

Rating: Moody's: "Aa3"(negative outlook)
(Assured Guaranty Corp. Insured)
Underlying Rating (Moody's): "A2"
See "RATING" herein.

OFFICIAL STATEMENT

NEW ISSUES - BOOK ENTRY ONLY

In the opinion of Bond Counsel, Waldrep Stewart & Kendrick, LLC., assuming continuing compliance by the University with certain conditions imposed by the Internal Revenue Code of 1986, as amended, interest on the Series 2010-A Bonds is presently, under Section 103 of the Internal Revenue Code of 1986, as amended, excludable from gross income for federal income taxation. Interest on the Series 2010-B Bonds is subject to federal income taxation. Interest on the Series 2010-A Bonds and the Series 2010-B Bonds is exempt from present State of Alabama income taxation. See "TAX EXEMPTION."

**UNIVERSITY OF WEST ALABAMA
\$2,250,000
GENERAL FEE REVENUE BONDS
SERIES 2010-A**

**\$26,650,000
TAXABLE GENERAL FEE REVENUE BONDS
(DIRECT-PAY BUILD AMERICA BONDS)
SERIES 2010-B**

Dated: December 1, 2010

Due: January 1, as shown below

The Series 2010 Bonds will not constitute general obligations of the State of Alabama or the University of West Alabama. The Series 2010 Bonds will be special obligations of the University payable from and secured by a pledge of (a) the special fund designated the Bond Fund and (b) the tuition, fees and housing charges ("General Fee Revenues") payable by students attending the University.

The scheduled payment of principal of and interest on the Series 2010 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY CORP.** (see "BOND INSURANCE" herein).



Interest on the Series 2010 Bonds is payable on January 1 and July 1 in each year, first interest payable on July 1, 2011. The principal on the Series 2010 Bonds is payable on January 1 in years and amounts as set forth on the inside front cover. The Series 2010 Bonds will be subject to optional redemption as more fully described herein.

The Series 2010 Bonds are initially issuable as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof pursuant to a book-entry only system to be administered by The Depository Trust Company, New York, New York, or any successor or assign thereof or substitute thereof as such securities depository (the "Securities Depository") and, when issued, will be registered in the name of and held by Cede & Co., as nominee. Individual purchasers of the Series 2010 Bonds will not receive physical delivery of bond certificates. See "Book-Entry Only System."

FOR MATURITIES, AMOUNTS, INTEREST RATES, PRICES, & CUSIP NUMBERS, SEE INSIDE COVER.

The Series 2010 Bonds are offered when, as and if issued by the University, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of the validity and legality thereof by Waldrep Stewart & Kendrick, LLC., Birmingham, Alabama, Bond Counsel, and certain other conditions.

MERCHANT CAPITAL
L.L.C.

November 23, 2010

\$2,250,000 General Fee Revenue Bonds, Series 2010-A

<u>Maturity Date (January)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2011	\$ 250,000	2.00%	1.00%
2012	225,000	1.40	1.40
2013	230,000	2.00	1.68
2014	235,000	3.50	2.01
2015	250,000	2.50	2.27
2016	255,000	3.00	2.52
2017	260,000	3.00	2.87
2018	270,000	3.00	3.18
2019	275,000	3.30	3.48

\$26,650,000 Taxable General Fee Revenue Bonds, (Direct-Pay Build America Bonds) Series 2010-B

<u>Maturity Date (January)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2013	\$ 365,000	1.800%	100%
2014	375,000	2.300	100%
2015	370,000	2.800	2.875
2016	380,000	3.125	3.220
2017	390,000	3.625	100%
2018	400,000	3.900	4.000
2019	415,000	4.300	100%
2020	710,000	4.500	4.600
2021	730,000	4.700	4.800

\$3,195,000	5.600%	Term Bond Due January 1, 2025;	Priced to yield 5.70%
\$2,730,000	6.000%	Term Bond Due January 1, 2028;	Priced to yield 6.05%
\$3,075,000	6.150%	Term Bond Due January 1, 2031;	Priced to yield 6.25%
\$2,265,000	6.300%	Term Bond Due January 1, 2033;	Priced to yield 6.40%
\$3,775,000	6.500%	Term Bond Due January 1, 2036;	Priced to yield 6.57%
\$7,475,000	6.625%	Term Bond Due January 1, 2041;	Priced to yield 6.72%

UNIVERSITY OF WEST ALABAMA

Administrative Officers

Dr. Richard Holland, President

David M. Taylor, Provost

T. Raiford Noland, Vice-President for
Financial Affairs and Treasurer

Clemit W. Spruiell, Vice-President for
Institutional Advancement

Danny Buckalew, Vice-President for Student Affairs

Board of Trustees

Governor Bob Riley

Joe Morton

Jean Dearman Anderson

Thomas Ballow

Terry Bunn

Lena Hardaway

Randall I. Hillman

Rebecca Stanford Lewis

Margaret Lovett

John Northcutt

Willie Bruce O'Neal

Alex Saad

John M. Smith

Robert Thetford Spree

Bond Counsel

Waldrep Stewart & Kendrick, LLC.

Underwriter

Merchant Capital, LLC.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE UNIVERSITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2010 BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE UNIVERSITY AND OTHER SOURCES WHICH ARE CONSIDERED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER.

Assured Guaranty Corp. (“AGC”) makes no representation regarding the Series 2010 Bonds or the advisability of investing in the Series 2010 Bonds. In addition, AGC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGC supplied by AGC and presented under the heading “Bond Insurance” and “Appendix C - Specimen Financial Guaranty Insurance Policy”.

TABLE OF CONTENTS

INTRODUCTION 1
 INFORMATION REGARDING THE SERIES 2010 BONDS 3
 BOND INSURANCE 16
 SUMMARY OF AUTHORIZING RESOLUTION FOR THE SERIES 2010 BONDS..... 19
 THE UNIVERSITY 22
 LITIGATION..... 33
 LEGAL MATTERS..... 33
 TAX EXEMPTION 33
 INVESTMENT INFORMATION FOR FINANCIAL INSTITUTIONS 35
 FEDERAL BANKRUPTCY CODE 35
 BONDHOLDER RISKS 36
 UNDERWRITER 36
 RATING 36
 CONTINUING DISCLOSURE UNDERTAKING..... 37
 MISCELLANEOUS 39

APPENDIX A - Proposed Opinions of Bond Counsel

APPENDIX B - Audited Financial Report for the Fiscal Year Ended September 30, 2009

APPENDIX C - Specimen Financial Guaranty Insurance Policy

OFFICIAL STATEMENT
Regarding

UNIVERSITY OF WEST ALABAMA

\$2,250,000
GENERAL FEE REVENUE BONDS
SERIES 2010-A

\$26,650,000
TAXABLE GENERAL FEE REVENUE BONDS
(DIRECT-PAY BUILD AMERICA BONDS)
SERIES 2010-B

INTRODUCTION

This Official Statement, including the cover page and appendices, is furnished in connection with the offering of \$2,250,000 principal amount of University of West Alabama General Fee Revenue Bonds, Series 2010-A, dated December 1, 2010 (the “Series 2010-A Bonds”) and \$26,650,000 principal amount of University of West Alabama Taxable General Fee Revenue Bonds (Direct-Pay Build America Bonds), Series 2010-B, dated December 1, 2010 (the “Series 2010-B Bonds”) (the Series 2010-A Bonds and the Series 2010-B Bonds are herein collectively referred to as the “Series 2010 Bonds”). The University of West Alabama (the “University”) is a public corporation existing under the laws of the State of Alabama, including in particular Chapter 53 of Title 16 of the Code of Alabama 1975.

The Series 2010 Bonds will be issued by the University under the Constitution and laws of the State of Alabama, including in particular Section 16-3-28 of the Code of Alabama 1975 and pursuant to a certain resolution of the University (the “Authorizing Resolution”). The Series 2010 Bonds will not constitute general obligations of or a charge against the general credit or taxing power of the State of Alabama, or any other political subdivision of the State of Alabama. The Series 2010 Bonds will be payable solely out of and will be secured by a pledge of (a) the special fund designated the Bond and Interest Sinking Fund Account (the “Bond Fund”) and (b) tuition and certain fees, including housing fees, payable by students attending the University (“General Fee Revenues”).

The Series 2010-A Bonds are issued for the purposes of (i) currently refunding and retiring on January 6, 2011, the University’s General Fee Revenue Bonds, Series 1999, and (ii) paying the costs of issuing the Series 2010-A Bonds. The Series 2010-B Bonds are being issued (i) to pay the costs to acquire, construct and equip the new student housing improvements and other capital improvements at the University’s campus in Livingston, Alabama, (ii) to pay capitalized interest on the Series 2010-B Bonds and (iii) to pay the costs of issuing the Series 2010-B Bonds. See “THE FINANCING PLAN” herein.

DEFINITIONS

Beneficial Owners means the registered owners of beneficial interests in the Series 2010 Bonds.

Bond Fund means the bond fund established pursuant to the Authorizing Resolution.

Bond Register means the register for the registration and transfer of Series 2010 Bonds maintained by the Depository for the University under the Authorizing Resolution.

Bond Insurer means Assured Guaranty Corp., a Maryland domiciled insurance company.

Book-Entry System means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Series 2010 Bonds.

Business Day means a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the city where the principal corporate office of the Depository is located or the city in which the Bond Insurer is located and a day on which the payment system of the Federal Reserve System is operational.

Code means the Internal Revenue Code of 1986, as amended, and all references to specific sections of the Code shall be deemed to include any and all respective successor provisions to such sections.

Depository means The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama, as paying agent, depository and registrar for the Series 2010 Bonds.

Direct Participant means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions which have access to the Book Entry System.

Fiscal Year means the period beginning on October 1 of one calendar year and ending on September 30 of the next succeeding calendar year or such other fiscal year as may hereafter be adopted by the University.

Indirect Participant means a broker, dealer, bank or other financial institution for which the Securities Depository holds bonds as securities depository through a Direct Participant.

Record Date means, with respect to the Series 2010 Bonds, that date which is 15 calendar days before any date on which interest is due and payable on the Series 2010 Bonds.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository thereof that maintains a Book-Entry System for the Series 2010 Bonds.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Bond Register the Series 2010 Bonds to be delivered to such Securities Depository during the period in which the Series 2010 Bonds are held pursuant to the Book-Entry System.

Series 2010-A Bonds means the General Fee Revenue Refunding Bonds, Series 2010-A, dated December 1, 2010, issued in the aggregate principal amount of \$2,250,000.

Series 2010-B Bonds means the Taxable General Fee Revenue Bonds (Direct-Pay Build America Bonds), Series 2010-B, dated December 1, 2010, issued in the aggregate principal amount of \$26,650,000.

Series 2010 Bonds means the Series 2010-A Bonds and the Series 2010-B Bonds.

INFORMATION REGARDING THE SERIES 2010 BONDS

General Description

The Series 2010 Bonds will be issued in fully registered form, without coupons, payable to the respective registered owners thereof, or registered assigns, in denominations of \$5,000 each or any integral multiple thereof, and shall be numbered for identification as determined by the Depository hereinafter defined. The Series 2010 Bonds will be dated December 1, 2010, and will mature in the principal amounts and on the dates all as set forth on the inside cover page of this Official Statement. Interest will be payable on January 1 and July 1 in each year, first interest payable on July 1, 2011. Interest shall be computed on the basis of a 360-day year of twelve consecutive 30-day months. The principal of (premium, if any) and interest on the Series 2010 Bonds shall be payable from the (a) Bond Fund and (b) General Fee Revenues, without deduction for exchange, fees, or expenses by The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama (the "Depository").

The Series 2010 Bonds are initially issued pursuant to a book-entry system to be administered by The Depository Trust Company, New York, New York ("DTC") and registered in the name of and held by Cede & Co., as nominee of DTC. During the period in which Cede & Co. is the registered owner of the Series 2010 Bonds, purchases and transfers of ownership of beneficial interests in the Series 2010 Bonds will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Series 2010 Bonds will be made by the Depository to Cede & Co. (as registered owner) for DTC for disbursement by DTC to the Direct Participants of DTC and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Series 2010 Bonds, as more particularly provided in the Authorizing Resolution and described herein under "Book-Entry Only System". In the event the book-entry only system for the Series 2010 Bonds is discontinued, Series 2010 Bonds in certificated form in authorized denominations will be physically distributed to the owners of the beneficial interests in the Series 2010 Bonds, the Series 2010 Bonds will be registered in the names of the owners thereof on the Bond Register, the Depository shall make payments of principal of, premium (if any) and interest on the Series 2010 Bonds to the registered owners thereof as provided in the Series 2010 Bonds and the Authorizing Resolution, and the provisions of the Series 2010 Bonds and of the Authorizing Resolution with respect to registration, transfer and exchange of Series 2010 Bonds by the registered owners thereof shall apply, as described herein under "Discontinuation of Book-Entry System; Transfer, Exchange and Registration."

Book-Entry Only System

The Depository Trust Company, New York, New York (“DTC”) will serve as initial Securities Depository under a Book-Entry System for the Series 2010 Bonds with no physical distribution of Series 2010 Bonds made to any owner of any Series 2010 Bond or Bonds. The ownership of one fully registered Series 2010 Bond for each maturity will be registered in the name of Cede & Co., as initial Securities Depository Nominee Except as provided below, so long as the Securities Depository or the Securities Depository Nominee is the registered owner of the Series 2010 Bonds, references herein to the holders, owners or registered owners of the Series 2010 Bonds shall mean the Securities Depository or the Securities Depository Nominee and shall not mean the Beneficial Owners of the Series 2010 Bonds.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking corporation" under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "Direct Participants") and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among Direct Participants in such securities through electronic computerized book-entry changes in accounts of the Direct Participants, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the Book-Entry System of DTC is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and the Direct Participants are on file with the Securities and Exchange Commission.

Beneficial ownership interests in the Series 2010 Bonds may be purchased by or through Direct Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." Such Direct Participants and the persons for whom they acquire interests in the Series 2010 Bonds as nominees will not receive a bond certificate, but each Direct Participant will receive a credit balance in the records of the Securities Depository in the amount of such Direct Participant's interest in the Series 2010 Bonds, which will be confirmed in accordance with standard procedures of the Securities Depository. Beneficial Owners of Series 2010 Bonds will not receive certificates representing their beneficial ownership interests in the Series 2010 Bonds, unless use of the Book-Entry System is discontinued as described below. Beneficial Owners will be treated in all respects as the owners of the Series 2010 Bonds. The deposit of Series 2010 Bonds with the Securities Depository and their registration in the name of the Securities Depository Nominee effect no change in beneficial ownership. The Securities Depository has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; the records of the Securities Depository reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers as Beneficial Owners.

Transfers of beneficial interests in the Series 2010 Bonds which are registered in the name of the Securities Depository Nominee will be accomplished by book entries made by the Securities Depository and in turn by the Direct Participants and Indirect Participants who act on behalf of the Beneficial Owners of the Series 2010 Bonds. For every transfer and exchange of beneficial ownership in the Series 2010 Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

During the period in which the Book-Entry System is in effect for the Series 2010 Bonds the University and the Depository shall treat the Securities Depository and the Securities Depository Nominee as the only registered owner of the Series 2010 Bonds for all purposes under the Authorizing Resolution, including receipt of all principal of, premium, if any, and interest on the Series 2010 Bonds, receipt of notices, voting, and requesting or directing the Depository to take or not to take, or consenting to, certain actions under the Authorizing Resolution.

The Securities Depository may be expected to assign the consent or voting rights of the Securities Depository Nominee to those Direct Participants to whose accounts the Series 2010 Bonds are credited on the record date specified by the Securities Depository thereof. In the event of such assignment, the University and the Depository shall treat the assignees as the only registered owners of the Series 2010 Bonds for purposes of exercising such rights. Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2010 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the University, as soon as possible after the said record date, for purposes of assigning such consent and voting rights to the Direct Participants.

Conveyance of notices and other communications by the Securities Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2010 Bonds, will be governed by arrangements among the Securities Depository, Direct Participants, Indirect Participants and the Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to the Securities Depository Nominee and redemption of Series 2010 Bonds shall be effected as provided in the Authorizing Resolution and described herein and as provided in the Letter of Representation.

Principal, redemption prices, and interest payments on, the Series 2010 Bonds will be made by the University or the Depository to the Securities Depository or the Securities Depository Nominee, as registered owner of the Series 2010 Bonds. Payment of interest due on each interest payment date will be made for the account of the persons who are Beneficial Owners on the Record Date for such interest payment date. Disbursement of such payments by the Securities Depository or the Securities Depository Nominee to Direct Participants shall be solely the responsibility of the Securities Depository and subsequent disbursements of such payments to the Beneficial Owners shall be solely the responsibility of the Direct Participants and, where appropriate, Indirect Participants. Upon receipt of moneys, the Securities Depository will credit immediately the accounts of the Direct Participants in accordance with their respective holdings shown on the records of the Securities Depository. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions of the Beneficial Owners and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Such payments to the Beneficial Owners will be the sole responsibility of such Direct Participant or Indirect Participant and not of the University or the Depository, subject to any statutory and regulatory requirements as may be in effect from time to time.

The University and the Depository cannot and do not give any assurances that the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2010 Bonds (1) payments of principal or redemption price, premium, if any, or interest on, the Series 2010 Bonds, (2) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in Series 2010 Bonds, or (3) redemption or other notices sent to the Securities Depository or the Securities Depository Nominee, as the registered owner of the Series 2010 Bonds, or that they will do so on a timely basis or that the Securities Depository or the Securities Depository Nominee, the Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. All such payments to the Securities Depository or the Securities Depository Nominee of principal,

interest, or redemption price on behalf of the University and the Depository shall be valid and effectual to satisfy and discharge the liability of the University and the Depository to the extent of the amounts so paid, and the University and the Depository shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or any Direct Participant or any Indirect Participant.

