



The following checklist assists town boards in preparing for and conducting the annual town meeting. Information on calling and conducting the board of audit meeting and special town meetings is also included. The checklist format distinguishes the various steps to the process and presents them in chronological order. This checklist will NOT discuss town elections.

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- 1) _____ The town board meets as the board of audit between the close of the fiscal year (December 31) and one week before the annual meeting to examine and audit the town’s accounts.¹
- The board determines the date on which the board of audit will meet.

¹Minn. Stat. §§ 366.20 & .21.

- The board of audit meeting can occur during a regular board meeting without separate notice. If the board provides notice of its regular meetings, the notice should indicate that the board of audit will meet. When the board of audit meets during a regular meeting, the minutes of the meeting should specifically indicate that the board of audit met, what it did, and its findings. If the meeting is held outside of a regular meeting, the customary five days posted notice is required. Best practices would be to provide at least 10 days published as well.² The notice should specifically indicate that the town board will be meeting as the board of audit along with the date, time, place, and purpose of the meeting.
- The town clerk must “furnish to the annual meeting of the town board of audit every statement from the county treasurer of money paid to the town treasurer, and all other information about fiscal affairs of the town in the clerk’s possession, and all accounts, claims, and demands against the town filed with the clerk ...”³
- The town treasurer must present to the board of audit the account of all money received by the treasurer and how it was disbursed, along with the treasurer’s voucher, for adjustment.⁴ This information will also be included in the written statement the treasurer must file with the clerk prior to the annual meeting. (See #6 below)
- At the meeting, the board of audit should review the town’s accounts for the year by examining and comparing the clerk’s books, the treasurer’s books, the bank account reports, canceled checks, etc. One of the purposes of this audit is to make sure there are no discrepancies in the records of the accounts. This review serves as a safeguard to help assure public funds are not being misappropriated.
- Some townships must have an outside audit completed by a public accountant. “Public accountant” is defined as a certified public accountant or a certified public accounting firm.⁵ In these townships the board still meets as the board of audit, but primarily to review the results of the outside audit.

Instances when an outside audit is required include:

- towns which have a combined clerk-treasurer position must have an outside audit on the following schedule;⁶

- 1) Towns with an annual revenue of under \$150,000 as adjusted for inflation beginning 2005, must have an audit once every five years.

² Minn. Stat. § 13D.04.

³ Minn. Stat. § 367.11(7).

⁴ Minn. Stat. § 367.16(3).

⁵ Minn. Stat. § 367.36; *see also* Minn. Stat. § 471.49.

⁶ Minn. Stat. § 367.36.

The exact revenue required to mandate an audit is published by the State Auditor's Office annually in early February. The audit covers a one-year period chosen at random by the CPA;

2) Towns with an annual revenue over \$150,000 as adjusted for inflation after 2005, must have an audit every year. Minn. Stat. § 367.36; and

- towns with a population of 2500 or more and an annual *revenue* of \$675,500 or more, as adjusted for inflation after 2005.⁷

Related Note: towns with a population of 2,500 or more must use Government Approved Principles (GAP) when reporting their year-end figures to the State Auditor's Office.⁸ GAP requires use of the modified accrual method of reporting rather than the usual cash method.

- The Board of Audit must develop a report of the town's accounts.⁹ This report need not be a listing of every check written for the year. Information regarding each claim, whether it was allowed or disallowed, and each check is already included in the minutes of the regular board meetings in which they were considered. Instead, the report is a summary of the town's fiscal affairs which includes an estimate of the sums needed to be raised for the following year. The report may also include any other fiscal recommendations the board deems necessary.

2) _____ Collect information in preparation for the annual meeting.

Perhaps the most important aspect of this preparation involves developing recommendations for next year's budget. These recommendations are consolidated and presented to the electors at the annual meeting for approval as the levy in each fund. Recommendations can be developed from many different sources including:

- History of expenditures and revenues in a fund;
- The current year's financial report;
- Anticipated increases in the cost of goods, services, etc.;
- Reports from the supervisor in charge of a department (e.g., police, fire, road, etc.);
- Recommendations from the clerk and treasurer; and
- Any special project costs (e.g., blacktopping a road, a new town hall, etc.).

⁷ Minn. Stat. § 471.697.

⁸ Minn. Stat. § 477A.017, subd. 2.

