



NACo Annual Report 2011 - 2012

Healthy Counties, Healthy NACo

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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.



About NACo – The Voice of America's Counties

The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research, and provides value-added services to save counties and taxpayers money.

In August 2006, NACo was named one of nine remarkable associations in the United States after a four-year study conducted by the American Society of Association Executives and The Center for Association Leadership because of its commitment to members and purpose.

With its headquarters on Capitol Hill, NACo is a full-service organization that delivers its services through its dedicated and skilled staff who comprise the following departments: Executive Office, Legislative Affairs, Public Affairs, County Services, Information Technology, Financial Service Center and Finance and Administration.

NACo Executive Committee



Hon. Lenny Eliason
President
Commission President
Athens County, OH



Hon. Glen Whitley
Immediate Past President
County Judge
Tarrant County, TX



Hon. Christopher T. Rodgers
First Vice President
Commissioner
Douglas County, NE



Larry E. Naake
NACo Executive Director
Washington, D.C.



Hon. Linda Langston
Second Vice President
Supervisor
Linn County, IA



President's Message

Healthy counties are important for our country's future; many accomplishments during Naake's tenure

Dear Colleague,

My term as the 2011 – 2012 NACo President was busy, exciting and productive. There were challenges. But that's what made it exciting. Thank you for allowing me to serve you as your President. I've had the opportunity to promote positive health choices as my presidential initiative, met with Administration and Congressional leaders, lobbied on county issues in the nation's capital, and traveled to state meetings to learn about the critical issues facing you and other county officials across the country.

The NACo officers and I also had the challenge of selecting a successor to Larry E. Naake, who is retiring as Executive Director after 21 years. This was not an easy task. The successor will have big shoes to fill.

There have been many accomplishments during those two decades. Larry became Executive Director when NACo was facing a difficult financial situation. He made the necessary cuts, reorganized the association and sought other revenue sources to ensure NACo's viability for many years in the future.



Thanks to Larry's steady direction, NACo is now sound financially, has been recognized as a top association, and is an innovator of new programs to help counties. Larry set the tone for achieving the best. He gave staff the freedom to experiment, and, sometimes, fail. But the goal was always to improve NACo and find ways to help counties better serve their residents.

This period of change creates new opportunities for NACo. I am confident that the new Executive Director will carry on Larry's tradition and will make NACo even stronger.

The other challenge for me this year was my presidential initiative, which was Healthy Counties. I wanted to concentrate on promoting healthy lifestyle choices and the prevention of chronic diseases. We were able to show that counties can demonstrate ways to live healthy that will result in reducing health care costs.

One of the main activities of the initiative was a forum, "Creating Healthy Counties: Investing in County Health in Tough Economic Times," held in December 2011 in Washington, D.C. Approximately 65 county officials and staff

participated in the forum. The forum exceeded my wildest dreams and provided time for county officials to review health systems and discuss the best way to provide services.

During the year, NACo also held various webinars and workshops on these topics, and a Race to Healthy Counties Run/Walk is scheduled to get county officials moving at the NACo Annual Conference in July.

We plan to hold another forum in December this year and will continue to help counties help their residents live healthier. I believe that counties can be leaders in shifting the health care paradigm from acute care to prevention. I encourage you to have your county set an example. Join me as an example of living healthy by choice not by chance.

My program was part of the Healthy Counties Initiative, which was launched in 2011. It is a public-private partnership governed by an advisory board of NACo members and 11 corporate partners that provide knowledge and financial support to the program. This ongoing initiative provides information, training and assistance to member counties on health-related issues.

I also continued the Veterans and Military Service Task Force that was started by Tarrant County Judge Glen Whitley, when he was NACo President last year. Our focus is to ensure that our returning servicemen and servicewomen receive the help they need when they return to our counties.

Last year, for the first time, county officials participated in a summit at the White House with the President, Vice President and cabinet secretaries. It was a great exchange of ideas and information.

In January of this year, another meeting was held at the White House for state association of counties presidents and executive directors. Officials from four Cabinet level departments provided briefings on issues and then answered questions. The issues were transportation, health care, community development and agriculture. It was an productive and worthwhile meeting.

We have a new level of access with the federal administration and we will continue to work to improve that access for our county officials.

In addition, over the past 12 months, we have had legislative victories, new programs starting, successful conferences and meetings and a financially sound budget year. This report provides information on all of these activities and more. I hope it gives you a good idea of how NACo is working to help you and the residents of your county.

It has been a pleasure to serve you as President of NACo.

Sincerely,

A handwritten signature in dark ink that reads "Lenny Eliason". The signature is fluid and cursive.

Lenny Eliason

Executive Director's Message

It has been a pleasure and an honor to serve America's county officials

Dear NACo Member,

It is with very mixed emotions that I present this last Executive Director's message for the NACo Annual Report. As many of you know, I will be retiring at the end of this year. With all sincerity, it has been a pleasure and an honor to serve America's county officials, the hardest working and most important government officials in the country.



Serving as NACo's Executive Director has been a truly great and exciting experience. Together, we have accomplished much during the last 21 years and working with four National Administrations. All of these successes have been the result of leadership, hard work, purpose, dedication and cooperation on the part of the NACo officers, the Board of Directors, county officials like you and your colleagues, and, of course, the NACo staff.

Among a few of the successful highlights during the past two decades are:

- major legislation to stop unfunded mandates;
- making NACo financially sound by moving from a significant deficit to a significant reserve totaling more than our annual operating budget;

- launching the U.S. Communities cooperative purchasing program to provide a diverse revenue base for NACo and save counties and other local governments hundreds of millions of dollars each year;
- developing the highly successful Prescription Discount Card Program;
- growing our deferred compensation program with Nationwide Retirement Solutions to help county employees prepare for retirement;
- getting Presidential candidates to focus on counties through our "Restore the Partnership" efforts;
- establishing the County Leadership Institute that has graduated hundreds of county leaders over the past decade; and
- creating the "Counties Work" program with former Justice Sandra Day O'Connor and her iCivics organization that will certainly raise the awareness and understanding of county government in the years to come.

