



FY20 PRO-FORMA FINANCIAL REPORT

4th Quarter

UNAUDITED

Preliminary as of 08/14/2020

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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 – FY20

(\$s in millions)	FY20	YFY19	\$ Variance	% Variance
Proforma Operating Revenues	\$473.9	\$498.5	-\$24.6	-4.9%
Proforma Operating Expenses	\$542.4	\$511.7	+\$30.6	+6.0%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	\$68.4	\$106.0	-\$37.7	-35.5%

Highlights

Proforma Operating Revenues (-\$24.6M)

- Decrease in Parking (-\$29.0M) is mainly due to an over 80% reduction in passenger numbers for FY20 vs FY19.
- Decrease in Concessions (-\$17.3M) due to an over 80% reduction in passenger numbers for 4Q FY20 versus 4Q FY19 causing a reduction of all concessions including auto rental, ground transportation and retail concessions.
- Increase in Rentals, Building and Ground Area (+\$13.0M) associated with a credit adjustment in FY19 (+\$2.9M), also an increase in Terminal rents in FY20 associated with FY19 adjustment and an increased cost in FY20 to be recouped from the airlines of (+\$9.0M).
- Landing Fees (+\$9.0M) due to a credit adjustment in FY19 associated with FY17 and FY18 (+\$11.5M), partially offset by lower landing fees due to COVID-19 (-\$2.5M).

Proforma Operating Expenses +\$30.6M

- Increase in Non-Capital Outlay (+\$25.3M) due to the reimbursement to United Airlines for terminating its Terminal C North lease early (+\$36.5M), partially offset by recording less ineligible capital costs reclassified to expense.
- Increase in Personnel (+\$4.9M) mainly due to HOPE pay increase and higher pension expense.

Proforma Non-Operating Revenues/Expenses and Capital Contributions (-\$37.7M)

- Decrease in Passenger Facility Charges (-\$32.3M) due to an over 80% reduction in passengers in 4Q FY20 from COVID-19.
- Decrease in Gain/(Loss) on disposal of assets (-\$11.0M) due to the retirement of the old taxiway with a book value of \$10.8M.
- Decrease in Interest Expense (+\$5.6M) mainly due to the lower interest rates.
- Decrease in Customer Facility Charges (-\$4.1M) due to an over 80% reduction in passengers in 4Q FY20 from COVID-19
- Decrease in Cost of Issuance for Debt (+\$3.0M) as no debt was issued in FY20.
- Increase in Capital Contributions: (+\$2.4M) due to CARES Act reimbursement in 4Q FY20 (+\$8.0M) and the receipt of 2 FAA Entitlement Grants (+\$9.3M), partially offset by lower outstanding balance of FAA and TSA grants as many projects were near completion at the FY19.
- Decrease in Investment Income (-\$1.4M) due to a decrease in fair market value (-\$2.2M) and an increase in interest revenue from higher interest rates during most of FY20 (+\$0.9M).

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PROFORMA FINANCIAL REPORT EXECUTIVE SUMMARY – 4Q FY20

(\$s in millions)	4Q FY20	4Q FY19	\$ Variance	% Variance
Proforma Operating Revenues	\$87.5	\$117.8	-\$30.3	-25.7%
Proforma Operating Expenses	\$168.0	\$146.0	+\$22	+15.1%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	-\$2.8	\$33.9	-\$36.7	-108.3%

Highlights

Proforma Operating Revenues (-\$30.3M)

- Decrease in Parking (-\$26.2M) due an over 80% reduction in passenger numbers in 4Q FY20 from COVID-19.
- Decrease in Concessions (-18.9M) due to an over 80% reduction in passenger numbers in 4Q FY20 causing a reduction of all concessions including auto rental, ground transportation and retail concessions.
- Increase in Landing Fees (+10.0M) due to a credit adjustment made in FY19 associated with FY17 and FY18 Rates Charges reconciliations. (+\$11.5M), , partially offset by lower landing fees in 4Q FY20 due to the impact of Covid-19 (-\$2.5M).
- Increase in Rentals, Building and Ground Area (+\$5.3M) primarily due to higher operating costs recovered from airlines via terminal rents.

Proforma Operating Expenses +\$22.0M

- Increase in Non-Capital Outlay (+\$25.5M) due to the reimbursement to United Airlines for terminating its Terminal C North lease early in 4Q FY20 (+\$36.5), partially offset by recording less ineligible capital costs reclassified to expense.
- Decrease in Services (-\$1.6M) mainly due to lower consulting service (-\$0.7M), lower credit card fees (-\$0.6M) and lower travel and training expense (-\$0.4M).
- Decrease in Depreciation & Amortization (-\$1.2M) due to the retirement of old taxiway before it was fully depreciated.
- Decrease in Supplies (-\$1.0M) due to overall cost savings in the reaction to COVID-19.

Proforma Non-Operating Revenues/Expenses and Capital Contributions (-\$36.7M)

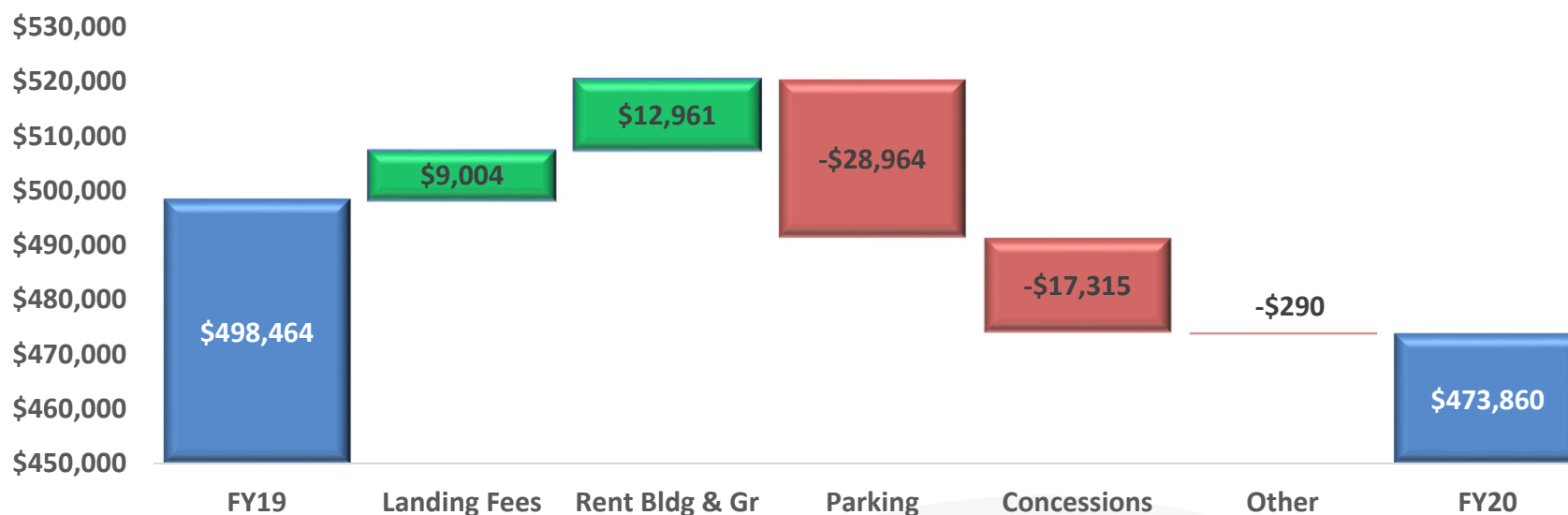
- Decrease in Passenger Facility Charges (-\$29.1M) due to an over 80% reduction in passengers associated with COVID-19.
- Increase in Capital Contributions: (+\$15.2M) primarily due to CARES Act reimbursement in 4Q FY20 (+\$8.0M) and the receipt of 2 FAA Entitlement Grants (+\$9.3M), partially offset by lower outstanding balances of FAA and TSA grants, as many projects were near completion at the end of FY19.
- Decrease in Gain/(Loss) on Disposal of Assets (-\$10.6M) due to the retirement of the old taxiway with a book value of (+\$10.8M).
- Decrease in Investment Income (Loss) (-\$8.3M) due to lower interest income (-\$1.1M), and the decrease in fair market value (-\$7.1M).
- Decrease in Customer Facility Charges (-\$4.6M) primarily due to an over 80% reduction in passengers associated with COVID-19.

