



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

Management Letter #14 Regarding:

A Review of the Number of Employees at American Eurocopter in Columbus, Mississippi

February 28, 2012

Mr. Chuck Mobley
Bureau Manager
Mississippi Development Authority
P. O. Box 849
Jackson, MS 39205

RE: 2006-2010 Employee Verification

Dear Mr. Mobley:

Beginning on Monday, December 1, 2011, the Office of the State Auditor's (OSA) Performance Audit Division (PAD) performed a review of the accuracy and reliability of the 2006-2010 employee information of American Eurocopter, LLC and EADS North America, Inc. - Columbus facility located in Lowndes County, Mississippi.

As a major economic impact project, the State Bond Commission authorized a total of \$4.5 million dollars in general obligation bonds. To ensure the bond issuance was expended appropriately, the PAD conducted an audit to determine whether American Eurocopter met its obligations according to the Memorandum of Understanding. Which was to employ an aggregate average of at least 150 new full-time jobs for a period of three years and the European Aeronautic Defense and Space Company (EADS) of North America made a new capital investment in items such as: facility, machinery and equipment for the Light Utility Helicopter (LUH) project in an amount of \$30 million dollars.

The audit utilized American Eurocopter's employee listing from August 14, 2006-November 29, 2010. PAD examined and verified a 10% sample of the following data elements: date of hire, identified evidence the employee was employed as of August 8, 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. Only 3 out of 33 W-4s did not obtain the employee signature, social security number, and/or a date of execution. However, American Eurocopter had no significant findings related to their employment figures.*** OSA's procedures verified American

Eurocopter employed 336 new persons during this time period and 114 employees prior to the MOU; which exceeded the requisite minimum number of employees per the MOU.

Additionally, the audit utilized American Eurocopter's capital investment log from August 2006 to determine the company's capital investment. PAD examined and verified a 5% sample of the following data elements: financial statements, payment vouchers and invoice details provided by the company and the Mississippi Development Authority. ***Based on the OSA's test procedures, American Eurocopter has met its capital investment obligation to invest approximately \$30,000,000; investing a total in excess of \$36,575,815 in facility, machinery, and equipment for the LUH project.***

Sincerely,



La Sha Ward,
Performance Auditor

cc: American Eurocopter