



Annual Comprehensive Financial Report

Fiscal Year Ended December 31, 2021

The Woodlands Township, Montgomery County, Texas

The Woodlands Township Annual Comprehensive Financial Report

**Fiscal Year Ended
December 31, 2021**

**Prepared by the
Finance and Administration Department**

The Woodlands Township is a special purpose district located in Montgomery County, Texas
www.thewoodlandstownship-tx.gov

The Woodlands Township

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INTRODUCTORY SECTION



June 21, 2022

To the Board of Directors and Citizens of
The Woodlands Township:

The Annual Comprehensive Financial Report (Annual Report) of The Woodlands Township (the Township) for the fiscal year ended December 31, 2021 is submitted herewith. The Township's Finance Department prepared this report.

This report is published to provide our Board of Directors, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the Township. Management assumes full responsibility for the completeness and reliability of the presented data including all disclosures. We believe the information, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the Township as measured by the financial activity of its various funds and is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Blazek & Vetterling, Certified Public Accountants, have issued an unmodified ("clean") opinion on The Woodlands Township's financial statements for the year ended December 31, 2021. The Independent Auditors' Report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE WOODLANDS TOWNSHIP

The Township is the governmental entity dedicated to meeting the needs of The Woodlands residents and businesses. The Township encompasses 28,500 acres with a population of more than 120,000 people and nearly 2,400 businesses ranging from start-ups to major international companies. The Woodlands employs approximately 64,000 people within its borders alone. Just 27 miles north of downtown Houston on I-45, it encompasses eight residential villages, commercial centers, a resort, a luxury hotel and convention center, additional upscale hotels, hospitals and health care facilities, and exceptional shopping, dining, entertainment, and recreation amenities.

Since its inception, more than \$23 billion has been invested in The Woodlands residential villages and a 1,000-acre business district known as the Town Center. The 1,000-acre Town Center is the destination for shopping, dining, and entertainment, with attractions including The Woodlands Mall – a regional shopping center with indoor and outdoor venues, Market Street – a 34-acre Main-Street styled shopping and special event destination, and The Woodlands Waterway. The Woodlands Waterway is a 1.8-mile water amenity and linear park highlighting a mixed-use urban center which connects office space, shopping, dining, hospitality, entertainment and residential living in Town Center to two lakes, including Lake Woodlands and three urban parks. In addition to Town Center, Hughes Landing is a 66-acre mixed-use upscale "lifestyle" development just off Lake Woodlands Drive and Hughes Landing Boulevard on the shores of Lake Woodlands where can you go to enjoy live music, great food, shopping, and the arts.

The Woodlands is one of the best-selling master-planned communities in Texas and the nation. There are more than 48,430 single-family homes, apartments, condominiums and townhomes in The Woodlands and the community features a large selection of new homes and multifamily residences. For the second year in a row, The Woodlands garnered one of the most prestigious rankings in its history as it was named the Best City to Live in America by Niche.com. The No. 1 ranking from Niche, the leading platform connecting students and families with colleges and schools, is among 228 cities and 18,515 towns and neighborhoods nationwide. The Woodlands offers some of the highest-rated schools and school districts in the region, including Conroe ISD, Tomball ISD and Magnolia ISD, as well as 10 private schools and 50 preschools.

The Township also offers a variety of recreation amenities to its residents and visitors including 220 plus miles of pathways for residents to bike, walk, run, rollerblade or just take a stroll with family and friends. Golfers can choose from seven championship golf courses with 1,690 acres dedicated to 135 holes of golf. There are currently 151 developed neighborhood parks offering exciting amenities like lighted tennis and basketball courts and jogging trails. In addition to the parks, the Township has 14 state-of-the-art community pools and 5 spray grounds and offers thousands of recreational programs at both the Bear Branch Recreation Center and The Recreation Center at Rob Fleming. The Texas TreeVentures Aerial Adventure Course is the newest program offered at The Recreation Center at Rob Fleming. The adventure course is designed for individuals 6 years old and up and is a challenge-by-choice aerial adventure course.

In addition to recreation, The Woodlands also hosts a variety of national and local events throughout the year, from major concerts to family-friendly festivals. Top events include the IRONMAN North American Championship, The Woodlands Marathon, The Woodlands Triathlon, Inisprity PGA Champions Tour Invitational and The Woodlands Waterway Arts Festival.

The Township is governed by a board of directors (“Board”) which officially organized on August 18, 1993. Policy-making and legislative authority are vested in the governing Board currently seated with seven directors who are elected at large, by position, to serve two-year staggered terms. Board elections are held annually in November. The fully elected Board and Township staff are committed to providing premier services and activities, superior educational opportunities, a diversity of jobs, vibrant public spaces, integrated mobility options, public activities, and cultural events.

All services provided by the Township, as well as those provided by Visit The Woodlands (also known as The Woodlands Convention & Visitors Bureau) and The Woodlands Township Economic Development Zone, are included in the Township’s financial statements for the year ended December 31, 2021. These entities provide a full range of services to residents, visitors and business communities including law enforcement, fire protection, first responder emergency services, facilities and park maintenance, recreation, transportation services, visitor services, waste management and recycling, and economic development programs. These services are supplemented by Montgomery County, Harris County and other governmental agencies and political subdivisions. Inter-local partnerships and strategic alliances are the key to efficient and cost-effective service delivery for the Township.

LOCAL ECONOMY

The Township has always benefited from the vibrant Texas economy and state government policies that encourage business investment and job creation both on the state and local level. In addition, The Woodlands is located just north of Houston, the hub of the nation’s energy industry. The Woodlands master plan and covenants provide a highly desirable environment for residents and businesses while helping to maintain property values. Existing businesses, as well as those relocating, find The Woodlands amenities and quality of life help to attract and retain top employees. The Township Board of Directors contributes to The Woodlands success by establishing strategies and policies for maintenance of the community, upgrading community facilities as needed, supporting a vibrant business environment, and promoting community events that generate the revenues used to maintain or reduce the property tax rate.

Of the total Township budgeted revenue base for 2021, about 64 percent comes from sales tax and room tax, user fees and grants. Historically, the revenue collection from these revenue sources has grown. The Township offers its residents services and amenities at a higher level than most communities, but at a lower tax than most local governments. Since 2010, the Board has been able to reduce the property tax rate from 32.8 cents per \$100 of valuation to 22.31 cents per \$100 of valuation, while still maintaining sufficient reserves for replacement of capital infrastructure as needed. Because of this, the Township’s financial model is considered unique among local governments.

The Township is home to over 12.4 million square feet of office space, 11.6 million square feet of retail and hospitality space, 3.4 million square feet of industrial/technical space and 8.9 million square feet of institutional space.

Although 2021 continued to be filled with unprecedented challenges due to the COVID-19 pandemic, business development in The Woodlands continued to thrive.

A benefit of living in The Woodlands is its state-of-the-art healthcare system. Within an approximate five-mile radius are six award winning medical facilities available to provide high quality health care to the residents of The Woodlands. These facilities include two CHI St. Luke's Health hospitals, the Houston Methodist The Woodlands Hospital, Texas Children's Hospital The Woodlands, The University of Texas MD Anderson Cancer Center – The Woodlands, and Memorial Hermann The Woodlands Medical Center. The Memorial Hermann The Woodlands Medical Center is currently expanding to include a 332,510 square foot, eight floor, South Tower that will house six additional operating rooms, a 36-bed patient care unit, intensive care unit, cardiopulmonary and catheterization labs.

SmartDraw Software relocated its corporate headquarters from San Diego, California to The Woodlands for its “Business-Friendly Environment with Low Taxes and High Quality of Life”. SmartDraw is a creator of sophisticated diagramming and visualization software used by more than half of the Fortune 500 companies. Their new headquarters is in the Three Hughes Landing building in Hughes Landing.

In November 2021, NYDIG, a Bitcoin company leased more than 26,000 square feet of office space in the Woodlands Tower at the Waterway. NYDIG is a provider of technology and financial solutions for organizations seeking to integrate Bitcoin into their operations and investments.

Ring Energy, Inc. finalized plans to relocate its headquarters from Midland, Texas to 1725 Hughes Landing Boulevard in early 2021. The company's new office occupies 16,000 square feet. The relocation serves the company's goal for increasing its accessibility to the greater Houston area. Ring Energy, Inc. is an oil and gas exploration, development, and production company with current operations focused on the conventional development of its Permian Basin assets in West Texas and New Mexico.

Tachus relocated its office from 2407 Timberloch Place, Ste. G, to a larger space at 3831 Technology Forest Blvd. in The Woodlands. With this relocation, they added approximately 100 jobs for a total workforce of 140 employees.

In addition to business development, multi-family development continued to grow in 2021 as well. In Summer 2021, The Howard Hughes Corp. opened its second multifamily project within Creekside Park Village Center in The Woodlands. The multifamily residential community, dubbed Creekside Park The Grove, is located at 8440 Creekside Green Drive, at the northeast intersection of Creekside Green Drive and Kuykendahl Road. It is at the entrance of Creekside Park Village Center, a 100-acre mixed-use development within the Village of Creekside Park near the southwest corner of The Woodlands.

Economic development is a vital aspect of the success of the Township. Strategic partners in economic development include the Township, South Montgomery County Woodlands Economic Development Partnership, Greater Houston Partnership Opportunity Houston, Center for Houston's Future, and Leadership Montgomery County. The Township Board and Visit The Woodlands' Board of Directors support the Ad Hoc committees designed to plan for future development and address potential legislative needs. The Woodlands status as a premier destination for visitors and travelers enables a strong local economy, which in turn, allows the Township to pay for services and amenities that enhance local property values.

LONG-TERM FINANCIAL PLANNING

A significant part of the Township's annual budget process is dedicated to the development of a five-year business plan. Detailed analyses regarding revenue sources, operating expenditures, proposed new amenities and programs, residential and commercial growth, staffing requirements, capital plans, and debt management plans are conducted and factored into a long-term financial planning model. Senior management and the Board review the five-year business plan during the annual budget process to ensure that current budget decisions do not negatively impact long-term financial goals.

Through sound fiscal management, the Township has positioned itself well to cope with growth, create a positive atmosphere for economic development and provide flexibility on budgetary issues. The Township continues to balance revenues and expenditures, maintain or enhance services, and retain an excellent bond rating and low debt per capita ratio. Over the past ten years, the Township has built a financial model that provides top quality services at a low property tax rate and with sufficient reserves to provide for replacement of capital infrastructure as needed.

The Board has approved policies establishing appropriate levels of cash reserves for operations, capital replacement, economic development, and debt service. Operating reserves are required to be maintained at a minimum level of 20 percent of annual general fund operating expenditures. As of December 31, 2021, the Township's fund balance across all funds including reserves had a balance of \$129.7 million, which met all policy requirements.

AWARDS AND ACKNOWLEDGEMENTS

The Woodlands garnered one of the most prestigious rankings in its history in 2021 as it was named the Best City to Live in America, according to Niche.com. The No. 1 ranking from Niche, the leading platform connecting students and families with colleges and schools, is among 228 cities and 18,515 towns and neighborhoods nationwide. Niche generates the Best Places to Live rankings by using data from the U. S. Census, FBI, BLS, and CDC combined with millions of resident reviews. The company considers factors such as affordability, the local housing market, neighborhood diversity, area public schools, walkability, and more. The Woodlands is also in the top 10 of rankings for the following:

- Best Cities to Buy a House in America (#2 of 228)
- Best Cities to Raise a Family in America (#2 of 228)
- Cities with the Best Public Schools in America (#6 of 228)
- Best Cities to Retire in America (#7 of 228)

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township for its annual comprehensive financial report for the fiscal year ended December 31, 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and will submit to GFOA to determine eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Township for its Annual Budget for the fiscal year beginning January 1, 2021. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted to GFOA to determine its eligibility for another award.

The Township also achieved the highest bond rating in the State of Texas for an unincorporated community and second highest rating possible within Standard & Poor's criteria. The announcement from Standard & Poor's Global Ratings puts the Township in an elite group for its outstanding financial management. Only 53 of 1,216, or 4%, of cities/towns in Texas hold an AA+ rating.

The Woodlands Township Parks and Recreation received several awards in 2021. Riva Row Boat House was awarded "Innovative Program of the Year" from the Texas Recreation and Parks Society (TRAPS) East Region. Riva Row Boat House is centrally located within walking distance from Town Green Park, Market Street, and The Cynthia Woods Mitchell Pavilion. Rental options include single and tandem kayaks, single and tandem pedal kayaks, stand-up paddle boards, elliptical stand-up paddle boards, water bikes, and swan boats.

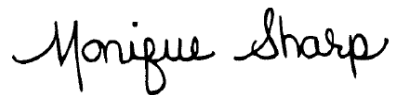
The Township lifeguards also concluded another successful lifeguard competition season with a first-place overall finish at the Gulf Coast Guard Games. The Township brought five teams that competed in events testing their skills in CPR/First Aid, Water Surveillance and Rescue, and Spinal Management. All five teams placed in the top three of every event and one team won first place overall in the competition. The Gulf Coast Guard Games is a regional lifeguard competition that requires lifeguards to react to simulated scenarios. In each scenario, the team must work together to identify the challenge and its dangers to those in the area. Teams are judged on accurately identifying and appropriately responding to the issues presented to them as well as the quality of customer service they provide during the challenge.

The Township is highly proactive regarding public safety and sponsors multiple public safety programs each year. The Township earned First Place in Category #2 for Populations 100,000 to 300,000 from The National Association of Town Watch for its 2021 National Night Out Campaign. Since 1991, the Township and predecessors has garnered the #1 ranking in nine different years. The campaign, produced by The Woodlands Neighborhood Services program, earned top honors through its creative programming and participation of Township residents and public safety agencies.

Visit the Woodlands won multiple awards at the Texas Association of Convention & Visitors Bureau Idea Fair awards including The Judges Choice Award for Convention Promotion, First Place for Convention Promotion and First Place Video for promotion of destination.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Township's Audit Committee, independent auditors, and entire staff of the Finance Department. Appreciation is also expressed to employees throughout the organization, especially those employees who were instrumental in the successful completion of this report. The President's Office and Finance staff also wish to commend and thank the Board of Directors for their leadership and support in maintaining the highest standards of professionalism in the management of The Woodlands Township's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Monique Sharp". The script is fluid and cursive, with the first name and last name clearly distinguishable.

Monique Sharp
President and CEO

A handwritten signature in black ink that reads "Kellan Shaw". The script is fluid and cursive, with the first name and last name clearly distinguishable.

Kellan Shaw
Director of Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Woodlands Township
Texas**

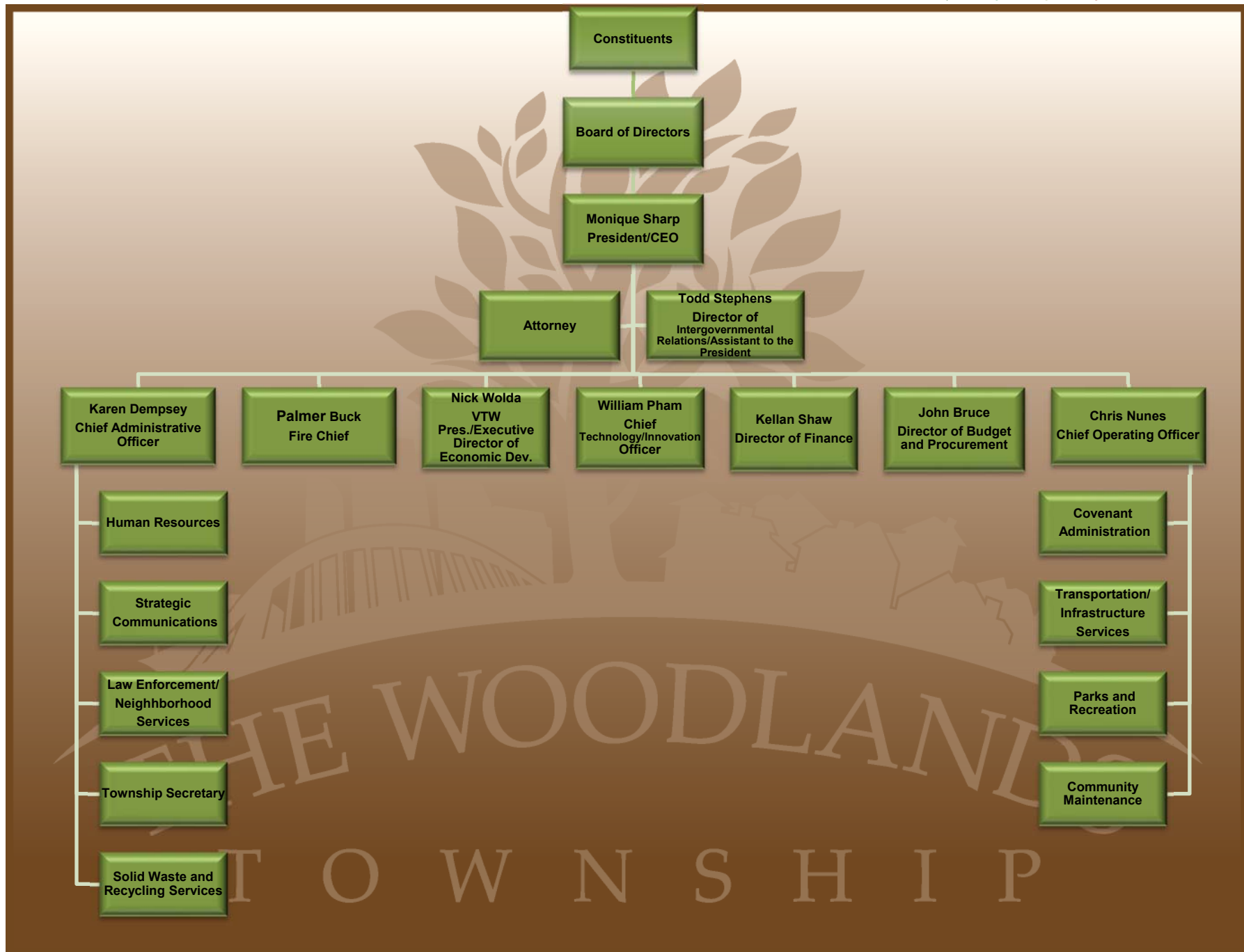
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

Organization Chart



**THE WOODLANDS TOWNSHIP
BOARD OF DIRECTORS**

Chairman Gordy Bunch (Elected by the Board as Chairman, November 17, 2021) <i>Position 1 - Term Expires: November 2022</i>
Vice Chairman Bruce Rieser (Elected by the Board as Vice Chairman, November 17, 2021) <i>Position 4 - Term Expires: November 2022</i>
Secretary Dr. Shelley Sekula-Gibbs (Elected by the Board as Secretary, November 17, 2021) <i>Position 5 - Term Expires: November 2023</i>
Treasurer John Anthony Brown (Elected by the Board as Treasurer, November 17, 2021) <i>Position 3 - Term Expires: November 2022</i>
Director Jason J. Nelson <i>Position 2 - Term Expires: November 2022</i>
Director Dr. Ann Snyder <i>Position 6 - Term Expires: November 2023</i>
Director Bob Milner <i>Position 7 - Term Expires: November 2023</i>



FINANCIAL SECTION



Independent Auditors' Report

To the Board of Directors of
The Woodlands Township:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Woodlands Township (the Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

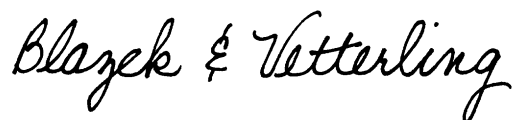
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 17-25 and the required supplementary information on pages 59-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



June 21, 2022



**The Woodlands Township
Management's Discussion and Analysis
For the year ended December 31, 2021
(unaudited)**

As management of The Woodlands Township (the Township), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the Township's financial statements following this section, the annual budget and other community information found on our website at www.thewoodlandstownship-tx.gov.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$302.1 million (net position). The majority of the Township's assets are invested in capital assets or restricted for specific purposes. The remaining \$133.7 million is unrestricted and may be used to meet the ongoing obligations to the residents and creditors in accordance with the Township's fiscal policies.
- As of the close of the current fiscal year, the Township's general fund reported a fund balance of \$43.5 million. Approximately 28% of this total is available for spending at the Township's discretion (unassigned).
- Sales tax revenue increased \$12.1 million or 24.9%, which exceeded expectations and was attributed to economic recovery and strong sales across all industries.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information as listed in the table of contents.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Township's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net of the four reported as *net position*. Evaluated over a period of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

Included in the government-wide financial statements is Visit The Woodlands (also known as The Woodlands Convention & Visitors Bureau). Visit The Woodlands is considered a blended component unit, meaning its financial information is included with that of the Township.

The government-wide financial statements can be found on pages 29-30 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Township are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are prepared on the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, and the Special Revenue Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 31-34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 35-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$302.1 million at December 31, 2021.

By far the largest part of the Township's net position, \$159.6 million (52.8%), reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$8.8 million of the Township's net position represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position, \$133.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township reported positive balances in all three categories of net position for the government, as well as for its separate governmental activities.

