Commerce CITY COLORADO

2026 Q2 Financial Report

GENERAL FUND

Overview

As the City's primary operating fund, General Fund resources provide for the City's key services including General Administration, Economic and Community Vitality (a new separate department in 2026), Legal (included in General Administration prior to 2026), Human Resources, Finance, Community Development, Public Safety, Public Works, and Parks, Recreation & Golf (PRG). General Funds also cover the cost of repaying Certificates of Participation (COP) obligations and interfund transfers to support capital improvement projects and debt service payments related to the City's sales & use tax revenue bonds. The table below compares budgeted revenues and expenditures to actual amounts.

Key Take Aways: Revenues in the General Fund are on track to meet the projected budgeted amounts. Investment earnings were budgeted at a conservative level and in Q2 are showing a loss due to geopolitical impacts to the market. Expenditures are trending slightly below budgeted expectations for Q2.

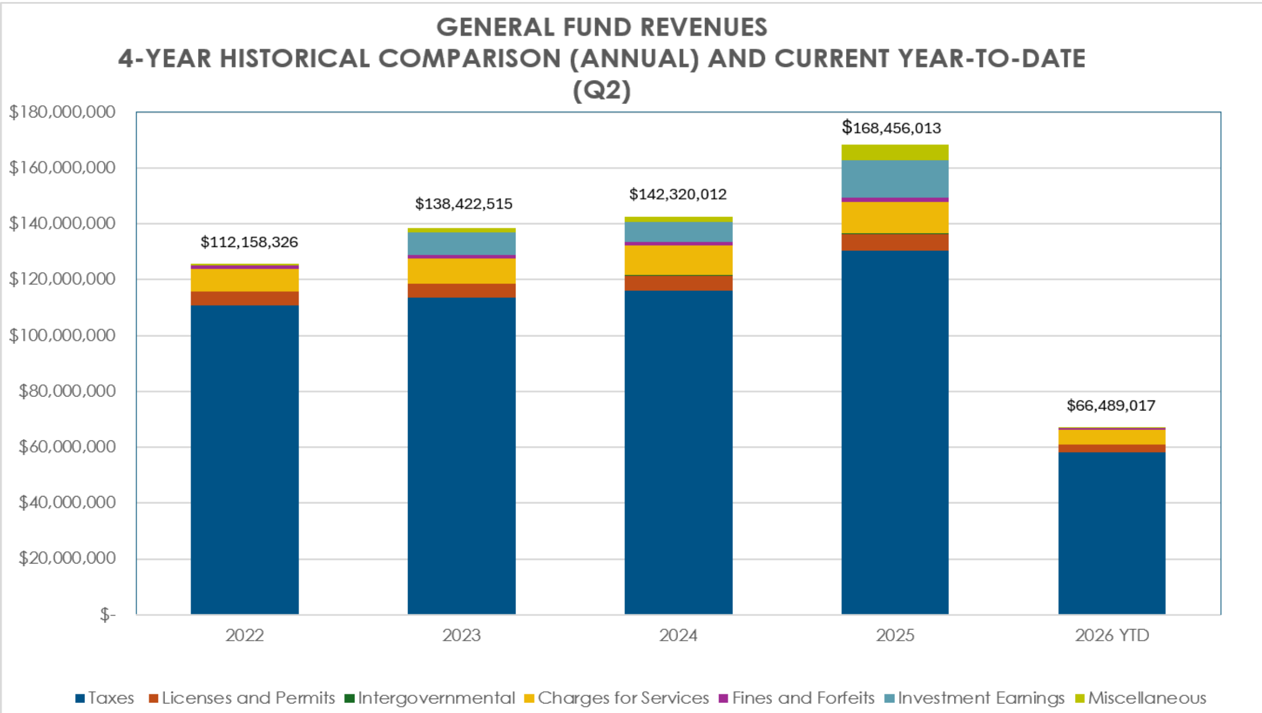
General Fund	2026 Amended Budget	Actuals through 6/30/2026	Actuals as % of Budget	Comparison to prior year 6/30/2025
Beginning Fund Balance	**$ 116,652,534**	**$ 116,652,534**		**$ 107,972,341**
Revenues				
Taxes	$ 120,269,500	$ 58,252,574	48.4%	$ 55,386,199
Licenses and Permits	5,056,833	2,617,320	51.8%	2,784,766
Intergovernmental	5,001,899	36,237	0.7%	23,607
Charges for Services	10,793,728	5,477,293	50.7%	5,548,790
Fines and Forfeitures	1,408,712	519,776	36.9%	784,736
Investment Earnings	3,616,971	(550,000)	-15.2%	2,888,193
Miscellaneous	871,902	135,818	15.6%	101,690
Total Revenues	**$ 147,019,545**	**$ 66,489,017**	**45.2%**	**$ 67,517,981**
Expenditures				
General Administration	$ 9,019,838	$ 4,264,674	47.3%	$ 6,210,300
Economic and Community Vitality	4,423,085	1,806,027	40.8%	-
Legal	2,497,363	1,243,978	49.8%	-
Human Resources	5,994,984	2,791,606	46.6%	1,592,458
Finance	8,369,954	2,968,788	35.5%	3,754,421
Community Development	12,265,770	5,687,239	46.4%	4,062,974
Public Safety	42,464,765	20,924,192	49.3%	18,182,740
Public Works	25,140,551	11,342,445	45.1%	10,585,330
Parks, Recreation & Golf	22,411,435	10,627,661	47.4%	10,321,790
Debt Service (COP Payments)	1,843,681	435,778	23.6%	458,548
Total Expenditures	**$ 134,431,427**	**$ 62,092,388**	**46.2%**	**$ 55,168,561**
Income/(Loss)	**$ 12,588,118**	**$ 4,396,630**		**$ 12,349,420**
Other Financing Sources (Uses)				
Transfers In	$ -	$ -	0.0%	$ -
Transfers Out	(21,045,806)	(7,947,465)	37.8%	(9,338,659)
Total Other Financing Sources (Uses)	**$ (21,045,806)**	**$ (7,947,465)**	**37.8%**	**$ (9,338,659)**
Ending Fund Balance	$ 108,194,846	$ 113,101,699		$ 110,983,102
Nonspendable, Restricted & Assigned Fund Balances				
Nonspendable	$ (269,325)	$ (269,325)	0.0%	$ (275,198)
Restricted	(21,553,964)	(21,553,964)	100.0%	(14,101,930)
Assigned	(40,534,073)	(40,534,073)	100.0%	$ (37,403,005)
Ending Unassigned Fund Balance	**$ 45,837,484**	**$ 50,744,337**		**$ 59,202,969**

