
Rhode Island Airport Corporation

(a component unit of the State of Rhode Island)

Financial Report
with Supplementary Information
June 30, 2024

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Independent Auditor's Report

To the Board of Directors
Rhode Island Airport Corporation

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Rhode Island Airport Corporation (RIAC), a component unit of the State of Rhode Island, as of and for the fiscal years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise RIAC's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RIAC as of June 30, 2024 and 2023 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of RIAC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RIAC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Rhode Island Airport Corporation

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of RIAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RIAC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise RIAC's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
Rhode Island Airport Corporation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of RIAC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIAC's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 26, 2024

INTRODUCTION

The following Management's Discussion & Analysis (MD&A) of 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, 2024 and June 30, 2023. 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 position, statements of revenues, expenses and change in net position, 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 now known as the Rhode Island Commerce Corporation (Commerce RI), 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 Commerce RI, yet having many of the same powers and purposes as Commerce RI. RIAC 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, 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 Rhode Island T.F. Green International Airport (Airport or PVD) and five general aviation airports (collectively, Airports) from the State for a term ending June 30, 2046, 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 (GO) 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 1st and continuing through the following June 30th of each year. RIAC was created to operate as a self-sustaining entity. RIAC has utilized State GO 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 GO Bonds issued for airport purposes.

RIAC does not have the authority to issue bonds, notes, or to borrow money without the approval of Commerce RI. 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 Board of Directors.

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

Rhode Island T.F. Green International Airport

RIAC operates Rhode Island T. F. Green International Airport, which is Rhode Island's only certified Part 139 commercial airport. The Airport is primarily an origin–destination airport. In recent years, approximately 99% of the passengers at the Airport either began or ended their journeys at the Airport.

The terminal building is named the Bruce Sundlun Terminal at Rhode Island T.F. Green International Airport (Terminal). The Terminal has passenger concourses, with a capacity of nineteen jet gates and two commuter gates for a total of twenty-one gates, which extend to the north and south of the central terminal area.

Facilities for departing passengers are located on the second level where ticket counters, baggage checks, departure lounges and concessions (such as restaurants and news/gift stands) are located. On the second 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. Arriving international passengers utilize a Customs and Border Protection (CBP) facility which is conveniently located on the first level of the Terminal. As of June 30, 2024, airlines serving the Airport lease approximately 73,000 square feet of exclusive and preferential use area and approximately 60,000 square feet of common use area.

A total of approximately 7,100 public parking spaces are available on Airport property as of June 30, 2024. They are divided as follows: a short-term lot in front of the Terminal (Lot D) with approximately 500 spaces; a parking garage with approximately 1,500 spaces (Garage A); a parking garage with approximately 740 spaces (Garage B); and an express lot with approximately 4,360 spaces with the ability to add overflow capacity, if needed (Lot E). Effective July 1, 2018, RIAC controlled parking facilities are operated pursuant to a parking management agreement with LAZ Parking Limited, LLC.

Public vehicular access is provided by a roadway system that directs vehicular traffic from Post Road and Interstate Route 95 to the Terminal curb fronts. These roads connect to a dual-level curb front system accommodating arriving and departing passengers. When approaching the Terminal, the roadway divides into an upper level for departing passengers and a lower level for arriving passengers. The upper level includes a curb front to provide an unloading area for private vehicles and various commercial vehicles such as taxis, limousines, rental car companies, transportation network companies (TNC's) and hotel shuttles. The lower level includes an inner roadway designated as loading zones for private vehicles and an outer roadway for various commercial vehicles such as buses, courtesy vans, taxis, TNC's, and limousines.

The present airfield configuration consists of two intersecting runways, Runway 5-23 and Runway 16-34. Other facilities at the Airport include: fuel storage areas, facilities for fixed base operators, certain rental car service facilities, air freight and air cargo facilities, various hangars, fire and police stations, and other aviation-related facilities.

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

Air Carriers Serving the Airport

In fiscal year 2024, the Airport had scheduled passenger service provided by eight mainline carriers, and nine affiliate carriers. One additional airline provides international service and four additional airlines provided all-cargo service.

AIRLINES SERVING THE AIRPORT

Mainline Carriers (8)

- Allegiant Air
- American Airlines
- Breeze Airways
- Delta Air Lines
- JetBlue Airways
- Southwest Airlines
- Sun Country Airlines
- United Airlines

Doing Business As:

Domestic Affiliate Carriers (9)

- CommutAir
- Endeavor Air
- Envoy Airlines
- GoJet
- Mesa Airlines
- Piedmont Airlines
- PSA Airlines
- Republic Airlines

- United Express
- Delta Connection
- American Express
- United Express
- United Express
- American Express
- American Express
- American Express and United Express, Delta Airlines
- American Express and United Express, Delta Connection

SkyWest Airlines

International Carriers (1)

- Sky High Aviation

All Cargo Carriers (4)

- Federal Express
- United Parcel Service
- Wiggins Airways (a)
- Mountain Air Cargo (a)

(a) Wiggins Airways and Mountain Air Cargo delivered on behalf of FedEx

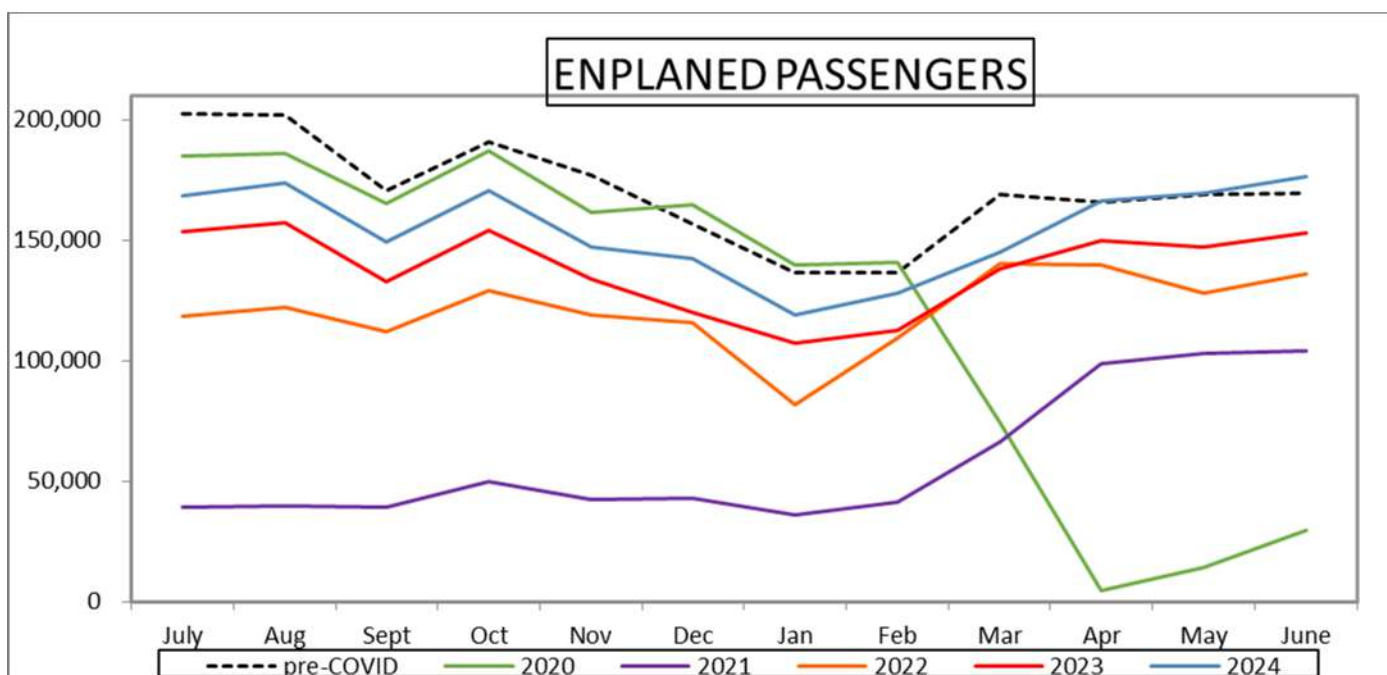
Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

Historical Enplanement Data

The Airport was ranked as the 79th busiest airport in the country for calendar year 2023 according to the latest published preliminary data produced by the FAA. This compares with rankings of 80th busiest airport in both calendar years 2022 and 2021. Recent activity levels have begun to recover beyond pre-COVID levels as shown in the chart below.

Actual enplaned passengers for fiscal year 2024 were 195,638 above 2023 resulting in an increase of 11.8%. The following chart and table depict the five-year historical trend of enplaned passenger traffic at the Airport for the fiscal years 2020 through 2024. Consistent with airports throughout the US, COVID-19 pandemic travel restrictions led to substantially reduced passenger traffic during fiscal years 2020 and 2021 impacting enplanement volumes.



Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
2020	185,182	186,219	165,223	187,380	161,488	164,846	139,666	141,048	74,193	4,835	13,953	29,831	1,453,864
2021	39,096	39,682	39,387	49,740	42,133	42,857	36,127	41,467	66,512	98,701	103,136	103,981	702,819
2022	118,614	122,012	111,857	128,872	118,883	115,944	81,828	109,632	140,039	139,654	127,964	136,088	1,451,387
2023	153,519	157,318	133,060	154,055	133,888	119,926	107,150	112,802	138,196	149,979	147,122	153,296	1,660,311
2024	168,337	173,865	149,248	170,773	147,020	142,493	118,840	128,052	144,964	166,275	169,496	176,586	1,855,949

Airport Use and Lease Agreements

RIAC established Signatory Airline Agreements with American Airlines, Breeze Airways, Delta Air Lines, Federal Express Corporation (FedEx), JetBlue Airways, Southwest Airlines, United Airlines, and United Parcel Service Co. (UPS). Affiliates of Signatory Airlines operate under the terms and conditions of the Signatory Airline Agreements. Allegiant Air, Sky High Aviation Services and Sun Country Airlines operate as Non-Signatory carriers.

The term of the Signatory Airline Agreement extends through June 30, 2028. A Cost Center Residual Rate Methodology is utilized to establish the Landing Fee and Apron Rental Rates. The Terminal Rental Rate Methodology is Commercial Compensatory. A Majority-in-Interest approval is not required for Capital Improvement Projects. The Signatory Agreement incorporates an Airline Net Revenue Sharing methodology for Signatory Passenger Airlines. Distribution of each Signatory Passenger Airline's portion of the revenue-sharing is based on enplanements. Under this process, RIAC retains the first \$1,000,000 and the Signatory Passenger Airlines share the next \$600,000. If there are remaining funds after the \$1,600,000, the Signatory Airlines share is 40% and RIAC retains 60%. Non-Signatory Airlines' landing fees, apron fees and terminal rental rates are 125% of the Signatory Airlines' rates.

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

GENERAL AVIATION AIRPORTS

There are five General Aviation Airports operated and managed by RIAC, each of these airports is briefly described below. Effective July 1, 2018, RIAC entered into a Full-Service Fixed Base Operator (FBO) Agreement with Flight Level Aviation for the General Aviation Airports through June 30, 2028.

North Central State Airport (SFZ)

Located approximately 15 miles north of the Airport, North Central Airport is classified as a reliever airport by the FAA and is located in Smithfield.

Quonset State Airport (OQU)

This airport is located in North Kingstown, approximately 10 miles south of the Airport. The Rhode Island Air National Guard and the Rhode Island Army National Guard maintain presence at Quonset State Airport. Quonset State Airport has additional industrial facilities which are leased to several companies. Quonset State Airport is classified by the FAA as a reliever airport.

Westerly State Airport (WST)

This airport is located in Westerly, approximately 35 miles southwest of the Airport. Westerly State Airport is classified as a commercial service airport and enplaned approximately 11,800 commuter passengers in fiscal year 2024.

Newport State Airport (UUU)

This airport is located in Middletown, approximately 17 miles southeast of the Airport. Newport State Airport is classified as a general aviation airport.

Block Island State Airport (BID)

Situated on Block Island just off the southern coast of Rhode Island, Block Island State Airport is approximately 25 miles from the Airport. Block Island State Airport is classified as a commercial service airport and enplaned approximately 11,600 commuter passengers in fiscal year 2024.

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

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.

The statement of net position presents information on all of RIAC's assets and liabilities with the difference between the assets, deferred outflows, liabilities and deferred inflows reported as net position. Over time, increases or decreases in RIAC's net position 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 changes in net position presents information on how RIAC's net position changed during the fiscal year.

SUMMARY OF OPERATIONS AND CHANGE IN NET POSITION

	2024	2023	2022
Operating Revenues - Airports	\$ 59,896,372	\$ 58,894,506	\$ 51,383,720
Operating Revenues - Interlink	9,270,190	8,410,033	7,597,023
Operating Expenses - Airports	(40,444,106)	(38,920,102)	(35,702,847)
Operating Expenses - Interlink	(3,700,133)	(3,955,323)	(3,464,088)
Operating Income (Before Depreciation)	25,022,323	24,429,114	19,813,808
Depreciation and Amortization Expense - Airports	(22,900,718)	(23,617,352)	(22,882,042)
Depreciation and Amortization Expense - Interlink	(4,374,046)	(4,352,085)	(4,327,838)
Operating Income (Loss)	(2,252,441)	(3,540,323)	(7,396,072)
Non-operating Revenues (Expenses), total	13,182,302	12,568,994	8,158,998
Income (Loss) Before Capital Contributions	10,929,861	9,028,671	762,926
Capital Contributions, net	26,308,490	11,374,105	24,438,257
Change in Net Position	\$ 37,238,351	\$ 20,402,776	\$ 25,201,183

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

FINANCIAL POSITION SUMMARY

	2024	2023	2022
ASSETS			
Current assets	\$ 158,691,602	\$ 136,937,129	\$ 121,574,232
Noncurrent assets	68,625,119	68,984,330	74,122,749
Capital assets, net	509,347,179	499,984,563	516,511,444
Total assets	<u>736,663,900</u>	<u>705,906,022</u>	<u>712,208,425</u>
DEFERRED OUTFLOWS	<u>163,244</u>	<u>309,238</u>	<u>547,471</u>
LIABILITIES			
Current liabilities	49,775,323	36,367,744	36,955,674
Long term obligations	195,052,514	213,992,958	237,271,913
Total liabilities	<u>244,827,837</u>	<u>250,360,702</u>	<u>274,227,587</u>
DEFERRED INFLOWS	<u>16,546,489</u>	<u>17,640,091</u>	<u>20,716,618</u>
NET POSITION			
Net investment in capital assets	315,932,193	284,330,275	282,274,807
Restricted	52,401,250	55,921,306	55,020,844
Unrestricted	107,119,375	97,962,886	80,516,040
TOTAL NET POSITION	<u>\$ 475,452,818</u>	<u>\$ 438,214,467</u>	<u>\$ 417,811,691</u>

Total assets increased approximately \$30,758,000 for fiscal year 2024 primarily due to increased cash and investments and increases in amounts due from the federal government related to capital expenditures and grant reimbursements. Total assets decreased by approximately \$6,302,000 for fiscal year 2023, primarily due to the depreciation of capital assets offset by the increase in cash and investments.

Total liabilities decreased approximately \$5,533,000 and \$23,867,000 in fiscal years 2024 and 2023, respectively. In both fiscal years 2024 and 2023, the decrease is primarily related to the reduction of bonds payable with an offset in growth of current liabilities in fiscal year 2024 reflecting increases in accounts payable associated with capital expenditures as noted above.

The deferred outflows include deferred amounts pension and OPEB costs.

The deferred inflows include deferred lease revenue reflecting the implementation of GASB 87, deferred pension costs and reductions in OPEB costs.

Net position for fiscal years 2024 and 2023 increased by approximately \$37,238,000 and \$20,403,000 respectively reflecting benefits from Non-Operating Revenues and Capital Contributions slightly offset by operating losses for both fiscal years.

