MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 60,
of MONTGOMERY COUNTY, TEXAS
(Montgomery County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: JUNE 14, 2016

$2,590,000
WATERWORKS AND SEWER SYSTEM UNLIMITED TAX BONDS
SERIES 2016A

BIDS TO BE SUBMITTED: 10:00 A.M., HOUSTON TIME
TUESDAY, JULY 19, 2016

BAIRD

Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 14, 2016

This Preliminary Official Statement is subject to completion and amendment, as provided in the Official Notice of Sale, and is intended for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (hereinafter defined).

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 60, of MONTGOMERY COUNTY, TEXAS, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL, INCLUDING A DISCUSSION OF ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS –QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW **ISSUE - Book-Entry-Only** **RATING: Moody's (Underlying) .... *"Aa3"***
(See "MUNICIPAL BOND GUARANTY INSURANCE AND RATING")

$2,590,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 60, of MONTGOMERY COUNTY, TEXAS

(A Political Subdivision of the State of Texas, located within Montgomery County)

WATERWORKS AND SEWER SYSTEM UNLIMITED TAX BONDS, SERIES 2016A

Interest accrues from: August 1, 2016 Due: September 1, as shown below

The $2,590,000 Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas Waterworks and Sewer System Unlimited Tax Bonds, Series 2016A (the "Bonds") are obligations of Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; The Woodlands Township; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; The Woodlands Township; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal on the Bonds is scheduled to mature on September 1 as shown below. Interest will accrue from August 1, 2016, and will be payable March 1 and September 1 of each year ("Interest Payment Date"), commencing March 1, 2017, until the earlier of maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds at maturity or at prior redemption, together with accrued interest on the Bonds, is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (sometimes hereinafter called the "Paying Agent" or the "Registrar"), upon surrender of the Bonds for payment at maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent and a Bondholder, interest on the Bonds and principal payment upon mandatory redemption of any term bonds are payable by check or draft of the Paying Agent, dated as of the Interest Payment Date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)
2017	$70,000	___%	___%	2029(b)	$105,000	___%	___%
2018	75,000	___%	___%	2030(b)	110,000	___%	___%
2019	80,000	___%	___%	2031(b)	115,000	___%	___%
2020	80,000	___%	___%	2032(b)	120,000	___%	___%
2021	85,000	___%	___%	2033(b)	120,000	___%	___%
2022	85,000	___%	___%	2034(b)	125,000	___%	___%
2023	90,000	___%	___%	2035(b)	130,000	___%	___%
2024	90,000	___%	___%	2036(b)	135,000	___%	___%
2025(b)	95,000	___%	___%	2037(b)	140,000	___%	___%
2026(b)	95,000	___%	___%	2038(b)	145,000	___%	___%
2027(b)	100,000	___%	___%	2039(b)	145,000	___%	___%
2028(b)	105,000	___%	___%	2040(b)	150,000	___%	___%

(a) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of the Initial Purchaser (defined herein), and may subsequently be changed. Accrued interest from August 1, 2016 is to be added to the price.

(b) The Bonds maturing on and after September 1, 2025 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2024, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption Provisions." The yield on Bonds maturing on and after September 1, 2024, is calculated to the lower of yield to redemption or maturity. In addition, the Initial Purchaser may designate one or more of the Bonds maturing in the years 2025 through 2040, both inclusive, as term bonds. See accompanying "Official Notice of Sale."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, Texas, the City of Houston, Texas, the Woodlands Township or any entity other than the District.

Investment in the Bonds is subject to certain investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Coats Rose, P.C., Houston, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about August 16, 2016.

BIDS TO BE SUBMITTED: 10:00 A.M., HOUSTON TIME
TUESDAY, JULY 19, 2016
BIDS TO BE AWARDED: 12:00 P.M., HOUSTON TIME
TUESDAY, JULY 19, 2016

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission ("SEC"), as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the Issuer as of its date except for the omission of no more than information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, Texas 77056 upon payment of the costs for duplication thereof.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser, and thereafter only as specified in "GENERAL CONSIDERATIONS - Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, which was tendered by ______________________________ (referred to herein as the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates on the cover page of this Official Statement, at a price of ____% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of ______%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of Initial Purchaser or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER - ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

MUNICIPAL BOND INSURANCE AND RATING

An application has been made to Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") for a commitment to issue a policy of municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than that of Moody's Investors Service, if applicable, shall be at the option and expense of the Initial Purchaser. The fees charged by Moody's Investors Service will be paid by the District.

Moody's Investors Service ("Moody's) has assigned an underlying credit rating of "Aa3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The District will pay the rating fees charged by Moody's Investors Service.

The District is not aware of any rating assigned the Bonds other than the rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

The Issuer	Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas (the "District"), is a political subdivision of the State of Texas, located in Montgomery County, Texas and contains approximately 2,038 acres. See "THE DISTRICT."
Description	The District's $2,590,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2016A (the "Bonds") mature on September 1 in the years and in the amounts set forth on the cover hereof. The Bonds are registered serial bonds in integral multiples of $5,000 within any one maturity. Interest accrues from August 1, 2016, and is payable March 1 and September 1 of each year, commencing March 1, 2017, until maturity or prior redemption. Bonds maturing on or after September 1, 2025, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – General, and - Redemption Provisions."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY System."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. See "THE BONDS – Source and Security for Payment."
Use of Proceeds	A portion of the proceeds of the sale of the Bonds will be used to purchase additional water and wastewater capacity from the San Jacinto River Authority and to reimburse the Developer for (i) a portion of the water, wastewater and drainage of Lake Woodlands East Shore Grogan's Mill, Sections 10 and 16 and Indian Springs, Section 31; (ii) clearing and grubbing costs for Lake Woodlands East Shore Grogan's Mill, Section 16 and Indian Springs, Section 31; (iii) contingency on the water, wastewater and drainage for Indian Springs, Section 31 (iv) and engineering costs associated with items (i) through (iii), inclusive. In addition, a portion of the proceeds of the Bonds will be used to pay six months of capitalized interest on the bonds, developer interest, and to pay bond issuance costs. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS – QUALIFIED TAX-EXEMPT OBLIGATIONS."

Outstanding Bonds .... The District has previously issued $2,600,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1986 (the "Series 1986 Bonds"); $2,570,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1988 (the "Series 1988 Bonds"); $2,630,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1989 (the "Series 1989 Bonds"); $4,955,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1990 (the "Series 1990 Bonds"); $4,530,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1992 (the "Series 1992 Bonds"); $2,500,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1996 (the "Series 1996 Bonds"); $4,225,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1997 (the "Series 1997 Bonds"); $5,225,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"); $4,955,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"); $3,550,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"); $2,845,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"); and $1,800,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), aggregating $42,385,000 principal amount of bonds issued, and $5,205,000 Unlimited Tax Refunding Bonds, Series 1993 (the "Series 1993 Refunding Bonds"); $5,020,000 Unlimited Tax Refunding Bonds, Series 1996 (the "Series 1996 Refunding Bonds"); $7,185,000 Unlimited Tax Refunding Bonds, Series 2001 (the "Series 2001 Refunding Bonds"); $5,840,000 Unlimited Tax Refunding Bonds, Series 2005 (the "Series 2005 Refunding Bonds"); $8,215,000 Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"); $7,470,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"); and $3,800,000 Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") to defease a portion of the bonds previously issued. As of June 1, 2016, $15,375,000 principal amount of bonds previously issued remain outstanding. The District has also sold its $6,325,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"), which is scheduled to close on July 14, 2016. After the issuance of the Series 2016 Refunding Bonds, the District expects to have $15,045,000 principal amount of bonds outstanding (the "Outstanding Bonds"). See "THE BONDS-Outstanding Bonds."

Municipal Bond Insurance and Rating .... An application has been made to Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") for a commitment to issue a policy of municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than that of Moody's Investors Service, if applicable, shall be at the option and expense of the Initial Purchaser. The fees charged by Moody's Investors Service will be paid by the District. Moody's Investors Service has assigned an underlying credit rating of "Aa3" to the Bonds. See "MUNICIPAL BOND INSURANCE AND RATING."

Payment Record.. The Bonds represent the thirteenth series of bonds issued by the District for the purpose of acquiring, constructing, owning, operating, repairing, improving or extending the water, sanitary sewer and drainage facilities to serve the District. The District has never defaulted on the timely payment of principal and interest on its Outstanding Bonds.

Legal Opinion	Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”
Disclosure Counsel	Coats Rose, P.C., Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description	The District was created by an order of the Texas Water Commission on September 19, 1984, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is located entirely within Montgomery County approximately 30 miles north of the central business district of the City of Houston and 13 miles south of the City of Conroe. The District is accessible via Interstate Highway No. 45 and Woodlands Parkway or Research Forest Drive and is located within the exclusive extraterritorial jurisdiction of the City of Houston and within Conroe Independent School District. The District comprises approximately 2,038 acres of land within the 28,000-acre community known as The Woodlands. See "THE DISTRICT - General, and - Description."
Status of Development	The District lies within the Villages of Cochran’s Crossing, Indian Springs and Grogan’s Mill, three of the eight residential villages being developed in The Woodlands. As of May 1, 2016, residential development within the District comprised 3,735 completed homes, 5 homes under construction, and 56 vacant but developed single-family lots. To date, 1,854.66 acres within the District have been developed with utilities. Additionally, 183.50 acres have been dedicated as streets, easements and open spaces. The development of the District is substantially complete. See "STATUS OF DEVELOPMENT."
The Developer	The Woodlands Land Development Company, L.P. (the “Developer”) is developing the property within the District. See ''THE DEVELOPER."

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2015 Certified Assessed Valuation (100% of taxable value as of January 1, 2015) See "TAX DATA" and "TAXING PROCEDURES."	$1,963,685,083	(a)
2016 Preliminary Assessed Valuation (100% of preliminary taxable value as of January 1, 2016) See "TAX DATA" and "TAXING PROCEDURES."	$2,080,673,616	(b)
Direct Debt:		
The Outstanding Bonds	$ 15,045,000	(c)
The Bonds	$ 2,590,000	
Total	$ 17,635,000	
Estimated Overlapping Debt	$102,772,706	(d)
Total Direct and Estimated Overlapping Debt	$120,407,706	
Direct Debt Ratios:		
as a percentage of 2015 Certified Assessed Valuation ($1,963,685,083)	0.90%	
as a percentage of 2016 Preliminary Assessed Valuation ($2,080,673,616)	0.85%	
Ratio of Direct and Estimated Overlapping Debt:		
as a percentage of 2015 Certified Assessed Valuation ($1,963,685,083)	6.13%	
as a percentage of 2016 Preliminary Assessed Valuation ($2,080,673,616)	5.79%	
Debt Service Fund (as of May 31, 2016)	$ 2,539,258	(e)
Operating Fund (as of May 31, 2016)	$ 3,485,370	
Capital Projects Fund (as of May 31, 2016)	$ 1,193,770	
2015 Tax Rate		
Debt Service $0.115		
Maintenance & Operation 0.070		
Total	$ 0.185	
Estimated Average Annual Debt Service Requirements (2016-2040)	$ 861,458	(f)
Estimated Maximum Annual Debt Service Requirements (2024)	$ 1,975,688	(f)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirements of $861,458 (2016-2040) based on		
2015 Certified Assessed Valuation ($1,963,685,083) at 95% tax collections	$0.05	
2016 Preliminary Assessed Valuation ($2,080,673,616) at 95% tax collections	$0.05	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirements of $1,975,688 (2024) based on		
2015 Certified Assessed Valuation ($1,963,685,083) at 95% tax collections	$0.11	
2016 Preliminary Assessed Valuation ($2,080,673,616) at 95% tax collections	$0.10	

(a) As certified by the Montgomery Central Appraisal District ("MCAD"). See "TAXING PROCEDURES."

(b) Provided by MCAD as the preliminary value as of January 1, 2016. This value represents the preliminary determination of the taxable value in the District as of January 1, 2016. No taxes will be levied on this preliminary value, which is subject to review and adjustment prior to certification. After the value is certified by the Appraisal Review Board, taxes will be levied on the certified value. See "TAXING PROCEDURES."

(c) Includes the effects of the District Series 2016 Refunding Bonds that are expected to close on July 14, 2016. See "DISTRICT DEBT."

(d) See "DISTRICT DEBT – Estimated Overlapping Debt."

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. At the time of closing, accrued interest from August 1, 2016, to the date of delivery will be deposited to this fund. See "DISTRICT DEBT – Estimated Overlapping Debt."

(f) Debt service on the Bonds is estimated at an average interest rate of 3.25%. See "DISTRICT DEBT – Debt Service Requirements."

$2,590,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 60,
OF MONTGOMERY COUNTY, TEXAS
WATERWORKS AND SEWER SYSTEM UNLIMITED TAX BONDS
SERIES 2016A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas (the "District"), of its $2,590,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2016A (the "Bonds").

The Bonds are issued pursuant to (i) the Bond Order ("Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended, (iii) an election held within the District on January 16, 1999, and (iv) an order issued by the Texas Commission on Environmental Quality ("TCEQ" or "Commission").

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated August 1, 2016, with interest payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing on March 1, 2017, until the earlier of maturity or redemption. Interest on the Bonds initially accrues from August 1, 2016, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At various elections held within the District, voters of the District authorized a total of $50,925,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds constitute the thirteenth issuance of bonds from such authorization. After the issuance of the Bonds, a total of $5,950,000 in principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Commission dated May 17, 2016.

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of a continuing, direct annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to carefully examine this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, Texas, the City of Houston, Texas, The Woodlands Township or any entity other than the District.

Funds

The Bond Order confirms the establishment of the District's Construction Fund and the District's Debt Service Fund (the "Bond Fund") created and established pursuant to the orders of the District authorizing the issuance of the Outstanding Bonds. Accrued interest on the Bonds plus an amount equal to six (6) months interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Bond Fund. All remaining proceeds of the Bonds will be deposited in the Construction Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds, the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds, the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

The record date for payment of the interest on any regularly scheduled Interest Payment Date is defined as the 15th day of the month (whether or not a business day) preceding such Interest Payment Date.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2025, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $50,925,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. Following the issuance of the Bonds, the District will have $5,950,000 of unlimited tax bonds authorized but unissued for said improvements and facilities.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Commission; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve a maintenance tax to support recreational facilities and/or the issuance of bonds payable from taxes.

The District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. In addition, conservation and reclamation districts in certain counties are authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the district duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the district at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the district obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the Commission in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. Due to certain limitations under current law with respect to districts located in Montgomery County, the District may not issue bonds payable from ad valorem taxes for recreational facilities. The District may issue bonds for such purposes payable solely from net operating revenues without an election.

The District has not considered calling an election to authorize the levy of an operation and maintenance tax to support recreational facilities, but could consider doing so in the future.

Current law may be changed in a manner to permit the issuance by the District of bonds payable from ad valorem taxes for recreational purposes, or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Annexation, Incorporation and Consolidation

The District lies within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). Under Texas law, a district situated in the extraterritorial jurisdiction of a home-rule city may be annexed in whole, but not in part, by the city without the district's consent, in which case the city must assume the assets, functions and obligations of the district, including the district's outstanding bonds. No representation is made concerning the eventual likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

In addition, the District is located entirely within The Woodlands Township, a political subdivision of the State of Texas which overlaps substantially all of the territory of The Woodlands. The Township entered into agreements with the City of Houston and the City of Conroe in 2007 pursuant to which the area of the Township, including the District, may not be annexed for fifty (50) years, and the area of the Township may, on request by the Township, be excluded from the extraterritorial jurisdiction of either or both cities, and may thereafter be incorporated as a municipality or may adopt a new form of local government.

In the event of incorporation of the Township, the Township must dissolve the District and assume the assets, obligations and liabilities of the District, including the Bonds. No representation is made concerning the eventual likelihood of incorporation of the Township or the ability of the Township to make debt service payments should incorporation occur.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the

District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies."

Defeasance

The District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal of and interest on the Bonds and may defease the Bonds in accordance with the provisions of applicable laws, including, without limitation, Chapter 1207, Texas Government Code, as amended.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial

Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds in discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, District or Paying Agent/Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

USE AND DISTRIBUTION OF PROCEEDS

A portion of the proceeds of the sale of the Bonds will be used to purchase additional water and wastewater capacity from the San Jacinto River Authority and to reimburse the Developer for (i) a portion of the water, wastewater and drainage of Lake Woodlands East Shore Grogan's Mill, Sections 10 and 16 and Indian Springs, Section 31; (ii) clearing and grubbing costs for Lake Woodlands East Shore Grogan's Mill, Section 16 and Indian Springs, Section 31; (iii) contingency on the water, wastewater and drainage for Indian Springs, Section 31 (iv) and engineering costs associated with items (i) through (iii), inclusive. In addition, a portion of the proceeds of the Bonds will be used to pay six months of capitalized interest on the bonds, developer interest, and to pay bond issuance costs.

CONSTRUCTION COSTS	Total Costs
A. Developer Contribution Items	
1. LW East Shore Grogan's Mill, Section 10 – W, WW & D	$ 26,925
2. LW East Shore Grogan's Mill, Section 16 – W, WW & D	520,301
3. LW East Shore Grogan's Mill, Section 16 – Clearing and Grubbing	14,937
4. Indian Springs, Section 31 – W, WW & D	1,110,640
5. Indian Springs, Section 31 – Clearing and Grubbing	27,812
6. Contingency (2.16% of Item No. 4)	24,000
7. Engineering (11.72% of Item Nos. 1-6)	200,846
TOTAL DEVELOPER CONTRIBUTION ITEMS	$1,925,461
B. District Items	
1. Water and Wastewater Capacity	$ 179,499
TOTAL DISTRICT ITEMS	$ 179,499
TOTAL CONSTRUCTION COSTS	$2,104,960
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 49,000
B. Fiscal Agent Fees	52,000
C. Interest	
1. Capitalized Interest	55,038
2. Developer Interest	193,838
D. Bond Discount (3%)	78,000
E. Bond Issuance Expenses	39,564
F. Bond Application Report Costs	8,500
G. Attorney General Fee (0.1% or $9,500 Max)	2,600
H. TCEQ Bond Issuance Fee (0.25%)	6,500
TOTAL NON-CONSTRUCTION COSTS	$ 485,040
TOTAL BOND ISSUE REQUIREMENT	$2,590,000

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Outstanding Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2015 Certified Assessed Valuation (100% of taxable value as of January 1, 2015) See "TAX DATA" and "TAXING PROCEDURES."		$1,963,685,083	(a)
2016 Preliminary Assessed Valuation (100% of preliminary taxable value as of January 1, 2016) See "TAX DATA" and "TAXING PROCEDURES."		$2,080,673,616	(b)
Direct Debt:			
The Outstanding Bonds		$ 15,045,000	(c)
The Bonds		$ 2,590,000	
Total		$ 17,635,000	
Estimated Overlapping Debt		$102,772,706	(d)
Total Direct and Estimated Overlapping Debt		$120,407,706	
Direct Debt Ratios:			
as a percentage of 2015 Certified Assessed Valuation ($1,963,685,083)		0.90%	
as a percentage of 2016 Preliminary Assessed Valuation ($2,080,673,616)		0.85%	
Ratio of Direct and Estimated Overlapping Debt:			
as a percentage of 2015 Certified Assessed Valuation ($1,963,685,083)		6.13%	
as a percentage of 2016 Preliminary Assessed Valuation ($2,080,673,616)		5.79%	
Debt Service Fund (as of May 31, 2016)		$ 2,539,258	(e)
Operating Fund (as of May 31, 2016)		$ 3,485,370	
Capital Projects Fund (as of May 31, 2016)		$ 1,193,770	
2015 Tax Rate			
Debt Service	$0.115		
Maintenance & Operation	0.070		
Total		$ 0.185	
Estimated Average Annual Debt Service Requirements (2016-2040)		$ 861,458	(f)
Estimated Maximum Annual Debt Service Requirements (2024)		$ 1,975,688	(f)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirements of $861,458 (2016-2040) based on			
2015 Certified Assessed Valuation ($1,963,685,083) at 95% tax collections		$0.05	
2016 Preliminary Assessed Valuation ($2,080,673,616) at 95% tax collections		$0.05	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirements of $1,975,688 (2024) based on			
2015 Certified Assessed Valuation ($1,963,685,083) at 95% tax collections		$0.11	
2016 Preliminary Assessed Valuation ($2,080,673,616) at 95% tax collections		$0.10	

(a) As certified by the Montgomery Central Appraisal District ("MCAD"). See "TAXING PROCEDURES."
(b) Provided by MCAD as the preliminary value as of January 1, 2016. This value represents the preliminary determination of the taxable value in the District as of January 1, 2016. No taxes will be levied on this preliminary value, which is subject to review and adjustment prior to certification. After the value is certified by the Appraisal Review Board, taxes will be levied on the certified value. See "TAXING PROCEDURES."
(c) Includes the effects of the District Series 2016 Refunding Bonds that are expected to close on July 14, 2016. See "DISTRICT DEBT."
(d) See "DISTRICT DEBT – Estimated Overlapping Debt."
(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. At the time of closing, accrued interest from August 1, 2016, to the date of delivery will be deposited to this fund. See "DISTRICT DEBT – Estimated Overlapping Debt."
(f) Debt service on the Bonds is estimated at an average interest rate of 3.25%. See "DISTRICT DEBT – Debt Service Requirements."

Outstanding Bonds

The District has previously issued $2,600,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1986 (the "Series 1986 Bonds"); $2,570,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1988 (the "Series 1988 Bonds"); $2,630,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1989 (the "Series 1989 Bonds"); $4,955,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1990 (the "Series 1990 Bonds"); $4,530,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1992 (the "Series 1992 Bonds"); $2,500,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1996 (the "Series 1996 Bonds"); $4,225,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1997 (the "Series 1997 Bonds"); $5,225,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"); $4,955,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"); $3,550,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"); $2,845,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"); and $1,800,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), aggregating $42,385,000 principal amount of bonds issued, and $5,205,000 Unlimited Tax Refunding Bonds, Series 1993 (the "Series 1993 Refunding Bonds"); $5,020,000 Unlimited Tax Refunding Bonds, Series 1996 (the "Series 1996 Refunding Bonds"); $7,185,000 Unlimited Tax Refunding Bonds, Series 2001 (the "Series 2001 Refunding Bonds"); $5,840,000 Unlimited Tax Refunding Bonds, Series 2005 (the "Series 2005 Refunding Bonds"); $8,215,000 Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"); $7,470,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"); and $3,800,000 Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") to defease a portion of the bonds previously issued. As of June 1, 2016, $15,375,000 principal amount of bonds previously issued remain outstanding. The District has also sold its $6,325,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"), which is scheduled to close on July 14, 2016. After the issuance of the Series 2016 Refunding Bonds, the District expects to have $15,045,000 principal amount of bonds outstanding (the "Outstanding Bonds").

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Debt as of June 30, 2016	Percent	Overlapping Amount
Conroe Independent School District	$1,042,395,000	7.13%	$ 74,279,957
Montgomery County	426,470,000	4.04%	17,211,391
Lone Star College System District	568,335,000	1.16%	6,607,567
The Woodlands Township	38,760,000	12.06%	4,673,791
Total Estimated Overlapping Debt			$102,772,706
The District			$ 17,635,000(a)
Total Direct & Estimated Overlapping			$120,407,706

(a) Includes the Bonds and the effects of the District's Series 2016 Refunding Bonds that are expected to close on July 14, 2016.

Debt Ratios

	2015 Certified Assessed Valuation	2016 Preliminary Assessed Valuation
Direct Debt	0.90%	0.85%
Total Direct and Estimated Overlapping Debt	6.13%	5.79%

Pro-Forma Debt Service Requirements

The following schedules set forth the current total debt service requirements of the District, plus the principal and estimated interest requirements on the Bonds, assuming an average interest rate of 3.25%.

		Plus: the Bonds		Total
Year	Outstanding Bonds (a)	Principal (Due September 1)	Interest	Debt Service Requirements
2016	$1,796,668			$1,796,668
2017	1,794,802	$70,000	$91,190	1,955,991
2018	1,793,675	75,000	81,900	1,950,575
2019	1,798,875	80,000	79,463	1,958,338
2020	1,787,175	80,000	76,863	1,944,038
2021	1,803,625	85,000	74,263	1,962,888
2022	1,802,825	85,000	71,500	1,959,325
2023	1,812,325	90,000	68,738	1,971,063
2024	1,819,875	90,000	65,813	1,975,688
2025	1,549,675	95,000	62,888	1,707,563
2026		95,000	59,800	154,800
2027		100,000	56,713	156,713
2028		105,000	53,463	158,463
2029		105,000	50,050	155,050
2030		110,000	46,638	156,638
2031		115,000	43,063	158,063
2032		120,000	39,325	159,325
2033		120,000	35,425	155,425
2034		125,000	31,525	156,525
2035		130,000	27,463	157,463
2036		135,000	23,238	158,238
2037		140,000	18,850	158,850
2038		145,000	14,300	159,300
2039		145,000	9,588	154,588
2040		150,000	4,875	154,875
Total	$17,759,519	$2,590,000	$1,186,927	$21,536,446

(a) Includes the effects of the District's Series 2016 Refunding Bonds that are expected to close on July 14, 2016.

Average Annual Requirements: (2016-2040) .... $ 861,458
Maximum Requirement: (2024) $1,975,688

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Montgomery Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Montgomery County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real and tangible personal property and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on the tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind- powered energy devices; inventory and warehouse goods in transit; and most individually-owned automobiles and travel trailers. In addition, the District, either by action of its Board of Directors or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. For the 2016 tax year, the Board of Directors granted an exemption in the amount of $20,000 for residential homesteads of persons 65 years or older and certain disabled persons.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between $5,000 and $12,000, depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption of the full value of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The Board may also exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the cessation of the levy would impair the obligation of the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exemption value of the homesteads until the debt is discharged. To date, the Board has not voted to exempt any percentage of the market value of residential homesteads from ad valorem taxation, but no representation can be made that the Board will not determine to grant such exemption in the future.

The City of Houston and/or Montgomery County may designate all or part of the area within the District as a reinvestment zone, and the District and Montgomery County may thereafter enter into tax abatement agreements with owners of real property within the zone. The tax abatement agreements may exempt all or any part of any increase in the assessed valuation of property covered by the agreement, over the assessed valuation in the year in which the agreement is executed, from ad valorem taxation by the approving taxing jurisdictions for a period of up to 10 years, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, no portion of the District has been designated as a reinvestment zone.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembly, storing, manufacturing, processing or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, Texas law provides for an additional notice and, upon petition by qualified voters, an election which could result in the repeal of certain tax rate increases on residential homesteads. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) to five (5) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, no land within the District was designated for agricultural, open space, or timberland use.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only if (i) an error or omission of a representative of the District, including the Appraisal District, caused the failure of the taxpayer to pay taxes, (ii) the delinquent taxes are paid on or before the one-hundred and eightieth (180th) day after the taxpayer received proper notice of such delinquency and the delinquent taxes relate to a property for which the appraisal roll lists one or more certain specified inaccuracies, or (iii) the taxpayer submits evidence sufficient to show that the tax payment was delivered before the delinquency, date to the United States Postal Service or other delivery service, but an act or omission of the postal or delivery service resulted in the tax payment being considered delinquent. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is a person sixty-five (65) years of age or older or under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District’s Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January I of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "TAX DATA- Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS-Tax Collection Limitations."

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds and the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, not to exceed $0.25 per $100 of assessed valuation, for operation and maintenance purposes. The Board levied a 2015 tax rate for debt service purposes of $0.115 per $100 of assessed valuation and $0.07 per $100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance:	$0.25 per $100 Assessed Valuation

Historical Tax Collections

The following table illustrates the collection history of the District from the 2011-2015 tax years:

Tax Year	Assessed Valuation	Tax Rate/ $100(a)	Adjusted Levy	Current Year	Period Ended 9/30	As of 05/31/16
2011	$1,444,667,627	$0.2375	3,431,086	99.83	2012	99.95
2012	1,505,793,097	0.2275	3,425,679	99.71	2013	99.94
2013	1,615,692,501	0.2175	3,514,131	99.81	2014	99.92
2014	1,769,166,676	0.1975	3,494,104	99.87	2015	99.87
2015	1,963,685,083	0.1850	3,632,817	99.19	2016	99.19

(a) Includes a tax for maintenance and operation purposes. See "- Tax Rate Distribution" below.

Tax Rate Distribution

	2015	2014	2013	2012	2011
Debt Service	$0.1150	$0.1250	$0.1700	$0.1800	$0.1850
Maintenance	0.0700	0.0725	0.0475	0.0475	0.0525
	$0.1850	$0.1975	$0.2175	$0.2275	$0.2375

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the 2011-2015 tax years by type of property.

Type of Property	2015 Assessed Valuation	2014 Assessed Valuation	2013 Assessed Valuation	2012 Assessed Valuation	2011 Assessed Valuation
Land	$ 261,775,658	$ 234,371,360	$ 233,164,790	$ 231,205,535	$ 230,766,930
Improvements	1,790,320,370	1,603,501,720	1,411,090,710	1,296,106,750	1,237,955,360
Personal Property	41,265,934	41,621,504	33,118,631	29,204,575	26,169,027
Exemption	(129,676,879)	(110,327,908)	(61,681,630)	(50,723,763)	(50,223,690)
Total	$1,963,685,083	$1,769,166,676	$1,615,692,501	$1,505,793,097	$1,444,667,627

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their taxable assessed values as of January 1, 2015:

Taxpayer	Type of Property	Assessed Valuation 2015 Tax Roll (a)
Mept Boardwalk Town Center LLC	Land & Improvements	$ 68,757,910
Woodlands Land Dev LP (a)	Land	31,190,628
VWW Property Corp	Condominium	23,243,770
Indian Springs at Woodlands LTD	Land & Improvements	19,393,950
GRI Woodlands Crossing LLC	Land & Improvements	18,598,150
KPP II LLC	Commercial	5,500,000
Entergy Texas Inc	Utilities	5,034,340
CC Woodlands LLC	Land & Improvements	4,993,870
HEB Pantry Foods	Personal Property	3,778,975
Frankel Homes, LTD	Land & Improvements	3,642,670
Total		$184,134,263
Percentage of Total Tax Roll		9.38%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2015 Certified Assessed Valuation ($1,963,685,083) or the 2016 Preliminary Assessed Valuation ($2,080,673,616). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Estimated Average Annual Debt Service Requirements (2016-2040)	$ 861,458
Tax Rate of $0.05 on the 2015 Certified Assessed Valuation at 95% collection produces	$ 932,750
Tax Rate of $0.05 on the 2016 Preliminary Assessed Valuation at 95% collection produces	$ 988,320
Estimated Maximum Annual Debt Service Requirement (2024)	$1,975,688
Tax Rate of $0.11 on the 2015 Certified Assessed Valuation at 95% collection produces	$2,052,051
Tax Rate of $0.10 on the 2016 Preliminary Assessed Valuation at 95% collection produces	$1,976,640

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2015 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

	2015 Tax Rate Per $100 of Assessed Value
The District	$0.185000
The Woodlands Township	0.230000
Conroe Independent School District	1.280000
Montgomery County	0.476700
Lone Star College System District	0.107900
Montgomery County Hospital District	0.071000
Estimated Total Tax Rate	$2.350600

THE DISTRICT

General

The District is a conservation and reclamation district created by the Texas Water Commission, a predecessor to the Commission, by its order of September 19, 1984. The District operates pursuant to the provisions of Article XVI, Section 59, Texas Constitution, Chapters 49 and 54, Texas Water Code, as amended, and various general laws of the State applicable to municipal utility districts. The principal functions of the District are to finance, purchase, construct, own and operate waterworks, sanitary sewer and drainage facilities and to provide such facilities and services to the customers of the District. The District may provide solid waste collection and disposal services. The District is also empowered, if approved by the electorate, the Commission and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or with certain other districts. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. The Commission exercises continuing supervisory jurisdiction over the District.

Description

At the time of creation, the District contained approximately 530.49 acres. As a result of a number of subsequent annexations, the District currently consists of approximately 2,038 acres.

The District is located entirely within the 28,000 acre community known as The Woodlands, approximately 30 miles north of the central business district of the City of Houston and approximately 13 miles south of the City of Conroe. The District is accessible via Interstate Highway No. 45 and Woodlands Parkway. The District is located within the exclusive extraterritorial jurisdiction of the City of Houston and entirely within the boundaries of the Conroe Independent School District.

District Investment Policy

The District has adopted an investment policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The policy of the District is to invest District funds only in instruments which further the following investment obligations of the District, stated in the order of importance: (1) the preservation of safety of principal; (2) liquidity; and (3) yield. The District does not own, nor does it anticipate the inclusion of, long term securities or derivative products in the District's portfolio.

Board of Directors

The District is governed by a board of five (5) directors which has control and management supervision over all affairs of the District. The members of the board of directors are elected to their offices. All five of the members of the Board own property within the boundaries of the District.

All directors serve four-year staggered terms and all elections are held in even-numbered years. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Albert T. Tomchesson	President	2020
Robert Lux	Vice President	2018
Sandra George	Assistant Vice President	2018
Michael Wise	Secretary/Treasurer	2020
Richard Stromatt	Assistant Secretary Treasurer	2018

Management and Contract Services

The District does not have any full-time employees; however, the District contracts for management and administrative services, tax collecting, bookkeeping, facilities repair and maintenance, legal, financial advisory, auditing and other professional services as follows:

Management and Administrative - The District has executed a contract for joint administrative and management services with Montgomery County Municipal Utility District Nos. 6, 7, 36, 39, 46, 47, and 67 ("MCMUD6", "MCMUD7", "MCMUD36", "MCMUD39", "MCMUD46", "MCMUD47" and "MCMUD67," respectively), The Woodlands Metro Center Municipal Utility District ("Metro Center MUD"), and The Woodlands Municipal Utility District No. 1 ("MUD1") to form The Woodlands Joint Powers Agency ("WJPA"), which has engaged the services of a full-time, experienced general manager, assistant managers and clerical staff, and maintains an office in The Woodlands. The contract provides that WJPA will furnish the District with general management services, including handling of customer inquiries, inspections of facilities, issuance of work orders, billing and accounting services, meter reading, collection of receivables, payment of bills, cash analyses and investments, collection of taxes, services in connection with meetings, hearings and elections, and other administrative services as may be agreed upon from time to time by the districts which are parties to the contract.

Facilities Repair and Maintenance - Pursuant to the contract, WJPA also provides field operations, under the supervision of the general manager, including water and sewer taps and repair and maintenance of the District's system. Additionally, as may be necessary from time to time, the District may employ various contractors.

Water Supply and Wastewater Treatment - The District, MCMUD6, MCMUD7, MCMUD36, MCMUD39, MCMUD46, MCMUD47, MCMUD67, Metro Center MUD, MUD1 and adjoining Harris-Montgomery Counties Municipal Utility District No. 386 ("MUD 386") have entered into long-term contracts with the San Jacinto River Authority ("SJRA") for the purchase of wholesale water supply and wastewater treatment services. See "THE SYSTEM" for additional information.

Auditing - The firm of Sandersen, Knox & Co., L.L.P., Certified Public Accountants, prepared the annual audit for the District for the fiscal year ended September 30, 2015. See "APPENDIX A - Financial Statements of the District".

Consulting Engineers - The District has employed the firm of LJA Engineering, Inc. in connection with the overall planning activities and design of the System. Such engineering firm also has been employed by the Developer to perform street design, platting and planning services within the District. Compensation for such engineering related to the facilities to be purchased or constructed by the District is based either on the time and charges actually incurred, as reflected by prevailing schedules or hourly rates and charges, or on a percentage of construction costs for the project, or on a lump sum basis.

Legal Counsel - Schwartz, Page & Harding, L.L.P., Houston, Texas, serves as Bond Counsel to the District, and also represents the District on certain other matters of a general legal nature. The fees for Bond Counsel for bond-related services are contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor – Robert W. Baird & Co. Incorporated serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District, however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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THE DEVELOPER

Role of the Developer

In general, activities of a developer in a utility district, such as the District, include defining a marketing program and building schedule, securing necessary governmental approvals and permits, arranging for construction of roads and the installation of certain utilities (including, in some cases, water, sewer and drainage facilities pursuant to the rules of the Commission, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders or users. In addition, a developer is ordinarily the major taxpayer within a utility district during early stages of the development.

In contrast to the type of development program described above, however, The Woodlands encompasses a significantly broader scale of development with long-term development commitments by the Developer and its affiliates. The Developer and its affiliates have invested substantial funds in predevelopment activities, community amenities and commercial properties.

The Developer

The current developer of The Woodlands is The Woodlands Land Development Company, L.P. (the "Developer"), a limited partnership whose partners are wholly owned by TWC Land Development, LLC and The Howard Hughes Corporation.

While The Howard Hughes Corporation indirectly owns the Developer, it is not responsible for the Developer's obligations. According to representatives of the Developer, it is a stand-alone, locally operated and managed company that has its own line of credit, business plan and economic model.

The Developer is under no obligation to develop its property in the District and may sell its property to another party or parties at any time. Neither the Developer nor any affiliate of the Developer has guaranteed payment of the Bonds.

CURRENT STATUS OF DEVELOPMENT IN THE DISTRICT

Sales and Development

To date, 1,854.66 acres within the District have been developed with utilities. Additionally, 183.50 acres have been dedicated as streets, easements and open spaces.

Development within the District is primarily single-family residential with some institutional development. The following table presents the current status of development in the District.

Residential

Sales of lots to builders and construction of single-family detached housing within the District on such lots as of May 1, 2016, are described below:

Location (a)		Lots	Completed	Homes Under
Village	Section	Completed	Homes	Construction
Indian Springs				
VOIS	1	682	682	0
VOIS	4	44	44	0
VOIS	5	81	81	0
VOIS	6	39	39	0
VOIS	8	63	63	0
VOIS	9	87	87	0
VOIS	10	68	68	0
VOIS	11	44	44	0
VOIS	12	34	34	0
VOIS	13	155	155	0

Location (a)				Homes
Village	Section	Lots Completed	Completed Homes	Under Construction
VOIS	14	58	58	0
VOIS	15	67	67	0
VOIS	16	10	10	0
VOIS	17	57	57	0
VOIS	18	161	161	0
VOIS	20	73	73	0
VOIS	21	103	103	0
VOIS	22	66	66	0
VOIS	23	64	64	0
VOIS	24	72	72	0
VOIS	27	84	84	0
VOIS	31	51	11	5
Grogan's Forest				
GF	1	37	37	0
GF	2	25	25	0
GF	3	26	26	0
GF	4	58	58	0
GF	8	40	40	0
GF	9	40	40	0
GF	10	65	65	0
GF	11	36	36	0
GF	12	48	48	0
East Shore				
ES	2	14	14	0
ES	3	25	24	0
ES	7	12	12	0
ES	8	13	13	0
ES	9	8	8	0
ES	10	8	7	0
ES	11	8	8	0
ES	16	19	0	0
Cochran's Crossing				
VOCC	10	246	246	0
VOCC	12	229	229	0
VOCC	13	85	85	0
VOCC	17	75	75	0
VOCC	18	93	93	0
VOCC	22	55	55	0
VOCC	30	102	102	0
VOCC	45	18	18	0
VOCC	48	42	42	0
VOCC	52	70	70	0
VOCC	54	40	40	0
VOCC	55	42	42	0
VOCC	56	21	21	0
VOCC	57	17	17	0
VOCC	58	8	8	0
VOCC	59	8	8	0
		3,796	3,735	5

Homebuilding in the District began in mid-1984. Currently, there are 5 homes under construction. New homes being built within the District generally range from 1,500 to in excess of 3,000 square feet and are being marketed in the $400,000 to over $1,000,000 price range.

Townhomes:

Sterling Ridge, Section 2 contains a completed 21 unit Townhome project and a 77 unit Townhome project and a 54 unit condominium project.

Sterling Ridge, Section 3 is a completed 91 unit townhome project and Eastgate, a townhome project that includes 37 completed units and 4 under construction.

Institutional: The John Cooper School, a private preparatory school, purchased an 11.5 acre site in the District and has constructed school facilities currently providing schooling for approximately 700 students from Kindergarten through 12th grade.

Churches: Two churches purchased 5-acre sites and have constructed facilities in the District (Community Christian Church and The Woodlands Community Church of the Nazarene).

Parks and Open Spaces: The Bear Creek soccer fields operated by The Woodlands Community Association is located on a 30 acre tract owned by the District.

