



**POPULAR ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2017

## Our City

Located in Southern New Mexico, the City of Las Cruces is nestled in the fertile Mesilla Valley with the majestic Organ Mountains to the East and the historic Rio Grande river to the West. The city's name is Spanish for "the crosses" and is believed to refer to the graves seen in the areas in the early 1800s. Known as the City of Crosses, it is a crossroad of Hispanic, Native, and American cultures. Its ideal location encompasses two major interstates, I-10 and I-25, which provides visitors year-round golf, unique special events, and world-class cuisine. Las Cruces is quickly becoming a popular southwestern destination.

The city enjoys a moderate climate with an average of 350 days of clear weather annually, and prevailing southwestern winds. These factors make the City of Las Cruces a very exciting, colorful, and comfortable place to live and work. The combination of business opportunities, friendly people, excellent quality-of-life, and beautiful weather all come together to make Las Cruces a remarkable place to live, work, play, and retire.

## How the City Operates

The City of Las Cruces is a Home Rule Municipality and has a council-manager form of government. The city council consists of the Mayor, who chairs the meetings, and six City Councilors. The Mayor is elected at-large and each of the City Councilors represents one neighborhood district within the city; thus, each resident of Las Cruces is represented by the Mayor and by one City Councilor. The Mayor and City Council serve staggered four-year terms.

The City Manager is appointed by the city council based entirely on the basis of executive and administrative qualifications. The City Manager is responsible to the Council for the administration of all city affairs, including, but not limited to, the administration of all organizational units placed in the City Manager's charge by City Charter and/or by ordinance. The City Manager and Assistant City Managers implement policies and programs that are prioritized and directed by the city council and governed by the City of Las Cruces Charter.

## Selected Demographics

	2017	2016	2015
Population	101,759	101,643	101,408
Per Capita Income, estimated	\$22,132	\$ 21,210	\$ 21,460
Unemployment Rate	7.5%	7.2 %	8.2 %
Median Age	31.7	33.6	31.1
School Enrollment	24,627	24,613	24,191

**This report and the City's 2017 CAFR can be accessed at the City's website:**  
<http://www.las-cruces.org/departments/financial-services/accounting/reports>

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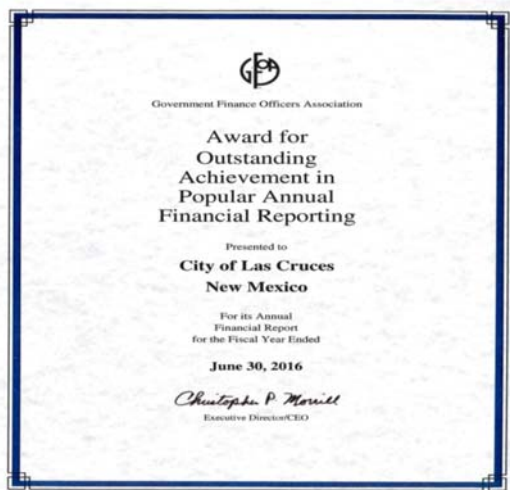
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This report is largely based on the City's 2017 Comprehensive Annual Financial Report (CAFR). However, only the financial data for the general government is included in this report and, therefore, the City's discretely presented component unit and business type activities are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of this PAFR as well as the City's audited 2017 CAFR, which is prepared in accordance with GAAP, is available from the Director of Financial Services.

