



**KPMG LLP**  
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## **Independent Auditors' Report**

The Board of Trustees  
University of South Alabama:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the University of South Alabama, a component unit of the State of Alabama, (the University) and its aggregate discretely presented component units as of and for the year ended September 30, 2008, and have issued our report thereon dated November 14, 2008. We did not audit the 2008 consolidated financial statements of the University of South Alabama Foundation, which represents 82%, 100%, and (14)%, respectively, of the 2008 assets, net assets, and revenues, gains and other support of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of South Alabama Foundation, is based on the report of the other auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions, or conditions of Article X of the Trust Indenture, dated February 15, 1996, with The Bank of New York Trust Company, N.A. (the Bank), authorizing the issuance of \$31,680,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, on March 4, 1999, authorizing the issuance of \$40,130,000 of University Tuition Revenue Bonds, Series 1999, on March 15, 2004, authorizing the issuance of \$51,080,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, on December 1, 2006, authorizing the issuance of \$100,000,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and on September 25, 2008, authorizing the issuance of \$112,885,000 University Facilities Revenue Capital Improvement Bonds, Series 2008, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of the University of South Alabama and management of The Bank of New York Trust Company, N.A. and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

November 14, 2008