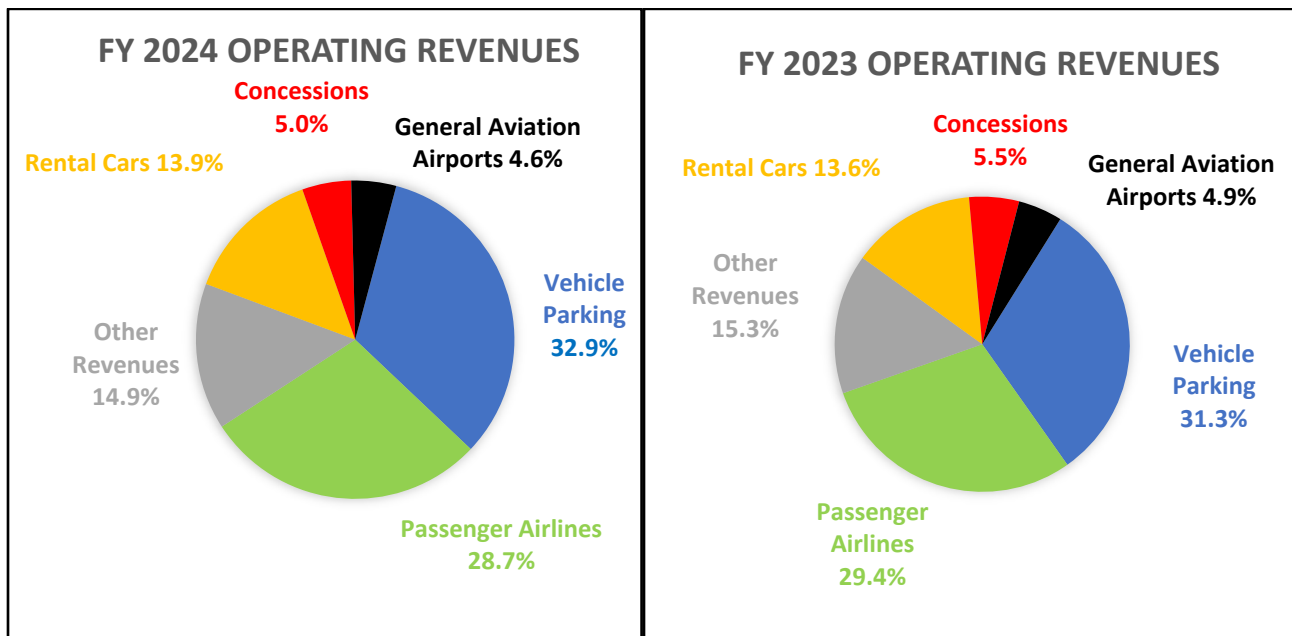
Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

OPERATING REVENUES - AIRPORTS

The following chart shows the major sources and the percentage of total operating revenues for the fiscal years ended June 30, 2024, 2023 and 2022.

	2024	% of Total Revenues	2023	% of Total Revenues	2022	% of Total Revenues
OPERATING REVENUES						
Vehicle Parking	18,383,484	32.9%	17,161,615	31.3%	14,694,315	28.6%
Passenger Airlines	16,056,816	28.7%	16,111,542	29.4%	17,517,996	34.1%
Rental Cars	7,784,044	13.9%	7,463,536	13.6%	6,810,687	13.3%
Concession	2,789,634	5.0%	2,993,843	5.5%	1,629,446	3.2%
General Aviation Airports	2,543,659	4.6%	2,660,805	4.9%	2,489,343	4.8%
Tiedown & Hangar Rent	1,998,925	3.6%	2,068,759	3.8%	1,839,810	3.6%
Off Airport Access Fees	1,662,813	3.0%	1,408,440	2.6%	1,135,832	2.2%
Quonset Real Estate Income	1,230,707	2.2%	1,226,925	2.2%	1,227,598	2.4%
Fuel Flowage Fees	1,160,488	2.1%	1,329,812	2.4%	1,308,556	2.6%
General Aviation, PVD & Cargo	955,533	1.7%	899,615	1.6%	1,015,659	2.0%
Non-Airline Rent	536,596	1.0%	447,259	0.8%	719,699	1.4%
Advertising	475,939	0.9%	625,596	1.1%	403,690	0.8%
Other Revenues	299,637	0.5%	399,470	0.7%	591,089	1.2%
TOTAL OPERATING REVENUES	\$ 55,878,275	100.0%	\$ 54,797,217	100.0%	\$ 51,383,720	100.0%



Overall operating revenues (excluding stimulus) increased by approximately \$1,000,000 reflecting higher Vehicle Parking Revenues and Rental Cars reflecting increased passenger volumes. In fiscal years 2024, 2023 and 2022, RIAC utilized federal operating stimulus funds of approximately \$6,609,351 \$12,200,000, and \$11,868,000, respectively, from the Coronavirus Aid Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSA) and American Rescue Plan Act of 2021 (ARPA) grants to partially offset the reduction in operating revenues, in essence assisting airlines, operating in Rhode Island. Stimulus

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

funds are excluded from the table above, they are included in non-operating revenues.

The following commentary includes revenue categories greater than 5% of total revenues and other line items to provide additional information.

Vehicle Parking net revenues, under a new parking agreement in 2024, increased by approximately \$1,222,000 and \$2,467,000 for fiscal years 2024 and 2023, respectively primarily due to improved passenger volumes. The new structure of the parking management agreement in 2024 includes a management fee and shuttle bus operation fee, compared to the 2023 agreement which was based upon a percentage of parking and related revenue.

Passenger Airline revenues include landing fees, terminal rentals, and apron rentals, net of an airline net revenue share and incentives. Passenger Airline revenue divided by fiscal year enplanements is the basis for the Airport's Cost Per Enplanement (CPE). The calculated CPE for fiscal years 2024, 2023 and 2022 are \$8.65, \$9.71, and \$12.07 respectively. The reduction in CPE is primarily a result of prudent cost management and stimulus funds used to subsidize the cost for the airlines operating at PVD.

Rental Car revenues increased by approximately \$320,000 and \$653,000 for fiscal years 2024 and 2023 respectively. The increases are primarily due to increased passenger activity. These revenues constitute RIAC's share of rental car transactions, space rentals at the Airport, and audit recoveries.

Concession revenues include revenues from food and retail concessionaires at the Airport. Gross revenues increased in fiscal year 2024 and 2023, however there are COVID concession relief credits which reduced this line item.

General Aviation Airport revenue constitutes rental income, fuel flowage, and landing fees at the five general aviation airports.

Off-Airport Access Fees are derived primarily from three sources: hotels, off-airport parking companies and ground transportation companies and are driven by passenger volumes.

Quonset Real Estate Income includes rental fees on certain revenue producing parcels located at Quonset State Airport.

General Aviation, PVD and Cargo revenue are primarily the result of landing fees associated with non-commercial flights and cargo deliveries.

Other Revenues include operating grant revenues, utility revenues, aircraft registration fees and miscellaneous revenues.

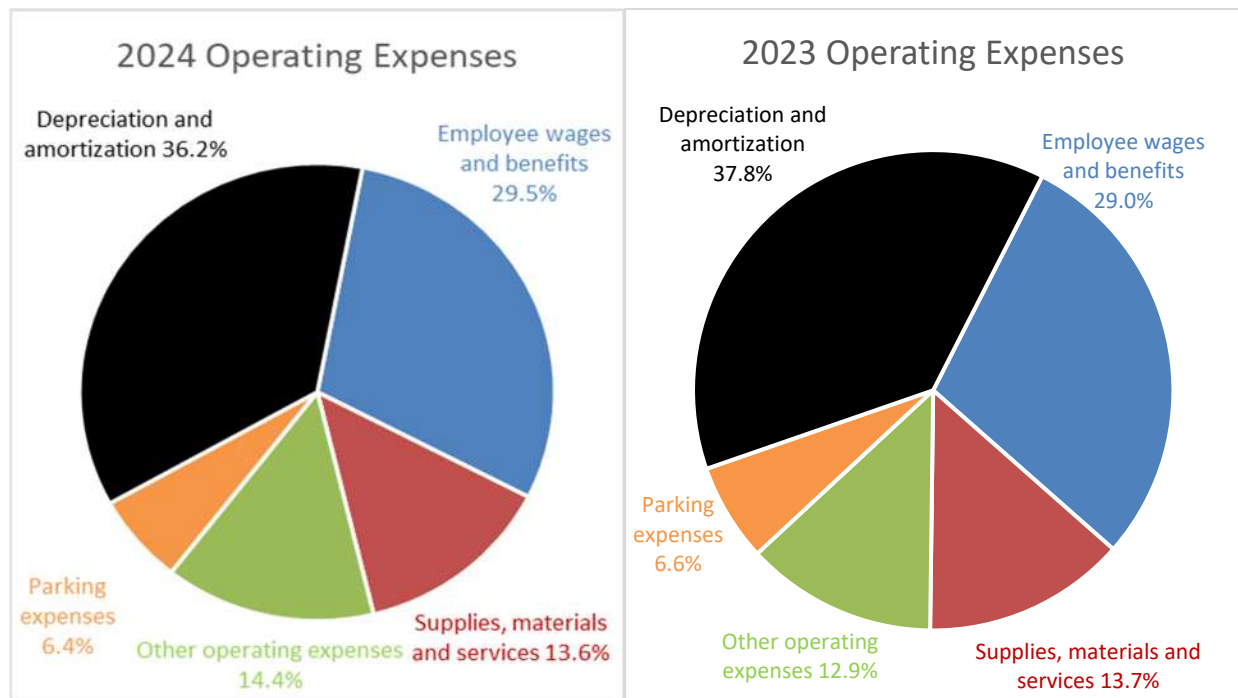
Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

OPERATING EXPENSES - AIRPORTS

The following chart illustrates major categories of operating expenses for the fiscal years ended June 30, 2024, 2023, and 2022:

	2024	% of Total Operating Expenses	2023	% of Total Operating Expenses	2022	% of Total Operating Expenses
OPERATING EXPENSES						
Employee wages and benefits	\$ 18,701,268	29.5%	\$ 18,118,823	29.0%	\$ 17,889,400	30.5%
Other operating expenses	9,100,532	14.4%	8,130,674	12.9%	7,446,264	12.7%
Supplies, materials and services	8,619,800	13.6%	8,573,318	13.7%	7,182,818	12.3%
Parking expenses	4,022,506	6.4%	4,097,287	6.6%	3,184,365	5.4%
Depreciation and amortization	22,900,718	36.2%	23,617,352	37.8%	22,882,042	39.1%
TOTAL OPERATING EXPENSES	\$ 63,344,824	100.0%	\$ 62,537,454	100.0%	\$ 58,584,889	100.0%



Employee wages and benefits for fiscal year 2024 and 2023 increased approximately \$582,000 and \$229,000 respectively primarily due to scheduled increases in employee wages per the approved Collective Bargaining Agreement.

Other operating expenses for fiscal year 2024 and 2023 increased by approximately \$970,000, and \$684,000, respectively. The increase in fiscal year 2024 is primarily due to increases in advertising and marketing campaigns. The increase in fiscal year 2023 is primarily due to higher insurance and utility costs.

Supplies, materials and services for fiscal year 2024 and 2023 increased by approximately \$46,000 and \$1,391,000 respectively. The increase in 2023 was primarily related to baggage handling services, janitorial services, and security services, as passenger activity levels and operations had substantially increased relative to 2022 volumes along with nominal effects from 2023 inflation.

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

Parking expenses declined by approximately \$75,000 and increased by approximately \$913,000 for fiscal years 2024 and 2023, respectively. The decrease in 2024 is due to the new structure of the parking management agreement. The new structure includes a management fee and shuttle bus operation fee, whereas in the prior management agreement, parking expenses were based on a percentage of revenues. The increase in 2023 is due to the positive enplanement trends and increased parking revenues as in the prior management agreement, parking expenses were based on a percentage of revenues.

INTERLINK OPERATIONS

Operating revenues for the InterLink include Customer Facility Charges (CFCs), Rental Car Rental Fees, Utility Facility Charges (UFCs), Parking Revenues and Airport Facility Charges (AFC) which RIAC began collecting in January 2019. Operating expenses include utilities, contracted maintenance, insurance, and other costs associated with the InterLink. Depreciation related to the InterLink is reflected in this line item. Interest Expense includes the interest component of RIAC's debt service on the 2006 Series Special Facility Bonds, the Series 2018 Bonds (which refunded the Series 2006 Bonds), and the US Department of Transportation's (USDOT's) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and is shown after non-operating revenues/expenses in RIAC's Statement of Revenues, Expenses and Changes in Net Position. Investment Income on accounts associated with the InterLink is also included in this line item.

A breakdown of the net loss from the InterLink Facility is as follows:

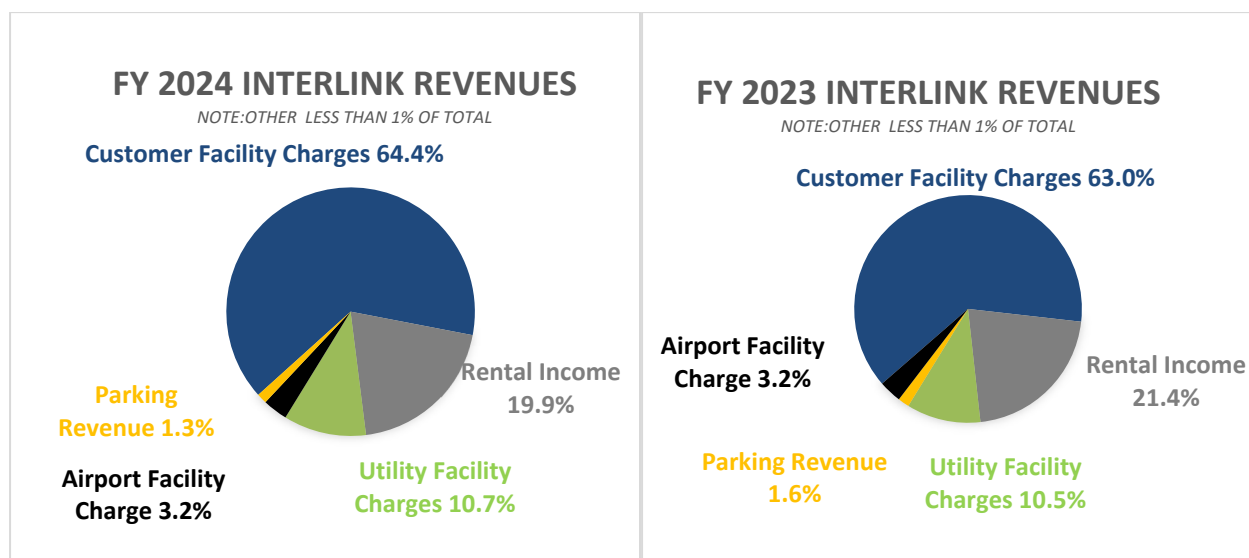
	2024	2023	2022
Operating Revenues	\$ 9,270,190	\$ 8,410,033	\$ 7,597,023
Operating and maintenance expense	3,700,133	3,955,323	3,464,088
InterLink operating income before depreciation and amortization	5,570,057	4,454,710	4,132,935
Depreciation and amortization	4,374,046	4,352,085	4,327,838
Operating Income (Loss)	\$ 1,196,011	\$ 102,625	\$ (194,903)
Interest Expense	(3,505,913)	(3,538,989)	(3,922,360)
Investment Income	1,340,444	627,719	44,736
Capital Contributions - Net	(631,576)	(160,958)	-
Net Loss InterLink Facility	\$ (1,601,034)	\$ (2,969,603)	\$ (4,072,527)

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

The following chart illustrates the categories of InterLink Operating Revenues for the fiscal years ended June 30, 2024, 2023, and 2022:

	2024	% of Total Facility Revenues	2023	% of Total Facility Revenues	2022	% of Total Facility Revenues
OPERATING REVENUES						
Customer Facility Charges	5,974,230	64.4%	\$ 5,306,178	63.0%	\$ 4,618,776	60.9%
Rental Income	1,846,123	19.9%	1,796,337	21.4%	1,860,126	24.5%
Utility Facility Charges	995,705	10.7%	884,363	10.5%	769,796	10.1%
Airport Facility Charge	298,712	3.2%	265,309	3.2%	230,939	3.0%
Parking Revenue	121,102	1.3%	130,555	1.6%	94,650	1.2%
Other	34,318	0.4%	27,291	0.3%	22,736	0.3%
TOTAL OPERATING REVENUES	\$ 9,270,190	100.0%	\$ 8,410,033	100.0%	\$ 7,597,023	100.0%



Additional information on the InterLink operations may be found in the notes to the financial statements.