There are many other achievements, like being recognized by the American Society of Association Executives as one of nine outstanding associations in the United States; growing NACo's membership from some 1,700 counties to over 2,400 counties; and major legislative victories on key county issues (our success ratio of over 70%). The list is long.

We should all be proud of these accomplishments and successes that we have achieved through hard work, vision, a sense of purpose, and a sense of community.

It is not easy leaving an organization that I have been a part of for more than four decades and an organization that I love and am proud of. Joan and I have made friends all over the country during that period and have had the opportunity and honor to work with so many good and dedicated people. I will still be around in an advisory role as needed, but will now have more time to travel, volunteer, read, and maybe even improve my golf game.



I leave knowing that NACo will be in capable hands with the leadership, the new Executive Director, and the wonderful, effective NACo staff. NACo will continue to grow and be a proud, strong voice for America's Counties.

Thank you for the opportunity to serve you and our counties. It is an experience of a lifetime with many wonderful memories.

Sincerely,

A handwritten signature in black ink that reads "Larry E. Naake". The signature is fluid and cursive.

Larry E. Naake

1991 Naake named Executive Director ①
National County Government Week launched to raise public awareness



1

Achievements during Naake's Tenure as Executive Director

1994 NACo members march to U.S. Capitol to rally against unfunded mandates ②
Financial Services Center founded – NACo's for-profit center



2



3

1995 President Clinton signs Unfunded Mandates Reform Act ③
U.S. Communities, cooperative purchasing program, created



5

1997 TEA 21 transportation ⑤ legislation signed into law



4

1996 First NACo website – www.naco.org – launched ④
NACo information technology department created

2000 Acts of Caring Awards to recognize county volunteer efforts launched
Goal of 2,000 NACo members by the year 2000 achieved

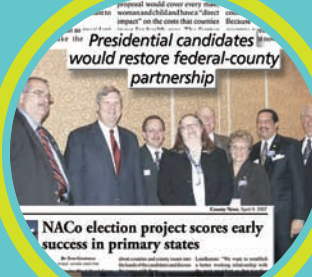


6

2001 Election Reform Commission created to make recommendations as a result of 2000 election
Homeland Security Task Force appointed to guide NACo's response to Sept. 11 attacks ⑥

2002 NACo begins partnership with Japan Local Government Center that includes participation in an annual seminar hosted by the Council of Local Authorities for International Relations to promote international trade for counties

2004 County Leadership Institute holds its inaugural class



7

2006 NACo named one of nine outstanding associations by the American Society of Association Executives ⑨
The American – Israel Friendship League invited 15 county elected officials to Israel to participate in an exchange to meet with national, legislative and regional officials
NACo partnered with the National Democratic Institute for International Affairs to bring 15 municipal councilors from six Persian Gulf countries to the U.S. to learn about local government here



8

2005 NACo leads fight to stop meth abuse in America ⑧
NACo, with Siemens as the host, takes delegation of county officials to Frankfurt, Germany to view and travel on the Superspeed Maglev System Transrapid
NACo donates \$227,910 to help counties and parishes recover from hurricanes Katrina and Rita



9

2007 2008 Presidential Election Project launched, later to become Restore the Partnership Campaign ⑦
NACo opens new office at 25 Massachusetts Ave., NW, Washington, D.C.
First issue of NACo e-News produced – electronic newsletter now sent to 37,000 officials and staff

2009 NACo starts webinar program on key issues



10

2010 NACo celebrates 75 years of serving America's counties
NACo Deferred Compensation Program marks 30th anniversary of helping the nation's county employees save for retirement
NACo acts to assist Gulf of Mexico counties in wake of BP Deepwater Horizon oil spill ⑩
NACo continues its exchange program with the Chinese People's Association for Friendship with Foreign Countries, a program to encourage international trade

2008 NACo begins participation with United Cities and Local Governments organization and has one seat on the UCLG Executive Bureau and two seats on the World Council to help promote trade for counties



11

2011 Counties Work, an online game about county government for students, created
White House meeting held with President, Vice President, ⑪ cabinet members

2012 Naake retires in December 2012

Presidential Initiatives

Healthy Counties Initiative Engages Members in Forum, Webinars and Walk

President Lenny Eliason focused the NACo Healthy Counties Initiative on improving individual and community health, including the importance of nutrition, physical activity and local food systems. Through workshops, webinars, and forums, Eliason's initiative highlighted county programs that are making headway on addressing local health issues.

A highlight was the Healthy Counties Forum held in Washington, D.C., in December. More than 65 NACo members participated in the 1½ day forum to explore solutions in local health delivery and community health, and to further understand the impact of federal health reform on counties and our residents. Planning for a 2012 forum is currently underway.

In July 2011, President Eliason moderated a workshop on public-private partnerships at the NACo Annual Conference. In particular, Eliason highlighted the Coronary Health

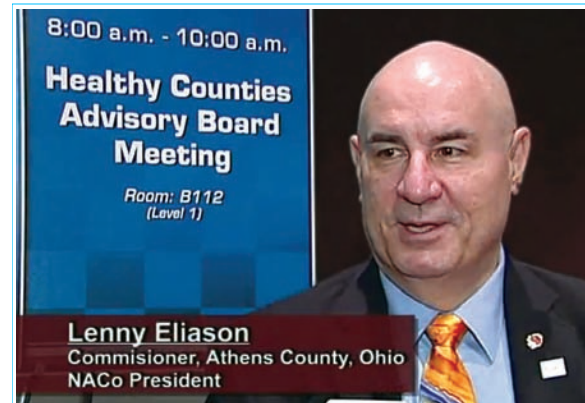
Improvement Program (CHIP) model used in Athens County, Ohio. At the 2012 NACo Legislative Conference, Eliason facilitated a panel regarding return on investment of initiating health policies and programs.

