

HOUSE BILL No. 5975

April 25, 2006, Introduced by Reps. Jones, Garfield, Vander Veen, Pastor, Gosselin, Palmer, Marleau, Stahl, Hoogendyk, Drolet, Hildenbrand and Gaffney and referred to the Committee on Government Operations.

A bill to require all governmental entities to provide financial statements regarding commercial activity performed by a governmental entity; and to require the financial statements to be audited.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Commercial activity" means performing services or
3 providing goods that can normally be obtained from private
4 enterprise.

5 (b) "Government agency" or "agency" means the state, a county,
6 city, village, township, educational institution, or a department,
7 agency, or subdivision thereof.

8 (c) "Private enterprise" means an individual, firm,

1 partnership, joint venture, corporation, association, or any other
2 legal entity engaging in the manufacturing, processing, sale,
3 offering for sale, rental, leasing, delivery, dispensing,
4 distributing, or advertising of goods or services for profit.

5 Sec. 2. (1) For all commercial activity by a government
6 agency, annual financial statements of all income and expenses of
7 the commercial activities shall be maintained separately and on the
8 same basis as all other financial statements of the government
9 agency. Income from monetary assets of a government agency shall
10 not be shown as income of commercial activities but shall be shown
11 as income of a government agency.

12 (2) The financial statements of commercial activities shall
13 not include any income from the government agency. Grants shall not
14 be included as income of the commercial activities but shall be
15 shown as income to the government agency.

16 (3) The financial statements of commercial activities shall
17 include proportionate amounts of common expenses shared with other
18 government agencies, including, but not limited to, utility costs,
19 supplies, repair and replacement costs, insurance of all types,
20 employee compensation, employee benefits, payroll taxes, debt
21 service, and depreciation of all types.

22 (4) The financial statements of a government agency and the
23 commercial activities shall be audited and certified as correct by
24 a certified public accountant and auditor within 120 days after the
25 end of the annual accounting period and when certified shall be
26 released to the public.