⁹ Minn. Stat. § 366.21.

Another important aspect of preparing for the annual meeting is developing the agenda. The agenda will include setting the levy and can include any other topic of interest to the township. The Clerk determines if a meeting should be postponed.

- 3) _____ Confirm the site for the annual meeting.¹⁰
 - The meeting must be held at the site selected by the electors at the last annual meeting. If no site was named, the town board chooses the location.
 - The site must be within the township or within 5 miles of the township's boundary.

- 4) _____ Confirm the time when the annual meeting is to convene.¹¹
 - The meeting must start at 9:00 a.m. unless the electors set a later time at the last annual meeting.
 - Except for towns that hold their town election in November, the annual meeting may not be held between 6:00 pm and 8:00 pm on the day of the election.¹² Outside of those hours, some towns choose to conduct their annual meeting while the polls are open in a room separate from the polling (it is clearly published to conduct a meeting in the polling place while the polls are open). However, this practice of conducting both activities is not recommended because it forces town electors, and particularly the election judges, to miss a portion of the meeting to vote. Electors should not be forced to choose in this way.

- 5) _____ Provide notice of the annual meeting.¹³
 - The annual meeting must be held on the second Tuesday in March. If bad weather prevents holding the meeting on the second Tuesday it must be held on the third Tuesday in March. If there is bad weather on the third Tuesday, then the town board must set another date within 30 days.¹⁴ The statutes do not specify who makes the decision to postpone the meeting; however, the board should make the decision whenever possible.
 - The clerk must give at least 10 days published notice of the date, time, and place of the meeting. Published notice must be in a qualified newspaper having general circulation in the town. The publisher should be able to tell you if the paper is "qualified" under the statutes. In fact, if the town board presents a public notice to a newspaper, the newspaper must inform the board that it is not a qualified newspaper.¹⁵ Unless the electors direct otherwise, it is possible to post notice as an alternative to publishing; however, it is recommended that published notice be used. Posted notice may be used to supplement the published notice.

¹⁰ Minn. Stat. § 365.51, subd. 1.

¹¹ Minn. Stat. § 365.54, subd. 1.

¹² Minn. Stat. § 204C.03, subd. 1

¹³ Minn. Stat. § 365.51, subd. 2.

¹⁴ Minn. Stat. § 365.51, subd. 1.

¹⁵ Minn. Stat. § 331A.02.

- The notice must indicate the “bad weather” dates mentioned above. If the meeting is postponed due to bad weather, the board should take reasonable steps to notify people when the meeting will be held (e.g., daily paper, local radio, etc.).
 - If bad weather prevents holding the annual meeting on the second or third Tuesday in March, ten days published notice of the later date set by the board must be given.¹⁶
 - Because the statutes assign certain roles to the election judges for the annual meeting, as part of preparing for the meeting the clerk should request that the judges attend the meeting.
- 6) _____ Within 5 days before the annual meeting, the town treasurer must make and file with the town clerk a written statement indicating: the money received from the county treasurer and from all other sources; all money paid out as town treasurer; the items of money received and from whom; on what account and when each item of money was received; when each payment was made and the amount; and the unexpended balance on hand.¹⁷
- 7) _____ At least 1/2 hour before the annual meeting convenes, the clerk must post a copy of the financial report at the meeting place. Copies of the report should also be made available for those attending the meeting.¹⁸
- The clerk should also set out a sign-in sheet for those attending the meeting. This sheet asks for information such as the person’s name, address, and whether the person is a resident voter of the town. Although the statutes do not require townships to have a sign-in sheet, it serves to enhance the record of the meeting. Remember, persons who are not eligible voters of the town may attend the meeting, but they are not allowed to vote.
- 8) _____ The town clerk “calls the meeting to order at the time set by the town board or by the electors at the last annual meeting.” If no time is set, the meeting must be called to order within one hour of when the meeting “convenes.”¹⁹
- If the board sets the time to call the meeting to order, it must do so on the day of the annual meeting.²⁰
 - The statutes make a distinction between when the meeting is convened and when it is called to order. No explanation is provided of the distinction, however, it appears the meeting is considered to convene at the time published in the notice

¹⁶ Minn. Stat. § 365.51, subd. 1.

¹⁷ Minn. Stat. § 367.16(7).