NACo also held webinars on various topics, and a database of county programs has been enhanced to catalog county programs addressing a wide array of county health policies and programs. A Race to Healthy Counties Run/Walk is scheduled to

get county officials moving at the NACo Annual Conference in July.

President Eliason also engaged national partners and the Administration to address local health:

- Each year, the Robert Wood Johnson Foundation and the University of Wisconsin release the County Health Rankings, which ranks counties within a state based on health indicators. Eliason provided comments on the rankings. Visit the blog post at: www.naco.org/healthycountiesinitiative.
- Eliason worked with the First Lady Michelle Obama's initiative, "Let's Move" to include counties in her effort



to encourage healthy eating and active living in our communities. Work continues with the office to engage county elected officials to address prevention and wellness at the local level.

- Eliason attended the launch in New York City of CBS EcoMedia's wellness ads. The program, a part of the NACo Healthy Counties Initiative, will provide financial support for local initiatives that enhance coverage, access to and coordination of health care for vulnerable populations in the community, including health services in hospitals, community health and promoting community public health, prevention and wellness programs, as well as increased physical activity and healthy eating.

The NACo Healthy Counties Initiative, launched in 2011, is a public-private partnership governed by an advisory board of NACo members and 11 corporate partners that provide knowledge and financial support to the program. Partners include: CBS EcoMedia, American Beverage Association, Health Dimensions Group, Healthstat, Trilogy Integrated Resources, Inc., Jamba Juice, ESRI, Cenpatco, Cisco, Stroudwater Associates, Premier, and the NACo Prescription Discount Card Program.

Veterans and Military Service Task Force addresses key issues

As part of a second Presidential Initiative, NACo President Lenny Eliason continued the "Veterans and Military Service Task Force" (VMSTF) to address issues important to veterans, members of the armed forces and military families. The task force focuses on best practices and policies in four major subject areas: (1) physical and mental health, substance abuse, and suicide prevention; (2) housing and homelessness; (3) employment services and access to employment; and (4) justice system, including law enforcement, courts and probation.

The goal of the task force is to encourage NACo and its members to develop and highlight county best practices and policies that promote innovative programs, services and benefits for our nation's military, veterans and their families. To meet this objective, NACo created a webpage to collect and share what counties throughout the country are doing to support our military. First Vice President Chris Rodgers will turn the task force into an ad hoc committee, signaling continued support for our military and their families.

You can view the website at: www.naco.org/about/president/Pages/VeteransandMilitaryTaskForce.aspx.

Accomplishments

Legislative action yields victories on PILT, 3% withholding, D-Block

NACo pushes for PILT and SRS funding

NACo has actively lobbied for continued mandatory funding for both the Secure Rural Schools (SRS) and Payment in Lieu of Taxes (PILT) programs. Currently, the Senate has passed legislation that would provide a one-year extension of SRS and PILT. Language was included in the House Budget that identifies both PILT and SRS as key priorities for FY 2013.

NACo is working closely with key House members to ensure that the House follows through to identify, pass, and subsequently sign a funding solution into law. NACo and Western Interstate Region advocacy activity has included coordinated PILT and SRS fly-ins as well as numerous opportunities to testify before Congress to provide direct remarks on the importance of maintaining both critical programs.



Three percent withholding requirement repealed

NACo scored a major victory last year when Congress approved and the President signed into law the bill to repeal the Three Percent Withholding requirement.

The three percent withholding requirement would have mandated many county governments, starting in 2013, to begin withholding three percent from payments for goods and services and then remitting the amounts to the U.S. Treasury. Given the current economy, the requirement posed serious fiscal and administrative implications on county governments because no funding was provided for federal, state or local government entities to assist with implementation.

D-Block spectrum transfer approved

NACo scored another major victory for counties when Congress voted to include the reallocation of D-Block spectrum in the payroll tax package conference report. The President has signed it into law.

The measure would provide \$7 billion for the public safety network; would not require the proposed give-back of 700 MHz narrowband spectrum used for voice; would require the reallocation of the T-Band spectrum within 11 years; and

provide for a governance model for the network that would include state, local and tribal officials. The bill would also provide \$15 billion for the Treasury from spectrum auctions in other bands. It also provides funding for a Next Generation 911 system.

NACo pushes for rural development in Farm Bill

NACo has made a strong push for more than a year to ensure that rural development would be made a priority in the 2012 Farm Bill. In February 2011, Don Larson, chair of the NACo Agriculture and Rural Affairs Steering Committee, urged the House Agriculture Committee to make rural development a priority.

In June 2011, President Obama signed an Executive Order establishing the White House Rural Council, and NACo members and leadership have been actively engaged in influencing the council. NACo's Agriculture Committee and the Rural Action Caucus (RAC) have engaged in nearly monthly conference calls directly with the council's chair, Agriculture Secretary Tom Vilsack. NACo's rural leadership also participated in the Rural Economic Forum held on August 16 in Peosta, Iowa, and presented NACo's rural priorities directly to the President.

The NACo-led Campaign for a Renewed Rural Development in September 2011 called on Congress to include a strong and comprehensive Rural

Development Title in the 2012 Farm Bill to create jobs and promote economic growth. The campaign is a diverse coalition of 32 national organizations touching nearly every building block of the U.S. economy.

