

RHODE ISLAND AIRPORT CORPORATION
(A Component Unit of Rhode Island Economic
Development Corporation)

FINANCIAL STATEMENTS

AS OF JUNE 30, 2006 AND 2005

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

AND

SUPPLEMENTAL REPORT



CARLIN, CHARRON & ROSEN, LLP
Certified Public Accountants and Business Advisors

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Independent Auditors' Report



CARLIN, CHARRON & ROSEN, LLP
Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rhode Island Airport Corporation
Warwick, Rhode Island

We have audited the accompanying financial statements of the Rhode Island Airport Corporation (RIAC), a component unit of the Rhode Island Economic Development Corporation (EDC), which is a component unit of the State of Rhode Island, as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of RIAC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rhode Island Airport Corporation as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006 on our consideration of RIAC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on RIAC's financial statements. The supplemental schedule of travel and entertainment expenses for the year ended June 30, 2006 on pages 43 through 51 is presented for purposes of additional analysis and is not a required part of the 2006 financial statements. The information included in this schedule has been subjected to the auditing procedures applied in the audit of the 2006 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2006 financial statements taken as a whole.

Carlin, Charon & Rosen, LLP

Providence, Rhode Island
September 1, 2006

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion & Analysis (MD&A) of the Rhode Island Airport Corporation (RIAC) serves as an introduction and overview to the reader of the audited financial statements as of and for the fiscal years ended June 30, 2006 and June 30, 2005. The information contained in the MD&A should be considered in conjunction with the audited financial statements.

RIAC engages in business type activities, that is, activities that are financed in whole or in part by charges to external entities for goods or services rendered. As a result, RIAC's basic financial statements include statements of net assets, statements of revenues, expenses and change in net assets, statements of cash flows and notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of RIAC's finances in a manner similar to that in the private sector.

RHODE ISLAND AIRPORT CORPORATION

RIAC was created by the Rhode Island Economic Development Corporation (EDC) on December 9, 1992 as a public corporation, governmental agency and public instrumentality, having a distinct legal existence from the State of Rhode Island (State) and EDC and having many of the same powers and purposes as EDC. RIAC is a component unit of the EDC, which is a component unit of the State. RIAC is empowered, pursuant to its Articles of Incorporation and Rhode Island law, to undertake the planning, development, management, acquisition, ownership, operation, repair, construction, reconstruction, rehabilitation, renovation, improvement, maintenance, development, sale, lease, or other disposition of any "airport facility", as defined in Title 42, Chapter 64 of the Rhode Island General Laws, as amended (the "Act"). "Airport facility" is defined in the Act in part as "developments consisting of runways, hangars, control towers, ramps, wharves, bulkheads, buildings, structures, parking areas, improvements, facilities, or other real or personal property, structures, parking areas, improvements, facilities, or other real or personal property, necessary, convenient, or desirable for the landing, takeoff, accommodation, and servicing of aircraft of all types, operated by carriers engaged in the transportation of passengers or cargo, or for the loading, unloading, interchange, or transfer of the passengers or their baggage, or the cargo, or otherwise for the accommodation, use or convenience of the passengers or the carriers or their employees (including related facilities and accommodations at sites removed from landing fields or other areas), or for the landing, taking off, accommodation, and servicing of aircraft owned or operated by persons other than carriers".

Pursuant to its Articles of Incorporation, the powers of RIAC are vested in its Board of Directors consisting of seven members; one member is appointed by the Mayor of the City of Warwick and the remaining six members are appointed by the Governor of the State. Each of the six directors appointed by the Governor serves a staggered four year term. The director appointed by the Mayor of the City of Warwick serves at the pleasure of the Mayor.

Pursuant to the State Lease Agreement, RIAC leased T.F. Green Airport (Airport) and the five general aviation airports (collectively, Airports) from the State for a term ending June 30, 2036 at a rental of \$1.00 per year. RIAC has also acquired all of the personal property and other assets of the State located at or relating to the Airports. In consideration of RIAC's assumption of the Rhode Island Department of Transportation's (RIDOT) responsibilities with respect to the Airports, the State and RIDOT have assigned to RIAC all of their rights to the revenues of the Airports, the proceeds of State General Obligation (G.O.) Bonds related to the Airports, Federal Aviation Administration (FAA) grant agreements, a Federal Highway Administration grant, insurance proceeds, all contracts including

concession agreements and the prior airline agreements, and all licenses and permits.

RIAC operates on a fiscal year basis beginning on July 1 and continuing through the following June 30th of each year. RIAC was created to operate as a self-sustaining entity and receives no funds from the State's General Fund for the operation and maintenance of any of the Airports under its jurisdiction. RIAC has utilized State G.O. Bonds issued on behalf of RIAC for the intended use at the Airports. Per the Lease Agreement, RIAC is obligated to repay to the State the principal and interest on any G.O. Bonds issued for airport purposes.

RIAC does not have the authority to issue bonds or notes or borrow money without the approval of EDC. In addition, RIAC does not have the power of eminent domain with respect to real property. RIAC does have certain contractual rights under the Lease Agreement to require the State to exercise powers of eminent domain for the benefit of RIAC.

The Board of Directors of RIAC annually approves an operating and maintenance budget, as well as a capital budget for the fiscal year. The Board of Directors relies upon the advice and recommendation of RIAC's Finance & Audit Committee, which consists of three members of the full Board of Directors.

T.F. GREEN AIRPORT

RIAC operates T. F. Green Airport, which is Rhode Island's only certified Part 139 commercial carrier. The Airport is primarily an origin – destination airport. In recent years, approximately 95% of the passengers at the Airport either began or ended their journeys at the Airport.

The terminal complex including access roads and related improvements was completed in September 1996 and replaced the prior terminal which was demolished. The terminal building was named the Bruce Sundlun Terminal at T.F. Green Airport (Terminal). The Terminal at the time of its opening was a two level facility of approximately 302,000 square feet including fifteen jet gates. There was also one commuter aircraft parking position. In 1998, the Terminal was expanded to add four new jet gates and one new commuter aircraft parking position. As a result of the expansion, the Terminal now has a capacity of nineteen jet gates and two commuter gates for a total of twenty-one gates.

The Terminal has passenger concourses that extend to the north and south of the central terminal area. Facilities for departing passengers are located on the upper level where ticket counters, baggage checks, departure lounges and concessions such as restaurants and news/gift stands are located. On the upper level, passengers pass through the central terminal area and then through the security checkpoint. From there, departing passengers take the concourse to the appropriate hold room and gate. The Terminal is approximately 350,000 square feet.

The present airfield configuration consists of two intersecting runways. Runway 5/23 (7,166 feet by 150 feet wide) is the primary instrument air carrier and commuter runway. This runway is capable of serving aircraft as large as the Boeing 737, the McDonnell Douglas MD80 and the Boeing 757 series. Runway 16/34 (6,081 feet by 150 feet wide) is used as the secondary air carrier and commuter runway.

Both Runway 5/23 and Runway 16/34 are equipped with high intensity runway lighting systems. Runway 5/23 has centerline lighting and Runway 5 has touchdown zone lights. Precision instrument landing systems approaches are operational on Runway 5 (Cat III) and Runways 23 and 34 (Cat I). Non-precision instrument approaches can be made to Runway 16.

Other facilities at the Airport include fuel storage areas, facilities for fixed base operators, certain rental car service facilities and air freight and air cargo facilities, various hangers and other aviation-related facilities.

Air Carriers Serving the Airport

As of June, 2006, and based upon classifications defined by the U.S. Department of Transportation, the Airport has scheduled passenger service provided by fifteen major/national and three commuter airlines. Air Georgian provides international service at the Airport. Three airlines provide all-cargo service.

AIRLINES SERVING THE AIRPORT

Majors (10)	Doing Business As:
American Eagle	Delta Connection
Comair	
Continental Airlines	Continental Express
Delta Airlines	
ExpressJet	United Express
Northwest Airlines	
SkyWest	
Southwest Airlines	
United Airlines	
US Airways	
<hr/>	
Nationals (5)	
Air Wisconsin	US Airways Express
Atlantic Southeast	Delta Connection
Mesa	US Airways Express
Republic	US Airways Express
Trans States	United Express
<hr/>	
Commuters (3)	
Cape Air ¹	
Colgan Air	US Airways Express
Piedmont	US Airways Express
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Foreign Flag (1)	
Air Georgian	Air Canada
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All-Cargo Carriers (3)	
DHL	
FedEx	
United Parcel Service	

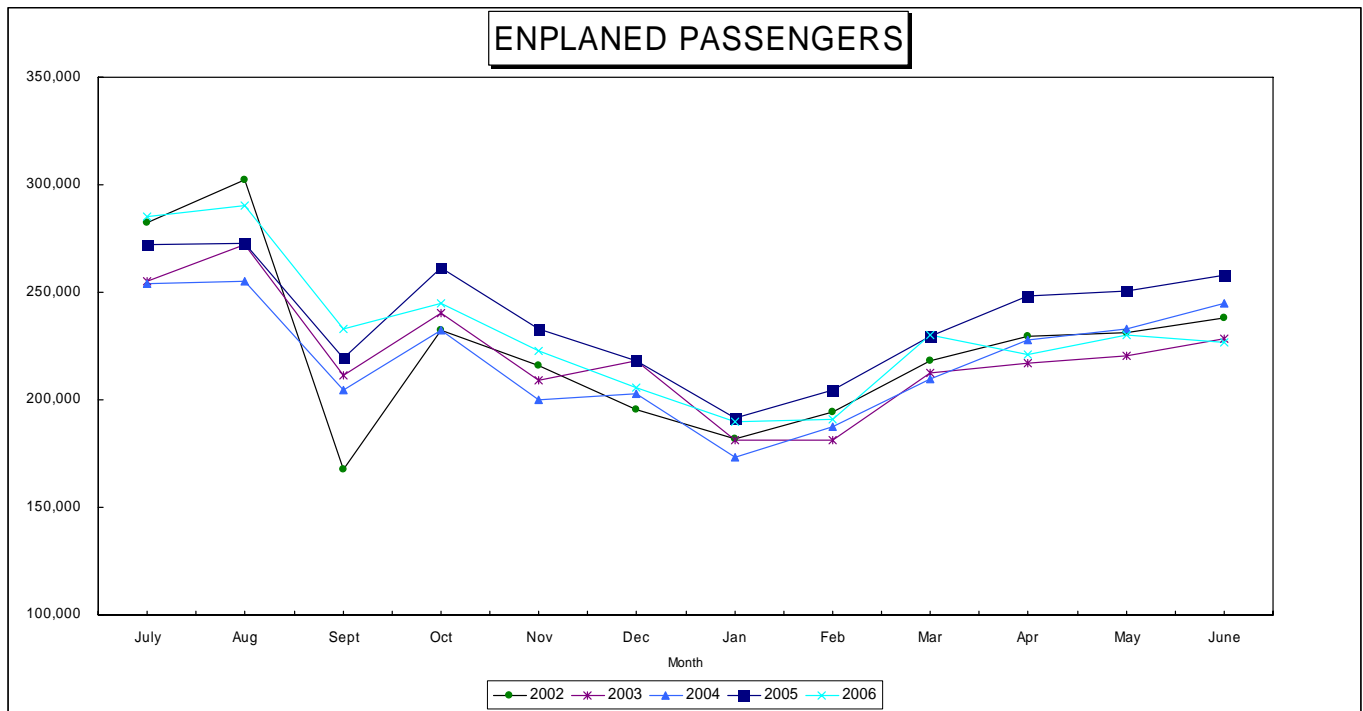
¹ Cape Air offers seasonal service to Martha's Vineyard, Nantucket, and Hyannis

Historical Enplanement Data

T.F. Green Airport was ranked as the 58th busiest airport in the country for federal fiscal year 2004 according to the latest published data in the “Terminal Area Forecast Summary” produced by the U.S. Department of Transportation, Federal Aviation Administration. This compares with rankings of 58th busiest in federal fiscal year 2003, 56th in federal fiscal year 2002, 57th in federal fiscal year 2001, and 58th in federal fiscal year 2000.

Actual enplaned passengers for fiscal year 2006 were 88,485 below 2005, resulting in a decrease of 3.1%. The most recent decline in enplanements at the Airport is attributable to several factors, including the discontinuation of service to the Airport by Independence Air and the replacement of American mainline service with American Eagle. US Airways and Delta shifted a portion of their existing mainline service to regional jet and commuter affiliates during the fiscal year, further reducing available capacity.

The following chart and table depict the historical trend of enplaned passenger traffic at T. F. Green Airport for the fiscal years 2002 through 2006.



Fiscal Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2002	282,438	302,366	167,401	232,468	215,749	195,390	181,540	194,408	218,193	229,665	231,361	237,870	2,688,849
2003	255,069	272,039	211,549	240,616	208,955	218,244	181,256	181,264	212,394	216,955	220,287	228,350	2,646,978
2004	253,794	255,137	204,810	232,669	200,222	202,879	173,406	187,539	209,399	227,713	232,927	245,166	2,625,661
2005	272,433	272,560	219,349	261,121	232,940	218,161	191,464	204,545	229,466	248,521	250,641	257,716	2,858,917
2006	284,959	290,373	233,050	245,159	222,783	205,889	189,718	190,685	229,834	221,140	230,005	226,837	2,770,432

Airport Use and Lease Agreements

RIAC has entered into Airport Use & Lease Agreements (Airline Agreements) with the following Signatory Airlines as of June 30, 2006:

- American Airlines
- Continental Airlines
- Delta Airlines
- Northwest Airlines
- Southwest Airlines
- United Airlines
- US Airways

The term of the Airline Agreements extend through June 30, 2010, and establish procedures for the annual adjustment of signatory airline terminal rates and aircraft landing fees collected for the use and occupancy of terminal and airfield facilities.

The Airline Agreements provide for the calculation of the signatory terminal rental rate. The fixed component is \$26.80 per square foot for the life of the agreement while the variable operation and maintenance component was calculated to be \$16.20 per square foot at the Date of Beneficial Occupancy (DBO) of September 23, 1996. This variable rate component has been escalated annually on each July 1st thereafter, in accordance with increases in the Producer Price Index (PPI). The signatory terminal rental rate may be increased to provide for the payment of certain debt service coverage and operating costs associated with projects approved by a Majority-in-Interest (MII) of Signatory Airlines. This MII is defined as any numerical majority of Signatory Airlines which, in the aggregate, paid fifty percent (50%) or more of landing fees paid by all Signatory Airlines for the preceding fiscal year. The Signatory Airlines were obligated to pay terminal rental rates of \$59.08 per square foot in fiscal year 2006.

Landing fees are calculated by multiplying the maximum certificated gross landed weight in 1,000 pound units of each aircraft by the applicable landing fee rate. Of the Signatory Airline landing fees, \$3,142,100 was considered to be the operation and maintenance component at the DBO. This component has been escalated annually on each July 1st thereafter in accordance with increases in the PPI. Signatory Airline landing fees may be increased to provide for the payment of debt service coverage and operating costs associated with projects approved by a MII of the Signatory Airlines. At the beginning of each fiscal year, RIAC calculates a projected landing fee per 1,000 pounds based on activity estimates provided by the Signatory Airlines. At the end of the fiscal year, RIAC recalculates the landing fee per 1,000 pounds based on actual activity. Per the terms of the Airline Agreements Non-signatory Airline landing fees are based on a landing fee rate at least equal to that of the Signatory Airlines.

Certain Signatory Airlines pay "Airline Equipment Charges". These charges equal the actual debt service plus twenty-five percent (25%) rolling coverage associated with the financing by RIAC in 1993 of certain equipment for the new terminal. Such equipment included loading bridges, a baggage conveyor system and certain tenant furnishings and finishes such as holdroom seating and other items. Revenues derived from Airline Equipment Charges are fixed at approximately \$575 thousand per year through fiscal year 2010.