¹⁸ Minn. Stat. § 366.22.

¹⁹ Minn. Stat. § 365.54, subd. 2.

²⁰ Minn. Stat. § 365.54, subd. 2.

(the time we normally think the meeting begins) and the meeting actually begins when it is officially called to order by the presiding officer (in this case, the clerk). In other words, the annual meeting convenes at the time set for the people to gather and the meeting begins when it is called to order by the clerk.

- The town clerk must keep full minutes of the meeting. The minutes must contain the *full text* of every order, direction, and rule made at the meeting.²¹ It is possible for the clerk to tape record the meeting to assist in putting the minutes in final form.
- If the clerk is absent, the deputy clerk normally carries out the duties of the clerk. If the town does not have a deputy clerk or if the deputy is also absent, the electors select someone to carry out the clerk's duties for the meeting.²²

9) _____ The electors then choose a moderator to conduct the meeting.²³

- The choice is made by a majority vote of the electors.
- Nothing prohibits a supervisor from being selected to serve as moderator but the position should usually be filled by someone who is not on the board. This will help avoid possible claims of impropriety being brought against the board.
- The town board decides how much to pay the moderator. This decision should be made at a regular board meeting before the annual meeting.
- The moderator acts as the chair of the meeting. Therefore, the moderator is responsible for enforcing the rules of parliamentary procedure and for keeping control of the meeting.
- Because the annual meeting is a public meeting, anyone can attend. However, only eligible voters of the town may act at the meeting (e.g., make or second motions, vote, etc).²⁴ Since the meeting is public, people also have a right to tape record the proceedings.

10) _____ The moderator must state the order of business for the meeting. This essentially involves reading the prepared agenda.²⁵

²¹ Minn. Stat. § 365.55.

²² Minn. Stat. §§ 365.54, subd. 3 & 365.55.

²³ Minn. Stat. § 365.54, subd. 4.

²⁴ Minn. Stat. § 365.57.

²⁵ Minn. Stat. § 365.56, subd. 1.

11) _____ The clerk reads the financial report that was developed by the board of audit and posted before the annual meeting.²⁶

12) _____ Business is then raised and discussed in the order established on the agenda.

- Often one of the first items on the agenda is to review the minutes from the previous annual meeting. (They need not be read but providing copies of the minutes is a best practice.) Any changes to the minutes must be made by a motion and approved by a majority of the electors present and added as an addendum to the original copy.

Note: minutes from the annual meeting are available for review during the year even though they have not been approved. When copies are requested, the clerk should indicate on the copy that the minutes are not approved and are subject to change upon approval.

- Another initial agenda item is approving the site and time for the next annual meeting.
- A proposition to vote on a tax cannot be acted on out of the order stated by the moderator at the outset of the meeting.²⁷
- Votes on the levy amounts should be for the total dollars to go into each individual fund (General, Road and Bridge, Fire, etc.). Line items in the proposed budget should not be voted on individually to ensure flexibility for the Supervisors.
- “A motion to reconsider a vote must be made within one-half hour of the vote. To pass, a motion to reconsider must be favored by a majority of the electors entered on the election register when the motion is made.”²⁸ Because of this time limitation, the clerk should note in the minutes when motions are voted on. This limitation is in place to guard against reversing a vote after a majority of those interested in the vote have left the meeting.
- Motions are decided by a majority of the electors voting on the question.²⁹
- Except for the few parliamentary rules discussed in this section, the statutes do not provide a set of parliamentary procedures that must be followed at the meeting. It is unlikely that technical issues as to parliamentary procedure will come up in a meeting; however, if disputes as to parliamentary rules arise, the electors can agree to follow a book of parliamentary rules for the meeting (e.g., Robert’s Rules of Order). The book of rules and any special rules the electors want to have apply to the annual meeting should be proposed in a motion and adopted by an affirmative vote of the majority. Once adopted, the name of the adopted book of

²⁶ Minn. Stat. § 366.22.

²⁷ Minn. Stat. § 365.56, subd. 3.

²⁸ Minn. Stat. § 365.56, subd. 4.

²⁹ Minn. Stat. § 365.56, subd. 5.

rules and any special rules should be written down and made available at subsequent annual meetings. However, be very cautious when adopting parliamentary rules or books of rules because once adopted, the moderator will be required to know and follow the rules when conducting the meeting.

