

2013–2014
**ANNUAL
REPORT**



Promoting healthy, vibrant, safe and resilient counties



NACo Vision

Healthy, vibrant, safe and resilient counties across the United States

NACo Mission Statement

The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, NACo assists America's 3,069 counties in pursuing excellence in public service to produce healthy, vibrant, safe and resilient counties. NACo promotes sound public policies, fosters county solutions and innovation, promotes intergovernmental and public-private collaboration and provides value-added services to save counties and taxpayers money.

A background photograph of a conference or meeting. In the foreground, a woman with glasses and brown hair is looking towards the left. Behind her, a man with a beard and balding head is also looking left. In the background, another woman is partially visible. On a table in the foreground, there are two plastic water bottles, one with a blue label and one with a green label. The text 'Questions and Answers' is visible on a screen in the background.

Table of Contents

2013–2014 NACo Annual Report

4	President's Message
6	Executive Director's Message
8	Presidential Initiative
10	Advocacy
22	Innovation
28	Solutions
32	Raising Awareness
36	Sound Stewardship
42	Funding Partners and Sponsors

President's Message

Achieving Success that has Lasting Value

This year has been an amazing privilege! Thank you for the opportunity to serve as your NACo President.

At the beginning of my term I said "NACo has the opportunity to be focused and mission driven-laser like. We need to build our adaptive leadership in an ever fast changing world. We must enhance our resiliency so that we can be an effective organization in a world that could easily pass us by never really understanding, Why Counties Matter. Partnerships and collaborations are new mandates in today's world - must build more and work with others to advance a solution driven local government. We will demonstrate every day, why counties matter!"

“ We have had so many successes. Membership is up, we have exciting new reports and research, and we have had legislative victories. ”

I believe that I have partnered with you and our excellent staff to fulfill that mission. We have had so many successes. Membership is up, we have exciting new reports and research, and we have had legislative victories. We offered educational forums around the country and we are engaging our members and partners in state associations. Our corporate partnerships are increasing and our partners are assisting us in finding meaningful solutions to the problems we all face.

Our efforts must continue. These practices have to continue to be focused and mission driven. We will continue to adapt, evolve, reach out to build new partnerships and build our resiliency. Together we will continue to drive our message of why counties matter.

Our association will continue to thrive because of you, our members. Your involvement, leadership and commitment are crucial to NACo's success. Meeting many of you at your state associations I learned more about the crucial issues facing counties across the nation and how we all can learn from each other to address those issues. I also made and renewed many friendships that will endure long after the conclusion of my term as president.

My initiative of Ready and Resilient Counties created many opportunities for new partnerships, including the National Academies of Science and our work with FEMA. We also hosted two forums, one in my own Linn County and one in San Francisco. Each forum explored different aspects of resiliency, including economic resilience, technology tools, whole community approaches, leadership development and partnership development. In fostering new relationships the work of resilience will continue NACo's efforts to ensure we build a network across the nation of ready and resilient counties ready to lead in all areas.

We have also had great legislative successes including PILT, the Farm Bill, reform of the Biggert Waters Act, and Secure Rural Schools. We were able to address critical issues with EPA and the Department of Treasury that would have cost counties across the nation thousands of dollars. Our work is not done and we are active in MAP 21, the tax exemption for muni bonds and the marketplace fairness act. Our hard work in the legislative arena will be necessary to continue to assist our federal partners in their understanding of why counties matter.



Our ability to put critical research in your hands continues to advance. County Tracker and the Road Ahead are just a few of the tools you can use at home to drive home the point of why counties matter. Please use this annual report to learn greater detail on our work together over the last year.

NACo has so much to be proud of. Our long history and great reputation have been enhanced this year by great work of all the staff at NACo and the work of you our members. When we work together, focused on our mission, we can accomplish so much together! I am deeply appreciative of how the staff have really stepped up their work this year to produce legislative success, research reports, and support for our members. Thank you to all!

This year has been rich and rewarding! Thank you for the opportunity to serve as your NACo President. I look forward to outstanding new horizons for NACo, continuing efforts to build ready and resilient counties and working with all of you to demonstrate Why Counties Matter.

Linda Langston
NACo President
Supervisor, Linn County, Iowa

Executive Director's Message

Our Nation's Prosperity and Future Is Serious Business

A family now homeless and in shock after a devastating tornado. Hungry and vulnerable siblings yearning for a healthy meal and safe shelter and hopefully a brighter future. Veterans returning home after numerous tours abroad. Agriculture entrepreneurs driving fresh produce to a local farmers market. An adventurous hiker stranded in the wilderness. What do all of these scenarios have in common?

Counties provide fundamental public services that make America's local communities healthier, safer and better places to live, work and play. County services often operate in the background and therefore almost become second nature to the public. Yet, these services are far from easy and are routinely performed under strict rules and public expectations. Even more impressive is that county officials are routinely called to duty in times of intense crisis or devastation, as showcased by President Langston's Resiliency initiative this year.

NACo's core pillars are to be an ever-present policy advocate for county government at the federal level, prepare county-elected and appointed officials to be effective leaders, and assist counties in delivering first-class yet cost-efficient services. Along with our other pillars of raising the public's awareness of county government and being trusted stewards of the association's organizational assets, our work has no end date and will never be flashy.

“In reality, our work as representatives of county government is about ensuring America remains the greatest place to raise a family.”

In reality, our work as representatives of county government is about ensuring America remains the greatest place to raise a family. Earn a respectable wage or even pursue a business dream. Enjoy the beauty and natural amenities of our environment. Live with dignity, freedom and pride, while also respecting our neighbors and positioning future generations for a brighter future.

By remaining steadfast in our mission of improving county services to the American taxpayer and general public, we are — and will continue — making important strides. This has been validated in the past year as we've made tremendous gains by staying focused and working collectively — through the leadership, commitment and teamwork of our executive committee, board, committees, membership, staff and partners.

As outlined in this annual report, the association made substantial progress in advancing our federal policy priorities. We refreshed and expanded our advocacy, best practice and thought leadership content and resources. We launched new cost-saving programs for counties and citizens. We strived to engage the membership, key federal policy decision makers and strategic partners like state associations and county affiliates.

Most significantly, we sharpened our policy and practice research to enhance our storytelling of the county narrative — counties matter in the health, safety, resiliency and economic competitiveness of our country and individual communities. It is true that the association and our members operate, at the end of the day, in a political world. However, our public policy objectives will be easier to achieve if we have concise, timely and evidence-based facts and figures to complement our policy statements.



With a continued emphasis on being entrepreneurial and innovative, we helped more than 345,000 county employees prepare for a more secure retirement with our partners at Nationwide Retirement Solutions. We helped more than 1,700 counties, along with nearly 70,000 public and nonprofit entities, save countless hours of effort and an estimated \$100 million in real dollars through the U.S. Communities Purchasing Alliance. And with rising health care costs, we were proud to partner with 1,361 members counties and 33 state associations to help residents reduce their prescription drug costs through the NACo Prescription Discount Program. Since the program began in 2005, it has saved residents \$577 million.