The following table provides a comparative summary of the Township's net position as of December 31, 2021 and 2020:

	CONDENSED STATEMENTS OF NET POSITION (ROUNDED TO 000'S)	
	YEAR ENDED DECEMBER 31, 2021	YEAR ENDED DECEMBER 31, 2020
Current and other assets	\$ 192,510,000	\$ 170,867,000
Long-term receivables and other assets	18,756,000	12,183,000
Capital assets	<u>204,087,000</u>	<u>209,670,000</u>
Total assets	<u>415,353,000</u>	<u>392,720,000</u>
Deferred outflows of resources	<u>4,631,000</u>	<u>2,519,000</u>
Current and other liabilities	40,741,000	37,050,000
Long-term liabilities due in more than one year	<u>42,866,000</u>	<u>45,504,000</u>
Total liabilities	<u>83,607,000</u>	<u>82,554,000</u>
Deferred inflows of resources	<u>34,271,000</u>	<u>30,515,000</u>
Net investment in capital assets	159,556,000	160,490,000
Restricted	8,805,000	5,854,000
Unrestricted	<u>133,745,000</u>	<u>115,826,000</u>
Total net position	<u>\$ 302,106,000</u>	<u>\$ 282,170,000</u>

The following table summarizes the changes in the Township's net position as a result of its activities for the years ended December 31, 2021 and 2020:

	CONDENSED STATEMENTS OF CHANGES IN NET POSITION (ROUNDED TO 000'S)	
	YEAR ENDED DECEMBER 31, 2021	YEAR ENDED DECEMBER 31, 2020
REVENUE:		
Taxes	\$ 116,895,000	\$ 100,986,000
Program service fees	10,419,000	7,024,000
Grants and contributions	6,096,000	8,771,000
Investment earnings	235,000	925,000
Other income	<u>1,047,000</u>	<u>78,000</u>
Total revenue	<u>134,692,000</u>	<u>117,784,000</u>
EXPENSES:		
General and administrative	11,623,000	10,627,000
Public safety	37,569,000	39,598,000
Parks and recreation	28,168,000	27,334,000
Transportation	7,830,000	7,745,000
Economic development	7,630,000	6,640,000
Community services	19,330,000	17,647,000
Community relations	1,337,000	1,212,000
Debt issuance costs	150,000	
Interest expense	<u>1,119,000</u>	<u>1,358,000</u>
Total expenses	<u>114,756,000</u>	<u>112,161,000</u>
CHANGES IN NET POSITION	19,936,000	5,623,000
Net position, beginning of year	<u>282,170,000</u>	<u>276,547,000</u>
Net position, end of year	<u>\$ 302,106,000</u>	<u>\$ 282,170,000</u>

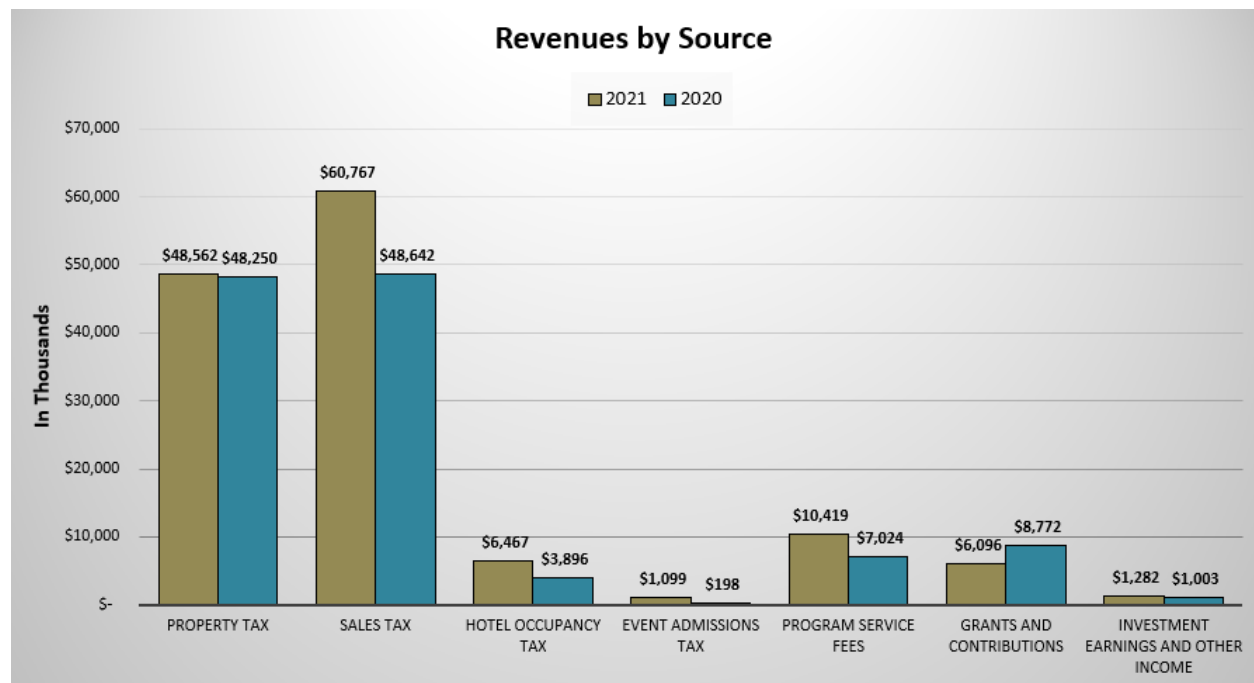
The Township's change in net position for the year ended December 31, 2021 of \$19.9 million is explained in the following section.

Governmental Activities

The Township's \$19.9 million positive change in net position is largely due to a strong economic recovery in sales tax and hotel occupancy tax revenue.

General revenue in 2021 increased by \$16.2 million (15.9%). Tax revenue increased by \$15.9 million, program service fees increased by \$3.4 million. These increases are offset by a decrease in grants and contributions and investment earnings.

- Sales tax revenue increased \$12.1 million or 24.9%, which exceeded expectations and was attributed to an economic recovery and strong sales across all industries. Tax revenue from retail and accommodation and food services make up approximately 64.5% of the Township's total sales tax revenue.
- Hotel occupancy tax revenue increased by \$2.6 million or 66.0% due to economic recovery and the resumption of leisure and corporate travel, as well as major Township events such as IRONMAN and The Woodlands Waterway Arts Festival.
- Program service fees increased \$3.4 million or 48.3% primarily due to the re-opening of aquatic and park activities and recreation programs that were temporarily suspended in 2020 due to the COVID-19 pandemic.
- Capital grants and contributions decreased \$2.7 million or 30.5% due to the prior year influx of Coronavirus Aid Relief and Economic Safety (CARES). The CARES Act provided financial assistance to the Township for emergency protective measures performed by the Township and The Woodlands Fire Department.

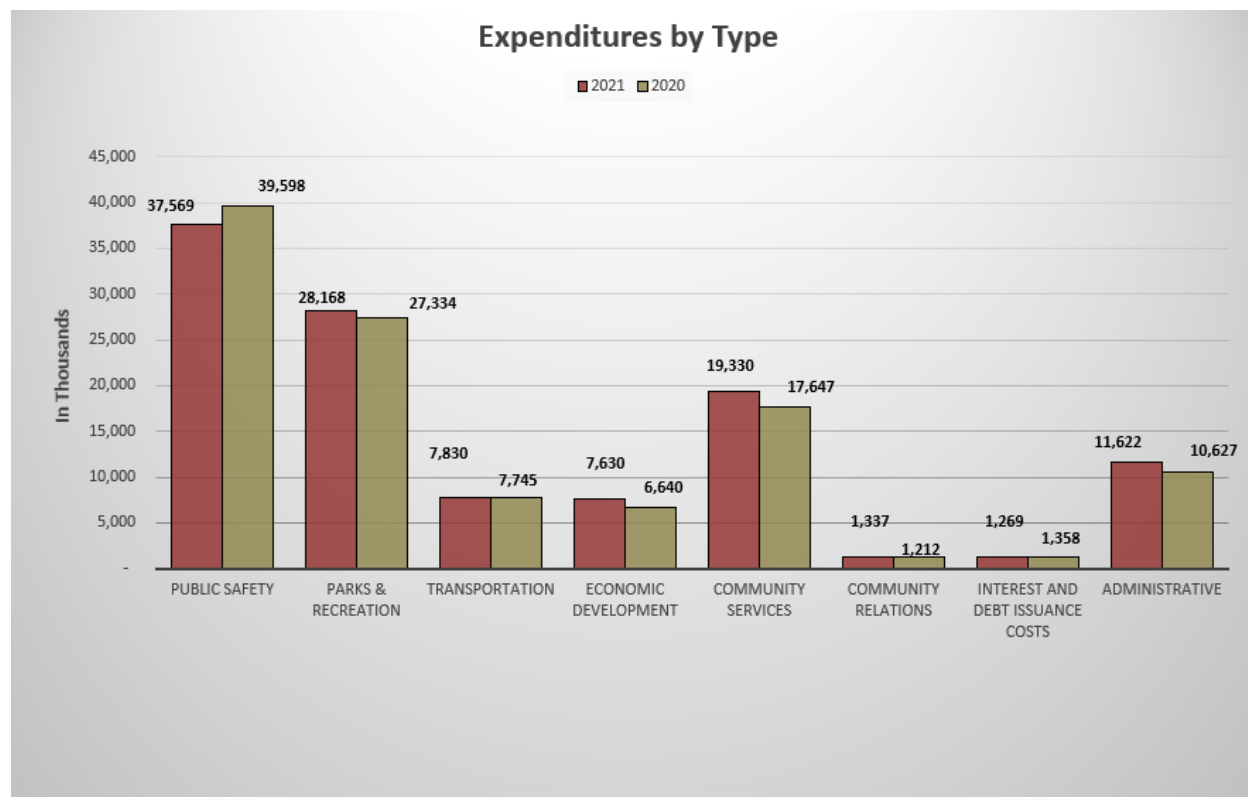


Expenses in 2021 increased by \$2.6 million (2.3%). Other than shifting the mounted horseman program, the key element to this increase is expenses related to the re-opening of the Township recreational facilities and activities.

Other expenditure increases were due to:

- An increase in economic development expenditures driven by an increase in sales and marketing and higher project payments for Economic Development Zone #2 and Zone #3 due to economic recovery resulting in higher sales tax revenue.

- The Township's mounted horseman program was moved into community services in 2021, rather than continuing to report as public safety, to better represent contracted law enforcement expenses.
- An increase in event tax expenditures due to the re-opening of event venues previously closed in 2020 due to the COVID-19 pandemic.
- These increases are offset by a decrease in expenditures for streetscape maintenance, which was primarily managed by the Township employees, resulting in a savings in contracted services. There was also a decrease in public safety.



FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements.

As of December 31, 2021, the Township's governmental funds reported a combined ending fund balance of \$129.7 million, an increase of \$13.6 million or 11.7% from the prior year.

	2021 (ROUNDED TO 000'S)	2020 (ROUNDED TO 000'S)	INCREASE (DECREASE) (ROUNDED TO 000'S)
Fund balances:			
General Fund	\$ 43,471,000	\$ 38,193,000	\$ 5,278,000
Capital Projects Fund	85,310,000	77,318,000	7,992,000
Debt Service Fund	5,973,000	5,838,000	135,000
Special Revenue Fund	(5,044,000)	(5,252,000)	208,000
Total fund balances	<u>\$ 129,710,000</u>	<u>\$ 116,097,000</u>	<u>\$ 13,613,000</u>

Approximately \$12.0 million of the \$129.7 million total constitutes unassigned General Fund balances, which are available for spending at the Township's discretion. By policy, the Township assigns a fund balance for an operating reserve equal to at least 20% of the annual General Fund's operating expenditures (at December 31, 2021, the operating reserve was \$25.0 million). The remaining fund balances are non-spendable or committed to indicate that funds are not available for new spending because they have already been committed to the following:

- Non-spendable receivable of future sales tax revenue from the Special Revenue Fund related to repayment of construction costs for Town Green Park and Waterway Square is \$5.0 million. This fund balance is offset by a deficit fund balance in the Special Revenue Fund of (\$5.0) million.
- Committed for authorized capital projects, capital reserves and general operating commitments is \$84.4 million.
- Committed to pay debt service is \$6.0 million.
- Other non-spendable and restricted funds total \$2.3 million.

General Fund – The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township except those required to be accounted for in another fund. On December 31, 2021, the General Fund had an unassigned fund balance of \$12.0 million and a total fund balance of \$43.5 million.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.9% of total General Fund expenditures and 28% of the total General Fund balance. Pursuant to Board policy, the Township maintains an assigned General Fund balance for operating reserves at a calculated amount based on annual General Fund operating expenditures.

The Township's General Fund balance had an increase of \$5.3 million or 13.8% during the current fiscal year. The key factors for this increase are increases in sales and use tax and hotel occupancy tax revenue collections, and an increase in event tax collections.

Capital Projects Fund – The Capital Projects Fund accounts for the resources accumulated and payments made for the acquisition or construction of capital assets and other special projects. Resources are derived from General Fund allocations or debt proceeds. On December 31, 2021, the Capital Projects Fund had an ending balance of \$85.3 million, an increase of \$8.0 million over the prior fiscal year. This increase is related to the transfer of favorable variances in the General Fund and the carry-over of major projects to 2021, originally planned in 2020. All reserves and commitments are approved by the Board.

These reserve balances are funded from annual favorable budget variances in the General Fund's operating expenditures. The favorable budget variances are used first to ensure that the operating reserve maintains a balance equal to at least 20% of the annual General Fund's operating expenditures. The remaining cash generated from favorable budget variances is allocated to the capital contingency fund. Allocated amounts are determined by the Board during the annual budget process.

Additional information on the Township's capital assets can be found in the accompanying notes to the financial statements (pages 37 and 44) and in the Capital Assets section of this management's discussion and analysis (page 23).

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the bonded and non-bonded debt of the Township. The interest and sinking portion of the property tax is pledged for payment of the Unlimited Tax Bonds, while hotel occupancy tax revenues and up to one half of one percent of general sales tax collected by the Township are pledged for the payment of the Revenue Bonds. For 2021, the Debt Service Fund ending balance increased by \$0.1 million. The key element for this increase in hotel occupancy tax revenue.

Additional information on the Township's debt administration can be found in Note 15 to the financial statements (page 48) and in the Long-Term Debt section of this management's discussion and analysis (page 24).

Special Revenue Fund – The Special Revenue Fund accounts for 1% of sales tax collected within a specific geographic area of the Township defined as The Woodlands Township Economic Development Zone (the Zone). These resources are dedicated to the payment of projects approved and funded by the Zone to promote economic activity throughout the Township. Sales tax proceeds collected in excess of those required to be allocated to the approved projects are transferred to the General Fund for payment of The Woodlands Fire Department's operations.

For 2021, the Special Revenue Fund recorded \$30.6 million in sales tax revenues. Of this amount, \$2.5 million was paid to the authorized Zone projects for the purpose of paying down debt service, and \$28.4 million was transferred to the General Fund to pay for The Woodlands Fire Department's operations. The year-end deficit balance of \$5.0 million in this fund is due to a \$4.7 million liability related to the Market Street/Town Green Park project and a \$500,000 liability related to the Mall Expansion/Waterway Square project. The Zone's liabilities will be repaid from future incremental sales tax revenue collections generated by the Zone in accordance with the approved financing plans for each project.

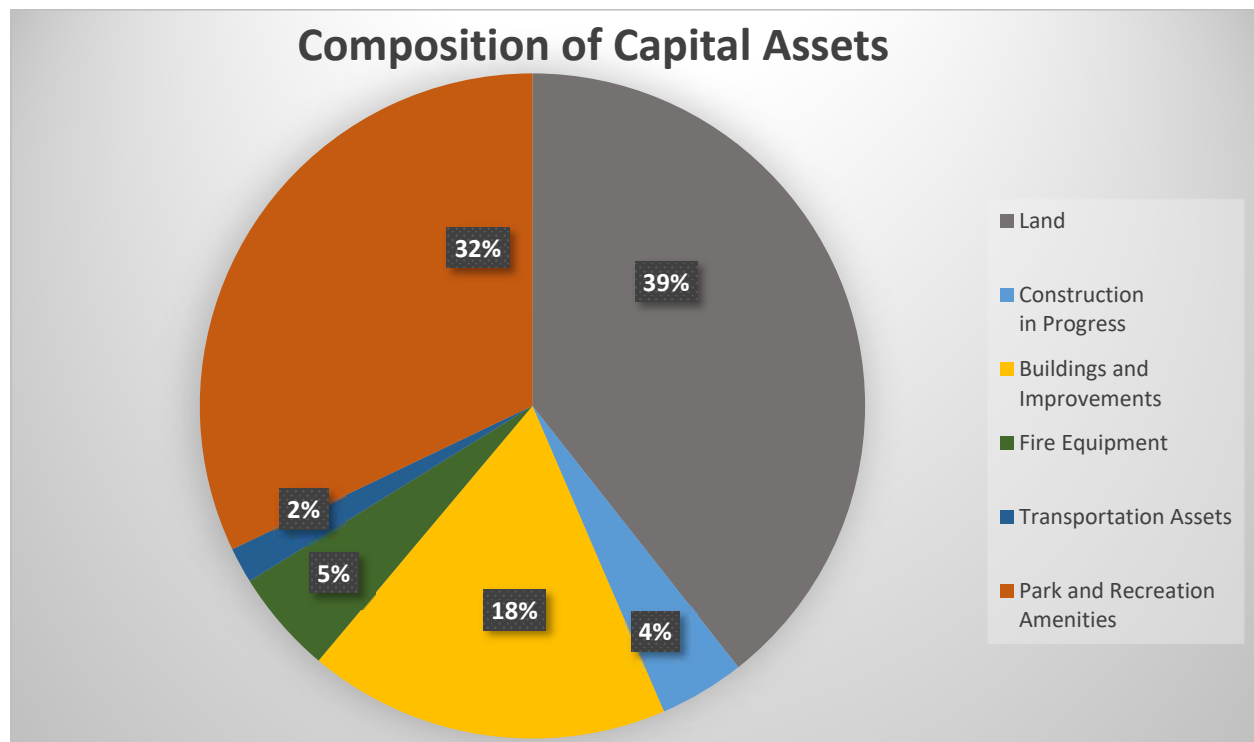
General Fund Budgetary Highlights

The actual General Fund revenues for the year ended December 31, 2021 totaled \$90.2 million, which were \$7.3 million more than the final budget of \$82.9 million. The primary reason for the favorable variance includes the favorable variance in sales tax, event tax and property tax revenues and a favorable variance in recreation program service fees. This favorable variance in revenue is offset by an unfavorable variance in investments due to lower than anticipated interest rates. Actual General Fund expenditures for the year were \$101.2 million, an amount \$9.1 million less than the final budget of \$110.3 million. This favorable variance is primarily a savings in Transportation for contracted services by a reduction in the number of coaches used for the Park and Ride service. There was also a favorable variance in Law Enforcement services and Park Operations due to savings in contracted services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2021 amounted to \$204.1 million (net of accumulated depreciation). This amount represents a net decrease (including additions, deductions, and depreciation) of \$5.6 million from the prior year. The investment in capital assets includes land, buildings and improvements, park and recreation amenities, fire equipment, information technology, construction in progress, and other machinery and equipment.



Major capital asset events during the year ended December 31, 2021 included:

- Purchase of the Waterway Marina from the Brazos Transit District.
- Numerous park and playground improvements with LED lighting conversions.
- Purchase of a 2021 Aerial Ladder Truck and a 2022 Rescue Truck for The Woodlands Fire Department.
- New development of pathways and other park improvements.
- Desktop and laptop computers and additional software licenses to accommodate remote work schedules.

Additional information about Capital Assets can be found in Note 10 to the financial statements (page 44).

Long-Term Debt

At December 31, 2021, the Township had total long-term debt outstanding of \$39.8 million; a decrease of \$5.2 million from the prior year's ending debt balance.

Changes in long-term debt are due to principal payments on various issues.

	<u>2021</u>	<u>2020</u>
Debt instruments:		
Series 2011 Unlimited Tax Bonds		\$ 6,630,000
Series 2012 Unlimited Tax Bonds	\$ 260,000	2,460,000
Series 2019 Unlimited Tax Refunding Bonds	17,520,000	19,130,000
Series 2019 Sales Tax and Hotel Occupancy Tax Refunding Bonds	14,750,000	16,805,000
Series 2021 Unlimited Tax Refunding Bonds	<u>7,275,000</u>	<u> </u>
Total debt instruments	<u>\$ 39,805,000</u>	<u>\$ 45,025,000</u>

Current ratings* on debt issues are as follows:

**The Woodlands Township
Rating Summary
Fiscal Year 2021**

<i>General Obligation Debt</i>		
Bond Series	Rating	
	Moody's	S&P
2021	NR	AA+ (Stable)
2019	Aa1 (No Outlook)	NR

<i>Sales and Hotel Occupancy Tax Debt</i>		
Bond Series	Rating	
	Moody's	S&P
2019	NR	AA- (Stable)

*All ratings are stable outlook unless otherwise noted. NR means not rated.

Additional information on the Township's long-term debt can be found in Note 15 (page 48) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's Board adopts an annual financial plan for each of the governmental funds and blended units. The annual financial plans serve as the foundation for the Township's allocation of resources as well as long-range planning in conjunction with the Township's strategic plan.

The Township views its planning and operational activities in a strategic manner. Accordingly, the 2022 budget is prepared with the goal of achieving certain key objectives as defined in the *Vision 2034 Strategic Plan* as adopted by the Board in July 2014. Those objectives include:

- Meet short-term and long-term needs of the community.
- Continue to provide high quality services and amenities.
- Provide enhancements to services as needed and appropriate.
- Maintain and replace capital assets and facilities, as necessary.
- Create financial flexibility for change conditions and opportunities.

During the 2022 budget process, total projected revenue for 2022 equaled \$132.8 million, which is a \$3.6 million increase from 2021's actual revenue of \$129.1 million. Revenues in the 2022 Adopted Budget are based on a property tax rate at \$0.2231, a 6.3% increase in sales and use tax revenues, and a 25.0% increase in hotel occupancy tax revenues from 2021 budget levels.

Property tax revenue is based on a property tax rate of \$0.2231 applied to the taxable property value base of \$21.8 billion, an increase of \$700 million from last year's certified tax base of \$21.1 billion. This rate is equal to the new-revenue tax rate (previously referred to as the effective rate) published by the Montgomery County Tax Assessor's Office for the Township. Total property tax revenue is projected to be \$48.7 million in 2022. Revenue from property tax comprises 37% of total 2022 budgeted revenue.

During the 2022 budget process, the sales tax revenue for 2022 projected to be \$57.9 million, which is a 4.7% decrease from the \$60.7 million collected for 2021. Revenue from sales tax comprises 44% of total 2022 budgeted revenue. Revenue from a 9% hotel occupancy tax is budgeted to generate \$7.3 million in revenue for 2022, which is a 12.6% increase from the \$6.5 million collected in 2021. The 2022 budgeted sales tax and hotel occupancy tax revenue projections reflect the anticipated recovery of the economic impacts of the COVID-19 pandemic. Sales tax revenue in 2021 exceeded the anticipated budgeted amount by \$2.8 million.