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PROFORMA OPERATING REVENUES – FY20 vs. FY19 (in 000's)



VARIANCE COMMENTS

- **Operating Revenues Total: (-\$24.6M)**
- **Parking:** (-\$29.0M) due to an over 80% reduction in passengers in 4Q FY20. Also, the daily rate in the garage was reduced from \$24 to \$5 in April and May, and to \$10 in June which resulted in the decrease of (-\$1.3M).
- **Concessions:** (-\$17.3M) due to an over 80% reduction in passengers in 4Q FY20 causing a reduction of all concessions including auto rental, ground transportation and retail concessions.
- **Rentals, Buildings and Ground Area:** (+\$13.0M) associated with a credit adjustment to Southwest Airlines in FY19 (+\$2.9M) and an increase in Terminal rents in FY20 primarily due to expected increased costs in FY20 to be recouped from the airlines (+\$9.0M).
- **Landing Fees** (+\$9.0M) due to a credit adjustment in FY19 associated with FY17 and FY18 (+\$11.5M), partially offset by lower landing fees in 4Q FY20 due to the impact of Covid-19 (-\$2.5M).

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PROFORMA OPERATING EXPENSES – FY20 vs. FY19 (in 000's)



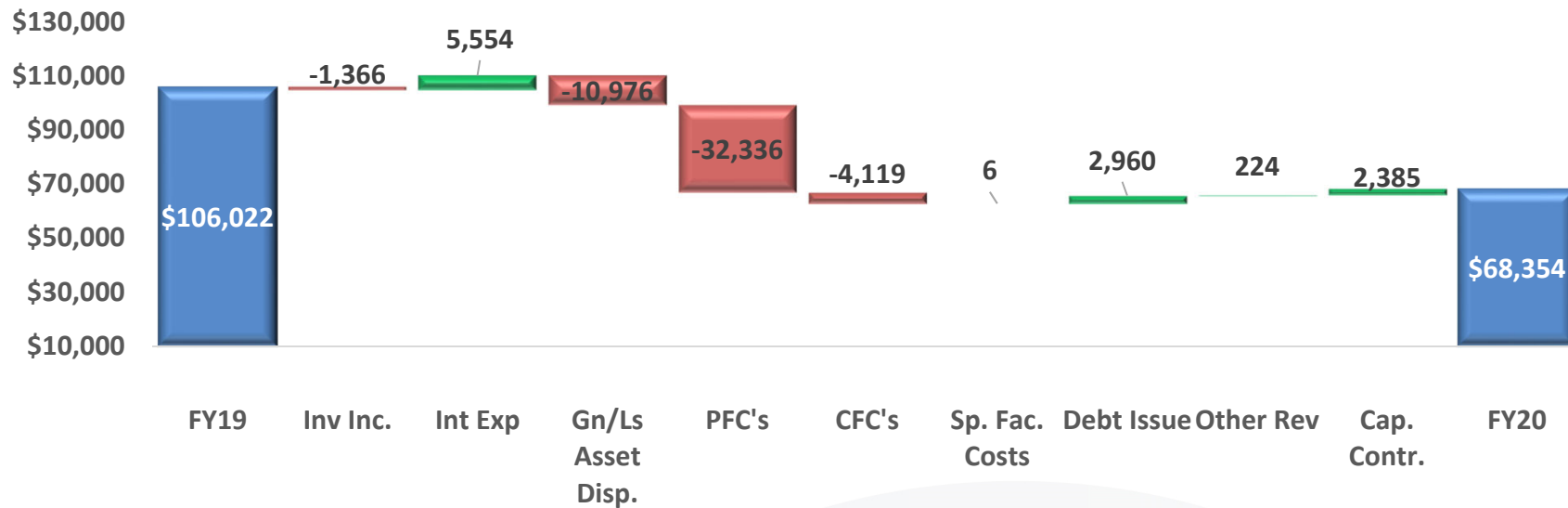
VARIANCE COMMENTS

- **Operating Expenses Total: +\$30.6M**
- **Non-Capital Outlay: (+\$25.3M)** due to the reimbursement to United Airlines for terminating its Terminal C North lease early (+\$36.5M), partially offset by recording less ineligible capital costs reclassified to expense.
- **Personnel: (+\$5.0M)** mainly due to HOPE pay increase (+\$1.2M) and pension expense increase (+\$5.8M) FY20, partially offset by decrease in employee health insurance due to reduced headcount (-\$1.5M).

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – FY20 vs. FY19 (in 000's)



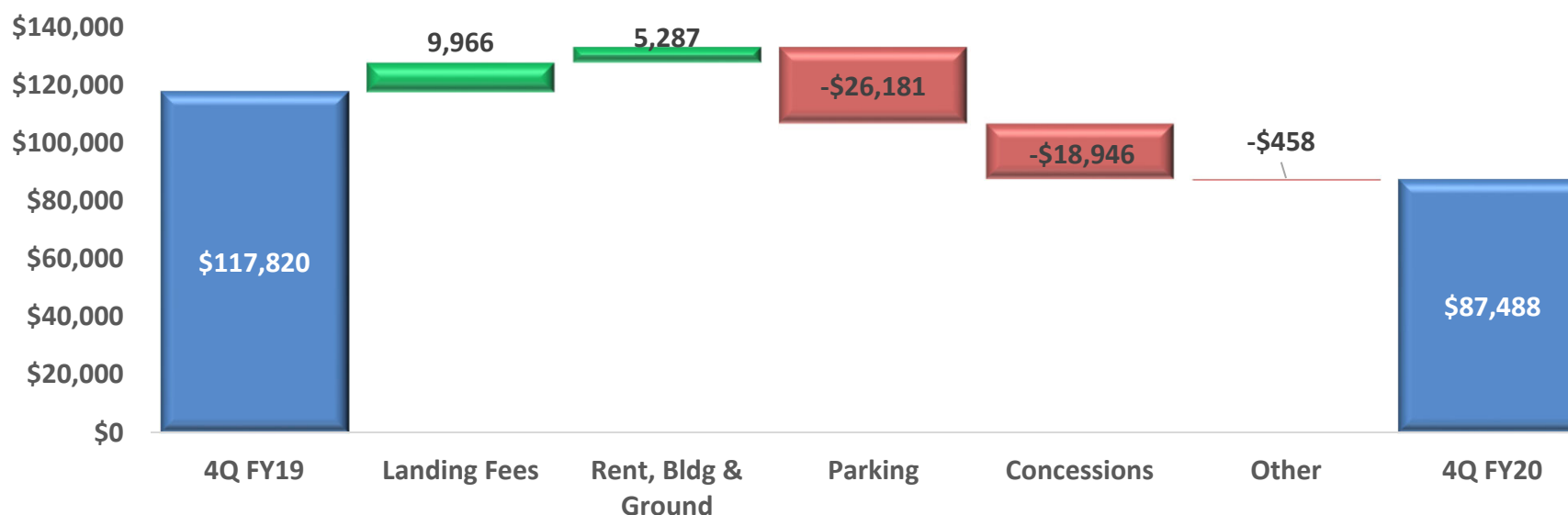
VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contribution Total: (-\$37.7M)**
- **Passenger Facility Charges:** (-\$32.3M) due to an over 80% reduction in passengers associated with COVID-19.
- **Gain/(Loss) on Disposal of Assets:** (-\$11.0M) due to the retirement of the old taxiway with a book value of (+\$10.8M)
- **Interest Expense:** (+\$5.6M) due to lower interest rates.
- **Customer Facility Charges:** (-\$4.1M) due to an over 80% reduction in passengers associated with COVID-19 .
- **Cost of Issuance for Debt** (-\$3.0M) as no debt was issued in FY20.
- **Capital Contributions:** (+\$2.4M) due to CARES Act reimbursement in 4Q FY20 (+\$8.0M) and the receipt of 2 FAA Entitlement Grants (+\$9.3M), partially offset by lower outstanding balances of FAA and TSA grants, as many projects were near completion at the end of FY19.
- **Investment Income:** (-\$1.4M) due to lower fair Market Value adjustment in FY20 (-\$2.2M), partially offset by an increase in Interest Revenues as interest rates were higher for most of FY20 (+\$0.9M).