The landing fee rate per thousand pounds of landed weight for Signatory air carriers and the terminal rental rates are as follows for the years ended June 30:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Landing fee rate per thousand pounds	\$2.90	\$2.28	\$2.18
Terminal rental rates	\$59.08	\$59.08	\$54.85

GENERAL AVIATION AIRPORTS

There are five General Aviation Airports operated by RIAC, each of which is managed pursuant to a Management Contract dated as of May 7, 1996, that has been extended to June 30, 2011, by and between RIAC and Piedmont Hawthorne Aviation, LLC (doing business as Landmark Aviation). The contract provides for an additional five-year term beginning July 1, 2011. Each of these airports is briefly described below.

North Central Airport

Located approximately fifteen miles from the Airport, North Central Airport is classified as a reliever airport by the FAA and is located in Smithfield.

Quonset Airport

This airport is located in North Kingstown, approximately ten miles south of the Airport. The Rhode Island Air National Guard moved its operations from the Airport to Quonset Airport in 1986. The Rhode Island Army National Guard also maintains a presence at the Quonset Airport. Quonset Airport also has additional industrial facilities which are leased to several companies by the Quonset Development Corporation (QDC) a subsidiary of the EDC. Quonset Airport is classified by the FAA as a reliever airport.

Westerly Airport

Located in the southwest portion of Rhode Island in Westerly, Westerly Airport is approximately thirty-five miles from the Airport. Westerly is classified as a commercial service airport and enplanes approximately 7,000 commuter passengers annually.

Newport Airport

This airport is located in Middletown, approximately seventeen miles from the Airport. Newport Airport is classified as a general aviation airport.

Block Island Airport

Situated on Block Island just off the southern coast of Rhode Island, Block Island Airport is approximately twenty-five miles from the Airport. Block Island Airport is classified as a commercial service airport and enplanes approximately 7,000 commuter passengers annually.

FINANCIAL STATEMENTS

RIAC's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). RIAC is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets, except land, are capitalized and depreciated over their useful lives. See the notes to the financial statements for a summary of RIAC's significant accounting policies.

The statement of net assets presents information on all of RIAC's assets and liabilities with the difference between the assets and liabilities reported as net assets. Over time, increases or decreases in RIAC's net assets may serve as a useful indicator of whether the financial position of RIAC is improving or deteriorating. However, non-financial factors should also be considered when evaluating RIAC's financial position. The statement of revenues, expenses and change in net assets presents information on how RIAC's net assets changed during the year.

SUMMARY OF OPERATIONS AND CHANGE IN NET ASSETS

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating Revenues	\$ 49,004,434	\$	47,329,670	\$	43,392,746
Operating Expenses	(44,506,717)		(43,612,087)		(40,945,262)
Operating Income	<u>4,497,717</u>		<u>3,717,583</u>		<u>2,447,484</u>
Non-Operating Revenues, net	<u>1,929,652</u>		<u>2,319,263</u>		<u>2,235,096</u>
Income before capital contributions	6,427,369		6,036,846		4,682,580
Capital Contributions	<u>7,312,152</u>		<u>7,727,832</u>		<u>2,992,645</u>
Change in Net Assets	<u>\$ 13,739,521</u>	\$	<u>13,764,678</u>	\$	<u>7,675,225</u>

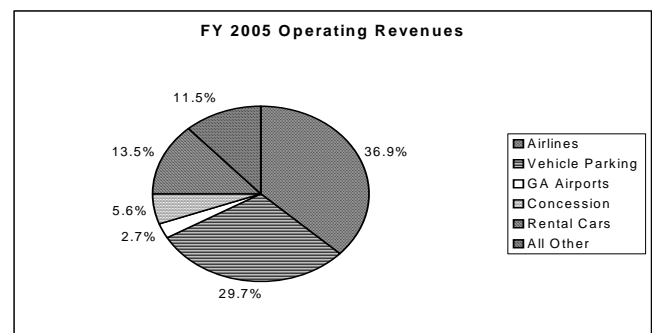
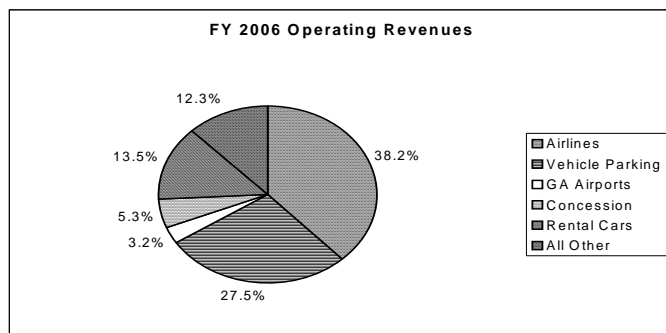
FINANCIAL POSITION SUMMARY

	<u>2006</u>	<u>2005</u>	<u>2004</u>
ASSETS			
Current and other assets	\$ 261,878,849	\$ 212,097,534	\$ 127,776,761
Capital assets	<u>268,639,428</u>	<u>250,016,218</u>	<u>251,148,640</u>
Total assets	<u>530,518,277</u>	<u>462,113,752</u>	<u>378,925,401</u>
LIABILITIES			
Current and other liabilities	33,400,712	20,907,432	18,908,860
Long term obligations	<u>324,173,720</u>	<u>282,001,996</u>	<u>214,576,895</u>
Total liabilities	<u>357,574,432</u>	<u>302,909,428</u>	<u>233,485,755</u>
NET ASSETS			
Invested in capital assets, net of related debt	51,832,386	56,935,501	60,698,909
Restricted	96,454,659	90,423,784	76,563,525
Unrestricted	<u>24,656,800</u>	<u>11,845,039</u>	<u>8,177,212</u>
TOTAL NET ASSETS	<u>\$ 172,943,845</u>	<u>\$ 159,204,324</u>	<u>\$ 145,439,646</u>

OPERATING REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the fiscal years ended June 30, 2006, 2005 and 2004.

	<u>2006</u>	<u>% of Total Revenues</u>	<u>2005</u>	<u>% of Total Revenues</u>	<u>2004</u>	<u>% of Total Revenues</u>
OPERATING REVENUES						
Airlines	\$ 18,714,816	38.2%	\$ 17,480,559	36.9%	\$ 14,873,956	34.3%
Concession	2,621,130	5.3%	2,660,663	5.6%	2,444,429	5.6%
Fuel Flowage Fees	1,062,056	2.2%	902,463	1.9%	728,563	1.7%
Non-Airline Rent	1,227,911	2.5%	989,743	2.1%	736,986	1.7%
Off Airport Courtesy Fees	725,394	1.5%	717,454	1.5%	736,192	1.7%
Other Revenues	1,390,459	2.8%	1,055,048	2.2%	2,065,072	4.8%
General Aviation Airports	1,556,089	3.2%	1,293,382	2.7%	1,323,247	3.0%
Rental Cars	6,593,580	13.5%	6,375,414	13.5%	6,232,187	14.4%
Tiedowns, Hangar & Miscellaneous	1,019,361	2.1%	1,108,658	2.3%	1,048,132	2.4%
Rental Revenues - Airport Support	606,469	1.2%	683,094	1.4%	724,924	1.7%
Vehicle Parking	<u>13,487,169</u>	27.5%	<u>14,063,192</u>	29.7%	<u>12,479,058</u>	28.8%
TOTAL OPERATING REVENUES	<u>\$ 49,004,434</u>	100.0%	<u>\$ 47,329,670</u>	100.0%	<u>\$ 43,392,746</u>	100.0%



Overall revenues increased approximately \$1.675 million from fiscal year 2005 to 2006. Revenues for fiscal year 2005 increased by approximately \$3.937 million from 2004.

Increases in fiscal year airline revenues over the prior years were \$1.234 million and \$2.607 million for 2006 and 2005, respectively. In 2005, two carriers were added which contributed incremental airline revenues of approximately \$900 thousand. In 2006 Independence Air, which had been one of the carriers added in 2005, filed for bankruptcy and discontinued operations. Other increases in Airline revenues relate to an increase in non-signatory activity, changes in the Producer Price Index (PPI), increased security requirements and approved MII projects.

Increases in non-airline rental revenues in fiscal year 2006 over the prior year of approximately \$238 thousand are related to the full year impact of additional leases of airport owned property and general increases to the rates. Increases in non-airline rental revenues in fiscal year 2005 of approximately \$252 thousand are related to additional leases of airport owned property.

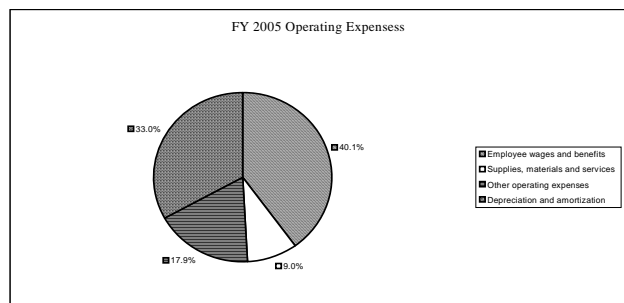
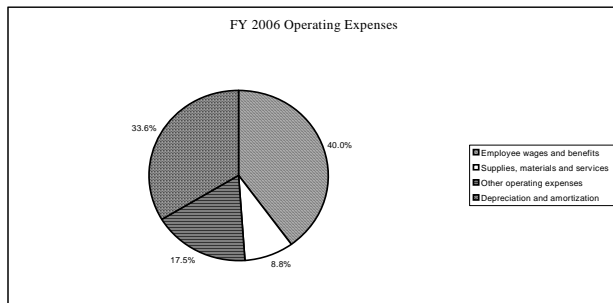
Increases in fiscal year 2006 other revenues are attributable to settlements paid to RIAC as a result of audits of concession and other revenue agreements. In fiscal year 2005, other revenues decreased approximately \$1.01 million from 2004 due to reserves made for anticipated uncollectible receivables resulting from airline bankruptcies and other doubtful receivables.

In fiscal year 2005, vehicle parking revenues increased by \$1.542 million over 2004 driven by the opening of Garage B as a general parking facility in August 2004. In April 2006, Garage B reverted to operation as a valet parking garage, resulting in a reduction in parking revenues of approximately \$370 thousand.

OPERATING EXPENSES

The following chart illustrates major categories of operating expenses for the fiscal years ended June 30, 2006, 2005 and 2004.

	2006	% of Total Operating Expenses	2005	% of Total Operating Expenses	2004	% of Total Operating Expenses
Employee wages and benefits	\$ 17,798,460	40.0%	\$ 17,496,062	40.1%	\$ 16,110,203	39.3%
Supplies, materials and services	3,934,946	8.8%	3,910,215	9.0%	3,670,813	9.0%
Other operating expenses	7,807,562	17.5%	7,825,994	17.9%	7,064,238	17.3%
Depreciation and amortization	14,965,749	33.6%	14,379,816	33.0%	14,100,008	34.4%
TOTAL OPERATING EXPENSES	\$ 44,506,717	100.0%	\$ 43,612,087	100.0%	\$ 40,945,262	100.0%



Employee wages and benefits increased \$302 thousand in fiscal year 2006 over the prior year. In fiscal year 2005, labor costs related to snow removal were significantly higher than the prior year due to an

increase in inclement weather. General wage increases, organizational changes, and substantial increases in health insurance, workers compensation premiums, and employee retirement expenses contribute to the increases in this category since 2004.

Supplies, materials and services for fiscal year 2006 are in line with fiscal year 2005 amounts. In fiscal year 2005, supplies, materials and services increased by approximately \$239 thousand driven by expanded snow removal supplies purchases, increases in the costs of vehicle fueling and increased legal expenses.

Other operating expenses for fiscal year 2006 are in line with fiscal year 2005 amounts. In fiscal year 2005, other operating expenses increased approximately \$762 thousand over fiscal year 2004 driven by increases in the costs of certain utilities and expanded glycol management services.

PASSENGER FACILITY CHARGES

Passenger Facility Charges (PFCs) are available to airports to finance specific eligible projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport or (iii) furnish opportunities for enhanced competition among air carriers. Prior to fiscal year 2006, RIAC had received approval of its applications for authority to impose and use PFCs of \$3.00 per enplaned passenger to pay for eligible components of several projects including the new T.F. Green Terminal as well as the payment of a portion of the debt service on the 1993 Series A Bonds, the 1994 Series A Bonds and the 2000 Series A and B Bonds issued therefore. In fiscal year 2006 RIAC's PFC applications one and two were amended to increase the PFC from \$3.00 to \$4.50 per enplaned passenger, effective in fiscal year 2007, and adjust the total PFC Authority from \$147.5 million to \$143.219 million. During the fiscal year, \$7.442 million in PFCs were recognized as compared to \$7.798 million in fiscal year 2005 and \$7.207 million in fiscal year 2004. As of June 30, 2006, \$79.866 million (including interest earned) of PFCs has been collected. The authority to collect PFCs expires upon the expiration date specified by the FAA or once collections reach a maximum amount approved by the FAA, whichever occurs first.

In fiscal year 2006, \$4.183 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2003 Series (which refunded a portion of the 1993 Series), 2004 Series (which refunded the remaining 2003 Series and a portion of the 1994 Series), and 2005 Series C bonds (which refunded the 2000B series). In fiscal year 2005, \$3.418 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2000 Series A and B, 2003 Series A, and 2004 Series A bonds. For fiscal year 2004, \$4.073 million of pledged PFCs were used for debt service payments on the 1993 Series, 1994 Series, 2000 Series, and 2003 Series Airport Revenue Bonds.

CUSTOMER FACILITY CHARGES

Since July of 2001, RIAC has been collecting Customer Facility Charges (CFCs) in the amount of \$3.75 per transaction day from the rental car companies that operate at, or near, the Airport and service customers who utilize the Airport in anticipation of the construction of a consolidated car rental facility to be located on, or near, Airport property. The authority to collect the CFC's is pursuant to transportation ground rules promulgated by RIAC and Section 1-2-1.1 of the Rhode Island General Laws. During the fiscal year, \$4.942 million in CFC charges were recognized as compared to \$4.881 million in fiscal year 2005 and \$4.580 million in 2004.

CAPITAL ASSET ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital asset acquisitions and improvements exceeding \$2,500 are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants with matching RIAC funds.

In fiscal year 2006, RIAC capitalized approximately \$3.325 million in land acquisitions, \$9.488 million in leasehold improvements, \$3.497 million in machinery and equipment, and \$176 thousand in vehicles. Additional amounts were added to construction in progress (CIP) to reflect ongoing construction activities during the fiscal year, resulting in an ending balance of \$42.490 million at June 30, 2006.

In fiscal year 2005, RIAC capitalized approximately \$1.457 million in land acquisitions, \$6.917 million in leasehold improvements, \$427 thousand in machinery and equipment, and \$227 thousand in vehicles. Additional amounts were added to construction in progress (CIP) to reflect ongoing construction activities during the fiscal year, resulting in an ending balance of \$25.285 million at June 30, 2005.

Additional information on capital assets may be found in the notes to the financial statements.

SIGNIFICANT PROJECTS

Noise Mitigation

No expenses for noise mitigation and sound insulation projects were incurred in fiscal years 2006 and 2005. Expenses for noise mitigation and sound insulation projects in fiscal year 2004 totaled \$1.8 million. During 2004, 148 residential properties within the 65 Decibel Noise Level (DNL) noise contours of the Airport were sound insulated.

Land Acquisition

In fiscal year 2006, \$8.666 million was expensed for the acquisition of thirty-four properties under the 70 DNL land acquisition program. In fiscal year 2005, \$5.551 million was expensed for the acquisition of twenty-four properties under the 70 DNL land acquisition program. The acquisition of these homes is on a voluntary basis and approximately 265 residences were listed as eligible to be acquired. Amounts related to the value of land at the time of these acquisitions is capitalized, but not depreciated in accordance with U.S. GAAP.

Easement Acquisition and Obstruction Removal

Another significant CIP initiative is obstruction removal which may require the acquisition of easements on properties surrounding the Airports. Obstructions are defined as those objects, either manmade or natural which penetrate into the navigable air space surrounding runways. A total of six projects involving three of the six Airports were underway in fiscal year 2006 resulting in expenditures of approximately \$642 thousand. A total of nine projects involving four of the six Airports were underway in fiscal year 2005 resulting in expenditures of approximately \$1.215 million.

TSA Security Projects

The Transportation Security Administration (TSA) is testing two security initiatives at RIAC. The Airport Security Display Processor will enhance airport security to provide high resolution surveillance to identify

intrusions to the airfield perimeter. The Camera Tracking Airport Surveillance project is being used to determine the feasibility of a multi-camera, automated video exploitation system to rapidly identify and react to suspicious activities within the Airport. In fiscal year 2006 the amount expended totaled \$592 thousand. In fiscal year 2005, approximately \$1.704 million was expended on these security projects.

Draft Environmental Impact Statement Phase 2 and 3 (DEIS)

In fiscal year 2006, approximately \$2.873 million was expended on the preparation of a DEIS as outlined in FAA orders 5050.4A and 1050.1D in accordance with the National Environmental Policy Act (NEPA) process. The amount expended in fiscal year 2005 totaled \$432 thousand. A Record of Decision (ROD) is expected from the FAA in late 2007.

Quonset Seawall Reconstruction – Phases one and two

The original seawall at Quonset Airport was constructed in the 1940's and needed to be reconstructed. Approximately \$1.2 million was capitalized in fiscal year 2005 related to phase one of this project. Phase two involves the rehabilitation of approximately 2,500 linear feet of seawall to improve erosion control. In fiscal year 2006, less than \$100 thousand was expended under phase two.

Terminal Security Project

In fiscal year 2006, RIAC began construction on the Terminal Security Project which includes moving the Explosive Detection System (EDS) equipment from its current location in the passenger terminal lobby and along the departures curb to expanded baggage make-up areas on both the north and south sides of the terminal, in line with the baggage conveyor system. Administrative spaces will be built to service the EDS equipment, RIAC administration, and some Transportation Security Administration (TSA) functions.

The project also includes a revision of the existing Security Screening Checkpoint (SSCP) at the Airport to nearly double its current size. This project includes the construction of pre and post-security concessions, new security bypass ramps on the mezzanine level below the existing SSCP, and the relocation of the existing vertical circulation from in front of the SSCP to the area closer to the front of the terminal.

Fiscal year 2006 expenditures on this project totaled \$8.39 million. Approximately \$1.427 million was expended on this project in fiscal year 2005.

Airfield Maintenance Facility

The existing airfield maintenance facilities are located on Airport Road. This project will construct new facilities within the Airfield Operations Area (AOA). This new facility will include 38,000 sq. ft. for Snow Removal Equipment storage, a 10,300 sq. ft. Maintenance Garage, 10,000 sq. ft. for a Maintenance Support Area, 10,600 sq. ft. for Administration and Operations Offices, as well as heated sand and runway deicing chemical storage, above ground fuel storage and parking.

In fiscal year 2006, the amount expended on this project was \$4.672 million. In fiscal year 2005 the amount expended totaled \$735 thousand.

Rehabilitate Westerly Runway 7/25, Taxiways A, B & C and Apron

This project will consist of the design and construction of a mill and pavement overlay of the Runway 7-25 and ramp and Taxiways A, B and C with new lighting, signage and markings at Westerly Airport. The existing aircraft parking apron will also be rehabilitated. In fiscal year 2006, approximately \$1.907 million was expended on this project.

COMMITMENTS FOR AIRPORT IMPROVEMENTS

As of June 30, 2006 and 2005, RIAC was obligated for the completion of certain airport improvements under commitments of approximately \$84.91 million and \$4.5 million, which are expected to be funded from current available resources and future operations.

LONG-TERM DEBT ADMINISTRATION - GENERAL

Under the State Lease Agreement, RIAC has agreed to reimburse the State for State G.O. Bond debt service accruing after July 1, 1993, to the extent of available moneys in the Airport General Purpose Fund which are not required to pay capital improvements at the Airport or general aviation airports' operating expenses. In the event there are not sufficient moneys to reimburse the State currently, such event shall not constitute an event of default. Instead, the unpaid portion shall accrue and be payable in the next succeeding fiscal year and shall remain a payment obligation of RIAC until paid in full. If the unpaid portion is not reimbursed by the end of the following year, such failure could constitute an event of default on the part of RIAC under the State Lease Agreement. RIAC is current in all of its payment obligations to the State. These bonds mature annually through 2020. The balance outstanding at June 30, 2006 and 2005 was \$14.635 million and \$16.721 million, respectively.

In 1994, RIAC issued \$30 million General Airport Revenue Bonds dated May 19, 1994, maturing annually from 1998 through 2014 with interest coupons ranging from 5.25% to 7%. The balance outstanding at June 30, 2006 and 2005 was \$6.07 million for both years.

In 1998, RIAC issued \$8.035 million Series A and \$53.14 million Series B General Airport Revenue Bonds dated June 11, 1998, maturing annually from 2001 through 2028 with interest coupons ranging from 4.2% to 5.25%. The balance outstanding as of June 30, 2006 and 2005 was \$55.715 million and \$56.910 million, respectively.

In 2000, RIAC issued \$8.38 million Series A and \$42.165 million Series B Airport Revenue Bonds dated May 11, 2000, maturing annually from 2005 through 2028 with interest coupons ranging from 5.51% to 6.5%. The balance outstanding as of June 30, 2006 and 2005 was \$7.375 million and \$8.38 million, respectively.

In 2003, RIAC issued \$31.725 million Series A Airport Revenue Refunding Bonds dated October 2, 2003 to enable the defeasance of \$31.395 million of 1993 Series A General Airport Revenue Bonds. The refund issue matures annually from 2005 through 2015 with interest coupons ranging from 3.5% to 5%. The balance outstanding as of June 30, 2006 and June 30, 2005 was \$29.12 million and \$31.725 million, respectively.

In 2004, RIAC issued \$52.665 million Series A Airport Revenue Refunding Bonds dated March 12, 2004 to enable the defeasance of \$31.915 million and \$20.19 million in 1993 Series A General Airport Revenue

Bonds (GARB) and 1994 Series A GARBs, respectively. The refund issue matures annually from 2005 through 2024 with interest coupons from 2% to 5%. The balance outstanding as of June 30, 2006 and June 30, 2005 was \$51.82 million and \$52.665 million, respectively.

In 2005, RIAC issued \$43.545 million Series A and \$27.245 million Series B Airport Revenue Bonds dated June 28, 2005 maturing annually from 2009 through 2030 with interest coupons ranging from 4.625% to 5%. Also on June 28, 2005, RIAC issued \$44.465 million Series C Airport Revenue Refunding Bonds to enable the defeasance of \$42.165 million in 2000 Series B General Airport Revenue Bonds. The refund issue matures annually from 2006 through 2028 with interest coupons ranging from 3% to 5%. RIAC's defeasance of the 2000 Series B Bonds resulted in an economic present value gain of \$3.04 million or 7.2% of the refunded bonds. The outstanding balance for the 2005 Series as of June 30, 2006 and June 30, 2005 was \$115.255 million for both years.

LONG TERM DEBT ADMINISTRATION – SPECIAL FACILITY

In 2006, RIAC issued \$48.765 million Series 2006 First Lien Special Facility Bonds for the Intermodal Facility Project (2006 First Lien Bonds) dated June 14, 2006 maturing annually from 2011 through 2036 with interest coupons ranging from 4% to 5%. The balance outstanding for the 2006 First Lien Bonds was \$48.765 million as of June 30, 2006. The principal amount of, redemption premium, if any, and interest on the 2006 First Lien Bonds is payable from and secured by a pledge of the respective interests of EDC and RIAC in the Trust Estate created under the Indenture.

The Trust Estate consists of: (i) Facility Revenues (which include CFCs); (ii) moneys, including investment earnings, in funds and accounts pledged under the Indenture; (iii) certain insurance proceeds required to be deposited in such funds and accounts under the Indenture; and (iv) EDC's right, title and interest to receive loan payments from RIAC under the EDC Loan Agreement.

As part of the financing for the Intermodal Facility Project, RIAC and the EDC have secured additional funds under the US Department of Transportation's (USDOT's) Transportation Infrastructure Finance and Innovation Act (TIFIA) provisions for the payment of eligible project costs of the Intermodal Facility up to \$42 million at an interest rate of 5.26%. This TIFIA Bond is issued pursuant to the First Supplemental Indenture as a Second Lien Obligation payable from and secured by a pledge of and secondary interest in the Trust Estate under the Indenture, subject to the pledge of the Trust Estate for the security and payment of the 2006 First Lien Bonds. The 2006 TIFIA Bond is also secured by the Second Lien Debt Service Reserve Fund to be funded from CFCs on the Date of Operational Opening (DOO) in an amount equal to the average annual debt service on the 2006 TIFIA Bond calculated as of the date of the closing. As of June 30, 2006, no amounts have been drawn on the TIFIA loan.

CREDIT RATINGS AND BOND INSURANCE

Since the inception of RIAC in 1992, there have been five General Airport Revenue Bonds (GARBs) issued by the EDC, the parent of RIAC, to finance construction and other related costs for certain capital improvements at T. F. Green Airport and three Airport Revenue Refunding Bonds to defease all of the 1993 GARB debt, a portion of the 1994 GARB debt, and all of the 2000 Series B GARB debt. The GARBs include the 1993 Series A Bonds (\$78.1 million insured by FSA, all of which is now defeased), 1994 Series A Revenue Bonds (\$30 million and insured by FSA, with \$6.07 million outstanding), 1998 Series A&B Revenue Bonds (\$61.175 million insured with FSA with \$55.715 million outstanding), 2000 Series A&B Revenue Bonds (\$50.545 million insured by FGIC, \$7.375 million Series A outstanding; Series B is now defeased) and the 2005 Series A&B Revenue Bonds (\$70.79 million insured by MBIA).

The Airport Revenue Refunding Bonds include the 2003 Series A Bonds (\$31.725 million insured by FGIC, with \$29.12 million outstanding), the 2004 Series A Bonds (\$52.665 million insured by FSA, with \$51.82 million outstanding) and the 2005 Series C Bonds (\$44.465 million insured by MBIA, with \$44.285 million outstanding).

In conjunction with the June 2005 issue EDC/RIAC's outstanding debt was rated by three firms, Fitch Investor Services, Moody's Investor Services and Standard & Poor's as A, A2 and A-, respectively. All three agencies affirmed the stable outlook on the currently outstanding airport revenue bonds.

In connection with the sale of RIAC's Series 2006 First Lien Bonds for the Intermodal Facility Project, insurance was purchased by RIAC to guarantee the payment of principal and interest when due from CIFG, Assurance North America, Inc. The bonds were rated by Moody's Investor Services and Standard & Poor's as Baa1 and BBB+, respectively. Both Moody's and Standard & Poor's affirmed their bond ratings for EDC/RIAC's outstanding debt as stable at A2 and A-, respectively.

CURRENT OPERATIONS AND FINANCIAL SITUATION

During fiscal year 2006, T. F. Green Airport experienced a reduction in available seats across several carriers as part of their shift from mainline service to regional jets, with the notable exception of Southwest, which added one daily nonstop flight to Las Vegas in November 2005 and continues to be the dominant carrier. Independence Air which had begun its low-fare service at the Airport in early fiscal year 2005 ceased operations nationwide on January 6, 2006 as a result of bankruptcy proceedings. American discontinued its mainline flights to Chicago and Dallas and instituted American Eagle service to Chicago in April. The fare structure at T. F. Green remains competitive and the cost structure among the air carriers in 2006 continues to produce a relatively low airline cost per enplaned passenger rate. United and US Airways emerged from bankruptcy, and each continues to remain current on their respective pre- and post-petition payments. On September 14, 2005, Northwest and Delta filed for Chapter 11 bankruptcy, both airlines remain current on their respective post-petition payments.

In fiscal year 2006, RIAC secured financing for the Intermodal Facility Project which will include consolidated facilities for Airport rental car operations; a commuter rail train platform to provide access for Massachusetts Bay Transit Authority (MBTA) commuter rail service south to Wickford, RI and north to both Providence and Boston; a 3,200 space parking garage including 2,200 spaces for rental car operators and 1,000 spaces for rail commuters; a drop-off zone for taxis and limousines serving commuters; and a short-term parking area for pick-up and drop-off. There will also be a bus stop on the west side of the facility along Jefferson Boulevard that will serve Rhode Island Public Transit Authority

(RIPTA) buses. An elevated and enclosed skywalk system will connect the Intermodal Facility to the Airport Terminal over a distance of approximately 1,250 feet. Travel time between the Intermodal Facility and the Airport Terminal is estimated to be four minutes using the skywalk system. The Intermodal Facility will occupy six levels and include approximately 1.5 million square feet of space on a 283,000 square foot footprint for both the structure and fueling platform. The Intermodal Facility will be constructed over a period of approximately three years with a DOO expected to be October 2009.

The Intermodal Facility is estimated to cost \$222.5 million and is being funded from the following sources: 2006 First Lien Bonds, the TIFIA Bond, Federal Highway grants, State matching grants and CFCs.

Any questions or comments concerning any of the information provided in this report, or request for additional information, should be addressed to the Chief Financial Officer of the Rhode Island Airport Corporation, T. F. Green Airport, 2000 Post Road, Warwick, RI 02886 401-737-4000.

Financial Statements

RHODE ISLAND AIRPORT CORPORATION
STATEMENTS OF NET ASSETS
JUNE 30, 2006 AND 2005

	2006	2005
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 39,888,393	\$ 35,283,525
Accounts receivable, net	9,279,976	7,786,706
Deposits and prepaid items	224,914	1,041,856
	49,393,283	44,112,087
Restricted assets:		
Restricted cash and cash equivalents	12,608,213	9,414,696
Accounts receivable, net	1,693,314	2,123,008
	14,301,527	11,537,704
Total current assets	63,694,810	55,649,791
Noncurrent assets:		
Restricted cash and cash equivalents	162,381,121	64,594,669
Restricted investments	29,593,985	86,923,226
	191,975,106	151,517,895
Accounts receivable	153,429	-
Capital assets, net of accumulated depreciation and amortization	268,639,428	250,016,218
Deferred charges, net of accumulated amortization of \$1,306,187 and \$1,214,675 in 2006 and 2005, respectively	6,055,504	4,929,848
Total noncurrent assets	466,823,467	406,463,961
Total assets	530,518,277	462,113,752
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	822,422	1,410,605
Accrued payroll and employee benefits	1,065,391	986,814
Accrued expenses	6,144,375	2,854,817
Deferred revenue	23,935	423,635
Current portion of long-term obligations	2,980,698	2,995,740
	11,036,821	8,671,611
Payable from restricted assets:		
Accounts and retainage payable	5,257,575	2,182,429
Accrued expenses	4,498,103	638,696
Accrued interest payable	6,533,213	3,764,696
Current portion of long-term obligations	6,075,000	5,650,000
	22,363,891	12,235,821
Total current liabilities	33,400,712	20,907,432
Long term obligations, less current portion	324,173,720	282,001,996
Total liabilities	357,574,432	302,909,428
NET ASSETS		
Invested in capital assets, net of related debt	51,832,386	56,935,501
Restricted	96,454,659	90,423,784
Unrestricted	24,656,800	11,845,039
Total net assets	\$ 172,943,845	\$ 159,204,324

The accompanying notes are an integral part of these financial statements.

