



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

November 17, 2017

**Request for Improvement  
of Deficiencies -  
Corrective Action Plan**

Fiscal Year: 2017

MuniCode: 473020

Report ID Number: 71045

**Sent Via Email**

Village of Pinckney

president@villagepinckney.org

Dear Governing Body:

The Community Engagement and Finance Division has received the audit report for the fiscal year referenced above. It is the responsibility of this division to administer certain State statutes. Consequently, your audit has been reviewed to determine compliance with budgeting, accounting, auditing, and statutory compliance related activities. This review has identified issues that we believe need your attention.

Your certified public accountant has noted the following issues corresponding to questions on the auditing procedures report (APR):

- Expenditures have exceeded revenues for the last three years. Please provide an explanation for this trend.

The matters described above are either violations of State statute or are deficiencies of the local unit that may impede the local unit's ability to comply with State statute. Therefore, please submit to us, within **30 days** from the date of this letter, a detailed corrective action plan (CAP) to resolve the above-mentioned matters including other deficiencies noted in your audit report. Additional deficiencies in your report are usually found in the form of comments and recommendations located toward the end of the report. The plan should identify each APR question listed above, each additional deficiency, the corrective action to be taken, the supporting documentation requested, if any, and the date in which the action is to be implemented.

Please submit your CAP by:

1. Logging into the department's online filing site:

Treasury Website (<https://treas-secure.state.mi.us/LAFDeform/TL41W71.aspx>)

You must request local unit user access if one does not already exist.

2. Select your county, municipality type, municipality, "Corrective Action Plan for Audit" under Form, the applicable fiscal year, and "Create Form."
3. Select the browse button to find the file on your computer (note the CAP must be a portable document file type, PDF).
4. Continue, certify the information, and submit.

Failure to respond within 30 days or an inability to demonstrate that corrective action has been implemented may result in one or more of the following:

- Denial of subsequent year qualified status under Public Act 34 of 2001, the Revised Municipal Finance Act (possibly preventing your municipality the ability to borrow money);
- Reporting the failure to file to the county prosecuting attorney or attorney general pursuant to Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, as amended;
- Subject the local unit to an audit and/or review performed by Department of Treasury auditors at the expense of the local unit.

Thank you for your attention to this matter. If you have any questions, please contact our audit review staff at 517-373-3227.

Sincerely,



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Community Engagement and Finance Division



220 S. Howell  
Pinckney, Michigan 48169  
734.878.6206  
734.878.9749 Fax  
www.villageofpinckney.org

November 21, 2017

Michigan Department of Treasury  
Attn: Cary Jay Vaughn  
P.O. Box 30728  
Lansing, MI 48909-8228

Re: Village of Pinckney; FY 2017; MuniCode 473020; Report ID #71045

Dear Mr. Vaughn:

We are in receipt of the attached letter requesting a response to an issue noted on the Auditing Procedures Report for the year ended June 30, 2017.

Issue: Expenditures have exceeded revenues for the last three years. Please provide an explanation for this trend.

Response: The expenditures have exceeded revenues in the General Fund for the past three years as you stated. This has been due to the investment in capital equipment in each of the three years. Furthermore, other financing sources (proceeds from capital leases) have offset the excess of expenditures over revenues, and in fiscal years 2015 and 2017 the net change in fund balance was an increase. The Statements of Revenues, Expenditures and Changes in Fund Balance for the three years are attached. The investment in capital equipment is a non-recurring expenditure and the fund balance has remained well above the minimum fund balance (assigned and unassigned) of 55% of expenditures per the Village's Fund Balance Policy for all three years. The respective Balance Sheets are also attached.

If you have any other questions please do not hesitate to contact me. I am also sending a copy of this correspondence to our auditors, Pfeffer, Hanniford & Palka, CPA's. If you would like to have any discussions with our auditor, Pat Hanniford, feel free to call him at 810-229-5550.

