



FY20 PRO-FORMA FINANCIAL REPORT

3rd Quarter

UNAUDITED



DISCLAIMER

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This Interim Financial Report 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 completed at

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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 Report 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 – 3Q YTD FY20

(\$s in millions)	3Q YTD FY20	3Q YTD FY19	\$ Variance	% Variance
Proforma Operating Revenues	\$386.4	\$380.6	+\$5.8	+1.5%
Proforma Operating Expenses	\$376.3	\$365.7	+\$10.6	+2.9%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	\$72.1	\$71.2	+\$0.9	+1.3%

Highlights

Proforma Operating Revenues +\$5.8M

- Increase in Rentals, Building and Ground Area (+\$7.7M) associated with higher costs recovered from airlines
- Increase in Concessions (+\$1.6M) on higher rental car, ground transportation, advertising and food and beverage sales
- Decrease in Parking (-\$2.8M) due to significant decline in March passenger levels associated with COVID-19

Proforma Operating Expenses +\$10.6M

- Increase in Personnel (+\$4.6M) due to a favorable pension expense credit in FY19, HOPE pay increases, and an increase in overtime and life insurance costs
- Increase in Services (+\$3.5M) related to contractual increases in professional services and garage parking enhancements
- Increase in Depreciation & Amortization (+\$1.9M) due to an increase in assets placed in service

Proforma Non-Operating Revenues/Expenses and Capital Contributions +\$0.9M

- Increase in Investment Income (+\$6.9M) due to higher fair market value of assets and interest earnings
- Decrease in Interest Expense (-\$3.3M) primarily due to a reduction in overall outstanding debt
- Decrease in Debt Issuance Costs (-\$3.0M) as costs related to debt issuance in FY19 (Series 2018 CD) has not recurred
- Decrease in Passenger Facility Charges (-\$3.2M) primarily due to a decline in passengers associated with COVID-19
- Decrease in Capital Contributions: (-\$12.8M) primarily due to completion of all FAA and TSA projects prior to 3Q FY20

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PROFORMA FINANCIAL REPORT EXECUTIVE SUMMARY – 3Q FY20

(\$s in millions)	3Q FY20	3Q FY19	\$ Variance	% Variance
Proforma Operating Revenues	\$121.3	\$123.0	(-\$1.7)	(-1.4%)
Proforma Operating Expenses	\$126.8	\$124.4	+\$2.4	+1.9%
Proforma Non-Operating Revenues/Expenses and Capital Contributions	\$27.4	\$41.9	(-\$14.5)	(-34.6%)

Highlights

Proforma Operating Revenues (-\$1.7M)

- Decrease in Parking (-\$4.7M) due to reduction in parking transactions (-\$5.2M), partially offset by an increase in parking rate at HAS garages from \$22 to \$24 (+\$0.5M)
- Increase in Rentals, Building and Ground Area (+\$3.5M) primarily due to higher operating costs recovered from airlines via terminal rents

Proforma Operating Expenses +\$2.4M

- Increase in Personnel Costs (+\$1.7M) due to an increase in pension expense and HOPE pay increases
- Increase in Depreciation & Amortization (+\$1.3M) due to an increase in assets placed in service

Proforma Non-Operating Revenues/Expenses and Capital Contributions (-\$14.5M)

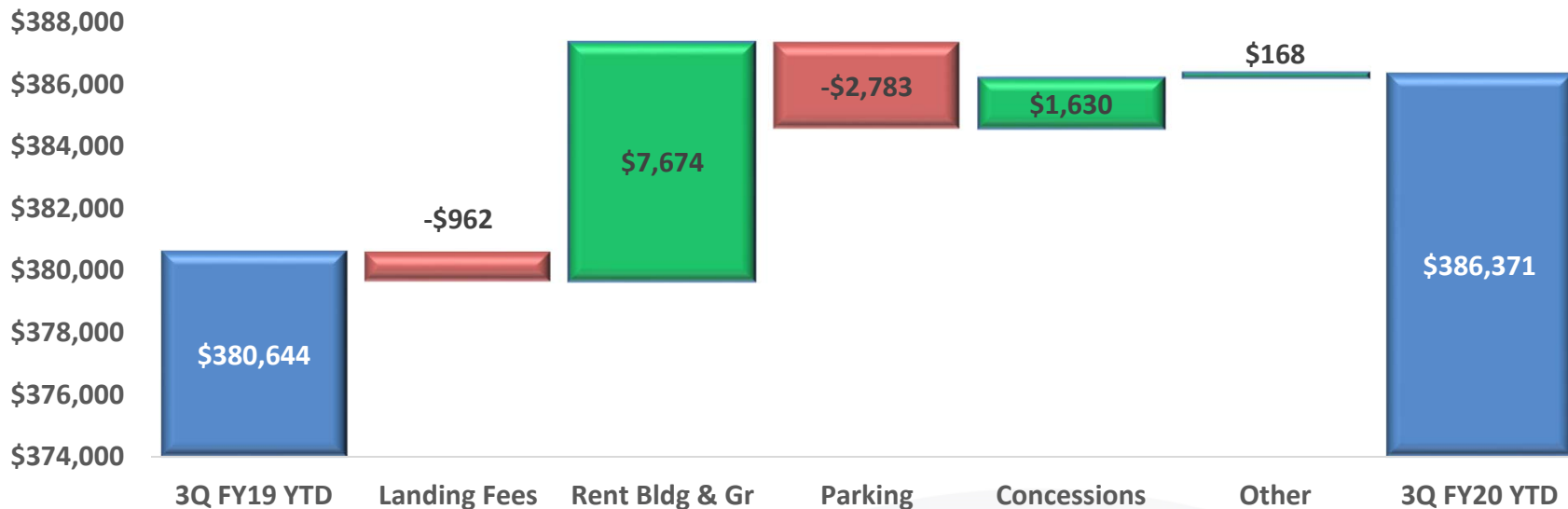
- Decrease in Capital Contributions: (-\$14.3M) as reimbursements associated with FAA and TSA grant-eligible projects were completed prior to 3Q FY20
- Decrease in Passenger Facility Charges (-\$3.3M) related to significant decline in passengers associated with COVID-19
- Investment Income (+\$2.2M) due to an increase in fair market value of assets (+\$2.4M) and an increase in earnings associated with additional investments (+\$0.2M), partially offset by lower interest apportionment rates (-\$0.4M).

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PROFORMA OPERATING REVENUES – 3Q YTD FY20 vs. 3Q YTD FY19 (in 000's)