CUSTOMER FACILITY CHARGES (CFC), UTILITY FACILITY CHARGES (UFC), AND AIRPORT FACILITY CHARGES (AFC)

Since July of 2001, RIAC has been collecting CFCs 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 and ongoing operation of a consolidated car rental facility to be located on, or near, Airport property. Effective April 1, 2014, the CFC rate increased to \$6.00 from \$5.50 per eligible transaction day. The authority to collect Customer Facility Charges is pursuant to ground transportation regulations promulgated by RIAC and Section 1-2-1.1 of the Rhode Island General Laws. During fiscal year 2024, CFC revenues including audit recoveries were \$5,974,000, as compared to \$5,306,000 in fiscal year 2023, and \$4,619,000 in fiscal year 2022. Effective July 1, 2017, RIAC began collecting UFC's of \$1.00 per transaction day from the rental car companies that operate at, or near, the Airport and service customers who utilize the Airport. During fiscal year 2024, UFC revenues were \$996,000 as compared to \$884,000 in fiscal year 2023, and \$770,000 in fiscal year 2022. Effective January 1, 2019, RIAC began collecting AFC's of \$0.95 per transaction day from the rental car companies that operate at, or near, the Airport and service

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

customers who utilize the Airport. The AFC is comprised of two components, \$0.65 per transaction day of Airport Revenue, and \$0.30 as InterLink Facility Revenue to fund an Other Improvement Account for capital repairs and improvements at the InterLink. During the fiscal year 2024, the AFC revenues were \$299,000 as compared to \$265,000 in fiscal year 2022, and \$231,000 in fiscal year 2022.

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 Rhode Island T.F. Green Terminal as well as the payment of a portion of the debt service on certain bond issuances. 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. In fiscal year 2023, RIAC received approval of an additional application for certain airport projects in the amount of \$1,292,000 to be collected at \$4.50 per enplaned passenger, bringing the total PFC Authority to \$281,541,000. As of June 30, 2024, RIAC has ten PFC applications with 52 projects.

PFC revenues were \$6,796,000 in fiscal year 2024, \$6,621,000 in fiscal year 2023, and \$5,936,000 in fiscal year 2022. As of June 30, 2024, \$218,112,000 (including interest earned) of PFCs have 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 2024, \$6,177,000 of PFCs were expended on capital acquisition, construction and debt service payments on the 2013 Series A bonds, 2015 Series A bonds (which refunded the 2004 Series A), the 2016 Series C bonds (which refunded the 2005 Series C), and the Series 2016 D bonds. In fiscal year 2023, \$7,996,000 of PFCs were expended for capital acquisition, construction and debt service payments on the 2013 Series A bonds, 2015 Series A bonds (which refunded the 2004 Series A), the 2016 Series C bonds (which refunded the 2005 Series C), and the Series 2016 D bonds. In fiscal year 2022, \$8,804,000 of PFCs were expended for capital acquisition, construction and debt service payments on the 2013 Series A bonds, 2015 Series A bonds (which refunded the 2004 Series A), the 2016 Series C bonds (which refunded the 2005 Series C), and the Series 2016 D bonds.

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 2024, RIAC capitalized approximately \$470,000 in leasehold improvements, \$370,000 in machinery and equipment and \$366,000 in vehicles offset by land sales of \$3,022,000. Amounts in construction in progress (CIP) increased to reflect the ongoing construction activities during the fiscal year, resulting in an ending balance of approximately \$39,863,000 on June 30, 2024.

In fiscal year 2023, RIAC capitalized approximately \$110,000 in land and easement acquisitions, \$6,619,000 in leasehold improvements and \$1,224,000 in machinery and equipment. Amounts to construction in progress (CIP) increased to reflect the project completions and ongoing construction activities during the fiscal year, resulting in an ending balance of approximately \$14,558,000 on June 30, 2023.

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

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

SIGNIFICANT PROJECTS

Public Address System Project

In fiscal year 2024, approximately \$2,090,000 was expended for the public address system project which included replacement of select speakers, and associated cabling and wall finishes throughout the public-facing areas of the terminal building at Rhode Island T. F. Green International Airport. The upgraded system improves sound quality throughout the building and will include new visual paging. The amount expended in the fiscal year 2023 totaled approximately \$1,316,000.

Taxiway C Reconstruction

In fiscal year 2024, approximately \$4,224,000 was expended for the design and construction of the realigned and rehabilitated Taxiway C at Rhode Island T.F. Green International Airport. The project improved airfield safety by the realigned portion of Taxiway C (between Runway 5-23 and Taxiway C1) constructed to the required 400-foot runway to taxiway separation and will have a 20-year design life. The portion of Taxiway C between Taxiway C1 and Runway 34 will be rehabilitated in its current alignment with a 10-year design life. The project will also include LED edge lighting and signage which will reduce energy consumption at the airport and reduce maintenance needs. The amount expended in the fiscal year 2023 totaled approximately \$483,000.

System Wide Obstruction Removal Program

Approximately \$2,200,000 was expended for aviation easement acquisition services, land interest purchases and design services to remove obstructions (phase I) system-wide. The purpose of this project is to improve the safety and efficiency of aircraft operations by removing trees identified as obstructions to protected airspace. The removal of trees is necessary to maintain clear existing airspace and to establish clear approach surfaces for all Runways. Approximately \$730,000 was expended in fiscal year 2023.

Southside Grading and Utilities

In fiscal year 2024, approximately \$1,300,000 was expended on the design and construction associated with of the site work associated with the south cargo development at Rhode Island T. F. Green International airport. The project includes site work such as site demolition, grading, drainage, and installation of an earthen berm with a precast concrete screen wall, and associated landscaping. Approximately \$830,000 was expended in 2023.

Quonset Runway 16-34 Reconstruction

In fiscal year 2024, approximately \$12,527,000 was expended to finish design and start construction of the 16-34 runway reconstruction at Quonset State Airport, including field investigations, and design of the runway pavement, grading, lighting, and markings, as well as stormwater and electrical improvements. The amount expended in the fiscal year 2023 totaled approximately \$2,548,000.

Westerly Wildlife Fencing

In fiscal year 2024, approximately \$1,610,000 was expended to complete design and construction of the airport perimeter fence at Westerly State Airport. The scope of this work included installing an airport perimeter fence and replacement fence as well as 10-feet of vegetation clearing on each side of the perimeter fence and installation of a wildlife skirt to deter wildlife intrusions on the airfield. The amount expended in the fiscal year 2023 totaled approximately \$146,000.

Block Island Apron Expansion Project

In fiscal year 2024, approximately \$2,400,000 was expended on the terminal apron expansion at Block Island State Airport. The project includes the of the construction of a 29,100 square-foot apron expansion which includes the installation of new subbase, aggregate base course, two 2" lifts of bituminous asphalt pavement, tie-down anchors, and pavement markings. The proposed apron connects to the existing Air Carrier and General Aviation Terminal

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

Apron and will add ten (10) additional parking positions to help relieve congestion during peak travel periods. Approximately \$150,000 was expended in fiscal year 2023.

LONG-TERM DEBT ADMINISTRATION - GENERAL

In 2013, RIAC secured funds for the Deicer Management System at Rhode Island T.F. Green International Airport under the Rhode Island Clean Water Finance Agency's State Revolving Fund for the payment of eligible project costs up to \$33,500,000 at an average effective interest rate of 2.44% (2013 Series A General Airport Revenue Bonds). This bond was issued pursuant to the Ninth Supplemental Indenture and secured by general airport revenues. Eligible project costs include construction funds, costs of issuance, and the debt service reserve fund. Interest payments will accrue as amounts are drawn down from this loan. The outstanding balance for the 2013 Series A bonds as of June 30, 2024 and June 30, 2023 was \$20,704,000 and \$22,271,000, respectively. In December 2019, Rhode Island Infrastructure Bank (formerly Rhode Island Clean Water Finance Agency), issued refunding bonds to refund the underlying bonds used to fund the Deicer Management System. RIAC received its pro-rata share of the net present value savings which equated to \$817,845. The savings will be recognized over the remaining term.

In 2013, RIAC issued \$30,700,000 Series B and \$2,055,000 Series C Airport Revenue Refunding Bonds to enable the defeasance of \$32,060,000 in 1998 Series A General Airport Revenue Bonds and \$6,020,000 in 2003 Series A General Airport Revenue Bonds, respectively. The 2013 Series B refund issue matures annually from 2019 through 2028 with interest coupons from 4% to 5%. The 2013 Series C refund issue matured annually from 2014 to 2015 with interest coupons from 3% to 4%. RIAC's defeasance of the 1998 Series B Bonds and the 2003 Series A Bonds resulted in economic present value savings of \$1,914,000 or 6% and \$171,000 or 2.8% of the refunded bonds, respectively. The outstanding balance for the 2013 Series B as of June 30, 2024 and June 30, 2023 was \$17,105,000 and \$20,095,000 and respectively. There was no outstanding balance on the 2013 Series C.

In 2015, RIAC issued \$42,980,000 Series A Direct Placement Airport Revenue Refunding Bonds to enable the defeasance of \$48,625,000 in 2004 Series A General Airport Revenue Refunding Bonds. The 2015 Series A refund issue matures annually from 2015 through 2024 with an interest rate of 2%. RIAC's defeasance of the 2004 Series A Bonds resulted in economic present value savings of \$5,900,000 or 12% of the refunded bonds. The outstanding balance for the 2015 Series as of June 30, 2024 and June 30, 2023 was \$800,000 and \$6,360,000, respectively.

In 2016, RIAC issued \$27,660,000 Series A Direct Placement Airport Revenue Refunding Bond, \$26,970,000 Series B Direct Placement Airport Revenue Refunding Bonds and \$30,930,000 Series C Direct Placement Airport Revenue Refunding Bond to enable the defeasance of \$30,000,000 in 2005 Series A General Airport Revenue Bonds, \$27,245,000 in 2005 Series B General Airport Revenue Bond, and \$35,930,000 in 2005 Series C General Airport Revenue Refunding Bonds, respectively. The 2016 Series A refund issue matures monthly from 2016 through 2025 with an interest rate of 2.49%. The 2016 Series B refund issue matures monthly from 2023 through 2030 with an interest rate of 3.69%. The 2016 Series C refund issue matures monthly from 2016 through 2025 with an interest rate of 2.24%. RIAC's defeasance of the 2005 Series A, B and C Bonds resulted in economic present value savings of \$12,200,000 or 13% of the refunded bonds. The outstanding balances for the 2016 Series A, B, and C as of June 30, 2024, were \$1,819,641, \$24,791,217, and \$7,200,496, respectively. The outstanding balances for the 2016 Series A, B, and C as of June 30, 2023, were \$3,598,495, \$26,714,944, and \$12,969,752, respectively.

In July 2016, RIAC issued \$36,885,000 Series D and \$3,445,000 Series E General Airport Revenue Bonds. The 2016 Series D issue matures annually from 2026 through 2046 with interest coupons of 5%. The 2016 Series E issue matures annually from 2017 through 2021 with interest coupons from 1.95% to 2.75%, and has no balance remaining. The outstanding balance for the 2016 Series D as of June 30, 2023 and June 30, 2022 was \$36,885,000.

In July 2019, RIAC issued approximately \$12,867,000 Series A Direct Placement Airport Revenue Refunding Bonds and approximately \$11,295,000 Series B Direct Placement Airport Revenue Refunding Bonds to enable the defeasance of \$14,090,000 in 2008 Series A General Airport Revenue Bonds and \$12,370,000 in 2008 Series B General Airport Revenue Bonds, respectively. The 2019 Series A and Series B refund issues mature monthly from 2026 through 2038 with an interest rate of 2.98%. RIAC's defeasance of the 2008 Series A and B Bonds resulted in present value savings of approximately \$4,800,000 or 18% of the refunded bonds. The outstanding balances for

Rhode Island Airport Corporation

Management's Discussion and Analysis (Continued)

the 2019 Series A and B were approximately \$12,867,522, and \$11,295,139, respectively, for both June 30, 2024 and June 30, 2023.

In July 2016, RIAC entered into a tax-exempt equipment lease agreement for \$2,896,000. The agreement is payable annually with a fixed interest rate of 1.71% and expires in fiscal year 2024. The outstanding balance as of June 30, 2024, June 30, 2023 and June 30, 2022 was \$0, \$435,000 and \$863,000, respectively.

LONG TERM DEBT ADMINISTRATION – SPECIAL FACILITY

In 2006, RIAC issued \$48,765,000 Series 2006 First Lien Special Facility Bonds for the InterLink Project (2006 First Lien Bonds) dated June 14, 2006 maturing annually from 2011 through 2036 with interest coupons ranging from 4% to 5%. These bonds were refunded in February 2018.

In February 2018, RIAC issued \$39,185,000 Series 2018 First Lien Special Facility Revenue Refunding Bonds to enable the defeasance of \$43,340,000 in Series 2006 First Lien Special Facility Bonds for the InterLink Project. The refund issue matures annually from 2019 through 2036 with interest coupons ranging from 3.125% to 5%. RIAC's defeasance of these Series 2006 First Lien Special Facility Bonds resulted in economic present value savings of approximately \$4,500,000 or 10% of the refunded bonds. The balance outstanding for the Series 2018 was \$32,715,000 and \$34,225,000 as of June 30, 2024 and June 30, 2023, respectively.

The Trust Estate consists of: (i) Facility Revenues (which include CFCs); (ii) monies, 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) Commerce RI's right, title and interest to receive loan payments from RIAC under the Commerce RI Loan Agreement.

As part of the financing for the InterLink Project, RIAC and Commerce RI secured additional funds under the USDOT's TIFIA for the payment of eligible project costs of the InterLink up to \$42,000,000 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 that was funded from CFCs on the Date of Occupancy in an amount of \$3,328,000. The outstanding balance for the TIFIA Bond as of June 30, 2024 and June 30, 2023 was \$37,929,590 and \$38,528,106, respectively.

CREDIT RATINGS AND BOND INSURANCE

Since the inception of RIAC in 1992, there have been eight General Airport Revenue Bonds issued by Commerce RI, to finance construction and other related costs for certain capital improvements and eight Airport Revenue Refunding Bonds to defease all of the 1993 debt, a portion of the 1994 debt, all of the 1998 debt, all of the 2000 Series B debt, all of the 2003 debt, all of the 2004 debt, all of the 2005 debt, and all of the 2008 debt.

The insured Airport Revenue Refunding Bonds outstanding at June 30, 2023 include the 2015 Series A Bonds (\$42,980,000 issued and insured by Assured Guaranty Municipal Corp. (AGM), with \$6,360,000 outstanding).

As of June 30, 2024, Commerce RI's/RIAC's General Airport Revenue Bonds (excluding the 2013 Series A Bonds) and the Airport Revenue Refunding Bonds (excluding the 2015 Series A and the 2016 Series A, B, and C, 2019 Series A and B Bonds) are rated by three firms, Fitch Investor Services (Fitch), Moody's Investor Services (Moody's) and Standard & Poor's (S&P) as A- with a stable outlook, Baa1 with a stable outlook and A with a stable outlook, respectively.

As of June 30, 2024, Commerce RI's/RIAC's Series 2018 First Lien Special Facility Revenue Refunding Bonds are rated by two firms, Moody's and S&P, as Baa1 with a stable outlook, and A with a stable outlook, respectively.

CURRENT OPERATIONS AND FINANCIAL SITUATION

RIAC continues to experience improvements in both its financial condition and outlook resulting from favorable trends and improved performance. The more significant matters include:

On August 29, 2024, S&P Global Ratings affirmed its A rating of RIAC's InterLink first-lien special facility revenue bonds and TIFIA loan. The rating reflects the Airport's strong liquidity and financial flexibility along with improved passenger volumes and a strong rebound in national air travel demand.

With the recent expansion by Breeze Airways and other airlines, the count of nonstop routes from PVD has increased to 39 from 23 before the Covid-19 pandemic. Since March 2023, Breeze is using PVD airport as a base where it stations up to 8 aircraft and corresponding flight crews, mechanics and other support personnel. Breeze announced the launch of new nonstop flights to Daytona Beach, FL and Wilmington, NC starting in February 2025. JetBlue announced new daily flights to Tampa and Fort Myers starting in October 2024.

Any questions or comments concerning any of the information provided in this report, or requests for additional information, should be addressed to the Chief Financial Officer, Nicole Williams, Senior Vice President, Finance & Administration of Rhode Island Airport Corporation, Rhode Island T. F. Green International Airport, 2000 Post Road, Warwick, RI 02886.