Currently, the District contains three "tot lot" parks with playground equipment, fully handicapped equipped swimming pool, and the 10 acre Falconwing Park with basketball and tennis courts, swimming pools, playfield, and play equipment. A neighborhood park in the Village of Indian Springs, Section 13 has been completed, which contains a pavilion, picnic area, two children's play areas, and an open field play area.

Recreational: The Woodlands Executive Conference Center and Country Club has constructed an 27-hole golf course designed by Arnold Palmer and Phase I of the clubhouse facilities are situated partially within and partially adjacent to the District.

Special Apartment Unit: The Village of the Woodlands at the Woodlands Waterway is a luxury senior living community that includes 188 units and approximately 250,000 square feet. This community offers both independent and assisted living rental apartments complimented by many amenities.

THE WOODLANDS

THE INFORMATION CONTAINED IN THIS SECTION OF THE OFFICIAL STATEMENT HAS BEEN FURNISHED BY THE DEVELOPER AND IS, OF NECESSITY, BASED IN LARGE PART ON PLANS AND ESTIMATES. THIS SECTION INCLUDES A DISCUSSION OF THE WOODLANDS, A RESIDENTIAL, INDUSTRIAL AND COMMERCIAL DEVELOPMENT OF WHICH THE DISTRICT IS A PART. THE DISTRICT IS PRIMARILY RESIDENTIAL DEVELOPMENT AND THIS DISCUSSION IS NOT INTENDED TO BE A REPRESENTATION THAT DEVELOPMENT SIMILAR TO THAT UNDERTAKEN IN THE COMMERCIAL AND INDUSTRIAL AREAS OF THE WOODLANDS WILL BE UNDERTAKEN IN THE DISTRICT.

THE DEVELOPER HAS NO BINDING COMMITMENT TO THE DISTRICT TO CARRY OUT ANY PLAN OF DEVELOPMENT AND THE FURNISHING OF INFORMATION RELATING TO THE PROPOSED DEVELOPMENT BY THE DEVELOPER SHOULD NOT BE INTERPRETED AS SUCH A COMMITMENT. NEVERTHELESS, THE DEVELOPER HAS ADVISED THE DISTRICT THAT IT HAS THE PRESENT INTENTION TO CARRY OUT THE DEVELOPMENT OF THE WOODLANDS ACCORDING TO THE PLANS PRESENTED.

General

The Woodlands is a community being developed approximately 27-32 miles north of downtown Houston. Located within a 28,000-acre tract of densely forested land, the community is generally situated adjacent to and west of Interstate Highway 45, south of FM 1488, and north of Spring Creek, the boundary line between Montgomery and Harris Counties. Additional acreage, known as The Woodlands Trade Center ("Trade Center"), is adjacent to and east of Interstate Highway 45 between Texas State Highway 242 and FM 1488.

The Woodlands is located in a market sector of the greater Houston metropolitan area containing approximately 150 residential developments. Residential developments located in the market sector offer a variety of housing ranging in price generally from $200,000 to in excess of $2 million. The majority of these subdivisions offer some recreational facilities (e.g., swimming pools and clubhouses) and a few provide golf and tennis facilities. In some cases, schools are located within the subdivisions.

Formal opening of The Woodlands occurred in October, 1974. Substantial development, as more fully described herein, has occurred in the Village of Grogan's Mill, the Village of Panther Creek, the Village of Cochran's Crossing, the Village of Indian Springs, the Village of Alden Bridge, the Village of Sterling Ridge, Village of Creekside Park and College Park, which are eight of the eight residential villages planned for The Woodlands; parts of the Town Center, Research Forest, College Park; and the Trade Center. See "AREA MAP" for location of improvements in The Woodlands. These areas currently have a population of approximately 112,505 people, and 2,182 employers provide employment for approximately 63,030 people.

The Development Plan and Status of Development

- Access and Circulation -

Primary access to The Woodlands is provided by Interstate Highway 45, a four to six lane limited access highway running in a north-south direction. The Woodlands has direct access by way of five freeway intersections, Woodlands Parkway, Rayford-Sawdust Road, Lake Woodlands Drive, Research Forest Drive (Tamina Road) and College Park Drive (Texas State Highway 242). Additional access between The Woodlands and downtown Houston and the Houston Intercontinental Airport is provided by the Hardy Toll Road which is owned and operated by the Harris County Toll Road Authority. An alternate access is provided from the FM 1960 area to The Woodlands via Kuykendahl Road in the westernmost portions of The Woodlands. Texas State Highway 242, a major east-west artery connects U.S. 59, in southeast Montgomery County, to FM 1488, north of The Woodlands.

The internal circulation system within The Woodlands, designed to enhance and preserve the community's natural surroundings, is planned to include arterials, collector and local streets; bicycle paths; and pedestrian walkways.

- Commercial, Industrial and Technology Development -

The Woodlands master plan calls for commercial and business activities to be conducted in urban and village shopping and service centers. The centers are planned to be scattered throughout the community, with most of the commercial activity centered in the Town Center. Some of the property has been designated for industrial, technological and research use to provide a diverse range of employment opportunities for residents of The Woodlands. Most of the industrial development planned for The Woodlands will be centered in the Trade Center, a rail-served industrial park, while technology and research development will primarily be located in the Research Forest, College Park and northern portions of the Town Center.

To date, approximately 34 million square feet of commercial, retail, industrial, research, technology and institutional facilities have been constructed in The Woodlands. Significant corporate commitments include a General Growth Properties, Inc. of The Woodlands Mall, site of Nordstrom; Dillard’s; J.C. Penney’s; Barnes & Noble; P.F. Chang’s; The Cheesecake Factory; Brio; Flemings Steakhouse; Anthropologie; Ann Taylor Loft; Williams Sonoma; Pottery Barn; Panera Bread Bakery & Café; Macy’s; Macy’s Furniture Gallery; Sweet Tomatoes; Donoho’s Jewelers; Benihana Japanese Cuisine; Toys R Us; Target; Landry's; Cinemark Tinseltown 17 screen theatre; Best Buy; Brinker International; Macaroni Grill; TGI Friday's; Bank of America; Shell; Chevron; Burger King; Compass Bank; Exxon; Memorial Health Care System; St. Luke’s Episcopal Health System; Drury Inn; CVS Pharmacy; Martin Brower (distribution for McDonald’s Restaurants); Anadarko Petroleum; 90-room Courtyard Inn by Marriott; Chevron Phillips Chemical Company; Entergy; Houston Advanced Research Center; Hughes Christensen; Chicago Bridge & Iron; Halliburton; Huntsman Chemical; La Quinta Motor Inn; Maersk Sealand; 90- room Residence Inn by Marriott; Amegy Bank; State Farm Insurance; U.S. Post Office, among others. Leasing commitments have been made by Allstate Insurance; Bank One; Barnes & Noble; Bruker Instruments; Chevron Pipeline; Cost Plus; CVS Pharmacy; Exult; Kroger; Marshall’s; Merrill Lynch Pierce Fenner & Smith; Office Max; Randall’s; Ross; Ulta (Beauty Store); WorldCom Network Services; and many more.

- Residential Development -

Since formal opening of The Woodlands in 1974, approximately 45,590 dwelling units have been completed, including approximately 33,370 single family detached units, approximately 3,715 townhouses and condominiums, and twenty-one apartment complexes and assisted living containing 8,505 apartment units. New housing prices generally range from $250,000 to in excess of $2.0 million.

Residential support services include churches, schools, a hospital, a library and governmental services. Thirty different religious organizations have constructed churches and related facilities. There are fourteen schools providing schooling from kindergarten to the 12th grade. Additionally, there are two private schools currently providing schooling from kindergarten through 12th grade and pre-kindergarten to 9th grade. The Lone Star College System constructed a campus which opened in September, 1995. Health care is provided at Memorial Hermann - The Woodlands Hospital, a 254-bed acute care facility. In addition, St. Luke's Hospital has purchased approximately 40 acres and has completed a 150-bed health care facility. Texas Children's Hospital is currently under construction with an anticipated opening in 2017. This Hospital will include 24 emergency center rooms, 74 exam rooms, 4 operating rooms, 30 acute care beds, 5 radiology rooms and 8 intensive care beds. There are eight fire stations and The Woodlands Fire Training Facility owned by The Woodlands Fire Department, which are located in the Villages of Indian Springs, Creekside Park, Sterling Ridge, Alden Bridge, Cochran's Crossing, Grogan's Mill, College Park and the main station located near Town Center. Montgomery County, in four separate buildings, operates a Court House Annex, a Public Library, a Community Center, and a public safety building, a branch of the Sheriff's Department. About one-third of all the land in The Woodlands is planned to be open space, including wildlife corridors, park land, lakes and recreational areas. Many parks and open spaces are available today, including the 203 acre Lake Woodlands. Other recreational facilities include 117 holes of golf, a swimming, diving, tennis and gym facility, two YMCAs and the Cynthia Woods Mitchell Pavilion, an amphitheater with seating capacity of 16,090.

THE SYSTEM

General

The area covered by the District is within the 28,000 acres of The Woodlands. Based upon projections for the next five years provided by the Developer, SJRA's plan has been updated to reflect the necessary facilities needed to meet the demand. The plan identifies the central or regional systems whereby sanitary sewage would be collected and treated within three identifiable regions and water supply will be provided in five different service areas. The SJRA has entered into a long-term cooperative agreement with the District and neighboring MCMUD Nos. 6, 7, 36, 39, 46, 47, 67, The Woodlands MUD 1, Metro Center MUD, and Harris-Montgomery Counties MUD 386 (within Montgomery County) (collectively, the "Participants") for the planning, financing, construction, ownership, operation and maintenance of the water supply and sanitary sewage treatment facilities serving the Participants. Under these agreements, each district, as a customer of SJRA, has made or will make or finance capital payments to SJRA proportionate to the costs of facilities construction and its ultimate service needs, and each makes payments to SJRA for operation and maintenance expenses in proportion to its volume of usage. These payments were based on estimated unit costs for such capacities and are made subject to such adjustments as may be necessary at the time when a periodic accounting for such costs can be made.

Fifth Interim Accounting

SJRA provides a periodic accounting to each customer district showing the actual and projected future unit cost of purchasing capacities in SJRA's Systems and the amounts payable to SJRA for reserved capacities in SJRA's Systems. Each customer district is then responsible for issuing the district's bonds, utilizing other district revenues or participating in a joint bond issue with other similarly situated districts to secure sufficient funds to make such payments to SJRA. In April 2013, SJRA completed a Fifth Interim Accounting updating and revising such unit costs for capacities in SJRA's Systems, and such periodic accounting report was approved by all customer districts.

Water System

Water is currently supplied from groundwater wells located within The Woodlands and surface water supplied by the SJRA GRP Division. The water distribution system presently planned for the development through 2018 will consist of five central water pump stations, one in each service area, together with appurtenant ground and elevated storage tanks and underground distribution piping. Based on an estimated population of 105,283 people living within The Woodlands, water demands are projected at approximately 20.430 million gallons per day ("MGD") for average daily demand or approximately 44.32 MGD for peak-day demand. The ultimate plant capacity of the water system is approximately 50 MGD. Due to concerns regarding over-pumping the aquifer, the Lone Star Groundwater Conservation District has placed restrictions on groundwater withdrawals in the area. A new surface water supply system has been constructed by the SJRA and began delivering surface water in September, 2015. Such surface water supply is in addition to the ground water supply as discussed above.

The central water supply facilities within The Woodlands presently consist of Water Plant Nos. 1, 2, 3, 4, and 5 and six elevated storage tanks (EST Nos. 1, 2, 3, 4, 5, and 7). The central water distribution facilities originating at the five water plants consist of a looped network of mains and secondary feeders sized to supply peak day demands and emergency requirements. Water distribution within the customer districts is accomplished through a looped network of mains, secondary feeders, and neighborhood distribution lines ranging up to 12 inches in diameter.

The surface water treatment and transmission system owned and operated by the SJRA GRP Division includes (1) an intake structure with a raw water pump station, (2) a water treatment plant, (3) treated water storage and high service pump station and (4) transmission lines to deliver the treated water to the necessary GRP participants. It is currently designed to deliver 30 MGD of treated surface water to the necessary GRP participants.

The District has purchased capacity sufficient to serve 4,326 Single Family Dwelling Unit Equivalents ("SFDUEs").

Lone Star Groundwater Conservation District

The District is included in the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"), a Montgomery County-wide regulatory agency. LSGCD has adopted a regulatory plan which requires groundwater users within Montgomery County to reduce groundwater usage by thirty-percent (30%) by January 1, 2016. In order to meet the requirements of the regulatory agency, the District and SJRA will be required to partially convert to surface water sources by such date. SJRA has created a new, separate, non-profit operating division, similar to the Woodlands Division, to implement a groundwater reduction plan and treated surface water system for substantially all of Montgomery County, including the District through their wholesale contract with SJRA Woodlands Division. The direct costs to SJRA's groundwater reduction plan division for the first phase of such conversion to surface water sources are currently estimated to be approximately $500,000,000, which will be paid for through pumpage fees charged to the participants, including the SJRA Woodlands Division. SJRA GRP currently charges SJRA Woodlands Division a fee of $2.32 per 1,000 gallons of groundwater pumped and $2.51 per 1,000 gallons surface water delivered. The SJRA Woodlands Division currently passes through a blended surface water conversion fee rate to the District of $2.47 per 1,000 gallons.

