

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

**FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2007 AND 2006**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**AND**

**SUPPLEMENTAL REPORT**

**RHODE ISLAND AIRPORT CORPORATION**  
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**JUNE 30, 2007 AND 2006**

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# **Independent Auditors' Report**

## 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, 2007 and 2006, 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, 2007 and 2006, 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 28, 2007 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, 2007 on pages 45 through 52 is presented for purposes of additional analysis and is not a required part of the 2007 financial statements. The information included in this schedule has been subjected to the auditing procedures applied in the audit of the 2007 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2007 financial statements taken as a whole.

*Carlin, Chantant & Reen, LLP*

Providence, Rhode Island  
September 28, 2007

# **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 for the fiscal years ended June 30, 2007 and June 30, 2006. 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 the 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 the State Lease Agreement, RIAC leases 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 30<sup>th</sup> 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, consisting of seven members, 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. Construction is underway at T.F. Green Airport as part of RIAC's Terminal Improvement Project which will modify the existing terminal configuration. A description of this project and its impacts is included in the "SIGNIFICANT PROJECTS – AIRPORTS" section of this document.

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, 2007, and based upon classifications defined by the U.S. Department of Transportation, the Airport has scheduled passenger service provided by fifteen major/national and two commuter airlines. Air Georgian provides international service at the Airport. Three airlines provide all-cargo service.

AIRLINES SERVING THE AIRPORT

<u>Majors (9)</u>	<u>Doing Business As:</u>
American Eagle	
Comair	Delta Connection
Continental Airlines	
Delta Airlines	
ExpressJet	Continental Express
Northwest Airlines	
Southwest Airlines	
United Airlines	
US Airways	
<hr/>	
<u>Nationals (6)</u>	
Air Wisconsin	US Airways Express
Atlantic Southeast	Delta Connection
	US Airways Express, United Express & Delta Connection (Freedom)
Mesa	
Pinnacle	US Airways Express (Colgan)
Republic	US Airways Express & Continental Express (Chautauqua)
Trans States	United Express
<hr/>	
<u>Commuters (2)</u>	
Cape Air <sup>1</sup>	
PSA	US Airways Express
<hr/>	
<u>Foreign Flag (1)</u>	
Air Georgian	Air Canada
<hr/>	
<u>All-Cargo Carriers (3)</u>	
DHL	
FedEx	
United Parcel Service	

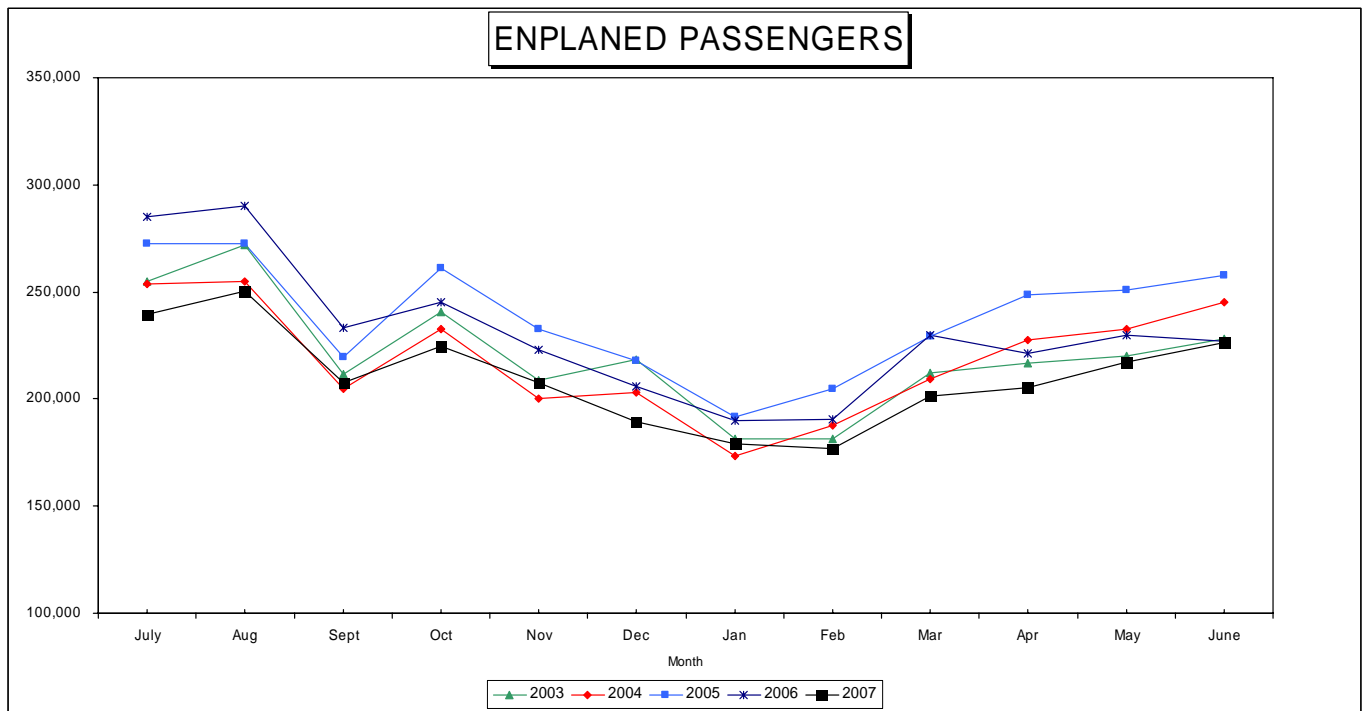
<sup>1</sup> Cape Air offers seasonal service to Martha's Vineyard, Nantucket, and Hyannis

Historical Enplanement Data

T.F. Green Airport was ranked as the 57<sup>th</sup> busiest airport in the country for federal fiscal year 2005 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 58<sup>th</sup> busiest in federal fiscal years 2003 and 2004, 56<sup>th</sup> in federal fiscal year 2002, 57<sup>th</sup> in federal fiscal year 2001, and 58<sup>th</sup> in federal fiscal year 2000.

Actual enplaned passengers for fiscal year 2007 were 245,440 below 2006, resulting in a decrease of 8.9%. The decline in enplanements at the Airport is attributable to the continuing impact of the replacement of American mainline service with American Eagle, the cessation of services by Spirit Airlines in April 2007, and the reduction in available seat capacities as United, US Airways, and Delta continue to shift their existing mainline services to regional jet and commuter affiliates during the fiscal year.

The following chart and table depict the historical trend of enplaned passenger traffic at T. F. Green Airport for the fiscal years 2003 through 2007.



Fiscal Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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
2007	239,299	250,221	207,632	224,586	207,836	188,572	179,087	176,893	201,645	205,499	217,210	226,512	2,524,992

## Airport Use and Lease Agreements

RIAC has entered into Airport Use & Lease Agreements (Airline Agreements) with the following Signatory Airlines as of June 30, 2007:

- 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 \$61.07 per square foot in fiscal year 2007.

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>2007</u>	<u>2006</u>	<u>2005</u>
Landing fee rate per thousand pounds	\$3.60	\$2.90	\$2.28
Terminal rental rates	\$61.07	\$59.08	\$59.08

## **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>2007</u>	<u>2006</u>	<u>2005</u>
		(Restated)	(Restated)
Operating Revenues	\$ 48,734,566	\$ 49,004,434	\$ 47,329,670
Operating Expenses	(47,205,683)	(44,506,717)	(43,612,087)
Operating Income	<u>1,528,883</u>	<u>4,497,717</u>	<u>3,717,583</u>
Non-Operating Revenues, net	<u>3,333,223</u>	<u>1,844,492</u>	<u>2,229,263</u>
Income before capital contributions	4,862,106	6,342,209	5,946,846
Capital Contributions	<u>11,117,823</u>	<u>7,312,152</u>	<u>7,727,832</u>
Change in Net Assets	<u>\$ 15,979,929</u>	<u>\$ 13,654,361</u>	<u>\$ 13,674,678</u>

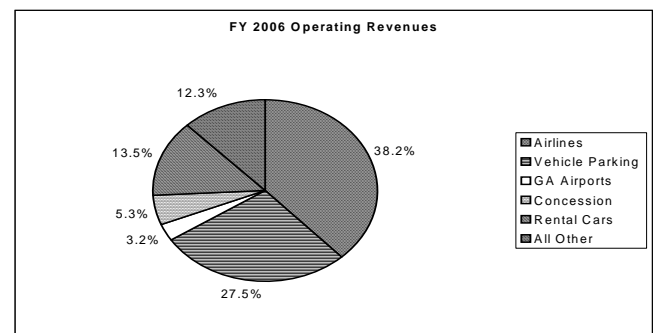
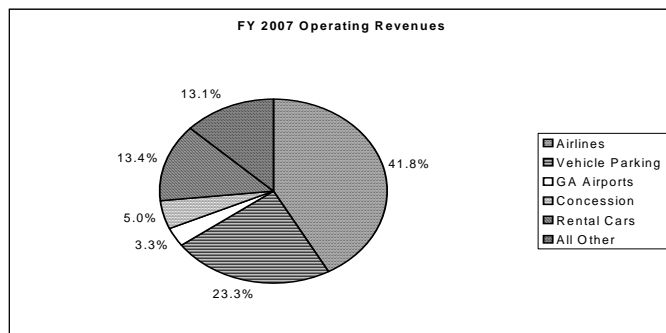
## FINANCIAL POSITION SUMMARY