Building upon the association's core services and activities such as *County News*, *Annual Conference*, *Legislative Conference* and *NACo.org*, we expanded our weekly legislative bulletin, *Washington Watch*. These were supplemented by 28 new special reports, 45 webinars and 12 issue-oriented forums. To promote county solutions and innovation in new ways, we also launched a peer exchange website (COIN-County Innovation Network) and a podcast series of fireside chats — achieving more than 1,000 audio downloads in short order.

All of our accomplishments and activities outlined in this annual report were envisioned to help county governments — and the elected and appointed officials who have accepted the responsibility of the public's trust. It is a mission worthy of the effort and sacrifice made by the shareholders and stewards of the association. On behalf of the NACo staff, we are honored to serve America's county government leadership and present you with the 2014 annual report for the National Association of Counties.

A handwritten signature in black ink that reads "Matthew D. Chase". The signature is fluid and cursive, with the first name "Matthew" and last name "Chase" clearly legible.

Matthew D. Chase
Executive Director

Presidential Initiative

Resilient Counties Initiative Prepares County Leaders for Change

Under the leadership of NACo President Linda Langston, the *Resilient Counties* initiative bolstered county leaders' ability to thrive amid changing physical, social and economic conditions.

In order to remain healthy, vibrant, safe and economically competitive, America's counties must constantly anticipate and adapt to all types of change. Events such as hurricanes, wildfires, economic collapse and other disasters can be natural or man-made, acute or long-term, foreseeable or unpredictable. Preparation for and recovery from such events requires both long-term planning and immediate action.

Within the *Resilient Counties* initiative, NACo worked to strengthen county resiliency by building leadership capacity to identify and manage risk and allow counties to become more flexible and responsive. Additionally, the *Resilient Counties* initiative explored ways that counties can develop and implement locally driven strategies to foster economic competitiveness and create great communities.

The resiliency initiative is sponsored by Accela, Esri, IBM, Motorola Solutions Foundation, Rockwell Collins, Transamerica, Witt O'Brien's and four state associations — Colorado Counties, Inc., Idaho Association of Counties, Iowa State Association of Counties and Wisconsin Counties Association.



Two county leadership forums composed the initiative's centerpiece. The first forum, *Resilient Counties: Leadership amid Rapid Change*, brought together over 100 county officials in Linn County, Iowa in December 2013 to explore strategies that counties can use to develop strong partnerships and engage diverse stakeholders in disaster mitigation efforts.



The second forum, *Resilient Counties: Growing Stronger Places*, convened over 100 county leaders in the City and County of San Francisco in May 2014 to learn about economic resilience, technology tools and "whole community" approaches to building resilience.

As part of the resiliency initiative, NACo produced webinars and presentations highlighting tools to support coastal county resilience, strategies to address flooding and stormwater management, topics within economic resilience and diversification, and financial resilience techniques. NACo also developed several written reports to highlight case studies in county resilience.



Most importantly, the *Resilient Counties* initiative empowered NACo to foster meaningful relationships with many key stakeholders in this space. Under President Langston's leadership, NACo has engaged in compelling dialogues with the U.S. Department of Homeland Security and FEMA, the National Academy of the Sciences' Resilient America Roundtable, the White House Task Force on Climate Preparedness and Resilience, NOAA and the Digital Coast Partnership, HUD's Office of Economic Resilience and many others. These relationships continue to grow, and NACo is working to strengthen the county voice in these important discussions.

The number of federal disaster declarations has increased dramatically since 1953, and natural disasters such as storms have become larger and more frequent, affecting multiple states and resulting in higher costs for counties, their citizens and businesses. Look for additional resources from NACo on this topic in the coming months to further strengthen counties' ability to prepare for ever-changing conditions.



In March, NACo hosted the *Powering County Resilience: Renewable Energy Solutions Forum* in Santa Barbara County, Calif., bringing together more than 50 elected county officials, staff and private sector leaders to learn about innovative county renewable energy programs.

In April, the association sponsored the National Cyber Symposium in Douglas County, Neb., an opportunity for counties to collaborate with their peers and private industry on cybersecurity best practices.

Advocacy

Objective 1: Promote sound public policies that advance the interests of counties

This past year, NACo helped counties stand firm against unfunded mandates and costly, unnecessary regulations while securing passage of meaningful legislation. Here is a snapshot of the accomplishments.

Key Legislative and Regulatory Accomplishments

- Five-year **Farm Bill** signed into law with \$228 million in new mandatory rural development resources and more than \$400 million for the **Payments In Lieu of Taxes** (PILT) program.
- **Flood Insurance Reform Bill** signed into law that saved residents from skyrocketing premiums in 2,930 counties.
- Senate passage of the **Marketplace Fairness Act** with overwhelmingly bipartisan support, positioning the bill for consideration by the House.
- A regulation was blocked that would have required the replacement of all **fire hydrants**, at an estimated cost of \$2,000 each.
- An exemption secured from the **Affordable Care Act (ACA)** “**employer mandate**” for county volunteer firefighters and other volunteers.
- Funding of \$270 million for the **Secure Rural Schools program** was included in The Helium Stewardship Act.
- In the FY15 U.S. House Energy and Water Development Appropriations Bill language was included to block implementation of the new “**Waters of the U.S.**” **proposed regulation** released by the U.S. Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers.



NACo Releases County-Focused Issue Briefs

New presentations focusing on legislative and regulatory proposals:

- Waters of the U.S. analysis, action alert and online information hub
- President's FY15 Budget: Highlights for Counties
- Biggert-Waters and the National Flood Insurance Program
- FY14 Omnibus: Highlights from the County Perspective
- HUD Community Development Block Grant: A Guide for Counties
- The Payment In Lieu of Taxes (PILT) Program

Farm Bill Includes PILT and Other Priorities

The new five-year Farm Bill, signed into law in February, contained several critical county priorities including \$425 million for the Payment In Lieu of Taxes (PILT) FY14 payment and \$228 million in new Rural Development resources. County-owned forest roads were also protected through a provision delegating management through state government programs rather than through the federal Clean Water Act's permit process. Without this provision, forest counties would have potentially faced more burdensome and costly regulations.

NACo's advocacy efforts also prevented the elimination of provisions in the Farm Bill that help states and counties administer the Supplemental Nutrition Assistance Program.

RAC Seeks Funding for PILT, SRS

More than 20 members of the Rural Action Caucus (RAC) participated in this year's RAC Fly-in held on April 8-10. While in Washington, D.C., RAC members met with over 60 key members of Congress advocating for the top rural county priorities, including Payment In Lieu of Taxes (PILT) and Secure Rural Schools funding, tax reform and the potential impact on municipal bonds and surface transportation reauthorization.



