Housing Finance Authority of Pinellas County, Florida
Independent Auditor's Reports, Financial Statements, and Required Supplementary Information
For The Year Ended September 30, 2007

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FINANCIAL SECTION

December 14, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Housing Finance Authority of Pinellas County, Florida
Clearwater, Florida

We have audited the accompanying basic financial statements of each of the governmental and enterprise funds of the Housing Finance Authority of Pinellas County, Florida (Authority) a component unit of Pinellas County as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the *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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of each of the governmental and enterprise funds of the Authority at September 30, 2007, and the respective changes in financial position and where applicable, cash flows thereof for the year ending September 30, 2007, 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 December 14, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, 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 Management's Discussion and Analysis (MD&A) and the Budgetary Comparison Schedule as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Authority. The combining financial statements and additional supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in the relation to the basic financial statements taken as a whole.

Dufresne & Associates, CPA, PA

December 14, 2007

INDEPENDENT AUDITOR'S 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*

To The Board Members of the Housing Finance Authority of Pinellas County, Florida
Clearwater, Florida

We have audited the financial statements of each of the governmental and enterprise funds of the Housing Finance Authority (Authority) of Pinellas County, Florida which collectively comprise the basic financial statements of the Authority, as of and for the year ended September 30, 2007, and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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 Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles (GAAP) such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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 Authority's internal control.

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and investment 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*. However, we noted certain matters that we reported to management of the Authority, in a separate letter dated December 14, 2007.

This report is intended for the information and use of the Authority and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Dufresne & Associates, CPA, PA

Management's Discussion and Analysis
(Unaudited)

This Section of the Housing Finance Authority of Pinellas County (Authority) financial statements presents management's analysis of the Authority's financial performance during the fiscal year that ended September 30, 2007. Please read it in conjunction with the Authority's financial statements that follow this section.

Financial Highlights

The Authority has implemented the provisions of GASB No 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related GASB pronouncements. In addition, the Authority implemented GASB 40, *Deposit and Investment Risk Disclosure*. All investments for the bond programs are classified long-term and restricted. The draw-down bond is an obligation of the Other Single Family Bond Programs and is classified in that fund.

The Authority by County ordinance and Interlocal Agreement administered Community Housing Programs, including a Housing Trust Fund, on behalf of the Board of County Commissioners. During the 2007 fiscal year the seed money from the Board is $10,000,000. The Authority distributes eighty percent (80%) of the fund to four (4) other jurisdictions. Twenty percent (20%) of the fund is retained for housing programs administered by the Authority. The Authority is allowed a maximum of ten percent (10%) of its distribution for administrative costs.

Additionally the Authority issued new Single Family Housing Revenue Bonds and refunded the 1996A bond issue.

- 2006 Series B-1 $20.8 million (AMT Subordinate)
- 2007 Series A-2 $22.8 million
- Refunding of the 1996A Issue

Overview of the Financial Statements

This annual report consists of a series of financial statements. The combining statement of net assets, the combining statement of revenues, expenses, and changes in net assets, and the statement of cash flows provide information about the business activities of the Authority. The balance sheet and the statement of revenues, expenditures, and changes in fund balance provide information about governmental activities. The statement of net assets and the statement of activities present an overall view of the Authority's finances. The statements include all assets and liabilities using the accrual basis of accounting.

Required Financial Statements

The Authority accounts for its business activities through the use of enterprise funds. These funds include the General Fund and Bond Program Fund. The Bond Program Fund is organized into two separate funds; Master Indenture Single Family Bond Programs and Other Single Family Bond Programs. Operating cost for business activities are accounted for in the General Fund. The Authority accounts for its government activities through a special revenue fund. Operating costs for government activities are accounted for within the special revenue fund.

The Authority is considered to be a “special purpose government engaged in business-type activities” and “governmental activities” and therefore presents its financial information using enterprise funds and a special revenue fund under GASB 34. Accordingly, the Authority presents fund financial statements as defined in GASB 34. Additionally, under GASB 34 the General Fund, Bond Programs Fund, and Housing Trust “Special Revenue Fund” are each considered major funds.

