

SB 08-194: Public Health Act County Treasurer Public Health Fund Guidance

SB-194, Public Health Act of 2008, was signed into law by Governor Ritter in July 2008. One of the changes in the new law is related to Public Health funds. Colorado Revised Statute, 25-1-511 (formerly 25-1-509), has been changed to read: “the County Treasurer shall serve as treasurer of the agency and the treasurer’s official bond as county treasurer shall extend to and cover his or her duties as treasurer of the agency.” In the case of a district public health agency, the Act designates the County Treasurer of the most populous county within the district as the treasurer of the district public health agency. In accordance with Senate Bill 194, the county treasurer’s duties have been extended to:

- Serve as the treasurer of the local public health agency.
- Establish a local public health agency fund to which shall be credited:
 - Any moneys appropriated from a county general fund.
 - Any moneys received from state or federal appropriations or any other gifts, grants, donations, or fees for local public health purposes.
- Assure that moneys from the fund shall be expended only for purposes of the public health act and claims or demands against the fund must be certified by the local public health director and the local board of health.

Related Frequently Asked Questions

Q: What was the intent of the Act related to the County Treasurer?

A: This change was made to address the differing structures of the previous part 5 (organized health departments) and part 6 (county nursing services) as they move to the structure of a single public health agency under the new provisions of this law. County financial/accounting staff, Treasurers, and boards of health will be critical to the implementation of the public health fund aspects of the Act.

Q: What is expected of County Treasurers with respect to maintaining a public health fund and how is that to be administered and utilized?

A: The intent of the Act is to assure that all funds that the agency receives for providing core services are expended only for public health services and therefore should be tracked separately. It is the decision of the county to determine what accounting systems or practices would best accomplish this. All credits to the fund must be expended for purposes described in the Act. The Act does not prescribe how the fund should be administered. This fund is either set up at the county level or at the district level depending on how the Act is implemented in any given area. Any procedures or protocols that meet the intent of the Act and satisfy the County Treasurer would be acceptable.

Q: What is a “fund”?

A: A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on specific or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The need to demonstrate compliance with legal requirements led to the development of the fund accounting concept, which is so basic that the term "fund accounting" is often used to denote the kind of accounting recommended for state and local governmental units and by nonprofit entities.

According to the Governmental Accounting Standards Board (GASB), governmental accounting systems should be organized and operated on a fund basis. In some cases the entity resulting from implementation of the Act will be the same as the fund created by the Act. This is more likely the case where the district approach is adopted but it could also occur in the county environment.

Q: What accountability should be expected for this fund?

A: To maintain confidence and trust of the County Treasurer, it is important that the county or district board of health review expenditures to certify that funds are utilized appropriately in compliance with the Public Health Act requirements. A governmental accounting system should make it possible to (a) present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental entity in conformity with Generally Accepted Accounting Principles (GAAP) and (b) determine and demonstrate compliance with finance-related legal and contractual provisions. Fund financial statements are used to assess a government's fiscal accountability. Fund financial statements consist of a series of statements that focus on information about the government's major governmental and proprietary funds as well as its internal service and fiduciary fund types.

Q: Do all revenues including local (fees, general fund, other) need to be put in a separate public health fund established by the Treasurer?

A: Yes, a separate public health fund must be created by the County Treasurer for the sole purpose of public health. All monies received by the agency, whether in the form of county, state or federal appropriations, gifts, grants, donations, or fees, must be credited to this fund and accounted for separately from other county funds. Any subsequent audits should demonstrate that all monies credited to the fund are spent only in support of public health services.

The Act also requires that all funds associated with public health from any source flow into this fund. Where a separate entity now exists and collects fee revenue that revenue could still be collected the same way but it would have to be transferred intact to the fund wherever established (county or district). It could be transferred back (such as in the form of expenses reimbursements), or otherwise made available through grants, contracts, memorandums of understanding, etc.

Q: Will this affect the accounting practices and procedures currently in place at the agency?

A: Any current "operating" arrangements or characteristics could likely be maintained even though there may be some shifts in how the money flows. There may only be a need for adjusting the accounting involved and supplemented, possibly, with changes to existing procedures, contractual arrangements, etc. As a guiding concept, the accounting for these public health monies must be driven by the organization structure, operating arrangements, etc. Accounting does not drive these decisions, merely supports them.

For more information: The Office of the State Auditor has issued a "Financial Management Manual A Guide for Colorado Local Governments."

([http://www.leg.state.co.us/osa/coauditor1.nsf/UID/0E8C123D05928FB687256E9000607525/\\$file/2003+FMM+with+NO+appForExempt.pdf?OpenElement](http://www.leg.state.co.us/osa/coauditor1.nsf/UID/0E8C123D05928FB687256E9000607525/$file/2003+FMM+with+NO+appForExempt.pdf?OpenElement)).