



State Auditor  
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## OFFICE OF THE STATE AUDITOR

# *E-Update*

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October 12, 2012

1. Deadline: Forfeiture Reporting Form
2. Meeting: Collaborative Governance Council
3. Meeting: Fire Relief Association Working Group
4. Avoiding Pitfalls: Contractors' Performance and Payment Bonds

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### **1. Deadline: Forfeiture Reporting Form**

October 20th is the deadline for law enforcement agencies to report final disposition of property seized subject to forfeiture for the month of September. To report final disposition of forfeitures, please go to:

<https://www.auditor.state.mn.us/safes/>

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### **2. Meeting: Collaborative Governance Council**

The next meeting of the Collaborative Governance Council will be held on Wednesday, October 17 at 1:00 p.m. in the League of Minnesota Cities building, 145 University Avenue West, St. Paul. Council meetings are open to the public. For more information, go to:

<https://www.auditor.state.mn.us/default.aspx?page=20100702.000>

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### **3. Meeting: Fire Relief Association Working Group**

The Office of the State Auditor will again convene the Volunteer Fire Relief Association Working Group this fall. The Working Group meets to identify and work through current and pressing relief association issues. The first meeting of the Working Group is set for November 19 and will be held from 11:00 am to 1:00 pm at the OSA office in Saint Paul.

Additional Working Group meetings have been scheduled for November 28, December 4, December 18, and January 15. All meetings are open to the public and will be held from 11:00 am to 1:00 pm at the OSA office in Saint Paul. Meeting agendas and materials will be available on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>.

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#### **4. Avoiding Pitfalls: Contractors' Performance and Payment Bonds**

When public entities enter into contracts greater than \$100,000, they must obtain a performance bond and a payment bond from the contractor. This requirement, with a few exceptions, applies to contracts for “the doing of any public work.” The performance bond helps ensure that the work will be completed according to the terms of the contract. The payment bond helps ensure that subcontractors, and people who provide labor and materials, are paid.

The law was amended during the 2012 legislative session, effective May 11, 2012. The amendment raised the threshold from \$75,000 to \$100,000. The amendment also provides that this requirement “does not apply to contracts for snow removal, grading, or other similar routine road maintenance on town roads.” *See* 2012 Minn. Laws, ch. 287, art. 4, §§ 44 and 45.

The bonds must be equal to or greater than the contract price. If the contract price increases after the bonds are provided, the public entity should consider obtaining additional bonds.

The statutes requiring these bonds are contained in the Public Contractors’ Performance and Payment Bond Act found in [Minn. Stat. §§ 574.26 to 574.32](#). For additional information on contractors’ bonds, see our Statement of Position, Contract Change-Orders and Contractor’s Bonds, found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110531.007>.

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