The 2022 consolidated budget includes \$132.8 million in expenditures, representing a 14.8% increase from the 2021 actual expenditures total of \$115.7 million. The increase is primarily the result of deferred expenditures and an increase of expenditures within contracted law enforcement, parks and recreation and the fire department. In addition, community service costs for contracted solid waste services increased due to new accounts added and an increase in the contracted amount.

The five-year financial plan is updated each year as the annual budget is prepared. The 2022 budget and five-year plan include funding for capital projects and assets required by The Woodlands Fire Department, Parks and Recreation, and Information Technology to maintain current services and amenities, to address community growth, to replace existing assets that have reached the end of their useful lives, and to stay abreast of technological advances. The 2022 five-year plan also provides for several future reserves including a Grogan's Mill Property Site Plan Reserve, a Comprehensive Community Services Agreement Reserve to fund shared projects by the Township and Howards Hugh Corporation, a Flood and Drainage Reserve and a Cultural Education Reserve.

Debt service requirements for 2022 are projected to be \$4.6 million. Of this amount, \$2.1 million is related to Revenue Bonds.

REQUESTS FOR INFORMATION

This financial report provides a general overview of the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Woodlands Township, Attention: Director of Finance, 2801 Technology Forest Boulevard, The Woodlands, Texas, 77381.



BASIC FINANCIAL STATEMENTS



The Woodlands Township

Statement of Net Position as of December 31, 2021

ASSETS

Cash and cash equivalents	\$ 147,332,476
Receivables, net	44,545,620
Prepaid expenses	632,132
Capital lease receivable	1,863,355
Long-term rent paid in advance	2,509,526
Net pension asset	14,382,997
Capital assets not being depreciated	88,847,889
Capital assets, net of depreciation	<u>115,238,600</u>
Total assets	<u>415,352,595</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows	2,174,431
Deferred OPEB outflows	<u>2,456,944</u>
Total deferred outflows of resources	<u>4,631,375</u>

LIABILITIES

Accounts payable and accrued liabilities	9,270,985
Accrued interest payable	590,601
Unearned property tax revenue	24,316,445
Due within one year:	
Bonds payable	5,214,657
Unearned revenue related to operating lease	177,500
Compensated absences	1,171,301
Due in more than one year:	
Bonds payable	39,315,568
Unearned revenue related to operating lease	88,750
OPEB plan liability	<u>3,461,363</u>
Total liabilities	<u>83,607,170</u>

DEFERRED INFLOWS OF RESOURCES

Property tax – deferred revenue	24,719,753
Deferred OPEB inflows	89,992
Deferred pension inflows	<u>9,461,206</u>
Total deferred inflows of resources	<u>34,270,951</u>

NET POSITION

Net investment in capital assets	159,556,264
Restricted for healthcare obligations	800,000
Restricted for The Woodlands Township Firefighters' Retirement System	7,096,222
Restricted for cultural events and education	909,169
Unrestricted	<u>133,744,194</u>
Total net position	<u>\$ 302,105,849</u>

See accompanying notes to financial statements.

The Woodlands Township

Statement of Activities for the year ended December 31, 2021

		PROGRAM REVENUE			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
	EXPENSES				
<u>Functions/Programs</u>					
Primary government:					
General and administrative	\$ 11,622,455	\$ 360,605	\$ 555,131	\$ 1,219,464	\$ (9,487,255)
Public safety	37,569,239	1,556,079	302,753		(35,710,407)
Parks and recreation	28,168,201	6,309,301	72,341		(21,786,559)
Transportation	7,829,680	933,789	3,894,747		(3,001,144)
Economic development	7,630,171	803,795	50,250		(6,776,126)
Community services	19,329,783	455,522			(18,874,261)
Community relations	1,337,422		1,496		(1,335,926)
Debt issuance costs	149,652				(149,652)
Interest expense	1,119,207				(1,119,207)
Total primary government	<u>\$ 114,755,810</u>	<u>\$ 10,419,091</u>	<u>\$ 4,876,718</u>	<u>\$ 1,219,464</u>	<u>(98,240,537)</u>
General revenue:					
Taxes:					
Property					48,561,797
Sales					60,767,230
Hotel occupancy					6,467,036
Event admissions					1,098,693
Investment earnings					234,701
Other income					<u>1,047,364</u>
Total general revenue					<u>118,176,821</u>
Change in net position					19,936,284
Net position, beginning of year					<u>282,169,565</u>
Net position, end of year					<u>\$ 302,105,849</u>

See accompanying notes to financial statements.

The Woodlands Township

Balance Sheet – Governmental Funds as of December 31, 2021

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 76,291,141	\$ 65,246,278	\$ 5,458,067	\$ 336,990	\$ 147,332,476
Receivables, net	35,333,698		2,153,185	7,058,737	44,545,620
Due from other funds	11,464,345	24,498,521	2,217,415	143,499	38,323,780
Prepaid expenditures	632,132				632,132
Long-term receivables from other funds	5,014,027				5,014,027
TOTAL ASSETS	\$ 128,735,343	\$ 89,744,799	\$ 9,828,667	\$ 7,539,226	\$ 235,848,035
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 8,087,588	\$ 125,131	\$ 20	\$ 1,058,246	\$ 9,270,985
Due to other funds	26,859,435	4,309,930	643,066	6,511,349	38,323,780
Unearned property tax revenue	22,724,918		1,591,527		24,316,445
Long-term payable to other funds				5,014,027	5,014,027
Total liabilities	57,671,941	4,435,061	2,234,613	12,583,622	76,925,237
Deferred inflows of resources:					
Unavailable revenue	27,592,850		1,620,611		29,213,461
Fund balances:					
Nonspendable:					
Prepaid expenditures	632,132				632,132
Long-term receivables	5,014,027				5,014,027
Restricted for:					
Healthcare obligations	800,000				800,000
Cultural events and education		909,169			909,169
Committed for:					
Capital reserves		62,153,245			62,153,245
Capital projects		6,887,367			6,887,367
Debt service			5,973,443		5,973,443
Incorporation		15,359,957			15,359,957
Assigned for:					
Operating reserve	25,001,513				25,001,513
Unassigned	12,022,880			(5,044,396)	6,978,484
Total fund balances	43,470,552	85,309,738	5,973,443	(5,044,396)	129,709,337
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 128,735,343	\$ 89,744,799	\$ 9,828,667	\$ 7,539,226	\$ 235,848,035

See accompanying notes to financial statements.

The Woodlands Township

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position as of December 31, 2021

Total fund balances, governmental funds	\$ 129,709,337
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources; therefore, are not reported in the fund financial statements.	204,086,489
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Certain unearned revenue is not earned in the current period; therefore, is not reported in the fund financial statements.	
Unearned revenue related to operating lease	(266,250)

Certain assets and deferred outflows of resources included in the statement of net position are not available to pay current period expenditures; therefore, are not reported as assets in the governmental fund financial statements.

Grants receivable not expected to be collected within 60 days	4,493,708
Capital lease receivable	1,863,355
Long-term rent paid in advance	2,509,526
Net pension asset	14,382,997
Deferred pension outflows	2,174,431
Deferred OPEB outflows	2,456,944

Certain liabilities and deferred inflows of resources that are not due and payable in the current period are not reported as liabilities in the governmental fund financial statements, but are reported in the governmental activities of the statement of net position.

Accrued interest payable	(590,601)
Bonds payable	(44,530,225)
Compensated absences	(1,171,301)
OPEB plan liability	(3,461,363)
Deferred OPEB inflows	(89,992)
Deferred pension inflows	<u>(9,461,206)</u>

Net position of governmental activities in the statement of net position	<u>\$ 302,105,849</u>
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See accompanying notes to financial statements.

The Woodlands Township

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended December 31, 2021

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUE:					
Property taxes	\$ 45,266,402		\$ 3,295,395		\$ 48,561,797
Sales taxes	30,169,381			\$ 30,597,849	60,767,230
Hotel occupancy taxes	1,437,119		5,029,917		6,467,036
Event admissions taxes	1,098,693				1,098,693
Investment earnings	104,540	\$ 26,031	5,039	641	136,251
Interest received from other funds	341,945				341,945
Program service fees and grants	11,771,964				11,771,964
Total revenue	<u>90,190,044</u>	<u>26,031</u>	<u>8,330,351</u>	<u>30,598,490</u>	<u>129,144,916</u>
EXPENDITURES:					
General and administrative	10,504,179				10,504,179
Public safety	37,732,765				37,732,765
Parks and recreation	20,855,632				20,855,632
Transportation	5,528,677				5,528,677
Economic development	5,832,219			1,683,068	7,515,287
Community services	19,329,783				19,329,783
Community relations	1,335,297				1,335,297
Capital outlay	77,970	6,397,028			6,474,998
Interest paid to other funds				341,945	341,945
Debt service:					
Principal			4,365,000		4,365,000
Debt issuance costs			149,652		149,652
Interest			1,556,185		1,556,185
Total expenditures	<u>101,196,522</u>	<u>6,397,028</u>	<u>6,070,837</u>	<u>2,025,013</u>	<u>115,689,400</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(11,006,478)</u>	<u>(6,370,997)</u>	<u>2,259,514</u>	<u>28,573,477</u>	<u>13,455,516</u>
OTHER FINANCING SOURCES (USES):					
Issuance of refunding bonds			7,275,000		7,275,000
Premium received related to refunding bonds			1,122,331		1,122,331
Payments to agent for defeasance			(8,240,149)		(8,240,149)
Transfers in	32,571,821	18,125,180			50,697,001
Transfers out	(16,287,413)	(3,762,944)	(2,281,167)	(28,365,477)	(50,697,001)
Total other financing sources (uses)	<u>16,284,408</u>	<u>14,362,236</u>	<u>(2,123,985)</u>	<u>(28,365,477)</u>	<u>157,182</u>
CHANGES IN FUND BALANCES	5,277,930	7,991,239	135,529	208,000	13,612,698
Fund balances, beginning of year	<u>38,192,622</u>	<u>77,318,499</u>	<u>5,837,914</u>	<u>(5,252,396)</u>	<u>116,096,639</u>
Fund balances, end of year	<u>\$ 43,470,552</u>	<u>\$ 85,309,738</u>	<u>\$ 5,973,443</u>	<u>\$ (5,044,396)</u>	<u>\$ 129,709,337</u>

See accompanying notes to financial statements.

The Woodlands Township

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities for the year ended December 31, 2021

Changes in fund balances \$ 13,612,698

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. The statement of activities recognizes the cost of outlays allocated over estimated useful lives as depreciation expense.

Capital outlay	6,474,998
Depreciation expense	(13,273,233)

Governmental funds do not recognize as revenue contributions of real property and related debt because such contributions do not increase current financial resources.

Donated land from the developer and other governmental unit	1,219,464
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Governmental funds report proceeds of sales of real property as current financial resources. The statement of activities reports proceeds of sales of real property less the net book value of the disposed assets as gains (losses) on disposal of assets.

Payments received on capital leases receivable, net	(1,549)
Proceeds from disposal of assets	(172,055)
Gain on disposal of assets	167,704

Governmental funds do not recognize revenue that is not available to pay current obligations.

Garage lease revenue	177,500
Unbilled grant revenues	4,493,708

Government funds report repayment of bond principal as an expenditure and bond proceeds as funding sources. The statement of activities treats such repayments as a reduction in long-term liabilities and proceeds as an increase in long-term liabilities.

Principal retirement on debt and bond refunding	12,495,000
Proceeds from bond issuance	(8,397,331)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

Amortization of discount on construction costs reimbursed in lieu of future rents	(103,308)
Changes in pension expenses related to actuarial valuation of plan assets and liabilities	2,842,305
Changes in other postemployment expenses related to plan liabilities, deferred inflows and deferred outflows	(191,050)
Change in financing premiums	551,477
Compensated absences	39,956

Change in net position of governmental activities	<u>\$ 19,936,284</u>
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See accompanying notes to financial statements.

The Woodlands Township

Notes to Financial Statements for the year ended December 31, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

As an independent political subdivision of the State of Texas, The Woodlands Township (the Township) is considered a Primary Government for financial reporting purposes; its activities are not considered a part of any other governmental or other type of reporting entity. Considerations in determining the Township's financial reporting entity status as a primary government include: a separate elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

In November 2007, the voters of the Township authorized the Township's Board of Directors (the Board) to assess, levy, and collect an annual ad valorem tax on a uniform basis upon all taxable property included within its expanded boundaries. This vote paved the way for the receipt of assets and liabilities from the Woodlands Community Associations and transformed the Township into the organization it is today with a seven-member fully-elected governing body, providing public safety, parks and recreation, economic development and other community services in the Woodlands community.

As required by generally accepted accounting principles, these financial statements include the Township and its component unit, an entity for which the Township is considered to be financially accountable. The component unit is included in the Township's reporting entity because of the significance of its operational or financial relationships with the Township. The Township is financially accountable as it appoints a voting majority of the organization's governing board and is able to impose its will on the organization or there is potential for the organization to provide a specific financial burden on the Township. The Township is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Township's financial statements to be misleading or incomplete.

Certain component units, although legally separate entities, may be in substance, part of the government's operations and may be combined or blended with the data of the Township while other component units may be discretely presented. The Township has one blended component unit and no discretely presented component units.

Blended Component Unit

Visit The Woodlands – Visit The Woodlands (also known as The Woodlands Convention & Visitors Bureau), a §501(c)(6) organization, was created in 2006 by the Township's Board. The organization implements programs and produces events to promote local hotels, amenities, attractions, restaurants, and retailers. By attracting visitors to the area, Visit The Woodlands helps stimulate demand for The Woodlands as a travel destination and stimulates economic development. Visit The Woodlands provides services to help create new revenue for businesses and enhance sales and hotel occupancy tax collections for the Township. Tax revenue generated by the tourism industry is reinvested in community projects and programs.

Visit The Woodlands is a blended component unit of the Township because of the ability of the Township to exert its will on Visit The Woodlands' Board of Directors and the financial burden of the Township for Visit The Woodlands. Members are elected by the Board of the Township or appointed by Visit The Woodlands' Board of Directors. Currently, the Township is the only member of Visit The Woodlands. As of December 31, 2021, Visit The Woodlands' seven-member Board of Directors was composed of three Township Directors, the President of the Township and three community business leaders. The President of Visit The Woodlands is the Director of Community Relations for the Township. Visit The Woodlands and the Township have executed a service agreement whereby the Township employs all staff of Visit The Woodlands and provides administrative support at no cost to Visit The Woodlands. The Township provides substantially all of the support of Visit The Woodlands.

Transactions and internal balances between the Primary Government and the component unit have been eliminated in both the government-wide and fund financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include a statement of net position and a statement of activities. These statements present information on all of the activities of the primary government and its component unit. Certain eliminations have been made as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34 related to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue.

The governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balances for all governmental funds and non-major aggregated funds. The Township considers all funds major funds because the financial position and activities are significant to the Township as a whole. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the donor have been met.

Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Revenue susceptible to accrual includes property tax, sales tax, hotel occupancy tax, event admissions tax, program service fees and grants. Under the modified accrual basis of accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for debt service expenditures which are recognized when due. Investment earnings are recorded on the accrual basis of accounting.

Government Fund Types

The Township reports the following major governmental funds as separate columns in the fund financial statements:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The **Capital Projects Fund** is used to account for proceeds from long-term debt financing and revenue and expenditures related to authorized construction projects, capital reserves, and other capital asset acquisitions.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on the bonded debt of the Township. The primary source of revenue for debt service is property tax, hotel occupancy tax and up to one-half of one percent of sales tax collected within the Township.

The *Special Revenue Fund* is used to account for the proceeds from specific revenue sources that are designated for special purposes. The Special Revenue Fund includes approved projects funded through The Woodlands Township Economic Development Zone (the Zone). The Zone's source of revenue is sales tax assessed on commercial transactions occurring in specific geographical areas. The Zone was established to further the promotion and stimulation of business, commercial and economic activity in the Zone, as well as the Township.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments in privately managed public fund investment pools. Cash equivalents have original maturities of three months or less at the time of purchase.

Prepaid Expenses

Prepaid expenses reflect payments to vendors for costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements using the consumption method of accounting.

Capital Assets

Purchases of capital assets used in governmental activities are recorded as expenditures of the appropriate fund in governmental fund financial statements, and as assets in the government-wide financial statements, to the extent the Township's capitalization threshold is met. Depreciation is recorded on capital assets on a government-wide basis. All assets (donated and purchased) are recorded at cost or at the estimated acquisition value at the date of acquisition or donation. Capital assets and improvements are capitalized as constructed and subsequently depreciated over their estimated useful lives on a straight-line basis at the government-wide level.

The Township does not use the modified approach for infrastructure reporting. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. The Township currently capitalizes additions and transfers of sound system equipment, computer equipment, and way-finding signs as systems, regardless of each individual component's value in relation to the capitalization threshold. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities.

The Township's Board has adopted a capitalization policy for reporting capital assets which exceed \$5,000 in cost and have a useful life greater than one year. The straight-line method of depreciation is applied over the following estimated useful life for the type of asset:

<u>ASSET DESCRIPTION</u>	<u>ESTIMATED USEFUL LIFE</u>
Parks and pathways	20 to 30 years
Equipment	5 to 20 years
Buildings	20 to 40 years
Land	Not applicable
Construction in progress	Not applicable

From time to time, the Township accepts donations of public art, sculptures, and mosaics that are maintained for public enjoyment and not held for resale. These are reported as non-depreciable assets at acquisition value.

Interfund Transactions

Interfund transactions are transactions that occur between individual funds during the course of routine operations. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Transactions between funds that would be reported as revenue and expenditures for services if they involved organizations external to the Township are accounted for as revenue and expenditures in the applicable funds. Interfund services provided and used are not eliminated in consolidation. Transactions that constitute reimbursements to a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. Other legally authorized transfers are included in the changes in fund balances of the governmental funds.

Compensated Absences

Annual paid time off is granted to employees (excluding firefighters) who work in excess of 1,000 hours per year. Any unused paid time off in excess of 40 hours lapses at the end of each fiscal year, unless exception to this policy is approved in writing by the President of the Township. The Township allows employees to be compensated for paid time off upon leaving employment of the Township. Compensated absences are recorded in the General Fund.

Firefighters are compensated for vacation and sick days. Vacation days earned must be used within the fiscal year. Sick time earned may be rolled over into the next fiscal year. Upon termination, firefighters are compensated for up to 360 hours of unused sick time.

Fund Balances and Net Position

Fund balances are classified based upon the relative strength of spending constraints placed upon the purposes for which resources can be used, as follows:

- *Nonspendable fund balance* includes amounts that are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balance* includes amounts constrained to specific purposes by resource providers, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* includes amounts constrained to specific purposes by the resolution of its highest level of decision-making authority, which is the Board. Similarly, the Board may modify or rescind by resolution previously committed funds.
- *Assigned fund balance* includes amounts that are set aside by the Township for specific purposes that do not meet the criteria to be classified as restricted or committed. The Township’s Board annually evaluates a reserve policy that defines amounts that are to be set aside for general operating purposes.
- *Unassigned fund balance* includes amounts that are available for the Township’s future use for any purpose. The General Fund may report a positive unassigned fund balance.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows:

- *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Township’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted net position* consists of all other net position that does not meet the definition of the above two categories and is available for general use by the Township.

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed. When both committed and unassigned resources are available, it is the Township’s policy to use committed resources first. None of the Township’s restricted balances result from its enabling legislation.

Program Revenue

Program revenue primarily represents fees for services related to the use of the Township's recreational facilities and fare revenues from the Township's park and ride facilities.

Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

New Accounting Standards

The Township adopted the following GASB statements during fiscal year 2021:

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, is effective for fiscal year 2021. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported.

Statement No. 90, *Majority Equity Interests*, is effective for fiscal year 2021. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 91, *Conduit Debt Obligations*, is effective for reporting periods beginning after December 15, 2020. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Statement No. 92, *Omnibus 2020*, is effective for varying periods by topic. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Statement No. 93, *Replacement of Interbank Offered Rates*, is effective for various periods by provision. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, is effective for varying periods by requirement. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Statement No. 98, *The Annual Comprehensive Financial Report*, is effective for fiscal years ending after December 15, 2021. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

The GASB has issued the following statements which will be effective in future years, as described below. The Township has not yet determined the impact of implementing these new statements.

Statement No. 87, *Leases*, is effective for fiscal year 2022. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Annual Financial Plan

The Township does not adopt annual appropriated budgets for its funds. However, the Board does adopt annual financial plans for the General Fund. The plans are reviewed by management and the Board throughout the year to control and enhance the Township's operating results. The Board generally considers the Township's final annual actual operating results for all funds representative of the Township's annual financial plans for that year. The Township does not utilize encumbrances.

Deficit Fund Balances

The Special Revenue Fund has a deficit fund balance of \$5 million as of December 31, 2021. In accordance with the project and financing plans adopted by the Board of Directors of the Zone, this deficit relates specifically to the cost of construction for Town Green Park and Waterway Square. The Township financed the construction of the projects and will receive repayments from future incremental sales tax revenue collections generated by the Zone. The capital outlay expenditures and related interfund liability to the General Fund are recorded in the Special Revenue Fund. The combined project plans for these two projects allow for the repayment of up to \$8.6 million in approved project costs.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Township's cash and cash equivalents and investments at December 31, 2021 consist of the following:

Cash on hand	\$ 5,773
Demand deposits	19,984,195
Certificates of deposit	16,001,646
Investments:	
TexPool	106,913,704
TexSTAR	<u>4,427,158</u>
Total cash and cash equivalents and investments	<u>\$ 147,332,476</u>

The carrying value of demand deposits of the primary government at December 31, 2021 was \$19,984,195 and the related bank balances were \$21,193,215. Consistent with the Township's policies, all deposits in financial institutions are fully collateralized.