In February 2012, a NACo representative testified jointly with the National Association of Development Organizations and urged the U.S. Senate Committee on Agriculture, Nutrition, and Forestry to make rural development programs and funding a priority in the Farm Bill.

The RAC fly-in in March 2012 included Congressional Rural Caucus Briefing: "Rural Development in the Farm Bill – Perspectives from Rural County Elected Officials." Congressional Rural Caucus Co-Chair Adrian Smith (R-Neb.) and Rep. Mike McIntyre (D-N.C.) offered brief remarks at the beginning of the briefing



Reps. Mike McIntyre (D-N.C.) and Adrian Smith (R-Neb.) answer questions before a Congressional Rural Caucus briefing on the 2012 Farm Bill. McIntyre and Smith are co-chairman of the caucus.

and demonstrated bipartisan support for rural county priorities. Representing NACo as panelists were NACo President Eliason, Commissioner, Athens County, Ohio; Supervisor Lu Barron of Linn County, Iowa, NACo's RAC chair; and Commissioner Larson, Brookings County, S.D, Agriculture Committee chair.

Recently, President Eliason, VP Rodgers, Executive Director Larry E. Naake and RAC leadership met directly with White House Rural Council staff and brought forward a list of unfunded federal mandates and preemptions that counties are facing. During Senate debate on the Farm Bill, NACo organized a successful coalition effort of over 185 national organizations to support an amendment to reinstate \$150 million for rural development programs. NACo will keep pushing until the goal is achieved.

Opposition leads to change on Wild Lands policy

Following the issuance of Secretarial Order No. 3310 by Department of Interior Secretary Ken Salazar, NACo actively lobbied both the Congress and the Administration to revoke or overturn the order because it would have directed the Bureau of Land Management (BLM) to inventory, designate and manage federal lands as wilderness independent of the United States Congress.

Following strong opposition by elected county officials, the public and other stakeholders, the Department of the Interior conceded and announced they would not

work to implement the "Wild Lands" policy. NACo continues to advocate that counties should be fully involved as affected partners in any process to designate wilderness.

Airport Bill passed

After 23 extensions, the federal aviation and airport legislation was signed into law on February 14. The legislation included NACo priorities of a reauthorization of the Airport Improvement Program and a reformed and well-funded Essential Air Service program.

NACo secures key provisions in Transportation Bill

NACo was successful in securing provisions in the recently enacted Transportation Reauthorization legislation including: saving the Off-System Bridge program; adding project or environmental streamlining provisions leading to a faster approval process for county projects undertaken with federal funds; obtaining a one-year extension for PILT and SRS; enacting the Restore Act (BP funds directed to the 5 states affected by the Deepwater Horizon spill); and including a five-year extension of the National Flood Insurance Program (NFIP). NACo also beat back efforts that were aimed at removing mass transit from using any Highway Trust Fund dollars. In addition, NACo defeated changes to the transportation planning statute that could have led to reduced authority for some small metropolitan planning organizations and other areas as well as efforts to exclude them from participating in metropolitan planning efforts.



U.S. Communities provides savings of \$200 million

The U.S. Communities program provided more than \$200 million in savings to public agencies in 2010 and similar savings in 2011. The program now has 30 suppliers selected through publicly solicited contracts. Over 50,000 registered public and non-profit agencies are registered to use the program.

As projected, U.S. Communities total sales dropped by 25% to \$1.2 billion in 2011 due largely to the change in office supply vendors. However, other suppliers on the program enjoyed 16-20% growth in sales in 2011. The sales goal for 2012 is \$1.5 billion, reflecting stronger performances in the office supply contract, continued sales growth for other suppliers and the addition of new contract offerings, such as flooring, temporary staffing solutions, and facilities solutions.

View all contracts at:
www.uscommunities.org. (NACoFSCorp)

Steps taken to advocate for inmate health benefits

NACo continues to advocate that jail inmates have access to federal health benefits. Through a project addressing health benefits for jail detainees, NACo commissioned a legal brief to examine the provision in the Affordable Care Act that would allow pre-trial detainees access to health coverage.

While individuals pending disposition of charges would be able to enroll in health plans offered on state health insurance exchanges, further guidance is needed to clarify whether inmates could have access to Medicaid. Guidance is also needed to determine whether jails will be able to bill health plans for services provided to individuals held pre-trial. NACo has submitted comments to the U.S. Department of Health and Human Services on proposed rules that cover these issues and is awaiting a decision. (NACo/NACoRF)

NACo Prescription Discount Card Program yields \$470 million in savings

Since the Prescription Discount Card Program was approved for all counties by the NACo Board of Directors in 2005, the program has grown phenomenally. More than 1,400 counties, parishes and boroughs have signed on to the program, while another 700 counties have inquired about participating. The participation total represents 45 percent of the nation's counties. The program has saved more than \$470 million on over 37 million prescriptions for an overall average savings of 24 percent.

The NACo Board approved a new marketing reimbursement fee option where counties can choose to receive \$1 per prescription when the card gives the best price while preserving the current savings percentage. Counties that choose to stay with the current program will see the nationwide average savings increase by 2 to 2.5%.