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PROFORMA OPERATING REVENUES – 4Q FY20 vs. 4Q FY19 (in 000's)



VARIANCE COMMENTS

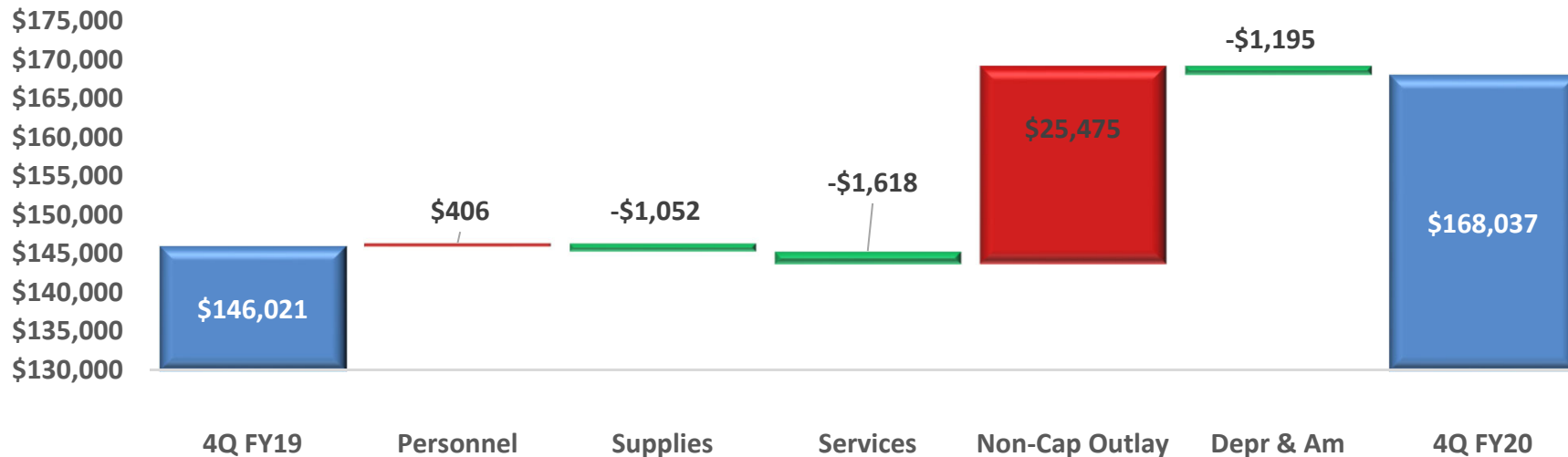
- **Operating Revenues: (-\$30.3M)**
- **Parking:** (-\$26.2M) due to reduction in passengers associated with COVID-19. Also, the daily rate in the garage was reduced from \$24 to \$5 in April and May, and to \$10 in June which resulted in the decrease of (-\$1.3M).
- **Concessions:** (-\$18.9M) due to an over 80% reduction in passenger numbers for the 4th quarter of FY20 versus FY19 causing a reduction of all concessions including auto rental, ground transportation and retail concessions
- **Landing Fees:** (+\$10.0M) due to a credit adjustment made in FY19 associated with FY17 and FY18 Rates and Charges reconciliations (+\$11.5M), partially offset by lower landing fee in FY20 (-\$2.5M).
- **Rentals and Buildings:** (+\$5.3M) due to an increase in Terminal Rents from the credit adjustment in FY19 associated with FY17 and FY18 Rates and Charges reconciliations (+\$1.8M); an increase in concession revenue from the credit adjustment in FY19 (+\$1.1M); an increase from the adjustment from the first 3 quarters of FY20 due to the drastically reduced passenger counts (+\$2.2M).

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PROFORMA OPERATING EXPENSES – 4Q FY20 vs. 4Q FY19 (in 000's)



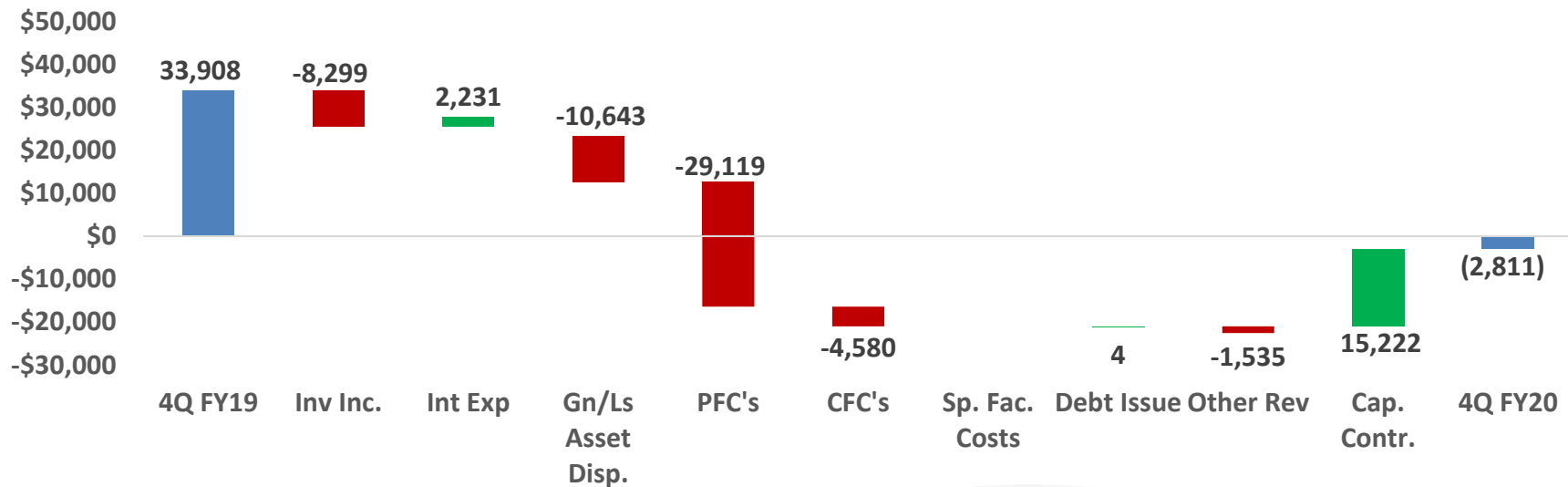
VARIANCE COMMENTS

- **Operating Expenses: (+\$22.0M)**
- **Non-Capital Outlay: +\$25.5M** due to the reimbursement to United Airlines for terminating its Terminal C North lease early in 4Q FY20 (+\$36.5), partially offset by recording less capital cost reclassified to expense.
- **Supplies: (-\$1.6M)** due to lower consulting service (-\$0.7M), lower credit card fee (-\$0.6M) and lower travel and training expense (-\$0.4M).
- **Services (-\$1.0M)** due to overall cost savings in the reaction to COVID-19

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – 4Q FY20 vs. 4Q FY19 (in 000's)



VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contributions Total: (-\$36.7M)**
- **Passenger Facility Charges: (-\$29.1M)** due to an over 80% reduction in passengers associated with COVID-19.
- **Capital Contributions: (+15.2M)** due to the receipt of 2 new FAA Entitlement Grants (+\$9.3M), and the CARES Act reimbursement (+\$8.0M), partially offset by lower outstanding balances of FAA and TSA grants, as many projects were near completion at the end of FY19.
- **Gain/(Loss) on Disposal of Assets: (-\$10.6M)** due to the retirement of the old taxiway with a book value of (+\$10.8M)
- **Investment Income: (-\$8.3M)** due to lower interest income (-\$1.1M) and the decrease of in fair market value (-\$7.1M).
- **Customer Facility Charges: (-4.6M)** due to an over 80% reduction in passengers associated with COVID-19.