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>			
		(Restated)	(Restated)
Current and other assets	\$ 204,305,966	\$ 261,878,849	\$ 212,097,534
Capital assets	<u>341,988,906</u>	<u>268,639,428</u>	<u>250,016,218</u>
Total assets	<u>546,294,872</u>	<u>530,518,277</u>	<u>462,113,752</u>
<b>LIABILITIES</b>			
Current and other liabilities	39,964,308	31,295,995	20,907,432
Long term obligations	<u>318,011,950</u>	<u>326,883,597</u>	<u>282,521,996</u>
Total liabilities	<u>357,976,258</u>	<u>358,179,592</u>	<u>303,429,428</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	75,799,077	51,227,226	56,415,501
Restricted	87,587,885	98,675,876	90,423,784
Unrestricted	<u>24,931,652</u>	<u>22,435,583</u>	<u>11,845,039</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 188,318,614</u>	<u>\$ 172,338,685</u>	<u>\$ 158,684,324</u>

## OPERATING REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the fiscal years ended June 30, 2007, 2006 and 2005.

	<u>2007</u>	% of Total Revenues	<u>2006</u>	% of Total Revenues	<u>2005</u>	% of Total Revenues
<b>OPERATING REVENUES</b>						
Airlines	\$ 20,391,085	41.8%	\$ 18,714,816	38.2%	\$ 17,480,559	36.9%
Concession	2,454,239	5.0%	2,621,130	5.3%	2,660,663	5.6%
Fuel Flowage Fees	982,605	2.0%	1,062,056	2.2%	902,463	1.9%
Non-Airline Rent	834,489	1.7%	1,227,911	2.5%	989,743	2.1%
Off Airport Courtesy Fees	829,340	1.7%	725,394	1.5%	717,454	1.5%
Other Revenues	2,117,619	4.4%	1,390,459	2.8%	1,055,048	2.4%
General Aviation Airports	1,608,381	3.3%	1,556,089	3.2%	1,335,810	2.8%
Rental Cars	6,539,947	13.4%	6,593,580	13.5%	6,375,414	13.5%
Tiedowns, Hangar & Miscellaneous	1,006,571	2.1%	1,019,361	2.1%	1,108,658	2.3%
Rental Revenues - Airport Support	619,419	1.3%	606,469	1.2%	683,094	1.4%
Vehicle Parking	<u>11,350,871</u>	23.3%	<u>13,487,169</u>	27.5%	<u>14,020,764</u>	29.6%
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 48,734,566</u>	100.0%	<u>\$ 49,004,434</u>	100.0%	<u>\$ 47,329,670</u>	100.0%



Revenues for fiscal year 2007 decreased by approximately \$270 thousand from fiscal year 2006. Overall revenues increased approximately \$1.675 million from fiscal year 2005 to 2006.

Increases in fiscal year airline revenues over the prior years were \$1.676 million and \$1.234 million for 2007 and 2006, respectively. 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.

A decrease in non-airline rental revenues in fiscal year 2007 from the prior year of approximately \$393 thousand relates to the expiration of a lease agreement with Johnson & Wales University for a building adjacent to T.F. Green Airport. 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.

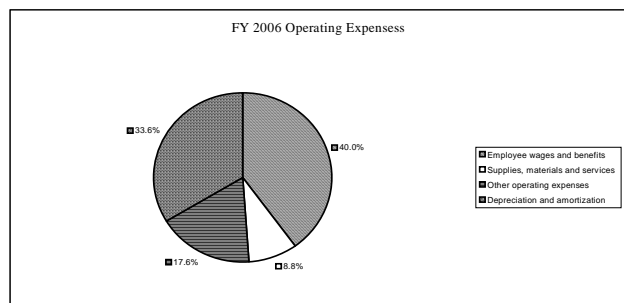
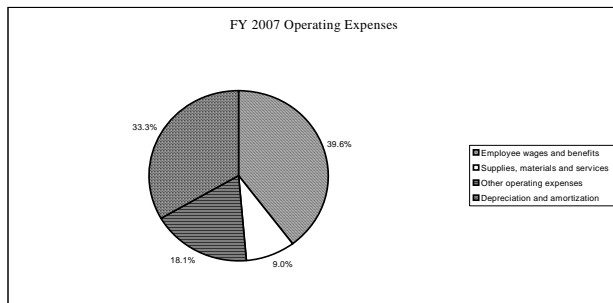
Increases in fiscal year 2007 other revenues of \$727 thousand over the prior year relate to the adjustment of bad debt reserves based on the impact of favorable collection outcomes from airlines previously in bankruptcy. Increases in fiscal year 2006 other revenues of \$335 thousand over the prior year are attributable to the net of settlements paid to RIAC as a result of audits of concession and other revenue agreements and the inclusion of bad debt reserves for airlines in bankruptcy.

Fiscal year 2007 parking revenues are \$2.136 million below the prior year reflecting the impact of decreased enplanements and the operation of Garage B as a valet parking garage. In April 2006, Garage B which had been operating as a general parking facility since August 2004 reverted to operation as a valet parking garage, resulting in a reduction in parking revenues of approximately \$534 thousand in fiscal year 2006 from the prior year.

## OPERATING EXPENSES

The following chart illustrates major categories of operating expenses for the fiscal years ended June 30, 2007, 2006 and 2005.

	2007	% of Total Operating Expenses	2006	% of Total Operating Expenses	2005	% of Total Operating Expenses
Employee wages and benefits	\$ 18,704,237	39.6%	\$ 17,798,460	40.0%	\$ 17,496,062	40.1%
Supplies, materials and services	4,262,998	9.0%	3,934,946	8.8%	3,910,215	9.0%
Other operating expenses	8,513,332	18.1%	7,807,562	17.6%	7,825,994	17.9%
Depreciation and amortization	<u>15,725,116</u>	33.3%	<u>14,965,749</u>	33.6%	<u>14,379,816</u>	33.0%
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$ 47,205,683</u></u>	100.0%	<u><u>\$ 44,506,717</u></u>	100.0%	<u><u>\$ 43,612,087</u></u>	100.0%



Employee wages and benefits for fiscal year 2007 and fiscal year 2006 increased approximately \$906 thousand and \$302 thousand, respectively over prior year amounts by expected increases in wages, insurances and certain benefits.

Supplies, materials and services for fiscal year 2007 increased \$328 thousand over prior year amounts as a result of increased legal fees resulting from ongoing litigation and increases in professional services related to various RIAC initiatives. Supplies, materials and services for fiscal year 2006 are in line with fiscal year 2005 amounts.

Other operating expenses for fiscal year 2007 are \$706 thousand higher than prior year amounts due to increased spending for glycol remediation and obstruction and vegetative maintenance. Other operating expenses for fiscal year 2006 are in line with fiscal year 2005 amounts.

### **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. During fiscal years 2006 and 2007 RIAC's PFC applications one through four were amended to increase the PFC from \$3.00 to \$4.50 per enplaned passenger and adjust the total PFC Authority from \$147.5 million to \$135.9 million. In fiscal year 2007 RIAC received approval of a new application for certain airport projects in the amount of \$31.826 million to be collected at \$3.50 per enplaned passenger, bringing the total PFC Authority to \$167.726 million.

During the fiscal year, PFC revenues were \$10.040 million in PFCs as compared to \$7.442 million in fiscal year 2006 and \$7.798 million in fiscal year 2005. As of June 30, 2007, \$90.098 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 2007, \$4.182 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 2000 Series B). In fiscal year 2006, \$4.183 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2003 Series, 2004 Series, and 2005 Series C bonds. For 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.

### **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, CFC revenues were \$4.861 million as compared to \$4.942 million in fiscal year 2006 and \$4.881 million in fiscal year 2005.

## **CAPITAL 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 2007, RIAC capitalized approximately \$3.92 million in land acquisitions, \$5.774 million in leasehold improvements, \$1.62 million in machinery and equipment, and \$216 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 \$120.14 million at June 30, 2007.

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 \$42.49 million at June 30, 2006.

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

## **SIGNIFICANT PROJECTS - AIRPORTS**

### Land Acquisition – T. F. Green Airport

In fiscal year 2007, \$14.885 million was expensed in connection with the acquisition of fifty-five properties under the 70 Day-Night Level (DNL) land acquisition program. In fiscal year 2006, \$8.666 million was expensed in connection with the acquisition of thirty-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 – Newport, North Central, Westerly and Block Island Airports

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 seven projects involving four of the six airports were underway in fiscal year 2007 resulting in expenditures of approximately \$710 thousand. A total of six projects involving three of the six airports were underway in fiscal year 2006 resulting in expenditures of approximately \$642 thousand.

### Draft Environmental Impact Statement (DEIS) – T. F. Green Airport

In fiscal year 2007, approximately \$2.037 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 2006 totaled \$2.873 million. A Record of Decision (ROD) is expected from the FAA in winter 2009.

### Phase Two Seawall Reconstruction – Quonset

The original seawall at Quonset Airport was constructed in the 1940's and needed to be reconstructed. Phase two involves the rehabilitation of approximately 2,500 linear feet of seawall to improve erosion control. In fiscal year 2007, approximately \$461 thousand was expended on this project. In fiscal year 2006, less than one \$100 thousand was expended under phase two.

### Terminal Improvement Project – T. F. Green Airport

In fiscal year 2007, RIAC continued construction on the Terminal Improvement 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.

A revision of the existing Security Screening Checkpoint (SSCP) at the Airport to nearly double its original size was completed in FY 2007 as part of this project. 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 2007 expenditures on this project totaled \$51.243 million. Approximately \$8.39 million was expended on this project in fiscal year 2006.

### Airfield Maintenance Facility – T. F. Green Airport

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 2007, the amount expended on this project was \$9.414 million. In fiscal year 2006 the amount expended totaled \$4.672 million.

