
Meeting Date: August 23, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-17-14 – Authorizing the Removal of Certain Uncollectable Accounts from the Water Authority’s Accounts Receivable Records FY2013 and Prior

ACTION: Recommend Approval

SUMMARY:

This legislation provides information to support a request to the Board authorizing the removal of uncollectable accounts greater than four (4) years old totaling \$97,281.91. This item was presented to the Audit Committee of the Water Authority on August 15th.

FISCAL IMPACT:

Since 1965, pursuant to NMSA 1978, § 3-37-7, New Mexico municipalities have been expressly permitted to write off uncollectable debt. Counties and political subdivisions like the Albuquerque Bernalillo County Water Authority (Water Authority) may use the same process as a municipality to write off uncollectable debt through the procedure set forth in state law. This process will avoid an excessive accrual of accounts receivable while also accurately report the financial position of the Water Authority and comply with state debt-collection law. Further, the Water Authority should not represent to its customers, either in invoices or in any demand, that any amounts the customer owes that was accrued more than four years prior to the demand is legally collectible.

The Chief Financial Officer (CFO) of the Water Authority states that:

- a) a utility account or any unsecured account services have been incurred;
- b) diligent efforts were made to collect the utility account or unsecured account and to locate the debtor;
- c) that the utility account or unsecured account has been uncollectable for a period of more than four years; and
- d) that in his opinion the utility account or unsecured account is uncollectable.

Staff recommends authorization to remove the uncollectable accounts as shown in Exhibit A.

Attachments:

Resolution
Exhibit A

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-17-14

1 **RESOLUTION**

2 **AUTHORIZING THE REMOVAL OF CERTAIN UNCOLLECTABLE ACCOUNTS FROM**
3 **THE WATER AUTHORITY'S ACCOUNTS RECEIVABLE RECORDS FY2013 AND**
4 **PRIOR.**

5 WHEREAS, Pursuant to NMSA 1978 § Section 3-37-7, pertaining to the
6 determinations of uncollectible accounts and their removal from accounts receivable, the
7 Chief Financial Officer (CFO) has submitted herewith a list of accounts receivable which
8 were incurred in providing Water Authority services and owed to the Water Authority; and

9 WHEREAS, the CFO states that diligent efforts have been made to collect these
10 accounts receivable commensurate with the amounts due; and

11 WHEREAS, the CFO has determined that these accounts receivable are
12 uncollectible and have been uncollectable for more than four years; and

13 WHEREAS, the uncollectable accounts receivable have been deemed "time
14 barred debt", defined as any debt that is not enforceable in a judicial proceeding because
15 the applicable statute of limitations has run; and

16 WHEREAS, because this debt is legally uncollectible, it is not a "donation" to a
17 private party in violation of the anti-donation clause of the New Mexico Constitution, N.M.
18 Const. Art. IX, Section 14; and

19 WHEREAS, an allowance for doubtful accounts has been recorded on the Water
20 Authority financial records which is more than sufficient to cover the uncollectable
21 accounts; therefore, there will be no impact on the current fund balances.

22 NOW THEREFORE, BE IT RESOLVED BY THE WATER AUTHORITY:

23 The Water Authority Board Members, agree that the Water Authority's
24 uncollectable accounts receivable in the amount of \$97,281.91 as shown in Exhibit A
25 which is attached hereto and by this reference and made part hereof shall be removed
26 from the Water Authority's accounts receivable records as uncollectable in accordance
27 with provision NMSA 1978 § Section 3-37-7.

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion