

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2015

The Woodlands Township, Montgomery County, Texas



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**The Woodlands Township
Comprehensive Annual Financial Report**

**Fiscal Year Ended
December 31, 2015**

**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

Table of Contents

| | Page |
|---|------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 2 |
| Certificate of Achievement | 7 |
| Organizational Chart | 8 |
| Board of Directors | 9 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 13 |
| Management's Discussion and Analysis (unaudited) | 16 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 29 |
| Statement of Activities | 30 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 31 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 32 |
| Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds | 33 |
| Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 34 |
| Notes to Financial Statements | 35 |
| STATISTICAL SECTION | |
| Introduction | 57 |
| Financial Trends: | |
| Net Position by Component | 58 |
| Changes in Net Position | 60 |
| Fund Balances, Governmental Funds | 62 |
| Changes in Fund Balances, Governmental Funds | 64 |
| Revenue Capacity: | |
| Tax Revenues by Source, Governmental Funds | 66 |
| Assessed Value and Actual Value of Taxable Property | 67 |
| Direct and Overlapping Tax Rates | 68 |
| Principal Property Taxpayers | 69 |
| Property Tax Levies and Collections | 70 |
| Sales Tax Revenue Statistics | 71 |
| Top Sales Tax Sources | 72 |
| Taxable Sales by Category | 73 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type | 75 |
| Ratios of Revenue Bonds Outstanding | 76 |
| Direct and Overlapping Governmental Activities Debt | 77 |
| Pledged Revenue Coverage | 78 |

(continued)

The Woodlands Township

Table of Contents

(continued)

| | Page |
|--|------|
| STATISTICAL SECTION <i>(continued)</i> | |
| Demographic and Economic Statistics: | |
| Demographic and Economic Statistics | 79 |
| Principal Non-Retail Employers of The Woodlands Area | 80 |
| Operating Information: | |
| Full-time Equivalent Township Government Employees by Function | 81 |
| Capital Asset Statistics by Function | 82 |
| Operating Indicators by Function | 84 |

INTRODUCTORY SECTION



August 24, 2016

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

The Comprehensive Annual Financial Report (CAFR) of The Woodlands Township (the Township) for the fiscal year ended December 31, 2015 is submitted herewith. The Township's Finance and Administration Department prepared this report.

This CAFR 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 and that it 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.

Blazek & Vetterling, Certified Public Accountants, have issued an unmodified ("clean") opinion on The Woodlands Township's financial statements for the year ended December 31, 2015. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE WOODLANDS TOWNSHIP

The Woodlands Township is located 27 miles north of downtown Houston, Texas, just off Interstate 45 in the southeastern region of the State of Texas, and is the local government for one of the country's leading master-planned communities. This 28,000-acre residential and commercial development is home to more than 112,505 residents and approximately 2,200 employers. The current number of residential households totaling 45,590 is projected to grow to 51,105 households with a population of over 122,000 by 2020. The estimated number of employers is projected to grow to over 2,700 by 2020.

Founded in 1974 by George Mitchell, The Woodlands was one of the nation's first sustainable communities. Since 1990 it has been one of the best-selling master-planned communities in the U. S. Since its inception, more than \$18 billion has been invested in The Woodlands, which includes nine residential villages and a 1,000-acre business district known as Town Center. Town Center has become the heart and soul of The Woodlands, encompassing The Woodlands Waterway, a 1.4-mile long water feature, transportation corridor and linear park. The Waterway links Class A office buildings, shopping, dining and entertainment venues in Town Center. The Woodlands Mall, a 1.3-million square-foot regional mall; 34-acre "Main Street"-style Market Street; The Cynthia Woods Mitchell Pavilion; and two Cinemark movie theaters combined with dozens of upscale restaurants and shops enhance Town Center. The most recent addition to the Township is Hughes Landing on Lake Woodlands. Hughes Landing is a 66-acre mixed use development that includes multiple office buildings, upscale multi-family residences, a full service upscale hotel and numerous restaurants.

The Township also offers a variety of amenities to its residents and visitors including over 7,600 acres of green space, golf courses and forest preserves, 210 miles of pathways, 140 developed parks, 88 play areas with play equipment, 14 public swimming facilities, 5 children's spray grounds, seven golf courses, two major sports parks, and a recreation center.

The Township was originally established in 1993 as the Town Center Improvement District (TCID). It was created by the Texas Legislature as a governmental agency charged with promoting health, welfare and safety within The

Woodlands Town Center. Pursuant to voter approval in 2007, the area under TCID's jurisdiction was expanded to include The Woodlands' entire 28,000-acre residential and commercial area. The organization was then renamed The Woodlands Township.

Prior to January 1, 2010, The Woodlands Community Service Corporation, a private not-for-profit corporation, provided municipal-type services to The Woodlands community on behalf of The Woodlands Community Association, The Woodlands Association and The Woodlands Commercial Owners Association (collectively, the Community Associations). On January 1, 2010, pursuant to a Transition Agreement between the relevant parties, the Community Associations assigned their respective covenants, responsibilities, obligations, contracts, rights and operations to the Township. At the same time, the transition of staff and services from the Community Associations to the Township took place. This transition provided for the seamless consolidation of services into a single governing body for the benefit of the community. In place of annual assessment fees previously imposed by the Community Associations to fund services, the transitioned services are now funded through an ad valorem property tax, supplemented by sales and use tax and other revenues. The Community Associations were legally dissolved in August 2010 and all responsibilities were assumed by the Township.

All services provided by the Township, as well as those provided by 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, 2015. 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 services provided 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.

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 two-year staggered terms. Board elections are held annually in November.

LOCAL ECONOMY

South Montgomery County, Texas, which includes the Township, has enjoyed unprecedented commercial growth over the last several years and fiscal year 2015 was no different. Net property values grew 12.4% to \$16.3 billion as of January 2015; an increase of \$1.9 billion over 2014 values. The County and the Township embrace a progressive, pro-business, pro-growth attitude that includes attractive tax and other incentives to qualifying companies. The area's economic base is well diversified.

The Township is home to over 1,900 businesses inclusive of many major national and international businesses and corporations. Some of the major corporations include Anadarko Petroleum Corporation, Aon Hewitt, Black Forest Ventures, CB&I, Baker Hughes, Chevron Phillips Chemical Company, Fox Networks Group, Huntsman Corporation, Woodforest National Bank, Entergy, McKesson Specialty Health, Repsol USA, Cynthia Woods Mitchell Pavilion, Waste Connections, and many others.

ExxonMobil's new 385-acre campus just south of The Woodlands has fully opened with approximately 10,500 employees. In addition, 1,400 employees have been relocated to leased space in the newly developed Hughes Landing.

Development work and homebuilding are ongoing in The Woodlands' ninth village – The Village of Creekside Park. The newest village is planned to include approximately 6,135 residences in a wide variety of styles and price ranges along with many parks and amenities. More than 3,767 families currently live in Creekside Park.

There is significant ongoing construction in the medical field in The Woodlands area. Construction of the new 470,000-square-foot Houston Methodist Hospital is underway and planned to open in 2017. The \$328 million campus will be modeled after Houston Methodist West Hospital near Katy. The campus also will include a 135,000-square-foot medical building. Texas Children's Hospital also will open its new community hospital in The

Woodlands in 2017. The 548,000 square-foot, state of the art facility will serve children and families and will provide inpatient and outpatient specialty pediatric care.

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, and the Center for Houston's Future. The Township Board of Directors and The Woodlands Convention & Visitors Bureau Board of Directors support 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. The Township strongly supports efforts to attract and retain quality businesses, which in turn supports job retention and fosters economic growth.

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 of Directors review the five-year business plan 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. The Board consistently strives to lower the tax rate while maintaining the level of services the residents of The Woodlands have long enjoyed.

The Board of Directors 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, 2015, the Township's General Fund had a balance of \$40 million, which met all policy requirements.

AWARDS AND ACKNOWLEDGEMENTS

For the fiscal year ended December 31, 2014, The Woodlands Township received the *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association of the United States, recognizing the Township as a government unit who's Comprehensive Annual Financial Report achieved the highest standards in governmental accounting and financial reporting. Also received from the Government Finance Officers Association of the United States and for the first time is the *Distinguished Budget Presentation Award*.

The Woodlands Township also earned four communications and advertising awards through the work of Community Relations: "Welcome to The Woodlands Township" online video earned a bronze *Telly Award*. The "Welcome to The Woodlands Township" online video also received a *Merit Award* from the Service Industry Advertising Awards, produced by SilverRock Productions.

The Woodlands Community Magazine, featuring the Action Guide, earned an *Award of Distinction* from The Communicator Awards, the largest and most competitive awards program honoring creative excellence for communications professionals as well as the *Gold Award* from the Service Industry Advertising Awards. This competition recognizes outstanding creative achievement by marketing and communication professionals in the service industry. Parks and recreation staff worked with Community Relations in creating the Action Guide.

The Professional Landcare Network (PLANET) issued the *National Landscape Award of Excellence* to Rob Fleming Park.

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 and Administration Department. Appreciation also is 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 wishes 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, appearing to read "Don T. Norrell". The signature is fluid and cursive, with the first name "Don" and last name "Norrell" clearly distinguishable.

Don T. Norrell
President/General Manager

A handwritten signature in black ink, appearing to read "Monique Sharp". The signature is cursive and elegant, with the first name "Monique" and last name "Sharp" clearly distinguishable.

Monique Sharp
Assistant General Manager
Finance and Administration

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The Woodlands Township
Texas**

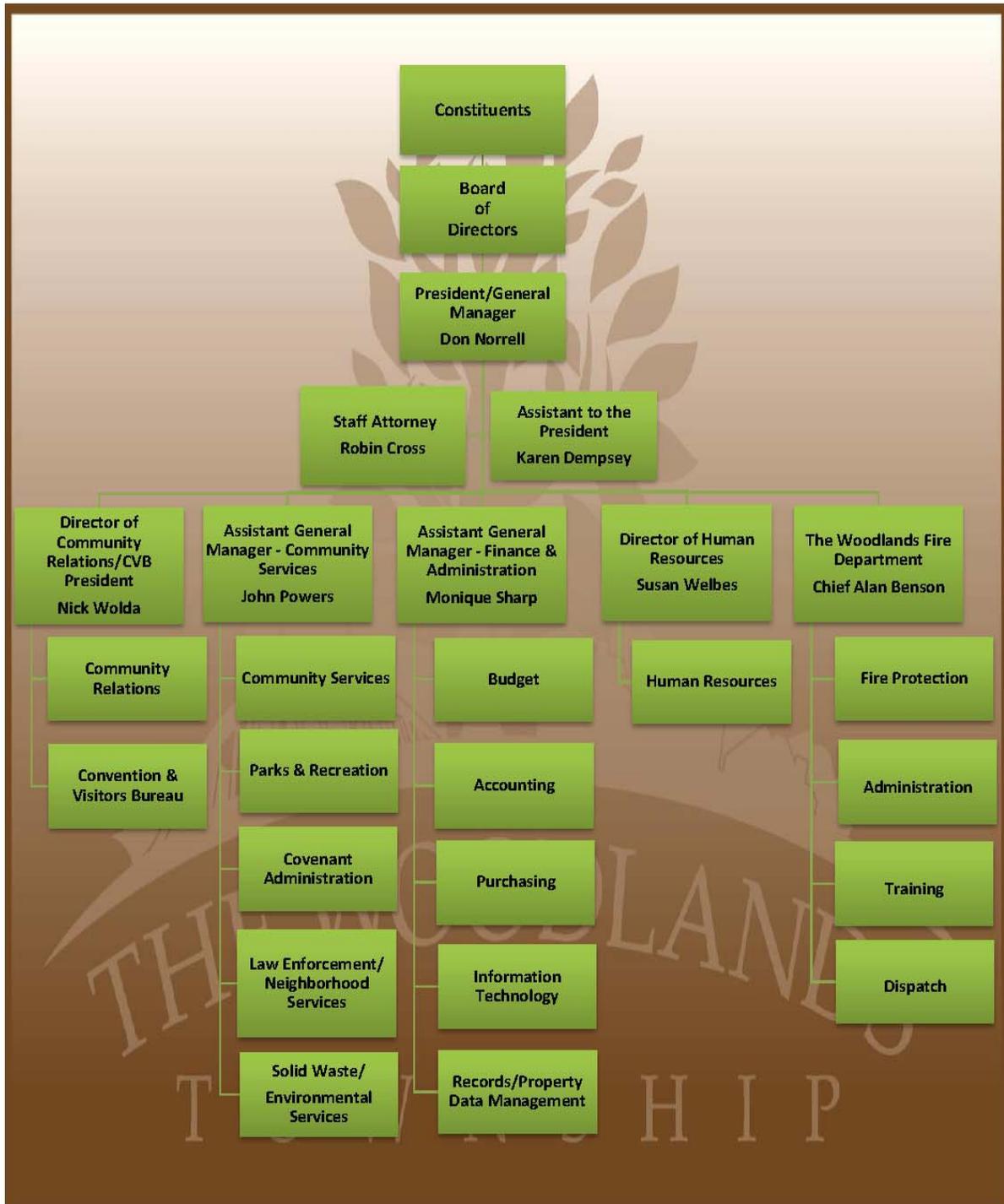
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014



Executive Director/CEO

Organizational Chart



**THE WOODLANDS TOWNSHIP
BOARD OF DIRECTORS**

| |
|--|
| |
| Chairman Dr. Edmund W. Robb III (Elected by the Board as Chairman, November 18, 2015) <i>Position 4 - Term Expires: November 2016</i> |
| Vice Chairman Mr. Mike Bass (Elected by the Board as Vice Chairman, November 18, 2015) <i>Position 2 - Term Expires: November 2016</i> |
| Secretary Mr. Gordy Bunch (Elected by the Board as Secretary, November 18, 2015) <i>Position 1 - Term Expires: November 2016</i> |
| Treasurer Ms. Laura Fillault (Elected by the Board as Treasurer, November 18, 2015) <i>Position 7 - Term Expires: November 2017</i> |
| Director Dr. Ann Snyder <i>Position 6 - Term Expires: November 2017</i> |
| Director Mr. John P. McMullan <i>Position 5 - Term Expires: November 2017</i> |
| Director Mr. Jeff Long <i>Position 3 - Term Expires: November 2016</i> |

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Directors of
The Woodlands Township:

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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, 2015, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 16-25 be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Blazek & Vetterling

August 24, 2016

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**The Woodlands Township
Management's Discussion and Analysis
For the year ended December 31, 2015
(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, 2015. Please read this discussion in conjunction with the transmittal letter at the beginning of the report and the Township's financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at December 31, 2015 by \$199.6 million (*net position*). Of this amount, \$66.1 million (*unrestricted net position*) may be used to meet the Township's ongoing obligations to its citizens and creditors.
- The Township's total net position increased by \$21.3 million, primarily due to increases in sales and use tax, property tax, and hotel occupancy tax revenues; an increase in recreational program revenues, grant revenue, and bus fares relating to transportation and a decrease in debt-related expenses.
- At December 31, 2015, the unassigned fund balance for the General Fund was \$14.0 million or 15.7% of the total General Fund's expenditures.

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 of 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 The Woodlands Convention & Visitors Bureau. The Woodlands Convention & Visitors Bureau 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 of 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 35-54 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 \$199.6 million at December 31, 2015.

By far the largest part of the Township's net position, \$123.2 million (62%), 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 since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$10.3 million (5.1%) 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, \$66.1 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 a whole, 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, 2015 and 2014:

| | CONDENSED STATEMENTS OF NET POSITION (ROUNDED TO 000'S) | |
|---|--|--------------------------|
| | YEAR ENDED | YEAR ENDED (RESTATED) |
| | DECEMBER 31, 2015 | DECEMBER 31, 2014 |
| Current and other assets | \$ 132,498,000 | \$ 133,278,000 |
| Long-term receivables and other assets | 2,709,000 | 2,448,000 |
| Capital assets | <u>206,100,000</u> | <u>182,895,000</u> |
| Total assets | <u>341,307,000</u> | <u>318,621,000</u> |
| Deferred outflows of resources | <u>1,420,000</u> | <u>517,000</u> |
| Current and other liabilities | 38,690,000 | 35,788,000 |
| Long-term liabilities due in more than one year | <u>80,418,000</u> | <u>85,714,000</u> |
| Total liabilities | <u>119,108,000</u> | <u>121,502,000</u> |
| Deferred inflows of resources | <u>23,972,000</u> | <u>19,320,000</u> |
| Invested in capital assets net of related debt | 123,220,000 | 97,405,000 |
| Restricted | 10,322,000 | 13,312,000 |
| Unrestricted | <u>66,105,000</u> | <u>67,599,000</u> |
| Total net position | <u>\$ 199,647,000</u> | <u>\$ 178,316,000</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, 2015 and 2014:

| | CONDENSED STATEMENTS OF CHANGES IN NET POSITION (ROUNDED TO 000'S) | |
|------------------------------------|--|--------------------------|
| | YEAR ENDED | YEAR ENDED (RESTATED) |
| | DECEMBER 31, 2015 | DECEMBER 31, 2014 |
| REVENUE: | | |
| Tax revenue | \$ 101,654,000 | \$ 101,991,000 |
| Program service fees | 10,272,000 | 5,814,000 |
| Grants and contributions | 9,038,000 | 4,118,000 |
| Investment earnings | 191,000 | 161,000 |
| Other income | <u>525,000</u> | <u>548,000</u> |
| Total revenue | <u>121,680,000</u> | <u>112,632,000</u> |
| EXPENSES: | | |
| General and administrative | 9,622,000 | 9,380,000 |
| Public safety | 34,044,000 | 32,619,000 |
| Parks and recreation | 23,194,000 | 20,762,000 |
| Transportation | 8,021,000 | 583,000 |
| Economic development | 7,927,000 | 7,264,000 |
| Community services | 13,453,000 | 12,493,000 |
| Community relations | 1,110,000 | 1,015,000 |
| Interest and debt-related expenses | <u>2,978,000</u> | <u>3,279,000</u> |
| Total expenses | <u>100,349,000</u> | <u>87,395,000</u> |
| CHANGES IN NET POSITION | 21,331,000 | 25,237,000 |
| Net position, beginning of year | <u>178,316,000</u> | <u>153,079,000</u> |
| Net position, end of year | <u>\$ 199,647,000</u> | <u>\$ 178,316,000</u> |

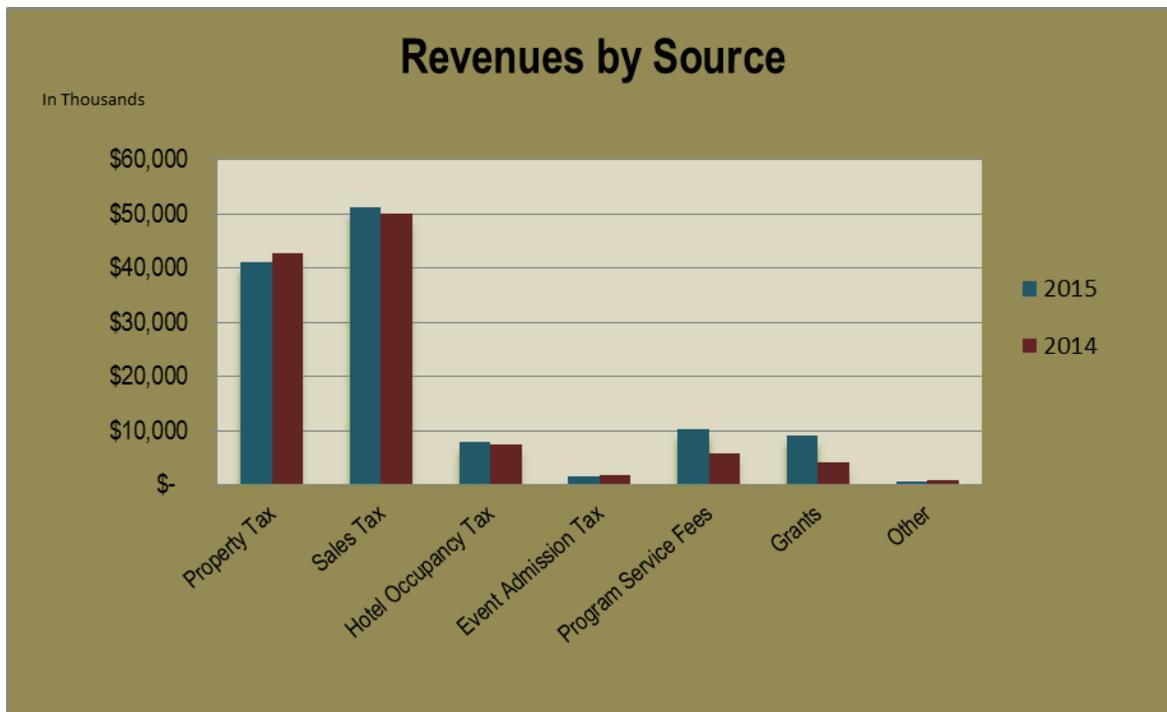
From the 2014 ending balance of \$178.3 million to the 2015 ending balance of \$199.6 million, the Township’s net position increased \$21.3 million. The reasons for this increase are explained in the following section.

Governmental Activities

Governmental activities increased the Township’s net position by \$21.3 million during the current fiscal year. Key elements of this increase are as follows:

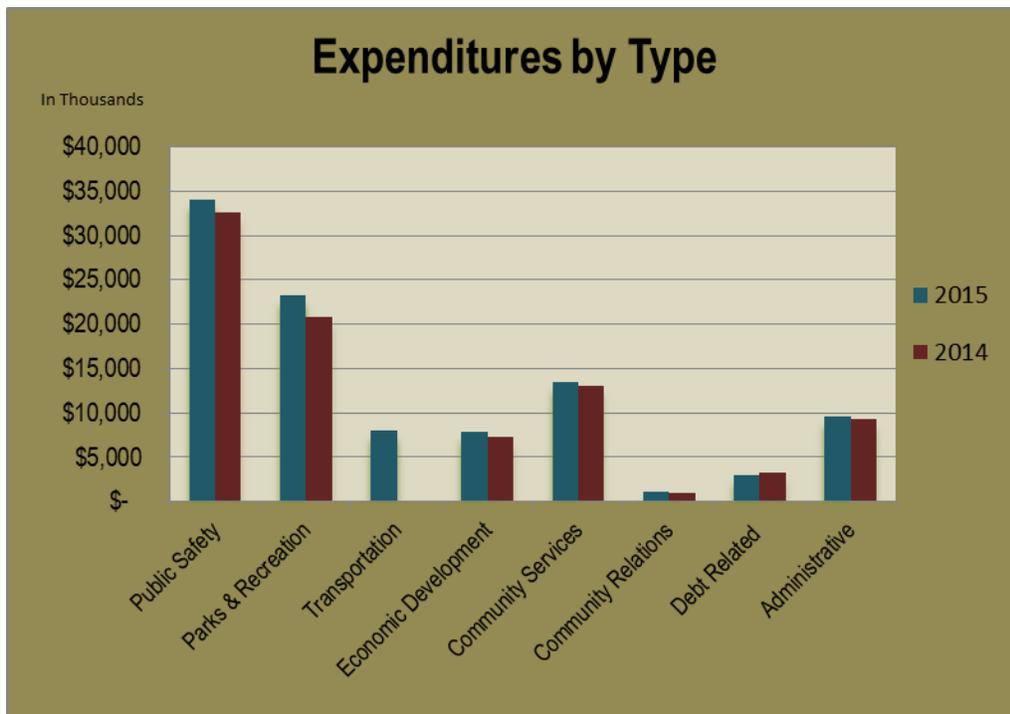
Revenue in 2015 increased by \$9.0 million (8%) due to:

- Sales and use tax revenue increased slightly by 2.4% due to increased sales activity within the area as the Township continues to grow and promote tourism and commerce in the community. The Township maintained an upward trend in retail sales for 2015 by 11% compared to the prior year. According to the North American Industry Classification System (NAICS), which is provided by the Texas State Comptroller, other industries in the Township that experienced increases were accommodation and food services, wholesale trade, information, and manufacturing.
- Property tax collections decreased 4.4%. Although taxable property values increased approximately \$1.8 billion, or 12.4% over the prior year, the increase was offset by the Board of Director’s election to decrease the tax rate from \$.2940 per \$100 of value in 2014 to \$.2500 per \$100 of value in 2015.
- Hotel occupancy tax revenue increased 5.8% due to an increase in tourism, record high occupancy and the maximizing of room rates.
- Recreational program service fees increased 16.37% due to an increase in aquatic programs, boat house rentals, and athletic sports programs.
- Grants and contributions increased as a result of the receipt of Federal Transportation Administration (FTA) grant funds for the operation of trolleys and The Woodlands Express Park & Ride, and a capital contribution for the purchase of five (5) park and ride commuter buses.



Expenses in 2015 increased by \$13.0 million (15%) due to:

- An increase in sales and use tax revenue generated slightly higher regional participation agreement payments to the City of Conroe and the City of Houston.
- An increase in sales tax revenue generated higher annual payments for the Market Street Public Enhancement and Mall Expansion Public Enhancement Projects from the Special Revenue Fund.
- An increase in public safety related to the inter-local agreements with the Montgomery County Sheriff’s Office and Harris County Constable’s Office.
- An increase in park and pathway maintenance relating to tree removal and forest management.
- An added expenditure for the contracted bus service operating The Woodlands Express Park and Ride Service.
- An increase in transportation capital expenditures for the purchase of five (5) park and ride buses.
- The purchase of 11.66 acres located at Grogans Mill and Lake Woodlands Drive.
- The development of the Gosling Sports Fields.
- An increase in capital expenditures for parks and pathway improvements.



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. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the Township’s governmental funds reported a combined ending fund balance of \$77.5 million, a decrease of nearly \$8.2 million or 9.6% from the prior year.

| | <u>2015</u> | <u>2014</u> | INCREASE (DECREASE) |
|-----------------------|----------------------|----------------------|------------------------|
| Fund balances: | | | |
| General Fund | \$ 40,172,000 | \$ 34,405,000 | \$ 5,767,000 |
| Capital Projects Fund | 36,468,000 | 47,602,000 | (11,134,000) |
| Debt Service Fund | 6,932,000 | 9,928,000 | (2,996,000) |
| Special Revenue Fund | <u>(6,069,000)</u> | <u>(6,206,000)</u> | <u>137,000</u> |
| Total fund balances | <u>\$ 77,503,000</u> | <u>\$ 85,729,000</u> | <u>\$ (8,226,000)</u> |

Approximately \$14.0 million of the \$77.5 million total constitutes unassigned General Fund balances, which are available for spending at the Township's discretion. By policy, the Township assigns balances for an operating reserve (\$15.0 million at December 31, 2015). 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:

- Committed for receivable of future sales tax revenue from the Special Revenue Fund related to repayment of construction costs for Town Green Park and Waterway Square (\$6.0 million). This fund balance is offset by a deficit fund balance in the Special Revenue Fund (\$6.0 million).
- Committed or restricted for obligations related to fiscal 2015 (\$5.1 million).
- Committed for authorized capital projects and capital and economic reserves (\$36.5 million).
- Committed to pay debt service (\$6.9 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. At December 31, 2015, the General Fund had an unassigned fund balance of \$14.0 million and a total fund balance of \$40.2 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 15.7% of total General Fund expenditures, while total fund balance represents 45.2%. Pursuant to Board policy, the Township maintains an assigned General Fund balance at a calculated amount based on annual General Fund operating expenditures.

The Township's General Fund balance increased \$5.7 million or 17% during the current fiscal year. The key factor for this increase is related to a transfer of \$3.1 million from capital reserves for the construction of the multi-use building shared with the Cynthia Woods Mitchell Pavilion, and an increase in sales and use and hotel occupancy tax revenue.

Capital Projects Fund – The Capital Projects Fund accounts for the resources accumulated and payments made for the acquisition or construction of capital assets and projects. Resources are derived from General Fund allocations or debt proceeds. The Township's Capital Projects Fund decreased \$11.1 million during the current fiscal year. The decrease is related to the completion of carryover projects from the prior year and a transfer of \$14.5 million to the General Fund for the purchase of land. These decreases are offset by an increase in the Capital Projects Fund from the prior year.

At December 31, 2015, the Capital Projects Fund had an ending balance of \$36.5 million. Pursuant to Board policy, \$30.1 million is committed in the Capital Projects Fund for the future refurbishment, replacement of existing assets and future economic development projects. The remaining \$6.4 million will be used for projects not completed in 2015.

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 20% of the annual General Fund operating expenditures. The remaining cash generated from favorable budget variances is allocated to the capital replacement fund, the economic development reserve, and 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 (page 43) and in the Capital Assets section of this management's discussion and analysis (page 22).

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 property tax is pledged for the payment of the Unlimited Tax Bonds, while Hotel Occupancy Tax revenues of nine percent 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.

Additional information on the Township's debt administration can be found in the accompanying notes to the financial statements (page 48) and in the Long-Term Debt section of this management's discussion and analysis (page 23).

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 Fire Department's operations.

For 2015, the Special Revenue Fund recorded \$25.4 million in sales tax revenues. Of this amount, \$2.9 million was paid to the authorized Zone projects for the purpose of paying down debt service, and \$22.4 million was transferred to the General Fund to pay for Fire Department operations. The year-end deficit balance of \$6.0 million in this fund is largely due to a \$4.3 million liability related to the Market Street/Town Green Park project and a \$1.7 million 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.

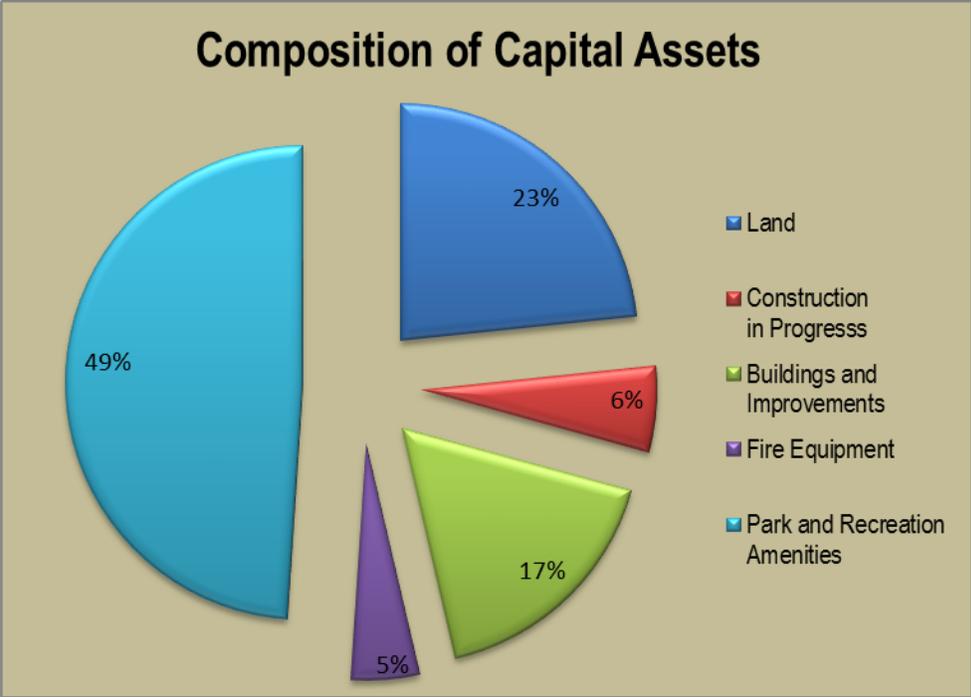
General Fund Budgetary Highlights

The actual revenues for the year ended December 31, 2015, totaled \$83.8 million, which were \$3.2 million lower than the final budget of \$87.0 million. The primary reasons for the unfavorable variance include increased collections of tax revenues and a favorable variance in recreation and aquatic programs in excess of budgeted amounts in the General Fund, offset by potential federal grant funds budgeted for transportation capital outlay, but not applied for. Actual expenditures for the year were \$89.0 million, an amount \$13.0 million lower than the final budget. The primary reasons for the favorable variance are a savings in contracted services mainly related to lower than budgeted amounts in transportation contracted services and a portion of those services being funded by grant funds, a savings in law enforcement, streetlight and streetscape maintenance contracts, and the budgeted transit center not being constructed. There also are savings in salaries and benefits because of open positions throughout the year and less than anticipated expenditures in parks and pathway maintenance, facility maintenance, and lease obligations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2015 amounted to \$206.1 million (net of accumulated depreciation). This amount represents a net increase (including additions and deductions) of \$23.2 million over 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, 2015 included:

- Development of new parks and pathways primarily in Town Center and Waterway Square.
- The Waterway Square stage and bridge.
- The construction of the Gosling Sports Fields.
- The purchase of 11.66 acres located at Grogans Mill and Lake Woodlands Drive.

Additional information about capital assets can be found in Note 10 to the financial statements (page 43).

Long-Term Debt

At December 31, 2015, the Township had total debt outstanding of \$82.9 million; a decrease of \$4.8 million from the prior year’s ending debt balance.

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Debt instruments: | | |
| Series 2009 Revenue Bonds | | |
| Series 2010 Unlimited Tax Bonds | \$ 28,470,000 | \$ 29,885,000 |
| Series 2010 Sales Tax and Hotel Occupancy Tax Refunding Bonds | 32,570,000 | 34,650,000 |
| Series 2010 Sales Tax and Hotel Occupancy Tax Bonds | 9,475,000 | 10,180,000 |
| Series 2011 Unlimited Tax Bonds | 8,740,000 | 9,135,000 |
| Series 2012 Unlimited Tax Bonds | <u>3,625,000</u> | <u>3,835,000</u> |
| Total debt instruments | <u>\$ 82,880,000</u> | <u>\$ 87,685,000</u> |

Current ratings* on debt issues are as follows:

| <u>GENERAL OBLIGATION BONDS</u> | <u>MOODY’S</u> | <u>S&P</u> |
|---------------------------------|----------------|----------------|
| 2010 | NR | AA |
| 2011 | NR | AA |
| 2012 | NR | AA |

SALES TAX AND HOTEL OCCUPANCY TAX BONDS

| | <u>UNDERLYING</u> | | <u>INSURED</u> | |
|----------------|-------------------|----------------|----------------|----------------|
| | <u>MOODY'S</u> | <u>S&P</u> | <u>MOODY'S</u> | <u>S&P</u> |
| 2010 Refunding | A1 | A+ | FSA-A2 | FSA-AA |
| 2010 | A1 | A+ | FSA-A2 | FSA-AA |

*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 of Directors 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 national, regional, and local economies were carefully considered in the development of the 2016 budget. The budget was prepared with the goal of achieving certain key objectives, including:

- 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.
- Maintain or lower the property tax rate.

Total revenue projections for 2016 equal \$126.5 million, which is a 6.2% increase from 2015's actual revenue of \$119.1 million. The increase is primarily the result of an increase in transportation revenue relating to grant funding for the park and ride, bus fares, and slightly higher revenue from sales and use tax, and hotel occupancy tax.

Property tax revenue is based on a property tax rate of \$0.2300 applied to the taxable property value base of \$18.1 billion, an increase of \$1.8 billion from last year's tax base of \$16.3 billion. Total property tax revenue is projected to be \$41.4 million in 2016, an increase of \$.4 million or .1% from the 2015 total of \$41.0 million. Although the tax base increased \$1.8 billion, the reduction of the overall tax rate from .2500 per \$100 of valuation to .2300 per \$100 of valuation resulted in a minimal increase in property tax revenue. Revenue from property tax comprises 33% of total 2016 budgeted revenue.

Sales and use tax revenue for 2016 is projected to be \$51.4 million, which is a .2% increase over the \$51.3 million collected for 2016. Revenue from sales and use tax comprises 43% of total 2015 revenue. Revenue from a 9% hotel occupancy tax is anticipated to generate \$9.6 million in revenue for 2016, which is a 23% increase from the 2015 total of \$7.8 million.

The 2016 budget includes \$123.4 million in expenditures, representing a 3.1% decrease over the 2015 expenditures total of \$127.3 million.

The Township is currently responsible for transit planning and the operation of The Woodlands Express Park & Ride as well as other modes of transportation. To provide these services, the 2016 budget includes \$9.0 million of operating expenditures, \$5.9 million of capital expenditures relating to the purchase of commuter buses, and \$1.8 million for transportation initiatives. The budget projects a large percentage of these expenditures to be offset by bus fares and grant revenue.

Because The Woodlands community continues to grow, the 2016 budget provides for an increase in parks and recreation operating expenditures, contracted services for streetscape, utilities and maintenance, and additional police and fire protection.

The 2016 budget also provides for increases in expenditures offset by corresponding increases in revenue:

- Cynthia Woods Mitchell Pavilion (offset by event admissions tax),
- Regional Participation Agreement payments (offset by sales tax revenue), and
- Costco Agreement (offset by sales tax revenue).

Debt service requirements for 2016 are projected at \$7.9 million.

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: Assistant General Manager – Finance and Administration, 2801 Technology Forest Boulevard, The Woodlands, Texas, 77381.

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BASIC FINANCIAL STATEMENTS

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The Woodlands Township

Statement of Net Position as of December 31, 2015

ASSETS

| | |
|--------------------------------------|--------------------|
| Cash and cash equivalents | \$ 92,339,032 |
| Receivables, net | 39,392,981 |
| Prepaid expenses | 765,928 |
| Net pension asset | 281,498 |
| Capital lease receivable | 1,871,563 |
| Long-term rent paid in advance | 555,853 |
| Capital assets not being depreciated | 90,271,754 |
| Capital assets, net of depreciation | <u>115,828,801</u> |
| Total assets | <u>341,307,410</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|------------------|
| Difference in projected and actual earnings on pension assets | 942,416 |
| Capitalized charge on refunding | <u>477,440</u> |
| Total deferred outflows of resources | <u>1,419,856</u> |

LIABILITIES

| | |
|---|--------------------|
| Accounts payable and accrued liabilities | 12,705,966 |
| Accrued interest payable | 1,004,224 |
| Unearned property tax revenue | 18,931,226 |
| Long-term liabilities: | |
| Due within one year: | |
| Bonds payable | 5,088,833 |
| Unearned revenue related to operating lease | 177,500 |
| Compensated absences | 782,479 |
| Due in more than one year: | |
| Bonds payable | 79,130,235 |
| Unearned revenue related to operating lease | 1,153,750 |
| Net other postemployment benefit liability | <u>134,211</u> |
| Total liabilities | <u>119,108,424</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|-------------------|
| Unavailable property tax revenue | 23,358,156 |
| Difference in expected and actual pension expenses | <u>613,424</u> |
| Total deferred inflows of resources | <u>23,971,580</u> |

NET POSITION

| | |
|---|-----------------------|
| Invested in capital assets, net of related debt | 123,220,556 |
| Restricted for debt retirement | 5,364,881 |
| Restricted for healthcare obligations | 800,000 |
| Restricted for The Woodlands Township Firefighters' Retirement System | 610,490 |
| Restricted for reimbursement of costs related to multi-purpose building | 3,003,746 |
| Restricted for cultural events and education | 542,969 |
| Unrestricted | <u>66,104,620</u> |
| Total net position | <u>\$ 199,647,262</u> |

See accompanying notes to financial statements.

The Woodlands Township

Statement of Activities for the year ended December 31, 2015

| | EXPENSES | PROGRAM REVENUE | | | GOVERNMENTAL ACTIVITIES |
|---------------------------------|-----------------------|----------------------------|--|--|----------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | |
| <u>Functions/Programs</u> | | | | | |
| Primary government: | | | | | |
| General and administrative | \$ 9,622,152 | \$ 289,166 | | \$ 3,096,033 | \$ (6,236,953) |
| Public safety | 34,044,146 | 1,230,077 | \$ 4,500 | 74,210 | (32,735,359) |
| Parks and recreation | 23,193,611 | 4,128,669 | 92,536 | | (18,972,406) |
| Transportation | 8,020,936 | 3,896,306 | 2,957,758 | 2,288,924 | 1,122,052 |
| Economic development | 7,926,550 | 578,708 | 326,750 | | (7,021,092) |
| Community services | 13,452,833 | 135,325 | | | (13,317,508) |
| Community relations | 1,109,528 | 14,000 | 196,991 | | (898,537) |
| Interest expense | <u>2,978,405</u> | | | | <u>(2,978,405)</u> |
| Total primary government | <u>\$ 100,348,161</u> | <u>\$ 10,272,251</u> | <u>\$ 3,578,535</u> | <u>\$ 5,459,167</u> | <u>(81,038,208)</u> |
| General revenue: | | | | | |
| Taxes: | | | | | |
| Property | | | | | 41,014,842 |
| Sales | | | | | 51,309,122 |
| Hotel occupancy | | | | | 7,791,741 |
| Event admissions | | | | | 1,538,481 |
| Investment earnings | | | | | 190,761 |
| Other income | | | | | <u>524,927</u> |
| Total general revenue | | | | | <u>102,369,874</u> |
| Change in net position | | | | | 21,331,666 |
| Net position, beginning of year | | | | | <u>178,315,596</u> |
| Net position, end of year | | | | | <u>\$ 199,647,262</u> |

See accompanying notes to financial statements.

The Woodlands Township

Balance Sheet – Governmental Funds as of December 31, 2015

| ASSETS | <u>GENERAL</u> | <u>CAPITAL PROJECTS</u> | <u>DEBT SERVICE</u> | <u>SPECIAL REVENUE</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|------------------------------|-----------------------------|-----------------------------|----------------------------|---|
| Cash and cash equivalents | \$ 57,497,717 | \$ 27,013,394 | \$ 7,827,894 | \$ 27 | \$ 92,339,032 |
| Receivables, net | 31,714,590 | | 2,372,470 | 5,305,921 | 39,392,981 |
| Due from other funds | 6,116,158 | 12,780,309 | 1,566,596 | | 20,463,063 |
| Prepaid expenditures | 765,928 | | | | 765,928 |
| Long-term receivables from other funds | <u>6,069,222</u> | | | | <u>6,069,222</u> |
| TOTAL ASSETS | <u>\$ 102,163,615</u> | <u>\$ 39,793,703</u> | <u>\$ 11,766,960</u> | <u>\$ 5,305,948</u> | <u>\$ 159,030,226</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 12,093,548 | | | \$ 612,418 | \$ 12,705,966 |
| Due to other funds | 11,080,437 | \$ 3,325,719 | \$ 1,363,404 | 4,693,503 | 20,463,063 |
| Unearned property tax revenue | 17,375,079 | | 1,556,147 | | 18,931,226 |
| Long-term payable to other funds | | | | <u>6,069,222</u> | <u>6,069,222</u> |
| Total liabilities | <u>40,549,064</u> | <u>3,325,719</u> | <u>2,919,551</u> | <u>11,375,143</u> | <u>58,169,477</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable property tax revenue | <u>21,442,224</u> | | <u>1,915,932</u> | | <u>23,358,156</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid expenditures | 765,928 | | | | 765,928 |
| Long-term receivables | 6,069,222 | | | | 6,069,222 |
| Restricted for: | | | | | |
| Healthcare obligation | 800,000 | | | | 800,000 |
| Multi-purpose building | 3,003,746 | | | | 3,003,746 |
| Committed for: | | | | | |
| Capital reserves | | 22,874,442 | | | 22,874,442 |
| Capital projects | | 11,585,232 | | | 11,585,232 |
| Debt service | | | 6,931,477 | | 6,931,477 |
| Economic development reserve | | 2,008,310 | | | 2,008,310 |
| Cultural events and education | 542,996 | | | | 542,996 |
| Assigned for: | | | | | |
| Operating reserve | 15,007,906 | | | | 15,007,906 |
| Unassigned | <u>13,982,529</u> | | | <u>(6,069,195)</u> | <u>7,913,334</u> |
| Total fund balances | <u>40,172,327</u> | <u>36,467,984</u> | <u>6,931,477</u> | <u>(6,069,195)</u> | <u>77,502,593</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 102,163,615</u> | <u>\$ 39,793,703</u> | <u>\$ 11,766,960</u> | <u>\$ 5,305,948</u> | <u>\$ 159,030,226</u> |

See accompanying notes to financial statements.

The Woodlands Township

Reconciliation of the Balance Sheet – Government Funds to the Statement of Net Position for the year ended December 31, 2015

| | |
|--|-----------------------|
| Total fund balances, governmental funds | \$ 77,502,593 |
| 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 and therefore are not reported in the fund financial statements. | 206,100,555 |
| Certain unearned revenue is not earned in the current period and therefore is not reported in the fund financial statements. | |
| Unearned revenue related to operating lease | (1,331,250) |
| Certain assets and deferred outflows of resources included in the statement of net position are not available to pay current period expenditures and are therefore not reported as assets in the governmental fund financial statements. | |
| Capital lease receivable | 1,871,563 |
| Capitalized charge on refunding | 477,440 |
| Construction costs reimbursed in lieu of future rental payments | 555,853 |
| Net pension asset | 281,498 |
| Difference in projected and actual earnings on pension assets | 942,416 |
| 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 statement, but are reported in the governmental activities of the statement of net position. | |
| Bonds payable | (84,219,068) |
| Accrued interest payable | (1,004,224) |
| Compensated absences | (782,479) |
| Difference in expected and actual pension expenses | (613,424) |
| Net other postemployment benefit liability | <u>(134,211)</u> |
| Net position of governmental activities in the statement of net position | <u>\$ 199,647,262</u> |

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, 2015

| | <u>GENERAL</u> | <u>CAPITAL PROJECTS</u> | <u>DEBT SERVICE</u> | <u>SPECIAL REVENUE</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|----------------------|-----------------------------|-------------------------|----------------------------|---|
| REVENUE: | | | | | |
| Property taxes | \$ 37,572,102 | | \$ 3,442,740 | | \$ 41,014,842 |
| Sales taxes | 25,954,484 | | | \$ 25,354,638 | 51,309,122 |
| Hotel occupancy taxes | 1,731,498 | | 6,060,243 | | 7,791,741 |
| Event admissions taxes | 1,538,481 | | | | 1,538,481 |
| Investment earnings | 64,771 | \$ 23,032 | 3,769 | 387 | 91,959 |
| Investment earnings from other funds | 413,392 | | | | 413,392 |
| Program service fees and grants | 16,491,504 | 466,383 | | | 16,957,887 |
| Total revenue | <u>83,766,232</u> | <u>489,415</u> | <u>9,506,752</u> | <u>25,355,025</u> | <u>119,117,424</u> |
| EXPENDITURES: | | | | | |
| General and administrative | 9,005,899 | | | | 9,005,899 |
| Public safety | 32,654,857 | | | | 32,654,857 |
| Parks and recreation | 16,031,468 | | | | 16,031,468 |
| Transportation | 8,020,936 | | | | 8,020,936 |
| Economic development | 5,886,807 | | | 2,437,320 | 8,324,127 |
| Community services | 13,452,167 | | | | 13,452,167 |
| Community relations | 1,088,004 | | | | 1,088,004 |
| Capital outlay | 2,927,315 | 27,510,865 | | | 30,438,180 |
| Interest expense to other funds | | | | 413,392 | 413,392 |
| Debt service: | | | | | |
| Principal | | | 4,805,000 | | 4,805,000 |
| Interest | | | 3,110,155 | | 3,110,155 |
| Total expenditures | <u>89,067,453</u> | <u>27,510,865</u> | <u>7,915,155</u> | <u>2,850,712</u> | <u>127,344,185</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(5,301,221)</u> | <u>(27,021,450)</u> | <u>1,591,597</u> | <u>22,504,313</u> | <u>(8,226,761)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 39,531,385 | 28,462,870 | | | 67,994,255 |
| Transfers out | <u>(28,462,874)</u> | <u>(12,575,717)</u> | <u>(4,587,959)</u> | <u>(22,367,705)</u> | <u>(67,994,255)</u> |
| Total other financing sources (uses) | <u>11,068,511</u> | <u>15,887,153</u> | <u>(4,587,959)</u> | <u>(22,367,705)</u> | <u>0</u> |
| CHANGES IN FUND BALANCES | 5,767,290 | (11,134,297) | (2,996,362) | 136,608 | (8,226,761) |
| Fund balances, beginning of year | <u>34,405,037</u> | <u>47,602,281</u> | <u>9,927,839</u> | <u>(6,205,803)</u> | <u>85,729,354</u> |
| Fund balances, end of year | <u>\$ 40,172,327</u> | <u>\$ 36,467,984</u> | <u>\$ 6,931,477</u> | <u>\$ (6,069,195)</u> | <u>\$ 77,502,593</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, 2015

Changes in fund balances \$ (8,226,761)

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 outlays | 30,438,180 |
| Depreciation expense | (10,032,184) |
| Loss on disposal of assets | (14,615) |

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 | 2,814,049 |
|---------------------------------|-----------|

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 | (1,138) |
|---|---------|

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

| | |
|----------------------|---------|
| Garage lease revenue | 177,500 |
|----------------------|---------|

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

| | |
|---|-----------|
| Principal retirement on debt and bond refunding | 4,805,000 |
|---|-----------|

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.

| | |
|---|----------|
| Accrued interest | 62,654 |
| Construction costs reimbursed in lieu of future rents | 555,853 |
| Changes in pension expenses related to actuarial valuation of plan assets and liabilities | 610,490 |
| Amortization of discount on refunding | (39,786) |
| Amortization of financing premiums | 108,883 |
| Net other postemployment benefit liability | 19,304 |
| Compensated absences | 54,237 |

| | |
|---|----------------------|
| Change in net position of governmental activities | <u>\$ 21,331,666</u> |
|---|----------------------|

See accompanying notes to financial statements.

The Woodlands Township

Notes to Financial Statements for the year ended December 31, 2015

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 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 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 if it appoints a voting majority of an organization's governing board and is able to impose its will on the organization or there is a 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

The Woodlands Convention & Visitors Bureau – The Woodlands Convention & Visitors Bureau (CVB), a §501(c)(6) organization, was created in 2006 by the Township's Board of Directors. The organization implements programs and produces events to promote local hotels, amenities, attractions, restaurants, and retailers. By attracting visitors to the area, the CVB helps stimulate demand for The Woodlands as a travel destination and stimulates economic development. The CVB 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.

The CVB is a blended component unit of the Township because of the ability of the Township to exert its will on CVB's Board of Directors and the financial burden of the Township for the CVB. Members are elected by the Board of Directors of the Township or appointed by the CVB Board of Directors. Currently, the Township is the only member of the CVB. As of December 31, 2015, the CVB's eight-member Board was composed of three Township Directors, the President of the Township, the President of the CVB and three community business leaders. The President of the CVB is Director of Public Relations for the Township. The CVB and the Township have executed a service agreement whereby the Township employs all staff of the CVB and provides administrative support at no cost to the CVB. The Township provides substantially all of the support of the CVB.

Transactions and internal balances between the General Fund 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 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 hotel occupancy tax and 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, short-term investments in privately managed public funds investment pools, and sweep accounts.

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 funds 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 fair 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 of Directors 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 assets:

| <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 |
| Leasehold improvements | Lease term |
| 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.

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 if they involved organizations

external to the Township are accounted for as revenue and expenditures in the applicable funds. 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 the 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 of Directors.
- *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 of Directors 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.

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:

- *Invested in capital assets, net of related debt* 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 their 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 results from its enabling legislation.

Program Revenue

Program revenue primarily represents fees for services related to the use of the Township's recreational 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 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 pronouncements.

Statement No. 72, *Fair Value Measurement and Application*, is effective for the Township in fiscal year 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is effective for the Township in fiscal year 2016. This statement amends Statement No. 68 to extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions. Additionally, it defines accounting and financial statement presentation for defined contribution pensions.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans for Other Than Pension Plans*, is effective for the Township in fiscal year 2017 and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, is effective for the Township in fiscal year 2018. These statements replace older guidance and are designed to improve information reported on OPEB, improving accountability, comparability and transparency.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*, is effective for the Township in fiscal year 2016. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and address uses of the authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

Statement No. 77, *Tax Abatement Disclosures*, is effective for the Township in fiscal year 2016. This statement requires disclosure of information regarding tax abatement agreements, including a description of the agreement(s), the gross dollars of taxes abated and, if applicable, commitments made by the government other than the abate taxes that may be a part of a tax abatement agreement.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, is effective for the Township in fiscal year 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The statement establishes certain note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in these pools.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, is effective for the Township in fiscal year 2017. This statement adds criterion requiring the blending of component units incorporated as not-for-profit corporations in which the primary government is the sole corporate member.

Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, is effective for the Township in fiscal year 2017. This statement further amends the definitions and requirements in the presentation of

covered payroll. Additionally, the statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statements No. 67, No. 68, and No. 73 for the selection of assumptions used in determining the total pension liability and related measures.

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. Encumbrances are liquidated or accrued at the close of each fiscal year.

Deficit Fund Balances

The Special Revenue Fund has a deficit fund balance of \$6.1 million as of December 31, 2015. In accordance with the project and financing plans adopted by the Board 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, 2015 consist of the following:

| | |
|---|----------------------|
| Cash on hand | \$ 3,798 |
| Demand deposits | 11,618,862 |
| Certificates of deposit | 11,973,805 |
| Investments: | |
| TexPool | 64,100,771 |
| TexSTAR | <u>4,641,796</u> |
| Total cash and cash equivalents and investments | <u>\$ 92,339,032</u> |

The carrying value of demand deposits of the primary government at December 31, 2015 was \$11,618,862 and the related bank balances were \$14,892,042.

Authorization for Deposits and Investments

The Texas 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 pool accounts. 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 Texas Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These investment pools use amortized cost rather than market 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, 2015, 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 | \$ 35,151,289 | <90 days | AAAm |
| TexSTAR | General | 3,273,979 | <90 days | AAAm |
| TexSTAR** | General | 802,385 | <90 days | AAAm |
| TexPool | Debt Service | 1,695,275 | <90 days | AAAm |
| TexPool | Debt Service | 240,813 | <90 days | AAAm |
| TexSTAR | Debt Service | 565,432 | <90 days | AAAm |
| TexPool | Capital Projects | 21,273,090 | <90 days | AAAm |
| TexPool | Capital Projects | 5,556,708 | <90 days | AAAm |
| TexPool | Capital Projects | <u>183,596</u> | <90 days | AAAm |
| Total investments | | <u>\$ 68,742,567</u> | | |

**Account restricted for health insurance claims contingency fund.

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 year. Additional authorization is required for periods exceeding one year; 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 market value of not less than the principal amount of the deposits. The Township's Investment Policy further restricts the value of such collateral to no less than 110% of the principal amount of the uninsured deposit.

At December 31, 2015, the following deposits including accrued interest as of December 31, 2015, were properly collateralized or insured in accordance with state requirements and the Township's policies:

| <u>BANK</u> | <u>TYPE</u> | <u>FUND</u> | <u>FAIR VALUE</u> | <u>MATURITY</u> |
|-------------------|------------------------|--------------|-------------------|-----------------|
| Cadence Bank | Certificate of Deposit | General | \$3,212,906 | 39 days |
| Cadence Bank | Certificate of Deposit | Debt Service | \$750,926 | 27 days |
| Independence Bank | Certificate of Deposit | General | \$8,009,973 | 279 days |

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables as of December 31, 2015 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 | \$ 22,791,976 | | \$ 1,948,140 | | \$ 24,740,116 |
| Sales tax | 5,367,528 | | | \$ 5,305,921 | 10,673,449 |
| Hotel occupancy tax | | | 459,264 | | 459,264 |
| Event admissions tax | 255,197 | | | | 255,197 |
| Grants receivable | 3,239,126 | | | | 3,239,126 |
| Other receivables | <u>453,050</u> | | <u>155</u> | | <u>453,205</u> |
| Total receivables | 32,106,877 | | 2,407,559 | 5,305,921 | 39,820,357 |
| Less: allowance for uncollectible accounts | <u>(392,287)</u> | | <u>(35,089)</u> | | <u>(427,376)</u> |
| Receivables, net | <u>\$ 31,714,590</u> | <u>\$ 0</u> | <u>\$ 2,372,470</u> | <u>\$ 5,305,921</u> | <u>\$ 39,392,981</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 \$23,358,156 and unearned property tax revenue of \$18,931,226.

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 imposed an incremental one percent sales tax within the boundaries of the expanded Township, but by order dated March 26, 2008, the Board 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 and are recognized in the Special Revenue Fund.

The Township recorded revenue of \$25,954,484 in the General Fund and \$25,354,638 in the Special Revenue Fund from the levy of sales tax for the fiscal year ended December 31, 2015.

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% of the price paid for a hotel room and a supplemental tax at a rate of up to an additional 2%. By Board order, the Township has imposed the maximum 9% 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% 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% 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% is to be used by the Township for promotion, funding or support of cultural events held elsewhere in the Township. The agreement is in effect through December 31, 2030.

NOTE 9 – GRANT REVENUE

The Township was awarded a grants to provide public transportation service for the general Woodlands/Conroe urbanized area. The grant provides for planning, operations and upkeep of facilities. Additionally, the Township is the sub-recipient of a grant that will provide for the purchase of 5 buses annually in the years 2015 through 2019. The Township recognized grant revenues for public transportation services of \$3.0 million and \$2.3 million for the purchase of buses.

NOTE 10 – CAPITAL ASSETS

The Township’s investment in capital assets at December 31, 2015 consists of the following:

| | BALANCE JANUARY 1, 2015 | ADDITIONS | COMPLETIONS/ DISPOSALS | BALANCE DECEMBER 31, 2015 |
|---------------------------------------|----------------------------|----------------------|---------------------------|------------------------------|
| Depreciable capital assets: | | | | |
| Parks and pathways | \$ 148,688,099 | \$ 2,908,679 | \$ (444,391) | \$ 151,152,387 |
| Buildings and leasehold improvements | 42,335,928 | 874,919 | (213,176) | 42,997,671 |
| Equipment | <u>22,761,324</u> | <u>2,379,188</u> | <u>(840,405)</u> | <u>24,300,107</u> |
| Depreciable capital assets, at cost | <u>213,785,351</u> | <u>6,162,786</u> | <u>(1,497,972)</u> | <u>218,450,165</u> |
| Accumulated depreciation: | | | | |
| Parks and pathways | 69,071,012 | 6,882,357 | (436,463) | 75,516,906 |
| Buildings and leasehold improvements | 14,306,528 | 1,584,235 | (213,176) | 15,677,587 |
| Equipment | <u>10,694,997</u> | <u>1,565,592</u> | <u>(833,718)</u> | <u>11,426,871</u> |
| Accumulated depreciation | <u>94,072,537</u> | <u>10,032,184</u> | <u>(1,483,357)</u> | <u>102,621,364</u> |
| Total depreciable capital assets, net | <u>119,712,814</u> | <u>(3,869,398)</u> | <u>(14,615)</u> | <u>115,828,801</u> |
| Nondepreciable capital assets: | | | | |
| Land | 54,658,132 | 16,929,554 | | 71,587,686 |
| Construction in progress | 8,390,893 | 11,666,111 | (1,931,786) | 18,125,218 |
| Sculpture and art | <u>133,286</u> | <u>425,564</u> | | <u>558,850</u> |
| Total nondepreciable capital assets | <u>63,182,311</u> | <u>29,021,229</u> | <u>(1,931,786)</u> | <u>90,271,754</u> |
| Total capital assets, net | <u>\$ 182,895,125</u> | <u>\$ 25,151,831</u> | <u>\$ (1,946,401)</u> | <u>\$ 206,100,555</u> |

For the year ended December 31, 2015, depreciation expense was charged to functions as follows:

| | |
|----------------------------|----------------------|
| General and administrative | \$ 689,795 |
| Public safety | 1,999,781 |
| Parks and recreation | 7,162,143 |
| Economic development | 158,276 |
| Community services | 665 |
| Community relations | <u>21,524</u> |
| Total depreciation expense | <u>\$ 10,032,184</u> |

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 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 that approximates fair value.

NOTE 11 – CAPITAL PROJECTS AND COMMITMENTS

As of December 31, 2015, the Township had the following commitments:

| <u>PROJECT</u> | <u>AMOUNT AUTHORIZED</u> | <u>SPENT TO DATE</u> | <u>REMAINING COMMITMENT</u> |
|------------------------------------|------------------------------|----------------------|---------------------------------|
| Parks and pathways improvements | \$34,294,604 | \$34,063,743 | \$230,861 |
| Recreational amenities development | \$3,116,395 | \$2,115,678 | \$1,000,717 |

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 2015, the Township remitted \$1,608,556 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, 2015 are as follows:

| <u>RECEIVABLE FUND</u> | <u>PAYABLE FUND</u> | <u>AMOUNT</u> |
|--|---------------------|----------------------|
| General | Special Revenue | \$ 4,693,503 |
| General | Debt Service | 1,363,405 |
| General | Capital | 59,250 |
| Capital Projects | General | 12,780,309 |
| Debt Service | General | <u>1,566,596</u> |
| Total interfund receivables and payables | | <u>\$ 20,463,063</u> |

\$4,693,503 due to the General Fund from the Special Revenue Fund is for sales tax revenue to be transferred. \$1,363,405 due to the General Fund from the Debt Service Fund is for hotel occupancy tax (HOT) revenue to be

transferred. \$12,780,309 due to the Capital Projects Fund from the General Fund is for designated capital reserves \$(7,952,193) and for reimbursement of disbursements made from the General Fund for Capital Projects \$(4,828,116). \$4,890,236 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, 2015 are as follows:

| TRANSFER OUT | GENERAL | CAPITAL PROJECTS | DEBT SERVICE | SPECIAL REVENUE | TOTAL |
|------------------|----------------------|----------------------|-----------------------|------------------------|----------------------|
| Special Revenue | \$ 22,367,705 | | | | \$ 22,367,705 |
| Capital Projects | 12,575,717 | | | | 12,575,717 |
| General | | \$ 28,462,874 | | | 28,462,874 |
| Debt Service | <u>4,587,959</u> | | | | <u>4,587,959</u> |
| Total | <u>\$ 39,531,381</u> | <u>\$ 28,462,874</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 67,994,255</u> |
| Transfers in | \$ 39,531,381 | \$ 28,462,874 | \$ 0 | \$ 0 | \$ 67,994,255 |
| Transfers out | <u>(28,462,874)</u> | <u>(12,575,717)</u> | <u>(4,587,959)</u> | <u>(22,367,705)</u> | <u>(67,994,255)</u> |
| Total | <u>\$ 11,068,507</u> | <u>\$ 15,887,157</u> | <u>\$ (4,587,959)</u> | <u>\$ (22,367,705)</u> | <u>\$ 0</u> |

Transfers out for the year ended December 31, 2015 from the General Fund to the Capital Projects Fund were \$19,607,387 for capital projects and \$8,855,486 for capital reserves. Transfers from the Special Revenue Fund to the General Fund of \$22.4 million 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 of Directors, The Woodlands Township Economic Development 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 \$10,600,000 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 one-percent 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, 2015, aggregate net revenue payments including interest to the developer totaled \$9,440,702 and priority payments to the Township totaled \$2,000,000.

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 (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 one percent 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, 2015, aggregate net revenue payments including interest to the developer totaled \$6,532,501 and priority payments to the Township totaled \$4,200,000.

Community Fire Protection Services

Beginning fiscal year 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 2015 from the Zone and the expanded boundaries was \$22,367,707.

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, L.P. 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 \$8,600,000 in total remaining lease payments over the term of the lease. The future minimum lease payments are \$1,775,232 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 under the Convention Center lease is shown below:

| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-----------|---------------------|---------------------|---------------------|
| 2016 | \$ 1,198 | \$ 98,802 | \$ 100,000 |
| 2017 | 1,262 | 98,738 | 100,000 |
| 2018 | 1,328 | 98,672 | 100,000 |
| 2019 | 1,398 | 98,602 | 100,000 |
| 2020 | 1,472 | 98,528 | 100,000 |
| 2021-2025 | 8,612 | 491,388 | 500,000 |
| 2026-2030 | 11,138 | 488,862 | 500,000 |
| 2031-2035 | 14,405 | 485,595 | 500,000 |
| 2036-2040 | 18,630 | 481,370 | 500,000 |
| 2041-2045 | 24,095 | 475,905 | 500,000 |
| 2046-2050 | 31,163 | 468,837 | 500,000 |
| 2051-2055 | 40,304 | 459,696 | 500,000 |
| 2056-2060 | 52,127 | 447,873 | 500,000 |
| 2061-2065 | 67,418 | 432,582 | 500,000 |
| 2066-2070 | 87,194 | 412,806 | 500,000 |
| 2071-2075 | 112,771 | 387,229 | 500,000 |
| 2076-2080 | 145,850 | 354,150 | 500,000 |
| 2081-2085 | 188,633 | 311,367 | 500,000 |
| 2086-2090 | 243,966 | 256,034 | 500,000 |
| 2091-2095 | 315,529 | 184,471 | 500,000 |
| 2096-2100 | 408,084 | 91,916 | 500,000 |
| 2101 | <u>94,987</u> | <u>5,013</u> | <u>100,000</u> |
| Total | <u>\$ 1,871,564</u> | <u>\$ 6,728,436</u> | <u>\$ 8,600,000</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, 2015, the principal amount of the Township's remaining debt on bonds issued to construct the leased facilities was \$32,570,000.

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 | \$937,965 | \$2,162,849 |

The Township reports this lease as an operating lease based on the lease terms and the requirements of generally accepted accounting principles. Accordingly, a portion of the land and facility costs as 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 DEBT

The following is a summary of the Township’s long-term debt for the year ended December 31, 2015:

| | BALANCE DECEMBER 31, 2014 | INCREASES | DECREASES | BALANCE DECEMBER 31, 2015 | PAYABLE WITHIN ONE YEAR |
|----------------------------|---------------------------------|---------------------|-----------------------|---------------------------------|-------------------------------|
| Revenue bonds | \$ 44,830,000 | | \$ (2,785,000) | \$ 42,045,000 | \$ 2,905,000 |
| General obligation bonds | 42,855,000 | | (2,020,000) | 40,835,000 | 2,075,000 |
| Compensated absences | 836,716 | \$ 2,821,416 | (2,875,653) | 782,479 | 782,479 |
| Unearned financing premium | <u>1,447,951</u> | | <u>(108,883)</u> | <u>1,339,068</u> | <u>108,883</u> |
| Total | <u>\$ 89,969,667</u> | <u>\$ 2,821,416</u> | <u>\$ (7,789,536)</u> | <u>\$ 85,001,547</u> | <u>\$ 5,871,362</u> |

The following table displays the total principal debt outstanding by issuance as of December 31, 2015:

| DESCRIPTION | ISSUANCE DATE | INTEREST RATES | FINAL MATURITY DATE | OUTSTANDING PRINCIPAL AMOUNT |
|--|-------------------|-------------------|---------------------------|------------------------------------|
| Series 2010 Unlimited Tax Bonds | April 22, 2010 | 3%-4.125% | March 1, 2030 | \$28,470,000 |
| Series 2010 Sales Tax and Hotel Occupancy Tax Refunding Bonds | October 1, 2010 | 2.5%-5% | March 1, 2027 | \$32,570,000 |
| Series 2010 Sales Tax and Hotel Occupancy Tax Bonds | December 1, 2010 | 3.5%-4.25% | March 1, 2026 | \$9,475,000 |
| Series 2011 Unlimited Tax Bonds | November 17, 2011 | 1.75%-3.45% | March 1, 2032 | \$8,740,000 |
| Series 2012 Unlimited Tax Bonds | February 1, 2012 | 1%-3% | March 1, 2032 | \$3,625,000 |

Annual debt service requirements to maturity are as follows:

| | PRINCIPAL | INTEREST | TOTAL |
|-----------|----------------------|----------------------|-----------------------|
| 2016 | \$ 4,980,000 | \$ 2,919,092 | \$ 7,899,092 |
| 2017 | 5,165,000 | 2,738,798 | 7,903,798 |
| 2018 | 5,320,000 | 2,580,123 | 7,900,123 |
| 2019 | 5,480,000 | 2,411,455 | 7,891,455 |
| 2020 | 5,675,000 | 2,213,730 | 7,888,730 |
| 2021-2025 | 31,725,000 | 7,708,942 | 39,433,942 |
| 2026-2030 | 23,015,000 | 2,072,113 | 25,087,113 |
| 2031-2033 | <u>1,520,000</u> | <u>51,897</u> | <u>1,571,897</u> |
| Total | <u>\$ 82,880,000</u> | <u>\$ 22,696,150</u> | <u>\$ 105,576,150</u> |

At December 31, 2015, the Township had \$1,035,000 of authorized but unissued unlimited tax bonds.

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 Township Act, in effect as of December 31, 2015, 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, 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 Board has the authority to: 1) levy, assess, and apply taxes,

fees, and charges for Township 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; 6) borrow money or issue bonds for the corporate purposes of the Township; 7) undertake separately or joint improvement projects for the Township; 8) contract off-duty peace officers for special event, holiday, or traffic congestion public safety services; 9) 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 10) 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 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 is 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.

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 one-half percent 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 records, laws and application of related statutes, 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 2015, the Township paid \$1,659,446 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% 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 \$1,946,663 to the Section 457 plan in 2015.

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. The contribution rate was 14% of eligible employees' salaries for 2015, provided an employee made salary deferral contributions of 7% of their salary. For the year ended December 31, 2015, the Township's contributions to this plan totaled \$2,570,883. The plan is fully funded on a current basis.

Other Postemployment Benefits

As of January 1, 2010, the Board of Directors of the Township adopted a policy providing postemployment medical benefits to certain eligible employees. The Township has implemented GASB Statement No. 45, which addresses the reporting and disclosure requirements for other postemployment benefits (OPEB). GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, requires the long-term cost of retirement healthcare and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

Plan Description – The Township's OPEB plan is a self-administered 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% subsidy of the employee-only premium up to a maximum of \$300 per month toward all tiers of coverage. 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. 45. The most recent OPEB liability actuarial valuation was completed in April 2016 for the year ended December 31, 2015. A copy of the report may be obtained by contacting the Finance Director of the Township.

Funding Policy – GASB Statement No. 45 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.

Annual OPEB Cost – The annual required contribution (ARC) is an actuarially determined rate representing a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded

actuarial liabilities over a period not to exceed 30 years. OPEB costs for the year ended December 31, 2015 and the ARC is as follows.

| | |
|------------------------------------|------------------|
| Normal cost | \$ 28,000 |
| Interest on net OPEB obligation | 6,000 |
| Amortization of unfunded liability | 25,000 |
| Adjustment to ARC | <u>(5,000)</u> |
| Total ARC | <u>\$ 54,000</u> |

The Township's annual OPEB, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the year ending December 31, 2015 is as follows:

| | |
|---|-------------------|
| ARC | \$ 54,000 |
| Less: contributions made | <u>(73,304)</u> |
| Estimated decrease in net OPEB obligation | (19,304) |
| Net OPEB obligation, January 1, 2014 | <u>153,515</u> |
| Net OPEB obligation, December 31, 2014 | <u>\$ 134,211</u> |

The following outlines the estimated annual OPEB cost and net OPEB obligations for each of the prior three years:

| <u>YEAR</u> | <u>ANNUAL OPEB COST</u> | <u>% OF ANNUAL OPEB COST CONTRIBUTED</u> | <u>NET OPEB OBLIGATION</u> |
|-------------|-----------------------------|--|--------------------------------|
| 2012 | \$75,000 | 86.5% | \$104,145 |
| 2013 | \$81,000 | 68.7% | \$129,557 |
| 2014 | \$67,000 | 64.27% | \$153,515 |
| 2015 | \$54,000 | 135.75% | \$134,211 |

Funding Status and Funding Progress – As of January 1, 2015 and 2014, the most recent valuation dates, the funded status of the plan was as follows:

| | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|
| Plan assets | \$0 | \$0 |
| Actuarial accrued liability | \$648,000 | \$746,000 |
| Unfunded actuarial accrued liability | \$648,000 | \$746,000 |
| Funded ratio | 0% | 0% |
| Covered payroll | \$23,045,754 | \$22,736,810 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 2.8% | 3.3% |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress shown above is to provide multi-year information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 January 1, 2015, and utilized the projected Unit Credit method. It was assumed that postemployment benefits would continue to be paid from general assets that consist of short-term investments. The valuation results were developed assuming a discount rate of 4.0% and assumed a healthcare cost trend rate of 8% in the year ending December 31, 2015 and grading down by 0.5% each year to a rate of 4.5% healthcare cost trend rate. The Health Consumer Price Index is assumed to increase at a rate of 3% each year. The remaining open amortization period is considered to be 30 years. The valuation assumes that 10% 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. Employee salary assumptions are not applicable to the valuation.

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 Fighter's Retirement Act (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 retirement plan trust. The System 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 2.50% of average final compensation times credited service for first 20 years, plus 3.00% 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 is determined by the Board. Disability benefits are 2.50% of average final compensation times credited service, but not less than 50% of average final compensation. Pre-retirement death benefit is available based on 75% of the member's accrued benefit at date of death (utilizing at least 20 years of service).

In the January 1, 2016 actuarial valuation, there were 136 active participants and 1 terminated – vested participant 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% of pay from each firefighter. The rate was elected by the firefighters according to the TLFFRA. The Township currently contributes 12% of pay for each active firefighter. There is an unwritten understanding between the Township and the System's Board that the Township 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%.

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. At January 1, 2016, the total normal cost rate is 22.76% of normal payroll. As there is no existing unfunded actuarial accrued liability, 1.24% of the payroll contributions from the Township will serve as a reserve in the trust fund that will be utilized to assist in funding future actuarial losses.

The Township's net pension asset was measured at December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of that date.

| | |
|--|---------------------|
| System fiduciary net position | \$ 22,184,111 |
| Total pension liability | <u>(21,902,613)</u> |
| Net pension asset | <u>\$ 281,498</u> |
| System fiduciary net position as a percentage of total pension liability | 101.3% |

The total pension liability in the January 1, 2016 valuation was determined using the following actuarial assumptions:

Investment rate of return: 7%

Salary increases: 4% to 11.5% based on years of service

Inflation: 2.5%

Discount rate: 7%

Mortality rate: RP-2000 Combined Healthy Morality Projected to Valuation Date using Scale AA

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

The System fiduciary net position reported above is the same as reported by the fund. Detailed information about the System 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 (fill in the name and address).

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 weighting 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, 2015 are summarized in the following table:

| <u>ASSET CLASS</u> | <u>TARGET ALLOCATION</u> |
|--------------------|--------------------------|
| Equities | 65% |
| Fixed-income | 34% |
| Cash | <u>1%</u> |
| Total | <u>100%</u> |

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 7.00%; the municipal bond rate is 3.57% (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 7.00%.

Changes in net pension assets are as follows:

| | <u>TOTAL PENSION LIABILITY</u> | <u>PLAN FIDUCIARY NET POSITION</u> | <u>NET PENSION ASSET</u> |
|---|------------------------------------|--|------------------------------|
| Balance as of January 1, 2015 | \$ 0 | \$ 0 | \$ 0 |
| Changes: | | | |
| Service cost | 2,082,564 | | 2,082,564 |
| Interest | 141,034 | | 141,034 |
| Differences between expected and actual experience | (654,318) | | (654,318) |
| Contributions - employer | | 1,184,257 | (1,184,257) |
| Contributions - employee | | 1,184,257 | (1,184,257) |
| Contributions - buy back | 20,468,906 | 20,468,906 | |
| Net investment income | | (387,995) | 387,995 |
| Benefit payments, including refunds of employee contributions | (135,573) | (135,573) | |
| Administrative expense | | (129,741) | 129,741 |
| Balance as of December 31, 2015 | <u>\$ 21,902,613</u> | <u>\$ 22,184,111</u> | <u>\$ (281,498)</u> |

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

| | <u>1% DECREASE</u> | <u>CURRENT DISCOUNT RATE</u> | <u>1% INCREASE</u> |
|-------------------------------|---------------------|----------------------------------|-----------------------|
| Percentage | 6.00% | 7.00% | 8.00% |
| Net pension (asset) liability | <u>\$ 3,572,240</u> | <u>\$ (281,498)</u> | <u>\$ (3,477,003)</u> |

For the year ended December 31, 2015, the Township recognized pension expense of \$573,767. At December 31, 2015, 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 | | \$ 613,424 |
| Net difference between projected and actual earnings on investments | \$ 942,416 | <u> </u> |
| Total | <u>\$ 942,416</u> | <u>\$ 613,424</u> |

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

| | |
|------------|-------------------|
| 2016 | \$ 194,709 |
| 2017 | 194,709 |
| 2018 | 194,709 |
| 2019 | 194,710 |
| 2020 | (40,895) |
| Thereafter | <u>(408,950)</u> |
| Total | <u>\$ 328,992</u> |

On December 31, 2015, the Township reported a payable of \$4,412 for the outstanding amount of contributions of the System required for the year ended December 31, 2015.

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 employee’s health benefits. Under this program, the Township is responsible for aggregate claims of \$85,000 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 year was as follows:

| | |
|--|-------------------|
| Balance at December 31, 2013 | \$ 168,804 |
| Claims incurred | 3,147,538 |
| Claims paid | (3,023,199) |
| Third-party reimbursement of claims made in excess of \$80,000 | <u>(12,455)</u> |
| Balance at December 31, 2014 | 280,688 |
| Claims incurred | 4,807,243 |
| Claims paid | (3,784,456) |
| Third-party reimbursement of claims made in excess of \$85,000 | <u>(951,037)</u> |
| Balance at December 31, 2015 | <u>\$ 352,438</u> |

The liability for incurred but not paid liabilities was calculated based on historical trends and known outstanding claims.

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STATISTICAL SECTION

**The Woodlands Township
Statistical Section Introduction
as of December 31, 2015**

This section of The Woodlands Township's comprehensive annual 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 comprehensive annual financial reports for the relevant year. All significant increases in 2010 are due to the merger of The Woodlands Township and the Community Associations. Transportation services were added in 2015.*

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

Exhibit S-1

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | \$ 123,220,556 | \$ 97,405,129 | \$ 89,038,043 | \$ 85,987,494 | \$ 65,271,080 |
| Restricted for capital projects | 3,003,746 | 2,195,005 | 4,530,939 | 5,661,945 | 17,167,406 |
| Restricted for debt retirement | 5,364,881 | 9,927,839 | 19,679,961 | 7,074,176 | 3,197,965 |
| Restricted for health care obligations | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| Restricted for The Woodlands Township Firefighters Retirement System | 610,490 | - | - | - | - |
| Restricted for cultural events/education | 542,969 | 389,121 | 303,240 | 174,074 | 72,144 |
| Unrestricted | 66,104,620 | 67,598,502 | 38,726,227 | 35,115,127 | 34,037,438 |
| Total governmental activities net position | <u>\$ 199,647,262</u> | <u>\$ 178,315,596</u> | <u>\$ 153,078,410</u> | <u>\$ 134,812,816</u> | <u>\$ 120,546,033</u> |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Unrestricted | - | - | - | - | - |
| Total business-type activities net position | <u>\$ -</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 123,220,556 | \$ 97,405 | \$ 89,038,043 | \$ 85,987,494 | \$ 65,271,080 |
| Restricted for capital projects | 3,003,746 | 2,195,005 | 4,530,939 | 5,661,945 | 17,167,406 |
| Restricted for debt service | 5,364,881 | 9,927,839 | 19,679,961 | 7,074,176 | 3,197,965 |
| Restricted for health care obligations | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| Restricted for The Woodlands Township Firefighters Retirement System | 610,490 | - | - | - | - |
| Restricted for cultural events/education | 542,969 | 389,121 | 303,240 | 174,074 | 72,144 |
| Unrestricted | 66,104,620 | 67,598,502 | 38,726,227 | 35,115,127 | 34,037,438 |
| Total primary government net position | <u>\$ 199,647,262</u> | <u>\$ 81,007,872</u> | <u>\$ 153,078,410</u> | <u>\$ 134,812,816</u> | <u>\$ 120,546,033</u> |

Note:

- The significant increases in 2010 are due to the merger of the Township and the Associations. Information not available prior to 2006.

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

**Exhibit S-1
(continued)**

| | Fiscal Year | | | | |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | \$ 73,219,481 | \$ 67,770,992 | \$ 65,571,217 | \$ 10,977,452 | \$ 6,675,173 |
| Restricted for capital projects | 15,085,853 | - | - | - | - |
| Restricted for debt retirement | 3,038,105 | 3,933,967 | 4,800,759 | 4,623,629 | 4,437,813 |
| Restricted for health care obligations | 800,011 | - | - | - | - |
| Restricted for The Woodlands Township Firefighters Retirement System | - | - | - | - | - |
| Restricted for cultural events/education | - | - | - | - | - |
| Unrestricted | 21,088,129 | (18,745,899) | (17,147,464) | (25,248,944) | (26,445,286) |
| Total governmental activities net position | <u>\$ 113,231,579</u> | <u>\$ 52,959,060</u> | <u>\$ 53,224,512</u> | <u>\$ (9,647,863)</u> | <u>\$ (15,332,300)</u> |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ 2,518,604 | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Unrestricted | - | 316,592 | - | - | - |
| Total business-type activities net position | <u>\$ -</u> | <u>\$ 2,835,196</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 73,219,481 | \$ 70,289,596 | \$ 65,571,217 | \$ 10,977,452 | \$ 6,675,173 |
| Restricted for capital projects | 15,085,853 | - | - | - | - |
| Restricted for debt service | 3,038,105 | 3,933,967 | 4,800,759 | 4,623,629 | 4,437,813 |
| Restricted for health care obligations | 800,011 | - | - | - | - |
| Restricted for The Woodlands Township Firefighters Retirement System | - | - | - | - | - |
| Restricted for cultural events/education | - | - | - | - | - |
| Unrestricted | 21,088,129 | (18,429,307) | (17,147,464) | (25,248,944) | (26,445,286) |
| Total primary government net position | <u>\$ 113,231,579</u> | <u>\$ 55,794,256</u> | <u>\$ 53,224,512</u> | <u>\$ (9,647,863)</u> | <u>\$ (15,332,300)</u> |

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

Exhibit S-2

| Expenses | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental activities: | | | | | |
| General and administrative | \$ 9,622,152 | \$ 9,380,163 | \$ 8,707,097 | \$ 8,456,125 | \$ 8,918,830 |
| Public safety | 34,044,146 | 32,619,196 | 31,811,856 | 29,747,881 | 28,154,907 |
| Parks and recreation | 23,193,611 | 20,762,371 | 19,421,173 | 20,761,581 | 18,312,703 |
| Transportation | 8,020,936 | - | - | - | - |
| Economic development | 7,926,550 | 7,263,439 | 7,108,713 | 6,522,378 | 5,368,027 |
| Community services | 13,452,833 | 13,075,813 | 12,638,013 | 12,293,064 | 12,662,126 |
| Community relations | 1,109,528 | 1,014,817 | 1,108,653 | 1,045,859 | 1,272,425 |
| Interest expense and other financing charges | 2,978,405 | 3,279,425 | 4,010,066 | 4,084,005 | 4,333,201 |
| Total governmental activities expenses: | <u>100,348,161</u> | <u>87,395,224</u> | <u>84,805,571</u> | <u>82,910,893</u> | <u>79,022,219</u> |
| Total business-type activities expenses: | - | - | - | - | - |
| Total primary government expenses | <u>\$ 100,348,161</u> | <u>\$ 87,395,224</u> | <u>\$ 84,805,571</u> | <u>\$ 82,910,893</u> | <u>\$ 79,022,219</u> |
| Program revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General and administrative | \$ 3,385,199 | \$ 302,683 | \$ 447,202 | \$ 518,279 | \$ 430,391 |
| Public safety | 1,308,787 | 1,203,294 | 1,177,730 | 1,093,550 | 577,075 |
| Parks and recreation | 4,221,205 | 3,525,099 | 3,269,967 | 3,208,219 | 2,924,756 |
| Transportation | 9,142,988 | - | - | - | - |
| Economic development | 905,458 | 607,022 | 671,525 | 855,054 | 755,078 |
| Community services | 135,325 | 159,210 | 113,303 | 129,997 | 112,386 |
| Community relations | 210,991 | 16,727 | 14,000 | 14,000 | 28,397 |
| Operating grants and contributions | - | 662,586 | 648,505 | 144,748 | 227,719 |
| Capital grants and contributions | - | 3,454,947 | 2,596,688 | 2,257,611 | 1,011,097 |
| Total governmental activities program revenue: | <u>19,309,953</u> | <u>9,931,568</u> | <u>8,938,920</u> | <u>8,221,458</u> | <u>6,066,899</u> |
| Total business-type activities program revenue: | - | - | - | - | - |
| Total primary government program revenues | <u>\$ 19,309,953</u> | <u>\$ 9,931,568</u> | <u>\$ 8,938,920</u> | <u>\$ 8,221,458</u> | <u>\$ 6,066,899</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (81,038,208) | \$ (77,463,656) | \$ (75,866,651) | \$ (74,689,435) | \$ (72,955,320) |
| Business-type activities | - | - | - | - | - |
| Total primary government net expense | <u>\$ (81,038,208)</u> | <u>\$ (77,463,656)</u> | <u>\$ (75,866,651)</u> | <u>\$ (74,689,435)</u> | <u>\$ (72,955,320)</u> |
| General revenues and other changes in net position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property | \$ 41,014,842 | \$ 42,830,246 | \$ 42,201,573 | \$ 41,205,807 | \$ 39,657,768 |
| Sales and use | 51,309,122 | 50,116,690 | 46,102,554 | 40,213,060 | 35,021,092 |
| Other | 9,330,222 | 9,044,278 | 7,812,347 | 7,105,774 | 5,536,771 |
| Unrestricted investment earnings | 190,761 | 16,115 | 217,076 | 344,801 | 320,152 |
| Other revenues | 524,927 | 548,513 | 105,397 | 86,776 | - |
| Total governmental activities | <u>102,369,874</u> | <u>102,555,842</u> | <u>96,438,947</u> | <u>88,956,218</u> | <u>80,535,783</u> |
| Gain (loss) on disposal of property | - | - | - | - | (266,009) |
| Total primary government | <u>\$ 102,369,874</u> | <u>\$ 102,555,842</u> | <u>\$ 96,438,947</u> | <u>\$ 88,956,218</u> | <u>\$ 80,269,774</u> |
| Changes in net position | | | | | |
| Governmental activities | \$ 21,331,666 | \$ 25,237,186 | \$ 20,572,296 | \$ 14,266,783 | \$ 7,314,454 |
| Business-type activities: | - | - | - | - | - |
| Due to transition agreement | - | - | - | - | - |
| Total primary government changes in net position | <u>\$ 21,331,666</u> | <u>\$ 25,237,186</u> | <u>\$ 20,572,296</u> | <u>\$ 14,266,783</u> | <u>\$ 7,314,454</u> |

Note:

- The business-type activities in 2009 were entities that had previously been part of the Associations. Effective January 1, 2010, the entities were dissolved and their operations were merged with the primary government.

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

Exhibit S-2
(continued)

| Expenses | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|-----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental activities: | | | | | |
| General and administrative | \$ 8,541,489 | \$ 2,936,574 | \$ 994,155 | \$ 3,724,658 | \$ 2,860,142 |
| Public safety | 25,246,482 | 19,752,922 | 12,223,166 | 4,149,065 | 3,816,320 |
| Parks and recreation | 17,760,347 | - | - | - | - |
| Transportation | - | - | - | - | - |
| Economic development | 4,661,526 | 5,952,351 | 315,601 | 684,582 | 350,586 |
| Community services | 11,892,104 | 3,033,631 | 1,414,033 | 736,789 | 266,677 |
| Community relations | 1,055,094 | 456,034 | 360,275 | 2,222,446 | 1,584,088 |
| Interest expense and other financing charges: | 4,030,513 | 3,538,611 | 2,505,017 | 2,425,408 | 2,480,262 |
| Total governmental activities expenses: | <u>73,187,555</u> | <u>35,670,123</u> | <u>17,812,248</u> | <u>13,942,948</u> | <u>11,358,075</u> |
| Total business-type activities expenses: | <u>-</u> | <u>17,980,414</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government expenses: | <u>\$ 73,187,555</u> | <u>\$ 53,650,537</u> | <u>\$ 17,812,248</u> | <u>\$ 13,942,948</u> | <u>\$ 11,358,075</u> |
| Program revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General and administrative | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | - | - | - |
| Parks and recreation | 2,840,416 | - | - | - | - |
| Transportation | - | - | - | - | - |
| Economic development | - | - | - | - | - |
| Community services | 636,864 | 200,548 | 191,612 | 109,654 | - |
| Community relations | 38,636 | 27,100 | 25,100 | 455,121 | 388,894 |
| Operating grants and contributions | 200,997 | - | - | - | - |
| Capital grants and contributions | 2,140,633 | - | - | - | 2,505,000 |
| Total governmental activities program revenue: | <u>5,857,546</u> | <u>227,648</u> | <u>216,712</u> | <u>564,775</u> | <u>2,893,894</u> |
| Total business-type activities program revenues: | <u>-</u> | <u>19,440,848</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government program revenues: | <u>\$ 5,857,546</u> | <u>\$ 19,668,496</u> | <u>\$ 216,712</u> | <u>\$ 564,775</u> | <u>\$ 2,893,894</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (67,330,009) | \$ (35,442,475) | \$ (17,595,536) | \$ (13,378,173) | \$ (8,464,182) |
| Business-type activities | - | 1,460,434 | - | - | - |
| Total primary government net expense: | <u>\$ (67,330,009)</u> | <u>\$ (33,982,041)</u> | <u>\$ (17,595,536)</u> | <u>\$ (13,378,173)</u> | <u>\$ (8,464,182)</u> |
| General revenues and other changes in net position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property | \$ 38,091,288 | \$ - | \$ - | \$ - | \$ - |
| Sales and use | 31,307,932 | 29,814,070 | 26,930,229 | 14,222,505 | 12,002,873 |
| Other | 3,607,297 | 3,330,819 | 4,132,397 | 3,758,367 | 3,273,005 |
| Unrestricted investment earnings | 419,701 | 1,053,350 | 830,534 | 1,070,997 | 973,171 |
| Other revenues | - | 29,831 | 12,712 | 10,743 | 10,935 |
| Total governmental activities: | <u>73,426,218</u> | <u>34,228,070</u> | <u>31,905,872</u> | <u>19,062,612</u> | <u>16,259,984</u> |
| Gain (loss) on disposal of property | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government: | <u>\$ 73,426,218</u> | <u>\$ 34,228,070</u> | <u>\$ 31,905,872</u> | <u>\$ 19,062,612</u> | <u>\$ 16,259,984</u> |
| Changes in net position | | | | | |
| Governmental activities | \$ 6,096,209 | \$ (1,214,405) | \$ 14,310,336 | \$ 5,684,439 | \$ 7,795,803 |
| Business-type activities: | - | 1,460,434 | - | - | - |
| Due to transition agreement | 71,479,090 | - | - | - | - |
| Total primary government changes in net position: | <u>\$ 77,575,299</u> | <u>\$ 246,029</u> | <u>\$ 14,310,336</u> | <u>\$ 5,684,439</u> | <u>\$ 7,795,803</u> |

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

Exhibit S-3

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Fund: | | | | | |
| Nonspendable | \$ 6,835,150 | \$ 6,781,189 | \$ 7,080,922 | \$ 7,884,084 | \$ 7,870,337 |
| Restricted | 3,803,746 | 800,000 | 800,000 | 800,000 | - |
| Committed | 542,996 | 389,121 | 303,240 | 174,074 | 872,144 |
| Assigned | 15,007,906 | 14,500,715 | 13,768,442 | 19,268,851 | 19,189,514 |
| Unassigned | 13,982,529 | 11,934,012 | 9,054,699 | 7,819,322 | 7,535,672 |
| Unreserved, undesignated | - | - | - | - | - |
| Unreserved, designated | - | - | - | - | - |
| Reserved for long-term receivable | - | - | - | - | - |
| Reserved for prepaids | - | - | - | - | - |
| Total General Fund | 40,172,327 | 34,405,037 | 31,007,303 | 35,946,331 | 35,467,667 |
| All other governmental funds: | | | | | |
| Restricted | - | 2,195,005 | 4,530,939 | 5,661,945 | 17,167,406 |
| Committed | 43,399,461 | 55,335,115 | 53,564,038 | 35,026,508 | 19,310,321 |
| Unassigned | (6,069,195) | (6,205,803) | (6,333,145) | (6,451,895) | (6,562,558) |
| Reserved for debt service | - | - | - | - | - |
| Reserved for capital projects | - | - | - | - | - |
| Unreserved, designated reported in: | | | | | |
| Capital projects | - | - | - | - | - |
| Special revenue | - | - | - | - | - |
| Unreserved, undesignated reported in: | | | | | |
| Special revenue | - | - | - | - | - |
| Total all other governmental funds | 37,330,266 | 51,324,317 | 51,761,832 | 34,236,558 | 29,915,169 |
| Total all fund balances | \$ 77,502,593 | \$ 85,729,354 | \$ 82,769,135 | \$ 70,182,889 | \$ 65,382,836 |

Note:

- Beginning in 2011, fund balances are stated in accordance with the requirements of GASB Statement No. 54.

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

Exhibit S-3
(continued)

| | Fiscal Year | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Fund: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Unreserved, undesignated | 22,774,184 | 21,968,883 | 17,767,082 | 12,835,980 | 10,040,421 |
| Unreserved, designated | - | - | 4,451,163 | - | - |
| Reserved for long-term receivable | 6,665,722 | 6,376,288 | 6,851,522 | 8,134,629 | 3,715,575 |
| Reserved for prepaids | 880,720 | 185,037 | 56,195 | - | - |
| Total General Fund | <u>30,320,626</u> | <u>28,530,208</u> | <u>29,125,961</u> | <u>20,970,609</u> | <u>13,755,996</u> |
| All other governmental funds: | | | | | |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Reserved for debt service | 6,458,933 | 4,943,669 | 4,800,759 | 4,623,629 | 4,437,813 |
| Reserved for capital projects | 26,483,201 | - | - | - | - |
| Unreserved, designated reported in: | | | | | |
| Capital projects | - | 1,294,477 | 935,695 | 1,433,704 | 5,341,991 |
| Special revenue | - | - | - | 848,902 | 1,129,335 |
| Unreserved, undesignated reported in: | | | | | |
| Special revenue | <u>(7,311,827)</u> | <u>(7,290,051)</u> | <u>(6,851,522)</u> | <u>(6,634,493)</u> | <u>(3,565,945)</u> |
| Total all other governmental funds | <u>25,630,307</u> | <u>(1,051,905)</u> | <u>(1,115,068)</u> | <u>271,742</u> | <u>7,343,194</u> |
| Total all fund balances | <u>\$ 55,950,933</u> | <u>\$ 27,478,303</u> | <u>\$ 28,010,893</u> | <u>\$ 21,242,351</u> | <u>\$ 21,099,190</u> |

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

Exhibit S-4

| | Fiscal Year | | | | |
|---|-----------------------|---------------------|----------------------|---------------------|---------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenues | | | | | |
| Property tax | \$ 41,014,842 | \$ 42,830,246 | \$ 42,201,573 | \$ 41,205,807 | \$ 39,657,768 |
| Sales tax | 51,309,122 | 50,116,690 | 46,102,554 | 40,213,060 | 35,021,092 |
| Hotel occupancy tax | 7,791,741 | 7,366,412 | 6,520,692 | 6,086,477 | 4,807,693 |
| Event admissions tax | 1,538,481 | 1,677,866 | 1,291,655 | 1,019,297 | 729,078 |
| Investment earnings | 91,959 | 62,196 | 118,103 | 245,776 | 221,078 |
| Intergovernmental | 413,392 | 422,651 | 431,284 | 439,334 | 213,319 |
| Program service fees and grants | 16,957,887 | 7,804,329 | 6,536,764 | 7,134,504 | 4,918,158 |
| Other | - | - | - | - | - |
| Total revenues | <u>119,117,424</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 | 9,005,899 | 8,950,587 | 8,036,722 | 8,102,699 | 8,257,871 |
| Public safety | 32,654,857 | 30,593,589 | 29,163,979 | 28,214,207 | 26,604,702 |
| Parks and recreation | 16,031,468 | 13,917,069 | 13,234,866 | 14,833,317 | 12,705,645 |
| Transportation | 8,020,936 | - | - | - | - |
| Economic development | 8,324,127 | 7,105,163 | 6,950,437 | 6,365,106 | 5,244,454 |
| Community services | 13,452,167 | 13,075,813 | 12,638,013 | 12,238,660 | 12,543,864 |
| Community relations | 1,088,004 | 997,870 | 1,087,448 | 1,022,199 | 1,245,903 |
| Capital outlay | 30,438,180 | 8,986,870 | 9,745,644 | 16,192,115 | 12,115,143 |
| Debt service: | | | | | |
| Principal | 4,805,000 | 19,640,000 | 5,190,000 | 4,520,000 | 3,545,000 |
| Interest and fiscal charges | 3,523,547 | 4,053,210 | 4,569,270 | 4,288,016 | 4,327,239 |
| Bond refundings | - | - | - | - | - |
| Total expenditures | <u>127,344,185</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>(8,226,761)</u> | <u>2,960,219</u> | <u>12,586,246</u> | <u>567,936</u> | <u>(1,021,635)</u> |
| Other financing sources (uses) | | | | | |
| Developer contributions | - | - | - | - | - |
| Transfers in (out) | - | - | - | - | - |
| Debt issuance | - | - | - | 4,205,000 | 9,900,000 |
| Capital leases | - | - | - | - | - |
| 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>\$ (8,226,761)</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 | 8.6% | 31.7% | 12.1% | 11.1% | 10.6% |

Note:

- The significant increases in 2010 are due to both the merger of the Township with the Associations and the issuance of three bond offerings. See the accompanying notes to the financial statements for information on the transition agreement and bond offerings. 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 | | | | |
|---|----------------------|-----------------------|---------------------|-------------------|---------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenues | | | | | |
| Property tax | \$ 38,091,288 | \$ - | \$ - | \$ - | \$ - |
| Sales tax | 31,307,932 | 29,814,070 | 26,930,229 | 14,222,505 | 12,002,873 |
| Hotel occupancy tax | 3,607,297 | 3,330,819 | 4,132,397 | 3,758,367 | 3,273,005 |
| Event admissions tax | - | - | - | - | - |
| Investment earnings | 320,588 | 1,053,350 | 1,319,192 | 1,476,516 | 1,197,060 |
| Intergovernmental | 200,997 | 200,548 | 216,712 | 455,121 | 388,894 |
| Program service fees and grants | 3,438,408 | - | - | - | - |
| Other | - | 57,767 | 13,506 | 11,497 | 11,651 |
| Total revenues | 76,966,510 | 34,456,554 | 32,612,036 | 19,924,006 | 16,873,483 |
| Expenditures | | | | | |
| General and administrative | 7,938,138 | 4,512,725 | 2,603,190 | 2,227,315 | 1,673,320 |
| Public safety | 23,610,653 | 19,732,304 | 4,375,103 | 4,148,784 | 3,816,702 |
| Parks and recreation | 12,014,668 | - | - | - | - |
| Transportation | - | - | - | - | - |
| Economic development | 4,661,526 | 5,952,351 | 788,370 | 684,582 | 350,586 |
| Community services | 11,759,355 | 1,635,935 | 1,413,445 | 628,084 | 266,611 |
| Community relations | 988,242 | 396,890 | 361,119 | 2,221,997 | 1,583,192 |
| Capital outlay | 13,747,069 | 243,384 | 58,860,185 | 5,730,929 | 5,689,332 |
| Debt service: | | | | | |
| Principal | 21,872,403 | 1,440,969 | 1,379,372 | 1,332,957 | 1,260,415 |
| Interest and fiscal charges | 6,036,495 | 3,408,542 | 2,876,668 | 2,849,216 | 2,723,343 |
| Bond refundings | 40,530,000 | - | - | - | - |
| Total expenditures | 143,158,549 | 37,323,100 | 72,657,452 | 19,823,864 | 17,363,501 |
| Excess of revenues over (under) expenditures | (66,192,039) | (2,866,546) | (40,045,416) | 100,142 | (490,018) |
| Other financing sources (uses) | | | | | |
| Developer contributions | - | - | 54,601,038 | - | 2,505,000 |
| Transfers in (out) | - | - | (7,787,080) | - | - |
| Debt issuance | 87,775,000 | - | 16,440,000 | - | - |
| Capital leases | - | - | - | 43,019 | 14,873 |
| Proceeds from sale of property | - | - | - | - | - |
| Other contractual obligations | 1,918,830 | 1,385,000 | (16,440,000) | - | - |
| Total financing sources (uses) | 89,693,830 | 1,385,000 | 46,813,958 | 43,019 | 2,519,873 |
| Change in fund balance due to transition agreement | 4,970,839 | - | - | - | - |
| Net change in fund balances | \$ 28,472,630 | \$ (1,481,546) | \$ 6,768,542 | \$ 143,161 | \$ 2,029,855 |
| Debt service as a percentage of noncapital expenditures | 21.6% | 13.1% | 30.8% | 29.7% | 34.1% |

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

Exhibit S-5

| <u>Fiscal Year</u> | <u>Sales Tax</u> | <u>Hotel Occupancy Tax</u> | <u>Property Tax</u> | <u>Event Admissions Tax</u> | <u>Total</u> |
|--------------------|------------------|--------------------------------|---------------------|---------------------------------|----------------|
| 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 | 46,102,554 | 6,520,692 | 42,201,573 | 1,291,655 | 96,116,474 |
| 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 |
| 2010 | 31,307,932 | 3,607,297 | 38,091,288 | - | 73,006,517 |
| 2009 | 29,814,070 | 3,330,819 | - | - | 33,144,889 |
| 2008 | 26,930,229 | 4,132,397 | - | - | 31,062,626 |
| 2007 | 14,222,505 | 3,758,367 | - | - | 17,980,872 |
| 2006 | 12,002,873 | 3,273,005 | - | - | 15,275,878 |

Notes:

- In 2008, the Township experienced a boundary expansion and creation of the community-wide zone.
- The Township's authority to levy property taxes commenced in 2010.
- The Township's authority to collect event admissions tax commenced in 2011.

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

Exhibit S-6

| Fiscal Year | Residential Property | Commercial Property | Other Property | Personal Property | Less: Tax Exempt Property | Total Assessed Value | Total Direct Tax Rate |
|-------------|----------------------|---------------------|-----------------|-------------------|---------------------------|----------------------|-----------------------|
| 2015 | \$13,377,102,208 | \$2,640,666,133 | \$1,138,975,533 | \$879,301,955 | \$1,812,257,107 | \$16,223,788,722 | 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 |
| 2011 | 9,907,934,065 | 2,126,473,485 | 384,081,193 | 753,516,775 | 1,147,799,968 | 12,024,205,550 | 0.3274 |
| 2010 | 9,344,123,810 | 1,534,425,219 | 922,517,161 | 713,065,799 | 1,109,068,851 | 11,405,063,138 | 0.3280 |
| 2009 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2008 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2007 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2006 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

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 Texas 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; therefore, the assessed values are equal to the actual value. Tax rates are per \$100 of assessed value.

- n/a = Not applicable as fiscal year 2010 was the first year the Township collected property taxes.