RHODE ISLAND AIRPORT CORPORATION
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
OPERATING REVENUES		
Charges for services:		
Rental and concession fees	\$ 21,607,667	\$ 20,832,987
Landing fees	13,909,598	12,433,491
Parking	13,487,169	14,063,192
Total operating revenues	49,004,434	47,329,670
OPERATING EXPENSES		
Employee wages and benefits	17,798,460	17,496,062
Supplies, materials and services	3,934,946	3,910,215
Other operating expenses	7,807,562	7,825,994
Depreciation and amortization	14,965,749	14,379,816
Total operating expenses	44,506,717	43,612,087
Operating income	4,497,717	3,717,583
NONOPERATING REVENUES (EXPENSES)		
Passenger facility charges	7,442,029	7,797,539
Customer facility charges	4,942,472	4,881,098
Investment income	3,076,580	806,130
Other	(3,228,558)	(588,990)
Grant revenues for property acquisition	8,550,894	5,343,346
Grant expenses:		
Property acquisition	(8,666,463)	(5,550,964)
Interest expense	(10,187,302)	(10,368,896)
Total nonoperating revenues, net	1,929,652	2,319,263
Income before capital contributions	6,427,369	6,036,846
CAPITAL CONTRIBUTIONS	7,312,152	7,727,832
Change in net assets	13,739,521	13,764,678
Net assets, beginning of year	159,204,324	145,439,646
Net assets, end of year	\$ 172,943,845	\$ 159,204,324

The accompanying notes are an integral part of these financial statements.

RHODE ISLAND AIRPORT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from rentals and other services or fees	\$ 46,358,613	\$ 48,059,819
Payments to employees for services	(17,719,883)	(17,912,818)
Payments to suppliers	(11,856,527)	(11,707,518)
Net cash provided by operating activities	16,782,203	18,439,483
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Collection of passenger facility charges	7,629,605	7,941,244
Collection of customer facility charges	5,475,629	4,854,721
Other	86,442	68,068
Interest paid, long-term obligations	(6,816,501)	(9,519,808)
Capital contributions and grant revenues, net	14,528,266	10,480,560
Acquisition and construction of capital assets	(32,789,949)	(13,045,038)
Costs of issuance	(301,210)	(488,716)
Proceeds from long-term obligations	49,152,222	73,631,854
Payments on long-term obligations	(8,796,279)	(7,237,143)
Net cash provided by capital and related financing activities	28,168,225	66,685,742
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	86,695,815	27,093,108
Interest on investments	3,305,168	750,364
Purchases of investments	(29,366,574)	(86,398,184)
Net cash provided by (used in) investing activities	60,634,409	(58,554,712)
NET INCREASE IN CASH AND CASH EQUIVALENTS	105,584,837	26,570,513
Cash and cash equivalents, beginning of year	109,292,890	82,722,377
Cash and cash equivalents, end of year	\$ 214,877,727	\$ 109,292,890
Reconciliation of cash and cash equivalents to the statements of net assets:		
Current unrestricted assets	\$ 39,888,393	\$ 35,283,525
Current restricted assets	12,608,213	9,414,696
Noncurrent restricted assets	162,381,121	64,594,669
	\$ 214,877,727	\$ 109,292,890

The accompanying notes are an integral part of these financial statements.

RHODE ISLAND AIRPORT CORPORATION
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 4,497,717	\$ 3,717,583
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	14,965,749	14,379,816
(Gain) Loss on disposal of machinery and equipment	-	23,157
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	(2,246,122)	306,515
Deposits and prepaid items	816,942	(822,728)
Increase (decrease) in:		
Accounts payable	(574,070)	311,722
Accrued expenses	(278,313)	99,783
Deferred revenue	(399,700)	423,635
Net cash provided by operating activities	\$ 16,782,203	\$ 18,439,483

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash capital and related financing activities:		
Retirement of bonds payable through issuance of refunding bonds	\$ -	\$ 42,165,000
Deferred amount on refundings recorded through:		
Issuance of refunding bonds and related premium on refunding bonds issued	-	4,662,414
Reduction of unamortized bond issuance costs and unamortized original issue premiums and discounts	-	704,129
Bond issuance costs recorded through issuance of bonds	1,186,582	-
Bond issuance costs recorded through issuance of refunding bonds and related premium on refunding bonds issued	-	1,264,910
Property acquired through the assumption of long-term debt	900,000	-
Equipment acquired through assumption of capital lease obligations	-	84,405

The accompanying notes are an integral part of these financial statements.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

NOTE 1 - ORGANIZATION AND REPORTING ENTITY

ORGANIZATION

Rhode Island Airport Corporation (“RIAC”) is a public corporation organized in December 1992 for the purpose of assuming operating responsibility for the six airports in the State of Rhode Island (“State”). RIAC is a component unit of the Rhode Island Economic Development Corporation (“EDC”), which is a component unit of the State. The airports are owned by the State and prior to July 1, 1993 were managed by the Department of Transportation, Department of Airports (“RIDOT”). RIAC and the State entered into a Lease and Operating Agreement (“Lease Agreement”) which transferred operating responsibility for the airports to RIAC effective July 1, 1993, which agreement was amended in fiscal year 2006 to extend the term to 2036 (*see Note 10*). RIAC does not have the power to issue bonds, notes or borrow money without the approval of the EDC, nor does it have the power of eminent domain with respect to real property.

RIAC is governed by a board of directors which consists of seven members; one member is appointed by the Mayor of the City of Warwick and the remaining six members are appointed by the Governor of the State. Each director appointed by the Governor is appointed to a four-year staggered term. The director appointed by the Mayor of the City of Warwick serves at the pleasure of the Mayor. All directors serve without compensation but are entitled to reimbursement for necessary expenses incurred in performance of their duties relating to RIAC.

RIAC is not subject to federal, state or local income taxes.

REPORTING ENTITY

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, RIAC applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. No component units are reported in the accompanying financial statements based on operational or financial relationships with RIAC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

RIAC applies all pronouncements of the GASB, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, RIAC has elected to not apply any FASB pronouncements and interpretations issued after November 30, 1989.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

BASIS OF ACCOUNTING (*Continued*)

RIAC engages only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external users. The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

RIAC distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with RIAC's principal ongoing operations. The principal operating revenues of RIAC are charges to customers for fees and services. Operating expenses include the cost of providing services, administrative expenses, and depreciation and amortization expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is RIAC's policy to use restricted assets first, then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

RIAC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

RIAC's cash and cash equivalents include amounts designated by the Board of Directors for capital acquisition, construction and operating costs (*see Note 8*). Such amounts totaled \$5,100,000 as of June 30, 2006 and 2005.

RECEIVABLES

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. This estimate is based on history, aviation industry trends and current information regarding the credit worthiness of the debtors. RIAC requires collateral or other forms of security from certain customers.

At June 30, 2006, approximately 40% of accounts receivable is due from two customers. At June 30, 2005, approximately 42% of accounts receivable was due from a single customer.

INVESTMENTS

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, RIAC presents all investments at fair value. Investments in nonparticipating interest earning investment contracts, such as nonnegotiable guaranteed investment contracts with redemption terms that do not consider market rates, and nonnegotiable debentures are reported at cost, provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Fair value is established by quoted market prices.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS

Restricted assets consist of monies and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. These restrictions are described below:

Restricted for Capital Expenditures

These assets are restricted under RIAC's capital grants and other agreements for certain capital projects and cannot be expended for any other purpose. These assets include amounts collected for Passenger Facility Charges, Customer Facility Charges and bond proceeds to be used for construction.

Restricted for Deposits

These assets are restricted from operations because they represent deposits that are held to ensure performance by tenants.

Restricted for Reserves

These assets are restricted by the Master Indenture of Trust dated October 1, 1993, which authorizes EDC to issue bonds on behalf of RIAC. The operating and maintenance reserve reports resources set aside to subsidize potential deficiencies from RIAC's operations that could adversely affect debt service payments. The repair and rehabilitation reserve reports resources set aside to meet unexpected contingencies or to fund asset repairs and rehabilitation.

CAPITAL ASSETS AND DEPRECIATION AND AMORTIZATION

Capital assets are stated at cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation, except for capital assets donated by the State which were recorded at the same net book value as previously reported by the State. Assets leased from the State by RIAC are recorded at the present value of the future minimum lease payments plus the value of funding received from the federal government. RIAC defines capital assets as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of two years. Expenditures that substantially increase the useful lives of existing assets are capitalized and routine maintenance and repairs and costs associated with the Noise Mitigation and Property Acquisition Programs are expensed as incurred. Interest expense incurred on bonds payable during the construction phase of capital assets, net of interest income earned on such bond proceeds invested over the same period, is included as part of the capitalized value of the assets constructed.

Depreciation and amortization of capital assets is calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Assets leased from the State	5-25
Leasehold improvements	7-20
Machinery and equipment	2-15
Vehicles	2-10

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

RIAC accrues vacation and sick pay benefits as earned by its employees in accordance with established personnel policies using the salary rates in effect at the statement of net assets date. Sick pay benefits are accrued using the vesting method in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

BOND ISSUANCE COSTS, ORIGINAL ISSUE PREMIUM OR DISCOUNT AND DEFERRED AMOUNTS ON REFUNDINGS

Bond issuance costs are deferred and amortized over the life of the related bonds using the straight line method and are reported as deferred charges. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the effective interest method. Deferred amounts on refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the refunding bonds using the straight line method, which approximates the effective interest method. Revenue bonds payable are reported net of the original issue bond premium or discount, as appropriate, and deferred amounts on refundings, as applicable.

NET ASSETS

RIAC's net assets are presented in the following three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category consists of net assets which do not meet the definition of the two preceding categories.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

Rental and Concession Fees

Rental and concession fees are generated from airlines, food and beverage outlets, retailers, rental car agencies, advertising and commercial tenants. Leases executed by RIAC with such parties are accounted for as operating leases. In accordance with the provisions of Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, and certain of its interpretations, RIAC recognizes rental income on a straight-line basis over the terms of the various leases.

Concession fees are recognized based on reported concessionaire revenue. Where agreements permit audits of concessionaire revenue, any additional fees resulting from such audits are recognized when such amounts become known.

Landing Fees

Landing fees are generated principally from scheduled airlines, cargo carriers and nonscheduled commercial aviation based on landed weight of the aircraft and/or signed contracts. Landing fees are recognized as revenue as the related facilities are used.

Parking

Parking revenues are generated principally from on-site facilities managed by a third party. Revenues are based upon utilization of the facilities, subject to certain minimum amounts under certain contracts. Parking revenues are recognized based upon reported revenue by the management company. Additional parking revenues resulting from audit of the management company records are recognized when such amounts become known.

Passenger Facility Charges

In November 1993, RIAC received approval from the Federal Aviation Administration ("FAA") to impose a \$3.00 Passenger Facility Charge ("PFC") per qualifying enplaned passenger commencing February 1, 1994. In fiscal year 2006 RIAC's PFC applications one and two were amended to increase the PFC from \$3.00 to \$4.50 per enplaned passenger and adjust the total PFC Authority from \$147,478,994 to \$143,218,700. PFC net receipts are restricted for use on pre-approved FAA projects, including related debt service. The FAA has approved PFC funding for twenty-one projects that comprise a significant portion of RIAC's capital improvement program. RIAC has been authorized to collect PFCs in the aggregate amount of \$143,218,700. Aggregate collections, including interest thereon, through June 30, 2006 were \$79,866,108. Passenger facility charges are recorded as non-operating revenue as earned, based on enplaned passengers.

Customer Facility Charges

Effective July 1, 2001, rental car agencies operating under lease agreements with RIAC were required to impose a customer facility charge ("CFC") of \$3.75 per transaction per day on substantially all car rentals. CFC net receipts are restricted for the future construction of a quick turn-around facility for the rental car agencies. CFC revenue is recorded as non-operating revenue as earned, based upon daily car rentals reported by the signature agencies.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION *(Continued)*

Grants and Capital Contributions

Certain expenditures for airport capital improvements are funded through the Airport Improvement Program of the FAA. The funding provided under these government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and eligible long-term planning studies are reported in the statements of revenues, expenses, and change in net assets after non-operating revenues and expenses as capital contributions.

Revenues from other grants are recognized as non-operating revenue as soon as all eligibility requirements imposed by the grantor have been met.

Contributions of capital assets by the State are reported as capital contributions at the same net book value as previously reported by the State.

PROPERTY ACQUISITION PROGRAM

The Property Acquisition Program consists of the acquisition of properties under the “70 Day Night Level (DNL)” land acquisition program, which is funded in part by federal grants. The program includes the purchase and demolition of homes within the 70 DNL contours, as well as related relocation costs of the occupants. The acquisition of the homes is on a voluntary basis. Costs related to this program are expensed as incurred, except for the value of land acquired, which is capitalized.

PENSION PLANS

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 3 - CASH DEPOSITS – CUSTODIAL CREDIT RISK

During the year ended June 30, 2005, RIAC implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. As of June 30, 2006 and 2005, RIAC's cash deposits consist of the following:

	2006		2005	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand deposits	\$ 76,373,366	\$ 75,798,792	\$ 55,019,408	\$ 54,551,401
Money market funds	6,422,540	6,422,540	18,620,875	18,620,875
Repurchase agreements	6,167,567	6,167,567	6,911,167	6,911,167
	<u>\$ 88,963,473</u>	<u>\$ 88,388,899</u>	<u>\$ 80,551,450</u>	<u>\$ 80,083,443</u>

Custodial credit risk is the risk that, in the event of a bank failure, RIAC will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. RIAC does not have a deposit policy for custodial credit risk except for that which is provided by Rhode Island General Laws, Chapter 35-10.1 as described below.

The bank balances of RIAC's cash deposits that were exposed to custodial credit risk as of June 30, 2006 and 2005, are as follows:

	2006	2005
Uninsured, uncollateralized	\$ 50,654,234	\$ -
Uninsured, but collateralized with securities held by the pledging bank's trust department or agent in RIAC's name	38,109,239	80,451,450
	<u>\$ 88,763,473</u>	<u>\$ 80,451,450</u>

RIAC is permitted to invest funds in certificates of deposit, savings accounts, money market accounts and obligations of the United States Government or certain agencies thereof. RIAC may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

In accordance with Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to 100 percent of time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100 percent of deposits, regardless of maturity. Eligible collateral per the agreement and Rhode Island General Laws, Chapter 35-10.1 includes the following: obligations of the United States; obligations of the State of Rhode Island; obligations of any other State with a rating not less than "A" by Standard and Poor's Corporation or Moody's Investor Services, Inc.; certain one to four family residential mortgage loans providing they meet certain provisions; and other marketable securities and debt instruments determined to be satisfactory for purposes of providing liquid assets in the event of default or insolvency of a qualified depository institution providing that this type of collateral does not exceed 10% of the total collateral pledged by the financial institution.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 3 - CASH DEPOSITS – CUSTODIAL CREDIT RISK (Continued)

Investments in certain money market funds totaling \$126,488,828 and \$29,209,447 as of June 30, 2006 and 2005, respectively, are included in cash and cash equivalents in the accompanying statements of net assets. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the disclosure in Note 5.