The University and the Depository will not have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or Indirect Participant; (2) the payment by the Securities Depository, any Direct Participant or Indirect Participant, of any amount due to any Beneficial Owner in respect of the principal or redemption price, premium, if any, and interest on the Series 2010 Bonds; (3) the delivery or timeliness of delivery by the Securities Depository, any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Resolution to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository or the Securities Depository Nominee, as owner.

In the event that (a) the Securities Depository determines not to continue to act as securities depository for the Series 2010 Bonds or (b) the University determines that the continuation of the Book-Entry System would adversely affect its interests or the interests of the Beneficial Owners of the Series 2010 Bonds, the University may appoint another qualified securities depository to administer the Book-Entry System or the University may discontinue the Book-Entry System. If the University appoints another securities depository to administer the Book-Entry System, the rules and procedures of such securities depository may differ from those described herein. If the University fails to identify another qualified securities depository, the University will cause the Depository to authenticate and deliver fully registered Series 2010 Bonds to each Beneficial Owner. See "Discontinuation of Book-Entry System; Transfer, Exchange and Registration."

In the event of an insolvency of the Securities Depository or if the Securities Depository has insufficient securities in its custody (e.g., due to theft or loss) to satisfy the claims of its Direct Participants or Indirect Participants with respect to deposited securities and is unable by application of (i) cash deposits and securities pledged to the Securities Depository to protect the Securities Depository against losses and liabilities; (ii) the proceeds of insurance maintained by the Securities Depository or its Direct Participants or Indirect Participants; or (iii) other resources, to obtain securities necessary to eliminate the insufficiency, no assurances can be given that Direct Participants or Indirect Participants will be able to obtain all of their deposited securities.

The information in this section concerning the Securities Depository and the Book-Entry System has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry System; Transfer, Exchange and Registration

The Securities Depository may determine to discontinue the Book-Entry System with respect to the Series 2010 Bonds at any time upon notice to the University and the Depository and upon discharge of its responsibilities with respect thereto under applicable law. Upon such notice the Book-Entry System for the Series 2010 Bonds will be discontinued unless a successor securities depository is appointed by the University. In addition, the University may discontinue the Book-Entry System for the Series 2010 Bonds at any time by reasonable notice to the Securities Depository.

In the event the Book-Entry System for the Series 2010 Bonds is discontinued, Series 2010 Bonds in certificated form in authorized denominations will be physically distributed to the owners of beneficial interests in the Series 2010 Bonds, the Series 2010 Bonds will be registered in the names of the owners thereof on the registration books of the Depository pertaining thereto, the Depository shall make payments of principal of, premium (if any) and interest on the Series 2010 Bonds to the registered owners thereof as provided in the Series 2010 Bonds and the Authorizing Resolution, and the following provisions with respect to registration, transfer and exchange of the Series 2010 Bonds by the registered owners thereof shall apply, subject to the further conditions set forth in the Authorizing Resolution with respect thereto:

(a) The Series 2010 Bonds may be transferred by the registered owner in person or by authorized attorney, only on the Bond Register maintained by the Depository and only upon surrender of the Bond to the Depository for cancellation with a written instrument of transfer acceptable to the Depository executed by the registered owner or his duly authorized attorney, and upon any such transfer, a new Bond of like tenor shall be issued to the transferee in exchange thereof.

(b) The registered owner of any Bond in a face amount of more than \$5,000 may surrender the same in exchange for more than one Bond, each in the principal amount which is an integral multiple of \$5,000, having the same year of maturity as the Bond so surrendered and the same aggregate principal amount. The registered owner of two or more Series 2010 Bonds having the same principal maturity may surrender the same in exchange for a single Bond in the aggregate principal amount of the Series 2010 Bonds so surrendered.

(c) The Depository shall not be required to transfer or exchange any Series 2010 Bond during the period from the Record Date and the then next succeeding interest payment date; and in the event that any Bond (or any part thereof) is duly called for redemption, the Depository shall not be required to register or transfer any such Bond during the period of forty-five (45) days next preceding the date fixed for such redemption. No charge shall be made for the privilege of transfer or exchange, but the registered owner of any Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The registered owner of any Bond will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Bond.

The Authorizing Resolution provides that each registered owner of the Series 2010 Bonds, by receiving or accepting the Bond, consents and agrees and is estopped to deny that, insofar as the University and the Depository are concerned, the Bond may be transferred only in accordance with the provisions of the Authorizing Resolution.

Authority for Issuance

The Series 2010 Bonds are issued by the University under the authority of the Constitution and laws of the State of Alabama, including particularly Section 16-3-28 of the Code of Alabama 1975 (the "Enabling Law"). The Enabling Law authorizes any university to issue and sell its interest-bearing bonds for the governmental purpose of paying the costs of purchasing, constructing, enlarging or altering any buildings or other improvements, including dormitories, dining halls, classrooms, laboratories, libraries, stadiums, administration building and any other buildings and appurtenances thereto suitable for use by such university.

Optional Redemption

The Series 2010-A Bonds are not subject to redemption prior to their respective maturities. The Series 2010-B Bonds with stated maturities on or after January 1, 2022 shall be subject to prior redemption in whole or in part at the option of the University on January 1, 2021 or on any Business Day thereafter at a redemption price of 100% for each Series 2010-B Bond (or part thereof) redeemed set forth in the table below, plus accrued interest thereon to the date fixed for redemption:

Extraordinary Optional Redemption

The Series 2010-B Bonds will be subject to extraordinary optional redemption as a whole or in part at any time, in any order of maturities, at the option of the University, upon the occurrence of an Extraordinary Event (as defined below), at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2010-B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2010-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010-B Bonds are to be redeemed, discounted to the date on which such Series 2010-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year of twelve 30-day months, at the Treasury Rate (as defined below, plus 100 basis points; plus, in each case, accrued interest on such Series 2010-B Bonds to be redeemed to the redemption date. The redemption price of the Series 2010-B Bonds is to be determined by the Trustee, but the Trustee shall have the right to retain, at the expense of the University, an independent accounting firm, investment banking firm or financial advisor (which accounting firm, investment banking firm or financial advisor shall be subject to the reasonable approval of the University) to calculate such redemption price. The Trustee and the University may conclusively rely on such accounting firm, investment banking firm or financial advisor's determination of such redemption price and shall bear no liability for such reliance.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2010-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010-B Bond to be redeemed; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

An “Extraordinary Event” will have occurred if the University determines that a material adverse change has occurred to Sections 54AA or 6431 of the Internal Revenue Code (as those sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to “Build America Bonds”) or there is any guidance published by the Internal Revenue Service or the United States Department of the Treasury with respect to such sections of the Internal Revenue Code or any other determination by the Internal Revenue Service or the United States Department of the Treasury, which determination is not the result of any act or omission by the University to satisfy the requirements to qualify to receive, with respect to the Series 2010-B Bonds, the Interest Subsidy Payments, pursuant to which the Interest Subsidy Payments are reduced or eliminated.

Mandatory Redemption

Those of the Series 2010-B Bonds maturing on January 1, 2025, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2022	\$755,000
2023	785,000
2024	810,000

Series 2010-B Bonds in the aggregate principal amount of \$845,000 will remain to be paid at their scheduled maturity on January 1, 2025.

Those of the Series 2010-B Bonds maturing on January 1, 2028, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2026	\$875,000
2027	910,000

Series 2010-B Bonds in the aggregate principal amount of \$945,000 will remain to be paid at their scheduled maturity on January 1, 2028.

Those of the Series 2010-B Bonds maturing on January 1, 2031, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2029	\$985,000
2030	1,025,000

Series 2010-B Bonds in the aggregate principal amount of \$1,065,000 will remain to be paid at their scheduled maturity on January 1, 2031.

Those of the Series 2010-B Bonds maturing on January 1, 2033, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2032	\$1,110,000

Series 2010-B Bonds in the aggregate principal amount of \$1,155,000 will remain to be paid at their scheduled maturity on January 1, 2033.

Those of the Series 2010-B Bonds maturing on January 1, 2036, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2034	\$1,205,000
2035	1,260,000

Series 2010-B Bonds in the aggregate principal amount of \$1,310,000 will remain to be paid at their scheduled maturity on January 1, 2036.

Those of the Series 2010-B Bonds maturing on January 1, 2041, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date (January 1)</u>	<u>Principal Amount</u>
2037	\$1,370,000
2038	1,430,000
2039	1,490,000
2040	1,560,000

Series 2010-B Bonds in the aggregate principal amount of \$1,625,000 will remain to be paid at their scheduled maturity on January 1, 2041.

Redemption Procedure

If less than all of the Outstanding Bonds of any series are to be redeemed during a period in which the Book-Entry System is in effect for such series of Bonds, the University shall designate the order and amount of maturities of the Bonds (or portions thereof) of such series to be redeemed not less than 30 nor more than 60 days prior to the redemption date from the Outstanding Bonds of such series which have not previously been called for redemption, and, in accordance with the Letter of Representation, the Securities Depository may determine the amount of the interest of each Direct Participant in those of such Bonds to be redeemed, on the basis of the smallest Authorized Denomination of such Bonds, by lot or by such other method as the Securities Depository shall deem fair and appropriate.

If less than all the Outstanding Bonds of any series are to be redeemed during a period in which the Book-Entry System is not in effect for such series of Bonds, the University shall designate the order and amount of maturities of the Bonds (or portions thereof) of such series to be redeemed not less than 30 nor more than 60 days prior to the redemption date from the Outstanding Bonds of such series which have not previously been called for redemption, on the basis of the smallest Authorized Denomination of such Bonds, and the Depository shall select, by lot or by such method as the Depository shall deem fair and appropriate, the order and amount of Bonds to be redeemed within a maturity. The University and the Depository shall so select Bonds for redemption in such manner so as to assure that after such redemption no Holder shall retain Bonds in an aggregate amount less than an Authorized Denomination.

Notice of any intended redemption shall be given by the Depository to the Holder of each Bond, all or a portion of the principal of which is to be redeemed, not less than 30 days prior to the proposed redemption date, by United States mail, first class and postage prepaid, or, if the Securities Depository or Securities Depository Nominee is the Holder, at the times and in the manner as provided in the Letter of Representation, at the address of such Holder appearing in the Bond Register; provided, however, any Holder may waive the requirement of notice as to the redemption (in whole or in part) of the Bond or Bonds thereof. During a period in which the Book-Entry System is in effect for any series of Bonds, notice of any intended redemption may also be given to each Beneficial Owner, all or portion of the interest of which in such Bonds is to be redeemed, by the Direct Participants and, where appropriate, by the Indirect Participants, pursuant to arrangements among said parties, subject to statutory and regulatory requirements in effect from time to time; provided, however, any Beneficial Owner may waive the requirement of notice as to the redemption of the interest thereof in the Bonds.

Source of Payment; Security

The Series 2010 Bonds will not constitute general obligations of or a charge against the general credit or taxing powers of the State of Alabama. The Series 2010 Bonds will not constitute general obligations of or a charge against the general credit or assets of the University. The University has no taxing power. The Series 2010 Bonds shall be payable solely out of, and secured by a pledge of the (a) Bond Fund and (b) the General Fee Revenues. Neither the State nor the University shall be obligated, directly or indirectly, to contribute any funds, property or resources to the payment of the Series 2010 Bonds (except the General Fee Revenues and the moneys in the Bond Fund). The Series 2010 Bonds may not be payable out of any moneys appropriated by the State of Alabama to the University.

The University has reserved the right to issue additional obligations on a parity of lien with the Series 2010 Bonds. See "SUMMARY OF AUTHORIZING RESOLUTION FOR THE SERIES 2010 BONDS, Additional Parity Obligations."

Description of General Fee Revenues

The General Fee Revenues means the following fees payable by students attending the University and applicants for enrollment in the University and available for any general purpose authorized and approved by the Board of Trustees of the University and any fees which may be levied in substitution or in lieu of such fees, which fees as of October 1, 2010 consist of the following items fixed in the following amounts: (1) a special student union building fee of \$55.00 per semester, as well as other miscellaneous fees, including audit fees, medical fees, yearbook fees, change of course fees and deferment/late registration fees (which fees is herein collectively called the "Student Fees;") (2) tuition charges of \$2,732 per semester of each in-state full time (five to fifteen hours) undergraduate student; (3) a tuition charge of \$5,464 per semester of each out of state, full-time undergraduate student; (4) tuition charges of \$2,385 per semester hour for each in-state graduate student and of \$215 per semester hour for each part time (less than five semester hours) undergraduate student; (5) tuition charges of \$4,770 per semester hour for each out of state graduate student and of \$530 per semester hour for each part-time, out of state undergraduate student; (6) an application fee of \$50 for each applicant for enrollment in the University (which tuition charges and application fee are herein sometimes called the "Tuition Fee"); and (7) housing charges for students living in dormitories or other University-owned student housing, which currently range from \$1,160 per semester to \$1,920 per semester (the "Housing Revenues") (see "University Housing" under the heading "THE UNIVERSITY" herein).

Division of Online Programs

The University of West Alabama began offering online programs in Fall 2002 and currently 2,570+ students are enrolled in online courses. In Fall 2007 the Division of Online Programs was established to house online operations. A Dean of Online Programs was appointed, and three full-time online advisors and a secretary hired. In 2009, eight full-time faculty positions were added.

The University of West Alabama's Division of Online Programs offers three undergraduate programs and twenty-one graduate programs completely online. One new undergraduate and five new graduate degree programs are in the process of being launched. UWA online courses are offered in an accelerated 8-week format. Five sessions (Fall 1, Fall 2, Spring 1, Spring 2, and Summer 1) are offered each year. This format allows online students to complete their program at an accelerated pace.

Online course offerings for undergraduates include Accounting, Art, Business Administration, Biology, Computer Information Systems, Economics, Education, Elementary Education, English, Environmental Science, Finance, History, Management, Marketing, Mathematics, Music, Psychology, Special Education, and Speech. Online course offerings for graduate students include Biology, Chemistry, Early Childhood Education, Education, Education Psychology, Elementary Education, English, Environmental Science, History, Instructional Leadership, Journalism, Library Media, Mathematics, Physical Education, Psychology, School Counseling, and Special Education.

The cost of each undergraduate semester hour of credit is \$371 or \$1,113 per course (3 hour course); the cost of each graduate semester hour of credit is \$413 or \$1,239 per course (3 hour course).

The Student Union Fees, Tuition and other Student Fees and Housing Revenues collected by the University have been as follows for the periods indicated:

<u>Fiscal Year Ending September 30</u>	<u>Student Union Fees</u>	<u>Tuition and Other Student Fees</u>	<u>Housing Revenues</u>	<u>Total General Fee Revenues</u>
2010*	\$190,350	\$28,283,830	\$1,770,266	\$30,244,446
2009	188,812	22,764,604	1,651,572	24,604,988
2008	194,337	21,711,631	1,474,671	23,380,638
2007	189,822	15,751,735	1,227,552	17,169,109

*unaudited

Debt Service Requirements for the Series 2010 Bonds

The following table sets forth the University's principal and interest requirements on the Series 2010 Bonds:

Period Ending	Series 2010-A			Series 2010-B					Aggregate Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Gross Debt Service	35% BABs Subsidy	Net Debt Service	
9/30/2011	250,000	32,413	282,413	0	913,730	913,730	(319,805)	593,924	876,337
9/30/2012	225,000	53,275	278,275	0	1,566,394	1,566,394	(548,238)	1,018,156	1,296,431
9/30/2013	230,000	49,400	279,400	365,000	1,563,109	1,928,109	(547,088)	1,381,021	1,660,421
9/30/2014	235,000	42,988	277,988	375,000	1,555,511	1,930,511	(544,429)	1,386,082	1,664,070
9/30/2015	250,000	35,750	285,750	370,000	1,546,019	1,916,019	(541,107)	1,374,912	1,660,662
9/30/2016	255,000	28,800	283,800	380,000	1,534,901	1,914,901	(537,215)	1,377,686	1,661,486
9/30/2017	260,000	21,075	281,075	390,000	1,521,895	1,911,895	(532,663)	1,379,232	1,660,307
9/30/2018	270,000	13,125	283,125	400,000	1,507,026	1,907,026	(527,459)	1,379,567	1,662,692
9/30/2019	275,000	4,538	279,538	415,000	1,490,304	1,905,304	(521,606)	1,383,697	1,663,235
9/30/2020				710,000	1,465,406	2,175,406	(512,892)	1,662,514	1,662,514
9/30/2021				730,000	1,432,276	2,162,276	(501,297)	1,660,980	1,660,980
9/30/2022				755,000	1,393,981	2,148,981	(487,893)	1,661,088	1,661,088
9/30/2023				785,000	1,350,861	2,135,861	(472,801)	1,663,060	1,663,060
9/30/2024				810,000	1,306,201	2,116,201	(457,170)	1,659,031	1,659,031
9/30/2025				845,000	1,259,861	2,104,861	(440,951)	1,663,910	1,663,910
9/30/2026				875,000	1,209,951	2,084,951	(423,483)	1,661,468	1,661,468
9/30/2027				910,000	1,156,401	2,066,401	(404,740)	1,661,661	1,661,661
9/30/2028				945,000	1,100,751	2,045,751	(385,263)	1,660,488	1,660,488
9/30/2029				985,000	1,042,113	2,027,113	(364,739)	1,662,373	1,662,373
9/30/2030				1,025,000	980,305	2,005,305	(343,107)	1,662,198	1,662,198
9/30/2031				1,065,000	916,038	1,981,038	(320,613)	1,660,424	1,660,424
9/30/2032				1,110,000	848,324	1,958,324	(296,913)	1,661,410	1,661,410
9/30/2033				1,155,000	776,976	1,931,976	(271,942)	1,660,035	1,660,035
9/30/2034				1,205,000	701,431	1,906,431	(245,501)	1,660,930	1,660,930
9/30/2035				1,260,000	621,319	1,881,319	(217,462)	1,663,857	1,663,857
9/30/2036				1,310,000	537,794	1,847,794	(188,228)	1,659,566	1,659,566
9/30/2037				1,370,000	449,838	1,819,838	(157,443)	1,662,394	1,662,394
9/30/2038				1,430,000	357,088	1,787,088	(124,981)	1,662,107	1,662,107
9/30/2039				1,490,000	260,363	1,750,363	(91,127)	1,659,236	1,659,236
9/30/2040				1,560,000	159,331	1,719,331	(55,766)	1,663,565	1,663,565
9/30/2041				1,625,000	53,828	1,678,828	(18,840)	1,659,988	1,659,988
	2,250,000	281,363	2,531,363	26,650,000	32,579,326	59,229,326	(11,402,764)	47,826,562	50,357,924

Debt Service Coverage

The maximum annual debt service on the Series 2010 Bonds will be in fiscal year 2013-2014 in the amount of \$2,208,499, and the average annual debt service on such Bonds is \$2,053,223. The total amount of General Fee Revenues received by the University during the fiscal year ending September 30, 2010 is approximately \$30,244,446. Based on the foregoing data, coverage ratios are as follows:

Ratio of fiscal year ended September 30, 2010 General Fee Revenues received by University to maximum annual debt service is 13.69 to 1.