# OUR PROGRESS

## ACCOMPLISHMENTS



Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Las Cruces for its Popular Annual Financial Report for the fiscal year ended, June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of the state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Las Cruces has received a Popular Award for the last four consecutive years, 2013-2016. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

Public Safety - Fire -	2017 Target	2017 Actual	2016 Actual	2015 Actual
Respond to 90% of all EMS incidents with an AEMT or Paramedic on the first arriving unit	90%	98%	98%	97%
Total calls for fire service	16,000	16,865	16,365	16,764
Average response time - Fire (minutes seconds)	5:00	5:17	5.12	4:59

Public Safety - Police - Number of Incidents			
Arrests		Violent/Major Property Investigations Completed	
Adults	5,374	Crimes Against Persons	143
Juveniles	631	Crimes Against Property	1,417
Traffic Incidents		Non-Violent/Minor Property Investigations Completed	
Crashes	4,288	Crimes Against Persons	4,374
Fatality	5	Crimes Against Property	11,237
Theft		DWI/Alcohol	
Shoplifting	1,518	Missing Property	100
From Auto	44	Narcotics/Vice/Weapons	251
All Other Thefts	5,693	Other Miscellaneous Offenses	7,974

### Las Cruces Among Nation's Safest Cities

Las Cruces is 1st in New Mexico and ranks 32nd on the 2017 list of safest cities in America by the personal finance website [WalletHub.com](http://WalletHub.com). El Paso came in at number 38 and Albuquerque at number 112. According to the Las Cruces Police Department's 2016 annual crime statistics, violent crime and property crime were both down six-percent.

Being the leading safe city in our region demonstrates our commitment to creating and maintaining a safe and comforting environment for our residents and guests. But we are striving to do better. I compliment the women and men of the Las Cruces Police Department for their commitment to duty. Through their efforts and public partnership through the principles of community policing, we will continue to improve our service delivery. WalletHub reports that its analysts compared 182 cities—including the 150 most populated U.S. cities—across three key dimensions: 1) Home & Community Safety, 2) Financial Safety, and 3) Natural-Disaster Risk.

Ed, Stuart. "Las Cruces Among Nation's Safest Cities." *Weekly Newsletter to: City Council* December 15, 2017

# OUR PROGRESS



## City Museums

The Branigan Cultural Center, the Museum of Art, the Museum of Nature and Science and the Railroad Museum make up the City of Las Cruces Museum System. Almost 85,000 visitors enjoyed the museums over the past year. Approximately 10,121 of them were part of a tour group. These visitors and tours explored the City's permanent and traveling exhibits at the four museums.

The Museum System collaborates with many partners to earn grants and provide interesting and stimulating programming. They were proud to present programs as part of the *Latino Americans: 500 Years of History* series, made possible through a grant from the National Endowment for the Humanities and the American Library Association. The Museum of Nature and Science continues to partner with the Bureau of Land Management to provide an outdoor interactive experience where visitors can excavate a cast of a Dimetrodon from sand.

## Convention and Visitors Bureau

The Conventions and Visitors Bureau (CVB) engaged in marketing Las Cruces to a broad audience which resulted in a steady flow of people visiting the Las Cruces area. The Lodgers tax revenue reflects a marginal decrease of 1.36% for a total lodgers tax revenue of \$2,042,693 in 2017. The decrease can be attributed to the collection of taxes in arrears in 2016. Las Cruces was also featured in a song performed by noted country performer Bri Bagwell, a native of Las Cruces. Her video can be found at:

<https://www.youtube.com/watch?v=LJJ1836pWkE>

### Parks and Recreation completed the following projects in 2017:

- ◆ Young Park ADA Playground
- ◆ Shade Structures at Meerscheidt Recreation Center and Regional Aquatics Center
- ◆ Veteran's Memorial Plaques

### Projects currently in progress:

- ◆ Women's Veteran's Memorial Erosion
- ◆ La Entrada
- ◆ Just Weed it Project

### Public Works has completed the following projects in 2017:

- ◆ Amador/Melendres Traffic Signal
- ◆ Las Cruces Dam Trail Improvements
- ◆ El Paso Road Safety
- ◆ Brown Road Reconstruction

### Projects currently in progress:

- ◆ Downtown Two-Way Conversion & Revitalization
- ◆ ADA Improvements—Solano Drive



# OUR FINANCES

What are the costs to provide services to our citizens and **how** are those costs paid?