RAC members met with officials from the U.S. Department of Agriculture to discuss regional rural innovation, community and economic development and the new White House "Made in Rural America" Export Initiative. RAC members also sat down with officials from the U.S. Department of Transportation to promote rural county priorities in surface transportation reauthorization.



NACo Advocacy Extends Secure Rural Schools Funding for FY13

In October 2013, the President signed the Helium Stewardship Act, which included an extension of Secure Rural Schools and Community Self-Determination Act (SRS) funding at \$270 million. This allowed 729 forest counties to avert dramatic budgetary shortfalls, ensure that students receive essential education services and counties have funding to continue delivering services. Funding for FY14 and beyond continues to be a top priority for NACo.

Flood Insurance Reform Bill Signed into Law

In March, the President signed the Homeowner Flood Insurance Affordability Act of 2014, which prevented flood insurance premiums from skyrocketing for residents and business in 2,930 counties. Because these residents were subsidized policy holders, they would have been impacted by the Biggert-Waters Flood Insurance Reform Act of 2012 and would have seen dramatic increases in flood insurance premiums once their homes were sold or new insurance policies were issued. NACo worked with leaders in the U.S. House of Representatives and the U.S. Senate to pass the legislation, which removed the sales "trigger" and capped premium rate increases at 18 percent.



Senate Passes Marketplace Fairness Act

NACo's aggressive campaign on remote sales tax helped pass the Marketplace Fairness Act in the Senate in May 2013 with strong bipartisan support. The act authorizes state and local governments to enforce existing sales and use tax laws on remote online sellers. NACo has long advocated for the enforcement of these existing taxes because counties have lost billions of dollars in uncollected taxes as Internet sales have grown dramatically. The legislation creates a level playing field for all retailers and enables counties to collect the taxes they are owed. The measure now heads to the U.S. House of Representatives, and NACo will continue to push for enactment.



Waters of the U.S.: Ditch the Rule

NACo is leading an effort to fight a proposed rule that would subject roadside flood control and stormwater ditches to regulation under the Clean Water Act. In April, the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) jointly released a new proposed rule—Definition of Waters of the U.S. Under the Clean Water Act—that would amend the definition of “waters of the U.S.” and expand the range of waters that fall under federal jurisdiction including county-owned roadside ditches, flood control ditches and stormwater ditches. The proposed rule could dramatically increase delays and costs for county water infrastructure projects.

In June, Riverside County, Calif. Engineer Warren Williams testified before the U.S. House Transportation and Infrastructure Committee’s Subcommittee on Water Resources and Environment explaining the true impact of the rule and the need for it to be abandoned. At the same time, the U.S. House Appropriations Committee included language in a FY15 appropriations bill working its way through Congress that would block implementation of the rule.

NACo was successful in working to secure an extension to Oct. 20, 2014 for the comment period for the proposed rule. To help counties take action on the proposed rule, NACo created an online information hub that contains comprehensive analysis, draft comments and social media content.



Volunteer Firefighters Exempted from ACA Employer Mandate

In response to concerns raised by NACo and a NACo affiliate, the International Association of Fire Chiefs (IAFC), the U.S. Department of the Treasury issued final rules clarifying that the hours worked by volunteer firefighters and other county volunteers will not trigger the health insurance coverage requirement under the ACA. Under the ACA, employers with 50 or more full-time workers are required to offer affordable comprehensive health insurance to their employees or be subject to a penalty.

EPA's Fire Hydrant Rule Halted

EPA's plans to regulate fire hydrants under the lead drinking water rules were stopped when the Community Fire Safety Act of 2013 was signed into law by President Obama on December 20, 2013. This measure exempts fire hydrants from the Safe Drinking Water Act's (SDWA) prohibition against the use of lead pipes in drinking sources. NACo was on the forefront of the fight to exempt fire hydrants from the SDWA's prohibition, based on the fact that fire hydrants are typically only used for short-term emergency drinking water sources and would not meet the long-term exposure threshold laid out under the EPA regulation. Without this legislation, counties would have been forced to leave numerous broken or inoperable hydrants out-of-service until new compliant hydrants were procured, delivered and installed. Additionally, current stockpiles of hydrants would be unusable. At roughly \$2,000 per unit, this would have placed a significant financial burden on counties.

NACo Advocates for Workforce Investment Act Reauthorization

The Workforce Investment Act (WIA), legislation governing federal workforce training programs, expired in 2003 and has been overdue for reauthorization. NACo has advocated for a WIA reauthorization bill that maintains local authority and adds needed flexibility in training for in-demand jobs to meet the needs of businesses and jobseekers.

In May, leaders in the U.S. House of Representatives and U.S. Senate reached a bipartisan, bicameral agreement on reauthorization legislation called the Workforce Innovation and Opportunity Act (WIOA). Despite several earlier proposals that would have reduced local authority, the compromise legislation would maintain local governance authority for federal workforce programs and enhances local options for providing incumbent worker and on the job training. The Senate passed WIOA in June. It awaits House action and being signed into law by President Obama.

Advocacy Efforts Maintain CDBG Funding

NACo's advocacy assistance in support of the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) program was successful in retaining the 20 percent administrative funding cap for the program and maintaining more than \$3.03 billion for CDBG in the FY214 Omnibus Appropriations bill. This funding is crucial for local community and economic development projects especially during a time when discretionary spending has been subject to drastic cuts. The CDBG program provides annual grants on a formula basis to more than 1,185 metropolitan city and county governments. In FY14, 213 counties across the U.S. received CDBG grants directly. Many rural counties utilize CDBG dollars received through state allocations for critical water, housing and infrastructure projects.

Water Resources Reform and Development Act (WRRDA) is Approved

After a seven-year delay, a long-awaited water infrastructure bill to fund local U.S. Army Corps of Engineers (Corps) projects was signed into law in June 2014. The bill includes a number of provisions important to counties, including reforms to streamline the environmental review process; increased expenditures for harbor operation, dredging and maintenance activities; a requirement that the Corps revisit their Levee Vegetation Management plan; and a pathway for local communities to challenge levee decertification within the National Flood Insurance Program. In the past decade, many levees have been decertified nationally, with little option for appeal.



LUCC Members Push for Surface Transportation Reauthorization

More than a dozen members of NACo's Large Urban County Caucus (LUCC) urged action on key federal transportation legislation and funding during its annual Washington, D.C. legislative fly-in, June 10–12. At a briefing at the National Press Club, June 11, LUCC members called for the swift reauthorization of the Moving Ahead for Progress in the 21st Century Act (MAP-21) and a long-term solution for the Highway Trust Fund, drawing widespread coverage by national and local press outlets. LUCC members also pressed other top legislative priorities including threats to tax-exempt municipal bonds, support for the Marketplace Fairness Act and protection of the federal exemption for local property and income taxes.