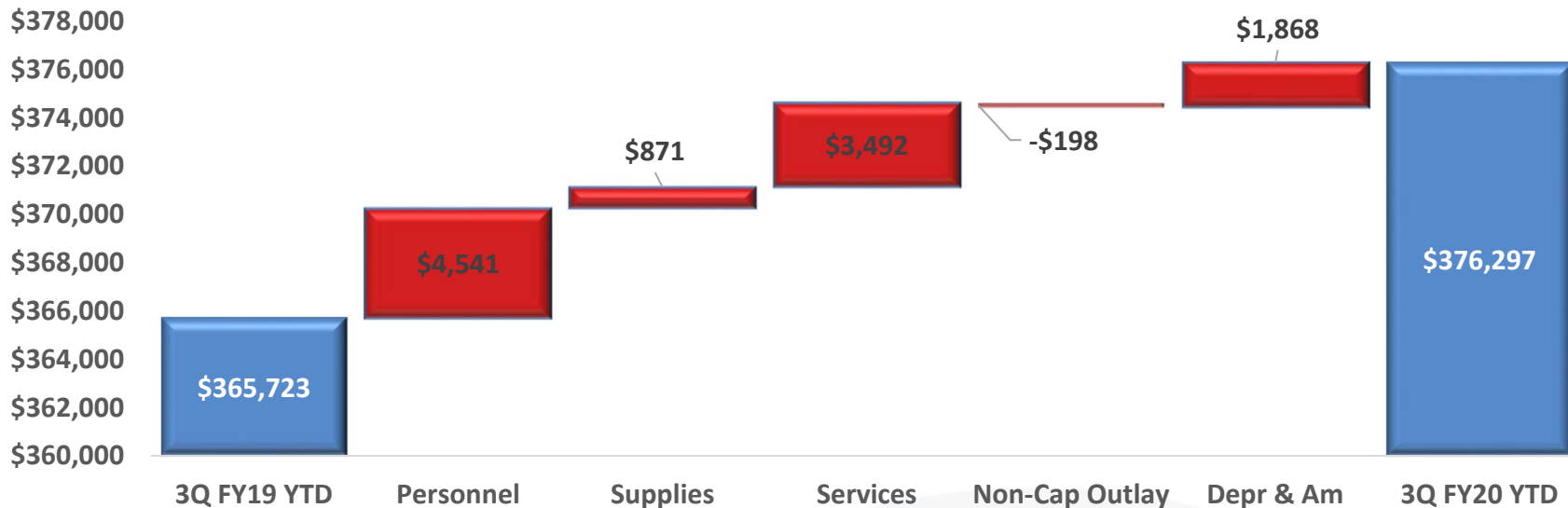
VARIANCE COMMENTS

- **Operating Revenues Total: +\$5.8M**
- **Rentals, Buildings and Ground Area: +\$7.7M** primarily due to a higher O&M costs recovered from airlines in terminal rents.
- **Parking: (-\$2.8M)** due to an approximately 95% decline in passengers experienced during March 2020.
- **Concessions: +\$1.6M** due to an increase of +\$0.9M in rental car revenues (+\$0.7M related to rate increases and \$0.2M related to an increase in rental car transactions at IAH), +\$0.3M in ground transportation, +\$0.3M in advertising at HOU, and +\$0.2M increase in HOU food and beverage sales. Estimated loss related to COVID-19 is \$1.4M, meaning concessions revenue would be \$3.0M higher than the same period last year without its effects.

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PROFORMA OPERATING EXPENSES – 3Q YTD FY20 vs. 3Q YTD FY19 (in 000's)



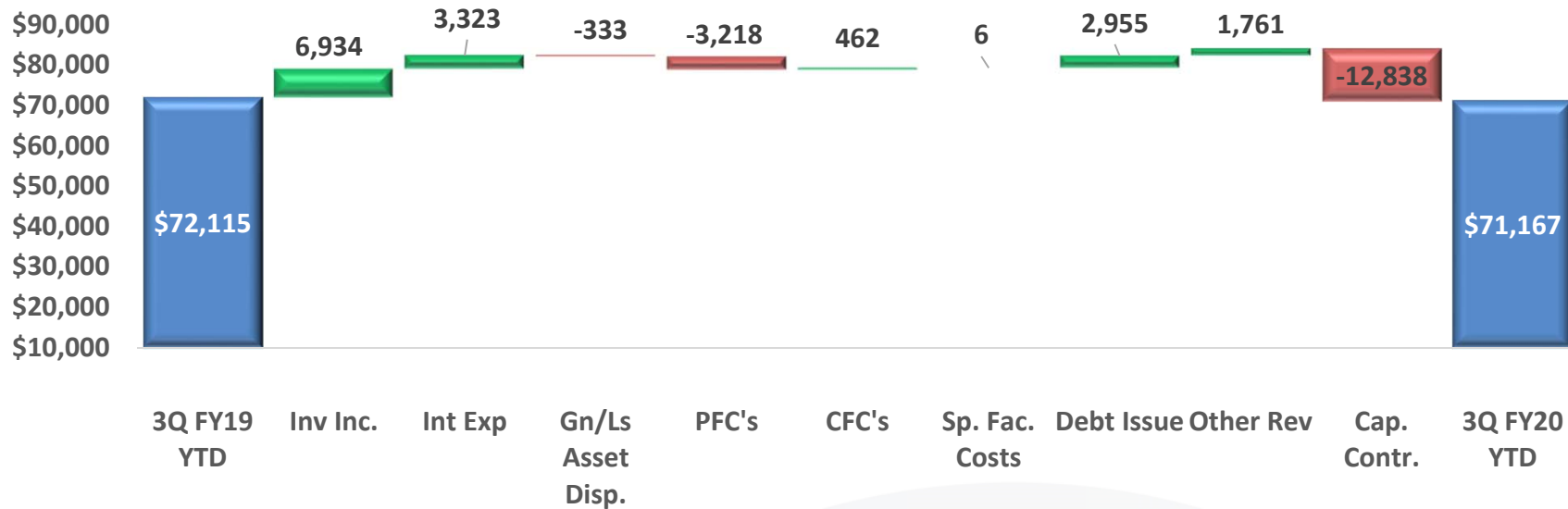
VARIANCE COMMENTS

- **Operating Expenses Total: +\$10.6M**
- **Personnel:** +\$4.6M due to a credit to correct pension expense in FY19 which did not recur in FY20 (+\$2.4M), 2% HOPE-related pay increases (+\$0.9M), increase in pension expense (+\$0.7M), increase in overtime (+\$0.5M) and an increase in life insurance costs (+\$0.3M). Increases were partially offset by lower healthcare costs (-\$0.8M) related to a decrease in headcount.
- **Services:** +\$3.5M primarily due to contractual increases in professional services (+\$1.7M) and an increase in parking garage enhancements (+\$1.1M).
- **Depreciation & Amortization:** +\$1.9M due to an increase in assets placed in service (Taxiway WA, EFD Control Tower, IAH Parking Guidance System).

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – 3Q YTD FY20 vs. 3Q YTD FY19 (in 000's)



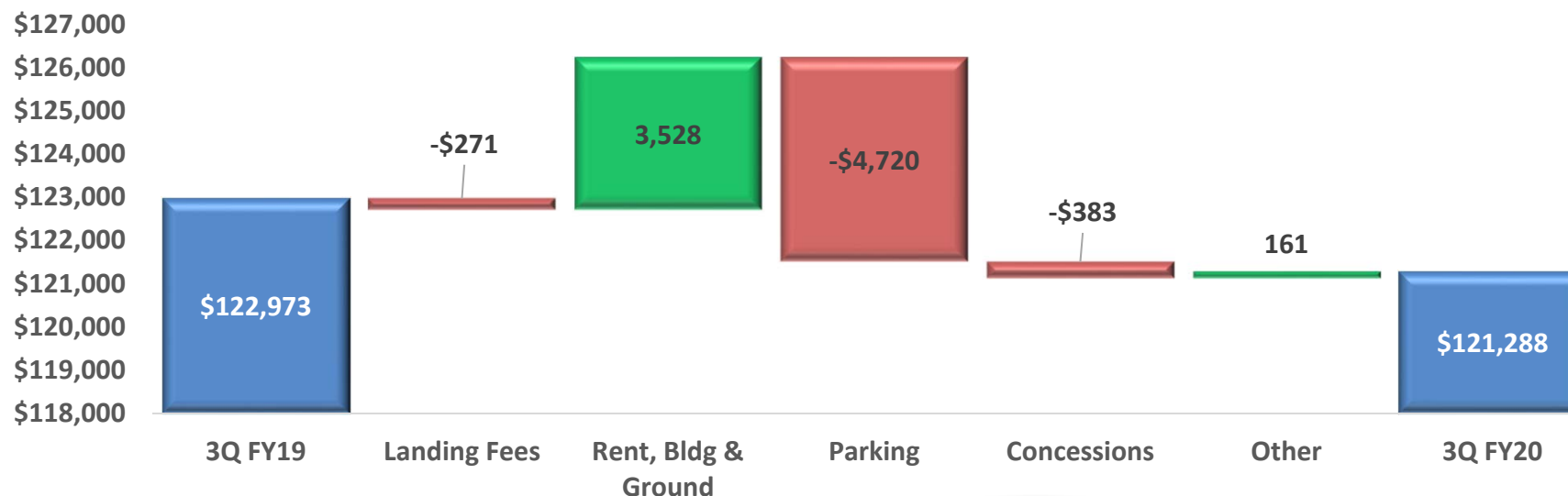
VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contribution Total: (-\$1.0M)**
- **Investment Income:** (+\$6.9M) due to higher fair market value of assets (+\$4.9M) and an increase in interest earnings associated with higher increase rates and additional investment of cash (+\$2.1M).
- **Interest Expense:** (-\$3.3M) primarily due to a reduction in overall outstanding debt.
- **Passenger Facility Charges:** (-\$3.2M) primarily due to a decline in passenger associated with COVID-19 (-\$3.8M).
- **Debt Issuance Costs:** (-\$3.0M) as costs related to debt issuance in FY19 (Series 2018 CD) has not recurred.
- **Other Revenue:** +\$1.7M due to an increase in grant revenues (+\$0.7M) and unfavorable rates and charges adjustments in the prior year.
- **Capital Contributions:** (-\$12.8M) primarily due to completion of all FAA and TSA projects prior to 3Q FY20 (no reimbursement request as projects are closed out).