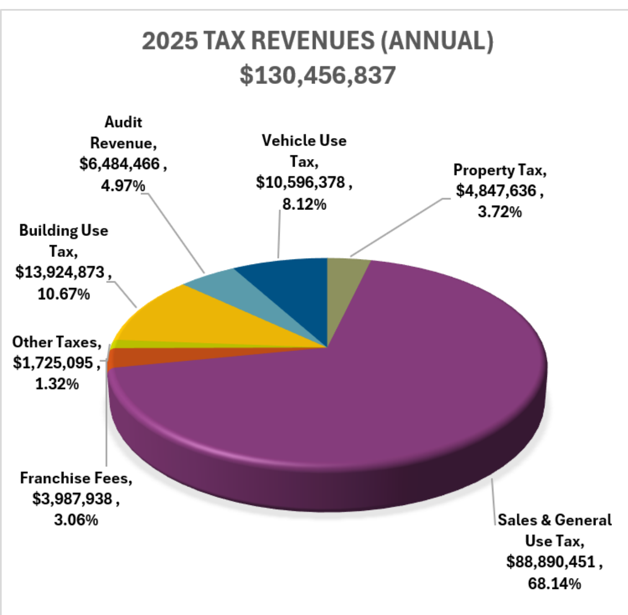
- Sales & Use Tax revenues are received one month in arrears, therefore trending and percent of budget will appear lower than expected.
- Revenues and expenditures should be at 50% to meet projected budget.
- Nonspendable fund balance includes amounts for inventories ($82,665), prepaid items ($152,119), and receivables ($34,541).
- Restricted fund balance includes reserve amounts for the TABOR 3% emergency reserve ($4,925,893) and 2k capital outlay and operations ($16,627,873).
- Assigned fund balance includes reserves for operating ($12,944,011), safeguard ($19,904,479), the defined contribution plan ($5,795,015), Parks, Recreation & Golf equipment ($1,765,222), and the employee assisted housing program ($125,346).

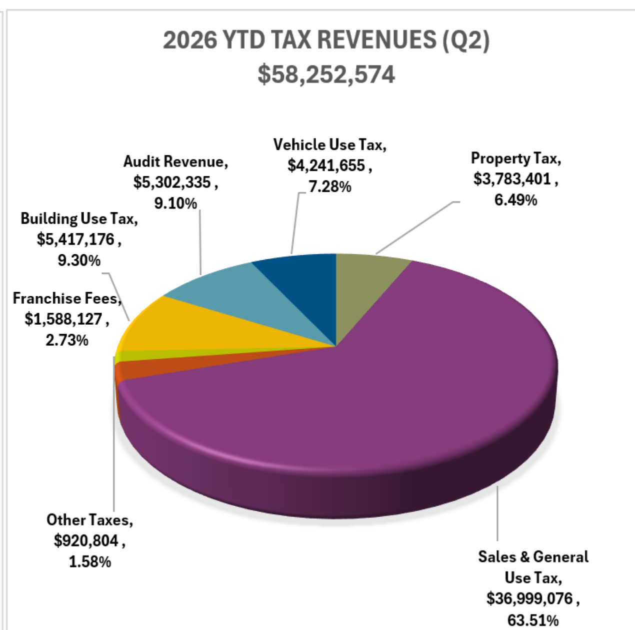
GENERAL FUND REVENUES

Revenue

- General Fund revenues increased from year end 2024 to year end 2025 by 18.26%. 2026 revenues are on target to meet 2026 budgeted projections.
- The majority of the General Fund revenue increase from 2024 to 2025 is due to increased Sales & Use Tax revenues ($14.2 million or 12.26%). Through Q2 2026, Sales & Use Taxes have increased by 7.79% over Q2 2025.



