



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

Standard Operating Procedure (SOP)

Escrow Account Management

Village of Pinckney

1. Purpose

This SOP establishes a clear, enforceable process for receiving, recording, tracking, and disbursing escrow funds to ensure accountability, transparency, and strong financial controls.

2. Scope

Applies to all Village personnel involved in escrow account handling for development projects, permits, inspections, and related activities.

3. Responsibilities

- **Village Office Manager (Primary Responsibility):**
 - Receive and process escrow funds.
 - Enter all transactions into BS&A
 - Maintain and update escrow tracking spreadsheet.
 - Ensure proper documentation and recordkeeping.
 - Issue required notifications.
 - **Clerk / Treasurer (Support Role):**
 - Assist with receipting, deposits, and financial reconciliation.
 - **Zoning Administrator / Project Manager:**
 - Monitor escrow balances.
 - Enforce project holds when balances fall below minimum.
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May 11th, 2026



4. Escrow Account Setup

1. Upon receipt of an escrow check:
 - Verify amount and associated project/address.
 - Issue a receipt within **1 business day**.
 2. Enter into BS&A using format:
 - **701-000-282-000-[Project Address]**
 - Example: *701-000-282-000-570Showell*
 3. Record in escrow tracking spreadsheet within **1 business day**, including:
 - Date received.
 - Payer name.
 - Project address.
 - Amount received.
 - Running balance.
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5. Escrow Tracking Spreadsheet

A master spreadsheet shall be maintained with the following fields:

- Escrow account number
- Project address
- Owner / responsible party
- Deposits (date and amount)
- Withdrawals (date and amount)
- Current balance

All entries must be updated within 1 business day of any transaction.

6. Deposits

All escrow deposits must:

- Be entered into BS&A within **1 business day**.
- Be logged in the spreadsheet within **1 business day**.
- Include documentation:
 - Copy of check
 - Receipt
 - Supporting correspondence



7. Disbursements (Bill Payments)

1. Verify invoice is valid and tied to correct project.
 2. Confirm sufficient escrow balance prior to payment.
 3. Process payment in BS&A
 4. Documentation (required for every invoice):
 - One copy filed internally.
 - One copy sent to escrow account owner within **3 business days**.
 5. Update spreadsheet within **1 business day**:
 - Record withdrawal
 - Update running balance.
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8. Minimum Balance Requirement

Each escrow account must maintain a minimum balance of \$2,000.00 at all times.

If Balance Falls Below \$2,000:

1. **Within 1 Business Day:**
 - Place project on hold
 - Issue formal notification to escrow owner
 2. **Restrictions:**
 - No further work shall proceed.
 - **No invoices shall be paid.**
 3. **Replenishment Requirement:**
 - Owner must deposit sufficient funds to restore balance above \$2,000.
 4. **Resumption:**
 - Upon receipt and recording of funds:
 - Remove project hold.
 - Resume work
 - Process any pending invoices.
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9. Standard Notification Template

Subject: Escrow Account Balance Below Required Minimum

Project Address: [Insert Address]

Dear [Owner Name],

This notice is to inform you that your escrow account for the above-referenced project has fallen below the required minimum balance of \$2,000.00.

Current Balance: \$[Insert Balance]

Effective immediately:

- The project has been placed on hold.
- No further invoices will be processed or paid.

To resume activity, additional funds must be submitted to restore the escrow balance above the required minimum.

Please remit payment promptly.

If you have questions, contact the Village Office.

Sincerely,
Village of Pinckney

10. Recordkeeping

Each escrow file must include:

- Deposit records
- Copies of checks
- Invoices and payments
- Correspondence

Files shall be organized by project/address and maintained per retention policy.

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11. Reconciliation

- Escrow accounts must be reconciled **monthly**:
 - BS&A vs. spreadsheet balances
 - Discrepancies must be investigated and resolved within **5 business days**.
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12. Enforcement

Failure to follow this SOP may result in project delays, unpaid invoices, or audit findings. Compliance is mandatory.

13. Effective Date

This SOP is effective upon adoption and remains in force until amended.

Jeffrey A Buerman Village President

Andrea McCall Village Clerk

May 11th, 2026