Rhode Island Airport Corporation

Statement of Net Position

June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 59,127,991	\$ 52,946,227
Restricted cash and cash equivalents (Note 2)	24,334,001	25,557,640
Investments (Note 2)	52,957,859	50,767,738
Accounts receivable - Net (Note 3)	19,218,180	4,791,032
Lease receivable (Note 13)	1,877,715	2,393,360
Due from the State of Rhode Island (Note 7)	375,118	20,742
Prepaid expenses and other assets	456,304	460,390
Due from other governmental unit (Note 7)	344,434	-
Total current assets	158,691,602	136,937,129
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (Note 2)	41,253,193	42,141,964
Investments (Note 2)	9,995,170	9,614,010
Accounts receivable - Net (Note 3)	1,675,058	1,369,661
Lease receivable - Net of current portion (Note 13)	15,449,493	15,799,589
Capital assets: (Note 4)		
Assets not subject to depreciation	88,954,439	66,671,160
Assets subject to depreciation - Net	420,392,740	433,313,403
Notes receivable	235,927	21,123
Prepaid insurance on bonds - Net of accumulated amortization	16,278	37,983
Total noncurrent assets	577,972,298	568,968,893
Total assets	736,663,900	705,906,022
Deferred Outflows of Resources		
Deferred amounts on bond refundings	-	142,959
Deferred pension costs (Note 9)	142,791	136,216
Deferred OPEB costs (Note 10)	20,453	30,063
Total deferred outflows of resources	163,244	309,238

Rhode Island Airport Corporation

Statement of Net Position (Continued)

June 30, 2024 and 2023

	2024	2023
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (Note 5)	\$ 17,542,019	\$ 5,899,070
Payables from restricted assets:		
Accounts payable and accrued expenses (Note 5)	3,756,129	1,267,309
Bonds payable (Note 6)	18,149,877	21,610,195
Accrued interest payable	2,427,995	2,680,136
Unearned revenue	5,199,139	2,079,122
Accrued payroll and employee benefits	2,700,164	2,169,142
Due to other governmental unit (Notes 6 and 7)	-	235,000
Lease obligations (Note 6)	-	427,770
Total current liabilities	49,775,323	36,367,744
Noncurrent liabilities:		
Due to other governmental unit - Net of current portion (Notes 6 and 7)	-	30,183
Net pension liability (Note 9)	1,072,728	1,189,014
Net OPEB liability (Note 10)	115,401	161,972
Bonds payable - Net of current portion (Note 6)	193,864,385	212,611,789
Total noncurrent liabilities	195,052,514	213,992,958
Total liabilities	244,827,837	250,360,702
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 9)	287,128	337,865
Deferred OPEB cost reductions (Note 10)	144,761	146,034
Deferred lease revenue (Note 13)	16,114,600	17,156,192
Total deferred inflows of resources	16,546,489	17,640,091
Net Position		
Net investment in capital assets	315,932,193	284,330,275
Restricted:		
Capital acquisition and construction	7,080,834	11,084,643
Passenger facility charges	15,053,516	13,863,417
InterLink	19,411,912	20,515,808
Operating and maintenance reserve - Airports	6,442,000	6,123,000
Operating and maintenance reserve - InterLink	1,912,988	1,834,438
Emergency renewal and replacement reserve - InterLink	2,000,000	2,000,000
Repair and rehabilitation reserve - Airports	500,000	500,000
Unrestricted	107,119,375	97,962,886
Total net position	\$ 475,452,818	\$ 438,214,467

Rhode Island Airport Corporation

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenue		
Rental, concession fees, and other	\$ 25,158,486	\$ 26,113,385
Landing fees and airfield revenue	12,331,896	11,522,219
Parking revenue	22,405,990	21,258,902
InterLink facility revenue (Note 8)	<u>9,270,190</u>	<u>8,410,033</u>
Total operating revenue	69,166,562	67,304,539
Operating Expenses		
Employee wages and benefits	18,701,268	18,118,823
Parking operating expenses	4,022,506	4,097,287
Supplies, materials, and services	8,619,800	8,573,318
Other operating expenses	9,100,532	8,130,674
InterLink operating expenses (Note 8)	3,700,133	3,955,323
InterLink depreciation and amortization (Note 8)	4,374,046	4,352,085
Depreciation and amortization	<u>22,900,718</u>	<u>23,617,352</u>
Total operating expenses	<u>71,419,003</u>	<u>70,844,862</u>
Operating Loss	(2,252,441)	(3,540,323)
Nonoperating Revenue (Expense)		
InterLink investment income (Note 8)	1,340,444	627,719
Investment income	7,558,637	4,019,346
InterLink interest expense (Note 8)	(3,505,913)	(3,538,989)
Interest expense	(5,649,710)	(6,141,763)
Passenger facility charges	6,796,156	6,621,069
Grant revenue (Note 1)	6,528,475	10,615,476
Other	<u>114,213</u>	<u>366,136</u>
Total nonoperating revenue	<u>13,182,302</u>	<u>12,568,994</u>
Income - Before capital contributions	10,929,861	9,028,671
Capital Contributions - Net	<u>26,308,490</u>	<u>11,374,105</u>
Change in Net Position	37,238,351	20,402,776
Net Position - Beginning of year	<u>438,214,467</u>	<u>417,811,691</u>
Net Position - End of year	<u><u>\$ 475,452,818</u></u>	<u><u>\$ 438,214,467</u></u>

Rhode Island Airport Corporation

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from rentals, fees, and other services	\$ 60,106,433	\$ 57,349,299
Payments to suppliers and other	(21,211,962)	(17,534,198)
Payments to employees and fringes	(18,418,924)	(19,115,202)
InterLink receipts from rentals, fees, and other services	8,810,809	8,595,333
InterLink payments to suppliers and other	(3,803,654)	(4,152,661)
Net cash and cash equivalents provided by operating activities	25,482,702	25,142,571
Cash Flows Provided by Noncapital Financing Activities - Grants and subsidies	6,528,475	10,615,476
Cash Flows from Capital and Related Financing Activities		
Capital contributions and grant revenue	13,331,428	14,457,522
Collection of passenger facility charges	6,861,090	6,541,773
Proceeds from sale of capital assets	3,300,000	31,430
Purchase and construction of capital assets	(26,267,186)	(15,169,421)
Interest and other charges paid, long-term obligations	(9,407,764)	(9,990,512)
Payments on long-term obligations	(21,696,364)	(18,041,396)
Interest received on leases	474,134	512,698
Other	(387,735)	(316,348)
Net cash and cash equivalents used in capital and related financing activities	(33,792,397)	(21,974,254)
Cash Flows from Investing Activities		
Interest received on investments	8,421,855	4,134,367
Net purchase of investment securities	(2,571,281)	(50,800,760)
Net cash and cash equivalents provided by (used in) investing activities	5,850,574	(46,666,393)
Net Increase (Decrease) in Cash and Cash Equivalents	4,069,354	(32,882,600)
Cash and Cash Equivalents - Beginning of year	120,645,831	153,528,431
Cash and Cash Equivalents - End of year	\$ 124,715,185	\$ 120,645,831
Classification of Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 59,127,991	\$ 52,946,227
Restricted cash and cash equivalents - Current	24,334,001	25,557,640
Restricted cash and cash equivalents - Noncurrent	41,253,193	42,141,964
Total cash and cash equivalents	\$ 124,715,185	\$ 120,645,831

Rhode Island Airport Corporation

Statement of Cash Flows (Continued)

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (2,252,441)	\$ (3,540,323)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation and amortization	27,274,764	27,969,437
Changes in assets and liabilities:		
Receivables	(1,755,483)	1,934,670
Prepaid expenses and deposits	(340,348)	(80,638)
Accounts payable and accrued expenses	193,186	(512,864)
Net pension and OPEB liability	(162,857)	(76,318)
Deferrals related to net pension and OPEB liability	(48,975)	(168,223)
Lease receivable and deferrals related to leases	(175,851)	(196,152)
Other assets and liabilities	<u>2,750,707</u>	<u>(187,018)</u>
Total adjustments	<u>27,735,143</u>	<u>28,682,894</u>
Net cash and cash equivalents provided by operating activities	<u><u>\$ 25,482,702</u></u>	<u><u>\$ 25,142,571</u></u>

June 30, 2024 and 2023

Note 1 - Nature of Organization and Significant Accounting Policies

Reporting Entity

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 (the "State"). RIAC is a subsidiary of Commerce RI, formerly the Rhode Island Economic Development Corporation, and a component unit of the State of Rhode Island. The airports are owned by the State and, prior to July 1, 1993, were managed by the Rhode Island Department of Transportation, Department of Airports (RIDOT). RIAC and the State entered into a lease and operating agreement (the "Lease Agreement") that transferred operating responsibility for the airports to RIAC effective July 1, 1993, which was amended to extend the term to June 30, 2046 (see Note 7). RIAC does not have the power to issue bonds or notes or borrow money without the approval of Commerce RI, 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 are appointed by the governor of the State and 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.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial report structure, RIAC has adopted the provision of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards for the criteria used to evaluate the organization's activities and functions that should be included in RIAC's financial statements. No component units are reported in the accompanying financial statements based on operational or financial relationships with RIAC.

Accounting and Reporting Principles

RIAC follows accounting principles and policies generally accepted in the United States of America (GAAP), as applicable to state and local governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

This report includes the fund-based statements of RIAC. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. RIAC reports all activity in a single enterprise fund.

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

June 30, 2024 and 2023

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

RIAC distinguishes between operating and nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with operating airports and related transportation modes. The principal operating revenue of RIAC is charges to airlines, facilities tenants, passengers, and others for fees, rent, and services. Operating expenses include the cost of operating airports and related facilities, administrative expenses, and depreciation and amortization expense on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The major components of the nonoperating revenue sources are interest income from cash and investments, passenger facility charges, grant revenue from the CARES Act, CRRSA, ARPA, and Noise Mitigation Program. The major components of nonoperating expense are expenditures for the Noise Mitigation Program, interest expense, and other nonoperating expenses. When both restricted and unrestricted resources are available for use, it is RIAC's policy to use restricted resources first, then unrestricted resources as they are needed.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; demand deposits; money market funds; and short-term, highly liquid investments (including restricted assets) with a maturity of three months or less when acquired.

Investments

Investments with maturities of greater than one year are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Receivables

Receivables are reported at the original amount billed, less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience, aviation industry trends, and current information regarding the creditworthiness of the debtors. RIAC requires collateral or other forms of security from certain customers.

Restricted Assets

Restricted assets consist of moneys 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. The distinction between current and noncurrent cash and investments is that noncurrent cash and investments are restricted for long-term debt service, reserves, and capital expenditures. These restrictions are described below:

- Restricted for certain expenditures - These assets are restricted under RIAC's capital grants, bond indentures, and other agreements for certain capital projects and expenses. These assets include amounts collected for passenger 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.

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

- Restricted for reserves - These assets are restricted by the Master Indenture of Trust dated October 1, 1993, which authorizes Commerce RI to issue bonds on behalf of RIAC. The operating and maintenance reserve represents resources set aside to subsidize potential deficiencies from RIAC's operations that could adversely affect debt service payments. The repair and rehabilitation reserve represents resources set aside to meet unexpected contingencies or to fund asset repairs and rehabilitation. In addition, the InterLink has assets that are restricted per the First Supplemental Indenture of Trust dated June 1, 2006. The InterLink operating and maintenance reserve represents resources set aside to subsidize potential deficiencies from the InterLink's operations that could adversely affect debt service payments. The emergency renewal and replacement reserve represents assets set aside to be used by RIAC to pay emergency renewal and replacement costs.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Assets leased from the State by RIAC are recorded at the present value of the future minimum lease payments plus the amounts expended from the funding received from the federal government. Capital assets are defined by RIAC as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and costs associated with the Noise Mitigation Program are expensed as incurred except for the value of the land acquired, which is capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Depreciable Life - Years
Assets leased from the State	5-25
Leasehold improvements	7-50
Machinery and equipment	3-20
Vehicles	5-10

Long-term Obligations

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. RIAC reports deferred outflows related to differences between the carrying amount of refunded debt and its reacquisition price, pension costs, and OPEB costs. See Note 9 for details on pension costs. See Note 10 for details on OPEB costs.

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

RIAC reports the following deferred outflows of resources and deferred inflows of resources:

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. RIAC reports deferred inflows related to differences between the carrying amount of refunded debt and its reacquisition price, pension cost reductions, OPEB cost reductions, and deferred lease revenue. See Note 9 for details on pension costs. See Note 10 for details on OPEB costs. See Note 13 for details on deferred lease revenue.

Compensated Absences (Vacation and Sick Leave)

It is RIAC's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick and vacation pay are accrued when earned. Both of these are reported in the accrued payroll and employee benefits line in the basic financial statements in accordance with established personnel policies using the salary rates in effect at the statement of net position date.

Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System (the "System") administered by the State of Rhode Island and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Other Postemployment Benefit Costs

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' and Electing Teachers OPEB System (the "OPEB System") administered by the State of Rhode Island and additions to/deductions from the OPEB System's fiduciary net position have been determined on the same basis as they are reported by the OPEB System. Benefit payments are recognized when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Net Position

Net position of RIAC is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. They represent external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

June 30, 2024 and 2023

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

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 of 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. The InterLink has assets that are restricted per the First Supplemental Indenture of Trust dated June 1, 2006. The operating and maintenance reserve is to be equal to one-half of the amount set forth in the annual budget. The emergency renewal and replacement reserve is to be equal to \$2,000,000. Both reserves have been funded as required, and neither has been used to date.

RIAC's board of directors has designated \$5,100,000 of unrestricted net position for capital acquisition, construction, and operating costs as of June 30, 2024 and 2023.

Revenue Recognition

Rental, Concession Fees, and Other

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. 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. Other income includes federal grants, audit recoveries, and other miscellaneous items.

Landing Fees and Airfield Revenue

Landing fees are generated principally from scheduled airlines, cargo carriers, and nonscheduled commercial aviation based on the landed weight of the aircraft and/or signed contracts. Airfield revenue includes apron, tiedown and hangar rentals, fuel flowage fees, and other airfield-related revenue. Landing fees and airfield revenue are recognized as revenue as the related facilities are used.

Parking

Parking revenue is generated principally from on-site facilities managed by a third party. Revenue is based upon utilization of the facilities. Parking revenue is recognized based upon reported revenue by the management company. Additional parking revenue resulting from an audit of the management company records is recognized when such amounts become known.

RIAC entered into a parking management agreement effective July 1, 2018, under which the company manages parking operations and related expenses and collects remittances of gross revenue, net of an established fee. For the year ended June 30, 2023, both revenue and expenses on the statement of revenue, expenses, and changes in net position have been grossed up for the net effect of the established fee per the agreement. Effective July 1, 2023, RIAC entered into a new parking management agreement, under which the company manages parking operations and related expenses and collects remittances of gross revenue. RIAC pays an annual established flat fee for services provided.

Passenger Facility Charges

Passenger facility charges (PFC) net receipts are restricted for use on preapproved Federal Aviation Administration (FAA) projects, including related debt service. The FAA has approved PFC funding for 44 projects that compose a significant portion of RIAC's capital improvement program. RIAC has been authorized to collect PFCs in the aggregate amount of approximately \$281,541,000 based on a rate of \$4.50 per enplaned passenger. Aggregate collections, including interest thereon, through June 30, 2024 were approximately \$218,112,000. Passenger facility charges are recorded as nonoperating revenue as earned based on enplaned passengers.

June 30, 2024 and 2023

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)**Customer, Utility, and Airport Facility Charges**

Rental car agencies operating under lease agreements with RIAC are required to impose a customer facility charge (CFC), utility facility charge (UFC), and airport facility charge (AFC) per transaction day on substantially all car rentals. Effective April 1, 2014, the CFC is \$6.00. Effective July 1, 2017, the UFC is \$1.00. Effective January 1, 2019, the AFC is \$0.95. CFC, UFC, and AFC revenue is recorded as operating revenue as earned based upon daily car rentals reported by the rental car agencies. Additional CFC, UFC, and AFC revenue resulting from audits of the rental car agency records is recognized when such amounts become known. See Note 8 for further discussion.

Grants and Contributions

RIAC receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Capital contributions represent federal grants (most commonly from the Federal Aviation Administration or the Transportation Security Administration) restricted for capital acquisitions and/or improvements within airport operations. When received, contributions of capital assets by the State are also reported as capital contributions at the same net book value as previously reported by the State. Capital assets conveyed to RIAC, based on the expiration of certain concession and lease agreements, are also reported as capital contributions at acquisition value.

