Interest and Sinking Tax Rate Presentation

August 25, 2025

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Grapevine Colleyville Independent School District

Agenda

- Overview of Policy and Interest and Sinking Rate
- Debt Service Fund Revenue
- Bond Payment Schedule
- Historical Tax Rates
- Taxable Valuation History
- Board Consideration
- Total Tax Rate Scenarios
- Next Steps

Board Policy – Interest and Sinking Tax Rate

Policy CCA (LOCAL) regarding I&S Tax Rate was adopted February 26, 2024

- Requires Board to review 30 days before I&S rate is approved:
  - Current and future year annual bond debt payments
  - Debt Service Fund Balance

- Set the I&S Tax Rate based on the Certified Values
  - To equal the minimum debt service (principal, interest & fees) for current year

- Ensure Debt Service Fund Balance is no less than August payments plus a minimum of 25% of current annual bond payments
  - Not to exceed $25MM as of August 31 (Over 80% of annual debt payments made in August)
  - Adopt plan to use excess Debt Service Fund Balance to pay additional principal or subsidize I&S tax rate

Note: Interest and Sinking Tax can only be used to pay for bond debt

Debt Service Fund Revenue

Primary revenue source for I&S

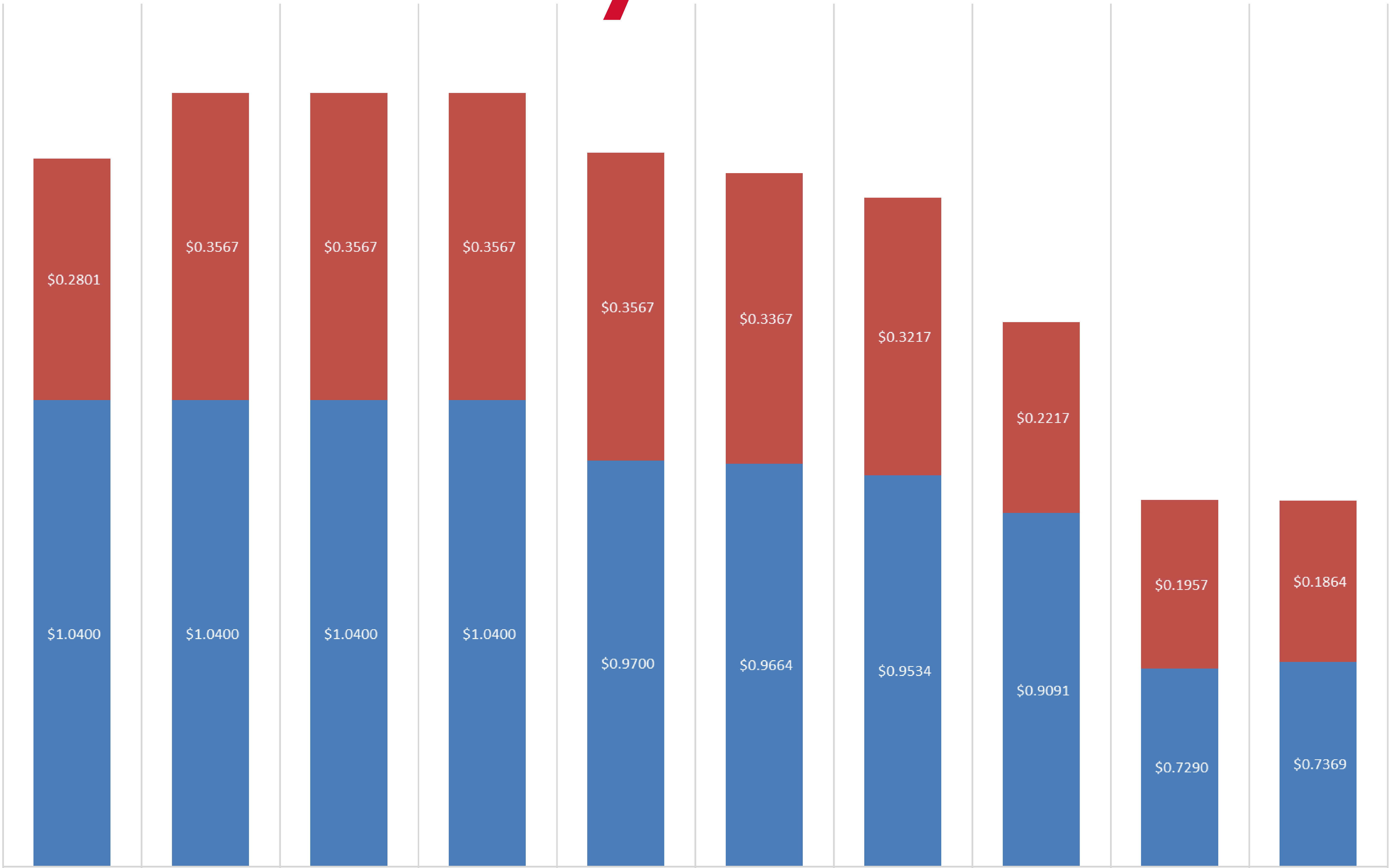
- Tax Revenue = tax rate * tax base (2024 rate for I&S was $.1864/$100 valuation)
  - Growth in Tax Base
    - Higher property values generate higher tax revenue when using the current rate
    - Residential values held at 2024 final values except for properties with new construction or new improvement value (from "Reappraisal Plan" adopted by TAD in 2024)
    - Beginning in 2027, residential properties will be appraised in odd years only
- State Aid
  - SB4 increased the general school homestead exemption from $100k to $140k (pending voter approval)
  - SB23 increased the school district property tax exemption for elderly & disabled from $10k to $60k (pending voter approval)
  - Will result in lower property values; state will make up this loss via Additional State Aid for Homestead Exemption (ASAHE) for debt issued as of 2025
- Interest Income
  - In FYE June 30, 2022, income was $135K
  - In FYE June 30, 2025, income was $2.4MM
  - Expected to decrease at an indeterminable rate over the next few years
- Tax Increment Reinvestment Zone (TIRZ) payments
  - Payments from the City of Grapevine
  - Annual payment for 2025-2026 is $3.2MM
  - Final payment of $1.9MM will be made in 2030-2031