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PROFORMA OPERATING REVENUES – 3Q FY20 vs. 3Q FY19 (in 000's)



VARIANCE COMMENTS

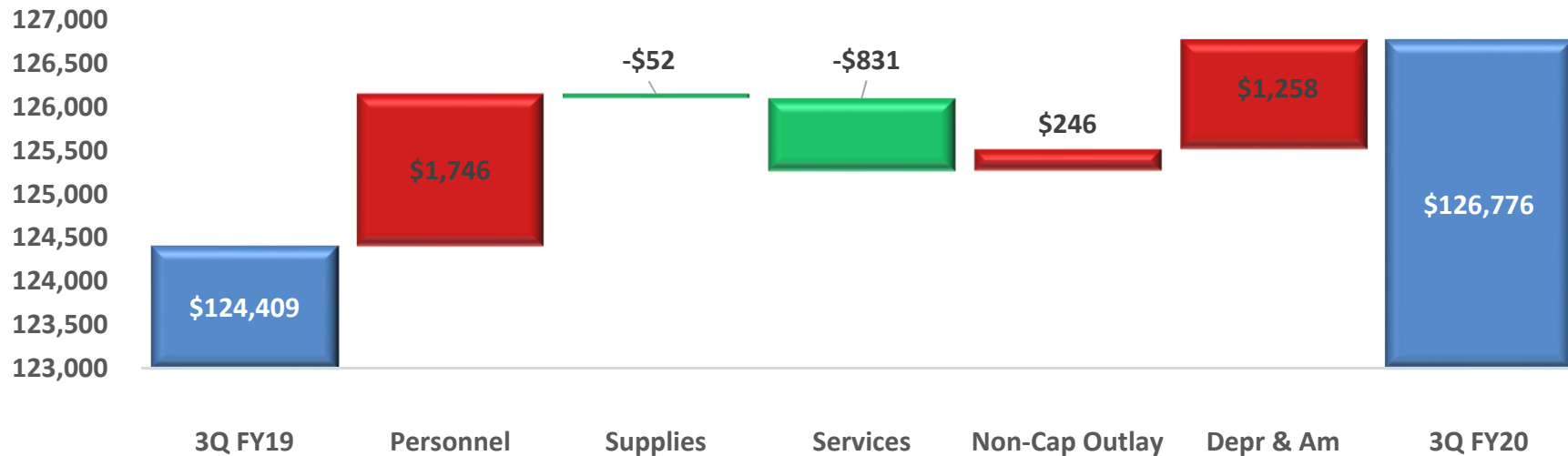
- **Operating Revenues: -\$1.7M**
- **Rentals and Buildings: +\$3.5M** primarily due to higher operating costs recovered from airlines through terminal rents.
- **Parking: (-\$4.7M)** due to reduction in transactions associated with COVID-19 (-\$5.2M), partially offset by an increase in parking rate from \$22 to \$24 (+\$0.5M).

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PROFORMA OPERATING EXPENSES – 3Q FY20 vs. 3Q FY19 (in 000's)



VARIANCE COMMENTS

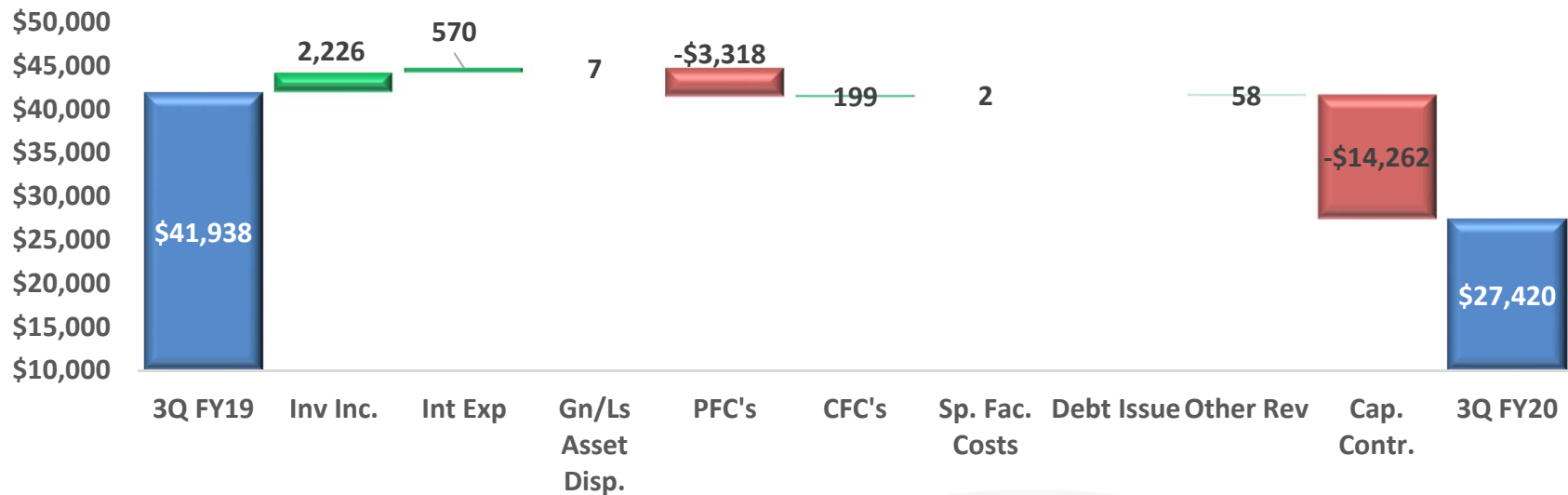
- **Operating Expenses: +\$2.4M**
- **Personnel Costs:** +\$1.7M primarily due to an increase in pension expenses (+\$1.4M), HOPE pay increases (+\$0.3M), increase in overtime pay (+\$0.2M). Increases were partially offset by lower Termination Pay (-\$0.3M) a decrease in health care costs (-\$0.3M) and lower headcount (-\$0.3M).
- **Depreciation & Amortization:** +\$1.3M due to an increase in assets placed in service.

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PROFORMA NON-OP REVENUE (EXPENSES) AND CAPITAL CONTRIBUTION – 3Q FY20 vs. 3Q FY19 (in 000's)



VARIANCE COMMENTS

- **Non-Op Revenue and Capital Contributions Total: (-\$14.5M)**
- **Capital Contributions:** (-\$14.3M) due to completion of FAA and TSA grant-eligible projects prior to 3Q FY20.
- **PFCs:** (-\$3.3M) primarily due to the significant decline in passengers associated with COVID-19 (-\$3.8M).
- **Investment Income:** +\$2.2M due to an increase in fair market value of assets (+\$2.4M) and an increase in earnings associated with additional investments (+\$0.2M), partially offset by lower interest apportionment rates (-\$0.4M).

