



FY21 PRO-FORMA FINANCIAL REPORT

4th Quarter

UNAUDITED

Trial Balance as of September 8, 2021

A large, light blue decorative graphic consisting of several overlapping curved shapes, resembling a stylized wing or a path, positioned at the bottom of the page.

DISCLAIMER

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The information contained herein does not constitute a sufficient basis for making an investment decision with respect to the purchase or sale of any security. This information contained herein is unaudited and subject to change without notice. All information regarding or relating to securities issued or to be issued by the City of Houston (the "City") or through any of its enterprise funds, including the Houston Airport System, is qualified in its entirety by the relevant Official Statement and any related supplements and continuing disclosure. Investors should review the relevant Official Statement and any related supplements and continuing disclosure before making an investment decision with respect to the purchase or sale of any securities issued or to be issued by the City or any of the City's enterprise funds. In addition, before purchasing any securities issued or to be issued by the City or any of the City's enterprise funds, please consult your legal and/or financial advisors for information about and analysis of the securities risks and their suitability as an investment in your particular circumstance.

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This Interim Financial Reporting Presentation is produced by adjusting certain general ledger accounts to produce pro-forma financial statements reflective of the revenues and expenses of the period presented. Some general ledger accounts contain expense accruals that are

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completed at the end of each fiscal year. In order to produce pro-forma financial statements on a quarterly basis, these year-end accruals must be estimated and spread throughout the year. Each year-end accrual estimate is spread evenly over 12 months to produce these interim financial reports. These estimates are subject to inherent risks, uncertainties and assumptions, and are subject to change without notice.

Year-end accrual estimates cause the total expenses in this Interim Financial Reporting Presentation to differ from those presented in the City of Houston MoFR for the Houston Airport System. Such estimates are made on the following general ledger accounts:

- GL 503050 Health Insurance Ret Civ (OPEB)
- GL 504010 Pension-GASB 27 Accr
- GL 520110 Mgmt Consulting Svcs
- GL 520114 Misc Support Svcs
- GL 520120 Commun Equip Svcs
- GL 520121 Application Svcs
- GL 503090 Workers Comp-Civ Adm
- GL 531065 Rev Bonds Interest (Cap Interest)

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PROFORMA FINANCIAL REPORT EXECUTIVE SUMMARY –FY21

(\$s in millions)	FY21	FY20	\$ Variance	% Variance
Proforma Operating Revenues	\$322.3	\$471.9	-\$149.6	-31.7%
Proforma Operating Expenses	\$516.1	\$546.0	-\$29.9	-5.5%
Proforma Non-Operating Revenues/(Expenses) and Capital Contributions	\$193.2	\$79.8	+\$113.4	+142.0%

Highlights

Proforma Operating Revenues (-\$149.6M)

- Decrease in Landing Fees (-\$24.4M) due to the use of CARES Act funding to reduce expenses allocated to airfields (-24.4M).
- Decrease in Rentals, Building and Ground Area (-\$64.9M) primarily due to use of CARES Act funding to reduce expenses allocated to the terminals (-\$54.1M), a reduction in expenses allocated to airline space (-\$10.1M), and various non-terminal rents being lower (-\$0.7M).
- Decrease in Parking (-\$37.4M) mainly due to a year-over-year reduction in the enplanements (-51%) and lower parking rates in HAS garages.
- Decrease in Concessions (-\$23.6M) due to lower enplanements associated with COVID-19, resulting in lower auto rental (-\$2.8M), ground transportation (-\$3.2M) and retail (-\$17.7).

Proforma Operating Expenses (-\$29.9M)

- Decrease in Personnel Costs (-\$7.7M) due to lower pension cost associated with amortization of prior year deferred amounts (-\$9.5M) and lower overtime (-\$2.5M), partially offset by an increase in headcount (+\$3.9M) and employer contributions to the pension plan (+\$0.7M).
- Decrease in Supplies (-\$1.0M) primarily due to lower passenger volume resulting a reduction in expenditures on various supplies and parts for operations and maintenance of the airports.
- Increase in Services (+\$16.9M) due to various airport maintenance and repairs (+\$13.9M), partially offset by a decrease in electricity, miscellaneous services, credit card fees, etc (-\$3.9M).
- Decrease in Non-Capital Outlay (-\$33.2M) due to a lease buy-out completed in 4Q 2020 related to the ITRP (-\$36.5M), partially offset by an increase in write-off of ineligible CIP (+\$3.0M).

Proforma Non-Operating Revenues/Expenses and Capital Contributions +\$113.4M

- Decrease in Investment Income (-\$42.2M) mainly due to lower interest rates, 2.0% vs. 1.2% during the periods, for pooled investment accounts (-\$12.0M) and a decrease in fair value of the investments – a loss of \$13.9M for FY21 compared to a gain of \$15.7M for FY20 (-\$29.5M).
- Decrease in Interest Expense (+\$11.2M) due to bond refunding in October 2020 and June 2021 resulting in lower interest expense (+\$11.9M), partially offset by an increase in costs for the commercial paper (+\$0.5M).
- Decrease in Passenger Facility Charges (-\$15.9M) due to a decrease in passenger volume caused by the pandemic.
- Customer Facility Charges (-\$5.1M) due to a decrease in passenger volume caused by the pandemic.
- Increase in Debt Issuance Costs (-\$6.0M) due to issuance of 2020 Series Bonds in October 2020 and 2021 Series Bonds in June 2021.
- Increase in Loss on Disposal of Assets (-\$16.7M) primarily due to early retirement of garage D/E at Intercontinental in FY21 (\$27.6M) compared to loss recognized for the retirement of various taxiways at IAH in FY20 (\$10.4M).
- Increase in Capital Contributions (+\$188.0M) due to grants received for CARES Act (+\$179.3M) and from FAA/TSA (+\$8.0M).

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PROFORMA FINANCIAL REPORT EXECUTIVE SUMMARY – 4Q FY21

(\$s in millions)	4Q FY21	4Q FY20	\$ Variance	% Variance
Proforma Operating Revenues	\$101.3	\$85.5	+\$15.8	+18.5%
Proforma Operating Expenses	\$141.5	\$176.7	-\$35.2	-19.9%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	\$90.9	\$7.4	+\$83.6	+1,136.1%

Highlights

Proforma Operating Revenues (+\$15.8M)

- Decrease in Rentals, Building and Ground Area (-\$13.5M) primarily due to the use of CARES Act funding to reduce expenses allocated to the terminals (-\$9.3M), a slight reduction in expenses allocated to airline space (-\$1.7M), a reduction in the rental incentives for HOU (-\$2.2M) and various non-terminal rentals (-\$0.3M).
- Increase in Parking (+\$12.9M) mainly due to 582.6% increase in the enplanements for the 3 months ended June 30, 2021 compared to the same period in 2020.
- Increase in Concessions (+\$15.5M) due to 582.6% increase in enplanements for 4Q FY21 versus 4Q FY20 resulting an increase of all concessions, including auto rental concessions (+\$7.9M), ground transportation concessions (+\$2.5M) and retail concessions (+\$5.2M).

Proforma Operating Expenses (-\$35.2M)

- Decrease in Personnel Costs (-\$0.2M) due to lower pension cost associated with amortization of prior year deferred amounts (-\$1.6M) and lower overtime (-\$0.6M), partially offset by an increase in headcount resulting an increase to payroll and employee benefits (+\$2.1M).
- Increase in Supplies (+\$0.9M) primarily due to higher passenger volume during 4Q FY21 resulting in an increase in expenditures on various supplies and parts for operations and maintenance of the airports.
- Decrease in Non-Capital Outlay (-\$33.3M) due to a lease buy-out completed in 4Q FY20 related to ITRP (-\$36.5M) offset by an increase in write-off of ineligible CIP (+\$3.0M).
- Decrease in Depreciation and Amortization (-\$2.8M) primarily due to the demolition of D&E garage at IAH and Terminal A&B upgrades becoming fully depreciated.

Proforma Non-Operating Revenues/Expenses and Capital Contributions (+\$83.6M)