See below for additional information related to specific programs partially or fully funded by federal grants:

Noise Mitigation Program

The Noise Mitigation Program consists of the acquisition of properties under the 70 Day Night Level (DNL) land acquisition program and the 65 DNL sound insulation program, which are funded in part by federal grants. The noise mitigation - land acquisition program includes the purchase and demolition of homes within the 70 DNL contours, as well as related relocation costs of the occupants. The noise mitigation - sound insulation program includes the sound insulation and related measures for eligible homes and apartments within the 65 DNL contours. The acquisition and sound insulation of the homes and apartments are on a voluntary basis. Costs related to these programs are expensed as incurred, except for the value of land acquired, which is capitalized. Revenue and expenses for this program are included in grant revenue and grant expenses, respectively, in the nonoperating section of the statement of revenue, expenses, and changes in net position. Federal grants covered approximately 90 percent to 100 percent of project costs in the fiscal years ended June 30, 2024 and 2023. Amounts can fluctuate based on the value of the land capitalized and amount of federal funding.

Runway Protection Zone - Land Acquisition Program

The Land Acquisition Program consists of the voluntary acquisition of properties located in the newly defined runway protection zone (RPZ) for the Runway 5-23 extension, which is funded in part by federal grants. Costs related to this program are expensed as incurred, except for the value of land acquired, which is capitalized. Revenue and expenses for this program are included in grant revenue and grant expenses, respectively, in the nonoperating section of the statement of revenue, expenses, and changes in net position. Federal grants covered approximately 90 percent to 100 percent of project costs in fiscal years ended June 30, 2024 and 2023. Amounts can fluctuate based on the value of land capitalized and amount of federal funding.

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

COVID-19 Assistance Packages

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, included \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the COVID-19 pandemic. RIAC was awarded approximately \$24,000,000 of the CARES Act funding in total, of which approximately \$1,000,000 was utilized for the year ended June 30, 2023 to partially offset reductions in revenue caused by the pandemic. Revenue for this grant is included in the nonoperating section of the statement of revenue, expenses, and changes in net position. All awarded funding related to the CARES Act was utilized as of June 30, 2023.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that act is the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA). CRRSA provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions. CRRSA grant funds must be obligated by no later than September 30, 2021. RIAC was awarded funding of approximately \$6,177,000, of which approximately \$448,000, \$5,695,000, and \$34,000 were utilized for the years ended June 30, 2024, 2023, and 2022, respectively, to provide relief to concessions. Revenue for this grant is included in the nonoperating section of the statement of revenue, expenses, and changes in net position. All awarded funding related to CRRSA was utilized as of June 30, 2024.

On March 11, 2021, the president of the United States signed the American Rescue Plan Act of 2021 (ARPA), a \$1.9 trillion economic stimulus package designed to help the U.S. economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, no more than \$6.492 billion will be made available for primary airports, such as RIAC, for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." ARPA further appropriates no more than \$608 million to pay a federal share of 100 percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a 100 percent federal share) for any airport redevelopment project and provides for no more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. RIAC is eligible to receive funding of approximately \$16,700,000, of which approximately \$6,080,000, \$3,898,000, and \$1,043,000 were utilized for the years ended June 30, 2024, 2023, and 2022, respectively, to provide relief to concessions. Revenue for this grant is included in the nonoperating section of the statement of revenue, expenses, and changes in net position.

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.

Leases

RIAC is a lessor for noncancelable leases of airport space and other property to airlines, concessionaires, advertisers, and other third parties. RIAC recognizes a lease receivable and a deferred inflow of resources in the financial statements.

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

At the commencement of a lease, RIAC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how RIAC determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- RIAC uses its incremental borrowing rate at lease inception as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

RIAC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for RIAC's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for RIAC's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the RIAC's financial statements for the year ending June 30, 2026.

June 30, 2024 and 2023

Note 2 - Cash, Cash Equivalents, and Investments

Components of cash, cash equivalents, and investments at June 30 are classified into the following categories:

	2024	2023
Unrestricted cash, cash equivalents, and investments:		
Deposits with financial institutions	\$ 59,127,991	\$ 52,946,227
U.S. Treasury securities	52,957,859	50,767,738
Total unrestricted cash, cash equivalents, and investments	112,085,850	103,713,965
Restricted cash, cash equivalents, and investments:		
Deposits with financial institutions	43,467,007	41,502,902
U.S. Treasury securities	9,995,170	9,614,010
Money market mutual funds	22,120,187	26,196,702
Total restricted cash, cash equivalents, and investments	75,582,364	77,313,614
Total	\$ 187,668,214	\$ 181,027,579

RIAC's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

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's deposit policy for custodial credit risk is to follow Rhode Island General Laws, Chapter 35-10.1, under which an amount equal to or greater than 100 percent of the uninsured bank balances of RIAC's cash deposits is collateralized with securities held by the pledging bank's trust department or agent in RIAC's name. 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 that 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 no less than A by Standard & Poor's Rating Services or Moody's Investors Service, 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 the purpose 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 percent of the total collateral pledged by the financial institution.

As of June 30, 2024 and 2023, RIAC had bank deposits of \$101,689,432 and \$94,191,200, respectively, that were uninsured but collateralized with securities held by the pledging bank's trust department or agent in RIAC's name. None of RIAC's bank deposits were specifically required to be collateralized at June 30, 2024 and 2023 pursuant to Chapter 35-10.1 of the General Laws.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, RIAC will not be able to recover the value of its investments 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 are held by the counterparty in RIAC's name.

June 30, 2024 and 2023

Note 2 - Cash, Cash Equivalents, and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting 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. Information about the exposure of RIAC's debt-type investments to this risk using a segmented time distribution model at June 30 is as follows:

2024	Investment Maturities (in Years)		
	Less Than 1 Year	1-5 Years	Total
Money market mutual funds	\$ 22,120,187	\$ -	\$ 22,120,187
U.S. Treasury securities	31,370,282	31,582,747	62,953,029
Total	\$ 53,490,469	\$ 31,582,747	\$ 85,073,216

2023	Investment Maturities (in Years)		
	Less Than 1 Year	1-5 Years	Total
Money market mutual funds	\$ 26,196,702	\$ -	\$ 26,196,702
U.S. Treasury securities	60,381,748	-	60,381,748
Total	\$ 86,578,450	\$ -	\$ 86,578,450

Credit Risk

Credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

RIAC's investment policies are pursuant to the Master Indentures of Trust (the "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 funds; 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 Investors Service, Inc.

As of June 30, the credit quality ratings of debt-type securities are as follows:

Investment	2024	2023	Rating	Rating Organization
Money market mutual fund - First American Treasury Obligations Fund*	\$ 11,939,073	\$ 16,550,484	AAAm	S&P
Money market mutual fund - Dreyfus Government Cash Management Fund*	10,181,114	9,646,218	AAAm	S&P
Total	\$ 22,120,187	\$ 26,196,702		

*Investments are valued at amortized cost rather than fair value.

June 30, 2024 and 2023

Note 2 - Cash, Cash Equivalents, and Investments (Continued)

Concentration 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.

Fair Value Measurements

RIAC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. RIAC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

RIAC has the following recurring fair value measurements as of June 30, 2024 and 2023:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments - Debt securities - U.S. Treasury securities	\$ 62,953,029	\$ -	\$ -	\$ 62,953,029
	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Investments - Debt securities - U.S. Treasury securities	\$ 60,381,748	\$ -	\$ -	\$ 60,381,748

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

June 30, 2024 and 2023

Note 3 - Accounts Receivable

Accounts receivable as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Unrestricted accounts receivable:		
Accounts receivable - Trade	\$ 3,858,902	\$ 2,403,955
Due from federal government	15,826,681	2,849,619
Other receivables	276	17,785
Allowance for doubtful accounts	<u>(467,679)</u>	<u>(480,327)</u>
Net unrestricted accounts receivable	<u>\$ 19,218,180</u>	<u>\$ 4,791,032</u>

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

	<u>2024</u>	<u>2023</u>
Restricted accounts receivable:		
Due from airlines - Passenger facility charges	\$ 602,824	\$ 667,758
Due from car rental agencies - InterLink facility revenue	1,103,299	732,968
Allowance for doubtful accounts	<u>(31,065)</u>	<u>(31,065)</u>
Total restricted accounts receivable	<u>\$ 1,675,058</u>	<u>\$ 1,369,661</u>

Note 4 - Capital Assets

Capital asset activity of RIAC was as follows:

	<u>Balance July 1, 2023</u>	<u>Reclassifications</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:					
Land	\$ 52,113,424	\$ -	\$ -	\$ (3,022,245)	\$ 49,091,179
Construction in progress	14,557,736	(13,658,500)	38,998,810	(34,786)	39,863,260
Subtotal	66,671,160	(13,658,500)	38,998,810	(3,057,031)	88,954,439
Capital assets being depreciated:					
Assets leased from the State	30,608,849	-	-	-	30,608,849
Leasehold improvements	875,353,449	9,580,056	470,023	-	885,403,528
Machinery and equipment	60,786,576	4,078,444	654,623	(67,297)	65,452,346
Vehicles	2,341,330	-	82,313	-	2,423,643
Subtotal	969,090,204	13,658,500	1,206,959	(67,297)	983,888,366
Accumulated depreciation:					
Assets leased from the State	30,608,849	-	-	-	30,608,849
Leasehold improvements	450,815,801	-	25,537,345	-	476,353,146
Machinery and equipment	52,301,121	-	2,170,958	(67,297)	54,404,782
Vehicles	2,051,030	-	77,819	-	2,128,849
Subtotal	535,776,801	-	27,786,122	(67,297)	563,495,626
Net capital assets being depreciated	<u>433,313,403</u>	<u>13,658,500</u>	<u>(26,579,163)</u>	<u>-</u>	<u>420,392,740</u>
Net capital assets	<u>\$ 499,984,563</u>	<u>\$ -</u>	<u>\$ 12,419,647</u>	<u>\$ (3,057,031)</u>	<u>\$ 509,347,179</u>

June 30, 2024 and 2023

Note 4 - Capital Assets (Continued)

	Balance July 1, 2022	Reclassifications	Additions and Transfers	Disposals and Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 52,003,480	\$ -	\$ 109,944	\$ -	\$ 52,113,424
Construction in progress	11,471,371	(7,842,507)	10,928,872	-	14,557,736
Subtotal	63,474,851	(7,842,507)	11,038,816	-	66,671,160
Capital assets being depreciated:					
Assets leased from the State	30,608,849	-	-	-	30,608,849
Leasehold improvements	868,674,621	6,618,814	60,014	-	875,353,449
Machinery and equipment	59,970,200	1,223,693	718,458	(1,125,775)	60,786,576
Vehicles	2,324,381	-	136,622	(119,673)	2,341,330
Subtotal	961,578,051	7,842,507	915,094	(1,245,448)	969,090,204
Accumulated depreciation:					
Assets leased from the State	30,608,849	-	-	-	30,608,849
Leasehold improvements	425,184,490	-	25,631,311	-	450,815,801
Machinery and equipment	50,725,663	-	2,701,233	(1,125,775)	52,301,121
Vehicles	2,022,456	-	148,247	(119,673)	2,051,030
Subtotal	508,541,458	-	28,480,791	(1,245,448)	535,776,801
Net capital assets being depreciated	453,036,593	7,842,507	(27,565,697)	-	433,313,403
Net capital assets	\$ 516,511,444	\$ -	\$ (16,526,881)	\$ -	\$ 499,984,563

Construction Commitments

RIAC has active construction projects expected to be funded from available resources and future operations that relate to certain airport improvements. As of June 30, 2024 and 2023, RIAC's commitments with contractors were approximately \$83,030,000 and \$14,548,000, respectively. These commitments are primarily federally funded.

Note 5 - Accounts Payable

Accounts payable and accrued expenses as of June 30, 2024 and 2023 are as follows:

	2024	2023
Payable from unrestricted assets:		
Accounts payable and accrued expenses - Trade	\$ 2,513,236	\$ 2,234,929
Accounts payable and accrued expenses - Capital assets, grant expenses, and other	15,028,783	3,664,141
Total	\$ 17,542,019	\$ 5,899,070
Payable from restricted assets:		
Accounts payable and accrued expenses - InterLink	\$ 148,528	\$ 252,049
Accounts payable and accrued expenses - Deposits	599,704	581,304
Accounts payable and accrued expenses - Capital assets, grant expenses, and other	3,007,897	433,956
Total	\$ 3,756,129	\$ 1,267,309

June 30, 2024 and 2023

Note 6 - Long-term Obligations

Long-term obligations activity for the years ended June 30, 2024 and 2023 can be summarized as follows:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - Revenue bonds:	\$ 96,076,852	\$ -	\$ (16,597,848)	\$ 79,479,004	\$ 12,873,519
Other debt:					
Revenue bonds	56,980,000	-	(2,990,000)	53,990,000	3,140,000
InterLink special facility bonds and TIFIA loan	72,753,106	-	(2,108,516)	70,644,590	1,625,000
Unamortized bond premiums	8,412,026	-	(511,358)	7,900,668	511,358
Total other debt outstanding	138,145,132	-	(5,609,874)	132,535,258	5,276,358
Total bonds payable	234,221,984	-	(22,207,722)	212,014,262	18,149,877
Lease obligations	427,770	-	(427,770)	-	-
Due to other governmental unit	265,183	-	(265,183)	-	-
Total long-term obligations	<u>\$ 234,914,937</u>	<u>\$ -</u>	<u>\$ (22,900,675)</u>	<u>\$ 212,014,262</u>	<u>\$ 18,149,877</u>
	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - Revenue bonds:	\$ 109,304,641	\$ -	\$ (13,227,789)	\$ 96,076,852	\$ 16,598,837
Other debt:					
Revenue bonds	59,830,000	-	(2,850,000)	56,980,000	2,990,000
InterLink special facility bonds and TIFIA loan	74,716,713	-	(1,963,607)	72,753,106	1,510,000
Unamortized bond premiums	8,923,383	-	(511,357)	8,412,026	511,358
Total other debt outstanding	143,470,096	-	(5,324,964)	138,145,132	5,011,358
Total bonds payable	252,774,737	-	(18,552,753)	234,221,984	21,610,195
State of Rhode Island payable	25,000	-	(25,000)	-	-
Lease obligations	862,855	-	(435,085)	427,770	427,770
Due to other governmental unit	827,967	-	(562,784)	265,183	235,000
Total long-term obligations	<u>\$ 254,490,559</u>	<u>\$ -</u>	<u>\$ (19,575,622)</u>	<u>\$ 234,914,937</u>	<u>\$ 22,272,965</u>

Revenue Bonds Payable

Revenue bonds are issued by Commerce RI on behalf of RIAC. The proceeds from these bonds are used to finance construction and related costs of certain capital improvements. These bonds are secured by the net revenue derived from the operation of the airports. As required by the Master Indenture of Trust, RIAC must attain a debt service coverage ratio of 1.25 and meet other nonfinancial covenants. As of June 30, 2024, RIAC was in compliance with all financial covenants. See Note 8 for information related to the InterLink special facility bonds and TIFIA loan.

June 30, 2024 and 2023

Note 6 - Long-term Obligations (Continued)

Revenue bonds payable consist of the following bond issues as of June 30, 2024 and 2023:

Description	Maturity Date	Interest Rate	2024	2023
2013 Series A bonds	09/01/2034	0.51%-2.73%	\$ 20,704,000	\$ 22,271,000
2013 Series B bonds	07/01/2028	4.1%-5.0%	17,105,000	20,095,000
2015 Series A bonds	07/01/2024	2.0%	800,000	6,360,000
2016 Series A bonds	07/01/2025	2.49%	1,821,549	3,598,495
2016 Series B bonds	07/01/2030	3.69%	24,790,298	26,714,944
2016 Series C bonds	07/01/2025	2.24%	7,200,496	12,969,752
2016 Series D bonds	07/01/2046	5.0%	36,885,000	36,885,000
2019 Series A bonds	07/01/2038	2.98%	12,867,522	12,867,522
2019 Series B bonds	07/01/2038	2.98%	11,295,139	11,295,139
Total revenue bonds payable			<u>\$ 133,469,004</u>	<u>\$ 153,056,852</u>

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2025	\$ 12,873,519	\$ 2,377,387	\$ 3,140,000	\$ 2,519,831	\$ 20,910,737
2026	5,602,744	2,105,640	3,275,000	2,382,047	13,365,431
2027	7,659,122	1,869,179	4,450,000	2,213,869	16,192,170
2028	8,021,215	1,598,871	4,645,000	2,010,425	16,275,511
2029	8,298,857	1,311,740	4,855,000	1,793,338	16,258,935
2030-2034	24,427,488	3,446,018	6,610,000	7,612,500	42,096,006
2035-2039	12,596,059	709,519	8,425,000	5,741,875	27,472,453
2040-2044	-	-	10,755,000	3,355,625	14,110,625
2045-2049	-	-	7,835,000	600,375	8,435,375
Total	<u>\$ 79,479,004</u>	<u>\$ 13,418,354</u>	<u>\$ 53,990,000</u>	<u>\$ 28,229,885</u>	<u>\$ 175,117,243</u>

See Note 8 for annual debt service requirements to maturity for RIAC's InterLink special facility bonds and TIFIA loan.

