



Cobb County...Expect the Best!

INTERNAL AUDIT DEPARTMENT

Report Number: 2025-003

**FINAL REPORT – Review of Fees and Revenue
Collections at the Cobb County International
Airport**

August 18, 2025

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COBB COUNTY INTERNAL AUDIT

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Director

August 18, 2025

MEMORANDUM

TO: Dr. Jackie McMorris, County Manager

FROM: Latona Thomas, CPA, CIA, Director 

SUBJECT: **FINAL REPORT** – Review of Fees and Revenue Collections at the Cobb County Airport

Attached for your review and comments is the subject final report. The overall objective was to identify current revenue streams for the Cobb County International Airport at McCollum Field (Airport) and ensure that all revenue is recorded in the appropriate fund.

Impact on the Governance of Cobb County

The recommendations along with the corrective actions, when implemented, will improve the controls over revenue collection, monitoring, and documentation, as well as future lease administration. After implementation, County leadership and other stakeholders can be assured that the Airport's lease/contract revenue will be collected within the timeframe set forth by each written agreement, and third-party data related to revenue recognition is accurate and reflects the correct amount of money owed to the Airport each month. Additionally, the Airport will have a written policy around the creation of new leases.

Executive Summary

We identified several controls deemed adequate within the Airport lease/contract administration and management; however, controls need to be improved and additional control activities need to be implemented to ensure adequate oversight over the timely collection of revenue, adequate policies and procedures exist for lease/contract administration and monitoring and validation of third-party data to ensure the accuracy of revenue remitted by contractors.

Recommendations

We made four (4) recommendations to improve and strengthen the control environment over Airport leasing/contract; enhance the monitoring of third-party data; and enforce lease/contract terms.

Responses

The Department of Transportation provided a response and occurred with all four (4) of our recommendations in the draft report. The complete response to the draft report is included in Appendix III. The referenced corrective actions are projected to be implemented by December 31, 2025. The positions responsible for implementation vary as designated in the respective responses. We will perform a follow-up on corrective action in one year from the date of this report. A copy of this report will be distributed to those affected by the report recommendations, as reflected below. Please contact me at (770) 528-2559 if you have questions or Michaela Tullius, Auditor-In-Charge, at (678) 581-5044.

CC: Drew Raessler, Agency Director, Department of Transportation
Bill Volckmann, Chief Financial Officer, Finance Department
Morgan Simmons, Deputy Director, Department of Transportation
Steven Spencer, Airport Division Manager, Department of Transportation
Jimmy Gisi, Deputy County Manager
Cobb County Audit Committee
Internal Audit Department File

Background

Opened in 1960, the Cobb County International Airport at McCollum Field (Airport) is owned by the Cobb County (County) Government and is developed, managed, and operated by the County's Department of Transportation (DOT). An Airport Division Manager reports to the DOT Director and has two Managers who directly report to them: an Operations Manager and a Maintenance Manager. The Airport is designated for general aviation purposes and as a reliever airport for the Hartsfield-Jackson and DeKalb-Peachtree Airports. Since its opening, it has grown exponentially and is now, on average, the third busiest airport in Georgia¹ based on Air Traffic Control Tower daily operations logs as of the 2nd quarter of 2024.

The Airport aligns with the County's Comprehensive Transportation Plan (CTP)². While the Airport does not support commercial use (i.e., commercial airlines landing and takeoff) it continues to be a reliever airport and supports multiple activities which greatly enrich the County and its surrounding community. One such activity is supporting and providing the space for the aeronautical activities of law enforcement and public safety units such as aerial surveillance, natural disaster response, manhunts, fire suppression, and aerial photography. Similarly, another activity is supporting emergency medical services by being the home base for AirLife Georgia, a medical service providing essential lifesaving emergency services by air. The Airport also supports local education through allowing their use of its aeronautical facilities. For example, Kennesaw State University (KSU) utilizes the Airport facilities for philanthropic outreach, visiting professors or lecturers, sports teams, and regional student recruitment. Through these activities and various other initiatives and efforts, the Airport serves as a vital resource for the community.³

Sources of Revenue

While there are occasional miscellaneous revenues, the three main revenue streams for the Airport are property, facility, and ground (PFG) leases; fuel flowage fees (FFF); and the Transient Aircraft Landing (TAL) Fee. Over the five-year period of FY2020 through FY2024, the Airport generated an average of approximately \$1.4 million in annual revenues⁴ which are collected within the General Fund.

Five-Year Revenue Trend Analysis

During the last five fiscal years, FY2020 - FY2024 (October 1, 2019, through September 30, 2024), the Airport has generated approximately \$6.9 million in revenues for a 5-year annual average of approximately \$1.4 million. **Table 1** on Page 2 shows the breakdown of this revenue between the three main revenue streams of the Airport, including other revenues.

¹ Source: FAA Air Traffic Control Tower daily operations logs through the Air Traffic Activity System (ATADS) for 2nd Quarter 2024 at <https://aspm.faa.gov/opsnet/sys/Tower.asp>

² A CTP is a County-wide, long-range multimodal transportation plan that assesses the County's existing and future transportation needs; Source: Cobb County Department of Transportation website at the following link: <https://www.cobbcounty.org/transportation/planning/comprehensive-transportation-plan/about>

³ Source: <https://www.cobbcounty.org/transportation/airport> and <https://cobbcountyairport.com/>

⁴ Source: CGI Advantage, Cobb County Financial System and Table 1 on Page 2.

