



# CITY OF COLLEYVILLE AUDIT COMMITTEE AGENDA

100 Main Street, Colleyville, Texas, 76034  
City Manager's Office Conference Room  
Third Floor

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**TUESDAY, MAY 2, 2023 - 4:30 PM**

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**1. CALL TO ORDER**

**2. APPROVAL OF MINUTES**

February 21, 2023

**3. REGULAR AGENDA ITEMS**

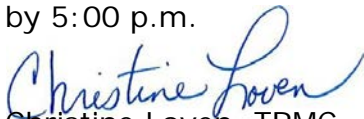
- 3a** Discussion of the Request for Proposal and selection process for external auditing services for the Fiscal Years ending September 30, 2023 through September 30, 2027
- 3b** Interview of audit firms submitting proposals in response to the City's request for proposals for an external audit firm
- 3c** Review the sealed cost portion of the audit proposals and consider a recommendation to City Council for the selection of an audit firm

**4. REPORTS**

- 4a** Quarterly Investment Report for the quarter ended March 31, 2023
- 4b** Update on future discussion items and initiatives

**5. ADJOURNMENT**

I hereby certify this agenda was posted on City Hall bulletin boards *Friday, April 28, 2023* by 5:00 p.m.



Christine Loven, TRMC  
City Secretary

*A quorum of any Colleyville board, commission, or committee may be present at this meeting. Any matter on this agenda maybe opened for public comment and discussion at the discretion of the governing body.*

*If you plan to attend this public meeting and have a disability that requires special accommodations, please advise the City Secretary at least 48 hours in advance at 817.503.1133, and reasonable accommodations will be made to assist you.*



# City of Colleyville Audit Committee Minutes

City Hall  
100 Main Street  
Colleyville, Texas 76034  
817.503.1000  
www.colleyville.com

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Tuesday, February 21, 2023  
4:30 p.m.

City Manager's Conference Room  
Third Floor – City Hall

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## 1. CALL TO ORDER

City Secretary Christine Loven called the meeting to order and called the roll.

PRESENT: Committee members George Dodson, Brandi Elder, and Chuck Kelley.

ALSO PRESENT: Director of Finance Kyle Lester, Accounting Manager Karen Hines, City Manager Jerry Ducay, Assistant City Manager Mark Wood, City Secretary Christine Loven, and Scotty Richardson.

## 2. APPROVAL OF MINUTES January 17, 2023

The minutes were unanimously approved.

## 3. REGULAR AGENDA ITEMS 3a Discussion of the draft FY22 audit

Finance Director Kyle Lester introduced Meredith Churchill, partner, Weaver Tidwell, the City's auditor. Ms. Churchill gave an overview and explained the audit process. She stated the City received an unmodified report, which is the highest report that can be given. She noted there were no material weaknesses, no significant deficiencies, and no noted noncompliance material to the financial statements. Ms. Churchill the audit was a bit delayed due to auditing and reporting GASBE 84, regarding leases and provided financial highlights.

Ms. Churchill thanked Kyle Lester and Karen Hines for their assistance and advised the Committee they are good to work with and it is very appreciated.

There was discussion of providing each committee member a printed draft audit for the committee to review prior to the next meeting and City Council approval.

It was also noted this is the last year of the contract with Weaver Tidwell and the City will be going out for an RFP later this year. Director Lester stated Weaver Tidwell has been good to work with and the RFP is an accepted best business policy and does not reflect any negativity upon Weaver and Tidwell.

4. ADJOURNMENT

The meeting was adjourned at 4:48 p.m.

Minutes taken and prepared by:

A handwritten signature in blue ink that reads "Christine Loven". The signature is written in a cursive style with a large initial 'C'.

Christine Loven, TRMC  
City Secretary



## CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

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Agenda Number 3a

Agenda Date 5/2/2023

Number

Type Presentation and Discussion

Department Finance

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### Title

Discussion of the Request for Proposal and selection process for external auditing services for the Fiscal Years ending September 30, 2023 through September 30, 2027

### Explanation

As the five year contract for external audit services with Weaver concluded with the audit for the Fiscal Year ended September 30, 2022, it was necessary to begin the Request for Proposal (RFP) process for external audit services. The purpose of this item is to discuss the attached RFP, the selection process, and answer questions from the Audit Committee. The attached RFP was advertised in the newspaper on April 3, 2023 and April 10, 2023 and was posted on the City's website on April 3, 2023. Responses were due on April 24, 2023.

### Attachments

1. Final Audit Request for Proposal- 2023

**CITY OF COLLEYVILLE, TEXAS  
AUDIT SELECTION COMMITTEE**

**REQUEST FOR PROPOSALS  
FOR  
PROFESSIONAL AUDITING SERVICES**

**100 MAIN STREET  
COLLEYVILLE, TX 76034**

CITY OF COLLEYVILLE, TEXAS  
REQUEST FOR PROPOSALS  
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# CITY OF COLLEYVILLE

## REQUEST FOR PROPOSAL (AUDITING SERVICES)

### I. INTRODUCTION

#### A. General Information

The City of Colleyville is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2023, with the option, at City's sole discretion, of auditing its financial statements for four subsequent years. These audits are to be performed in accordance with generally accepted auditing standards.

#### B. Term of Engagement

A five year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the City of Colleyville and the selected firm), the concurrence of the Colleyville City Council and the availability of an appropriation.

### II. DESCRIPTION OF THE CITY OF COLLEYVILLE FINANCES

#### A. Background Information

The City of Colleyville serves an area of 13 square miles with an estimated population of 26,057. The City's fiscal year begins on October 1st and ends on September 30th. The City provides the following services: Police, Fire, Streets, Parks and Recreation, Community Development, Engineering, Library, Community Center and Utility service. In addition to the aforementioned departments, the City has a general governmental function comprised of City Manager's Office, City Council/Secretary, Finance, and Municipal Court. The City has 207 full-time employees and an annual payroll of \$15.5 million.

#### B. Fund Structure

The City's accounting records are maintained in accordance with accounting principles generally accepted in the United States as promulgated by the Government Accounting Standards Board. Accordingly, the City maintains general, special revenue, debt service and capital projects governmental fund types; enterprise funds and fiduciary funds. For fiscal year ended September 30, 2022, the City reported the following major governmental funds: General Fund, Debt Service Fund, Capital Projects Funds, Special Revenue Funds, Enterprise Funds and Fiduciary Funds.

C. Budgetary Basis of Accounting

The City Manager submits to the City Council a proposed operating budget for the fiscal year beginning October 1. The adopted operating budget is legally enacted through passage of an ordinance and represents the proposed fund appropriations. Unencumbered appropriations lapse at the end of the year. Budgeted amounts may be transferred between accounts or divisions by the City Manager on a limited basis. The budget, as well as all revenues, appropriations, and encumbrances are recorded in the accounting records.

Approved Fiscal Year 2023 expenditure budgets for the City's major operating and debt service funds are as follows:

General Fund	\$ 25,297,424
Utility Fund	19,832,854
Drainage Fund	721,619
Debt Service Fund	769,010

D. Federal and State Financial Assistance

During the fiscal year to be audited the City of Colleyville may receive financial assistance from the federal government in excess of \$750,000. There is the possibility in future years that this may occur.

E. Pension Plans

The City of Colleyville participates in the Texas Municipal Retirement System, which is a joint contributory, defined benefit, multiple-employer agent type of pension plan.

F. Component Units

There are three component units in the City of Colleyville's financial statements:

Blended Component Unit - Crime and Control and Prevention District

Blended Component Unit - Colleyville Economic Development Corporation

Discretely Presented Component Unit - Colleyville Tax Increment Financing Reinvestment Zone Number One and One A

G. Joint Ventures

The City of Colleyville does not participate in joint ventures.

## H. Magnitude of Finance Operations

The Finance Department is headed by Kyle Lester, Finance Director and consists of three other employees: Karen Hines, Accounting Manager, Mushtaq Ali, Accountant and Sue Kralich, Accounting Clerk.

## I. Computer Systems

Software: The City's financial software package is a Tyler Technologies software, Munis, and following applications are in use: general ledger, cash receipts, accounts payable, project ledger, purchase order, payroll and utility billing.

## J. Internal Audit Function

Internal audit with the support of and in conjunction with city management examines and evaluates the adequacy and effectiveness of the City's system of internal control and the quality of performance in carrying out assigned responsibilities. In order to mitigate the risk of fraud, the finance staff continuously assesses the internal controls in place to identify areas for improvements, conducts various audits including accounts payable invoices, purchase order compliance and cash handling audits, and educates the frontline collection employees on proper revenue collection, handling, and depositing techniques. The internal audits performed have been essential in detecting and correcting internal control deficiencies before they result in significant financial losses.

## III. NATURE OF SERVICES REQUIRED

### A. General

The City of Colleyville is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2023 with the option, at City's sole discretion, to audit the City of Colleyville's financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposals. Please note the FY 2022 City of Colleyville Annual Financial Report can be found at the following address on the City's website: <https://www.colleyville.com/government/departments-a-l/finance/financial-transparency> The Fiscal Year 2023 budget is also available for viewing on the website, using that link.

### B. Scope of Work to be Performed

The City of Colleyville desires the auditor, in conformity with generally accepted accounting principles, to express an opinion on the fair presentation of its

- governmental activities
- business-type activities
- aggregate discretely presented component unit
- each of its major funds and
- aggregate remaining fund information

The auditor will not be required to audit the supporting schedules contained in the annual comprehensive financial report. However, the auditor shall provide an "in-relation to" opinion on the supporting schedules based upon the auditing procedures applied during the audit of the financial statements and the combining and individual fund financial statements and schedules. The auditor will not be required to audit the statistical section of the report. The auditor's assistance and consultation will be required in implementing new GASB statements at a date to be determined by the City, even if prior to the required effective date. Additionally, the auditor will be required to review the City's compliance with requirements of the State of Texas Public Investment Funds Act.

C. Auditing Standards to be Followed

To meet the minimum requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

D. Required Reports

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report to management containing any significant deficiencies and/or material weaknesses found during the audit as defined by Statement on Auditing Standards 112.
3. Prepare the following portions of the Annual Comprehensive Financial Report:
  - Table of Contents
  - Basic Financial Statements
    - Statement of Net Position (Primary Government and Component Unit)
    - Statement of Activities (Primary Government and Component Unit)
  - Fund Financial Statements
    - Balance Sheet (Governmental Funds)
    - Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Funds)
  - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
- Statement of Net Position - Proprietary Fund
- Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
- Statement of Cash Flows Proprietary Funds
- Statement of Net Position - Fiduciary Funds
- Combining and Individual Fund Statements and Schedules
  - Budgetary Comparison Schedule – Debt Service Fund
  - Combining Balance Sheet - Non-Major Governmental Funds
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
  - Budgetary Comparison Schedule – Crime District Fund
  - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
  - Debt Service Fund
  - Combining Statement of Changes in Fiduciary Net Position
  - Statement of Changes in Assets and Liabilities - Custodial Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions - Texas Municipal Retirement System
- Schedule of Funding Progress
- Any other Financial Section schedules necessary to meet GASB 34 compliance.

The City's Finance Department staff will prepare:

- Transmittal Letter
- Management's Discussion and Analysis
- Statistical Section of the Annual Financial Report to be reviewed by the selected firm.

The City desires that the selected audit firm shall print and bind twenty (15) copies of the Annual Financial Report and the City will supply the firm all covers and City letterhead stock necessary for printing.