The financial statements for business activities report the Authority’s information using accounting methods similar to those found in the private sector, where the determination of net income is necessary or useful for financial administration. These statements offer short-term and long-term financial information about its activities. The balance sheet includes all of the Authority’s assets and liabilities and provides information about the nature and amounts of investments in resources and obligations to Authority creditors. The financial statements for governmental activities report the fund balance after the administration of specific housing programs. The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities.

All of the current year’s business activity revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets. This statement measures the success of the Authority’s operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through its services provided, as well as its profitability, and credit worthiness. All of the current year’s governmental activities are accounted for in the statement of revenues, expenditures, and changes in fund balance. This statement measures the level of activity with respect to special housing programs.

The final required financial statement is the statement of cash flows. This statement relates to business activities. The primary purpose of this statement is to provide information about the Authority’s cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provides information on sources of cash, uses for cash, and changes in the cash balance during the reporting period.

Table 1
Business Activities
Condensed Statements of Net Assets (Balance Sheets)

	Fiscal Year			
	2007	2006	Dollar Change	Percentage Change
Cash and investments	$ 267,162,063	$ 274,657,121	$ (7,495,058)	-3%
Mortgages receivable - net	1,412,652	1,230,557	182,095	15%
Note receivable - net	977,317	2,061,044	(1,083,727)	-53%
Interest and other receivable - net	1,531,912	1,214,237	317,675	26%
Other assets	5,468,308	5,052,672	415,636	8%
Total assets	276,552,252	284,215,631	(7,663,379)	-3%
Current liabilities	4,032,409	4,322,489	(290,080)	-7%
Long-term liabilities	261,864,125	268,882,268	(7,018,143)	-3%
Total liabilities	265,896,534	273,204,757	(7,308,223)	-3%
Net assets				
Restricted	1,719,390	3,786,863	(2,067,473)	-55%
Unrestricted	8,936,328	7,224,011	1,712,317	24%
Total net assets	10,655,718	11,010,874	(355,156)	-3%
Total net assets and liabilities	$ 276,552,252	$ 284,215,631	$ (7,663,379)	-3%

To begin our analysis, Table 1 is a summary of the Authority's balance sheets that relate to business activities. There is a 3% decrease in total assets. The decrease in net assets is the result of the pay downs of GNMA and FNMA pools resulting from prepayments of mortgages. The 15% increase in Mortgages Receivable is due to the 2nd mortgage programs in the 2006B and 2007A Single Family Issues. The 53% decrease in Notes Receivable is due to the payoff of all Kick-Start loans. The 26% increase in Interest and other receivables is primarily due to advances of a bridge loan. The change in total liabilities is the net effect of retiring debt in all outstanding issues and issuing debt in two new single family bond issues. The change in restricted and unrestricted assets is due to reduced reserve and debt services requirements resulting from the reduction of bonds payable and the equity in the Master Indenture.

Table 2
Condensed Statement of Revenues, Expenses, and Change in Net Assets (Business Activities)

	Fiscal Year			
	2007	2006	Dollar Change	Percent Change
Fee income and other	$ 952,343	$ 910,176	$ 42,167	5%
Investment Income	13,026,286	11,105,001	1,921,285	17%
Total operating revenues	13,978,629	12,015,177	1,963,452	16%
General and administrative expenses	868,562	759,409	109,153	14%
Interest and other expenses	13,465,223	13,471,661	(6,438)	0%
Total operating expenses	14,333,785	14,231,070	102,715	1%
Change in net assets	(355,156)	(2,215,893)	1,860,737	-84%
Beginning net assets	11,010,874	13,226,767	(2,215,893)	-17%
Ending net assets	$ 10,655,718	$ 11,010,874	$ (355,156)	-3%

While the balance sheet shows the change in financial position or net assets, the statement of revenues, expenses and changes in net assets provides answers as to the nature and source of these changes. The financial statement relationship is described in Table 2 above. During the current fiscal year, the statement of revenues, expenses, and changes in net assets for business activities reflects that the ending net assets decreased by approximately .35 million, a 3% decrease from the beginning of the year. The overall income increase of 16% offset the increase in expenses of 1% and the result was to slow the decrease in assets to 3%. In spite of fees falling from prepayments the refunding of the 1996A issue contributed to the increase in income.