A reconciliation of RIAC's cash deposits as presented in the accompanying statements of net assets to amounts presented above as of June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Current assets:		
Unrestricted	\$ 39,888,393	\$ 35,283,525
Restricted	12,608,213	9,414,696
Noncurrent assets:		
Restricted	<u>162,381,121</u>	<u>64,594,669</u>
	214,877,727	109,292,890
Less: cash equivalents considered investments under GASB Statement No. 40	<u>126,488,828</u>	<u>29,209,447</u>
Cash deposits	<u>\$ 88,388,899</u>	<u>\$ 80,083,443</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Unrestricted:		
Accounts receivable, trade	\$ 8,470,575	\$ 5,322,141
Due from federal government	2,653,150	3,739,592
Due from State of Rhode Island	<u>468,166</u>	<u>1,001</u>
	11,591,891	9,062,734
Less: allowance for uncollectible amounts	<u>2,158,486</u>	<u>1,276,028</u>
	<u>\$ 9,433,405</u>	<u>\$ 7,786,706</u>

The amount due from a tenant for leasehold improvements funded by RIAC totaled \$153,429 and \$0 as of June 30, 2006 and 2005, respectively, and is due commencing in December 2009.

The amounts due from the federal government are based on expenditures incurred by RIAC under terms of grant agreements or legislation.

	<u>2006</u>	<u>2005</u>
Restricted:		
Due from airlines - Passenger Facility Charges	\$ 890,703	\$ 1,070,247
Due from car rental agencies - Customer Facility Charges	500,097	521,659
Interest	<u>302,514</u>	<u>531,102</u>
	<u>\$ 1,693,314</u>	<u>\$ 2,123,008</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 5 - INVESTMENTS

During the year ended June 30, 2006, RIAC implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. As of June 30, 2006 and 2005, RIAC's investments consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2006</u>	
		<u>Investment Maturities</u>	
		<u>(In Years)</u>	
		<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:			
Money market funds	\$126,488,828	\$126,488,828	\$ -
U.S. Treasury Notes	29,593,985	28,622,888	971,097
	<u>\$156,082,813</u>	<u>\$155,111,716</u>	<u>\$ 971,097</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>2005</u>	
		<u>Investment Maturities</u>	
		<u>(In Years)</u>	
		<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:			
Money market funds	\$ 29,209,447	\$ 29,209,447	\$ -
U.S. Treasury Notes	64,675,300	36,931,326	27,743,974
U.S. Treasury Bills	22,247,926	22,247,926	-
	<u>\$116,132,673</u>	<u>\$ 88,388,699</u>	<u>\$ 27,743,974</u>

Because the money market funds had weighted average maturities of 90 days or less they were presented as investments with maturities of less than one year.

A reconciliation of RIAC's investments as presented in the accompanying statements of net assets to amounts presented above as of June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Noncurrent assets:		
Restricted investments	\$ 29,593,985	\$ 86,923,226
Add: cash equivalents considered investments under GASB Statement No. 40	126,488,828	29,209,447
	<u>\$156,082,813</u>	<u>\$ 116,132,673</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 5 - INVESTMENTS (Continued)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, RIAC's investment policy limits its investments to those that provide for sufficient liquidity to meet all operating requirements, annual debt service and to obtain a reasonable rate of return.

Credit Risk

RIAC's investment policies are pursuant to the Master Indentures of Trust ("Indentures") and Rhode Island General Laws. Rhode Island General Laws and the Indentures permit RIAC to invest in certificates of deposit, savings accounts, money market accounts, obligations of the United States Government or certain obligations thereof, repurchase agreements with any eligible depository for a period not to exceed 30 days, commercial paper with a rating of P-1, A-1 or higher as approved by RIAC's Board of Directors, and investment grade corporate debentures with a rating of AAA, AA by Standard & Poor's Rating Services and Aaa, Aa by Moody's Investor Service, Inc.

As of June 30, 2006 and 2005, RIAC's investments in money market funds were rated AAA by Standard & Poor's Rating Services and Aaa by Moody's Investor Services, Inc.

No credit risk disclosures are required under GASB Statement No. 40 relating to RIAC's investments in U.S. Treasury Notes and U.S. Treasury Bills.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, RIAC will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. RIAC does not have a policy for custodial credit risk.

RIAC's investments were not subject to custodial credit risk as they are held by a trustee in RIAC's name.

Concentrations of Credit Risk

RIAC places no limit on the amount of investment in any one issuer. In accordance with GASB Statement No. 40, none of RIAC's investments require concentration of credit risk disclosures.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2006 and 2005 is as follows:

	2006			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 14,660,663	\$ 3,325,352	\$ -	\$ 17,986,015
Construction in progress	25,285,076	27,470,748	(10,266,081)	42,489,743
Total capital assets, not being depreciated	<u>39,945,739</u>	<u>30,796,100</u>	<u>(10,266,081)</u>	<u>60,475,758</u>
Capital assets, being depreciated:				
Assets leased from the State	30,608,849	-	-	30,608,849
Leasehold improvements	273,505,806	9,487,632	-	282,993,438
Machinery and equipment	16,181,579	3,496,577	(3,942)	19,674,214
Vehicles	1,776,019	175,721	-	1,951,740
Total capital assets, being depreciated	<u>322,072,253</u>	<u>13,159,930</u>	<u>(3,942)</u>	<u>335,228,241</u>
Less accumulated depreciation and amortization for:				
Assets leased from the State	(17,156,297)	(1,138,796)	-	(18,295,093)
Leasehold improvements	(84,762,109)	(12,159,427)	-	(96,921,536)
Machinery and equipment	(9,085,988)	(1,544,666)	3,942	(10,626,712)
Vehicles	(997,380)	(223,850)	-	(1,221,230)
Total accumulated depreciation and amortization	<u>(112,001,774)</u>	<u>(15,066,739)</u>	<u>3,942</u>	<u>(127,064,571)</u>
Total capital assets, being depreciated, net	<u>210,070,479</u>	<u>(1,906,809)</u>	<u>-</u>	<u>208,163,670</u>
Total capital assets, net	<u>\$ 250,016,218</u>	<u>\$ 28,889,291</u>	<u>\$ (10,266,081)</u>	<u>\$ 268,639,428</u>
	2005			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 13,203,353	\$ 1,457,310	\$ -	\$ 14,660,663
Construction in progress	21,183,501	12,782,651	(8,681,076)	25,285,076
Total capital assets, not being depreciated	<u>34,386,854</u>	<u>14,239,961</u>	<u>(8,681,076)</u>	<u>39,945,739</u>
Capital assets, being depreciated:				
Assets leased from the State	30,608,849	-	-	30,608,849
Leasehold improvements	266,589,073	6,916,733	-	273,505,806
Machinery and equipment	15,841,077	427,068	(86,566)	16,181,579
Vehicles	1,551,761	226,757	(2,499)	1,776,019
Total capital assets, being depreciated	<u>314,590,760</u>	<u>7,570,558</u>	<u>(89,065)</u>	<u>322,072,253</u>
Less accumulated depreciation and amortization for:				
Assets leased from the State	(15,978,015)	(1,178,282)	-	(17,156,297)
Leasehold improvements	(73,355,035)	(11,407,074)	-	(84,762,109)
Machinery and equipment	(7,683,446)	(1,465,951)	63,409	(9,085,988)
Vehicles	(812,478)	(187,401)	2,499	(997,380)
Total accumulated depreciation and amortization	<u>(97,828,974)</u>	<u>(14,238,708)</u>	<u>65,908</u>	<u>(112,001,774)</u>
Total capital assets, being depreciated, net	<u>216,761,786</u>	<u>(6,668,150)</u>	<u>(23,157)</u>	<u>210,070,479</u>
Total capital assets, net	<u>\$ 251,148,640</u>	<u>\$ 7,571,811</u>	<u>\$ (8,704,233)</u>	<u>\$ 250,016,218</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 6 - CAPITAL ASSETS (Continued)

Capitalized interest included in capital asset additions for the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Interest expense capitalized	\$ 4,446,427	\$ 1,307,956
Less: interest income	<u>2,986,393</u>	<u>1,150,498</u>
Total capitalized interest, net	<u>\$ 1,460,034</u>	<u>\$ 157,458</u>

As of June 30, 2006 and 2005, RIAC was obligated for completion of certain airport improvements under commitments of approximately \$84,900,000 and \$4,500,000, respectively, which are expected to be funded from current available resources and future operations.

NOTE 7 - LONG TERM OBLIGATIONS

Long-term obligations activity for the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>				<u>Due Within One Year</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	
Revenue bonds payable	\$ 271,005,000	\$ 48,765,000	\$ (5,650,000)	\$ 314,120,000	\$ 6,075,000
Unamortized amounts:					
Original issue discounts	(488,094)		51,430	(436,664)	-
Original issue premiums	9,385,062	1,573,804	(514,555)	10,444,311	-
Deferred amount on refundings	<u>(10,408,565)</u>		<u>602,282</u>	<u>(9,806,283)</u>	-
Total revenue bonds payable	269,493,403	50,338,804	(5,510,843)	314,321,364	6,075,000
Other liabilities:					
State of Rhode Island payable	16,721,389	-	(2,085,900)	14,635,489	2,104,717
Obligations under capital leases	4,432,944	-	(1,017,489)	3,415,455	800,000
Note payable	-	900,000	(42,890)	857,110	75,981
	<u>\$ 290,647,736</u>	<u>\$ 51,238,804</u>	<u>\$ (8,657,122)</u>	<u>\$ 333,229,418</u>	<u>\$ 9,055,698</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 7 - LONG TERM OBLIGATIONS (Continued)

	2005				Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Revenue bonds payable	\$ 202,085,000	\$ 115,255,000	\$ (46,335,000)	\$ 271,005,000	\$ 5,650,000
Unamortized amounts:					
Original issue discounts	(767,016)	-	278,922	(488,094)	-
Original issue premiums	3,179,094	6,428,320	(222,352)	9,385,062	-
Deferred amount on refundings	(5,400,360)	(5,366,543)	358,338	(10,408,565)	-
Total revenue bonds payable	199,096,718	116,316,777	(45,920,092)	269,493,403	5,650,000
Other liabilities:					
State of Rhode Island payable	18,856,688	-	(2,135,299)	16,721,389	1,975,740
Obligations under capital leases	3,914,788	1,409,000	(890,844)	4,432,944	1,020,000
Note payable	41,000	-	(41,000)	-	-
	<u>\$ 221,909,194</u>	<u>\$ 117,725,777</u>	<u>\$ (48,987,235)</u>	<u>\$ 290,647,736</u>	<u>\$ 8,645,740</u>

REVENUE BONDS PAYABLE

Revenue bonds payable consist of the following as of June 30, 2006 and 2005:

Description	Final	Interest	Amount Outstanding	
	Maturity		2006	2005
	Dates	Rates		
1994 Series A bonds	7/1/2014	5.25% - 7.0%	\$ 6,070,000	\$ 6,070,000
1998 Series A and B bonds	7/1/2028	4.2% - 5.25%	55,715,000	56,910,000
2000 Series A and B bonds	7/1/2028	5.51% - 6.5%	7,375,000	8,380,000
2003 Series A bonds	7/1/2015	3.5% - 5.0%	29,120,000	31,725,000
2004 Series A bonds	7/1/2024	2.0% - 5.0%	51,820,000	52,665,000
2005 Series A, B and C bonds	7/1/2035	3.0% - 5.0%	115,255,000	115,255,000
2006 First Lien Special Facility Bonds	7/1/2037	4.0% - 5.0%	48,765,000	-
			<u>\$ 314,120,000</u>	<u>\$ 271,005,000</u>

Revenue bonds are issued by EDC on behalf of RIAC. The proceeds from these bonds are used to finance construction and related costs of certain capital improvements. These bonds, except for the 2006 First Lien Special Facility Bonds, are secured by the net revenues derived from the operation of the airports. The 2006 First Lien Special Facility bonds are secured solely by the net revenues derived from the Intermodal Facility.

During the year ended June 30, 2005, RIAC issued \$44,465,000 of revenue bonds with an average interest rate of 4.916% to advance refund \$42,165,000 of revenue bonds with an average interest rate of 6.065%. RIAC advance refunded these bonds to reduce its total debt service payments over the next 16 years by approximately \$3,040,000 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of approximately \$223,000. The reacquisition price exceeded the carrying amount of the old debt by \$5,366,543. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 7 - LONG TERM OBLIGATIONS (Continued)

REVENUE BONDS PAYABLE (Continued)

As of June 30, 2006 and 2005, \$42,165,000 of outstanding revenue bonds, including prior year refundings, are considered defeased.

STATE OF RHODE ISLAND PAYABLE

The Lease Agreement with the State requires RIAC to make annual payments to the State in an amount equal to the principal and interest payments due bondholders under certain airport-related General Obligation Bonds issued on behalf of RIAC. Although the original airport-related General Obligation Bonds were defeased in June 2002, the terms of the Lease Agreement require RIAC to continue to remit lease payments to the State based upon the amortization schedule of original airport-related General Obligation Bonds through June 2020 (see Note 10).

OBLIGATIONS UNDER CAPITAL LEASES

RIAC has financed the acquisition of certain equipment through lease-purchase agreements. The agreements provide for monthly, quarterly, or semi-annual lease payments, which range from \$2,000 to \$360,000. The interest rates associated with these agreements range from 1.84% to 7.11%. A summary of assets acquired with capital leases is as follows as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Machinery and equipment	\$ 8,464,850	\$ 7,416,617
Less: accumulated amortization	3,430,933	2,853,392
	<u>\$ 5,033,917</u>	<u>\$ 4,563,225</u>

Amortization expense relative to leased property under capital leases totaled \$567,145 for the years ended June 30, 2006 and 2005, respectively and is included in depreciation and amortization expense disclosed in Note 6.

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2006 are as follows:

Year ending June 30:	
2007	\$ 929,575
2008	637,118
2009	610,425
2010	714,971
2011	648,728
2012-2016	274,948
Total minimum lease payments	<u>3,815,765</u>
Less: amount representing interest	400,310
Present value of minimum lease payments	<u>\$ 3,415,455</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 7 - LONG TERM OBLIGATIONS (Continued)

NOTE PAYABLE

RIAC has financed the acquisition of a parcel of land with seller-provided financing. The note requires monthly payments of principal and interest of \$9,176, including interest at 4.15% through November 2015.

Aggregate scheduled principal and interest payments due on RIAC's long-term obligations through maturity, excluding obligations under capital leases, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 8,255,698	\$ 16,081,882	\$ 24,337,580
2008	7,945,773	15,655,700	23,601,473
2009	8,420,697	15,198,526	23,619,223
2010	8,731,236	14,675,437	23,406,673
2011	9,859,675	14,132,710	23,992,385
2012-2016	61,653,680	59,507,825	121,161,505
2017-2021	69,810,840	47,087,593	116,898,433
2022-2026	77,800,000	27,282,499	105,082,499
2027-2031	57,120,000	9,859,906	66,979,906
2032-2036	16,135,000	2,685,753	18,820,753
2037	3,880,000	-	3,880,000
	<u>\$329,612,599</u>	<u>\$222,167,831</u>	<u>\$ 551,780,430</u>

SECURED LOAN AGREEMENT

In June 2006, RIAC, EDC and the Rhode Island Department of Transportation (“RI DOT”) executed a Secured Loan Agreement (“Agreement”) which provides for borrowings of up to \$42,000,000 with the United States Department of Transportation (“US DOT”) under the Transportation Infrastructure Finance and Innovation Act of 1998. The purpose of the Agreement is to reimburse EDC and RIDOT and to provide funding to RIAC for a portion of eligible project costs related to the Intermodal Facility Project. RIAC is permitted under the agreement to make requisitions of funds for eligible project costs and it is anticipated that such requisitions will occur in fiscal years 2007-2010. Upon completion of the project, RIAC will begin making monthly payments of principal and interest, with interest at a rate of 5.26%. Payments will be made on behalf of the EDC (the borrower per the Agreement), and it is anticipated that repayments will commence in fiscal year 2010 with a final maturity of January 2042. Such repayments are payable solely from the net revenues derived from the Intermodal Facility. As of June 30, 2006, RIAC had no borrowings under this agreement.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 8 - NET ASSETS

Restricted net assets consist of the following as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Restricted for:		
Capital acquisition and construction	\$ 40,394,691	\$ 44,158,825
Passenger Facility Charges	22,108,154	21,167,772
Customer Facility Charges	25,512,132	16,952,713
Operating and maintenance reserve	7,936,748	7,565,746
Repair and rehabilitation reserve	502,934	578,728
	<u>\$ 96,454,659</u>	<u>\$ 90,423,784</u>

Under the Master Indenture of Trust adopted in 1993, RIAC agreed to create and maintain two reserves. The operating and maintenance reserve is to be equal to two months operating and maintenance expenses and is to be used only if RIAC does not have sufficient funds in its current operating accounts to pay these expenses on a timely basis. The repair and rehabilitation reserve is to be equal to at least \$500,000 and can be used solely for emergency repairs and rehabilitation to airport facilities. Both reserves have been funded as required and neither has been used to date.

