



**Rhode Island**  
Airport Corporation

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## Financial Performance Audit Report

### The Hertz Corporation

The Internal Audit Department of the Rhode Island Airport Corporation (RIAC) presents its report concerning the financial performance audit of THE HERTZ CORPORATION (“Hertz”) for the period January 1, 2022, through December 31, 2022, as follows:

#### ***Background***

Hertz entered into an agreement (Agreement) in June 2006 with Rhode Island Airport Corporation (Airport) to lease space in the Interlink Facility and provide ground transportation services by renting vehicles to both airport passengers, and the public. The Agreement requires Hertz to submit to the Airport a monthly report showing its rental operations and amounts calculated and collected for various fees, and remittance of those fees to RIAC.

RIAC has conducted several audits of Hertz since 2000 and the last audit assessments were for \$15,000 for the audit period January 2006 – December 2007, and \$1.1 million for the audit period January 1998 - December 2005. Since that time there have been no other assessments. Hertz is the parent company of Dollar Rent A Car and is the 2<sup>nd</sup> largest of the eight auto rental brands servicing the Airport.

#### ***Objectives and Scope***

The objectives of this audit were to determine if Hertz was in compliance with the reporting, payment, and other related provisions of its Agreement with the Airport. To meet the objectives of our audit and based upon the provisions of the contract dated June 16, 2006 (including all amendments), we performed tests to determine that operations (rental agreements and revenues) for the audit period were reported to the Airport in accordance with the Agreement provisions, and that such amounts agree with Hertz’s underlying accounting records. Our testing also included identifying whether any significant discrepancies (over or under) in reporting existed. If such discrepancies were identified, this report includes the adjustments to the fee(s) payable to the Airport and our recommendations to improve record keeping and reporting processes of Hertz relative to its ability to comply with Agreement provisions.

The scope of our audit was limited to the following:

- Records and reports supporting the number of auto rental agreements, gross revenues reported, and fees paid or payable by Hertz to the Airport for the period from January 1, 2022, through December 31, 2022.
- External Audit reports provided to RIAC related to the Airport Fee, CFC, AFC, and UFC, for the period under audit, and any audit findings.
- Insurance certificates are adequate and have been provided to the Airport.

This audit and the resulting report relate only to the auto rental fees reported by Hertz and does not extend to any other performance or financial audits of the Airport and Hertz or its related companies.

### ***Methodology and Procedures***

To meet the objectives of our audit, we performed the following specific procedures:

- Selected 40 closed rental agreements for the months of February and June utilizing stratified sampling for rentals at both the Interlink, and the FBO at the Airport.
- Examined and tested the closed rental agreements to determine if all amounts and fees were calculated correctly.
- Obtained supporting documents to verify the calculation of the following fees:
  - Privilege Fee of 10% of Gross Receipts after fee is included in commissionable revenue.
  - Customer Facility Charge (CFC) of \$6.00 per rental day for the first 30 days
  - Utility Facility Charge (UFC) of \$1.00 per rental day
  - Airport Facility Charge (AFC) of \$0.95 per rental day
- Examined the Monthly Gross Receipts Statement received from Hertz to ensure that all fees are recorded properly and in compliance with the financial and reporting provisions of the Agreement.
- Performed a completeness test using the Rental Agreement, Audit Report, Final Closed Rental Report, and Monthly Gross Revenues Statement, to determine if the reporting system is operating as intended.
- Reviewed the External Audit Report and agreed Statement of Revenues (attached) to all other reports.
- Verified that amounts due to RIAC based on the audited reports were received.
- Reviewed other documents such as insurance certificate to confirm compliance with the Agreement provisions.

Additional audit testing and procedures were required to confirm the correctness of amounts calculated and collected by Hertz. While it is not uncommon for an auto rental agency to contract with individual travel agencies, as well as, companies such as Expedia, Orbitz, and Priceline, there were various nuances found with the transmission and recording of revenues and fees. Because of this, the duration of the audit was extended to accommodate the additional procedures and testing which included the following:

- Contacted travel agents in Rhode Island who perform prepaid bookings for Hertz rental vehicles and discussed the process in detail.
- Obtained information from other auto rental audits to compare the process and typical flow of data.
- Reached out to business contacts who are auditors at other airports to obtain any audit results they may have and be willing to share.

We conducted this financial performance audit in accordance with generally accepted government auditing standards set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

### ***Audit Results***

Based on the results of our testing for the period from January 1, 2022, through December 31, 2022, all amounts were properly calculated and reported, and payments were accurate and timely with no exceptions. Hertz is also in compliance with the external audit reporting requirements, and the required certificates of insurance have been provided to RIAC. All audit procedures were completed with no exceptions.