Waste Disposal System

A central sanitary sewage treatment plant exists in each of the three regions within The Woodlands. The sanitary sewage load for development through 2018 has been recently estimated at 10.49 million gallons per day ("MGD") for the three central plants. The first central wastewater treatment plant of SJRA ("WWTP1") is located adjacent to MCMUD 6 along Sawdust Road and currently has capacity of 7.8 MGD. The second wastewater treatment plant ("WWTP2") is located west of the intersection of Gosling Road and Research Forest Drive. WWTP2 has a permitted capacity of 6.0 MGD with provisions to increase to 7.8 MGD. The third wastewater treatment plant ("WWTP3"), is located in the District, and has a permitted capacity of 900,000 gallons per day.

The wastewater collection system within the District consists of a network of collection lines ranging up to 15 inches in diameter. This internal network of collection lines are owned by the District. This collection system empties wastewater into major trunk sewers, a part of the SJRA central system, which transport wastewater to the treatment facilities.

The District has purchased capacity sufficient to serve 4,478 SFDUEs.

Stormwater Conveyance and Flood Control Facilities

A portion of the land within the District lies within the Bear Branch and Spring Creek watersheds. Outfall drainage for the northern portion of the District is provided by major swales which convey runoff into Bear Branch. In the southeastern part of the District, storm waters discharge directly into Spring Creek. Internal drainage consists of a combination of roadside ditches, storm sewers, drains and culverts.

Historical Operations of the System

The following is a summary of the District's Operating Fund for the last 5 years. The figures for the fiscal years ending September 30, 2012 through September 30, 2015, were obtained from the District's annual financial reports, reference to which is hereby made. The figures for the seven-month period ending April 30, 2016 are unaudited and were prepared by the District's bookkeeper. The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Period Ended 4/30/16(a)	Fiscal Year Ended September 30,			
		2015	2014	2013	2012
REVENUES:					
Water and Sewer Service	$2,354,623	$4,008,896	$4,016,754	$4,268,136	$4,117,282
Property Taxes	1,360,311	1,281,915	769,801	713,614	758,845
Tap connections & culverts	5,275	43,100	49,125	73,700	142,850
Interest and other	38,225	35,477	30,469	9,712	6,424
TOTAL REVENUES	$3,758,434	$5,369,388	$4,866,149	$5,065,162	$5,025,401
EXPENDITURES:					
Current	$2,452,842	$4,244,237	$4,103,713	$4,060,124	$3,820,642
Capital Outlay	-	32,150	42,050	92,400	121,150
Debt Service	288,066	791,873	787,201	804,896	804,424
TOTAL EXPENDITURES	$2,740,908	$5,068,260	$4,932,964	$4,957,420	$4,746,216
Excess (Deficiency) of Revenues Over Expenditures	$1,017,526	$ 301,128	$ (66,815)	$ 107,742	$ 279,185

(a) Unaudited.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Montgomery County, Texas, the City of Houston, Texas, The Woodlands Township or any political subdivision or agency other than the District, are secured by the levy of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source and Security for Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners, or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy'' below and "THE BONDS - Source and Security for Payment" and - "Remedies in Event of Default."

Factors Affecting Taxable Values and Tax Payments

Location and Access: The District is located approximately 30 miles north of the City of Houston's central business district and is part of the 28,000-acre master planned community known as The Woodlands. Many of the residential developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer may find itself at a competitive disadvantage to other residential projects located closer to major urban centers or in a more developed state. See "THE DEVELOPER" and "CURRENT STATUS OF DEVELOPMENT IN THE DISTRICT."

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry, both single-family and multi-family, and the commercial development industry. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Although as described in this Official Statement under the caption "CURRENT STATUS OF DEVELOPMENT IN THE DISTRICT", (i) the development of a total of approximately 1,854.66 acres located within the District is complete, including the development of an aggregate of 3,965 single-family residential building sites, and home construction has occurred on 3,937 of such lots to date, and the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

Developer's and Principal Taxpayers' Obligations to the District: The ability of the Developer and any other principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. There is no commitment by or legal requirement of the Developer or any other principal landowner within the District to proceed at any particular rate or according to any specified plan with the development of land in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future commercial construction activity in the District. Failure to construct commercial taxable improvements on undeveloped tracts within the District would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "CURRENT STATUS OF DEVELOPMENT IN THE DISTRICT," "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

Maximum Impact on District Tax Rate: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2015 Assessed Valuation of the District is $1,963,685,083 (see "TAX DATA"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement for the Bonds is estimated to be $1,975,688 (2024) and the Projected Average Annual Debt Service Requirement for the Bonds is estimated to be $861,458 (2016 through 2040, inclusive). Based on the 2015 Assessed Valuation and no use of funds on hand, a tax rate of $0.11 per $100 assessed valuation, at a 95% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement for the Bonds of $1,975,688 and a tax rate of $0.05 per $100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement for the Bonds of $861,458. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Rate Calculations."

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of property within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. Section 1825, as amended. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See ''TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, based on recent Texas Court decisions, it is unclear whether Section 49.066, Texas Water Code effectively waives sovereign immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Future Debt

Following the issuance of the Bonds, the District will have $5,950,000 in authorized but unissued unlimited tax bonds. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including revenue notes, tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. The District does not employ any formula with respect to assessed valuations, tax collections or other factors to limit the amount of parity bonds which it may issue.

Marketability of the Bonds

The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. The rights and remedies of the Registered Owners could be adjusted in accordance with the confirmed plan of adjustment of the District's debt.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS - Tax Exemption."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Bond Insurance Risk Factors

The Issuer has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Issuer has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy ") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING."

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Issuer nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by Coats Rose, P.C., Houston, Texas, as Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT—General," and — "Management of the District—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result.

Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer'' as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of' and "subordinate" issuers) who issues no more than $10,000,000 of tax- exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a ''bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $l0,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be included as an adjustment for “adjusted current earnings” of a corporation for purposes of computing its alternative minimum tax under Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND

LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB through its EMMA system.

The financial information and operating data which will be provided with respect to the District is found under the headings "SELECTED FINANCIAL INFORMATION" and APPENDIX A (Auditor's Report and Financial Statements).The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2016. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Material Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non- payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of

Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax- exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District or the Developers, but only if the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of such Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied with all continuing disclosure requirements in accordance with SEC Rule15c2-12.

GENERAL CONSIDERATIONS

Sources and Compilation of Information

The information contained in this Official Statement has been obtained primarily from the District and from other sources believed to be reliable. No representation is made as to the accuracy or completeness of the information derived from sources other than the District. Summaries of certain laws, resolutions and other related documents are included herein subject to the detailed provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

The information contained in this Official Statement relating to development and engineering generally and, in particular, the development and engineering information included in the sections captioned, "THE WOODLANDS," "THE DISTRICT" and "THE SYSTEM" has been provided by the Developer and has been included herein in reliance upon the authority of said firm as experts in the field of development civil engineering. Portions of information provided in this Official Statement under the section captioned "THE SYSTEM" has been provided by San Jacinto River Authority.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Montgomery Central Appraisal District. The District has included certain information herein in reliance upon their authority as an expert in the field of tax assessing and real property appraisal.

The information contained in this Official Statement in the section entitled "APPENDIX A - Financial Statements of the District" has been provided by Sandersen Knox & Co., L.L.P. Certified Public Accountants, and has been included herein in reliance upon such firm's expertise in the fields of auditing and accounting. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the "SEC")), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c2-12 of the SEC, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a ''Final Official Statement" of the District with respect to the Bonds, as that term is defined in Rule 15c2-12.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Concluding Statement

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas as of the date shown on the first page hereof.

/s/ ______________________________
President, Board of Directors
Montgomery County Municipal Utility District No. 60, of
Montgomery County, Texas

ATTEST:

/s/ ______________________________
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 60, of
Montgomery County, Texas

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

Montgomery County
Municipal Utility District No. 60

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2015

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C O N T E N T S

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Sandersen Knox & Co, L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 130 · Sugar Land, Texas 77478 · 281/242-3232 · fax 281/242-3252 · www.sktx.com

Independent Auditors' Report

Board of Directors
Montgomery County Municipal Utility District No. 60
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 60 (the "District") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 60 as of September 30, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34, respectively, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information (TSI) listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sugar Land, Texas
January 5, 2016

Management's Discussion and Analysis

As management of Montgomery County Municipal Utility District No. 60 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $5,606,152 (net position).
- As of September 30, 2015, the District's governmental funds reported an ending fund balance of $4,289,607.
- The District's cash balance at September 30, 2015 was $4,255,093, representing an increase of $247,782 from September 30, 2014.
- The District had general revenues of $7,594,506 and program revenues, net of expenses, of $1,247,418 for the year ended September 30, 2015.
- At the end of the fiscal year, unrestricted and unassigned fund balance for the General Fund was $2,341,356, or 46 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in 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 expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 10-13 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District consist solely of governmental funds (the General Fund, Debt Service Fund and Capital Projects Fund).

Governmental Funds - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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 the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and g*overnmental activities*. The basic governmental fund financial statements can be found on pages 10-13 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 32 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund budget. Required supplementary information can be found on page 34 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 District, assets exceeded liabilities by $5,606,152 as of September 30, 2015.

The largest portion of the District's net position reflects its investment in capital assets (e.g. infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the District's net position represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2015 and 2014

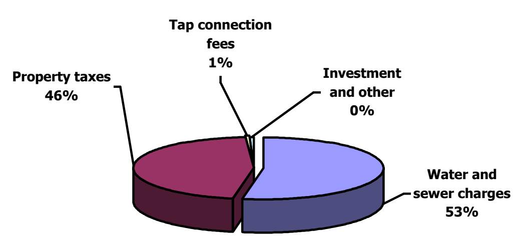
	Governmental Activities	
	2015	**2014**
Current and other assets	$ 5,144,130	$ 4,847,946
Capital assets, net	23,761,557	24,888,743
Total Assets	28,905,687	29,736,689
Long-term liabilities	22,466,082	24,559,575
Other liabilities	833,453	818,380
Total Liabilities	23,299,535	25,377,955
Net Position:		
Net investment in capital assets	1,345,028	384,938
Restricted	1,648,649	1,695,768
Unrestricted	2,612,475	2,278,028
Total Net Position	$ 5,606,152	$ 4,358,734

Net position of the District, all of which relate to governmental activities, increased by $1,247,418. Key elements of the changes are as follows:

CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2015 and 2014

	Governmental Activities	
	2015	**2014**
Revenues		
Program revenues:		
Water and sewer charges	$ 4,008,896	$ 4,016,754
Property taxes, penalties and interest	3,505,211	3,547,186
Tap connection fees	43,100	49,125
Investment income and other	37,299	36,046
Total Revenues	7,594,506	7,649,111
Expenses		
Purchased water and sewer	3,555,284	3,361,017
Professional fees, contracted services and other	754,998	802,780
Interest on long-term debt	960,439	1,304,703
Depreciation and amortization	1,076,367	1,099,958
Total Expenses	6,347,088	6,568,458
Change in Net Position	1,247,418	1,080,653
Net Position, beginning	4,358,734	3,278,081
Net Position, Ending	$ 5,606,152	$ 4,358,734

2015 REVENUES



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below:

Governmental Funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2015, the District's governmental funds, which consist of a general fund, debt service fund and capital projects fund reported an ending fund balance of $4,289,607, which is an increase of $281,637 from last year's total of $4,007,970. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unrestricted and unassigned fund balance represents 46 percent of total general fund expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets as of September 30, 2015 amounts to $23,761,557 (net of accumulated depreciation). This investment in capital assets includes infrastructure.

CAPITAL ASSETS SCHEDULE
(net of depreciation)

Capacity rights	$ 7,795,744
Water system	11,329,839
Wastewater system	11,248,919
Drainage system	9,732,247
Engineering	2,553,766
Less: accumulated depreciation	(18,898,958)
Total Capital Assets, Net	$ 23,761,557

Additional information on the District's capital assets can be found in Note 7 in the notes to financial statements.

LONG-TERM DEBT

As of September 30, 2015, the District has a total bonded debt outstanding of $15,375,000. Interest expense for the year totaled $665,023 for the 2015 fiscal year on this bonded debt. There were no new issues in 2015. These outstanding bonds have maturities ranging from 2016 to 2025. Additional information on the District's long-term debt can be found in Note 8 in the notes to the financial statements.

ECONOMIC FACTORS

- Unrestricted and unassigned fund balance in the General Fund increased to $2,341,356. A planned increase of fund balance of $326,285 was projected.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Montgomery County Municipal Utility District No. 60's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Montgomery County Municipal Utility District No. 60: The Woodlands Joint Powers Agency, P.O. Box 7580, The Woodlands, Texas 77380.

FINANCIAL STATEMENTS

Montgomery County Municipal Utility District No. 60

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2015

	General	Debt Service	Capital Projects	Total
Assets				
Cash and temporary investments	$ 2,437,282	$ 625,495	$ 1,192,316	$ 4,255,093
Receivables:				
Property taxes	5,239	15,831		21,070
Customer service accounts	568,365			568,365
Internal receivables	91,050			91,050
Investment in joint venture (Note 9)	299,602			299,602
Capital assets, net of accumulated depreciation:				
Capacity rights				
Infrastructure				
Total Assets	$ 3,401,538	$ 641,326	$ 1,192,316	$ 5,235,180
Liabilities, Deferred Inflows and Fund Balances/Net Position				
Liabilities				
Accounts payable and accrued liabilities	$ 519,518	$ 78,112	$	$ 597,630
Customer deposits	235,823			235,823
Internal payables		170	90,880	91,050
Accrued interest payable				
Long-term liabilities:				
Unamortized bond premium or (discount)				
Due within one year				
Due after one year				
Total Liabilities	755,341	78,282	90,880	924,503
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,239	15,831		21,070
Fund Balances/Net Position				
Fund Balances:				
Nonspendable investment in joint venture	299,602			299,602
Restricted for debt service		547,213		547,213
Restricted for capital projects			1,101,436	1,101,436
Unrestricted and unassigned	2,341,356			2,341,356
Total Fund Balances	2,640,958	547,213	1,101,436	4,289,607
Total Liabilities and Fund Balances	$ 3,401,538	$ 641,326	$ 1,192,316	$ 5,235,180
Net Position:				
Net investment in capital assets				
Restricted for debt service				
Restricted for capital projects				
Unrestricted				
Total Net Position				

See Notes to Financial Statements.

