3rd Quarter 2025 Financial Report

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Commerce CITY

2025 3rd Quarter Financial Report

The 3rd Quarter Financial Report for Commerce City provides an unaudited overview of the General Fund and Capital Expenditures Fund and compares how revenues and expenditures performed in comparison to budget. Overall, this data is trending as expected. Revenues and expenditures from 3rd Quarter 2025 are also compared to 3rd Quarter 2024.

The report also provides highlights of the major capital projects under construction within the City.

3rd Quarter Highlights

- General Fund Revenues are trending slightly ahead of budget.
- Sales & Use Taxes are 13.20% higher for the 3rd quarter of 2025 compared to that of 2024. This large increase is primarily due to a $2.5 million use tax payment received for a large construction project in the city plus increases in sales tax from remote sellers and internet sales.
- Overall General Fund Expenditures (not including debt service) increased $8,932,905 (9.31%) from 2023 to 2024. Year-to-date 2025 expenditures are trending to be slightly under budget.
- Personnel costs increased $6,669,246 (11.64%) from 2023 to 2024. This increase is primarily due to the addition of 21 positions in 2024, market adjustments for some position to remain competitive when recruiting, and merit increases tied to annual evaluations. In 2025, an additional net of 18 positions were added.
- The largest increase in General Fund Expenditures from 2024 to 2025 through 3rd quarter, was in Purchased Services and Charges. This category increased $3,986,707 or 15.1%. This increase was mostly due to increased spending in 2025 related to the citywide computer allocation, outside services general, outside services ARPA and property casualty insurance deductible/claims.

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The Economy

Inflation - The U.S. Consumer Price Index (CPI) recorded 2.9 percent year-over-year growth in August, while Denver-Aurora-Lakewood inflation was 2.1 percent for July. U.S. inflation this year has been primarily driven by shelter, goods, and services, while local inflation has been more stable due to lower energy prices and new housing supply slowing shelter inflation, although services and shelter inflation appear to be on the rise.

Consumer Spending – Real personal consumption of expenditures (PCE) has been weak through the first half of 2025, driven by declines in durable goods and services, with just 0.5 percent and 1.6 percent annualized growth in the first and second quarter, respectively. Retail trade has shown strength with 3.7 percent national growth and 3.2 percent growth in Colorado, year-to-date, due in large part to a surge in consumer spending ahead of new tariffs.

Source – OSPB Colorado Economic & Revenue Outlook – September 2025

Labor and Wages

Labor Market – The labor market has cooled since the June forecast, with just 22,000 U.S. jobs added in August, while Colorado added 3,700 in July. The U.S. unemployment rate has risen slightly to 4.3 percent in August. In Colorado, unemployment fell to 4.5 from 4.8 percent, in July.

Wages and Income - U.S. wage and salary growth in 2025 is hovering around long-term average levels while Colorado continues to lag the nation. Personal income growth in the U.S. was 4.7 percent in the first half of 2025 while Colorado's was 4.3 percent in the first quarter. Colorado's wage growth is projected to slow to 3.8 percent in 2026 before recovering to 4.4 percent in 2027, while personal income growth falls to 4.2 percent in 2026 and recovers to 4.8 percent in 2027.

Source – OSPB Colorado Economic & Revenue Outlook – September 2025

Discussion & Questions