks on Mondays

- ★ First grant - Ford Foundation – five-year matching grant of \$160,000

1958

- ★ NACO membership reaches 1,000 county members

1961

- ★ Advisory Commission of Intergovernmental Relations established

- ★ Second Revenue Sharing Extension Act passed, attracted 1,700 members

- ★ NACO Conference in Detroit, MI, during historic riots - convened in the middle of the disturbance and learned techniques to protect public safety during civil unrest

1967

- ★ The California Plan, also known as the Birmingham Revolution, called for "full time professional staff support and financial strategy to support the goal/staff position."

- ★ Western Region District created, known today as Western Interstate Region

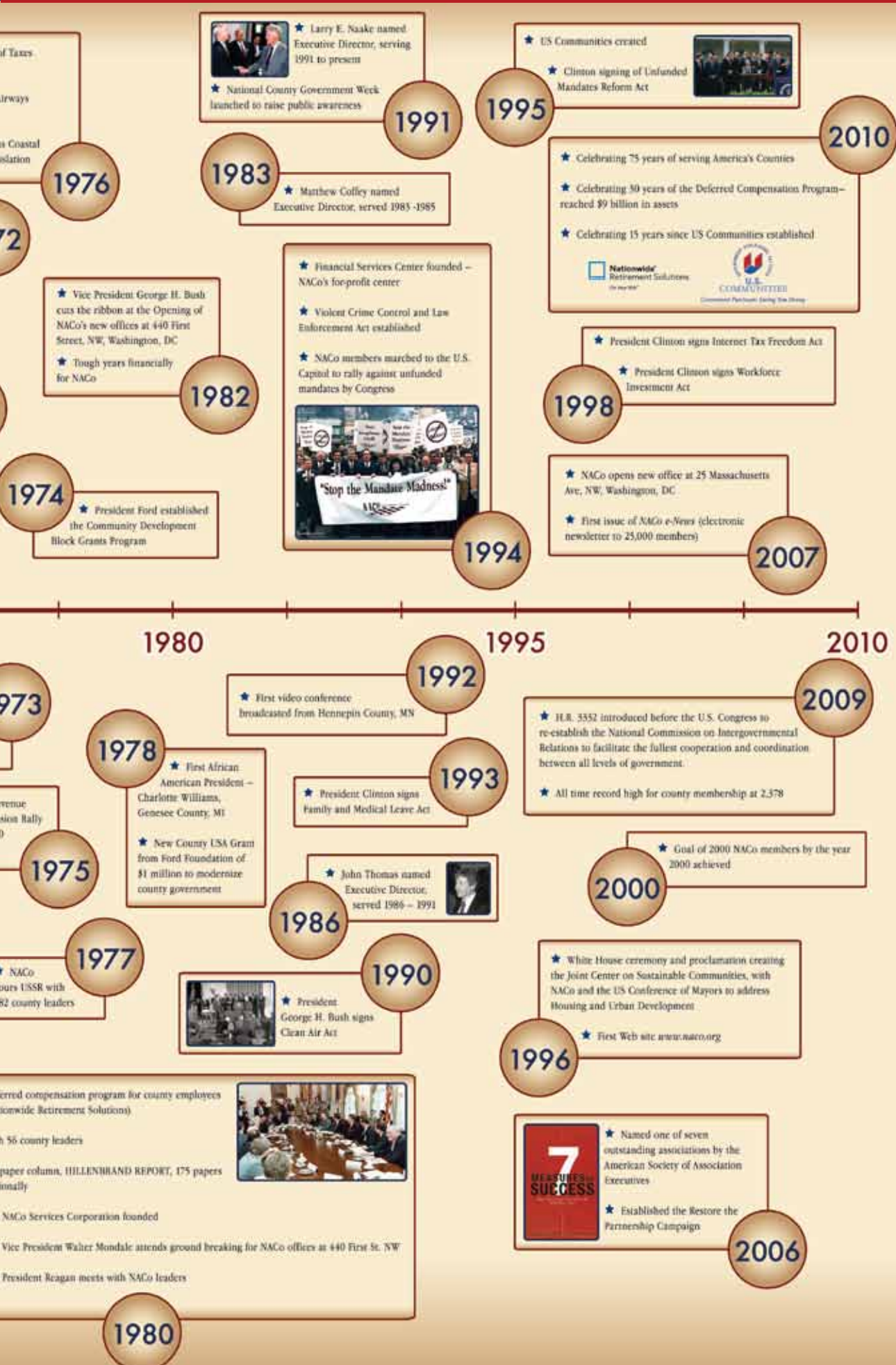
1954

- ★ NACO establishes a defunct with PEBSO (became NACo)

- ★ NACO Tours China with...