**Airport Revenues by Stream
FY2020 through FY2024**

Revenue Stream	FY2020	FY2021	FY2022	FY2023	FY2024	5-Year Average
Property, Ground, and Facility Leases	\$583,567.29	\$685,401.59	\$748,807.27	\$838,768.84	\$869,871.35	\$745,283.27
Fuel Flowage Fees	\$343,463.64	\$515,233.32	\$572,912.76	\$438,387.81	\$414,158.64	\$456,831.23
Transient Aircraft Landing Fees	\$0.00	\$0.00	\$52,032.81	\$91,060.84	\$109,565.61	\$84,219.75*
Other Revenues	\$272,780.26	\$380,507.92	\$1,059.20	\$1,300.36	\$14,850.03	\$134,099.55
Total	<u>\$1,199,811.19</u>	<u>\$1,581,142.83</u>	<u>\$1,374,812.04</u>	<u>\$1,369,517.85</u>	<u>\$1,408,445.63</u>	<u>\$1,386,745.91</u>

Table 1 - Source: Cobb County's Financial Information System, CGI Advantage, as of 10/03/2024

* Since the Transient Aircraft Landing Fee was not implemented until January 1, 2022, a three-year average is used here instead of a five-year average.

Property, Facility, and Ground Leases (PFG)

As the Airport does not allow commercial aviation, the largest source of revenue is generated through property, facility, and ground leases. The Airport has multiple hangars, terminals, office spaces, and both on/off-property buildings that can be leased for various approved aeronautical and non-aeronautical activities. The lessees are varied in industry and purpose, including Flight Schools and Charter Services, Aeronautical Repair and Maintenance Services, Construction Materials Producers and Distributors, Landscaping Companies, and Auto Dealerships for new, used, and certified cars.

Lease terms range from 5 years to 42 years, with an average lease term of 19.5 years. Each lease is subject to a Consumer Price Index (CPI) adjustment every three years to help keep up with market values and ensure that lease fees are reasonable.

Fuel Flowage Fees (FFF)

The second largest source of annual revenues comes from fuel flowage fees. Hawthorne Global Aviation (Hawthorne), a Fixed-Base Operator (FBO)⁵ and lessee at the Airport, is responsible for providing fueling and fuel storage facilities to meet the needs of all Airport users per their operating lease agreement with the Airport. In addition to providing this service, Hawthorne is also responsible for remitting a \$0.21/gallon fuel flowage fee to the Airport for each gallon of fuel they purchase for resale at the Airport. Hawthorne is not restricted in whom they source the fuel from, and their current fuel provider of choice is currently Titan Aviation Fuel (Titan).

⁵ A Fixed-Base Operator (FBO) is a commercial business granted the right by the airport sponsor, Cobb County, to operate at the Airport and provide aeronautical services such as fueling, aircraft storage, tie-down and parking, aircraft rental, aircraft maintenance, flight instruction, etc.

Source: U.S. Department of Transportation, Federal Aviation Administration, "Advisory Circular 150/5190-7: Minimum Standards for Commercial Aeronautical Activities", 28 August 2006, p. 13.

Hawthorne buys their fuel from Titan in bulk batches throughout the month. Hawthorne's Operating Lease Agreement allows them to decide how the fuel flowage fee is remitted, and they have chosen to allow Titan to collect the fee as part of the billing process for fuel purchases and remit it directly to the Airport instead of Hawthorne paying it separately. When Hawthorne pays Titan for fuel purchased, Titan charges an extra \$0.21/gallon fee to Hawthorne and then remits this fee to the Airport each month to fulfill this requirement per Hawthorne's Operating Lease Agreement. **Chart 1** below illustrates these relationships. While Titan is the one who sends the payment to the Airport, the Airport does not have an agreement or contract with Titan.

Flow Chart of Fuel Flowage Fee Relationships

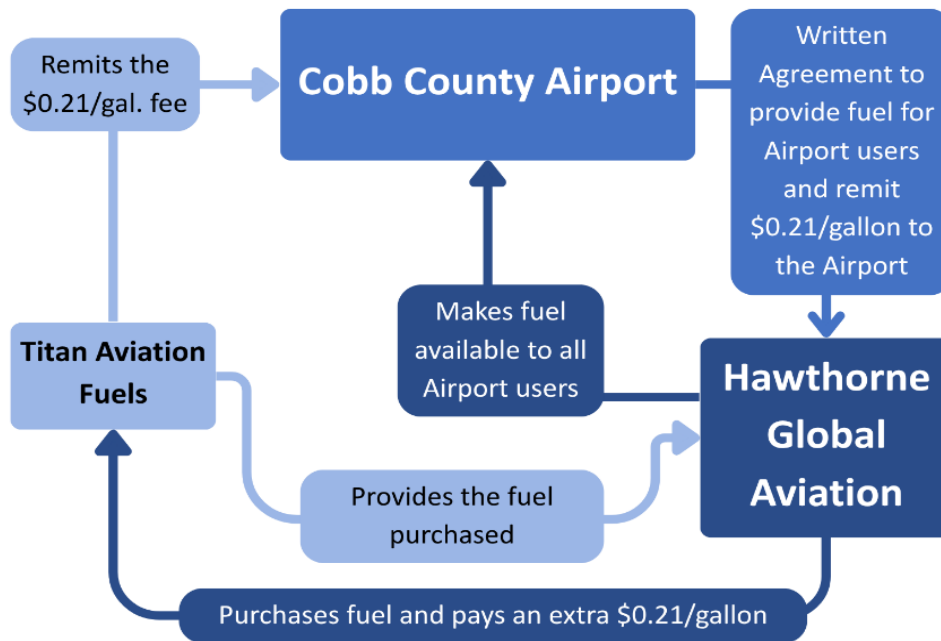


Chart 1 – Source: Agreement for Professional Services Between Hawthorne Global Aviation & Cobb County, GA for Cobb County International Airport, executed June 2022.