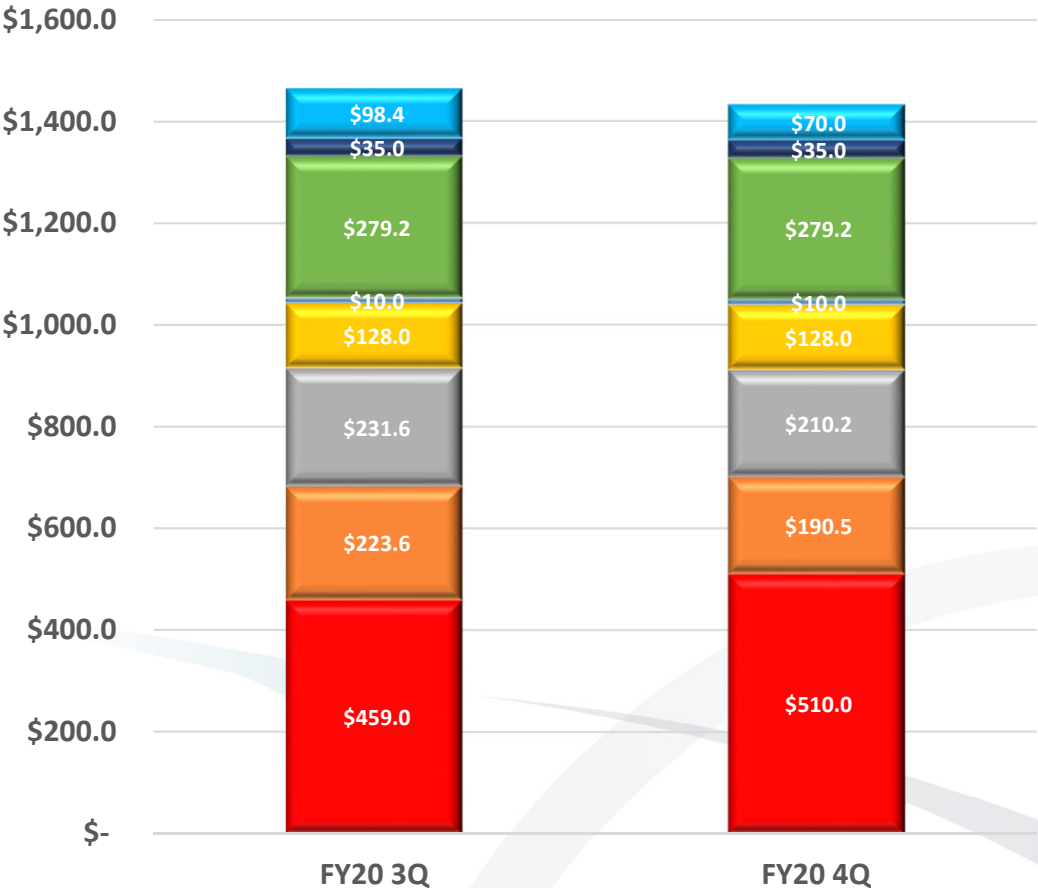
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PROFORMA CASH REPORTS



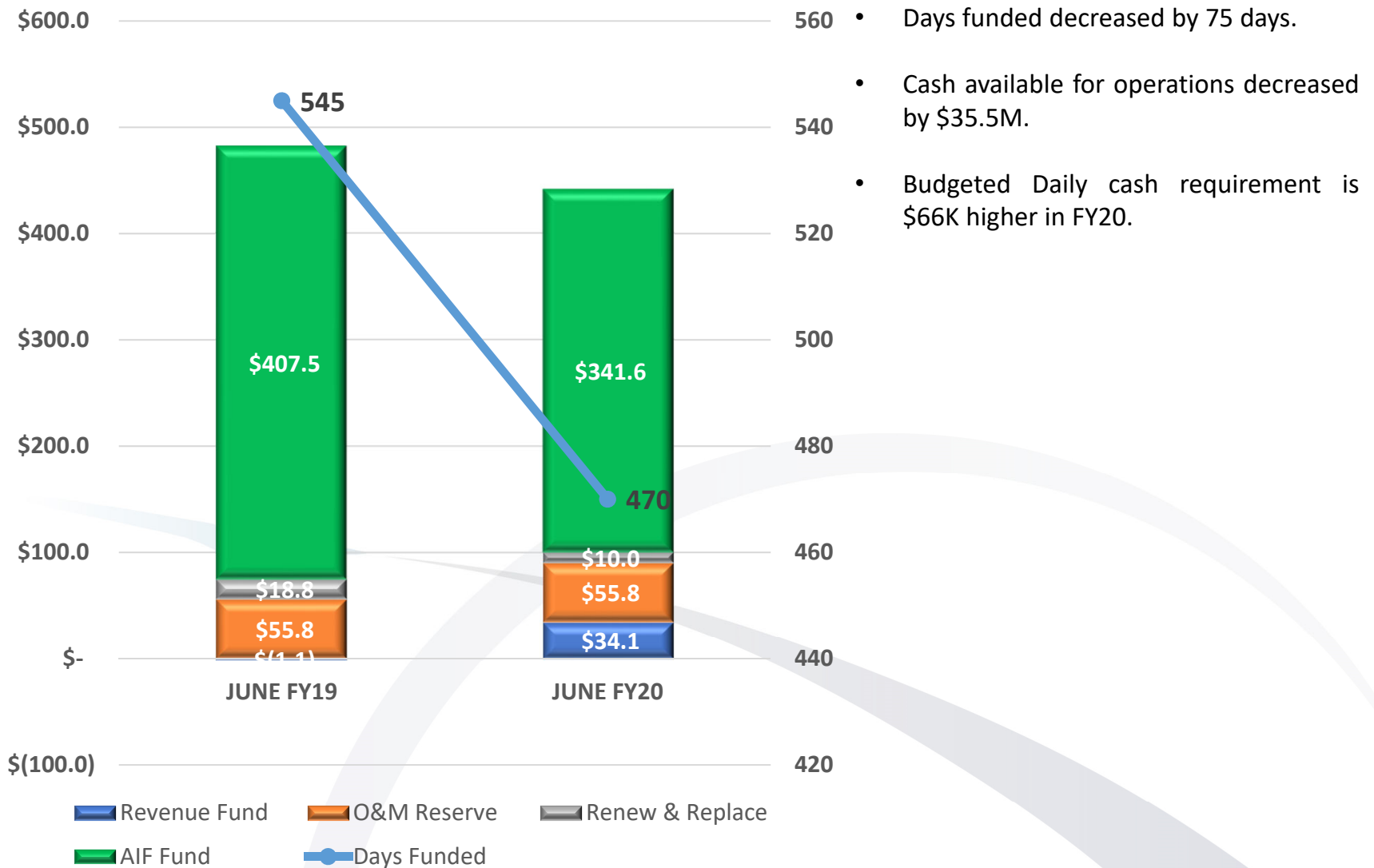
PROFORMA AVAILABLE CASH AS OF 4Q YTD FY20 vs. 3Q FY20 (in millions)



- Cash balance ending June 30, 2020 of \$1.433 billion is (\$-32M) when compared to March 30, 2020 balance of \$1.464 billion primarily due to a decrease in revenue fund (-\$50.1M) and construction fund balances (-\$31.2M), partially offset by increase in debt service fund (+\$47.5M).
- Unspent appropriations (-\$21.4M) due to an increase in capital spend.
- Cash Available for Operating or Capital Use (-\$35.5M).

