



FY20 PRO-FORMA FINANCIAL REPORT

4th Quarter

UNAUDITED

Working Trial Balance as of 9/9/2020

DISCLAIMER

This Interim Financial Reporting Presentation is provided for general information and convenience only and does not constitute an offer to sell or a solicitation of an offer to buy securities. The information contained herein is provided as of the respective dates and for the periods specified herein, and the information does not, under any circumstances, imply that there has been no change in the affairs of the Houston Airport System since the specified date as of which such information is provided. The dates as of and periods for which information is provided occurred just after the worldwide COVID-19 pandemic and the measures instituted to slow it. The pandemic has adversely affected travel, commerce, and financial markets globally and is expected to adversely affect economic output worldwide and in Texas. While the potential impact of the Pandemic on the Houston Airport System cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the Houston Airport System's operations and financial condition. Accordingly, the historical information set forth in this Interim Financial Reporting Presentation is not indicative of future results or performance due to these and other factors. For more information regarding the effects of the pandemic on the Houston Airport System, see the Voluntary Event Filing dated as of April 20, 2020, available at <https://emma.msrb.org/RE1332721-RE1037976-RE1445656.pdf>.

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.

By viewing this Interim Financial Reporting Presentation, you agree not to duplicate, copy, download, screen capture, electronically store or record this Interim Financial Reporting Presentation except for your own personal use, nor to produce, publish or distribute this Interim Financial Reporting Presentation in any form whatsoever. There may have been events that occurred subsequent to the date of this Interim Financial Reporting Presentation that would have a material adverse effect on the information presented herein.

The City and/or its enterprise funds, including the Houston Airport System, are under no obligation to update any of the information set forth herein. No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation in connection with the City or any securities issued or to be issued by the City or any of the City's enterprise funds, and if given or made, such information or representation must not be relied upon as having been authorized by the City or any of the City's enterprise funds.

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

DISCLAIMER

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)

TABLE OF CONTENTS

	Page
Finance Interim Report Commentary and Analysis:	
Finance Interim Report Executive Summary.....	1
Operating Revenues Current Year YTD vs. Prior Year YTD.....	3
Operating Expenses Current Year YTD vs. Prior Year YTD.....	4
Non-Operating Revenue (Expenses) and Capital Contribution Current Year YTD vs. Prior Year YTD.....	5
Operating Revenues Current Quarter vs. Prior Year Quarter.....	6
Operating Expenses Current Quarter vs. Prior Year Quarter	7
Non-Operating Revenue (Expenses) and Capital Contributions Current Quarter vs. Prior Year Quarter.....	8
 Cash Reports:	
Available Cash Current Quarter vs. Prior Quarter.....	10
Days Funded Current Quarter vs. Prior Year Quarter	11
 Profitability and Trend Analysis:	
Adjusted Operating Profit Trend.....	13
 Key Performance Indicators:	
Non-Airline Revenue per Enplanement Trend	15
O&M Expense per Enplanement Trend	16
Debt Service per Enplanement Trend	17
 Financial Statements:	
Statement of Revenues, Expenses, and Changes in Net Position YTD Current Year and YTD Prior Year HAS.....	19
Statement of Revenues, Expenses, and Changes in Net Position YTD Current Year and YTD Prior Year IAH	20
Statement of Revenues, Expenses, and Changes in Net Position YTD Current Year and YTD Prior Year HOU.....	21
Statement of Revenues, Expenses, and Changes in Net Position YTD Current Year and YTD Prior Year EFD	22
Statement of Revenues, Expenses, and Changes in Net Position Current Quarter and Prior Year Quarter HAS	23
Statement of Revenues, Expenses, and Changes in Net Position Current Quarter and Prior Year Quarter IAH.....	24
Statement of Revenues, Expenses, and Changes in Net Position Current Quarter and Prior Year Quarter HOU.....	25
Statement of Revenues, Expenses, and Changes in Net Position Current Quarter and Prior Year Quarter EFD.....	26
Statement of Net Position as of Current Quarter End and Prior Year Quarter End HAS.....	27

PROFORMA FINANCIAL REPORT EXECUTIVE SUMMARY – FY20



(\$s in millions)	FY20	YFY19	\$ Variance	% Variance
Proforma Operating Revenues	\$473.9	\$498.5	-\$26.5	-5.3%
Proforma Operating Expenses	\$549.5	\$511.7	+\$37.8	+7.4%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	\$68.2	\$106.0	-\$37.8	-35.7%

Highlights

Proforma Operating Revenues (-\$26.5M)

- 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 (+\$11.6M) 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 (+\$8.4M) 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 +\$37.8M

- 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 the ineligible capital costs reclassified to expense in 4Q FY19 (\$11.5M). Note in FY20 ineligible capital cost is reclassified to Services expense.
- Increase in Services (+\$6.4M) due to ineligible capital costs reclassified to expense (+\$8.8M) partially offset by overall cost savings.
- Increase in Personnel (+\$5.0M) mainly due to HOPE pay increase and higher pension expense.

Proforma Non-Operating Revenues/Expenses and Capital Contributions (-\$37.8M)

- 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 the completion or near completion of FAA and TSA grant eligible projects (-\$15.1M).
- 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).

FAVORABLE

UNFAVORABLE

UNAUDITED

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	\$175.6	\$146.0	+\$29.6	+9.1%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	-\$3.0	\$33.9	-\$36.9	-108.7%

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 +\$29.6M

- 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 the ineligible capital costs reclassified to expense in 4Q FY19 (\$11.5M). Note in FY20 ineligible capital cost is reclassified to Services expense.
- Increase in Services (+\$5.3M) due to ineligible capital cost reclassified to expense (+\$8.8M) partially offset by lower consulting services (-\$0.7M), lower credit card fees (-\$0.6M), lower travel and training expense (-\$0.4M) and overall cost savings.
- Decrease in Supplies (-\$1.0M) due to overall cost savings in the reaction to COVID-19.