Taxable Valuation

Tax Year	Preliminary Net Taxable Estimate	Certified Net Taxable Value	Certified Value Increase/(Decrease) over Prior Year	Percentage Increase/(Decrease) over Prior Year for Certified
2020 Tarrant County	$17,572,595,305	$15,931,012,956		
2021 Tarrant County	17,578,553,223	16,401,145,561	470,132,605	3.0%
2022 Tarrant County	18,825,206,740	17,611,293,244	1,210,147,683	7.4%
2023 Tarrant County	21,484,753,518	19,222,799,342	1,611,506,098	9.2%
2024 Tarrant County	22,534,287,603	21,891,557,634	2,668,758,292	13.9%
2025 Tarrant County*	**$21,325,349,653**	**$21,717,290,648**	**$177,266,986**	**.81%**

*Note: Values shown from information provided by Tarrant Appraisal District, and assume SB4 and SB 23 passing (total amount of $1.06BB).

Tax Rate History



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
I&S	$0.2801	$0.3567	$0.3567	$0.3567	$0.3567	$0.3367	$0.3217	$0.2217	$0.1957	$0.1864
M&O	$1.0400	$1.0400	$1.0400	$1.0400	$0.9700	$0.9664	$0.9534	$0.9091	$0.7290	$0.7369

Current and Future Debt

Debt payments for FYE:

2026 $43,585,952 (current fiscal year)
2027 $48,491,225
2028 $48,455,350
2029 $48,502,725
2030 $48,077,675

Years 2027 - 2030 are preliminary, as future debt is anticipated to be issued as part of the 2024 Bond Program
Future years:

- The 2027 bond payment (next year) increases by approximately $5MM

Board Consideration – Scenario 1

Based on conservative financial projections:

- Could lower the Debt rate from $.1864/$100 valuation to $.1614/$100, or $.025, approximately 13% of I&S rate (use debt service fund balance to make up shortfall)
- **Would reduce I&S taxes collected from taxpayers by approximately $4.9MM in 2025-2026**,
  - Impact to average taxpayer home $450k would be $113/year decrease on this reduction
- Projected to be able to maintain this rate for two years or longer
  - **Projected August 31, 2027 fund balance would be reduced by approximately $15MM**
  - Using conservative tax base growth
- **Would possibly need to adopt a higher I&S rate in future years (not anticipated to reach $.1864)**
  - Would depend on tax base growth, and interest income changes

Note: Unaudited Debt Service Fund Balance projected to be approx $37MM as of August 31, 2025

Board Consideration – Scenario 2

Based on conservative financial projections:

- Could lower the Debt rate from $.1864/$100 valuation to $.1564/$100, or $.03, approximately 16% of I&S rate (use debt service fund balance to make up shortfall)
- **Would reduce I&S taxes collected from taxpayers by approximately $6MM in 2025-2026**,
  - Impact to average taxpayer home $450k would be $135/year decrease on this reduction
- Projected to be able to maintain this rate for two years or longer
  - **Projected August 31, 2027 fund balance would be reduced by approximately $17MM**
  - Using conservative tax base growth
- **Would possibly need to adopt a higher I&S rate in future years (not anticipated to reach $.1864)**
  - Would depend on tax base growth, and interest income changes

Note: Unaudited Debt Service Fund Balance projected to be approx $37MM as of August 31, 2025

Board Consideration – Scenario 3

Based on conservative financial projections:

- Could lower the Debt rate from $.1864/$100 valuation to $.1464/$100, or $.04, approximately 21% of I&S rate (use debt service fund balance to make up shortfall)
- **Would reduce I&S taxes collected from taxpayers by approximately $8MM in 2025-2026**,
    - Impact to average taxpayer home $450k would be $180/year decrease on this reduction
- Projected to be able to maintain this rate for another year
    - **Projected August 31, 2027 fund balance would be reduced by approximately $21MM**
    - Using conservative tax base growth
- **Would possibly need to adopt a higher I&S rate in future years (not anticipated to reach $.1864)**
    - Would depend on tax base growth, and interest income changes
- Rapid Fund Balance decreases can impact financial ratings from the major rating agencies

Note: Unaudited Debt Service Fund Balance projected to be approx $37MM as of August 31, 2025

Possible Tax Rate Scenarios

Year	M&O Tax Rate	I&S Tax rate	Combined Tax Rate	Decrease	Reduction on Average Residence ($450K)
2024-2025	$.7369	$.1864	$.9233		
2025-2026 (Scenario 1)	$.7122	$.1614	$.8736	($.0497)	($224)
2025-2026 (Scenario 2)	$.7122	$.1564	$.8686	($.0547)	($246)
2025-2026 (Scenario 3)	$.7122	$.1464	$.8586	($.0647)	($291)

Opportunity to Help District

Reduction in the I&S and M&O tax rates potentially produces lower tax bills for individuals.

Several community members have asked the District what they can do to help since the Legislature didn't.

Donations to the Grapevine-Colleyville ISD General Fund would help to provide much needed funding to continue to provide an excellent education to our students.

Thank You

Questions?

www.GCISD.net