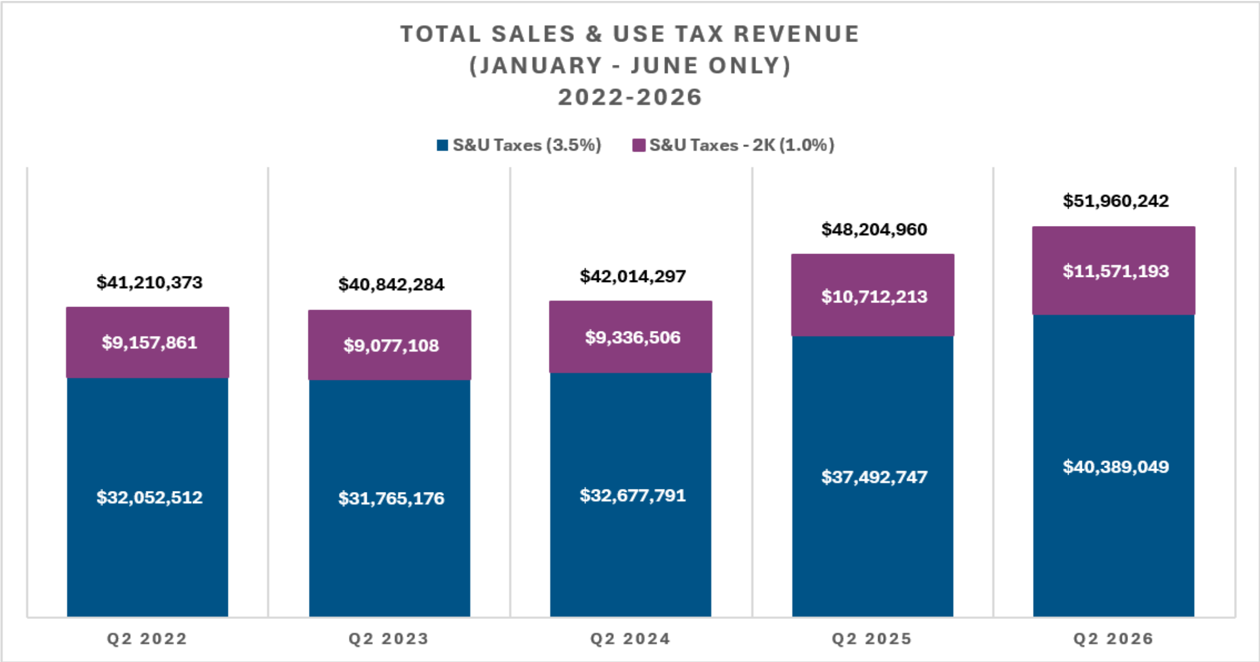


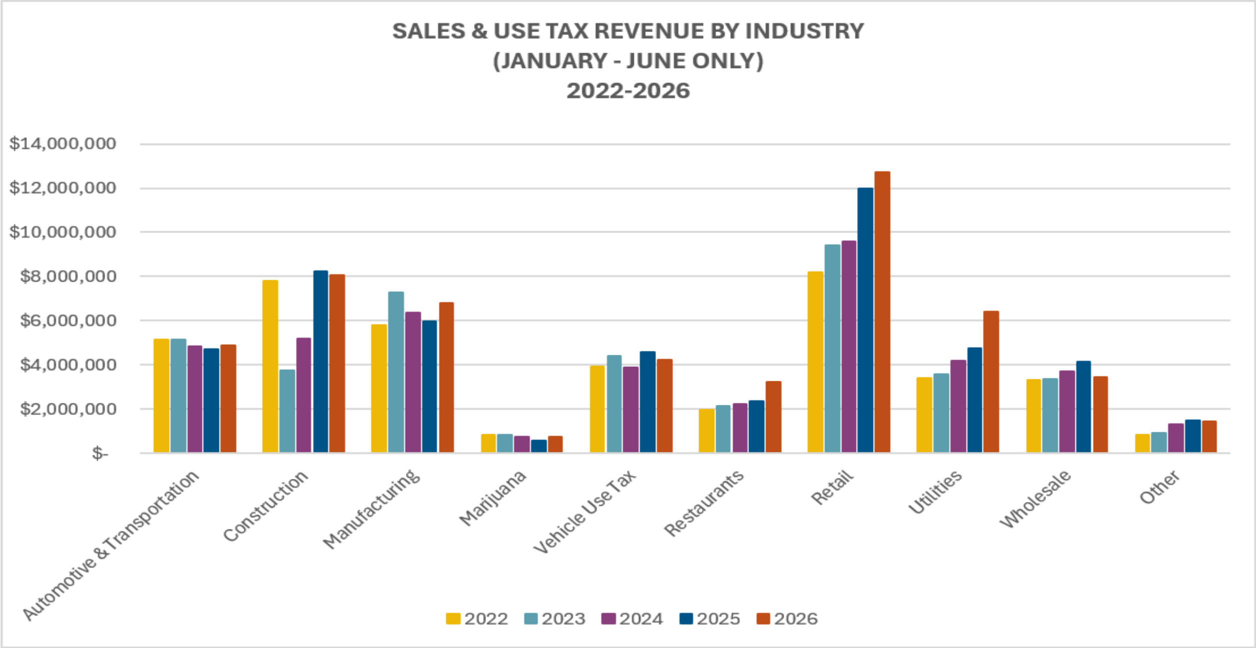


GENERAL FUND REVENUES

Sales/Use Tax

- Sales & Use Tax collections are one month in arrears; therefore, collections for Q2 represent collections from sales through the month of May only.
- Sales & Use Tax is 7.79% higher for Q2 of 2026 compared to that of 2025. This increase is due to increases in sales tax from remote sellers and internet sales. Use tax saw an increase in tax payers and audits.

