



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

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, 2012, and have issued our report thereon dated November 15, 2012. We did not audit the 2012 consolidated financial statements of the University of South Alabama Foundation, which represents 80%, 101%, and 14%, respectively, of the 2012 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 \$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, on September 25, 2008, authorizing the issuance of \$112,885,000 University Facilities Revenue Capital Improvement Bonds, Series 2008, on June 16, 2010, authorizing the issuance of \$29,750,000 University Facilities Revenue Capital Improvement Bond, Series 2010, and on January 4, 2012, authorizing the issuance of \$32,740,000 University Facilities Revenue Capital Improvement Bonds, Series 2012-A and 2012-B, 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 15, 2012