### Rehabilitate Runway 7-25, Taxiways A, B & C and Apron – Westerly Airport

This project consists of the design and construction of a mill and pavement overlay of 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 was also rehabilitated. In fiscal year 2007, approximately \$126 thousand was expended on this project. In fiscal year 2006, approximately \$1.907 million was expended on this project.

### Airside Improvements – Block Island Airport

This project consists of the design and reconstruction of Runway 10-28 with new lighting, signage and markings at Block Island Airport. Runway safety areas and a new taxiway to the end of Runway 10 have also been addressed as part of this project. Total expenditures for this project in fiscal year 2007 and 2006 were \$3.704 million and \$171 thousand, respectively.

### Rehabilitate Runway 5-23 – North Central Airport

This project consists of the design and construction of a mill and pavement overlay of Runway 5-23 with new lighting, signage and markings at North Central Airport. Total expenditures for this project in fiscal year 2007 and 2006 were \$2.909 million and \$267 thousand, respectively.

## **INTERMODAL PROJECT**

The Warwick Intermodal Facility Project 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 is expected to be completed with a Date of Operational Opening (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.

## **COMMITMENTS FOR AIRPORT IMPROVEMENTS**

As of June 30, 2007 and 2006, RIAC was obligated for the completion of certain airport improvements under commitments of approximately \$26.553 million and \$84.91 million, which are expected to be funded from current available resources and future operations. As of June 30, 2007 RIAC was also obligated for the completion of the Intermodal Facility under commitments of approximately \$5.325 million.

## **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 2023. The balance outstanding at June 30, 2007 and 2006 was \$13.195 million and \$15.241 million, respectively.

In 1994, RIAC issued \$30 million Series A 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, 2007 and 2006 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, 2007 and 2006 was \$54.46 million and \$55.715 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, 2007 and 2006 was \$6.31 million and \$7.375 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, 2007 and 2006 was \$26.415 million and \$29.12 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 and 1994 Series A General Airport Revenue Bonds, respectively. The refund issue matures annually from 2005 through 2024 with interest coupons from 2% to 5%. The balance outstanding as of June 30, 2007 and 2006 was \$50.95 million and \$51.82 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, 2007 and 2006 was \$115.075 million and \$115.255 million, respectively.

## **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, 2007 and 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 secured additional funds under the US Department of Transportation's (USDOT's) Transportation Infrastructure Finance and Innovation Act (TIFIA) 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 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, 2007 and June 30, 2006 approximately \$83 thousand and \$0 had been drawn on the TIFIA loan, respectively.

## **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 \$54.46 million outstanding), 2000 Series A&B Revenue Bonds (\$50.545 million insured by FGIC, \$6.31 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 \$26.415 million outstanding), the 2004 Series A Bonds (\$52.665 million insured by FSA, with \$50.95 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 2007, T. F. Green Airport continued to experience 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 continues to be the dominant carrier. Spirit Airlines ceased operations at T.F. Green in April 2007 but may return on a seasonal basis to operate select flights from T.F. Green to its Florida destinations. American discontinued its mainline flights to Chicago and Dallas and instituted American Eagle service to Chicago in April 2006. The fare structure at T. F. Green and the cost structure among the air carriers remain competitive in 2007. The CFC charge will increase to \$4.25 per transaction day effective July 1, 2007 in support of the Intermodal financing plan.

Northwest and Delta emerged from bankruptcy, and each remains current on their respective pre- and post-petition payments. In fiscal year 2007, RIAC selected Standard Parking to provide Professional Parking Management Services for RIAC parking facilities at T. F. Green Airport, HMS Host to provide Food and Beverage concession services at T. F. Green Airport and The Paradies Shops to provide News/Gift/Specialty Retail concession services at T. F. Green Airport. These agreements will commence in fiscal year 2008.

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, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		(As Restated See Note 15)
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 30,489,237	\$ 37,667,176
Accounts receivable, net	10,814,174	9,279,976
Deposits and prepaid items	209,169	224,914
	41,512,580	47,172,066
Restricted assets:		
Restricted cash and cash equivalents	25,871,529	21,664,131
Accounts receivable, net	3,106,339	1,693,314
	28,977,868	23,357,445
Total current assets	70,490,448	70,529,511
Noncurrent assets:		
Restricted cash and cash equivalents	70,104,542	155,546,420
Restricted investments	57,856,262	29,593,985
	127,960,804	185,140,405
Accounts receivable	153,429	153,429
Capital assets, net of accumulated depreciation and amortization	341,988,906	268,639,428
Deferred charges, net of accumulated amortization of \$2,081,373 and \$1,668,323 in 2007 and 2006, respectively	5,701,285	6,055,504
Total noncurrent assets	475,804,424	459,988,766
Total assets	546,294,872	530,518,277
<b>LIABILITIES</b>		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	952,794	822,422
Accrued payroll and employee benefits	1,118,950	1,065,391
Accrued expenses	2,311,244	2,144,375
Deferred revenue	22,600	23,935
Liability for claims, judgements and other settlements	3,923,575	4,000,000
Current portion of long-term obligations	622,720	875,981
	8,951,883	8,932,104
Payable from restricted assets:		
Accounts and retainage payable	11,203,719	5,257,575
Accrued expenses	5,841,173	4,498,103
Accrued interest payable	7,602,533	6,533,213
Current portion of long-term obligations	6,365,000	6,075,000
	31,012,425	22,363,891
Total current liabilities	39,964,308	31,295,995
Long term obligations, less current portion	318,011,950	326,883,597
Total liabilities	357,976,258	358,179,592
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	75,799,077	51,227,226
Restricted	87,587,885	98,675,876
Unrestricted	24,931,652	22,435,583
Total net assets	\$ 188,318,614	\$ 172,338,685

*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, 2007 AND 2006**

	2007	2006
<b>OPERATING REVENUES</b>		(As Restated See Note 15)
Charges for services:		
Rental and concession fees	\$ 21,887,750	\$ 21,607,667
Landing fees	15,495,945	13,909,598
Parking	11,350,871	13,487,169
Total operating revenues	48,734,566	49,004,434
<b>OPERATING EXPENSES</b>		
Employee wages and benefits	18,704,237	17,798,460
Supplies, materials and services	4,262,998	3,934,946
Other operating expenses	8,513,332	7,807,562
Depreciation and amortization	15,725,116	14,965,749
Total operating expenses	47,205,683	44,506,717
Operating income	1,528,883	4,497,717
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Passenger facility charges	10,039,836	7,442,029
Customer facility charges	4,860,633	4,942,472
Investment income	6,583,508	3,076,580
Claims, judgements and other settlements	(6,157,150)	(3,315,000)
Other	197,902	86,442
Grant revenues for property acquisition	14,398,670	8,550,894
Grant expenses for property acquisition	(14,885,072)	(8,666,463)
Interest expense	(11,705,104)	(10,272,462)
Total nonoperating revenues, net	3,333,223	1,844,492
Income before capital contributions	4,862,106	6,342,209
<b>CAPITAL CONTRIBUTIONS</b>	11,117,823	7,312,152
Change in net assets	15,979,929	13,654,361
Net assets, beginning of year, as previously reported	172,338,685	159,204,324
Adjustment (Note 15)	-	(520,000)
Net assets, beginning of year, as adjusted	172,338,685	158,684,324
Net assets, end of year	\$ 188,318,614	\$ 172,338,685

*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, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		(As Restated See <i>Note 15</i> )
Receipts from rentals and other services or fees	\$ 48,389,083	\$ 46,358,613
Payments to employees for services	(18,650,678)	(17,719,883)
Payments to suppliers and other	(13,137,073)	(11,856,527)
Claims, judgements and other settlements	(5,548,575)	-
Net cash provided by operating activities	11,052,757	16,782,203
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Collection of passenger facility charges	12,220,260	7,629,605
Collection of customer facility charges	4,376,211	5,475,629
Proceeds from sale of capital assets	63,138	-
Other	197,902	86,442
Interest paid, long-term obligations	(10,033,504)	(6,901,661)
Capital contributions and grant revenues, net	13,370,466	14,528,266
Acquisition and construction of capital assets	(89,180,607)	(32,789,949)
Costs of issuance	(58,832)	(301,210)
Proceeds from long-term obligations	83,232	49,152,222
Payments on long-term obligations	(9,002,877)	(8,711,119)
Net cash (used in) provided by capital and related financing activities	(77,964,611)	28,168,225
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	56,685,780	86,695,815
Interest on investments	6,761,712	3,305,168
Purchases of investments	(84,948,057)	(29,366,574)
Net cash (used in) provided by investing activities	(21,500,565)	60,634,409
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(88,412,419)	105,584,837
Cash and cash equivalents, beginning of year	214,877,727	109,292,890
Cash and cash equivalents, end of year	\$ 126,465,308	\$ 214,877,727
<b>Reconciliation of cash and cash equivalents to the statements of net assets:</b>		
Current unrestricted assets	\$ 30,489,237	\$ 37,667,176
Current restricted assets	25,871,529	21,664,131
Noncurrent restricted assets	70,104,542	155,546,420
	\$ 126,465,308	\$ 214,877,727

*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, 2007 AND 2006**

	2007	2006
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		(As Restated See <i>Note 15</i> )
Operating income	\$ 1,528,883	\$ 4,497,717
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	15,725,116	14,965,749
Gain on disposal of machinery and equipment	(61,617)	-
Claims, judgements and other settlements	(6,157,150)	(3,315,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	(344,148)	(2,246,122)
Deposits and prepaid items	15,745	816,942
Increase (decrease) in:		
Accounts payable	116,207	(574,070)
Accrued expenses	231,056	3,036,687
Deferred revenue	(1,335)	(399,700)
Net cash provided by operating activities	\$ 11,052,757	\$ 16,782,203

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash capital and related financing activities:		
Bond issuance costs recorded through issuance of bonds	\$ -	\$ 1,186,582
Property acquired through the assumption of long-term debt	-	900,000

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

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**

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**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 who 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, 2007 AND 2006**

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**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, 2007 and 2006.