Authorization for Deposits and Investments

The Public Funds Investment Act, as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Township. In accordance with the Township's Investment Policy, authorized investments include the following:

- Obligations of the United States government or its agencies and instrumentalities
- Direct obligations of the State of Texas or its agencies
- Other obligations, of which the principal and interest are unconditionally guaranteed or insured by the State of Texas
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent
- Certificates of deposit issued by an approved institution domiciled in the State of Texas
- Fully collateralized repurchase agreements
- Collateralized mortgage obligations by a federal agency or instrumentality of the United States
- Bankers' acceptance notes
- Commercial paper with a stated maturity of 270 days or fewer
- No-load money market mutual funds
- Investment pools
- Guaranteed investment contracts

Investments and Interest Rate Risk

The Township's investments are reported at fair value and include short-term investments in privately managed investment pools. TexPool and TexSTAR are Texas Local Government Investment Pools, which operate in a manner consistent with SEC Rule 2a-7 of the Investment Company Act of 1940 and fully comply with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These investment pools use amortized cost rather than fair value to report net assets and to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR is the same value as the number of shares owned. As of December 31, 2021, the Township had investments with the following maturities and credit quality:

<u>INVESTMENT</u>	<u>FUND</u>	<u>FAIR VALUE</u>	<u>WAM</u>	<u>S&P RATINGS</u>
TexPool	General	\$ 41,507,416	<90 days	AAAm
TexSTAR	General	3,467,180	<90 days	AAAm
TexSTAR**	General	849,735	<90 days	AAAm
TexPool	Debt Service	1,206	<90 days	AAAm
TexPool	Debt Service	158,805	<90 days	AAAm
TexSTAR	Debt Service	110,242	<90 days	AAAm
TexPool	Capital Projects	64,127,638	<90 days	AAAm
TexPool	Capital Projects	780,089	<90 days	AAAm
TexPool	Capital Projects	<u>338,551</u>	<90 days	AAAm
Total investments		<u>\$ 111,340,862</u>		

**Account restricted for health insurance claims contingency fund.

TexPool is an investment pool that is overseen by the State of Texas Comptroller of Public Accounts and operated under the supervision of the Texas Treasury Safekeeping Trust Company. TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791 and the Public Funds Investment Act, Chapter 2256. Funds are managed by J.P. Morgan Investment Management, Inc. and Hilltop Securities, Inc. Funds are held in a separate custodial account at the Federal Reserve Bank.

In accordance with its Investment Policy, the Township manages its exposure to any decline in fair values by limiting the maturity of each investment to a period no longer than one (1) year. Additional authorization is required for periods exceeding ninety (90) days; however, in no event shall the maturity of any individual investment owned by the Township exceed two (2) years, unless otherwise specifically stated in the Investment Policy.

Deposits and Custodial Credit Risk

State statutes require that all the Township's deposits in financial institutions be fully collateralized by depository insurance or by certain government obligations that have a fair value of not less than the principal amount of the deposits. Furthermore, the Township's Investment Policy further restricts the value of such collateral to not less than 110.0% of the principal amount of the uninsured deposit.

At December 31, 2021, the following deposits, including accrued interest as of December 31, 2021, were properly collateralized or insured in accordance with state requirements:

<u>BANK</u>	<u>TYPE</u>	<u>FUND</u>	<u>FAIR VALUE</u>	<u>MATURITY</u>
Spirit of Texas Bank	Certificate of Deposit	General	\$8,001,646	333 days
Origin Bank	Certificate of Deposit	General	\$8,000,000	295 days
Wells Fargo	Demand Deposits	General, Debt Service, Special	\$21,193,577	N/A

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables as of December 31, 2021 for the Township's individual major funds, including allowances for uncollectible accounts, are as follows:

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL</u>
Property tax	\$ 23,235,599		\$ 1,630,093		\$ 24,865,692
Sales tax	6,548,532			\$ 7,058,737	13,607,269
Grant receivable	4,493,708				4,493,708
Hotel occupancy tax			539,393		539,393
Event admissions tax	160,698				160,698
Other receivables	<u>1,127,517</u>				<u>1,127,517</u>
Total receivables	35,566,054		2,169,486	7,058,737	44,794,277
Less: Allowance for uncollectible accounts	<u>(232,356)</u>		<u>(16,301)</u>		<u>(248,657)</u>
Receivables, net	<u>\$ 35,333,698</u>	<u>\$ 0</u>	<u>\$ 2,153,185</u>	<u>\$ 7,058,737</u>	<u>\$ 44,545,620</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue reported in the governmental funds consists of unavailable property tax of \$24,719,753, unavailable grant revenue of \$4,493,708, and unearned property tax revenue of \$24,316,445.

NOTE 5 – PROPERTY TAX

Property taxes are levied by October of each year in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Montgomery County Appraisal District establishes property values. Taxes are levied by the Township based on the appraised values and operating needs of the Township. Montgomery County performs billing and collection of tax levies.

NOTE 6 – SALES TAX

On November 2, 1993, the voters of the Township authorized the Board to levy and collect one percent sales tax within the Township, subject to the applicable provisions of the Texas Tax Code. On November 6, 2007, the voters of the Township authorized the Board to expand the boundaries of the Township in which the base one percent sales tax is collected effective April 1, 2008. In addition, following a public hearing on November 16, 2007, the existing economic development zones were reorganized as the Zone. At that time, the Zone's Board of Directors imposed an incremental one percent sales tax within the boundaries of the expanded Township, but by an order dated March 26, 2008, the Board of Directors of the Zone temporarily excluded the Harris County area from its boundaries. Collections of the incremental sales tax will be used exclusively to fund fire protection services and select improvement projects as approved by the Board of the Township and are recognized in the Special Revenue Fund.

The Township recorded revenue of \$30,169,381 in the General Fund and \$30,597,849 in the Special Revenue Fund from the levy of sales tax for the fiscal year ended December 31, 2021.

NOTE 7 – HOTEL OCCUPANCY TAX

The Township Act (as amended by Senate Bill 26) provides for the assessment of a hotel occupancy tax of up to 7.0% of the price paid for a hotel room and a supplemental tax at a rate of up to an additional 2.0%. By Board order, the Township has imposed the maximum 9.0% tax. As provided by the Township Act, the Township can apply the proceeds from a hotel occupancy tax for any of the Township's purposes and for purposes described by Section 352.1015 of the Texas Tax Code, to the extent considered appropriate by the Board. Generally, proceeds are used for the costs to advertise and promote tourism and costs related to business development and commerce, including financing and operating improvement projects for conventions, trade shows and similar events.

NOTE 8 – EVENT ADMISSIONS TAX

The Township's enabling legislation provides for the imposition of an event admissions tax on the price of admission to certain events. By Board order, effective January 1, 2011, a 5.0% tax has been assessed on the price of tickets sold for events at The Cynthia Woods Mitchell Pavilion (the Pavilion). Under the terms of an agreement with The Center for the Performing Arts at The Woodlands (the Center), 90.0% of the taxes collected are remitted to the Center to be used for certain costs related to the operations of the Pavilion. The remaining 10.0% is to be used by the Township for promotion, funding or support of cultural events held elsewhere in the Township. This agreement is in effect through December 31, 2030.

NOTE 9 – GRANT REVENUE

The Township was awarded grants to provide public transportation service for the general Woodlands/Conroe urbanized area. The grants provide for planning, operations, and upkeep of facilities. The Township was also awarded grants to provide for additional services and supplies needed to encourage safety and facilitate efforts to educate and protect its residents in the face of the world-wide pandemic declared in March 2020, by the Director-General of the World Health Organization related to the global outbreak of the new coronavirus COVID-19 and the related national emergency declared in the United States. The Township recognized grant revenues of approximately \$6.1 million.

As approximately \$4.5 million is not expected to be collected within 60 days, this amount has not been recognized in the fund financial statements.

The Township's government grants require fulfillment of certain conditions as set forth in grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by the Township with the terms of the contracts. Management believes such disallowances, if any, would not be material to the Township's financial position.

NOTE 10 – CAPITAL ASSETS

The Township's investment in capital assets at December 31, 2021 consists of the following:

	BALANCE JANUARY 1, 2021	ADDITIONS	COMPLETIONS/ DISPOSALS	BALANCE DECEMBER 31, 2021
Depreciable capital assets:				
Parks and pathways	\$ 180,615,310	\$ 882,881	\$ (170,915)	\$ 181,327,276
Buildings	54,474,693	406,250		54,880,943
Equipment	47,663,150	3,072,213	(598,385)	50,136,978
Depreciable capital assets, at cost	282,753,153	4,361,344	(769,300)	286,345,197
Accumulated depreciation:				
Parks and pathways	109,254,941	6,757,920	(170,760)	115,842,101
Buildings	20,216,427	2,056,622		22,273,049
Equipment	29,126,943	4,458,691	(594,187)	32,991,447
Accumulated depreciation	158,598,311	13,273,233	(764,947)	171,106,597
Total depreciable capital assets, net	124,154,842	(8,911,889)	(4,353)	115,238,600
Nondepreciable capital assets:				
Land	77,938,681	1,219,464		79,158,145
Construction in progress	6,373,360	2,113,656		8,487,016
Sculpture and art	1,202,728			1,202,728
Total nondepreciable capital assets	85,514,769	3,333,120		88,847,889
Total capital assets, net	\$ 209,669,611	\$ (5,578,769)	\$ (4,353)	\$ 204,086,489

For the year ended December 31, 2021, depreciation expense was charged to the following functions:

Parks and recreation	\$ 7,312,569
Public safety	2,678,779
Transportation	2,301,003
General and administrative	967,180
Economic development	11,577
Community relations	2,125
Total depreciation expense	\$ 13,273,233

In May 2008, the Township assumed management, maintenance, and operational responsibilities of The Woodlands Waterway (the Waterway) in accordance with the Waterway Maintenance, Use and Operations Agreement, between The Woodlands Land Development Company, L.P. (the Development Company) and the Township. Additionally, the Township assumed the responsibility from the Woodlands Community Associations for the mutual development of certain public areas in conjunction with the Development Company. From time to time, the Waterway and various other areas that have been developed are conveyed to the Township by special warranty deed and fee transfers. Conveyances are recorded at the cost of the project provided by the Development Company which approximates acquisition value.

NOTE 11 – CAPITAL PROJECTS AND COMMITMENTS

As of December 31, 2021, the Township had the following commitments:

PROJECT	AMOUNT AUTHORIZED	SPENT TO DATE	REMAINING COMMITMENT
Parks and pathways improvements	\$11,500,000	\$9,232,269	\$2,267,731

In 2007, the Township executed Regional Participation Agreements (RPAs) with the City of Houston and the City of Conroe. Each agreement established a regional participation fund or escrow account for mutually beneficial projects within the applicable region; defined payment terms, eligible projects, accounting for deposits, annexation deferral terms, as well as other contractual terms and conditions; and provided an initial list of new improvement projects or those which will enhance existing public works. The RPAs require the Township to remit periodic deposits for an unlimited duration into each regional participation fund in the amount of 1/16th of one percent of the sales tax collections from within the boundaries of the Township in each of the city's extra-territorial jurisdiction. In 2021, the Township remitted \$1,804,789 to the funds. This amount is included in the expenditures for economic development.

NOTE 12 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables as of December 31, 2021 are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Special Revenue	\$ 6,511,349
General	Debt Service	643,066
General	Capital Projects	4,309,930
Capital Projects	General	24,498,521
Special Revenue	General	143,499
Debt Service	General	2,217,415
Total interfund receivables and payables		<u>\$ 38,323,780</u>

\$6,511,349 due to the General Fund from the Special Revenue Fund is for sales tax revenue to be transferred. \$643,066 due to the General Fund from the Debt Service Fund is for hotel occupancy tax (HOT) revenue to be transferred. \$24,498,521 due to the Capital Projects Fund from the General Fund is for designated capital reserves (\$21,741,801) and for reimbursement of disbursements made from the General Fund for Capital Projects (\$2,756,720). \$2,217,415 due to the Debt Service Fund from the General Fund is for property tax revenue to be transferred. All interfund balances are subject to collection in the subsequent year.

The related General Fund receivable and interest income, and Special Revenue Fund liability and interest expense for Town Green Park and Waterway Square expenditures are recorded in the fund financial statements only. The related interfund activity has been eliminated from the government-wide financial statements.

Interfund transfers for the year ended December 31, 2021 are as follows:

<u>TRANSFER OUT</u>	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL</u>
Special Revenue	\$ 28,365,477				\$ 28,365,477
Capital Projects	3,762,944				3,762,944
General		\$ 16,287,413			16,287,413
Debt Service	443,400	1,837,767			2,281,167
Total	<u>\$ 32,571,821</u>	<u>\$ 18,125,180</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,697,001</u>
Transfers in	\$ 32,571,821	\$ 18,125,180			\$ 50,697,001
Transfers out	<u>(16,287,413)</u>	<u>(3,762,944)</u>	<u>\$ (2,281,167)</u>	<u>\$ (28,365,477)</u>	<u>(50,697,001)</u>
Total	<u>\$ 16,284,408</u>	<u>\$ 14,362,236</u>	<u>\$ (2,281,167)</u>	<u>\$ (28,365,477)</u>	<u>\$ 0</u>

Transfers out for the year ended December 31, 2021 from the General Fund to the Capital Projects Fund were \$788,776 for capital projects and \$15,498,637 for capital reserves. Transfers from the Capital Projects Fund of \$3,762,944 to the General Fund were for Board specified initiatives. Transfers from the Special Revenue Fund to the General Fund of \$28,365,477 represent sales tax collections in the expanded Zone which are designated for fire protection services. Transfers out of the Debt Service Fund to the General Fund were to reimburse debt service costs paid by the General Fund.

NOTE 13 – ECONOMIC DEVELOPMENT ZONE PROJECTS

Created in November 2007 by resolution of the Township's Board, the Zone's boundaries overlay the expanded boundaries of the Township within Montgomery County in its entirety.

By agreement, the Township and the Zone have agreed that: 1) the Zone will pay the Township all net proceeds derived from the collection of a one percent sales tax within the Zone, 2) all amounts received from the Zone by the Township will be applied solely for the improvement projects described below, and 3) in consideration of the payments between entities, the Township will make staff available and provide administrative support at no cost to the Zone.

As noted, future sales tax revenue collections for the Zone have been committed for specific projects to the extent of actual collections. All Zone activity for the year is included in the Special Revenue Fund. The terms and obligations of repayment to third-party developers (net revenue payments) and the Township (priority payments) for each project are outlined below. In accordance with each financing plan, payments are contingent upon the actual receipt of sales tax collections within the Zone.

Town Green Park

Approved in November 2002, project costs include public enhancements to the mixed-use development located at Market Street within the boundaries of the Township and the development of Town Green Park. Approved reimbursable public enhancement costs of \$10.6 million for the Market Street project include, among other items, improvements to parking facilities, public art and architectural elements, public restrooms, and public plazas. Approved project costs for Town Green Park were \$4,336,823.

The approved financing plan has a term that began in 2005 and is not to exceed thirty years or until the repayment of all project costs, whichever occurs first. The assessed 1.0% incremental sales tax collected within the boundaries of the project, along with any interest earnings, are allocated to the payment of project costs as identified in the financing plan as follows: 1) the first \$200,000 of annual collections are reimbursed to the Township as a priority payment and applied to Town Green Park project costs, not to exceed \$4,336,823, plus interest, and 2) annual collections in excess of the priority payment are reimbursed to the Market Street developer and applied to public enhancement costs, not to exceed \$10,600,000, plus interest. During the 24th annual period or fiscal year 2028, the Township's priority payment for subsequent annual periods will be recalculated to fully amortize the outstanding unpaid project costs for the Town Green Park project, and then to the remaining unamortized balance for the Market Street project.

Payments to the Market Street developer are recorded as economic development expenditures in the tax increment fund for the project. As of December 31, 2021, aggregate net revenue payments, including interest to the developer, totaled \$16,971,508 and priority payments to the Township totaled \$3,200,000.

Waterway Square

Approved in July 2003 and amended in October 2004, project costs include public enhancements to the mixed-use development located at The Woodlands Mall expansion (the Mall Expansion) within the boundaries of the Township and a portion of the development costs of Waterway Square. Approved reimbursable public enhancement costs of \$7,499,111 for the Mall Expansion project include, among other items, costs for utility relocations, landscaping, signage, paving and sidewalks, lighting improvements, and related engineering, surveying, and other soft costs. Approved project costs for the Waterway Square project were \$4,343,164.

The approved financing plan has a term that began in 2004 and is not to exceed thirty years or until the repayment of all project costs, whichever occurs first. The assessed 1.0% incremental sales tax collected within the boundaries of the project, along with any interest earnings, are to be used to pay project costs identified in the financing plan as follows: 1) the first \$350,000 of annual collections are reimbursed to the Township as a priority payment and applied to the Waterway Square project costs, not to exceed \$4,343,164, plus interest, and 2) annual collections in excess of the priority payment are reimbursed to the developer of the Mall Expansion project and applied to public enhancement costs, not to exceed \$7,499,111, plus interest. Payments to the Mall Expansion developer are recorded as capital outlay in the tax increment fund for the project. As of December 31, 2021, aggregate net revenue payments, including interest to the developer, totaled \$11,528,490 and priority payments to the Township totaled \$6,300,000.

Community Fire Protection Services

Beginning in 2008, a portion of the sales tax collections from within the Zone, after allowance for the projects noted above, are committed to community fire protection. The amount funded in 2021 from the Zone and the expanded boundaries was \$28,365,477.

NOTE 14 – LONG-TERM LEASE RECEIVABLE

Capital Lease – Convention Center, Sky Bridge and Parking Garage

The Township leases the Convention Center, sky bridge and a portion of the adjacent parking garage (500 spaces) for a term of 99 years to Inland American Lodging Woodlands, GP, L.L.C. These facilities were constructed by the Township with bond proceeds in 2001.

The Township reports the Convention Center lease as a capital lease based on the lease terms and the requirements of generally accepted accounting principles. The related capital assets are restricted under the terms of the Convention Center lease and, as such, the historical cost associated with the leased assets, including the land, has not been recorded by the Township.

Beginning in 2003, the Township recorded and began to amortize the future minimum lease payments under the Convention Center lease over the 99-year lease term. Rental payments under the lease commenced on January 1, 2005. Annual base rental amounts under the lease are equal to the annual base rental for the preceding year increased or decreased based on the change in the Consumer Price Index for All Urban Consumers (CPI-U) in Houston-Galveston-Brazoria, Texas.

The Convention Center lease will generate \$8,000,000 in total remaining lease payments over the term of the lease. The future minimum lease payments are \$1,863,355 at a rate of 5.2791%, without adjustment for future changes in the CPI-U, as described above. The amortization of the future minimum lease payments received under the Convention Center lease is shown below:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 1,632	\$ 98,368	\$ 100,000
2023	1,718	98,282	100,000
2024	1,808	98,192	100,000
2025	1,904	98,096	100,000
2026	2,004	97,996	100,000
2027-2031	11,726	488,274	500,000
2032-2036	15,165	484,835	500,000
2037-2041	19,614	480,386	500,000
2042-2046	25,367	474,633	500,000
2047-2051	32,808	467,192	500,000
2052-2056	42,432	457,568	500,000
2057-2061	54,879	445,121	500,000
2062-2066	70,977	429,023	500,000
2067-2071	91,797	408,203	500,000
2072-2076	118,724	381,276	500,000
2077-2081	153,550	346,450	500,000
2082-2086	198,591	301,409	500,000
2087-2091	256,845	243,155	500,000
2092-2096	332,186	167,814	500,000
2097-2101	<u>429,628</u>	<u>70,372</u>	<u>500,000</u>
Total	<u>\$ 1,863,355</u>	<u>\$ 6,136,645</u>	<u>\$ 8,000,000</u>

The Township has retained all debt associated with building the leased facilities. Township management expects the additional activities related to the Convention Center lease to benefit the Township generally through expanded economic development. At December 31, 2021, the principal amount of the Township's remaining debt on bonds issued to construct the leased facilities was \$14,750,000.

Operating Lease – Parking Garage

On February 1, 2003, the Township and the Pavilion entered into a long-term lease whereby the Pavilion leases a portion of the Convention Center parking garage for a term of 20 years. Consideration for the Pavilion lease was received by the Township prior to construction of the Convention Center parking garage in the amount of \$3,550,000. The Township's costs for these facilities and related depreciation are shown below:

<u>CATEGORY</u>	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Land	\$835,713		\$835,713
Buildings (Garage)	\$3,100,814	\$1,407,643	\$1,693,170

The Township reports this lease as an operating lease based on the lease terms and requirements of generally accepted accounting principles. Accordingly, a portion of the land and facility costs noted above are recorded in the Township's capital assets. The consideration received in advance of the construction is reported as unearned revenue and is being amortized over the term of the lease. Revenue recognized each year is \$177,500.

NOTE 15 – LONG-TERM LIABILITIES

The following is a summary of the Township's long-term liabilities for the year ended December 31, 2021:

	<u>BALANCE DECEMBER 31, 2020</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DECEMBER 31, 2021</u>	<u>PAYABLE WITHIN ONE YEAR</u>
Revenue bonds	\$ 16,805,000		\$ (2,055,000)	\$ 14,750,000	\$ 2,160,000
General obligation bonds	28,220,000	\$ 7,275,000	(10,440,000)	25,055,000	2,435,000
Compensated absences	1,211,257	4,149,397	(4,189,353)	1,171,301	1,171,301
Unearned financing premium	4,154,371	1,122,331	(551,477)	4,725,225	619,657
Unearned revenue related to operating lease	<u>443,750</u>	<u></u>	<u>(177,500)</u>	<u>266,250</u>	<u>177,500</u>
Total	<u>\$ 50,834,378</u>	<u>\$ 12,546,728</u>	<u>\$ (17,413,330)</u>	<u>\$ 45,967,776</u>	<u>\$ 6,563,458</u>

The following table displays the total principal debt outstanding by issuance as of December 31, 2021:

<u>DESCRIPTION</u>	<u>ISSUANCE DATE</u>	<u>INTEREST RATES</u>	<u>FINAL MATURITY DATE</u>	<u>OUTSTANDING PRINCIPAL AMOUNT</u>
Series 2012 Unlimited Tax Bonds	February 1, 2012	1.75%-3%	March 1, 2032	\$260,000
Series 2019 Refunding General Obligation Bonds	December 17, 2019	1.18%-1.19%	March 1, 2030	\$14,750,000
Series 2019 Refunding Unlimited Tax Bonds	December 17, 2019	5%	March 1, 2027	\$17,520,000
Series 2021 Refunding Unlimited Tax Bonds	August 17, 2011	1%-4%	March 1, 2032	\$7,275,000

Annual debt service requirements to maturity are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 4,595,000	\$ 1,534,110	\$ 6,129,110
2023	4,670,000	1,294,950	5,964,950
2024	4,840,000	1,129,875	5,969,875
2025	5,005,000	951,250	5,956,250
2026	5,200,000	758,650	5,958,650
2027-2031	14,795,000	1,236,275	16,031,275
2032	700,000	10,500	710,500
Total	<u>\$ 39,805,000</u>	<u>\$ 6,915,610</u>	<u>\$ 46,720,610</u>

At December 31, 2021, the Township had \$1,035,000 of authorized, but unissued unlimited tax bonds.