Revenue Pledged from Airport Operations

Per the Master Indenture of Trust and supplemental indentures, RIAC has pledged net revenue derived from the operation by RIAC of the airport and certain general aviation airports to repay approximately \$133,469,000 in airport revenue and special facility bonds, including approximately \$41,648,000 of related interest as of June 30, 2024. Proceeds from the bonds were used for various airport improvement projects. Amounts available to pay debt service per the Master Indenture of Trust, including passenger facility charges, were approximately \$50,286,000 and \$56,010,000 for the years ended June 30, 2024 and 2023, respectively. Principal and interest debt service per the terms of the Master Indenture of Trust for the years ended June 30, 2024 and 2023 was approximately \$20,865,000 and \$22,461,000, respectively.

June 30, 2024 and 2023**Note 6 - Long-term Obligations (Continued)*****TIFIA Loan***

In June 2006, RIAC, Commerce RI, and the Rhode Island Department of Transportation (RIDOT) executed a secured loan agreement (the "Agreement"), agreement number TIFIA - No. 2006-1001, which provides for borrowings of up to \$42,000,000 with the United States Department of Transportation (U.S. DOT) under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). The purpose of the Agreement is to reimburse Commerce RI and RIDOT and to provide funding to RIAC for a portion of eligible project costs related to the InterLink. RIAC was permitted under the Agreement to make requisitions of funds for eligible project costs through fiscal year 2013. RIAC began making payments of interest in fiscal year 2012, with interest at a rate of 5.26 percent. Payments are made on behalf of Commerce RI (the borrower per the Agreement), and debt service payments commenced in fiscal year 2012 with a final maturity in fiscal year 2042. Such repayments are payable solely from the net revenue derived from the InterLink. As of June 30, 2024, RIAC had approximately \$37,930,000 in borrowings under this Agreement. See Note 8 for a schedule of obligations to be paid from InterLink net revenue.

Lease Obligations

In July 2016, RIAC entered into a lease agreement for machinery and equipment. Lease payments are due annually and expire in fiscal year 2024. Assets recorded under the lease amount to \$2,896,214, and there was accumulated depreciation of \$2,137,090 and \$1,848,471 as of June 30, 2024 and 2023, respectively. As of June 30, 2024, RIAC had no outstanding principal under this agreement.

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 to 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 the original airport-related general obligation bonds through June 2023 (see Note 7). There were no remaining amounts owed as of June 30, 2024 and 2023.

Note 7 - Related Party Transactions

The Lease Agreement between RIAC and the State is for a 30-year term, as extended (see Note 1), under which the State has agreed to lease various assets to RIAC for \$1 per year. In addition, the Lease Agreement required RIAC to make annual payments to the State through June 2023 in amounts equal to the principal and interest payments due to bondholders under certain airport-related general obligation bonds issued by the State on behalf of RIAC (see Note 6). In the event RIAC did not have sufficient funds to make the required payments when due, the amount was payable in the next succeeding fiscal year and remains an obligation of RIAC until paid in full. The State had no right to terminate the Lease Agreement so long as there are bonds and subordinate indebtedness outstanding.

Accounts receivable from the State totaled \$375,118 and \$20,742 as of June 30, 2024 and 2023, respectively. Amounts due from the State of Rhode Island related to capital project costs.

Net amounts due from the Quonset Development Corporation (QDC) totaled \$344,434 as of June 30, 2024. Net amounts due to the Quonset Development Corporation (QDC) totaled \$265,183 as of June 30, 2023. Net amounts due to/from QDC relate to capital costs incurred on construction projects and revenue from revenue-producing parcels less related operating expenses managed by QDC on behalf of RIAC. These amounts are categorized on the statement of net position as due from/to other governmental unit.

Note 8 - Segment Information

RIAC maintains one enterprise fund that includes the InterLink facility. The InterLink facility includes consolidated facilities for airport rental car operations; a train platform to provide access for commuter rail service south to Wickford, Rhode Island and north to both Providence and Boston; and a parking garage for rental car operators and rail commuters. An elevated and enclosed skywalk system connects the InterLink facility to the airport.

Facility revenue for the InterLink include customer facility charges, utility facility charges, airport facility charges, rental car fees, and commuter parking revenue. CFC revenue, including audit recoveries, was \$5,974,230 and \$5,306,178 for the years ended June 30, 2024 and 2023, respectively. Operating expenses include utilities, contracted maintenance, insurance, depreciation and amortization, and other costs associated with the InterLink. Interest expense includes the interest component of RIAC's debt service on the 2018 Series Special Facility Bonds and the U.S. DOT's TIFIA loan. Interest income on accounts associated with the InterLink is also included in this line item.

Segment income statement information for RIAC's primary airport operations and the InterLink facility for the years ended June 30, 2024 and 2023 is as follows:

	Airport Operations 2024	Airport Operations 2023	InterLink 2024	InterLink 2023
Operating Revenue	\$ 59,896,372	\$ 58,894,506	\$ 9,270,190	\$ 8,410,033
Operating Expenses				
Operational expenses	40,444,106	38,920,102	3,700,133	3,955,323
Depreciation and amortization	22,900,718	23,617,352	4,374,046	4,352,085
Total operating expenses	63,344,824	62,537,454	8,074,179	8,307,408
Operating (Loss) Income	(3,448,452)	(3,642,948)	1,196,011	102,625
Nonoperating Revenue (Expense)				
Investment income	7,558,637	4,019,346	1,340,444	627,719
Interest expense	(5,649,710)	(6,141,763)	(3,505,913)	(3,538,989)
Passenger facility charges	6,796,156	6,621,069	-	-
Grant revenue	6,528,475	10,615,476	-	-
Other	114,213	366,136	-	-
Total nonoperating revenue (expense)	15,347,771	15,480,264	(2,165,469)	(2,911,270)
Income (Loss) - Before capital contributions	11,899,319	11,837,316	(969,458)	(2,808,645)
Capital Contributions - Net	26,940,066	11,535,063	(631,576)	(160,958)
Change in Net Position	<u>\$ 38,839,385</u>	<u>\$ 23,372,379</u>	<u>\$ (1,601,034)</u>	<u>\$ (2,969,603)</u>

June 30, 2024 and 2023

Note 8 - Segment Information (Continued)***Pledged Revenue from the InterLink Facility***

RIAC has pledged InterLink net revenue (defined below) to repay \$32,714,590 in Series 2018 First Lien Special Facility Bonds and \$37,930,000 in the TIFIA loan and related interest of approximately \$38,792,000 as of June 30, 2024. Proceeds from the bonds were used for the construction of the InterLink. Net revenue, which consists of operating and interest income net of depreciation and amortization, was \$6,910,501 and \$5,082,429 for the years ended June 30, 2024 and 2023, respectively. Principal and interest debt service per the terms of the Indenture of Trust on the First Lien Special Facility Bonds (for both Series 2018 and Series 2006) for the years ended June 30, 2024 and 2023 was approximately \$3,135,000 and \$3,095,000, respectively. Principal and interest debt service per the terms of the Master Indenture of Trust on the TIFIA loan for the years ended June 30, 2024 and 2023 was approximately \$1,606,000 and \$1,605,000, respectively. As required by the First Supplemental Indenture of Trust, RIAC must attain a debt service coverage ratio of 1.25 and meet other nonfinancial covenants. As of June 30, 2024, RIAC was in compliance with all financial covenants.

Obligations supported by pledged InterLink net revenue are as follows:

Years Ending June 30	Principal	Interest	Total
2025	\$ 1,625,000	\$ 3,455,184	\$ 5,080,184
2026	2,379,998	3,336,202	5,716,200
2027	2,548,136	3,208,815	5,756,951
2028	2,718,017	3,072,934	5,790,951
2029	2,904,732	2,927,718	5,832,450
2030-2034	17,440,659	12,345,311	29,785,970
2035-2039	21,597,781	7,825,547	29,423,328
2040-2044	19,430,267	2,620,522	22,050,789
Total	<u>\$ 70,644,590</u>	<u>\$ 38,792,233</u>	<u>\$ 109,436,823</u>

Note 9 - Pension Plans***Plan Description***

Certain employees of RIAC participate in a cost-sharing multiemployer defined benefit plan, the Employees' Retirement System plan, administered by the Employees' Retirement System of the State of Rhode Island. Under a cost-sharing plan, pension obligations for employees of all employers are pooled, and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Note 9 - Pension Plans (Continued)***Membership and Benefits Provided***

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the general assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates, and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80 percent or 75 percent. For those hired after June 30, 2012, the benefit accrual rate is 1 percent per year, with a maximum benefit accrual of 40 percent. For members retiring after July 1, 2024, retiree benefit amounts are based on the average highest 3 consecutive years of compensation. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security normal retirement age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service-connected death and certain lump-sum benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided to retirees based on statutory provisions (Section 36-10-35 of the Rhode Island General Laws). For members and/or beneficiaries of members who retired on or before June 30, 2012, cost of living adjustments are computed annually. For members retiring on or after July 1, 2012, 25 percent (or 1/4th) of the cost of living adjustment is computed annually until the plan reaches a 75 percent funded status. The full benefit adjustment is reinstated for all members upon the plan reaching the 75 percent funded status.

The plan also provides non-service-connected disability benefits after 5 years of service and service-connected disability benefits with no minimum service requirement.

Contributions

The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. For the fiscal year ended June 30, 2024, employees with less than 20 years of service as of July 1, 2012 were required to contribute 3.75 percent of their annual covered salary. Employees with more than 20 years of service as of July 1, 2012 were required to contribute 11 percent of their annual covered salary. RIAC is required to contribute at an actuarially determined rate; the rate was 28.97 percent of annual covered payroll for the fiscal year ended June 30, 2024. RIAC contributed \$117,164, \$126,741, and \$117,261 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, equal to 100 percent of the required contributions for each year.

Net Pension Liability

At June 30, 2024, RIAC reported a liability of \$1,072,728 for its proportionate share of the net pension liability related to its participation in the System. The net pension liability was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. RIAC's proportion of the net pension liability was based on its share of contributions to the ERS for the fiscal year ended June 30, 2023 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2023 and 2022 measurement dates, RIAC's proportion was 0.05571 percent and 0.06027 percent, respectively.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2024 and 2023, RIAC recognized pension recovery of \$56,434 and \$65,656, respectively.

Note 9 - Pension Plans (Continued)

At June 30, 2024 and 2023, RIAC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,627	\$ 316	\$ 9,475	\$ 501
Changes in assumptions	-	7,415	-	14,027
Net difference between projected and actual earnings on pension plan investments	-	8,766	-	9,110
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	-	270,631	-	314,227
Employer contributions to the plan subsequent to the measurement date	117,164	-	126,741	-
Total	\$ 142,791	\$ 287,128	\$ 136,216	\$ 337,865

Contributions of \$117,164 are reported as deferred outflows of resources related to pensions resulting from RIAC's contributions in the fiscal year ended June 30, 2024 subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	\$ (118,739)
2026	(103,778)
2027	(27,477)
2028	(11,507)
Total	\$ (261,501)

Actuarial Methods and Assumptions

The total pension liability was determined using the following actuarial methods and assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age normal - Individual entry age actuarial cost
Amortization method	Level percent of payroll - Closed
Inflation	2.50%
Salary increases	3.25% to 7.25%
Investment rate of return	7.00%

Mortality rates for plan members were based on variants of the Pub-2010 Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP-2016.

The actuarial assumptions used in the June 30, 2022 valuation rolled forward to June 30, 2023, and the calculation of the total pension liability at June 30, 2023 was based on the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022, as approved by the System's board on May 17, 2023.

Note 9 - Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at statutorily required rates, actuarially determined.

Based on those assumptions, and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The long-term expected rate of return best estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best estimate future expected real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class based on a collective summary of capital market expectations from multiple sources. The June 30, 2023 expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity:		
U.S. equity	25.10 %	6.46 %
International developed equity	10.70	6.91
Emerging markets equity	4.20	8.92
Private growth:		
Private equity	12.50	10.30
Noncore real estate	2.50	5.01
Income:		
Equity options	2.00	6.20
Liquid credit	5.00	4.56
Private credit	3.00	4.56
Collateralized loan obligations (CLO)	2.00	4.56
Crisis protection class:		
Treasury duration	5.00	0.76
Systematic trend	5.00	4.07
Inflation protection:		
Core real estate	4.00	5.01
Private infrastructure	4.00	5.91
Volatility protection:		
IG corp credit	3.25	2.46
Securitized credit	3.25	2.46
Absolute return	6.50	4.07
Cash	2.00	0.76

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Note 9 - Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of RIAC, calculated using the discount rate of 7.00 percent, as well as what RIAC's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
RIAC's proportionate share of the net pension liability of the Employees' Retirement System	\$ 1,340,721	\$ 1,072,728	\$ 829,225

Pension Plan Fiduciary Net Position

As noted earlier, the System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>. The report contains detailed information about the pension plan's fiduciary net position.

Defined Contribution Plan Description

Certain employees participating in the defined benefit plan (those with less than 20 years of service as of July 1, 2012), as described above, also participate in a defined contribution plan of the Employees' Retirement System, as authorized by General Laws Chapter 36-10.3. The defined contribution plan is established under IRS Section 401(a) and is administered by TIAA-CREF. The retirement board is the plan administrator and plan trustee. The employees may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

Certain employees (those with less than 20 years of service as of July 1, 2012) contribute 5 percent of their annual covered salary, and employers contribute at the following percentages of annual covered salary for these employees based on their years of service as of July 1, 2012:

Years of Service as of July 1, 2012	Employer Contribution Rate
15-20	1.50%
10-15	1.25
0-10	1.00

Employee contributions are immediately vested, while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

There were no required contributions for the fiscal years ended June 30, 2024 and 2023.

Plan Vesting and Contribution Forfeiture Provisions

The total amount contributed by the member, including associated investment gains and losses, shall immediately vest in the member's account and is nonforfeitable. The total amount contributed by the employer, including associated investment gains and losses, vests with the member and is nonforfeitable upon completion of three years of contributory service. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures can be used by employers to offset future remittances to the plan.

Note 9 - Pension Plans (Continued)

Retirement Benefits

Benefits may be paid to a member after severance from employment, death, plan termination, or upon a deemed severance from employment for participants performing qualified military service. At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which the member attains age 70½ or terminates employment, if later.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the System. The report may be obtained at <http://ersri.org>.

Money Purchase Pension Plan

Employees hired by RIAC on or after July 1, 1993 are eligible to participate in the Money Purchase Pension Plan, a defined contribution plan administered by RIAC. The number of RIAC employees covered by this plan throughout the year averaged 145 in 2024 and 141 in 2023. RIAC's total payroll for the year ended June 30, 2024 was approximately \$16,513,000, of which \$12,851,000 was covered under the plan. RIAC's total payroll for the year ended June 30, 2023 was approximately \$16,130,000, of which \$13,800,000 was covered under the plan.

In order to participate in the plan, covered employees must contribute 8 percent of their base pay to the plan. Participants are 100 percent vested in the amounts they contribute. Withdrawals of these contributed amounts are not permitted prior to termination of employment. RIAC matches 100 percent of participants' required contributions under a five-year vesting schedule. Total contributions for the year ended June 30, 2024 were approximately \$1,028,000 by the employer and \$1,068,000 by the employees. Total contributions for the year ended June 30, 2023 were approximately \$1,086,000 by the employer and \$1,120,000 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.

The assets of the Money Purchase Pension Plan are not the assets of RIAC, and RIAC has no fiduciary responsibility; thus, they are not included in these financial statements.