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

Exhibit S-7

| Sales Tax ¹ | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 |
| 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 | 0.0800 | 0.0700 | 0.0700 | 0.0700 | 0.0700 | 0.0700 |
| The Woodlands Township EDZ | - | - | - | - | - | - | - | - | - | - |
| Total Occupancy Tax | 0.1500 | 0.1500 | 0.1500 | 0.1500 | 0.1400 | 0.1300 | 0.1300 | 0.1300 | 0.1300 | 0.1300 |
| Property Tax ³ | | | | | | | | | | |
| State of Texas | - | - | - | - | - | - | - | - | - | - |
| Montgomery County | 0.4767 | 0.4838 | 0.4838 | 0.4838 | 0.4838 | 0.4838 | 0.4838 | 0.4888 | 0.4913 | 0.4963 |
| The Woodlands Township | 0.2500 | 0.2940 | 0.3173 | 0.3250 | 0.3274 | 0.3280 | - | - | - | - |
| The Woodlands Township EDZ | - | - | - | - | - | - | - | - | - | - |
| Harris County | 0.4192 | 0.4146 | 0.3912 | 0.3912 | 0.3881 | 0.3922 | 0.3892 | 0.3924 | 0.4024 | 0.3999 |
| Conroe Independent School District | 1.2800 | 1.2850 | 1.2900 | 1.2950 | 1.2950 | 1.2850 | 1.2700 | 1.2400 | 1.5900 | 1.7600 |
| Magnolia Independent School District | 1.3795 | 1.3995 | 1.3995 | 1.3995 | 1.3995 | 1.3800 | 1.4000 | 1.4200 | 1.6600 | 1.7900 |
| Lone Star College System | 0.1079 | 0.1160 | 0.1198 | 0.1210 | 0.1176 | 0.1101 | 0.1101 | 0.1144 | 0.1167 | 0.1207 |
| Tomball Independent School District | 1.3400 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.2750 | 1.5800 | 1.7100 |
| Harris County Department of Education | 0.0054 | 0.0064 | 0.0066 | 0.0066 | 0.0066 | 0.0061 | 0.0058 | 0.0059 | 0.0063 | 0.0063 |
| Montgomery County Hospital District | 0.0710 | 0.0727 | 0.0729 | 0.0745 | 0.0754 | 0.0755 | 0.0760 | 0.0777 | 0.0781 | 0.0850 |
| Harris County Hospital District | 0.1700 | 0.1700 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 |
| Harris County Flood Control District | 0.2733 | 0.2827 | 0.0281 | 0.2809 | 0.2923 | 0.0292 | 0.0309 | 0.0311 | 0.0324 | 0.3322 |
| Port of Houston Authority | 0.1342 | 0.0172 | 0.0186 | 0.1856 | 0.0205 | 0.0164 | 0.0177 | 0.0144 | 0.0130 | 0.0147 |
| The Woodlands Metro Center MUD | 0.1550 | 0.1650 | 0.1750 | 0.1750 | 0.1900 | 0.1900 | 0.1900 | 0.2100 | 0.2300 | 0.2700 |
| Montgomery County MUD #2 | 0.4355 | 0.1300 | 0.1500 | 0.1700 | 0.1900 | 0.2300 | 0.2300 | 0.2400 | 0.2700 | 0.3350 |
| Montgomery County MUD #6 | 0.0750 | 0.0750 | 0.0800 | 0.8750 | 0.0950 | 0.1000 | 0.1100 | 0.1100 | 0.1100 | 0.2200 |
| Montgomery County MUD #7 | 0.1645 | 0.1645 | 0.1675 | 0.1675 | 0.1750 | 0.1750 | 0.1750 | 0.2000 | 0.2000 | 0.3000 |
| Montgomery County MUD #36 | 0.0550 | 0.0350 | 0.0350 | 0.0400 | 0.0550 | 0.1000 | 0.1100 | 0.1200 | 0.1200 | 0.3200 |
| Montgomery County MUD #39 | 0.4000 | 0.4150 | 0.4200 | 0.4200 | 0.4300 | 0.4300 | 0.4400 | 0.4700 | 0.4800 | 0.5800 |
| Montgomery County MUD #40 | 0.0900 | 0.1400 | 0.1500 | 0.1600 | 0.1700 | 0.1800 | 0.1900 | 0.2100 | 0.2100 | 0.2500 |
| Montgomery County MUD #46 | 0.2250 | 0.2400 | 0.2550 | 0.2650 | 0.2750 | 0.2850 | 0.3100 | 0.3800 | 0.4200 | 0.5000 |
| Montgomery County MUD #47 | 0.2450 | 0.2450 | 0.2450 | 0.2450 | 0.2500 | 0.2500 | 0.2600 | 0.2800 | 0.2800 | 0.3100 |
| Montgomery County MUD #60 | 0.1850 | 0.2175 | 0.2275 | 0.2375 | 0.2400 | 0.2400 | 0.2650 | 0.2900 | 0.3000 | 0.3500 |
| Montgomery County MUD #67 | 0.2575 | 0.3025 | 0.3125 | 0.3125 | 0.3200 | 0.3200 | 0.3200 | 0.3300 | 0.3400 | 0.4300 |
| Harris-Montgomery County MUD #386 | 0.4650 | 0.7200 | 0.9400 | 0.9900 | 0.9900 | 1.1500 | 1.2500 | 1.2500 | 1.2500 | - |
| Montgomery County WCID #1 | 0.7600 | 0.8100 | 0.8100 | 0.8100 | 0.7750 | 0.7750 | 0.7750 | 0.7750 | 0.8200 | 0.8200 |
| The Woodlands Road Utility District #1 | 0.3200 | 0.3600 | 0.4063 | 0.4266 | 0.4300 | 0.4491 | 0.4738 | 0.4800 | 0.4800 | 0.4817 |

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.

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

Exhibit S-8

| Taxpayer | 2015 | | | 2012 | | |
|---|---------------------------------------|-------------|--|---|-------------|--|
| | Taxable Assessed Valuation | Rank | Percentage of Total Township Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percentage of Total Township Taxable Assessed Value |
| Anadarko Realty Company | \$ 245,216,510 | 1 | 1.51% | \$ - | - | - |
| The Woodlands Mall Associates | 111,747,467 | 2 | 0.69% | 137,104,330 | 2 | 1.09% |
| Woodlands Land Development LP | 107,301,240 | 3 | 0.66% | 140,821,706 | 1 | 1.12% |
| IMI Market Street LLC | 89,596,510 | 4 | 0.55% | - | - | - |
| CLPF Waterway Plaza, LLC | 69,554,060 | 5 | 0.43% | - | - | - |
| MEPT Boardwalk Town Center, LLC | 68,757,910 | 6 | 0.42% | - | - | - |
| JD Warmack Woodlands LP | 64,133,130 | 7 | 0.40% | 36,156,556 | 9 | 0.29% |
| 24 Waterway, LLC | 64,052,600 | 8 | 0.39% | - | - | - |
| Drill Bits - Baker Hughes | 58,694,516 | 9 | 0.36% | - | - | - |
| Inland American Lodging Woodlands LTD | 58,623,310 | 10 | 0.36% | - | - | - |
| Hughes Christensen Company | - | - | - | 71,016,816 | 3 | 0.56% |
| Lex-Gen Woodlands LP | - | - | - | 57,890,098 | 4 | 0.46% |
| SSR WM Texas LP | - | - | - | 57,008,487 | 5 | 0.45% |
| CVS Distribution Ctr & Regional Offices | - | - | - | 42,247,510 | 6 | 0.33% |
| Kimco Market Street LLC | - | - | - | 40,970,170 | 7 | 0.32% |
| Regency Centers LP | - | - | - | 37,761,470 | 8 | 0.30% |
| NNN Waterway Plaza LLC | - | - | - | 35,000,000 | 10 | 0.28% |
| | <u>\$ 937,677,253</u> | | <u>5.78%</u> | <u>\$ 655,977,143</u> | | <u>5.21%</u> |

Sources: Montgomery Central Appraisal District and Harris County Appraisal District

Note:

- Fiscal year 2010 was the first year the Township collected property taxes.

**The Woodlands Township
Property Tax Levies and Collections
Last Six 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 |
| 2015 | 2014 | \$ 40,892,582 | \$ 40,740,479 | 99.6% | \$ - | \$ 40,740,479 | 99.6% |
| 2014 | 2013 | 42,710,243 | 42,573,160 | 99.7% | 64,675 | 42,637,835 | 99.8% |
| 2013 | 2012 | 42,151,140 | 42,012,384 | 99.7% | 91,154 | 42,103,538 | 99.9% |
| 2012 | 2011 | 41,145,045 | 40,984,794 | 99.6% | 124,829 | 41,109,623 | 99.9% |
| 2011 | 2010 | 39,535,097 | 39,409,114 | 99.7% | 92,334 | 39,501,448 | 99.9% |
| 2010 | 2009 | 38,136,495 | 38,034,113 | 99.7% | 78,736 | 38,112,849 | 99.9% |
| 2009 | 2008 | n/a | n/a | n/a | n/a | n/a | n/a |
| 2008 | 2007 | n/a | n/a | n/a | n/a | n/a | n/a |
| 2007 | 2006 | n/a | n/a | n/a | n/a | n/a | n/a |
| 2006 | 2005 | n/a | n/a | n/a | n/a | n/a | n/a |

Source: Montgomery County Tax Office

Note:

- n/a = Not applicable as fiscal year 2010 was the first year the Township collected property taxes.

**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 |
|--------------------|--------------------------------|----------------------------|----------------------------|---------------------|-----------------------|------------------------|------------------------|------------------------|------------------------------|
| 2015 | \$ 2,632,201,700 | \$ 26,322,017 | 6,042 | \$ 4,357 | \$ 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% |
| 2011 | 1,755,589,000 | 17,555,890 | 4,249 | 4,132 | 110 | 4,187 | (8,056) | 941,035 | 5% |
| 2010 | 1,579,337,074 | 15,793,371 | 2,878 | 5,488 | 144 | 5,418 | (24,429) | 965,196 | 6% |
| 2009 | 1,507,523,924 | 15,075,239 | 2,586 | 5,830 | 160 | 5,757 | (13,714) | 1,005,575 | 7% |
| 2008 | 1,468,672,705 | 14,686,727 | 2,408 | 6,099 | 141 | 6,090 | (106,165) | 931,537 | 6% |
| 2007 | 1,187,440,000 | 11,874,400 | 2,193 | 5,415 | 120 | 5,460 | (1,483) | 646,806 | 5% |
| 2006 | 1,054,380,000 | 10,543,800 | 2,103 | 5,014 | 121 | 5,048 | (6,559) | 607,202 | 6% |

Source: Texas Comptroller of Public Accounts

- Notes:**
- Prior to 2011, these reports only include those taxpayers having remitted more than \$25,000 in state and local taxes to the Comptroller in the prior year.
 - For 2011 and thereafter, reports include those taxpayers having remitted more than \$5,000 in state and local taxes to the Comptroller in the prior year.

**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 | | |
|--------------------|-----------------------------|------------------------------|----------------------------------|-----------------------------|------------------------------|----------------------------------|-----------------------------|------------------------------|----------------------------------|
| | Percentage Total | Percentage Retail | Percentage Non-Retail | Percentage Total | Percentage Retail | Percentage Non-Retail | Percentage Total | Percentage Retail | Percentage Non-Retail |
| 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% |
| 2011 | 5.29% | 5.29% | n/a | 16.67% | 13.59% | 3.08% | 26.54% | 21.62% | 4.92% |
| 2010 | 6.18% | 6.18% | n/a | 18.43% | 15.26% | 3.17% | 28.61% | 23.62% | 4.99% |
| 2009 | 6.67% | 6.67% | n/a | 19.24% | 16.51% | 2.73% | 30.09% | 23.16% | 6.93% |
| 2008 | 6.34% | 6.34% | n/a | 20.77% | 16.94% | 3.83% | 31.87% | 23.09% | 8.78% |
| 2007 | 5.45% | 5.45% | n/a | 21.98% | 21.98% | n/a | 35.35% | 27.47% | 7.87% |
| 2006 | 5.75% | 5.75% | n/a | 23.84% | 19.44% | 4.40% | 36.78% | 29.82% | 6.96% |

Source: Texas Comptroller of Public Accounts

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 | | | | | |
|---|----------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2015 % Total | 2014 | 2013 | 2012 | 2011 |
| Retail Trade | \$ 11,489,749 | 44% | \$ 10,748,302 | \$ 10,366,395 | \$ 10,220,424 | \$ 8,906,872 |
| Accommodation and Food Services | 3,144,319 | 12% | 3,013,928 | 2,804,129 | 2,731,280 | 2,454,925 |
| Manufacturing | 1,958,435 | 7% | 1,835,758 | 1,782,312 | 1,107,831 | 1,153,341 |
| Information | 1,853,406 | 7% | 1,751,365 | 1,419,895 | 1,238,836 | 856,407 |
| Wholesale Trade | 1,938,332 | 7% | 1,845,561 | 1,209,165 | 975,481 | 701,979 |
| Mining | 1,020,380 | 4% | 783,753 | 857,637 | 821,596 | 645,002 |
| Professional, Scientific, and Technical Services | 939,332 | 4% | 1,052,367 | 1,063,762 | 705,375 | 574,582 |
| Real Estate, Rental, and Leasing | 591,113 | 2% | 827,724 | 1,259,235 | 673,056 | 417,565 |
| Utilities | 424,592 | 2% | 435,655 | 377,436 | 341,410 | 378,090 |
| Arts, Entertainment, and Recreation | 512,328 | 2% | 442,572 | 435,271 | 402,569 | 366,545 |
| Administration, Support, Waste Management, Remediation | 447,534 | 2% | 473,026 | 448,310 | 383,828 | 350,221 |
| Construction | 398,563 | 2% | 629,794 | 539,318 | 235,967 | 270,823 |
| Other taxable activity | 1,603,933 | 6% | 1,512,178 | 993,299 | 619,772 | 713,681 |
| Total | \$ 26,322,017 | 100% | \$ 25,351,984 | \$ 23,556,164 | \$ 20,457,425 | \$ 17,790,033 |

Source: Texas Comptroller of Public Accounts

Notes:

- Effective 2005, the SIC system of reporting industry sectors changed to the North American Industry Classification System (NAICS) on the Texas Comptroller of Public Accounts reports.
- In 2008, the Township expanded its boundaries and imposed a sales and use tax of 1% within the expanded boundaries.
- Based on Confidentiality Reports received from the Texas Comptroller of Public Accounts.

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

**Exhibit S-12
(continued)**

| Industry | Fiscal Year | | | | | 2006 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | % Total |
| Retail Trade | \$ 8,233,076 | \$ 8,222,453 | \$ 8,028,945 | \$ 6,931,744 | \$ 6,754,443 | 65% |
| Accommodation and Food Services | 2,143,342 | 2,134,205 | 1,961,673 | 1,431,123 | 1,416,706 | 14% |
| Manufacturing | 1,012,955 | 578,298 | 778,453 | 917,032 | 450,902 | 4% |
| Information | 619,491 | 523,113 | 362,534 | 442,991 | 391,860 | 4% |
| Wholesale Trade | 694,951 | 573,707 | 684,970 | 273,056 | 313,908 | 3% |
| Mining | 553,934 | 469,051 | 599,175 | 443,265 | 464,343 | 4% |
| Professional, Scientific, and Technical Services | 509,086 | 488,761 | 348,083 | 208,727 | 115,418 | 1% |
| Real Estate, Rental, and Leasing | 249,565 | 423,817 | 397,270 | 485,279 | 150,846 | 1% |
| Utilities | 326,290 | 34,382 | 30,028 | 25,792 | 5,956 | 0% |
| Arts, Entertainment, and Recreation | 326,492 | 299,166 | 252,666 | 92,264 | 40,953 | 0% |
| Administration, Support, Waste Management, Remediation | 285,837 | 282,058 | 262,816 | 167,163 | 115,640 | 1% |
| Construction | 164,608 | 163,874 | 118,664 | 103,507 | 53,657 | 1% |
| Other taxable activity | 459,802 | 556,685 | 492,451 | 204,063 | 109,414 | 1% |
| Total | \$ 15,579,429 | \$ 14,317,728 | \$ 11,726,006 | \$ 10,384,045 | \$ 10,384,046 | 100% |

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

Exhibit S-13

| Fiscal Year | General Bonded Debt | | | Other Governmental Activities Debt | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|-------------------------|------------|---|-------------------------|----------------|--------------------------|-------------------------------|------------|
| | General Obligation Bond | % Actual Property Value | Per Capita | Sales/Hotel Occupancy Tax Revenue Bonds | Bond Anticipation Notes | Capital Leases | | | |
| 2015 | \$ 40,835,000 | 0.28% | \$ 372 | \$ 42,045,000 | \$ - | \$ - | \$ 82,880,000 | 0.66% | \$ 756 |
| 2014 | 42,855,000 | 0.30% | 391 | 44,830,000 | - | - | 87,685,000 | 0.70% | 799 |
| 2013 | 44,820,000 | 0.34% | 416 | 62,505,000 | - | - | 107,325,000 | 0.95% | 996 |
| 2012 | 46,735,000 | 0.37% | 444 | 65,780,000 | - | - | 112,515,000 | 1.01% | 1,069 |
| 2011 | 43,865,000 | 0.36% | 436 | 68,965,000 | - | - | 112,830,000 | 1.23% | 1,121 |
| 2010 | 34,800,000 | 0.31% | 359 | 71,675,000 | - | - | 106,475,000 | 0.92% | 1,097 |
| 2009 | - | n/a | n/a | 61,395,000 | - | - | 61,395,000 | 0.57% | 665 |
| 2008 | - | n/a | n/a | 44,995,000 | 16,440,000 | 15,149 | 61,450,149 | 0.60% | 687 |
| 2007 | - | n/a | n/a | 46,360,000 | - | 29,521 | 46,389,521 | 0.47% | 528 |
| 2006 | - | n/a | n/a | 47,670,000 | - | 9,458 | 47,679,458 | 0.52% | 568 |

Notes:

- Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
- See Exhibit S-6 for taxable property value data.
- Population and personal income data can be found in Exhibit S-17.

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

Exhibit S-14

| <u>Fiscal Year</u> | <u>Revenue Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total Outstanding</u> | <u>Total Pledged Revenue</u> | <u>Debt as a Percentage of Pledged Revenue</u> |
|--------------------|----------------------|---|------------------------------|----------------------------------|--|
| 2015 | \$ 42,045,000 | \$ 4,670,616 | \$ 37,374,384 | \$ 1,316,100,850 | 3% |
| 2014 | 44,830,000 | 4,668,742 | 40,161,258 | 1,330,940,457 | 3% |
| 2013 | 62,505,000 | 19,679,961 | 42,825,039 | 1,233,322,315 | 3% |
| 2012 | 65,780,000 | 7,074,176 | 58,705,824 | 1,076,893,407 | 5% |
| 2011 | 68,965,000 | 7,670,415 | 61,294,585 | 938,602,571 | 7% |
| 2010 | 71,675,000 | 6,458,933 | 65,216,067 | 841,201,351 | 8% |
| 2009 | 61,395,000 | 4,943,669 | 56,451,331 | 801,345,096 | 7% |
| 2008 | 44,995,000 | 4,800,759 | 40,194,241 | 793,370,594 | 5% |
| 2007 | 46,360,000 | 4,623,629 | 41,736,371 | 647,410,957 | 6% |
| 2006 | 47,670,000 | 4,437,813 | 43,232,187 | 573,947,214 | 8% |

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.
- General obligation bonds are not included in analysis.