Proforma Non-Operating Revenues/Expenses and Capital Contributions (-\$36.9M)

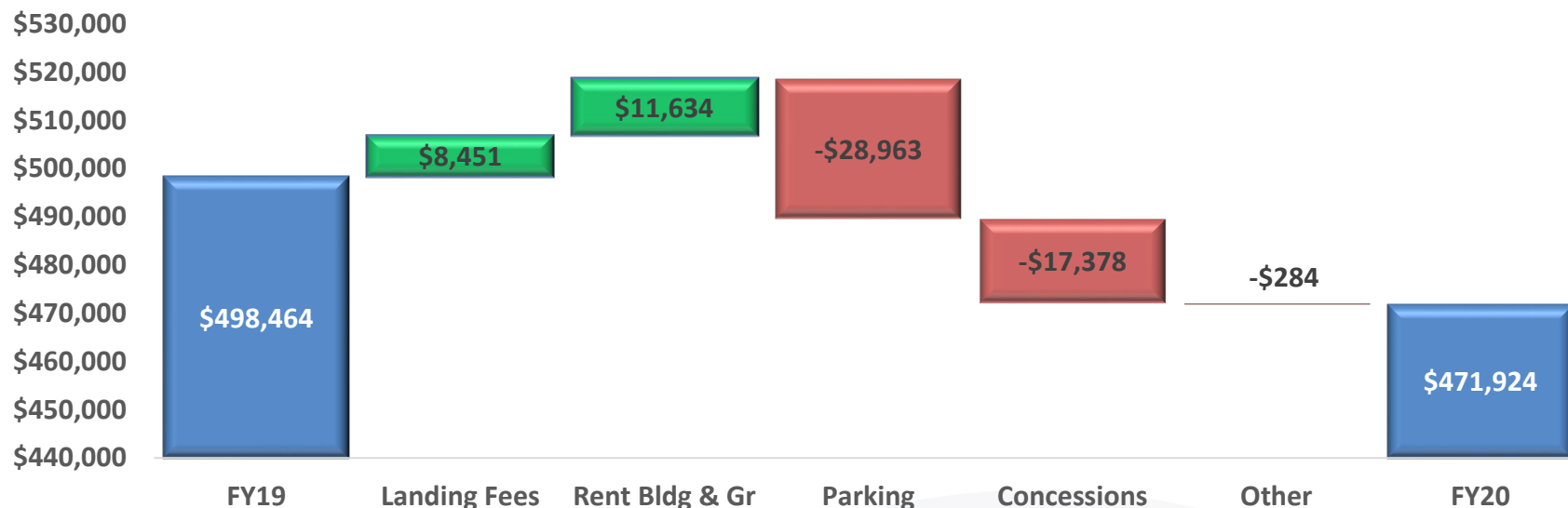
- Decrease in Passenger Facility Charges (-\$29.5M) due to an over 80% reduction in passengers associated with COVID-19.
- Increase in Capital Contributions: (+\$15.2M) primarily due to CARES Act reimbursement in 4Q FY20 (+\$8.0M) and the receipt of 2 FAA Entitlement Grants (+\$9.3M), partially offset by the completion or near completion of FAA and TSA grant eligible projects (-\$2.3M).
- 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.

FAVORABLE

UNFAVORABLE

UNAUDITED

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



VARIANCE COMMENTS

- **Operating Revenues Total: (-\$26.5M)**
- **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:** (-\$17.4M) 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:** (+\$11.6M) 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** (+\$8.5M) 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).

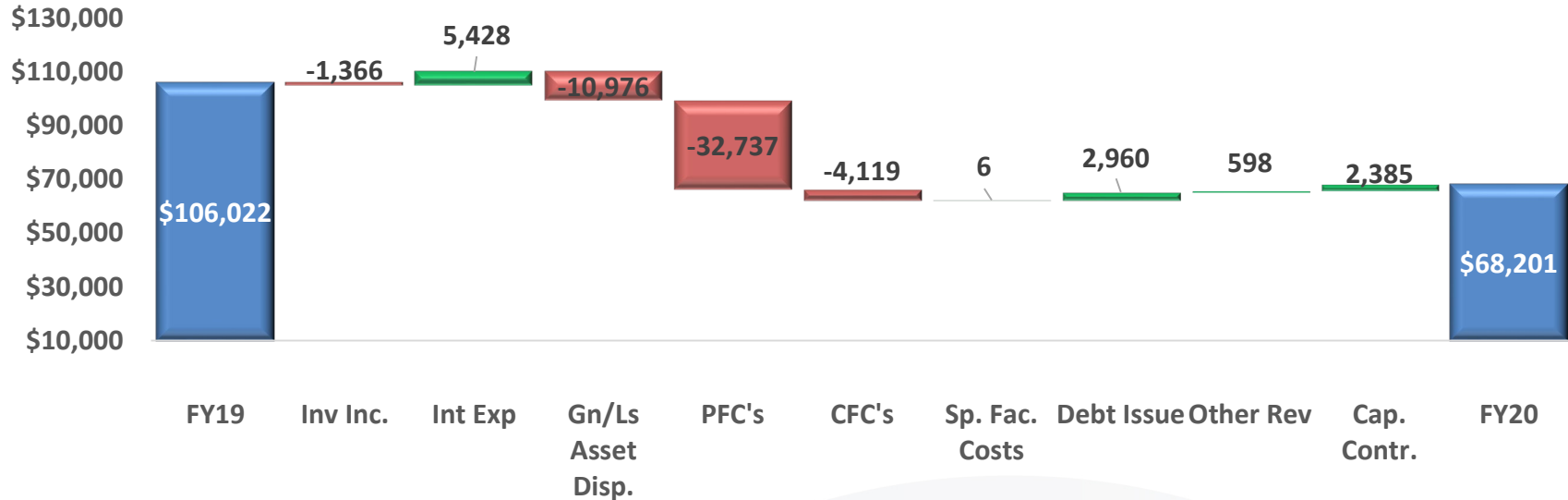
PROFORMA OPERATING EXPENSES – FY20 vs. FY19 (in 000's)



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 the ineligible capital costs reclassified to expense in 4Q FY19 (\$11.5M). Note in FY20 ineligible capital cost is reclassified to Services expense.
- **Services:** (+\$6.4M) due to ineligible capital costs reclassified to expense (+\$8.8M) partially offset by overall cost savings
- **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).

