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**City of Las Cruces**<sup>®</sup>  
 PEOPLE HELPING PEOPLE

**Council Action and Executive Summary**

Item #   2   Ordinance/Resolution#   14-189  

For Meeting of \_\_\_\_\_  
 (Ordinance First Reading Date)

For Meeting of   June 2, 2014    
 (Adoption Date)

Please check box that applies to this item:

QUASI JUDICIAL       LEGISLATIVE       ADMINISTRATIVE

**TITLE: A RESOLUTION AUTHORIZING THE WRITE-OFF OF UNCOLLECTIBLE MISCELLANEOUS ACCOUNTS RECEIVABLE FROM FISCAL YEAR 2009 IN THE AMOUNT OF \$70,756.33.**

**PURPOSE(S) OF ACTION:**

Authorize the write-off of uncollectible accounts receivable.

<b>COUNCIL DISTRICT: N/A</b>		
<b><u>Drafter/Staff Contact:</u></b> Paul Edwards	<b><u>Department/Section:</u></b> Finance/Treasury	<b><u>Phone:</u></b> 541-2091
<b><u>City Manager Signature:</u></b> 		

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

The City has uncollected general billing invoices from July 2008 to June 2009 totaling \$119,583.44. Of this total, the City is pursuing collection of \$48,827.11 and considers 70,756.33 uncollectible.

The uncollectible invoices consist primarily of charges for solid waste services, traffic accident damages, and utility line damages. Staff has made every reasonable effort to collect the balance due. A write-off accomplishes two primary purposes: a) to reflect a truer picture of outstanding A/R in financial reports; and b) to allow staff to focus their efforts on more recent bills where the probability of collecting is much higher.

New Mexico Statute, Section 3-37-7 NMSA 1978, authorizes the City Council, by resolution, to remove unsecured accounts that have been uncollectible for more than four years from the City's list of accounts receivable. See Attachment A for the specific conditions. The accounts listed are bills that have been sent to a collection agency or are uncollectible because the customer has filed for bankruptcy. The removal process does not extinguish a customer's debt owed to the City, and the City may proceed to collect the amount owed after it has been written off for accounting purposes, unless it has been discharged in bankruptcy.

A write-off of accounts receivable has no effect on revenues, expenses, or net assets.

(Continue on additional sheets as required)

**SUPPORT INFORMATION:**

1. Resolution.
2. Exhibit "A", List of miscellaneous accounts receivable eligible for write-off.
3. Attachment "A", Section 3-37-7 NMSA 1978.
4. Attachment "B", Summary By Category and Fund

**SOURCE OF FUNDING:**

Is this action already budgeted?  N/A	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
		<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?  N/A	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____
	No	<input type="checkbox"/>	There is no new revenue generated by this action.

**BUDGET NARRATIVE**

N/A
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**FUND EXPENDITURE SUMMARY:**

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

**OPTIONS / ALTERNATIVES:**

1. Vote "Yes"; this will authorize staff to write off all uncollected bills listed in Exhibit "A".
2. Vote "No"; this will continue to include bills on this list in gross accounts receivable for financial reporting and collection purposes.
3. Vote to "Amend"; this could exclude certain bills or groups of bills listed in Exhibit "A" from the write-off authorization.
4. Vote to "Table"; this would delay any write-offs until a future Council meeting.

(Continue on additional sheets as required)

**REFERENCE INFORMATION:**

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

N/A

RESOLUTION NO. 14-189**A RESOLUTION AUTHORIZING THE WRITE-OFF OF UNCOLLECTIBLE MISCELLANEOUS ACCOUNTS RECEIVABLE FROM FISCAL YEAR 2009 IN THE AMOUNT OF \$70,756.33.**

The City Council is informed that:

**WHEREAS**, the City has uncollectible miscellaneous accounts receivable totaling \$70,756.33 from fiscal year 2009, listed and attached hereto as Exhibit "A"; and

**WHEREAS**, the uncollectible amounts consist primarily of charges for solid waste services, traffic accident damages and utility line damages; and

**WHEREAS**, City staff has made every reasonable effort to collect these accounts including, but not limited to, turning the accounts over to a collection agency; and

**WHEREAS**, these accounts have been uncollectible for a period of more than four (4) years; and

**WHEREAS**, it is the opinion of the City's Director of Financial Services that these accounts are uncollectible; and

**WHEREAS**, New Mexico Statute, Section 3-37-7 NMSA 1978 grants the City Council authority to remove such accounts from the City's list of accounts receivable; and

**WHEREAS**, New Mexico Constitution, Article IV, Section 32 prohibits the extinguishment of amounts owed to the City except by payment or by proper proceeding in court, and they may continue to be collected after they have been written off.