Ratio of fiscal year ended September 30, 2010 General Fee Revenues received by University to annual average debt service is 14.73 to 1.

(Remainder of Page Intentionally Left Blank)

Sources and Uses of Funds

Series 2010-A Bonds

SOURCES

Series 2010-A Bonds	\$2,250,000
Original Issue Premium	15,353
Accrued Interest	998
	<hr/>
TOTAL	\$2,266,351

USES

Deposit to Bond Fund (accrued interest)	\$998
Deposit to Escrow Fund	2,208,978
Expenses of Issuance	56,375
	<hr/>
TOTAL	\$2,266,351

Series 2010-B Bonds

SOURCES

Series 2010-B Bonds	\$26,650,000
(less Original Issue Discount)	(247,629)
Accrued Interest	26,107
	<hr/>
TOTAL	\$26,428,478

USES

Deposit to Bond Fund (accrued interest and capitalized interest)	\$2,453,322
Deposit to Construction Fund	23,136,064
Expenses of Issuance	839,092
	<hr/>
TOTAL	\$26,428,478

THE FINANCING PLAN

The proceeds of the Series 2010 Bonds will be used to (i) currently refund and retire on January 6, 2011, the University's General Fee Revenue Bonds, Series 1999 and (ii) constructing capital improvements to the University. Those improvements consist primarily of the acquisition, construction and equipping of new student housing (the "Project").

The University currently owns and operates eight student housing facilities, consisting of traditional dormitory style, suite style dorms and student apartments, totaling 752 beds. Student housing fees for these facilities currently range from \$1,160 to \$1,920 per student per semester. The University has determined that it is necessary to replace two of these facilities, Speith Hall and Selden Hall, which total 388 beds, with two new facilities, Hoover 2 and a new freshman dorm not yet named, which, combined will total 557 beds. As a result of such new construction, the University will charge from \$1,160 to \$2,600 per student per semester. The University expects such construction to (i) increase overall revenues from student housing and (ii) decrease the vacancy rates experienced now with existing housing.

Even though the General Fee Revenues are pledged to the payment of the Series 2010 Bonds, the University expects that, following construction of the new housing units, student housing at the University will be self-sustaining on a revenue and expense basis.

The Hoover 2 project will consist of three independent two-story wood framed residence hall buildings approximately 9,600 square feet each. Each building will house a total of 32 students in 8 four bedroom suites each with common living areas and kitchen facilities. The new construction will house a total of 96 students. The project will also consist of a new laundry facility, new pedestrian bridge, parking, and extension of the current loop road. This project will also include exterior renovations to the two existing Hoover Apartment buildings to match the character and architecture of the new buildings, and expand the current common living areas. This project has been publicly bid according to the State of Alabama Bid Laws and the total project cost including construction, furnishings, fixtures, equipment, and professional fees is anticipated to be \$4,409,854. This project is ready for construction and should be completed by August 1, 2011 for occupancy at the start of Fall Term 2011.

The new freshman dorm project will consist of one four story building approximately 116,000 square feet in size. The residence hall will house approximately 461 students in double occupancy rooms. The project will include some study/common spaces on the ground floor with the residence units on levels 2 through 4 primarily. The project will include associated sitework, utilities, and parking to accommodate the building construction. This project will be designed, and bid publicly according to State of Alabama Bid Laws and is projected to start construction in Spring of 2011. The targeted completion date is August 1, 2012 for occupancy at the start of Fall Term 2012.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2010 Bonds, Assured Guaranty Corp. (“AGC” or the “Insurer”) will issue its financial guaranty insurance policy (the “Policy”) for the Series 2010 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2010 Bonds when due as set forth in the form of the Policy included as Appendix C to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY CORP.

AGC is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. AGC commenced operations in 1988. AGC is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders is obligated to pay any debts of AGC or any claims under any insurance policy issued by AGC.

AGC's financial strength is rated "AA+" (stable outlook) by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA-" (Negative Outlook) insurer financial strength rating of AGC at the then current rating level. Each rating of AGC should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGC in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGC. AGC does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 25, 2010, S&P published a Research Update in which it downgraded AGC's counterparty credit and financial strength rating from "AAA" (negative outlook) to "AA+" (stable outlook). Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA-" (Negative Outlook) insurer financial strength rating of AGC at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch's comments.

In a press release dated December 18, 2009, Moody's announced that it had confirmed its "Aa3" insurance financial strength rating of AGC, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGC.

For more information regarding AGC's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the Securities and Exchange Commission ("SEC") on March 1, 2010, AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010, AGL's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, which was filed by AGL with the SEC on August 9, 2010, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, which was filed by AGL with the SEC on November 9, 2010.

Capitalization of Assured Guaranty Corp.

As of September 30, 2010, AGC had total admitted assets of \$2,960,883,225 (unaudited), total liabilities of \$1,988,304,080 (unaudited), total surplus of \$972,579,145 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,639,152,806 (unaudited), in each case, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Incorporation of Certain Documents by Reference

The portions of the following documents filed by AGL with the SEC relating to AGC are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010);
- the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010);
- the Current Report on Form 8-K dated August 6, 2010;
- the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010 (which was filed by AGL with the SEC on August 9, 2010); and
- the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 (which was filed by AGL with the SEC on November 9, 2010).

All consolidated financial statements of AGC and all other information relating to AGC included in documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents.

Any statement contained in a document incorporated herein by reference or contained herein under the heading “BOND INSURANCE — Assured Guaranty Corp.” shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of AGC incorporated by reference herein and of the statutory financial statements filed by AGC with the Maryland Insurance Administration are available upon request by contacting AGC at 31 West 52nd Street, New York, New York 10019 or by calling AGC at (212) 974-0100. In addition, the information regarding AGC that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC’s web site at <http://www.sec.gov> and at AGL’s web site at <http://www.assuredguaranty.com>, from the SEC’s Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

AGC makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGC supplied by AGC and presented under the heading “BOND INSURANCE”.

SUMMARY OF AUTHORIZING RESOLUTION
FOR THE SERIES 2010 BONDS

The following, together with information contained elsewhere in this Official Statement, is a brief description of the resolution authorizing the issuance of the Series 2010 Bonds (the “Authorizing Resolution”). Such description does not purport to be comprehensive or definitive; all references herein to said Authorizing Resolution are qualified in their entirety by reference to such document, copies of which are available at the office of the President of the University. Certain provisions of the Authorizing Resolution are not summarized or otherwise identified hereinafter.

Definitions

The following are definitions of certain terms used in this portion of the Official Statement. In addition, the definitions of terms defined in other portions of this Official Statement are also applicable:

“Bonds” means the Series 2010 Bonds and any Parity Bonds hereafter issued.

“Investment Securities” means any of the following: (1) direct general obligations of, or obligations, the payment of the principal and interest on which, are unconditionally guaranteed by the United States of America (“Government Obligations”); (2) savings accounts or deposits evidenced by time certificates of deposit or by certificates of deposit, open account, in any bank organized under the laws of the United States of America or of any State thereof, provided such accounts or deposits are collaterally secured by securities (i) which themselves are eligible under the above clause (1) of this definition for the investment of moneys held hereunder and (ii) which have a market value at least equal to the amount so deposited; and (3) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and which have a rating by Standard & Poor's Rating Services, a division of the McGraw Hill Company, of AAm-G, AAAM, or AAM, including money market funds of the Depository.

“Maximum Annual Debt Service Requirement” means the maximum amount payable annually in any fiscal year as principal of and interest on all Bonds issued under and pursuant to the Authorizing Resolution then outstanding, net of any subsidy payments payable with respect to the Series 2010-B Bonds and any additional Build America Bonds or similar debt that includes subsidy payments.

Bond Funds

In the Authorizing Resolution, the University created two separate funds known as the “Series 2010-A Bond Fund” and the “Series 2010-B Bond Fund.” Such funds shall be maintained by the Depository so long as any Bonds are outstanding. The University shall transfer to the Depository for the account of the Bond Funds, the following:

(a) on or before June 25th in each year the sum of (i) an amount which, together with any interest and profits on investments deposited or to be deposited in the Bond Funds, shall be sufficient to pay the interest becoming due on all outstanding Bonds on the next succeeding July 1 of each year; provided, however that a credit shall be given for any amounts in the Capitalized Interest Accounts that are transferable to the respective Bond Fund plus (ii) one-half of the principal of the Bonds becoming due and payable on the then next succeeding January 1, and

(b) on or before December 25th in each year, the sum of (i) an amount which, together with any interest or profits on investments deposited or to be deposited in the Bond Fund, shall be sufficient to pay the interest becoming due on all outstanding Bonds on the next succeeding January 1; provided, however that a credit shall be given for any amounts in the Capitalized Interest Accounts that are transferable to the respective Bond Fund, plus (ii) an amount which, together with the amount then on deposit in the Bond Fund and available for the payment of the principal on the Bonds, shall be sufficient to pay the principal of the Bonds becoming due on the then next succeeding January 1st.

There is created in the Authorizing Resolution a special account of the Series 2010-B Bond Fund designated the “Series 2010-B Capitalized Interest Account.” Moneys on deposit in the Capitalized Interest Account shall be transferred by the Depository on each June 25th and December 25th and used to pay interest on the Series 2010-B Bonds coming due on the next succeeding July 1 and January 1 until all such funds in the Capitalized Interest Account shall have been completely spent for such purpose.

Construction Account

The University shall open and maintain two separate accounts to be known as the Series 2010-A Construction Account” and the “Series 2010- B Construction Account” in a bank or banks which are members of the Federal Deposit Insurance Corporation or any successor agency (the Series 2010-A Construction Account and the Series 2010-B Construction Account are herein referred to as the “Construction Accounts”). A portion of the principal proceeds derived from the sale of the Series 2010-A Bonds and the 2010-B Bonds shall be deposited in the respective Construction Account. Withdrawals may be made by the University from the Construction Account by check or order accompanied by a certificate or certificates signed by an Authorized Officer of the University, stating the name of the payee and the amount and purpose of the payment. Any amounts left over in the Construction Account after the completion of the Project shall be transferred to the Bond Fund. The funds in the Series 2010-A Construction Account are to be used solely to pay the costs of issuing the series 2010-A Bonds.

Security for Funds and Accounts

The moneys on deposit in the Construction Accounts and the Bond Funds shall be continuously secured for the benefit of the University and the registered owners from time to time of the Bonds either

(a) by holding on deposit as collateral security general obligations of the United States of America or obligations, the principal of and interest on which are unconditionally guaranteed by the United States of America or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, United States Treasury, having a market value (exclusive of accrued interest) not less than the amount of money on deposit in the Fund or account being secured, or

(b) if the furnishing of security in the manner provided in the foregoing clause (a) is not permitted by the then applicable laws and regulations, then in such manner as may be required or permitted by the applicable State and federal laws and regulations respecting the security for or granting a preference in the case of the deposit of public trust funds;

provided, however, that it shall not be necessary for the applicable bank to secure any portion of the money on deposit in such Funds or Account that (i) may be insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions or (ii) that may be invested as provided in the following paragraph entitled "Investment of Moneys in Funds and Accounts."

Investment of Moneys in Funds and Accounts

The University may cause any money on deposit in the Funds or Accounts not then needed for the payment of principal of (premium, if any) or interest on the Bonds to be invested or reinvested in Investment Securities.

All investments of money on deposit in the Funds or Construction Account shall be credited to the applicable Fund or Account, and any losses resulting from liquidation of investments shall be charged to the applicable Fund or Account.

Additional Parity Obligations

The University reserves the right to issue at any time and from time to time additional bonds in any number of series, each of which series shall be secured, as to both principal and interest, by the pledge of the (a) Bond Funds and (b) General Fee Revenues on a parity with the Series 2010 Bonds and each other series of the Additional Bonds so issued.

Before any Additional Bonds may be issued, the following conditions must be complied with:

(a) The University shall not be in default under the provisions of the Authorizing Resolution, or any supplemental resolution thereafter adopted; and

(b) The total amount derived from the General Fee Revenues during each of the two Fiscal Years next preceding the Fiscal Year during which any such Additional Bonds are delivered to the original purchaser thereof shall have been not less than 2.50

times the Maximum Annual Debt Service Requirements during the then current or any then succeeding Fiscal Year with respect to the Series 2010 Bonds then outstanding, and all Bonds that will be outstanding immediately following the issuance of the Additional Bonds then proposed to be issued.

Provision for Payment of Bonds

The University may provide for the payment of the Bonds by establishing an irrevocable trust agreement with the Depository consisting of cash and/or Government Obligations which, together with the investment income therefrom, will produce funds sufficient to pay the principal of, premium (if any) and interest on the Bonds when due. All or part of the Bonds may be called for redemption under such circumstances. Any money on deposit in the Bond Fund (to the extent that such money is not required for the payment of the principal of, premium, if any, and interest on the Bonds previously becoming due or payable, or is not otherwise unavailable for the following use) may at the direction of the University be transferred to and constitute a part of the trust fund created pursuant to the aforesaid trust agreement.

Authorizing Resolution Constitutes a Contract

The terms, provisions and covenants set forth in the Authorizing Resolution constitute a contract with the registered owners from time to time of the Bonds and shall remain in effect until the Bonds shall have been paid in full or until payment shall have been provided as set forth in the preceding paragraph entitled "Provision for Payment of Bonds."

THE UNIVERSITY

The University is a state-supported, co-educational public corporation in the State of Alabama. The University is governed by its Board of Trustees which has the exclusive authority over and jurisdiction of buildings and other capital improvements now existing on or hereafter provided for said campus. The Board of Trustees consists of two members from the congressional district in which the institution is located, one from each of the other congressional districts in the state, five from the state-at-large, the state superintendent of education and the governor, who shall be ex-officio president of the Board of Trustees. The members of the Board of Trustees are appointed by the Governor of the State of Alabama and approved by the State Senate. As a regional institution, the University's foremost commitment is to meeting the needs of the State and particularly of the West Alabama area. Valuing diversity in its student enrollment, it also welcomes students from throughout the United States and from other countries.

Members of the Board of Trustees

<u>Name</u>	<u>Occupation</u>	<u>Date Term Expires</u>
Bob Riley	Governor	Expiration of Governorship
Joe Morton	State Superintendent of Education	Expiration of State Superintendent's Term
Jean Dearman Anderson	Businesswoman- Interior Designer	2013
Thomas Ballow	Businessman- Credit Union Executive Director	2015
Terry Bunn	Businessman – Road Builder	2013
Robert Thedford Spree	Catfish Farmer	2013
Lena Hardaway	Head Start Director	2011
Randall I. Hillman	Attorney – Executive Director Alabama District attorney's Association	2011
Rebecca Stanford Lewis	Real Estate Developer	2013
Margaret Lovett	Retired Healthcare Administrator	2015
John Northcutt	Banker	2015
Willie Bruce O'Neal	Minister	2009
Alex Saad	Retired Healthcare Administrator	2011
John M. Smith	Computer Consultant	2011

The University is located in the City of Livingston, Alabama, the county seat of Sumter County. The University is located approximately 116 miles southwest of Birmingham, 130 miles west of Montgomery and 37 miles east of Meridian, Mississippi. The University was initially organized by a group of private citizens in 1835 and incorporated as a female seminary in 1840. The University was first known as Livingston Collegiate Institute. In 1883, the Alabama Legislature passed a bill appropriating \$2,500 a year to establish a normal school for females. The first diplomas of the Alabama Normal School were delivered in 1886. In 1929, the school became known as the State Teachers College with authority to confer the degree of Bachelor of Science. The Bachelor of Arts degree was authorized in 1947. In 1957, the name was again changed by an act of the Legislature - this time to Livingston State College - and the following year the vision of the institution was broadened when the Graduate Division was established and the College was authorized to confer master's degrees in the field of professional education. In 1967, an act of the Legislature changed the name to Livingston University and provided that the

University would be governed by its own Board of Trustees. In 1995, the institution recognized its broader mission as a regional university serving the educational needs of all citizens of the area by changing its name to the University of West Alabama.

The University's campus site consists of approximately 545 acres of rolling terrain. The campus buildings include six academic buildings, six dormitories for student housing and five general use buildings (cafeteria, office space, president's home, faculty apartments and student center). There is also a football stadium and a baseball field.

The University provides five instructional units: College of Liberal Arts; College of Business; College of Education; College of Natural Science and Mathematics; and Division of Nursing. The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (1866 Southern Lane, Decatur, Georgia, telephone number (404) 679-4501) to award the associate, baccalaureate, master's and education specialist degrees. This accreditation gives regional and national recognition to credits and degrees earned at the University. The University's College of Education is accredited by the National Council for the Accreditation of Teacher Education at both the initial and advanced levels, its Associate Degree in Nursing is accredited by the National League for Nursing Accrediting Agency, and its Athletic Training Education Program is accredited by the Commission on Accreditation of Athletic Training Education. The University's College of Business is nationally accredited by the Association of Collegiate Business Schools and Programs to offer the following business degrees: the Bachelor of Business Administration degree in Accounting, Business Administration, Computer Information Systems, and Management, and the Bachelor of Science degree in Industrial Technology and Technology.