## Where the money comes from

The General Fund is the primary operating fund of the City. Other special governmental funds exist to account for the resources used to pay for the services traditionally associated with local government. Major services provided are police and fire protection, road construction and maintenance, parks and recreation, library and museums, planning and economic development, and general administration of the City.

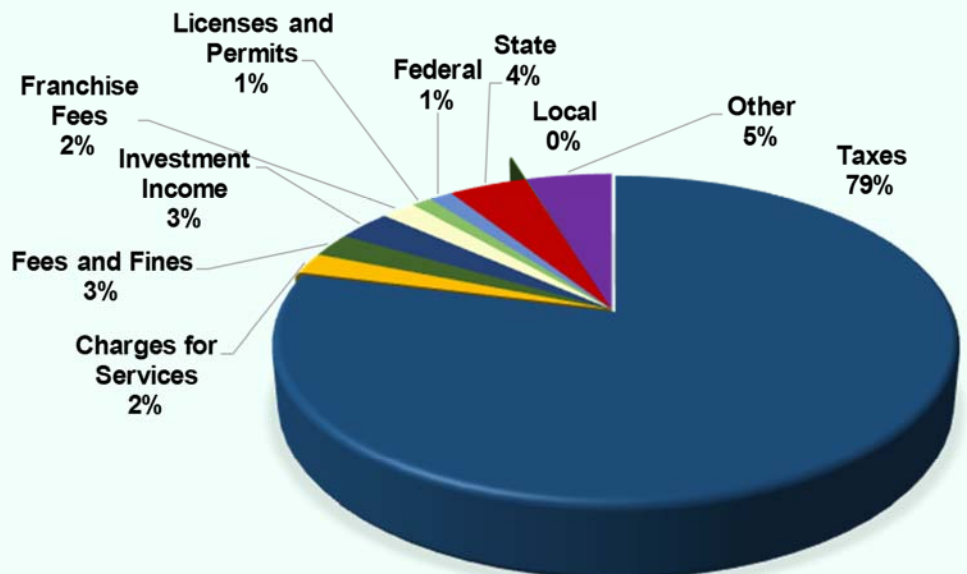
## Revenues - Governmental Funds

Revenues, excluding Utilities, in 2017 increased slightly from 2016. While the majority of revenue sources saw slight increases from 2016 several notable exceptions would be State and Local Contributions, which saw a noticeable increase from 2016. Those reflecting decreases include Franchise Fees, Federal Contributions, and Other.

	2017	2016	2015
Taxes	\$114,950,696	\$114,455,163	\$108,144,911
Charges for Services	3,036,531	2,957,652	2,871,940
Fees and Fines	3,470,065	3,238,041	2,960,103
Investment Income	4,428,153	4,021,081	4,632,666
Franchise Fees	2,809,073	2,873,464	2,438,470
Licenses and Permits	1,655,125	1,577,456	1,072,697
Federal Contributions	1,910,936	3,234,375	2,919,185
State Contributions	6,346,789	3,545,479	4,309,526
Local Contributions	78,141	4,670	37,093
Other	6,941,838	7,211,763	8,798,356
<b>Total Governmental Funds Revenues</b>	<b>\$145,627,347</b>	<b>\$143,119,144</b>	<b>\$138,184,947</b>