Transient Aircraft Landing (TAL) Fees

Another source of revenue comes from the Transient Aircraft Landing Fees. On August 10, 2021, the Board of Commissioners (BOC) approved a Transient Aircraft Landing Fee Policy for the Airport to have visiting aircraft contribute to the Airport's operating and capital expenses, as fueling for visiting aircraft is purely optional and no other fees are collected. All aircraft that are based at the Airport are exempt from this landing fee, as well as other aircraft such as military, government, medical, and public safety aircraft. The list of exempt aircraft is maintained by Airport Management, and is updated at least once a month, but is also updated more frequently on as-needed basis.

Vector Airport Systems, LLC (Vector) was contracted by the Airport for their professional services as the manager of the Transient Aircraft Landing Fee program. Per the agreement, Vector is responsible for billing and collecting the fee, for a 20% commission on all fees they collect. The Airport is responsible for providing the updated list of exempt aircraft to Vector to prevent their system from billing aircraft operators for aircrafts that are based at the Airport or are otherwise exempt.

Calculation of Transient Aircraft Landing (TAL) Fee

The Transient Aircraft Landing Fee is calculated based on the aircraft's maximum take-off weight (MTOW), as well as the time that the aircraft lands. The MTOW, sometimes also referred to as the maximum take-off mass (MTOM), is specified by the manufacturer and represents the maximum allowable weight of an aircraft at which a pilot may still attempt to take-off. It encompasses the weight of the aircraft itself, including all systems, fuel, passengers, cargo, and all other items onboard.

For all aircraft weighing up to less than 6,000 lbs., no fee is assessed unless they are landing between the hours of 9:00 PM and 5:59 AM, a scenario which would result in the aircraft being assessed a flat one-time fee of \$10.00. For aircraft weighing 6,000 lbs. or more, a fee of \$2.00 per 1,000 lbs., rounded to the nearest thousand, is assessed regardless of what hour they land. **Table 2** above and **Chart 2** below both illustrate how the fee is calculated based on exempt status, MTOW, and time of landing.

Transient Aircraft Landing Fee Calculation Matrix

		Time of Landing	
		6:00 AM to 8:59 PM	9:00 PM to 5:59 AM
Maximum Take-off Weight	Less than 6,000 lbs.	no fee assessed	\$10.00
	Greater than or equal to 6,000 lbs.	\$2.00 per 1,000 lbs. (rounded)	

Table 2 - Source: Agreement for Professional Services Between Vector Airport Systems, LLC & Cobb County, GA for Cobb County International Airport, executed November 2021

Flow Chart Depicting Transient Aircraft Landing (TAL) Fee Calculation Outcomes

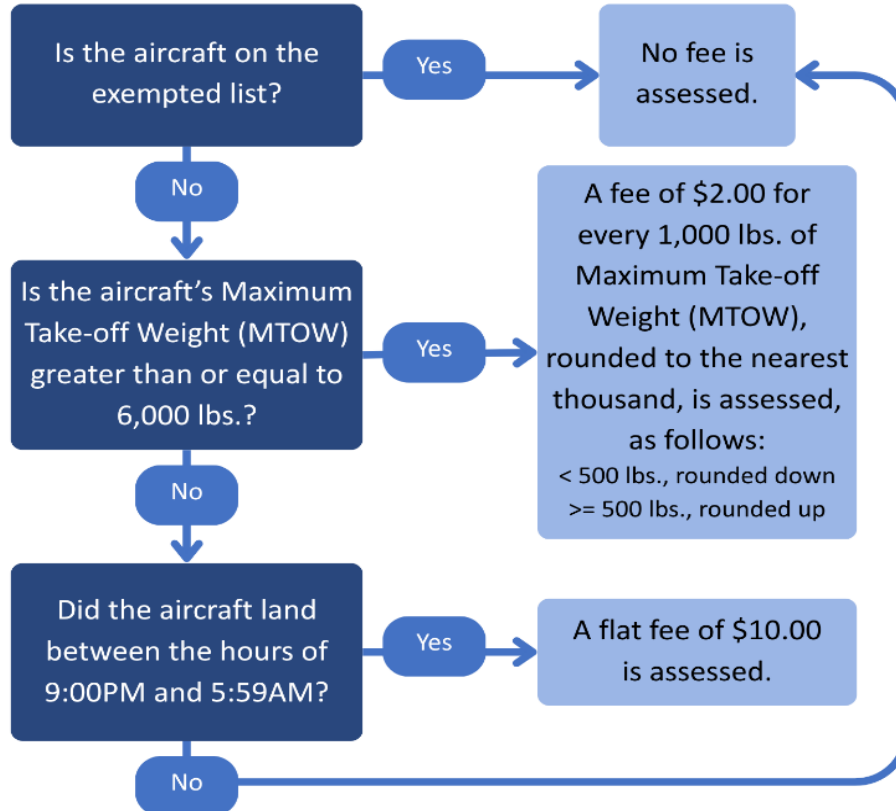


Chart 2 – Source: Agreement for Professional Services Between Vector Airport Systems, LLC & Cobb County, GA for Cobb County International Airport, executed November 2021.