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PROFORMA DAYS FUNDED W/ CASH AVAILABLE 12 MONTHS ENDED JUNE FY20 vs. JUNE FY19 (in millions)

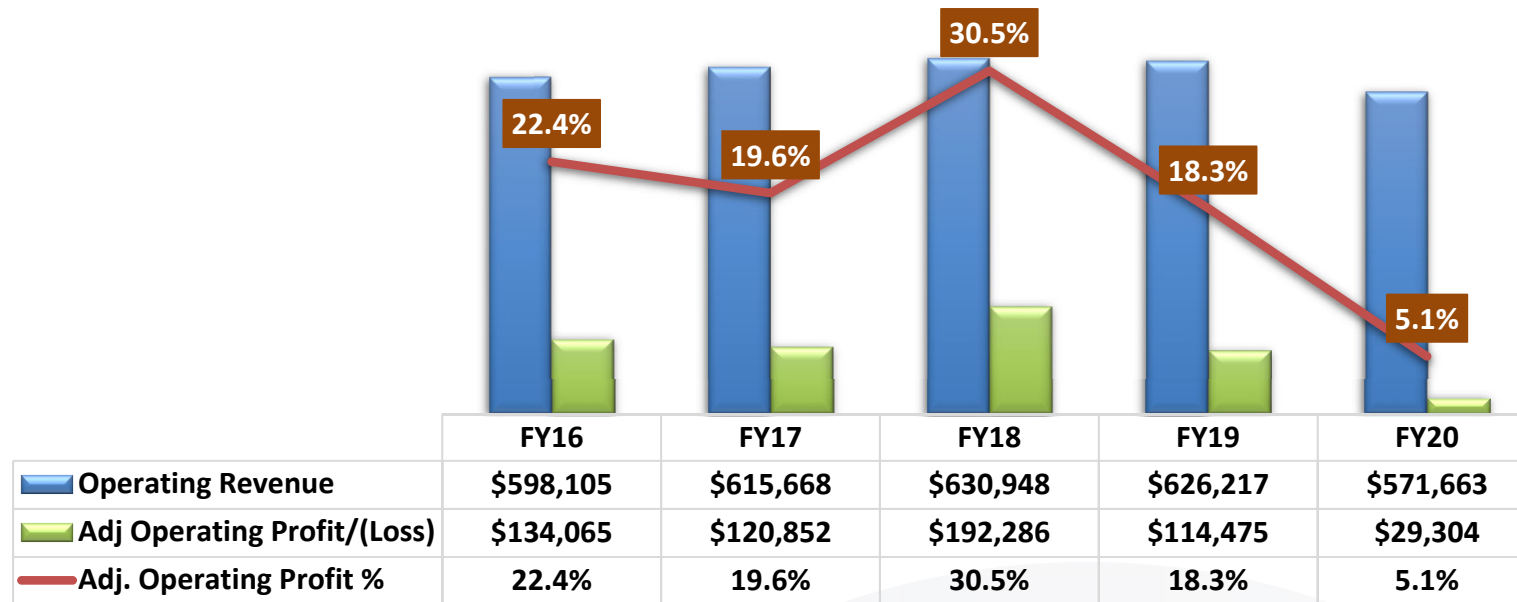


- Days funded decreased by 75 days.
- Cash available for operations decreased by \$35.5M.
- Budgeted Daily cash requirement is \$66K higher in FY20.

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PROFITABILITY AND TREND ANALYSIS

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



VARIANCE COMMENTS

- FY20 adjusted operating profit % is 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).

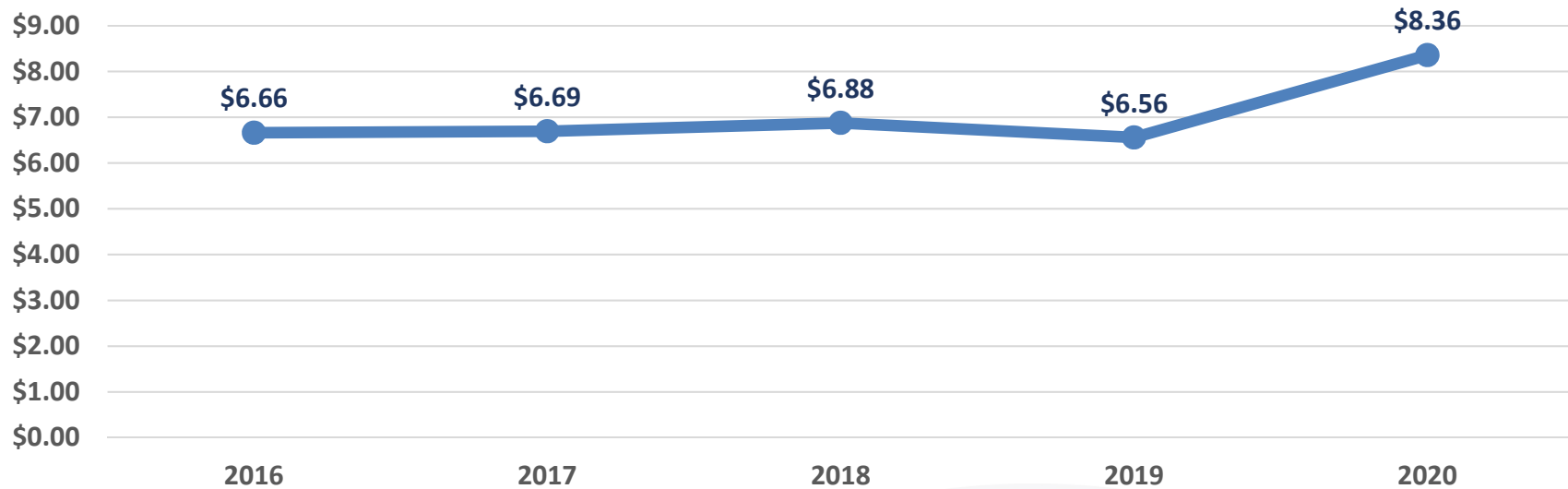
Note: Operating Revenues exclude Passenger Facility Charges and Capital Contributions, which are considered non-operating for statutory accounting purposes. Passenger Facility Charges and Capital Contributions are included in operating income for managerial reporting purposes to arrive at adjusted operating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

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KEY PERFORMANCE INDICATORS



NON-AIRLINE REVENUE PER ENPLANEMENT TREND



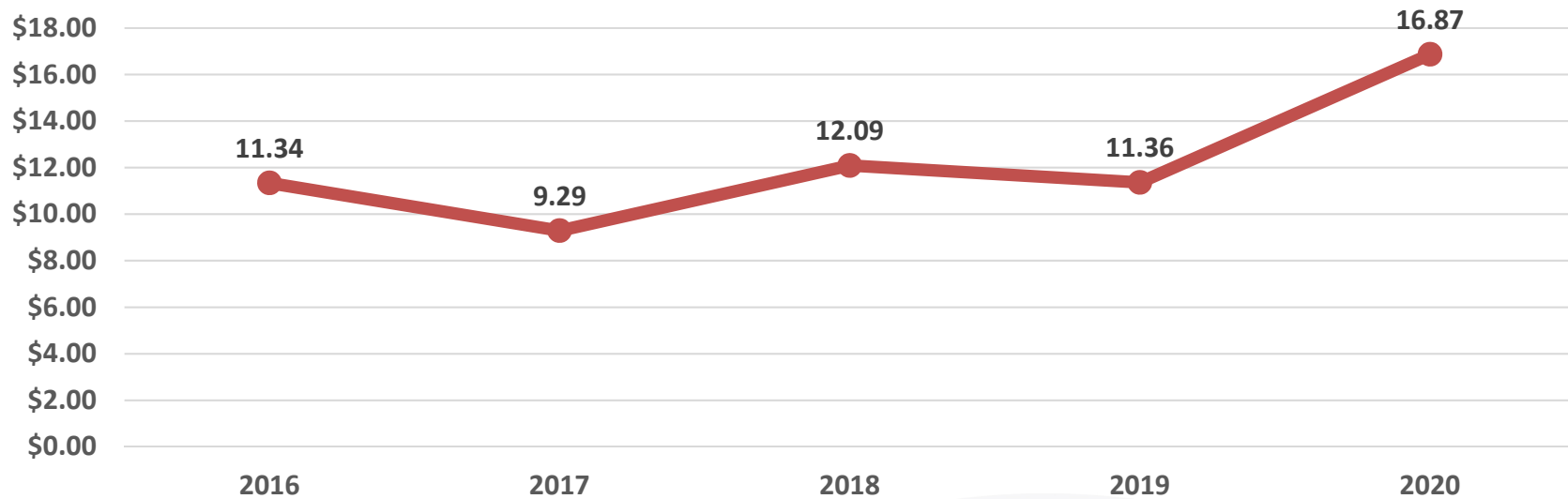
VARIANCE COMMENTS

- The FY20 increase in Non-Airline Revenue per Enplanement is primarily 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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O&M EXPENSE PER ENPLANEMENT TREND