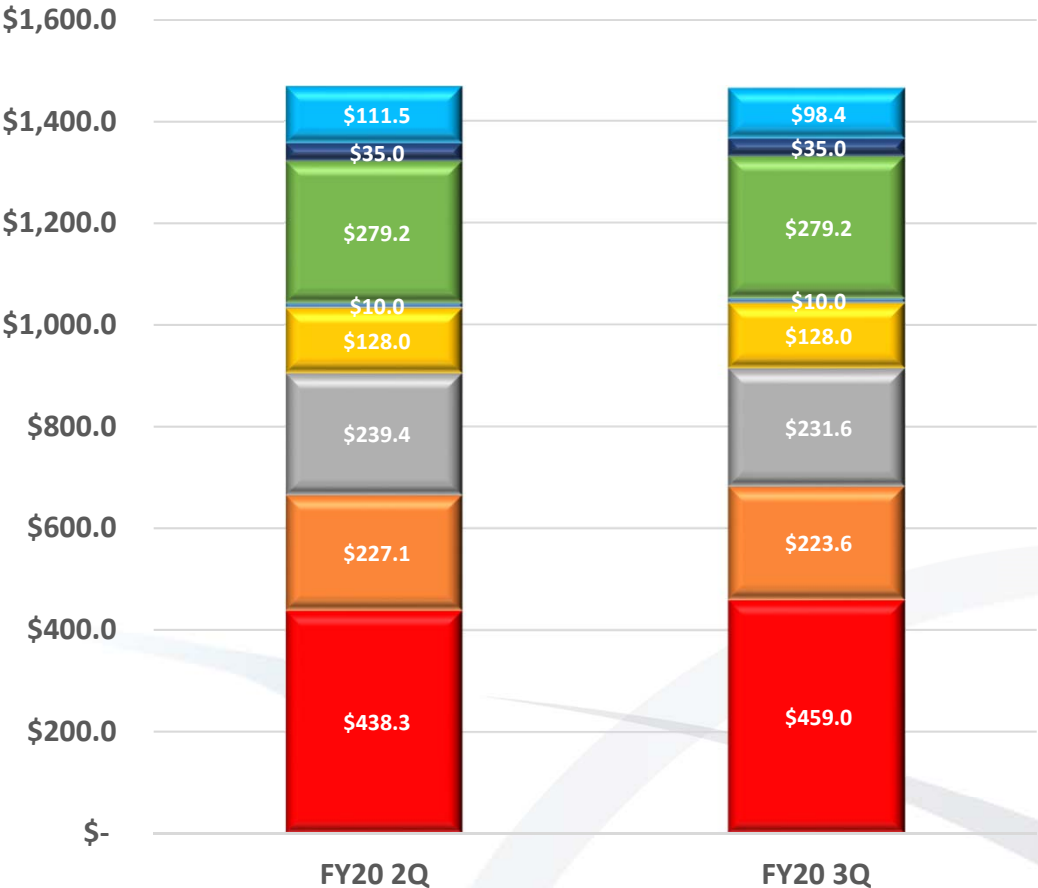
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PROFORMA CASH REPORTS



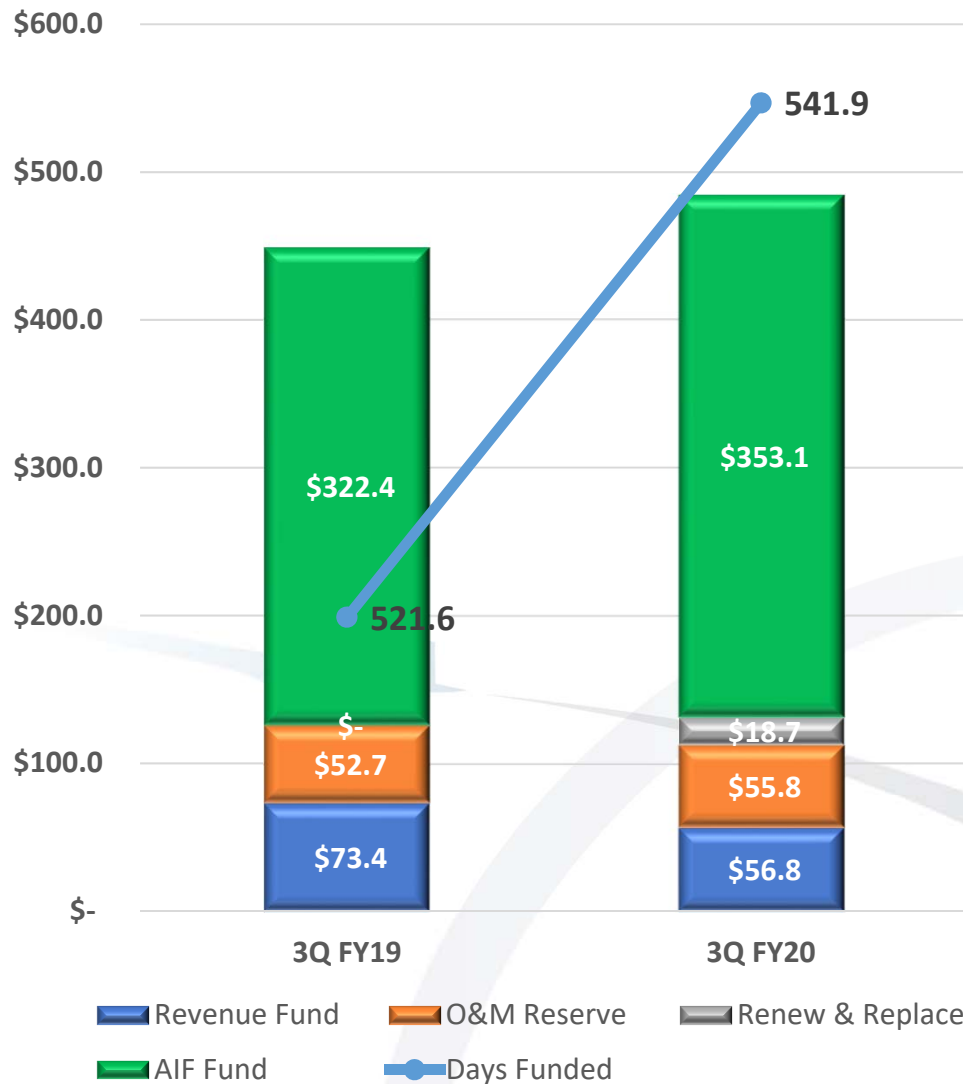
PROFORMA AVAILABLE CASH AS OF 3Q YTD FY20 vs. 2Q FY20 (in millions)



- Cash balance ending March 31, 2020 of \$1.464 billion is (-3.7M) when compared to the December 31, 2019 balance of \$1.468 billion primarily due to a decrease in construction fund balances (-\$34.3M), partially offset by increases in Revenue Fund and restricted fund balances (+\$30.6M).
- Restricted funds +\$20.7M on increases in State Energy Conservation Fund balances (+\$11.9M) and Passenger Facility Charges (+\$10.2M).
- Unspent appropriations (-\$7.8M) due to an increase in capital spend.
- Cash Available for Operating or Capital Use (-\$13.1M)

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PROFORMA DAYS FUNDED W/ CASH AVAILABLE 9 MONTHS ENDED 3Q FY20 vs. 3Q FY19 (in millions)