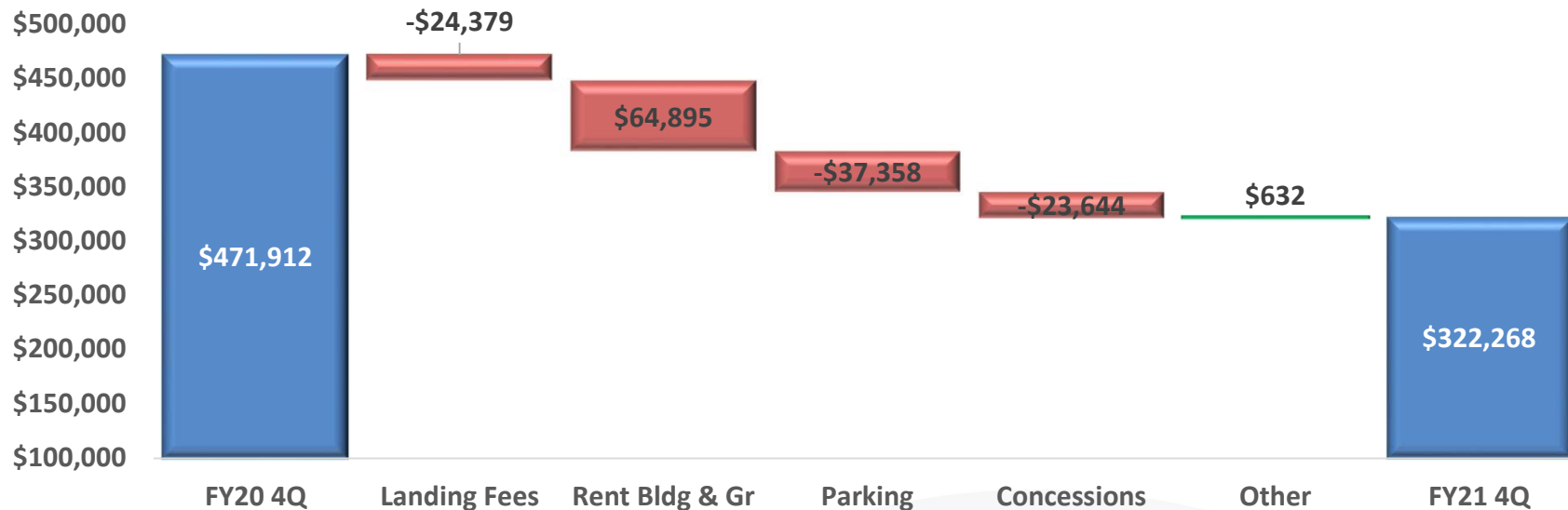
- Decrease in Investment Income (-\$3.8M) mainly due to lower interest rates, 2.0% vs. 1.2% in 4Q FY20 and 4Q FY21, respectively, for pooled investment accounts.
- Decrease in Interest Expense (+\$3.0M) savings associated with issuance of 2020 Series bonds in October 2021 for refunding of various outstanding debt (+\$3.0M).
- Increase in loss on disposal of assets (-\$16.7M) due to early retirement of garage D/E at Intercontinental as part of the International Terminal Redevelopment Program (-\$27.6M) compared to loss recognized for the retirement of various taxiways at IAH in FY20 (\$10.4M).
- Increase in Passenger Facility Charges (+\$27.8M) mainly due to 582.6% increase in passenger volume as many travel restrictions were lifted.
- Increase in Debt Issuance Cost (-\$2.0M) due to issuance of 2021A series bonds in June 2021 to refund the Commercial Paper Note.
- Decrease in Other Revenue (Expense) (-\$6.8M) primarily due to a cost recovery for environmental liabilities recognized in Q4 FY20 (-\$10.0M), offset by an increase in interest income from leases (+\$2.5M).
- Increase in Capital Contributions (+\$81.0M) due to grants received from CARES Act (+\$82.2M), partially offset by reduction in FAA/TSA grants (-\$1.8M).

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PROFORMA OPERATING REVENUES – FY21 vs. FY20 (in 000's)



VARIANCE COMMENTS

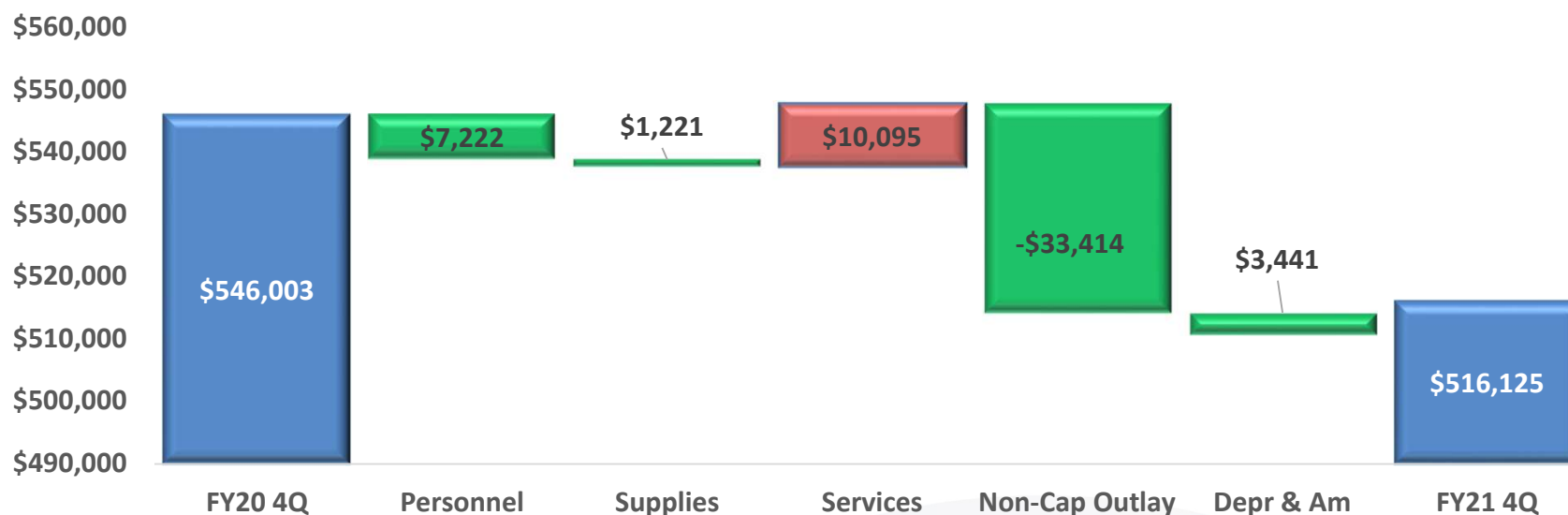
- **Operating Revenues Total: (-\$149.6M)**
- **Landing Fees (-\$24.4M)** due to the use of CARES Act funding to reduce expenses allocated to airfields (-\$24.4M).
- **Rentals, Buildings and Ground Area (-\$64.9M)** primarily due to use of CARES Act funding to reduce expenses allocated to the terminals (-\$54.1M), a reduction in expenses allocated to airline space (-\$10.1M), and various non-terminal rents being lower (-\$0.7M).
- **Parking (-\$37.4M)** mainly due to a year-over-year reduction in the enplanements (-51%) and lower parking rates in HAS garages. In addition, the daily parking rate for the garages was reduced from \$24/day to \$10/day in July 2020 through November 2020. In December 2020, the daily rate was increased to \$15/day.
- **Concessions (-\$23.6M)** due to lower enplanements associated with COVID-19, resulting in lower auto rental (-\$2.8M), ground transportation (-\$3.2M) and retail (-\$17.7M).

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PROFORMA OPERATING EXPENSES –FY21 vs. FY20 (in 000's)



VARIANCE COMMENTS

- **Operating Expenses Total: -\$29.9M**
- **Personnel (-\$7.2M)** due to lower pension cost associated with amortization of prior year deferred amounts (-\$9.5M) and lower overtime (-\$2.5M), partially offset by an increase in headcount from average of 1,092 employees in FY20 to average of 1,134 employee in FY21 (+\$4.6M).
- **Supplies (-\$1.2M)** primarily due to a decrease in passenger volume during FY21 resulting in a reduction in expenditures on various supplies and parts for operations and maintenance of the airports.
- **Services (+\$10.1M)** due to various airport maintenance and repairs (+\$13.9M), partially offset by a decrease in electricity, miscellaneous services, credit card fees, and parking expenses (-\$3.9M).
- **Non-Capital Outlay (-\$33.4M)** due to a lease buy-out completed in 4Q FY20 related to ITRP (-\$36.5M), partially offset by an increase in non-capitalizable expenses (\$3.0M).
- **Depreciation & Amortization (-\$3.4M)** due to certain upgrades in Terminal A becoming fully depreciated in FY20 and early retirement of garage D/E at IAH to clear room for ITRP.

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – FY21 vs. FY20 (in 000's)



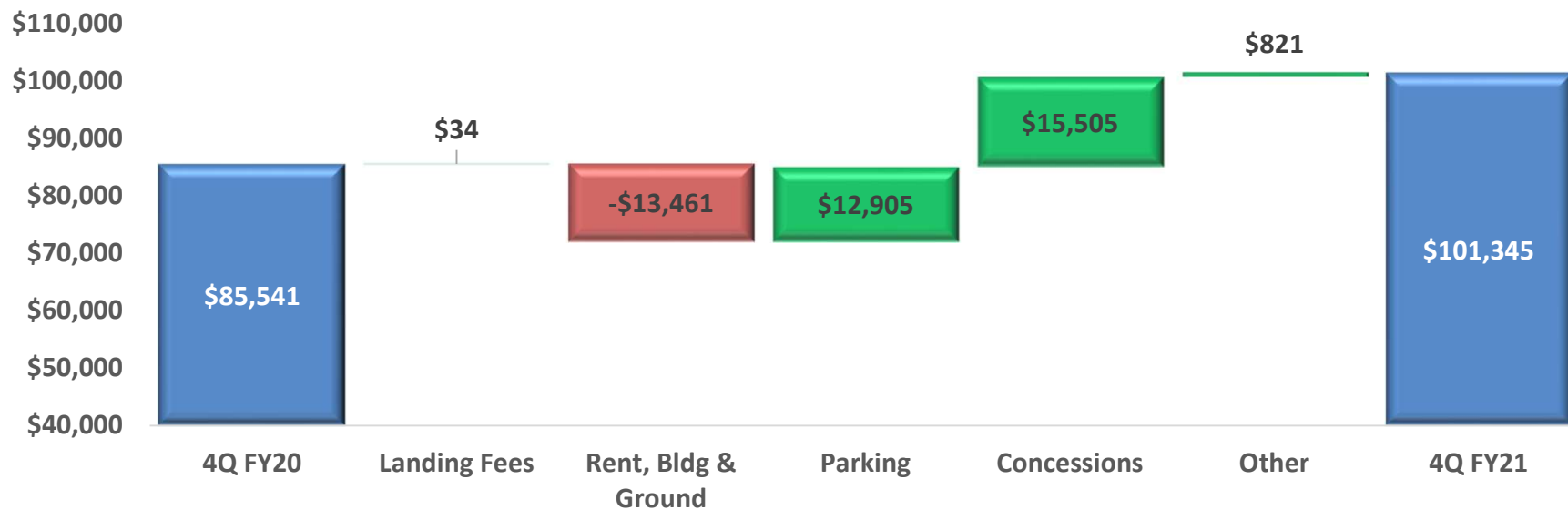
VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contribution Total: +\$113.4M**
- **Investment Income / (Loss) (-\$42.2M)** mainly due to lower interest rates, 2.0% vs. 1.2% during the periods, for pooled investment accounts (-\$12.0M) and a decrease in fair value of the investments (-\$29.5M).
- **Interest Expense (+\$11.2M)** due to savings associated with the issuance of 2020 Series and 2021 Series bonds for refunding of outstanding debt in October 2020 and June 2021 (-\$11.9M).
- **Passenger Facility Charges (-\$15.9M)** due to a decrease in passenger volume caused by the pandemic.
- **Customer Facility Charges (-\$5.1M)** due to a decrease in passenger volume caused by the pandemic.
- **Debt Issuance Costs (+\$6.0M)** due to issuance of 2020 Series Bonds and 2021 Series Bonds in October 2020 and June 2021.
- **Capital Contributions (+\$188.0M)** due to grants received from CARES Act (+\$179.3M) and from FAA/TSA (+\$8.0M).
- **Loss on Disposal of Assets (-\$16.7M)** primarily due to early retirement of garage D/E at Intercontinental in FY21 (\$27.6M) compared to loss recognized for the retirement of various taxiways at IAH in FY20 (\$10.4M).