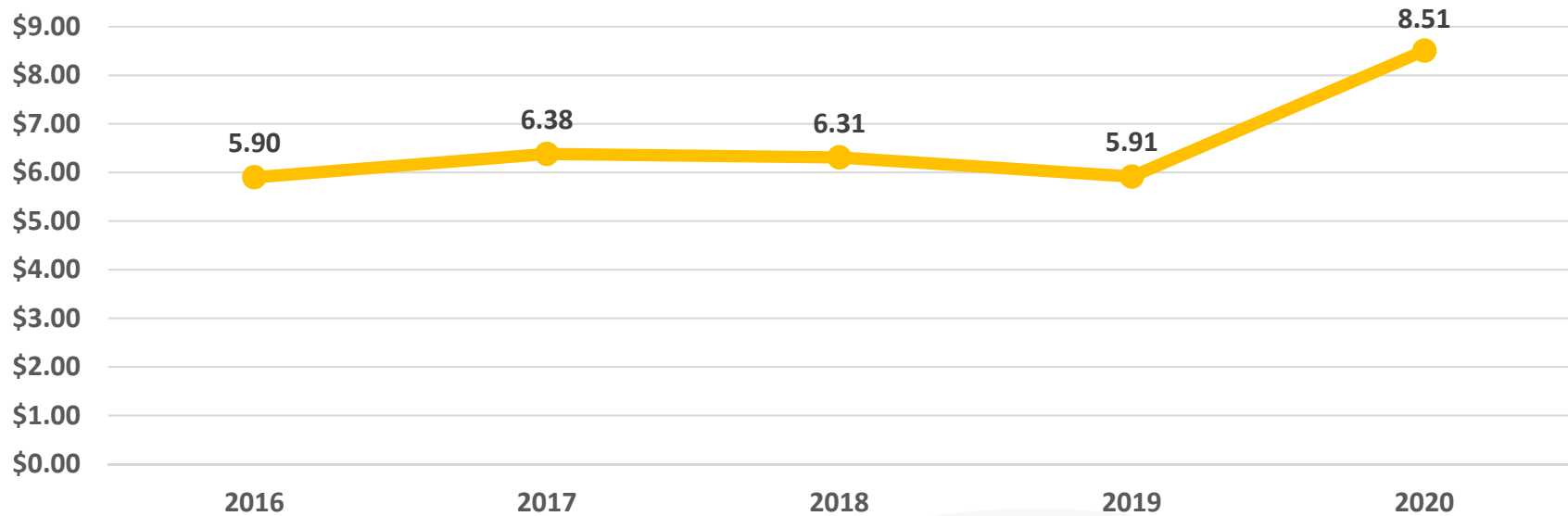


VARIANCE COMMENTS

- FY20 O&M Expense per Enplanement shows an increase 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 shows a decline 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

- FY20 Debt Service per Enplanement is trending 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 is higher by \$9.0 million (\$185M in FY20 vs \$176M in FY19).
- The FY19 vs. FY18 lower debt service per enplanement is primarily due to the decrease in debt service associated with bond refinancing in FY18 and an increase in enplanements in FY19 compared to FY18.