Summary of Operating Leases

During the period under review (October 1, 2022, through June 30, 2024), we identified eight (8) individual contractors/lessees that generate revenue for the Airport. Seven (7) of these contractors have property, ground, and facility (PFG) lease agreements with the Airport, of which one (1), Hawthorne Global Aviation, also has a professional service agreement for the Fuel Flowage Fee (FFF) program. The final one (1) of these contractors, Vector Airport Systems, has a professional services contract with the Airport for the Transient Aircraft Landing (TAL) Fee program. See **Chart 3** on Page 6 for a percentage breakdown of the revenues per stream. A total of \$2,402,668.93 in revenues were collected by the Airport during this 21-month period, \$2,401,368.57 of which was generated by the eight (8) leases/contracts. **Table 3** below, shows the breakdown of this total by the contract/lessee, listed in order of greatest revenue amount to least. Two sources of other revenues, totaling \$1,300.36, were also identified. One was a capital credit from Cobb Electric Membership Corporation (Cobb EMC), a non-profit utility company, to distribute the Airport’s portion of excess revenues which are annually remitted on a proportional basis to members who utilize their services. The other was a reimbursement for property damages received from the County’s Risk Management Department⁶.

The top contributor to revenue is Hawthorne Global Aviation, who generated approximately \$731k through fuel flowage fees and approximately \$579k through property, ground, and facility leases during the period under review. This accounted for 54.6% of all revenues for the Airport during this period.

Operating Agreement Terms and Revenues Generated per Contract / Lease between 10/01/2022 and 06/30/2024

Contract / Lessee	Revenue Stream	Agreement Start	Agreement End	Total Revenues
Hawthorne Global Aviation <i>(remitted by Titan Aviation Fuel)</i>	<i>Fuel Flowage Fees</i>	June 1, 2022	Dec. 31, 2056	\$731,532.27
Hawthorne Global Aviation	<i>Property, Ground, and Facility Leases</i>	June 1, 2022	Dec. 31, 2056	\$579,211.50
Vulcan Materials Company	<i>Property, Ground, and Facility Leases</i>	Jan. 1, 2017	Dec. 31, 2036	\$270,255.06
Vector Airport Systems	<i>Transient Aircraft Landing Fees</i>	Jan. 1, 2022	Dec. 31, 2025	\$170,204.05
Aero Atlanta Flight Center	<i>Property, Ground, and Facility Leases</i>	Nov. 1, 2019	Sep. 30, 2039	\$157,595.20
SiteOne Landscaping	<i>Property, Ground, and Facility Leases</i>	Apr. 1, 2020	Dec. 31, 2029	\$154,471.46
DLK Aviation <i>(DBA. Little Bird Aviation)</i>	<i>Property, Ground, and Facility Leases</i>	Apr. 1, 2022	Mar. 31, 2027	\$141,540.00
Atlanta Northside Aviation	<i>Property, Ground, and Facility Leases</i>	Mar. 1, 2011	Dec. 31, 2052	\$123,359.40
Marietta Auto Sales	<i>Property, Ground, and Facility Leases</i>	Nov. 1, 2020	Oct. 31, 2025	\$73,199.63
Total Revenue Generated via Identified Contracts				\$2,401,368.57
Other Revenues				\$1,300.36
Grand Total Revenues Generated				\$2,402,668.93

Table 3 - Source: Internal Audit analysis based on data gathered from Cobb County's Financial Information System, CGI Advantage

The scope of this review included all Airport revenues for the period beginning October 1, 2022, and ending June 30, 2024. Detailed information on our objectives, scope, and methodology is presented in Appendix I on Page 12.

⁶ Source: Board of Commissioner’s meeting agenda for the 06/12/2023 meeting.

Results of Review

The overall objective of this audit was to identify current revenue streams for the Cobb County (County) International Airport (Airport) and to ensure that all revenue is recorded in the appropriate fund for the period beginning October 1, 2022, and ending June 30, 2024. We conducted various interviews, researched applicable laws and ordinances regarding Airport revenue collection, reviewed a copy of operating lease agreements and revenue-generating professional service agreements, reviewed and validated actual revenues received, and performed analyses of recorded revenues received during the period under review.

**Breakdown of Revenue by Stream
between October 1, 2022, and
June 30, 2024**

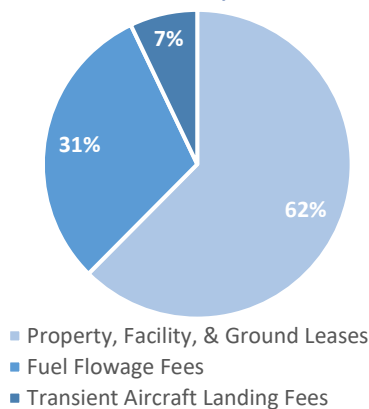


Chart 3 – Source: Internal Audit analysis based on data pulled from CGI Advantage, the County’s Financial System.