**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, 2007, approximately 34% of accounts receivable is due from two customers. At June 30, 2006, approximately 40% of accounts receivable was due from two customers.

**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, 2007 AND 2006**

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**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	7-30
Machinery and equipment	2-15
Vehicles	2-10

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**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, 2007 AND 2006**

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**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 an audit of the management company records are recognized when such amounts become known.

**Passenger Facility Charges**

Passenger Facility Charges ("PFC") net receipts are restricted for use on pre-approved Federal Aviation Administration ("FAA") projects, including related debt service. The FAA has approved PFC funding for twenty-six projects that comprise a significant portion of RIAC's capital improvement program. RIAC has been authorized to collect PFCs in the aggregate amount of \$167,725,731 based on a rate of \$4.50 per enplaned passenger. Aggregate collections, including interest thereon, through June 30, 2007 were \$90,098,415. 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 rental car agencies.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS *(Continued)***  
**JUNE 30, 2007 AND 2006**

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**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.

**RECLASSIFICATIONS**

Certain reclassifications have been made to the 2006 presentation to conform to the current year presentation.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

**NOTE 3 - CASH DEPOSITS – CUSTODIAL CREDIT RISK**

As of June 30, 2007 and 2006, RIAC's cash deposits consist of the following:

	<u>2007</u>		<u>2006</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 87,981,678	\$ 86,771,640	\$ 76,373,366	\$ 75,798,792
Money market funds	-	-	6,422,540	6,422,540
Repurchase agreements	-	-	6,167,567	6,167,567
	<u>\$ 87,981,678</u>	<u>\$ 86,771,640</u>	<u>\$ 88,963,473</u>	<u>\$ 88,388,899</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, 2007 and 2006, are as follows:

	<u>2007</u>	<u>2006</u>
Uninsured, uncollateralized	\$ -	\$ 50,654,234
Uninsured, but collateralized with securities held by the pledging bank's trust department or agent in RIAC's name	87,781,678	38,109,239
	<u>\$ 87,781,678</u>	<u>\$ 88,763,473</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, 2007 AND 2006**

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

Investments in certain money market funds totaling \$39,693,668 and \$126,488,828 as of June 30, 2007 and 2006, respectively, are included in restricted 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, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Current assets:		
Unrestricted	\$ 30,489,237	\$ 37,667,176
Restricted	25,871,529	21,664,131
Noncurrent assets:		
Restricted	70,104,542	155,546,420
	<u>126,465,308</u>	<u>214,877,727</u>
Less: restricted cash equivalents considered investments under GASB Statement No. 40	39,693,668	126,488,828
Cash deposits	<u>\$ 86,771,640</u>	<u>\$ 88,388,899</u>

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unrestricted:		
Accounts receivable, trade	\$ 7,927,305	\$ 8,470,575
Due from federal government	4,344,489	2,653,150
Due from State of Rhode Island	15,976	468,166
	<u>12,287,770</u>	<u>11,591,891</u>
Less: allowance for uncollectible amounts	1,320,167	2,158,486
	<u>\$ 10,967,603</u>	<u>\$ 9,433,405</u>

The amount due from a tenant for leasehold improvements which was funded by RIAC totaled \$153,429 as of June 30, 2007 and 2006 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>2007</u>	<u>2006</u>
Restricted:		
Due from airlines - Passenger Facility Charges	\$ 1,948,981	\$ 890,703
Due from car rental agencies - Customer Facility Charges	586,415	500,097
Interest	570,943	302,514
	<u>\$ 3,106,339</u>	<u>\$ 1,693,314</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

**NOTE 5 - INVESTMENTS**

As of June 30, 2007 and 2006, RIAC's investments consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2007</u>	
		<u>Investment Maturities</u>	
		<u>(In Years)</u>	
		<u>Less Than 1</u>	<u>1 to 5</u>
<b>Debt Securities:</b>			
Money market funds	\$ 39,693,668	\$ 39,693,668	\$ -
U.S. Treasury Notes	12,504,174	12,504,174	-
U.S. Treasury Bills	45,352,088	45,352,088	-
	<u>\$ 97,549,930</u>	<u>\$ 97,549,930</u>	<u>\$ -</u>

<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>
<b>Debt Securities:</b>			
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>

Because the money market funds had weighted average maturities of 90 days or less they are 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, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Noncurrent assets:		
Restricted investments	\$ 57,856,262	\$ 29,593,985
Add: restricted cash equivalents considered investments under GASB Statement No. 40	39,693,668	126,488,828
	<u>\$ 97,549,930</u>	<u>\$ 156,082,813</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2007 AND 2006**

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**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 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, 2007 and 2006, 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, 2007 AND 2006**

**NOTE 6 - CAPITAL ASSETS (Continued)**

Capitalized interest included in capital asset additions for the years ended June 30, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Interest expense capitalized	\$ 5,259,983	\$ 4,446,427
Less: interest income	4,166,664	2,986,393
Total capitalized interest, net	<u>\$ 1,093,319</u>	<u>\$ 1,460,034</u>

As of June 30, 2007 and 2006, RIAC was obligated for completion of certain airport improvements under commitments of approximately \$26,600,000 and \$84,900,000, respectively, which are expected to be funded from current available resources and future operations. As of June 30, 2007, RIAC was also obligated for the completion of certain projects related to the Intermodal Facility of approximately \$5,300,000.

**NOTE 7 - LONG TERM OBLIGATIONS**

Long-term obligations activity for the years ended June 30, 2007 and 2006 is as follows:

	<u>2007</u>				
	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds payable	\$ 314,120,000	\$ -	\$ (6,075,000)	\$ 308,045,000	\$ 6,365,000
Unamortized amounts:					
Original issue discounts	(436,664)	49,473	-	(387,191)	-
Original issue premiums	10,444,311	-	(567,016)	9,877,295	-
Deferred amount on refundings	(9,806,283)	602,280	-	(9,204,003)	-
Total revenue bonds payable	<u>314,321,364</u>	<u>651,753</u>	<u>(6,642,016)</u>	<u>308,331,101</u>	<u>6,365,000</u>
Other liabilities:					
State of Rhode Island payable	15,240,649	-	(2,045,717)	13,194,932	-
Obligations under capital leases	3,415,455	-	(799,704)	2,615,751	550,000
Note payable	857,110	-	(82,456)	774,654	72,720
TIFIA loan	-	83,232	-	83,232	-
	<u>\$ 333,834,578</u>	<u>\$ 734,985</u>	<u>\$ (9,569,893)</u>	<u>\$ 324,999,670</u>	<u>\$ 6,987,720</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

**NOTE 7 - LONG TERM OBLIGATIONS (Continued)**

	2006 (As Restated)				Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
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	(10,408,565)	-	602,282	(9,806,283)	-
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	17,241,389	-	(2,000,740)	15,240,649	-
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>\$ 291,167,736</u>	<u>\$ 51,238,804</u>	<u>\$ (8,571,962)</u>	<u>\$ 333,834,578</u>	<u>\$ 6,950,981</u>

**REVENUE BONDS PAYABLE**

Revenue bonds payable consist of the following as of June 30, 2007 and 2006:

Description	Final	Interest	Amount Outstanding	
	Maturity		2007	2006
	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%	54,460,000	55,715,000
2000 Series A and B bonds	7/1/2028	5.51% - 6.5%	6,310,000	7,375,000
2003 Series A bonds	7/1/2015	3.5% - 5.0%	26,415,000	29,120,000
2004 Series A bonds	7/1/2024	2.0% - 5.0%	50,950,000	51,820,000
2005 Series A, B and C bonds	7/1/2030	3.0% - 5.0%	115,075,000	115,255,000
2006 First Lien Special Facility Bonds	7/1/2036	4.0% - 5.0%	48,765,000	48,765,000
			<u>\$ 308,045,000</u>	<u>\$ 314,120,000</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.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**NOTE 7 - LONG TERM OBLIGATIONS (Continued)**

**REVENUE BONDS PAYABLE (Continued)**

As of June 30, 2007 and 2006, \$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 payments to the State based upon the amortization schedule of original airport-related General Obligation Bonds through June 2023 (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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Machinery and equipment	\$ 8,464,850	\$ 8,464,850
Less: accumulated amortization	4,202,970	3,430,933
	<u>\$ 4,261,880</u>	<u>\$ 5,033,917</u>

Amortization expense relative to leased property under capital leases totaled \$772,037 and \$577,541 for the years ended June 30, 2007 and 2006, 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, 2007 are as follows:

Year ending June 30:	
2008	\$ 637,118
2009	610,425
2010	714,971
2011	534,576
2012	324,396
2013	64,700
Total minimum lease payments	<u>2,886,186</u>
Less: amount representing interest	270,435
Present value of minimum lease payments	<u>\$ 2,615,751</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**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:			
2008	\$ 6,437,720	\$ 14,934,633	\$ 21,372,353
2009	8,359,122	15,370,667	23,729,789
2010	9,719,190	14,803,516	24,522,706
2011	10,419,875	14,248,071	24,667,946
2012	11,253,468	13,680,687	24,934,155
2013-2017	58,455,211	56,521,650	114,976,861
2018-2022	78,395,000	43,733,694	122,128,694
2023-2027	75,030,000	23,380,741	98,410,741
2028-2032	46,760,000	7,523,978	54,283,978
2033-2037	17,185,000	1,826,500	19,011,500
	<u>\$ 322,014,586</u>	<u>\$ 206,024,137</u>	<u>\$ 528,038,723</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 (TIFIA). 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, 2007 and 2006, RIAC had \$83,232 and \$- in borrowings under this agreement, respectively.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**NOTE 8 - NET ASSETS**