The Woodlands Township
Direct and Overlapping Governmental Activities Debt
as of December 31, 2015
(unaudited)

Exhibit S-15

| <u>Governmental Unit</u> | <u>Net Direct Debt¹</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlap</u> |
|--|------------------------------------|--|-----------------------------------|
| Direct debt: | | | |
| The Woodlands Township Unlimited Tax Bonds | \$ 42,855,000 | 100.00% | \$ 42,855,000 |
| The Woodlands Township Revenue Bonds | 44,830,000 | 100.00% | 44,830,000 |
| Total direct debt | | | <u>87,685,000</u> |
| Overlapping debt: | | | |
| Conroe Independent School District | 932,460,000 | 49.42% | 460,821,732 |
| Harris County ² | 2,430,303,330 | 0.38% | 9,235,153 |
| Harris County Department of Education | 7,000,000 | 0.38% | 26,600 |
| Harris County Flood Control District | 83,075,000 | 0.38% | 315,685 |
| Harris-Montgomery County MUD #386 | 148,760,000 | 100.00% | 148,760,000 |
| Lone Star College System | 570,850,000 | 11.00% | 62,793,500 |
| Magnolia Independent School District | 211,710,000 | 4.61% | 9,759,831 |
| Montgomery County | 401,000,000 | 28.61% | 114,726,100 |
| Montgomery County MUD #7 | 2,790,000 | 100.00% | 2,790,000 |
| Montgomery County MUD #39 | 11,745,000 | 100.00% | 11,745,000 |
| Montgomery County MUD #46 | 92,885,000 | 100.00% | 92,885,000 |
| Montgomery County MUD #47 | 23,600,000 | 100.00% | 23,600,000 |
| Montgomery County MUD #60 | 15,375,000 | 100.00% | 15,375,000 |
| Montgomery County MUD #67 | 13,145,000 | 100.00% | 13,145,000 |
| Montgomery County WCID #1 | 12,955,000 | 1.00% | 129,550 |
| Port of Houston Authority | 674,269,397 | 0.38% | 2,562,224 |
| The Woodlands Metro Center MUD | 12,495,000 | 100.00% | 12,495,000 |
| The Woodlands Road Utility District #1 | 62,080,000 | 100.00% | 62,080,000 |
| Tomball Independent School District | 386,125,000 | 10.77% | 41,585,663 |
| Total overlapping debt | | | <u>1,084,831,037</u> |
| Total direct and overlapping debt | | | <u><u>\$ 1,172,516,037</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-16

| 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 | |
| 2015 | \$ 13,161,009 | \$ 6,060,243 | \$ 19,221,251 | \$ 3,555,000 | \$ 1,147,524 | \$ 4,702,524 | 4.09 |
| 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 |
| 2011 | 8,777,945 | 4,256,565 | 13,034,510 | 1,155,000 | 2,415,786 | 3,570,786 | 3.65 |
| 2010 | 7,896,685 | 3,607,297 | 11,503,982 | 2,165,000 | 2,984,027 | 5,149,027 | 2.23 |
| 2009 | 7,537,620 | 3,330,819 | 10,868,439 | 1,425,000 | 2,751,721 | 4,176,721 | 2.60 |
| 2008 | 7,343,364 | 4,132,397 | 11,475,760 | 1,365,000 | 2,386,796 | 3,751,796 | 3.06 |
| 2007 | 5,937,200 | 3,758,367 | 9,695,567 | 1,310,000 | 2,441,661 | 3,751,661 | 2.58 |
| 2006 | 5,271,900 | 3,273,005 | 8,544,905 | 1,255,000 | 2,499,236 | 3,754,236 | 2.28 |

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.
- n/a indicates not available.

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

Exhibit S-17

| Fiscal Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Median Age | Employers | Number of Jobs | Unemployment Rate | School Enrollment¹ |
|--------------------|-------------------|--|-----------------------------------|-------------------|------------------|-----------------------|--------------------------|--------------------------------------|
| 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 |
| 2011 | 100,670 | 9,199,023 | 91,378 | 40 | 1,755 | 49,960 | 4.7% | 50,849 |
| 2010 | 97,023 | 11,517,018 | 118,704 | 42 | 1,712 | 47,100 | 4.7% | 49,323 |
| 2009 | 92,348 | 10,779,967 | 116,732 | 37 | 1,650 | 45,380 | 5.5% | 47,769 |
| 2008 | 89,397 | 10,323,655 | 115,481 | 45 | 1,587 | 44,202 | 4.9% | 46,302 |
| 2007 | 87,867 | 9,851,384 | 112,117 | 50 | 1,551 | 43,200 | 3.6% | 44,237 |
| 2006 | 83,884 | 9,195,532 | 109,622 | 45 | 1,511 | 42,190 | 3.3% | 42,431 |

Sources: The Woodlands Development Company

Notes:

¹Conroe Independent School District

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

Exhibit S-18

| Employer | 2015 | | | 2005 | | |
|--|------------------|-------------|---------------------------------------|------------------|-------------|---------------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Anadarko Petroleum Corporation | 3,867 | 1 | 6% | 600 | 4 | 2% |
| Conroe Independent School District | 3,568 | 2 | 6% | 2,100 | 1 | 6% |
| Memorial Hermann, The Woodlands Hospital | 2,001 | 3 | 3% | 560 | 5 | 2% |
| ExxonMobil | 1,900 | 4 | 3% | - | - | - |
| Aon Hewitt | 1,800 | 5 | 3% | 1,300 | 2 | - |
| CHI St. Luke's Health | 1,510 | 6 | 2% | - | - | - |
| CB&I | 1,008 | 7 | 2% | - | - | - |
| Huntsman Corporation | 894 | 8 | 1% | - | - | - |
| Lone Star College - Montgomery | 858 | 9 | 1% | - | - | - |
| Woodforest National Bank | 817 | 10 | 1% | - | - | - |
| Hughes Christensen | - | - | - | 900 | 3 | 2% |
| Maersk Sealand | - | - | - | 500 | 6 | 1% |
| CVS Corporation | - | - | - | 450 | 7 | 1% |
| Mitchell Energy & Development | - | - | - | 410 | 8 | 1% |
| Sadler Clinic | - | - | - | 380 | 9 | 1% |
| Entergy | - | - | - | 275 | 10 | 1% |
| Total | 18,223 | | 28% | 6,820 | | 16% |

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-19

| | Full-time Equivalent Employees as of December 31 | | | | | | | | | |
|------------------------------------|---|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| | 2014 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General and administrative: | - | - | - | - | - | - | 9.0 | 9.0 | 9.0 | 9.0 |
| President's office | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | | | | |
| Legislative and transportation | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | | |
| Human resources | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | | | | |
| Finance | 15.0 | 14.0 | 14.0 | 15.0 | 15.0 | 16.0 | | | | |
| Information technology | 12.0 | 11.0 | 11.0 | 9.0 | 9.0 | 8.0 | | | | |
| Records | 6.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | | | | |
| Parks and recreation: | | | | | | | | | | |
| Park's administration | 14.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | | | | |
| Park's planning | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | | | | |
| Park's operation | 41.0 | 38.5 | 38.5 | 38.5 | 39.5 | 39.0 | | | | |
| Aquatics | 70.0 | 70.0 | 70.0 | 67.0 | 67.0 | 67.0 | | | | |
| Recreation | 21.7 | 15.7 | 15.5 | 18.0 | 18.0 | 18.0 | | | | |
| Town Center | 15.0 | 13.8 | 13.5 | 8.0 | - | - | | | | |
| Operations and maintenance | - | - | - | - | - | - | 3.0 | 3.0 | 3.0 | 2.0 |
| Development and planning services: | | | | | | | | | | |
| Community services | 3.0 | 7.0 | 7.0 | 6.3 | 6.0 | 6.0 | | | | |
| Community relations | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | | | | |
| Covenant administration | 39.0 | 39.0 | 33.0 | 33.0 | 32.8 | 32.5 | | | | |
| Environmental services | 6.0 | 6.0 | 4.3 | 4.3 | 4.3 | 4.0 | | | | |
| Public safety: | | | | | | | | | | |
| Law enforcement | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | | | | |
| Town Center ambassador personnel | - | - | - | - | 7.8 | 7.8 | 6.0 | 5.0 | 5.0 | 4.0 |
| Neighborhood services | 7.3 | 6.3 | 6.3 | 6.0 | 7.0 | 7.0 | | | | |
| Public safety department | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 |
| Convention and Visitors Bureau: | | | | | | | | | | |
| Marketing and public affairs | 5.3 | 5.3 | 5.3 | 4.3 | 4.3 | 4.3 | 4.0 | 4.0 | 4.0 | 4.0 |
| Economic development | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total | 285.0 | 271.3 | 262.1 | 254.0 | 255.5 | 254.5 | 25.0 | 24.0 | 24.0 | 22.0 |

Source: The Woodlands Township Human Resources Department

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

Exhibit S-20

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|-------------|--------------|-------------|
| Public Safety | | | | | |
| Patrol cars and equipment - Sheriff's Department ¹ | \$ 345,489 | \$ 718,864 | \$ 417,411 | \$ 702,384 | \$ 537,978 |
| Patrol bicycles and equipment - Sheriff's Department ¹ | \$ - | \$ - | \$ - | \$ - | \$ 28,004 |
| Rescue and haz-mat vehicles - Fire Department | \$ - | \$ 642,807 | \$ 34,621 | \$ 2,122,012 | \$ 590,611 |
| Special equipment - Fire Department | \$ 51,958 | \$ 38,935 | \$ 15,000 | \$ 186,087 | \$ 63,718 |
| Communications equipment - Fire Department | \$ 208,810 | \$ 140,938 | \$ 256,018 | \$ 862,733 | \$ 44,136 |
| Traffic controllers - Fire Department | \$ 7,066 | \$ 95,141 | \$ 8,147 | \$ 32,409 | \$ 13,089 |
| Patrol cars ¹ | 100 | 97 | 95 | 95 | 82 |
| Patrol bicycles ¹ | 24 | 24 | 24 | 24 | 24 |
| Fire stations | 9 | 9 | 9 | 9 | 8 |
| Fire apparatus | 18 | 18 | 18 | 18 | 15 |
| Economic Development ² | | | | | |
| Hotel rooms booked for conventions | 40,281 | 43,377 | 41,250 | 43,448 | 42,628 |
| Total convention center square feet booked | 11,365,400 | 12,150,200 | 12,250,550 | 13,024,445 | 14,685,250 |
| Operations | | | | | |
| Wayfinding signs | 264 | 264 | 260 | 260 | 255 |
| Monument signs | 434 | 424 | 408 | 408 | 392 |
| Sculptures and public art | 20 | 19 | 10 | 6 | 6 |
| Miles of pathway ³ | 209 | 205 | 202 | 198 | 194 |
| Parks | 140 | 131 | 130 | 127 | 123 |
| Swimming pools | 14 | 14 | 14 | 13 | 13 |
| Park acreage | 912 | 855 | 846 | 704 | 700 |

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.

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

³ The Woodlands Development Company

Notes:

- Sources not specifically noted include various government departments.

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

Exhibit S-20
(continued)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | |
| Patrol cars and equipment - Sheriff's Department ¹ | \$ 504,748 | \$ 567,847 | \$ 75,458 | \$ 65,911 | \$ 76,913 |
| Patrol bicycles and equipment - Sheriff's Department ¹ | \$ 24,559 | \$ 5,980 | \$ 2,894 | \$ 3,972 | \$ 7,179 |
| Rescue and haz-mat vehicles - Fire Department | \$ - | \$ 148,990 | \$ - | \$ 136,398 | \$ 1,733 |
| Special equipment - Fire Department | \$ 29,846 | \$ - | \$ - | \$ 37,808 | \$ 12,885 |
| Communications equipment - Fire Department | \$ 38,871 | \$ - | \$ - | \$ 3,463 | \$ 3,023 |
| Traffic controllers - Fire Department | \$ 44,600 | \$ - | \$ - | \$ - | \$ - |
| Patrol cars ¹ | 82 | 14 | 2 | 2 | 2 |
| Patrol bicycles ¹ | 24 | 2 | 2 | - | - |
| Fire stations | 7 | 7 | 6 | 5 | 5 |
| Fire apparatus | 13 | 13 | 12 | 12 | 8 |
| Economic Development ² | | | | | |
| Hotel rooms booked for conventions | 40,820 | 45,255 | 49,525 | 40,101 | 31,875 |
| Total convention center square feet booked | 12,812,550 | 13,250,150 | 16,716,580 | 12,482,300 | 10,605,190 |
| Operations | | | | | |
| Wayfinding signs | 207 | 155 | 143 | 89 | 92 |
| Monument signs | 360 | 6 | 6 | 6 | 6 |
| Sculptures and public art | 6 | 2 | 2 | 2 | 2 |
| Miles of pathway ³ | 185 | - | - | - | - |
| Parks | 116 | 2 | 2 | 1 | 1 |
| Swimming pools | 13 | - | - | - | - |
| Park acreage | 690 | 4 | 4 | 3 | 3 |

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

Exhibit S-21

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Public Safety | | | | | |
| Trooper hours - mounted patrol | 39,018 | 29,639 | 28,085 | 28,760 | 29,996 |
| Vehicle assists - mounted patrol ¹ | 7,290 | 4,659 | 4,006 | 2,598 | 2,038 |
| Other assist calls - mounted patrol | 3,032 | 2,937 | 1,585 | 1,339 | 1,463 |
| Traffic violation calls | 12,814 | 15,849 | 18,745 | 8,796 | 10,710 |
| Total Sheriff Department calls ² | 58,036 | 55,871 | 56,663 | 46,124 | 43,424 |
| Total fire incident calls ³ | 9,901 | 9,464 | 8,588 | 6,868 | 6,363 |
| Montgomery County Sheriff's Department | \$ 7,850,144 | \$ 7,543,984 | \$ 6,903,490 | \$ 6,708,814 | \$ 6,337,658 |
| Number of full-time MCSO positions | 93 | 86 | 83 | 83 | 80 |
| Constable Precinct 3 | \$ 109,282 | \$ 95,432 | \$ 94,934 | \$ 96,404 | \$ 119,154 |
| Justice of the Peace Precinct 3 | \$ 54,597 | \$ 50,596 | \$ 50,711 | \$ 46,575 | \$ 43,331 |
| City of Oak Ridge North | \$ - | \$ - | \$ - | \$ - | \$ - |
| City of Shenandoah | \$ 219,913 | \$ 212,415 | \$ 202,215 | \$ 195,000 | \$ - |
| The Woodlands Fire Department | \$ 18,849,858 | \$ 17,704,372 | \$ 17,312,577 | \$ 16,643,150 | \$ 15,056,962 |
| Marketing and Public Affairs/CVB | | | | | |
| Events produced | 29 | 27 | 30 | 30 | 30 |
| Visitor guides distributed | 76,892 | 89,566 | 113,981 | 135,773 | 137,355 |
| Discovery guides distributed | 27,372 | 35,986 | 25,062 | 25,580 | 24,490 |
| Sponsorships sold | \$ 326,750 | \$ 344,775 | \$ 297,750 | \$ 295,750 | \$ 261,095 |
| Economic Development | | | | | |
| Convention center bookings ⁴ | 920 | 951 | 929 | 1,028 | 1,425 |
| Number of jobs ⁵ | 63,030 | 58,400 | 54,504 | 51,940 | 49,960 |
| ISO rating | 1 | 1 | 2 | 2 | 2 |
| Operations and Transportation | | | | | |
| Transportation - trolley ridership | 81,995 | 77,472 | 87,737 | 103,600 | 127,326 |
| Transportation - Senior Rides ⁶ | 3,950 | 5,586 | n/a | 3,621 | 5,090 |

Sources:

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

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

³ Total fire calls for 2008 represent the Township as a whole, as previous years represent only Town Center calls.

⁴ The Woodlands Waterway Marriott Hotel and Convention Center

⁵ The Woodlands Development Company

⁶ Contract compliance reports provided by Senior Rides, formerly The Friendship Center. Funding not provided by the Township in 2013.

- Sources not specifically noted include various government departments.

- n/a indicates not available.

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

Exhibit S-21
(continued)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|---------------|---------------|--------------|--------------|--------------|
| Public Safety | | | | | |
| Trooper hours - mounted patrol | 36,719 | 36,758 | 35,665 | 35,434 | 35,620 |
| Vehicle assists - mounted patrol ¹ | 3,368 | 2,221 | 8,634 | 5,905 | 4,419 |
| Other assist calls - mounted patrol | 1,561 | 4,406 | 9,005 | 2,994 | 5,632 |
| Traffic violation calls | 8,686 | 4,270 | 3,629 | 1,393 | 1,040 |
| Total Sheriff Department calls ² | 40,662 | 8,637 | 8,083 | 5,862 | 5,574 |
| Total fire incident calls ³ | 5,977 | 5,454 | 5,859 | 684 | 612 |
| Montgomery County Sheriff's Department | \$ 5,637,895 | \$ 1,686,848 | \$ 1,414,833 | \$ 1,142,287 | \$ 1,141,977 |
| Number of full-time MCSO positions | 77 | 24 | 22 | 19 | 19 |
| Constable Precinct 3 | \$ 118,902 | \$ 116,979 | \$ 112,000 | \$ 106,230 | \$ 100,903 |
| Justice of the Peace Precinct 3 | \$ 38,429 | \$ 39,819 | \$ 37,522 | \$ 37,047 | \$ 35,211 |
| City of Oak Ridge North | \$ 100,000 | \$ 216,472 | \$ 216,472 | \$ 215,635 | \$ 215,635 |
| City of Shenandoah | \$ 100,000 | \$ 216,468 | \$ 216,464 | \$ 216,472 | \$ 216,464 |
| The Woodlands Fire Department | \$ 14,085,800 | \$ 14,725,000 | \$ 6,603,000 | \$ 472,905 | \$ 405,600 |
| Marketing and Public Affairs/CVB | | | | | |
| Events produced | 38 | 24 | 8 | 6 | 6 |
| Visitor guides distributed | 155,103 | 77,395 | 128,490 | 73,276 | 36,049 |
| Discovery guides distributed | - | - | - | - | - |
| Sponsorships sold | \$ 225,000 | \$ 267,600 | \$ 237,725 | \$ 272,595 | \$ 287,300 |
| Economic Development | | | | | |
| Convention center bookings ⁴ | 1,351 | 1,258 | 1,685 | 1,095 | 864 |
| Number of jobs ⁵ | 47,100 | 45,380 | 44,202 | 43,200 | 42,190 |
| ISO rating | 2 | 2 | 3 | 3 | 3 |
| Operations and Transportation | | | | | |
| Transportation - trolley ridership | 144,906 | 113,077 | 97,424 | - | - |
| Transportation - Friendship Center shuttle trips ⁶ | 5,301 | 5,087 | 5,600 | 5,456 | 13,173 |