The University is a member of the American Association of State Colleges and Universities, the American Association of Colleges for Teacher Education, the Association of Alabama Colleges, the Council of Colleges of Arts and Sciences, the Teacher Education Council of State Colleges and Universities and the Alabama Council for International Programs.

The University provides opportunities for quality education for students to pursue associated, baccalaureate, master's and education specialist degrees in liberal arts, natural sciences and mathematics, pre-professional programs, nursing, technology, business and education. Importance is placed on the provision of opportunities within the curricula for the development of enhanced skills in critical thinking, communication, leadership, and computer literacy. The University also seeks to provide students opportunities for growth beyond the classroom through a wide range of extracurricular activities, programs and services and through the maintenance of an environment of cultural and intellectual diversity.

In 2002 Dr. Richard D. Holland became the tenth President of the University of West Alabama founded in 1835. He earned his bachelor and master's degree in Biology at the University of West Alabama and his Ph.D. in Botany at the University of Tennessee in Knoxville. Prior to becoming President, he served as Professor of Biology and Dean of the College of Natural Sciences and Mathematics at UWA.

Holland's contributions to the University, the community, and the State of Alabama are numerous. His areas of service include: chair of UWA's Reaffirmation Self-Study Committee for the Southern Association of Colleges and Schools in 1991 and 2002; chair of the Faculty Senate for five terms; member of the Board of Directors of the UWA Foundation; Chair of the Alabama Commission on Higher Education Council of Presidents (2007-2009); member of the President's Council of the Higher Education Partnership of Alabama; State of Alabama Liaison to The American Association of State Colleges and Universities; member of the Board of Directors of the Sumter County Fine Arts Council; member of the Board of Directors and President of the Sumter County Historical Society; Chair of the Sumter County Nature Trust; member of the City of Livingston Beautification Committee; member of the Board of Directors of the Alabama Wildflower Society; past member of the Alabama Advisory Committee on Roadside Plantings; past member of the Board of Directors of The Nature Conservancy Chapter of Alabama; member of the Board of the Tombigbee Resource Conservation and Development Council; Chair of the West Alabama Regional Alliance; member of the Board of Directors of the Black Belt Community Foundation; member of the Governor's Black Belt Action Commission; Chair of the Alabama Medical Education Consortium; past member of the Alabama National Register Review Board; member of the Alabama Trust for Historical Preservation; member of the Board of Directors for Forever Wild Land Trust; member of Advisory Board for the Paul R. Jones Collection of African American Art at the University of Alabama; recipient of the Silver Beaver Award presented by the National Council of the Boy Scouts of America for distinguished service to youth. Other honors include membership in the UWA Society of the Golden Key, Omicron Delta Kappa, Alpha Phi Omega, Alpha Chi National Honor Society; Phi Kappa Phi National Honorary Society, Beta, Beta, Beta National Biological Honor Society, recipient of the UWA Gilbert Award for Outstanding Teaching in 1984 and 1990; UWA Faculty Loyalty Award; Distinguished Service Award from the Association of Conservation Districts, Area III; Sterling's Who's Who International; Who's Who Among American Teachers, Cambridge Who's Who; Marquis Who's Who in America, Who's Who in Higher Education Administration, and the Strathmore Who's Who Registry of Business Leaders.

In recent years, he has played a primary role in the establishment of the Center for the Study of the Black Belt, the Black Belt Museum, the Black Belt Gardens, and the Black Belt Conservation and Research Institute.

Total Fall Enrollment in University
Fall Enrollments - 2005-2010

<u>Year</u>	<u>Part and Full-Time Undergraduates</u>	<u>Part and Full-Time Graduates</u>	<u>Part and Full-Time Total</u>	<u>Full-Time Total Equivalent</u>
Fall 2005	1,689	455	2,144	1,855
Fall 2006	1,749	449	2,198	1,884
Fall 2007	1,798	376	2,174	1,822
Fall 2008	1,887	421	2,308	1,906
Fall 2009	1,764	492	2,256	1,985
Fall 2010	1,757	504	2,261	1,952

Freshman Applications Received - 2005-2010

<u>Year</u>	<u>Number Received</u>	<u>Number Accepted</u>	<u>Number Enrolled</u>
Fall 2005	832	646	366
Fall 2006	899	676	355
Fall 2007	856	646	352
Fall 2008	885	604	303
Fall 2009	690	424	310
Fall 2010	814	505	294

Housing Costs and Occupancy Rates

2010-2011 Room & Board

(based on multiple occupancy)

Housing		
Selden Hall	\$1,160	per semester
Spieth Hall	\$1,160	per semester
Sisk Hall (single)	\$1,515	per semester
Stickney Hall	\$1,560	per semester
Reed Hall	\$1,760	per semester
Hoover Apts	\$1,920	per semester
Patterson Apts		
One Bedroom	\$1,640	per semester

Meal Plan

19 of 19 meals per week	\$1,073	per semester
-------------------------	---------	--------------

Occupancy

Residence Hall	Fall 2009	Fall 2010	Capacity
Hoover Apts	61	56	62
Patterson Apts	48	48	50
Reed Hall	87	83	90
Selden Hall	127	147	194
Sisk Hall	70	62	68
Speith Hall	140	187	194
Stickney Hall	73	80	94
Total	606	663	752

Employees and Employee Relations

The University now employs approximately 400 persons, of whom approximately 120 are professional educators. The University's current pupil-to-professor ratio is approximately 19 to 1.

No employees of the University are represented by labor unions or similar employee organizations. The University does not bargain collectively with any labor union or employee organization. The University has never experienced a strike, boycott, or other work stoppage and no such work stoppage is threatened.

Retirement System

Employees of the University are participants of the Teachers Retirement System of Alabama, which was established by act of the Alabama Legislature. The University is required to deduct from each employee's paycheck an amount or percentage specified by the State Board of Control, which administers the Retirement System, and to transmit to the Board of Control each month the amount deducted. The State of Alabama by annual appropriation by the Legislature contributes a like amount. The University is not required to make contributions to the retirement system on the employees' behalf except for those employees paid from Federal funds. The matching contributions for those employees are paid from the same Federal funds as their salaries and not from local funds.

The University of West Alabama Foundation

The University of West Alabama Foundation exists to support the development of educational excellence at the University of West Alabama. It does so by attracting and involving leaders from among the University's alumni and friends in this endeavor. The Foundation's primary efforts shall be directed toward attracting, receiving, investing, managing and expending

gifts and other resources designated for the education and support of programs of the University and for services to the West Alabama area.

The University of West Alabama Foundation was incorporated in 1992 as a private foundation and granted a tax exempt status as described in Section 501(c)(3) by the Internal Revenue Service in February, 1993.

The Foundation is managed out of the University's office of Institutional Advancement, located in Webb Hall, Livingston, Alabama. All financial records are kept on file in this office. The Foundation is governed by a Board of Directors consisting of 16 members with the Vice President of Institutional Advancement serving as the Executive Secretary.

General Financial Information

The University operates on a fiscal year beginning October 1 and ending September 30.

Under Alabama law the University must be audited by the Department of Examiners of Public Accounts of the State of Alabama. The University does not have the authority to obtain an audit by a private accounting firm. The last audit for the University was for fiscal year 2008-2009. A copy of such audit is attached hereto as Appendix B.

Description of Major Sources of Revenue

The Series 2010 Bonds will be payable solely out of the (a) Bond Fund and (b) General Fee Revenues. The following description of major revenue sources is included in this Official Statement only for the purpose of informing potential investors about the general financial affairs of the University.

State Revenues. A major source of revenue of the University is appropriations by the State of Alabama. A substantial portion of the State tax revenues is paid into the Alabama Special Educational Trust Fund ("SETF") and is appropriated for educational purposes, including appropriations for the University and other institutions of higher learning. The SETF was established in 1927 by Act of the Legislature, and revenues are paid into the SETF pursuant to constitutional provisions and continuing appropriations of the Legislature. Among the State taxes paid into the SETF are the utilities gross receipts and use taxes, lease taxes, sales taxes, income taxes, and a portion of the State ad valorem taxes.

Under the Constitution of Alabama, if in any fiscal year there are insufficient funds of the State to pay all claims, a proration of claims is required. The SETF is subject to this constitutional requirement and, if moneys in the fund are insufficient to pay all amounts appropriated there from by the Legislature, each appropriation must be reduced pro rata. The University experienced proration in fiscal year 2001, when appropriations were reduced by 6.2%. In December, 2008, Governor Bob Riley announced a 12.9% reduction in certain State spending due to lower than expected revenues from sales tax and income tax, with such reduction affecting the University's appropriation of in the fiscal year which ended September 30, 2009. The Governor simultaneously used the State's Rainy Day Fund to offset the impact of

proration to the University. There can be no assurance that appropriations to the University from the SETF or from the other sources can or will be held at present levels in future fiscal years.

Federal Revenues. The University receives Federal money each year for various education programs. Most of these programs are for vocational or special education purposes, and the Federal funds are restricted to the designated purpose.

Student Revenues. Student revenues consist of the Student Union Fees, Tuition Fees, Housing Revenues and other miscellaneous course fees such as laboratory fees.

Auxiliary Enterprises Revenues. Auxiliary enterprises revenues consist of revenues from student support services such as Book Store, Supply Store, dormitory rentals and cafeteria sales.

Indebtedness

Long Term Debt

Upon the issuance of the Series 2010 Bonds, the University will not have outstanding any other long term debt.

Short Term Debt

The University has no outstanding short term debt.

Table No. 1

UNIVERSITY OF WEST ALABAMA
GENERAL FUND BUDGET
FOR CURRENT FISCAL YEAR (2010-2011)

RECEIPTS	
State sources	\$ 13,737,010
Student revenues	8,419,382
Other revenues	5,773,674
TOTAL REVENUES	\$27,930,066
EXPENDITURES	
Instruction	9,054,802
Academic Support	1,569,835
Student Services	3,967,035
Institutional Support	3,247,974
O&M of Plant	3,085,464
Scholarships/Fellowships	711,000
Employee Benefits	6,285,434
TOTAL EXPENDITURE & OTHER FUND USES	\$27,921,544
EXCESS OF REVENUE & OTHER FINANCING OVER (UNDER) EXPENDITURES & OTHER FUND USES	\$8,522

In addition to the General Fund, the University also accounts for revenues and associated expenses of its online program and auxiliary enterprises for each fiscal year. The budgeted amounts for fiscal year 2011 are as follows:

	2011 Auxiliary Fund Budget	2011 Online Budget
Revenue	\$4,260,653	\$13,500,000
Expenditures	\$4,260,653	\$12,578,664
Excess of Revenues over expenditures	\$0	\$921,336

University of West Alabama

Statement of Activities and Change in Net Assets

Fiscal Year End September 30

	2005	2006	2007	2008	2009
Operating Revenues					
Student tuition and fees	\$12,591,301	\$15,857,866	\$18,251,774	\$24,583,066	\$28,971,342
Less scholarship allowance	(1,822,857)	(1,987,521)	(2,268,209)	(4,295,459)	(5,004,819)
Net student tuition and fees	10,768,443	13,870,345	15,983,565	20,287,607	23,966,523
Federal grants & contracts	4,056,354	4,315,068	4,756,765	1,240,969	2,462,764
State & local grants & contracts	263,759	687,820	197,188	480,603	634,938
Nongovernmental grants & contracts	168,688	386,986	1,114,014	681,290	1,805,752
Auxiliary enterprises	3,519,749	3,968,381	4,436,023	4,805,205	4,974,613
Other operating revenues	810,543	742,207	765,198	426,430	639,437
Total operating revenues	19,587,536	23,970,807	27,252,752	27,922,104	34,484,026
Operating Expenses					
Instruction	12,172,855	15,778,553	18,801,420	20,842,512	23,493,800
Research & public service	362,414	336,961	713,246	927,600	1,238,428
Institutional support	1,738,378	2,750,914	4,073,795	3,713,212	4,427,582
Academic support	2,499,642	2,517,728	2,370,148	2,976,961	3,326,064
Student services	4,135,152	4,166,104	4,119,021	4,721,511	5,571,570
Operation & maintenance	2,531,190	2,798,595	2,951,065	3,200,416	3,389,704
Scholarship & financial aid	1,772,464	2,349,733	3,729,591	1,958,951	1,919,076
Depreciation	664,966	718,191	726,657	812,020	794,752
Auxiliary enterprises	3,161,956	3,345,515	3,654,892	4,123,311	4,017,176
Other operating expenses	131,667	94,952	350,337	5,187	71,275
Total operating expenses	29,170,685	34,857,247	41,490,171	43,281,682	48,249,428
Operating income (loss)	(9,583,150)	(10,886,440)	(14,237,419)	(15,359,578)	(13,765,402)

Non-Operating Revenues (Expenses)

State appropriations	9,869,650	11,687,460	14,364,841	17,058,698	13,529,315
Federal grants	-	-	-	3,638,902	4,250,167
Investment income	18,739	37,368	46,328	105,043	34,917
Interest on capital asset related debt	(153,655)	(142,158)	(136,300)	(160,518)	(118,073)
Gifts	-	695,200	-	-	-
Other non-operating revenues (expenses)	(15,381)	(25,821)	599,463	-	-
Net operating revenues	9,719,354	12,252,049	14,874,332	20,642,125	17,696,326
Change in net assets	\$ 136,204	\$ 1,365,609	\$ 636,913	\$ 5,282,547	\$ 3,930,924
Public school & college authority funds					1,779,989
Net assets					
Prior Year's Fund Balance	15,431,904	15,631,042	17,637,210	17,774,357	23,056,904
Ending Fund Balances	\$ 15,568,108	\$ 16,996,651	\$ 18,274,123	\$ 23,056,904	\$ 28,767,818

LITIGATION

There is not now pending any litigation restraining, enjoining or in any manner questioning or affecting: the creation, organization or existence of the University; the title of the present members of the Board of Trustees to their respective offices; the validity of the Series 2010 Bonds; the proceedings and authority under which the Series 2010 Bonds are to be issued; the levy and collection of the Student Union Fees, the Tuition Fees or the Housing Revenues, or the pledges of the proceeds thereof to the payment of the Series 2010 Bonds.

LEGAL MATTERS

The legality and validity of the Series 2010 Bonds are being approved by Waldrep Stewart & Kendrick, LLC., Bond Counsel, Birmingham, Alabama, whose approving opinion will be delivered with the Series 2010 Bonds. See "TAX EXEMPTION." A copy of the proposed opinion of Bond Counsel is attached to this Official Statement as Appendix A. The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

The Series 2010-B Bonds have not been issued in compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), for the exclusion of interest thereon from gross income for purposes of federal income taxation, and accordingly interest on the Series 2010-B Bonds is subject to federal income taxation. In the opinion of Waldrep Stewart & Kendrick, LLC., Birmingham, Alabama, Bond and Underwriter's Counsel, interest on the Series 2010-A Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, except as set forth herein below. In the opinion of Bond Counsel, interest on the Series 2010 Bonds will be exempt from income taxation by the State of Alabama under existing statutes.

Bond Counsel is also of the opinion that under existing law interest on the Series 2010-A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the case of corporations, interest on the Series 2010-A Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

Furthermore, prospective purchasers of the Series 2010-A Bonds should recognize that interest on the Series 2010-A Bonds may become subject to federal income taxation from the date of issuance in the event that the University fails to satisfy certain requirements imposed by the Code respecting (i) limitations on the use of the Series 2010-A Bond proceeds in the trade or business of, or to make or finance loans to, persons other than governmental units, (ii) restrictions on investment earnings on proceeds of the Series 2010-A Bonds and (iii) the rebate to the federal government of certain arbitrage profits. The University has covenanted that it will not take, or omit to take, any action lawful and within its power to take, if such action or

omission would cause interest on any Series 2010-A Bond to become subject to federal income taxes in addition to those federal income taxes to which interest on such Series 2010-A Bond is subject on the date of original issuance thereof.

The University intends to issue the Series 2010-B Bonds in compliance with Section 54AA(d)(1)(C) of the Internal Revenue Code of 1986, as amended, for treatment as "Build America Bonds." As long as the Series 2010-B Bonds qualify as "Build America Bonds" under the Code, the University will be entitled to receive a subsidy payment from the United States Treasury on each interest payment date equal to 35% of the amount of each interest payment on such taxable warrants, subject to continuing compliance with the provisions of the Code with respect thereto and to offset for other amounts payable to the federal government by the University. The available subsidy for the Series 2010-B Bonds will not be pledged as security for the Series 2010-B Bonds and no owner of a Series 2010-B Bond will have an interest in, or claim upon, any such subsidy payment.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the Series 2010 Bonds, to the extent properly allocable to each holder of such Series 2010 Bonds, is excluded from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Series 2010 Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Series 2010 Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to a holder of a Series 2010 Bond who acquires the Series 2010 Bond in this offering during any accrual period generally equals (i) the issuance price of such Series 2010 Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2010 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2010 Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the holder's tax basis in such Series 2010 Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Series 2010 Bond would be treated as gain from the sale or exchange of such Series 2010 Bond.

Collateral Tax Consequences

Prospective purchasers of the Series 2010-A Bonds should also be aware that ownership of the Series 2010-A Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the

branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred certain expenses allocable to the Series 2010-A Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series 2010-A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Prior to enactment of the Internal Revenue Code, financial institutions (including commercial banks) generally were permitted to invest deposited funds in tax-exempt obligations, while continuing to deduct interest paid to depositors. The corporation tax preference rules reduced by 20% the amount which could be deducted by financial institutions for interest on funds allocable to tax exempt obligations acquired after 1982. In general, the Code denies financial institutions 100% of interest deductions that are allocable to tax-exempt obligations acquired on or after August 8, 1986. The prior law (i.e., 20%) reduction continues to apply, however, with respect to "qualified-tax exempt obligations" acquired by financial institutions on or after August 18, 1986. Qualified-tax exempt obligations have to be designated as such by the issuer and not more than \$10,000,000 (\$30,000,000 in years 2009 and 2010) of obligations may be so designated by any issuer (including subordinate entities) for any calendar year. Under the Internal Revenue Code, qualified tax-exempt obligations are treated as acquired by the financial institution before August 8, 1986. The Series 2010-A Bonds are being designated as qualified tax-exempt obligations by the University, and, under the Internal Revenue Code, the interest expense allocable to the Series 2010-A Bonds will remain subject to the 20% disallowance contained in prior law.