NACo Lobbies for Reauthorization of Federal Surface Transportation Act

With counties owning 45 percent of America's roads and 39 percent of bridges, reauthorization of the Surface Transportation Act — MAP-21 — and fixing the Highway Trust Fund are high on NACo's agenda. The current law expires in September, so NACo members and staff have been busy working to enact a new law before the deadline.

- Earlier this year, NACo transportation leaders held a special call with U.S. Department of Transportation Secretary Anthony Foxx to discuss the key role of counties in the nation's transportation system, the looming Highway Trust Fund insolvency and MAP-21 reauthorization.
- In February, NACo's research department armed county officials to advocate for MAP-21 reauthorization with a new research report and interactive tools on county transportation funding and financing.
- During the Legislative Conference in March, county leaders from across the country rallied on Capitol Hill urging Congress to reauthorize MAP-21, joined by Sen. Chris Coons (D-Del.), Rep. Tom Petri (R-Wisc.), Rep. Bill Foster (D-Ill.), Rep. Jeff Denham (R-Calif.), Rep. Earl Blumenauer (D-Ore.) and Rep. Rodney Davis (R-Ill.).
- On March 27, St. Landry's Parish, La. President Bill Fontenot and Converse County, Wis. Commissioner Chairman Jim Wilcox highlighted the county role in transportation and called for continued funding for off-system bridges, additional reforms to expedite funding and a strong federal partner in local road and bridge project funding before the U.S. Senate Environment and Public Works Committee.
- Both rural and urban county officials have made MAP-21 reauthorization a top priority with NACo's Rural Action Caucus and the Large Urban County Caucus, carrying the message to policy makers during their annual fly-ins in April and June.

Counties Own
230,690
Bridges

Counties Are Involved in the Operation of
30% of Public Airports

Counties Are Involved in
27%
of Public Transit Systems



43%

OF THE NATION'S
TOTAL ROAD MILES

78%

OF THE NATION'S
ROAD MILES

NACo Officials Represent Counties on National and Federal Boards and Committees

- Advisory Group on Prevention, Health Promotion, and Integrative and Public Health
- Bureau of Land Management — National Wild Horse and Burro Advisory Board
- Carl Vinson Institute — National Center for the Study of Counties
- U.S. Department of Health and Human Services Rural Assistance Center Advisory Board
- U.S. Department of Homeland Security Project SAFECOM
- U.S. Department of Justice Global Advisory Committee
- Disaster Management Practitioner Steering Group
- Emergency Management Accreditation Program (EMAP) Commission
- Emergency Management Assistance Compact (EMAC) Advisory Board
- EPA Local Government Advisory Committee (three county members)
- FCC Intergovernmental Advisory Committee (two county members)
- FEMA Mitigation Framework Working Group
- FEMA National Advisory Council
- FEMA R III Regional Advisory Committee
- FEMA Technical Mapping Advisory Council
- FirstNet Board
- Governmental Accounting Standards Advisory Council
- Institute for Building Technology and Safety Board of Directors
- My Brother's Keeper National Coordinating Council
- National Association of Regional Councils Board of Directors
- National Homeland Security Consortium
- President Obama's Task Force on Climate Preparedness and Resilience (three county members)
- Public Finance Authority Board of Directors
- Rural Domestic Preparedness Consortium
- Robert Wood Johnson Foundation Shared Services Learning Committee Technical Advisors Team
- Southern Rural Development Center Technical & Operational Advisory Committee
- Wildland Fire Executive Council
- Wildland Fire Leadership Council





Innovation

Objective 2: Empower county leaders with new skills, ideas and resources

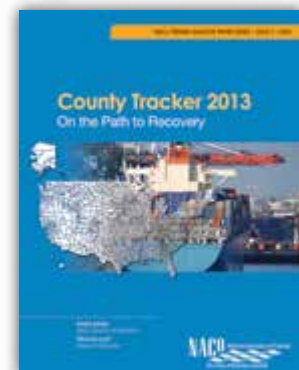
Staying ahead of the curve is vital for meeting the growing needs of America's counties. NACo has multiple channels for keeping new ideas flowing.



County Tracker 2013

The dynamics in each county economy affect the capacity of county governments to deliver daily services to their communities. Therefore, NACo launched the County Tracker 2013, which is a new and dynamic tool helping counties identify where their economies are on the recovery trajectory. The tool is an analysis of annual changes of four economic performance indicators — economic output (GDP), employment, unemployment rates and home prices — across four time periods: 2012 to 2013, recovery, recession and the pre-recession period (the “long-term” trend) for all the 3,069 county economies. The report has a companion web interactive data tool that provides economic data and individual profiles for each of the 3,069 county economies, allowing counties to explore the dynamics within their economy.

More than 50 media outlets, including *Reuters*, *The Washington Post* and *The Wall Street Journal* covered the results of the report and talked about the problems counties are facing. More than 9,000 viewers visited the County Tracker web interactive, 85 percent being new visitors to NACo.org.



County Road Ahead: Transportation Funding and Financing

Counties are an essential part of the nation's transportation system. Counties own and maintain 45 percent of America's public roads, 230,690 bridges and are involved in a third of the nation's transit and airport systems that connect residents, businesses and communities. However, counties often face significant challenges since 43 states have some type of restrictions on their core revenue sources, mainly county property taxes.

With the impending expiration of the federal surface transportation law, *Moving Ahead for Progress in the 21st Century Act (MAP-21)*, NACo released an in-depth study of county transportation funding and financing structures in February. *The Road Ahead: County Transportation Funding and Financing* features state-level data profiles and a web-based interactive map of state and county transportation funding and financing sources, county ownership of transportation assets and an overview of state limitations on county transportation funding sources.

This groundbreaking research, the first national update of county transportation assets and funding since the early 1980s, has helped raised awareness with the White House, U.S. Department of Transportation and key congressional committees. In addition, NACo members and staff have used the key findings in media interviews and presentations before Congress, think tanks and coalition partners.

Key statistics from the *County Road Ahead*

- 43 states have some type of limitation on the property taxes collected by counties
- Only 12 states authorize counties to collect their own local gas taxes
- 29 states allow counties to collect local options sales taxes for transportation purposes or general purposes, including transportation
- County residents in 15 states voted for local option sales taxes for road capital projects
- Local governments own 43 percent of the federal-aid highways
- Local areas receive a sub-allocation that is equal to only 16 percent of MAP-21 National Highway Performance Program (NHPP) and the Surface Transportation Program (STP) funding for federal-aid highways

Online Network Links Officials to Find Solutions

The County Innovation Network (COIN), launched in March, is an online community designed for county officials and their teams to make their day-to-day work more effective through peer-to-peer knowledge sharing and collaboration. COIN was created through a partnership of NACo and Solutionize Inc., a leader in community collaboration services. NACo steers the community direction and governance; Solutionize developed the service and manages it.