Other new resources have been added such as a special lightweight bill stuffer version of the card brochures, shipping of cards to multiple pharmacies and county locations, press release and radio PSA assistance and personalized marketing support. The track record of the program continues to prove that the program has the best combination of savings, size of participating pharmacy network and ease of use and understanding model. (NACo)

Surveys inform NACo policy, provide information for advocacy and publicize counties

Surveys continue to be an important part of NACo's advocacy and public affairs strategies. Among the many surveys conducted in 2011-2012 were "Fixing It: Infrastructure and the Economy," "Coping with the New Normal" and the 2012 Local Government Operations Survey. Survey effectiveness depends on the willingness of our members to complete them, and NACo is pleased to have the broad support of our members and affiliates in this important work. (NACo)

Publications help counties better serve their citizens

Long a mainstay of NACo services, publications add value to a county's association membership by offering education on issues, advice, information on best practices, how-to guides and more. In order to save costs and the environment, all publications are offered online; very few copies are printed. Key titles published in the past year include:

- ❏ *Reapportionment – A State-by-State Report*
- ❏ *Volunteer Toolbox*
- ❏ *A Look at the History of Municipal Bankruptcy*
- ❏ *Responding to the New Realities – Case Studies in County Governance* – published by National Center for the Study of Counties
- ❏ *Reshaping County Governance – A Look at City-County Consolidation Efforts*
- ❏ *2011 Smart Governance Best Practices*
- ❏ *Looking for the Light at the End of Tunnel – A Commissioners Opinion Poll* – conducted by the National Center for the Study of Counties (NACo)



Changes to website improve look and access

NACo's website is undergoing some fine-tuning this year as part of a content management system upgrade. Changes to be made to the home page and *County News* online include better design, easier access to content and more functionality for the visitor. Mobile access will also be added to give county officials an easier way to get to county and NACo information. (NACo)

Twenty-one Network of Care sites installed in 2011

The Network of Care (NOC) is a highly interactive, single information internet network that develops unique county websites for behavioral health, aging and people with disabilities, developmental disabilities, children and families, domestic violence, and public health. The NOC websites allow consumers, caregivers and providers to access critical service information, support and advocacy, and communication tools. Available resources in the NOC include an easy-to-use service directory; comprehensive health library; secure, personal health record-keeping tool for consumers and caregivers; a political advocacy tool; and, links to pertinent web sites from across the nation.

In 2011, 21 new NOC sites were installed. NOC's re-designed electronic learning management system and the creation of the Aging and Disability Resource Centers, a smaller, less expensive version of the Aging site, were among the new offerings by NACo's supplier, Trilogi Integrated Resources. The Healthy Communities website was also redesigned to be a pre-eminent resource for public health officials



and policy makers. The site received national recognition from the U. S. Department of Health and Human Services as a tool that could make a positive difference in health care and health care delivery in America's counties.

For more information, please visit: www.networkofcare.org. (NACoFSCorp)

Innovative companies attracted to Premier Corporate member program

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 23 Premier Corporate Members contributed knowledgeable speakers for NACo'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)

National, Capitol Hill media turns to NACo

NACo received positive national media coverage for its advocacy efforts and programs, and continued to serve as a credible authority on trends in county government and economic conditions:

- *USA Today* (front page) and *The Wall Street Journal* quoted NACo saying that cash-strapped local governments have struggled to pay for rising numbers of indigent burials during the economic downturn.
- National Public Radio turned to NACo to explore the misunderstood relationship between property taxes and home values.
- Thompson-Reuters cited findings in a NACo survey indicating that counties are settling into a "new normal" of

revenue, staffing and service delivery after years of revenue losses.

- *The Hill*, an influential Capitol Hill newspaper, reported on NACo's support of legislation that would help local government collect sales taxes from online purchases.
- *American City & County* magazine quoted NACo saying many counties are writing social media policies to manage content and coordinate its use among departments.
- *National Journal*, *The Hill*, and *American City & County* magazine cited findings in a NACo survey of 400 county engineers indicating that the nation's roads and bridges are in desperate need of federal assistance.
- A *Sacramento Bee* editorial cited a NACo publication on the benefits of pretrial services. (NACo)



Innovation

Counties Work teaches students about county government

In July 2011, as part of NACo's County Government Works Initiative led by President Glen Whitley, Tarrant County, Texas, NACo created an online game, Counties Work, for students in grades 6 – 12 to learn about county government. NACo partnered with iCivics, a nonprofit, founded by Retired Supreme Court Justice Sandra Day O'Connor to create the game as well as a curriculum for teachers. While playing the game, a student will serve as a county official responsible for providing services, dealing with citizen requests, setting and raising revenues, and working within a budget. Along the way, students will learn about the various services provided by county departments while having to make tough decisions.

The game has been a huge success. In the first year, more than 200,000

individuals have played the game. County officials across the country are making schools in their county aware of this great educational tool for the classroom. In May 2012, the American Society of Association Executives (ASAE) presented NACo with the 2012 Gold Circle Award for Innovative Communications.

The game was made possible by financial contributions from NACo, iCivics and CVS/Caremark. (NACo)

Interactive, online green purchasing toolkit launched

In October 2011, NACo launched an interactive web-based resource to help counties save money while purchasing more environmentally-friendly products. The County Green Purchasing Toolkit was developed to share the green purchasing knowledge and experience of innovative counties. Through the toolkit, county leaders can learn from county successes in finding green products, setting goals, developing effective policies, and educating staff and community members about how to save money while purchasing green. The toolkit was developed as a product of the NACo Green Government Initiative. (NACoRF)

New approaches to learning enhance the conference attendee experience

For the first time, most workshop presentations at the Legislative and Annual Conferences were made available on the NACo website for attendees to view post-conference. This benefit allows conference attendees to take advantage of sessions that they may have missed during the conference due to scheduling conflicts, and to share conference learning with colleagues back home who might not have been able to attend the conference.

Recognizing our members' increasing use of social media, a Twitter hash tag has been created to communicate with first-time conference attendees, providing them with information about special events and sessions they might wish to attend. First-timers in record numbers (more than 150) also enjoyed a new format for the First Time Attendees Orientation and gave it high marks in their evaluations of it.