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PROFORMA OPERATING REVENUES – 4Q FY21 vs. 4Q FY20 (in 000's)



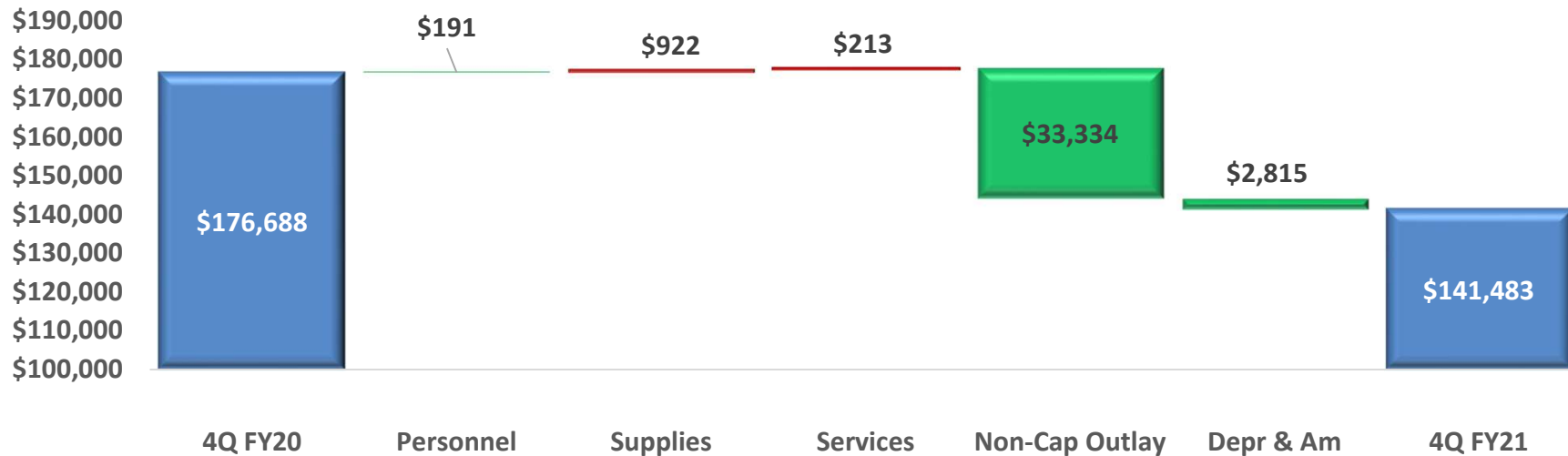
VARIANCE COMMENTS

- **Operating Revenues: (+\$15.8M)**
- **Rentals, Building and Ground Area (-\$13.5M)** due to the use of CARES Act funding to reduce expenses allocated to the terminals (-\$9.3M), a slight reduction in expenses allocated to airline space (-\$1.7M), a reduction in the rental incentives for HOU (-\$2.2M) and various non-terminal rentals (-\$0.3M).
- **Parking (+\$12.9M)** mainly due to 582.6% increase in the enplanements for the 3 months ended June 30, 2021, as many travel restrictions were lifted, compared to the same period in 2020.
- **Concessions (+\$15.5M)** due to 582.6% increase in enplanements for 4Q FY21 versus 4Q FY20 resulting an increase of all concessions, including auto rental concessions (+\$7.9M), ground transportation concessions (+\$2.5M) and retail concessions (+\$5.2M).

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PROFORMA OPERATING EXPENSES – 4Q FY21 vs. 4Q FY20 (in 000's)



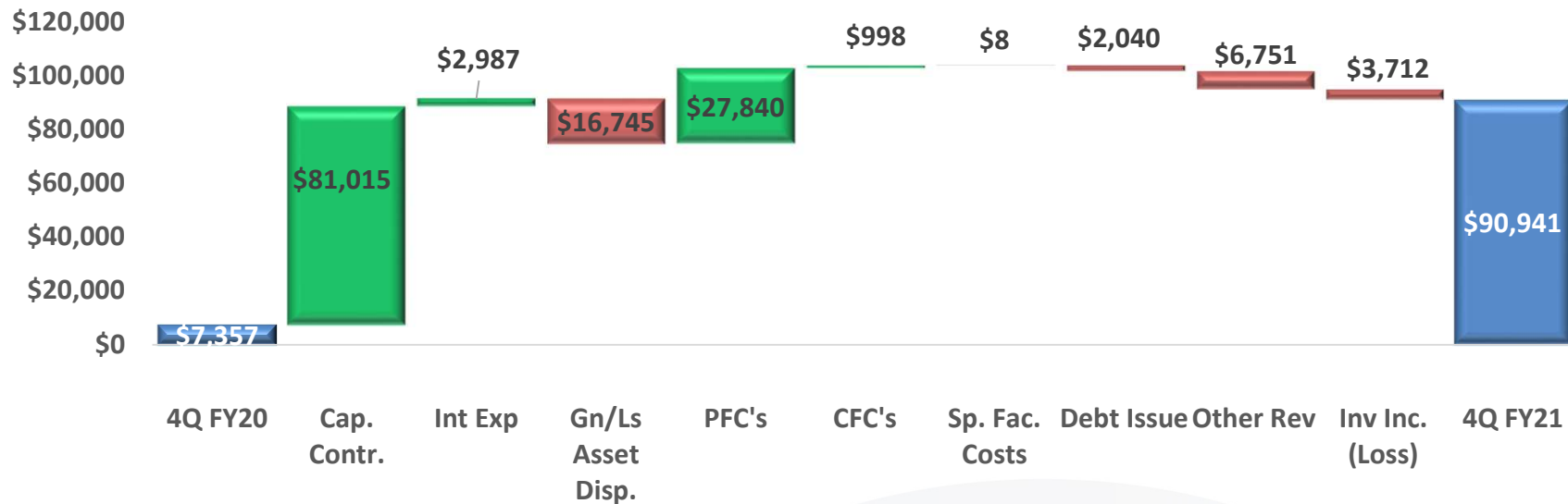
VARIANCE COMMENTS

- **Operating Expenses: (-\$35.2M)**
- **Personnel Costs (-\$0.2M)** due to lower pension cost associated with amortization of prior year deferred amounts (-\$1.6M) and lower overtime (-\$0.6M), partially offset by an increase in headcount resulting an increase to payroll and employee benefits (+\$2.1M).
- **Supplies (+\$0.9M)** due to higher passenger volume during 4Q FY21 resulting in an increase in expenditures on various supplies and parts for operations and maintenance of the airports.
- **Non-Capital Outlay (-\$33.3M)** due to a lease buy-out completed in 4Q FY20 related to ITRP (-\$36.5M), partially offset by an increase in write-off of ineligible CIP (+\$3.0M).
- **Depreciation & Amortization (-\$2.8M)** due to certain upgrades in Terminal A becoming fully depreciated in FY20 and early retirement of garage D/E at IAH in March 2021.

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – 4Q FY21 vs. 4Q FY20 (in 000's)



VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contributions Total: +\$83.6M**
- **Capital Contributions (+\$81.0M)** due to grants received from CARES Act (+\$82.2M) and from FAA/TSA (-\$1.8M).
- **Interest Expense (+\$3.0M)** savings associated with issuance of 2020 Series bonds in October 2021 for refunding of various outstanding debt (+\$3.0M).
- **Passenger Facility Charges (-\$27.8M)** due to 582.6% increase in passenger volume as many travel restrictions were lifted.
- **Loss on disposal of assets (-\$16.7M)** due to early retirement of garage D/E at Intercontinental as part of the ITRP Program (-\$27.6M) compared to loss recognized for the retirement of taxiway Ws in IAH in FY20 (\$10.4M).
- **Customer Facility Charges (-\$1.0M)** due to 582.6% increase in passenger volume as many travel restrictions were lifted.
- **Debt Issuance Cost (-\$2.0M)** due to issuance of 2021 Series Bonds in June 2021. No bonds were issued in 4Q FY2020.
- **Other Revenue (Expense) (-\$6.7M)** due to a cost recovery for environmental liabilities recognized in Q4 FY20 (-\$10.0M), offset by an increase in interest income from leases (+\$2.5M).
- **Investment Income (-\$3.7M)** mainly due to lower interest rates, 2.0% vs. 1.2% in 4Q FY20 and 4Q FY21, respectively, for pooled investment accounts.