- ★ NACO syndicated news...





Accomplishments

Budget, the Recovery Accountability and Transparency Board, the U.S. Government Accountability Office, and multiple federal agencies. These relationships have enabled NACo to anticipate and attempt to resolve problems, influence and clarify requirements, and quickly disseminate information to members.

While 70 percent of Recovery Act funds are intended to be spent by September 2010, NACo knows that counties will continue to manage the remaining funds for several years. NACo plans to continue to provide Recovery Act information and assistance, and to find other ways to help counties through these tough financial times. (NACo)

Partnership campaign featured policy discussions, briefings

The Restore the Partnership Campaign remains an important part of NACo's efforts to build its relationship with President Obama's Administration and Congress. With the Administration, county officials are now directly involved in policy discussions and their input is sought on a variety of issues.

With Congress, the campaign is moving forward by holding Congressional briefings and working with Rep. Gerry Connelly (D-Va.), who introduced H.R. 3233, to create a national commission that will study intergovernmental relations. Over the past 12 months, NACo has held four briefings for Congressional staff explaining the roles and responsibilities of counties on these critical issues: immigration, health care, transportation and the H1N1 virus. NACo is also working with Rep. Connelly to create a Congressional caucus of former county officials. (NACo)

Program offers access to health, human services

NACo launched the Network of Care (NOC) in 2009 to provide consumers, community-based organizations and local and state governments with access to a wide variety of information relating to health and human services. The NOC, powered by Trilogy Integrated Resources, is a highly interactive, single information internet network.

Through NOC, individual county-based websites are created for behavioral health, aging and people with disabilities, developmental disabilities, military service members and veterans, and public health.

The NOC for Service Members, Veterans and their Families contains more than 15,000 web links and 250,000 pages of information helpful to veterans, service members and their families to successfully manage deployment or reintegration and to deal with mental/behavioral health, employment and housing. This tool was first modeled in California and Maryland with collaboration from the military, veterans and county mental health professionals. More information can be found at <http://veterans.trilogyir.com>.

NACo has joined with the National Association of County/City Health Officials (NACCHO) to offer a local Healthy Communities web portal to help people find and access health information and resources. The site includes more than 100 color-coded community health indicators, such as diabetes rates, domestic violence, drug use and exercise levels, and links users to best practices tested in other communities.

The NOC eLearning platform enables county leadership and training directors to develop, deliver and manage a wide variety of learning experiences and administrative tasks through an internet-based learning portal. By significantly expanding access to learning materials, eLearning creates a focal point for course development and continuing education for employees. It increases a county's capacity to effectively train more employees while reducing travel costs. (NACoFSCorp.)



Redesigned NACo website focuses on members

NACo has redesigned its website to provide a greater focus on officials and staff from member counties and enable easy access to a wide range of resources available to NACo members. The redesigned site also reinforces NACo as the voice of America's counties, increases NACo's overall visibility and educates the general public about the role of county government.



In the process of the redesign, careful attention was paid to how visitors would move through the site and to labeling that is easily understood. Several sections were added: "Getting Started," "Gaining Knowledge," and "Getting Involved," to help members take greater advantage of NACo's programs and services.

A new revenue-generating, subscription-based data and demographics center, called the "County Intelligence Connection (CIC)" is included in the new site. NACo members will have free access to CIC, as well as other members-only information. (NACo)

U.S. Communities saves more than \$250 million

U.S. Communities Government Purchasing Alliance, a program founded and sponsored by NACo, continues to provide significant value to local governments. The program now has 23 contracts and provides more than \$250 million in annual savings to local agencies in the United States.

The publicly solicited contracts offer best pricing on office and school supplies, office machines,

electrical and data communications, furniture, janitorial supplies, maintenance, repair and operations, parks and recreation equipment, athletic field turf, elevator maintenance and repair, technology products and solutions, uniforms and homeland security solutions. More than 40,000 public agencies, including over 2,500 counties use the program on a quarterly basis.