Table 3
Government Activities Condensed Statement of Net Assets (Balance Sheet)

	Fiscal Year 2007
Cash and investments	$ 2,111,156
Mortgages receivable - net	-
Note receivable - net	-
Interest and other receivable - net	-
Other assets	-
Total assets	2,111,156
Current liabilities	1,674
Long-term liabilities	-
Total liabilities	1,674
Net assets	
Restricted	1,800,000
Unrestricted	309,482
Total net assets	2,109,482
Total net assets and liabilities	$ 2,111,156

Table 3 relates to activities under the Housing Trust Fund. This is the first fiscal year that the Authority administered the Housing Trust Fund, so no percentage or dollar changes are listed

Table 4
Government Activities
Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Fiscal Year
	2007
Revenues:	
Operating grants	$ 10,000,000
Investment Income	148,202
Total operating revenues	10,148,202
Expenditures:	
Grants for housing trust programs	8,000,000
Administrative and other expenditures	38,720
Total operating expenses	8,038,720
Net change in fund balance	2,109,482
Beginning net assets	-
Ending net assets	$ 2,109,482

Table $ relates the Housing Trust Fund as well. The Authority distributes 80% of the operating grant to four other jurisdictions. The amount of the distribution was $8 million dollars. The Authority is entitled to an administration fee of up to 10%. Administration costs of the program are accounted for within the fund and the administration fee is not shown as income in the Authority's General Fund. Administration fees for the current year were well below the allowable amount. Administration fees carry forward from year to year. The Authority did not expend any of its own Housing Trust Fund allocation during the fiscal year.

Budgetary Highlights

Actual expenses were 20% below final budgeted expenses. Actual revenue received exceeded the initial budgeted amount by approximately $271,986, primarily due to the refunding of the 1996 bonds. Due to rapid prepayment and the resulting reduction in balances of GNMA pools held by the Authority, there continues to be a reduction of revenue. Economic conditions in the financial markets effecting investments continued to slightly depress interest revenue related to the General Fund, and produced unrealized losses on GNMA and FNMA pools in the statements.

Economic Factors and Next Year's Budget

The Authority's Board considered many factors when setting the fiscal year 2008 budget. Revenue budgeted for fiscal year 2008 is $920,406, a slight decrease from the initial 2007 budget of $923,484. Prepayments are projected to continue at a steady rate. Interest rates will continue to steadily depress revenues through prepayments. Budgeted expenses have increased 3% from the budget amount of the previous fiscal year. The Authority has taken on the task of managing a Community Land Trust that will provide affordable housing for Pinellas County residents. The Authority plans to add additional personnel and will incur additional cost for legal fees and consulting services related to managing the Program.

The short term view is that since there is a slow down in mortgage originations the Authority will probably initiate one first-time bond program instead of two. The long term forecast is that home prices for the affordable market are expected to decline and the increased stock should stimulate demand for more single-family bonds.

There was a 50% reduction in the operating grant for the Housing Trust Fund. Due to economic pressures and changes in tax policy, the future of Housing Trust Fund revenues remains unstable. However, loss of those revenues will not seriously harm the Authority's enterprise fund budget.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Housing Finance Authority of Pinellas County, 600 Cleveland Street, Suite 800, Clearwater, Florida, 33765.