As outlined in the background section of the report, on Page 1, the airport generates revenues from three main revenue streams. The chart on the left shows the breakdown of revenue for the audit period.

During the period under review, all payments were substantially collected by the Airport in full. Out of the eight (8) lessees/contractors who had payment due dates and leniency periods as part of their agreement terms, all eight (8) had at least one payment that was not paid by the stated due date and leniency period. For three (3) of those eight (8) lessees/contractors, all their payments fell outside of the leniency period and were delinquent.

We identified several controls deemed adequate within the Airport’s lease and contract agreements, including but not limited to the retention of relevant documentation obtained from vendors. However,

additional control activities need to be improved or implemented to strengthen the internal control environment over revenue collections and contract/lease administration. As such, accompanying pages includes our corresponding recommendations.

Enhanced Governance and Monitoring Efforts is Necessary

We identified two areas needing improvement within the Airport’s internal control environment regarding revenue collection and third-party data validation. Specifically, the Airport needs a written policy outlining Airport Leasing Guidelines, and independent validation and reconciliation should be performed for third-party data received against revenues to ensure the accuracy of payments by the vendor(s).

Airport Leasing Policy is Needed

The Airport Division of the County’s Department of Transportation (DOT) currently lacks a written policy or guideline that outlines the necessary steps and criteria for approving new airport leases or renewing existing lease agreements. While existing lease agreements are generally uniform in terms of language, conditions, and lessee requirements, the absence of a standardized policy introduces the risk of future inconsistencies in lease and contract agreements, which could lead to administrative challenges and potential disputes.

The previous Airport Manager initiated the development of a policy titled *Airport Leasing Guideline Policy* in July 2023. This document was intended to serve as a framework for ensuring consistency, fairness, and regulatory compliance in lease-related decision-making. However, as of this report issuance date, there is no established timeline for the completion of this policy or for its formal presentation to the Board of Commissioners (BOC) for review, approval, and adoption. The lack of a clear schedule for implementation further underscores the necessity of prioritizing the finalization of this policy to provide clarity and direction for future lease agreements.

Recommendation

The Department of Transportation Agency Director or Airport Division Manager should:

Recommendation 1: Update and review the drafted policy to ensure that current practices are adequately and accurately represented in the policy. Upon completion and approval by the department, the policy should be presented to the Board of Commissioners for final approval and adoption.

DOT's Response: [Concur] An existing policy regarding Airport leasing guidelines is in draft format. DOT staff will review guidelines and submit for Legal's review by September 30, 2025. Upon Legal's review/edits, DOT endeavors to bring this policy before the Board of Commissioners by December 31, 2025.

Validation and Reconciliation of Third-Party Data is Needed

While all of the property, ground, and facility lease contracts make fixed and consistent monthly payments, the payments made by the Fuel Flowage Fee and the Transient Aircraft Landing Fee are not fixed and are based on their own third-party data which changes each month and does not follow a predictable pattern.

There is currently no policy nor procedure in place requiring the regular validation and reconciliation of this third-party data or the recalculation of revenue due to the Airport.

Fuel Flowage Fee

As discussed in the Background section on Page 3 of this report, Hawthorne Global Aviation, a Fixed-Base Operator and lessee at the Airport, is required by their Operating Lease Agreement to provide fuel for the Airport users and purchases fuel for resale from Titan Aviation Fuels (Titan). **Chart 4** to the right shows an example of a timeline in the billing and collection processes.

As shown by the example in **Chart 4**, Titan and Hawthorne both send a report to the Airport at the end of each month to show how much fuel was purchased and what amount in Fuel Flowage Fees is owed and will be remitted to the Airport on behalf of Hawthorne.

Hypothetical Example of the Fuel Flowage Fee Billing and Collection Processes



Chart 4 – Source: Internal Audit’s knowledge of the processes based on the written agreement between Hawthorne Global Aviation & Cobb County, GA for the Airport and review of the monthly reports.

While none of the 21 months under audit (October 2022 through June 2024) had discrepancies or calculation errors, there are no procedures in place to validate the amount received per month and reconcile it to either of the reports received, nor is there a procedure in place to recalculate

Hypothetical Example of the Transient Airport Landing (TAL) Fee Billing and Collection Processes

March 2023

An aircraft with the Maximum Take-off Weight (MTOW) of 7,500 lbs. lands at the **Airport** at 5:45PM on March 2, 2023. Their operator is **ABC Aviation** and they are not on the list of exempt aircraft.

At the end of the month, a fee of \$16.00 is assessed by **Vector** using the following formula:
 $\$2.00 * [(7,500 \text{ lbs. rounded} = 8,000 \text{ lbs.}) / 1,000]$

April 2023

At the beginning of the month, **Vector** sends an invoice to **ABC Aviation** for \$16.00 for the month of March 2023.

At the end of the month, **Vector** sends a Monthly Billings report to the **Airport** for March 2023, which includes the \$16.00 fee billed to **ABC Aviation**.

At the end of the month, **Vector** sends an Accounts Receivables Aging report to the **Airport** as of March 2023, which includes the \$16.00 fee billed to **ABC Aviation**.