Over the past 15 years public agencies have saved more than \$2 billion by using this program. More information is available at www.uscommunities.org. (NACoFSCorp.)

Membership numbers drop slightly in 2010

NACo membership numbers dropped slightly to 2,313 counties, parishes, and boroughs in June 2010. This number includes some counties that have not paid, but have indicated they are rejoining. Seventy-eight counties with dues totaling \$164,000 have not renewed their membership. Eleven new members have joined since the beginning of the year with dues of \$8,500.

NACo ended 2009 with 2,378 members which was the most members in its 75-year history, but experienced a drop in membership revenue from \$4.49 million to \$4.41 million. NACo's retention rate remained high at 97.5 percent. Expectations are that NACo will continue to have a 96 percent or greater retention rate for 2010 which still ranks NACo in the highest 1/10 of 1 percent of associations in the nation. (NACo)

Prescription Discount Card Program has saved \$284 million

The NACo Prescription Drug Discount Card program has grown phenomenally since it began in 2005. The program has saved more than \$284 million on 23 million prescriptions for an overall average savings of more than 24 percent for residents in participating counties.

More than 1,300 counties, parishes and boroughs are participating in the program, which represents more than one third of the nation's counties. The program has also directly led to more than 200 new members. (NACo)



NACo helps counties secure energy efficiency funding

NACo worked tirelessly in 2009-2010 to advocate for and assist the more than 450 counties eligible to receive federal funds under the new Energy Efficiency and Conservation Block Grant (EECBG) program. NACo provided grant application and reporting assistance and e-mailed frequent program updates to a county network of EECBG grantees.

In May 2010, NACo was awarded a grant from the U.S. Department of Energy, in partnership with the National Association of State Energy Officials, to continue to provide outreach and assistance on EECBG implementation and promote innovative local energy programs.



In 2009, NACo also reached a major milestone under the association's ENERGY STAR program. With NACo's assistance, counties now have tracked and assessed the energy performance of more than 500 county courthouses and administration buildings since the program began in 2004.

This "Portfolio Manager" benchmarking process helps counties increase energy efficiency and reduce operational costs. While NACo continues to offer benchmarking assistance to member counties, a new focus of the project is information, training and assistance for county-led community-wide energy efficiency initiatives. (NACoRF)

Deferred Comp Program has helped 1 million employees

In 2010, NACo celebrates the 30th year that it has partnered with Nationwide Retirement Solutions

(formerly PEBSCO) to offer a deferred compensation (Section 457) program for county employees. During those 30 years, the program has assisted more than 1 million county employees supplement their retirement savings via tax-deferred contributions. Today, nearly 365,000 employees from more than 1,700 counties and another 1,200 county special districts have saved more than \$9.7 billion toward a more comfortable retirement. (NACoFSCorp.)

Web-based education and meetings expanded

NACo's expanded web-based learning programs have provided valuable information on critical topics to county officials and staff from across the country. Thirty-nine webinars have been held in the past 12 months in which more than 5,000 officials and staff have participated.

In addition to the vital information provided, the web-based programs save counties money on training and travel costs. As one county staff member said following a recent webinar, "Our department has eliminated training for employees because of budgetary restrictions. Therefore, being able to attend a highly beneficial, free workshop was especially appreciated."

For each program, NACo staff, industry experts and county representatives provide information in audio and visual presentations for a live, interactive session supported by telephone and internet connections. A recording of each event is available on NACo's website for further viewing.

This year, NACo has further reduced the time and expense of committee meetings by using the webinar software to convene committees. (NACo and NACoRF)



NACo promoted leadership development for officials

NACo took two significant strides to promote leadership development for county officials this year. The first was relocating the County Leadership Institute (CLI) to Washington, D.C. in June, ending a fruitful six-year partnership with New York University's Robert F. Wagner School of Public Service.

While CLI faculty and curriculum remained the same, NACo staff assumed the administrative duties formerly conducted by NYU/Wagner staff. The staff of the George Washington University's Trachtenberg School of Public Policy and Administration is NACo's new partner. IBM generously supported NACo's efforts by hosting the event at its Institute for Electronic Government briefing center in Washington. Twenty-two county officials and two state association executive directors successfully participated in this year's program.