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



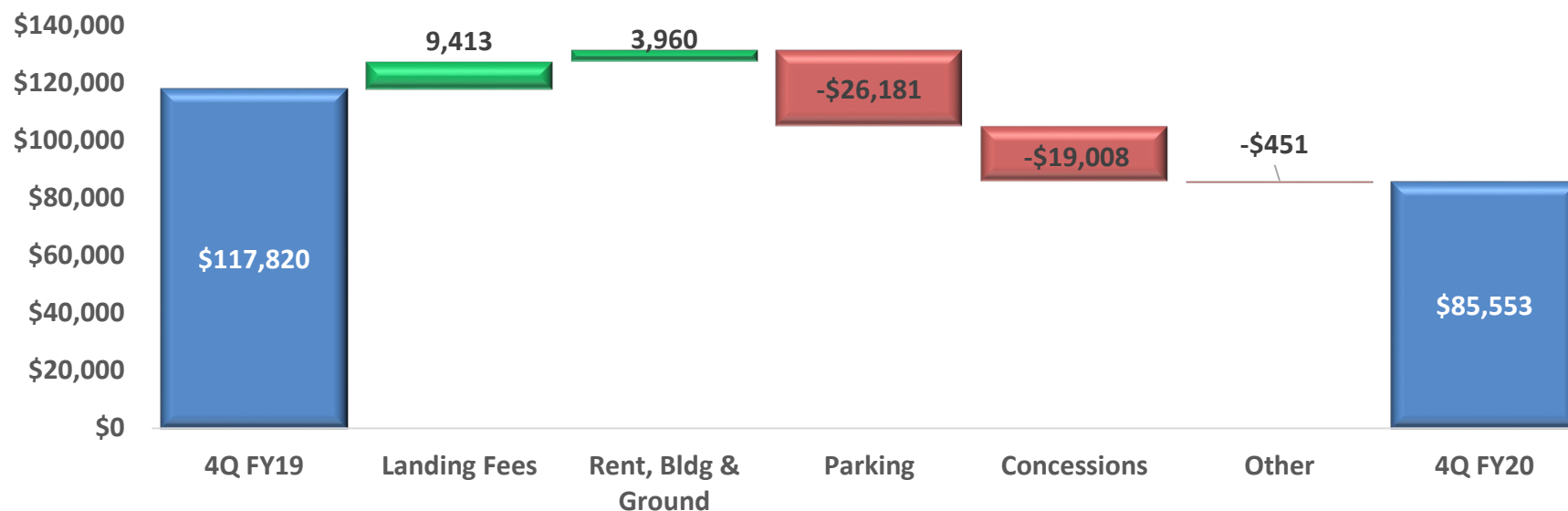
VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contribution Total: (-\$37.8M)**
- **Passenger Facility Charges:** (-\$32.7M) 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:** (+\$5.4M) 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 the completion or near completion of FAA and TSA grant eligible projects (-\$15.1M).
- **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).

FAVORABLE UNFAVORABLE

UNAUDITED

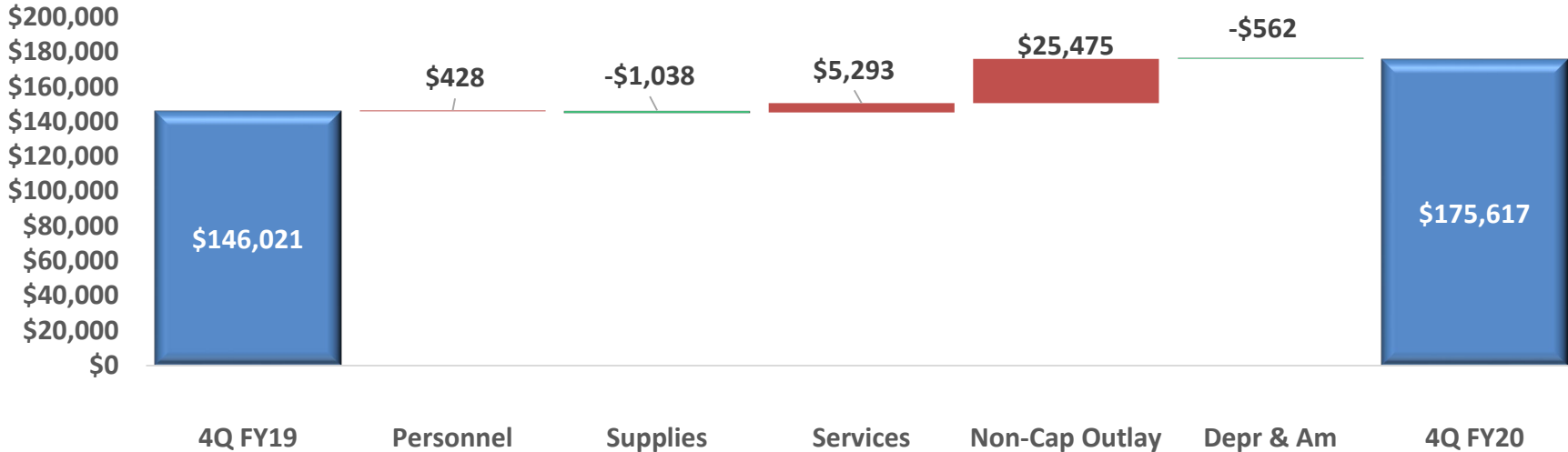
PROFORMA OPERATING REVENUES – 4Q FY20 vs. 4Q FY19 (in 000's)



VARIANCE COMMENTS

- **Operating Revenues: (-\$32.3M)**
- **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:** (-\$19.0M) 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:** (+\$9.4M) 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:** (+\$4.0M) 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), partially offset by the allowance for bad debt (-\$1.3M).

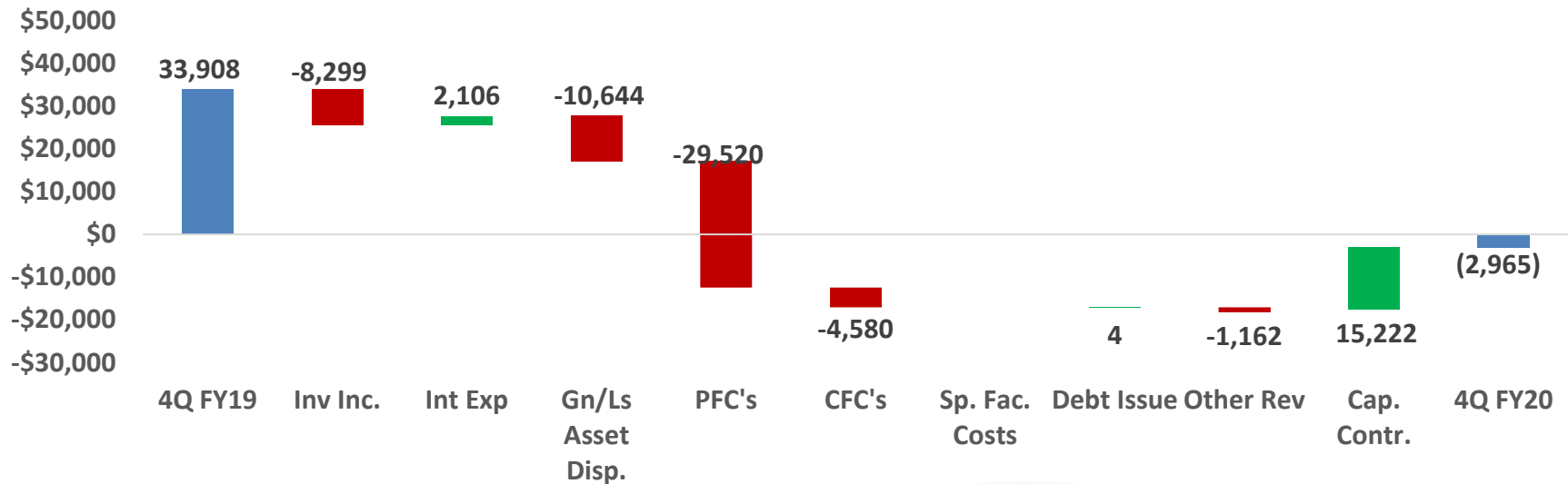
PROFORMA OPERATING EXPENSES – 4Q FY20 vs. 4Q FY19 (in 000's)



VARIANCE COMMENTS

- **Operating Expenses: (+\$29.6M)**
- **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 the ineligible capital costs reclassified to expense in 4Q FY19 (\$11.5M). Note in FY20 ineligible capital cost is reclassified to Services expense.
- **Supplies: (-\$1.0M)** due to overall cost savings.
- **Services (+\$5.3M)** due to ineligible capital cost reclassified to expense (+\$8.8M) partially offset by lower consulting services (-\$0.7M), lower credit card fees (-\$0.6M), lower travel and training expense (-\$0.4M) and overall cost savings.