At the end of the month, **Vector** sends a Monthly Collections report to the **Airport** as of March 2023, which does not include the \$16.00 fee billed to **ABC Aviation**, as they have not collected their outstanding March 2023 invoice.

May 2023

ABC Aviation pays \$16.00 to **Vector** on May 18, 2023, for their March 2023 invoice.

At the end of the month, **Vector** sends a Monthly Collections report to the **Airport** for May 2023, which includes the \$16.00 fee received from **ABC Aviation**.

June 2023

80% of the \$16.00 from the March 2023 invoice for **ABC Aviation**, or \$12.80, is remitted to the **Airport** by **Vector**. The remaining 20% is retained by **Vector** as their commission fee for being the Transient Aircraft Landing Fee manager.

Chart 5 – Source: Internal Audit’s knowledge of the processes based on the written agreement between Vector Airport Systems, LLC & Cobb County, GA for Cobb County International Airport, and review of the monthly reports.

the original invoice date.

the per gallon amount that Titan remits to the Airport to ensure that it matches the \$0.21/gallon requirement.

Transient Aircraft Landing Fee

As discussed in the Background section on Pages 3 and 4 of this report, the Airport has contracted Vector Airport Systems, LLC (Vector) to act as manager of the Transient Aircraft Landing (TAL) fee program. To bill the Transient Aircraft Landing Fees, Vector utilizes aircraft landing data to determine which aircraft landed during the month, at what time of the day, and which aircrafts are exempt from the fee based on the Airport’s list. This data is used monthly alongside the most recent exempt aircraft list sent from the Airport to bill aircraft operators. If an operator is billed in error and alerts either Vector or Airport Management within a reasonable amount of time, the invoice is voided, and no fee is assessed.

On a monthly basis, Vector sends the Airport several files:

1. **Monthly Billings:** a spreadsheet which shows which aircraft were billed for the TAL fee and what amounts they were billed.
2. **Monthly Collections:** a spreadsheet which shows which invoices were paid during the month, along with a calculation of Vector’s 20% commission fee and how much the Airport can expect to receive from Vector for that month’s collections.
3. **Account Receivable (AR) Aging Report:** a spreadsheet which shows the Airport where their receivables stand for the month and how old each invoice is.

An example has been given, via **Chart 5** to the left, to show the standard timeline for the billing and collection of the TAL fee. In the example, the aircraft operator, ABC Aviation, pays their March 2, 2023, invoice on May 18, 2023, 77 days after

Vector does not charge late fees, nor assess any penalties for late payments. As such, we identified instances where TAL fees were collected eight (8) or more months after the initial invoice date without any late fees attached. See 'Improved Enforcement of Contract Terms is Necessary' on below for further discussion regarding late fees.

Airport Management does spot check these reports, as well as the operational flight data reports, but no formal reconciliation or recalculation of monthly billings is performed. Validating data used to calculate revenue and performing monthly reconciliation of payments due and payments received are key components of revenue collection controls to ensure revenue remitted is in full and received on timely basis.

While Airport Management has verbally expressed confidence about these third parties' ability to accurately capture the data, the lack of an independent reconciliation and validation creates an opportunity for both entities to incorrectly report the data and under-report revenue due to the Airport. Without an independent recalculation/validation of each data set and corresponding charge, the Airport cannot be reasonably assured that the invoice amounts are free from either error or fraud and that revenue collected is complete and accurate.

Recommendation

The Department of Transportation Agency Director or Airport Division Manager should:

Recommendation 2: Put a plan in place for a monthly or quarterly reconciliation and validation of the monthly billings and collection processes for the Fuel Flowage Fee and Transient Aircraft Landing Fee by either the Airport or DOT staff.

DOT's Response [Concur] Airport and DOT Finance will coordinate with vendors to develop a reconciliation and validation method for the monthly billing and collection processes for the Fuel Flowage Fee and Transient Aircraft Landing Fee by October 1, 2025

Improved Enforcement of Contract Terms is Necessary

Per the stated terms of all property, ground, and facility lease contracts and the terms for the fuel flowage fee agreement, monthly payments have a due date, which is typically the 1st of each month paid in advance. In addition to this due date, each agreement allows for a 5-day leniency period past the due date to account for any potential delays in the receipt of the payments. A payment made more than 5 days after the due date is considered delinquent. The agreements authorize the Airport to assess and bill a delinquency fee of 5% of the original payment amount on top of the late payment.

Out of the seven (7) PFG lessees/contractors who had payment due dates and leniency periods as part of their agreement terms, all seven (7) had at least one payment during the 21 months under review that was not paid by the stated due date nor the leniency period, and no delinquency fee was assessed. For three (3) of those seven (7) lessees/contractors, all 21 of their payments fell outside of the leniency period and were considered delinquent. The average payment was 16 days late, and most late payments fell between 1 and 51 days late, except for two payments which were 207 and 212 days late. The 207-day late payment was originally lost in the mail, and the loss was not discovered for several months due to a lack of proper documentation on the lessee's checks and a lack of monitoring by the Airport. The lessee voided and re-paid the missing check 207 days after it was initially due.

The 212-day late payment was an error by the lessee and was discovered by the lessee months later and promptly paid. **Table 4** below, shows the distribution of payments made either in a timely manner or a delinquent manner. Please also see **Table 3** on Page 5 of the Background section for a list of the Operating Agreement Terms and Revenues Generated per Contract/Lease between 10/01/2022 and 06/30/2024.