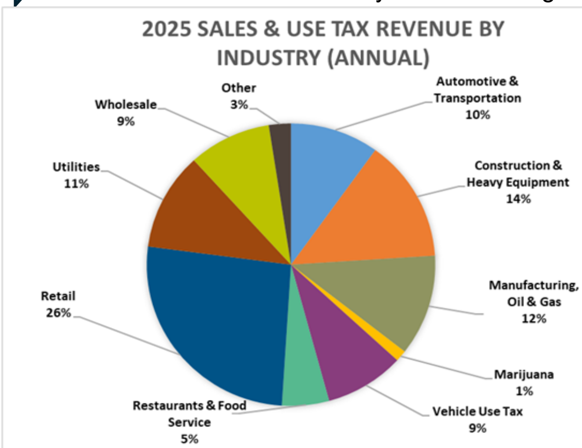


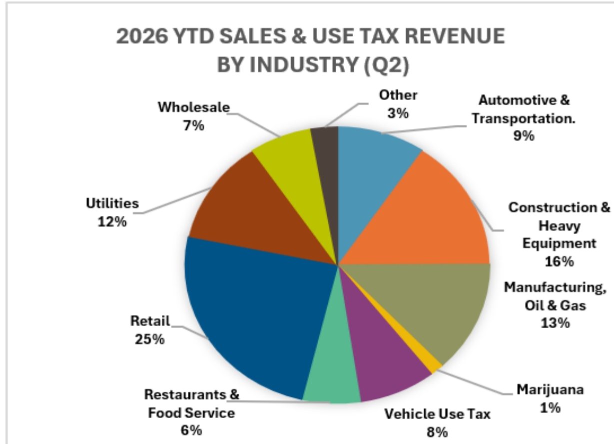


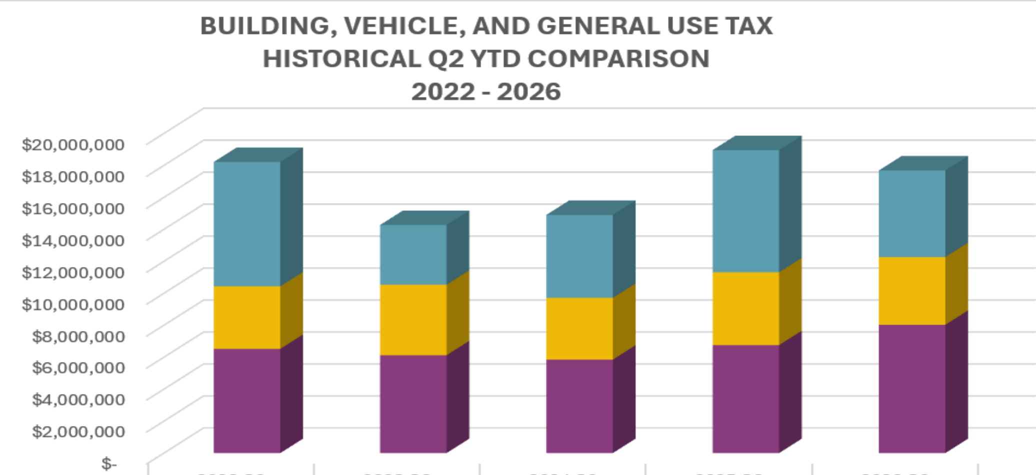
GENERAL FUND REVENUES

Sales/Use Tax (con't)

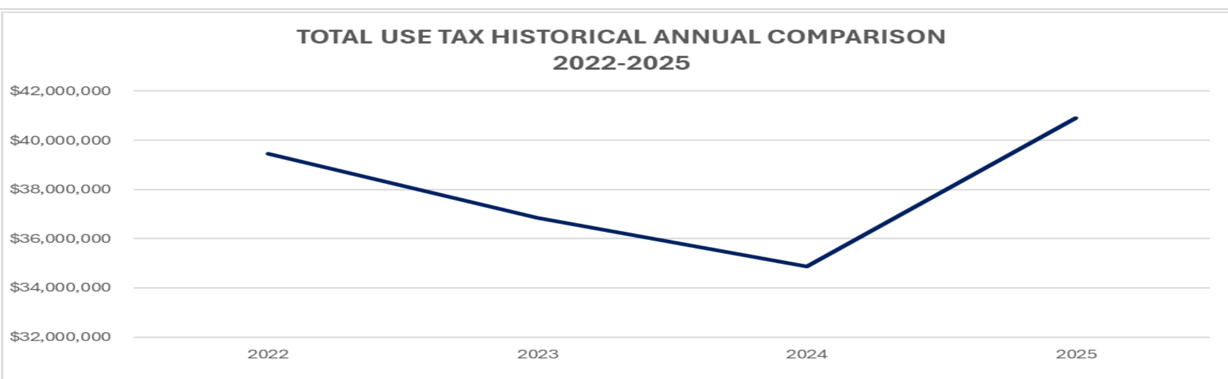
- Building use tax is showing a decrease in 2026 due to two unusually large projects permitted in 2025. 2026 is on par when compared to 2024. Building use tax is paid at the time a building permit is issued.
- Vehicle use tax decreased by 6.87% through Q2 of 2026 compared to that of 2025.
- General use tax increased by 18.78% through Q2 of 2026 compared to that of 2025.