Restricted net assets consist of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Restricted for:		<b>(As Restated)</b>
Capital acquisition and construction	\$ 30,695,506	\$ 45,615,908
Passenger Facility Charges	23,631,604	22,108,154
Customer Facility Charges	27,353,449	25,512,132
Operating and maintenance reserve	5,391,630	4,936,748
Repair and rehabilitation reserve	515,696	502,934
	<u>\$ 87,587,885</u>	<u>\$ 98,675,876</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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unrestricted net assets designated for		<b>(As Restated)</b>
capital acquisition, construction and operating costs	\$ 5,100,000	\$ 5,100,000
Unrestricted undesignated net assets	19,831,652	17,335,583
	<u>\$ 24,931,652</u>	<u>\$ 22,435,583</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**NOTE 9 - LEASES**

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

Year ending June 30:	
2008	\$ 2,574,100
2009	385,713
	<u>\$ 2,959,813</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 2023 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 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 \$783,284 and \$935,147 as of June 30, 2007 and 2006, 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, 2007 AND 2006**

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**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 twenty-two and twenty-four in 2007 and 2006, respectively. RIAC's total payroll for the year ended June 30, 2007 was \$14,480,981, of which \$1,384,187 was covered under the Plan. 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.

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 1<sup>st</sup> following the third anniversary of an employee's retirement.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**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 18.4% and 14.84% of salary for fiscal 2007 and 2006, 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 2.41% and 2.04% as of June 30, 2007 and 2006, respectively for postretirement health benefits.

The amounts contributed to the Plan are as follows:

Year ended June 30:	RIAC	
	Required Contribution	Percentage Contributed
2007	\$ 254,691	100%
2006	238,190	100%
2005	210,893	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 164 and 160 in 2007 and 2006, respectively. RIAC's total payroll for the year ended June 30, 2007 was \$14,480,981, of which \$9,492,890 was covered under the Plan. 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.

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, 2007 were \$569,573 by the employer and \$593,151 by the employees. Total contributions for the year ended June 30, 2006 were \$552,421 by the employer and \$574,666 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, 2007 AND 2006**

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**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, 2007 and 2006, 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 the concessionaire for on-site parking and its affiliate New England Parking ("NEP") is the owner of a competing garage. TPC, NEP and Bank of America, N.A. and TriSail Capital Corporation (respectively as successors in interest to Fleet National Bank and Fleet Real Estate, Inc.) (collectively "Bank") have several claims for various amounts. TPC claims that RIAC breached the Concession and Lease Agreement ("CLA") by, among other things, having its parent corporation the Rhode Island Economic Development Corporation, utilize its power of eminent domain to condemn an easement over a garage owned by TPC and secured, in part, by loans from the Bank. The Rhode Island Supreme Court has invalidated the condemnation, restoring the CLA as of the date of the taking and during the year ended June 30, 2007 RIAC paid \$4,560,000, of which \$4,000,000 was accrued as of June 30, 2006, to TPC for the profits from operation of the garage during the condemnation period. The Superior Court has ruled that TPC and the Bank are entitled to seek reasonable attorneys' fees and costs in certain of the legal proceedings. RIAC has pending counterclaims against TPC and NEP.

Council 94, the bargaining unit for RIAC's unionized employees, has contended that certain employees who were not transferred to RIAC from the State of Rhode Island Department of Transportation were eligible to receive health benefits upon retirement. RIAC has disputed this contention. RIAC and Council 94 have reached a mutual understanding regarding resolution of this dispute whereas certain employees have permanently released and waived any and all claims against RIAC for retiree health benefits. For the year ended June 30, 2007, RIAC has recognized \$3,347,150, which is recorded under claims, judgments and other settlements in the accompanying statements of revenues, expenses, and change in net assets, in resolution of this matter.

In addition, RIAC is also involved in certain other legal proceedings and claims that have arisen in the ordinary course of 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.

In connection with these matters, RIAC has recorded estimated liabilities for claims, judgments and other settlements totaling \$3,923,575 and \$4,000,000 as of June 30, 2007 and 2006 respectively. Such amounts are included in liabilities for claims, judgments and other settlements in the accompanying statements of net assets.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

**NOTE 14 - PRONOUNCEMENT ISSUED BUT NOT YET EFFECTIVE**

RIAC has not completed the process of implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. RIAC is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statements are adopted. GASB Statement No. 45 is effective for fiscal periods beginning after December 15, 2007.

**NOTE 15 - RESTATEMENTS**

RIAC's net assets as of June 30, 2005 were adjusted to reflect additional amounts due to the State of Rhode Island for General Obligation bonds issued on behalf of RIAC in 2002 (*Note 7*) and subsequent revisions made to the amortization of principal and interest repayments by the State of Rhode Island.

The adjustment to the State of Rhode Island payable as of June 30, 2006 is as follows:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
State of Rhode Island payable	\$ 14,635,489	\$ 605,160	\$ 15,240,649

The effects of the adjustments related to the statement of net assets as of June 30, 2006 are as follows:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
Liabilities:			
Long term obligations, less current portion	\$ 326,278,437	\$ 605,160	\$ 326,883,597
Total liabilities	<u>\$ 357,574,432</u>	<u>\$ 605,160</u>	<u>\$ 358,179,592</u>
Net assets:			
Invested in capital assets	\$ 51,832,386	\$ (605,160)	\$ 51,227,226
Restricted	98,675,876	-	98,675,876
Unrestricted	22,435,583	-	22,435,583
Total net assets	<u>\$ 172,943,845</u>	<u>\$ (605,160)</u>	<u>\$ 172,338,685</u>

The amounts reflected above in the as previously reported column include reclassifications in the amounts of \$2,104,717, \$2,221,217 and \$(2,221,217) to long-term obligations, less current portion, restricted net assets and unrestricted net assets, respectively, to conform to the current year presentation.

**RHODE ISLAND AIRPORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007 AND 2006**

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**NOTE 15 - RESTATEMENTS (Continued)**

The effects of the adjustments related to the statement of revenues, expenses, and changes in net assets for the year ended June 30, 2006 are as follows:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
NONOPERATING REVENUES(EXPENSES)			
Interest expense	\$ (10,187,302)	\$ (85,160)	\$ (10,272,462)
Total nonoperating revenues, net	\$ 1,929,652	\$ (85,160)	\$ 1,844,492
Income before capital contributions	\$ 6,427,369	\$ (85,160)	\$ 6,342,209
Change in net assets	\$ 13,739,521	\$ (85,160)	\$ 13,654,361

The effects of the adjustments related to the statement of cash flows for the year ended June 30, 2006 are as follows:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid, long-term obligations	\$ (6,816,501)	\$ (85,160)	\$ (6,901,661)
Payments on long-term obligations	(8,796,279)	85,160	(8,711,119)
Net cash provided by capital and related financing activities	\$ 28,168,225	\$ -	\$ 28,168,225

The effect of the adjustments as of June 30, 2005 on the statement of net assets would be to increase long term debt obligations and the related State of Rhode Island Payable by \$520,000 and to decrease corresponding net assets by \$520,000. The corresponding effect on the statement of revenues, expenses, and changes in net assets for the year ended June 30, 2005 would have been to decrease beginning net assets by \$430,000 and increase interest expense by \$90,000.

# **Supplemental Information**

**RHODE ISLAND AIRPORT CORPORATION**  
**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
M Mini	Airport Peer Review Group Meeting	07/09/06 to 07/12/06	Calgary, Alberta, CANADA	Airfare	\$ 314
M Mini	Airport Peer Review Group Meeting	07/09/06 to 07/12/06	Calgary, Alberta, CANADA	Lodging	871
M Mini	Airport Peer Review Group Meeting	07/09/06 to 07/12/06	Calgary, Alberta, CANADA	Meals	215
M Mini	Airport Peer Review Group Meeting	07/09/06 to 07/12/06	Calgary, Alberta, CANADA	Misc	16
D Lucas	Landmark Managers Meeting	07/24/06 to 07/25/06	Winston-Salem, NC	Airfare	463
D Lucas	Landmark Managers Meeting	07/24/06 to 07/25/06	Winston-Salem, NC	Lodging	101
S Tibbets	Landmark Managers Meeting	07/24/06 to 07/25/06	Winston-Salem, NC	Airfare	563
S Tibbets	Landmark Managers Meeting	07/24/06 to 07/25/06	Winston-Salem, NC	Lodging	101
G Brolin	Aircraft & Airfield Deicing & Stormwater Conference	08/06/06 to 08/08/06	Washington, DC	Lodging	466
G Brolin	Aircraft & Airfield Deicing & Stormwater Conference	08/06/06 to 08/08/06	Washington, DC	Meals	31
G Brolin	Aircraft & Airfield Deicing & Stormwater Conference	08/06/06 to 08/08/06	Washington, DC	Misc	32
G Brolin	Aircraft & Airfield Deicing & Stormwater Conference	08/06/06 to 08/08/06	Washington, DC	Transportation	457
J Pesaturo	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Airfare	469
J Pesaturo	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Lodging	262
J Pesaturo	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Meals	77
J Pesaturo	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Transportation	22
S Catanzaro	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Airfare	469
S Catanzaro	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Lodging	262
S Catanzaro	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Meals	77
S Catanzaro	Airfield Lighting Maintenance Seminar	08/15/06 to 08/16/06	Las Vegas, NV	Transportation	50
M Brewer	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, Ut	Airfare	678
M Brewer	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, UT	Transportation	67
M Brewer	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, UT	Lodging	235
M Brewer	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, UT	Meals	192
M Brewer	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, Ut	Misc	16
R Sangster	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, Ut	Airfare	678
R Sangster	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, UT	Lodging	235
R Sangster	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, UT	Meals	34
R Sangster	Travel Related to Open Position Interview	08/24/06 to 08/25/06	Salt Lake City, Ut	Misc	13
M Brewer	NEC/AAAE Conference	08/26/06 to 08/30/06	Manchester, NH	Lodging	484
M Brewer	NEC/AAAE Conference	08/26/06 to 08/30/06	Manchester, NH	Misc	10
M Brewer	NEC/AAAE Conference	08/26/06 to 08/30/06	Manchester, NH	Transportation	18
B Tetreault	APG/NPI Fall Conference	08/26/06 to 09/02/06	Phoenix, AZ	Airfare	287
B Tetreault	APG/NPI Fall Conference	08/26/06 to 09/02/06	Phoenix, AZ	Transportation	951
B Tetreault	APG/NPI Fall Conference	08/26/06 to 09/02/06	Phoenix, AZ	Lodging	705
B Tetreault	APG/NPI Fall Conference	08/26/06 to 09/02/06	Phoenix, AZ	Meals	227
B Tetreault	APG/NPI Fall Conference	08/26/06 to 09/02/06	Phoenix, AZ	Misc	191
M Brewer	NASAO Conference & Exposition	09/08/06 to 09/13/06	New Orleans, LA	Airfare	252
M Brewer	NASAO Conference & Exposition	09/08/06 to 09/13/06	New Orleans, LA	Lodging	597
M Brewer	NASAO Conference & Exposition	09/08/06 to 09/13/06	New Orleans, LA	Meals	138
M Brewer	NASAO Conference & Exposition	09/08/06 to 09/13/06	New Orleans, LA	Misc	20