Regards,

Linda E. Lavey  
President, Village of Pinckney

VILLAGE OF PINKNEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 897,648	\$ 368,057	\$ 46,249	\$ 361,063	\$ 149,085	\$ 1,822,102
Receivables						
Grant					3,670	3,670
Services	68,448	3,161	3,871			75,480
Taxes	107			26		133
Intergovernmental	32,883	17,219	7,348			57,450
Due from other funds	3,969		96,500			100,469
Prepaid expenditures	27,463	670	916	6	399	29,454
<b>Total assets</b>	<b>\$ 1,030,518</b>	<b>\$ 389,107</b>	<b>\$ 154,884</b>	<b>\$ 361,095</b>	<b>\$ 153,154</b>	<b>\$ 2,088,758</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 31,280	\$ 1,473	\$ 101,721	\$ 4,375	\$ 3,738	\$ 142,587
Due to other funds		163	163	96,500	542	97,368
<b>Total liabilities</b>	<b>31,280</b>	<b>1,636</b>	<b>101,884</b>	<b>100,875</b>	<b>4,280</b>	<b>239,955</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	27,463	670	916	6	399	29,454
Corpus of permanent fund					21,389	21,389
Restricted						
Public safety					1,191	1,191
Public works						
Committed		386,801	(21,096)	68,004		433,709
Capital improvement	108,214					108,214
Cemetery					112,764	112,764
Assigned						
Future budget deficit	174,154		73,180	192,210	12,863	452,407
Public safety					268	268
Unassigned	689,407					689,407
<b>Total fund balances</b>	<b>999,238</b>	<b>387,471</b>	<b>53,000</b>	<b>260,220</b>	<b>148,874</b>	<b>1,848,803</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,030,518</b>	<b>\$ 389,107</b>	<b>\$ 154,884</b>	<b>\$ 361,095</b>	<b>\$ 153,154</b>	<b>\$ 2,088,758</b>

The notes are an integral part of the financial statements.

VILLAGE OF PINKNEY  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>REVENUES</b>						
Taxes	\$ 516,685	\$	\$	\$ 120,416	\$	\$ 637,101
Intergovernmental	186,984		45,841			340,248
Charges for services	154,837	107,423			18,875	173,712
Charges to other governments and funds	57,138				30,274	57,138
Grants						
Rents	54,741					54,741
Licenses, fines and permits	20,462			3,000	1,611	25,073
Franchise and liquor control fees	19,229					19,229
Interest	2,265	1,138	176	928	554	5,061
Contributions					4,605	4,605
Other	44,846	3,194	16,245	1,00	617,00	64,903
<b>Total revenues</b>	<b>1,057,187</b>	<b>111,755</b>	<b>62,262</b>	<b>124,345</b>	<b>56,536</b>	<b>1,412,085</b>
<b>EXPENDITURES</b>						
Current:						
General government	234,864					234,864
Public works	307,666	40,576	57,048	31,514		436,804
Public safety	408,187				33,637	441,824
Cemetery					20,049	20,049
Capital outlay:						
Public works	114,617		172,853			287,470
Debt service:						
Principal						
Interest and fiscal charges				25,000		25,000
<b>Total expenditures</b>	<b>1,065,334</b>	<b>40,576</b>	<b>229,901</b>	<b>69,483</b>	<b>53,686</b>	<b>1,458,980</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(8,147)</b>	<b>71,179</b>	<b>(167,639)</b>	<b>54,862</b>	<b>2,850</b>	<b>(46,895)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	52,000					52,000
Proceeds from sale of capital assets	18,474					18,474
Transfers in						
Transfers (out)		(53,712)	150,212	(96,500)		150,212
<b>Total other financing sources (uses)</b>	<b>70,474</b>	<b>(53,712)</b>	<b>150,212</b>	<b>(96,500)</b>		<b>70,474</b>
<b>Net changes in fund balances</b>	<b>62,327</b>	<b>17,467</b>	<b>(17,427)</b>	<b>(41,638)</b>	<b>2,850</b>	<b>23,579</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>936,911</b>	<b>370,004</b>	<b>70,427</b>	<b>301,858</b>	<b>146,024</b>	<b>1,825,224</b>
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$ 999,238</b>	<b>\$ 387,471</b>	<b>\$ 53,000</b>	<b>\$ 260,220</b>	<b>\$ 148,874</b>	<b>\$ 1,848,803</b>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 898,826	\$ 389,171	\$ 127,463	\$ 217,443	\$ 155,414	\$ 1,788,317
Receivables						
Grant					3,636	3,636
Services	68,182		6,053			74,235
Taxes	104			26		130
Intergovernmental	31,053	18,612	7,945			57,610
Due from other funds	1,136		9,837			10,973
Prepaid expenditures	26,585	675	954		422	28,636
<b>Total assets</b>	<b>\$ 1,025,886</b>	<b>\$ 408,458</b>	<b>\$ 152,252</b>	<b>\$ 217,469</b>	<b>\$ 159,472</b>	<b>\$ 1,963,537</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 40,991	\$ 1,924	\$ 4,021	\$ 8,303	\$ 3,322	\$ 58,561
Due to other funds	8,000				326	8,326
<b>Total liabilities</b>	<b>48,991</b>	<b>1,924</b>	<b>4,021</b>	<b>8,303</b>	<b>3,648</b>	<b>66,887</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	26,585	675	954		422	28,636
Corpus of permanent fund					25,101	25,101
Restricted						
Public safety					4,207	4,207
Public works				209,166		669,822
Committed						
Capital improvement	142,933					142,933
Cemetery					115,038	115,038
Assigned						
Future budget deficit	26,209		92,480		10,650	129,339
Public safety					406	406
Unassigned	781,168					781,168
<b>Total fund balances</b>	<b>976,895</b>	<b>406,534</b>	<b>148,231</b>	<b>209,166</b>	<b>155,824</b>	<b>1,896,650</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,025,886</b>	<b>\$ 408,458</b>	<b>\$ 152,252</b>	<b>\$ 217,469</b>	<b>\$ 159,472</b>	<b>\$ 1,963,537</b>