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: (-\$36.9M)**
- **Passenger Facility Charges: (-\$29.5M)** 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 the completion and near completion of FAA and TSA grant eligible projects (-\$2.3M)
- **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.

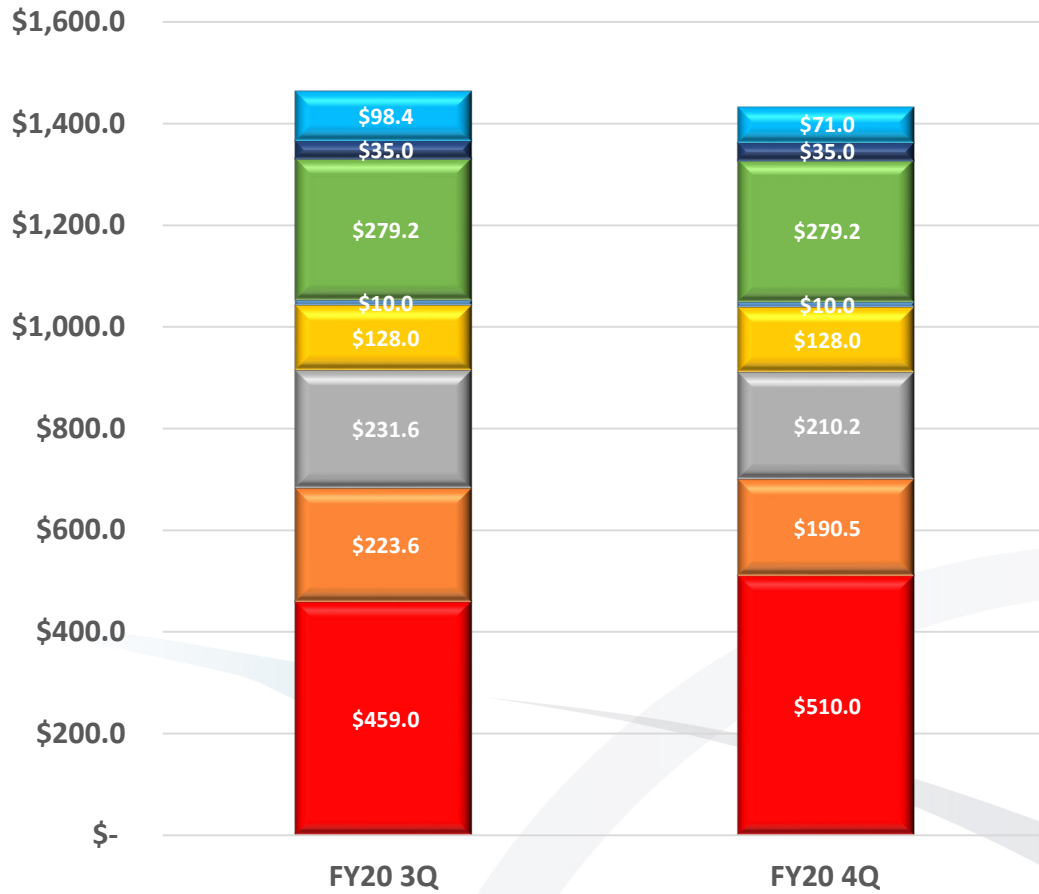
FAVORABLE

UNFAVORABLE

UNAUDITED

PROFORMA CASH REPORTS

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

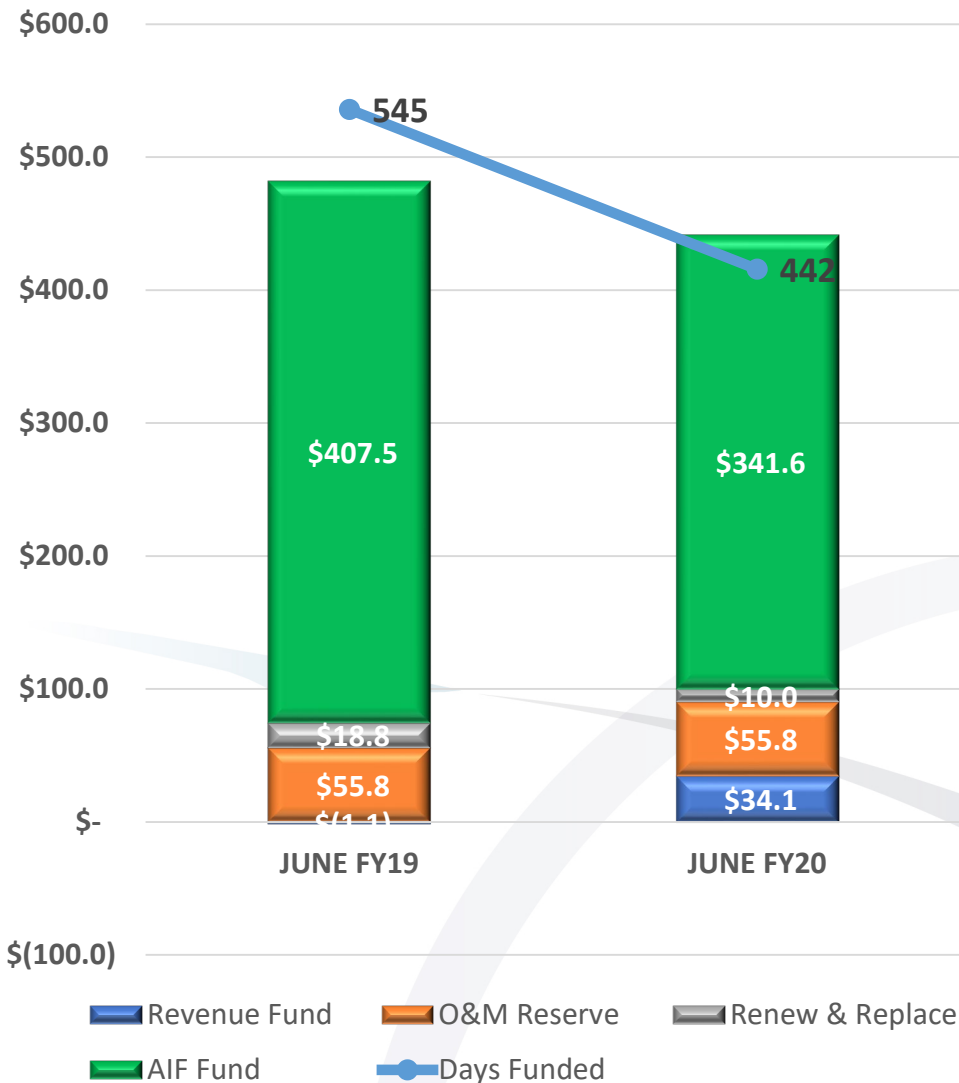


- Cash balance ending June 30, 2020 of \$1.434 billion is (\$-30.9M) when compared to March 30, 2020 balance of \$1.464 billion primarily due to a decrease in revenue fund (-\$43.5M) and construction fund balances (-\$40.8M), partially offset by increase in debt service fund (+\$47.6M), Grant funds (+\$4.2M) and Passenger Facility Charges (+\$2.4M).
- Unspent appropriations (-\$13.5M) due to an increase in capital spend.
- Cash Available for Operations (-\$34.4M).