INVESTMENT INFORMATION FOR FINANCIAL INSTITUTIONS

The University has designated the Series 2010-A Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Code (See "TAX EXEMPTION" above) regarding interest expense incurred to carry tax-exempt bonds.

FEDERAL BANKRUPTCY CODE

The rights and remedies of the registered owners of the Series 2010 Bonds are subject to the provisions of Chapter 9 of Title 11 of the United States Code (Bankruptcy Code) which became effective October 1, 1979, and which was recently amended. Title 11 permits under certain specific circumstances (but only after authorization by the state legislature or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision of a state, to file a petition for relief in the U.S. District Court for the district in which the political subdivision is located if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts. Under the Bankruptcy Code, the filing of such a petition operates as an automatic stay" of the commencement or the continuation of any judicial, administrative or other proceeding against the petitioner, its property or any officer of the petitioner which seeks to enforce (a) any claim against the petitioner or (b) a lien on or arising out of any taxes due to the petitioner. Chapter 9 also permits a political subdivision that files such a petition to issue, with the approval of the Court, certificates of indebtedness having priority over preexisting obligations.

Any political subdivision filing a petition for relief under Chapter 9 must in due course file a plan for the adjustment of its debts, and such plan may include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. Such plan, when confirmed by the Court, binds all creditors who had timely notice or actual knowledge of the petition or plan and discharges all claims against the petitioning political subdivision provided for in the plan. No plan may, however, be confirmed by the Court unless certain conditions occur, which include either (1) that the plan has been accepted in writing by two-thirds (2/3) in amount and more than fifty percent (50%) in number of the allowed claims of each class which is impaired by the plan, or (2) the Court finds that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims that is impaired under, and has not accepted, the plan.

The Bankruptcy Code contains a provision relating to the postpetition effect of a security interest in property of the petitioner. This provision is incorporated by reference into Chapter 9. The effect of this provision on a pledge of revenues to be received by a political subdivision is such that it would release or terminate a pledge of such revenues once a petition is filed with the result that registered owners of obligations similar to the Series 2010 Bonds would in effect be general, unsecured creditors with respect to such revenues after a petition is filed. Prospective purchasers of the Series 2010 Bonds should assume that existing Alabama statutes authorize the University to file a petition for relief under Chapter 9 of Title 11, United States Code.

BONDHOLDER RISKS

The sufficiency of the General Fee Revenues to pay debt service on the Series 2010 Bonds may be affected by future events and conditions relating generally to, among other things, student enrollment, population trends and economic developments, discontinuance of federal programs, the exact nature and extent of which are not presently determinable.

UNDERWRITER

Merchant Capital, LLC, Montgomery, Alabama (the "Underwriter") will purchase the Series 2010-A Bonds at a price of \$2,234,978.35 (representing an underwriter's discount of \$30,375.00 and net original issue premium of \$15,353.35) plus accrued interest to the date of delivery. The Underwriter will purchase the Series 2010-B Bonds at a price of \$26,042,596.25 (representing an underwriter's discount of \$359,775.00 and net original issue discount of \$247,628.75) plus accrued interest to the date of delivery.

RATING

Moody's Investors Service is expected to assign its municipal bond rating of "Aa3" (negative outlook) to the Series 2010 Bonds on the understanding that a financial guaranty insurance policy, insuring the payment when due of the principal of and interest on such Bonds, will be issued by Assured Guaranty Corp. upon delivery of the Series 2010 Bonds.

The rating of the Series 2010 Bonds by such rating agency reflects only the view of such agency at the time such rating is given, and the University makes no representation as to the

appropriateness of any rating. There is no assurance that the rating on the Series 2010 Bonds will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market of the Series 2010 Bonds.

Any explanation of the significance of the rating may be obtained from Moody's.

CONTINUING DISCLOSURE UNDERTAKING

In order to provide certain continuing disclosure with respect to the Series 2010 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), the University has entered into a Continuing Disclosure Agreement ("Disclosure Agreement") for the benefit of the Holders of the Series 2010 Bonds.

The University has covenanted for the benefit of the holders of the Series 2010 Bonds to provide certain information repositories with (i) certain financial information and operating data relating to the University on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events, if it deems them to be material:

1. A delinquency in payment of principal of or interest on the Series 2010 Bonds.
2. Non-payment related defaults under the proceedings of the University authorizing the Series 2010 Bonds, whether or not such defaults constitute an event of default thereunder.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the University.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2010 Bonds reflecting financial difficulties of the University.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Series 2010 Bonds to perform its obligations under the agreement between the University and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Series 2010 Bonds or events affecting the tax-exempt status of interest on the Series 2010 Bonds.
7. Any modification of the rights of the registered owners of the Series 2010 Bonds.
8. Redemption of any of the Series 2010 Bonds prior to the stated maturity or mandatory redemption date thereof.
9. Defeasance of the lien of any of the Series 2010 Bonds or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Series 2010 Bonds, or any of them, to be no longer regarded as outstanding thereunder.

10. The release, substitution or sale of the property securing repayment of the Series 2010 Bonds.
11. Any changes in published ratings affecting the Series 2010 Bonds.

In addition, the University has covenanted to provide in a timely manner to each information repository and to the appropriate state information repository (if any), notice of the University's failure to provide the Annual Financial Information on or before the date specified herein.

The Annual Financial Information will include financial information and operating data relating to the University of the type found in the section of this Official Statement called "RESULTS OF OPERATIONS." In addition, the University will provide to such repositories, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The Annual Financial Information is required to be filed with Electronic Municipal Market Access ("EMMA") as designated by the Securities and Exchange Commission and with any Alabama state information depository. Material Event Notices are required to be filed with EMMA and any Alabama state information depository or the Municipal Securities Rulemaking Board and any Alabama state information repository.

The University shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2010 Bonds for breach by the University of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the University. The failure by the University to provide the required information shall not be an event of default with respect to the Series 2010 Bonds.

No person other than the University shall have any liability or responsibility for compliance by the University with its obligations to provide information.

The University retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

From time to time, the University has not been in compliance with prior Continuing Disclosure Undertakings on its outstanding indebtedness. The University is in compliance with its Continuing Disclosure requirements.

MISCELLANEOUS

Neither this Official Statement nor any statement herein should be construed as a contract with the registered owners of the Series 2010 Bonds. All estimates, whether or not so stated, are not to be construed as representations that they will be realized.

The University has furnished all information in this Official Statement relating to the University and has obtained all other information from sources which are considered reliable and which are customarily relied upon in the preparation of similar official statements.

Dated this 7th day of November, 2010.

UNIVERSITY OF WEST ALABAMA

/s/ Dr. Richard Holland
President

/s/ T. Raiford Noland
Vice-President for Financial Affairs and Treasurer

(Page Intentionally Left Blank)

APPENDIX A

Form of Bond Counsel Opinions

[page intentionally left blank]

[date of closing]

Merchant Capital, LLC.
Montgomery, Alabama

Assured Guaranty Corp.
New York, New York

Re: \$2,250,000 General Fee Revenue Refunding Bonds, Series 2010-A, dated
December 1, 2010, issued by the University of West Alabama

Gentlemen:

This opinion is rendered in connection with the issuance of the above-referenced bonds (the "Series 2010-A Bonds") by the University of West Alabama (the "University"). The Series 2010-A Bonds are issued pursuant to a resolution duly adopted by the Board of Trustees of the University (the "Authorizing Resolution").

We have examined the following: the proceedings of the Board of Trustees of the University for adoption of the Authorizing Resolution; a certification on behalf of the University pursuant to the regulations under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), relative to arbitrage bonds; and other certificates, documents and proofs considered by us to be pertinent. In rendering this opinion we have relied upon statements set forth in certificates executed by public officials and by officers of the University.

The Authorizing Resolution provides that the principal of, premium, if any, and interest on the Series 2010-A Bonds are payable, solely from and are secured pro rata by a lien upon and pledge of (a) the special fund designated the Bond Fund (the "Bond Fund") established in the Authorizing Resolution, and (b) certain tuition and fees payable by students attending the University, which tuition and fees are more particularly described in the Authorizing Resolution and referred to therein as the General Student Fees. The Authorizing Resolution provides that additional parity bonds may hereafter be issued in successive series from time to time by the University, payable from the Bond Fund and the General Student Fees equally and ratably and on a parity of lien with the Series 2010-A Bonds within the limitations and upon compliance with the provisions of the Authorizing Resolution. Simultaneously with the issuance of the Series 2010-A Bonds, the University is issuing its \$26,650,000 principal amount of Taxable General Fee Revenue Bonds (Direct-Pay Build America Bonds) Series 2010-B (the "Series 2010-B Bonds") secured pro rata and on a parity with the Series 2010-A Bonds

The University has covenanted and agreed in the Authorizing Resolution that so long as any Series 2010-A Bonds are outstanding, it will continue to levy and collect General Student Fees in such amounts and at such times as will produce revenues sufficient at all times to pay the principal of and interest on the Series 2010-A Bonds and the Series 2010-B Bonds, and any additional parity bonds issued pursuant to the terms of the Authorizing resolution as and when such principal and interest matures and comes due.

Based upon the foregoing and upon our examination of the aforesaid proceedings and other papers submitted to us, and in reliance on the aforesaid certificates and assuming compliance with the covenants and representations in the Authorizing Resolution, we are of the opinion, as of the date hereof and under existing law, that:

(1) The Series 2010-A Bonds constitute and evidence the valid and binding special obligations of the University payable on a parity of lien with the Series 2010-B Bonds with any additional parity obligations hereafter issued, solely from the (a) Bond Fund and (b) General Student Fees.

(2) Interest on the Series 2010-A Bonds is presently excludable from gross income for federal income taxation pursuant to Section 103 of the Code and applicable regulations and rulings of the Commissioner of Internal Revenue and court decisions heretofore rendered.

(3) Interest on the Series 2010-A Bonds is exempt from present income taxation in the State of Alabama.

No opinion is expressed with respect to the tax treatment of any taxpayer under any provision or section of the Code other than the aforesaid Section 103 as a result of the receipt of interest on the Series 2010-A Bonds. It should be noted, however, that, in computing federal income tax liability, (1) interest on the Series 2010-A Bonds is required to be included in certain alternative minimum tax calculations for corporations, (2) property and casualty insurance companies are required to include a portion of the tax-exempt interest on the Series 2010-A Bonds to offset the loan loss reserve, (3) interest on the Series 2010-A Bonds is required to be included in the calculation of the amount, if any, of social security benefits and certain railroad retirement benefits required to be included in gross income and (4) interest on the Series 2010-A Bonds is required to be included in the calculation of the amount, if any, of passive investment income of Subchapter S corporations subject to taxation. No assurances can be given that federal legislation will not be introduced and enacted which could adversely affect the exclusion of interest on the Series 2010-A Bonds from gross income for federal income taxation or the tax treatment of certain owners of the Series 2010-A Bonds as a result of the receipt of such interest.

The rights of the registered owners of the Series 2010-A Bonds and the enforceability thereof are subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the constitutional powers of the United States of America and the sovereign police powers of the State of Alabama, and to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted.

Faithfully yours,

[date of closing]

Merchant Capital, LLC.
Montgomery, Alabama

Assured Guaranty Corp.
New York, New York

Re: \$26,650,000 Taxable General Fee Revenue Bonds (Direct-Pay Build America Bonds), Series 2010-B, dated December 1, 2010, issued by the University of West Alabama

Gentlemen:

This opinion is rendered in connection with the issuance of the above-referenced bonds (the "Series 2010-B Bonds") by the University of West Alabama (the "University"). The Series 2010-B Bonds are issued pursuant to a resolution duly adopted by the Board of Trustees of the University (the "Authorizing Resolution").

We have examined the following: the proceedings of the Board of Trustees of the University for adoption of the Authorizing Resolution; a certification on behalf of the University pursuant to the regulations under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), relative to arbitrage bonds; and other certificates, documents and proofs considered by us to be pertinent. In rendering this opinion we have relied upon statements set forth in certificates executed by public officials and by officers of the University.

The Authorizing Resolution provides that the principal of, premium, if any, and interest on the Series 2010-B Bonds are payable, solely from and are secured pro rata by a lien upon and pledge of (a) the special fund designated the Bond Fund (the "Bond Fund") established in the Authorizing Resolution, and (b) certain tuition and fees payable by students attending the University, which tuition and fees are more particularly described in the Authorizing Resolution and referred to therein as the General Student Fees. The Authorizing Resolution provides that additional parity bonds may hereafter be issued in successive series from time to time by the University, payable from the Bond Fund and the General Student Fees equally and ratably and on a parity of lien with the Series 2010-B Bonds within the limitations and upon compliance with the provisions of the Authorizing Resolution. Simultaneously with the issuance of the Series 2010-B Bonds, the University is issuing its \$2,250,000 principal amount of General Fee Revenue Refunding Bonds, Series 2010-A (the "Series 2010-A Bonds") secured pro rata and on a parity with the Series 2010-B Bonds

The University has covenanted and agreed in the Authorizing Resolution that so long as any Series 2010-B Bonds are outstanding, it will continue to levy and collect General Student Fees in such amounts and at such times as will produce revenues sufficient at all times to pay the

principal of and interest on the Series 2010-A Bonds and the Series 2010-B Bonds, and any additional parity bonds issued pursuant to the terms of the Authorizing resolution as and when such principal and interest matures and comes due.

Based upon the foregoing and upon our examination of the aforesaid proceedings and other papers submitted to us, and in reliance on the aforesaid certificates and assuming compliance with the covenants and representations in the Authorizing Resolution, we are of the opinion, as of the date hereof and under existing law, that:

(1) The Series 2010-B Bonds constitute and evidence the valid and binding special obligations of the University payable on a parity of lien with the Series 2010-A Bonds with any additional parity obligations hereafter issued, solely from the (a) Bond Fund and (b) General Student Fees.

(2) Interest on the Series 2010-B Bonds is includable in the gross income for federal income taxation pursuant to Section 103 of the Code and applicable regulations and rulings of the Commissioner of Internal Revenue and court decisions heretofore rendered.

(3) Interest on the Series 2010-B Bonds is exempt from present income taxation in the State of Alabama.

The rights of the registered owners of the Series 2010-B Bonds and the enforceability thereof are subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the constitutional powers of the United States of America and the sovereign police powers of the State of Alabama, and to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted.

Faithfully yours,

APPENDIX B

Audited Financial Report for the Fiscal Year Ended September 30, 2009

(Page Intentionally Left Blank)

Report on the

University of West Alabama

Livingston, Alabama

October 1, 2008 through September 30, 2009

Filed: August 13, 2010



Department of Examiners of Public Accounts

50 North Ripley Street, Room 3201

P.O. Box 302251

Montgomery, Alabama 36130-2251

Website: www.examiners.alabama.gov

Ronald L. Jones, Chief Examiner



State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
50 North Ripley Street, Room 3201
Montgomery, Alabama 36104-3833
Telephone (334) 242-9200
FAX (334) 242-1775

Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, we submit this report on the results of the audit of The University of West Alabama, Livingston, Alabama, for the period October 1, 2008 through September 30, 2009.

Sworn to and subscribed before me this
the 22nd day of July, 2010.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 22nd day of July, 2010.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 22nd day of July, 2010.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 22nd day of July, 2010.

Sandra E Shirley
Notary Public

Respectfully submitted,

Rodney J. Landrum
Examiner of Public Accounts

Tanesha Richburg
Examiner of Public Accounts

Peter Fisher
Examiner of Public Accounts

Kasim Al-zoubi
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state and federal legal compliance, University operations, and other matters.	
Comments	C
Contains information pertaining to the history of the University.	
Independent Auditor's Report	E
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
Management's Discussion and Analysis	H
Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the University introducing the basic financial statements and providing an analytical overview of the University's financial activities for the year. This information has not been audited, and no opinion is provided about the information.	
<u>Basic Financial Statements</u>	1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the University's financial position and results of operations in accordance with GAAP.	
University of West Alabama	
Exhibit #1 Statement of Net Assets	2
Exhibit #2 Statement of Revenues, Expenses and Changes in Net Assets	4
Exhibit #3 Statement of Cash Flows	5
University of West Alabama Foundation	
Exhibit #4 Statement of Financial Position	7
Exhibit #5 Statement of Activities	8

Table of Contents

	<i>Page</i>
<u>Notes to the Financial Statements</u>	
University of West Alabama	10
University of West Alabama Foundation	23
<u>Supplementary Information</u>	
Contains financial information and notes relative to federal financial assistance.	
Exhibit #6 Schedule of Expenditures of Federal Awards	31
Notes to the Schedule of Expenditures of Federal Awards	
<u>Additional Information</u>	
Provides basic information related to the University, including reports and items required by generally accepted government auditing standards and/or U. S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits.	
Exhibit #7 Board Members and Officials – a listing of Board Members and Officials.	39
Exhibit #8 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – a report on internal controls related to the financial statements and on whether the University complied with laws and regulations which could have a direct and material effect on the University’s financial statements.	41
Exhibit #9 Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 – a report on internal controls over compliance with requirements of laws, regulations, contracts, and grants applicable to major federal programs and an opinion on whether the University complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.	43

Table of Contents

	<i>Page</i>
Exhibit #10 Schedule of Findings and Questioned Costs – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by OMB Circular A-133.	46
Exhibit #11 Summary Schedule of Prior Audit Findings – a report, prepared by the management of the University, which provides the status of all audit findings relative to federal awards included in the prior audit report’s Schedule of Findings and Questioned Costs, as well as, unresolved findings included in the prior audit report’s Summary Schedule of Prior Audit Findings.	49
Exhibit #12 Auditee Response/Corrective Action Plan – a response by the University on the results of the audit and a corrective action plan for federal audit findings.	50



Department of
Examiners of Public Accounts

SUMMARY

**The University of West Alabama
October 1, 2008 through September 30, 2009**

The University of West Alabama (the “University”) is a comprehensive, regional, state university, offering undergraduate and graduate degrees, and serving both residential and commuting students. The University offers studies in the following colleges: the College of Business; the College of Education; the College of Liberal Arts; and the College of Natural Sciences and Mathematics. Additional information on the history of the University is included in the Comments section of this report.