(Continued)

**RHODE ISLAND AIRPORT CORPORATION**  
**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
M Brewer	NASAO Conference & Exposition	09/08/06 to 09/13/06	New Orleans, LA	Transportation	\$ 70
J Warcup	NTSB Accident Investigation School	09/18/06 to 09/29/06	Ashburn, VA	Airfare	392
J Warcup	NTSB Accident Investigation School	09/18/06 to 09/29/06	Ashburn, VA	Transportation	630
J Warcup	NTSB Accident Investigation School	09/18/06 to 09/29/06	Ashburn, VA	Lodging	1,175
J Warcup	NTSB Accident Investigation School	09/18/06 to 09/29/06	Ashburn, VA	Meals	105
J Warcup	NTSB Accident Investigation School	09/18/06 to 09/29/06	Ashburn, VA	Misc	9
W Blair	Airport Ground Transportation Conference & Exhibit	09/24/06 to 09/27/06	Denver, CO	Airfare	397
W Blair	Airport Ground Transportation Conference & Exhibit	09/24/06 to 09/27/06	Denver, CO	Lodging	582
W Blair	Airport Ground Transportation Conference & Exhibit	09/24/06 to 09/27/06	Denver, CO	Meals	168
W Blair	Airport Ground Transportation Conference & Exhibit	09/24/06 to 09/27/06	Denver, CO	Misc	30
D Olbrych	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Airfare	465
D Olbrych	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Lodging	389
D Olbrych	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Meals	51
K Hopkins	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Airfare	465
K Hopkins	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Transportation	235
K Hopkins	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Lodging	389
K Hopkins	Airport Law Enforcement Agencies Network	09/25/06 to 09/28/06	Las Vegas, NV	Meals	122
M Brewer	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Airfare	581
M Brewer	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Transportation	217
M Brewer	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Lodging	495
M Brewer	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Meals	408
M Brewer	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Misc	4
P Goldstein	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Airfare	581
P Goldstein	Airline Visit	10/04/06 to 10/06/06	Phoenix, AZ	Lodging	491
B Cox	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Airfare	239
B Cox	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Lodging	472
B Cox	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Meals	104
R Gervasini	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Airfare	239
R Gervasini	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Lodging	891
R Gervasini	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Meals	30
R Gervasini	AAAE Airport Disadvantaged Business Enterprises Conference	10/11/06 to 10/12/06	Washington, DC	Transportation	25
M Brewer	Aeronautics Award Meeting	10/12/06 to 10/14/06	Melbourne, FL	Airfare	383
M Brewer	Aeronautics Award Meeting	10/12/06 to 10/14/06	Melbourne, FL	Transportation	105
M Brewer	Aeronautics Award Meeting	10/12/06 to 10/14/06	Melbourne, FL	Meals	8
M Brewer	Aeronautics Award Meeting	10/12/06 to 10/14/06	Melbourne, FL	Misc	4
M Brewer	National Airports Conference	10/15/06 to 10/17/06	New Orleans, LA	Airfare	492
M Brewer	National Airports Conference	10/15/06 to 10/17/06	New Orleans, LA	Lodging	572
M Brewer	National Airports Conference	10/15/06 to 10/17/06	New Orleans, LA	Meals	18
M Brewer	National Airports Conference	10/15/06 to 10/17/06	New Orleans, LA	Misc	34
M Brewer	National Airports Conference	10/15/06 to 10/17/06	New Orleans, LA	Transportation	20
P Frazier	AAAE Basics of Airport Law Workshop	10/21/06 to 10/24/06	Memphis, TN	Airfare	428

(Continued)

**RHODE ISLAND AIRPORT CORPORATION**  
**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
P Frazier	AAAE Basics of Airport Law Workshop	10/21/06 to 10/24/06	Memphis, TN	Lodging	\$ 518
P Frazier	AAAE Basics of Airport Law Workshop	10/21/06 to 10/24/06	Memphis, TN	Meals	70
P Frazier	AAAE Basics of Airport Law Workshop	10/21/06 to 10/24/06	Memphis, TN	Transportation	63
M Brewer	US/Central Europe Airport Issues Conference	10/23/06 to 10/28/06	Dubrovnik, CROATIA	Lodging	1,199
M Brewer	US/Central Europe Airport Issues Conference	10/23/06 to 10/28/06	Dubrovnik, CROATIA	Misc	10
P Goldstein	FAA Annual Regional Conference	10/24/06 to 10/25/06	Burlington, MA	Lodging	174
P Goldstein	FAA Annual Regional Conference	10/24/06 to 10/25/06	Burlington, MA	Meals	39
P Goldstein	FAA Annual Regional Conference	10/24/06 to 10/25/06	Burlington, MA	Mileage	65
P Goldstein	FAA Annual Regional Conference	10/24/06 to 10/25/06	Burlington, MA	Misc	11
L Skunza	International Explosives Detection Canine Conference	11/06/06 to 11/10/06	Nashville, TN	Airfare	404
L Skunza	International Explosives Detection Canine Conference	11/06/06 to 11/10/06	Nashville, TN	Transportation	366
D Edwards	Runway Safety Conference	11/12/06 to 11/14/06	Boston, MA	Lodging	259
N Pickel	Landmark Safety Training	11/28/06 to 11/30/06	Winston-Salem, NC	Meals	14
N Pickel	Landmark Safety Training	11/28/06 to 11/30/06	Winston-Salem, NC	Lodging	179
N Pickel	Landmark Safety Training	11/28/06 to 11/30/06	Winston-Salem, NC	Transportation	211
M Greenberger	Baltimore Washington International In Line Baggage Handling System	12/04/06 to 12/05/06	Baltimore, MD	Airfare	99
M Greenberger	Baltimore Washington International In Line Baggage Handling System	12/04/06 to 12/05/06	Baltimore, MD	Lodging	166
M Mini	Baltimore Washington International In Line Baggage Handling System	12/04/06 to 12/05/06	Baltimore, MD	Airfare	99
M Mini	Baltimore Washington International In Line Baggage Handling System	12/04/06 to 12/05/06	Baltimore, MD	Lodging	166
M Mini	Baltimore Washington International In Line Baggage Handling System	12/04/06 to 12/05/06	Baltimore, MD	Meals	99
D Dansereau	Institute of Internal Auditors-Auditing Contracts	12/04/06 to 12/06/06	Orlando, FL	Airfare	432
D Dansereau	Institute of Internal Auditors-Auditing Contracts	12/04/06 to 12/06/06	Orlando, FL	Transportation	210
D Dansereau	Institute of Internal Auditors-Auditing Contracts	12/04/06 to 12/06/06	Orlando, FL	Lodging	770
D Dansereau	Institute of Internal Auditors-Auditing Contracts	12/04/06 to 12/06/06	Orlando, FL	Meals	160
D Dansereau	Institute of Internal Auditors-Auditing Contracts	12/04/06 to 12/06/06	Orlando, FL	Misc	114
J Levesque	AAAE Airfield Construction Management and Airport Pavement Maintenance and Evaluation Workshops	12/04/06 to 12/06/06	Atlanta, GA	Airfare	287
J Levesque	AAAE Airfield Construction Management and Airport Pavement Maintenance and Evaluation Workshops	12/04/06 to 12/06/06	Atlanta, GA	Lodging	437
J Levesque	AAAE Airfield Construction Management and Airport Pavement Maintenance and Evaluation Workshops	12/04/06 to 12/06/06	Atlanta, GA	Meals	155
J Levesque	AAAE Airfield Construction Management and Airport Pavement Maintenance and Evaluation Workshops	12/04/06 to 12/06/06	Atlanta, GA	Transportation	9
J Levesque	AAAE Airfield Construction Management and Airport Pavement Maintenance and Evaluation Workshops	12/04/06 to 12/06/06	Atlanta, GA	Misc	20
M Brewer	NASAO Meeting	12/07/06 to 12/08/06	Denver, CO	Airfare	223
M Brewer	NASAO Meeting	12/07/06 to 12/08/06	Denver, CO	Lodging	125
M Brewer	NASAO Meeting	12/07/06 to 12/08/06	Denver, CO	Meals	7
M Greenberger	Aviation Security Summit	12/10/06 to 12/11/06	Arlington, VA	Airfare	199
M Greenberger	Aviation Security Summit	12/10/06 to 12/11/06	Arlington, VA	Lodging	364
M Greenberger	Aviation Security Summit	12/10/06 to 12/11/06	Arlington, VA	Meals	78
M Brewer	Next Generation Aircraft Technology Meeting	12/13/06 to 12/19/06	Washington, DC	Airfare	185
M Brewer	Next Generation Aircraft Technology Meeting	12/13/06 to 12/19/06	Washington, DC	Lodging	787
M Brewer	Next Generation Aircraft Technology Meeting	12/13/06 to 12/19/06	Washington, DC	Meals	180
M Brewer	Next Generation Aircraft Technology Meeting	12/13/06 to 12/19/06	Washington, DC	Misc	28
M Brewer	Next Generation Aircraft Technology Meeting	12/13/06 to 12/19/06	Washington, DC	Transportation	85