- Restricted Funds
- Net Liabilities
- Unspent Appropriations
- Legal Reserves
- Renewal & Replacement Reserve
- Policy Reserve
- Capital Reserve
- Cash Available for Capital Use

UNAUDITED

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

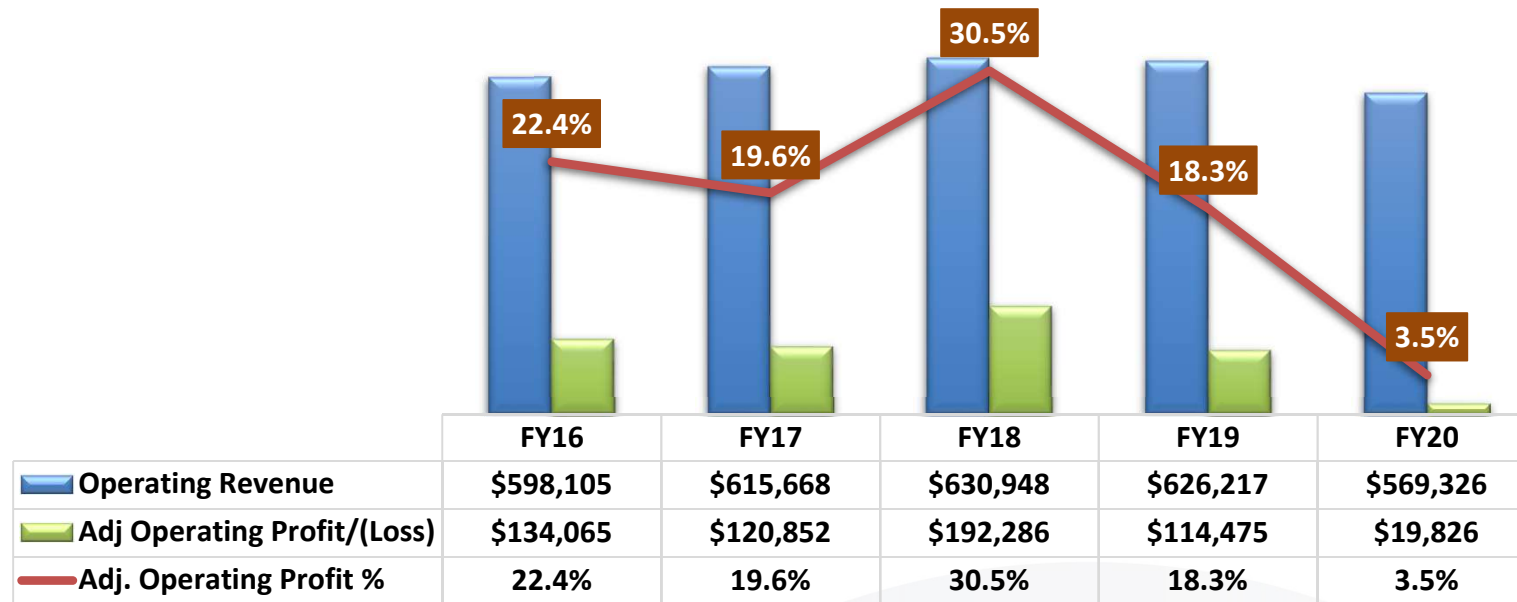


- Days funded decreased by 103 days.
- Cash available for operations decreased by \$34.4M.
- Daily cash requirement is \$99K higher in FY20.
- Normalized Days of Available Cash, excluding the one-time payment \$36.5M to United Airlines for terminating its Terminal C North lease early is 489 days.

UNAUDITED

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 (+\$5.0M) 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.

UNAUDITED - FOR HAS INTERNAL USE ONLY

KEY PERFORMANCE INDICATORS

NON-AIRLINE REVENUE PER ENPLANEMENT TREND



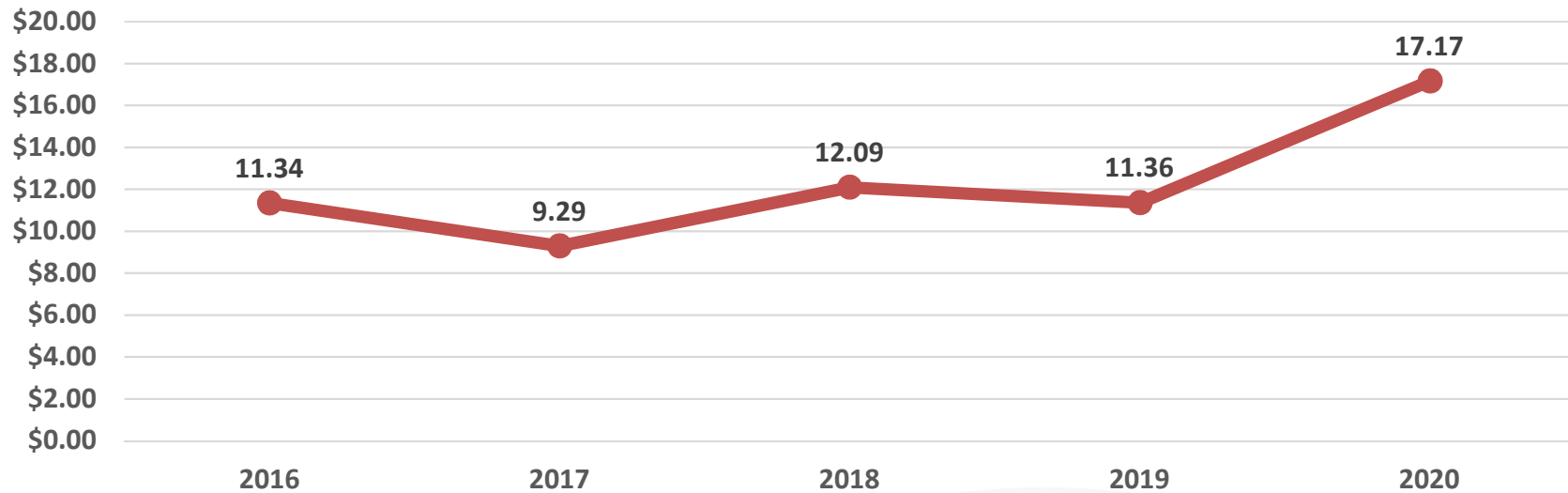
VARIANCE COMMENTS

- 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.)