Housing Finance Authority of Pinellas County, Florida
Statement of Net Assets
September 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 88,965	$ 845,452	$ 934,417
Investments	170,641	4,240,170	4,410,811
Restricted investments	1,851,550	-	1,851,550
Fees and other receivables	-	247,594	247,594
Interest receivable	-	1,284,318	1,284,318
Prepaid expenses	-	143	143
Total current assets	2,111,156	6,617,677	8,728,833
Noncurrent assets:			
Restricted cash and cash equivalents	-	364,364	364,364
Restricted investments	-	261,712,077	261,712,077
Mortgage loans receivable - net	-	1,412,652	1,412,652
Notes receivable - net	-	977,317	977,317
Bond issuance costs - net	-	5,468,165	5,468,165
Total noncurrent assets	-	269,934,575	269,934,575
Total assets	2,111,156	276,552,252	278,663,408
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	1,674	745,302	746,976
Accrued interest payable	-	1,275,947	1,275,947
Arbitrage rebate payable	-	26,160	26,160
Bonds payable - current portion	-	1,985,000	1,985,000
Total current liabilities	1,674	4,032,409	4,034,083
Noncurrent liabilities:			
Due to other governments	-	3,582,452	3,582,452
Bonds payable - net:			
Drawdown note payable	-	85,791,453	85,791,453
Other bonds payable	-	172,490,220	172,490,220
Total noncurrent liabilities	-	261,864,125	261,864,125
Total liabilities	1,674	265,896,534	265,898,208
NET ASSETS			
Restricted for:			
Bond reserves	-	710,073	710,073
Special programs	1,800,000	1,009,317	2,809,317
Unrestricted	309,482	8,936,328	9,245,810
Total net assets	$ 2,109,482	$ 10,655,718	$ 12,765,200

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Statement of Activities
For the year Ended September 30, 2007

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Housing trust fund	$ 8,038,720	$ -	$ 10,000,000	$ 1,961,280	$ -	$ 1,961,280
Total governmental activities	8,038,720	-	10,000,000	1,961,280	-	1,961,280
Business-type activities:						
Administrative	566,880	952,343	-	-	385,463	385,463
Master Indenture Single Family Bond Programs	9,065,119	-	-	-	(9,065,119)	(9,065,119)
Other Single Family Bond Programs	4,701,786	-	-	-	(4,701,786)	(4,701,786)
Total business-type activities	14,333,785	952,343	-	-	(13,381,442)	(13,381,442)
Total primary government	$ 22,372,505	$ 952,343	$ 10,000,000	1,961,280	(13,381,442)	(11,420,162)
General revenues:						
Investment income				$ 148,202	$ 13,026,286	$ 13,174,488
Total general revenues				148,202	13,026,286	13,174,488
Changes in net assets				2,109,482	(355,156)	1,754,326
Net assets - beginning				-	11,010,874	11,010,874
Net assets - ending				$ 2,109,482	$ 10,655,718	$ 12,765,200

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Balance Sheet
Governmental Fund
September 30, 2007

		Housing Trust Fund
ASSETS		
Cash	$	88,965
Investments		170,641
Restricted investments		1,851,550
Total assets	$	2,111,156
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	$	1,674
Total liabilities		1,674
Fund balances:		
Reserved for housing projects and development		1,800,000
Unreserved		309,482
Total fund balances		2,109,482
Total liabilities and fund balances	$	2,111,156

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended September 30, 2007

	Housing Trust Fund
Revenues:	
Operating grants	$ 10,000,000
Investment income	148,202
Total revenues	10,148,202
Expenditures	
Grants for housing trust programs	8,000,000
Administrative and other expenditures	38,720
Total expenditures	8,038,720
Net changes in fund balance	2,109,482
Total fund balance - beginning	-
Total fund balance - ending	$ 2,109,482

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Combining Statement of Net Assets - Business-type Activities
Proprietary Funds
September 30, 2007