The second was the introduction of NACo's Leadership Webinar Series in February. The webinar series was started because reductions in county training and travel budgets limited many members from attending NACo's Advanced Leadership Training seminars and pre-conference events. The webinar series includes six programs in advocacy, media relations and leadership perspectives in 2010. Leadership faculty includes NACo staff trainers and extension program educators from the University of Nebraska. Nearly 1,000 participants have participated in the first four months of programming. With this excellent response, more leadership webinars are being planned for 2011. (NACoRF)

Forums provided access to knowledge, ideas at low cost

Over the past year, more than 275 county officials and staff participated in one of five educational forums offered by NACo on the green economy, diverting people with mental illness from county jails, and public safety communications and interoperability. These educational forums focused on important community issues, offered presentations by national experts, include information about model county programs, and provided opportunities for networking, discussion and take-home action planning.

Interoperable Communications Policy Forums were held in Maricopa County, Arizona (Sept. 2009) and Mobile County, Alabama (Feb. 2010). *County Jail Diversion Forums* were held in Bexar County, Texas (Oct. 2009) and Allegheny County, Pennsylvania (May 2010). The *County Forum on the Green Economy* took place in June 2010 in Cook County, Illinois. (NACoRF)

A different type of forum was introduced at the 2009 Annual Conference. Three concurrent two-hour forums on economic recovery issues were offered to conference participants. The concurrent forums emphasized audience participation in a town hall-style meeting setting. Feedback was positive, and concurrent forums will also be held at the 2010 Annual Conference. (NACo)



Project helped counties lead on obesity prevention

In 2009, NACo completed a multi-year project called "Leadership for Healthy Communities" in partnership with the Robert Wood Johnson Foundation and other state and local organizations. The project focused on the role of local policy makers in reducing the incidence of childhood obesity, highlighting local policy strategies for increasing access to healthy foods and increasing physical activity in the community.

NACo co-hosted local policy roundtables with city and school partners around the country, provided competitively selected, hands-on technical assistance to four counties launching local obesity prevention initiatives, and produced issue briefs and other educational materials on local food systems,



transportation options, and the role of parks and land-use planning in reducing obesity.

The Leadership for Healthy Communities project helped lead to the “Let’s Move” national obesity prevention initiative led by First Lady Michelle Obama, and to enhance funding for county health prevention and wellness programs in federal health reform. (NACoRF)

Pre-trial services highlighted in new publication

NACo produced a landmark publication, *Jail Population Management: Elected County Officials’ Guide to Pretrial Services*, in 2009. The guide, written with the Pretrial Justice Institute through grant support from the U.S. Department of Justice, outlined the operational challenges and costs associated with pretrial detention, trends over time in pretrial release and money bail practices, and the hallmarks of effective county pretrial service programs. The publication was distributed to all members and received national media coverage, including a three-part story on National Public Radio. (NACoRF)

Premier Corporate Members assist county officials

NACo’s Premier Corporate Member Program continues to attract some of the largest and most innovative companies that are focused on providing solutions for county governments. The 21 Premier Corporate Members contributed knowledgeable speakers for the association’s technology summits and educational workshops to assist county elected officials understand how they can enhance citizens’ quality of life, lower the cost of doing business, sustain economic development and increase their accountability. They also actively participated on several committees, caucuses and regional meetings. Premier Corporate Members contributed greatly to the financial health of NACo through their annual dues and sponsorship dollars. (NACo)

Publications provide valuable information in tough times

In this era of tight budgets and a sluggish economy,

NACo produced a publication of *Model County Programs for Tough Times*, a compilation of 2009 Achievement Award-winning programs. Staff also provided weekly media scans of “tough times” programs implemented by counties. (NACo)

Media coverage of NACo activities increases

Media coverage of NACo programs and activities increased slightly during the past 12 months. There were 3,586 press hits from June 2009 to May 2010, compared to 3,485 for the same period in 2008-2009.

NACo received positive national media attention on various initiatives and trends:

- Findings of NACo’s “State of the Economy Survey” were reported on the front page, Sunday edition, of *The New York Times*;
- NACo was quoted in *USA Today* on county consolidation efforts;
- NACo was quoted in *The Wall Street Journal* on the increase of property tax assessment appeals.



During the 2010 Legislative Conference, NACo President Valerie Brown and President-elect Glen Whitley met with the editorial board of *USA Today*, and General Session speeches attracted national broadcast media coverage from ABC News, CBS News, NBC News, Fox News Channel, and CNN.