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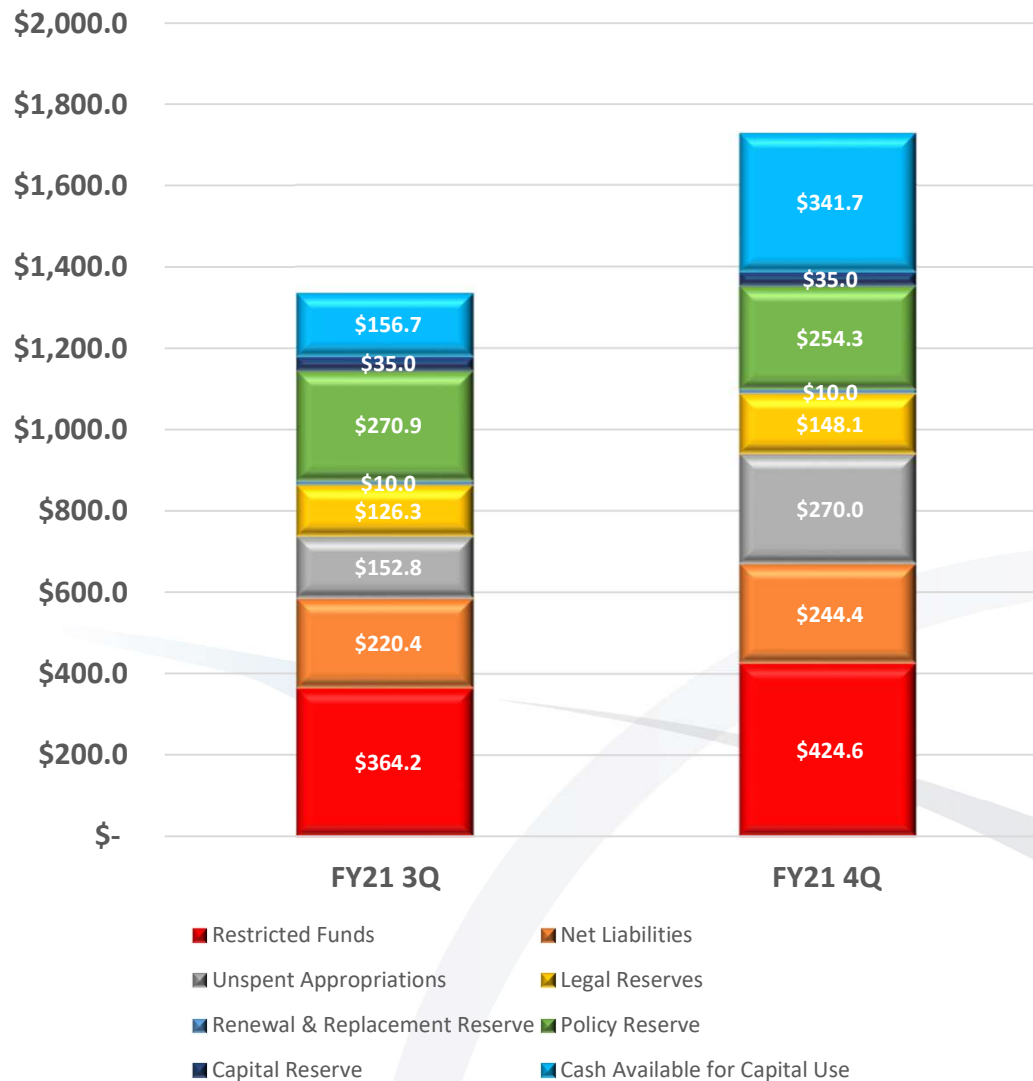
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PROFORMA CASH REPORTS



PROFORMA AVAILABLE CASH AS OF 4Q FY21 vs. 3Q FY21 (in millions)

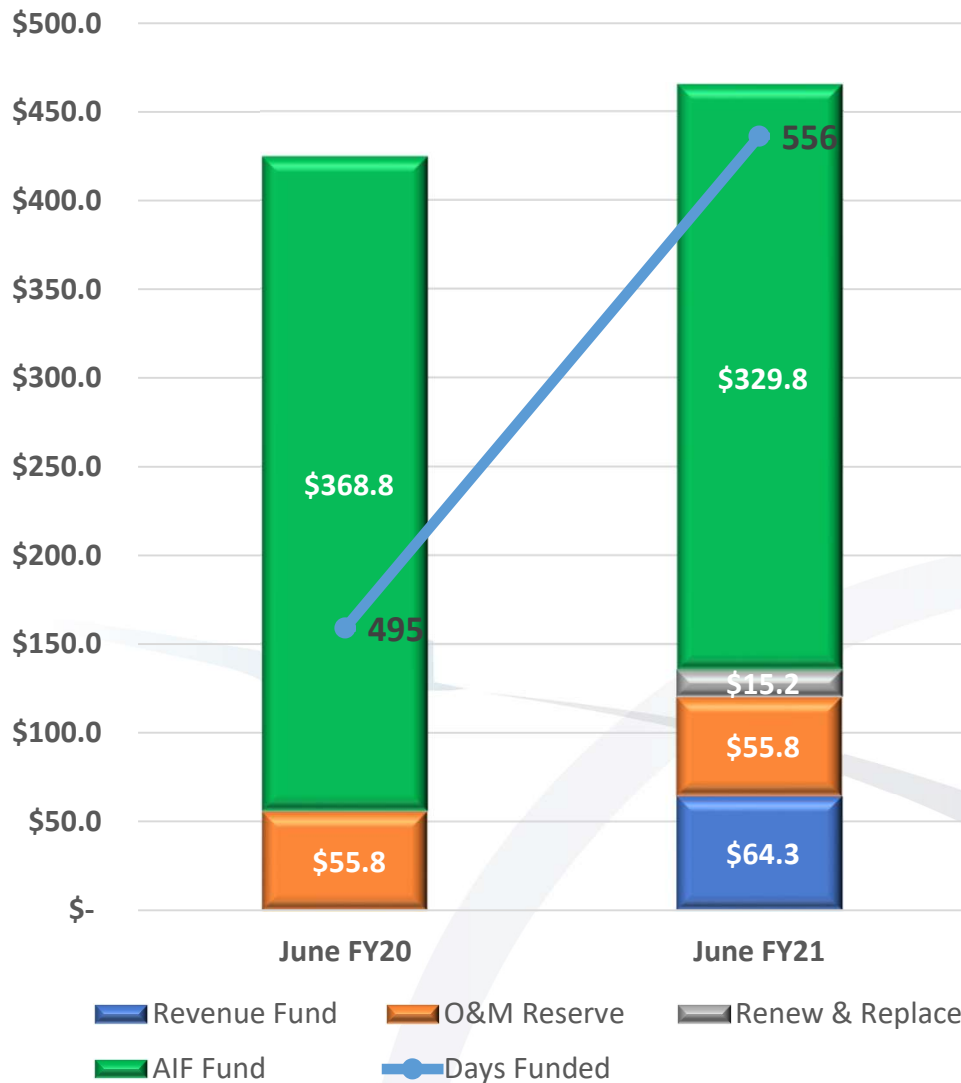


- Cash balance at June 30, 2021 was \$1.728 billion, an increase of (+\$391.8M) when compared to \$1.336 billion at March 31, 2021 primarily due to an increase in Restricted Funds (+\$60.4M), an increase in net liability (+\$24.0M), and increase in unspent appropriations (+\$117.2M), an increase in legal reserve (+\$21.8M), a decrease in policy reserve (-\$16.6M), and an increase in cash available for capital use (+\$185.0M).

- Cash Available for Operations at \$465.1M as of 4Q FY21 increased by (+\$21.4M) when compared to 3Q FY21 mainly due to an increase in balance from CARES Act reimbursements (+\$56.0M), an increase in revenue fund balance (+\$50.2M), and a decrease in unappropriated capital funds (-\$84.8M).