**Irregularities and Illegal Acts:** Auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware to the City Council, Audit Committee and City Manager.

**Reporting to the City Council and Audit Committee:** Auditors ensure that the City of Colleyville's City Council and Audit Committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgements and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit
10. Future accounting and auditing pronouncements that will affect the City of Colleyville.

#### Working Paper Retention and Access to Working Papers

Working papers and reports shall be retained, at the auditor's expense for a minimum of three (3) years, unless the firm is notified in writing by the City of Colleyville of the need to extend the retention period. The auditor shall make working papers available to the City of Colleyville, and auditors of entities of which the City of Colleyville is a recipient of grant funds. Additionally, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

#### E. Special Considerations

The City of Colleyville anticipates that it may prepare one or more official statements in connection with the sale of debt securities, which will contain the basic financial statements and auditor's report thereon. The auditor shall be required, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters". It is also anticipated during the audit period the City may receive federal assistance in excess of \$750,000 and would require auditor to perform a single audit.

#### F. Schedule for the 2023 Fiscal Year Audit (a similar schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits).

##### 1. Interim Work

The auditor shall complete all interim work by September 22, 2023

##### 2. Field Work

The auditor shall commence field work after October 31, 2023

The auditor shall complete all field work by November 30, 2023

##### 3. Draft Reports

The fund level and government wide financial statements as well as the auditor's lead sheets should be provided to finance by January 8, 2024. A complete draft of the Annual Financial Report and recommendations to management should be available, in searchable pdf format, for review by the City staff by January 15, 2024.

4. Audit Committee Review

The auditor will have a draft of the audit and SAS letter ready for audit committee meeting by February 6, 2024

5. Audit Approval

The auditor will have the final report ready for approval by Council on February 20, 2024.

#### IV. PROPOSAL REQUIREMENT

##### A. General Requirements

###### 1. Pre-proposal Conference

A non-mandatory conference for firms interested in submitting proposals will be held on Friday, April 14, 2023 at 1:00 PM in the Executive Conference Room, 3rd Floor of City Hall, at 100 Main Street, Colleyville, Texas. Both verbal and written questions will be accepted during the conference. If a representative from your firm is unable to attend, please direct all questions to Karen Hines, Accounting Manager at (817) 503-1015.

###### 2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to Karen Hines, Accounting Manager: e-mail: [khines@colleyville.com](mailto:khines@colleyville.com) / phone: (817) 503-1015.

###### 3. Submission of Proposals

To be considered a total of eight (8) copies of a proposal must be received by Karen Hines at Colleyville City Hall, 100 Main Street, Colleyville, Texas by 11:00 AM CST on Monday, April 24, 2023. Proposals submitted will be evaluated by a five-member Audit Selection Committee composed of Kyle Lester, Finance Director, Karen Hines, Accounting Manager, Mushtaq Ali, Accountant, Sue Kralich, Accounting Clerk, and Jesse Perez, Human Resources Director. During the evaluation process, the Audit Selection Committee and the City of Colleyville reserve the right, where it may serve the City of Colleyville's best interest, to request additional information or clarification from proposers. Firms receiving an acceptable technical score will be requested to make oral presentations on

Tuesday, May 2, 2023 as part of the evaluation process. These presentations will be made to the Audit Committee and the Audit Selection Committee.

The City of Colleyville reserves the right to retain all proposals submitted. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposal, unless otherwise clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Colleyville and the firm selected. It is anticipated that selection of a firm will be completed by Friday, May 5, 2023, and the contract will be presented to the City Council at the May 16, 2023 meeting.

The following material shall be received, as specified herein, by 1:00 PM CST on Monday, April 24, 2023, for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and eight (8) copies to include the following:

- i. **Title Page** - Title page showing the request for proposal's subject; the name address and telephone number of a contact person; and the date of the proposal.

- ii. **Table of Contents**

- iii. **Transmittal Letter** - A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period ending September 30, 2023.

- iv. **Detailed Proposal** - The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

- v. **Audit Request for Proposal Form** - Include an initialed copy of this Audit Request for Proposals form.

- vi. **Executed copies** – Fully executed copies of Proposer Guarantees and Proposer Warranties, attached to this Request for Proposals

- b. The proposer shall submit an original and eight (8) copies of a dollar cost bid in a separate sealed envelope marked as follows:

**SEALED DOLLAR COST BID PROPOSAL FOR CITY OF COLLEYVILLE**

**FOR PROFESSIONAL AUDITING SERVICES - APRIL 24, 2023**

- c. The proposer should send the completed proposal consisting of the two separate envelopes to the following address:

CITY OF COLLEYVILLE  
100 MAIN STREET  
COLLEYVILLE, TX 76034

ATTN: KAREN HINES, ACCOUNTING MANAGER

Mailed and/or hand delivered proposals will be accepted up to 11:00 AM CST on Monday, April 24, 2023. City Hall is located at 100 Main Street, Colleyville, TX. The Finance Department is located on the first floor.

**B. Submittal timeline**

**1. Proposal Calendar**

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposals issued	April 3, 2023
Pre-proposal Conference	April 14, 2023
Due Date for Proposals	April 24, 2023
Oral Presentations to Committee	May 2, 2023

**2.. Notification and Contract Dates**

Selected Firm Notified	May 5, 2023
Contract to Council	May 16, 2023

**C. Technical Proposal**

**1. General Requirements**

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Colleyville in conformity with the requirements of this Request for Proposals. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements. THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information, which should only be included in the sealed dollar cost bid.) The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 7, must be included. They represent the criteria against which the proposal will be evaluated.

## 2. Independence

The firm shall provide an affirmative statement that it is independent of the City of Colleyville as defined by generally accepted auditing standards.

## 3. License to Practice

An affirmative statement shall be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Texas.

## 4. Firms Qualifications and Experience

The proposal shall state the size of the firm, the size of the firm's governmental staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement and the number and nature of the professional staff to be so employed on a part time basis. A copy of the most recent peer review should be included.

## 5. Partner, Supervisory, and Staff Qualifications and Experience

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of Texas. The firm shall also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past two (2) years and membership in any governmental professional organizations.

The firm shall also provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality of the staff over the term of the agreement would be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express written permission of the City of Colleyville. However, in either case, the City of Colleyville retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

#### 6. Audit Engagements with Other Governmental Entities

The firm shall list separately all governmental audit engagements within the past three years, which were performed by the proposing office location, including how many years that city was audited by the firm. Also include an Annual Financial Report from one of the listed audit engagements, which was prepared by firm staff during the past year, or provide a link if the Annual Financial Report is available on the engaged city's web site.

#### 7. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section III of this Request for Proposals.

- a. Proposed segmentation of the engagement
- b. Level of staff and the number of hours to be assigned to each proposed segment of the engagement
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent and use of software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be undertaken to gain and document an understanding of the City of Colleyville's internal control structure
- g. Approach in meeting requirements of SAS 99 and SAS 112 in the engagement

#### D. Sealed Dollar Cost Bid

##### 1. Total All-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement and Annual Financial Report preparation and printing. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket and travel expenses.

The City of Colleyville shall not be responsible for expenses incurred in preparing

and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost should include the following information:

- a. Name of Firm.
  - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City of Colleyville.
  - c. A total All-inclusive Maximum Price for the fiscal year 2023 engagement including Annual Financial Report preparation and printing.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix F, part 1). The price for special services as described in Section II F of this Request for Proposals should be disclosed on the format provided in Appendix C, part 2.

3. Rates for Additional Professional Services

If it should become necessary for the City of Colleyville to request the auditor to render any additional services to either supplement the services requested in this Request for Proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Colleyville and the firm. Any such additional work agreed to between the City of Colleyville and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid. The City reserves the right to contract any additional audits or reviews or additional work with whomever they choose.

4. Progress payments

Progress payments will be made on the basis of hours of work completed during the course of the engagement incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. The City of Colleyville will remit payment to the firm within thirty days of receipt of an accurate invoice.

## V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

### A. Finance Department

The Finance Department staff will be available to assist the firm by providing, information, documentation, and explanations. The preparation of confirmations will be the responsibility of the City of Colleyville. Also, the City has an Information Systems Management department and that department will answer any questions about the computer hardware. Additionally, there is on-line documentation on the "Munis" software system.

### B. Statements and Schedules to be Prepared by the City of Colleyville Staff

All of the following schedules will be available for auditors at the start of final fieldwork: Trial Balances (All Funds), Debt Service Requirements, Tax Supported Debt Roll forward, Utility Debt Roll forward, Lead Schedules-Accounts Payable Lead Schedules-Accrued Liabilities, Lead Schedules-Accounts Receivable, Detailed Fixed Assets, Detailed Fixed Assets (Enterprise Funds), Ad Valorem tax receipts and receivables.

The City will provide additional hours of staff time to prepare any other schedule the auditors may need.

### C. Work Area, Telephones, Photocopying, and FAX Machines

The City of Colleyville will provide the auditors with reasonable workspace located in the Finance Department including, conference table and chairs. The auditors will also be provided with access to wireless internet, a photocopier, and a fax machine.

### D. Report Preparation

Report preparation, editing, and printing shall be the responsibility of the auditor.

## VI. WITHDRAWAL/MODIFICATION OF PROPOSALS

A firm may withdraw a Proposal at any time prior to the final submission deadline upon presentation of acceptable identification. The firm may thereafter submit a new or modified Proposal prior to the final submission deadline.

Any interlineations, alterations, erasure or other amendment made before the submittal deadline, must be signed or initialed by the firm or authorized agent, guaranteeing authenticity. Proposals cannot be altered, amended or withdrawn by firm after the submission deadline. Modifications offered in any other manner, oral or written, will not be considered. A final Proposal cannot be changed or withdrawn

after the designated time for receipt, except for modifications/clarifications requested by the City of Colleyville after the date of receipt or following any oral presentations.

## VII. EVALUATION PROCESS

### A. Review of Proposals

The Audit Selection committee will use a point formula during the review process to score proposals. Each member of the Audit Selection Committee will first independently score each proposal by each of the criteria described in Section VII B below. The Audit Selection Committee will then convene to discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration. Firms with an acceptable score will be invited to make an oral presentation to the full Audit Committee, and will be assigned scores based upon their presentation. After the oral presentations are completed, the sealed dollar cost bid will be opened and additional points will be added to the score based upon the bid price. The maximum score will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to the other proposers. The City of Colleyville reserves the rights to retain all proposals submitted, and use any idea presented in a proposal in the future, regardless of whether that proposal is ultimately selected.

### B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process:

#### **1. Mandatory Elements**

- a. The audit firm is independent and licensed to practice in the State of Texas
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

#### **2. Technical Qualifications: Maximum Points - 80**

##### **a. Audit Expertise and Experience - 30 points**

- (1) The firms past experience and performance on comparable government engagements.

- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

**b. Audit Approach - 30 points**

- (1) Adequacy of proposed staffing plan for various segments of the engagement
- (2) Adequacy of sampling techniques
- (3) Adequacy of analytical procedures
- (4) Adequacy of review of internal controls

**c. Government References – 20 points**

**3. Oral Presentations: Maximum Points - 10**

**4. Price: Maximum Points – 10**

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM**

**C. Oral Presentations**

Firms having an acceptable technical score will be required to make an oral presentation to the Audit Selection Committee on Tuesday, May 2, 2023. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's Proposal.