This report presents the results of an audit, the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the University complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit of the University was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, as well as, the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5-14.

An unqualified opinion was issued on the basic financial statements of the University which means the financial statements present fairly, in all material respects, the financial position and the results of operations for the fiscal year ending September 30, 2009.

Findings are numbered and reported by the fiscal year in which the finding originally occurred.

The following problem was found with The University of West Alabama’s internal control over financial reporting (Exhibit 10).

- ◆ 2009-01 The College did not have adequate internal controls to ensure proper financial reporting.

The following instance of noncompliance related to federal financial assistance programs was found (Exhibit 10).

- ◆ 2009-02 The University did not comply with all provisions of a grant agreement.

The following officials/employees were invited to an exit conference to discuss the results of this audit: Dr. Richard D. Holland, President; T. Raiford Noland, Vice-President of Financial Affairs and Treasurer; and George Snow, Comptroller. The following individuals attended the exit conference: T. Raiford Noland, Vice-President of Financial Affairs and Treasurer and George Snow, Comptroller. Representing the Department of Examiners of Public Accounts were: Ms. Andera M. Anderson, Audit Manager and Examiners: Rodney J. Landrum and Peter Fisher.



Department of
Examiners of Public Accounts

COMMENTS

**The University of West Alabama
October 1, 2008 through September 30, 2009**

The University of West Alabama was chartered in 1835 as a church-related female academy and admitted its first students in 1839. After difficult times during the Civil War and Reconstruction periods, the school reopened in the late 1860s or early 1870s. Although it appears that a few male students were admitted following the reopening, a resolution by the Board of Trustees in 1876 excluded boys, and this policy was followed until the beginning of the 20th century.

From 1881 to 1910, the school at Livingston was under the direction of the noted educator and reformer Julia Tutwiler, who succeeded in getting a small appropriation from the State Legislature in 1883 to establish normal school training for girls at Livingston Female Academy. According to statements in the University archives, this is believed to be the first state appropriation in Alabama made exclusively for the education of women. The first normal school diplomas were granted in 1886.

Livingston Female Academy and State Normal College continued as a private institution with some state support until 1907, when the state assumed full control. It remained under its own board of trustees; however, until the Legislature created a State Board of Trustees for all state normal schools in 1911. In 1919, this board was abolished and all state normal schools were placed under the supervision of the State Board of Education. During these early years, the school offered both secondary education and normal school programs for the training of teachers.

In 1929, the school at Livingston became State Teachers College, Livingston, Alabama, with the authority to confer the degree of Bachelor of Science. The Bachelor of Arts degree was authorized in 1947. Although the institution had begun accepting male students soon after 1900, the student body remained predominantly female through the 1950s.

In 1957, the name was again changed by an act of Legislature - this time to Livingston State College - and the following year the mission of the institution was broadened when the Graduate Division was established and the College was authorized to confer master's degrees in the field of professional education. In 1967, an act of the Legislature created Livingston University, with its own Board of Trustees.

In 1995, the institution recognized its broader mission as a regional university serving the educational needs of all the citizens of the area by changing its name to the University of West Alabama.

Independent Auditor's Report

Independent Auditor's Report

We have audited the accompanying basic financial statements of The University of West Alabama, a component unit of the State of Alabama, as of and for the year ended September 30, 2009, as listed in the table of contents as Exhibits 1 through 3. These financial statements are the responsibility of The University of West Alabama's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of The University of West Alabama Foundation, a component unit. 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 West Alabama Foundation, is based on the report of other auditors.

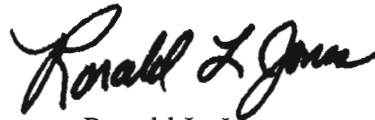
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of The University of West Alabama Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of West Alabama and The University of West Alabama Foundation, as of September 30, 2009, and the respective changes in financial position, including cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010 on our consideration of The University of West Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The University of West Alabama, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 6) is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

June 29, 2010

This Page Intentionally Blank

*Management's Discussion and Analysis
(Required Supplementary Information)*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

The discussion and analysis of the University of West Alabama's financial statements provides an overview of the University's financial activities for the fiscal year ended September 30, 2009. The emphasis of discussions about these will be on current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present a fiscal snapshot of the University of West Alabama. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities). The difference between current and noncurrent assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, employees and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets. Expendable restricted net assets are available for expenditure by the institution but must be spent for the purpose as determined by donors and/or external entities that placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the institution for any appropriate purpose of the institution.

Statement of Net Assets
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
Assets:		
Current Assets	\$27,608	\$23,160
Capital Assets, net	12,898	11,547
Other Noncurrent Assets	<u>690</u>	<u>632</u>
Total Assets	<u>41,196</u>	<u>35,339</u>
Liabilities:		
Current Liabilities	9,178	8,909
Noncurrent Liabilities	<u>3,250</u>	<u>3,372</u>
Total Liabilities	<u>12,428</u>	<u>12,281</u>
Net Assets		
Invested in capital assets, net of debt	10,578	9,051
Restricted:		
Expendable:		
Scholarships and Fellowships	418	353
Nonexpendable:		
Loans	251	214
Debt Service		1
Unrestricted	<u>17,521</u>	<u>13,439</u>
Total Net Assets	<u>\$28,768</u>	<u>\$23,058</u>

The total assets of the institution increased this year. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase in cash on hand, student receivables, capital assets, and a decrease in outstanding long term bonds payable. The conservative use of assets follows the institutional philosophy to ensure that resources are available to support the instruction and public service missions of the institution.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of this statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution.

Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses and Changes in Net Assets

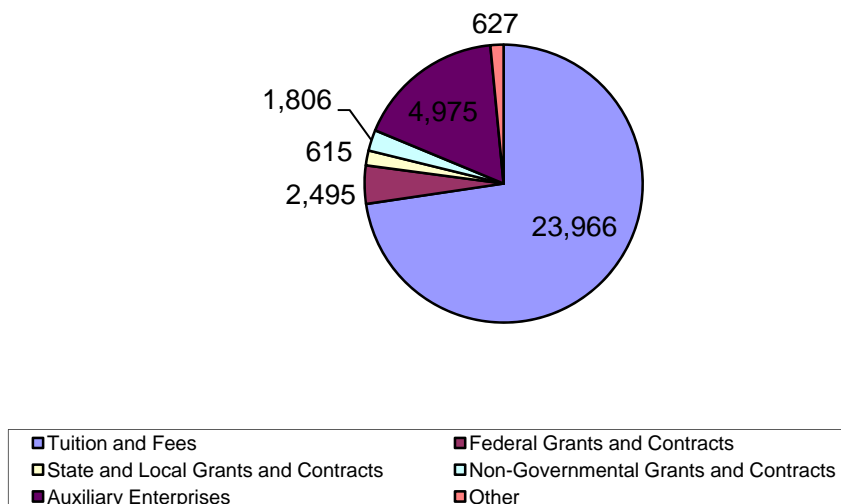
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 34,484	\$27,922
Operating expenses	<u>48,249</u>	<u>43,281</u>
Operating loss	(13,765)	(15,359)
Nonoperating revenues and expenses	<u>19,476</u>	<u>20,642</u>
Increase in Net Assets	5,711	5,283
Net Assets at Beginning of Year, as Restated	<u>23,057</u>	<u>17,774</u>
Net Assets at End of Year	<u>\$ 28,768</u>	<u>\$23,057</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the year.

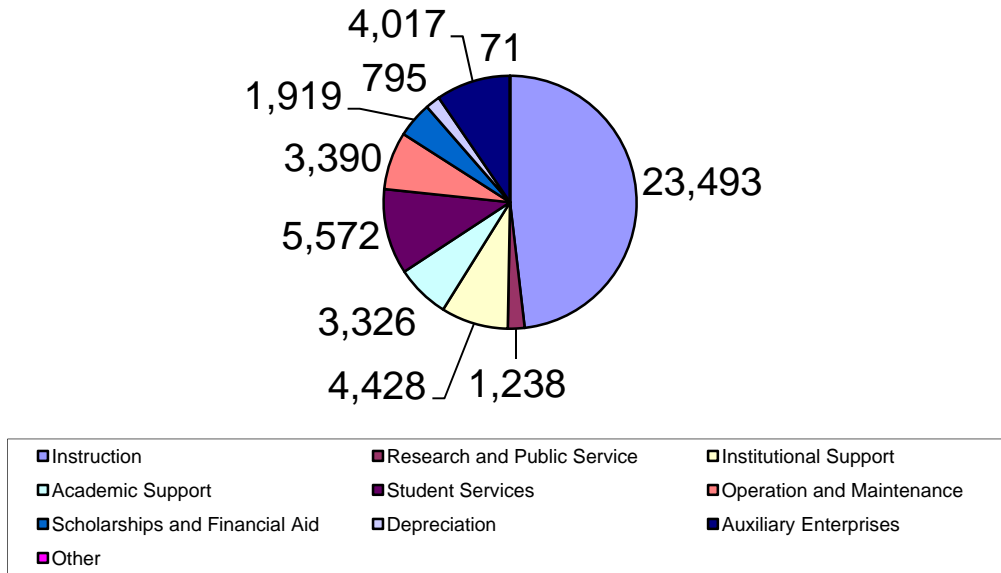
Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are the following:

Operating Revenues (In Thousands of Dollars)



Some highlights of the operating expenses shown on the Statement of Revenues, Expenses, and Changes in Net Assets are illustrated below:

Operating Expenses (In Thousands of Dollars)



The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase in net assets at the end of the year. Auxiliary Services are self-supporting.

Statement of Cash Flows

The final statement presented by The University of West Alabama is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used for the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section reflects cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Cash Flows for the year ended September 30, 2009
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
Cash provided (used) by:		
Operating activities	\$(12,211)	\$(14,492)
Noncapital financing activities	19,790	18,321
Capital and related financing activities	(678)	(560)
Investing activities	<u>(468)</u>	<u>(127)</u>
 Net Change in Cash	 6,433	 3,142
Cash, beginning of year	<u>12,759</u>	<u>9,617</u>
Cash, end of year	<u>\$19,192</u>	<u>\$12,759</u>

Economic Outlook

The University is not aware of any currently known, facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operation.

Basic Financial Statements

Statement of Net Assets
September 30, 2009

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 19,191,690.64
Short-Term Investments	1,481,679.34
Accounts Receivable, Net	5,985,063.26
Bond Issuance Costs	4,960.00
Inventories	944,140.77
Total Current Assets	<u>27,607,534.01</u>

Noncurrent Assets

Long-Term Investments	413,147.25
Loans Receivable, Net	257,694.21
Bond Issuance Costs	19,845.56
Capital Assets:	
Land	492,525.59
Buildings	19,426,476.80
Improvements Other Than Buildings	2,056,836.47
Equipment and Furniture	2,650,125.72
Library Holdings	1,844,757.70
Construction In Progress	1,807,218.47
Less: Accumulated Depreciation	<u>(15,380,113.33)</u>
Total Capital Assets, Net of Depreciation	<u>12,897,827.42</u>
Total Noncurrent Assets	<u>13,588,514.44</u>
Total Assets	<u>\$ 41,196,048.45</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIABILITIES**Current Liabilities**

Accounts Payable	\$	312,709.68
Salaries Payable		448,678.58
Deferred Revenue		6,760,597.64
Deposits		1,344,037.25
Compensated Absences		121,720.73
Bonds Payable		190,000.00
Total Current Liabilities		<u>9,177,743.88</u>

Noncurrent Liabilities

Compensated Absences		1,095,486.59
Bonds Payable		2,155,000.00
Total Noncurrent Liabilities		<u>3,250,486.59</u>

Total Liabilities		<u>12,428,230.47</u>
-------------------	--	----------------------

NET ASSETS

Invested in Capital Assets, Net of Related Debt		10,577,632.98
Restricted for:		
Non-Expendable:		
Scholarships and Fellowships		418,490.15
Expendable:		
Loans		251,163.62
Unrestricted		<u>17,520,531.23</u>
Total Net Assets	\$	<u>28,767,817.98</u>

This Page Intentionally Blank

***Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2009***

OPERATING REVENUES

Student Tuition and Fees (Net of Scholarship Allowances of \$5,004,819.00)	\$ 23,966,522.82
Federal Grants and Contracts	2,494,741.15
State and Local Grants and Contracts	615,269.99
Nongovernmental Grants and Contracts	1,805,751.60
Auxiliary Enterprises	4,974,613.02
Other Operating Revenues	627,127.36
Total Operating Revenues	<u>34,484,025.94</u>

OPERATING EXPENSES

Instruction	23,493,799.95
Research and Public Service	1,238,428.17
Institutional Support	4,427,582.47
Academic Support	3,326,063.70
Student Services	5,571,570.07
Operation and Maintenance	3,389,704.41
Scholarships and Financial Aid	1,919,075.82
Depreciation	794,751.51
Auxiliary Enterprises	4,017,176.00
Other Operating Expenses	71,275.46
Total Operating Expenses	<u>48,249,427.56</u>

Operating Income (Loss)	<u>(13,765,401.62)</u>
-------------------------	------------------------

NONOPERATING REVENUES (EXPENSES)

State Appropriations	13,529,315.00
Federal Grants	4,250,166.64
Investment Income	34,916.71
Interest on Capital Asset Related Debt	(118,072.50)
Net Nonoperating Revenues	<u>17,696,325.85</u>
Income Before Other Revenues, Expenses, Gains, or Losses	3,930,924.23
Public School and College Authority Funds	<u>1,779,989.40</u>
Change in Net Assets	5,710,913.63
Total Net Assets - Beginning of Year	<u>23,056,904.35</u>
Total Net Assets - End of Year	<u>\$ 28,767,817.98</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
For the Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 24,659,333.06
Grants and Contracts	4,804,157.81
Auxiliary Enterprise Revenue	4,923,699.02
Other Receipts	627,127.36
Payments to Suppliers	(14,856,810.49)
Payments to Employees	(21,467,804.93)
Payments for Benefits	(7,380,076.98)
Payments for Scholarships	(2,046,009.56)
Payments for Utilities	(1,403,730.32)
Other (Payments)	(71,275.46)
Net Cash Provided (Used) by Operating Activities	<u>(12,211,390.49)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	13,529,315.00
Federal Grants	6,301,887.54
Other Receipts (Payments)	(41,187.41)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>19,790,015.13</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Deposits with Trustee	783.12
Public School and College Authority Funds	1,779,989.40
Purchases of Capital Assets	(2,160,269.92)
Principal Paid on Capital Debt and Leases	(180,000.00)
Interest Paid on Capital Debt and Leases	(118,072.50)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(677,569.90)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(503,020.04)
Interest on Investments	34,916.72
Net Cash Provided (Used) by Investing Activities	<u>(468,103.32)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	6,432,951.42
Cash and Cash Equivalents - Beginning of Year	12,758,739.22
Cash and Cash Equivalents - End of Year	<u>\$ 19,191,690.64</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss) \$ (13,765,401.62)

Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation Expense 794,751.51
Changes in Assets and Liabilities:
(Increase)/Decrease in Receivables, Net 490,798.03
(Increase)/Decrease in Inventories (58,254.56)
Increase/(Decrease) in Accounts Payable (58,194.49)
Increase/(Decrease) in Deferred Revenue 97,747.84
Increase/(Decrease) in Deposits 211,283.84
Increase/(Decrease) in Compensated Absences 75,878.96

Net Cash Provided (Used) by Operating Activities \$ (12,211,390.49)

This Page Intentionally Blank

Statement of Financial Position
University of West Alabama Foundation
September 30, 2009

ASSETS

Current Assets

Cash	\$ 609,682
Certificates of Deposit	13,542
Unconditional Promises to Give, Less Allowance for Uncollectible Promises to Give of \$161,334	1,088,634
Investments	933,948
Total Current Assets	<u>2,645,806</u>
Long-Term Unconditional Promises to Give, Less Allowance for Uncollectible Promises to Give of \$246,384	1,647,267
Investments	214,189
Property and Equipment, Net	111,041
Total Assets	<u><u>4,618,303</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	22,678
Current Portion of Long-Term Debt	50,900
Total Current Liabilities	<u>73,578</u>

Long-Term Debt

Notes Payable	<u>308,394</u>
---------------	----------------

Net Assets

Unrestricted:	
Designated for Scholarships	495,273
Designated for Alumni Affairs and Program Activities	374,923
Undesignated	(271,283)
Total Unrestricted	<u>598,913</u>
Temporarily Restricted	3,423,229
Permanently Restricted	214,189
Total Net Assets	<u>4,236,331</u>
Total Liabilities and Net Assets	<u><u>\$ 4,618,303</u></u>

See Notes to Financial Statements.