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PROFORMA DAYS FUNDED W/ CASH AVAILABLE AS OF JUNE FY21 vs. JUNE FY20 (\$'s in millions)



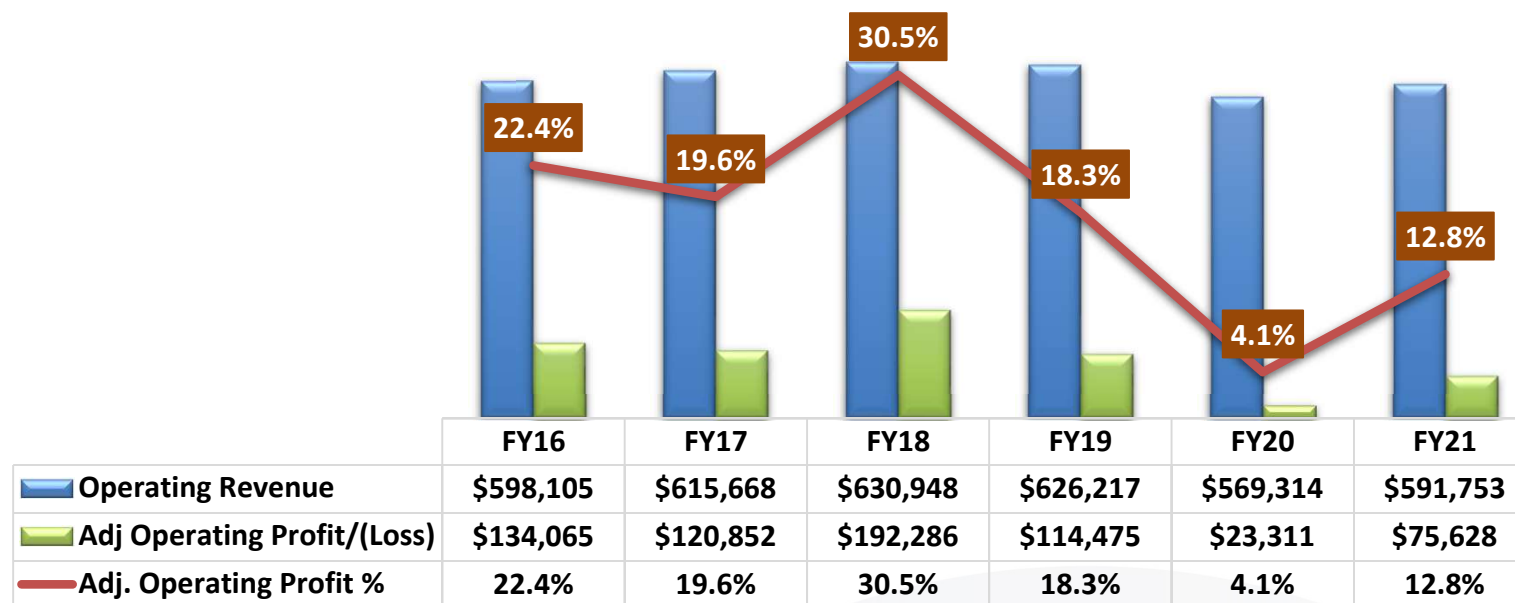
- Days funded increased by 61 days.
- Cash available for operations increased by \$40.5M.
- Budgeted Daily cash requirement is \$21.2K lower in FY21.

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PROFITABILITY AND TREND ANALYSIS



PROFORMA ADJUSTED OPERATING PROFIT % TREND (in 000's)



VARIANCE COMMENTS

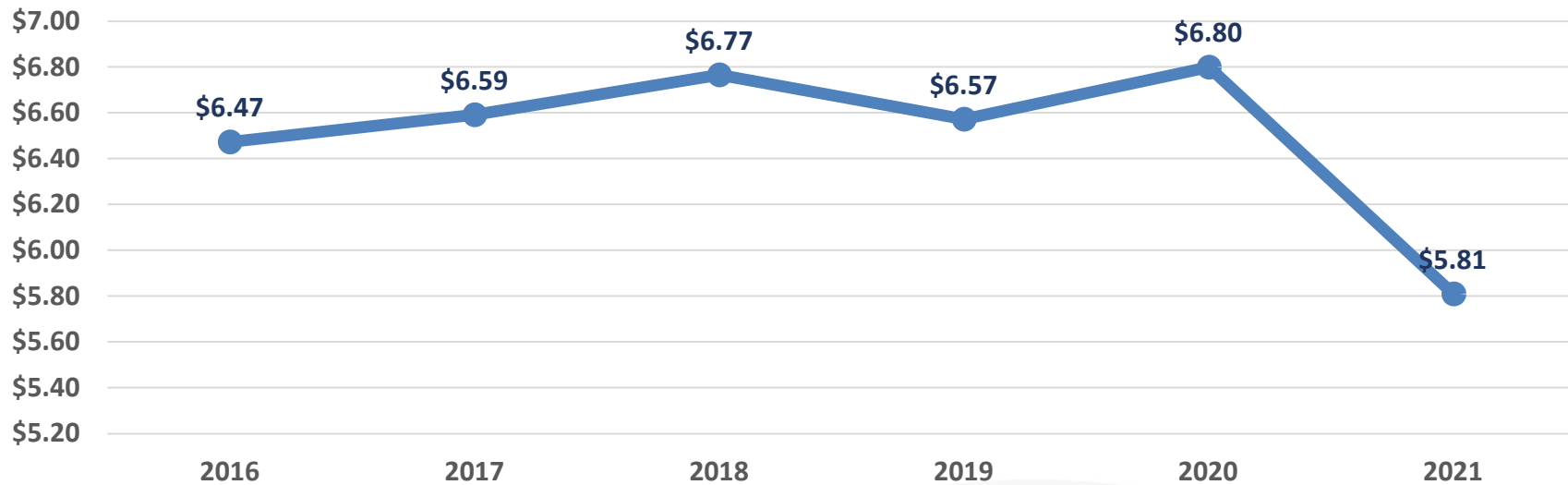
- FY21 adjusted operating profit % was higher than FY20 due to CARES Act funding (+\$185.2M), partially offset by lower PFC revenue (-\$15.9M).
- FY20 adjusted operating profit % was lower than FY19 due to lower parking and concession revenue, and lower PFCs due to COVID-19, higher personnel costs (+\$4.9M) and higher Non-Capital outlay (+\$25.3M).

Note: Operating Revenues exclude Passenger Facility Charges and Capital Contributions, which are considered non-operating for statutory accounting purposes. Passenger Facility Charges and Capital Contributions are included in operating income for managerial reporting purposes to arrive at adjusted operating profit.

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KEY PERFORMANCE INDICATORS

VARIABLE NON-AIRLINE REVENUE PER ENPLANEMENT TREND



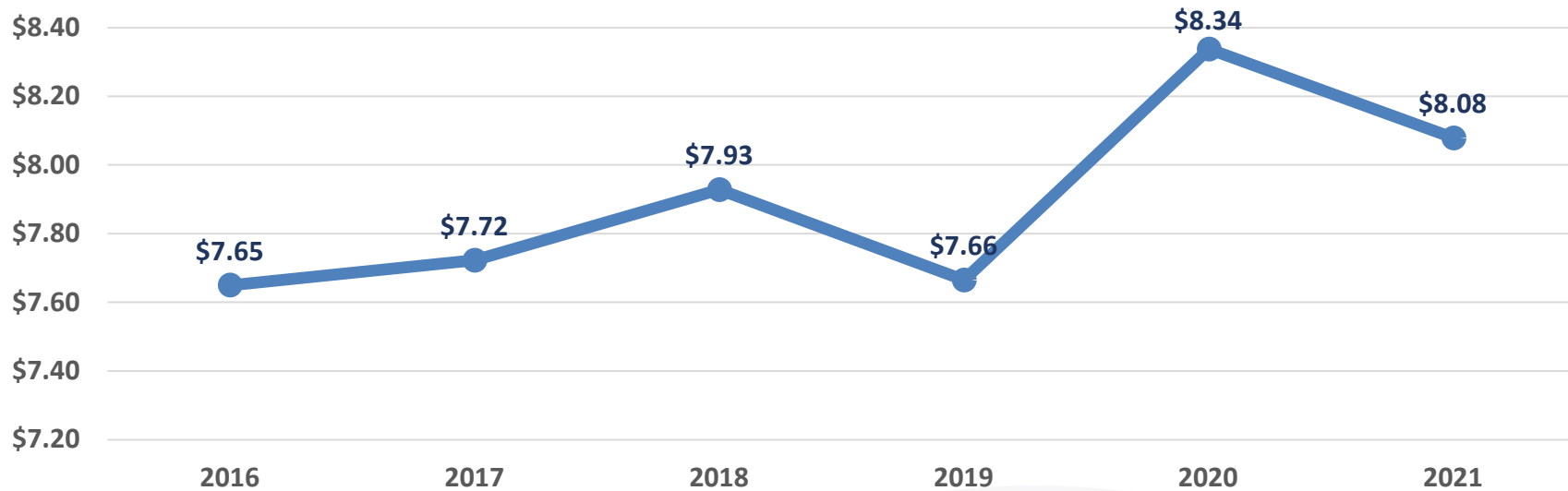
VARIANCE COMMENTS

- The FY21 decrease in Non-Airline Revenue per Enplanement primarily due the daily parking rate for the garages was reduced from \$24/day to \$10/day in July 2020 through November 2020. In December 2020, the daily rate was increased to \$15/day. Also many stores were not open during pandemic.
- The FY20 vs FY19 increase in Non-Airline Revenue per Enplanement is due to the decrease of enplanements resulting from the impact of COVID-19 in mid-March to June. Total enplanements of 21,778K in FY20 is 27% lower than in FY19.
- The FY19 vs. FY18 decline in Non-Airline Revenue per Enplanement is primarily due to enplanement growth exceeding non-airline revenue categories (e.g. Parking, Concessions and Auto Rentals).
- The slight upward trend from FY17 to FY18 in non-airline revenue per Enplanement is primarily driven by an increase in parking revenues associated with an increase in rate from \$20 to \$22 in May 2017, at both IAH and HOU.

NOTE: This measure of non-airline revenue excludes all revenues not expected to vary in direct correlation with an increase in enplaned passengers (fixed rent, aviation fuel, hangar rentals, etc.)