Payments Made by Each Revenue Source During the Period Under Audit Categorized by Number of Days Past Due

Contract / Lessee	Revenue Type	Timely Payments (by days past due)	Delinquent Payments (by days past due)					Total Delinquent Payments
		0-5 days	6-10 days	11-20 days	21-40 days	41-60 days	60+ days	
Hawthorne Global Aviation <i>(remitted by Titan Aviation Fuel)</i>	Fuel Flowage Fees	2	6	8	5	0	0	19
Hawthorne Global Aviation	Property, Ground, and Facility Leases	12	9	0	0	0	0	9
Vulcan Materials Company	Property, Ground, and Facility Leases	7	7	5	5	0	0	17
Vector Airport Systems	Transient Aircraft Landing Fees	21	n/a	n/a	n/a	n/a	n/a	n/a
Aero Atlanta Flight Center	Property, Ground, and Facility Leases	0	2	15	2	1	1	21
SiteOne Landscaping	Property, Ground, and Facility Leases	19	1	1	0	0	0	2
DLK Aviation <i>(DBA. Little Bird Aviation)</i>	Property, Ground, and Facility Leases	0	3	13	4	0	1	21
Atlanta Northside Aviation	Property, Ground, and Facility Leases	0	0	3	13	5	0	21
Marietta Auto Sales	Property, Ground, and Facility Leases	20	0	0	1	0	0	1
Totals		81	28	45	30	6	2	111

Table 4 - Sources: Cobb County's Financial Information System, CGI Advantage, and all written agreements

The various PFG contracts/lease agreements allow for 5% delinquency fee for each of lessees/contractors when delinquent payments are made. We noted that no delinquent payment was assessed and collected for the review period. Per our calculation, taking 5% of each delinquent payment in total, the delinquency fees which should have been assessed and collected was \$81,148.66 over the 21-month period under review. **Table 5** to the right shows the associated delinquency fees that should have been assessed per Contract without the attached lessor/contractor. When we inquired with the Airport and DOT why this was the case, it was stated that the DOT accounting team is unaware of when the payment was received or what the due date was, as the DOT accounting team does not process the payments. Instead, all payments go through Cobb County's central Finance team, who is only responsible for the receipt and deposit of revenues and does not perform any monitoring or reconciliation activities.

Total Calculated Delinquency Fees per Contract (October 2022 – June 2024)

Contract	Total Calculated Delinquency Fees
Contract A:	\$37,000.58
Contract B:	\$12,411.68
Contract C:	\$9,047.94
Contract D:	\$7,932.89
Contract E:	\$7,077.00
Contract F:	\$6,817.32
Contract G:	\$702.14
Contract H:	\$159.11
Totals	\$81,148.66

Table 5 - Sources: Internal calculation made by Internal Audit.

As evidenced by the payments that were 207 and 212 days past the due date without Airport/DOT staff's detection of nonpayment by the vendor, control activities such as monitoring, and reconciliation are key to ensuring on time and in full collection of revenue.

Recommendations

The Department of Transportation Agency Director or Airport Division Manager should:

Recommendation 3: Monitor the revenue collection each month and assess whether payments have been made on-time or are delinquent. Any lessee/contractor whose payment is considered delinquent should be assessed and billed the appropriate delinquency fee as stated per their lease agreement. Communication should be established with each lessee/contractor to ensure that they are aware of these terms.

DOT's Response [Concur] DOT Finance will gain a better clarity of the revenue collection process, timeline and the relationship with the Airport tenant, Cobb Finance, and DOT Finance. From this, a better tracking and notification procedure will be developed by October 1, 2025. Airport will communicate to tenants the delinquency fee as stated per their lease agreement and help facilitate notifying tenants and administering the appropriate delinquency fees as needed.

Recommendation 4: Seek Board of Commissioners guidance and approval on whether delinquency fees should be billed retroactively or if delinquency fees should begin to be enforced at an agreed upon date which will be communicated to all lessees and contractors.

DOT's Response [Concur] Airport staff, with assistance from DOT Leadership and Finance, would begin enforcing the fees as stated in the agreement. Letters will be sent to each lessee stating that the County will begin collecting delinquency fees as of FY26. Since these fees are stated in existing leases, no action by the Board is required.

Detailed Objectives, Scope, and Methodology

We conducted the audit in conformance with the Institute of Internal Auditors Global Internal Audit Standards, which were updated effective January 9, 2025⁷. Our overall objective of this audit was to identify current revenue streams for the Cobb County International Airport (Airport) and to ensure that all revenue is recorded in the appropriate fund(s). Our procedures covered all revenues generated by the Airport between October 1, 2022, and June 30, 2024.