UNAUDITED - FOR HAS INTERNAL USE ONLY

O&M EXPENSE PER ENPLANEMENT TREND

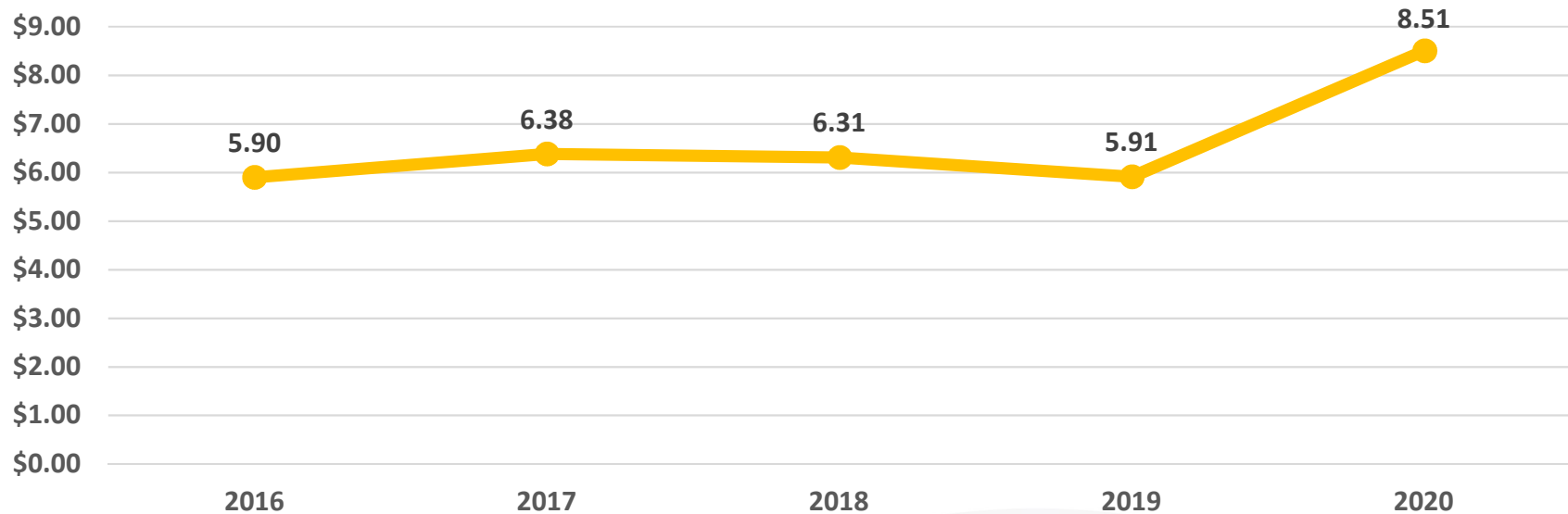


VARIANCE COMMENTS

- 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 (+\$5.0M), 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.

UNAUDITED - FOR HAS INTERNAL USE ONLY

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.