During the year ended December 31, 2021, proceeds from the 2021 Refunding Unlimited bond offerings were used to defease the 2010 Revenue and General Obligation Bonds. Additionally, reserve funds were used to defease the Series 2010 Sales Tax and Hotel Occupancy Tax Bonds. Because the funds have been deposited with an escrow agent to repay these obligations, the related liabilities have been removed from the statement of financial position. All bonds are collateralized by future revenue. The par amount of the defeased debt was \$8,130,000. The net present value of the savings realized is \$827,687.

NOTE 16 – SIGNIFICANT PROVISIONS OF THE TOWNSHIP ACT

The Township's enabling legislation (the Act) is amended from time to time. Certain provisions of the Act in effect as of December 31, 2021 are summarized below.

General and Specific Powers of the Township

The services, projects, and improvements provided by the Township are accomplished under the powers conferred by the Act, Chapter 289, Acts of the 73rd Legislature of the State of Texas, Regular Session, 1993 and as thereafter amended. The Township will not act as the agent of any private interests, although many private interests will be benefitted by the Township as will the general public. The Township's Board has the authority to: 1) levy, assess, and apply taxes, fees, and charges for the Township's authorized purposes, 2) add territory on its own motion and without petitions, only after notice and public hearing, and subject to a confirmation election, 3) after public hearing, adopt certain rules and regulations, punishable by fines or penalties consistent with those under Section 54.001, Local Government Code and enforce the same, 4) engage in activities accomplishing transportation and traffic movement purposes, including but not limited to mass transportation, parking, pedestrian movement, rail systems, traffic movement and transit terminal, create an economic development zone on its own motion or upon receipt of a petition of property owners and exercise economic development powers of Chapter 380, Texas Local Government Code, 5) borrow money or issue bonds for the corporate purposes of the Township, 6) undertake separately or joint improvement projects for the Township, 7) contract off-duty peace officers for special event, holiday, or traffic congestion public safety services, 8) contract with any person, entity, or other political subdivision for the accomplishment of any of the Township's purposes with limited exceptions for public safety personnel, and 9) dissolve the Township at any time upon the repayment, discharge, or assumption by other governmental entity of any outstanding indebtedness or contractual obligations.

In addition, the Township's Board may call elections for incorporation as a municipality or the release from the extraterritorial jurisdiction of a municipality; adoption of another form of local government; authorize or discontinue the levy of taxes; authorize the issuance of bonds or other indebtedness; election of directors or reorganization of the Board; or the addition or exclusion of territory.

The Township's powers and authority are limited, in that it: 1) may not directly employ peace officers, 2) may not directly employ any fire protection personnel before January 1, 2012, and 3) may not impose an impact fee or assessment on a single family residential property or a residential duplex, triplex, quadruplex, or condominium.

SB 1014 (Creighton/Keogh) and SB 1015 were passed during the 85th Legislature, Regular Session. SB 1014 (Creighton/Keogh) provided clarifications to the Township's creation legislation. This bill (1) provided a number of clarifications to the district's creation legislation; (2) modified the procedure for filling vacancies on the Township's Board; (3) provided procedures for the calling and holding of an incorporation election over the territory of the Township; (4) provided procedures for the transfer of assets, liabilities, powers, obligations and functions of the Township to the new city; (5) provided procedures for dissolution of the Township; (6) codified a reference to the Township's enabling Act in Chapter 11011 of the Special District Local Laws Code; and (7) specified certain provisions of the enabling Act that remain applicable to the new city in the event of incorporation and dissolution of the Township (effective immediately).

SB 1015 pertained to the Township's procedures for incorporation. This bill amended Section 43.0754, Local Government Code, to provide the procedures and mechanics to incorporate an area subject to a regional participation agreement irrespective of population and geographic limitations (applicable to the Township only) (effective June 9, 2017).

Board of Directors

The Act requires that each director appointed or elected take the oath of office prescribed by the constitution for public officers and execute a bond for \$10,000 payable to the Township and conditioned upon the faithful performance of duties. All bonds of the directors shall be approved by the Board. Qualifications to serve as a director include: 1) a person at least 18 years of age, and 2) a resident of the Township. Directors are not compensated for service on the Board.

Bonded Indebtedness

The Act authorizes the Township to issue bonds in accordance with specific sections of the Texas Local Government Code. Bonds issued by the Township for the primary purpose of providing water, sewage or drainage facilities must be approved by the Texas Commission on Environmental Quality in the manner provided by Chapter 49 of the Texas Water Code. Bonds issued by the Township may be secured and made payable, wholly or partly, by a pledge of any part or combination of the net proceeds of a specified portion, but not more than 0.5% of the sales tax, the hotel occupancy tax, an ad valorem tax, or any contracted revenues or proceeds including those from the Zone.

Other Provisions

The Township may contract with area municipalities, other political subdivisions, corporations and individuals to achieve its purposes. Contracts for security services and interlocal contracts with area municipalities and other political subdivisions for law enforcement assistance within the Township have been entered into by the Township. In addition, following a public hearing, the Township may adopt and enforce rules and regulations related to real property owned by the Township or any real property in which the Township has an interest. All fines or other penalties collected for a violation of a Township rule are remitted to Montgomery County.

For purposes of open meetings and public records laws, the Township is considered a municipal utility district. In addition, competitive bids for construction work or the purchase of material or equipment are required for expenditures greater than \$25,000.

NOTE 17 – POSTEMPLOYMENT BENEFITS

All Township employees participate in Social Security. The Township contributes 6.2% of eligible wages paid. In 2021, the Township paid \$2,488,581 for Social Security benefits of its employees.

Deferred Compensation Plan

The Township maintains, for its employees, a tax-deferred compensation plan that meets the requirements of Internal Revenue Code Section 457. The plan was originally established by the Township in 2000 and restated in January 2010. Principal Life Insurance Company (Principal) provides administrative, recordkeeping and investment services

to the plan and Principal Trust Company serves as the Directed Trustee. The Township serves as the plan administrator. Participants may contribute up to 85.0% of their compensation to the plan subject to Internal Revenue Code limits. Payments from the plan are not available to employees until termination, retirement, death, or unforeseen emergency. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed bi-weekly by the Township to Principal. Principal handles all funds in the plan and processes the investment decisions made by participants and disburses funds to participants in accordance with plan provisions. Employees contributed \$1,579,708 to the Section 457 plan in 2021.

Defined Contribution Plan

The Township maintains, for its employees, a defined contribution plan that meets the requirements of Internal Revenue Code Section 401(a). The plan was established under its current provisions on January 1, 2010. Principal provides administrative, recordkeeping and investment services to the plan and Principal Trust Company serves as the Directed Trustee. The Township may make a discretionary matching contribution to the plan at a rate that it determines annually. For eligible employees hired before January 1, 2018, the Township provides a two for one match of employee contributions up to 14% of the employee's salary. For employees hired on or after January 1, 2018, the match is one for one up to 14% of the employee's salary. For the year ended December 31, 2021, the Township's contributions to this plan totaled \$1,598,947. The plan is fully funded on a current basis.

Other Postemployment Benefits

Plan Description – The Township's OPEB plan is a self-administered, single employer defined benefit healthcare plan that covers certain retired employees of the Township. Employees of the Township and its component unit, whose age plus years of service is at least 75 with a minimum of 10 years of service, are eligible for a medical subsidy for those who chose to remain enrolled in the Township's self-insured medical plan. The Township provides a 50.0% subsidy of the employee-only premium up to a maximum of \$300 per month toward all tiers of coverage. Additionally, the plan provides a Health Reimbursement Account (HRA) benefit of \$1,500 for those retirees selecting single coverage and \$3,000 for those retirees selecting coverage for themselves and their dependents. Eligibility for the Retiree Medical Plan contributions ends when the retiree becomes eligible for Medicare. The Township contracts with an actuarial consultant to provide an actuarial valuation of the Township's OPEB liability under GASB Statement No. 75. The most recent OPEB liability actuarial valuation was completed in January 2022 for the year ended December 31, 2021. A copy of the report may be obtained by contacting the Director of Finance of the Township. The actuarial valuation covering the year ended December 31, 2021 includes 17 retired employees receiving benefits, 54 retirees (fully eligible employees), and 325 active employees who are not fully eligible.

Funding Policy – GASB Statement No. 75 does not require the prefunding of postemployment benefit liabilities. The Township currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. Historically, benefits related to the Other Postemployment Benefits (OPEB) liability have been paid from the General Fund of the Township. There are no stand-alone financial statements for the plan.

The following outlines total and net OPEB liabilities as of December 31, 2021:

OPEB liability:

Actives	\$ 3,217,779
Retirees	<u>243,584</u>
Total OPEB liability	<u>\$ 3,461,363</u>
Covered employee payroll	<u>\$ 29,529,834</u>
OPEB liability as a percentage of covered payroll	11.7%

Total OPEB expense for the year ended December 31, 2021 is as follows:

Service cost	\$ 47,122
Interest cost	20,356
Changes in assumptions or other inputs	<u>167,574</u>
Total OPEB expense	<u>\$ 235,052</u>

Deferred outflows and deferred inflows of resources related to changes in assumptions were recognized at December 31, 2021 in the amounts of \$2,207,152 and \$(89,992), respectively. Deferred outflows related to differences between actual and estimated experience were recognized at December 31, 2021 in the amount of \$249,792.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ 167,574
2023	167,574
2024	167,574
2025	167,574
2026	167,574
Thereafter	<u>1,529,082</u>
Total	<u>\$ 2,366,952</u>

Actuarial Methods and Assumptions – Actuarial valuations include projections based on the substantive plan as understood by the employer and eligible employees and include the type of benefits in force at the date of the valuation and the understood cost sharing arrangements between the Township and eligible employees. The actuarial valuation date was December 31, 2021, and utilized the projected Entry Age Normal Cost Method. It was assumed that postemployment benefits would continue to be paid from general assets of the Township. The valuation results were developed assuming a discount rate of 2.06% and assumed a healthcare cost trend rate of 7.0% for the year ended December 31, 2021 and grading down by 0.25% each year to a 4.0% healthcare cost trend rate. The Medical Consumer Price Index is assumed to increase at a rate of 3.0% each year. The remaining closed amortization period is considered to be 15.2 years beginning January 1, 2021. The valuation assumes that 40.0% of future retirees will participate and enroll under this plan. Actual participation results will be monitored in the future as data becomes available to evaluate this assumption. Health claim costs were developed using 24 months of historical claims experience. Employee salary assumptions are not applicable to the valuation.

Sensitivity of the OPEB liability to the changes in the discount rate:

	<u>1% DECREASE</u>	<u>CURRENT DISCOUNT RATE</u>	<u>1% INCREASE</u>
Percentage	1.06%	2.06%	3.06%
Net pension (asset) liability	<u>\$ 3,943,000</u>	<u>\$ 3,461,000</u>	<u>\$ 3,047,000</u>

Sensitivity of the OPEB liability to the changes in the healthcare cost trend rate:

	<u>1% DECREASE</u>	<u>CURRENT DISCOUNT RATE</u>	<u>1% INCREASE</u>
Percentage	6.0%	7.0%	8.0%
Net pension (asset) liability	<u>\$ 3,072,000</u>	<u>\$ 3,461,000</u>	<u>\$ 3,942,000</u>

The Woodlands Firefighters' Retirement System

Firefighters in The Woodlands Fire Department created The Woodlands Firefighters' Retirement System (the System) effective January 1, 2015, which provides firefighters and their beneficiaries certain retirement, disability, and survivor benefits. The System was established pursuant to Section 3(e) and Section 4 of the Texas Local Fire Fighters Retirement Act (the TLFFRA), as revised. All assets of the plan are held in a trust that is maintained and administered by the Board of Trustees of the System for the exclusive purpose and benefit of all the members, retirees, and beneficiaries of the System. The Township does not have access to, nor can it utilize, the assets within the plan. The System plan is a single employer defined benefit pension plan.

Plan benefits are as follows: Normal retirement benefits are available upon attainment of age 52 and 20 years of credited service. Benefits accrued are 2.5% of average final compensation times credited service for the first 20 years, plus 3.0% of average final compensation times credited service thereafter. Members will only be vested in an annuity benefit upon attaining normal retirement eligibility. Disability benefits are available if total and permanent disability is determined by the Board. Disability benefits are 2.0% of average final compensation times credited service, but not less than 50.0% of average final compensation. Pre-retirement death benefit is available based on 75.0% of the member's accrued benefit at date of death (utilizing at least 20 years of service). During 2018, the System was amended to add a Deferred Retirement Option Program (DROP). A member is eligible for this program after the attainment of age 52 and 20 years of credited service if an election to participate is made while the member is still in active service. Once the DROP is elected, the member is treated as if he or she has retired as of the elected date, although the member will continue to work, and his or her monthly annuity benefit is calculated as of the date of the election. The benefit will be deferred and will commence at the time of the member's actual retirement from the Township Fire Department.

In the December 31, 2021 actuarial valuation, there were 144 active participants, 4 inactive participants not yet receiving benefits, and 2 beneficiaries of participants receiving benefits in the plan.

The contribution provisions of the System are authorized by the TLFFRA. The TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the Township. The funding policy of the System requires contributions equal to 12.0% of pay from each firefighter. The rate was elected by the firefighters according to the TLFFRA. The Township currently contributes 12.0% of pay for each active firefighter. There is an unwritten agreement between the Township and the System's Board of Trustees that the Township's contribution rate will neither increase nor decrease. The actuarial valuation includes the assumption that both the participants' and the Township's contribution rates will remain at 12.0%.

Contribution requirements are not required to be actuarially determined; however, TLFFRA requires that each change in plan benefits be first approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed Township contributions provide an adequate contribution arrangement to support the proposed change. At January 1, 2022, the total normal cost rate is 21.3% of normal payroll.

The Township's net pension asset was measured at December 31, 2021 and 2020, and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of that date.

	<u>2021</u>	<u>2020</u>
System fiduciary net position	\$ 63,441,626	\$ 52,690,572
Total pension liability	<u>(49,058,629)</u>	<u>(44,985,132)</u>
Net pension asset (liability)	<u>\$ 14,382,997</u>	<u>\$ 7,705,440</u>
System fiduciary net position as a percentage of total pension liability	129.3%	117.1%

The total pension liability in the January 1, 2021 valuation was determined using the following actuarial assumptions:

Investment rate of return: 7.0%
Salary increases: 4.0% to 11.5% based on years of service
Inflation: 2.5%
Discount rate: 7.0%
Mortality rate: PubS-2010 using scale MP-2021

The date of the most recent experience study for which significant assumptions are based upon is not available.

The System's fiduciary net position reported above is the same as reported by the fund. Detailed information about the System's net position is available in the System's separately issued audited financial statements, which are reported using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when due. Benefits paid and contribution refunds are recognized when due and payable. Investments are reported at fair value. The System's audited financial statements may be obtained by writing Jennifer Hanna, Plan Administrator, P. O. Box 1250, Conroe, Texas, 77305.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED RATE OF RETURN</u>
Equities	70%	7.5%
Fixed-income	10%	2.5%
Alternatives	10%	4.5%

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that the Township contribution would equal 12% of payroll and that member contributions would equal 12.0% of total contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of this valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 2.74% (based on the weekly rate closest to, but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 7.0%. Changes in net pension assets are as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION (ASSET) LIABILITY
Balance as of January 1, 2019	\$ 39,546,188	\$ 42,315,851	\$ (2,769,663)
Changes:			
Service cost	2,662,746		2,662,746
Interest	2,948,592		2,948,592
Contributions – employer		1,502,558	(1,502,558)
Contributions – employee		1,502,558	(1,502,558)
Net investment income		7,603,615	(7,603,615)
Benefit payments, including refunds of employee contributions	(172,394)	(172,394)	
Administrative expense		(61,616)	61,616
Balance as of December 31, 2020	44,985,132	52,690,572	(7,705,440)
Changes:			
Service cost	2,609,704		2,609,704
Interest	3,320,570		3,320,570
Changes in assumptions	(30,133)		(30,133)
Experience	(1,510,387)		(1,510,387)
Contributions – employer		1,472,627	(1,472,627)
Contributions – employee		1,472,627	(1,472,627)
Net investment income		8,195,506	(8,195,506)
Benefit payments, including refunds of employee contributions	(316,257)	(316,257)	
Administrative expense		(73,449)	73,449
Balance as of December 31, 2021	<u>\$ 49,058,629</u>	<u>\$ 63,441,626</u>	<u>\$ (14,382,997)</u>

Sensitivity of the net pension liability to the changes in the discount rate:

	1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
Percentage	6%	7%	8%
Net pension (asset) liability	<u>\$ (\$7,047,942)</u>	<u>\$ (14,382,997)</u>	<u>\$ (20,468,441)</u>

For the year ended December 31, 2021, the Township recognized pension expense of \$(1,342,591). At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to the System are as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 717,504	\$ 2,258,851
Changes in assumptions	1,456,927	27,621
Net difference between projected and actual earnings on investments		7,174,734
Total	<u>\$ 2,174,431</u>	<u>\$ 9,461,206</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (1,824,108)
2023	(2,687,963)
2024	(1,799,111)
2025	(890,208)
2026	(6,664)
Thereafter	<u>(78,721)</u>
Total	<u>\$ (7,286,775)</u>

At December 31, 2021, the Township reported a payable of \$11,150 for the outstanding amount of contributions of the System contractually required for the year ended December 31, 2021.

NOTE 18 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance carriers and through Texas Municipal League's Intergovernmental Risk Pool (TML-IRP). The participation of the Township in TML-IRP is limited to payment of premiums for real and personal property, errors and omissions, general liability, and workers' compensation coverage. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Litigation – The Township is a defendant in various lawsuits arising in the normal course of its operations which, in the opinion of management, will not have a material adverse impact on the Township's financial position.

Health Benefits – Effective January 1, 2011, the Township established a self-insurance program for its employees' health benefits. Under this program, the Township is responsible for aggregate claims of \$105,000 per person per year. The Township maintains third-party insurance coverage for any losses in excess of such amounts. The change in the balance of claims liability during the past two years is as follows:

Balance at December 31, 2019	\$ 222,353
Claims incurred	5,119,013
Claims paid	(6,377,097)
Third-party reimbursement of claims made in excess of \$105,000	<u>1,274,113</u>
Balance at December 31, 2020	238,382
Claims incurred	5,177,047
Claims paid	(6,082,189)
Third-party reimbursement of claims made in excess of \$105,000	<u>865,760</u>
Balance at December 31, 2021	<u>\$ 199,000</u>

The liability for incurred, but not paid liabilities was calculated based on historical trends and known outstanding claims and includes related administrative costs.



REQUIRED SUPPLEMENTARY INFORMATION

The Woodlands Township

Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
Year Ended December 31, 2021

Plan information in accordance with the requirements of GASB Statement No. 75:

	<u>2021**</u>	<u>2020**</u>	<u>2019*</u>	<u>2018*</u>
Changes in total OPEB liability:				
Beginning OPEB liability	\$ 935,084	\$ 824,212	\$ 775,774	\$ 815,733
Service cost	47,122	40,895	42,468	40,800
Interest cost	20,356	23,365	33,080	28,702
Changes in assumptions	2,502,804	71,381	(8,210)	(65,108)
Benefit payments	<u>(44,003)</u>	<u>(24,769)</u>	<u>(18,900)</u>	<u>(44,353)</u>
Total OPEB liability	<u>\$ 3,461,363</u>	<u>\$ 935,084</u>	<u>\$ 824,212</u>	<u>\$ 775,774</u>
Covered employee payroll	\$29,529,834	\$26,787,000	\$25,880,969	\$24,471,000
OPEB liability as a percentage of covered payroll	11.7%	3.5%	3.2%	3.2%

Notes to Schedule:

There are no assets in a trust or segregated assets to pay related benefits. The plan is funded on a pay-as-you-go basis; accordingly, benefit payments are equal to employer contributions.

Measurement Date:	December 31, 2021
Funding:	The plan is an unfunded plan
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Amortized over the maximum period of 15.2 years, prior to 2021 period was 13.1 years
Remaining Amortization Period:	10.1 years
Discount Rate:	2.06%
Healthcare Cost Trend Rate:	7.0% grading down annually 0.25% to 4.0%, 5.5% at December 31, 2021
Salary Increases:	Not applicable to the valuation
Retirement Age:	Years of service and age at retirement must equal 75 (Rule of 75)
Mortality:	*RP-2014 generational table scaled using MP-2017 and applied on a gender specific basis **PubS-2010 generational table scaled using MP-2020 and applied on a gender specific basis

The information in this schedule has been determined as of the Township's most recent fiscal year end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB Statement No. 75, only periods for which such information is available are presented.