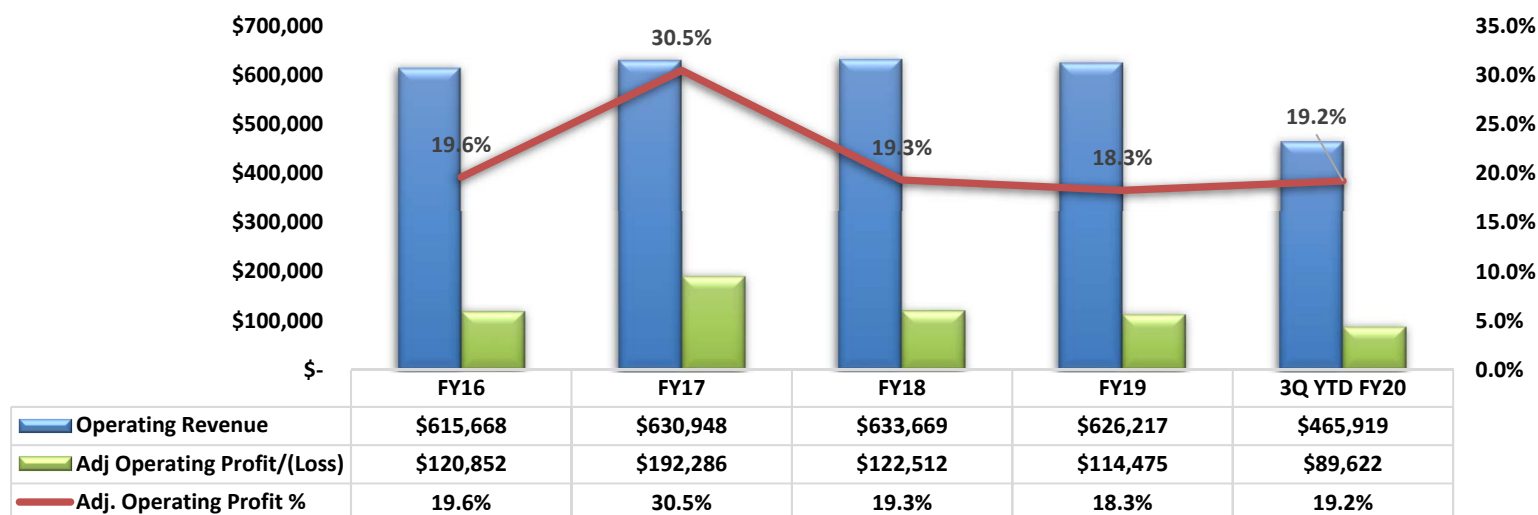


- Days funded increased by 20 days.
- While the daily cash requirement increased by \$34.3K, total available cash at the end of 3Q FY20 increased by \$36.0M.
- A change in Capital Improvement Plan funding policy seeking to preserve unrestricted cash contributes to the increase in Days Funded or Days Cash on Hand.

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PROFITABILITY AND TREND ANALYSIS

PRO-FORMA ADJUSTED OPERATING PROFIT % TREND (in 000's)



VARIANCE COMMENTS

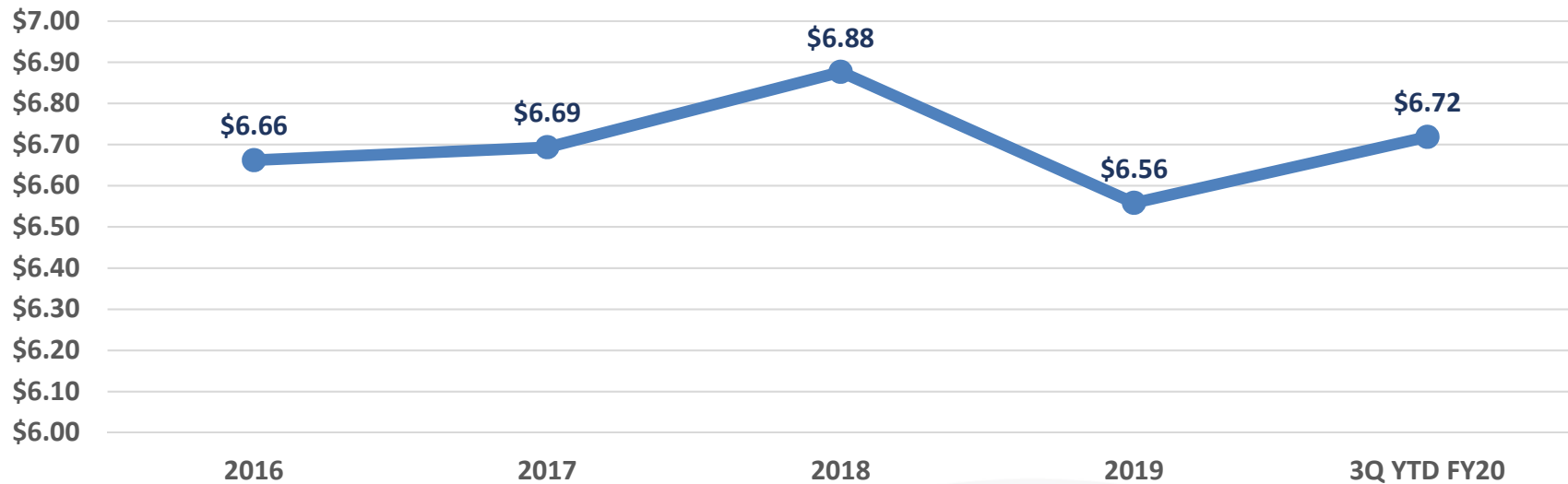
- 3Q YTD FY20 adjusted operating profit % is slightly higher than FY19 as Services and Non-Capital Outlay expenditures trending lower year over year. The decline in passenger traffic associated with COVID-19 is expected to affect this trend unfavorably. HAS management efforts to reduce spend for the remainder of FY20 will mitigate unfavorable changes.

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



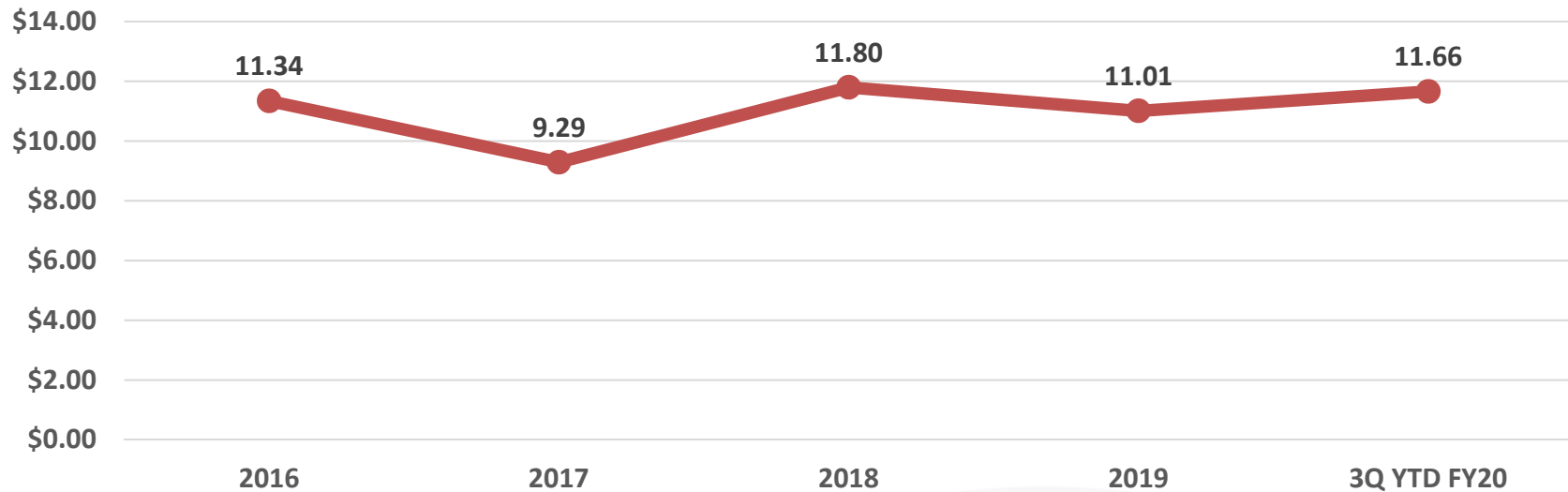
VARIANCE COMMENTS

- The 3Q YTD FY20 increase in Non-Airline Revenue per Enplanement is primarily due to an increase in parking rates at HAS garages from \$22 to \$24 and an increase in auto rental and food and beverage concessions.
- The FY19 vs. FY18 decline in Non-Airline Revenue per Enplanement is primarily due 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