**2017 REVENUE**



# OUR FINANCES

How the Money is Spent on Operations

## Expenditures - Governmental Funds

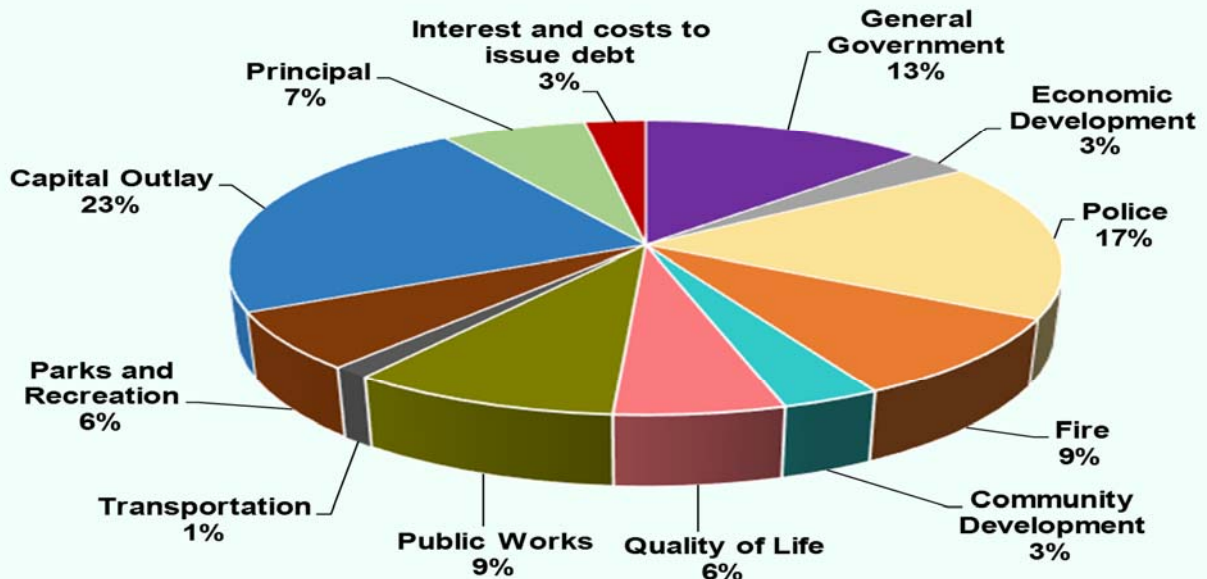
Expenditures for the Governmental funds for 2017 increased by nearly \$6.6 million from 2016. The majority of cost categories saw only slight increases or decrease in expenditures over those reported in 2016. Capital Outlays also saw an increase of nearly \$3.7 million due to an increase in land purchases and construction in progress.

\*Economic Development as shown in the table below reflects a re-organization of cost categories that occurred in fiscal year 2017 therefore 2016 & 2015 are represented by zeros.

\*\*Information Technology was included in the General Government line item starting in fiscal year 2016 and is illustrated with no numbers to report for 2016 and 2017.

	2017	2016	2015
General Government	19,144,729	\$21,270,277	\$15,540,303
*Economic Development	4,156,253	0	0
Police	25,693,463	25,031,978	25,964,438
Fire	13,613,317	13,190,791	13,231,354
Community Development	4,952,654	5,210,672	4,855,907
Quality of Life	8,533,485	8,669,918	8,408,291
Public Works	13,523,292	7,842,112	10,113,065
**Information Technology	0	0	3,307,482
Transportation	1,941,788	6,748,867	7,050,236
Parks and Recreation	9,498,709	9,516,112	9,096,141
Capital Outlay	34,117,241	30,391,233	16,407,438
Principal	9,697,955	10,705,764	9,418,765
Interest and Costs to Issue Debt	4,097,624	4,217,786	3,855,821
Total Primary Government Expenditures	\$148,970,510	\$142,795,210	\$124,029,389