**D. Final Selection**

The City Council will select a firm based upon the recommendation of the Audit Committee. It is anticipated that a firm will be selected by May 5, 2023 and that the City Council will approve the contract at the May 16, 2023 Council meeting.

**E. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless otherwise clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Colleyville and the firm selected. The City of Colleyville reserves the right without prejudice to reject any or all proposals.

F. AWARD OF CONTRACT:

It is understood that the City reserves the right to accept or reject any and all Proposals and to re-solicit for Proposals, as it shall deem to be in the best interest of the City. Receipt and consideration of any Proposal shall under no circumstances obligate the City to accept any Proposal. If an award of the contract is made, it shall be to the responsible firm whose Proposals is determined to be the best evaluated offer taking into consideration the relative importance of the evaluation factors set forth in this Request for Proposals.

VIII. GENERAL TERMS AND CONDITIONS:

Respondents are advised to review this request carefully, and to follow instructions completely, as failure to make a complete submission as described herein may result in rejection of the submission.

**DISCLOSURE OF INTEREST:** Pursuant to Chapter 176 of the Texas Local Government Code, a person, or agent of a person, who contracts or seeks to contract for the sale or purchase of property, goods, or services with the City of Colleyville must file a completed conflict of interest questionnaire which is included in this solicitation or available at [www.ethics.state.tx.us](http://www.ethics.state.tx.us). The conflict of interest questionnaire must be filed with the City of Colleyville no later than the seventh business day after the person or agent begins contract discussions or negotiations with the City or submits to the City an application, response to a request for proposal or bid, correspondence, or writing related to a potential agreement. An updated conflict of interest questionnaire must be filed in accordance with Chapter 176 of the Local Government Code. An offense under Chapter 176 is a Class C misdemeanor.

By doing business or seeking to do business with the City of Colleyville, you acknowledge that you have been notified of the requirements of Chapter 176 of the Texas Local Government Code and that you are solely responsible for complying with these requirements.

Certificate of interested parties: in 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code and applies to all contracts entered into on or after January 1, 2016. The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity. The law applies to all contracts/purchases of a governmental entity that require action or vote by the governing body of the entity.

With regards to the City of Colleyville, a vendor that is awarded a contract or purchase that is greater than \$50,000 is required to electronically create a Form 1295 through the

Texas Ethics Commission website (<https://www.ethics.state.tx.us>) and submit a signed and notarized copy of the form to the City. A contract, including City-issued purchase order, will not be enforceable or legally binding until the City receives and acknowledges receipt of the properly completed Form 1295 from the vendor.

Prohibition of Boycott of Israel: House Bill 89, effective September 1, 2017, amended the Texas Government Code to add Chapter 2270, Prohibition on contracts with companies boycotting Israel. Effective September 1, 2017, a state agency and a political subdivision (which includes a city) may not enter a contract with a company for goods or services unless the contract contains a written verification from the company that (a) it does not boycott Israel, and (b) will not boycott Israel during the term of the contract.

“Boycott Israel” is defined to mean refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business with Israel or in an Israel-controlled territory, but does not include an action made for ordinary business purposes.

“Company” is defined to mean a for-profit sole proprietorship, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

Senate Bill 252: Senate Bill 252, effective September 1, 2017, prohibits governmental contracts with a company doing business with Iran, Sudan, or a foreign terrorist organization. Senate Bill 252 amended the Texas Government Code to add Chapter 2252, Prohibition on contracts with certain companies. This Bill prohibits state agencies from contracting with or investing in companies that do business with Iran or designated foreign terrorist organizations.

“Foreign terrorist organization” means an organization designated as a foreign terrorist organization by the United States Secretary of State as authorized by 8 U.S.C. Section 1189.

“Government contracts” means a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment. The term includes a contract to obtain a professional or consulting service subject to Chapter 2254.

The City may request representation and other information sufficient to determine firm’s ability to meet the minimum standards as indicated herein.

Respondents are advised to review all sections of this Request for Proposals carefully, and to follow instructions completely, as failure to make a complete submission as described herein may result in rejection of the submission.

All costs associated with developing or submitting a proposal in response to this request, or to provide oral or written clarification of its content shall be the sole responsibility of the respondent. The City of Colleyville assumes no responsibility for these costs. This RFP does not commit the City to pay any costs incurred in preparation or submission of a response or in anticipation of a contract.

This RFP does not commit the City of Colleyville to enter into a contract. The City reserves the right to award one, more than one, or no contract(s) in response to this RFP. The City of Colleyville reserves the right to waive any informalities and irregularities in the submissions or proposals received. The City also reserves the right to terminate this RFP, and reissue a subsequent solicitation, and/or remedy technical errors in the RFP process.

All respondents are prohibited from making any contact with any City personnel, City Council, or City Manager with regard to the RFP, other than in the manner and to the person designated herein. The City of Colleyville reserves the right to disqualify any respondent found to have contacted anyone other than the designee.

Responders should be aware that the RFP and the contents of the successful RFP will become part of any subsequent contractual document that may arise from this Request. In cases of discrepancy between the RFP and the responder's submittals, the RFP will rule.

Submittals cannot be altered or amended after the closing date. Submittals will be publicly acknowledged in the City Hall Finance Department located at 100 Main Street, Colleyville, Texas 76034 at the time and date specified. All interested parties may be present. There will be no disclosure of contents to competing firms, and all Statements of Proposals will be kept confidential during the evaluation and negotiation process.

By submitting, firm certifies that it has fully read and understands this Request for Proposals and has full knowledge of the scope and quality of the services to be furnished and intends to adhere to the provisions described herein. Failure to do so will be at the firm's own risk.

Any submittal which does not contain all of the information requested herein will be considered incomplete and may be rejected.

Causes for rejection of a submittal may include but shall not be limited to:

- The firm's current violation of any City Ordinance
- The firm's current inability to satisfactorily perform the work or service

- The firm's previous failure to properly and timely perform its obligations under a contract with the City

Firm may be disqualified and rejection of submittals may be recommended for any (but not limited to) of the following causes:

- Failure to use the forms furnished by the City (if any)
- Lack of signature by an authorized representative
- Failure to properly complete the submittal requirements
- Evidence of collusion among firms
- Any alterations of the language contained within the RFP.

The City may conduct reference checks as needed to evaluate submittals. The City may contact those listed, and inclusion of this listing in your submittal is an agreement that the City may contact the named reference. The City reserves the right to contact other companies or individuals that can provide information to the City that will assist in the evaluation of the capability of the firm.

The City of Colleyville operates and is funded on a fiscal year basis; accordingly, the City reserves the right to terminate, without liability, any contract for which funding is not available.

The City of Colleyville is exempt from Federal Excise and State Sales Tax; therefore, tax must not be included in any contract that may be awarded from this Request for Proposals.

The City reserves the right to negotiate all elements that comprise the successful firm's response to ensure that the best possible consideration can be afforded to all concerned.

The firm may not assign its rights or duties under an award without the prior written consent of the City. Such consent shall not relieve the assignor of liability in the event of default by its assignee.

Firm will not be allowed to take advantage of any errors or omissions in this Request for Proposals. Firms shall promptly notify the City of any omission, ambiguity, inconsistency or error that they may discover upon examination of the documents. The City assumes no responsibility for any errors or misrepresentations that result from incomplete Proposals. No plea of ignorance of conditions that exist, or difficulties or conditions concerning the work to be performed, or execution of the work shall be accepted as an excuse for any failure or omission on the part of specifications documents governing the work. The firm awarded the contract shall not be allowed any extra compensation by reason of any matter or aspect prior to the Proposal.

Any ambiguity in the Request as a result of omission, error, lack of clarity or noncompliance by the firm with specifications, instructions and all conditions shall be construed in the favor of the City.

Once the submittal deadline has passed, any Proposal shall constitute an irrevocable statement to provide the services set forth in this Request. Such Proposal shall be irrevocable until the earlier of the expiration of ninety (90) days from the submission deadline, or until a contract has been awarded by the City.

When the City has reason to question the firm's intent to perform, the City may demand that written assurances of intent to perform be provided. In the event such a demand is made, and no assurance is given within ten (10) calendar days, the City may treat this failure as an anticipatory repudiation of the contract.

The final contract document will be prepared by the City on the City's form and will be governed and construed according to the laws of the State of Texas. The contract is performable in Tarrant County, Texas. Venue shall lie exclusively in Tarrant County, Texas. All services shall be provided in accordance with applicable requirements and ordinances.

Firms shall not offer or accept gifts or anything of value nor enter into any business arrangement with any employee, official, or agent of the City. The City may, by written notice to the successful firm, cancel this contract without liability to the firm if it is determined by the City that gratuities or bribes of entertainment, gifts, or otherwise, were offered or given by the firm, its agents, or its representatives to any City officer, employee, or elected representative with respect to the performance of this contract. In addition, the successful firm shall be subject to penalties as stated in Title 8 of the Texas Penal Code.

The City of Colleyville requires the awarded firm to carry the minimum insurance as required by state law or as otherwise specified in City's contract document. Certificates of Insurance must be provided to the City.

Appendix A

## **PROPOSER GUARANTEES**

I. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section III, Nature of Services Required

Signature of Official:

Name (typed):

Title:

Firm:

Date:

Appendix B

**PROPOSER WARRANTIES**

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.
- B. Proposer Warrants that is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City of Colleyville.
- D. Proposer warrants that all information provided in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Date:

**Appendix C - Part 1**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2023 FINANCIAL STATEMENTS AND ANNUAL FINANCIAL REPORT PREPARATION AND PRINTING

	Standard Hours	Hourly Rates	Total
Partner(s) :	_____	\$_____	\$_____
Manager(s) :	_____	\$_____	\$_____
Supervisory Staff :	_____	\$_____	\$_____
Staff :	_____	\$_____	\$_____
Other (Specify) :	_____	\$_____	\$_____
Subtotal			\$
Out of pocket expenses			\$
Annual Financial Report Preparation (if not included above)			\$
Typing, Printing, Binding and Delivery of Twenty (20) Copies of the Annual Financial Report			\$
<b>Total all-inclusive maximum price for 2023 audit and Annual Financial Report preparation</b>			<b>\$</b>

Note: The rate quoted should **not** be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

Projected annual increase for FY 2024-2027 (Express as a % or Type: e.g. Increase will be tied to DFW annual CPI increase) : \_\_\_\_\_

Signature of Official:

Name (typed):

Title:



Appendix D

**CITY FUNDS**

FUND NAME		DESCRIPTION	FUND TYPE
001	General Fund	General government purposes; M&O portion of tax rate	General Fund
036	Strategic Initiatives	Programs/projects linked to the strategic plan	General Fund
004	Debt Service	From debt (I&S) portion of the tax rate for debt payments	Debt Service
003	Capital Projects	Capital projects; some funding sources have restricted uses	Capital Projects
012	Park Land Dedication	Acquisition of land for new park sites	Capital Projects
032	VERF Fund	Committed to server, equipment, and vehicle replacements	Capital Projects
034	Colleyville Tomorrow	Capital purchases/at Council discretion; Gas leases on City property	Capital Projects
035	Parks Tomorrow	From gas lease on City park property for parks capital projects	Capital Projects
005	Voluntary Park Fund	New or existing park capital costs (no M&O); Donations through utility bills	Special Revenue
007	Donations Fund	Donations; Only restricted if specified by donor	Special Revenue
011	Voluntary Library	Donations through utility bills for Library activities	Special Revenue
015	Police Asset Forfeiture	Seizures of property; restricted by law	Fiduciary
016	Grants	Projects supported by Grants	Special Revenue
018	Tree Preservation	From tree mitigation fees used for tree replanting on city-owned property	Special Revenue
019	Library Donation	Donations for Library needs or as specified by donor	Special Revenue
020	Recreational Event	Event revenue and special events expenses	Special Revenue
023	Leose	Police training; State of Texas	Special Revenue
027	Crime District (CCCPD)	From 0.5 cent sales tax used for Public safety and crime control activities	Component Unit
029	Court Technology	From municipal court technology fee for court technology	Special Revenue
030	Court Security	From municipal court building security fee for security-related expenses	Special Revenue
033	Public Art	Public Art	Special Revenue
037	Juvenile Case Mgr	From juvenile case manager fee	Special Revenue
038	Hotel Fund	From Hotel tax	Special Revenue
002	Utility Operating Fund	From water and wastewater base and volumetric rates	Enterprise
039	Utility Capital Projects	From transfers for Utility capital projects	Capital Projects
017	Drainage Fee Fund	From monthly drainage fee for drainage operations and capital projects	Enterprise
006	Sesquicentennial Fund	Established for 150th anniversary of Texas' independence from Mexico	Special Revenue
008	Employee Activity	From employee Contributions for employee activities	Fiduciary
026	TIF Fund	From incremental assessed value revenue in the TIF District	Component Unit
024	CEDC	From 0.5% cent sales tax for Library, Parks, and Colleyville Center	Component Unit



## CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

---

Agenda Number 3b	Agenda Date 5/2/2023	Number
Type Presentation and Discussion		
Department Finance		

---

### Title

Interview of audit firms submitting proposals in response to the City's request for proposals for an external audit firm

### Explanation

The Audit Committee will interview the audit firms for the City's annual external audit for Fiscal Year ended September 30, 2023.

Each firm will be allotted ten minutes to give a short presentation and answer the Committee's questions.

The audit firms that will be presenting before the Committee are:

1. Forvis, LLP
2. Weaver and Tidwell, LLP

Each of the proposals have been provided to the Committee for review prior to the meeting.

### Attachments



# CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

---

Agenda Number 3c	Agenda Date 5/2/2023	Number
Type Presentation and Discussion		
Department Finance		

---

## Title

Review the sealed cost portion of the audit proposals and consider a recommendation to City Council for the selection of an audit firm

## Explanation

Following the prospective audit companies' presentations, the Audit Committee will review the sealed bids.

Staff will present their recommendation to the committee in response to the request for proposals for the City's annual external audit for Fiscal Year ended September 30, 2023 for the purpose of recommending an audit firm to the City Council on May 16, 2023.

## Attachments



# CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

Agenda Number

Agenda Date 5/2/2023

Number 4a

Type Report

Department City Manager

Title

Quarterly Investment Report for the quarter ended March 31, 2023

Explanation

Investment Summary for period ending March 31, **2023**:

Cash and Cash Equivalents (local government investment pools) totaled \$51,488,647 at the end of March 2023. Colleyville's complete portfolio was valued at \$73,985,646, and was allocated as follows:

Instrument	Current as of 3/31/2023	Last Quarter as of 12/31/2022
Cash	\$ 14,474,772	\$ 27,079,390
LOGIC (CP Permissible)	\$ 2,605,037	\$ 491,080
Other Governmental Pools	\$ 34,408,838	\$ 21,956,970
CD's	\$ 8,531,273	\$ 8,260,268
CDARS	\$ -	\$ -
Agencies	\$ 13,965,725	\$ 10,965,725
Total Cash & Investments	\$ 73,985,646	\$ 68,753,432

Instrument	Yield this quarter
LOGIC (CP Permissible)	4.70 %
Other Governmental Pools	4.4239 %
CD's	2.49 %
CDARS	0.00 %
Agencies	3.77 %
Total Consolidated Yield	4.13 %

Benchmark Yield: 4.74%

Interest earnings for the quarter were \$503,530 compared to \$344,978 in the previous quarter. This is reflective of a more optimistic market, anticipated Federal Reserve action, and a few maturities coming due in the last quarter. Staff will continue to examine cash-flow needs and place our resources in instruments with an emphasis on keeping these funds safe while earning as strong a yield as possible.

**Attachments**

1. Presentation - March 2023 Investment Report
2. Investment Report - March 2023



# Quarterly Investment Report

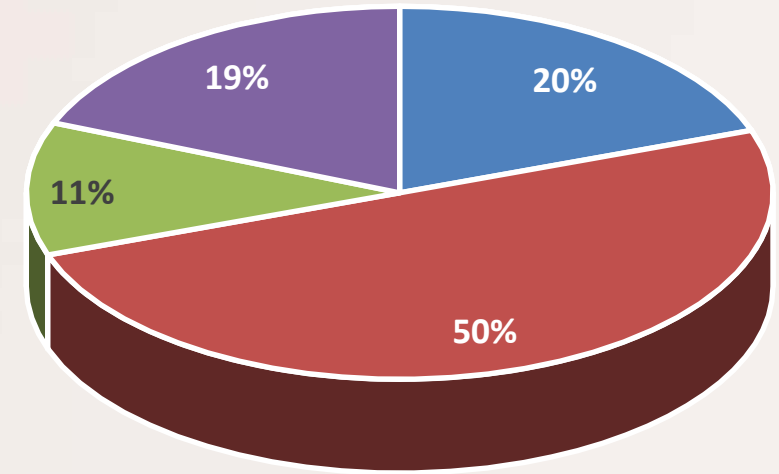
## 2<sup>nd</sup> Q, 2023

May 2, 2023

# Cash Position Overview



Total	31-Dec	31-Mar	Change
Operating	\$ 29,668,610	\$39,082,476	\$ 9,413,866
Capital	\$ 31,976,131	\$28,963,723	\$ (3,012,409)
Special Revenue	\$ 6,113,520	\$ 5,110,739	\$ (1,002,782)
Debt	\$ 995,170	\$ 828,708	\$ (166,462)
<b>Total</b>	<b>\$ 68,753,432</b>	<b>\$73,985,646</b>	<b>\$ 5,232,213</b>



■ Cash/Sweep ■ Pools ■ CD/CDARS ■ Agencies

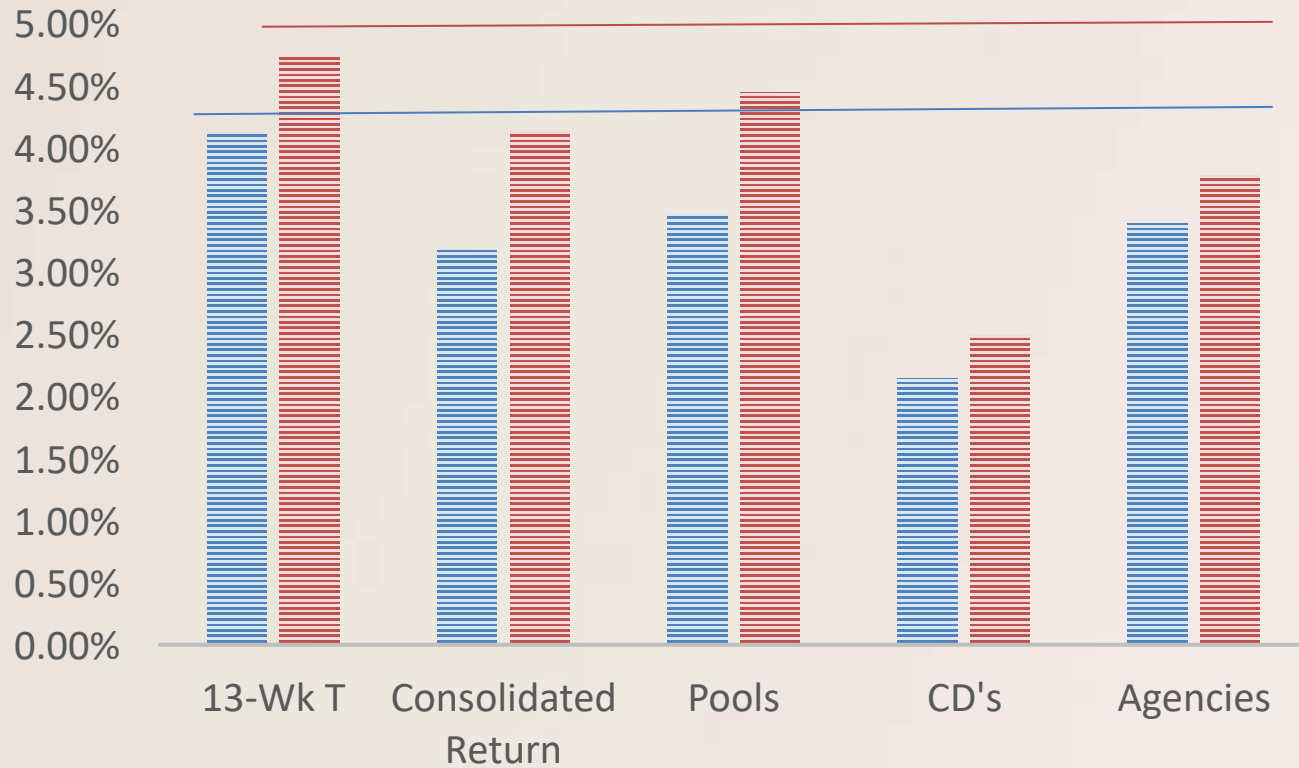
Where is Colleyville's cash?		12/31/2022	3/1/2023	Change	Weighted Maturity
Cash/ Equivalents	Cash	\$ 27,079,390	\$ 14,474,772	\$ (12,604,618)	Liquid
	Sweep Account	\$ -	\$ -	\$ -	Liquid
	LOGIC (CP Permiss.)	\$ 491,080	\$ 2,605,037	\$ 2,113,958	Liquid
	Other Gov't Pools	\$ 21,956,970	\$ 34,408,838	\$ 12,451,868	Liquid
	<b>Subtotal</b>	<b>\$ 49,527,440</b>	<b>\$ 51,488,647</b>	<b>\$ 1,961,208</b>	
Bonds/CDs/Agencies	CD's	\$ 8,260,268	\$ 8,531,273	\$ 271,006	221 days
	CDARS	\$ -	\$ -	\$ -	0 days
	Agencies	\$ 10,965,725	\$ 13,965,725	\$ 3,000,000	326 days
	<b>Subtotal</b>	<b>\$ 19,225,992</b>	<b>\$ 22,496,998</b>	<b>\$ 3,271,006</b>	<b>286 days</b>
<b>Total Resources</b>		<b>\$ 68,753,432</b>	<b>\$ 73,985,646</b>	<b>\$ 5,232,213</b>	