	General Fund	Master Indenture Single Family Bond Programs	Other Single Family Bond Programs	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 845,452	$ -	$ -	$ 845,452
Investments	4,240,170	-	-	4,240,170
Fees and other receivables	247,594	-	-	247,594
Interest receivable	17,651	891,608	375,059	1,284,318
Prepaid expenses	143	-	-	143
Total current assets	5,351,010	891,608	375,059	6,617,677
Noncurrent assets:				
Restricted cash and cash equivalents	-	359,522	4,842	364,364
Restricted investments	-	168,659,262	93,052,815	261,712,077
Internal balances	7,878,238	(7,072,555)	(805,683)	-
Mortgage loans receivable - net	32,000	1,380,652	-	1,412,652
Notes receivable - net	977,317	-	-	977,317
Bond issuance costs - net	33,821	4,932,285	502,059	5,468,165
Total noncurrent assets	8,921,376	168,259,166	92,754,033	269,934,575
Total assets	14,272,386	169,150,774	93,129,092	276,552,252
LIABILITIES				
Current liabilities:				
Accounts payable and other	744,289	1,013	-	745,302
Accrued interest payable	-	910,004	365,943	1,275,947
Bonds payable - current	-	1,860,000	125,000	1,985,000
Arbitrage rebate payable	-	26,160	-	26,160
Total current liabilities	744,289	2,797,177	490,943	4,032,409
Noncurrent liabilities:				
Due to other governments	3,582,452	-	-	3,582,452
Bonds payable - net:				
Drawdown note payable	-	-	85,791,453	85,791,453
Other bonds payable	-	166,975,220	5,515,000	172,490,220
Total noncurrent liabilities	3,582,452	166,975,220	91,306,453	261,864,125
Total liabilities	4,326,741	169,772,397	91,797,396	265,896,534
NET ASSETS				
Restricted for:				
Bond programs	-	(621,623)	1,331,696	710,073
Special programs	1,009,317	-	-	1,009,317
Unrestricted	8,936,328	-	-	8,936,328
Total net assets	$ 9,945,645	$ (621,623)	$ 1,331,696	$ 10,655,718

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2007

	General Fund	Master Indenture Single Family Bond Programs	Other Single Family Bond Programs	Total
Operating revenues:				
Investment income, with realized gain	$ 243,127	$ 7,927,365	$ 4,855,794	$ 13,026,286
Fee income and other revenue	952,343	-	-	952,343
Total operating revenues	1,195,470	7,927,365	4,855,794	13,978,629
Operating expenses:				
Interest	-	7,512,758	4,796,783	12,309,541
Direct bond issuance costs	4,975	750,744	-	755,719
General and administrative	561,905	273,187	33,470	868,562
Other expenses	-	229,878	170,085	399,963
Total operating expenses	566,880	8,766,567	5,000,338	14,333,785
Operating income (Loss)	628,590	(839,202)	(144,544)	(355,156)
Transfers in	-	298,552	-	298,552
Transfers out	-	-	(298,552)	(298,552)
Changes in net assets	628,590	(540,650)	(443,096)	(355,156)
Total net assets - beginning	9,317,055	(80,973)	1,774,792	11,010,874
Total net assets - ending	$ 9,945,645	$ (621,623)	$ 1,331,696	$ 10,655,718