Unrestricted net assets consist of the following as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Unrestricted net assets designated for		
capital acquisition, construction and operating costs	\$ 5,100,000	\$ 5,100,000
Unrestricted undesignated net assets	19,556,800	6,745,039
	<u>\$ 24,656,800</u>	<u>\$ 11,845,039</u>

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 9 - LEASES

Future minimum contractual rental payments to be received under non-cancelable leases are as follows:

Year ending June 30:	
2007	\$ 3,547,387
2008	1,902,926
2009	278,002
2010	51,333
	<u>\$ 5,779,648</u>

In the event of tenant default, RIAC has the right to reclaim its leased property together with any improvements thereon. In addition, RIAC has entered into lease agreements with seven airlines which expire on June 30, 2010.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Lease Agreement between RIAC and the State is for a 30-year term (*see Note 1*) under which the State has agreed to lease various assets to RIAC for \$1 per year. In addition, the Lease Agreement requires RIAC to make annual payments to the State through June 2020 in amounts equal to the principal and interest payments due bondholders under certain airport-related General Obligation Bonds issued by the State on behalf of RIAC (*see Note 7*). In the event RIAC does not have sufficient funds to make the required lease payments when due, the amount is payable in the next succeeding fiscal year and remains an obligation of RIAC until paid in full. The State has no right to terminate the Lease Agreement so long as there are bonds and subordinate indebtedness outstanding.

Amounts due to the Rhode Island Economic Development Corporation totaled \$935,147 and \$767,371 as of June 30, 2006 and 2005, respectively, and are included in accrued expenses in the accompanying statements of net assets.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 11 - PENSION PLANS

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Plan Description

All employees who transferred from the State's payroll to RIAC's employment on July 1, 1993 participate in the Employees' Retirement System of the State of Rhode Island (the "Plan"). The Plan is a cost-sharing, multiple-employer, public employee retirement system administered by the State. The number of RIAC employees covered by the Plan throughout the year averaged 24 and 30 in 2006 and 2005, respectively. RIAC's total payroll for the year ended June 30, 2006 was \$12,765,162, of which \$1,620,539 was covered under the Plan. RIAC's total payroll for the year ended June 30, 2005 was \$12,227,052, of which \$1,844,434 was covered under the Plan.

The Plan issues a stand-alone, publicly available financial report that includes financial statements and required supplementary information. A copy of the report can be obtained from the Employees' Retirement System, 40 Fountain Street, Providence, Rhode Island 02903.

Pension benefits vest after 10 years of service. Participants are eligible to retire after 10 years of service if they have attained age 60, or after 28 years of service regardless of age and are entitled to retirement benefits payable monthly for life.

The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 80% of final average salary. The percentage for each year of credited service is as follows:

<u>Years of Credited Service</u>	<u>Percent Per Year</u>
1 - 10	1.7%
11 - 20	1.9%
21 - 34	3.0%
35	2.0%

Final average salary is computed using the three highest consecutive years of earned salary excluding overtime, bonuses or severance pay. Retirees' benefits are subject to a 3% compounded annual cost of living increase commencing on the January 1st following the third anniversary of an employee's retirement.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 11 - PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (Continued)

Funding Policy

Rhode Island general laws and the General Assembly set the contribution rates for participating State employees at 8.75% of salary. The Plan's Retirement Board sets the contribution rates for participating employers. Annual contributions by employees, and both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. RIAC was required to contribute an amount for all full-time employees equal to 14.84% and 11.51% of salary for fiscal 2006 and 2005, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial liability as of July 1, 1989 over 27 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. In addition, RIAC is required to contribute 2.04% and 1.63% as of June 30, 2006 and 2005, respectively for postretirement health benefits.

The amounts contributed to the Plan are as follows:

Year ended June 30:	RIAC	
	Required Contribution	Percentage Contributed
2006	\$ 238,190	100%
2005	210,893	100%
2004	191,887	100%

In accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", RIAC has not recorded any assets or liabilities related to the plan.

MONEY PURCHASE PENSION PLAN

Employees hired by RIAC on or after July 1, 1993 are eligible to participate in the Money Purchase Pension Plan and Trust, a defined contribution plan administered by RIAC. The number of RIAC employees covered by this Plan throughout the year averaged 160 and 165 in 2006 and 2005, respectively. RIAC's total payroll for the year ended June 30, 2006 was \$12,765,162, of which \$9,207,011 was covered under the Plan. RIAC's total payroll for the year ended June 30, 2005 was \$12,227,052, of which \$8,325,086 was covered under the Plan.

In order to participate in the Plan, covered employees must contribute 6% of their base pay to the Plan. Participants are 100% vested in the amounts they contribute. Withdrawals of these contributed amounts are not permitted prior to termination of employment. RIAC matches 100% of participants' required contributions under a five-year vesting schedule. Total contributions for the year ended June 30, 2006 were \$552,421 by the employer and \$574,666 by the employees. Total contributions for the year ended June 30, 2005 were \$499,505 by the employer and \$520,361 by the employees.

The Board of Directors of RIAC has the authority to establish and/or amend the plan's provisions and the plan's contribution requirements.

RHODE ISLAND AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2006 AND 2005

NOTE 12 - RISK MANAGEMENT

RIAC is self-insured for workers' unemployment. Historically, there has been minimal attrition in the workforce. RIAC pays for unemployment claims as they are incurred and is liable for a maximum of 26 weeks on any claimant.

RIAC is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which RIAC carries commercial insurance. Neither RIAC nor its insurers have settled any claims which exceeded RIAC's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

NOTE 13 - CONTINGENCIES

RIAC participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, RIAC may be required to reimburse the grantor government. As of June 30, 2006 and 2005, significant amounts of grant expenditures have not been audited by grantors, but RIAC believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of RIAC.

RIAC is involved in certain legal proceedings with The Parking Company, LP ("TPC"). TPC is simultaneously the concessionaire for on-site parking and the owner (through an affiliate) of a competing garage. TPC, its affiliate New England Parking ("NEP") and Bank of America, N.A. and Trisail Capital Corporation (collectively "Fleet") have several different claims for various amounts. RIAC has filed a legal motion to define (and limit) the scope of damages available to TPC, NEP and Fleet. This motion is pending in Superior Court and once decided the case will proceed to trial. In addition, RIAC has counterclaims against TPC and NEP. The trial has a potential to generate a wide range of outcomes. Given the range of possible outcomes, and a conservative accounting approach, Outside Counsel recommended a reserve of \$4 million, subject to review after the Superior Court decides RIAC's pretrial motion. If the Superior Court grants any portion of RIAC's motion, there will be a basis for reviewing this reserve for a possible reduction. In making this recommendation, Outside Counsel does not express any admission of liability on RIAC's part, or any final objective assessment of the legitimacy or worth of the claims asserted against RIAC. RIAC has recorded estimated liabilities for claims and judgments totaling \$4 million and \$685,000 as of June 30, 2006 and 2005, respectively. Such amounts are included in accrued expenses in the accompanying statements of net assets.

In addition, RIAC is also involved in certain other legal proceedings and claims that have arisen in the ordinary course of its business. While the ultimate outcome of these legal proceedings cannot be predicted with certainty, management believes that their resolution will not have a material effect on RIAC's financial statements.

Supplemental Information

RHODE ISLAND AIRPORT CORPORATION
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
D. Edwards	Mitre/CAASD Aviation Safety Management Systems Symposium	07/18/05 to 07/21/05	McLean, VA	Airfare	\$ 157
D. Edwards	Mitre/CAASD Aviation Safety Management Systems Symposium	07/18/05 to 07/21/05	McLean, VA	Hotel	500
D. Edwards	Mitre/CAASD Aviation Safety Management Systems Symposium	07/18/05 to 07/21/05	McLean, VA	Meals	69
D. Edwards	Mitre/CAASD Aviation Safety Management Systems Symposium	07/18/05 to 07/21/05	McLean, VA	Transportation	35
M. Brewer	Meeting-Bond Closing Dinner	07/19/05	Providence, RI	Meals	1,572
M. Brewer	Congressional Testimony	07/27/05 to 07/28/05	Washington, DC	Airfare	417
M. Brewer	Congressional Testimony	07/27/05 to 07/28/05	Washington, DC	Hotel	219
M. Brewer	Congressional Testimony	07/27/05 to 07/28/05	Washington, DC	Meals	49
M. Brewer	Congressional Testimony	07/27/05 to 07/28/05	Washington, DC	Transportation	52
M. Mini	Airport Peer Review Group Meeting-Baltimore/Washington International	08/02/05 to 08/03/05	Washington, DC	Airfare	478
M. Mini	Airport Peer Review Group Meeting-Baltimore/Washington International	08/02/05 to 08/03/05	Washington, DC	Meals	4
M. Mini	Airport Peer Review Group Meeting-Baltimore/Washington International	08/02/05 to 08/03/05	Washington, DC	Transportation	40
M. Mini	Airport Peer Review Group Meeting-San Diego International Airport	08/07/05 to 08/11/05	San Diego, CA	Airfare	336
M. Mini	Airport Peer Review Group Meeting-San Diego International Airport	08/07/05 to 08/11/05	San Diego, CA	Hotel	1,145
M. Mini	Airport Peer Review Group Meeting-San Diego International Airport	08/07/05 to 08/11/05	San Diego, CA	Meals	86
M. Mini	Airport Peer Review Group Meeting-San Diego International Airport	08/07/05 to 08/11/05	San Diego, CA	Misc	90
M. Mini	Airport Peer Review Group Meeting-San Diego International Airport	08/07/05 to 08/11/05	San Diego, CA	Transportation	60
M. Brewer	National Association of State Aviation Officials Director's Meeting	08/12/05 to 08/13/05	Burlington, VT	Hotel	189
M. Brewer	National Association of State Aviation Officials Director's Meeting	08/12/05 to 08/13/05	Burlington, VT	Meals	12
D. Cloutier	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	1,124
D. Cloutier	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Mileage	12
D. Cloutier	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Misc	6
J. DaSilva	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	899
J. DaSilva	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Misc	30
L. Luciano	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	450
L. Luciano	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Mileage	85
L. Luciano	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Misc	5
M. Brewer	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	1,124
S. Traficante	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	1,124
S. Traficante	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Meals	151
L. Cullen	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Misc	14
L. Cullen	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Hotel	899
L. Cullen	NEC/AAAE 47th Annual Conference	08/26/05 to 08/31/05	Newport, RI	Meals	18
M. Greenberger	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Hotel	899
M. Greenberger	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Meals	33
M. Mini	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Hotel	899
M. Mini	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Meals	173
M. Mini	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Mileage	21
M. Mini	NEC/AAAE 47th Annual Conference	08/27/05 to 08/31/05	Newport, RI	Misc	98
J. Forte	NEC/AAAE 47th Annual Conference	08/27/05 to 08/29/05	Newport, RI	Hotel	225
J. Forte	NEC/AAAE 47th Annual Conference	08/28/05 to 08/29/05	Newport, RI	Misc	1
D. Dansereau	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Hotel	450
D. Dansereau	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Mileage	20
D. Dansereau	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Misc	10

(Continued)

RHODE ISLAND AIRPORT CORPORATION
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

Employee	Purpose	Date	Place	Type	Amount Paid
L. Meagher-Gaudet	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Hotel	225
L. Meagher-Gaudet	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Mileage	33
L. Meagher-Gaudet	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Misc	6
V. DiPietro	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Hotel	225
V. DiPietro	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Mileage	33
V. DiPietro	NEC/AAAE 47th Annual Conference	08/28/05 to 08/30/05	Newport, RI	Misc	6
J. W arcup	University of ND Accident Investigation Course	08/29/05 to 09/01/05	Grand Forks, ND	Airfare	611
J. W arcup	University of ND Accident Investigation Course	08/29/05 to 09/01/05	Grand Forks, ND	Auto Rental	258
J. W arcup	University of ND Accident Investigation Course	08/29/05 to 09/01/05	Grand Forks, ND	Hotel	200
J. W arcup	University of ND Accident Investigation Course	08/29/05 to 09/01/05	Grand Forks, ND	Meals	19
M. Brewer	Vehicle Lease	09/02/05 to 06/30/06	Warwick, RI	Transportation	7,000
P. Goldstein	AAAE Caribbean/European/US Air Service Conference	09/06/05 to 09/09/05	Southampton, Bermuda	Airfare	540
P. Goldstein	AAAE Caribbean/European/US Air Service Conference	09/06/05 to 09/09/05	Southampton, Bermuda	Hotel	507
P. Goldstein	AAAE Caribbean/European/US Air Service Conference	09/06/05 to 09/09/05	Southampton, Bermuda	Meals	37
P. Goldstein	AAAE Caribbean/European/US Air Service Conference	09/06/05 to 09/09/05	Southampton, Bermuda	Misc	76
P. Goldstein	AAAE Caribbean/European/US Air Service Conference	09/06/05 to 09/09/05	Southampton, Bermuda	Transportation	56
L. Cullen	AAAE Board of Examiners Meeting	09/08/05 to 09/09/05	Louisville, KY	Airfare	210
L. Cullen	AAAE Board of Examiners Meeting	09/08/05 to 09/09/05	Louisville, KY	Meals	21
L. Cullen	AAAE Board of Examiners Meeting	09/08/05 to 09/09/05	Louisville, KY	Transportation	20
D. Edwards	AAAE Runway Safety Summit	09/11/05 to 09/13/05	Dulles, VA	Airfare	277
D. Edwards	AAAE Runway Safety Summit	09/11/05 to 09/13/05	Dulles, VA	Hotel	372
D. Edwards	AAAE Runway Safety Summit	09/11/05 to 09/13/05	Dulles, VA	Meals	11
D. Edwards	AAAE Runway Safety Summit	09/11/05 to 09/13/05	Dulles, VA	Misc	6
J. Pesaturo	Crouse-Hinds Airport Lighting Maintenance Seminar	09/13/05 to 09/15/05	Windsor Locks, CT	Hotel	244
J. Pesaturo	Crouse-Hinds Airport Lighting Maintenance Seminar	09/13/05 to 09/15/05	Windsor Locks, CT	Meals	45
S. Catanzaro	Crouse-Hinds Airport Lighting Maintenance Seminar	09/13/05 to 09/15/05	Windsor Locks, CT	Hotel	244
S. Catanzaro	Crouse-Hinds Airport Lighting Maintenance Seminar	09/13/05 to 09/15/05	Windsor Locks, CT	Meals	45
S. Catanzaro	Crouse-Hinds Airport Lighting Maintenance Seminar	09/13/05 to 09/15/05	Windsor Locks, CT	Misc	64
M. Brewer	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Airfare	207
M. Brewer	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Hotel	308
M. Brewer	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Meals	842
M. Brewer	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Misc	11
P. Goldstein	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Transportation	207
P. Goldstein	Airline Meeting	09/15/05 to 09/16/05	Washington, DC	Airfare	308
L. Skunza	Bomb Squad Operations in an Airport Environment Seminar	09/18/05 to 09/20/05	Boston, MA	Hotel	523
L. Skunza	Bomb Squad Operations in an Airport Environment Seminar	09/18/05 to 09/20/05	Boston, MA	Misc	57
R. Sneed	Bomb Squad Operations in an Airport Environment Seminar	09/18/05 to 09/20/05	Boston, MA	Hotel	523
R. Sneed	Bomb Squad Operations in an Airport Environment Seminar	09/18/05 to 09/20/05	Boston, MA	Misc	57
A. Shihadeh	Bomb Squad Operations in an Airport Environment Seminar	09/18/05 to 09/23/05	Alexandria, VA	Airfare	167
A. Shihadeh	AAAE Accreditation Research Paper Workshop	09/18/05 to 09/23/05	Alexandria, VA	Hotel	861
A. Shihadeh	AAAE Accreditation Research Paper Workshop	09/18/05 to 09/23/05	Alexandria, VA	Meals	117
M. Brewer	Meeting with Concessionaire	09/19/05	Warwick, RI	Meals	291
G. Brolin	AAAE Spill Prevention Control & Countermeasures National Workshop	09/25/05 to 09/27/05	San Antonio, TX	Airfare	483
G. Brolin	AAAE Spill Prevention Control & Countermeasures National Workshop	09/25/05 to 09/27/05	San Antonio, TX	Hotel	350