# Return Summary

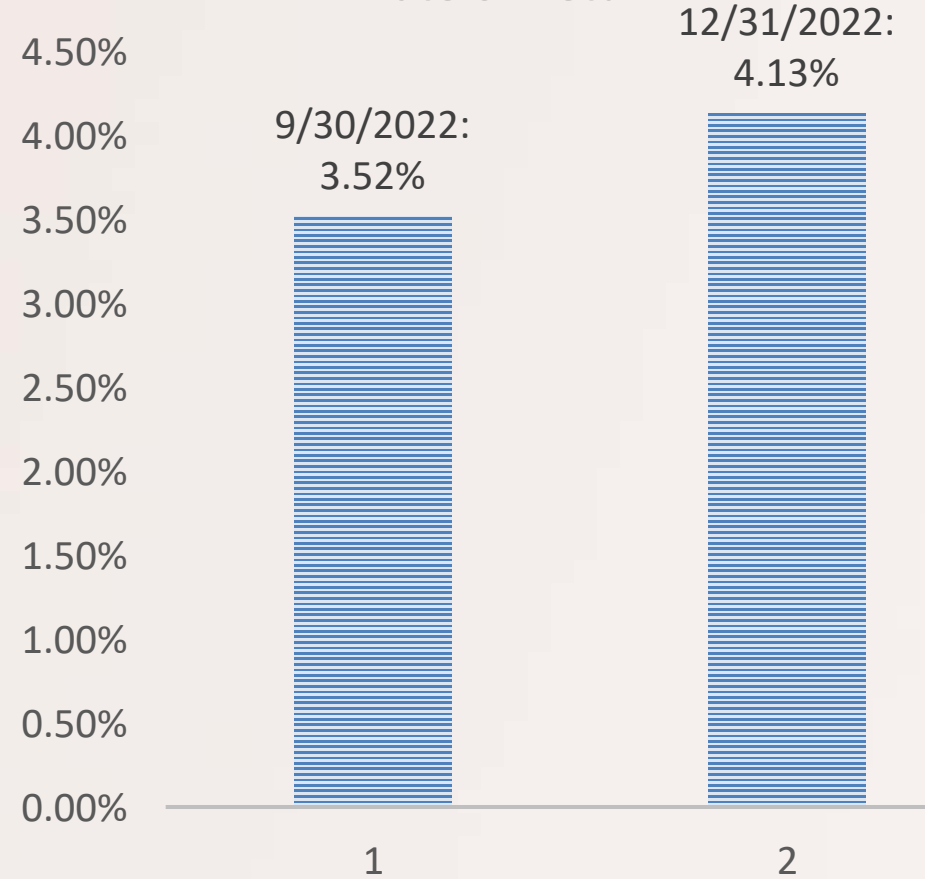


## RETURN COMPARISON

12/31/2022 3/31/2023



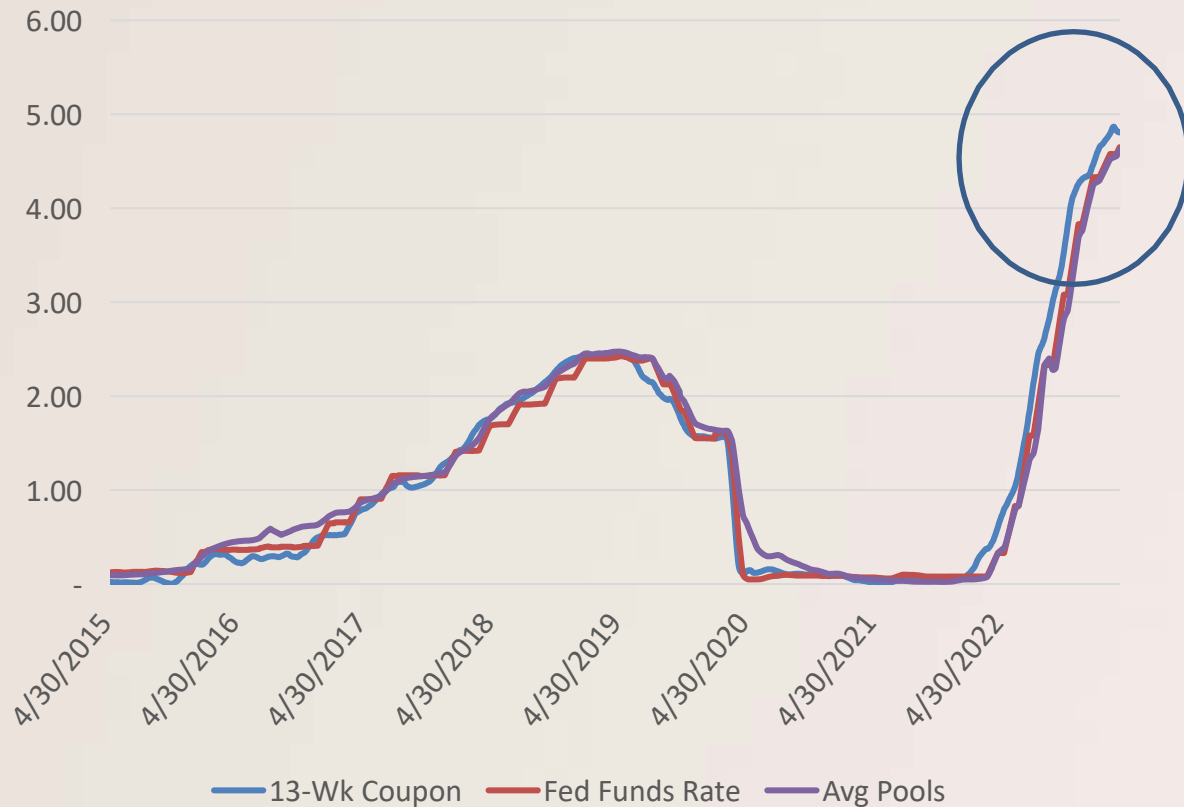
## Rate of Return



# Return Summary



### Influence of Federal Funds Rate on Fixed Income Market



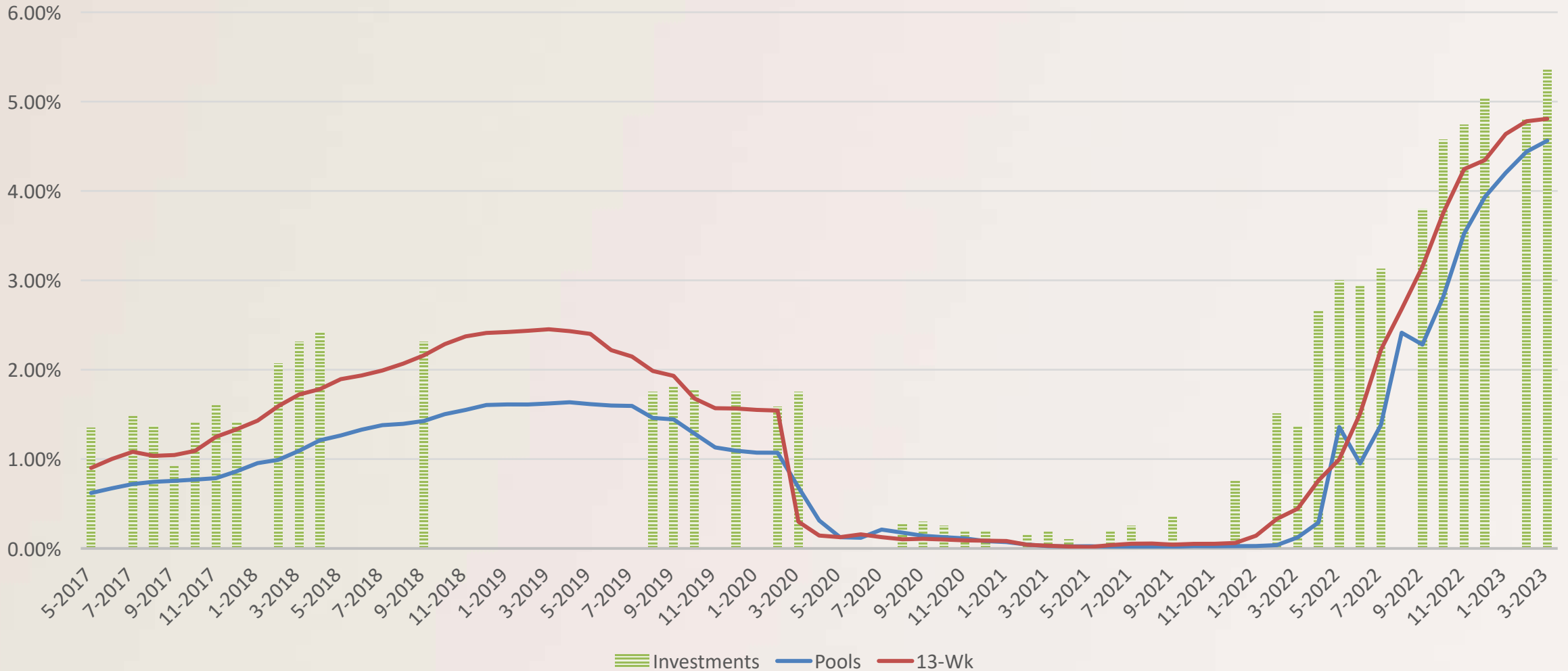
### Historical Return



# Return Summary



## POOLS VS. BENCHMARK VS. INVESTMENT DECISIONS



# Mark-to-Market – What is our portfolio worth?



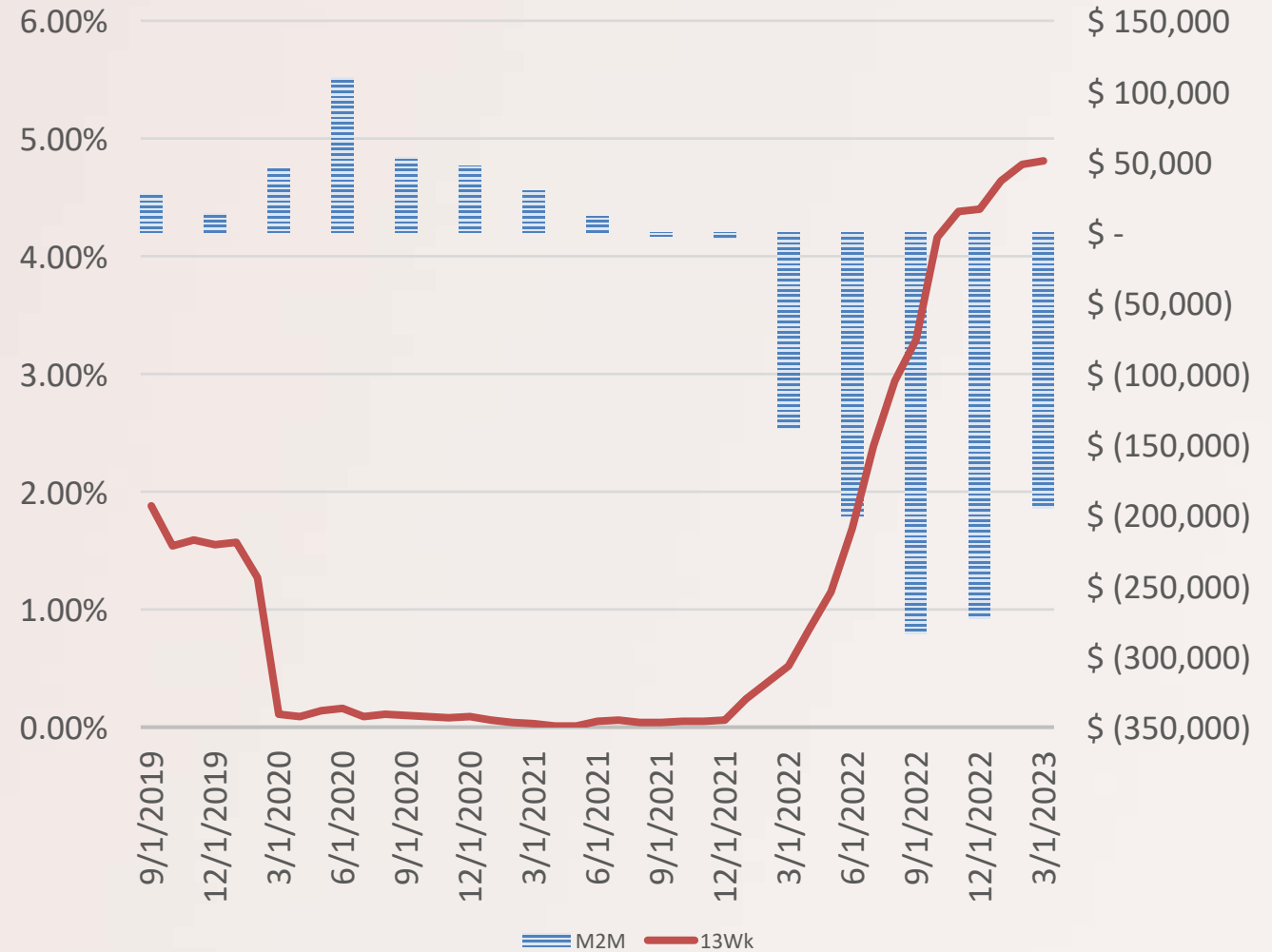
Shows portfolio value vs. initial investment

However...