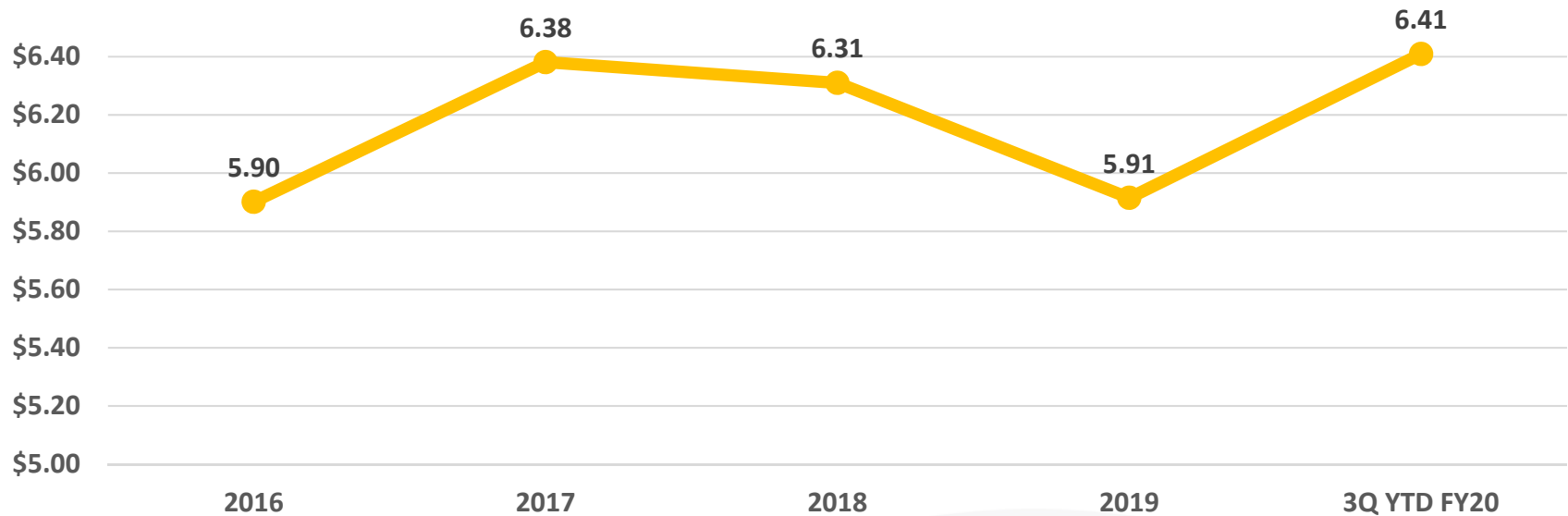


VARIANCE COMMENTS

- 3Q YTD FY20 O&M Expense per Enplanement shows an increase when compared to the full year of Fiscal Year 2019 due to a significant decline in enplanements in the second half of March 2020 and an increase in Personnel and Services spend in Fiscal Year 2020.
- 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