Exhibit B(1)

Adjustments (Note 2)	Statement of Net Position
$	$ 4,255,093
	21,070
	568,365
(91,050)	
	299,602
7,795,744	7,795,744
15,965,813	15,965,813
23,670,507	$ 28,905,687
$	$ 597,630
	235,823
(91,050)	
49,553	49,553
654,128	654,128
2,012,714	2,012,714
19,749,687	19,749,687
22,375,032	23,299,535
(21,070)	
(299,602)	
(547,213)	
(1,101,436)	
(2,341,356)	
(4,289,607)	
1,345,028	1,345,028
547,213	547,213
1,101,436	1,101,436
2,612,475	2,612,475
$ 5,606,152	$ 5,606,152

Montgomery County Municipal Utility District No. 60

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 2015

	General	Debt Service	Capital Projects	Total
Revenues				
Water service charges	$ 3,167,827	$	$	$ 3,167,827
Sewer service charges	841,069			841,069
Property taxes	1,281,915	2,212,720		3,494,635
Penalties and interest		11,102		11,102
Tap connection fees	43,100			43,100
Investment earnings	1,649	1,141	681	3,471
Other	33,828			33,828
Total Revenues	5,369,388	2,224,963	681	7,595,032
Expenditures/Expenses				
Current:				
Purchased water and sewer service	3,555,284			3,555,284
Purchased services from joint venture	567,838	30,150		597,988
Professional fees	26,607			26,607
Other	94,508	30,534	839	125,881
Capital Outlay	32,150			32,150
Debt Service:				
Principal retirement	496,457	1,540,000		2,036,457
Interest and fiscal charges	295,416	671,240		966,656
Bond issuance costs				
Depreciation and amortization				
Total Expenditures/Expenses	5,068,260	2,271,924	839	7,341,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	301,128	(46,961)	(158)	254,009
Other Financing Sources (Uses)				
Equity in net income (loss) of joint venture (Note 9)	27,628			27,628
Total Other Financing Sources (Uses)	27,628			27,628
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	328,756	(46,961)	(158)	281,637
Change in Net Position				
Fund Balances/Net Position - Beginning	2,312,202	594,174	1,101,594	4,007,970
Fund Balances/Net Position - Ending	$ 2,640,958	$ 547,213	$ 1,101,436	$ 4,289,607

See Notes to Financial Statements.

Adjustments (Note 2)	Statement of Activities
$	$ 3,167,827
	841,069
(526)	3,494,109
	11,102
	43,100
	3,471
	33,828
(526)	7,594,506
	3,555,284
4,522	602,510
	26,607
	125,881
(32,150)	
(2,036,457)	
(6,217)	960,439
1,076,367	1,076,367
(993,935)	6,347,088
993,409	
(27,628)	
(27,628)	
(281,637)	
1,247,418	1,247,418
350,764	4,358,734
$ 1,316,545	$ 5,606,152

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Montgomery County Municipal Utility District No. 60

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform with generally accepted accounting principles. The following is a summary of the most significant policies:

A. Reporting Entity

Montgomery County Municipal Utility District No. 60 (the "District") was created pursuant to an order of the Texas Commission on Environmental Quality dated September 19, 1984. The District operates under the terms and provisions of Chapters 49 and 54 of the Texas Water Code. The Board of Directors held its first meeting on October 6, 1984. The first bonds were sold on July 16, 1986.

The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees or related payroll costs. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water.

The District is a political subdivision of the State of Texas governed by an elected five member board and is considered a primary government. As required by accounting principles generally accepted in the United States of America, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. Based on these considerations, no other entities, organizations, or functions have been included in the District's financial reporting entity. Additionally, as the District 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 regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered if determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Although not considered significant in the District's reporting entity evaluation, other prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District participates in a joint venture with other area municipal utility districts as more fully described in Note 9 of these financial statements.

The District's primary activities include construction, maintenance, and operation of water and sewer system facilities and debt service on bonds issued to construct the facilities.

As noted above, the District participates in a joint venture with other area municipal utility districts (collectively the "Participating Districts"). As provided in interlocal contracts by and among the Participating Districts, an independently governed agency known as The Woodlands Joint Powers Agency (the "Agency") provides administrative services and utility system maintenance and operating services for the Participating Districts. The Agency is governed by a Board of Trustees made up of members appointed by the governing Boards of the Participating Districts. The District records and accounts for its interest in the Agency in its General Fund by the equity method, as do all of the Participating Districts, with a portion of General Fund equity reserved in the amount of the District's equity interest. See Note 9 for additional disclosures regarding the Agency's operations.

B. Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* This statement, known as the "Reporting Model" statement, affects the way the District prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Some of the significant changes of GASB Statement No. 34 include the following:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis that private sector companies provide in their annual reports.

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and infrastructure and general obligation debt). Accrual accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current or soon thereafter, as is the case with the modified accrual basis of accounting. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net position and report related depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Fund Financial Statements - These statements focus on the District's major funds and are prepared using the modified accrual basis of accounting.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units, as applicable. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District had no business-type activities or component units as of and for the year ended September 30, 2015.

The governmental funds financial statements consist of the balance sheet and statement of revenues, expenditures and changes in fund balance. These financial statements have been adjusted to arrive at the government-wide financial statement balances (statement of net position and statement of activities). Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Revenues accrued include interest earned on investments and income from District operations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service requirements, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable:
: To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:
: To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed:
: To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).

Assigned:
: To indicate fund balance to be used for specific purposes but do meet the criteria to be classified as restricted or committed.

Unassigned:
: To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The District does not currently have any such policies.

The accounting system is organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund equity or deficit, revenues and expenditures.

The District reports the following governmental funds:

General Fund
The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to water and sewer service operations. Expenditures include all costs associated with the daily operations of the District.

Debt Service Fund
The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes pursuant to requirements of the District's bond resolutions. Expenditures include costs incurred in assessing and collecting these taxes.

Capital Projects Fund
The Capital Projects Fund is used to account for the expenditure of bond proceeds for the construction of the District's water and sewer facilities.

E. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of unearned tax revenues.

F. Budget

An unappropriated budget is adopted for the General Fund. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

G. Investments

The District classifies investments that have a remaining maturity of one year or less at the date of purchase as "money market investments" in accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Reporting for Certain Investments and External Investment Pools" (Statement No. 31). Statement No. 31 defines "money market investments" as short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations. The District values its "money market investments" at cost, which is considered to approximate market value. The District's certificates of deposit, if any, are recorded at cost in accordance with Statement No. 31.

H. Short-Term Internal Receivables/Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as internal receivables and payables on the combined balance sheet. These amounts are eliminated for government-wide presentation.

I. Unamortized Bond Premium or (Discount)

Included within long term liabilities are the unamortized bond premium or (discount). They are being amortized over the life of the related obligation on the straight-line method. Results obtained are not materially different from the interest method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Land	N/A
Capacity rights	N/A
Water system	30 years
Wastewater system	30 years
Drainage system	30-50 years
Engineering	30 years

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums or discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums or discounts, as well as bond issuance costs, during the current period. The face amount of new debt issued is reported as other financing sources. Premiums are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity

Reserved/restricted equity balances represent those portions of fund balance/net position not appropriable for expenditures/expenses or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated/unrestricted fund balances/net position represent available balances for the District's future use.

M. Date of Management's Review

Subsequent events have been evaluated through January 5, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes an adjustments column to arrive at the government-wide statement of net position balances. Amounts reported in the statement of net position are different because:

Total fund balances - governmental funds	$ 4,289,607
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	23,761,557
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	21,070
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	(22,466,082)
Net Position of Governmental Activities	$ 5,606,152

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes an adjustments column to arrive at changes in net position as reported in the government-wide statement of activities. Amounts reported in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	281,637
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.		(1,076,367)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		2,042,674
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(526)
Change in Net Position of Governmental Activities	$	1,247,418

NOTE 3 - CASH AND TEMPORARY INVESTMENTS

Cash consists of interest bearing checking accounts and temporary investments consist of Texpool, Texstar and certificates of deposit.

The carrying amounts for cash and temporary investment balances, which approximate fair values, by fund at September 30, 2015, are as follows:

	Checking	Texpool	Texstar	Cert of Dep	Total
General	$ 82,675	$ 331,912	$ 1,765,170	$ 257,525	$ 2,437,282
Debt Service	12,383	70,070	543,042		625,495
Capital Projects	4,013	599,832	588,471		1,192,316
	$ 99,071	$ 1,001,814	$ 2,896,683	$ 257,525	$ 4,255,093

Investment Policies
The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investments of the District are in compliance with its investment policy.

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds. Balances in checking accounts in depository institutions were entirely guaranteed by federal depository insurance or security as provided by statutes and bond provisions at September 30, 2015.

Investment Pools
The State Comptroller of Public Accounts exercises oversight responsibility of Texpool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in Texpool and other persons who do not have a business relationship with Texpool. The advisory board members review the investment policy and management fee structure. Texpool is rated AAAm by Standard & Poors. Texpool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Texstar operates as a pool in accordance with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Both Texpool and Texstar use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position of each pool is the same as the value of the underlying shares.

Interest Rate Risk
In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years to meet cash requirements for ongoing operation.

Credit Risk – Investments
In accordance with its investment policy, the District minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. As the District's investments are in investment pools, the District is not exposed to custodial credit risk.

NOTE 4 - PROPERTY TAXES

The voters of the District have authorized the District's Board of Directors to levy maintenance taxes annually for use in financing general operations limited to $0.25 per $100 of assessed value. The District's bond resolution requires that ad valorem taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied for debt service requirements are without limitation as to rate or amount.

All property values are determined by the Montgomery County Appraisal District. A tax lien attaches to all properties within the District on January 1st of each year. Taxes are generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31st. There is an additional twenty percent penalty charged on accounts delinquent after July 1st of each year which generally is payable to the District's delinquent tax attorney.

Property taxes are prorated between operations and debt service based on the respective rates adopted for the year of the levy. For the current year, the District levied a combined rate of $0.1975 per $100 of assessed valuation of which $0.0725 was allocated to maintenance and operations and $0.125 was allocated to debt service. The resulting tax levy was $3,494,929 on the adjusted taxable valuation of $1,769,584,450 for the 2014 tax year.

Property taxes receivable at September 30, 2015, consisted of the following:

	General Fund	Debt Service Fund	Total
2014 Levy	$ 2,341	$ 4,036	$ 6,377
2013 Levy	595	2,130	2,725
2012 Levy	429	1,624	2,053
2011 Levy	415	1,464	1,879
2010 and prior	1,459	6,577	8,036
	$ 5,239	$ 15,831	$ 21,070

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major funds are as follows:

	General	Debt Service	Total
Receivables:			
Taxes	$ 5,239	$ 15,831	$ 21,070
Accounts	568,365		568,365
Total Receivables	$ 573,604	$ 15,831	$ 589,435

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable - general fund	$ 5,239	$
Delinquent property taxes receivable - debt service fund	15,831	
Total Deferred Revenue for Governmental Funds	$ 21,070	$

NOTE 6 – UNAMORTIZED BOND PREMIUM OR (DISCOUNT)

A summary of changes in unamortized bond premium or (discount) follows:

	Original Bond Premium (Discount)	Balance at Oct. 1, 2014	Current Year Amortization	Balance at Sept 30, 2015
Unlimited Tax Bonds:				
Series 2005	$ (84,682)	$ (44,358)	$ (4,032)	$ (40,326)
Series 2006 Refunding	(52,249)	(28,738)	(2,612)	(26,126)
Series 2009	(26,100)	(16,889)	(1,535)	(15,354)
Series 2010 Refunding	287,473	191,648	19,165	172,483
Series 2014 Refunding	194,910	178,667	16,243	162,424
SJRA Refunding	424,617		23,590	401,027
Total	$ 743,969	$ 280,330	$ 50,819	$ 654,128

NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2015, follows:

	Balance Oct 1, 2014	Increases	(Decreases)	Balance Sept 30, 2015
Governmental Activities:				
Non-depreciable Assets:				
Capacity rights	$ 7,795,744	$	$	$ 7,795,744
Depreciable Assets:				
Water system	11,329,839			11,329,839
Wastewater system	11,248,919			11,248,919
Drainage system	9,732,247			9,732,247
Engineering	2,553,766			2,553,766
Total Depreciable Assets	34,864,771			34,864,771
Less Accumulated Depreciation	(17,771,772)	(1,127,186)		(18,898,958)
Totals	$ 24,888,743	$ (1,127,186)	$	$ 23,761,557

Depreciation expense for the year ended September 30, 2015, totaled $1,127,186.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of bonds payable. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District. Investment income realized by the Debt Service Fund from investment of funds will be used to pay outstanding bond principal and interest.