- We hold our investments until maturity (“buy and hold” strategy)
- Gains and losses shown are unrealized

Valuation Period	Value at Purchase	Revised Value	Total Gain (loss) on Purchase Price
9/30/2022	\$ 20,226,953	\$ 19,943,146	(\$ 283,807)
12/31/2022	\$ 19,225,992	\$ 18,953,072	(\$ 272,920)
3/31/2023	\$ 22,496,998	\$ 22,301,979	(\$195,019)

MARK TO MARKET VS. MARKET INCREASES



# Questions/Comments

# City of Colleyville, TX

Quarterly Investment Report

3/31/2023



<b>Where is Colleyville's cash?</b>		<b>12/31/2022</b>	<b>3/1/2023</b>	<b>Change</b>	<b>Weighted Maturity</b>
Cash/ Equivalents	Cash	\$ 27,079,390	\$ 14,474,772	\$ (12,604,618)	Liquid
	Sweep Account	\$ -	\$ -	\$ -	Liquid
	LOGIC (CP Permiss.)	\$ 491,080	\$ 2,605,037	\$ 2,113,958	Liquid
	Other Gov't Pools	\$ 21,956,970	\$ 34,408,838	\$ 12,451,868	Liquid
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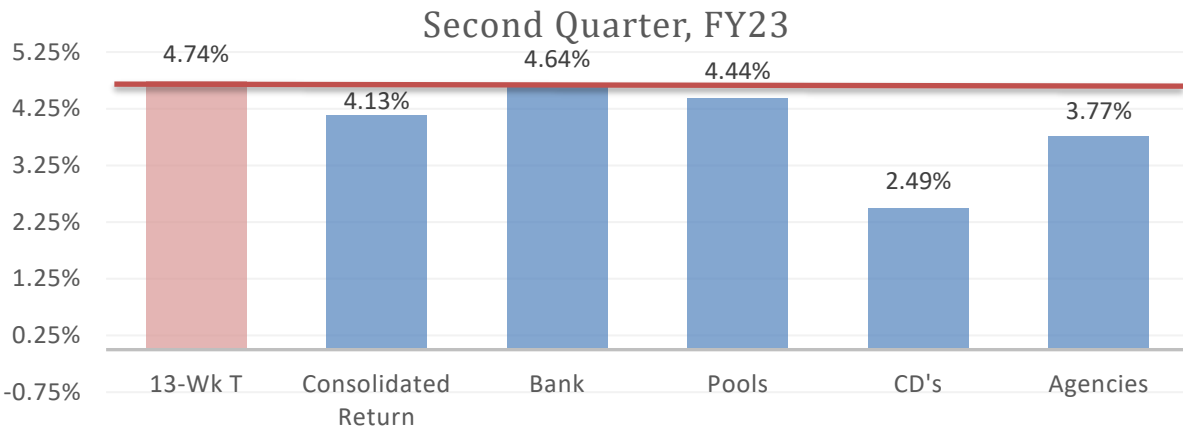
**Investments on the move...**

The second quarter of FY23 showed a predictable increase in total resources from December, led by property tax receipts. More importantly, you can note a shift from actual cash resources to our local government pools along with investment purchases in CD’s and agencies netting \$3.271m. In total, the City had almost \$500,000 in CD’s mature with a weighted average maturity of 1 year and a low return of 0.15%. The influx of property tax dollars enabled staff to invest \$3.75m total in three brokered CD’s and three lucrative Federal Home Loan Bank notes for an average annual return of 5.09% and a weighted average maturity of a little over 1 year. With \$1 million maturing over the next three months and a total of \$9.8 million maturing in calendar 2023, the City will have ample opportunity to reach back out to the market. These moves should pull the City’s consolidated return back on par with our benchmark.

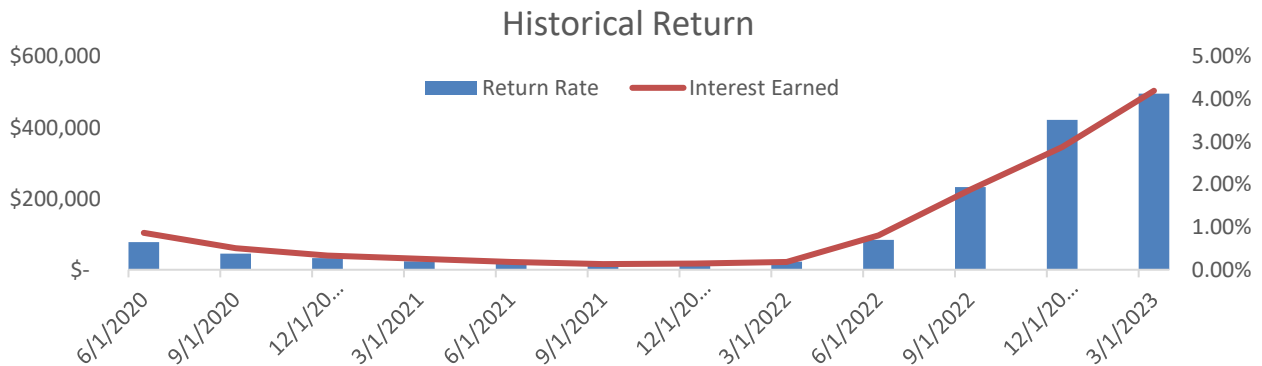
<b>Diversity Snapshot vs. Policy Requirements</b>				Criteria Met?
	<b>Policy Max</b>	<b>12/31/2022</b>	<b>3/1/2023</b>	
U.S. Treasuries	100%	0%	0%	✔
U.S. Agencies	75%	16%	19%	✔
CD's	75%	12%	12%	✔
Local Gov't Pools	75%	33%	50%	✔
CDARs	75%	0%	0%	✔
Tri-Pty Repurchase	75%	0%	0%	✔
SEC Registered, No-Load Mutual Funds	10%	0%	0%	✔
Cash/Sweep	N/A	39%	20%	

## How do our returns compare?

Benchmark = 13-Week Treasury



The City's total consolidated return was 4.13% as of March 31, 2023, representing a significant increase from a consolidated return of 3.52% last quarter. With the Federal Reserve's 430 basis point increase in its interbank borrowing rate this last year, this will be the fourth quarter our return lags behind the 13-week treasury rate, as pool rates are still catching up and the City is allowing its older, lower interest-bearing investments to mature. This tends to be a characteristic of a starkly rising rate market for portfolios that hold their investments to maturity. As of the date of this report, it is not uncommon to see shorter-term securities (1.5 - 3 years) pushing beyond 500 basis points. As older and weaker investments mature, staff will continue to take advantage of higher market rates. Most recently, staff has been able to capitalize on \$3.75 million in investments at a total consolidated return of over 5%, with an average weighted maturity of a little over a year. Funds dedicated to capital improvement projects will need to remain readily available while excess operating cash can be invested in shorter-term instruments with favorably returns.



Before the recent downturn Colleyville's investment returns had been climbing steadily since 2016, primary due to to more active investment practices. Although we are coming out of a down-cycle in terms of returns, until the last year we've still been able to stay ahead of our 13-week treasury benchmark. We will continue to see the City's returns increase in subsequent reports. Most importantly, Colleyville's funds are safe. Our highest value is placed on maintaining a low risk in order to ensure the safety and liquidity of the funds entrusted to us.

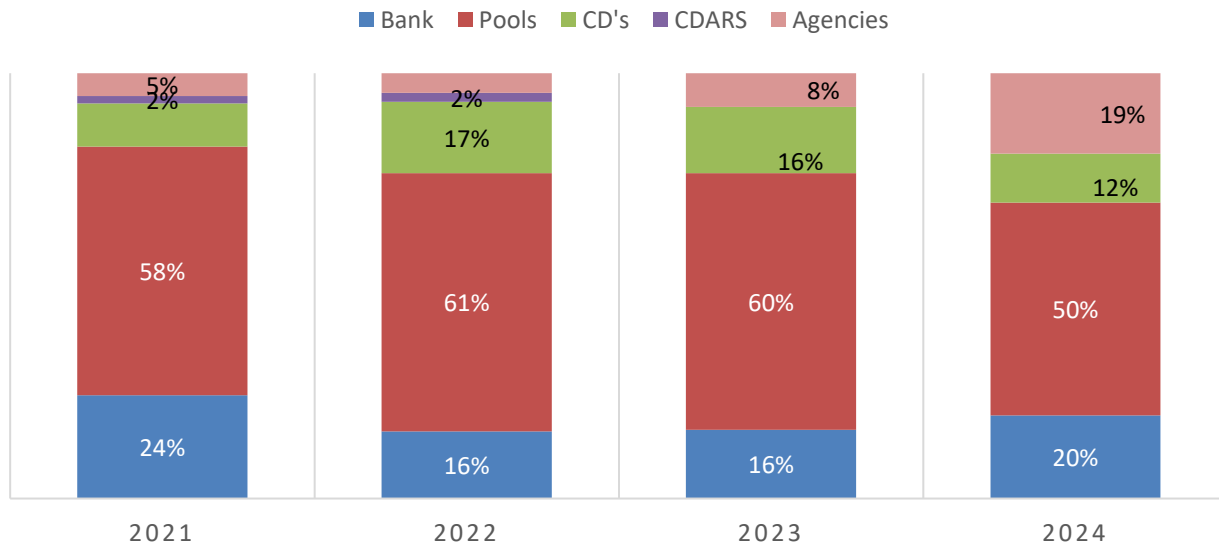
### What have we earned the past three months? For the past year?

Current Total		Quarterly Average	
12/31/2022	<b>\$503,530; 4.13%</b>	3/31/2022	<b>\$292,613; 2.57%</b>
Thru			
3/31/2023			

Compared to the average quarterly return for the past 12 months, the most recent quarter is showing a significant increase in the rate of return, led by recent maturities and reinvestments placed in the past few months. As noted, fixed-income rates have climbed amidst the actions from the Federal Reserve and appear to be sitting around the 500-basis point range pretty consistently. As noted previously, staff has been able to capitalize on these higher yields, although the City's liquidity needs to remain relatively high at this time. Federal agency debt has been particularly attractive as of late. As always, we will need to balance investments with our robust 5-year capital improvement plan. Staff will always monitor the market and manage Colleyville's portfolio with emphasis on diversity and cash-flow needs.