- 3Q YTD FY20 Debt Service per Enplanement is trending higher due to a decrease in enplanements associated with COVID-19 and a slight increase in debt service requirement year over year
 - 3Q YTD FY20 vs. 3Q YTD FY19 debt service requirement is higher by \$2.2 million
- 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 9 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (HAS)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	71,669	72,631	(962)	-1.3%
Rentals, building and ground area	170,249	162,575	7,674	4.7%
Parking	77,767	80,550	(2,783)	-3.5%
Concessions	62,074	60,444	1,630	2.7%
Other	4,612	4,444	168	3.8%
Total operating revenues	<u>386,371</u>	<u>380,644</u>	<u>5,727</u>	<u>1.5%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	94,959	90,418	4,541	5.0%
Supplies	6,494	5,623	871	15.5%
Services	142,176	138,684	3,492	2.5%
Non-capital outlay	807	1,005	(198)	-19.7%
Depreciation and amortization	131,861	129,993	1,868	1.4%
Total operating expenses	<u>376,297</u>	<u>365,723</u>	<u>10,574</u>	<u>2.9%</u>
Operating income (loss)	<u>10,074</u>	<u>14,921</u>	<u>(4,847)</u>	<u>-32.5%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	36,734	29,800	6,934	23.3%
Interest expense	(57,437)	(60,760)	3,323	-5.5%
Gain / (Loss) on disposal of assets	-	333	(333)	-100.0%
Passenger facility charges	78,073	81,291	(3,218)	-4.0%
Customer facility charges	11,460	10,998	462	4.2%
Special facility cost	(32)	(38)	6	-15.8%
Cost of issuance for debt	-	(2,955)	2,955	-100.0%
Other revenue (expense)	895	(866)	1,761	203.3%
Total nonoperating revenues (expenses)	<u>69,693</u>	<u>57,803</u>	<u>11,890</u>	<u>20.6%</u>
Income/(loss) before capital contributions	79,767	72,724	7,043	9.7%
Capital contributions	1,474	14,312	(12,838)	-89.7%
Change in net position	81,241	87,036	(5,795)	-6.7%
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, March 31	<u><u>1,679,497</u></u>	<u><u>1,592,549</u></u>	<u><u>86,948</u></u>	<u><u>5.5%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 9 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (IAH)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	58,220	60,295	(2,075)	-3.4%
Rentals, building and ground area	144,281	135,760	8,521	6.3%
Parking	59,017	60,802	(1,785)	-2.9%
Concessions	42,794	41,068	1,726	4.2%
Other	3,735	3,491	244	7.0%
Total operating revenues	<u>308,047</u>	<u>301,416</u>	<u>6,631</u>	<u>2.2%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	69,578	65,458	4,120	6.3%
Supplies	4,661	3,862	799	20.7%
Services	109,843	104,331	5,512	5.3%
Non-capital outlay	565	700	(135)	-19.3%
Depreciation and amortization	105,661	102,942	2,719	2.6%
Total operating expenses	<u>290,308</u>	<u>277,293</u>	<u>13,015</u>	<u>4.7%</u>
Operating income (loss)	<u>17,739</u>	<u>24,123</u>	<u>(6,384)</u>	<u>-26.5%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	28,535	22,784	5,751	25.2%
Interest expense	(43,594)	(46,117)	2,523	-5.5%
Gain / (Loss) on disposal of assets	-	333	(333)	-100.0%
Passenger facility charges	60,178	61,956	(1,778)	-2.9%
Customer facility charges	11,460	10,998	462	4.2%
Special facility cost	(32)	(38)	6	-15.8%
Cost of issuance for debt	-	(2,195)	2,195	-100.0%
Other revenue (expense)	692	(931)	1,623	174.3%
Total nonoperating revenues (expenses)	<u>57,239</u>	<u>46,790</u>	<u>10,449</u>	<u>22.3%</u>
Income/(loss) before capital contributions	74,978	70,913	4,065	5.7%
Capital contributions	246	14,193	(13,947)	-98.3%
Change in net position	<u>75,224</u>	<u>85,106</u>	<u>(9,882)</u>	<u>-11.6%</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, March 31	<u><u>1,494,377</u></u>	<u><u>1,413,319</u></u>	<u><u>81,058</u></u>	<u><u>5.7%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 9 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (HOU)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	13,271	12,150	1,121	9.2%
Rentals, building and ground area	24,726	25,622	(896)	-3.5%
Parking	18,750	19,748	(998)	-5.1%
Concessions	19,176	19,359	(183)	-0.9%
Other	817	890	(73)	-8.2%
Total operating revenues	<u>76,740</u>	<u>77,769</u>	<u>(1,029)</u>	<u>-1.3%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	23,273	22,718	555	2.4%
Supplies	1,593	1,505	88	5.8%
Services	30,498	32,032	(1,534)	-4.8%
Non-capital outlay	231	289	(58)	-20.1%
Depreciation and amortization	<u>22,167</u>	<u>23,042</u>	<u>(875)</u>	<u>-3.8%</u>
Total operating expenses	<u>77,762</u>	<u>79,586</u>	<u>(1,824)</u>	<u>-2.3%</u>
Operating income(loss)	<u>(1,022)</u>	<u>(1,817)</u>	<u>795</u>	<u>-43.8%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	7,777	6,607	1,170	17.7%
Interest expense	(12,177)	(12,881)	704	-5.5%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	17,895	19,335	(1,440)	-7.4%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Cost of issuance for debt	-	(686)	686	-100.0%
Other revenue (expense)	<u>192</u>	<u>65</u>	<u>127</u>	<u>195.4%</u>
Total nonoperating revenues (expenses)	<u>13,687</u>	<u>12,440</u>	<u>1,247</u>	<u>10.0%</u>
Income/(loss) before capital contributions	12,665	10,623	2,042	19.2%
Capital contributions	<u>1,228</u>	<u>110</u>	<u>1,118</u>	<u>1016.4%</u>
Change in net position	<u>13,893</u>	<u>10,733</u>	<u>3,160</u>	<u>29.4%</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, March 31	<u><u>257,234</u></u>	<u><u>240,494</u></u>	<u><u>16,740</u></u>	<u><u>7.0%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 9 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (EFD)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	178	186	(8)	-4.3%
Rentals, building and ground area	1,242	1,193	49	4.1%
Parking	-	-	-	N/A
Concessions	104	17	87	511.8%
Other	60	63	(3)	-4.8%
Total operating revenues	<u>1,584</u>	<u>1,459</u>	<u>125</u>	<u>8.6%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	2,108	2,242	(134)	-6.0%
Supplies	240	256	(16)	-6.3%
Services	1,835	2,321	(486)	-20.9%
Non-capital outlay	11	16	(5)	-31.3%
Depreciation and amortization	4,033	4,009	24	0.6%
Total operating expenses	<u>8,227</u>	<u>8,844</u>	<u>(617)</u>	<u>-7.0%</u>
Operating income (loss)	<u>(6,643)</u>	<u>(7,385)</u>	<u>742</u>	<u>-10.0%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	422	409	13	3.2%
Interest expense	(1,666)	(1,762)	96	-5.4%
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	-	(74)	74	-100.0%
Other revenue (expense)	11	-	11	100.0%
Total nonoperating revenues (expenses)	<u>(1,233)</u>	<u>(1,427)</u>	<u>194</u>	<u>-13.6%</u>
Income/(loss) before capital contributions	<u>(7,876)</u>	<u>(8,812)</u>	<u>936</u>	<u>-10.6%</u>
Capital contributions	<u>-</u>	<u>9</u>	<u>(9)</u>	<u>-100.0%</u>
Change in net position	<u>(7,876)</u>	<u>(8,803)</u>	<u>927</u>	<u>-10.5%</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, March 31	<u><u>(72,114)</u></u>	<u><u>(61,264)</u></u>	<u><u>(10,850)</u></u>	<u><u>17.7%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (HAS)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	23,610	23,881	(271)	-1.1%
Rentals, building and ground area	56,609	53,081	3,528	6.6%
Parking	21,118	25,838	(4,720)	-18.3%
Concessions	18,304	18,687	(383)	-2.0%
Other	1,647	1,486	161	10.8%
Total operating revenues	<u>121,288</u>	<u>122,973</u>	<u>(1,685)</u>	<u>-1.4%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	31,577	29,831	1,746	5.9%
Supplies	1,967	2,019	(52)	-2.6%
Services	47,634	48,465	(831)	-1.7%
Non-capital outlay	503	257	246	95.7%
Depreciation and amortization	<u>45,095</u>	<u>43,837</u>	<u>1,258</u>	<u>2.9%</u>
Total operating expenses	<u>126,776</u>	<u>124,409</u>	<u>2,367</u>	<u>1.9%</u>
Operating income (loss)	<u>(5,488)</u>	<u>(1,436)</u>	<u>(4,052)</u>	<u>282.2%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	19,748	17,522	2,226	12.7%
Interest expense	(19,296)	(19,866)	570	-2.9%
Gain / (Loss) on disposal of assets	-	(7)	7	-100.0%
Passenger facility charges	22,335	25,653	(3,318)	-12.9%
Customer facility charges	4,115	3,916	199	5.1%
Special facility cost	(29)	(31)	2	-6.5%
Other revenue (expense)	<u>66</u>	<u>8</u>	<u>58</u>	<u>725.0%</u>
Total nonoperating revenues (expenses)	<u>26,939</u>	<u>27,195</u>	<u>(256)</u>	<u>-0.9%</u>
Income/(loss) before capital contributions	21,451	25,759	(4,308)	-16.7%
Capital contributions	<u>481</u>	<u>14,743</u>	<u>(14,262)</u>	<u>-96.7%</u>
Change in net position	21,932	40,502	(18,570)	-45.8%
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, March 31	<u><u>1,620,188</u></u>	<u><u>1,546,015</u></u>	<u><u>74,173</u></u>	<u><u>4.8%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (IAH)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	19,310	19,818	(508)	-2.6%
Rentals, building and ground area	47,665	44,411	3,254	7.3%
Parking	15,996	19,404	(3,408)	-17.6%
Concessions	13,038	12,827	211	1.6%
Other	1,368	1,164	204	17.5%
Total operating revenues	<u>97,377</u>	<u>97,624</u>	<u>(247)</u>	<u>-0.3%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	23,182	21,750	1,432	6.6%
Supplies	1,313	1,457	(144)	-9.9%
Services	36,828	36,788	40	0.1%
Non-capital outlay	379	141	238	168.8%
Depreciation and amortization	36,167	34,887	1,280	3.7%
Total operating expenses	<u>97,869</u>	<u>95,023</u>	<u>2,846</u>	<u>3.0%</u>
Operating income (loss)	<u>(492)</u>	<u>2,601</u>	<u>(3,093)</u>	<u>-118.9%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	15,349	13,483	1,866	13.8%
Interest expense	(14,645)	(15,078)	433	-2.9%
Gain / (Loss) on disposal of assets	-	(7)	7	-100.0%
Passenger facility charges	16,930	19,098	(2,168)	-11.4%
Customer facility charges	4,115	3,916	199	5.1%
Special facility cost	(29)	(31)	2	-6.5%
Other revenue (expense)	51	5	46	920.0%
Total nonoperating revenues (expenses)	<u>21,771</u>	<u>21,386</u>	<u>385</u>	<u>1.8%</u>
Income/(loss) before capital contributions	21,279	23,987	(2,708)	-11.3%
Capital contributions	481	14,240	(13,759)	-96.6%
Change in net position	<u>21,760</u>	<u>38,227</u>	<u>(16,467)</u>	<u>-43.1%</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, March 31	<u><u>1,440,913</u></u>	<u><u>1,366,440</u></u>	<u><u>74,473</u></u>	<u><u>5.5%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (HOU)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	4,255	4,011	244	6.1%
Rentals, building and ground area	8,520	8,266	254	3.1%
Parking	5,122	6,434	(1,312)	-20.4%
Concessions	5,265	5,873	(608)	-10.4%
Other	259	302	(43)	-14.2%
Total operating revenues	<u>23,421</u>	<u>24,886</u>	<u>(1,465)</u>	<u>-5.9%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	7,716	7,385	331	4.5%
Supplies	583	491	92	18.7%
Services	10,144	11,026	(882)	-8.0%
Non-capital outlay	119	117	2	1.7%
Depreciation and amortization	7,568	7,629	(61)	-0.8%
Total operating expenses	<u>26,130</u>	<u>26,648</u>	<u>(518)</u>	<u>-1.9%</u>
Operating income(loss)	<u>(2,709)</u>	<u>(1,762)</u>	<u>(947)</u>	<u>53.7%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	4,168	3,834	334	8.7%
Interest expense	(4,091)	(4,212)	121	-2.9%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	5,405	6,555	(1,150)	-17.5%
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Other revenue (expense)	14	3	11	366.7%
Total nonoperating revenues (expenses)	<u>5,496</u>	<u>6,180</u>	<u>(684)</u>	<u>-11.1%</u>
Income/(loss) before capital contributions	2,787	4,418	(1,631)	-36.9%
Capital contributions	-	494	(494)	-100.0%
Change in net position	<u>2,787</u>	<u>4,912</u>	<u>(2,125)</u>	<u>-43.3%</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, March 31	<u><u>246,128</u></u>	<u><u>234,673</u></u>	<u><u>11,455</u></u>	<u><u>4.9%</u></u>