Conference attendees who complete a conference evaluation form can receive workshop attendance verification from NACo – useful for their personal continuing education certification requirements. Finally, a new Virtual Learning Community offers three categories – NACo News You Can Use, County Ideas that Work and Leadership Series – for educational programming and other learning opportunities. (NACo)

NACo | VIRTUAL LEARNING COMMUNITY

International Economic Development Task Force created

NACo has formed an International Economic Development Task Force to help counties position themselves in the global marketplace to grow local economies and create jobs in our communities. The task force is working with federal agencies, the international community, and other organizations to promote exports and attract foreign investment to the U.S., covering topics such as agriculture and food supply, tourism, infrastructure and energy.

Through this program, NACo seeks to help counties establish relationships that promote business, educational and cultural interests, and to share capacity, leadership and technical expertise between U. S. counties and local governments abroad. (NACo)

NACo introduced an “app” for the 2012 Annual Conference

For the first time, NACo introduced an “app” for the 2012 Annual Conference. In conjunction with the David L. Lawrence Convention Center in Allegheny County, an application was created to provide attendees conference information at their fingertips. If you carried an iPad, iPhone or Droid device you were able to get up-to-the minute information on transportation, conference schedules and more! An analysis will be compiled on how people use the application and how it can be modified and improved for future conferences. (NACo)



E-Commerce capabilities enhanced

NACo’s e-commerce capabilities have been enhanced to enable conference registrants to register guests online. The ability for members to create new accounts has been improved. Improvements to the e-web site (e-commerce interface to the NACo Web site) allow corporate associate memberships and County Intelligence Connection (CIC) subscriptions to be purchased on-line. Changes have been made to streamline and enhance the Achievement Award submission and payment process to encourage more award submissions. Finally, customers are able to submit and pay for jobs classification listings on-line. (NACo)

The Future

Rodgers to examine successful, “smart” justice systems

First Vice President Chris Rodgers plans to lead a national initiative to highlight “smart” justice policies and practices. Utilizing the hallmarks of evidence-based and data-driven programs, the goals of the initiative are to further build knowledge and capacity for successful justice policies and practices among the nation’s counties, and to closely examine the need for federal, state and local government collaboration in making communities safer and utilizing taxpayer money effectively and efficiently in the justice system.

Issues to be explored include pre-trial services, post-release service coordination, justice and mental health collaboration, supportive housing, and employment. (NACo and NACoRF)



IT seeking changes to improve effectiveness

The Information Technology Department staff is exploring phone resiliency technology that would allow seamless business continuity in the event of a disaster at the office. The technology will allow NACo staff members to continue working from remote locations and still receive business calls as if they were at the office. Also in support of business continuity, the technical support staff are testing an online backup system for laptops, which automatically kicks in whenever the laptop senses an internet connection, whether in or out of the office, to make sure that staff backups are always current.

In addition, the IT Department staff is planning for the deployment for Microsoft Lync which will allow instant messaging communications among NACo staff. This system includes “presence” which allows each staff member to determine other staff members’ availability status at a glance, as well as video conferencing.

Also, the IT Department staff recently upgraded/ consolidated virtual private network (VPN) and perimeter firewalls into one multifunction Cisco firewall.

This provided significant cost savings and streamlined network management. This solution is currently undergoing testing by staff members and will be made available to the entire staff soon. Likewise, the IT Department staff has begun the process of replacing outdated network switching equipment, through which most critical data network traffic is routed. This will increase reliability and speed to the internal network. (NACo)

Educational programming evolves to meet changing demands

The 2012 Annual Conference featured a “hybrid” workshop, transmitted live from the convention center so that staff who couldn’t attend the conference could take part in the educational session. The workshop was conducted as a pilot, and, depending on how it was received, additional hybrid workshops may be offered at future conferences.

NACo is having a dialogue with state associations of counties to allow NACo conference workshops and webinars to “count” for local certification or credentialing programs. NACo is still evaluating the possibility of creating a Credential in County Leadership, having surveyed our members in late spring to assess demand and need for such a program. (NACo)



Under Construction: Next Generation NACo Network

First Vice President Chris Rodgers is mobilizing young county officials to actively participate in NACo and to help shape a vibrant future for the association through the “Next Generation NACo Network.” The network will provide a grassroots forum for young county officials to network, help young officials become engaged in NACo and develop a new generation of association leaders, identify and serve the unique educational and professional development needs of young officials, and draw on the talent, ideas and expertise of young officials to inform NACo’s strategic plan and programs and services for the future. (NACo)

Enhanced coastal GIS resources on the way

NACo continues to expand its partnership with the National Oceanic and Atmospheric Administration (NOAA) to provide resources to coastal counties for coastal management, disaster preparedness, and adaptation to coastal risks. Beginning in fall 2012, NACo plans to host a NOAA Coastal Fellow for two years. The individual will provide information, training and assistance to coastal counties on the use of geographic information systems (GIS) and other “Digital Coast” tools in local coastal planning and management. (NACoRF)

NACo Dental Discount Program now open to all counties

The NACo Dental Discount Program is now adding participating counties to help provide dental services to their residents. Thirty counties have signed on to be a part of the NACo Dental Discount Program. These counties have had more than 2,500 county residents sign up for the program while many other residents have requested additional information. The dental discount card allows residents to save 5% to 50% on dental care and 20% on orthodontics. There is no fee for the counties to sign up for the program, which is an exclusive NACo membership benefit. (NACo)

Sign up now to start **SAVING** on your dental care!

Programs starting at \$59 per year for individuals, or \$69 per year for families!

To learn more about the NACo Dental Discount Program, call (877) 354-NACo (6226) or visit www.nacodentalprogram.com

Financial Information

NACo ends 2011 with net operating surplus of \$1.1 million

NACo's consolidated financial operations ended the 2011 fiscal year on December 31 with a net operating surplus of \$1.1 million, a \$700,000 decrease over the 2010 operating surplus. Operating revenue decreased by 2.7 percent from 2010, while operating expense increased by 1.1 percent.