Currently, there are more than 440 registered members from 158 counties and 15 state associations. Participants use the network to share ideas, information and solutions. County staff participating in COIN span variety of job functions: aging services, accounting, assessments, budgeting, child support services, criminal justice, economic development, emergency management, environmental services, grants management and fund-raising, health services, information technology, planning, risk management, transportation and veteran services.

Tax Questions Surrounding Muni Bonds

Pending federal tax reform proposals would modify the tax-exempt status of municipal bonds, the most important financing tool for counties to build infrastructure and public facilities such as schools, hospitals and airports. Last year, NACo released, *Municipal Bonds Build America*, a study examining the impact of a cap or the repeal to the tax-exempt status of municipal bond interest on counties and their residents. County and state data profiles of the cost estimates and a Web-based map interactive accompany the report. NACo is using the study as part of its advocacy efforts with the White House and Congress and in presentations to partners, like the American Association of State Highway and Transportation Officials and state associations of counties.

\$495.3B

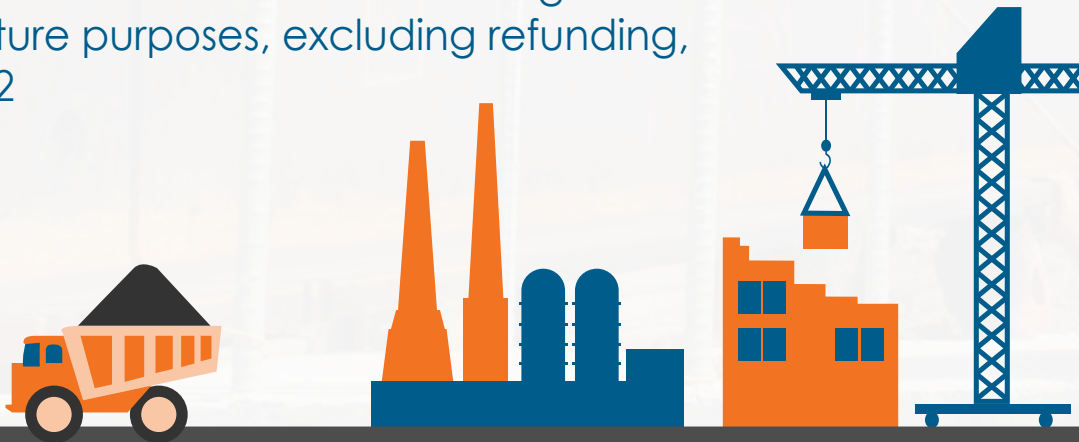
is the estimated cost of the repeal of the tax-exempt status of municipal bond interest for the 21 largest infrastructure purposes, excluding refunding, 2003–2012

\$173.4B

is the estimated cost of a 28 percent cap on the benefit of the tax-exempt status of municipal bond interest for the 21 largest infrastructure purposes, excluding refunding, 2003–2012

\$1.65T

represents municipal bond issuances for the 21 largest infrastructure purposes, excluding refunding, 2003–2012







Forums, Meetings Provide Members with Valuable Information

- **2013 Roadmaps to Health Forum: Sharing a Vision and Commitment to Improve County Health** in Dane County, Wis. in October 2013
- **Resilient Counties: Leadership Amid Rapid Change Forum** in Linn County, Iowa in December 2013
- **2014 Healthy Counties Initiative Forum: Improving Health in a Climate of Change** in San Diego County, Calif. in January
- **Powering County Resilience: Renewable Energy Solutions Forum** in Santa Barbara County, Calif. in March
- **Resilient Counties: Growing Stronger Places Forum** in the City and County of San Francisco, Calif. in May
- **Juvenile Justice Reform: Implementing Change and Improving Outcomes Forum** in Cook County, Ill. in May
- **Community Dialogues to Improve County Health** held in three counties — Leon County, Fla.; Bullitt County, Ky.; and Salt Lake County, Utah
- **2nd Annual NACo National Cyber Symposium** in Douglas County, Neb. in April, and
- **County Leadership Institute** in Washington, D.C. in June



Members Find Solutions in Publications, Reports

NACo produced a series of new publications and reports that offer meaningful information on topics important to counties. They include:

- Strategies to Bolster Economic Resilience: County Leadership in Action
- Spotlight on Large Urban Counties: Leadership in Action
- Restoring Habitats for Resilient Coastal Economies: A Series of County Initiatives
- Understanding the Smart Grid: A Guide for County Leaders
- Digital Coast: Tools to Support County Resilience
- Innovations in County Delivery Systems: Accountable Care Communities
- County Jails and the Affordable Care Act: Enrolling Eligible Individuals in Health Coverage
- Counties and Parity: Addressing Mental Health and Substance Use Disorders
- County Leadership in Reforming Juvenile Justice Systems
- Top 12 Things to Include in Parade Safety Plans
- County Case Studies in Coastal Resilience
- Phases of FUSE: Planning and Implementing Successful Supportive Housing
- Sustainable Ports: Strategies for Port Development and Operations, and
- Workforce that Works: County Innovations in Workforce Development.



Solutions

Objective 3: Assist counties with first-class, cost-effective services

In the end, counties need solutions to the problems they face. NACo works every day to help counties find them.



Deferred Comp Program Helps County Employees Save for the Future

Since 1980, NACo has partnered with Nationwide Retirement Solutions (NRS) to offer counties and their employees a 457 deferred compensation program. The program has helped support the retirement needs of 1.5 million county employees over the last 34 years in 3,000 local governments. Through this program, county employees can participate in a voluntary, tax-deferred retirement savings program that supplements employer-sponsored retirement plans. NACo also partners with NRS to offer 401(a) match and 401(a) stand-alone defined contribution programs and a post-employment health program.



Nationwide[®]
Retirement Solutions

On Your Side[®]

Counties, Local Governments Saved \$100 Million

U.S. Communities cooperative purchasing program enabled counties and other local governments to save \$100 million in 2013. U.S. Communities, created by NACo in 1996, is the leading national government purchasing cooperative that reduces the cost of goods and services by aggregating the purchasing power of public agencies nationwide. U.S. Communities provides participants with access to a broad line of competitively solicited contracts, including facility, office and school, technology, and specialty solutions with national suppliers that have committed to providing their lowest overall pricing. With 7,000 new registrants this year, U.S. Communities now includes more than 77,000 public and nonprofit entities.



U.S. COMMUNITIES™
GOVERNMENT PURCHASING ALLIANCE



Authority Offers New Approach to Bond Finance

The Public Finance Authority (PFA) was started in 2010 to provide financing for private activities that benefit public agencies on a multi-state and multi-jurisdictional basis. The PFA presents a new approach to traditional bond finance that benefits communities by providing cheaper, more efficient financing. Financings since PFA's inception through February 2014 total more than \$1.7 billion. Of the 56 projects, 10 have been multi-state transactions. The types of facilities financed include air cargo facilities, charter schools, affordable housing, commercial offices and manufacturing facilities. The PFA, with headquarters in Wisconsin, has four sponsors: Wisconsin Counties Association Services, Inc. (WCASI), League of Wisconsin Municipalities, the NACo Financial Services Center and the National League of Cities (NLC).