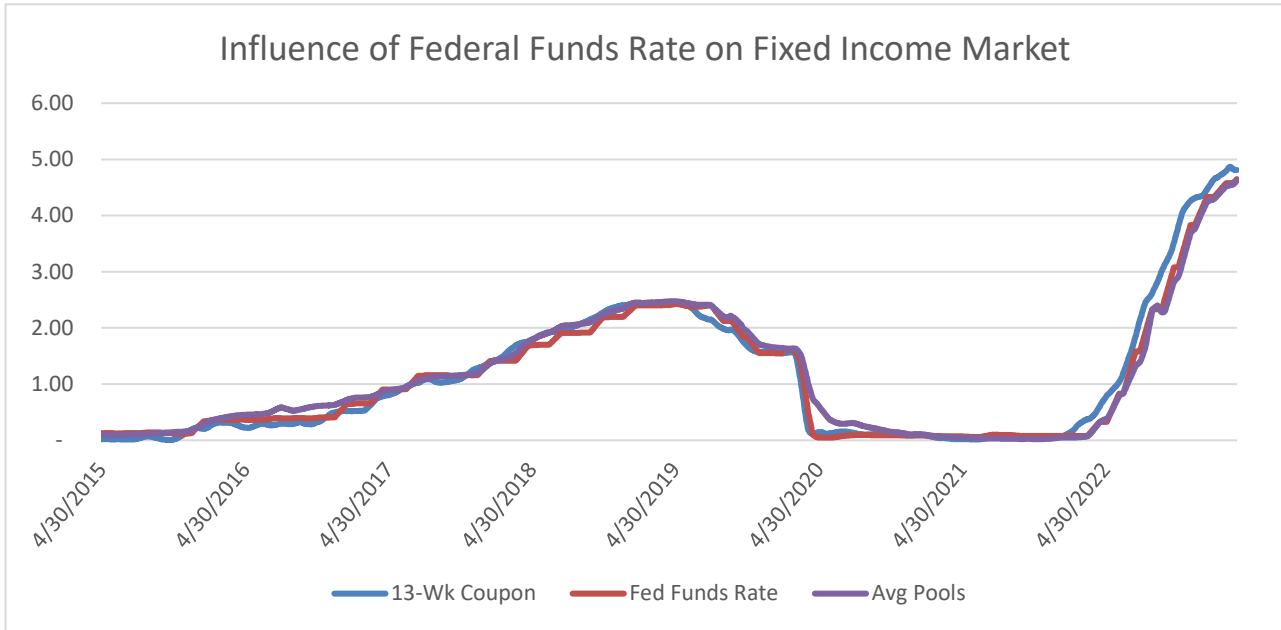
### How has our portfolio changed over time?

#### PORTFOLIO COMPOSITION



As the graph above shows, the City's portfolio makeup has changed substantially over the years. For one, our change in depository banks led staff to shy away from the sweep account instrument that had been heavily used with Wells Fargo. As a result, cash has been moved from our bank and into other instruments more frequently. Certificates of Deposit were particularly attractive during the pandemic years, with agencies slowly resurging within the last nine months. While money stored in government pools isn't earning as high as our treasury benchmark as of late, it does have the benefit of a decent return market while also being considered "liquid", as the City can withdraw its funds within 24 hours in most cases. Regardless, all recent investments that have been placed recently have well outpaced our 13-week treasury benchmark and mature within 1-2 years.

## What influences our rate of return?



Per State law, Colleyville is only permitted to invest in certain fixed income securities, whose performance ties closely with the Federal Funds rate. As the chart above shows, the rates of our 13-week treasury benchmark as well as our pools tend to move in lock-step with the Federal Reserve's rate actions. This rate was cut five times since the beginning of the pandemic but inflation and recessionary fears have prompted the Federal Reserve to drastically increase it to between 4.75% and 5%. With inflationary pressures continuing and a potential (mild) recession coming later in 2023, further rate hikes are decreasing in probability, at least at their previous levels. Regardless, it is possible for the interbank borrowing rate to reach a height not seen since mid-2007.

This investment report is in compliance with the Public Funds Investment Act as well as the City of Colleyville's investment policy and procedures.

For any questions or comments on this report, please contact  
 Kyle Lester, CGFO  
 City of Colleyville, TX  
 Finance Director 817-503-1014  
[klester@colleyville.com](mailto:klester@colleyville.com)

Also included:  
 Maturities/Purchases  
 Investment Listing  
 Mark-to-Market

Signed:

## APPENDIX

**What has matured in the last 12 months?**

<b>Investment</b>	<b>Purch Price</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Length</b>	<b>Yield to Maturity</b>
Brokered CD (FDIC #57565)	\$ 249,000	3/6/2020	3/11/2022	2.01	1.00%
Brokered CD (FDIC #34742)	\$ 249,000	2/28/2020	3/21/2022	2.06	1.40%
Brokered CD (FDIC #33555)	\$ 248,000	3/6/2020	3/21/2022	2.04	1.00%
Brokered CD (FDIC #19581)	\$ 250,000	3/6/2020	3/21/2022	2.04	0.90%
Brokered CD (FDIC #35546)	\$ 249,000	2/28/2020	3/28/2022	2.08	1.55%
Brokered CD (FDIC #35546)	\$ 249,000	2/28/2020	3/28/2022	2.08	1.55%
Brokered CD (FDIC #58978)	\$ 248,000	3/6/2020	3/28/2022	2.06	1.05%
Brokered CD (FDIC #32992)	\$ 244,201	9/30/2020	4/4/2022	1.51	0.19%
Brokered CD (FDIC #26876)	\$ 249,000	4/8/2021	4/7/2022	1.00	0.10%
Brokered CD (FDIC #845)	\$ 249,187	11/20/2020	6/27/2022	1.60	0.20%
Brokered CD (NCUA #60269)	\$ 249,000	8/10/2020	8/18/2022	2.02	0.30%
Brokered CD (FDIC #33686)	\$ 249,000	8/26/2020	8/26/2022	2.00	0.25%
Brokered CD (FDIC #17739)	\$ 240,204	9/30/2020	8/29/2022	1.91	0.20%
Brokered CD (FDIC #33954)	\$ 256,586	12/22/2020	10/12/2022	1.81	0.20%
Brokered CD (FDIC #4297)	\$ 256,481	12/22/2020	10/12/2022	1.81	0.20%
Brokered CD (NCUA #17587)	\$ 247,000	10/29/2020	10/28/2022	2.00	0.25%
Brokered CD (FDIC #16022)	\$ 247,000	11/9/2020	11/9/2022	2.00	0.20%
Brokered CD (FDIC #34953)	\$ 249,000	11/16/2020	11/16/2022	2.00	0.20%
Brokered CD (FDIC #35141)	\$ 249,000	11/20/2020	11/21/2022	2.00	0.20%
Brokered CD (FDIC #8120)	\$ 247,000	12/23/2020	12/23/2022	2.00	0.20%
Brokered CD (NCUA #619)	\$ 246,000	2/21/2021	2/13/2023	1.98	0.15%
Brokered CD (FDIC #58979)	\$ 246,000	2/19/2021	2/21/2023	2.01	0.15%
<b>Total Matured</b>	<b>\$ 5,466,658</b>				<b>0.52%</b>

## APPENDIX

**What have we purchased within the last 12 months?**

<b>Investment</b>	<b>Purch Price</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Yield to Maturity</b>	<b>Total Return</b>
Brokered CD (FDIC #27471)	\$ 250,000	3/2/2022	3/4/2024	1.60%	\$ 8,033
Brokered CD (FDIC #32574)	\$ 250,000	3/9/2022	3/6/2024	1.50%	\$ 7,479
Brokered CD (FDIC #628)	\$ 249,000	3/31/2022	3/31/2023	1.00%	\$ 2,490
FHLB Note (3130ARLC3)	\$ 1,000,000	4/25/2022	4/25/2024	2.63%	\$ 52,572
FHLB Note (3130ARP54)	\$ 450,000	4/29/2022	4/29/2024	2.70%	\$ 24,333
FHLB Note (3130ARVT5)	\$ 1,000,000	5/17/2022	5/17/2024	3.00%	\$ 60,082
FHLB Note (3130ARV65)	\$ 515,000	5/20/2022	5/17/2024	3.00%	\$ 30,815
Brokered CD (FDIC #68722)	\$ 250,000	6/29/2022	6/29/2023	2.95%	\$ 7,375
Brokered CD (FDIC #66364)	\$ 250,000	7/13/2022	7/13/2023	3.00%	\$ 7,500
FHLB Note (3130ASHY8)	\$ 500,000	7/14/2022	7/14/2023	3.25%	\$ 16,250
FHLB Note (3130ATE37)	\$ 1,500,000	9/29/2022	9/29/2023	4.15%	\$ 62,250
FHLB Note (3130ATKC0)	\$ 1,000,000	10/3/2022	1/26/2024	4.63%	\$ 60,822
FHLB Note (3130ATK63)	\$ 1,000,000	10/3/2022	7/25/2024	4.88%	\$ 88,284
Brokered CD (FDIC #32992)	\$ 249,000	10/14/2022	10/14/2024	4.40%	\$ 21,942
Brokered CD (FDIC #29546)	\$ 249,000	10/21/2022	10/21/2024	4.40%	\$ 21,942
FFCB Note (3133ENV98)	\$ 500,000	11/4/2022	7/26/2023	4.67%	\$ 16,889
Brokered CD (FDIC #57512)	\$ 250,000	11/14/2022	5/15/2023	4.40%	\$ 5,485
FHLMC Note (3134GX7F5)	\$ 500,000	11/28/2022	5/23/2024	5.15%	\$ 38,237
Brokered CD (NCUA #4584)	\$ 250,000	12/16/2022	12/18/2023	5.10%	\$ 12,820
Brokered CD (FDIC #61800)	\$ 248,000	12/19/2022	10/19/2023	4.85%	\$ 10,018
Brokered CD (NCUA #1040)	\$ 250,000	12/22/2022	12/23/2024	5.20%	\$ 26,071
FNMA Note (3135GADK4)	\$ 1,000,600	12/28/2022	12/27/2023	5.00%	\$ 49,893
Brokered CD (NCUA #857)	\$ 250,000	2/8/2023	2/8/2024	5.00%	\$ 12,500
Brokered CD (FDIC #34395)	\$ 250,000	2/10/2023	8/10/2023	4.70%	\$ 5,827
Brokered CD (FDIC #33849)	\$ 250,000	2/10/2023	8/10/2023	4.70%	\$ 5,827
FHLB Note (3130AURL0)	\$ 1,000,000	2/13/2023	2/13/2024	4.80%	\$ 48,000
FHLB Note (3130AUZ23)	\$ 1,000,000	3/1/2023	3/1/2024	5.25%	\$ 52,644
FHLB Note (3130AV3D2)	\$ 1,000,000	3/6/2023	9/6/2024	5.45%	\$ 82,123
<b>Total Purchased</b>	<b>\$ 15,460,600</b>			<b>4.16%</b>	<b>\$ 838,503</b>
<b>Weighted Average Maturity</b>			<b>496 days</b>		