Statement of Activities
University of West Alabama Foundation
For the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted
<u>Public Support and Revenues</u>		
Contributions	\$ 46,267	\$ 2,646,572
Fund Raising Activities	-	18,589
Rebates and Programs		28,568
Investment Return	21,631	
Total Public Support and Revenues	<u>67,898</u>	<u>2,693,729</u>
<u>Net Assets Released from Restrictions</u>		
Net Assets Released from Restrictions	<u>1,290,002</u>	<u>(1,290,002)</u>
Total Public Support, Revenues and Reclassifications	<u>1,357,900</u>	<u>1,403,727</u>
<u>Expenses</u>		
<u>Program Expenses:</u>		
Academic	121,804	
Scholarship	127,687	
Athletic	236,132	-
University	244,215	
Alumni	9,726	
Total Program Services	<u>739,564</u>	<u>-</u>
<u>General Expenses:</u>		
General and Administrative	445,840	-
Fund Raising Expenses	11,144	
Total General Expenses	<u>456,984</u>	<u>-</u>
Total Expenses	<u>1,196,548</u>	<u>-</u>
Change in Net Assets	161,352	1,403,727
Net Assets - Beginning of Year	<u>437,561</u>	<u>2,019,502</u>
Net Assets - End of Year	<u>\$ 598,913</u>	<u>\$ 3,423,229</u>

See Notes to Financial Statements.

Permanently Restricted	Total
\$ -	\$ 2,692,839
	18,589
	28,568
	21,631
-	2,761,627
	-
-	2,761,627
	121,804
	127,687
-	236,132
	244,215
	9,726
-	739,564
-	445,840
	11,144
-	456,984
-	1,196,548
-	1,565,079
214,189	2,671,252
\$ 214,189	\$ 4,236,331

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies

The financial statements of the University of West Alabama are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the University are described below.

A. Reporting Entity

The University of West Alabama is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board (GASB) in Statement Number 14, “The Financial Reporting Entity,” states that a primary government is financially accountable for a component unit if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama and the Governor appoints the University of West Alabama’s Board of Trustees. In addition, the University receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the University of West Alabama is considered for financial reporting purposes to be a component unit of the State of Alabama.

B. Component Units

The Governmental Accounting Standards Board (GASB) has issued Statement Number 39, “Determining Whether Certain Organizations are Component Units”, an amendment to GASB Statement Number 14. Statement Number 39 provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be treated as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit, an organization that raises and holds economic resources for the direct benefit of a government unit.

The University of West Alabama Foundation is organized exclusively for charitable, scientific and educational purposes for the benefit of the University of West Alabama. Because of the significance of the relationship between the University and the Foundation, the Foundation is considered a component unit of the University. The Foundation’s financial statements and accompanying notes are reported separately because of the difference in the reporting model for the Foundation. The Foundation follows the Financial Accounting Standards Board (FASB) rather than the Governmental Accounting Standards Board (GASB). As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial statements for these differences.

Notes to the Financial Statements

For the Year Ended September 30, 2009

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the University of West Alabama have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The University of West Alabama follows all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

It is the policy of the University to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net assets are available.

The Statement of Revenues, Expenses, and Changes in Net Assets distinguishes between operating and nonoperating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the University. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the University's principal activities, such as investment income and from all nonexchange transactions, such as state appropriations.

D. Assets, Liabilities, and Net Assets

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the University to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

Investments are reported at fair value based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost.

Notes to the Financial Statements
For the Year Ended September 30, 2009

2. Receivables

Accounts receivable relate to amounts due from federal grants, state appropriations, third party tuition, auxiliary enterprise sales, such as bookstore. The receivables are shown net of allowance for doubtful accounts.

3. Inventories

The inventories are comprised of (1) consumable supplies and (2) items held for resale. All inventories are valued using the first in/first out (FIFO) method.

4. Capital Assets

Capital assets with a unit cost of over \$5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land and Construction in Progress are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of fixed assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

The method of depreciation and useful lives of the capital assets are as follows:

Assets	Depreciation Method	Useful Lives
Buildings and Improvements	Straight-Line	50 years
Improvements Other Than Buildings	Straight-Line	25 years
Equipment	Straight-Line	5 – 10 years
Library Materials	Straight-Line	10 years

Notes to the Financial Statements

For the Year Ended September 30, 2009

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

6. Compensated Absences

The Board of Trustees determines annual and sick leave policies for the University's employees. The annual and sick leave policies adopted by the University are as follows:

No liability is recorded for sick leave. Substantially all employees of the University earn 12 days of sick leave each year with unlimited accumulation. Payment is not made to employees for unpaid sick leave at termination or retirement.

All non-instructional employees earn annual leave at a rate which varies from 12 to 24 days per year depending on duration of employment, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused annual leave at termination or retirement.

7. Deferred Tuition and Fee Revenue

Tuition and fee revenues received but related to the period after September 30, 2009, have been deferred.

8. Net Assets

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

- ◆ **Invested in Capital Assets, Net of Related Debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.
- ◆ **Restricted:**
 - ✓ **Nonexpendable** – Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Notes to the Financial Statements

For the Year Ended September 30, 2009

- ✓ **Expendable** – Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. These include funds held in federal loan programs.

- ◆ **Unrestricted** – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees.

9. Federal Financial Assistance Programs

The University participates in various federal programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Office of Management and Budget (OMB) Compliance Supplement.

10. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student. The University uses the case-by-case method to determine the amount of scholarship allowances and discounts.

Note 2 – Deposits and Investments

A. Deposits

The University's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Assets classification "cash and cash equivalents" includes all readily available cash such as petty cash, demand deposits, and certificates of deposits with maturities of three months or less.

Notes to the Financial Statements
For the Year Ended September 30, 2009

B. Investments

Investments, as shown on the Statement of Net Assets, include non-negotiable certificates of deposit in the amount of \$1,894,826.59. However, they are considered deposits in the context of this disclosure and are not subject to risk categorization.

Note 3 – Receivables

Receivables are reported net of uncollectible amounts and are summarized as follows:

<u>Accounts Receivable</u>	
Private	\$ 6,468,625.48
Federal	643,701.61
Third Party	371,614.35
Less: Allowance for Doubtful Accounts	(1,498,878.18)
Total Accounts Receivable, Net	<u>5,985,063.26</u>
<u>Student Loans Receivable</u>	
Noncurrent	258,271.99
Less: Allowance for Doubtful Accounts	(577.78)
Total Loans Receivable, Net	<u>\$ 257,694.21</u>

Note 4 – Inventories

Inventories are summarized as follows:

<u>Auxiliary</u>	
Bookstore	\$795,967.03
Supply Store	148,173.74
Total Inventory	<u>\$944,140.77</u>

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Land	\$ 492,525.59	\$	\$	\$	\$ 492,525.59
Buildings	19,426,476.80				19,426,476.80
Improvements Other Than Buildings	2,056,836.47				2,056,836.47
Equipment	2,490,808.49	222,570.50	63,253.27		2,650,125.72
Library Holdings	1,714,276.75	130,480.95			1,844,757.70
Construction in Progress				1,807,218.47	1,807,218.47
Total	26,180,924.10	353,051.45	63,253.27	1,807,218.47	28,277,940.75
Less: Accumulated Depreciation					
Buildings	10,968,690.50	387,387.16			11,356,077.66
Improvements Other Than Buildings	938,478.26	74,385.75			1,012,864.01
Equipment	1,856,788.82	235,540.52	48,972.97		2,043,356.37
Library Holdings	870,377.21	97,438.08			967,815.29
Total Accumulated Depreciation	14,634,334.79	794,751.51	48,972.97		15,380,113.33
Capital Assets, Net	\$11,546,589.31	\$(441,700.06)	\$14,280.30	\$1,807,218.47	\$12,897,827.42

Note 6 – Defined Benefit Pension Plan

A. Plan Description

The University of West Alabama contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the University are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

Notes to the Financial Statements

For the Year Ended September 30, 2009

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama 1975*, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. As of January 1, 2001, full-time law enforcement officers (as defined by Act Number 2000-669, Acts of Alabama, page 1335) are required by statute to contribute 6 percent of their salary to the Teachers' Retirement System. The University of West Alabama is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by the University of West Alabama and its employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2009	2008	2007
Total Percentage of Covered Payroll	<u>17.07%</u>	<u>16.75%</u>	<u>14.36%</u>
Contributions:			
Percentage Contributed by the University	12.07%	11.75%	9.36%
Percentage Contributed by the Employees	5.00%	5.00%	5.00%
Percentage Contributed by the Law Enforcement Employees	6.00%	6.00%	6.00%
Contributed by the University	\$2,051,821.94	\$1,905,066.24	\$1,368,184.67
Contributed by the Employees	835,640.72	796,960.59	718,916.72
Contributed by the Law Enforcement Employees	17,189.49	16,449.87	14,341.37
Total Contributions	<u>\$2,904,652.15</u>	<u>\$2,718,476.70</u>	<u>\$2,101,442.76</u>

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The University contributes to the Alabama Retired Education Employees' Health Care Trust (the "Trust"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees and was established in 2007 under the provisions of Act Number 2007-16, Acts of Alabama, as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees' Health Insurance Board (PEEHIB) members. The *Code of Alabama 1975*, Section 16-25A-4, provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years. The Trust issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Public Education Employees' Health Insurance Plan website, <http://www.rsa-al.gov/PEEHIP/peehip.html> under the Trust Fund Financials tab. The provisions of GASB Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*, were implemented prospectively.

B. Funding Policy

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 255, Acts of Alabama, to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the PEEHIB. Any Trust fund assets used in paying administrative costs and retiree benefits are transferred to and paid from the PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and if excess funds are determined to be available, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust. Retirees are required to contribute monthly as follows:

	Fiscal Year 2009
Individual Coverage – Non-Medicare Eligible	\$ 97.54
Individual Coverage – Medicare Eligible	\$ 1.14
Family Coverage – Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$284.94
Family Coverage – Non-Medicare Eligible Retired Member and Dependent Medicare Eligible	\$188.54
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$188.54
Family Coverage – Medicare Eligible Retired Member and Dependent Medicare Eligible	\$ 92.14
Surviving Spouse – Non-Medicare Eligible	\$585.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	\$717.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	\$676.00
Surviving Spouse – Medicare Eligible	\$290.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	\$422.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	\$381.00

Notes to the Financial Statements

For the Year Ended September 30, 2009

For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.

The University's share of premiums for retired employees' health insurance is paid directly to PEEHIF. The following shows the required contributions in dollars and the percentage of that amount contributed for retirees:

Fiscal Year Ended September 30,	Amount of Premium Attributable to Retirees	Total Amount Paid Attributable to Retirees	Percentage of Required Amount Contributed
2009	\$382.00	\$409,504.00	100%
2008	\$367.00	\$378,566.00	100%
2007	\$416.00	\$330,304.00	100%

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method.

Note 8 – Commitments

As of September 30, 2009, the University of West Alabama had been awarded approximately \$3,794,387.70 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

Note 9 – Accounts Payable

Accounts payable and accrued liabilities represent amounts due at September 30, 2009, for goods and services received prior to the end of the fiscal year.

Salaries and Wages	\$448,678.58
Benefits	282,179.05
Interest Payable	30,530.63
Total	\$761,388.26

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 10 – Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond Obligations	\$2,525,000.00	\$	\$(180,000.00)	\$2,345,000.00	\$190,000.00
Compensated Absences	1,141,328.36	75,878.96		1,217,207.32	121,720.73
Total Long-Term Liabilities	\$3,666,328.36	\$75,878.96	\$(180,000.00)	\$3,562,207.32	\$311,720.73

General fee revenues are pledged to secure the 1999 bonds.

Principal and interest maturity requirements on bond debt are as follows:

Fiscal Year	1999 Issue Principal	1999 Issue Interest	Total
2009-2010	\$ 190,000.00	\$109,652.50	\$ 299,652.50
2010-2011	195,000.00	100,748.75	295,748.75
2011-2012	205,000.00	91,397.50	296,397.50
2012-2013	215,000.00	81,473.75	296,473.75
2013-2014	225,000.00	70,967.50	295,967.50
2014-2015	240,000.00	59,747.50	299,747.50
2015-2016	250,000.00	47,802.50	297,802.50
2016-2017	260,000.00	35,177.50	295,177.50
2017-2018	275,000.00	21,733.75	296,733.75
2018-2019	290,000.00	7,395.00	297,395.00
Total Indebtedness	\$2,345,000.00	\$626,096.25	\$2,971,096.25

Bond Issuance Costs

The University incurred bond issuance costs upon issuance of its 1999 Series Tuition Revenue Bonds. The issuance costs are being amortized using the straight-line method over the life of the bonds.

Total 1999 Bond Issuance Cost	\$74,407.56
Amount Amortized – Prior Years	44,642.00
Balance Bond Issuance Cost	29,765.56
Amount Amortized – Current	4,960.00
Balance Bond Issuance Cost 9/30/2009	\$24,805.56

Notes to the Financial Statements

For the Year Ended September 30, 2009

Pledged Revenues

The University has pledged General Fee Revenue for the payment of debt service on the 1999, Series General Fee Revenue Bonds. The approximate amount of the pledge is \$2,971,096.25. The debt was issued to refund and retire the University's General Fee Revenue Bonds, Series 1991, dated April 1, 1991, and General Fee Revenue Bonds, Series 1992, dated March 1, 1992, also to construct capital improvements to the University and pay the costs of issuing the Series 1999 Bonds. The pledged revenue will not be available for other purposes until February 1, 2019. The principal and interest payments made during the period were \$298,072.50. Therefore, of the \$23,653,246.36 in General Fee Revenue recognized by the University during fiscal year 2009, 1% of total General Fee Revenue pledged was needed for debt service on the Series 1999 General Fee Revenue Bonds.

Note 11 – Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The University pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. The University purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the University has fidelity bonds on the University's President, Vice-President for Financial Affairs, as well as on all other university personnel who handle funds.

Employee health insurance is provided through Blue Cross and Blue Shield. The University contributes a specified amount monthly for each employee and this amount is applied against the employees' premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the University's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the University.

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 12 – Component Unit

The Foundation was incorporated as a non-profit corporation to promote scientific, literary and educational purposes, the advancement of the University of West Alabama, and for the encouragement and support of its students and faculty. This report contains financial statements of the University of West Alabama Foundation. During the year ended September 30, 2009, the University of West Alabama Foundation distributed \$247,294.52 to the University for both restricted and unrestricted purposes.

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

A. Summary of Significant Accounting Policies

(1) Nature of Organization

The University of West Alabama Foundation, a not-for-profit corporation established under the laws of the State of Alabama, operates to support the development of educational excellence at the University of West Alabama. The Foundation fulfills its mission by attracting leaders from among the University's alumni and friends and involving them in the goal of supporting the University. The Foundation's primary efforts are directed toward attracting, receiving, investing and expending gifts and other resources designated for the education and support of programs of the University and for service to the West Alabama area.

(2) Method of Accounting

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting.

(3) Financial Statement Presentation

The Foundation uses Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations" as the basis for preparing its financial statements. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted, temporarily restricted and permanently restricted. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions imposed by donors at the time the contribution is made. In addition, the Foundation is required to present a statement of cash flows.

(4) Contributions

The Foundation uses SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence and nature of any donor restrictions. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

Revenues and contributions of cash and other assets are reported as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(5) Fair Values of Financial Instruments

The following methods and assumptions are used by the Foundation in estimating its fair value disclosures for financial instruments:

- ◆ Cash, cash equivalents and short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- ◆ Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments. Unrealized gains or losses are included in the change in net assets.
- ◆ Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U. S. Treasury security with a maturity date similar to the expected collection period.

The Foundation estimates that the fair value of all financial instruments at September 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange.

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

(6) Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents are considered to be highly liquid depository accounts with maturities of less than three months and excludes permanently restricted cash and cash equivalents.

(7) Investments

Investments are in mutual funds and marketable securities with readily determinable fair values and are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

(8) Property and Equipment

The Foundation's policy is to capitalize property and equipment over \$1,000. Lesser amounts are expensed when acquired. Purchased property and equipment is stated at cost. Donated property and equipment is recorded at estimated fair value when received. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method.

(9) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(10) Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization and not a private foundation under the Internal Revenue Code.

B. Promises to Give

Unconditional promises to give are summarized as follows:

Receivable in Less than One Year	\$1,331,061
Receivable in One to Five Years	1,952,209
Receivable in More than Five Years	4,342
Total Unconditional Promises to Give	<u>3,287,612</u>
Less: Discounts to Net Present Value	(143,993)
Allowance for Uncollectible Promises to Give	(407,718)
Net Unconditional Promises to Give	<u>\$2,735,901</u>

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

Net unconditional promises to give are presented as follows:

	Current Assets	Long-Term	Total
Unrestricted	\$ 387	\$ 396	\$ 783
Restricted	1,088,247	1,646,871	2,735,118
	<u>\$1,088,634</u>	<u>\$1,647,267</u>	<u>\$2,735,901</u>

C. Investments

Investments are stated at fair value and are summarized as follows:

	Cost	Fair Value	Carrying Value
Money Market Funds	\$ 60,015	\$ 60,015	\$ 60,015
Fixed Income Funds	347,900	353,293	353,293
Equities	624,236	734,829	734,829
	<u>\$1,032,151</u>	<u>\$1,148,137</u>	<u>\$1,148,137</u>

D. Property and Equipment

Property and equipment is as follows:

Nondepreciable Assets:	
Land	\$ 73,000
Depreciable Assets:	
Equipment	5,702
Buildings	40,000
	<u>118,702</u>
Less: Accumulated Depreciation	(7,661)
	<u>\$111,041</u>

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

E. Long-Term Debt

The following is a summary of long-term debt transactions for the year:

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009	Current Portion
Regions Bank	\$ 17,259	\$	\$17,259	\$	\$
Regions Bank	93,936		23,530	70,406	26,364
West Alabama Bank and Trust	159,071			159,071	24,536
West Alabama Bank and Trust		129,817		129,817	
	<u>\$270,266</u>	<u>\$129,817</u>	<u>\$40,789</u>	<u>\$359,294</u>	<u>\$50,900</u>

Long-term debt consisted of:

Note Payable to the Regions Bank, Livingston, Alabama, Due in Annual Installments Each December 8, at 3.25% Interest, Final Maturity Date is December 8, 2011	\$ 70,406
Note Payable to West Alabama Bank and Trust, Livingston, Alabama, Due in Annual Installments Each December 16, at 5.00% Interest, Final Maturity Date is December 16, 2015	159,071
Note Payable to West Alabama Bank and Trust, Livingston, Alabama, Due in Annual Installments Each December 9, at 3.75% Interest, Final Maturity Date is December 9, 2014	129,817
Total	<u>359,294</u>
Less: Current Portion	<u>(50,900)</u>
	<u>\$308,394</u>

The annual requirement to amortize long-term debt is as follows:

Years Ended September 30,	Principal	Interest	Total
2010	\$ 50,900	\$10,242	\$ 61,142
2011	81,654	13,026	94,680
2012	73,618	9,778	83,396
2013	59,265	6,764	66,029
2014	61,842	4,186	66,028
2015	32,015	1,494	33,509
	<u>\$359,294</u>	<u>\$45,490</u>	<u>\$404,784</u>

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

F. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year. A summary of net assets released from restrictions for the year ended September 30, 2009, is as follows:

Purpose restrictions accomplished:

Academic	\$ 173,727
Scholarship	435,787
Athletic	317,819
University	323,608
Alumni	27,971
Fund Raising	11,090
	<u>\$1,290,002</u>

G. Restricted Net Assets

At September 30, 2009, temporarily restricted net assets are available for the following purposes:

Academic	\$ 580,618
Scholarship	575,163
Athletic	157,511
Alumni	126,722
University and Other	1,983,215
	<u>\$3,423,229</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is to support scholarships.