The NACo Prescription Discount Card Program continued to secure positive media coverage throughout the country. *Dog Fancy* magazine highlighted the program for providing unique discounts on pet medications. (NACo)



Innovation



“Digital Coast” promoting flood-resilient counties

NACo is helping the nation’s 672 coastal counties visualize the impact of potential flooding and sea-level rise in order to assist them in planning for and building flood-resilient communities. The “Digital Coast” project is a unique partnership with the National Oceanic and Atmospheric Administration Coastal Services Center and organizations that represent coastal states, conservation organizations, planners and GIS managers.

Through the Digital Coast, counties can access customized Coastal County Snapshots that provide a quick look at demographics, infrastructure and the environment and the county’s overall exposure to flooding. Other tools allow regional analysis, mapping and modeling of flood scenarios. NACo has promoted these visualization and planning tools to members at conferences, on webinars and through a 2010 publication, *Building Resilient Communities: Counties and the Digital Coast*. The future focus of the project is coastal economies. (NACoRF)

Public-private partnership innovations pursued

At its spring meeting, NACo’s Financial Services Corporation Board of Directors authorized staff to pursue pilot projects designed to enhance citizen’s quality of life, lower government cost of doing business, sustain economic development and increase transparency and accountability. Staff is

currently working with NACo Premier Corporate Members to identify and select pilot projects. If successful, these projects will become offerings of the Financial Services Center. (NACo FSCorp.)

NACo enters the “cloud”

NACo has entered the age of “cloud computing” (obtaining services through the Internet) by moving key services previously hosted on-site to a commercial data center run by a managed services firm. NACo’s e-mail services, website, and association management system are now hosted in the “cloud.”

This has permitted NACo to enhance its information technology infrastructure resiliency, flexibility, reliability and security. Cloud computing has enabled NACo to reduce costs while providing disaster recovery and business continuity capabilities. (NACo)



Cost savings implemented for awards, meetings

Changes were made to the 2010 Achievement Award applications process, using NACo’s NetForum database. Applications were distributed online (no mailings as in past years, saving on reproduction and postage). Payments and initial processing were done online by applicants.

Two meetings of the Advisory Board of the National Center for the Study of Counties were conducted using the GoToMeeting software, increasing participation and significantly reducing costs. (NACo)



The Future

Congress poised to act on legislation critical to counties

Congress is ready to enact a number of provisions favorable to counties under “The American Jobs, Closing Loopholes and Preventing Outsourcing Act of 2010”, known as the tax extenders legislation. Key provisions include:

- Reinstatement of the geothermal receipts formula;
- Restoration of the flow of credit to small businesses;
- Extension of the R&D Tax Credit;
- Extension of Empowerment Zones and Renewal Community tax incentives;
- Continuation of the Build America Bonds and Recovery Zone Bonds;



- Funding of the summer youth jobs program;
- Strengthening the solvency of the Oil Spill Liability Trust Fund;
- Extension of Unemployment Insurance and COBRA;
- One-year extension of the TANF Emergency Fund;
- Extension of the National Flood Insurance Program through December 31, 2010;
- Provision of funds for the National Housing Trust Fund (NHTF); and
- Addressing an inequity in the funding of surface transportation projects. (NACo)

NACo launches Dental Discount Program for residents

Thirty-eight counties have agreed to be a part of the pilot Dental Discount Program for NACo members. The program will provide residents in those counties with cards that will save from 5 percent to

50 percent on a full complement of dental services. The cards will cost \$59 a year for individuals and \$69 a year for families.

To ensure that the pilot is an effective test, counties from three population groups are included. The pilot counties represent 24 states with populations from 40,000 to 3.6 million and different geographic regions of the country.

NACo is partnering with Careington, Inc. to provide the program. Careington was chosen following a request for proposal process, a review by the Dental Discount Program Task Force and a vote by the Board of Directors last year. If the one-year pilot program is successful, NACo will expand the program to include all member counties. (NACo)

Future publications include open records laws, county roles

New research publications that are planned include a state-by-state look at open records laws, and a state-by-state look at the responsibilities of county government (a companion piece to the County Government Structure publication). These reports will be published in late 2010. (NACo)

Health, justice, local economies key program priorities

Financial support from federal agencies, private foundations and corporate partners continues to enable NACo to deliver information, training and assistance to members that otherwise would not be possible. To serve members in 2010 and beyond, NACo is focusing program and grant development on the following priorities: county health programs and health reform implementation; justice programs and justice “reinvestment” strategies; the county role in providing services to military veterans, returning service members and their families; and sustainable, regional economic development.