### 2017 EXPENDITURES



# OUR FINANCES

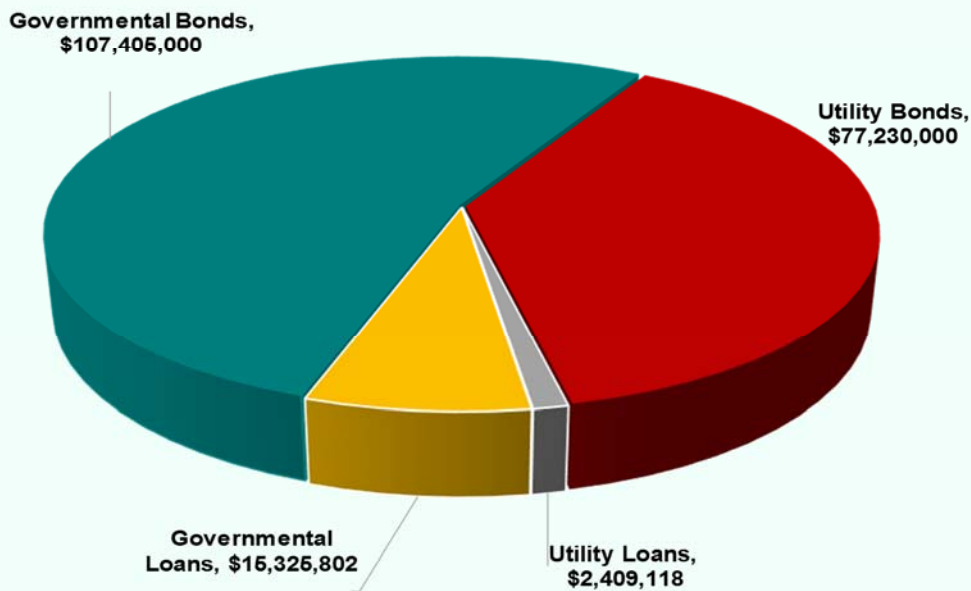
## Long-Term Debt

In 2010, Municipal Gross Receipts Revenue Refunding Bonds, Series A and B, were issued to refund the 1999 A and B Gross Receipts Tax Bonds, and the 2006 Street Improvement and Flood Control NMFA notes. State-shared Gross Receipts Tax Revenue Bonds, Series 2010, were issued to refund the 2008 NMFA Convention Center note. In 2012, Municipal Gross Receipts Revenue Bonds, Series 2011A and 2011B were issued to fund street and facilities improvements and improve flood control.

In 2014, Municipal Gross Receipts Revenue Bonds, Series 2014A and 2014B were issued to fund street improvements and improve flood control. In 2015, Hold Harmless Gross Receipts Revenue Bonds, Series 2015A and 2015B were issued to fund street and facility improvements and economic development projects. Taxable Subordinate Lien State-shared Gross Receipts Improvement Revenue Bonds, Series 2016 were issued to fund street and infrastructure improvements in the Metro Verde development area.

The City issued \$5,000,000 bond par amount in Flood Control Municipal Gross Receipts Tax Bonds, Series 2016. The bonds were issued to fund various flood control projects within the City. In 2017, State-Shared Gross Receipts Tax Revenue Bonds, Series 2017 were issued to fund street and facility construction and improvement projects.

**LONG-TERM DEBT AT JUNE 30, 2017**  
**\$202,369,920**



### Summary Rating Rationale

Moody's Investors Service has assigned a Aa3 rating to City of Las Cruces, NM's \$11 million State Shared Gross Receipts Tax Improvement Revenue Bonds, Series 2017. Moody's maintains the Aa3 rating on outstanding parity bonds.

The Aa3 senior lien rating reflects the city's economic strength and broad pledged revenue stream, adequate legal structure, solid debt service coverage, and limited historic volatility of the 1.225% State Shared Gross Receipt Tax (SSGRT) collections. The rating also considers the expectation that the hold harmless phase out will impact future growth in pledged revenues, which may affect debt service coverage levels. You may read more at: [Moody's.com](http://Moody's.com)

"Credit Opinion." Moody's.com. April, 25, 2017

# OUR FINANCES

How the Money is Spent on Capital Assets

## Capital Asset Highlights - Governmental Funds

The city's investment in capital assets for its governmental activities as of June 30, 2017 amounts to **\$390,520,663** (net of accumulated depreciation). This represents the value of the city's land, buildings, park and other improvements, construction in progress and machinery and equipment.