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2007

	General Fund	Bond Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from bond programs	$ 2,053,945	$ -	$ 2,053,945
Cash received from issuer contribution/SHIP Funds	-	860,000	860,000
Cash received for housing notes	1,343,000	-	1,343,000
Cash paid for housing programs	(1,156,882)	(165,501)	(1,322,383)
Cash paid to general fund	-	(1,120,888)	(1,120,888)
Cash paid for housing notes	(259,273)	-	(259,273)
Cash paid to other governments	(684,876)	-	(684,876)
Cash payments for general and administrative expenses	(428,357)	(296,275)	(724,632)
Net cash provided by (used in) operating activities	867,557	(722,664)	144,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	43,590,000	43,590,000
Principal repayments on bonds payable	-	(30,941,594)	(30,941,594)
Interest paid on bonds payable	-	(8,728,350)	(8,728,350)
Cash received from trustee	-	3,040,154	3,040,154
Payments for bond premium	-	(27,900)	(27,900)
Principal repayments on draw down notes	-	(20,444,129)	(20,444,129)
Proceeds from draw down note	-	20,444,120	20,444,120
2007A Bond proceeds	-	2,790,000	2,790,000
Transfers out	-	(3,040,154)	(3,040,154)
Payments for whole loan mortgages	-	(260,034)	(260,034)
Interest received on whole loan mortgages	-	72,537	72,537
Proceeds from premium on bonds payable	-	1,132,740	1,132,740
Transfers to trustee for other bond programs	-	(2,790,000)	(2,790,000)
Payments for bond issuance and redemption costs	-	(684,316)	(684,316)
Net cash provided by noncapital financing activities	-	4,153,074	4,153,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(1,794,626)	(249,706,484)	(251,501,110)
Sale of investments	1,390,467	236,517,501	237,907,968
Interest received on investments	226,744	9,846,729	10,073,473
Net cash used in investing activities	(177,415)	(3,342,254)	(3,519,669)
Net increase in cash and cash equivalents	690,142	88,156	778,298
Cash and cash equivalents, beginning of year	155,310	276,208	431,518
Cash and cash equivalents, end of year	$ 845,452	$ 364,364	$ 1,209,816
RECONCILIATION CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Change in net assets	$ 628,590	$ (983,746)	$ (355,156)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:			
Amortization of deferred commitment fees	-	(147,479)	(147,479)
Amortization of bond issue costs	4,975	234,336	239,311
Amortization of bond premium	-	(174,189)	(174,189)
Unrealized loss on investments	-	4,126,863	4,126,863
Interest received on investments	(243,127)	(9,846,729)	(10,089,856)
Interest paid on bonds payable	-	8,728,350	8,728,350
Amortization of premium on GNMA pools	-	14,414	14,414
Accretion of capital appreciation bonds	-	82,861	82,861
Additional arbitrage expense	-	12,283	12,283
Amortization of deferred loss on refunding	-	57,202	57,202
Changes in operating assets and liabilities:			
Notes receivable	1,083,727	-	1,083,727
Interest receivable	-	(141,177)	(141,177)
Mortgage loan receivables, net	(221,674)	-	(221,674)
Due from bond programs	157,469	-	157,469
Fees and other receivables	8,924	-	8,924
Prepaid expenses	489	-	489
Due to other governments	(684,875)	-	(684,875)
Arbitrage rebate payable	-	(99,981)	(99,981)
Accounts payable and other liabilities	133,059	-	133,059
Due to general fund	-	(189,738)	(189,738)
Accretion on capital appreciation bonds	-	(1,316)	(1,316)
GNMA premium	-	(2,573,146)	(2,573,146)
Interest payable	-	178,528	178,528
Total adjustments	238,967	261,082	500,049
Net cash provided by (used in) operating activities	$ 867,557	$ (722,664)	$ 144,893

The accompanying notes are an integral part of these statements.

1. Summary of significant accounting policies

The accounting policies of the Housing Finance Authority (Authority) of Pinellas County, Florida (County) conform to United States Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting entity

The Authority was created as a Florida public corporation in accordance with the Florida Housing Financial Authority Law, Part IV of Chapter 159, *Florida Statutes* (1979), following the adoption of an approving ordinance by the Board of County Commissioners (Board) of the County on October 12, 1982, included as Section 2-389, Pinellas County Code (Authorizing Ordinance). The purpose of the Authority is to encourage the investment of private capital and stimulate the construction of residential housing for low, moderate, or middle income families through the use of public financing. The Authority is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the Board.

Financial oversight and accountability to the citizens of the County is provided by the Board. The Board appoints the Authority members, who serve a term of four years. The Board has the power to remove an Authority member from office without cause. For financial reporting purposes the Authority is considered a component unit of the County.

The Authority has adopted Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, for the purpose of evaluating its component unit financial statements. Based on the criteria in GASB Statement 14, the Authority has determined that there are no other units that meet criteria for inclusion in the Authority's component unit financial statements.

Bonds and other obligations issued by the Authority are payable, both as principal and interest, solely from the assets of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of the County, the State of Florida or of any local government therein. Neither, the full-faith, credit nor revenues, the taxing power of the County, nor the State of Florida or any local government therein, shall be pledged to the payment of the principal and interest on the obligations.

The Authority is a party to agreements with other duly created local housing finance authorities. The agreements provide for the Authority to issue bonds to provide funds to make loans to qualified persons or families of low, moderate or middle income to finance the purchase of qualified owner-occupied single family residences to alleviate the shortage of housing in the jurisdictions of the parties to the respective agreements.