The Woodlands Township

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
The Woodlands Firefighters' Retirement System
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pension liability:						
Service cost	\$ 2,609,704	\$ 2,662,746	\$ 2,432,667	\$ 2,313,411	\$ 2,339,052	\$ 2,231,125
Interest	3,320,570	2,948,592	2,514,662	2,010,932	2,014,981	1,689,051
Changes in benefit terms				(1,968,668)		
Difference between expected and actual experience	(1,510,387)		430,210	(208,947)	(535,534)	632,469
Changes in assumptions	(30,133)		749,231	1,215,535		
Benefit payments, including refunds of employees' contributions	<u>(316,257)</u>	<u>(172,394)</u>	<u>(143,323)</u>	<u>(64,412)</u>		<u>(8,867)</u>
Net change in pension liability	4,073,497	5,438,944	5,983,447	3,297,851	3,818,499	4,543,778
Pension liability, beginning of year	<u>44,985,132</u>	<u>39,546,188</u>	<u>33,562,741</u>	<u>30,264,890</u>	<u>26,446,391</u>	<u>21,902,613</u>
Pension liability, end of year	<u>\$ 49,058,629</u>	<u>\$ 44,985,132</u>	<u>\$ 39,546,188</u>	<u>\$ 33,562,741</u>	<u>\$ 30,264,890</u>	<u>\$ 26,446,391</u>
Plan fiduciary net position:						
Contributions – employer	\$ 1,472,627	\$ 1,502,558	\$ 1,461,363	\$ 1,377,955	\$ 1,338,373	\$ 1,282,518
Contributions – employee	1,472,627	1,502,558	1,461,364	1,377,955	1,338,373	1,282,518
Net investment income	8,195,506	7,603,615	6,835,356	(1,973,302)	3,428,834	1,531,200
Benefit payments, including refunds of employees' contributions	(316,257)	(172,394)	(143,323)	(64,412)		(8,867)
Administrative expense	<u>(73,449)</u>	<u>(61,616)</u>	<u>(135,495)</u>	<u>(99,498)</u>	<u>(74,496)</u>	<u>(82,676)</u>
Net change in plan fiduciary net position	10,751,054	10,374,721	9,479,265	618,698	6,029,084	4,004,693
Plan net position, beginning of year	<u>52,690,572</u>	<u>42,315,851</u>	<u>32,836,586</u>	<u>32,217,888</u>	<u>26,188,804</u>	<u>22,184,111</u>
Plan net position, end of year	<u>\$ 63,441,626</u>	<u>\$ 52,690,572</u>	<u>\$ 42,315,851</u>	<u>\$ 32,836,586</u>	<u>\$ 32,217,888</u>	<u>\$ 26,188,804</u>
Net pension (asset) liability	<u>\$ (14,382,997)</u>	<u>\$ (7,705,440)</u>	<u>\$ (2,769,663)</u>	<u>\$ 726,155</u>	<u>\$ (1,952,998)</u>	<u>\$ 257,587</u>
Plan net position as a percentage of total pension (asset) liability	129.3%	117.1%	107.0%	97.8%	106.5%	99.0%
Covered payroll	\$12,271,892	\$12,521,317	\$12,007,492	\$11,482,958	\$11,153,108	\$10,687,650
Net pension (asset) liability as a percentage of covered payroll	(117.2)%	(61.5)%	(23.1)%	6.3%	(17.5)%	2.4%

(continued)

The Woodlands Township

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

The Woodlands Firefighters' Retirement System

Year Ended December 31, 2021

(continued)

Notes to Schedule:

Valuation Date – Contribution requirements are not actuarially determined; however, TLFFRA requires that each change in plan benefits be first approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed Township contributions provide an adequate contribution arrangement to support the proposed change. There have been no changes in plan benefits since the inception of the plan that would require an actuarial evaluation of contribution requirements. The contractually agreed contribution requirements are 12% of covered payroll for both the employer and employee.

Methods and Assumptions Used:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	30 years
Asset Valuation Method:	10-year smoothed fair value, 15.0% soft corridor
Inflation:	2.5%
Salary Increases:	4.0% to 11.5%, including inflation
Investment Rate of Return:	7.0%
Retirement Age:	Normal retirement benefits are available upon attainment of age 52 and 20 years of credited service
Mortality:	PubS-2010 (above-median, amount-weighted) mortality tables projected to valuation date using Scale MP
Other Information:	There were no benefit changes during the year

The above is intended to provide information for 10 years; however, The Woodlands Township Firefighters' Retirement System began effective January 1, 2015, and the above only presents information for those years that the plan has been in existence.

The Woodlands Township

Required Supplementary Information

Schedule of Contributions

The Woodlands Firefighters' Retirement System

Year Ended December 31, 2021

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio as a Percentage	Annual Employee Covered Payroll	UAAL as Percentage of Covered Payroll
2016	\$26,188,804	\$26,446,391	\$257,587	99.0%	\$10,687,650	2.4%
2017	\$32,217,888	\$30,264,890	\$(1,952,998)	106.5%	\$11,153,108	(17.5)%
2018	\$32,836,586	\$33,562,741	\$726,155	97.8%	\$11,482,958	6.3%
2019	\$42,315,851	\$39,546,188	\$(2,769,663)	107.0%	\$12,007,492	(23.1)%
2020	\$52,690,572	\$44,985,132	\$(7,705,440)	117.1%	\$12,521,317	(61.5)%
2021	\$63,441,626	\$49,058,629	\$(14,382,997)	129.3%	\$12,271,892	(117.2)%

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Annual Employee Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	\$1,282,518	\$1,282,518	\$0	\$10,687,650	12%
2017	\$1,338,373	\$1,338,373	\$0	\$11,153,108	12%
2018	\$1,377,955	\$1,377,955	\$0	\$11,482,958	12%
2019	\$1,440,899	\$1,440,899	\$0	\$12,007,492	12%
2020	\$1,502,558	\$1,502,558	\$0	\$12,521,317	12%
2021	\$1,472,627	\$1,472,627	\$0	\$12,271,892	12%

Notes to Schedule:

Contribution requirements are not actuarially determined; however, TLFFRA requires that each change in plan benefits be first approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed Township contributions provide an adequate contribution arrangement to support the proposed change. There have been no changes in plan benefits since the inception of the plan that would require an actuarial evaluation of contribution requirements. The contractually agreed contribution requirements are 12% of covered payroll for both the employer and employee.

The above is intended to provide information for 10 years; however, The Woodlands Township Firefighters' Retirement System began effective January 1, 2015, and the above only presents information for those years that the plan has been in existence.



STATISTICAL SECTION

**The Woodlands Township
Statistical Section
as of December 31, 2021**

This section of The Woodlands Township's (the Township) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health. Specific page numbers for each section can be found in the table of contents.

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Township's most significant local revenue sources, property tax, and sales and use tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating Information

These schedules contain data to help the reader understand how the information in the Township's financial report relates to the services the government provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. All significant increases in 2010 are due to the merger of The Woodlands Township and the Community Associations.*

The Woodlands Township
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit S-1

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	\$ 159,556,264	\$ 160,490,240	\$ 160,359,645	\$ 150,517,631	\$ 146,666,827
Restricted for capital projects	-	-	-	-	-
Restricted for health care obligations	800,000	800,000	800,000	800,000	800,000
Restricted for The Woodlands Firefighters' Retirement System	7,096,222	4,253,917	2,771,704	2,594,256	805,709
Restricted for cultural events/education	909,169	799,300	779,497	811,380	704,512
Unrestricted	133,744,194	115,826,108	111,835,839	108,133,540	96,934,647
Total governmental activities net position	<u>\$ 302,105,849</u>	<u>\$ 282,169,565</u>	<u>\$ 276,546,685</u>	<u>\$ 262,856,807</u>	<u>\$ 245,911,695</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government					
Invested in capital assets, net of related debt	\$ 159,556,264	\$ 160,490,240	\$ 160,359,645	\$ 150,517,631	\$ 146,666,827
Restricted for capital projects	-	-	-	-	-
Restricted for health care obligations	800,000	800,000	800,000	800,000	800,000
Restricted for The Woodlands Firefighters' Retirement System	7,096,222	4,253,917	2,771,704	2,594,256	805,709
Restricted for cultural events/education	909,169	799,300	779,497	811,380	704,512
Unrestricted	133,744,194	115,826,108	111,835,839	108,133,540	96,934,647
Total primary government net position	<u>\$ 302,105,849</u>	<u>\$ 282,169,565</u>	<u>\$ 276,546,685</u>	<u>\$ 262,856,807</u>	<u>\$ 245,911,695</u>

The Woodlands Township
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit S-1
(continued)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities					
Net investment in capital assets	\$ 132,543,345	\$ 123,220,556	\$ 97,405,129	\$ 89,038,043	\$ 85,987,494
Restricted for capital projects	-	3,003,746	2,195,005	4,530,939	5,661,945
Restricted for health care obligations	800,000	800,000	800,000	800,000	800,000
Restricted for The Woodlands Firefighters'					
Retirement System	547,481	610,490	389,121	303,240	174,074
Restricted for cultural events/education	682,543	542,969	-	-	-
Unrestricted	87,655,790	71,469,501	77,526,341	58,406,188	42,189,303
Total governmental activities net position	<u>\$ 222,229,159</u>	<u>\$ 199,647,262</u>	<u>\$ 178,315,596</u>	<u>\$ 153,078,410</u>	<u>\$ 134,812,816</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government					
Invested in capital assets, net of related debt	\$ 132,543,345	\$ 123,220,556	\$ 97,405,129	\$ 89,038,043	\$ 85,987,494
Restricted for capital projects	-	3,003,746	2,195,005	4,530,939	5,661,945
Restricted for health care obligations	800,000	800,000	800,000	800,000	800,000
Restricted for The Woodlands Firefighters'					
Retirement System	547,481	610,490	-	-	-
Restricted for cultural events/education	682,543	542,969	389,121	303,240	174,074
Unrestricted	87,655,790	71,469,501	77,526,341	58,406,188	42,189,303
Total primary government net position	<u>\$ 222,229,159</u>	<u>\$ 199,647,262</u>	<u>\$ 178,315,596</u>	<u>\$ 153,078,410</u>	<u>\$ 134,812,816</u>

The Woodlands Township
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit S-2

Expenses	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental activities:					
General and administrative	\$ 11,622,455	\$ 10,626,672	\$ 11,589,665	\$ 11,786,441	\$ 10,001,976
Public safety	37,569,239	39,598,275	39,557,142	36,534,240	35,961,318
Parks and recreation	28,168,201	27,334,422	28,691,755	26,953,574	25,920,750
Transportation	7,829,680	7,745,448	9,659,120	9,320,017	8,740,848
Economic development	7,630,171	6,639,943	9,445,639	8,871,056	8,286,514
Community services	19,329,783	17,646,670	15,385,401	14,357,706	13,849,360
Community relations	1,337,422	1,211,951	1,221,956	1,170,123	1,126,069
Interest expense and other financing charges	1,268,859	1,357,712	2,002,730	2,466,551	2,615,395
Total governmental activities expenses	114,755,810	112,161,093	117,553,408	111,459,708	106,502,230
Total business-type activities expenses	-	-	-	-	-
Total primary government expenses	<u>\$ 114,755,810</u>	<u>\$ 112,161,093</u>	<u>\$ 117,553,408</u>	<u>\$ 111,459,708</u>	<u>\$ 106,502,230</u>
Program revenues					
Governmental activities:					
Charges for services:					
General and administrative	\$ 360,605	\$ 305,700	\$ 281,380	\$ 279,194	\$ 264,169
Public safety	1,556,079	1,530,958	1,464,460	1,404,461	1,407,241
Parks and recreation	6,309,301	2,821,399	5,303,219	4,619,004	4,328,518
Transportation	933,789	967,142	3,557,427	3,679,648	3,586,546
Economic development	803,795	657,923	802,589	783,946	782,906
Community services	455,522	740,679	140,797	141,828	111,489
Community relations	-	-	-	-	-
Operating grants and contributions	4,876,718	4,635,901	3,108,716	3,242,246	2,730,077
Capital grants and contributions	1,219,464	4,135,693	1,509,607	1,449,481	6,596,910
Total governmental activities program revenues	16,515,273	15,795,395	16,168,195	15,599,808	19,807,856
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	<u>\$ 16,515,273</u>	<u>\$ 15,795,395</u>	<u>\$ 16,168,195</u>	<u>\$ 15,599,808</u>	<u>\$ 19,807,856</u>
Net (expense)/revenue					
Governmental activities	\$ (98,240,537)	\$ (96,365,698)	\$ (101,385,213)	\$ (95,859,900)	\$ (86,694,374)
Business-type activities	-	-	-	-	-
Total primary government net expense	<u>\$ (98,240,537)</u>	<u>\$ (96,365,698)</u>	<u>\$ (101,385,213)</u>	<u>\$ (95,859,900)</u>	<u>\$ (86,694,374)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property	\$ 48,561,797	\$ 48,250,027	\$ 45,740,942	\$ 45,314,798	\$ 45,122,456
Sales and use	60,767,230	48,641,279	55,973,484	54,297,650	52,885,588
Other	7,565,729	4,094,326	10,580,875	10,584,203	10,136,584
Unrestricted investment earnings	234,701	925,079	2,445,820	1,840,811	836,951
Other revenues	1,047,363	77,867	333,970	767,550	2,166,220
Total governmental activities	118,176,820	101,988,578	115,075,091	112,805,012	111,147,799
Gain (loss) on disposal of property	-	-	-	-	-
Total primary government	<u>\$ 118,176,820</u>	<u>\$ 101,988,578</u>	<u>\$ 115,075,091</u>	<u>\$ 112,805,012</u>	<u>\$ 111,147,799</u>
Changes in net position					
Governmental activities	\$ 19,936,283	\$ 5,622,880	\$ 13,689,878	\$ 16,945,112	\$ 24,453,425
Business-type activities	-	-	-	-	-
Total primary government changes in net position	<u>\$ 19,936,283</u>	<u>\$ 5,622,880</u>	<u>\$ 13,689,878</u>	<u>\$ 16,945,112</u>	<u>\$ 24,453,425</u>

The Woodlands Township
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit S-2
(continued)

Expenses	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
General and administrative	\$ 9,261,891	\$ 9,622,152	\$ 9,380,163	\$ 8,707,097	\$ 8,456,125
Public safety	36,515,682	34,044,146	32,619,196	31,811,856	29,747,881
Parks and recreation	24,855,917	23,193,611	20,762,371	19,421,173	20,761,581
Transportation	8,000,757	8,020,936	-	-	-
Economic development	7,701,277	7,926,550	7,263,439	7,108,713	6,522,378
Community services	13,348,780	13,452,833	13,075,813	12,638,013	12,293,064
Community relations	1,080,372	1,109,528	1,014,817	1,108,653	1,045,859
Interest expense and other financing charges	2,791,107	2,978,405	3,279,425	4,010,066	4,084,005
Total governmental activities expenses	103,555,783	100,348,161	87,395,224	84,805,571	82,910,893
Total business-type activities expenses	-	-	-	-	-
Total primary government expenses	<u>\$ 103,555,783</u>	<u>\$ 100,348,161</u>	<u>\$ 87,395,224</u>	<u>\$ 84,805,571</u>	<u>\$ 82,910,893</u>
Program revenues					
Governmental activities:					
Charges for services:					
General and administrative	\$ 242,516	\$ 289,166	\$ 302,683	\$ 447,202	\$ 518,279
Public safety	1,308,736	1,230,077	1,203,294	1,177,730	1,093,550
Parks and recreation	4,162,785	4,128,669	3,525,099	3,269,967	3,208,219
Transportation	4,435,029	3,896,306	-	-	-
Economic development	722,383	578,708	607,022	671,525	855,054
Community services	113,667	135,325	159,210	113,303	129,997
Community relations	14,000	14,000	16,727	14,000	14,000
Operating grants and contributions	2,557,468	3,578,535	662,586	648,505	144,748
Capital grants and contributions	9,483,179	5,459,167	3,454,947	2,596,688	2,257,611
Total governmental activities program revenues	23,039,763	19,309,953	9,931,568	8,938,920	8,221,458
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	<u>\$ 23,039,763</u>	<u>\$ 19,309,953</u>	<u>\$ 9,931,568</u>	<u>\$ 8,938,920</u>	<u>\$ 8,221,458</u>
Net (expense)/revenue					
Governmental activities	\$ (80,516,020)	\$ (81,038,208)	\$ (77,463,656)	\$ (75,866,651)	\$ (74,689,435)
Business-type activities	-	-	-	-	-
Total primary government net expense	<u>\$ (80,516,020)</u>	<u>\$ (81,038,208)</u>	<u>\$ (77,463,656)</u>	<u>\$ (75,866,651)</u>	<u>\$ (74,689,435)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property	\$ 42,419,414	\$ 41,014,842	\$ 42,830,246	\$ 42,201,573	\$ 41,205,807
Sales and use	50,040,030	51,309,122	50,116,690	46,102,554	40,213,060
Other	9,250,727	9,330,222	9,044,278	7,812,347	7,105,774
Unrestricted investment earnings	411,713	190,761	161,115	217,076	344,801
Other revenues	976,033	524,927	548,513	105,397	86,776
Total governmental activities	103,097,917	102,369,874	102,700,842	96,438,947	88,956,218
Gain (loss) on disposal of property	-	-	-	-	-
Total primary government	<u>\$ 103,097,917</u>	<u>\$ 102,369,874</u>	<u>\$ 102,700,842</u>	<u>\$ 96,438,947</u>	<u>\$ 88,956,218</u>
Changes in net position					
Governmental activities	\$ 22,581,897	\$ 21,331,666	\$ 25,092,186	\$ 20,572,296	\$ 14,266,783
Business-type activities	-	-	-	-	-
Total primary government changes in net position	<u>\$ 22,581,897</u>	<u>\$ 21,331,666</u>	<u>\$ 25,092,186</u>	<u>\$ 20,572,296</u>	<u>\$ 14,266,783</u>

The Woodlands Township
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit S-3

	Fiscal Year				
	2021	2020	2019	2018	2017
General fund					
Nonspendable					
Prepaid expenditures	\$ 632,132	\$ 435,058	\$ 405,434	\$ 669,137	\$ 244,921
Long-term receivables	5,014,027	5,222,082	5,416,057	5,596,902	5,765,503
Restricted for:					
Healthcare obligations	800,000	800,000	800,000	800,000	800,000
Cultural events and education	-	-	-	811,380	704,512
Assigned for:					
Operating reserve	25,001,513	20,096,414	20,243,342	17,161,000	16,078,951
Unassigned	12,022,880	11,639,068	12,780,086	9,960,573	10,339,401
Total general fund	<u>43,470,552</u>	<u>38,192,622</u>	<u>39,644,919</u>	<u>34,998,992</u>	<u>33,933,288</u>
All other governmental funds					
Restricted for:					
Cultural events and education	909,169	799,300	779,497	-	-
Capital projects	-	-	-	-	-
Committed for:					
Capital reserves	62,153,245	54,104,039	56,408,576	53,197,025	46,321,134
Capital projects	6,887,367	6,828,270	11,978,530	6,092,335	10,866,672
Debt service	5,973,443	5,837,914	4,493,226	16,698,075	8,834,946
Other	15,359,957	15,586,890	3,592,600	3,156,152	2,741,185
Unassigned	(5,044,396)	(5,252,396)	(5,446,338)	(5,596,757)	(5,765,473)
Total all other governmental funds	<u>86,238,785</u>	<u>77,904,017</u>	<u>71,806,091</u>	<u>73,546,830</u>	<u>62,998,464</u>
Total all fund balances	<u>\$ 129,709,337</u>	<u>\$ 116,096,639</u>	<u>\$ 111,451,010</u>	<u>\$ 108,545,822</u>	<u>\$ 96,931,752</u>

Note:

- Beginning in 2011, fund balances are stated in accordance with the requirements of GASB Statement No. 54.
- Beginning in 2019, the cultural events and education fund balance was reclassified from the general fund balance to the capital fund balance.

The Woodlands Township
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit S-3
(continued)

	Fiscal Year				
	2016	2015	2014	2013	2012
General fund					
Nonspendable	\$ 423,947	\$ 765,928	\$ 575,380	\$ 747,743	\$ 1,432,189
Prepaid expenditures	5,922,686	6,069,222	6,205,830	6,333,179	6,451,895
Long-term receivables					
Restricted for:					
Healthcare obligations	800,000	800,000	800,000	800,000	800,000
Cultural events and education	682,543	3,546,742	389,121	303,240	174,044
Assigned for:					
Operating reserve	16,107,130	15,007,906	14,500,715	13,768,442	19,268,851
Unassigned	10,644,696	13,982,529	11,933,991	9,054,699	7,819,322
Total general fund	<u>34,581,002</u>	<u>40,172,327</u>	<u>34,405,037</u>	<u>31,007,303</u>	<u>35,946,301</u>
All other governmental funds					
Restricted for:					
Cultural events and education	-	-	-	-	-
Capital projects	-	-	2,195,005	4,530,939	5,661,945
Committed for:					
Capital reserves	40,425,018	22,874,442	29,691,658	16,808,790	17,593,075
Capital projects	8,669,384	11,585,232	10,091,919	11,453,346	4,737,316
Debt service	6,982,421	6,931,477	9,927,839	19,679,961	7,074,176
Other	2,431,799	2,008,310	5,623,699	5,621,941	5,621,941
Unassigned	(5,922,661)	(6,069,195)	(6,205,803)	(6,333,145)	(6,451,895)
Total all other governmental funds	<u>52,585,961</u>	<u>37,330,266</u>	<u>51,324,317</u>	<u>51,761,832</u>	<u>34,236,558</u>
Total all fund balances	<u>\$ 87,166,963</u>	<u>\$ 77,502,593</u>	<u>\$ 85,729,354</u>	<u>\$ 82,769,135</u>	<u>\$ 70,182,859</u>

The Woodlands Township
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit S-4

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Property tax	\$ 48,561,797	\$ 48,250,027	\$ 45,740,942	\$ 45,314,798	\$ 45,122,456
Sales tax	60,767,230	48,641,279	55,973,484	54,297,650	52,885,588
Hotel occupancy tax	6,467,036	3,896,296	9,245,682	8,989,428	8,791,317
Event admissions tax	1,098,693	198,030	1,335,193	1,594,775	1,345,267
Investment earnings	136,251	826,551	2,347,218	1,742,138	738,213
Intergovernmental revenue	341,945	356,025	369,155	381,399	392,817
Program service fees	11,771,964	11,783,268	14,915,057	15,717,975	19,758,462
Other revenues	-	-	-	-	-
Total revenues	<u>129,144,916</u>	<u>113,951,476</u>	<u>129,926,731</u>	<u>128,038,163</u>	<u>129,034,120</u>
Expenditures					
General and administrative	10,504,179	9,375,557	10,634,391	10,785,273	9,055,079
Public safety	37,732,765	38,517,079	37,358,427	36,238,418	34,125,537
Parks and recreation	20,855,632	19,170,730	20,532,288	18,979,296	18,289,261
Transportation	5,528,677	5,629,109	7,544,317	7,222,577	7,027,410
Economic development	7,515,287	6,524,198	9,330,754	8,767,748	8,212,206
Community services	19,329,783	17,646,670	15,385,401	14,357,706	13,849,360
Community relations	1,335,297	1,198,450	1,213,331	1,161,498	1,117,444
Capital outlay	6,474,998	4,845,792	8,199,853	10,626,555	19,292,918
Debt service:					
Principal	4,365,000	4,665,000	11,915,000	5,320,000	5,165,000
Interest and fiscal charges	2,047,782	1,733,262	3,715,524	2,965,022	3,135,116
Bond refundings	-	-	-	-	-
Total expenditures	<u>115,689,400</u>	<u>109,305,847</u>	<u>125,829,286</u>	<u>116,424,093</u>	<u>119,269,331</u>
Excess of revenues over (under) expenditures	<u>13,455,516</u>	<u>4,645,629</u>	<u>4,097,445</u>	<u>11,614,070</u>	<u>9,764,789</u>
Other financing sources (uses)					
Debt issuance	8,397,331	-	44,527,743	-	-
Payments made for defeasance	(8,240,149)	-	(45,720,000)	-	-
Proceeds from sale of property	-	-	-	-	-
Other contractual obligations	-	-	-	-	-
Total financing sources (uses)	<u>157,182</u>	<u>-</u>	<u>(1,192,257)</u>	<u>-</u>	<u>-</u>
Change in fund balance due to transition agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 13,612,698</u>	<u>\$ 4,645,629</u>	<u>\$ 2,905,188</u>	<u>\$ 11,614,070</u>	<u>\$ 9,764,789</u>
 Debt service as a percentage of noncapital expenditures	 5.9%	 6.1%	 13.3%	 7.8%	 8.3%

Note:

- Transportation services were added in 2015.