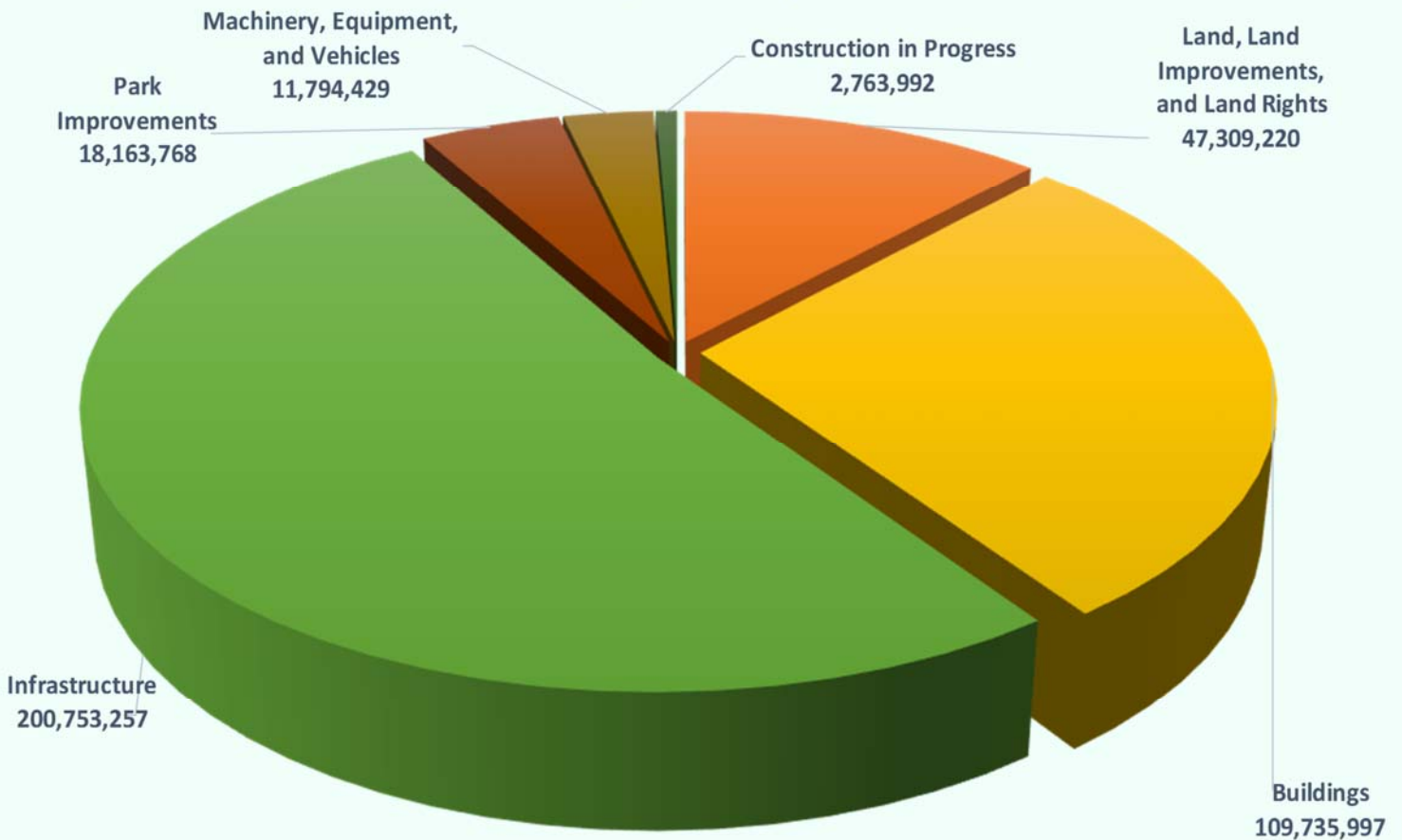


## Governmental Activities – Capital Asset Details

Construction during the year consisted primarily of ongoing projects including:

- Construction in Progress decreased by approximately \$12.8 million for completion of East Mesa Public Safety Complex. On-going projects include: Cinematic Theatre Project, Amador Hotel, and three fire trucks.