PFA
PUBLIC FINANCE AUTHORITY



Prescription Program Tops \$570 Million in Savings; New Discount Services Added

Launched in 2005, more than 1,360 counties, parishes and boroughs have helped their residents save more than \$570 million through the NACo Prescription Drug Discount Program. More than 44 million prescriptions have been filled under the program, with an overall average savings rate of 26 percent.

In 2014, the association added other health services to the program, renaming it as the NACo Prescription & Health Discount Program. These services include vision and eyeglass discounts, diabetic services, hearing aids, and lab/imaging discounts. Discounts range from 20 percent to 75 percent, depending on the service.

Thirteen state associations and 24 counties have now endorsed the new health discount program. Thirty-three state associations and 1,362 counties are also official partners in the original prescription discount program.



“The prescription program provided a way to help citizens who didn’t have insurance, and we could pass the card out and get instant savings. So we’ve saved hundreds of thousands of dollars over the last 12 years.”

Viola Harris
Commissioner
Edgecombe County, N.C.

Residents Save 5 to 50 Percent on Dental Costs through NACo Program

More than 80 counties, with 3,600 participating residents, have signed agreements to be part of the NACo Dental Discount Program. Ten state associations have endorsed the dental discount program and help NACo market it. The discount program provides savings from 5 to 50 percent on routine dental care and 20 percent on orthodontics.

Raising Awareness

Objective 4: Enhance the public's understanding of county government

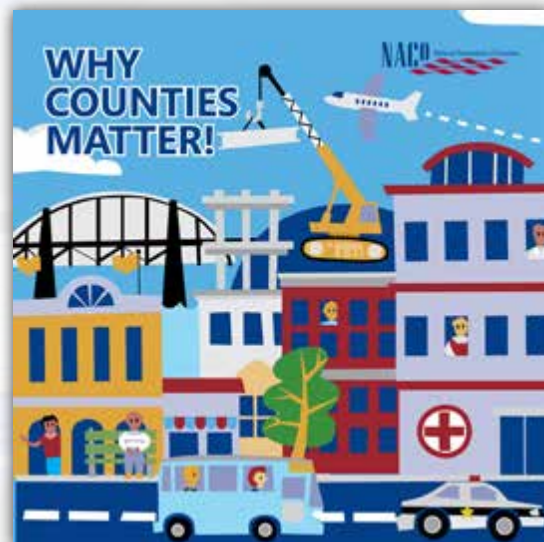
NACo works in many ways to ensure that the White House, Congress, the media and the public understand the roles and responsibilities of counties.



Why Counties Matter

NACo continues to inform the White House, federal agencies, Congress, the media, foundations, think tanks and the public about *Why Counties Matter*. The video, brochure and other materials have been shown at state association meetings, used in presentations and shared with members.

NACo assisted 19 state associations and six counties to develop their own campaigns. As part of NACo's new *Why Counties Matter* Paper Series, we released a report on the role of counties in economic development.



Podcasts Provide New Communication Tool

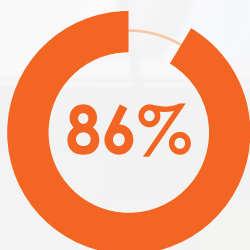
NACo is using podcasts as a new communication tool to reach members and the public with valuable information. Fifteen podcasts have been recorded and released on pretrial justice, wildfire mitigation, transportation funding, county health rankings, renewable energy, behavioral health, workforce development, justice, arts and culture and green government. The podcasts have had more than 1,000 plays from NACo.org, iTunes and RSS feeds.



Survey Highlights the Problem of Human Trafficking

A NACo survey released in April at a news conference at the National Press Club revealed that human sex trafficking, especially as it relates to children under the age of 18, is a problem for large, urban counties. The news conference was held to draw attention to the problem of human trafficking and the need to combat it. Participating in the news conference were Rep. Ted Poe (R-Texas), author of the Justice for Victims of Trafficking Act; Supervisor Don Knabe, Chair, Los Angeles County (Calif.) Board of Supervisors, a leader in the fight against trafficking; and a trafficking survivor.

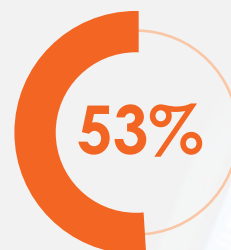
The survey results showed:



86 percent of the counties with populations greater than 250,000 said it is a major or a minor problem.



48 percent of the counties with populations greater than 250,000 said it is a major problem.



53 percent of the counties with populations of 50,000 to 250,000 said it is a major/minor problem.



County News Special Reports Highlight Key Issues

With a biweekly distribution of 40,000 copies, *County News* is NACo's flagship news source covering timely and practical information for county officials. In an effort to shed additional focus and more in-depth reporting on "hot topics," the association published a series of special reports this year:

- Building Resiliency in a Disaster-Marked Era
- Counties and Volunteers
- Mind and Body Meet at the Juncture of County Mental Health
- The Road Ahead for Counties: Transportation Challenges and Opportunities

As part of the regular newspaper and online edition, *County News* added a new feature in December 2013, *State-to-State*, which explores the issues and challenges faced by counties at the state level. This new showcase is part of NACo's overall emphasis on monitoring and sharing the trends and conditions of counties nationwide, especially with state policy shifts that may have multi-state or national impact.

Website and the New Digital World: Improvements Drive Positive Results

Users of NACo.org now enjoy a cleaner, more intuitive way to explore NACo's events, programs and services. Several key metrics illustrate these advancements:

- 911,000 visitors vs. 842,000 the previous year, for an 8 percent gain
- 362,000 unique visitors, a 14 percent jump, and
- 1.65 million page views.

Recognizing the constant advancements in today's digital technology, the association continues to invest and evolve our online platforms. During the next year, NACo will be conducting a major overhaul of our communications platforms and branding, including NACo.org, online version of *County News* and various social media sites. In preparation, we completed a significant upgrade to the search tools of the existing NACo.org site. Users can now refine their search using a number of different options — search by content type, topic, year and document type.

Social Media Engagement on the Rise

Members are using new tools with greater frequency to engage with NACo's events, programs, advocacy and research.



139% Increase in Referrals to NACo Website Content from Twitter



61% Increase in Video Views on YouTube Versus 2013



20% Increase in Referrals to NACo Website Content from Facebook



Nearly **7,600 Minutes** of Video Watched.
88% Increase Over 2013.