	2022 Q2	2023 Q2	2024 Q2	2025 Q2	2026 Q2
Building Use Tax	7,783,525	3,734,755	5,187,978	7,645,366	5,417,176
Vehicle Use Tax	3,911,590	4,414,776	3,866,508	4,554,574	4,241,655
General Use Tax	$6,522,365	$6,121,790	$5,849,899	$6,758,276	$8,027,421



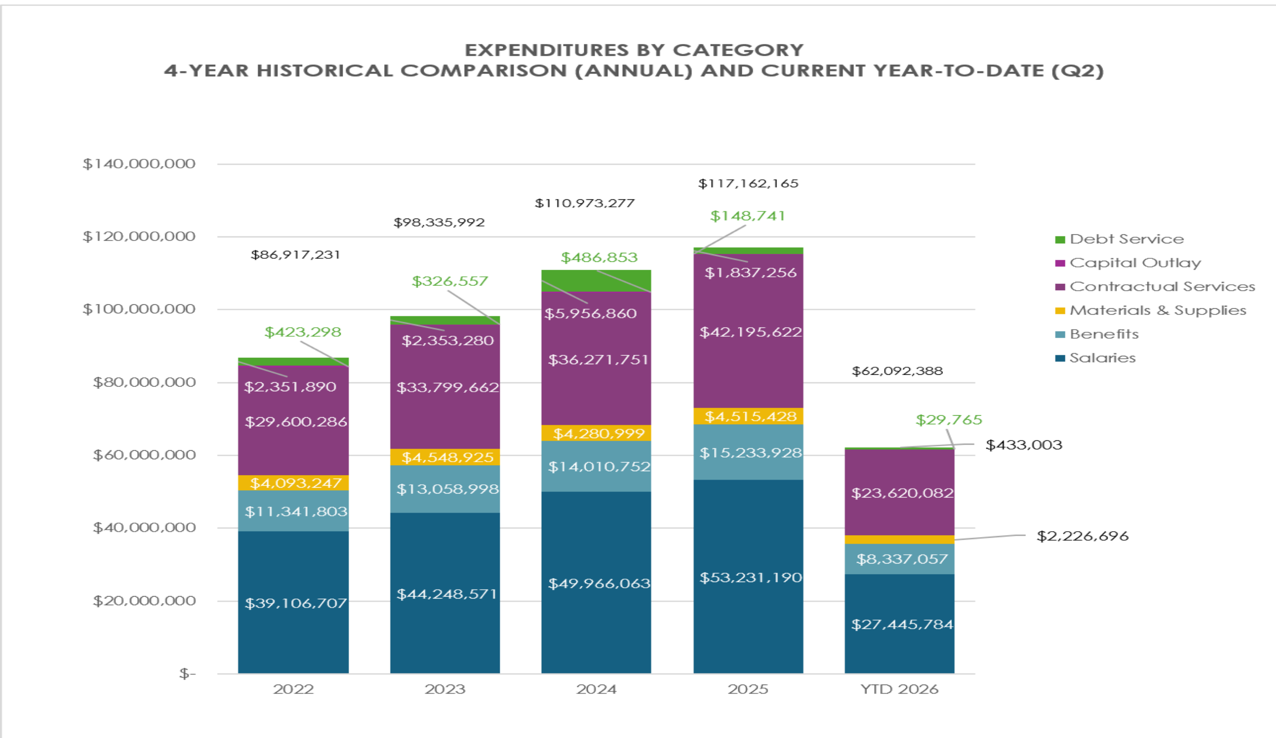
GENERAL FUND EXPENDITURES

Expenditures

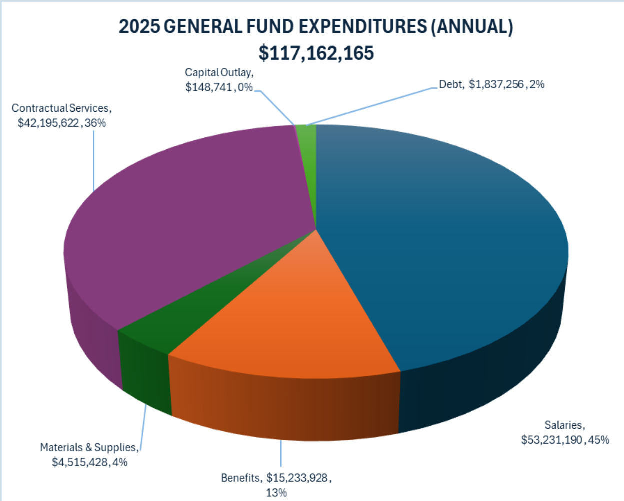
General Fund expenditures are broken down into six major categories. These are:
- Salaries
- Benefits
- Materials & Supplies
- Contractual Services
- Capital Outlay
- Debt Service

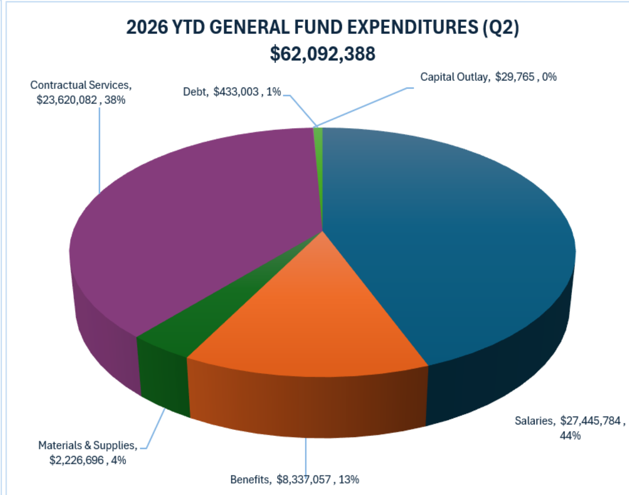
Overall expenditures (not including debt service and transfers) increased $10,308,491 (9.82%) from 2024 to 2025. Year-to-date 2026 expenditures are trending to be slightly under budget.