B. Basis of presentation

The accounting records of the Authority are organized on the basis of funds as prescribed by GAAP in the United States applicable to governments as established by the GASB; and when applicable to governmental entities, statements of the Financial Accounting Standards Board (FASB). The operations of each fund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net assets, revenues, and expenses.

The accompanying financial statements present the financial position, changes in financial position and cash flows of the general fund, which reports all of the funds controlled by the Authority, the bond programs fund, which accounts for all of the single-family bond programs of the Authority, and the housing trust fund, which accounts for funds used to finance housing projects and developments. The general fund, bond programs fund, and the housing trust fund are each considered major funds under GASB Statement 34.

C. Fund accounting

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories - governmental and proprietary.

Governmental funds

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

The Special Revenue fund accounts for the Housing Trust Fund, which was established in December 2006 consistent with the interlocal agreement between the Authority and the Board of County Commissioners. Housing Trust Fund proceeds are to be used to provide equity, loans, financing and assistance, including subsidy, for the promotion of housing opportunities. Housing Trust Fund proceeds may be used only for the purposes approved by the County.

In accordance with governmental accounting standards, the portions of fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as reserved.

Proprietary funds

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants control or measure costs of services. The Authority's proprietary fund category includes the following enterprise funds:

General fund. The Authority's general fund collects program fees from various bond issues. Expenses are those incurred in operating the Authority which are determined by budgetary restrictions imposed by the Authority. The general fund also makes second mortgage loans used for down-payment assistance as well as loans to various agencies that assist in providing affordable housing in specifically designated areas of the County. These loans are typically non-interest bearing or have interest rates substantially below the prevailing market rate and include other favorable terms of repayment.

Single-family programs. Various single-family programs have been financed through the issuance by the Authority of tax-exempt and taxable bonds. The proceeds of the bonds are used primarily to purchase Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) certificates to the extent mortgage loans are originated by participating lenders. The mortgage loans are intended for single-family residences for persons of low to moderate income in Pinellas, Hillsborough, Pasco, Polk, Charlotte, Collier, Monroe and Sarasota Counties, Florida.

The Authority issued a draw down bond to provide funds to refund the maturing principal or redemption price, as the case may be, of portions of outstanding bonds and reimburse the Issuer for draws under the line of credit as part of the financing agreement.

D. Basis of accounting

All governmental funds are accounted for using a current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases in net current assets.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized in the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases in net total assets.

The Authority recognizes revenues and expenses for the governmental and enterprise fund-types using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

The Authority has adopted GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. GASB Statement 20 requires enterprise funds to apply all applicable GASB pronouncements as well as those statements and interpretations of the FASB, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, which do no conflict with or contradict GASB pronouncements. The Authority has elected not to adopt any FASB statements and interpretations issued after November 30, 1989, unless implementation is required by a GASB pronouncement.

E. Budgets and budgetary accounting

The Authority adopts its budget annually for the general fund in accordance with the Authorizing Ordinance. Appropriations are controlled at the object level within each activity and may be amended by resolution at any Authority meeting within sixty days after the fiscal year end. Budgets are prepared using the same accrual basis as is used to account for enterprise funds.

F. Cash and cash equivalents

Cash and cash equivalents of the general fund and bond programs, which consist of short-term treasury obligations, are carried at cost which approximates their fair value. All bank balances as of September 30, 2007, are covered by federal depository insurance or the State of Florida's Collateral Pool.

G. Investments

The Authority is authorized to invest in direct obligations of the United States Government Agencies are instrumentalities or any agency thereof, interest bearing time or demand deposits with any qualified depository institution, contracts for the purchase and sale of government obligations as described in the Florida Housing Act, the State Board of Administration (SBA) Investment Pool (SBA Investment Pool), created by Section 218.405, *Florida Statutes* and those made locally. The SBA Investment Pool operates under investment guidelines established by Section 215.47, *Florida Statutes*. The investments in the SBA Investment Pool, which is a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at amortized cost.