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FINANCIAL STATEMENTS



UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (HAS)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	96,771	87,767	9,004	10.3%
Rentals, building and ground area	224,284	211,323	12,961	6.1%
Parking	81,172	110,136	(28,964)	-26.3%
Concessions	65,800	83,115	(17,315)	-20.8%
Other	5,833	6,123	(290)	-4.7%
Total operating revenues	<u>473,860</u>	<u>498,464</u>	<u>(24,604)</u>	<u>-4.9%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	124,788	119,841	4,947	4.1%
Supplies	8,209	8,390	(181)	-2.2%
Services	196,506	196,608	(102)	-0.1%
Non-capital outlay	37,915	12,638	25,277	200.0%
Depreciation and amortization	174,941	174,266	675	0.4%
Total operating expenses	<u>542,359</u>	<u>511,743</u>	<u>30,616</u>	<u>6.0%</u>
Operating income (loss)	<u>(68,499)</u>	<u>(13,279)</u>	<u>(55,220)</u>	<u>415.8%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	43,701	45,067	(1,366)	-3.0%
Interest expense	(76,021)	(81,575)	5,554	-6.8%
Gain / (Loss) on disposal of assets	(10,857)	119	(10,976)	-9223.5%
Passenger facility charges	78,819	111,155	(32,336)	-29.1%
Customer facility charges	13,320	17,439	(4,119)	-23.6%
Special facility cost	(37)	(43)	6	-14.0%
Cost of issuance for debt	-	(2,960)	2,960	-100.0%
Other revenue (expense)	445	221	224	101.4%
Total nonoperating revenues (expenses)	<u>49,370</u>	<u>89,423</u>	<u>(40,053)</u>	<u>-44.8%</u>
Income/(loss) before capital contributions	(19,129)	76,144	(95,273)	-125.1%
Capital contributions	18,984	16,599	2,385	14.4%
Change in net position	(145)	92,743	(92,888)	-100.2%
Total net position, July 1	<u>1,598,256</u>	<u>1,505,513</u>	<u>92,743</u>	<u>6.2%</u>
Total net position, JUNE 30	<u><u>1,598,111</u></u>	<u><u>1,598,256</u></u>	<u><u>(145)</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, 2020 AND JUNE 30, 2019 (IAH)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	79,236	72,563	6,673	9.2%
Rentals, building and ground area	183,322	173,831	9,491	5.5%
Parking	61,505	83,231	(21,726)	-26.1%
Concessions	45,123	56,671	(11,548)	-20.4%
Other	4,738	4,821	(83)	-1.7%
Total operating revenues	<u>373,924</u>	<u>391,117</u>	<u>(17,193)</u>	<u>-4.4%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	91,832	86,348	5,484	6.4%
Supplies	5,844	5,748	96	1.7%
Services	150,935	146,530	4,405	3.0%
Non-capital outlay	29,039	9,437	19,602	207.7%
Depreciation and amortization	139,851	137,909	1,942	1.4%
Total operating expenses	<u>417,501</u>	<u>385,972</u>	<u>31,529</u>	<u>8.2%</u>
Operating income (loss)	<u>(43,577)</u>	<u>5,145</u>	<u>(48,722)</u>	<u>-947.0%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	33,765	34,194	(429)	-1.3%
Interest expense	(57,700)	(61,915)	4,215	-6.8%
Gain / (Loss) on disposal of assets	(10,857)	169	(11,026)	-6524.3%
Passenger facility charges	60,909	85,167	(24,258)	-28.5%
Customer facility charges	13,320	17,439	(4,119)	-23.6%
Special facility cost	(37)	(43)	6	-14.0%
Cost of issuance for debt	-	(2,199)	2,199	-100.0%
Other revenue (expense)	346	202	144	71.3%
Total nonoperating revenues (expenses)	<u>39,746</u>	<u>73,014</u>	<u>(33,268)</u>	<u>-45.6%</u>
Income/(loss) before capital contributions	(3,831)	78,159	(81,990)	-104.9%
Capital contributions	<u>14,606</u>	<u>16,383</u>	<u>(1,777)</u>	<u>-10.8%</u>
Change in net position	<u>10,775</u>	<u>94,542</u>	<u>(83,767)</u>	<u>-88.6%</u>
Total net position, July 1	<u>1,419,153</u>	<u>1,328,213</u>	<u>90,940</u>	<u>6.8%</u>
Total net position, JUNE 30	<u><u>1,429,928</u></u>	<u><u>1,422,755</u></u>	<u><u>7,173</u></u>	<u><u>0.5%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (HOU)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	17,330	14,957	2,373	15.9%
Rentals, building and ground area	39,268	35,905	3,363	9.4%
Parking	19,667	26,905	(7,238)	-26.9%
Concessions	20,573	26,425	(5,852)	-22.1%
Other	1,017	1,216	(199)	-16.4%
Total operating revenues	<u>97,855</u>	<u>105,408</u>	<u>(7,553)</u>	<u>-7.2%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	30,160	30,488	(328)	-1.1%
Supplies	2,080	2,258	(178)	-7.9%
Services	42,312	46,817	(4,505)	-9.6%
Non-capital outlay	8,376	3,022	5,354	177.2%
Depreciation and amortization	29,667	30,890	(1,223)	-4.0%
Total operating expenses	<u>112,595</u>	<u>113,475</u>	<u>(880)</u>	<u>-0.8%</u>
Operating income(loss)	<u>(14,740)</u>	<u>(8,067)</u>	<u>(6,673)</u>	<u>82.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	9,378	10,251	(873)	-8.5%
Interest expense	(16,116)	(17,294)	1,178	-6.8%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	17,910	25,988	(8,078)	-31.1%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(687)	687	-100.0%
Other revenue (expense)	92	18	74	411.1%
Total nonoperating revenues (expenses)	<u>11,264</u>	<u>18,276</u>	<u>(7,012)</u>	<u>-38.4%</u>
Income/(loss) before capital contributions	(3,476)	10,209	(13,685)	-134.0%
Capital contributions	<u>4,378</u>	<u>207</u>	<u>4,171</u>	<u>2015.0%</u>
Change in net position	<u>902</u>	<u>10,416</u>	<u>(9,514)</u>	<u>-91.3%</u>
Total net position, July 1	<u>243,341</u>	<u>229,761</u>	<u>13,580</u>	<u>5.9%</u>
Total net position, JUNE 30	<u><u>244,243</u></u>	<u><u>240,177</u></u>	<u><u>4,066</u></u>	<u><u>1.7%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 12 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (EFD)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	205	247	(42)	-17.0%
Rentals, building and ground area	1,694	1,587	107	6.7%
Parking	-	-	-	N/A
Concessions	104	19	85	447.4%
Other	78	86	(8)	-9.3%
Total operating revenues	<u>2,081</u>	<u>1,939</u>	<u>142</u>	<u>7.3%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	2,796	3,005	(209)	-7.0%
Supplies	285	384	(99)	-25.8%
Services	3,259	3,261	(2)	-0.1%
Non-capital outlay	500	179	321	179.3%
Depreciation and amortization	5,423	5,467	(44)	-0.8%
Total operating expenses	<u>12,263</u>	<u>12,296</u>	<u>(33)</u>	<u>-0.3%</u>
Operating income (loss)	<u>(10,182)</u>	<u>(10,357)</u>	<u>175</u>	<u>-1.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	558	622	(64)	-10.3%
Interest expense	(2,205)	(2,366)	161	-6.8%
Gain / (Loss) on disposal of assets	-	(50)	50	-100.0%
Passenger facility charges	-	-	-	N/A
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(74)	74	-100.0%
Other revenue (expense)	7	1	6	600.0%
Total nonoperating revenues (expenses)	<u>(1,640)</u>	<u>(1,867)</u>	<u>227</u>	<u>-12.2%</u>
Income/(loss) before capital contributions	<u>(11,822)</u>	<u>(12,224)</u>	<u>402</u>	<u>-3.3%</u>
Capital contributions	<u>-</u>	<u>9</u>	<u>(9)</u>	<u>-100.0%</u>
Change in net position	<u>(11,822)</u>	<u>(12,215)</u>	<u>393</u>	<u>-3.2%</u>
Total net position, July 1	<u>(64,238)</u>	<u>(52,461)</u>	<u>(11,777)</u>	<u>22.4%</u>
Total net position, JUNE 30	<u><u>(76,060)</u></u>	<u><u>(64,676)</u></u>	<u><u>(11,384)</u></u>	<u><u>17.6%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (HAS)**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	25,102	15,136	9,966	65.8%
Rentals, building and ground area	54,035	48,748	5,287	10.8%
Parking	3,405	29,586	(26,181)	-88.5%
Concessions	3,725	22,671	(18,946)	-83.6%
Other	1,221	1,679	(458)	-27.3%
Total operating revenues	<u>87,488</u>	<u>117,820</u>	<u>(30,332)</u>	<u>-25.7%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	29,829	29,423	406	1.4%
Supplies	1,715	2,767	(1,052)	-38.0%
Services	56,306	57,924	(1,618)	-2.8%
Non-capital outlay	37,108	11,633	25,475	219.0%
Depreciation and amortization	43,079	44,274	(1,195)	-2.7%
Total operating expenses	<u>168,037</u>	<u>146,021</u>	<u>22,016</u>	<u>15.1%</u>
Operating income (loss)	<u>(80,549)</u>	<u>(28,201)</u>	<u>(52,348)</u>	<u>185.6%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	6,967	15,266	(8,299)	-54.4%
Interest expense	(18,584)	(20,815)	2,231	-10.7%
Gain / (Loss) on disposal of assets	(10,856)	(213)	(10,643)	4996.7%
Passenger facility charges	745	29,864	(29,119)	-97.5%
Customer facility charges	1,860	6,440	(4,580)	-71.1%
Special facility cost	(5)	(5)	-	0.0%
Cost of issuance for debt	-	(4)	4	-100.0%
Other revenue (expense)	(448)	1,087	(1,535)	-141.2%
Total nonoperating revenues (expenses)	<u>(20,321)</u>	<u>31,620</u>	<u>(51,941)</u>	<u>-164.3%</u>
Income/(loss) before capital contributions	(100,870)	3,419	(104,289)	-3050.3%
Capital contributions	<u>17,510</u>	<u>2,288</u>	<u>15,222</u>	<u>665.3%</u>
Change in net position	(83,360)	5,707	(89,067)	-1560.7%
Total net position, July 1	<u>1,598,256</u>	<u>1,505,513</u>	<u>92,743</u>	<u>6.2%</u>
Total net position, June 30	<u><u>1,514,896</u></u>	<u><u>1,511,220</u></u>	<u><u>3,676</u></u>	<u><u>0.2%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (IAH)**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	21,016	12,269	8,747	71.3%
Rentals, building and ground area	39,041	38,072	969	2.5%
Parking	2,488	22,429	(19,941)	-88.9%
Concessions	2,328	15,602	(13,274)	-85.1%
Other	1,005	1,331	(326)	-24.5%
Total operating revenues	<u>65,878</u>	<u>89,703</u>	<u>(23,825)</u>	<u>-26.6%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	22,165	21,027	1,138	5.4%
Supplies	1,180	1,887	(707)	-37.5%
Services	42,459	43,213	(754)	-1.7%
Non-capital outlay	27,799	8,640	19,159	221.7%
Depreciation and amortization	<u>34,142</u>	<u>35,076</u>	<u>(934)</u>	<u>-2.7%</u>
Total operating expenses	<u>127,745</u>	<u>109,843</u>	<u>17,902</u>	<u>16.3%</u>
Operating income (loss)	<u>(61,867)</u>	<u>(20,140)</u>	<u>(41,727)</u>	<u>207.2%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	5,256	11,458	(6,202)	-54.1%
Interest expense	(14,105)	(15,798)	1,693	-10.7%
Gain / (Loss) on disposal of assets	(10,856)	(163)	(10,693)	6560.1%
Passenger facility charges	730	23,211	(22,481)	-96.9%
Customer facility charges	1,860	6,440	(4,580)	-71.1%
Special facility cost	(5)	(5)	-	0.0%
Cost of issuance for debt	-	(3)	3	-100.0%
Other revenue (expense)	<u>(333)</u>	<u>1,133</u>	<u>(1,466)</u>	<u>129.4%</u>
Total nonoperating revenues (expenses)	<u>(17,453)</u>	<u>26,273</u>	<u>(43,726)</u>	<u>-166.4%</u>
Income/(loss) before capital contributions	(79,320)	6,133	(85,453)	-1393.3%
Capital contributions	<u>14,360</u>	<u>2,191</u>	<u>12,169</u>	<u>555.4%</u>
Change in net position	<u>(64,960)</u>	<u>8,324</u>	<u>(73,284)</u>	<u>-880.4%</u>
Total net position, July 1	<u>1,419,153</u>	<u>1,328,213</u>	<u>90,940</u>	<u>6.8%</u>
Total net position, June 30	<u><u>1,354,193</u></u>	<u><u>1,336,537</u></u>	<u><u>17,656</u></u>	<u><u>1.3%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (HOU)**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	4,059	2,807	1,252	44.6%
Rentals, building and ground area	14,542	10,282	4,260	41.4%
Parking	917	7,157	(6,240)	-87.2%
Concessions	1,397	7,067	(5,670)	-80.2%
Other	199	325	(126)	-38.8%
Total operating revenues	<u>21,114</u>	<u>27,638</u>	<u>(6,524)</u>	<u>-23.6%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	6,963	7,658	(695)	-9.1%
Supplies	490	753	(263)	-34.9%
Services	12,354	13,922	(1,568)	-11.3%
Non-capital outlay	8,649	2,849	5,800	203.6%
Depreciation and amortization	<u>7,539</u>	<u>7,757</u>	<u>(218)</u>	<u>-2.8%</u>
Total operating expenses	<u>35,995</u>	<u>32,939</u>	<u>3,056</u>	<u>9.3%</u>
Operating income(loss)	<u>(14,881)</u>	<u>(5,301)</u>	<u>(9,580)</u>	<u>180.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	1,590	3,623	(2,033)	-56.1%
Interest expense	(3,940)	(4,413)	473	-10.7%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	15	6,653	(6,638)	-99.8%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(1)	1	-100.0%
Other revenue (expense)	<u>(108)</u>	<u>(47)</u>	<u>(61)</u>	<u>129.8%</u>
Total nonoperating revenues (expenses)	<u>(2,443)</u>	<u>5,815</u>	<u>(8,258)</u>	<u>-142.0%</u>
Income/(loss) before capital contributions	(17,324)	514	(17,838)	-3470.4%
Capital contributions	<u>3,150</u>	<u>97</u>	<u>3,053</u>	<u>3147.4%</u>
Change in net position	<u>(14,174)</u>	<u>611</u>	<u>(14,785)</u>	<u>-2419.8%</u>
Total net position, July 1	<u>243,341</u>	<u>229,761</u>	<u>13,580</u>	<u>5.9%</u>
Total net position, June 30	<u><u>229,167</u></u>	<u><u>230,372</u></u>	<u><u>(1,205)</u></u>	<u><u>-0.5%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (EFD)**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	27	60	(33)	-55.0%
Rentals, building and ground area	452	394	58	14.7%
Parking	-	-	-	N/A
Concessions	-	2	(2)	-100.0%
Other	17	23	(6)	-26.1%
Total operating revenues	<u>496</u>	<u>479</u>	<u>17</u>	<u>3.5%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	701	738	(37)	-5.0%
Supplies	45	127	(82)	-64.6%
Services	1,493	789	704	89.2%
Non-capital outlay	660	144	516	358.3%
Depreciation and amortization	1,398	1,441	(43)	-3.0%
Total operating expenses	<u>4,297</u>	<u>3,239</u>	<u>1,058</u>	<u>32.7%</u>
Operating income (loss)	<u>(3,801)</u>	<u>(2,760)</u>	<u>(1,041)</u>	<u>37.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	121	185	(64)	-34.6%
Interest expense	(539)	(604)	65	-10.8%
Gain / (Loss) on disposal of assets	-	(50)	50	-100.0%
Passenger facility charges	-	-	-	N/A
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	-	-	N/A
Other revenue (expense)	(7)	1	(8)	-800.0%
Total nonoperating revenues (expenses)	<u>(425)</u>	<u>(468)</u>	<u>43</u>	<u>-9.2%</u>
Income/(loss) before capital contributions	<u>(4,226)</u>	<u>(3,228)</u>	<u>(998)</u>	<u>30.9%</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Change in net position	<u>(4,226)</u>	<u>(3,228)</u>	<u>(998)</u>	<u>30.9%</u>
Total net position, July 1	<u>(64,238)</u>	<u>(52,461)</u>	<u>(11,777)</u>	<u>22.4%</u>
Total net position, June 30	<u><u>(68,464)</u></u>	<u><u>(55,689)</u></u>	<u><u>(12,775)</u></u>	<u><u>22.9%</u></u>

