Q2 2026 Financial Report

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Presentation 26-092

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Q2 2026 Financial Report

The Q2 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 Q2 2026 are compared to Q2 2025.

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

2nd Quarter Highlights

- Sales & Use Taxes are 7.8% higher for Q2 of 2026 compared to that of 2025.
- Overall General Fund Expenditures (not including debt service) increased $10,308,491 (9.8%) from 2024 to 2025. Year-to-date 2026 expenditures are trending 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.
- The largest increase in General Fund Expenditures from 2025 to 2026 through Q2, was in Contractual Services. This category increased $4,038,165 or 20.6%. 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 Consumer Price Index (CPI) for both the U.S. and Denver area saw increased inflation in Q2 of 2026 due to the effective closure of the Strait of Hormuz, which is driving up energy and other downstream prices. U.S. inflation rose to 3.3% in March, 3.8% in April, followed by 4.2% in May, while Denver inflation rose to 4.2% for March and remained elevated at 5.0% in May.

Source – OSPB Colorado Economic & Revenue Outlook – June 2026

Labor and Wages

Labor Market – The U.S. labor market saw job growth of 565,000 jobs since March. The State of Colorado Governor's Office of State Planning & Budgeting (OSPB) expects this increase to be temporary with slow job growth and relatively stable unemployment in both the U.S. and Colorado in the second half of 2026.

Wages and Income – The OSBP anticipates a continued slowdown in income and wage growth, mainly due to a slowing labor market.

Source – OSPB Colorado Economic & Revenue Outlook – June 2026

Q2 Procurement Waiver Report

- Per Article II, Section E of the City's Procurement Policy, The City Manager may approve waivers from the requirements of the Procurement Policy, if determined to be in the City's best interest, and may approve sole source procurements when the proposed procurement of goods or services cannot be achieved through competitive solicitation. The nature of the relevant circumstances that prohibit competition or justify a waiver shall be submitted in writing to the City Manager for approval. The City Manager shall provide a summary of sole source procurements and waivers to City Council quarterly.
- During Q2 of 2026, the following Procurement Waivers were approved.

Vendor	Amount	Impacted Fund	Term
Shield Assessments	$60,000	General Fund	1 Year
Acreo Labs, Inc (dba Resilience)	$30,000	General Fund	1 Year
Plante Moran	$85,000	General Fund	2 years
Omnigo Software, LLC	$15,418	General Fund	1 Year
Total - General Fund	**$190,418**		
Gades Sales	$3,600	General Capital Projects	3 Years
Total - General Capital Funds	**$3,600**		

% of Fund's 2026 Operating Expenditure Budget	
General Fund	0.15%
General Capital Fund	14.60%

- See full report attached for more information.

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Discussion & Questions

Staff is available for any questions you may have