To accomplish the overall objective, we performed the following sub-objectives:

- I. Evaluated the controls over revenue collection and determined whether revenues are collected timely and in full and coded to the correct funds and accounts.
 - a. Performed analysis on actual revenue data from the Advantage Financial system reports.
 - b. Ensured that all revenues were collected timely and in full.
 - i. Obtained a copy of all written agreements for all eight identified contracts and noted each contract's payment terms and deadlines.
 - ii. Created a schedule of expected and actual revenues based on each contract.
 1. Reviewed and compared the contracts to the actual payment receipts from 1.a.
 2. For any partial or missing payments, observed and documented the procedures performed in an effort to collect payments on time and in full.
 3. For any late payments, ensured and documented that there was an assessed penalty if the contract stipulations allow for interest and/or penalty assessments for late payments.
 - c. Ensured that revenues are recorded and coded to the correct funds and accounts.
 - d. Summarized the results and conclusions.
- II. Evaluated the controls over lease term negotiation and contract price-setting to ensure lease and contract amounts are consistent among similar contracts within the Airport and with market value.
- III. Evaluated the internal control environment to ensure that loss of revenues due to fraud (via misappropriation, understatement of reported revenues, and fraudulent deposits of Airport revenue) is not occurring or does not go undetected, we performed the following procedures:
 - a. Interviewed relevant employees and management to understand what departmental procedures related to fraud are in place, if any.
 - b. Assessed whether there is an adequate control environment surrounding revenue collection and deposits with the goal of deterring, detecting, or correcting fraudulent activities, such as segregation of duties, reconciliation, and monitoring by an independent staff.

⁷ The IIA's Global Internal Audit Standards are a set of principle-based guidelines for internal auditors worldwide. They define the essential characteristics, requirements, and considerations for the practice of internal auditing, ensuring its effectiveness and promoting a high level of professional conduct. These standards serve as a benchmark for evaluating and improving the quality of internal audit functions globally.

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on County governance. This benefit will be incorporated into our annual report to the Board of Commissioners, Audit Committee, and County Manager.

Type and Value of Outcome Measure:

- Comprehensive Leasing Terms – Actual; Recommendations, when implemented, will provide assurance that all businesses wishing to lease property at the Airport will have reasonable, consistent, and equitable terms. (See Pages 6 - 7)
- Increased Oversight and Monitoring Controls – Actual; Recommendations, when implemented, will provide assurance that the third-party data received by Titan Aviation Fuels and Vector Aviation Systems, LLC is accurate and therefore reflects the correct amount of money owed to the Airport as revenue each month. (See Pages 7 - 11)
- Increased Revenue from Delinquency Fees and Enforcement of lease terms – Actual; Recommendations, when implemented, will provide assurance that the County is collecting all revenues that are owed to it in a timely manner and delinquency fee revenue of \$81,148.66 is collected for any late payments made. (See Pages 9 - 11)

Methodology Used to Measure the Reported Benefit:

For the eight (8) leases/contracts identified, we confirmed that \$2,401,368.57 was collected during the period reviewed (October 1, 2022, through June 30, 2024), along with an additional \$1,300.36 attributed to other sources. Based on the five-year revenue trend analysis on Page 2, the average annual revenue is \$1,386,745.91. Additionally, we calculated the estimated delinquency fees for late payments made during the period to be \$81,148.66.


DOT's Response to the Draft Report



DEPARTMENT OF TRANSPORTATION

1890 County Services Parkway
Marietta, Georgia 30008-4014

Phone: (770) 528-1600 Fax: (770) 528-1601

DATE: August 7, 2025
TO: Latona Thomas, CPA, CIA , Internal Audit Director
FROM: Drew Raessler, Agency Director 
SUBJECT: Review of Fees and Revenue Collections at the Cobb County Airport

Several recommendations were made and our response to those recommendations are below.

Recommendations

The Department of Transportation Agency Director or Airport Division Manager should:

Recommendation 1: Update and review the drafted policy to ensure that current practices are adequately and accurately represented in the policy. Upon completion and approval by the department, the policy should be presented to the Board of Commissioners for final approval and adoption.

Response: Concur

An existing policy regarding Airport leasing guidelines is in draft format. DOT staff will review guidelines and submit for Legal's review by September 30, 2025. Upon Legal's review/edits, DOT endeavors to bring this policy before the Board of Commissioners by December 31, 2025

Recommendation 2: Put a plan in place for a monthly or quarterly reconciliation and validation of the monthly billings and collection processes for the Fuel Flowage Fee and Transient Aircraft Landing Fee by either the Airport or DOT staff.

Response: Concur

Airport and DOT Finance will coordinate with vendors to develop a reconciliation and validation method for the monthly billing and collection processes for the Fuel Flowage Fee and Transient Aircraft Landing Fee by October 1, 2025

Recommendation 3: Monitor the revenue collection each month and assess whether payments have been made on-time or are delinquent. Any lessee/contractor whose payment is considered delinquent should be assessed and billed the appropriate delinquency fee as stated per their lease agreement. Communication should be established with each lessee/contractor to ensure that they are aware of these terms.

Response: Concur

DOT Finance will gain a better clarity of the revenue collection process, timeline and the relationship with the Airport tenant, Cobb Finance, and DOT Finance. From this, a better tracking and notification procedure will be developed by October 1, 2025. Airport will communicate to tenants the delinquency fee as stated per their lease agreement and help facilitate notifying tenants and administering the appropriate delinquency fees as needed.

Recommendation 4: Seek Board of Commissioners guidance and approval on whether delinquency fees should be billed retroactively or if delinquency fees should begin to be enforced at an agreed upon date which will be communicated to all lessees and contractors.

Response: Concur

Airport staff, with assistance from DOT Leadership and Finance, would begin enforcing the fees as stated in the agreement. Letters will be sent to each lessee stating that the County will begin collecting delinquency fees as of FY26. Since these fees are stated in existing leases, no action by the Board is required.