Note 10 - Other Postemployment Benefit Plan

Plan Description

Certain employees of RIAC participate in a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan included within the Rhode Island State Employees' and Electing Teachers OPEB System. RIAC participates in the State Employees' plan within the OPEB System.

Under a cost-sharing plan, OPEB obligations for employees of all employers are pooled, and plan assets are available to pay the benefits of the employees of any participating employer providing OPEB benefits through the plan, regardless of the status of the employers' payment of its OPEB obligation to the plan. The plan provides health care benefits to plan members.

The OPEB System is administered by the OPEB board and was authorized, created, and established under Chapter 36-12.1 of the RI General Laws. The board was established under Chapter 36-12.1 as an independent board to hold and administer, in trust, the funds of the OPEB System. The four members of the OPEB board are the state controller, the state budget officer, the state personnel administrator, and the general treasurer, or their designees.

The OPEB System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.oag.ri.gov/reports.html>.

Note 10 - Other Postemployment Benefit Plan (Continued)

Membership and Benefits Provided

The plans within the OPEB System generally provide health care coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Dental and vision coverage may be purchased by these groups with no state subsidy.

Members of the OPEB System must meet the eligibility and services requirements set forth in the RI General Laws or other governing documents. RIGL Sections 16-17.1-1 and 2, 36-10-2, 36-12.1, 36-12-2.2, and 36-12-4 govern the provisions of the OPEB System, and they may be amended in the future by action of the General Assembly.

Contributions

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. RIAC is required to contribute at an actuarially determined rate; the rate was 4.52 percent of annual covered payroll for the fiscal year ended June 30, 2024. RIAC contributed \$18,280, \$20,271, and \$22,104 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, equal to 100 percent of the required contributions for each year.

Active employees do not make contributions to the plan. Retired member contributions consist of the required retiree share of coverage based on the time of retirement and years of service.

Net OPEB Liability

At June 30, 2024, RIAC reported a liability of \$115,401 for its proportionate share of the net OPEB liability related to its participation in the OPEB System. The net OPEB liability was measured as of June 30, 2023, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to the June 30, 2023 measurement date. RIAC's proportion of the net OPEB liability was based on its share of contributions to the OPEB System for fiscal year ended June 30, 2023 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2023 and 2022, RIAC's proportion was 0.05544 percent and 0.05907 percent, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and 2023, RIAC recognized an OPEB recovery of \$19,957 and \$15,272, respectively.

June 30, 2024 and 2023

Note 10 - Other Postemployment Benefit Plan (Continued)

At June 30, 2024 and 2023, RIAC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,178	\$ 44,814	\$ 1,500	\$ 40,462
Changes in assumptions	995	17,390	3,952	23,252
Changes in proportionate share or differences between amount contributed and proportionate share of contributions	-	78,996	-	82,320
Contributions subsequent to measurement date	18,280	-	20,271	-
Net difference between projected and actual investment earnings	-	3,561	4,340	-
Total	\$ 20,453	\$ 144,761	\$ 30,063	\$ 146,034

Contributions of \$18,280 are reported as deferred outflows of resources related to OPEB expense resulting from RIAC's contributions in the fiscal year ended June 30, 2024 subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2025	\$ (34,606)
2026	(34,222)
2027	(24,040)
2028	(23,485)
2029	(18,588)
Thereafter	(7,647)
Total	\$ (142,588)

Note 10 - Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2022 valuation and the calculation of total OPEB liability at the June 30, 2023 measurement date were consistent with the Actuarial Experience Review performed as of June 30, 2017. Most of the demographic assumptions are based on the 2020 Experience Study of the Employees' Retirement System of Rhode Island. The total OPEB liability was determined using the following significant actuarial methods and assumptions:

Actuarial cost method	Entry age normal - The individual entry age actuarial cost methodology is used
Amortization method	Level percent of payroll - Closed
Inflation	2.50%
Salary increases	3.25% to 6.25%
Investment rate of return	5.00%
Health care cost trend rate	6.00% to 7.25% in fiscal year 2023 to decrease annually to 3.50% in fiscal year 2033 and later

Mortality rates for male plan members were based on Pub-2010 Median Table for General Healthy Retiree Males, loaded by 115 percent, projected with Scale Ultimate MP-2016. Mortality rates for female plan members were based on Pub-2010 Median Table for General Healthy Retiree Females, loaded by 111 percent, projected with Scale Ultimate MP-2016.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, if any, will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions and the projection of cash flows as of each fiscal year ending, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

June 30, 2024 and 2023

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return best estimate on OPEB plan investments was determined by the actuary using a building-block method. The actuary started by calculating best estimate future expected real rates of return (expected returns, net of OPEB plan investment expense and inflation) for each major asset class based on a collective summary of capital market expectations from multiple sources. The June 30, 2023 expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Growth:		
Global equity/Public growth	40.00 %	6.84 %
Private growth	5.00	9.24
Income:		
Equity options	4.00	6.20
Liquid credit	4.00	4.56
Emerging market debt	4.00	4.53
Collateralized loan obligations	4.00	4.56
Private credit	5.00	4.56
Stability:		
Inflation protection:		
Core real estate	4.00	5.01
Private real assets	4.00	5.91
Volatility protection - U.S. Aggregate Bond	26.00	1.78

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best estimate on an arithmetic basis.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of RIAC, calculated using the discount rate of 5.00 percent, as well as what RIAC's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.00%)	Current Discount Rate (5.00%)	1 Percentage Point Increase (6.00%)
RIAC's proportionate share of the net OPEB liability of the State Employees' and Electing Teachers OPEB System	\$ 158,555	\$ 115,401	\$ 79,622

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of RIAC, calculated using the health care cost trend rate baseline (defined in the actuarial assumptions table above), as well as what RIAC's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Lower	Baseline	1 Percentage Point Higher
RIAC's proportionate share of the net OPEB liability of the State Employees' and Electing Teachers OPEB System	\$ 67,575	\$ 115,401	\$ 175,681

OPEB Plan Fiduciary Net Position

The OPEB System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.oag.ri.gov/reports.html>. The report contains detailed information about the OPEB plan's fiduciary net position.

Note 11 - Risk Management

RIAC is self-insured for workers' unemployment. RIAC pays for unemployment claims as they are incurred. At June 30, 2024 and 2023, there are no material liabilities outstanding.

RIAC is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. RIAC has purchased commercial insurance for these types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

Note 12 - Contingent Liabilities

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, 2024 and 2023, 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 adverse effect on the overall financial position of RIAC.

RIAC is subject to various legal proceedings and claims that arise in the ordinary course of its business. RIAC believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Note 13 - Leases

RIAC leases certain assets to various third parties. The assets leased include land, wall space for advertising, office space, terminal space for concessions, building facilities, and other. Payments for almost all leases are received monthly, and the revenue varies based on the nature of the lease. Most of the leases, which include land leases and advertising leases, are a fixed monthly fee and often contain annual or periodic escalation clauses. For some leases for which the business conducts sales, the monthly fee is a percentage of gross revenue and varies each month. For fixed-fee leases, there are often minimum annual guarantees (MAGs) contained in the lease that provide a certain amount of revenue regardless of the operational success. The length of most leases is less than 5 years; however, there are some leases over 20 years.

Note 13 - Leases (Continued)

RIAC has adopted the following policies to assist in determining lease treatment according to the requirements of GASB Statement No. 87 (GASB 87):

- The maximum possible lease term is noncancelable by both lessee and lessor and is more than 12 months.
- The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information regarding the likelihood of renewal.
- For the fiscal years ended June 30, 2024 and 2023, all leases with associated receivables are based on fixed payments and do not have variable payment components.

During the years ended June 30, 2024 and 2023, RIAC recognized the following related to its lessor agreements:

	2024	2023
Lease revenue	\$ 2,610,641	\$ 3,164,116
Interest income related to its leases	474,134	512,698
Revenue from variable payments not previously included in the measurement of the lease receivable	17,023,582	14,591,441

RIAC has several bond repayments that are secured by the net revenue from its lease revenue, as described below.

- Certain revenue bonds have been issued by Commerce RI on behalf of RIAC to fund improvement and construction projects. These bonds are secured by the overall net revenue derived by airport operations.
- RIAC has specifically pledged InterLink revenue to repay First Lien Special Facility Bonds and amounts in the TIFIA loan. Proceeds from these bonds were used to construct the InterLink facility, and all InterLink revenue is used to secure these bonds.

See Notes 6 and 8 for more information regarding bonds that are secured or pledged by net revenue from leases.

Most leases do not contain any early termination provisions, and the few that do can only be terminated by either the lessor or lessee, but not both. In addition, they are long term in nature and expire in less than 10 years.

Future principal and interest payment requirements related to RIAC's lease receivable at June 30, 2024 are as follows:

Years Ending	Principal	Interest	Total
2025	\$ 1,877,715	\$ 444,109	\$ 2,321,824
2026	1,591,846	405,471	1,997,317
2027	1,062,772	373,187	1,435,959
2028	981,442	346,261	1,327,703
2029	996,775	318,587	1,315,362
2030-2034	5,646,806	1,138,721	6,785,527
2035-2039	4,712,502	349,176	5,061,678
2040-2044	457,350	11,325	468,675
Total	<u>\$ 17,327,208</u>	<u>\$ 3,386,837</u>	<u>\$ 20,714,045</u>

Note 13 - Leases (Continued)

Regulated Leases

RIAC is party to certain regulated leases, as defined by GASB 87. The leased assets include land that the lessee uses for a skydiving landing zone, hangar construction and use, FBO operations, an airline fueling consortium, terminal space, aircraft maintenance facilities, cargo facilities, hangars, and other building facilities.

In accordance with GASB 87, RIAC does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users, and local regulations for fire and other.

RIAC has certain airline leases that are regulated by the FAA. However, they are not included within the following disclosures for the year ended June 30, 2023, as these leases were initially extended for one year through June 30, 2023 and were considered short term based on the qualifications of GASB 87. During the year ended June 30, 2024, all signatory airline agreements were extended for five years from July 1, 2024 through June 30, 2028 and have been included in the following disclosures.

During the years ended June 30, 2024 and 2023, RIAC recognized the following from regulated leases:

	2024	2023
Lease revenue	\$ 11,187,246	\$ 3,280,736
Revenue from variable payments excluded from the schedule of expected future minimum payments	8,371,647	3,037,420

Future expected minimum payments related to RIAC's regulated leases at June 30, 2024 are as follows:

Years Ending	Amount
2025	\$ 12,007,214
2026	10,968,528
2027	11,078,549
2028	11,873,567
2029	1,854,924
2030-2034	2,972,268
2035-2039	1,399,051
2040-2044	1,161,112
2045-2049	210,852
2050-2054	138,866
Total	\$ 53,664,931

Most of these leases do not contain any early termination provisions, and the few that do can only be terminated by either the lessor or lessee, but not both. In addition, nearly all of the regulated leases are long term in nature. More than half of the leases expire in less than 5 years; however, there are a few leases whose terms are as long as 20 or 30 years.

Required Supplementary Information

Rhode Island Airport Corporation

Required Supplementary Information Schedule of RIAC's Proportionate Share of the Net Pension Liability Employees' Retirement System Plan

	Last Ten Plan Years									
	Plan Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
RIAC's proportion of the net pension liability	0.05571 %	0.06027 %	0.06915 %	0.07462 %	0.07938 %	0.08566 %	0.09472 %	0.08660 %	0.11207 %	0.11073 %
RIAC's proportionate share of the net pension liability	\$ 1,072,728	\$ 1,189,014	\$ 1,229,875	\$ 1,696,882	\$ 1,799,009	\$ 1,928,084	\$ 2,135,747	\$ 1,837,970	\$ 2,226,207	\$ 1,973,129
RIAC's covered payroll (at measurement date)	\$ 452,484	\$ 418,641	\$ 512,640	\$ 564,171	\$ 582,316	\$ 597,373	\$ 621,137	\$ 589,865	\$ 750,686	\$ 716,797
RIAC's proportionate share of the net pension liability as a percentage of its covered payroll	237.08 %	284.02 %	239.91 %	300.77 %	308.94 %	322.76 %	343.84 %	311.59 %	296.56 %	275.27 %
Plan fiduciary net position as a percentage of total pension liability	61.30 %	59.60 %	63.20 %	52.60 %	52.80 %	52.50 %	51.83 %	51.88 %	55.00 %	58.60 %

Note: The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

Rhode Island Airport Corporation

Required Supplementary Information Schedule of Pension Contributions Employees' Retirement System Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 117,164	\$ 126,741	\$ 117,261	\$ 141,181	\$ 148,885	\$ 149,946	\$ 148,567	\$ 157,396	\$ 139,444	\$ 175,135
Contributions in relation to the statutorily required contribution	117,164	126,741	117,261	141,181	148,885	149,946	148,567	157,396	139,444	175,135
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RIAC's Covered Payroll	\$ 404,433	\$ 452,484	\$ 418,641	\$ 512,640	\$ 564,171	\$ 582,316	\$ 597,373	\$ 621,137	\$ 589,865	\$ 750,686
Contributions as a Percentage of Covered Payroll	28.97 %	28.01 %	28.01 %	27.54 %	26.39 %	25.75 %	24.87 %	25.34 %	23.64 %	23.33 %

Note: Employers participating in the State's Employees' Retirement System are required by RI General Laws, Section 36-10-2, to contribute at an actuarially determined contribution rate each year.

Rhode Island Airport Corporation

Required Supplementary Information Schedule of RIAC's Proportionate Share of the Net OPEB Liability State Employees' and Electing Teachers OPEB System

	Last Seven Plan Years						
	Plan Years Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
RIAC's proportion of the net OPEB liability	0.05544 %	0.05907 %	0.08511 %	0.07327 %	0.07965 %	0.08518 %	0.08413 %
RIAC's proportionate share of the net OPEB liability	\$ 115,401	\$ 161,972	\$ 197,429	\$ 264,441	\$ 347,662	\$ 433,851	\$ 437,010
RIAC's covered payroll (at measurement date)	\$ 452,484	\$ 418,641	\$ 512,640	\$ 564,171	\$ 582,316	\$ 597,373	\$ 621,137
RIAC's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.50 %	38.69 %	38.51 %	46.87 %	59.70 %	72.63 %	70.36 %
Plan fiduciary net position as a percentage of total OPEB liability	65.09 %	55.09 %	60.52 %	42.51 %	33.57 %	26.25 %	22.38 %

Notes:

- 1) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2) Schedule is intended to show information for 10 years; additional years will be displayed as they become available.

Rhode Island Airport Corporation

Required Supplementary Information Schedule of OPEB Contributions State Employees' and Electing Teachers OPEB System

**Last Seven Fiscal Years
Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018
Statutorily determined contribution	\$ 18,280	\$ 20,271	\$ 22,104	\$ 34,091	\$ 37,517	\$ 34,822	\$ 35,723
Contributions in relation to the actuarially determined contribution	18,280	20,271	22,104	34,091	37,517	34,822	35,723
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 404,433	\$ 452,484	\$ 418,641	\$ 512,640	\$ 564,171	\$ 582,316	\$ 597,373
Contributions as a Percentage of Covered Payroll	4.52 %	4.48 %	5.28 %	6.65 %	6.65 %	5.98 %	5.98 %

Notes:

1) Employers participating in the State Employees' and Electing Teachers OPEB System are required by RI General Laws, Section 36-10-2, to contribute at an actuarially determined contribution rate each year.

2) Schedule is intended to show information for 10 years; additional years will be displayed as they become available.

Pension Plan Information

- Schedule of RIAC's proportionate share of the net pension liability - Employees' Retirement System plan
- Schedule of pension contributions - Employees' Retirement System plan

Actuarial Methods and Assumptions Used to Calculate the Net Pension Liability of the Participating Employers

The actuarial methods and assumptions used to calculate the net pension liability of the participating employers are described in Note 9 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

June 30, 2023 Measurement Date

As part of the 2023 actuarial experience study for the six-year period ended June 30, 2022, as approved by the System's board on May 17, 2023, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2023 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased individual salary increases and projected payroll growth for most groups. These two items mainly offset each other in calculating contribution requirements, especially as dollar amounts, but create a much lower projected annual growth rate in the dollar amounts of contributions.
- Updated the mortality projection scales to the ultimate rates of the most recently published ones, this had no material impact to the liabilities or contributions.
- Modestly increased turnover rates
- Slight modifications to the retirement rates
- Modified slightly the rates of disability

June 30, 2022 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date.