The following is a summary of changes in bonds payable for the year ended September 30, 2015:

Bonds payable, October 1, 2014	$ 16,915,000
Bonds retired	(1,540,000)
Bonds payable, Sept. 30, 2015	$ 15,375,000

Bonds payable at September 30, 2015, are comprised of the following individual issues:

	Amounts Outstanding	Interest Rate	Date Serially Begin/End	Maturity Interest Dates	Callable Date
2006 R	$6,575,000	4.0 – 6.0%	Sept. 1, 2011/2025	March 1/ Sept. 1	Sept. 1, 2014*
2009	$1,260,000	2.0 – 3.2%	Sept. 1, 2011/2025	March 1/ Sept. 1	Sept. 1, 2018*
2010 R	$3,880,000	2.0 – 4.0%	Sept. 1, 2011/2024	March 1/ Sept. 1	Sept. 1, 2018*
2014 R	$3,660,000	2.0 – 3.5%	Sept. 1, 2015/2025	March 1/ Sept. 1	Sept. 1, 2022*

* Or any interest payment date thereafter in accordance with redemption provisions of the bond resolution.

As of September 30, 2015, the debt service requirements on bonds outstanding for the next five fiscal years and thereafter through 2025 are as follow:

Year	Principal	Interest	Total
2016	$ 1,640,000	$ 594,640	$ 2,234,640
2017	1,295,000	534,240	1,829,240
2018	1,380,000	471,980	1,851,980
2019	1,435,000	420,930	1,855,930
2020	1,480,000	367,480	1,847,480
2021-2025	8,145,000	931,935	9,076,935
	$ 15,375,000	$ 3,321,205	$ 18,696,205

At September 30, 2015, the District had voted and unissued tax bonds in the amount of $8,540,000.

The Debt Service Fund has $547,213 available to service the above bonds.

The District is in compliance with all significant bond requirements and restrictions contained in the bond resolutions.

NOTE 9 – JOINT VENTURE – THE WOODLANDS JOINT POWERS AGENCY

The District has entered into interlocal contracts with other area municipal utility districts (collectively the "Participating Districts") to create the Woodlands Joint Powers Agency (the "Agency"). The contracts provide for the Agency to purchase certain equipment and supplies, to install taps and connections to the Participating District's water and sewer systems, to perform required repair and maintenance work on these systems and to provide certain administrative services for the Participating Districts.

Each Board of the Participating Districts appoints one of its members to the Agency's Board of Trustees annually. The Agency's Board of Trustees controls the operations of the Agency, which includes adopting operating and capital budgets.

The Agency's summary financial position at September 30, 2015 is presented below:

Total Assets	$	3,478,940
Total Liabilities		271,510
	$	3,207,430

The Participating Districts account for their share of the Agency's net position on the equity method in their General Funds. Each Participating Districts' respective shares are determined based on their proportionate share of cash contributions and all other cash payments and contributions made to the Agency on a cumulative basis.

At September 30, 2015, the Agency's net position are allocated among the Participating Districts as follows:

The Woodlands MUD No. 2	$	69,453
Montgomery County MUD No. 6		381,125
Montgomery County MUD No. 7		479,375
Montgomery County MUD No. 36		411,244
Montgomery County MUD No. 39		74,282
Montgomery County MUD No. 40		354,763
Montgomery County MUD No. 46		365,770
Montgomery County MUD No. 47		488,781
Montgomery County MUD No. 60		299,602
Montgomery County MUD No. 67		203,246
The Woodlands Metro Center MUD		79,789
	$	3,207,430

Each Participating District's share of participants' equity at September 30, 2015 includes an initial contribution of $7,500, which will not be refunded except on withdrawal from the Agency or termination of the interlocal contracts.

The Agency's summary operating results for the year ended September 30, 2015 are presented below along with the District's related share:

	Agency	District
Total Revenues	$ 5,341,242	$ 633,648
Total Expenses	5,108,356	606,020
Revenues Over (Under) Expenses	232,886	27,628
Participants' Equity - Beginning	2,974,544	271,974
Participants' Equity - Ending	$ 3,207,430	$ 299,602

Charges for the Agency's operating costs are based on the Participating District's number of monthly water and sewer billings, tap connections and direct costs incurred. During the year ended September 30, 2015, the District's contribution for the Agency's costs was made up of the following charges:

Tax administration	$ 30,150
Administration	282,156
Engineering	7,225
Meter reading	45,068
Water repair and maintenance	72,824
Sewer repair and maintenance	11,635
Billing income	12,208
Large ditch repair and maintenance	29,810
Storm sewer repair and maintenance	54,949
Postage	17,448
Other	22,267
Capital budget contribution	12,248
Water tap installation	24,150
Inspections and connections	8,000
	$ 630,138

NOTE 10 – FINANCING AGREEMENTS WITH SAN JACINTO RIVER AUTHORITY

The District has entered into a series of financing agreements with the San Jacinto River Authority (SJRA). The agreements are for design, construction and other improvements to The Woodlands Waste Disposal System Project and The Woodlands Water Supply System Project. The agreements include provisions for advances to be made by the District in the initial stages of the project under certain circumstances. The District has made no advances in the fiscal year ended September 30, 2015.

The District's financing agreements with the SJRA also provide for the allocation of pro rata shares of SJRA revenue bond principal and interest to the District proportionate to the District's interest in the portion of project financed.

The District's proportionate share of the total revenue bond obligations of the SJRA varies by project. During the year ended September 30, 2015, the District funded $791,873 from the General Fund relating to the obligations of which $496,457 was for principal and $295,416 was for interest.

The following reflects the District's portion of existing debt of the SJRA for both the Waste Disposal System Project and the Water Supply System Project. The debt bears interest at varying rates and matures in 2032.

Year	Principal	Interest	Total
2016	$ 372,714	$ 279,970	$ 652,684
2017	355,067	265,409	620,476
2018	365,041	254,058	619,099
2019	376,201	244,211	620,412
2020	387,490	228,656	616,146
2021-2025	1,878,988	935,828	2,814,816
2026-2030	2,347,787	456,150	2,803,937
2031-2032	304,113	31,224	335,337
	$ 6,387,401	$ 2,695,506	$ 9,082,907

As of September 30, 2015, the District has contracted to purchase capacity rights from the SJRA to service 4,326 single family residential equivalent connections in the Water Supply System and 4,478 single family residential equivalent connections in the Waste Disposal System. The District has paid $15,478,447 to the SJRA for the purchase of these capacity rights from its pro-rata share of the financing agreements noted above, bond proceeds capital funds and other District capital funds sources.

NOTE 11 – CONTRACT WITH SAN JACINTO RIVER AUTHORITY

The District has contracted with the SJRA to provide its customers with water and sewer utility services through planning, construction, operation and maintenance of central water supply and waste disposal facilities. The initial contract was entered into on September 27, 1983, and continues in full force and effect unless terminated by mutual agreement of the District and the SJRA. Thereafter, the District retains a proportionate and equitable ownership interest in such central facilities.

Under the terms of the agreement, the District pays its proportionate share of capital and operating costs for reserved capacity in the water supply and waste disposal facilities. Capital payments have come from the proceeds of bonds issued by the District and are included as capital assets. Operating costs are recorded as current expenditures in the District's General Fund. During the year ended September 30, 2015, the District paid $3,555,284 for its share of operating costs. Pursuant to the agreement and a resolution approved by the SJRA on August 28, 2014, the SJRA maintains reserve funds for operation of the water supply and waste disposal facilities to cover cash flow needs year round in an amount ranging between two and three months of total operating costs, excluding costs related to the payment of groundwater reduction plan fees. This operating reserve changes during the year based on available funds and changes in operating conditions. No amounts have been recorded on the District's financial statements to reflect the District's share of this reserve. The SJRA also maintains reserve funds in accordance with the agreement and resolution for the planned repair and replacement of water supply and waste disposal facilities having a significant replacement value and a relatively long useful life (generally in excess of ten years). The amount of such reserve varies from year to year based upon a five year capital improvement and construction plan developed, maintained and annually updated by the SJRA. No amounts have been recorded on the District's financial statements to reflect the District's share of this reserve.

Pursuant to the agreement and the resolution, the SJRA also maintains an emergency reserve for purpose of providing funding for unexpected catastrophic events. The emergency reserve is funded periodically by the District and other participating districts from available sources. The amount of such reserve varies from year to year pursuant to the resolution. No amounts have been recorded on the District's financial statements to reflect the District's share of this reserve.

The relationship between the SJRA and its customer districts is purely contractual. The SJRA is a separate functioning governmental entity whose management and Board of Directors are not subject to the control of the customer districts. The District, together with other area municipal utility districts with similar contracts with the SJRA (collectively the "Customer Districts"), contracts directly with the SJRA for required facilities and does not have a contract with other Customer Districts. The SJRA is not a participating facility user.

NOTES TO FINANCIAL STATEMENTS

The SJRA serves as the sponsor and common provider to each of its Customer Districts of facilities and related services and has full legal title and ownership to facilities, subject only to the contractual rights of the Customer Districts to receive services.

The SJRA invests its own capital funds in the construction and acquisition of the required facilities. Each Customer District makes a payment to the SJRA to defray the costs of construction of capital facilities proportionate to the contractual rights of use (or capacity rights) of such customer pursuant to its contract with the SJRA. Thus, each Customer District has invested from its bond proceeds capital funds in the acquisition of such contract rights; however, no Customer District owns nor has legal title to all or any portion of the physical facilities providing such services.

Under these circumstances, the District's relationship with the SJRA is not considered to constitute either a shared facilities agreement or a joint venture arrangement. Disclosure has been made that a substantial portion of water and sewer facility costs in the District's general fixed assets consist of the District's investment in the acquisition of contractual rights of use, rather than ownership of facilities.

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

NOTE 13 – ANNEXATION DEFERRAL AGREEMENT

The District and the adjacent Woodlands Municipal Utility Districts (the "Woodlands Districts") are located entirely within The Woodlands Township, a political subdivision of the State of Texas which overlaps substantially all of The Woodlands. The Township has recently concluded agreements with the City of Houston and the City of Conroe pursuant to which the area of the Township, including the Woodlands Districts, may not be annexed for fifty (50) years, and the area of the Township may, on or after May 29, 2014, and on request by the Township, be excluded from the extraterritorial jurisdiction of either or both cities, and may thereafter be incorporated as a municipality or may adopt a new form of local government. In the event of incorporation of the Township, the Township must dissolve the Woodlands Districts and assume the assets, obligations and liabilities of the Woodlands Districts.

REQUIRED SUPPLEMENTARY INFORMATION

Montgomery County Municipal Utility District No. 60

Exhibit C(1)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2015

	Budgeted Amounts			Variance
	Original	**Final**	**Actual**	**Over (Under)**
Revenues				
Water service	$ 3,490,392	$ 3,490,392	$ 3,167,827	$ (322,565)
Sewer service	914,933	914,933	841,069	(73,864)
Property taxes	1,290,776	1,290,776	1,281,915	(8,861)
Tap connection fees	39,125	39,125	43,100	3,975
Interest on investments	1,029	1,029	1,649	620
Other	21,000	21,000	33,828	12,828
Total Revenues	5,757,255	5,757,255	5,369,388	(387,867)
Expenditures				
Current:				
Purchased water and sewer	3,906,967	3,906,967	3,555,284	(351,683)
Purchased services	610,136	610,136	567,838	(42,298)
Professional fees	31,200	31,200	26,607	(4,593)
Other	90,794	90,794	94,508	3,714
Capital Outlay			32,150	32,150
Debt Service:				
Principal retirement	528,712	528,712	496,457	(32,255)
Interest and fiscal charges	263,161	263,161	295,416	32,255
Total Expenditures	5,430,970	5,430,970	5,068,260	(362,710)
Excess (Deficiency) of Revenues Over (Under) Expenditures	326,285	326,285	301,128	(25,157)
Other Financing Sources (Uses)				
Return of capital from SJRA				
Equity in net income (loss) of JV			27,628	27,628
Total Other Fin. Sources (Uses)			27,628	27,628
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under Expenditures and Other Financing (Uses)	326,285	326,285	328,756	2,471
Fund Balances - Beginning	2,312,202	2,312,202	2,312,202	
Fund Balances - Ending	$ 2,638,487	$ 2,638,487	$ 2,640,958	$ 2,471

ADDITIONAL INFORMATION

Montgomery County Municipal Utility District No. 60

SCHEDULE OF SERVICES AND RATES

Year Ended September 30, 2015

1. Services provided by the District:

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Sewer		Wholesale Sewer		Irrigation
	Parks/Recreation		Fire Protection		Security
	Solid Waste/Garbage		Flood Control		Roads

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

___ Other (specify): ____________________

2. Retail rates based on 5/8" meter Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): ____________________

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	$ 5.00		N	$ 1.70	1,000 - 3,000
Water			N	$ 2.80	4,000 - 15,000
Water			N	$ 4.45	16,000 - 30,000
Water			N	$ 5.80	31,000 - >
Waste	$10.50	3,000	N	$ 4.50	per 1,000

Surcharge $ 2.47 Per 1,000 Groundwater Reduction Plan Fee

District employs winter averaging for wastewater usage? Yes X No ___

Total water and sewer charges per 10,000 gallons usage (including surcharges) $96.76

3. Retail Service Providers: Number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

	Active Connections	Active ESFC	Inactive Connections**
Single Family	4,071	4,071	13
Multi-Family			
Commercial	52	214	
Other - recreational centers, government & VFD	112	460	
TOTAL	4,235	4,745	13

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

** "Inactive" means that water and wastewater connections were made, but service is not being provided.

4. Total Water Consumption (In Thousands) During the Fiscal Year:

Gallons pumped into system:	N/A
Gallons billed to customers:	556,171
Percent of gallons billed to pumped	N/A

5. **Standby Fees**: Does the District assess standby fees? Yes ___ No _X_

For the most recent full fiscal year:

Debt Service:	Total levy	$
	Total collected	$
	Percentage collected	%
Operation & Maintenance	Total levy	$
	Total collected	$
	Percentage collected	%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes ___ No ___