UNAUDITED**PRO-FORMA STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)
FOR THE 3 MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019 (EFD)**

	<u>FY20</u>	<u>FY19</u>	<u>Variance</u>	<u>% change</u>
Operating Revenues				
Landing area fees	45	52	(7)	-13.5%
Rentals, building and ground area	424	404	20	5.0%
Parking	-	-	-	N/A
Concessions	1	(13)	14	107.7%
Other	20	20	-	0.0%
Total operating revenues	<u>490</u>	<u>463</u>	<u>27</u>	<u>5.8%</u>
Operating Expenses				
Maintenance and operating				
Personnel costs	679	696	(17)	-2.4%
Supplies	71	71	-	0.0%
Services	662	651	11	1.7%
Non-capital outlay	5	(1)	6	600.0%
Depreciation and amortization	1,360	1,321	39	3.0%
Total operating expenses	<u>2,777</u>	<u>2,738</u>	<u>39</u>	<u>1.4%</u>
Operating income (loss)	<u>(2,287)</u>	<u>(2,275)</u>	<u>(12)</u>	<u>0.5%</u>
Nonoperating revenues (expenses)				
Investment income (loss)	231	205	26	12.7%
Interest expense	(560)	(576)	16	-2.8%
Gain / (Loss) on disposal of assets	-	-	-	N/A
Passenger facility charges	-	-	-	N/A
Customer facility charges	-	-	-	N/A
Special facility cost	-	-	-	N/A
Other revenue (expense)	1	-	1	100.0%
Total nonoperating revenues (expenses)	<u>(328)</u>	<u>(371)</u>	<u>43</u>	<u>-11.6%</u>
Income/(loss) before capital contributions	(2,615)	(2,646)	31	-1.2%
Capital contributions	-	9	(9)	-100.0%
Change in net position	<u>(2,615)</u>	<u>(2,637)</u>	<u>22</u>	<u>-0.8%</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, March 31	<u><u>(66,853)</u></u>	<u><u>(55,098)</u></u>	<u><u>(11,755)</u></u>	<u><u>21.3%</u></u>

UNAUDITED**STATEMENTS OF NET POSITION (in thousands)
as of March 31, 2020 and March 31, 2019**

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Assets		
Current assets		
Cash and cash equivalents	421,097	408,047
(1) Investments	-	-
Restricted cash and cash equivalents	2,056	1,933
Restricted accounts receivable	1,494	1,443
Accounts Receivable (net of allowance for doubtful accounts of \$1,110 in 2020 and \$897 in 2019)	30,285	35,911
Due from City of Houston	-	-
Inventory	2,140	1,822
Prepays	1,883	1,542
Due from other governments - grants receivable	6,229	26,215
	<u>465,184</u>	<u>476,913</u>
Noncurrent assets		
Investments	1,013,661	944,020
Restricted cash and cash equivalents	49,610	41,960
Prepays	187	198
Capital Assets		
Land	216,100	216,100
Rights and Intangibles	17,471	17,293
Buildings, improvements and equipment	5,606,177	5,484,289
Construction in progress	246,966	186,711
	<u>6,086,714</u>	<u>5,904,393</u>
Total capital assets	6,086,714	5,904,393
Less accumulated depreciation and amortization	<u>(3,339,557)</u>	<u>(3,165,944)</u>
Net capital assets	<u>2,747,157</u>	<u>2,738,449</u>
Total noncurrent assets	<u>3,810,615</u>	<u>3,724,627</u>
Total assets	<u>4,275,799</u>	<u>4,201,540</u>
Deferred Outflows of Resources		
Deferred outflows from debt refunding	16,744	20,179
Deferred outflows from pensions	17,719	30,834
Deferred outflows from OPEB LTD	96	-
Total deferred outflows of resources	<u>34,559</u>	<u>51,013</u>

(continued)

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

The accompanying notes are an integral part of the financial statements

UNAUDITED**STATEMENTS OF NET POSITION (in thousands)
as of March 31, 2020 and March 31, 2019**

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Liabilities		
Current Liabilities		
Accounts payable	11,141	12,042
Cost of issuance payable	-	-
Accrued payroll liabilities	2,207	1,714
Due to City of Houston	-	-
Due to other governments	570	1,800
Advances and deposits	2,077	2,317
Unearned revenue	2,549	3,241
Claims for workers' compensation	904	881
Compensated absences	6,120	6,127
Revenue bonds payable	89,090	80,110
Special facility revenue bonds payable	6,240	5,960
Inferior lien contract payable	-	-
Commercial paper payable	-	-
Pension obligation bonds payable	-	-
Note payable	-	-
Accrued interest payable	23,582	24,584
Contracts and retainages payable	10,574	6,230
Other current liabilities	1,132	10,000
Total current liabilities	<u>156,186</u>	<u>155,006</u>
Noncurrent Liabilities		
Revenue bonds payable, net	1,932,863	2,038,952
Special facility revenue bonds payable	68,185	74,425
Inferior lien contract	-	-
Commercial paper payable	115,973	40,473.00
Pension obligation bonds payable	2,006	2,006
Note payable	324	-
Claims for workers' compensation	902	1,395
Compensated absences	6,489	6,932
Net pension liability payable	229,757	228,699
Other post employment benefits	73,286	89,450
Other post employment benefits - LTD	586	457
Total noncurrent Liabilities	<u>2,430,371</u>	<u>2,482,789</u>
Total liabilities	<u>2,586,557</u>	<u>2,637,795</u>
Deferred Inflows of Resources		
Deferred Inflows on pension	5,800	1,100
Deferred inflows from OPEB health benefits	26,321	10,147
Deferred inflows from OPEB LTD	-	6
Total deferred inflows of resources	<u>32,121</u>	<u>11,253</u>
Net position		
Net Investment in capital assets	562,662	525,037
Restricted net position		
Restricted for debt service	460,162	387,774
Restricted for maintenance and operations	61,471	57,437
Restricted for special facility	48,113	40,326
Restricted for renewal and replacement	10,000	10,000
Restricted for capital improvements	615,318	638,319
Unrestricted (deficit)	(66,046)	(55,388)
Total net position	<u>1,691,680</u>	<u>1,603,505</u>

The accompanying notes are an integral part of the financial statements