Hertz reported gross revenue of \$10,144,680, total rental contracts of 32,994, and total transaction days of 139,444 for the CYE 2022. In addition, Hertz paid the following fees to the Airport in accordance with its agreement provisions, and confirmed these amounts to the External Auditors' Report, and other reports.

- Privilege Fee – \$1,014,468
- Customer Facility Charge (CFC) - \$836,664
- Utility Facility Charge (UFC) - \$139,444
- Airport Facility Charge (AFC) - \$132,472

**Conclusion**

We conclude that Hertz was in compliance with the reporting, payment, and insurance provisions of its Agreement with the Airport.

**This report is intended solely for the information and use of the Airport and Hertz and is not intended to be and should not be used by anyone other than these specified parties.**



Douglas Dansereau, CIA, CMA, CPA,

Chief Auditor and Strategy Analyst, Ethics Officer

December 29, 2023

**THE HERTZ CORPORATION**  
**AUTOMOBILE RENTAL OPERATIONS AT T.F. GREEN AIRPORT**  
**SCHEDULE OF GROSS RECEIPTS AND CONCESSION PAYMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2022

Pursuant to the Amended and Restated Rental Car Company Concession Agreement dated June 16, 2006, as amended through January 1, 2019, between the Rhode Island Airport Corporation and The Hertz Corporation, set forth below are the gross receipts and concession payments, as defined, for the year ended December 31, 2022:

		Gross Receipts												
		Originally Reported												
Time and Mileage	Airport	Liability Insurance Supplement	Personal Accident Insurance & Emergency Sickness Protection	Loss Damage Waiver	Refueling	Miscellaneous Revenue (1)	Pass Through Fees (2)	As Adjusted		Concession Payments				
<b>Providence (T.F. Green) Airport</b>														
January 2022	\$	320,756	\$	514	\$	13,861	\$	14,281	\$	36,216	\$	426,593	\$	42,659
February		339,028		605		17,101		10,142		40,012		458,533		45,853
March		412,237		442		24,682		12,661		48,113		558,439		55,844
April		478,067		721		25,388		15,302		56,834		647,861		64,786
May		639,790		749		38,463		19,111		74,478		863,512		86,351
June		857,712		1,013		47,292		22,388		94,440		1,105,131		110,513
July		893,836		1,269		42,826		30,212		101,327		1,160,772		116,077
August		922,978		1,293		40,293		28,326		103,431		1,044,015		104,401
September		776,481		1,397		37,159		20,645		91,781		1,030,522		103,052
October		763,866		934		27,339		19,252		88,187		832,653		83,266
November		582,157		491		25,501		26,369		72,149		715,078		71,509
December		595,635		10,638		375,246		240,805		868,934		1,093,147		1,093,147
Sub-total		7,492,543		9,029		930,275		930,275		868,934		10,091,471		1,093,147

**Northstar Aviation**

January 2022		1,290		121		104		-		320		1,835		183
February		2,252		(15)		251		-		544		3,070		307
March		4,088		443		344		140		1,085		6,100		610
April		5,161		120		318		64		1,192		6,855		686
May		6,942		269		876		219		1,753		10,059		1,006
June		8,784		380		668		87		2,108		12,144		1,214
July		8,375		197		451		232		1,947		11,202		1,120
August		13,050		762		982		241		3,215		18,589		1,859
September		11,453		669		652		254		2,748		15,987		1,599
October		8,318		536		638		163		2,055		11,842		1,184
November		7,150		396		437		298		1,677		9,977		998
December		3,914		168		321		196		950		5,549		555
Sub-total		80,777		4,046		6,042		1,894		19,594		113,209		11,321
Total		7,573,320		984,321		381,288		242,599		887,628		10,144,680		1,014,468

Required Concession Payments (10% of gross receipts)

- (1) Miscellaneous Revenue includes: additional driver, age differential, child seats, drop charges, guaranteed reservations, navigator/Neerlost, satellite radio, special equipment, terminal drive back, loss of use, overdue admin. fee, PlatePass, portable GPS, premium roadside service, parking ticket/toll admin., rental modification fees, travel tab/Wr-Fi, and vehicle delivery fee.
- (2) Pass Through Fees include: energy surcharge, frequent flyer surcharge, O&M fees, rental vehicle surcharge, and privilege fee.