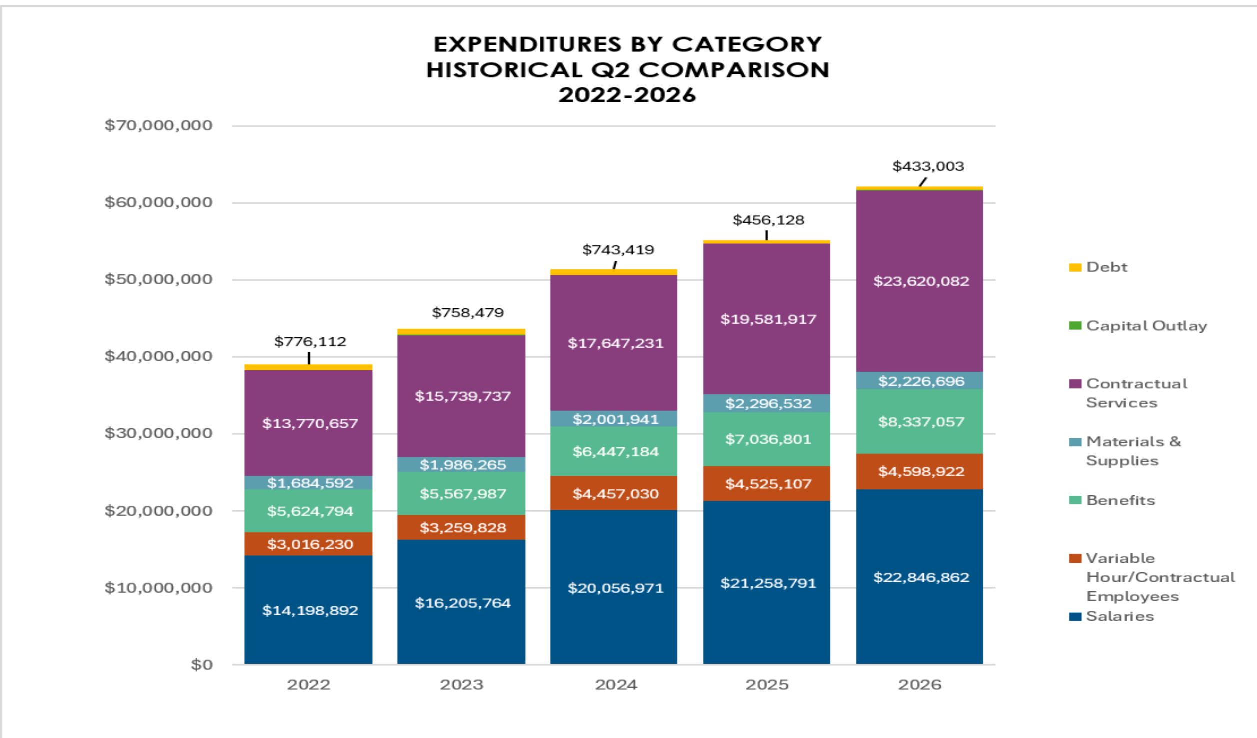
Personnel costs increased $4,488,303 (7.02%) from 2024 to 2025. This increase is primarily due to the addition of 20 positions in 2025, market adjustments for some positions to remain competitive when recruiting, and merit increases tied to annual evaluations. In 2026, an additional 10 positions were added.



GENERAL FUND EXPENDITURES







- General fund expenditures increased $6,946,597 or 12.70% through Q2 compared to the same time period in 2025.

- The largest increase from 2025 to 2026 through Q2, was in Contractual Services. This category increased $4,038,165 or 20.62%. This increase was mostly due to increased spending in 2026 related to the citywide computer allocation, outside services general, and outside services ARPA.