### Capital Assets, Net of Depreciation



# OUR FUTURE

## Key Initiatives

### Approaching Strategic Goals

The Las Cruces City Council has adopted a new, five-year Strategic Plan for the period 2017 through 2022. The Strategic Plan is a long-term planning tool to assist City Council, Administration and Staff identify community priorities and budget accordingly. The Strategic Plan consists of 20 priorities organized under four themes.

1. Capital improvements & Infrastructure
2. Communication, Involvement and Follow-up
3. Economic & Community Development
4. Education

According to the Strategic Plan, "Council members will work with the community to explore, discover, and discern the policy direction in key areas, such as housing, economic development, education, health, utilities, public safety, transportation, capital improvement program, communication, and quality of life."

1. The Las Cruces community will experience greater engagement with their City government. 2017
2. Working with the University and other partners, downtown patrons will have access to restaurants, taverns, music, and art. Dec 2017
3. The City will offer internships, apprenticeships, and mentorship programs to the community. January 2018
4. The community will have City-approved results-oriented plans for sidewalks, parks, median landscaping, and facilities. July 2018
5. Information & referral services for families with young children will be Integrated into all appropriate city services. July 2018

For more information on the City's Strategic Plan and Mission Statement please visit:

<http://www.las-cruces.org/departments/public-information-office/news-releases/2017/july/strategic-plan-and-mission-statement-2017>

### Mission Statement

The Mission of the City of Las Cruces is to provide customer-focused municipal services to residents, businesses, and guests so they can experience a "quality of place" to live, work & play.

### Public Safety Projects

#### Police:

- ◆ Legislative Appropriation-Camera Installation for Interview Room at Police Station (East Pica-cho)
- ◆ COPS 2016-Hiring Grant-9 Positions

#### Fire:

- ◆ Expansion of Squad Program to run two 24-hour units to cover the city in the event patient's condition requires expedited transport
- ◆ Purchasing a new Aerial Truck that is due late FY18 early FY19
- ◆ Expansion of Mobile Integrated Healthcare efforts to assist citizens in need of care that have a barriers to getting proper care

- ◆ Development of a peer support program to assist staff in dealing with difficult/stressful calls and life events

#### ◆ Addition of a Training Facility that will serve several purposes:

- A large classroom to host fire academies, which will be the main place to do the didactic portion of future fire academies
- The classroom will be available to host department-wide classes during non-academy times
- The training facility, with its large bay area, will also serve to house two-reserve fire apparatus on a limited basis
- The facility will be staffed by three department members; Safety and Training Battalion Chief, Training Officer, and Logistics Specialist





# OUR FUTURE

## Key Initiatives (continued)



### CVB Future Projects

- The Amador Project – Restaurants and the new Visit Las Cruces Office will be open in early Spring. Plans to renovate the historic hotel are currently underway with work expected to begin sometime between February and May 2018
- Visitors Center - To be upgraded and modernized, and moved into the new Amador location

### Public Works Projects

- ◆ South Main Reconstruction – Avenida de Mesilla to Boutz
- ◆ Palmer Subdivision Reconstruction
- ◆ Roadrunner Extension – US 70 to Settlers Pass
- ◆ ADA Improvements – South Telshor



### City of Las Cruces Principal Employers

1. New Mexico State University
2. White Sands Missile Range
3. Las Cruces Public Schools
4. NASA
5. City of Las Cruces
6. Memorial Medical Center
7. Walmart
8. Allied Signal Aerospace
9. Excel Agent Services
10. National Aeronautics & Space