**NOW, THEREFORE**, Be it resolved by the governing body of the City of Las Cruces:

(I)

**THAT** the uncollectible miscellaneous accounts receivable from fiscal year 2009,

listed in Exhibit "A", attached hereto and made a part of this resolution, totaling \$70,756.33, be removed from the City's list of accounts receivable.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

(SEAL)

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Smith:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Levatino:	_____

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

<u>Year</u>	<u>Bill</u>	<u>Account</u>	<u>Customer</u>	<u>Unpaid Bal</u>
2009	13318	10410	AGUILERA, BARBA	\$ 30.00
2009	13056	10321	ALVAREZ, VELIA	125.00
2009	12806	10270	BAEZA, BENJAMIN	564.00
2009	13857	60008	BANEGAS, ERNEST	227.84
2009	12048	4557	BAUER CONSTRUCT	49.36
2009	12441	4557	BAUER CONSTRUCT	28.33
2009	12641	4557	BAUER CONSTRUCT	16.32
2009	11265	6452	BECKY, TREJO	1,785.45
2009	12915	12738	BIXBY ELECTRIC	0.01
2009	11474	930000	CATALYST PAPER	688.00
2009	12012	8268	CHACON, GALVIN	2,022.06
2009	11438	12381	CORNERSTONE TIL	3.67
2009	13052	10317	DING, FEIZHI	125.00
2009	11094	4537	DOUBLE K EXCAVA	16.32
2009	11296	4537	DOUBLE K EXCAVA	16.32
2009	11635	4537	DOUBLE K EXCAVA	16.32
2009	11940	4537	DOUBLE K EXCAVA	16.32
2009	12046	4537	DOUBLE K EXCAVA	16.32
2009	11270	1475	E AND R ROOFING	144.62
2009	13863	60009	EATON, LORI	394.51
2009	13079	10342	ESQUIVEL, OSCAR	125.00
2009	13342	289	ESTRADA, BILLY	381.24
2009	13045	930006	FEDERAL INTERNA	136.74
2009	13838	930006	FEDERAL INTERNA	1,044.40
2009	11243	6427	GABRIEL, HIJAR	1,630.22
2009	13320	10412	GONZALES, JESSI	125.00
2009	10992	12265	GRECO ENTERPRIS	1,074.46
2009	13362	12265	GRECO ENTERPRIS	580.36
2009	13752	12265	GRECO ENTERPRIS	295.28
2009	13826	60006	GREEN, NATE	255.45
2009	13055	10320	HIDALGO, ANTONI	125.00
2009	11011	2439	LOGOS DEVELOPME	5,197.50
2009	11720	8164	MADERO, ALONZO	80.00
2009	13343	101	MALDONADO, SALV	6,156.97
2009	13081	10344	MELISSA, MORENO	125.00
2009	11486	6482	MERCHANT, TRACY	1,853.70
2009	13080	10343	MORAGA, JOSE H.	33.34
2009	13062	10327	OJEDA-MONREAL,	125.00
2009	13319	10411	PEINADO, HAYDEE	125.00
2009	12700	20786	RAMCON, INC	43.35
2009	11738	8187	RASHE, SAMUEL J	450.00
2009	12023	8279	RIDER, ORLANDO	1,858.74
2009	13329	12382	RUMIE'S EXCAVAT	1,846.93
2009	12876	1033	SAIZ LANDSCAPE	12.90
2009	13061	10326	SANBORN, FREDRI	125.00
2009	12262	8231	SANCHEZ, DANIEL	2,064.75
2009	11290	3024	SCHAEFER GROUP	52.36
2009	13208	12733	SUPERIOR SPRINK	55.48
2009	12699	12778	SWPPP MANAGER,	11,195.10
2009	12920	12778	SWPPP MANAGER,	3,591.00
2009	13524	12778	SWPPP MANAGER,	94.50
2009	13358	10462	TAHUAHUA, JUSTI	16,567.00
2009	13341	100	TAPIA, AMANDA N	1,919.86
2009	11242	6397	TAPIA, MICHELLE	1,951.86

CLC Accounts Receivable Eligible for Write-off 2/1/2007 - 6/30/2008

<u>Year</u>	<u>Bill</u>	<u>Account</u>	<u>Customer</u>	<u>Unpaid Bal</u>
2009	13592	10490	TELLEZ, JAMES	1,734.32
2009	12824	60002	VEGA, JOSEPH	1,437.75
Total				\$ 70,756.33

**NMSA 1978****3-37-7. Determination of uncollectable account; removal from accounts receivable.**

If the finance officer of a municipality states:

- A. the manner in which a utility account or any unsecured account has been incurred;
  - B. the efforts 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,
- the governing body of a municipality may, by resolution, remove the uncollectable utility account or unsecured account from the list of accounts receivable of the municipality.

SUMMARY BY CATEGORY AND FUND

Category	Write-off Amt
Gas Line	\$ 4,162
Insurance Recoveries	\$ 27,654
Material Testing	\$ 2,095
Other	\$ 758
Solid Waste	\$ 16,865
Streets	\$ 14,025
Wastewater	\$ 5,198
<b>Grand Total</b>	<b>\$ 70,756</b>

Fund	Write-off Amt
1000	\$ 36,052
1015	\$ 2,095
5250	\$ 4,162
5300	\$ 228
5400	\$ 5,198
5500	\$ 8,026
5510	\$ 14,996
<b>Grand Total</b>	<b>\$ 70,756</b>