CAPITAL PROJECT FUND

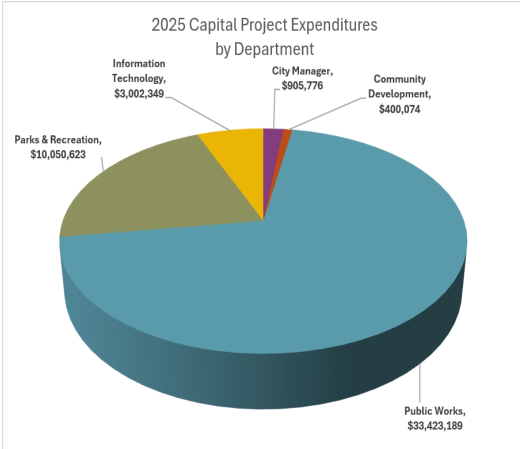
Overview

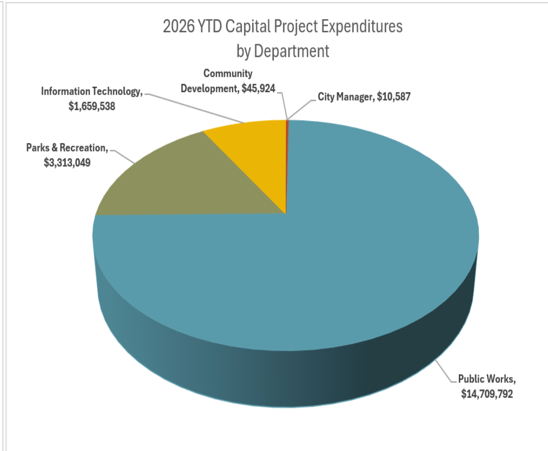
Commerce City continues to be one of Colorado's fastest-growing communities. As a result, the demand for superior transportation, recreation, and lifestyle is high. In order to meet the demand for these services, the City must continuously invest in capital maintenance and improvement efforts. As such, the purpose of Commerce City's Capital Investment Program (CIP) is to systematically guide capital expenditures that provide budget predictability while maintaining and improving public infrastructure. The following table provides a comparison of budgeted revenues and expenditures to actual amounts.

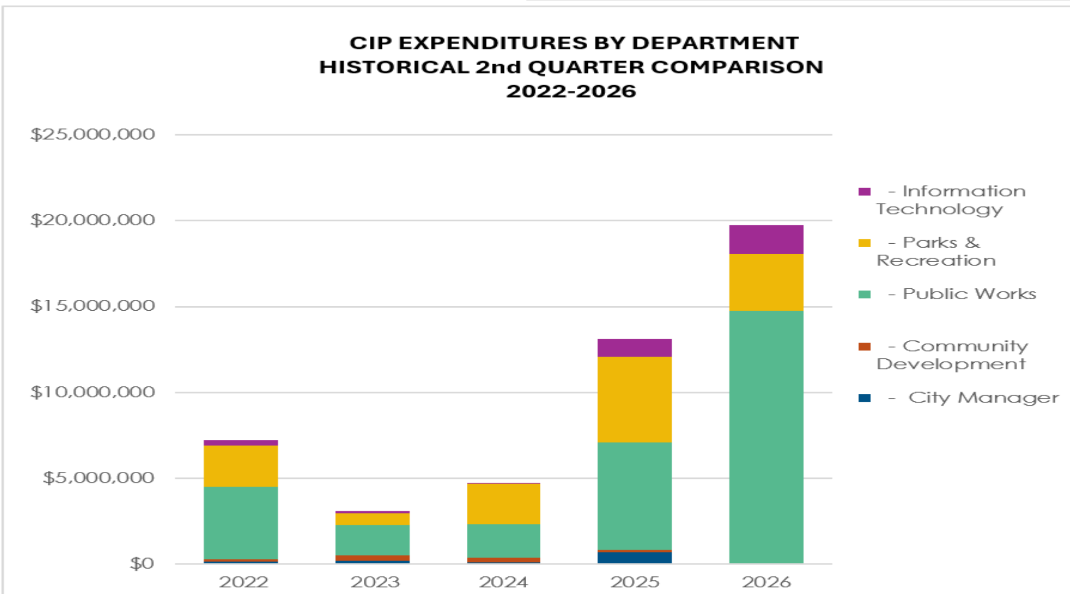
CIP Fund	2026 Amended Budget	Actuals through 6/30/2026	Actuals as % of Budget	Comparison to prior year 6/30/2025
Beginning Fund Balance	**$ 154,318,542**	**$ 154,318,542**		**$ 153,905,284**
Revenues				
Highway Users Taxes	$ 2,350,456	$ 1,025,702	43.6%	$ 1,014,351
Charges for Services	29,879	-	0.0%	8,332
Intergovernmental	47,163,136	3,355,160	7.1%	2,207,934
Miscellaneous	353,000	-	0.0%	300,000
Investment Earnings	-	225,213	n/a	928,397
Total Revenues	**$ 49,896,471**	**$ 4,606,075**	**9.2%**	**$ 4,459,014**
Expenditures				
Capital Outlay				
Projects - City Manager	$ 960,929	$ 10,587	1.1%	$ 693,459
Projects - Community Development	616,818	45,924	n/a	119,047
Projects - Public Works	166,934,769	14,709,792	8.8%	6,247,077
Projects - Parks & Recreation	33,626,661	3,313,049	9.9%	5,016,342
Projects - Information Technology	5,686,584	1,659,538	29.2%	1,052,291
Total Expenditures	**$ 207,825,761**	**$ 19,738,889**	**9.5%**	**$ 13,128,217**
Income/(Loss)	$ (157,929,290)	$ (15,132,815)		$ (8,669,203)
Other Financing Sources (Uses)				
Transfers In	$ 15,430,085	$ 4,200,250	27.2%	$ 4,236,933
Transfers Out	(1,048,352)	(250,952)	23.9%	-
Total Other Financing Sources (Uses)	**$ 14,381,733**	**$ 3,949,298**	**27.5%**	**$ 4,236,933**
Ending Fund Balance	**$ 10,770,985**	**$ 143,135,025**		**$ 149,473,014**
Nonspendable, Restricted & Assigned Fund Balances				
Nonspendable	$ -	$ (161,167)	n/a	$ -
Restricted	-	(27,532,589)	n/a	(51,976,056)
Assigned	(10,770,985)	(115,441,269)	n/a	(97,496,958)
Ending Unassigned Fund Balance	**$ -**	**$ -**	**n/a**	**$ -**

- The large budgeted net loss (revenues over expenditures) appears strange due to CIP projects appropriated in prior years, therefore carried forward and utilizing beginning fund balance.
- Nonspendable fund balance includes amounts for prepaid items.
- Restricted fund balance includes reserve amounts for the TABOR 3% emergency reserve ($355,579) and reserves for capital projects ($27,177,010).
- Assigned fund balance includes additional reserves for capital projects.