NACo is also exploring avenues to build on current projects that promote flood and wildfire resilient communities, and to position the association to assist counties with disaster mitigation, response and economic recovery. Popular programs, such as the Green Government Initiative, Five Star Restoration Program and rural road safety, will also continue. (NACoRF)



Financial Information

NACo ends 2009 with net operating surplus of \$1.1 million

NACo’s consolidated financial operations ended the 2009 fiscal year with a net operating surplus of \$1.1 million, exceeding the operating budget by \$516,000. Operating income declined .8 percent from 2008, while operating expenses increased by 1.2 percent.

Revenue from NACo’s for-profit subsidiaries remained constant from 2008. In addition to providing valuable services to local government agencies these programs contributed almost \$6 million to the NACo bottom line. During 2009 counties saved more than \$150 million on \$1.4 billion in purchases through the U.S. Communities Purchasing program.

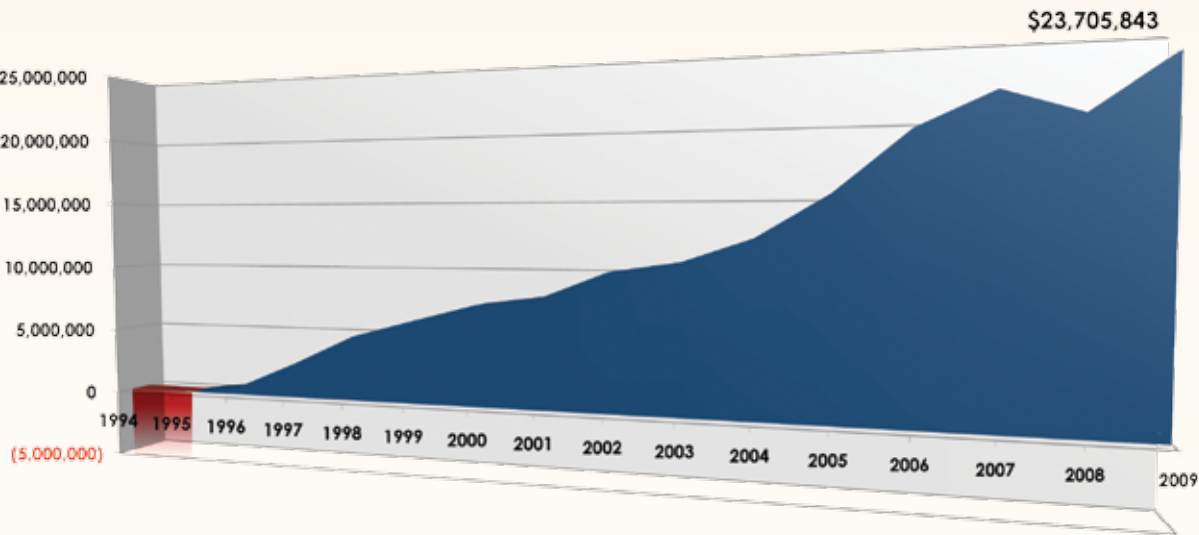
Conference and meetings revenue continued to be a vital part of NACo’s operations as program

revenue increased by 3.7 percent to \$2.6 million. Program revenue comes from attendee registration, exhibitor fees and program sponsorships of the Legislative, Annual and Western Interstate Region conferences.

Revenue from county and corporate membership exceeded \$5 million as county membership hit 2,378 counties at the end of 2009, an increase of four members over 2008. This continued a membership growth trend that started in 1995, when NACo started the year with 1,704 counties.

Net assets increased by \$3.6 million to \$23.7 million, based on \$2.4 million in unrealized gains in the NACo reserve investment portfolio. Over the past ten years, the reserves have almost tripled in size.