The notes are an integral part of the financial statements.

VILLAGE OF PINKNEY  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>REVENUES</b>						
Taxes	\$ 531,510	\$	\$	\$ 247,506	\$	\$ 779,016
Intergovernmental	181,380	113,178	48,312			342,870
Charges for services	155,980				18,800	174,780
Charges to other governments and funds	56,676					56,676
Grants					33,008	33,008
Rents	58,833					58,833
Licenses, fines and permits	22,170			3,000	1,885	27,055
Franchise and liquor control fees	19,524					19,524
Interest	2,359	802	225	791	259	4,436
Contributions					4,550	4,550
Other	32,200	64	24,351	1	4,214	60,830
Right of way fees				14,017		14,017
<b>Total revenues</b>	<b>1,060,632</b>	<b>114,044</b>	<b>72,888</b>	<b>265,315</b>	<b>62,716</b>	<b>1,575,595</b>
<b>EXPENDITURES</b>						
Current:						
General government	128,899					128,899
Public works	417,463	38,392	89,062	66,256		611,173
Public safety	436,487				35,993	472,480
Cemetery					18,158	18,158
Capital outlay:						
Public works	89,349		152,984			242,333
Debt service:						
Principal	33,244			30,000		63,244
Interest and fiscal charges	1,248			12,313		13,561
<b>Total expenditures</b>	<b>1,106,690</b>	<b>38,392</b>	<b>242,046</b>	<b>108,569</b>	<b>54,151</b>	<b>1,549,848</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(46,058)</b>	<b>75,652</b>	<b>(169,158)</b>	<b>156,746</b>	<b>8,565</b>	<b>25,747</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	22,100					22,100
Transfers in	1,615		264,389			266,004
Transfers (out)		(56,589)		(207,800)	(1,615)	(266,004)
<b>Total other financing sources (uses)</b>	<b>23,715</b>	<b>(56,589)</b>	<b>264,389</b>	<b>(207,800)</b>	<b>(1,615)</b>	<b>22,100</b>
<b>Net changes in fund balances</b>	<b>(22,343)</b>	<b>19,063</b>	<b>95,231</b>	<b>(51,054)</b>	<b>6,950</b>	<b>47,847</b>
<b>FUND BALANCE, JULY 1, 2015</b>	<b>999,238</b>	<b>387,471</b>	<b>53,000</b>	<b>260,220</b>	<b>148,874</b>	<b>1,848,803</b>
<b>FUND BALANCE, JUNE 30, 2016</b>	<b>\$ 976,895</b>	<b>\$ 406,534</b>	<b>\$ 148,231</b>	<b>\$ 209,166</b>	<b>\$ 155,824</b>	<b>\$ 1,896,650</b>

The notes are an integral part of the financial statements.