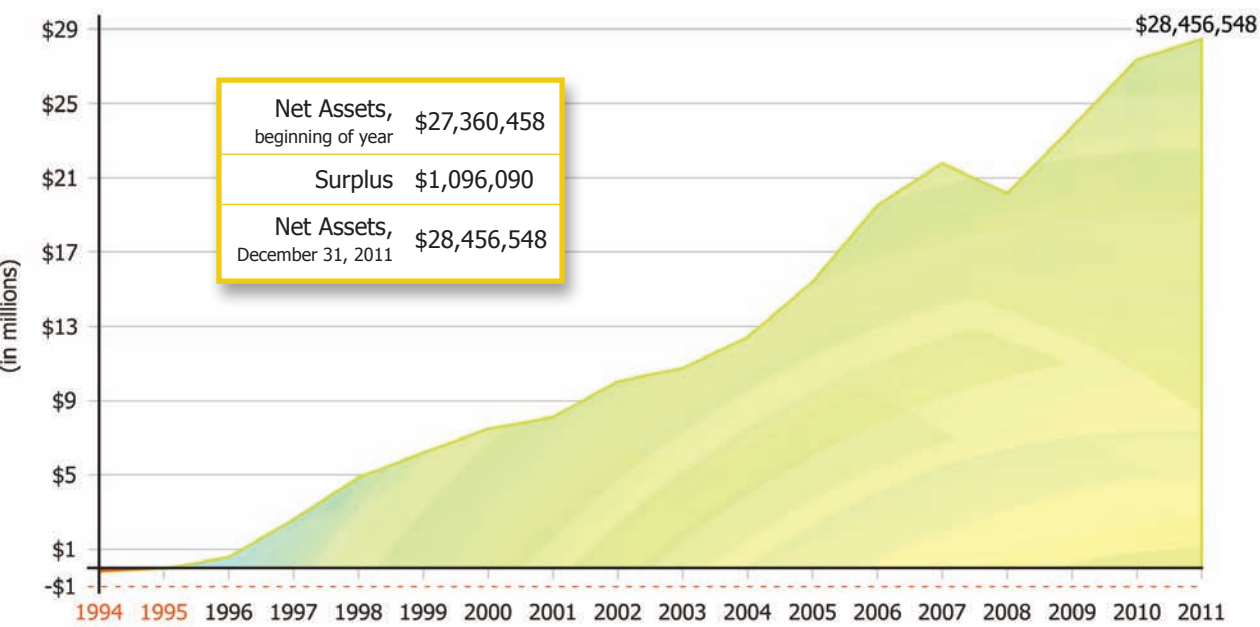
Revenue from NACo's for-profit subsidiaries decreased by 6.2 percent from 2010, based on a change in the office supplies contract for the U.S. Communities cooperative purchasing program. In addition to providing valuable services to local

government agencies these programs contributed almost \$6 million to the NACo bottom line. During 2011, counties and other public agencies saved more than \$225 million on \$1.2 billion in purchases through the U.S. Communities program.

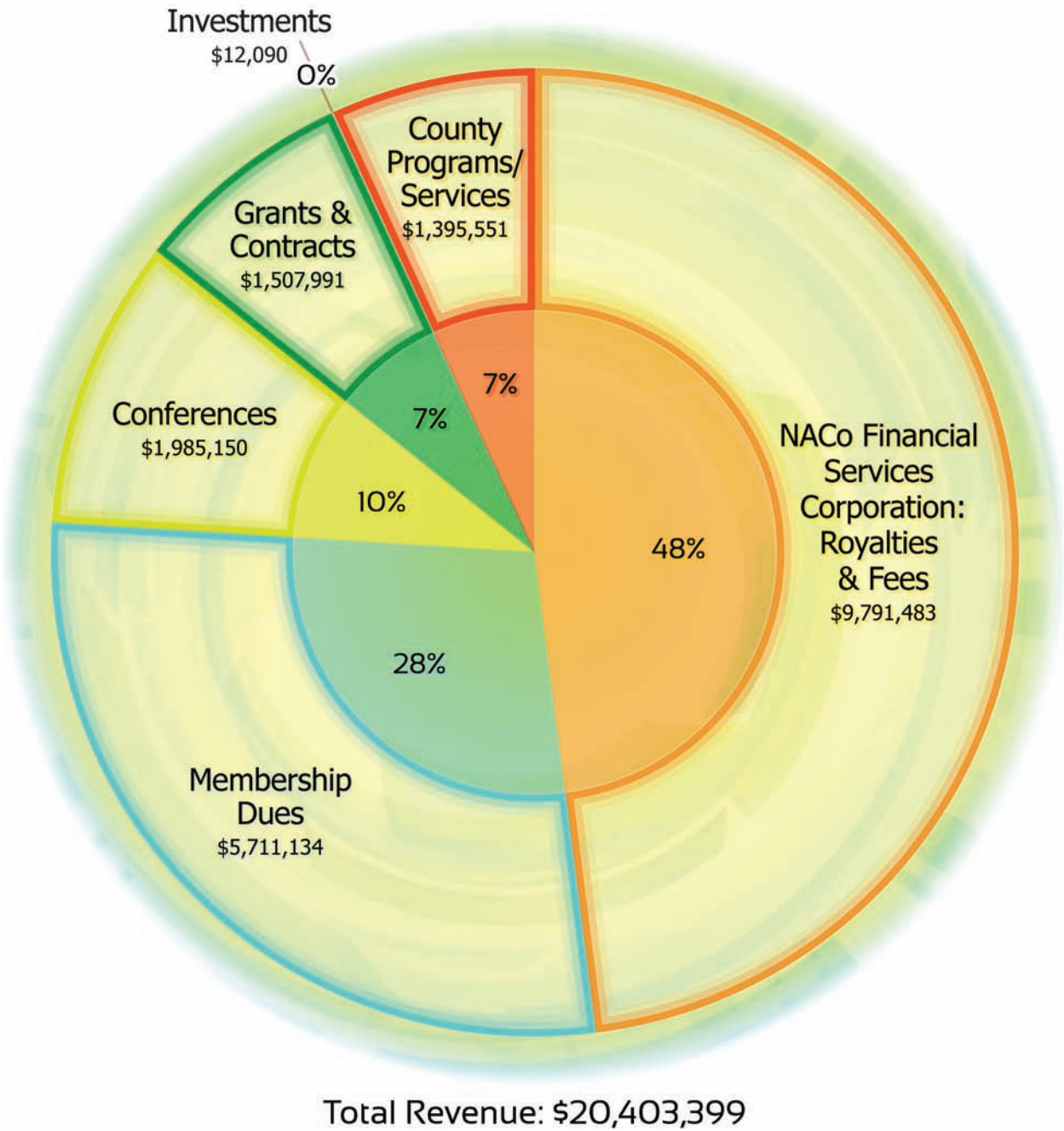
Membership revenue increased by 13.8% due to NACo's new member initiative, which was generously sponsored by CVS Caremark. Revenue from conferences declined by 5.6% from 2010 as conference attendance continues to be hampered by budget constraints at the county level.