UNAUDITED - FOR HAS INTERNAL USE ONLY

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	96,218	87,767	8,451	9.6%
Rentals, building and ground area	222,957	211,323	11,634	5.5%
Parking	81,173	110,136	(28,963)	-26.3%
Concessions	65,737	83,115	(17,378)	-20.9%
Other	5,839	6,123	(284)	-4.6%
Total operating revenues	<u>471,924</u>	<u>498,464</u>	<u>(26,540)</u>	<u>-5.3%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	124,810	119,841	4,969	4.1%
Supplies	8,223	8,390	(167)	-2.0%
Services	202,979	196,608	6,371	3.2%
Non-capital outlay	37,915	12,638	25,277	200.0%
Depreciation and amortization	<u>175,573</u>	<u>174,266</u>	<u>1,307</u>	<u>0.8%</u>
Total operating expenses	<u>549,500</u>	<u>511,743</u>	<u>37,757</u>	<u>7.4%</u>
Operating income (loss)	<u>(77,576)</u>	<u>(13,279)</u>	<u>(64,297)</u>	<u>484.2%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	43,701	45,067	(1,366)	-3.0%
Interest expense	(76,147)	(81,575)	5,428	-6.7%
Gain / (Loss) on disposal of assets	(10,857)	119	(10,976)	-9223.5%
Passenger facility charges	78,418	111,155	(32,737)	-29.5%
Customer facility charges	13,320	17,439	(4,119)	-23.6%
Special facility cost	(37)	(43)	6	-14.0%
Cost of issuance for debt	-	(2,960)	2,960	-100.0%
Other revenue (expense)	<u>819</u>	<u>221</u>	<u>598</u>	<u>270.6%</u>
Total nonoperating revenues (expenses)	<u>49,217</u>	<u>89,423</u>	<u>(40,206)</u>	<u>-45.0%</u>
Income/(loss) before capital contributions	(28,359)	76,144	(104,503)	-137.2%
Capital contributions	<u>18,984</u>	<u>16,599</u>	<u>2,385</u>	<u>14.4%</u>
Change in net position	(9,375)	92,743	(102,118)	-110.1%
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>1,588,881</u></u>	<u><u>1,598,256</u></u>	<u><u>(9,375)</u></u>	<u><u>-0.6%</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	78,686	72,563	6,123	8.4%
Rentals, building and ground area	181,995	173,831	8,164	4.7%
Parking	61,506	83,231	(21,725)	-26.1%
Concessions	45,075	56,671	(11,596)	-20.5%
Other	4,731	4,821	(90)	-1.9%
Total operating revenues	<u>371,993</u>	<u>391,117</u>	<u>(19,124)</u>	<u>-4.9%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	92,093	86,348	5,745	6.7%
Supplies	5,785	5,748	37	0.6%
Services	155,665	146,530	9,135	6.2%
Non-capital outlay	29,197	9,437	19,760	209.4%
Depreciation and amortization	140,475	137,909	2,566	1.9%
Total operating expenses	<u>423,215</u>	<u>385,972</u>	<u>37,243</u>	<u>9.6%</u>
Operating income (loss)	<u>(51,222)</u>	<u>5,145</u>	<u>(56,367)</u>	<u>-1095.6%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	33,687	34,194	(507)	-1.5%
Interest expense	(57,796)	(61,915)	4,119	-6.7%
Gain / (Loss) on disposal of assets	(10,857)	169	(11,026)	-6524.3%
Passenger facility charges	60,858	85,167	(24,309)	-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)	632	202	430	212.9%
Total nonoperating revenues (expenses)	<u>39,807</u>	<u>73,014</u>	<u>(33,207)</u>	<u>-45.5%</u>
Income/(loss) before capital contributions	<u>(11,415)</u>	<u>78,159</u>	<u>(89,574)</u>	<u>-114.6%</u>
Capital contributions	<u>14,606</u>	<u>16,383</u>	<u>(1,777)</u>	<u>-10.8%</u>
Change in net position	<u>3,191</u>	<u>94,542</u>	<u>(91,351)</u>	<u>-96.6%</u>
Total net position, July 1	<u>1,419,153</u>	<u>1,324,611</u>	<u>94,542</u>	<u>7.1%</u>
Total net position, JUNE 30	<u><u>1,422,344</u></u>	<u><u>1,419,153</u></u>	<u><u>3,191</u></u>	<u><u>0.2%</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	17,327	14,957	2,370	15.8%
Rentals, building and ground area	39,268	35,905	3,363	9.4%
Parking	19,667	26,905	(7,238)	-26.9%
Concessions	20,558	26,425	(5,867)	-22.2%
Other	1,029	1,216	(187)	-15.4%
Total operating revenues	<u>97,849</u>	<u>105,408</u>	<u>(7,559)</u>	<u>-7.2%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	29,998	30,488	(490)	-1.6%
Supplies	2,084	2,258	(174)	-7.7%
Services	43,963	46,817	(2,854)	-6.1%
Non-capital outlay	8,268	3,022	5,246	173.6%
Depreciation and amortization	29,708	30,890	(1,182)	-3.8%
Total operating expenses	<u>114,021</u>	<u>113,475</u>	<u>546</u>	<u>0.5%</u>
Operating income(loss)	<u>(16,172)</u>	<u>(8,067)</u>	<u>(8,105)</u>	<u>100.5%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	9,434	10,251	(817)	-8.0%
Interest expense	(16,143)	(17,294)	1,151	-6.7%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	17,560	25,988	(8,428)	-32.4%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(687)	687	-100.0%
Other revenue (expense)	175	18	157	872.2%
Total nonoperating revenues (expenses)	<u>11,026</u>	<u>18,276</u>	<u>(7,250)</u>	<u>-39.7%</u>
Income/(loss) before capital contributions	(5,146)	10,209	(15,355)	-150.4%
Capital contributions	<u>4,378</u>	<u>207</u>	<u>4,171</u>	<u>2015.0%</u>
Change in net position	<u>(768)</u>	<u>10,416</u>	<u>(11,184)</u>	<u>-107.4%</u>
Total net position, July 1	<u>243,341</u>	<u>232,925</u>	<u>10,416</u>	<u>4.5%</u>
Total net position, JUNE 30	<u><u>242,573</u></u>	<u><u>243,341</u></u>	<u><u>(768)</u></u>	<u><u>-0.3%</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	79	86	(7)	-8.1%
	<u>2,082</u>	<u>1,939</u>	<u>143</u>	<u>7.4%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	2,719	3,005	(286)	-9.5%
Supplies	354	384	(30)	-7.8%
Services	3,351	3,261	90	2.8%
Non-capital outlay	450	179	271	151.4%
Depreciation and amortization	5,390	5,467	(77)	-1.4%
	<u>12,264</u>	<u>12,296</u>	<u>(32)</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)	580	622	(42)	-6.8%
Interest expense	(2,208)	(2,366)	158	-6.7%
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)	12	1	11	1100.0%
	<u>(1,616)</u>	<u>(1,867)</u>	<u>251</u>	<u>-13.4%</u>
Income/(loss) before capital contributions	(11,798)	(12,224)	426	-3.5%
Capital contributions	-	9	(9)	-100.0%
Change in net position	<u>(11,798)</u>	<u>(12,215)</u>	<u>417</u>	<u>-3.4%</u>
Total net position, July 1	<u>(64,238)</u>	<u>(52,023)</u>	<u>(12,215)</u>	<u>23.5%</u>
Total net position, JUNE 30	<u><u>(76,036)</u></u>	<u><u>(64,238)</u></u>	<u><u>(11,798)</u></u>	<u><u>18.4%</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	24,549	15,136	9,413	62.2%
Rentals, building and ground area	52,708	48,748	3,960	8.1%
Parking	3,405	29,586	(26,181)	-88.5%
Concessions	3,663	22,671	(19,008)	-83.8%
Other	1,228	1,679	(451)	-26.9%
Total operating revenues	<u>85,553</u>	<u>117,820</u>	<u>(32,267)</u>	<u>-27.4%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	29,851	29,423	428	1.5%
Supplies	1,729	2,767	(1,038)	-37.5%
Services	63,217	57,924	5,293	9.1%
Non-capital outlay	37,108	11,633	25,475	219.0%
Depreciation and amortization	43,712	44,274	(562)	-1.3%
Total operating expenses	<u>175,617</u>	<u>146,021</u>	<u>29,596</u>	<u>20.3%</u>
Operating income (loss)	<u>(90,064)</u>	<u>(28,201)</u>	<u>(61,863)</u>	<u>219.4%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	6,967	15,266	(8,299)	-54.4%
Interest expense	(18,709)	(20,815)	2,106	-10.1%
Gain / (Loss) on disposal of assets	(10,857)	(213)	(10,644)	4997.2%
Passenger facility charges	344	29,864	(29,520)	-98.8%
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)	(75)	1,087	(1,162)	-106.9%