(Continued)

RHODE ISLAND AIRPORT CORPORATION
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

Employee	Purpose	Date	Place	Type	Amount Paid
G. Brolin	AAAE Spill Prevention Control & Countermeasures National Workshop	09/25/05 to 09/27/05	San Antonio, TX	Meals	\$ 48
G. Brolin	AAAE Spill Prevention Control & Countermeasures National Workshop	09/25/05 to 09/27/05	San Antonio, TX	Mileage	13
G. Brolin	AAAE Spill Prevention Control & Countermeasures National Workshop	09/25/05 to 09/27/05	San Antonio, TX	Transportation	24
B. Pope	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Airfare	227
B. Pope	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Hotel	139
B. Pope	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Meals	7
B. Pope	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Transportation	25
M. Greenberger	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Airfare	227
M. Greenberger	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Hotel	139
M. Greenberger	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Meals	10
M. Greenberger	AAAE Spill Prevention Control & Countermeasures National Workshop	09/26/05 to 09/27/05	San Antonio, TX	Transportation	24
W. Blair	Airport Ground Transportation Association	09/26/05 to 09/28/05	Toronto, Canada	Airfare	390
W. Blair	Airport Ground Transportation Association	09/26/05 to 09/28/05	Toronto, Canada	Hotel	378
W. Blair	Airport Ground Transportation Association	09/26/05 to 09/28/05	Toronto, Canada	Meals	134
W. Blair	Airport Ground Transportation Association	09/26/05 to 09/28/05	Toronto, Canada	Misc	14
R. Sneed	2005 TSA Explosive Detection Canine Review	09/27/05 to 09/29/05	San Antonio, TX	Airfare	276
R. Sneed	2005 TSA Explosive Detection Canine Review	09/27/05 to 09/29/05	San Antonio, TX	Hotel	326
M. Brewer	AAAE 2005 National Airports Conference	09/30/05 to 10/03/05	Tampa, FL	Airfare	214
M. Brewer	AAAE 2005 National Airports Conference	09/30/05 to 10/03/05	Tampa, FL	Auto Rental	166
M. Brewer	AAAE 2005 National Airports Conference	09/30/05 to 10/03/05	Tampa, FL	Hotel	484
M. Brewer	AAAE 2005 National Airports Conference	09/30/05 to 10/03/05	Tampa, FL	Meals	56
M. Brewer	AAAE 2005 National Airports Conference	09/30/05 to 10/03/05	Tampa, FL	Misc	42
L. Cullen	AAAE 2005 National Airports Conference	09/30/05 to 10/05/05	Tampa, FL	Airfare	194
L. Cullen	AAAE 2005 National Airports Conference	09/30/05 to 10/05/05	Tampa, FL	Hotel	806
L. Cullen	AAAE 2005 National Airports Conference	09/30/05 to 10/05/05	Tampa, FL	Meals	41
L. Cullen	AAAE 2005 National Airports Conference	09/30/05 to 10/05/05	Tampa, FL	Misc	6
L. Cullen	AAAE 2005 National Airports Conference	09/30/05 to 10/05/05	Tampa, FL	Transportation	32
D. Edwards	Mitre/CAASD Direct Warming Project Results Briefing	10/11/05 to 10/12/05	McLean, VA	Airfare	118
D. Edwards	Mitre/CAASD Direct Warming Project Results Briefing	10/11/05 to 10/12/05	McLean, VA	Hotel	288
D. Edwards	Mitre/CAASD Direct Warming Project Results Briefing	10/11/05 to 10/12/05	McLean, VA	Meals	31
D. Edwards	Mitre/CAASD Direct Warming Project Results Briefing	10/11/05 to 10/12/05	McLean, VA	Misc	18
D. Edwards	Mitre/CAASD Direct Warming Project Results Briefing	10/11/05 to 10/12/05	McLean, VA	Transportation	19
D. Edwards	Cleveland Airport Snow Symposium	10/12/05 to 10/14/05	Cleveland, OH	Airfare	324
D. Edwards	Cleveland Airport Snow Symposium	10/12/05 to 10/14/05	Cleveland, OH	Hotel	118
D. Edwards	Cleveland Airport Snow Symposium	10/12/05 to 10/14/05	Cleveland, OH	Meals	(442)
D. Edwards	Cleveland Airport Snow Symposium	10/12/05 to 10/14/05	Cleveland, OH	Reimbursement	1,160
M. Brewer	AAAE/IAAE US/Asia Airport Issues Conference & Exposition	10/15/05 to 10/22/05	Tamuning, Guam	Hotel	65
M. Brewer	AAAE/IAAE US/Asia Airport Issues Conference & Exposition	10/15/05 to 10/22/05	Tamuning, Guam	Meals	21
M. Brewer	AAAE/IAAE US/Asia Airport Issues Conference & Exposition	10/15/05 to 10/22/05	Tamuning, Guam	Misc	238
M. Greenberger	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Airfare	75
M. Greenberger	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Hotel	59
M. Greenberger	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Meals	197
M. Mini	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Airfare	171
M. Mini	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Auto Rental	75
M. Mini	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Hotel	

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RHODE ISLAND AIRPORT CORPORATION
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<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
M. Mini	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Meals	\$ 59
M. Mini	Airport Peer Review Group Meeting for Airport Design-Atlantic City International	10/17/05 to 10/18/05	Atlantic City, NJ	Misc	83
M. Mini	AAAE Accreditation/Certification Academy Written Exam	10/30/05 to 11/05/05	Dallas, TX	Airfare	410
M. Mini	AAAE Accreditation/Certification Academy Written Exam	10/30/05 to 11/05/05	Dallas, TX	Hotel	689
M. Mini	AAAE Accreditation/Certification Academy Written Exam	10/30/05 to 11/05/05	Dallas, TX	Meals	277
M. Mini	AAAE Accreditation/Certification Academy Written Exam	10/30/05 to 11/05/05	Dallas, TX	Misc	123
M. Brewer	11th Annual AAAE/IAAE US/Central Europe Airport Issues Conference	11/04/05 to 11/10/05	Budapest, Hungary	Hotel	956
M. Brewer	11th Annual AAAE/IAAE US/Central Europe Airport Issues Conference	11/04/05 to 11/10/05	Budapest, Hungary	Meals	234
M. Brewer	11th Annual AAAE/IAAE US/Central Europe Airport Issues Conference	11/04/05 to 11/10/05	Budapest, Hungary	Misc	29
M. Brewer	11th Annual AAAE/IAAE US/Central Europe Airport Issues Conference	11/04/05 to 11/10/05	Budapest, Hungary	Transportation	39
M. Brewer	Meeting with Concessionaire	11/05/05	Warwick, RI	Meals	354
H. Sieniukowicz	FAA Uniform Acts Symposium	11/06/05 to 11/10/05	Anaheim, CA	Airfare	390
H. Sieniukowicz	FAA Uniform Acts Symposium	11/06/05 to 11/10/05	Anaheim, CA	Hotel	615
H. Sieniukowicz	FAA Uniform Acts Symposium	11/06/05 to 11/10/05	Anaheim, CA	Meals	174
H. Sieniukowicz	FAA Uniform Acts Symposium	11/06/05 to 11/10/05	Anaheim, CA	Transportation	56
M. Savone	CAD Tech Seminar	11/10/05 to 11/11/05	Boston, MA	Hotel	253
M. Savone	CAD Tech Seminar	11/10/05 to 11/11/05	Boston, MA	Meals	42
M. Savone	CAD Tech Seminar	11/10/05 to 11/11/05	Boston, MA	Mileage	42
M. Savone	CAD Tech Seminar	11/10/05 to 11/11/05	Boston, MA	Misc	25
B. Tetreault	National Purchasing Institute/Airport Purchasing Group	11/12/05 to 11/18/05	Orlando, FL	Airfare	324
B. Tetreault	National Purchasing Institute/Airport Purchasing Group	11/12/05 to 11/18/05	Orlando, FL	Hotel	803
B. Tetreault	National Purchasing Institute/Airport Purchasing Group	11/12/05 to 11/18/05	Orlando, FL	Meals	180
B. Tetreault	National Purchasing Institute/Airport Purchasing Group	11/12/05 to 11/18/05	Orlando, FL	Misc	45
B. Tetreault	National Purchasing Institute/Airport Purchasing Group	11/12/05 to 11/18/05	Orlando, FL	Transportation	25
J. Sumner	AAAE Construction Management Seminar	11/13/05 to 11/15/05	Nashville, TN	Airfare	339
J. Sumner	AAAE Construction Management Seminar	11/13/05 to 11/15/05	Nashville, TN	Hotel	442
J. Sumner	AAAE Construction Management Seminar	11/13/05 to 11/15/05	Nashville, TN	Meals	40
J. Sumner	AAAE Construction Management Seminar	11/13/05 to 11/15/05	Nashville, TN	Misc	18
B. Pope	AAAE Air Quality Conference	12/04/05 to 12/06/05	Denver, CO	Transportation	256
B. Pope	AAAE Air Quality Conference	12/04/05 to 12/06/05	Denver, CO	Hotel	362
B. Pope	AAAE Air Quality Conference	12/04/05 to 12/06/05	Denver, CO	Meals	24
B. Pope	AAAE Air Quality Conference	12/04/05 to 12/06/05	Denver, CO	Mileage	9
B. Pope	AAAE Air Quality Conference	12/04/05 to 12/06/05	Denver, CO	Transportation	34
K. Doyon	AAAE Wildlife Management Workshop	12/04/05 to 12/06/05	Alexandria, VA	Airfare	552
K. Doyon	AAAE Wildlife Management Workshop	12/04/05 to 12/06/05	Alexandria, VA	Hotel	398
K. Doyon	AAAE Wildlife Management Workshop	12/04/05 to 12/06/05	Alexandria, VA	Meals	37
M. Greenberger	5th Annual Aviation Security Summit	12/11/05 to 12/13/05	Washington, DC	Airfare	227
M. Greenberger	5th Annual Aviation Security Summit	12/11/05 to 12/13/05	Washington, DC	Hotel	433
M. Greenberger	5th Annual Aviation Security Summit	12/11/05 to 12/13/05	Washington, DC	Meals	57
M. Greenberger	5th Annual Aviation Security Summit	12/11/05 to 12/13/05	Washington, DC	Transportation	17
M. Brewer	Wright Brothers Memorial Trophy Dinner	12/16/05 to 12/17/05	Washington, DC	Airfare	262
M. Brewer	Wright Brothers Memorial Trophy Dinner	12/16/05 to 12/17/05	Washington, DC	Hotel	194
M. Brewer	Wright Brothers Memorial Trophy Dinner	12/16/05 to 12/17/05	Washington, DC	Meals	12

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Employee	Purpose	Date	Place	Type	Amount Paid
M. Brewer	Wright Brothers Memorial Trophy Dinner	12/16/05 to 12/17/05	Washington, DC	Transportation	\$ 50
M. Brewer	Meeting with Concessionaire	01/11/06	Warwick, RI	Meals	692
L. Cullen	Meeting with Airline	01/12/06	Warwick, RI	Meals	247
B. Sangster	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Airfare	220
B. Sangster	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Hotel	127
D. Dansereau	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Airfare	357
D. Dansereau	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Hotel	127
D. Dansereau	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Meals	49
D. Dansereau	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Misc	4
S. M. Einhorn	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Airfare	406
S. M. Einhorn	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Hotel	127
S. M. Einhorn	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Meals	128
S. M. Einhorn	Columbus Airport Visit	01/23/06 to 01/24/06	Columbus, OH	Misc	17
M. Brewer	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Airfare	409
M. Brewer	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Auto Rental	165
M. Brewer	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Hotel	107
M. Brewer	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Meals	671
M. Brewer	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Misc	24
P. Goldstein	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Airfare	409
P. Goldstein	Airline Meeting	02/01/06 to 02/02/06	Dallas, TX	Meals	10
M. Mini	Baggage Handling System Design Review	02/08/06 to 02/10/06	Sacramento/Oakland, CA	Airfare	471
M. Mini	Baggage Handling System Design Review	02/08/06 to 02/10/06	Sacramento/Oakland, CA	Hotel	262
M. Mini	Baggage Handling System Design Review	02/08/06 to 02/10/06	Sacramento/Oakland, CA	Meals	132
M. Mini	Baggage Handling System Design Review	02/08/06 to 02/10/06	Sacramento/Oakland, CA	Misc	20
L. Cullen	AAAAE Board of Examiners Meeting	02/08/06 to 02/12/06	Indian Wells, CA	Airfare	420
L. Cullen	AAAAE Board of Examiners Meeting	02/08/06 to 02/12/06	Indian Wells, CA	Auto Rental	91
L. Cullen	AAAAE Board of Examiners Meeting	02/08/06 to 02/12/06	Indian Wells, CA	Hotel	823
L. Cullen	AAAAE Board of Examiners Meeting	02/08/06 to 02/12/06	Indian Wells, CA	Meals	66
L. Cullen	AAAAE Board of Examiners Meeting	02/08/06 to 02/12/06	Indian Wells, CA	Misc	42
M. Brewer	Airline Meeting	02/16/06 to 02/17/06	Chicago, IL	Airfare	375
M. Brewer	Airline Meeting	02/16/06 to 02/17/06	Chicago, IL	Hotel	180
M. Brewer	Airline Meeting	02/16/06 to 02/17/06	Chicago, IL	Meals	106
P. Goldstein	Airline Meeting	02/16/06 to 02/17/06	Chicago, IL	Airfare	335
P. Goldstein	Airline Meeting	02/16/06 to 02/17/06	Chicago, IL	Hotel	180
T. Pimental	Jumpstart-Air Service Data & Planning Seminar	02/20/06 to 02/21/05	St Petersburg, FL	Airfare	280
T. Pimental	Jumpstart-Air Service Data & Planning Seminar	02/20/06 to 02/21/05	St Petersburg, FL	Hotel	334
T. Pimental	Jumpstart-Air Service Data & Planning Seminar	02/20/06 to 02/21/05	St Petersburg, FL	Meals	25
T. Pimental	Jumpstart-Air Service Data & Planning Seminar	02/20/06 to 02/21/05	St Petersburg, FL	Misc	2
B. Pope	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Transportation	53
L. Cullen	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Airfare	137
L. Cullen	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Airfare	137
L. Cullen	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Auto Rental	53
L. Cullen	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Meals	89
M. Greenberger	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Airfare	137