The Woodlands Township
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit S-4
(continued)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Property tax	\$ 42,419,414	\$ 42,830,246	\$ 42,201,573	\$ 41,205,807	\$ 39,657,768
Sales tax	50,040,030	50,116,690	46,102,554	40,213,060	35,021,092
Hotel occupancy tax	7,855,255	7,366,412	6,520,692	6,086,477	4,807,693
Event admissions tax	1,395,472	1,677,866	1,291,655	1,019,297	729,078
Investment earnings	312,911	62,196	118,103	245,776	221,078
Intergovernmental revenue	403,465	422,651	431,284	439,334	213,319
Program service fees	20,064,423	7,804,329	6,536,764	7,134,504	4,918,158
Other revenues	-	-	-	-	-
Total revenues	<u>122,490,970</u>	<u>110,280,390</u>	<u>103,202,625</u>	<u>96,344,255</u>	<u>85,568,186</u>
Expenditures					
General and administrative	8,489,531	8,950,587	8,036,722	8,102,699	8,257,871
Public safety	34,393,552	30,593,589	29,163,979	28,214,207	26,604,702
Parks and recreation	17,476,512	13,917,069	13,234,866	14,833,317	12,705,645
Transportation	6,774,548	-	-	-	-
Economic development	10,143,349	7,105,163	6,950,437	6,365,106	5,244,454
Community services	13,347,504	13,075,813	12,638,013	12,238,660	12,543,864
Community relations	1,066,856	997,870	1,087,448	1,022,199	1,245,903
Capital outlay	12,828,693	8,986,870	9,745,644	16,192,115	12,115,143
Debt service:					
Principal	4,980,000	19,640,000	5,190,000	4,520,000	3,545,000
Interest and fiscal charges	3,326,055	4,053,210	4,569,270	4,288,016	4,327,239
Bond refundings	-	-	-	-	-
Total expenditures	<u>112,826,600</u>	<u>107,320,171</u>	<u>90,616,379</u>	<u>95,776,319</u>	<u>86,589,821</u>
Excess of revenues over (under) expenditures	<u>9,664,370</u>	<u>2,960,219</u>	<u>12,586,246</u>	<u>567,936</u>	<u>(1,021,635)</u>
Other financing sources (uses)					
Debt issuance	-	-	-	4,205,000	9,900,000
Proceeds from sale of property	-	-	-	-	502,045
Other contractual obligations	-	-	-	27,117	51,493
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,232,117</u>	<u>10,453,538</u>
Change in fund balance due to transition agreement	-	-	-	-	-
Net change in fund balances	<u>\$ 9,664,370</u>	<u>\$ 2,960,219</u>	<u>\$ 12,586,246</u>	<u>\$ 4,800,053</u>	<u>\$ 9,431,903</u>
 Debt service as a percentage of noncapital expenditures					
	8.3%	24.1%	12.1%	11.1%	10.6%

The Woodlands Township
Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit S-5

Fiscal Year	Sales Tax	Hotel Occupancy Tax	Property Tax	Event Admissions Tax	Total
2021	\$ 60,767,230	\$ 6,467,036	\$ 48,561,797	\$ 1,098,693	\$ 116,894,756
2020	48,641,279	3,896,296	48,250,027		100,787,602
2019	55,973,484	9,245,682	45,740,942	1,335,193	112,295,301
2018	54,297,650	8,989,428	45,314,798	1,594,775	110,196,651
2017	52,885,588	8,791,317	45,122,456	1,345,267	108,144,628
2016	50,040,030	7,855,255	42,419,414	1,395,472	101,710,171
2015	51,309,122	7,791,741	41,014,842	1,538,481	101,654,186
2014	50,116,690	7,366,412	42,830,246	1,677,816	101,991,164
2013	50,116,690	7,366,412	42,201,573	1,677,866	101,362,541
2012	40,213,060	6,086,477	41,205,807	1,019,297	88,524,641
2011	35,021,092	4,807,693	39,657,768	729,078	80,215,631

The Woodlands Township
Assessed Value and Actual Value of Taxable Property
Last Ten Years
(unaudited)

Exhibit S-6

Fiscal Year	Residential Property	Commercial Property	Other Property	Personal Property	Less: Tax Exempt Property	Total Taxable Value	Total Direct Tax Rate
2021	\$16,688,396,891	\$3,739,568,160	\$1,475,812,735	\$1,063,521,184	\$1,883,143,581	\$21,084,155,389	0.2231
2020	16,306,968,137	3,705,026,912	1,530,357,960	1,159,788,120	2,138,552,572	20,563,588,557	0.2240
2019	15,777,169,903	3,653,091,814	1,517,894,575	1,180,327,581	2,075,619,198	20,052,864,675	0.2273
2018	15,606,149,369	3,431,813,381	1,252,894,178	1,136,339,250	1,812,359,699	19,614,836,479	0.2300
2017	15,992,932,415	3,227,204,678	1,134,109,745	1,140,310,863	1,906,300,047	19,588,257,654	0.2300
2016	15,327,000,206	2,958,334,084	1,164,840,545	1,043,159,326	2,163,644,147	18,329,690,014	0.2300
2015	13,377,102,208	2,640,666,133	1,155,508,775	879,301,955	1,812,257,107	16,240,321,964	0.2500
2014	11,740,400,635	2,060,542,921	1,003,923,137	853,111,365	1,328,900,420	14,329,077,638	0.2940
2013	10,836,811,964	1,711,979,119	987,431,191	775,960,901	1,141,814,981	13,170,368,194	0.3173
2012	10,433,783,509	1,621,963,590	967,010,708	743,534,831	1,141,521,287	12,624,771,351	0.3250

Sources: Montgomery Central Appraisal District and Harris County Appraisal District

Notes:

- Valuations shown are certified taxable assessed values reported by the appraisal districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the appraisal districts update records.
- Property is reassessed each year. Property is assessed at actual value. Tax rates are per \$100 of assessed value.

The Woodlands Township
Direct and Overlapping Tax Rates
Last Ten Fiscal Years
(unaudited)

Exhibit S-7

Sales Tax ¹	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
State of Texas	0.0625	0.0625	0.0625	0.0625	0.0625	0.0625	0.0625	0.0625	0.0625	0.0625
Montgomery County	-	-	-	-	-	-	-	-	-	-
The Woodlands Township	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
The Woodlands Township EDZ	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
Total Sales Tax	0.0825	0.0825	0.0825	0.0825	0.0825	0.0825	0.0825	0.0825	0.0825	0.0825
Hotel Occupancy Tax ²										
State of Texas	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Montgomery County	-	-	-	-	-	-	-	-	-	-
The Woodlands Township	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
The Woodlands Township EDZ	-	-	-	-	-	-	-	-	-	-
Total Hotel Occupancy Tax	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Property Tax ³										
State of Texas	-	-	-	-	-	-	-	-	-	-
The Woodlands Township	0.2231	0.2240	0.2273	0.2300	0.2300	0.2300	0.2500	0.2940	0.3173	0.3250
The Woodlands Township EDZ	-	-	-	-	-	-	-	-	-	-
Montgomery County	0.4083	0.4312	0.4667	0.4667	0.4667	0.4767	0.4767	0.4838	0.4838	0.4838
Harris County	0.3769	0.3912	0.4071	0.4186	0.4180	0.4166	0.4192	0.4146	0.3912	0.3912
Conroe Independent School District	1.1760	1.2125	1.2880	1.2800	1.2800	1.2800	1.2800	1.2850	1.2900	1.2950
Magnolia Independent School District	1.1872	1.2744	1.3795	1.3795	1.3795	1.3795	1.3895	1.3995	1.3995	1.3995
Lone Star College System	0.1078	0.1078	0.1078	0.1078	0.1078	0.1079	0.1081	0.1160	0.1198	0.1210
Tomball Independent School District	1.2500	1.2900	1.2900	1.3400	1.3400	1.3400	1.3600	1.3600	1.3600	1.3600
Harris County Department of Education	0.0050	0.0050	0.0050	0.0052	0.0052	0.0052	0.0054	0.0064	0.0066	0.0066
Montgomery County Hospital District	0.0567	0.5880	0.0599	0.0664	0.0665	0.0710	0.0725	0.0727	0.0729	0.0745
Harris County Hospital District	0.1622	0.1667	0.1659	0.1711	0.1711	0.1718	0.1700	0.1700	0.1922	0.1922
Harris County Flood Control District	0.0335	0.0314	0.0279	0.0288	0.0283	0.0283	0.2733	0.2827	0.0281	0.2809
Port of Houston Authority	0.0087	0.0099	0.0107	0.0116	0.0126	0.0133	0.1342	0.0172	0.0186	0.1856
The Woodlands Metro Center MUD	0.0700	0.0900	0.0900	0.1050	0.1250	0.1550	0.1650	0.1650	0.1750	0.1750
The Woodlands MUD #1 ⁴	0.0700	0.0750	0.0750	0.0800	0.0900	-	-	-	-	-
Montgomery County MUD #2	-	-	-	-	-	0.1000	0.1100	0.1300	0.1500	0.1700
Montgomery County MUD #6	0.0750	0.0800	0.0700	0.0750	0.0750	0.0750	0.0750	0.0750	0.0800	0.8750
Montgomery County MUD #7	0.1150	0.1250	0.1250	0.1645	0.1645	0.1645	0.1645	0.1645	0.1675	0.1675
Montgomery County MUD #36	0.0360	0.0350	0.0350	0.0350	0.0350	0.0550	0.0550	0.0350	0.0350	0.0400
Montgomery County MUD #39	0.3000	0.3550	0.3555	0.3550	0.3650	0.4000	0.4150	0.4150	0.4200	0.4200
Montgomery County MUD #40 ⁴	-	-	-	-	-	0.0900	0.1300	0.1400	0.1500	0.1600
Montgomery County MUD #46	0.2097	0.2097	0.2125	0.2125	0.2125	0.2250	0.2300	0.2400	0.2550	0.2650
Montgomery County MUD #47	0.2093	0.2450	0.2450	0.2450	0.2450	0.2450	0.2450	0.2450	0.2450	0.2450
Montgomery County MUD #60	0.1600	0.1650	0.1650	0.1650	0.1650	0.1850	0.1975	0.2175	0.2275	0.2375
Montgomery County MUD #67	0.1550	0.1600	0.1600	0.2175	0.2375	0.2575	0.2800	0.3025	0.3125	0.3125
Harris-Montgomery County MUD #386	0.4900	0.4900	0.4900	0.4650	0.4650	0.4650	0.5000	0.7200	0.9400	0.9900
Montgomery County WCID #1	0.7476	0.7476	0.7820	0.7820	0.7600	0.7600	0.8100	0.8100	0.8100	0.8100
The Woodlands Road Utility District #1	0.1800	0.1900	0.2000	0.2150	0.2600	0.3200	0.3600	0.3600	0.4063	0.4266

Sources: Montgomery Central Appraisal District, Montgomery County Auditor, The Woodlands Joint Powers Agency, Harris County Appraisal District

Notes:

¹ Per \$1.00 of taxable sales.

² Per \$1.00 of taxable room revenue.

³ Per \$100 of assessed valuation.

⁴ The Woodlands MUD #1 was created on February 1, 2016 by public vote in November 2015, consolidated from The Woodlands MUD #2 and Montgomery County MUD #40.

**The Woodlands Township
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

Exhibit S-8

Taxpayer	2021			2012		
	Taxable Assessed Valuation	Rank	Percentage of Total Township Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Township Taxable Assessed Value
HH Woodlands Tower Holdings LLC	\$ 206,071,200	1	0.98%	\$ -	-	-
The Woodlands Mall Associates	187,817,481	2	0.89%	61,147,404	4	0.48%
IMI Market Street LLC	134,959,500	3	0.64%	-	-	-
HH Hackett Tower Holdings LLC	126,126,630	4	0.60%	-	-	-
Woodlands Land Dev LP	105,167,850	5	0.50%	123,398,680	2	0.98%
24 Waterway LLC	75,586,190	6	0.36%	39,520,130	9	0.31%
HL Multi-Family Holdings LLC	73,000,000	7	0.35%	-	-	-
HL-2LE Holding Company	66,500,000	8	0.32%	-	-	-
Three Hughes Landing LLC	66,277,170	9	0.31%	-	-	-
CSHV Woodlands LP	63,245,490	10	0.30%	-	-	-
Anadarko Realty CO	-	-	-	137,104,330	1	1.09%
Hughes Crhistensen Company	-	-	-	68,206,650	3	0.54%
MEPT Boardwalk Town Center LLC	-	-	-	50,924,250	5	0.40%
NNN Waterway Plaza LLC	-	-	-	49,467,470	6	0.39%
JD Warmack Woodlands LP	-	-	-	40,388,760	7	0.32%
CVS Pharmacy Inc.	-	-	-	40,068,460	8	0.32%
Waterway Ave Partners LLC	-	-	-	39,300,000	10	0.31%
	<u>\$ 1,104,751,511</u>		<u>5.24%</u>	<u>\$ 649,526,134</u>		<u>5.14%</u>

Sources: Montgomery Central Appraisal District and Harris County Appraisal District

The Woodlands Township
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Exhibit S-9

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2021	2020	\$ 47,029,491	\$ 46,827,942	99.6%	\$ -	\$ 46,827,942	99.6%
2020	2019	46,347,525	46,107,023	99.5%	147,093	46,254,117	99.8%
2019	2018	45,433,374	45,238,088	99.6%	139,428	45,377,517	99.9%
2018	2017	45,177,948	44,987,598	99.6%	148,286	45,135,884	99.9%
2017	2016	45,041,156	44,851,026	99.6%	157,805	45,008,831	99.9%
2016	2015	42,305,226	42,151,299	99.6%	125,248	42,276,547	99.9%
2015	2014	40,892,582	40,740,479	99.6%	129,015	40,869,494	99.9%
2014	2013	42,710,243	42,573,160	99.7%	117,498	42,690,659	100.0%
2013	2012	42,151,140	42,012,384	99.7%	118,037	42,130,422	100.0%
2012	2011	41,145,045	40,984,794	99.6%	145,503	41,130,297	100.0%

Source: Montgomery County Tax Office

**The Woodlands Township
Sales Tax Revenue Statistics
Last Ten Fiscal Years
(unaudited)**

Exhibit S-10

Fiscal Year	Taxable Sales Generated	Sales Tax Collected	Number of Taxpayers	Per Taxpayer	Median Deposit	Average Deposit	Minimum Deposit	Maximum Deposit	Maximum as % of Total
2021	\$ 3,016,938,071	\$ 30,169,381	10,246	\$ 2,945	\$ 72	\$ 2,959	\$ (15,827)	\$ 1,005,337	3%
2020	2,426,275,932	24,262,759	9,054	2,680	70	2,692	(92,043)	929,620	4%
2019	2,792,763,221	27,927,632	9,383	2,976	56	3,010	(26,207)	957,473	3%
2018	2,725,799,918	27,257,999	7,963	3,423	71	3,475	(30,068)	907,369	3%
2017	2,720,964,591	27,209,646	6,865	3,964	87	4,022	(20,159)	905,561	3%
2016	2,538,496,995	25,384,970	6,495	3,908	93	3,970	(114,652)	936,963	4%
2015	2,595,448,379	25,954,484	6,042	4,296	102	4,357	(16,373)	936,848	4%
2014	2,498,182,894	24,981,829	5,616	4,448	118	4,515	(59,258)	930,455	4%
2013	2,321,740,363	23,217,404	5,188	4,475	125	4,541	(9,795)	953,418	4%
2012	2,019,954,797	20,199,548	4,727	4,273	108	4,329	(9,357)	969,199	5%

Source: Texas State Comptroller reports

**The Woodlands Township
Top Sales Tax Sources
Last Ten Fiscal Years
(unaudited)**

Exhibit S-11

Fiscal Year	Largest Taxpayer			Top 5 Taxpayers			Top 10 Taxpayers		
	Total	Percentage Retail	Percentage Non-Retail	Total	Percentage Retail	Percentage Non-Retail	Total	Percentage Retail	Percentage Non-Retail
2021	3.32%	3.32%	n/a	14.65%	14.65%	0.00%	23.62%	22.05%	1.57%
2020	3.80%	3.80%	n/a	15.89%	15.89%	0.00%	24.05%	21.14%	2.91%
2019	3.40%	3.40%	n/a	13.21%	8.92%	4.29%	21.58%	17.29%	4.29%
2018	3.30%	3.30%	n/a	13.24%	10.44%	2.80%	21.89%	15.37%	6.52%
2017	3.30%	3.30%	n/a	12.85%	8.12%	4.72%	21.32%	13.50%	7.82%
2016	3.60%	3.60%	n/a	12.86%	10.71%	2.15%	20.14%	16.68%	3.46%
2015	3.56%	3.56%	n/a	15.50%	9.02%	6.45%	23.50%	17.04%	6.45%
2014	3.67%	3.67%	n/a	14.58%	9.07%	5.52%	22.69%	14.13%	8.56%
2013	4.05%	4.05%	n/a	14.11%	9.47%	4.64%	22.86%	16.58%	6.28%
2012	4.74%	4.74%	n/a	15.69%	12.98%	2.71%	24.75%	22.04%	2.71%

Source: Texas State Comptrollers Office

Note:

- Specific taxpayers may not be disclosed as such information is deemed confidential and protected by state law.

The Woodlands Township
Taxable Sales by Category
Last Ten Fiscal Years
(unaudited)

Exhibit S-12

Industry	Fiscal Year					
	2021	2021 % Total	2020	2019	2018	2017
Retail Trade	\$ 15,830,001	53%	\$ 12,214,188	\$ 12,847,335	\$ 12,463,362	\$ 11,999,953
Accommodation and Food Services	3,851,358	13%	2,722,409	3,757,457	3,630,778	3,441,680
Manufacturing	1,917,368	6%	1,538,194	1,897,580	1,944,241	2,491,761
Information	2,258,949	8%	2,374,619	2,777,086	2,339,604	2,816,552
Wholesale Trade	1,351,646	4%	1,154,776	990,263	1,255,739	1,092,781
Mining	235,878	1%	206,949	790,500	932,593	756,020
Professional, Scientific, and Technical Services	1,546,804	5%	1,316,684	1,445,712	1,397,905	1,684,050
Real Estate, Rental, and Leasing	274,183	1%	497,656	880,634	864,820	460,408
Utilities	446,829	1%	350,688	364,712	428,078	368,808
Arts, Entertainment, and Recreation	727,031	2%	594,818	699,018	683,985	633,019
Admin, Support, Waste Management, Remediation	501,176	2%	417,278	404,454	415,256	414,378
Construction	527,065	2%	491,484	739,436	597,891	517,027
Other Taxable Activity	625,968	2%	431,409	649,070	716,670	934,335
Total	<u>\$ 30,094,255</u>	<u>100%</u>	<u>\$ 24,311,154</u>	<u>\$ 28,243,258</u>	<u>\$ 27,670,922</u>	<u>\$ 27,610,771</u>

Source: Texas State Comptrollers Office

Notes:

- Based on Confidentiality Reports received from the Texas State Comptroller which differ from actual deposits received by the Township.