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TOTAL NON-AIRLINE REVENUE PER ENPLANEMENT TREND

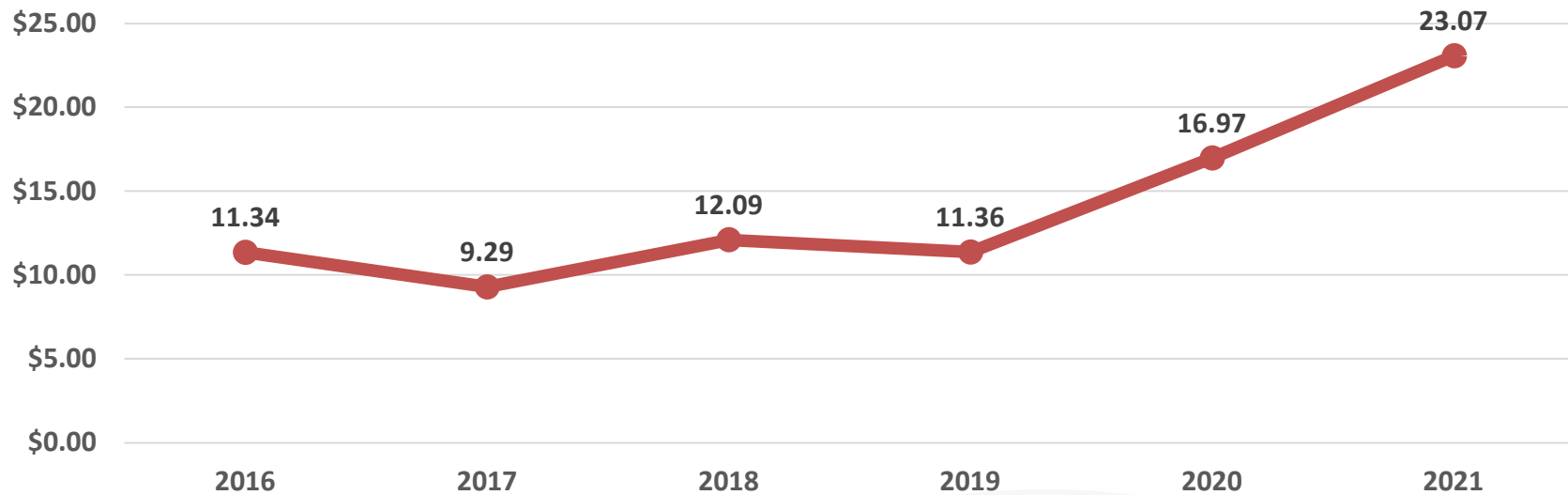


VARIANCE COMMENTS

- The FY21 Operating Non-Airline Revenue per Enplanement is slightly lower than FY20 due to lower parking rate and many stores not open during pandemic.
- The FY20 vs FY19 increase in Operating Non-Airline Revenue per Enplanement is due to the decrease of enplanements resulting from the impact of COVID-19 in mid-March to June. Total enplanements of 21,778K in FY20 is 27% lower than in FY19.
- The FY19 vs. FY18 decline in Operating Non-Airline Revenue per Enplanement is primarily due to enplanement growth exceeding non-airline revenue categories (e.g. Parking, Concessions and Auto Rentals).
- The slight upward trend from FY17 to FY18 in non-airline revenue per Enplanement is primarily driven by an increase in parking revenues associated with an increase in rate from \$20 to \$22 in May 2017, at both IAH and HOU.

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O&M EXPENSE PER ENPLANEMENT TREND

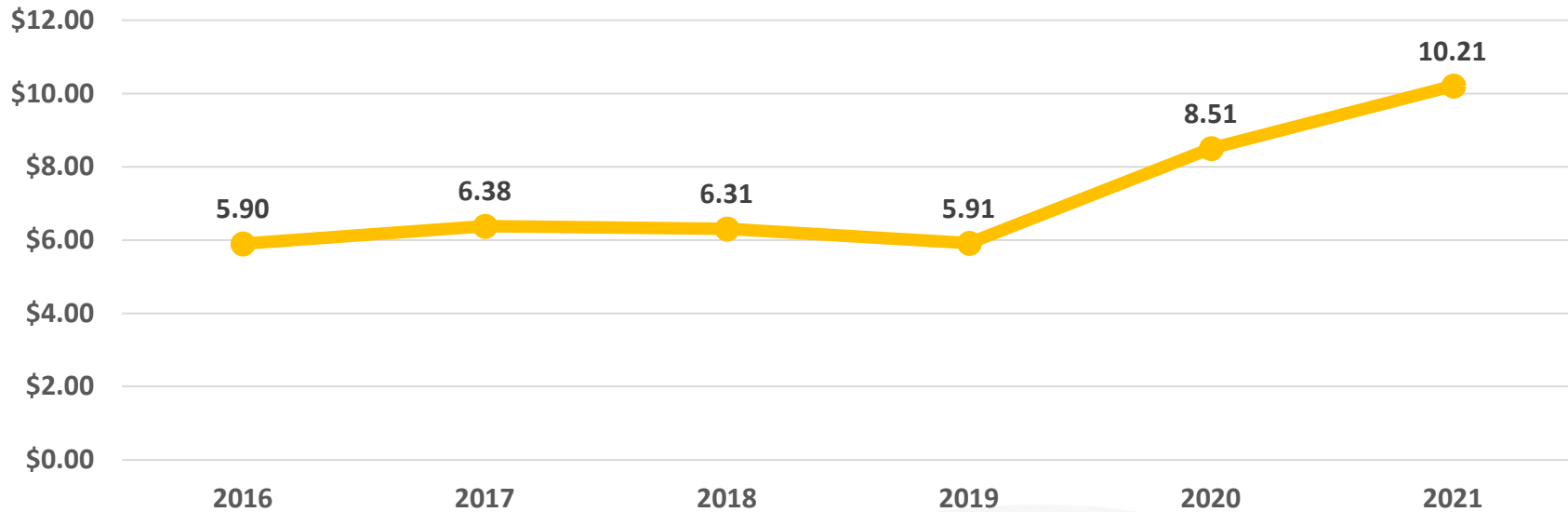


VARIANCE COMMENTS

- FY21 O&M Expense per Enplanement increased when compared to FY20 due to a significant decline in enplanements due to COVID-19. YTD FY21 enplanements is down 31.4% compared to YTD FY20.
- FY20 O&M Expense per Enplanement increased when compared to FY19 due to a significant decline in enplanements since the second half of March 2020 to June 2020, an increase in Personnel costs (+\$4.9M), and an increase in Non-Capital Outlay (+\$25.3M).
- FY19 vs. FY18 O&M Expense per Enplanement decreased primarily due to an increase in enplanements in FY19, which saw no impact of Hurricane Harvey.

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DEBT SERVICE PER ENPLANEMENT TREND



VARIANCE COMMENTS

- The higher FY21 debt service per Enplanement was due to a significant decrease in enplanements associated with COVID-19. FY21 enplanements is 31.4% lower than FY20.
- FY20 Debt Service per Enplanement was higher due to the significant decrease in enplanements associated with COVID-19, and a slight increase in debt service requirement year over year.
 - FY20 vs. FY19 debt service requirement was higher by \$9.0 million (\$185M in FY20 vs \$176M in FY19).
- The FY19 vs. FY18 lower debt service per enplanement was primarily due to the decrease in debt service associated with bond refinancing in FY18 and an increase in enplanements in FY19 compared to FY18.