UNAUDITED**STATEMENTS OF NET POSITION (in thousands)
as of June 30, 2020 and June 30, 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets		
Current assets		
Cash and cash equivalents	414,812	388,708
(1) Investments	-	-
Restricted cash and cash equivalents	5,742	5,593
Restricted accounts receivable	533	1,494
Accounts Receivable (net of allowance for doubtful accounts of \$1,110 in 2020 and 2019)	70,025	30,758
Due from City of Houston	923	486
Inventory	2,072	1,739
Prepays	5,171	4,882
Due from other governments - grants receivable	4,871	18,392
Total current assets	<u>504,149</u>	<u>452,052</u>
Noncurrent assets		
Investments	985,515	1,017,348
Restricted cash and cash equivalents	48,841	45,030
Prepays	184	195
Capital Assets		
Land	216,100	216,100
Rights and Intangibles	17,472	17,471
Buildings, improvements and equipment	5,595,464	5,532,746
Construction in progress	259,774	206,687
Total capital assets	6,088,810	5,973,004
Less accumulated depreciation and amortization	<u>(3,375,814)</u>	<u>(3,207,696)</u>
Net capital assets	<u>2,712,996</u>	<u>2,765,308</u>
Total noncurrent assets	<u>3,747,536</u>	<u>3,827,881</u>
Total assets	<u>4,251,685</u>	<u>4,279,933</u>
Deferred Outflows of Resources		
Deferred outflows from debt refunding	17,263	19,572
Deferred outflows from pensions	17,720	17,720
Deferred outflows from OPEB LTD	96	96
Total deferred outflows of resources	<u>35,079</u>	<u>37,388</u>

(1) 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, 2020 and June 30, 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Liabilities		
Current Liabilities		
Accounts payable	12,466	15,575
Accrued payroll liabilities	3,550	3,166
Due to City of Houston	923.00	247.00
Due to other governments	-	571
Advances and deposits	1,636	2,439
Unearned revenue	8,641	4,347
Claims for workers' compensation	904	904
Compensated absences	6,120	6,120
Revenue bonds payable	89,090	80,110
Special facility revenue bonds payable	6,240	5,960
Accrued interest payable	47,154	49,339
Contracts and retainages payable	22,301	46,518
Other current liabilities	1,132	1,132
Total current liabilities	<u>200,157</u>	<u>216,428</u>
Noncurrent Liabilities		
Revenue bonds payable, net	1,928,601	2,034,592
Special facility revenue bonds payable	68,185	74,425
Commercial paper payable	132,973	48,473
Pension obligation bonds payable	2,006	2,006
Note payable	324	-
Claims for workers' compensation	902	902
Compensated absences	6,489	6,489
Net pension liability payable	229,757	229,757
Other post employment benefits	73,286	73,286
Other post employment benefits - LTD	586	586
Total noncurrent Liabilities	<u>2,443,109</u>	<u>2,470,516</u>
Total liabilities	<u>2,643,266</u>	<u>2,686,944</u>
Deferred Inflows of Resources		
Deferred Inflows on pension	5,800	5,800
Deferred inflows from OPEB health benefits	26,321	26,321
Total deferred inflows of resources	<u>32,121</u>	<u>32,121</u>
Net position		
Net Investment in capital assets	508,956	542,125
Restricted net position		
Restricted for debt service	473,461	428,856
Restricted for maintenance and operations	61,444	60,525
Restricted for special facility	46,377	43,442
Restricted for renewal and replacement	10,000	10,000
Restricted for capital improvements	578,579	651,664
Unrestricted (deficit)	(67,440)	(138,356)
Total net position	<u>1,611,377</u>	<u>1,598,256</u>