VILLAGE OF PINKNEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 1,007,490	\$ 411,312	\$ 190,373	\$ 420,252	\$ 152,564	\$ 2,181,991
Receivables						
Services	59,741					59,741
Taxes	104			26		130
Intergovernmental	33,153	25,176	10,749			69,078
Due from other funds	29,193					29,193
Prepaid expenditures	28,493	669	953		417	30,532
<b>Total assets</b>	<b>\$ 1,158,174</b>	<b>\$ 437,157</b>	<b>\$ 202,075</b>	<b>\$ 420,278</b>	<b>\$ 152,981</b>	<b>\$ 2,370,665</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 46,947	\$ 5,602	\$ 6,161	\$ 8,016	\$ 450	\$ 67,176
Due to other funds	357					357
<b>Total liabilities</b>	<b>47,304</b>	<b>5,602</b>	<b>6,161</b>	<b>8,016</b>	<b>450</b>	<b>67,533</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	28,943	669	953		417	30,982
Corpus of permanent fund					28,774	28,774
Restricted						
Public safety					5,183	5,183
Public works		430,886	103,001	412,262		946,149
Committed						
Capital improvement	192,687					192,687
Cemetery					109,833	109,833
Assigned						
Future budget deficit	41,540		91,960		7,530	141,030
Public safety					794	794
Unassigned	847,700					847,700
<b>Total fund balances</b>	<b>1,110,870</b>	<b>431,555</b>	<b>195,914</b>	<b>412,262</b>	<b>152,531</b>	<b>2,303,132</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,158,174</b>	<b>\$ 437,157</b>	<b>\$ 202,075</b>	<b>\$ 420,278</b>	<b>\$ 152,981</b>	<b>\$ 2,370,665</b>

The notes are an integral part of the financial statements.



VILLAGE OF PINKNEY  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>REVENUES</b>						
Taxes	\$ 566,222	\$	\$	\$ 263,455	\$	\$ 829,677
Intergovernmental	195,221	130,151	55,567			380,939
Charges for services	158,734				16,850	175,584
Charges to other governments and funds	78,713				934	78,713
Grants	6,116					7,050
Rents	135,554			3,000		135,554
Licenses, fines and permits	19,184					22,184
Franchise and liquor control fees	19,198		732	2,142	449	19,198
Interest	3,775	1,369				8,467
Contributions					3,614	3,614
Other	52,651	427	1,527		411	55,016
Right of way fees				7,860		7,860
<b>Total revenues</b>	<b>1,235,368</b>	<b>131,947</b>	<b>57,826</b>	<b>276,457</b>	<b>22,258</b>	<b>1,723,856</b>
<b>EXPENDITURES</b>						
Current:						
General government	250,986					250,986
Public works	329,862	41,851	62,273	31,799		465,785
Public safety	413,316				7,233	420,549
Cemetery					18,318	18,318
Capital outlay:						
General government	16,448					16,448
Public works	210,526		12,945			223,471
Debt service:						
Principal	33,165			30,000		63,165
Interest and fiscal charges	1,090			11,562		12,652
<b>Total expenditures</b>	<b>1,255,393</b>	<b>41,851</b>	<b>75,218</b>	<b>73,361</b>	<b>25,551</b>	<b>1,471,374</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(20,025)</b>	<b>90,096</b>	<b>(17,392)</b>	<b>203,096</b>	<b>(3,293)</b>	<b>252,482</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	154,000					154,000
Transfers in			65,075			65,075
Transfers (out)		(65,075)				(65,075)
<b>Total other financing sources (uses)</b>	<b>154,000</b>	<b>(65,075)</b>	<b>65,075</b>			<b>154,000</b>
<b>Net changes in fund balances</b>	<b>133,975</b>	<b>25,021</b>	<b>47,683</b>	<b>203,096</b>	<b>(3,293)</b>	<b>406,482</b>
<b>FUND BALANCE, JULY 1, 2016</b>	<b>976,895</b>	<b>406,534</b>	<b>148,231</b>	<b>209,166</b>	<b>155,824</b>	<b>1,896,650</b>
<b>FUND BALANCE, JUNE 30, 2017</b>	<b>\$ 1,110,870</b>	<b>\$ 431,555</b>	<b>\$ 195,914</b>	<b>\$ 412,262</b>	<b>\$ 152,531</b>	<b>\$ 2,303,132</b>

The notes are an integral part of the financial statements.