UNAUDITED

FINANCIAL STATEMENTS



UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (HAS)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	71,483	95,862	(24,379)	-25.4%
Rentals, building and ground area	158,406	223,301	(64,895)	-29.1%
Parking	43,815	81,173	(37,358)	-46.0%
Concessions	42,093	65,737	(23,644)	-36.0%
Other	6,471	5,839	632	10.8%
Total operating revenues	<u>322,268</u>	<u>471,912</u>	<u>(149,644)</u>	<u>-31.7%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	111,788	119,481	(7,693)	-6.4%
Supplies	7,176	8,223	(1,047)	-12.7%
Services	221,674	204,811	16,863	8.2%
Non-capital outlay	4,692	37,915	(33,223)	-87.6%
Depreciation and amortization	170,795	175,573	(4,778)	-2.7%
Total operating expenses	<u>516,125</u>	<u>546,003</u>	<u>(29,878)</u>	<u>-5.5%</u>
Operating income (loss)	<u>(193,857)</u>	<u>(74,091)</u>	<u>(119,766)</u>	<u>161.6%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	1,523	43,701	(42,178)	-96.5%
Interest expense	(63,401)	(74,533)	11,132	-14.9%
Gain / (Loss) on disposal of assets	(27,600)	(10,856)	(16,744)	154.2%
Passenger facility charges	62,541	78,418	(15,877)	-20.2%
Customer facility charges	8,191	13,320	(5,129)	-38.5%
Special facility cost	(75)	(37)	(38)	102.7%
Cost of issuance for debt	(6,020)	-	(6,020)	100.0%
Other revenue (expense)	11,077	10,820	257	2.4%
Total nonoperating revenues (expenses)	<u>(13,764)</u>	<u>60,833</u>	<u>(74,597)</u>	<u>-122.6%</u>
Income/(loss) before capital contributions	(207,621)	(13,258)	(194,363)	1466.0%
Capital contributions	<u>206,944</u>	<u>18,984</u>	<u>187,960</u>	<u>990.1%</u>
Change in net position	(677)	5,726	(6,403)	-111.8%
Total net position, July 1	<u>1,603,982</u>	<u>1,598,256</u>	<u>5,726</u>	<u>0.4%</u>
Total net position, June 30	<u><u>1,603,305</u></u>	<u><u>1,603,982</u></u>	<u><u>(677)</u></u>	<u><u>0.0%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (IAH)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	52,818	75,683	(22,865)	-30.2%
Rentals, building and ground area	128,245	186,475	(58,230)	-31.2%
Parking	31,749	61,506	(29,757)	-48.4%
Concessions	31,114	45,075	(13,961)	-31.0%
Other	5,191	4,732	459	9.7%
Total operating revenues	<u>249,117</u>	<u>373,471</u>	<u>(124,354)</u>	<u>-33.3%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	80,282	87,742	(7,460)	-8.5%
Supplies	4,820	5,781	(961)	-16.6%
Services	168,406	156,863	11,543	7.4%
Non-capital outlay	3,471	29,031	(25,560)	-88.0%
Depreciation and amortization	132,804	140,336	(7,532)	-5.4%
Total operating expenses	<u>389,783</u>	<u>419,753</u>	<u>(29,970)</u>	<u>-7.1%</u>
Operating income (loss)	<u>(140,666)</u>	<u>(46,282)</u>	<u>(94,384)</u>	<u>203.9%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	1,187	33,756	(32,569)	-96.5%
Interest expense	(46,665)	(54,856)	8,191	-14.9%
Gain / (Loss) on disposal of assets	(27,600)	(10,856)	(16,744)	154.2%
Passenger facility charges	47,012	61,120	(14,108)	-23.1%
Customer facility charges	8,191	13,320	(5,129)	-38.5%
Special facility cost	(75)	(37)	(38)	102.7%
Cost of issuance for debt	(4,262)	-	(4,262)	100.0%
Other revenue (expense)	6,992	8,318	(1,326)	-15.9%
Total nonoperating revenues (expenses)	<u>(15,220)</u>	<u>50,765</u>	<u>(65,985)</u>	<u>-130.0%</u>
Income/(loss) before capital contributions	(155,886)	4,483	(160,369)	-3577.3%
Capital contributions	<u>155,955</u>	<u>14,606</u>	<u>141,349</u>	<u>967.7%</u>
Change in net position	<u>69</u>	<u>19,089</u>	<u>(19,020)</u>	<u>-99.6%</u>
Total net position, July 1	<u>1,439,900</u>	<u>1,419,153</u>	<u>20,747</u>	<u>1.5%</u>
Total net position, June 30	<u><u>1,439,969</u></u>	<u><u>1,438,242</u></u>	<u><u>1,727</u></u>	<u><u>0.1%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (HOU)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	18,451	19,974	(1,523)	-7.6%
Rentals, building and ground area	28,536	35,132	(6,596)	-18.8%
Parking	12,066	19,667	(7,601)	-38.6%
Concessions	10,868	20,558	(9,690)	-47.1%
Other	1,198	1,028	170	16.5%
Total operating revenues	<u>71,119</u>	<u>96,359</u>	<u>(25,240)</u>	<u>-26.2%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	28,688	28,985	(297)	-1.0%
Supplies	2,033	2,086	(53)	-2.5%
Services	48,905	44,486	4,419	9.9%
Non-capital outlay	1,161	8,365	(7,204)	-86.1%
Depreciation and amortization	32,427	29,790	2,637	8.9%
Total operating expenses	<u>113,214</u>	<u>113,712</u>	<u>(498)</u>	<u>-0.4%</u>
Operating income(loss)	<u>(42,095)</u>	<u>(17,353)</u>	<u>(24,742)</u>	<u>142.6%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	314	9,365	(9,051)	-96.6%
Interest expense	(14,961)	(17,590)	2,629	-14.9%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	15,529	17,298	(1,769)	-10.2%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	(1,571)	-	(1,571)	100.0%
Other revenue (expense)	3,600	2,355	1,245	52.9%
Total nonoperating revenues (expenses)	<u>2,911</u>	<u>11,428</u>	<u>(8,517)</u>	<u>-74.5%</u>
Income/(loss) before capital contributions	<u>(39,184)</u>	<u>(5,925)</u>	<u>(33,259)</u>	<u>561.3%</u>
Capital contributions	<u>49,519</u>	<u>4,378</u>	<u>45,141</u>	<u>1031.1%</u>
Change in net position	<u>10,335</u>	<u>(1,547)</u>	<u>11,882</u>	<u>768.1%</u>
Total net position, July 1	<u>240,207</u>	<u>243,341</u>	<u>(3,134)</u>	<u>-1.3%</u>
Total net position, June 30	<u><u>250,542</u></u>	<u><u>241,794</u></u>	<u><u>8,748</u></u>	<u><u>3.6%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (EFD)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	214	205	9	4.4%
Rentals, building and ground area	1,625	1,694	(69)	-4.1%
Parking	-	-	-	N/A
Concessions	111	104	7	6.7%
Other	82	79	3	3.8%
Total operating revenues	<u>2,032</u>	<u>2,082</u>	<u>(50)</u>	<u>-2.4%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	2,818	2,754	64	2.3%
Supplies	323	356	(33)	-9.3%
Services	4,363	3,462	901	26.0%
Non-capital outlay	60	519	(459)	-88.4%
Depreciation and amortization	5,564	5,447	117	2.1%
Total operating expenses	<u>13,128</u>	<u>12,538</u>	<u>590</u>	<u>4.7%</u>
Operating income (loss)	<u>(11,096)</u>	<u>(10,456)</u>	<u>(640)</u>	<u>6.1%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	22	580	(558)	-96.2%
Interest expense	(1,775)	(2,087)	312	-14.9%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	-	-	-	N/A
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	(187)	-	(187)	100.0%
Other revenue (expense)	485	147	338	229.9%
Total nonoperating revenues (expenses)	<u>(1,455)</u>	<u>(1,360)</u>	<u>(95)</u>	<u>7.0%</u>
Income/(loss) before capital contributions	<u>(12,551)</u>	<u>(11,816)</u>	<u>(735)</u>	<u>6.2%</u>
Capital contributions	<u>1,470</u>	<u>-</u>	<u>1,470</u>	<u>100.0%</u>
Change in net position	<u>(11,081)</u>	<u>(11,816)</u>	<u>735</u>	<u>-6.2%</u>
Total net position, July 1	<u>(76,125)</u>	<u>(64,238)</u>	<u>(11,887)</u>	<u>18.5%</u>
Total net position, June 30	<u><u>(87,206)</u></u>	<u><u>(76,054)</u></u>	<u><u>(11,152)</u></u>	<u><u>14.7%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (HAS)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	24,227	24,193	34	0.1%
Rentals, building and ground area	39,591	53,052	(13,461)	-25.4%
Parking	16,310	3,405	12,905	379.0%
Concessions	19,168	3,663	15,505	423.3%
Other	2,049	1,228	821	66.9%
Total operating revenues	<u>101,345</u>	<u>85,541</u>	<u>15,804</u>	<u>18.5%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	28,899	29,090	(191)	-0.7%
Supplies	2,651	1,729	922	53.3%
Services	65,262	65,049	213	0.3%
Non-capital outlay	3,774	37,108	(33,334)	-89.8%
Depreciation and amortization	40,897	43,712	(2,815)	-6.4%
Total operating expenses	<u>141,483</u>	<u>176,688</u>	<u>(35,205)</u>	<u>-19.9%</u>
Operating income (loss)	<u>(40,138)</u>	<u>(91,147)</u>	<u>51,009</u>	<u>-56.0%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	3,255	6,967	(3,712)	-53.3%
Interest expense	(15,401)	(18,388)	2,987	-16.2%
Gain / (Loss) on disposal of assets	(27,601)	(10,856)	(16,745)	154.2%
Passenger facility charges	28,184	344	27,840	8093.0%
Customer facility charges	2,858	1,860	998	53.7%
Special facility cost	(13)	(5)	(8)	160.0%
Cost of issuance for debt	(2,040)	-	(2,040)	100.0%
Other revenue (expense)	3,174	9,925	(6,751)	-68.0%
Total nonoperating revenues (expenses)	<u>(7,584)</u>	<u>(10,153)</u>	<u>2,569</u>	<u>-25.3%</u>
Income/(loss) before capital contributions	(47,722)	(101,300)	53,578	-52.9%
Capital contributions	<u>98,525</u>	<u>17,510</u>	<u>81,015</u>	<u>462.7%</u>
Change in net position	50,803	(83,790)	134,593	160.6%
Total net position, July 1	<u>1,603,982</u>	<u>1,598,256</u>	<u>5,726</u>	<u>0.4%</u>
Total net position, June 30	<u><u>1,654,785</u></u>	<u><u>1,514,466</u></u>	<u><u>140,319</u></u>	<u><u>9.3%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (IAH)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	17,059	17,463	(404)	-2.3%
Rentals, building and ground area	32,240	42,194	(9,954)	-23.6%
Parking	11,804	2,488	9,316	374.4%
Concessions	14,373	2,281	12,092	530.1%
Other	1,657	1,000	657	65.7%
Total operating revenues	<u>77,133</u>	<u>65,426</u>	<u>11,707</u>	<u>17.9%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	20,359	21,614	(1,255)	-5.8%
Supplies	1,725	1,118	607	54.3%
Services	49,435	48,494	941	1.9%
Non-capital outlay	2,890	27,809	(24,919)	-89.6%
Depreciation and amortization	31,126	34,624	(3,498)	-10.1%
Total operating expenses	<u>105,535</u>	<u>133,659</u>	<u>(28,124)</u>	<u>-21.0%</u>
Operating income (loss)	<u>(28,402)</u>	<u>(68,233)</u>	<u>39,831</u>	<u>-58.4%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	2,445	5,257	(2,812)	-53.5%
Interest expense	(11,326)	(13,534)	2,208	-16.3%
Gain / (Loss) on disposal of assets	(27,601)	(10,856)	(16,745)	154.2%
Passenger facility charges	20,784	941	19,843	2108.7%
Customer facility charges	3,640	1,860	1,780	95.7%
Special facility cost	(13)	(5)	(8)	160.0%
Cost of issuance for debt	(1,444)	-	(1,444)	100.0%
Other revenue (expense)	2,008	7,451	(5,443)	-73.1%
Total nonoperating revenues (expenses)	<u>(11,507)</u>	<u>(8,886)</u>	<u>(2,621)</u>	<u>29.5%</u>
Income/(loss) before capital contributions	<u>(39,909)</u>	<u>(77,119)</u>	<u>37,210</u>	<u>-48.3%</u>
Capital contributions	<u>52,133</u>	<u>14,360</u>	<u>37,773</u>	<u>263.0%</u>
Change in net position	<u>12,224</u>	<u>(62,759)</u>	<u>74,983</u>	<u>119.5%</u>
Total net position, July 1	<u>1,439,900</u>	<u>1,419,153</u>	<u>20,747</u>	<u>1.5%</u>
Total net position, June 30	<u><u>1,452,124</u></u>	<u><u>1,356,394</u></u>	<u><u>95,730</u></u>	<u><u>7.1%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (HOU)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	7,113	6,703	410	6.1%
Rentals, building and ground area	6,935	10,406	(3,471)	-33.4%
Parking	4,506	917	3,589	391.4%
Concessions	4,793	1,382	3,411	246.8%
Other	369	210	159	75.7%
Total operating revenues	<u>23,716</u>	<u>19,618</u>	<u>4,098</u>	<u>20.9%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	7,780	6,764	1,016	15.0%
Supplies	795	495	300	60.6%
Services	14,607	14,778	(171)	-1.2%
Non-capital outlay	835	8,575	(7,740)	-90.3%
Depreciation and amortization	8,273	7,665	608	7.9%
Total operating expenses	<u>32,290</u>	<u>38,277</u>	<u>(5,987)</u>	<u>-15.6%</u>
Operating income(loss)	<u>(8,574)</u>	<u>(18,659)</u>	<u>10,085</u>	<u>-54.0%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	761	1,577	(816)	-51.7%
Interest expense	(3,643)	(4,339)	696	-16.0%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	7,400	(597)	7,997	1339.5%
Customer facility charges	(782)	-	(782)	100.0%
Special facility cost	-	-	-	N/A
Cost of issuance for debt	(533)	-	(533)	100.0%
Other revenue (expense)	1,042	2,280	(1,238)	-54.3%
Total nonoperating revenues (expenses)	<u>4,245</u>	<u>(1,079)</u>	<u>5,324</u>	<u>493.4%</u>
Income/(loss) before capital contributions	<u>(4,329)</u>	<u>(19,738)</u>	<u>15,409</u>	<u>-78.1%</u>
Capital contributions	<u>45,594</u>	<u>3,150</u>	<u>42,444</u>	<u>1347.4%</u>
Change in net position	<u>41,265</u>	<u>(16,588)</u>	<u>57,853</u>	<u>348.8%</u>
Total net position, July 1	<u>240,207</u>	<u>243,341</u>	<u>(3,134)</u>	<u>-1.3%</u>
Total net position, June 30	<u><u>281,472</u></u>	<u><u>226,753</u></u>	<u><u>54,719</u></u>	<u><u>24.1%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (EFD)**

