

2nd Quarter 2025 Financial Report

August 25, 2025



Commerce
CITY



2025 2nd Quarter Financial Report

The 2nd 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 2nd Quarter 2025 are also compared to 2nd Quarter 2024.

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



2nd Quarter Highlights

- General Fund Revenues are trending slightly ahead of budget.
- Sales & Use Taxes are 16.06% higher for the 2nd 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 positions 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 2nd quarter, was in Purchased Services and Charges. This category increased \$1,934,686 or 11.0%. 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.



The Economy

Inflation - The Denver-Aurora-Lakewood area saw inflation stabilize at 2.2% year-over-year in May, below previous forecasts. The U.S. Consumer Price Index (CPI) recorded year-over-year inflation of 2.4% in May, largely driven by low goods and negative energy price growth.

Consumer Spending – While the 1st quarter of 2025 indicated continued growth over 2024, a slowdown in the growth of consumer spending is now anticipated for the second half of the year, while avoiding an absolute decline. Several factors may contribute to the slowdown including; weakened consumer demand from federal tariff policy both directly and indirectly, declining consumer confidence, potential supply chain disruptions associated with increases costs, delayed orders, and a weakening labor market.

Source – OSPB Colorado Economic & Revenue Outlook – June 2025





Labor and Wages

Labor Market – The labor market remains steady, with 139,000 U.S. jobs added in May, while Colorado added 8,400 in April. The U.S. unemployment rate has remained relatively stable at 4.2 percent, a year-over-year increase of 0.3 percentage points. In Colorado, unemployment has risen more quickly to 4.8 percent, or 0.8 percentage points year-over-year.

Wages and Income - U.S. wage and salary growth slowed in the first quarter of 2025 to below-average rates as the labor market continued cooling after four consecutive years of above-average growth. Over 2025, U.S. wage and salary growth is expected to decelerate further due to labor market loosening. Colorado recorded average wage and salary growth in 2024, but the state underperformed national wage growth for the first time in over a decade.





Discussion & Questions