



UNIVERSITY OF SOUTH ALABAMA

**Independent Accountants' Report on Applying Agreed-Upon
Procedures in Connection with, University Tuition Revenue Refunding
and Capital Improvement Bonds, Series 1996, University Tuition
Revenue Bonds, Series 1999, University Tuition Revenue Refunding
and Capital Improvement Bonds, Series 2004, University Tuition Revenue Refunding
and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital
Improvement Bonds, Series 2008**

September 30, 2008



KPMG LLP
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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Board of Trustees and Management
University of South Alabama:

We have performed the procedures enumerated below, which were agreed to by members of management of the University of South Alabama (the University), solely to assist you in evaluating the accompanying Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions relating to the University Tuition Revenue and Refunding and Capital Improvement Bonds, Series 1996, University Tuition Revenue Bonds, Series 1999, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital Improvement Bonds, Series 2008, as of September 30, 2008 and for the year then ended. The University's management is responsible for the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- a. We compared the amounts shown on the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit A to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and found them to be in agreement.
- b. We compared the amounts shown on the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit B to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and found them to be in agreement.
- c. We obtained a schedule of general student fees (tuition) earned during the year ended September 30, 2008 (not included herein), which approximated \$56,956,000 and compared that amount to the general student fees recorded in the University's general ledger and found them to be in agreement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the information and use of the board of trustees and management of the University of South Alabama, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 14, 2008

UNIVERSITY OF SOUTH ALABAMA

Statement of Changes in Cash and Investments
Held by Trustee Pursuant to the Bond Resolutions

University Tuition Revenue Refunding and Capital Improvement Bonds,
Series 1996, University Tuition Revenue Bonds, Series 1999, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and
University Facilities Revenue Capital Improvement Bonds, Series 2008

Year ended September 30, 2008
(In thousands)

Cash and investment transactions:

Cash receipts:

Deposits from University of South Alabama for interest and retirement of bonds	\$	11,554
Deposits from proceeds related to the Series 2008 bond issuance		110,655
Interest income and realized investment gains		1
Proceeds from sale of investments		5,003
		127,213

Cash disbursements:

Principal payments		3,730
Interest payments		8,175
Transfers to University of 2008 bond proceeds		110,304
Other transfers		5
Purchases of investments		5,004
		127,218
Net change in cash and investments during the year		(5)

Total cash and investments held by trustee:

Beginning of year		5
End of year	\$	—

See accompanying independent accountants' report on applying agreed-upon procedures.

UNIVERSITY OF SOUTH ALABAMA

Statement of Cash and Investments
Held by Trustee Pursuant to the Bond Resolutions

University Tuition Revenue Refunding and Capital Improvement Bonds,
Series 1996, University Tuition Revenue Bonds, Series 1999, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and
University Facilities Revenue Capital Improvement Bonds, Series 2008

September 30, 2008

(In thousands)

Cash and investments, at cost:

Total cash and investments

\$ —

See accompanying independent accountants' report on applying agreed-upon procedures.