	<u>FY21</u>	<u>FY20</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	55	27	28	103.7%
Rentals, building and ground area	416	452	(36)	-8.0%
Parking	-	-	-	N/A
Concessions	2	-	2	100.0%
Other	23	18	5	27.8%
Total operating revenues	<u>496</u>	<u>497</u>	<u>(1)</u>	<u>-0.2%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	760	712	48	6.7%
Supplies	131	116	15	12.9%
Services	1,220	1,777	(557)	-31.3%
Non-capital outlay	49	724	(675)	-93.2%
Depreciation and amortization	1,498	1,423	75	5.3%
Total operating expenses	<u>3,658</u>	<u>4,752</u>	<u>(1,094)</u>	<u>-23.0%</u>
Operating income (loss)	<u>(3,162)</u>	<u>(4,255)</u>	<u>1,093</u>	<u>-25.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	49	133	(84)	-63.2%
Interest expense	(432)	(515)	83	-16.1%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	-	-	-	N/A
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	(63)	-	(63)	100.0%
Other revenue (expense)	124	194	(70)	-36.1%
Total nonoperating revenues (expenses)	<u>(322)</u>	<u>(188)</u>	<u>(134)</u>	<u>71.3%</u>
Income/(loss) before capital contributions	<u>(3,484)</u>	<u>(4,443)</u>	<u>959</u>	<u>-21.6%</u>
Capital contributions	<u>798</u>	<u>-</u>	<u>798</u>	<u>100.0%</u>
Change in net position	<u>(2,686)</u>	<u>(4,443)</u>	<u>1,757</u>	<u>-39.5%</u>
Total net position, July 1	<u>(76,125)</u>	<u>(64,238)</u>	<u>(11,887)</u>	<u>18.5%</u>
Total net position, June 30	<u><u>(78,811)</u></u>	<u><u>(68,681)</u></u>	<u><u>(10,130)</u></u>	<u><u>14.7%</u></u>

UNAUDITED**STATEMENTS OF NET POSITION (in thousands)
as of June 30, 2021 and June 30, 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets		
Current assets		
Cash and cash equivalents	453,454	353,289
Investments	- (*)	48,187
Restricted cash and cash equivalents	6,206	5,736
Restricted accounts receivable	533	533
Accounts Receivable (net of allowance for doubtful accounts of \$7,731 and \$2,707 in 2021 and 2020)	73,725	77,584
Due from City of Houston	5,990	1,746
Inventory	2,079	2,002
Prepays	5,706	5,171
Due from other governments - grants receivable	26,752	4,871
Total current assets	574,445	499,119
Noncurrent assets		
Investments	1,231,245	998,851
Restricted cash and cash equivalents	44,828	48,841
Prepays	172	184
Lease asset receivable	276,262	-
Lease right-of-use assets, net of accumulated amortization	235	-
Capital Assets		
Land	216,100	216,100
Rights and Intangibles	23,030	18,091
Buildings, improvements and equipment	5,558,678	5,618,769
Construction in progress	398,708	255,070
Total capital assets	6,196,516	6,108,030
Less accumulated depreciation and amortization	(3,462,304)	(3,376,447)
Net capital assets	2,734,212	2,731,583
Total noncurrent assets	4,286,954	3,779,459
Total assets	4,861,399	4,278,578
Deferred Outflows of Resources		
Deferred outflows from debt refunding	22,218	17,263
Deferred outflows from pension	25,876	25,876
Deferred outflows OPEB health benefits	1,492	1,492
Deferred outflows from OPEB LTD	239	239
Total deferred outflows of resources	49,825	44,870

(*) Amount currently included in cash and cash equivalent. Allocation is only available at yearend

(continued)

UNAUDITED**STATEMENTS OF NET POSITION (in thousands)
as of June 30, 2021 and June 30, 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Liabilities		
Current Liabilities		
Accounts payable	10,391	12,191
Accrued payroll liabilities	4,161	3,551
Due to City of Houston	4,627	646
Due to other governments	1,846	-
Advances and deposits	2,320	1,636
Unearned revenue	8,278	8,267
Claims for workers' compensation	928	928
Compensated absences	5,681	5,681
Revenue bonds payable	75,580	89,090
Special facility revenue bonds payable	7,505.00	6,240
Note payable	1,068	-
Accrued interest payable	41,334	47,201
Contracts and retainages payable	66,196	40,085
Other current liabilities	2,176	2,965
Total current liabilities	<u>232,091</u>	<u>218,481</u>
Noncurrent Liabilities		
Revenue bonds payable, net	2,346,426	1,928,601
Special facility revenue bonds payable	60,680	68,185
Commercial paper payable	20,000	132,973
Pension obligation bonds payable	2,006	2,006
Note payable	13,127	324
Claims for workers' compensation	593	593
Compensated absences	7,612	7,612
Net pension liability	258,223	258,223
Other post employment benefits	70,738	70,738
Other post employment benefits - LTD	774	774
Lease liabilities	239	-
Total noncurrent Liabilities	<u>2,780,527</u>	<u>2,470,138</u>
Total liabilities	<u>3,012,618</u>	<u>2,688,619</u>
Deferred Inflows of Resources		
Deferred Inflows on pension	3,425	3,425
Deferred inflows from OPEB health benefits	27,422	27,422
Deferred inflows from leases	268,881	-
Total deferred inflows of resources	<u>299,728</u>	<u>30,847</u>
Net position		
Net Investment in capital assets	499,670	522,492
Restricted net position		
Restricted for debt service	393,534	473,008
Restricted for maintenance and operations	122,427	61,818
Restricted for special facility	42,516	46,377
Restricted for renewal and replacement	10,000	10,000
Restricted for capital improvements	617,658	623,701
Unrestricted (deficit)	(86,927)	(133,414)
Total net position	<u>1,598,878</u>	<u>1,603,982</u>