## APPENDIX

## Full Investment Listing

Investment	Purch Price	Purchase Date	Maturity Date	Yield to Maturity	Total Return
Brokered CD (FDIC #19008)	\$ 249,000	3/30/2021	3/30/2023	0.200%	\$ 996
Brokered CD (FDIC #57742)	\$ 249,000	3/30/2021	3/30/2023	0.200%	\$ 996
Brokered CD (FDIC #57873)	\$ 249,000	3/31/2021	3/31/2023	0.150%	\$ 747
Brokered CD (#12858)	\$ 248,000	6/29/2021	6/29/2023	0.15%	\$ 744
Brokered CD (#33539)	\$ 249,000	6/30/2021	6/30/2023	0.25%	\$ 1,245
Brokered CD (FDIC #33124)	\$ 250,000	7/28/2021	7/28/2023	0.25%	\$ 1,250
Spirit of Texas Jumbo CD	\$ 1,528,868	9/9/2022	9/9/2023	3.45%	\$ 52,746
Brokered CD (NCUA #227)	\$ 249,000	9/29/2021	3/29/2024	0.40%	\$ 2,489
Brokered CD (FDIC #34404)	\$ 249,000	9/29/2021	9/29/2023	0.30%	\$ 1,494
FHLB Note (3130AQ3X9)	\$ 2,000,125	12/22/2021	12/22/2023	0.75%	\$ 30,002
Frost Bank Jumbo CD	\$ 1,502,400	2/25/2022	2/25/2024	1.510%	\$ 45,372
Brokered CD (FDIC #27471)	\$ 250,000	3/2/2022	3/4/2024	1.60%	\$ 8,033
Brokered CD (FDIC #32574)	\$ 250,000	3/9/2022	3/6/2024	1.50%	\$ 7,479
Brokered CD (FDIC #628)	\$ 249,000	3/31/2022	3/31/2023	1.00%	\$ 2,490
FHLB Note (3130ARLC3)	\$ 1,000,000	4/25/2022	4/25/2024	2.63%	\$ 52,572
FHLB Note (3130ARP54)	\$ 450,000	4/29/2022	4/29/2024	2.70%	\$ 24,333
FHLB Note (3130ARVT5)	\$ 1,000,000	5/17/2022	5/17/2024	3.00%	\$ 60,082
FHLB Note (3130ARV65)	\$ 515,000	5/20/2022	5/17/2024	3.00%	\$ 30,815
Brokered CD (FDIC #68722)	\$ 250,000	6/29/2022	6/29/2023	2.95%	\$ 7,375
Brokered CD (FDIC #66364)	\$ 250,000	7/13/2022	7/13/2023	3.00%	\$ 7,500
FHLB Note (3130ASHY8)	\$ 500,000	7/14/2022	7/14/2023	3.25%	\$ 16,250
FHLB Note (3130ATE37)	\$ 1,500,000	9/29/2022	9/29/2023	4.15%	\$ 62,250
FHLB Note (3130ATKC0)	\$ 1,000,000	10/3/2022	1/26/2024	4.63%	\$ 60,822
FHLB Note (3130ATK63)	\$ 1,000,000	10/3/2022	7/25/2024	4.88%	\$ 88,284
Brokered CD (FDIC #32992)	\$ 249,000	10/14/2022	10/14/2024	4.40%	\$ 21,942
Brokered CD (FDIC #29546)	\$ 249,000	10/21/2022	10/21/2024	4.40%	\$ 21,942
FFCB Note (3133ENV98)	\$ 500,000	11/4/2022	7/26/2023	4.67%	\$ 16,889
Brokered CD (FDIC #57512)	\$ 250,000	11/14/2022	5/15/2023	4.40%	\$ 5,485
FHLMC Note (3134GX7F5)	\$ 500,000	11/28/2022	5/23/2024	5.15%	\$ 38,237
Brokered CD (NCUA #4584)	\$ 250,000	12/16/2022	12/18/2023	5.10%	\$ 12,820
Brokered CD (FDIC #61800)	\$ 248,000	12/19/2022	10/19/2023	4.85%	\$ 10,018
Brokered CD (NCUA #1040)	\$ 250,000	12/22/2022	12/23/2024	5.20%	\$ 26,071
FNMA Note (3135GADK4)	\$ 1,000,600	12/28/2022	12/27/2023	5.00%	\$ 49,893
Brokered CD (NCUA #857)	\$ 250,000	2/8/2023	2/8/2024	5.00%	\$ 12,500
Brokered CD (FDIC #34395)	\$ 250,000	2/10/2023	8/10/2023	4.70%	\$ 5,827
Brokered CD (FDIC #33849)	\$ 250,000	2/10/2023	8/10/2023	4.70%	\$ 5,827
FHLB Note (3130AURL0)	\$ 1,000,000	2/13/2023	2/13/2024	4.80%	\$ 48,000
FHLB Note (3130AUZ23)	\$ 1,000,000	3/1/2023	3/1/2024	5.25%	\$ 52,644
FHLB Note (3130AV3D2)	\$ 1,000,000	3/6/2023	9/6/2024	5.45%	\$ 82,123

**APPENDIX**

**Full Investment Listing (Continued)**

<b>Investment</b>	<b>Par Amount</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Yield to Maturity</b>	<b>Total Return</b>
<b>Total</b>	<b>\$ 22,483,992</b>			<b>2.54%</b>	<b>\$ 976,584</b>
<b>Weighted Average Maturity</b>				<b>286 days</b>	

## APPENDIX

Mark-to-Market Investment	Initial Value	12/31/2022	3/31/2023	Unrealized
		Market Value	Market Value	Gain/(Loss) since Purchase
Brokered CD (FDIC #19008)	\$ 249,000	\$ 246,595	\$ 248,151	\$ (849)
Brokered CD (FDIC #57742)	\$ 249,000	\$ 246,612	\$ 248,206	\$ (794)
Brokered CD (FDIC #57873)	\$ 249,000	\$ 246,530	\$ 248,114	\$ (886)
Brokered CD (#12858)	\$ 248,000	\$ 242,968	\$ 245,012	\$ (2,988)
Brokered CD (#33539)	\$ 249,000	\$ 244,022	\$ 246,049	\$ (2,951)
Brokered CD (FDIC #33124)	\$ 250,000	\$ 242,919	\$ 246,113	\$ (3,887)
Spirit of Texas Jumbo CD	\$ 1,541,873	\$ 1,541,873	\$ 1,541,873	\$ -
Brokered CD (NCUA #227)	\$ 249,000	\$ 236,241	\$ 237,621	\$ (11,379)
Brokered CD (FDIC #34404)	\$ 249,000	\$ 241,191	\$ 243,193	\$ (5,807)
FHLB Note (3130AQ3X9)	\$ 2,000,125	\$ 1,911,160	\$ 1,940,991	\$ (59,134)
Frost Bank Jumbo CD	\$ 1,502,400	\$ 1,502,400	\$ 1,502,400	\$ -
Brokered CD (FDIC #27471)	\$ 250,000	\$ 240,212	\$ 242,050	\$ (7,950)
Brokered CD (FDIC #32574)	\$ 250,000	\$ 239,822	\$ 241,733	\$ (8,267)
Brokered CD (FDIC #628)	\$ 249,000	\$ 247,060	\$ 248,290	\$ (710)
FHLB Note (3130ARLC3)	\$ 1,000,000	\$ 968,310	\$ 977,390	\$ (22,610)
FHLB Note (3130ARP54)	\$ 450,000	\$ 436,109	\$ 440,091	\$ (9,909)
FHLB Note (3130ARVT5)	\$ 1,000,000	\$ 972,520	\$ 980,680	\$ (19,320)
FHLB Note (3130ARV65)	\$ 515,000	\$ 501,960	\$ 504,937	\$ (10,063)
Brokered CD (FDIC #68722)	\$ 250,000	\$ 248,368	\$ 248,725	\$ (1,275)
Brokered CD (FDIC #66364)	\$ 250,000	\$ 248,250	\$ 248,563	\$ (1,438)
FHLB Note (3130ASHY8)	\$ 500,000	\$ 494,401	\$ 497,339	\$ (2,661)
FHLB Note (3130ATE37)	\$ 1,500,000	\$ 1,495,725	\$ 1,492,605	\$ (7,395)
FHLB Note (3130ATKC0)	\$ 1,000,000	\$ 993,760	\$ 995,780	\$ (4,220)
FHLB Note (3130ATK63)	\$ 1,000,000	\$ 993,750	\$ 996,100	\$ (3,900)
Brokered CD (FDIC #32992)	\$ 249,000	\$ 248,116	\$ 246,714	\$ (2,286)
Brokered CD (FDIC #29546)	\$ 249,000	\$ 248,116	\$ 246,702	\$ (2,298)
FFCB Note (3133ENV98)	\$ 500,000	\$ 499,505	\$ 499,190	\$ (810)
Brokered CD (FDIC #57512)	\$ 250,000	\$ 249,925	\$ 249,810	\$ (190)
FHLMC Note (3134GX7F5)	\$ 500,000	\$ 499,070	\$ 498,870	\$ (1,130)
Brokered CD (NCUA #4584)	\$ 250,000	\$ 250,000	\$ 249,933	\$ (68)
Brokered CD (FDIC #61800)	\$ 248,000	\$ 248,546	\$ 247,720	\$ (280)
Brokered CD (NCUA #1040)	\$ 250,000	\$ 250,000	\$ 250,475	\$ 475
FNMA Note (3135GADK4)	\$ 1,000,600	\$ 1,000,600	\$ 998,061	\$ (2,539)
Brokered CD (NCUA #857)	\$ 250,000	N/A	\$ 249,728	\$ (273)
CDs (FDIC #s 34395, 33849)	\$ 500,000	N/A	\$ 499,351	\$ (649)
FHLB Note (3130AURL0)	\$ 1,000,000	N/A	\$ 1,000,790	\$ 790
FHLB Note (3130AUZ23)	\$ 1,000,000	N/A	\$ 1,000,470	\$ 470
FHLB Note (3130AV3D2)	\$ 1,000,000	N/A	\$ 1,002,160	\$ 2,160
<b>Total</b>	<b>\$ 22,496,998</b>	<b>\$ 18,476,637</b>	<b>\$ 22,301,979</b>	<b>\$ (195,019)</b>

**APPENDIX**

Note about mark-to-market: This analysis takes a snapshot look at each of the securities Colleyville holds and values them based on what the market would pay for them today. An unrealized gain in market value would indicate the security's value has gone up since the last mark-to-market, and an unrealized loss would indicate the value has gone down. However, the City of Colleyville's strategy is to buy securities and hold them to maturity to receive the agreed-upon interest payments (known as "buy and hold"). Therefore, any change in market value will not be realized by the City. The primary purpose of this analysis, as required by the Public Funds Investment Act, is to demonstrate the current market value of the City's portfolio should we need to liquidate it in the case of an emergency. This scenario is extremely unlikely, given the prudence Colleyville's leaders have shown in their financial decisions. It is important to remember this when looking at our quarterly mark-to-market analysis.

Predictably, the fixed income market's recent turn upward would lead most of the City's securities, purchased at lower yields, to be uncompetitive and therefore not particularly marketable as secondary securities. This means the City would likely realize a loss in the event any security needs to be liquidated. However, as stated above, this is not a likely scenario.



# CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

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Agenda Number

Agenda Date 5/2/2023

Number 4b

Type Presentation and Discussion

Department Finance

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## Title

Update on future discussion items and initiatives

## Explanation

Staff will provide an update on anticipated future discussion items and initiatives that are planned for later this year, which may be brought to the Audit Committee for discussion.

## Attachments