Net assets increased by \$1.1 million to \$28.4 million, the reserves have more than tripled in size.

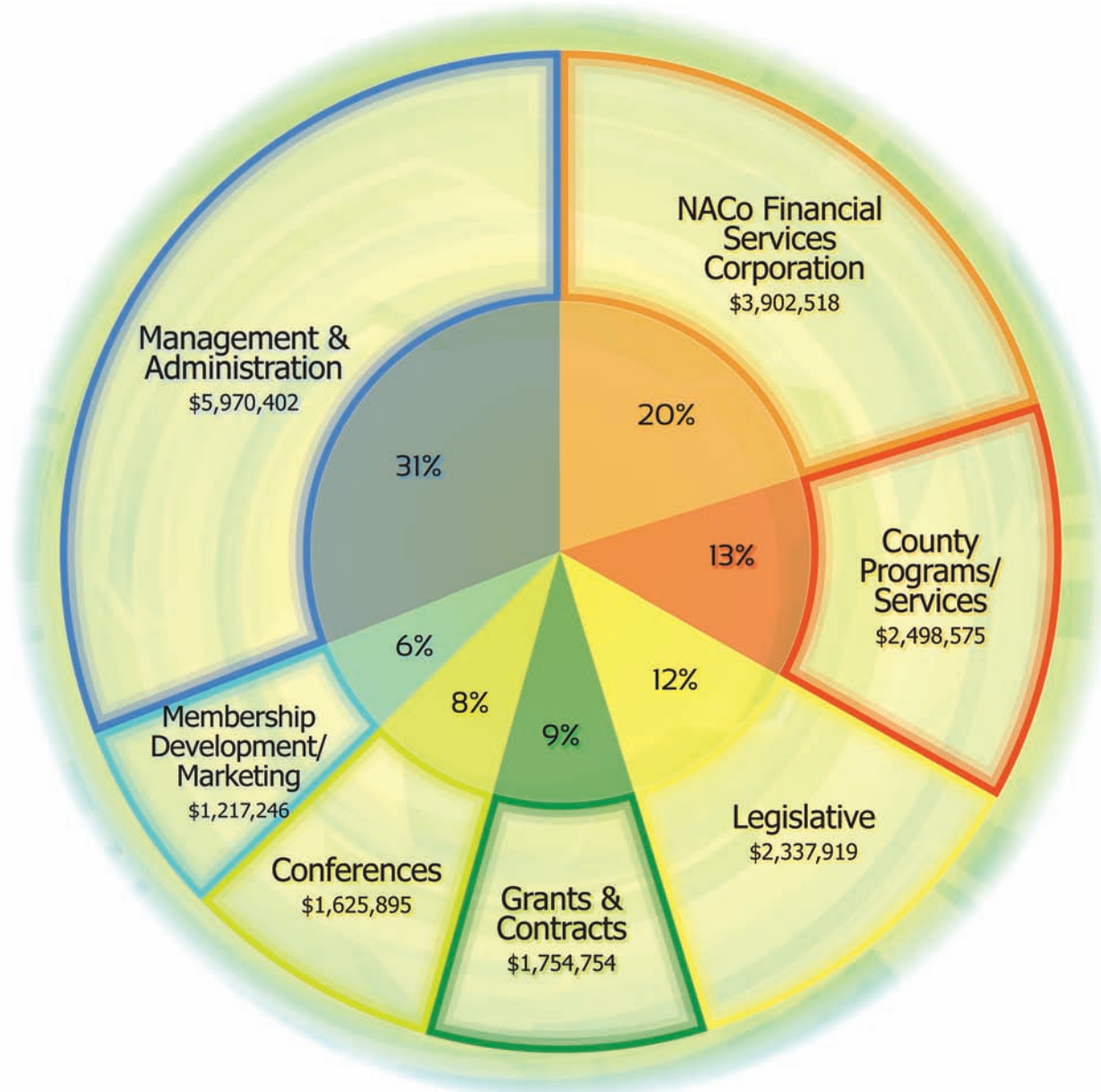
Net Assets 1994 - 2011



Sources of Revenue



Expenditures by Program



Total Expenses: \$19,307,309

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