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<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
M. Greenberger	Centralized Deicing Facility Visit	03/02/06 to 03/04/06	Cleveland, OH	Meals	\$ 29
P. Goldstein	6th Annual Network Conference 2006	03/05/06 to 03/07/06	San Antonio, TX	Airfare	328
P. Goldstein	6th Annual Network Conference 2006	03/05/06 to 03/07/06	San Antonio, TX	Hotel	701
P. Goldstein	6th Annual Network Conference 2006	03/05/06 to 03/07/06	San Antonio, TX	Meals	161
P. Goldstein	6th Annual Network Conference 2006	03/05/06 to 03/07/06	San Antonio, TX	Misc	36
B. Pope	6th Annual Network Conference 2006	03/05/06 to 03/07/06	San Antonio, TX	Transportation	11
B. Pope	Aviation Noise & Air Quality Symposium	03/05/06 to 03/08/06	Palm Springs, CA	Airfare	358
B. Pope	Aviation Noise & Air Quality Symposium	03/05/06 to 03/08/06	Palm Springs, CA	Hotel	727
B. Pope	Aviation Noise & Air Quality Symposium	03/05/06 to 03/08/06	Palm Springs, CA	Meals	93
B. Schattle	Intermodal Facility Financing/TIFIA	03/09/06	Baltimore, MD	Airfare	117
J. Doyle	Intermodal Facility Financing/TIFIA	03/09/06	Baltimore, MD	Airfare	117
M. Brewer	Intermodal Facility Financing/TIFIA	03/09/06	Baltimore, MD	Airfare	117
M. Brewer	Intermodal Facility Financing/TIFIA	03/09/06	Baltimore, MD	Meals	142
M. Brewer	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Airfare	366
M. Brewer	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Auto Rental	57
M. Brewer	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Hotel	321
M. Brewer	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Meals	412
P. Goldstein	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Airfare	366
P. Goldstein	Airline Meeting	03/16/06 to 03/17/06	Ft Lauderdale, FL	Hotel	321
B. Tetreault	National Purchasing Institute Strategic Planning Meeting	03/22/06 to 03/27/06	Tucson, AZ	Airfare	245
B. Tetreault	National Purchasing Institute Strategic Planning Meeting	03/22/06 to 03/27/06	Tucson, AZ	Auto Rental	475
B. Tetreault	National Purchasing Institute Strategic Planning Meeting	03/22/06 to 03/27/06	Tucson, AZ	Hotel	455
B. Tetreault	National Purchasing Institute Strategic Planning Meeting	03/22/06 to 03/27/06	Tucson, AZ	Meals	120
B. Tetreault	National Purchasing Institute Strategic Planning Meeting	03/22/06 to 03/27/06	Tucson, AZ	Misc	72
M. Brewer	National Association of State Aviation Officials Legislative Conference	03/26/06 to 03/29/06	Washington, DC	Airfare	327
M. Brewer	National Association of State Aviation Officials Legislative Conference	03/26/06 to 03/29/06	Washington, DC	Hotel	752
M. Brewer	National Association of State Aviation Officials Legislative Conference	03/26/06 to 03/29/06	Washington, DC	Meals	103
M. Brewer	National Association of State Aviation Officials Legislative Conference	03/26/06 to 03/29/06	Washington, DC	Transportation	43
L. Benevides	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/30/06	Orlando, FL	Airfare	135
L. Benevides	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/30/06	Orlando, FL	Hotel	632
L. Benevides	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/30/06	Orlando, FL	Meals	157
L. Benevides	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/30/06	Orlando, FL	Transportation	21
M. Stuard	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/31/06	Orlando, FL	Airfare	135
M. Stuard	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/31/06	Orlando, FL	Hotel	843
M. Stuard	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/31/06	Orlando, FL	Meals	65
M. Stuard	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/31/06	Orlando, FL	Misc	22
M. Stuard	Institute of Internal Auditors Construction Seminar	03/26/06 to 03/31/06	Orlando, FL	Transportation	12
P. Goldstein	NY Women in Communications Matrix	04/02/06 to 04/03/06	New York, NY	Airfare	523
P. Goldstein	NY Women in Communications Matrix	04/02/06 to 04/03/06	New York, NY	Hotel	342
P. Goldstein	NY Women in Communications Matrix	04/02/06 to 04/03/06	New York, NY	Meals	60
P. Goldstein	NY Women in Communications Matrix	04/02/06 to 04/03/06	New York, NY	Misc	37
P. Goldstein	NY Women in Communications Matrix	04/02/06 to 04/03/06	New York, NY	Transportation	62
L. Skunza	International Police Canine Seminar	04/02/06 to 04/06/06	Boston, MA	Hotel	490
L. Skunza	International Police Canine Seminar	04/02/06 to 04/06/06	Boston, MA	Meals	65

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<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
R. Snead	International Police Canine Seminar	04/02/06 to 04/06/06	Boston, MA	Hotel	\$ 490
R. Snead	International Police Canine Seminar	04/02/06 to 04/06/06	Boston, MA	Meals	89
J. Thomas	ARFF Working Group Seminar-FAA Technology Center	04/05/06 to 04/07/06	Atlantic City, NJ	Hotel	101
J. Thomas	ARFF Working Group Seminar-FAA Technology Center	04/05/06 to 04/07/06	Atlantic City, NJ	Meals	174
J. Thomas	ARFF Working Group Seminar-FAA Technology Center	04/05/06 to 04/07/06	Atlantic City, NJ	Misc	89
B. Schattle	Intermodal Facility Financing/TIFIA	04/11/06	Washington, DC	Airfare	183
B. Schattle	Intermodal Facility Financing/TIFIA	04/11/06	Washington, DC	Meals	5
P. Frazier	Intermodal Facility Financing/TIFIA	04/11/06	Washington, DC	Airfare	205
B. Crowell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Airfare	314
B. Crowell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Hotel	264
B. Crowell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Meals	169
B. Crowell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Misc	54
B. Doucette	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Airfare	314
B. Doucette	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Hotel	264
B. Doucette	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Meals	124
B. Doucette	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Misc	5
D. Rockwell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Airfare	314
D. Rockwell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Auto Rental	722
D. Rockwell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Hotel	264
D. Rockwell	Emergency Vehicle Operations Course	04/18/06 to 04/22/06	Dallas, TX	Meals	118
M. Brewer	78th Annual AAAE Conference & Exposition	04/21/06 to 04/27/06	San Diego, CA	Airfare	638
M. Brewer	78th Annual AAAE Conference & Exposition	04/21/06 to 04/27/06	San Diego, CA	Hotel	1,585
M. Brewer	78th Annual AAAE Conference & Exposition	04/21/06 to 04/27/06	San Diego, CA	Meals	120
M. Brewer	78th Annual AAAE Conference & Exposition	04/21/06 to 04/27/06	San Diego, CA	Misc	28
P. Smith	Snow Symposium	04/22/06 to 04/24/06	Buffalo, NY	Hotel	248
P. Smith	Snow Symposium	04/22/06 to 04/24/06	Buffalo, NY	Meals	21
D. Lucas	Snow Symposium	04/22/06 to 04/25/06	Buffalo, NY	Airfare	255
D. Lucas	Snow Symposium	04/22/06 to 04/25/06	Buffalo, NY	Hotel	372
D. Lucas	Snow Symposium	04/22/06 to 04/25/06	Buffalo, NY	Meals	81
D. Lucas	Snow Symposium	04/22/06 to 04/25/06	Buffalo, NY	Transportation	19
D. Lucas, P. Smith	Snow Symposium	04/22/06 to 04/25/06	Buffalo, NY	Auto Rental	170
D. Edwards	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Hotel	586
D. Edwards	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Meals	52
D. Edwards	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Misc	25
D. Edwards	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Transportation	222
G. DeCristofaro	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Airfare	365
G. DeCristofaro	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Hotel	586
G. DeCristofaro	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Meals	97
G. DeCristofaro	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Misc	2
R. Carnevale	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Airfare	365
R. Carnevale	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Hotel	586
R. Carnevale	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Meals	30
R. Carnevale	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Misc	1
R. Carnevale	Snow Symposium	04/22/06 to 04/26/06	Buffalo, NY	Transportation	30

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<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
J. Warcup	Bell Helicopter Ground School & Flight Training	04/23/06 to 04/26/06	Dallas, TX	Airfare	\$ 447
J. Warcup	Bell Helicopter Ground School & Flight Training	04/23/06 to 04/26/06	Dallas, TX	Auto Rental	197
J. Warcup	Bell Helicopter Ground School & Flight Training	04/23/06 to 04/26/06	Dallas, TX	Hotel	245
J. Warcup	Bell Helicopter Ground School & Flight Training	04/23/06 to 04/26/06	Dallas, TX	Meals	39
ARFF Dept	NH Fire Academy Live Fire Simulation	05/02/06 to 05/04/06	Concord, NH	Meals	256
ARFF Dept	NH Fire Academy Live Fire Simulation	05/02/06 to 05/04/06	Concord, NH	Misc	57
S St Onge	Airport Security Conference	05/07/06 to 05/09/06	Baltimore, MD	Airfare	227
S St Onge	Airport Security Conference	05/07/06 to 05/09/06	Baltimore, MD	Hotel	401
B. Schattle	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Hotel	229
B. Schattle	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Transportation	204
J. Capaldi	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Hotel	229
J. Capaldi	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Transportation	204
J. Doyle	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Hotel	229
J. Doyle	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Misc	15
J. Doyle	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Transportation	204
P. Frazier	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Hotel	228
P. Frazier	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Misc	17
P. Frazier	Intermodal Facility Financing/Rating Agencies	05/08/06 to 05/09/06	New York, NY	Transportation	204
S. Traficante	AAAAE Arts in the Airport Conference	05/10/06 to 05/13/06	Austin, TX	Airfare	400
S. Traficante	AAAAE Arts in the Airport Conference	05/10/06 to 05/13/06	Austin, TX	Hotel	531
S. Traficante	AAAAE Arts in the Airport Conference	05/10/06 to 05/13/06	Austin, TX	Meals	102
S. Traficante	AAAAE Arts in the Airport Conference	05/10/06 to 05/13/06	Austin, TX	Misc	29
S. Traficante	AAAAE Arts in the Airport Conference	05/10/06 to 05/13/06	Austin, TX	Transportation	31
A. Moder	Bell Helicopter Ground School & Flight Training	05/14/06 to 05/17/06	Dallas, TX	Airfare	326
A. Moder	Bell Helicopter Ground School & Flight Training	05/14/06 to 05/17/06	Dallas, TX	Auto Rental	405
A. Moder	Bell Helicopter Ground School & Flight Training	05/14/06 to 05/17/06	Dallas, TX	Hotel	244
A. Moder	Bell Helicopter Ground School & Flight Training	05/14/06 to 05/17/06	Dallas, TX	Meals	27
A. Moder	Bell Helicopter Ground School & Flight Training	05/14/06 to 05/17/06	Dallas, TX	Misc	18
M. Brewer	NEC/AAAAE Past Presidents Meeting	05/19/06 to 05/20/06	Manchester, NH	Hotel	204
M. Brewer	NEC/AAAAE Past Presidents Meeting	05/19/06 to 05/20/06	Manchester, NH	Meals	13
M. Brewer	NEC/AAAAE Past Presidents Meeting	05/19/06 to 05/20/06	Manchester, NH	Misc	65
P. Collins	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Airfare	371
P. Collins	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Auto Rental	220
P. Collins	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Hotel	329
P. Collins	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Meals	108
P. Collins	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Misc	25
T. Dee	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Airfare	371
T. Dee	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Hotel	329
T. Dee	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Meals	141
T. Dee	Boeing Aircraft Construction & Familiarization Conference	05/24/06 to 05/27/06	Seattle, WA	Misc	11
M Brewer	Meeting with Airline	05/30/06	Warwick, RI	Meals	310
P. Goldstein	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Airfare	320
P. Goldstein	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Hotel	493
P. Goldstein	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Meals	143

(Continued)

RHODE ISLAND AIRPORT CORPORATION
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

Employee	Purpose	Date	Place	Type	Amount Paid
P. Goldstein	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Misc	\$ 49
T. Pimental	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Airfare	320
T. Pimental	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Hotel	658
T. Pimental	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Meals	35
T. Pimental	Jumpstart-ACI 2006 Marketing & Communications	06/11/06 to 06/14/06	Austin, TX	Misc	55
B. Schattle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Hotel	228
B. Schattle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Misc	2
B. Schattle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Transportation	156
J. Doyle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Hotel	228
J. Doyle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Meals	13
J. Doyle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Mileage	8
J. Doyle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Misc	17
J. Doyle	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Transportation	156
P. Frazier	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Hotel	228
P. Frazier	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Misc	31
P. Frazier	Intermodal Bond Pricing	06/12/06 to 06/13/06	New York, NY	Transportation	156
K. Inman, N Shamaruk	Pavement Maintenance Training	06/13/06 to 06/15/06	Indiana	Airfare	494
M. Brewer	National Association of State Aviation Officials Conference	06/23/06 to 06/24/06	Newport, RI	Hotel	225
M. Brewer	National Association of State Aviation Officials Conference	06/23/06 to 06/24/06	Newport, RI	Meals	2,211
M. Brewer	National Association of State Aviation Officials Conference	06/23/06 to 06/24/06	Newport, RI	Misc	48
D. Dansereau	American Association of Internal Auditors	06/23/06 to 06/26/06	Boise, ID	Airfare	461
D. Dansereau	American Association of Internal Auditors	06/23/06 to 06/26/06	Boise, ID	Auto Rental	201
D. Dansereau	American Association of Internal Auditors	06/23/06 to 06/26/06	Boise, ID	Hotel	633
D. Dansereau	American Association of Internal Auditors	06/23/06 to 06/26/06	Boise, ID	Meals	113
D. Dansereau	American Association of Internal Auditors	06/23/06 to 06/26/06	Boise, ID	Misc	119
C. Richardson	C Cure 800/8000 Training	06/26/06 to 06/29/06	Lexington, MA	Mileage	231
B. Pope	Mileage Reimbursement	07/01/05 to 06/30/06	Warwick, RI	Mileage	1,135
D. Cloutier	Mileage Reimbursement	07/01/05 to 06/30/06	Warwick, RI	Mileage	551
G DeCristofaro	Snow Team Meals	07/01/05 to 06/30/06	Warwick, RI	Meals	5,458
Landmark Aviation	Freight Shipments to Block Island Airport	07/01/05 to 06/30/06	Warwick, RI	Freight	987
P. Goldstein	Mileage Reimbursement	07/01/05 to 06/30/06	Warwick, RI	Mileage	720
Various	Meeting Expenses	07/01/05 to 06/30/06	Warwick, RI	Meals	12,416
Various	Various Employees Transportation to Block Island Airport	07/01/05 to 06/30/06	Warwick, RI	Transportation	2,553
Various	Bridge Tokens	07/01/05 to 06/30/06	Newport, RI	Transportation	442
Various	Miscellaneous Amounts under \$200	07/01/05 to 06/30/06	Various	Misc	7,745
					\$ 126,970

(Concluded)

Internal Control and Compliance Report

We noted certain matters that we have reported to the management of RIAC in a separate letter dated September 1, 2006.

This report is intended solely for the information and use of the Board of Directors and management of RIAC, the Rhode Island Economic Development Corporation, and the Rhode Island Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Carlin, Channon & Rosen, LLP

Providence, Rhode Island
September 1, 2006