- The moderator is responsible for deciding and declaring the vote on each question.³⁰
- Any town resident that is qualified to vote at a general election may vote at the meeting. This means the town supervisors, clerk, treasurer (unless the clerk or treasurer are appointed non-residents), moderator, etc. can make motions and vote. “If a voter is challenged, the judges shall act as in the case of a challenge at a general election.” The oath, as described in Minn. Stat. § 204C.12, is to be changed to fit the circumstances of the situation.³¹
- The town officers do not act in their official capacity during the annual meeting. The supervisors can certainly explain the proposed levy, answer questions, etc., but they **cannot** exercise town board authority during the meeting.
- Although any matter of township business can be discussed at the meeting, all motions made and passed at the meeting are not necessarily binding on the board. The legislature has indicated what the electors can do at the annual meeting.³² In matters other than setting the levy, electors typically only get involved to the extent of granting or denying authority to the board to carry out an activity specifically requiring elector authorization and one which the board wishes to pursue. For instance, the board must receive authorization from the electors before it can purchase grounds for use as a town cemetery.³³ However, elector authorization usually does not require the board to take a particular action. In other words, the electors cannot force the board to buy land for a cemetery if the board does not feel the purchase is in the best interests of the town.
- There are no predetermined methods of submitting a question or taking a vote at the annual meeting. Therefore, a vote can usually be taken by a show of hands, a voice vote, or by ballot. However, the statutes do occasionally require a vote be taken by ballot and occasionally requires that the question be submitted at the election. When dealing with a particularly sensitive issue where people may not feel comfortable voicing their position, or where a record of the number of votes cast is important, it is often beneficial to use a paper ballot. Once the ballots are collected and recorded, the clerk may keep them on file until after the next annual meeting. A board can adopt a policy of having the electors pass a motion to destroy the ballots from the previous annual meeting. In some cases, it may be more appropriate for the board to exercise its authority to move an issue that requires an elector vote to the election for a ballot vote.

³⁰ Minn. Stat. § 365.56, subd. 6.

³¹ Minn. Stat. § 365.57.

³² See, e.g., Minn. Stat. § 365.10.

³³ Minn. Stat. § 365.10, subd. 7.

- 13) _____ Moderator closes or continues the meeting.
- Closing or adjourning the meeting requires a motion and a favorable vote by a majority of the electors.
 - The meeting may be continued to any other day or later the same day to conduct any business allowed to be conducted at the annual meeting.³⁴ If the meeting is continued, the date, time, place, and purpose of the meeting should be stated and recorded in the minutes before the meeting is recessed.³⁵ If this is not done, 10 days published notice of the continued meeting must be provided. Even if this information was established, it is recommended that the board still provide ten days published notice as a reminder of the meeting.
 - Some townships continue the annual meeting to set the levy. This provides an opportunity to develop a clearer picture of the financial needs of the town in the following year. The final levy of the town still needs to be certified to the county auditor by September 30.³⁶ If there is a need to modify the levy after it has been certified, modifications can occur through a special town meeting up until the middle of December. The modified levy must be recertified to the county auditor on or before five working days after December 20.³⁷
- 14) _____ The minutes are put in final form, signed, and filed.
- “The minutes of the meeting must be signed by the clerk of the meeting and by the moderator.”³⁸ If the Clerk acts as the moderator, a Supervisor in attendance at the meeting signs the minutes.
 - Within two days after the meeting the minutes must be filed in the office of the town clerk.³⁹
 - There no law dictating whether annual meeting minutes are official and should be available to the public in the same manner as other meeting minutes. The minutes may be reviewed at the following annual meeting, however, if any changes are made, they should be changed via an addendum to the original minutes.
 - A copy of the minutes should be presented to the board at the next regular board meeting for review. However, this review is not to approve or change the minutes. If the electors desire to correct the meeting minutes, they should do so by attaching an addendum.

³⁴ Minn. Stat. § 365.58.

³⁵ See Minn. Stat. § 13D.01.

³⁶ Minn. Stat. § 275.065, subd. 1.

³⁷ Minn. Stat. § 275.07, subd. 1.

³⁸ Minn. Stat. § 365.55.

³⁹ Minn. Stat. § 365.55.