CAPITAL PROJECT FUND







Project Updates:
A major project in the Information Technology category is the Records Management System - AXON which is now live.

In the Parks and Recreation category, there were two major projects in Q2 2026. They were; the Buffalo Run Golf Course Clubhouse Expansion and Second Creek Farm Park. The Second Creek Farm Park is a 7-acre neighborhood park at 89th and Telluride, adjacent to the recently opened Capstone Academy Charter School. Amenities include a playground, ninja course, amphitheater, basketball court, shelters, picnic tables, shade sturctures, open grassy area, and a parking lot. The golf course clubhouse expansion project includes a renovation and addition of 4,695 sq. ft., bringing the total building size at completion tio 8,906 sq. ft. the groundbreaking ceremony for the renovation will be held on May 1. Temporary trailers are in place in order for golf operation to continue throughout the construction. During construction, limited food options will be available on site for golfers. The renovation is expected to be completed in spring 2027.

CAPITAL PROJECT FUND

Project Updates Continued:

The following are updates for current Public Works CIP projects:

E. 96th Avenue Widening (Chambers Road to Tower Road):

Construction continues to progress despite utility conflicts and delays. The Chambers Road intersection reconstruction was finished and reopened. Excavation for retaining walls on the south side of the pedestrian underpass began and is ongoing, and sidewalk, traffic signal, and raised landscape median construction between Chambers Road and Second Creek continues. South Adams County Water and Sanitation District's (SACWSD) waterline work is nearly complete and will be finished after the phase 2 traffic shift.

E. 56th Avenue Reconstruction (Brighton Boulevard to Vasquez Boulevard)

Engineering design is nearing completion, with the team finalizing plans and right-of-way acquisition almost finished securing land for corridor widening and utility relocation. Ongoing discussions with local businesses aim to minimize project impacts and ensure mutual benefits for the City and business partners.

88th Avenue Widening – Segment A

Construction slowed in Q2 due to utility conflicts and delays, but signal installation and other work continued around these challenges. The project remains on track for final paving and striping in Q3, following the successful completion of permanent traffic pattern shifts in Q1.

88th Avenue Widening – Segment B

Design and right-of-way acquisition progressed, with coordination involving Farmer's Reservoir and Irrigation Company Canal (FRICO) and Union Pacific Railroad (UPR) for critical stormwater crossings. These efforts have advanced both design and agreements, with design completion anticipated in Q3.

Rosemary Street Widening

Design and right-of-way acquisition continued throughout Q2, positioning the project for design completion in Q3 and future construction phase.

Chambers Road Widening

With Federal Highway Administration (FHWA) approval of National Enviornmental Policy Act documentation (NEPA), the project is advancing toward right-of-way appraisal and acquisition once CDOT authorization is received. The project received initial noise wall survey results for potential noise walls between 112th and 114th Avenues. Design evaluation and community outreach for noise walls is planned to continue in Q3. Design packages were completed for new traffic signals at Heartland Drive and 117th Avenue. Bids were received for these designs, and a contract will be awarded to begin construction in Q3.

Highway 2 Median Improvements

Following completion of Phase 1 median installation between 96th and 104th Avenue, Phase 2 continued northward, implementing additional safety enhancements along the corridor and concluded in Q2.

120th Avenue / US 85 Interchange

Preliminary design and environmental clearance efforts advanced, with ongoing coordination among partnering agencies (UPRR, Federal Railroad Administration (FRA), CDOT, Brighton, Adams County) as the design moves toward future phases.

68th Avenue Improvements

Design work continued with environmental investigations and collection of existing conditions data. Community engagement—including surveys and public meetings—were completed, and design is expected to finish in Q3.

72nd Place & Monaco Street Intersection Improvements

Construction is progressing on schedule after mobilization on June 15. Demolition, water line depressions, and storm sewer installation are complete. The intersection is on track to reopen in late August.

2026 Pavement Maintenance Program

The updated citywide Pavement Condition Index (PCI) data informed the 2026 maintenance plan, which includes ongoing concrete repairs and mill and overlay for asphalt roadways across multiple areas of the City, with completion expected in Q3.

Derby Crime Prevention Lighting Study

The Derby Crime Prevention Lighting Study has been completed, fulfilling the requirements of the grant and providing a comprehensive assessment of existing lighting conditions and prioritized improvements. The final report was delivered and the next step is to review the findings with partner departments, gather feedback, and transition project leadership to Economic and Community Vitality (ECV). Capital Investment Program (CIP) support may be identified as needed for design or construction as the implementation phase moves forward.

Where to Find Additional Budget and Financial Information

(Ctrl click on report name to follow link)

- **Main Budget & Financial Reports Webpage**
- **2025 Annual Comprehensive Financial Report (ACFR)**
- **2024 Popular Annual Financial Report (PAFR) – 2025 PAFR coming soon**
- **2026 Adopted Budget**
- **Commerce City Capital improvement Program – Map and Dashboard**