6. **Location of District:**

County in which District is located. Montgomery

Is the District located entirely within one county? Yes _X_ No ___

Is the District located within a city? Entirely ___ Partly ___ Not at all _X_

City in which District is located. ___

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely _X_ Partly ___ Not at all ___

ETJ's in which District is located. Houston

Is the general membership of the Board appointed by an office outside the District?
Yes ___ No _X_

If yes, by whom? ___

Montgomery County Municipal Utility District No. 60

TSI-2

SCHEDULE OF GENERAL FUND EXPENDITURES

Years Ended September 30, 2015 and 2014

	2015	2014
Current		
Purchased Water and Sewer Services from SJRA	$ 3,555,284	$ 3,361,017
Purchased Services from Joint Venture	567,838	588,469
Professional Fees:		
Auditing	5,200	5,200
Legal	21,407	25,366
	26,607	30,566
Other Current Expenditures:		
Directors' fees	14,100	12,300
Regulatory assessment	26,126	25,629
Dues and seminars	9,129	5,558
Bank charges	35,670	39,005
Bear Branch	2,406	32,084
Insurance	3,055	3,055
Miscellaneous	4,022	6,030
	94,508	123,661
Capital Outlay	32,150	42,050
Debt Service:		
Principal	496,457	434,221
Interest and fiscal charges	295,416	352,980
	791,873	787,201
Total Expenditures	$ 5,068,260	$ 4,932,964

Number of employees employed by the District:

-0- Full-time

-0- Part-time

Montgomery County Municipal Utility District No. 60

TSI-3

SCHEDULE OF CASH AND TEMPORARY INVESTMENTS

Year Ended September 30, 2015

Funds	Interest Rate (%)	Maturity Date	Balances at September 30, 2015	Accrued Interest
General Fund				
Checking	N/A	N/A	$ 82,675	$
Texpool	Variable	N/A	331,912	
Texstar	Variable	N/A	1,765,170	
Certificate of deposit	0.15	5/10/2016	257,525	
Total General Fund			2,437,282	
Debt Service Fund				
Checking	N/A	N/A	12,383	
Texpool	Variable	N/A	70,070	
Texstar	Variable	N/A	543,042	
Total Debt Service Fund			625,495	
Capital Projects Fund				
Checking	N/A	N/A	4,013	
Texpool	Variable	N/A	599,832	
Texstar	Variable	N/A	588,471	
Total Capital Projects Fund			1,192,316	
Total - All Funds			$ 4,255,093	$

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Montgomery County Municipal Utility District No. 60

TSI-4

ANALYSIS OF TAXES LEVIED AND RECEIVABLE

Year Ended September 30, 2015

	General Fund	Debt Service Fund	Total
Taxes Receivable - October 01, 2014	$ 4,378	$ 17,218	$ 21,596
2014 Original Tax Roll	1,285,033	2,215,575	3,500,608
Additions and corrections	(2,257)	(4,242)	(6,499)
Adjusted tax roll	1,282,776	2,211,333	3,494,109
Total to be Accounted for	1,287,154	2,228,551	3,515,705
Tax Collections			
Current year	1,280,608	2,207,944	3,488,552
Prior years	1,307	4,776	6,083
Total Collections	1,281,915	2,212,720	3,494,635
Taxes Receivable - September 30, 2015	$ 5,239	$ 15,831	$ 21,070
Taxes Receivable - By Year			
2014	$ 2,341	$ 4,036	$ 6,377
2013	595	2,130	2,725
2012	429	1,624	2,053
2011	415	1,464	1,879
2010 and prior	1,459	6,577	8,036
Taxes Receivable - September 30, 2015	$ 5,239	$ 15,831	$ 21,070

Assessed Property Valuations	2014	2013	2012	2011	2010
Land, improvements and personal property	$ 1,769,584,450	$ 1,615,995,595	$ 1,505,105,516	$ 1,444,125,503	$ 1,412,300,245
	$ 1,769,584,450	$ 1,615,995,595	$ 1,505,105,516	$ 1,444,125,503	$ 1,412,300,245
Tax Rates Per $100 Valuations					
Debt service	$ 0.1250	$ 0.1700	$ 0.1800	$ 0.1850	$ 0.185
General operations	0.0725	0.0475	0.0475	0.0525	0.055
Total Tax Rate per $100 Valuation	$ 0.1975	$ 0.2175	$ 0.2275	$ 0.2375	$ 0.240
Adjusted Tax Levy	$ 3,494,929	$ 3,514,790	$ 3,424,115	$ 3,429,798	$ 3,389,521

Year Ended September 30, 2015	All Taxes
Percent of current taxes collected to current taxes levied (as adjusted)	99.8%
Percent of current and delinquent taxes collected to current levied (as adjusted) and delinquent taxes outstanding at the beginning of the year (as adjusted)	99.4%

Montgomery County Municipal Utility District No. 60

GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

September 30, 2015

Due During Fiscal Year End September 30	All Series			Series 2006R		
	Principal	Interest	Total	Principal	Interest	Total
2016	$ 1,640,000	$ 594,640	$ 2,234,640	$ 750,000	$ 278,700	$ 1,028,700
2017	1,295,000	534,240	1,829,240	785,000	248,700	1,033,700
2018	1,380,000	471,980	1,851,980	565,000	201,600	766,600
2019	1,435,000	420,930	1,855,930	600,000	179,000	779,000
2020	1,480,000	367,480	1,847,480	620,000	155,000	775,000
2021	1,555,000	310,780	1,865,780	660,000	130,200	790,200
2022	1,610,000	251,055	1,861,055	705,000	103,800	808,800
2023	1,680,000	188,690	1,868,690	740,000	75,600	815,600
2024	1,750,000	124,380	1,874,380	780,000	46,000	826,000
2025	1,550,000	57,030	1,607,030	370,000	14,800	384,800
Total	$ 15,375,000	$ 3,321,205	$ 18,696,205	$ 6,575,000	$ 1,433,400	$ 8,008,400

Due During Fiscal Year End September 30	Series 2009			Series 2010R		
	Principal	Interest	Total	Principal	Interest	Total
2016	$ 100,000	$ 46,940	$ 146,940	$ 575,000	$ 155,200	$ 730,200
2017	105,000	43,840	148,840	185,000	132,200	317,200
2018	110,000	40,480	150,480	465,000	124,800	589,800
2019	115,000	36,630	151,630	495,000	106,200	601,200
2020	120,000	32,605	152,605	520,000	86,400	606,400
2021	130,000	28,105	158,105	550,000	65,600	615,600
2022	135,000	23,230	158,230	580,000	43,600	623,600
2023	140,000	17,965	157,965	250,000	20,400	270,400
2024	150,000	12,505	162,505	260,000	10,400	270,400
2025	155,000	6,355	161,355			
Total	$ 1,260,000	$ 288,655	$ 1,548,655	$ 3,880,000	$ 744,800	$ 4,624,800

Due During Fiscal Year End September 30	Series 2014R Principal	Interest	Total
2016	$ 215,000	$ 113,800	$ 328,800
2017	220,000	109,500	329,500
2018	240,000	105,100	345,100
2019	225,000	99,100	324,100
2020	220,000	93,475	313,475
2021	215,000	86,875	301,875
2022	190,000	80,425	270,425
2023	550,000	74,725	624,725
2024	560,000	55,475	615,475
2025	1,025,000	35,875	1,060,875
Total	$ 3,660,000	$ 854,350	$ 4,514,350

Montgomery County Municipal Utility District No. 60

ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT

Year Ended September 30, 2015

	Bond Issue				
	2005	2006R	2009	2010R	2014R
Interest rate	4.0-5.0%	4.0-6.0%	2.0-3.2%	2.0-4.0%	2.0-3.5%
Dates interest payable	9/1;3/1	9/1;3/1	9/1;3/1	9/1;3/1	9/1;3/1
Maturity dates	9/1/12- 9/1/25	9/1/7- 9/1/25	9/1/10- 9/1/25	9/1/11- 9/1/24	9/1/15- 9/1/25
Original issue amount	$ 2,845,000	$ 8,215,000	$ 1,800,000	$ 7,470,000	$ 3,800,000
Bonds payable, beg. of year	$ 50,000	$ 7,285,000	$ 1,355,000	$ 4,425,000	$ 3,800,000
Bonds sold					
Bonds refunded					
Principal retirements	(50,000)	(710,000)	(95,000)	(545,000)	(140,000)
Bonds Payable, End of Ye	$	$ 6,575,000	$ 1,260,000	$ 3,880,000	$ 3,660,000
Interest Retirements	$ 2,000	$ 307,100	$ 49,790	$ 171,550	$ 138,800

Paying Agent/Registrar

All Series — Bank of New York

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 50,925,000	$	$
Amount issued	$ 42,385,000	$	$ 27,050,000
Remaining	$ 8,540,000	$	$

Debt Service Fund Cash and Temporary Investment Balances at End of Year	$ 625,495
Average Annual Debt Service Payment for Remaining Term of all Debt	$ 1,869,621

Total
$ 16,915,000
(1,540,000)
$ 15,375,000
$ 669,240

Montgomery County Municipal Utility District No. 60

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL AND DEBT SERVICE FUNDS

Last Five Fiscal Years

	Amounts				
	2015	**2014**	**2013**	**2012**	**2011**
General Fund Revenues					
Water and sewer service	$ 4,008,896	$ 4,016,754	$ 4,268,136	$ 4,117,282	$ 3,827,957
Property taxes	1,281,915	769,801	713,614	758,845	774,217
Tap connections & culverts	43,100	49,125	73,700	142,850	37,375
Interest and other	35,477	30,469	9,712	6,424	6,666
Total Revenues	5,369,388	4,866,149	5,065,162	5,025,401	4,646,215
General Fund Expenditures					
Current	4,244,237	4,103,713	4,060,124	3,820,642	3,703,598
Capital outlay	32,150	42,050	92,400	121,150	30,353
Debt service	791,873	787,201	804,896	804,424	830,381
Total Expenditures	5,068,260	4,932,964	4,957,420	4,746,216	4,564,332
Revenues Over (Under) Expenditures	$ 301,128	$ (66,815)	$ 107,742	$ 279,185	$ 81,883

	2015	2014	2013	2012	2011
Debt Service Fund Revenues					
Property taxes	$ 2,212,720	$ 2,756,565	$ 2,703,988	$ 2,673,543	$ 2,604,738
Penalty and interest	11,102	24,494	11,302	11,504	12,108
Interest	1,141	5,148	19,938	2,848	3,799
Total Revenues	2,224,963	2,786,207	2,735,228	2,687,895	2,620,645
Debt Service Fund Expenditures					
Tax collection	60,684	59,508	48,098	42,942	44,471
Debt service	2,211,240	2,909,077	2,919,970	2,702,470	3,640,397
Total Expenditures	2,271,924	2,968,585	2,968,068	2,745,412	3,684,868
Revenues Over (Under) Expenditures	$ (46,961)	$ (182,378)	$ (232,840)	$ (57,517)	$ (1,064,223)

Percent of Total Fund Revenues				
2015	2014	2013	2012	2011
74.7 %	82.5 %	84.3 %	81.9 %	82.4 %
23.9	15.8	14.1	15.1	16.7
0.8	1.0	1.5	2.8	0.8
0.6	0.7	0.1	0.2	(0.1)
100.0	100.0	100.0	100.0	100.0
79.0	84.3	80.2	76.0	79.7
0.6	0.9	1.8	2.4	0.7
14.7	16.2	15.9	16.0	17.9
94.3	101.4	97.9	94.4	98.3
5.7 %	(1.4) %	2.1 %	5.6 %	1.7 %
99.4 %	98.9 %	98.9 %	99.5 %	99.4 %
0.5	0.9	0.4	0.4	0.5
0.1	0.2	0.7	0.1	0.1
100.0	100.0	100.0	100.0	100.0
2.7	2.1	1.8	1.6	1.7
99.4	104.4	106.8	100.5	138.9
102.1	106.5	108.6	102.1	140.6
(2.1) %	(6.5) %	(8.6) %	(2.1) %	(40.6) %

Montgomery County Municipal Utility District No. 60

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

September 30, 2015

District's Mailing Address:	2455 Lake Robbins Drive P.O. Box 7580 The Woodlands, Texas 77380
District's Business Telephone Number:	(281) 367-1271

Name	Term	Fees	Expenses	Title	Resident of District?
Board Members					
Albert Tomchesson	5/12- 5/16	$ 4,650	$ 1,625	President WJPA Trustee	Yes
Ron Kostelny	5/14- 5/18	2,550	1,721	Vice- President	Yes
Sandra George	5/12- 5/16	2,400	714	Assistant Vice President	Yes
Lloyd Matthews	5/12- 5/16	1,950		Secretary/ Treasurer	Yes
Robert M Lux	5/14- 5/18	2,550	893	Assistant Secretary/ Treasurer	Yes

Note: No director is disqualified from serving on this board under the Texas Water Code.

Name and Address	Date Hired	Salaries and Fees	Title	Resident of District?
Key Administrative Personnel				
Jim Stinson 42 Gallant Oak Place The Woodlands, Texas 77381	7/94	$ 175,990 *	General Manager Woodlands JPA	No
Consultants				
Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056	3/1/88	21,407	Attorney	No
Montgomery County Appraisal District 109 Gladstell Conroe, Texas 77301	10/1/84	29,552	Central Appraisal District	No
Sandersen Knox & Co., L.L.P. 130 Industrial Blvd., Suite 130 Sugar Land, Texas 77478	8/1/01	5,200	Independent Auditor	No
RW Baird 4400 Post Oak Parkway, Suite 2790 Houston, Texas 77027	2015	0	Financial Advisor	No

* Represents the General Manager's salary paid by the JPA.

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