The Woodlands Township
Taxable Sales by Category
Last Ten Fiscal Years
(unaudited)

Exhibit S-12
(continued)

Industry	Fiscal Year					2012
	2016	2015	2014	2013	2012	% Total
Retail Trade	\$ 12,190,666	\$ 11,489,749	\$ 10,748,302	\$ 10,366,395	\$ 10,220,424	50%
Accommodation and Food Services	3,360,388	3,144,319	3,013,928	2,804,129	2,731,280	13%
Manufacturing	2,119,185	1,958,435	1,835,758	1,782,312	1,107,831	5%
Information	2,341,904	1,853,406	1,751,365	1,419,895	1,238,836	6%
Wholesale Trade	915,540	1,938,332	1,845,561	1,209,165	975,481	5%
Mining	844,376	1,020,380	783,753	857,637	821,596	4%
Professional, Scientific, and Technical Services	1,191,947	939,332	1,052,367	1,063,762	705,375	3%
Real Estate, Rental, and Leasing	293,164	591,113	827,724	1,259,235	673,056	3%
Utilities	403,845	424,592	435,655	377,436	341,410	2%
Arts, Entertainment, and Recreation	634,815	512,328	442,572	435,271	402,569	2%
Admin, Support, Waste Management, Remediation	436,429	447,534	473,026	448,310	383,828	2%
Construction	413,179	398,563	629,794	539,318	235,967	1%
Other Taxable Activity	638,916	1,603,933	1,512,178	993,299	619,772	3%
Total	<u>\$ 25,784,354</u>	<u>\$ 26,322,017</u>	<u>\$ 25,351,984</u>	<u>\$ 23,556,164</u>	<u>\$ 20,457,425</u>	<u>100%</u>

The Woodlands Township
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Exhibit S-13

Fiscal Year	General Obligation Bond	Sales/Hotel Occupancy Tax Revenue Bonds	Bond Anticipation Notes	Capital Leases	Issuance Premiums/ (Discounts)	Total Primary Government	Percentage of Personal Income	Per Capita
2021	\$ 25,055,000	\$ 14,750,000	\$ -	\$ -	\$ 4,725,231	\$ 44,530,231	0.29%	\$ 371
2020	28,220,000	16,805,000	-	-	4,154,378	49,179,378	0.34%	413
2019	30,660,000	19,030,000	-	-	4,665,587	54,355,587	0.39%	461
2018	34,440,000	32,975,000	-	-	1,012,419	68,427,419	0.50%	583
2017	36,630,000	36,105,000	-	-	1,121,302	73,856,302	0.65%	635
2016	38,760,000	39,140,000	-	-	1,230,185	79,130,185	0.70%	690
2015	40,835,000	42,045,000	-	-	1,339,068	84,219,068	0.66%	749
2014	42,855,000	44,830,000	-	-	1,447,951	89,132,951	0.78%	813
2013	44,820,000	62,505,000	-	-	1,556,834	108,881,834	0.87%	1,010
2012	46,735,000	65,780,000	-	-	1,665,717	114,180,717	1.01%	1,085

Notes:

- Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
- Population and personal income data can be found in Exhibit S-18.

The Woodlands Township
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Exhibit S-14

Fiscal Year	Tax Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Per Capita
2021	2020	\$ 27,852,401	\$ 622,413	\$ 27,229,988	\$ 21,084,155,389	0.13%	\$ 227
2020	2019	30,125,243	395,368	29,729,875	20,563,588,557	0.15%	250
2019	2018	32,755,150	256,725	32,498,424	20,052,864,675	0.16%	275
2018	2017	34,648,659	271,286	34,377,373	19,614,836,479	0.18%	293
2017	2016	36,856,726	284,335	36,572,391	19,588,257,654	0.19%	315
2016	2015	39,004,793	291,212	38,713,581	18,329,690,014	0.21%	338
2015	2014	41,100,860	248,382	40,852,478	16,240,321,964	0.25%	363
2014	2013	43,135,927	246,508	42,889,419	14,329,077,638	0.30%	391
2013	2012	45,118,994	231,686	44,887,308	13,170,368,194	0.34%	417
2012	2011	47,052,061	168,259	46,883,802	12,624,771,351	0.37%	445

Notes:

- Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
- Population data can be found in Exhibit S-18.
- General Obligation debt includes \$208,659 of the total unearned premium.

The Woodlands Township
Ratios of Revenue Bonds Outstanding
Last Ten Fiscal Years
(unaudited)

Exhibit S-15

Fiscal Year	Revenue Bonds	Less: Amounts Available in Debt Service Fund	Total Outstanding	Total Pledged Revenue	Debt as a Percentage of Pledged Revenue
2021	\$ 16,677,830	\$ 5,351,029	\$ 11,326,801	\$ 1,580,324,988	0.72%
2020	19,054,135	3,582,203	15,471,932	1,256,430,155	1.23%
2019	21,600,438	4,236,502	17,363,936	1,499,111,415	1.16%
2018	33,778,760	16,426,789	17,351,971	1,462,782,492	1.19%
2017	36,999,576	8,550,611	28,448,965	1,458,163,594	1.95%
2016	40,125,392	6,691,209	33,434,183	1,356,529,107	2.46%
2015	43,118,208	6,683,097	36,435,111	1,384,299,088	2.63%
2014	45,997,024	9,681,330	36,315,694	1,330,940,457	2.73%
2013	63,762,840	19,448,274	44,314,566	1,233,322,315	3.59%
2012	67,128,656	6,905,916	60,222,740	1,076,893,407	5.59%

Notes:

- Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
- To the extent that there is a shortfall in any annual period of hotel occupancy tax sufficient enough to service annual debt payments, 1/2 of 1% of sales tax collections are pledged to fulfill the remaining annual debt service requirement.
- In 2014, long-term debt decreased primarily as a result of the early retirement of the Series 2009 Sales Tax and Hotel Occupancy Tax Revenue Bonds.
- General obligation bonds are not included in analysis.

The Woodlands Township
Direct and Overlapping Governmental Activities Debt
as of December 31, 2021
(unaudited)

Exhibit S-16

Governmental Unit	Net Direct Debt¹	Estimated Percentage Applicable	Estimated Share of Overlap
Direct debt:			
The Woodlands Township Unlimited Tax Bonds	\$ 25,055,000	100.00%	\$ 25,055,000
The Woodlands Township Revenue Bonds	16,677,830	100.00%	16,677,830
Total direct debt			<u>41,732,830</u>
Overlapping debt:			
Conroe Independent School District	1,351,160,000	41.83%	565,190,228
Harris County ²	1,682,992,125	0.48%	8,078,362
Harris County Department of Education	20,185,000	0.48%	96,888
Harris County Flood Control District	584,900,000	0.48%	2,807,520
Harris County Hospital District	81,540,000	0.48%	391,392
Harris-Montgomery County MUD #386	139,035,000	100.00%	139,035,000
Lone Star College System	610,225,000	8.83%	53,882,868
Magnolia Independent School District	138,065,000	4.09%	5,646,859
Montgomery County	485,170,000	25.74%	124,882,758
Montgomery County MUD #39	10,790,000	100.00%	10,790,000
Montgomery County MUD #46	61,370,000	100.00%	61,370,000
Montgomery County MUD #47	13,325,000	100.00%	13,325,000
Montgomery County MUD #60	8,585,000	100.00%	8,585,000
Montgomery County MUD #67	12,305,000	100.00%	12,305,000
Montgomery County WCID #1	19,784,997	3.72%	736,002
Port of Houston Authority	469,434,397	0.48%	2,253,285
The Woodlands Metro Center MUD	8,110,000	100.00%	8,110,000
The Woodlands Road Utility District #1	33,105,000	100.00%	33,105,000
Tomball Independent School District	564,985,000	21.13%	119,381,331
Total overlapping debt			<u>1,169,972,492</u>
Total direct and overlapping debt			<u><u>\$ 1,211,705,322</u></u>

Source: Municipal Advisory Council of Texas

Notes:

¹ The percentage of overlapping debt applicable is computed by dividing the other entity's net taxable assessed property value by the net taxable assessed property value in the Township.

² Does not include Harris County General Obligation debt that is supported by the Harris County Toll Road Authority.

**The Woodlands Township
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)**

Exhibit S-17

Fiscal Year	Sales Tax/ Hotel Occupancy Tax Bonds		Total Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Sales Tax Revenue	Hotel Occupancy Tax Revenue¹		Principal	Interest	Total	
2021	\$ 15,084,690	\$ 5,029,917	\$ 20,114,607	\$ 2,055,000	\$ 788,875	\$ 2,843,875	7.07
2020	12,131,380	3,030,453	15,161,833	2,530,000	847,463	3,377,463	4.49
2019	13,963,816	7,191,086	21,154,902	4,115,000	1,730,781	5,845,781	3.62
2018	13,629,000	6,991,777	20,620,777	3,985,000	1,870,100	5,855,100	3.52
2017	13,604,823	6,837,691	20,442,514	3,860,000	2,002,575	5,862,575	3.49
2016	12,692,485	6,109,643	18,802,128	3,700,000	2,156,348	5,856,348	3.21
2015	12,977,242	6,060,243	19,037,485	3,555,000	2,317,524	5,872,524	3.24
2014	12,490,914	5,729,431	18,220,345	3,405,000	2,475,698	5,880,698	3.10
2013	11,608,702	5,071,649	16,680,351	3,275,000	2,617,113	5,892,113	2.83
2012	10,099,774	4,684,121	14,783,895	3,185,000	2,723,993	5,908,993	2.50

Notes:

¹Supplemental hotel occupancy tax revenue is not included in this schedule to calculate pledged revenue coverage.

- Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
- Per the Township's bond resolution, pledged revenue shall be at least 1.3 times the annual debt service during any fiscal year on the remaining outstanding revenue bonds.
- General obligation bonds are not included in analysis.

**The Woodlands Township
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)**

Exhibit S-18

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Employers	Number of Jobs	Unemployment Rate	School Enrollment¹
2021	120,100	\$ 15,143,049	\$ 126,087	38	2,389	63,344	4.3%	64,294
2020	119,000	14,593,446	122,634	38	2,140	66,165	7.2%	64,517
2019	118,000	14,022,648	118,836	38	2,186	68,488	2.6%	62,577
2018	117,305	13,745,800	117,180	38	2,181	67,850	3.1%	61,323
2017	116,278	11,311,524	97,280	38	2,138	66,820	4.2%	59,489
2016	114,625	12,760,857	111,327	37	2,158	64,365	3.8%	58,014
2015	112,505	11,419,032	101,498	37	2,182	63,030	2.9%	56,164
2014	109,679	12,570,201	114,609	37	1,973	58,400	4.1%	54,808
2013	107,769	11,332,018	105,151	37	1,901	54,504	2.4%	53,632
2012	105,283	11,096,618	105,398	36	1,870	51,940	2.9%	52,357

Source: The Woodlands Development Company

Note:

¹Conroe Independent School District

The Woodlands Township
Principal Non-Retail Employers of The Woodlands Area
Current Year and Ten Years Ago
(unaudited)

Exhibit S-19

Employer	2021			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Conroe Independent School District	4,596	1	7%	3,321	1	7%
Memorial Hermann Hospital, The Woodlands	2,974	2	5%	1,330	4	3%
St. Luke's Health	1,857	3	3%	1,180	5	2%
Houston Methodist The Woodlands Hospital	1,850	4	3%	-	-	-
Alight Solutions	1,530	5	2%	-	-	-
Lone Star College	1,362	6	2%	-	-	-
Texas Children's Hospital, The Woodlands	1,148	7	2%	-	-	-
Chevron Phillips Chemical Co.	1,070	8	2%	-	-	-
Woodforest National Bank	1,029	9	2%	-	-	-
Entergy Texas	977	10	2%	-	-	-
Anadarko Petroleum Corporation	-	-	-	2,901	2	6%
Aon Hewitt	-	-	-	1,800	3	4%
Woodforest National Bank	-	-	-	744	6	1%
Huntsman Company LLC	-	-	-	734	7	1%
Baker Hughes	-	-	-	705	8	1%
Chevron Phillips Chemical Co.	-	-	-	618	9	1%
McKesson Specialty Health	-	-	-	583	10	1%
Total	18,393		28%	13,916		28%

Source: South Montgomery County Woodlands Economic Development Partnership

The Woodlands Township
Full-time Equivalent Township Government Employees by Function
Last Ten Fiscal Years
(unaudited)

Exhibit S-20

	Full-time Equivalent Employees as of December 31									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General and administrative:										
President's Office	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Legislative	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Transportation	6.0	6.0	6.0	6.0	6.0	5.0	1.0	1.0	-	-
Legal Services	2.3	2.0	2.0	2.0	2.0	2.0	-	-	-	-
Human Resources	6.3	6.3	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Finance	14.0	14.0	14.0	14.0	14.0	14.0	15.0	14.0	14.0	15.0
Information Technology	17.0	16.0	16.0	16.0	16.0	15.0	12.0	11.0	11.0	9.0
Records	3.0	4.0	4.0	4.0	4.0	4.0	6.0	7.0	7.0	8.0
Parks and recreation:										
Parks Administration	11.0	11.0	11.0	11.0	14.0	14.0	14.0	9.0	9.0	9.0
Parks Planning	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Parks Operations	53.0	53.0	52.5	48.5	43.5	43.5	41.0	38.5	38.5	38.5
Aquatics	70.0	70.0	69.0	69.0	70.0	70.0	70.0	70.0	70.0	67.0
Recreation	48.0	47.5	46.0	36.0	23.7	23.7	21.7	15.7	15.5	18.0
Town Center	16.5	16.5	16.5	16.5	16.0	15.0	15.0	13.8	13.5	8.0
Township Events	5.0	5.0	5.0	5.0	2.0	2.0	-	-	-	-
Development and planning services:										
Community Services	2.0	2.0	2.0	2.0	2.0	2.0	3.0	7.0	7.0	6.3
Community Relations	6.0	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Covenant Administration	45.5	45.5	45.5	44.0	43.0	42.0	39.0	39.0	33.0	33.0
Environmental Services	6.8	6.5	6.5	6.5	6.5	6.0	6.0	6.0	4.3	4.3
Public safety:										
Law Enforcement	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Neighborhood Services	7.0	7.3	7.3	7.3	7.3	7.3	7.3	6.3	6.3	6.0
Trolley Operations	11	-	-	-	-	-	-	-	-	-
Convention and Visitors Bureau	9.5	9.5	8.5	7.5	7.25	6.3	6.3	6.3	6.3	5.3
Total	356.7	345.0	340.5	323.0	305.0	299.5	285.0	271.3	262.1	254.1

Source: The Woodlands Township Human Resources Department

The Woodlands Township
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

Exhibit S-21

	2021	2020	2019	2018	2017
Public Safety					
Patrol cars & equipment - Sheriff's Department ¹	\$ -	\$ 1,171,605	\$ 592,736	\$ 708,148	\$ 378,348
Rescue & haz-mat vehicles - Fire Department	\$ 3,770,008	\$ 1,216,305	\$ 1,686,808	\$ 2,647,334	\$ 801,816
Special equipment - Fire Department	\$ 98,965	\$ 495,242	\$ 144,409	\$ 93,606	\$ 22,628
Communications equipment - Fire Department	\$ 136,146	\$ 207,767	\$ 151,664	\$ 283,343	\$ 298,467
Traffic controllers - Fire Department	\$ -	\$ -	\$ -	\$ 49,954	\$ 51,243
Patrol cars ¹	120	113	98	97	96
Patrol bicycles ¹	13	13	13	13	13
Fire stations	9	9	9	9	9
Fire apparatus	26	24	22	22	19
Economic Development ²					
Hotel rooms booked for conventions	16,637	13,674	38,071	36,587	38,175
Total convention center square feet booked	4,375,973	3,276,298	13,201,478	13,217,490	13,292,700
Operations					
Wayfinding signs	266	266	266	264	264
Monument signs	475	472	470	460	453
Sculptures and public art	38	38	34	34	28
Miles of pathway ³	220	220	220	220	216
Parks	151	150	149	148	148
Swimming pools	14	14	14	14	14
Park acreage	935	925	916.5	916	913

Sources:

¹ The Township reimburses these entities for a percentage of the equipment and capital to be used in servicing the Township; however, the Township does not own nor maintain these assets. Vehicles ordered in 2021 but not delivered.

² Annual booking report for The Woodlands Waterway Marriott Hotel and Convention Center.

³ The Woodlands Development Company.

Note:

- Sources not specifically noted include various government departments.

The Woodlands Township
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

Exhibit S-21
(continued)

	2016	2015	2014	2013	2012
Public Safety					
Patrol cars & equipment - Sheriff's Department ¹	\$ 384,522	\$ 345,489	\$ 718,864	\$ 417,411	\$ 702,384
Rescue & haz-mat vehicles - Fire Department	\$ -	\$ -	\$ 642,807	\$ 34,621	\$ 2,122,012
Special equipment - Fire Department	\$ 538,778	\$ 51,958	\$ 38,935	\$ 15,000	\$ 186,087
Communications equipment - Fire Department	\$ 151,169	\$ 208,810	\$ 140,938	\$ 256,018	\$ 862,733
Traffic controllers - Fire Department	\$ 50,303	\$ 7,066	\$ 95,141	\$ 8,147	\$ 32,409
Patrol cars ¹	100	100	97	95	95
Patrol bicycles ¹	24	24	24	24	24
Fire stations	9	9	9	9	9
Fire apparatus	18	18	18	18	18
Economic Development²					
Hotel rooms booked for conventions	34,981	40,281	43,377	41,250	43,448
Total convention center square feet booked	9,850,250	11,365,400	12,150,200	12,250,550	13,024,445
Operations					
Wayfinding signs	264	264	264	260	260
Monument signs	439	434	424	408	408
Sculptures and public art	27	20	19	10	6
Miles of pathway ³	212	209	205	202	198
Parks	143	140	131	130	127
Swimming pools	14	14	14	14	13
Park acreage	913	912	855	846	704

The Woodlands Township
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Exhibit S-22

	2021	2020	2019	2018	2017
Public Safety					
Trooper hours - mounted patrol	18,198	22,381	30,022	42,107	42,073
Vehicle assists - mounted patrol ¹	4,026	6,058	11,796	9,803	9,365
Other assist calls - mounted patrol	1,084	1,144	2,059	1,848	1,692
Traffic violation calls	28,937	22,175	36,211	18,701	19,109
Total Sheriff Department calls ²	159,078	151,691	188,797	155,490	116,460
Total fire incident calls	13,304	9,762	11,573	11,873	11,097
Montgomery County Sheriff's Department	\$ 8,790,691	\$ 8,760,418	\$ 8,640,832	\$ 7,915,760	\$ 7,204,493
Number of full-time MCSO positions	88	88	88	87	96
Constable Precinct ³	\$ 103,874	\$ 102,379	\$ 98,312	\$ 85,657	\$ 101,257
Justice of the Peace Precinct ³	\$ 49,948	\$ 58,487	\$ 58,236	\$ 55,956	\$ 55,136
City of Shenandoah ³	\$ -	\$ 266,336	\$ 265,196	\$ 261,056	\$ 261,623
The Woodlands Fire Department	\$ 23,438,581	\$ 22,701,608	\$ 21,729,913	\$ 20,882,946	\$ 20,010,534
Marketing and Public Affairs/CVB/Events					
Events produced	41	33	38	38	39
Visitor guides distributed ⁴	7,500	5,000	15,000	10,000	99,358
Discovery guides distributed ⁵	-	-	-	-	-
Sponsorships sold	\$ 50,250	\$ 45,500	\$ 78,650	\$ 102,750	\$ 131,329
Economic Development					
Convention center bookings ⁶	-	247	728	472	1,425
Number of jobs ⁷	63,344	66,165	68,488	67,850	66,820
ISO rating	1	1	1	1	1
Operations and Transportation					
Transportation - Trolley ridership	121,285	62,607	127,657	130,237	106,733
Transportation - Senior Rides ⁸	4,388	3,275	4,149	4,502	4,304
Transportation - Woodlands Express ⁹	129,780	157,847	514,071	537,509	551,282

Sources:

¹ Beginning in 2015, the Alpha & Omega began reporting Handicap Parking assists in its report.

² Beginning in 2013, the Sheriff's Department included additional call categories in its policing reports.

³ The Township and City of Shenandoah agreed to discontinue patrol services for 2021.

⁴ Beginning in 2018, visitor guides distributed by the Visitor Center are no longer included.

⁵ Beginning in 2016, discovery guides were no longer distributed.

⁶ The Woodlands Waterway Marriott Hotel and Convention Center.

The Woodlands Township
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Exhibit S-22
(continued)

	2016	2015	2014	2013	2012
Public Safety					
Trooper hours - mounted patrol	42,333	39,018	29,639	28,085	28,760
Vehicle assists - mounted patrol ¹	8,095	7,290	4,659	4,006	2,598
Other assist calls - mounted patrol	2,867	3,032	2,937	1,585	1,339
Traffic citations	13,510	12,814	15,849	18,745	8,796
Total Sheriff Department calls ²	54,262	58,036	55,871	56,663	46,124
Total fire incident calls	10,129	9,901	9,464	8,588	6,868
Montgomery County Sheriff's Department	\$ 8,339,214	\$ 7,850,144	\$ 7,543,984	\$ 6,903,490	\$ 6,708,814
Number of full-time MCSO positions	94	93	86	83	83
Constable Precinct ³	\$ 102,881	\$ 109,282	\$ 95,432	\$ 94,934	\$ 96,404
Justice of the Peace Precinct ³	\$ 50,246	\$ 54,597	\$ 50,596	\$ 50,711	\$ 46,575
City of Shenandoah ³	\$ 232,848	\$ 219,913	\$ 212,415	\$ 202,215	\$ 195,000
The Woodlands Fire Department	\$ 19,727,640	\$ 18,849,858	\$ 17,704,372	\$ 17,312,577	\$ 16,643,150
Marketing and Public Affairs/CVB/Events					
Events produced	23	29	27	30	30
Visitor guides distributed ⁴	79,673	76,892	89,566	113,981	135,773
Discovery guides distributed ⁵	-	27,372	35,986	25,062	25,580
Sponsorships sold	\$ 238,143	\$ 326,750	\$ 344,775	\$ 297,750	\$ 295,750
Economic Development					
Convention center bookings ⁶	662	920	951	929	1,028
Number of jobs ⁷	64,365	63,030	58,400	54,504	51,940
ISO rating	1	1	1	2	2
Operations and Transportation					
Transportation - Trolley ridership	76,621	81,995	77,472	87,737	103,600
Transportation - Senior Rides ⁸	4,018	3,950	5,586	-	3,621
Transportation - Woodlands Express ⁹	607,999	636,471	-	-	-

⁷ The Woodlands Development Company.

⁸ Contract compliance reports provided by Senior Rides, formerly The Friendship Center funding not provided by the Township in 2013.

⁹ Beginning in 2015, the Township began operating the Woodlands Express Park & Ride.

- Sources not specifically noted include various government departments.