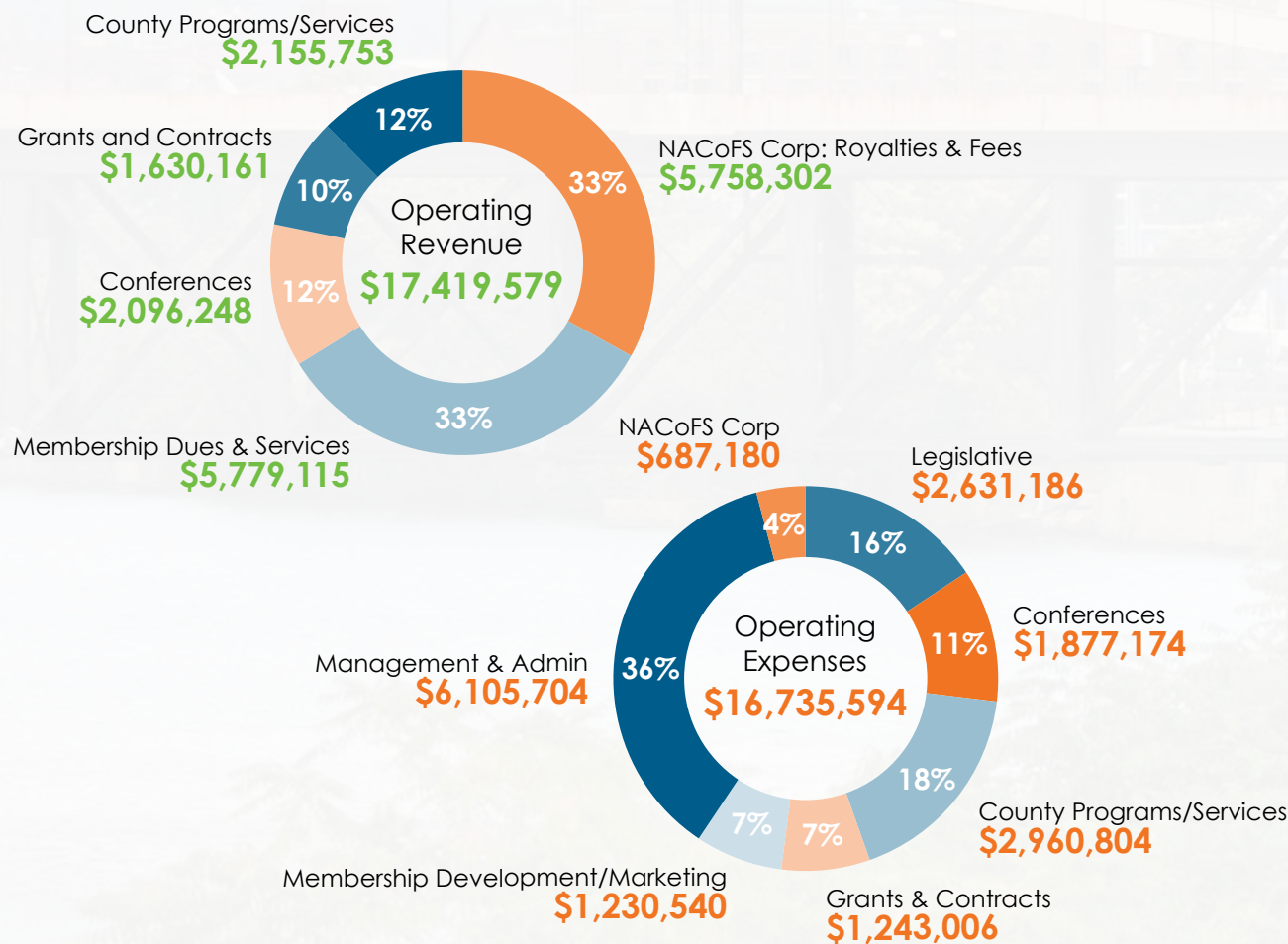
Sound Stewardship

Objective 5: Exercise sound stewardship and management of NACo's financial, intellectual and human resources

NACo has a responsibility to its members to ensure that the association is a viable, fiscally sound organization.

Financial Charts & Information

NACo ended the year with an operating surplus of \$683,985, or 3.3 percent of gross revenue. The surplus is the result of additional non-dues revenue as well as sound expense management. In addition, NACo's reserves provided a 12.87 percent return on the investments. The reserve funds contain the association's long-term contingency reserves and the Board-designated fund for the future purchase of a headquarters.





The Future

Presidential Initiative: Transportation and Infrastructure

Riki Hokama
NACo President
2014–2015



Counties play an essential role in America's transportation and infrastructure networks. Investing over \$100 billion each year in roads, bridges, transit, water systems and other public facilities, counties facilitate everything from Americans' daily commutes to the shipping of goods around the globe. Counties are responsible for building and maintaining 45 percent of public roads and nearly 40 percent of bridges, and are involved in the operations of a third of the nation's transit systems and airports that connect residents, communities and businesses. The decisions that county leaders make every day about transportation, infrastructure, land use and economic development policies and investments influence local and national economic opportunities, shape how communities grow and change and contribute to Americans' quality of life.

Under the leadership of incoming NACo President Riki Hokama, Council Member, Maui County, Hawaii, NACo is strengthening the capacity of county leaders to deliver transportation and infrastructure services to their communities. The *Transportation and Infrastructure Initiative* will address the county role in promoting investments that support economic competitiveness, improve passenger travel, foster creative partnerships, ensure safety, and enhance community quality of life. This initiative will focus on the fundamentals of today's county transportation and infrastructure needs as well as explore the future of America's infrastructure advancements, including broadband expansion and technology innovations.

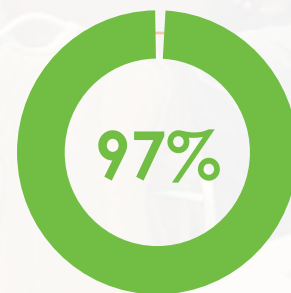
Within the *Transportation and Infrastructure Initiative*, NACo will convene public- and private-sector stakeholders, produce special reports, develop webinars and podcasts, facilitate peer learning and host symposiums, workshops and roundtable events.



Membership Numbers



2,279
Members



Retention Rate

18 States are 100%

(All Counties in These States Are Members)

- | | | | |
|------------|-------------|-----------------|-----------------|
| ▪ Alabama | ▪ Idaho | ▪ New Hampshire | ▪ Utah |
| ▪ Arizona | ▪ Maryland | ▪ New Mexico | ▪ West Virginia |
| ▪ Arkansas | ▪ Minnesota | ▪ North Dakota | ▪ Wyoming |
| ▪ Delaware | ▪ Montana | ▪ Oregon | |
| ▪ Hawaii | ▪ Nevada | ▪ South Dakota | |

“For the small amount of member dues it takes, whether you’re a large county or a small county, it really pays its weight in gold, and I highly recommend NACo membership.”

Dave Roberts
Supervisor
San Diego County, Calif.