Notes to the Financial Statements
University of West Alabama Foundation
For the Year Ended September 30, 2009

H. Concentration of Credit Risk for Cash Held in Bank

At September 30, 2009, the carrying amount of the Foundation's deposits in the bank was \$623,224 and the bank balance was \$689,313. The Foundation's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

This Page Intentionally Blank

Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>Student Financial Assistance Cluster</u>		
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Work-Study Program	84.033	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program Administrative Allowance	84.063	
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	
Academic Competitiveness Grants	84.375	
Academic Competitiveness Grants	84.375	
Total Student Financial Assistance Cluster (M)		
<u>TRIO Cluster</u>		
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
TRIO - Student Support Services	84.042	
TRIO - Student Support Services	84.042	
TRIO - Student Support Services	84.042	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
Total TRIO Cluster		
<u>OTHER FEDERAL AWARDS</u>		
<u>U. S. Department of Education</u>		
<u>Direct Program</u>		
Strengthening Minority-Serving Institutions (M)	84.382	

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
07/01/2009-06/30/2010	\$ 126,595.00	\$ 126,595.00	\$ 71,694.00	\$ 71,694.00
07/01/2008-06/30/2009	160,748.00	160,748.00	115,759.00	115,759.00
07/01/2009-06/30/2010	330,466.00	330,466.00	58,691.99	58,691.99
07/01/2008-06/30/2009	297,328.00	297,328.00	210,984.08	210,984.08
07/01/2009-06/30/2010	4,901,925.86	4,901,925.86	2,471,375.30	2,471,375.30
07/01/2008-06/30/2009	3,988,799.00	3,988,799.00	2,109,756.34	2,109,756.34
07/01/2008-06/30/2009	6,150.00	6,150.00	6,150.00	6,150.00
07/01/2009-06/30/2010	16,000.00	16,000.00	10,000.00	10,000.00
07/01/2008-06/30/2009	24,000.00	24,000.00	9,819.00	9,819.00
07/01/2009-06/30/2010	51,100.00	51,100.00	24,050.00	24,050.00
07/01/2008-06/30/2009	40,681.00	40,681.00	32,431.00	32,431.00
			<u>5,120,710.71</u>	<u>5,120,710.71</u>
09/01/2009-08/31/2010	305,955.00	305,955.00	16,429.09	16,429.09
09/01/2008-08/31/2009	297,102.00	285,305.00	267,781.94	267,781.94
09/01/2007-08/31/2008	282,871.00	271,074.00	3,182.38	3,182.38
09/01/2009-08/31/2010	347,834.00	347,834.00	16,519.01	16,519.01
09/01/2008-08/31/2009	347,834.00	347,834.00	327,517.90	327,517.90
09/01/2007-08/31/2008	347,834.00	347,834.00	11,899.60	11,899.60
			<u>643,329.92</u>	<u>643,329.92</u>
10/01/2008-09/30/2009	\$ 564,823.00	\$ 564,823.00	\$ 406,135.37	\$ 406,135.37

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>U. S. Department of Justice</u>		
<u>Direct Programs</u>		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	
Public Safety Partnership and Community Policing Grants	16.710	
<u>U. S. Small Business Administration</u>		
<u>Direct Program</u>		
Congressional Special Initiative	59.SBAHQ-06-1-0138	
<u>Passed Through University of Alabama at Birmingham</u>		
Small Business Development Centers	59.037	N.A.
Small Business Development Centers	59.037	N.A.
Total Small Business Development Centers		
<u>U. S. Department of Health and Human Services</u>		
<u>Passed Through Alabama - Tombigbee</u>		
<u>Regional Commission</u>		
Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	93.048	N.A.
<u>Passed Through The University of Alabama</u>		
Nursing Workforce Diversity	93.178	07-049
<u>U. S. Department of Agriculture</u>		
<u>Direct Program</u>		
Emergency Watershed Protection Program	10.923	
<u>U. S. Department of the Treasury</u>		
<u>Passed Through The United Way of Central Alabama</u>		
Taxpayer Service	21.003	N.A.
<u>National Science Foundation</u>		
<u>Passed Through Mississippi State University</u>		
Biological Sciences	47.074	N.A.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
07/01/2006-09/30/2009	\$ 493,614.00	\$ 493,614.00	\$ 184,003.82	\$ 184,003.82
12/26/2007-12/25/2010	187,060.00	187,060.00	54,836.66	54,836.66
09/01/2006-08/30/2010	345,530.00	345,530.00	95,503.57	95,503.57
10/01/2008-09/30/2009	100,193.00	23,380.00	19,667.54	19,667.54
10/01/2007-09/30/2008	161,128.00	23,370.00	8,467.23	8,467.23
			<u>28,134.77</u>	<u>28,134.77</u>
07/01/2006-06/30/2007	30,000.00	30,000.00	2,356.45	2,356.45
07/01/2007-06/30/2009	72,850.00	72,850.00	45,199.40	45,199.40
10/10/2008-04/23/2009	171,066.67	128,300.00	128,300.00	128,300.00
07/01/2009-06/30/2010	8,896.35	8,896.35	8,896.35	8,896.35
06/01/2008-07/31/2009	\$ 26,122.00	\$ 26,122.00	\$ 25,453.00	\$ 25,453.00

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>U. S. Department of Transportation</u>		
<u>Passed Through Sumter County Board of Education</u>		
Highway Research and Development Program	20.200	N.A.
<u>U. S. Department of Labor</u>		
<u>Passed Through Shelton State Community College</u>		
WIA Pilots, Demonstrations, and Research Projects	17.261	N.A.
<u>National Endowment for the Humanities</u>		
<u>Passed Through the Alabama Humanities Foundation</u>		
Promotion of the Humanities-Federal/State Partnership	45.129	N.A.
<u>U. S. General Services Administration</u>		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
Donation of Federal Surplus Personal Property (N)	39.003	N.A.
Total Federal Awards		

(M) - Denotes Major Program
 (N) - Non-Monetary Federal Awards
 N.A. - Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10/01/2008-09/30/2010	\$ 105,600.00	\$ 105,600.00	\$ 52,799.96	\$ 52,799.96
02/01/2009-01/31/2010	76,500.00	76,500.00	29,417.02	29,417.02
05/15/2009-07/07/2009	3,628.60	3,628.60	3,000.00	3,000.00
10/01/2008-09/30/2009	\$	\$	224.48	224.48
			<u>\$ 6,828,301.48</u>	<u>\$ 6,828,301.48</u>

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2009***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the University of West Alabama and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 – Loans Outstanding

The University of West Alabama had the following loan balances outstanding at September 30, 2009. These loan balances outstanding are not included in the Schedule of Expenditures of Federal Awards.

Program Title	Federal CFDA Number	Amount Outstanding
Federal Perkins Loan Program-Federal Capital Contributions (FPL)	84.038	<u>\$254,611.03</u>

Note 3 – Student Financial Aid

The University of West Alabama awarded \$50,050,227.23 of Federal Family Education Loans (FFEL) (CFDA Number 84.032) during the fiscal year ended September 30, 2009. The loans awarded are not included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

Note 4 – Subrecipients

Of the federal expenditures presented in the schedule, the University of West Alabama provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	<u>\$56,178.92</u>

Additional Information

Board Members and Officials
October 1, 2008 through September 30, 2009

Board Members			Term Expires
Hon. Bob Riley	Chairman Ex-Officio	State Capitol Montgomery, AL 36130	
Hon. Joseph P. Morton	Ex-Officio Member	State Department of Education Montgomery, AL 36130	
Hon. John M. Smith	Member	Post Office Box 4732 Montgomery, AL 36101	2011
Hon. Lena Bonner Hardaway	Member	Post Office Box 605 Livingston, AL 35470	2011
Hon. Alexander J. Saad	Member	210 Beall Lane Daphne, AL 36526	2011
Hon. Louise B. Nolen		Deceased	
Hon. Randall I. Hillman (Appointed 4-23-2009)	Member	Alabama District Attorneys' Assn. 515 South Perry Street Montgomery, AL 36104	2011
Hon. Margaret Lovett	Member	3425 Lenz Street Muscle Shoals, AL 35661	2015
Hon. Thetford Spree	Member	5111 U. S. Highway 11 Boligee, AL 35443	2011
Hon. Terry J. Bunn	Member	Bunn Construction Co., Inc. 1904 University Boulevard Tuscaloosa, AL 35401	(*)

Board Members and Officials
October 1, 2008 through September 30, 2009

Board Members			Term Expires
Hon. Thomas Ballow, Jr.	Member	8731 Morning Place Montgomery, AL 36117	2015
Hon. John Northcutt	Member	Robertson Banking Co. Post Office Box 490 Demopolis, AL 36732	2015
Hon. Jean Dearman Anderson	Member	2068 Myrtlewood Drive Montgomery, AL 36111	2013
Hon. Rebecca Standford Lewis	Member	750 Wrights Mill Road Auburn, AL 36830	2013
Hon. Willie Bruce O'Neal	Member	736 Bessemer Road Birmingham, AL 35228	2009

Officials

Dr. Richard D. Holland	President	University of West Alabama Station #1 Livingston, AL 35470
Mr. T. Raiford Noland	Vice- President of Financial Affairs	University of West Alabama Station #2 Livingston, AL 35470

(*) The term of Mr. Terry Bunn expired December 27, 2003. This trustee will continue to serve until a replacement is named by the Governor and confirmed by the Senate in accordance with the Board by-laws.

***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

We have audited the financial statements of the University of West Alabama as of and for the year ended September 30, 2009, and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University of West Alabama Foundation as described in our report on the University of West Alabama's financial statements. The financial statements of the University of West Alabama Foundation were not audited in accordance with ***Government Auditing Standards*** and accordingly this report does not extend to the University of West Alabama Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University of West Alabama's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of West Alabama's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of West Alabama's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency, 2009-01, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of West Alabama's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

The University of West Alabama's response to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. We did not audit the University of West Alabama's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, President of the University, Board of Trustees of the University, others within the entity, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

June 29, 2010

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of the University of West Alabama with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The University of West Alabama's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University of West Alabama's management. Our responsibility is to express an opinion on the University of West Alabama's compliance based on our audit. The financial statements of the University of West Alabama Foundation were not audited in accordance with OMB Circular A-133, accordingly, this report does not extend to the University of West Alabama Foundation.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University of West Alabama's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University of West Alabama's compliance with those requirements.

In our opinion, the University of West Alabama complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-02.

***Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133***

Internal Control Over Compliance

The management of the University of West Alabama is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University of West Alabama's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University of West Alabama's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.


A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2009-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Cost is not considered to be a material weakness.

***Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133***

The University of West Alabama's response to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. We did not audit the University of West Alabama's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, President of the University, Board of Trustees of the University, others within the entity, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

June 29, 2010

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes None reported

Type of opinion issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.063	<u>Student Financial Assistance Cluster</u>
84.033	Federal Pell Grant Program
84.007	Federal Work-Study Program
84.376	Federal Supplemental Educational Opportunity Grants
84.375	National Science and Mathematics Access to Retain Talent (SMART) Grants
84.038	Academic Competitiveness Grants
84.032	Federal Perkins Loan Program – Federal Capital Contributions
84.382	Federal Family Education Loans
84.382	Strengthening Minority-Serving Institutions

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2009

Section I – Summary of Examiner's Results

Dollar threshold used to distinguish between
 Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
2009-01	Internal Control	<p><u>Finding:</u> SAS Number 112 emphasizes that management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to the financial statements, in conformity with Accounting Principles generally accepted in the United States of America. An audit adjustment of \$1.8 million was made to record construction in progress activity. Of this amount, \$1.7 million was paid from Public School and College Authority (PSCA) funds; an additional audit adjustment was made to reflect the PSCA funding.</p> <p><u>Recommendation:</u> The University should ensure that all account balances are properly presented on the financial statements.</p>	

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
2009-02	84.382	U. S. Department of Education Strengthening Minority-Serving Institutions Contract Number P382A080011 for 10/01/2008 through 09/30/2009	<p><u>Finding:</u> According to OMB Circular A-21, Cost Principles for Educational Institutions, indirect cost rates should be applied to the proper base amount to calculate allowable indirect costs. Testing of indirect costs revealed that the University charged indirect costs to the Strengthening Minority-Serving Institutions grant based on budgeted costs rather than actual costs. As a result, indirect costs were overbilled by \$12,695.29.</p> <p><u>Recommendation:</u> The University should charge indirect costs based on actual costs.</p>	\$12,695.29

This Page Intentionally Blank

Summary Schedule of Prior Audit Findings



THE UNIVERSITY OF WEST ALABAMA
L I V I N G S T O N

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2009

As required by the Office of Management and Budget (OMB) Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section __.315(b), the University of West Alabama has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2009.

Finding

Ref.

No.

Status of Prior Audit Finding

2008-02 Corrective action was taken.

Auditee Response/Corrective Action Plan



THE UNIVERSITY OF WEST ALABAMA
L I V I N G S T O N

July 29, 2010

Mr. Ronald L. Jones, Chief Examiner
State of Alabama
Examiners of Public Accounts
P.O. Box 302251
Montgomery, AL 36130-2251

Dear Mr. Jones:

Attached is our response to our audit report for the period October 1, 2008, through September 30, 2009.

Thank you for your assistance in completing this report.

Sincerely yours,

T. Raiford Noland
Vice President for
Financial Affairs

TRN/mcs
Enclosure

Cc: George Snow

Corrective Action Plan
For the Year Ended September 30, 2009

As required by the Office of Management and Budget (OMB) Circular No. A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, Section .315(c), The University of West Alabama has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2009.

**Finding
Ref.
No.**

2009-01

Finding:

SAS Number 112 emphasizes that management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to the financial statements, in conformity with Accounting Principles generally accepted in the United States of America. An audit adjustment of \$1.8 million was made to record construction in progress activity. Of this amount, \$1.7 million was paid from Public School and College Authority (PSCA) funds; an additional audit adjustment was made to reflect the PSCA funding.

Response: It has long been the policy of the University to capitalize construction projects upon completion of the project. That policy was followed in this instance. Further, this was not new construction as might be assumed from the description in Finding 2009-01. It would be more appropriately described as a betterment of an existing building. The HVAC system was being replaced in the building.

The University will recognize the audit adjustment by making necessary changes to fixed assets and restating Total Net Assets. Additionally, in the future, the University will recognize revenues and expenditures applicable to construction projects in progress at year end. Adjustment will be made by 9/30/10. Contact person is George Snow at (205) 652-3400.

2009-02

Finding:

According to OMB Circular A-21, Cost Principles for Educational Institutions, indirect cost rates should be applied to the proper base amount to calculate allowable indirect costs. Testing of Indirect costs revealed that the University charged indirect costs to the Strengthening Minority-Serving Institutions grant based on budgeted costs rather than actual

costs. As a result, indirect costs were overbilled by \$12,695.29.

Response: For many years, the University has recognized indirect costs on a quarterly basis in the manner described above. To the best of our knowledge, this circumstance has not occurred previously. It has not been questioned until now. We will adjust the amounts billed to the grant in question and monitor all future charges to prevent overbilling. This will not result in excess Federal Cash as we intentionally make draws on a strict reimbursement basis. Corrective action is in progress. Necessary adjustments and new procedures should be in place by 9/30/10. Contact person is George Snow at (205) 652-3400.

APPENDIX C

Specimen Financial Guaranty Insurance Policy

(Page Intentionally Left Blank)



Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**AGC**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

AGC will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which AGC shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by AGC is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and AGC shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in AGC. Upon and to the extent of such disbursement, AGC shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by AGC to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of AGC under this Policy to the extent of such payment.

This Policy is non-cancelable by AGC for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of AGC, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or AGC are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless AGC in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to AGC may be mailed by registered mail or personally delivered or telecopied to it at 31 West 52nd Street, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel at the same address and at generalcounsel@assuredguaranty.com or at the following Facsimile Number: (212) 445-8705, or to such other address as shall be specified by AGC to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by AGC on a given Business Day if it is Received prior to 12:00 noon (New York City

time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, AGC may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to AGC pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to AGC. All payments required to be made by AGC under this Policy may be made directly by AGC or by the Fiscal Agent on behalf of AGC. The Fiscal Agent is the agent of AGC only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of AGC to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGC hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to AGC to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and AGC expressly reserves, AGC's rights and remedies, including, without limitation: its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by AGC of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of AGC with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, AGC has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon AGC by virtue of such signature.

(SEAL)

ASSURED GUARANTY CORP.

By: _____
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

Counsel