



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

Management Letter #17 Regarding:

An Economic Development Bond Audit of Nissan North America in Canton, Mississippi

September 26, 2012

Mr. Brent Christensen
Executive Director
Mississippi Development Authority
P. O. Box 849
Jackson, MS 39205

RE: 2010 and 2011 Employee Verification

Dear Mr. Christensen:

Beginning on Monday, June 11, 2012, the Office of the State Auditor's (OSA) Performance Audit Division (PAD) conducted an audit of the accuracy and reliability of the 2010-2011 employee data of Nissan North America (Nissan) located at the Franklin, Tennessee corporate office of its Canton (Madison County, Mississippi) facility. .

As a legislatively approved, major economic impact bond project, the State Bond Commission authorized a total of \$364 million in general obligation bonds, during the 2000 Third Extraordinary Legislative Session, for the Nissan project. To ensure State bond funds were expended appropriately, the PAD conducted an audit of the automobile manufacture to determine whether Nissan met its obligations according to the Delta I and II Project Memorandums of Understanding (MOU) signed in 2001 and 2002, respectively. The MOUs required Nissan to maintain 3,000 new direct jobs until April 1, 2021.

The audit utilized Nissan's current employee listing. The PAD examined and verified a 20% sample of the following data elements: date of hire, evidence the employee was employed as of December 31, 2010 and December 31, 2011, and that employment was traceable to W-2 and W-4 tax forms as well as payroll documents provided by Nissan. ***Based on the OSA's test procedures, Nissan has met its obligation to the MOU mentioned above and has maintain 3,000 direct jobs.*** OSA's procedures verified Nissan employed over 4,100 persons as of December 2011, which exceeds the requisite minimum requirement.

Nissan employment verification for the project has to be maintained until April 1, 2021, at which time OSA would conclude its monitoring oversight.

Sincerely,



Brandie Branch
Performance Auditor

cc: Governor Phil Bryant
Lt. Governor Tate Reeves
Philip Gunn, Speaker of the House
Herb Frierson, Chairman of Appropriations, House of Representative
Eugene Clarke, Chairman of Appropriations, Senate
Jeffery T. Webster, Nissan North America
Sanja Udovicic, Nissan North America
Monique Bolden, Nissan North America
Brian Daniels, Mississippi Development Authority
Chuck Mobley, Mississippi Development Authority