Engaging Membership, Partners, Affiliates and State Associations

- **2,279 member county governments**, representing 75 percent of America's 3,069 counties
- **More than 1,000 county leaders from 637 counties** (representing 20 percent of all counties) serve on NACo's policy committees, task forces, ad hoc committees and the Board of Directors
 - NACo Board of Directors: 110 counties
 - Steering Committees: 495 counties
 - Task Forces: 75 counties
 - Standing Committees: 91 counties
 - Ad Hoc Committees: 252 counties
- **Participated in more than 40 state association conferences and events**, as well as attended and provided staff support for numerous affiliate activities
- **Engaged state associations** in NACo's advocacy, business development, education and research programs, with a new focus on co-branding programs and services

NACo Officers



President Linda Langston

Supervisor
Linn County, Iowa



First Vice President G. Riki Hokama

Council Member
Maui County, Hawaii



Second Vice President Sallie Clark

Commissioner
El Paso County, Colo.



Immediate Past President Christopher T. Rodgers

Commissioner
Douglas County, Neb.

NACo Regional Representatives



Regional Representative Christian Leinbach

Northeast Region
Commission Chair
Berks County, Pa.



Regional Representative Joe Bryan

South Region
Chairman of the Board
Wake County, N.C.



Regional Representative Tim Josi

West Region
Commissioner
Tillamook County, Ore.



Regional Representative Ronald D. Houseman

Central Region
Presiding Commissioner
Taney County, Mo.



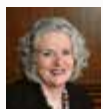
Steering Committee Chairs



Agriculture and Rural Affairs
Commissioner Bob Fox
Renville County, Minn.



Community and Economic Development
Commissioner Welton G. Cadwell
Lake County, Fla.



Environment, Energy and Land Use
Commissioner Victoria Reinhardt
Ramsey County, Minn.



Finance, Pensions and Intergovernmental Affairs
Commission Chair Rodney Bockenfeld
Arapahoe County, Colo.



Health
Commissioner Larry L. Johnson
DeKalb County, Ga.



Human Services and Education
Commissioner Toni Carter
Ramsey County, Minn.



Justice and Public Safety
Commissioner Katie S. Cashion
Guilford County, N.C.



Public Lands
Commissioner Mike Murray
Lewis and Clark County, Mont.



Telecommunications and Technology
Commissioner Lee Bonner
Douglas County, Nev.



Transportation
Board Member James D. Healy
DuPage County, Ill.

Standing Committee Chairs



Information Technology
Recorder Helen Purcell
Maricopa County, Ariz.



Membership
Commissioner Timothy P. McCormick
Ohio County, W.Va.



NACo Finance Committee
First Vice President G. Riki Hokama
Council Member
Maui County, Hawaii



Programs and Services Committee
Commissioner Gregg Goslin
Cook County, Ill.

Caucuses and Regional Affiliate Chairs



Large Urban County Caucus
Commissioner Roy Charles Brooks
Tarrant County, Texas



Rural Action Caucus
Commissioner Ray Jeffers
Person County, N.C.



Western Interstate Region President
Commissioner Lesley Robinson
Phillips County, Mont.

NACo Board of Directors

The Board of Directors is comprised of elected and appointed county officials from active member counties or designated officials and are nominated at the Annual Conference to serve. The role of the board of directors is to:

- Supervise, manage and control the business and property of the association
- Determine NACo's mission as identified by the members
- Monitor NACo's success in fulfilling its mission, and
- Ensure that NACo will be able to continue to fulfill its mission.

To view a complete list of the members of the Board, go to www.naco.org and click on About NACo.

NACo wishes to recognize and thank our funding partners:

Grant Sponsors

- Corporation for Supportive Housing
- Ford Foundation
- MacArthur Foundation
- Motorola Solutions Foundation
- National Fish and Wildlife Foundation
- National Oceanic and Atmospheric Administration
- Network for Better Futures
- Public Welfare Foundation
- Robert Wood Johnson Foundation
- U.S. Department of Housing and Urban Development
- U.S. Department of Justice Bureau of Justice Statistics
- U.S. Environmental Protection Agency
- U.S. Department of Transportation

Premier Members

- Accela
- Aetna
- Anga
- AT&T
- Carton Council
- CGI
- Cisco
- Comcast
- Darden
- Esri
- Google
- Heery
- HP
- Hyland
- IBM
- ICSC
- LexisNexis
- Microsoft
- Motorola Solutions
- Netsmart
- Parsons
- PayPal
- Public Group
- SAIC
- Siemens
- TransCanada
- Thomson Reuters
- United Healthcare
- Verizon
- Virtual Clarity
- VMG Health
- Witt O'Brien's
- 2U, Inc.

Large Urban County Caucus

- Aetna
- Comcast
- CVS Caremark, Inc.
- Ferguson Group
- G.S. Proctor & Associates, Inc.
- IBM
- International Council of Shopping Centers
- Microsoft
- Nationwide Retirement Solutions
- Parsons Corporation
- PayPal
- Public Group
- SAIC
- Siemens Corporation
- United Healthcare
- Verizon Communications Inc.
- Virtual Clarity Ltd.

A large crowd of people is walking on a red carpet at a conference. The people are dressed in business casual attire, and many are wearing lanyards with badges. The carpet is a deep red color, and the background shows the legs and feet of many other attendees.

Rural Action Caucus

- American Petroleum Institute (API)
- Carton Council
- Coca-Cola Company
- CVS Caremark, Inc.
- IBM
- National Rural Electric Cooperative Association
- Nationwide Retirement Solutions
- Public Group
- Siera Energy
- UElectMe.com

Community and Economic Development

- Accela
- Anga
- CGI
- Darden
- Esri
- Hyland Software
- IBM
- TransCanada
- Witt O'Brien's

Cyber for Counties

- AT&T
- Cisco
- Hewlett Packard
- IBM

Smart Justice

- Google
- Heery
- Motorola
- Thomson Reuters

Healthy Counties

- Accenture
- Aetna
- American Beverage Association
- Cenpatico
- CBS EcoMedia
- Esri
- Healthstat
- Netsmart
- Premier
- United Healthcare
- VMG Health

Green Government Initiative

- American Institute of Architects
- Carton Council
- CBS EcoMedia
- Constellation Energy
- Facility Dude
- IBTS
- NORESO
- Siemens Corporation
- Waste Management, Inc.



25 MASSACHUSETTS AVENUE, NW
SUITE 500 | WASHINGTON, DC 20001

202.393.6226 | FAX 202.393.2630
www.naco.org



fb.com/NACoDC
twitter.com/NACoTweets
youtube.com/NACoVideo
linkedin.com/in/NACoDC

Save these Dates!!



NACo 2015 Legislative Conference

February 21–25
Marriott Wardman Park
Washington, D.C.



NACo 2015 Annual Conference and Exposition

County Solutions and Ideas Marketplace

July 10–13
Charlotte Convention Center
Mecklenburg County/
Charlotte, North Carolina