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**RHODE ISLAND AIRPORT CORPORATION**  
**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>Employee</u>	<u>Purpose</u>	<u>Date</u>	<u>Place</u>	<u>Type</u>	<u>Amount Paid</u>
M Brewer	Aviation Issues Conference	01/05/07 to 01/12/07	Kauai, Hawaii	Airfare	\$ 997
M Brewer	Aviation Issues Conference	01/05/07 to 01/12/07	Kauai, Hawaii	Transportation	402
M Brewer	Aviation Issues Conference	01/05/07 to 01/12/07	Kauai, Hawaii	Lodging	1,864
M Brewer	Aviation Issues Conference	01/05/07 to 01/12/07	Kauai, Hawaii	Meals	82
M Brewer	Aviation Issues Conference	01/05/07 to 01/12/07	Kauai, Hawaii	Misc	87
B Pope	AAAE Third Annual Aviation Air Quality Conference	01/27/07 to 01/30/07	Fort Worth, TX	Airfare	286
B Pope	AAAE Third Annual Aviation Air Quality Conference	01/27/07 to 01/30/07	Fort Worth, TX	Lodging	320
B Pope	AAAE Third Annual Aviation Air Quality Conference	01/27/07 to 01/30/07	Fort Worth, TX	Meals	52
B Pope	AAAE Third Annual Aviation Air Quality Conference	01/27/07 to 01/30/07	Fort Worth, TX	Transportation	89
P Goldstein	Swearing In Ceremony-Senator Sheldon Whitehouse	01/03/07 to 01/04/07	Washington, DC	Airfare	188
P Goldstein	Swearing In Ceremony-Senator Sheldon Whitehouse	01/03/07 to 01/04/07	Washington, DC	Lodging	570
P Goldstein	Swearing In Ceremony-Senator Sheldon Whitehouse	01/03/07 to 01/04/07	Washington, DC	Meals	73
P Goldstein	Swearing In Ceremony-Senator Sheldon Whitehouse	01/03/07 to 01/04/07	Washington, DC	Misc	30
P Goldstein	Swearing In Ceremony-Senator Sheldon Whitehouse	01/03/07 to 01/04/07	Washington, DC	Transportation	65
H Reid	FAA International Right of Way Association Symposium	02/13/07 to 02/15/07	Dallas, TX	Airfare	253
H Reid	FAA International Right of Way Association Symposium	02/13/07 to 02/15/07	Dallas, TX	Lodging	764
H Reid	FAA International Right of Way Association Symposium	02/13/07 to 02/15/07	Dallas, TX	Meals	135
H Reid	FAA International Right of Way Association Symposium	02/13/07 to 02/15/07	Dallas, TX	Misc	22
H Reid	FAA International Right of Way Association Symposium	02/13/07 to 02/15/07	Dallas, TX	Transportation	48
B Tetreault	NPI Winter Board Meeting and Conference Planning	02/16/07 to 02/19/07	Galveston, TX	Airfare	379
B Tetreault	NPI Winter Board Meeting and Conference Planning	02/16/07 to 02/19/07	Galveston, TX	Transportation	76
B Tetreault	NPI Winter Board Meeting and Conference Planning	02/16/07 to 02/19/07	Galveston, TX	Lodging	466
B Tetreault	NPI Winter Board Meeting and Conference Planning	02/16/07 to 02/19/07	Galveston, TX	Meals	70
J Warcup	Bell Training Academy	02/18/07 to 02/21/07	Fort Worth, TX	Airfare	298
J Warcup	Bell Training Academy	02/18/07 to 02/21/07	Fort Worth, TX	Transportation	226
J Warcup	Bell Training Academy	02/18/07 to 02/21/07	Fort Worth, TX	Lodging	534
J Warcup	Bell Training Academy	02/18/07 to 02/21/07	Fort Worth, TX	Meals	55
S Tibbets	Landmark Managers Meeting	02/19/07 to 02/21/07	Dallas, TX	Airfare	492
S Tibbets	Landmark Managers Meeting	02/19/07 to 02/21/07	Dallas, TX	Lodging	356
M Brewer	Airport Policy Roundtable Meeting	02/22/07 to 02/25/07	San Francisco, CA	Airfare	700
M Brewer	Airport Policy Roundtable Meeting	02/22/07 to 02/25/07	San Francisco, CA	Lodging	681
M Brewer	Airport Policy Roundtable Meeting	02/22/07 to 02/25/07	San Francisco, CA	Meals	23
M Brewer	Airport Policy Roundtable Meeting	02/22/07 to 02/25/07	San Francisco, CA	Transportation	50
L Benevides	Institute of Internal Auditors-Auditing Contracts	02/26/07 to 03/01/07	San Diego, CA	Transportation	38
L.Benevides	Institute of Internal Auditors-Auditing Contracts	02/26/07 to 03/01/07	San Diego, CA	Airfare	339
L.Benevides	Institute of Internal Auditors-Auditing Contracts	02/26/07 to 03/01/07	San Diego, CA	Lodging	697
L.Benevides	Institute of Internal Auditors-Auditing Contracts	02/26/07 to 03/01/07	San Diego, CA	Meals	140
L.Benevides	Institute of Internal Auditors-Auditing Contracts	02/26/07 to 03/01/07	San Diego, CA	Misc	37
A Shihadeh	AAAE Symposium	02/28/07 to 03/02/07	Reno, NV	Airfare	353
A Shihadeh	AAAE Symposium	02/28/07 to 03/02/07	Reno, NV	Lodging	429
A Shihadeh	AAAE Symposium	02/28/07 to 03/02/07	Reno, NV	Meals	103

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**RHODE ISLAND AIRPORT CORPORATION**  
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**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
P Goldstein	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Airfare	\$ 245
P Goldstein	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Lodging	696
P Goldstein	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Meals	92
P Goldstein	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Misc	17
P Goldstein	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Transportation	44
T Pimental	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Airfare	208
T Pimental	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Lodging	430
T Pimental	Network 2007	03/04/07 to 03/06/07	Tampa, FL	Transportation	177
M Brewer	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Airfare	344
M Brewer	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Transportation	83
M Brewer	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Lodging	252
M Brewer	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Meals	886
M Brewer	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Misc	10
P Frazier	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Airfare	344
P Frazier	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Lodging	252
R Licht	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Airfare	436
R Licht	Airline Visit	03/08/07 to 03/09/07	Dallas, TX	Lodging	252
M Brewer	NASAO Legislative Conference	03/17/07 to 03/22/07	Washington, DC	Airfare	639
M Brewer	NASAO Legislative Conference	03/17/07 to 03/22/07	Washington, DC	Lodging	1,140
M Brewer	NASAO Legislative Conference	03/17/07 to 03/22/07	Washington, DC	Meals	77
M Brewer	NASAO Legislative Conference	03/17/07 to 03/22/07	Washington, DC	Transportation	45
M Stuard	General Audit Management Conference	03/18/07 to 03/22/07	Orlando, FL	Airfare	207
M Stuard	General Audit Management Conference	03/18/07 to 03/22/07	Orlando, FL	Lodging	921
M Stuard	General Audit Management Conference	03/18/07 to 03/22/07	Orlando, FL	Meals	86
M Stuard	General Audit Management Conference	03/18/07 to 03/22/07	Orlando, FL	Misc	10
M Stuard	General Audit Management Conference	03/18/07 to 03/22/07	Orlando, FL	Transportation	121
P Frazier	AAAE/SC Chapter AAAE Accreditation/Certification Written Exam Review	03/18/07 to 03/27/07	Dallas, TX	Airfare	583
P Frazier	AAAE/SC Chapter AAAE Accreditation/Certification Written Exam Review	03/18/07 to 03/27/07	Dallas, TX	Lodging	631
P Frazier	AAAE/SC Chapter AAAE Accreditation/Certification Written Exam Review	03/18/07 to 03/27/07	Dallas, TX	Meals	101
P Frazier	AAAE/SC Chapter AAAE Accreditation/Certification Written Exam Review	03/18/07 to 03/27/07	Dallas, TX	Transportation	35
D Rockwell	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Airfare	461
D Rockwell	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Transportation	277
D Rockwell	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Lodging	414
D Rockwell	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Meals	84
J Souza	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Airfare	461
J Souza	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Lodging	414
J Souza	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Meals	21
M Harrington	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Airfare	461
M Harrington	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Lodging	414
M Harrington	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Meals	84
M Harrington	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Transportation	30