Net Assets



Net Assets at the beginning of the year: \$20,146,638

Net operating surplus: \$1,118,500

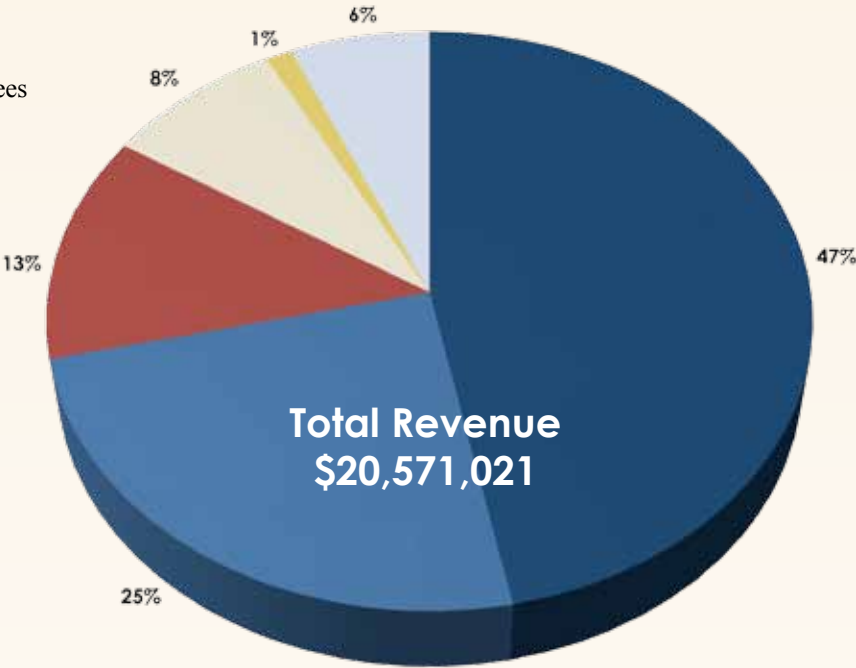
Unrealized investment gains: \$2,440,705

Net Assets at the end of the year: \$23,705,843



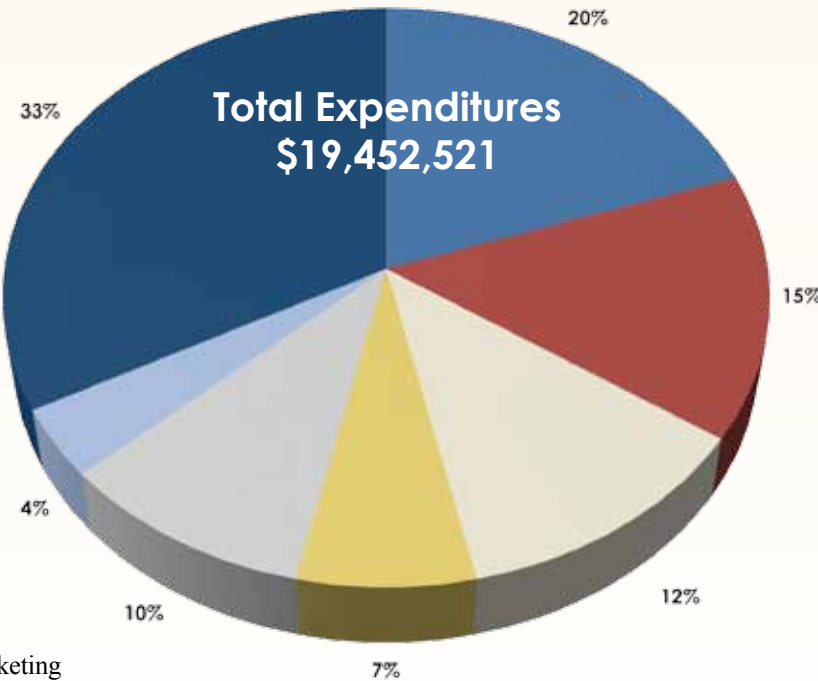
Sources of Revenue

- NACoFS Corp: Royalties & Fees
\$9,635,640
- Membership Dues
\$5,040,552
- Conferences
\$2,610,645
- Grants & Contracts
\$1,698,659
- Investments (realized)
\$251,763
- County Programs/Services
\$1,333,762



Expenditures by Program

- Management & Administration
\$6,378,797
- NACoFS Corp
\$3,830,498
- County Programs & Services
\$2,874,339
- Legislative
\$2,352,452
- Grants & Contracts
\$1,335,511
- Conferences
\$1,928,404
- Membership Development & Marketing
\$752,520





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