Total nonoperating revenues (expenses)	<u>(20,475)</u>	<u>31,620</u>	<u>(52,095)</u>	<u>-164.8%</u>
Income/(loss) before capital contributions	(110,539)	3,419	(113,958)	-3333.1%
Capital contributions	<u>17,510</u>	<u>2,288</u>	<u>15,222</u>	<u>665.3%</u>
Change in net position	(93,029)	5,707	(98,736)	-1730.1%
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>1,505,227</u></u>	<u><u>1,511,220</u></u>	<u><u>(5,993)</u></u>	<u><u>-0.4%</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	20,465	12,269	8,196	66.8%
Rentals, building and ground area	37,714	38,072	(358)	-0.9%
Parking	2,488	22,429	(19,941)	-88.9%
Concessions	2,281	15,602	(13,321)	-85.4%
Other	1,001	1,331	(330)	-24.8%
Total operating revenues	<u>63,949</u>	<u>89,703</u>	<u>(25,754)</u>	<u>-28.7%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	22,036	21,027	1,009	4.8%
Supplies	1,115	1,887	(772)	-40.9%
Services	46,765	43,213	3,552	8.2%
Non-capital outlay	27,449	8,640	18,809	217.7%
Depreciation and amortization	<u>34,542</u>	<u>35,076</u>	<u>(534)</u>	<u>-1.5%</u>
Total operating expenses	<u>131,907</u>	<u>109,843</u>	<u>22,064</u>	<u>20.1%</u>
Operating income (loss)	<u>(67,958)</u>	<u>(20,140)</u>	<u>(47,818)</u>	<u>237.4%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	5,190	11,458	(6,268)	-54.7%
Interest expense	(14,200)	(15,798)	1,598	-10.1%
Gain / (Loss) on disposal of assets	(10,857)	(163)	(10,694)	6560.7%
Passenger facility charges	680	23,211	(22,531)	-97.1%
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>(53)</u>	<u>1,133</u>	<u>(1,186)</u>	<u>-104.7%</u>
Total nonoperating revenues (expenses)	<u>(17,385)</u>	<u>26,273</u>	<u>(43,658)</u>	<u>-166.2%</u>
Income/(loss) before capital contributions	(85,343)	6,133	(91,476)	-1491.5%
Capital contributions	<u>14,360</u>	<u>2,191</u>	<u>12,169</u>	<u>555.4%</u>
Change in net position	<u>(70,983)</u>	<u>8,324</u>	<u>(79,307)</u>	<u>-952.8%</u>
Total net position, July 1	<u>1,419,153</u>	<u>1,324,610</u>	<u>94,543</u>	<u>7.1%</u>
Total net position, June 30	<u><u>1,348,170</u></u>	<u><u>1,332,934</u></u>	<u><u>15,236</u></u>	<u><u>1.1%</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	4,057	2,807	1,250	44.5%
Rentals, building and ground area	14,542	10,282	4,260	41.4%
Parking	917	7,157	(6,240)	-87.2%
Concessions	1,382	7,067	(5,685)	-80.4%
Other	210	325	(115)	-35.4%
Total operating revenues	<u>21,108</u>	<u>27,638</u>	<u>(6,530)</u>	<u>-23.6%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	7,087	7,658	(571)	-7.5%
Supplies	498	753	(255)	-33.9%
Services	14,710	13,922	788	5.7%
Non-capital outlay	8,932	2,849	6,083	213.5%
Depreciation and amortization	7,746	7,757	(11)	-0.1%
Total operating expenses	<u>38,973</u>	<u>32,939</u>	<u>6,034</u>	<u>18.3%</u>
Operating income(loss)	<u>(17,865)</u>	<u>(5,301)</u>	<u>(12,564)</u>	<u>237.0%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	1,643	3,623	(1,980)	-54.7%
Interest expense	(3,966)	(4,413)	447	-10.1%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	(336)	6,653	(6,989)	-105.1%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(1)	1	-100.0%
Other revenue (expense)	(22)	(47)	25	-53.2%
Total nonoperating revenues (expenses)	<u>(2,681)</u>	<u>5,815</u>	<u>(8,496)</u>	<u>-146.1%</u>
Income/(loss) before capital contributions	<u>(20,546)</u>	<u>514</u>	<u>(21,060)</u>	<u>-4097.3%</u>
Capital contributions	<u>3,150</u>	<u>97</u>	<u>3,053</u>	<u>3147.4%</u>
Change in net position	<u>(17,396)</u>	<u>611</u>	<u>(18,007)</u>	<u>-2947.1%</u>
Total net position, July 1	<u>243,341</u>	<u>232,925</u>	<u>10,416</u>	<u>4.5%</u>
Total net position, June 30	<u><u>225,945</u></u>	<u><u>233,536</u></u>	<u><u>(7,591)</u></u>	<u><u>-3.3%</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 (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	728	738	(10)	-1.4%
Supplies	116	127	(11)	-8.7%
Services	1,742	789	953	120.8%
Non-capital outlay	727	144	583	404.9%
Depreciation and amortization	1,424	1,441	(17)	-1.2%
Total operating expenses	<u>4,737</u>	<u>3,239</u>	<u>1,498</u>	<u>46.2%</u>
Operating income (loss)	<u>(4,241)</u>	<u>(2,760)</u>	<u>(1,481)</u>	<u>53.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	134	185	(51)	-27.6%
Interest expense	(543)	(604)	61	-10.1%
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)	-	1	(1)	-100.0%
Total nonoperating revenues (expenses)	<u>(409)</u>	<u>(468)</u>	<u>59</u>	<u>-12.6%</u>
Income/(loss) before capital contributions	<u>(4,650)</u>	<u>(3,228)</u>	<u>(1,422)</u>	<u>44.1%</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Change in net position	<u>(4,650)</u>	<u>(3,228)</u>	<u>(1,422)</u>	<u>44.1%</u>
Total net position, July 1	<u>(64,238)</u>	<u>(52,022)</u>	<u>(12,216)</u>	<u>23.5%</u>
Total net position, June 30	<u><u>(68,888)</u></u>	<u><u>(55,250)</u></u>	<u><u>(13,638)</u></u>	<u><u>24.7%</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	5,736	5,593
Restricted accounts receivable	533	1,494
Accounts Receivable (net of allowance for doubtful accounts of \$1,110 in 2020 and 2019)	67,595	30,758
Due from City of Houston	9,428	486
Inventory	2,002	1,739
Prepays	5,171	4,882
Due from other governments - grants receivable	4,872	18,392
Total current assets	510,149	452,052
Noncurrent assets		
Investments	985,515	1,017,348
Restricted cash and cash equivalents	48,840	45,030
Prepays	184	195
Capital Assets		
Land	216,100	216,100
Rights and Intangibles	18,091	17,471
Buildings, improvements and equipment	5,618,770	5,532,746
Construction in progress	245,846	206,687
Total capital assets	6,098,807	5,973,004
Less accumulated depreciation and amortization	(3,376,447)	(3,207,696)
Net capital assets	2,722,360	2,765,308
Total noncurrent assets	3,756,899	3,827,881
Total assets	4,267,048	4,279,933
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	35,079	37,388

(continued)

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

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

	June 30, 2020	June 30, 2019
Liabilities		
Current Liabilities		
Accounts payable	12,191	15,575
Accrued payroll liabilities	3,550	3,166
Due to City of Houston	8,334.00	247.00
Due to other governments	-	571
Advances and deposits	1,636	2,439
Unearned revenue	8,267	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	47,201	49,339
Contracts and retainages payable	40,085	46,518
Other current liabilities	1,132	1,132
Total current liabilities	<u>224,750</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	48,473.00
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>2,667,859</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	513,268	542,125
Restricted net position		
Restricted for debt service	473,008	428,856
Restricted for maintenance and operations	61,818	60,525
Restricted for special facility	46,377	43,442
Restricted for renewal and replacement	10,000	10,000
Restricted for capital improvements	560,957	651,664
Unrestricted (deficit)	(63,281)	(138,356)
Total net position	<u>1,602,147</u>	<u>1,598,256</u>