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**RHODE ISLAND AIRPORT CORPORATION**  
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**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
P Kaczorowski	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Airfare	\$ 461
P Kaczorowski	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Lodging	414
P Kaczorowski	ARFF Working Group-Aircraft Cargo Conference	04/10/07 to 04/13/07	Memphis, TN	Meals	55
D Lucas	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Airfare	352
D Lucas	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Lodging	497
D Lucas	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Meals	58
D Lucas	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Misc	56
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Airfare	97
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Transportation	43
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Lodging	524
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Meals	168
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Misc	62
P Smith	Snow Symposium	04/20/07 to 04/23/07	Buffalo, NY	Transportation	296
D Edwards	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Airfare	262
D Edwards	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Lodging	609
G DeCristofaro	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Airfare	262
G DeCristofaro	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Lodging	609
G DeCristofaro	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Meals	30
G DeCristofaro	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Misc	51
G DeCristofaro	Snow Symposium	04/22/07 to 04/26/07	Buffalo, NY	Transportation	13
M Brewer	US/India Aviation Partnership Summit	04/22/07 to 04/26/07	New Delhi, INDIA	Lodging	1,813
M Brewer	US/India Aviation Partnership Summit	04/22/07 to 04/26/07	New Delhi, INDIA	Meals	87
M Brewer	US/India Aviation Partnership Summit	04/22/07 to 04/26/07	New Delhi, INDIA	Misc	193
M Brewer	US/India Aviation Partnership Summit	04/22/07 to 04/26/07	New Delhi, INDIA	Transportation	5
F Bianco	Regional NBAA	04/25/07 to 04/26/07	White Plains, NY	Lodging	336
S Tibbets	Regional NBAA	04/25/07 to 04/26/07	White Plains, NY	Lodging	336
S Tibbets	Regional NBAA	04/25/07 to 04/26/07	White Plains, NY	Transportation	154
B Pope	ACI-NA Environmental & Technical Operations Conference	04/29/07 to 05/01/07	Vancouver, CANADA	Airfare	515
B Pope	ACI-NA Environmental & Technical Operations Conference	04/29/07 to 05/01/07	Vancouver, CANADA	Lodging	982
B Pope	ACI-NA Environmental & Technical Operations Conference	04/29/07 to 05/01/07	Vancouver, CANADA	Meals	138
B Pope	ACI-NA Environmental & Technical Operations Conference	04/29/07 to 05/01/07	Vancouver, CANADA	Transportation	76
D Stubbs	VMWare Infrastructure 3 Training	04/30/07 to 05/05/07	Orlando, FL	Airfare	381
D Stubbs	VMWare Infrastructure 3 Training	04/30/07 to 05/05/07	Orlando, FL	Lodging	624
D Stubbs	VMWare Infrastructure 3 Training	04/30/07 to 05/05/07	Orlando, FL	Meals	130
M Brewer	ADS-B Airport Users Forum	05/02/07 to 05/03/07	Washington, DC	Airfare	259
M Brewer	ADS-B Airport Users Forum	05/02/07 to 05/03/07	Washington, DC	Lodging	232
M Brewer	ADS-B Airport Users Forum	05/02/07 to 05/03/07	Washington, DC	Meals	40
M Brewer	ADS-B Airport Users Forum	05/02/07 to 05/03/07	Washington, DC	Misc	2
M Brewer	ADS-B Airport Users Forum	05/02/07 to 05/03/07	Washington, DC	Transportation	15
S St Onge	AAAE ACE Operations Review Course	05/06/07 to 05/12/07	Alexandria, VA	Lodging	1,084
S St Onge	AAAE ACE Operations Review Course	05/06/07 to 05/12/07	Alexandria, VA	Transportation	449

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**RHODE ISLAND AIRPORT CORPORATION  
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<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
P Eye	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Airfare	\$ 414
P Eye	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Transportation	275
P Eye	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Lodging	416
P Eye	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Meals	112
R Perry	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Airfare	434
R Perry	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Lodging	416
R Perry	Boeing Aircraft Construction and Familiarization Seminar	05/08/07 to 05/11/07	Seattle, WA	Meals	124
A Wolff	Advanced Line Training	05/15/07 to 05/17/07	Windsor Locks, CT	Lodging	177
A Wolff	Advanced Line Training	05/15/07 to 05/17/07	Windsor Locks, CT	Transportation	170
M Greenberger	General Session Peer Review	05/20/07 to 05/22/07	Philadelphia, PA	Airfare	441
M Greenberger	General Session Peer Review	05/20/07 to 05/22/07	Philadelphia, PA	Lodging	431
M Greenberger	General Session Peer Review	05/20/07 to 05/22/07	Philadelphia, PA	Meals	28
D Lucas	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Lodging	106
D Lucas	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Airfare	288
F Bianco	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Airfare	289
F Bianco	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Lodging	106
S Tibbets	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Airfare	289
S Tibbets	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Transportation	97
S Tibbets	Landmark Customer Service Training	05/23/07 to 05/24/07	Leesburg, VA	Lodging	106
M Brewer	NASAO Quarterly Meeting	05/31/07 to 06/01/07	Newport, RI	Lodging	226
M Brewer	NASAO Quarterly Meeting	05/31/07 to 06/01/07	Newport, RI	Meals	2,209
M Brewer	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Airfare	618
M Brewer	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Lodging	824
M Brewer	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Misc	204
M Brewer	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Transportation	28
M Greenberger	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Airfare	349
M Greenberger	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Lodging	1,300
M Greenberger	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Meals	9
M Greenberger	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Misc	43
M Greenberger	79th Annual AAAE Conference and Exposition	06/10/07 to 06/13/07	Washington, DC	Transportation	14
J Piscatelli	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Airfare	198
J Piscatelli	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Lodging	329
K Inman	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Airfare	198
K Inman	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Lodging	329
N Schmaruk	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Airfare	198
N Schmaruk	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Lodging	329
N Schmaruk	Landmark Maintenance Training	06/12/07 to 06/14/07	South Bend, IN	Misc	47
D Dansereau	Association of Airport Internal Auditors	06/16/07 to 06/20/07	Boston, MA	Lodging	671
D Dansereau	Association of Airport Internal Auditors	06/16/07 to 06/20/07	Boston, MA	Meals	60
D Dansereau	Association of Airport Internal Auditors	06/16/07 to 06/20/07	Boston, MA	Mileage	55
D Dansereau	Association of Airport Internal Auditors	06/16/07 to 06/20/07	Boston, MA	Misc	87

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**RHODE ISLAND AIRPORT CORPORATION**  
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<b>Employee</b>	<b>Purpose</b>	<b>Date</b>	<b>Place</b>	<b>Type</b>	<b>Amount Paid</b>
P Goldstein	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Airfare	\$ 460
P Goldstein	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Lodging	583
P Goldstein	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Meals	161
P Goldstein	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Misc	17
T Pimental	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Airfare	460
T Pimental	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Lodging	583
T Pimental	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Meals	20
T Pimental	ACI-NA 2007 Marketing and Communications Conference & Jumpstart Air Service Development Program	06/17/07 to 06/20/07	Tuscon, AZ	Transportation	80
S Cunningham	VMWare Virtual Infrastructure 3	06/25/07 to 06/30/07	Philadelphia, PA	Airfare	169
S Cunningham	VMWare Virtual Infrastructure 3	06/25/07 to 06/30/07	Philadelphia, PA	Transportation	473
S Cunningham	VMWare Virtual Infrastructure 3	06/25/07 to 06/30/07	Philadelphia, PA	Lodging	595
S Cunningham	VMWare Virtual Infrastructure 3	06/25/07 to 06/30/07	Philadelphia, PA	Meals	141
S Cunningham	VMWare Virtual Infrastructure 3	06/25/07 to 06/30/07	Philadelphia, PA	Misc	5
Various	Snow Team meals	07/01/06 to 06/30/07	Warwick, RI	Meals	2,184
Various	Various Meeting Expenses	07/01/06 to 06/30/07	Warwick, RI	Meals	10,985
Landmark Aviation	Various Employees Transportation to Block Island	07/01/06 to 06/30/07	Block Island, RI	Transportation	2,735
M Brewer	Vehicle Lease	07/01/06 to 06/30/07	Warwick, RI	Transportation	7,188
Various	Board Meeting Meals	07/01/06 to 06/30/07	Warwick, RI	Meals	4,428
Various	Collective Bargaining Agreement Meetings	07/01/06 to 06/30/07	Warwick, RI	Meals	4,142
Various	Intermodal Meeting Expenses	07/01/06 to 06/30/07	Warwick, RI	Meals	5,377
Various	Mileage Reimbursement	07/01/06 to 06/30/07	Various	Transportation	5,003
Various	Miscellaneous Amounts under \$200	07/01/06 to 06/30/07	Various	Misc	5,707
					<b>\$ 135,581</b>

(Concluded)

# **Internal Control and Compliance Report**



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

50 Exchange Terrace Providence, RI 02903 401.274.1200 401.274.1760 fax www.ccrgroup.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

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

We have audited the basic financial statements of the Rhode Island Airport Corporation ("RIAC") as of and for the year ended June 30, 2007, and have issued our report thereon dated September 28, 2007. We conducted our audit 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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered RIAC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of RIAC's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of RIAC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects RIAC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of RIAC's financial statements that is more than inconsequential will not be prevented or detected by RIAC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by RIAC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether RIAC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, Chamon & Reen, LLP*

Providence, Rhode Island  
September 28, 2007