June 30, 2021 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2021 measurement date compared to the June 30, 2020 measurement date.

June 30, 2020 Measurement Date

As part of the 2020 actuarial experience study for the six-year period ended June 30, 2019, as approved by the System's board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based Pub-2010 tables
- Slightly increased the probabilities of turnover
- Slightly decreased the probabilities of retirement
- Slightly modified the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not

June 30, 2019 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 Measurement Date

- Decreased the general inflation assumption from 2.75 to 2.50 percent
- Decreased the nominal investment return assumption from 7.50 to 7.00 percent
- Decreased the general wage growth assumption from 3.25 to 3.00 percent
- Decreased salary increase assumptions
- Updated the postretirement mortality tables to variants of the RP-2014 table. For the improvement scale, updated to the ultimate rates of the MP-2016 projection scale

June 30, 2016 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

Benefit changes are reflected in the calculation of the net pension liability at the June 30, 2015 measurement date. The following is a summary of those benefit changes that resulted from the settlement of the pension litigation and the subsequent enactment of those settlement provisions by the General Assembly:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11 percent for state employees, and municipal general employees will contribute 8.25 percent (9.25 percent for units with a COLA provision) and participate solely in the defined benefit plan going forward; service credit accruals will increase from 1 to 2 percent per year.
- Members are eligible to retire upon the attainment of age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or they are eligible under a transition rule.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA-eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2 percent of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at four-year rather than five-year intervals.

June 30, 2024 and 2023

- The COLA formula was adjusted; 50 percent of the COLA is calculated by taking the previous five-year average investment return, less 5.5 percent (five-year return - 5.5 percent, with a max of 4 percent) and 50 percent calculated using previous year's CPI-U (max of 3 percent), for a total max COLA of 3.5 percent. This COLA is calculated on the first \$25,855, effective January 1, 2016, and indexed as of that date as well. (The indexing formula is run annually, regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Actuarially Determined Contributions

Actuarially determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contributions are reported. For example, the contribution rate for fiscal year 2024 for the plans was based on a valuation performed as of June 30, 2021.

Other Postemployment Benefits (OPEB) Plan Information

- Schedule of RIAC's proportionate share of the net OPEB liability - State Employees' OPEB plan
- Schedule of OPEB contributions - State Employees' OPEB plan

Actuarial Assumptions and Methods Used to Calculate the Net OPEB Liability of the Participating Employers

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 10 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

June 30, 2023 Measurement Date

There were no changes in actuarial methods reflected in the calculation of the net OPEB liability (asset) of the plans as of the June 30, 2023 measurement date compared to the June 30, 2022 measurement date. Changes in actuarial assumptions were limited to the update of healthcare trend assumptions.

June 30, 2022 Measurement Date

- Updated inflation rate from 2.75 percent to 2.50 percent

June 30, 2021 Measurement Date

- Updated the project salary increase range from 3.00 to 6.00 percent to 3.25 to 6.25 percent
- Updated mortality tables from RP-2014 Combined Healthy for Males/Females projected with MP-2016 ultimate rates to Pub-2010 Median Table for General Healthy Retiree Males/Females projected with Scale Ultimate MP-2016
- Updated health care trend rates from starting at 8.25 percent decreasing annually to 3.50 percent to starting at 7.50 percent decreasing annually to 3.50 percent

June 30, 2020 Measurement Date

The Cadillac tax, which was a tax provision from the federal Affordable Care Act (ACA), was repealed in December 2019. As a result, liability amounts previously included for the Cadillac tax within the development of the total OPEB liability have been removed as of the June 30, 2020 measurement date.

June 30, 2019 Measurement Date

The June 30, 2018 actuarial valuation rolled forward to the June 30, 2019 measurement date reflected a change in excise tax load on pre-65 liabilities from 11.0 to 9.5 percent.

June 30, 2018 Measurement Date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net OPEB liability of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 Measurement Date

Certain actuarial assumptions for state employees were updated to match the assumptions used for state employees in the pension valuation for the Employees' Retirement System of Rhode Island (ERSRI) and the results of an actuarial experience investigation performed for ERSRI at June 30, 2016. Changes were made to the following assumptions:

- Merit and longevity portion of the salary increase assumption
- Rates of separation from active membership
- Rates of retirement
- Rates of disability
- The rate of wage inflation
- The mortality assumption
- The trend assumption
- Aging factors and health and inflation trends

The excise tax load on pre-65 liabilities was changed from 13.8 to 11.0 percent. The Patient Protection and Affordable Care Act includes an excise tax on high-cost health plans beginning in 2022. The excise tax is 40 percent of costs above a threshold. The actual actuarial assumptions used in the most recent valuations assume that the plans will be subject to the excise tax in 2022.

Actuarially Determined Contributions

Actuarially determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contributions are reported. For example, the contribution rate for fiscal year 2024 for the plans was based on a valuation performed as of June 30, 2021.

Other Supplementary Information

State of Rhode Island Attachment B
Statement of Net Position

June 30, 2024

Assets

Current Assets:

Cash and cash equivalents	\$ 59,127,991
Investments	52,957,859
Receivables (net)	19,218,180
Lease receivable	1,877,715
Restricted assets:	
Cash and cash equivalents	24,334,001
Investments	
Receivables (net)	
Other assets	
Due from primary government	375,118
Due from other component units	
Due from other governments	344,434
Inventories	
Other assets	456,304
Total current assets	<u>158,691,602</u>

Noncurrent Assets:

Investments	
Receivables (net)	
Lease receivable - Net of current portion	15,449,493
Due from other govts and agencies	
Restricted assets:	
Cash and cash equivalents	41,253,193
Investments	9,995,170
Receivables (net)	1,675,058
Other assets	
Due from other component units	
Net Pension Asset	
Net OPEB Asset	
Capital assets - nondepreciable	88,954,439
Capital assets - depreciable (net)	420,392,740
Other assets, net of amortization	252,205
Total noncurrent assets	<u>577,972,298</u>
Total assets	<u>736,663,900</u>

Deferred outflows of resources

Deferred pension amounts	142,791
Deferred OPEB amounts	20,453
Other deferred outflows of resources	0
Total deferred outflows of resources	<u>\$ 163,244</u>

State of Rhode Island Attachment B
Statement of Net Position (Continued)

June 30, 2024

Liabilities

Current liabilities:

Cash overdraft	
Accounts payable (unrestricted and restricted)	\$ 10,778,263
Due to primary government	
Due to other component units	0
Due to other governments	
Accrued expenses (unrestricted and restricted)	10,519,885
Compensated absences	
Unearned revenue	5,199,139
Other current liabilities	5,128,159
Current portion of long-term debt	18,149,877
Total current liabilities	49,775,323

Noncurrent liabilities:

Due to primary government	
Due to other component units	
Due to other governments	
Net pension liability	1,072,728
Net OPEB liability	115,401
Unearned revenue	
Notes payable	
Loans payable	
Lease obligations	
Compensated absences	
Bonds payable	193,864,385
Other liabilities	
Total noncurrent liabilities	195,052,514
Total liabilities	244,827,837

Deferred inflows of resources

Deferred pension amounts	287,128
Deferred OPEB amounts	144,761
Other deferred inflows of resources	16,114,600
Total deferred inflows of resources	16,546,489

Net position

Net investment in capital assets	315,932,193
Restricted for:	
Debt	29,690,770
Other	5,593,648
Nonexpendable	
Capital Projects	17,116,832
Unrestricted	107,119,375
Total net position	\$ 475,452,818

State of Rhode Island Attachment C
Statement of Activities

Year Ended June 30, 2024

Expenses	\$ <u>80,574,626</u>
Program revenues:	
Charges for services	75,962,718
Other grants and contributions	6,528,475
Capital grants and contributions	26,308,490
Total program revenues	<u>108,799,683</u>
Net (expenses) revenues	<u>28,225,057</u>
General revenue:	
Interest and investment earnings	8,899,081
Miscellaneous revenue	114,213
Operating grants	
Gain on sale of capital assets	
Total general revenues	<u>9,013,294</u>
Special items	
Extraordinary items	
Change in net position	<u>37,238,351</u>
Total net position - beginning	<u>438,214,467</u>
Total net position - ending	\$ <u><u>475,452,818</u></u>

State of Rhode Island Attachment D
Schedule of Debt Service to Maturity - Long-Term Debt

Fiscal Year Ending June 30	Principal	Interest
2025	\$ 17,638,519	\$ 8,352,402
2026	11,257,742	7,823,889
2027	14,657,258	7,291,863
2028	15,384,232	6,682,230
2029	16,058,589	6,032,796
2030-2034	48,478,147	23,403,829
2035-2039	42,618,840	14,276,941
2040-2044	30,185,267	5,976,147
2045-2049	7,835,000	600,375
2050-2054		
2055-2059		
2060-2064		
2065-2069		
	<u>\$ 204,113,594</u>	<u>\$ 80,440,472</u>

Rhode Island Airport Corporation

**State of Rhode Island Attachment E
Schedule of Changes in Long-Term Debt**

Year Ended June 30, 2024

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 129,733,106		\$ 5,098,516	\$ 124,634,590	\$ 4,765,000	\$ 119,869,590
Bonds payable - Direct Payment	96,076,852		16,597,848	79,479,004	12,873,519	66,605,485
Net unamortized premium/discount	8,412,026		511,358	7,900,668	511,358	7,389,310
Bonds payable	234,221,984		22,207,722	212,014,262	18,149,877	193,864,385
Notes payable						
Notes payable - Direct Borrowings						
Loans payable						
Lease obligations	427,770		427,770	0	0	
Net pension liability	1,189,014		116,286	1,072,728		1,072,728
Net OPEB liability	161,972		46,571	115,401		115,401
Due to primary government						
Due to component units	265,183		265,183	0	0	0
Due to other governments and agencies						
Unearned revenue	2,079,122	3,120,017		5,199,139	5,199,139	
Compensated absences						
Arbitrage rebate						
Pollution remediation						
Funds Held for Others						
Other liabilities - include explanation						
Total other liabilities	\$ 238,345,045	\$ 3,120,017	\$ 23,063,532	\$ 218,401,530	\$ 23,349,016	\$ 195,052,514

Schedule of Travel and Business Development Expenses

Year Ended June 30, 2024

Employee	Purpose	Date	Place	Amount
J. Ottoviano	Airport Law Enforcement Agencies Network Fall 2023 Conference	09/26/23 - 09/27/23	San Antonio, TX	\$ 1,788
S. Sadozai	Airports Council International - North America Annual Conference	09/28/23 - 10/03/23	Long Beach, CA	5,386
I. Ahmad	Routes World 2023	10/15/23 - 10/17/23	Istanbul, Turkey	8,988
M. Berger	Routes World 2023	10/15/23 - 10/17/23	Istanbul, Turkey	10,330
J. Borden	AAAE 39th Annual Airport Law Workshop	10/15/23 - 10/17/23	Alexandria, VA	2,258
A. Keller	Airports Council International - North America Public Safety & Security Committee PS&S/ACC Security Technology Conference	10/23/23 - 10/26/23	San Antonio, TX	2,284
I. Ahmad	AAAE/IAAE US Central Europe Airport Issues Conference	10/23/23 - 10/25/23	Dubrovnik, Croatia	5,965
A. Seabury	2023 Marketing & Communications Conference	11/12/23 - 11/14/23	Atlanta, GA	3,252
J. Goodman	Airports Council International - North America Marcom Conference	11/12/23 - 11/15/23	Atlanta, GA	3,021
S. Sadozai	Disadvantaged Business Enterprise (DBE) Training	11/13/2023	Ithica, NY	522
Various	International Tourism Association Luncheon	12/08/23	Warwick, RI	701
D. Maiorano	South Carolina State Fire Academy	12/10/23 - 12/16/23	Columbia, SC	2,873
B. Nast	2024 Air Service Data Seminar	01/22/24 - 01/24/24	Austin, TX	3,787
M. Berger	2024 Air Service Data Seminar	01/22/24 - 01/24/24	Austin, TX	2,317
Various	Quonset Runway 16-34 Groundbreaking	03/01/24 - 03/01/24	North Kingstown, RI	3,352
D. Mineker	Airport Planning Design and Construction Symposium	03/05/24 - 03/05/24	Salt Lake City, UT	2,617
J. Damicis	Airport Planning Design and Construction Symposium	03/05/24 - 03/05/24	Salt Lake City, UT	1,735
J. Ottoviano	New England Regional Command College	03/10/24 - 03/14/24	Chatham, MA	1,686
B. Nast	Routes Americas 2024	03/19/24 - 03/21/24	Bogota, Columbia	1,314
I. Ahmad	Routes Americas 2024	03/19/24 - 03/21/24	Bogota, Columbia	3,423
T. Pimental	Airports Council International - North America 2024 Customer Experience Symposium	03/19/24 - 03/22/24	Denver, CO	2,674
R. VanBurg	Operations, Planning, Safety, Infrastructure & Development-Steering Group	04/07/24 - 04/12/24	New Orleans, LA	3,864
S. Murray	South Carolina State Fire Academy	04/07/24 - 04/13/24	Columbia, SC	2,730
I. Ahmad	Routes Europe 2024	04/22/24 - 04/24/24	Aarhus, Denmark	5,262
M. Berger	Routes Europe 2024	04/22/24 - 04/24/24	Aarhus, Denmark	4,383
Various	FAA Headquarters Meeting	04/25/24	Washington, DC	2,849
W. Carter	96th Annual AAE Conference & Exposition	04/27/24 - 05/01/24	Nashville, TN	3,221
J. Ottoviano	Airport Law Enforcement Agencies Network 2024 Spring Conference	05/06/24 - 05/08/24	Nashville, TN	2,363
B. Nast	2024 Jumpstart Air Service Development Conference	05/20/24 - 05/22/24	Washington, DC	3,083
J. Borden	Airports Council International 2024 Legal Affairs Conference	05/21/24 - 05/24/24	Chicago, IL	3,254
J. Deckers	South Carolina State Fire Academy	06/24/24 - 06/28/24	Columbia, SC	1,504
Various	Airline Events	07/01/23 - 06/30/24	Warwick, RI	36,917
Various	Board Meetings	07/01/23 - 06/30/24	Warwick, RI	8,533
Various	Business Meetings	07/01/23 - 06/30/24	Warwick, RI	12,096
Various	Customer Service Events	07/01/23 - 06/30/24	Warwick, RI	4,645
Various	Employee Meeting and Functions	07/01/23 - 06/30/24	Warwick, RI	10,146
Various	Miscellaneous Amounts Under \$200	07/01/23 - 06/30/24	Warwick, RI	829
Total				<u>175,951</u>

Note: Various indicates multiple members of Rhode Island Airport Corporation

Rhode Island Airport Corporation

Schedule of Expenditures of Federal Awards*

For the Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Federal Expenditures
U.S. Department of Homeland Security:		
Direct Programs:		
Office of Law Enforcement/Federal Air Marshall Service/ National Explosives Detection Canine Team Program	97.072	\$ -
Law Enforcement Officer Reimbursement Agreement Program	97.090	\$ 80,876
Total Department of Homeland Security		<u>80,876</u>
U.S. Department of Defense - National Guard Bureau		
Direct Programs:		
National Guard Military Operations and Maintenance (O&M) Projects	12.401	\$ 4,471,598
Total Department of Defense		<u>4,471,598</u>
U.S. Department of Transportation:		
Direct Programs:		
Airport Improvement Programs	20.106	21,738,064
CARES ACT/CRRSA/ARPA	20.106	6,528,474
Total Department of Transportation		<u>28,266,538</u>
Total Expenditures of Federal Awards		<u>\$ 32,819,012</u>

* The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of RIAC under programs of the Federal Government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of RIAC, it is not intended to and does not represent the financial position, changes in net assets or cash flows of RIAC.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance. RIAC has not used the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance in certain circumstances. No federal funding was passed through to subrecipients.

The collective programs under ALN #20.106 (including Airport Improvement Program, CARES Act, CRRSA, and ARPA) were not required to be audited for grant compliance as a major program determined by the State of Rhode Island.

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*

Independent Auditor's Report

To Management and the Board of Directors
Rhode Island Airport Corporation

We have audited, 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, the financial statements of Rhode Island Airport Corporation (RIAC), a component unit of the State of Rhode Island, as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise RIAC's basic financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of RIAC's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RIAC's financial statements are free from 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 financial statements. 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*.

To Management and the Board of Directors
Rhode Island Airport Corporation

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RIAC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 26, 2024