



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

Management Letter # 20 Regarding:

An Economic Development Bond Audit of American Eurocopter in Columbus, Mississippi

February 12, 2013

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

RE: 2011- 2012 Employee Verification

Dear Mr. Christensen:

Beginning on Tuesday November 27, 2012 the Office of the State Auditor's (OSA) Performance Audit Division (PAD) performed a review of the accuracy and reliability of the 2011-2012 employee information of American Eurocopter, LLC and EADS North America, Inc. - Columbus facility located in Lowndes County, Mississippi. This audit was conducted under the authority granted under MS§57-75-5(f)(viii) to ensure the company's commitments and threshold dates were achieved accurately for receiving tax incentives and additional funding from the State of Mississippi as agreed upon in the Memorandum of Understanding (MOU) and the First Amendment to the MOU.

As a legislatively approved major economic impact project designed to locate a new Army LUH Program production operation and other facilities (at the discretion of EADS with mutual State agreement), the State Bond Commission sold a total of \$4.5 million in general obligation bonds for American Eurocopter. In 2006, American Eurocopter made a capital investment in the project of more than \$30 million dollars.

The PAD conducted an audit to determine whether American Eurocopter met its obligations according to the MOU and its compliance with the Mississippi Employment Protection Act (MEPA). As a major economic impact project, the company had to employ an aggregate average of at least 150 new full-time jobs for a period of three (3) years.

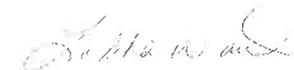
The audit utilized American Eurocopter's employee listing from November 1, 2012. PAD examined and verified a 17 % sample of the following data elements: date of hire, identified evidence the employee was employed as of August 7, 2006, and the employment was traceable to W-2 and W-4 tax forms. The employment data was traced to payroll documents provided by American Eurocopter.

Based on the OSA's test procedures, American Eurocopter has met its obligation to fill and maintain 150 new full-time jobs until November 1, 2012. 41 out of the 41 employees reviewed had complete and verifiable evidence of employment. OSA's procedures verified American Eurocopter employed 235 new persons during this time; which exceeded the requisite minimum number of employees per the MOU.

Also, American Eurocopter was in compliance with providing and maintaining evidence of job training. Evidence of job training was determined from documents studied in reference to employee or related job training events. ***Based on the OSA's test procedures, 10 out of the 10 training samples selected had complete and verifiable evidence of training.***

Lastly, American Eurocopter satisfies compliance with the Mississippi Employment Protection Act by registering and utilizing the federal status verification system to verify all newly hired employees by July 1, 2011. ***Based on the OSA's test procedures, American Eurocopter had 24 out of 41 employees sampled were required to meet the requirement of MEPA as of April 8, 2009. 4 out of 24 employees had incomplete, unsatisfactory, or no documentation was provided. However, as agreed upon in the E-Verify Program for Employment Verification MOU (Article II, Section C-12), American Eurocopter did not attach the printed screen containing the case verification number to the Form I-9. Due to this, OSA was unable to verify if the company met the Department of Homeland Security three (3) day verification requirement.***

Sincerely,



La Sha Ward,
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
Chuck Mobley, Mississippi Development Authority
Robert Bowman, American Eurocopter