The Authority has entered into various investment agreements with the bond trustees (financial institutions) (Bond Trustees) who have invested in GNMA, FNMA and FHLMC securities on behalf of the Authority as collateral on the majority of single-family bonds.

These agreements require the Bond Trustees to hold these securities to maturity, thus requiring the GNMA, FNMA and FHLMC securities to be redeemed at their face value. GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires these securities to be recorded at fair value throughout the term of the securities, which will reflect current period fluctuations in their value. Investment agreements are carried at cost, which approximates market.

H. Mortgage loans receivable

Mortgage loans receivable are carried at original cost, less principal collections. Servicing of these loans is provided by various approved and qualified private lending institutions and servicing organizations on behalf of the Authority.

I. Bond issuance costs, bond discounts, and premiums

Costs relating to issuing bonds and discounts and premiums on the sale of bonds are capitalized and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

J. Capital assets

Capital assets are carried at cost and depreciated based on various useful lives ranging from 1 to 5 years. Depreciation is recognized on the straight-line basis over the expected useful lives of the assets. The Authority has established a capitalization threshold for fixed assets of $2,500.

K. Fee income

In connection with the financing of single-family mortgage loans, the Authority charges a nonrefundable fee to participating lenders for the purpose of securing a commitment for permanent mortgage loans for single-family units equal to 1.0% to 1.125% of the principal balance of loan participation commitments. Such fees, net of allowable direct costs, are deferred and amortized over the life of the mortgage loans or the related GNMA, FNMA and FHLMC certificates using the straight-line method, which approximates the effective interest method. Investments are presented net of deferred fee income in accordance with FASB Statement 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.*

In connection with the administration of its bond programs, the Authority receives a fee from each of the bond issues administered. This fee is based on either a percentage of bonds, mortgage loans, or GNMA/FNMA certificates outstanding or a certain dollar amount, as provided for in the bond issue documents.

L. Interfund Balances

Amounts due to or from other funds are reported as internal balances in the non-current asset section of the accompanying financial statements and are eliminated for presentation at the reporting entity level. These amounts are not expected to be repaid within one year.

M. Net Assets

Restricted net assets are used to indicate a segregation of a portion of net assets equal to the assets restricted for meeting various covenants as defined in the bond indentures or other laws and regulations. All net assets of the bond programs fund are considered to be restricted. Unrestricted net assets relate to that portion of net assets not restricted for the purposed defined above.

2. Cash equivalents and investments

The Authority's Investment Policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, liquidity, and yield.

Investments of the Authority include: direct obligations of, and mortgage-backed securities guaranteed by the U.S. Government or certain of its agencies and; deposits and guaranteed contracts with banks or other financial institutions which meet standards for deposits stipulated in investment agreements.

A. General fund

	Total Fair Value	Combined Totals Investment Maturities (in Years) Less Than 1	1-10	Greater Than 10
Bank deposits	$ 845,452	$ 845,452	$ -	$ -
SBA Investment Pool	4,240,170	4,240,170	-	-
Total cash equivalents and investments	5,085,622	5,085,622	-	-
Less cash and cash equivalents	845,452	845,452	-	-
Total investments	$ 4,240,170	$ 4,240,170	$ -	**$ -**

B. Housing trust fund

	Total Fair Value	Combined Totals Investment Maturities in Years Less Than 1 Year	1-10	Greater Than 10
Bank Deposits	$ 88,965	$ 88,965	$ -	$ -
SBA Investment Pool	2,022,191	2,022,191	-	-
Total cash equivalents and investments	2,111,156	2,111,156	-	-
Less cash and cash equivalents	88,965	88,965	-	-
Total investments, net	$ 2,022,191	$ 2,022,191	$ -	$ -

C. Bond program fund

	Total Fair Value	Combined Totals Investment Maturities in Years Less Than 1 Year	1-5	6-10	11-25	26-30
Cash	$ 2,857	$ 2,857	$ -	$ -	$ -	$ -
Money markets	361,507	361,507	-	-	-	-
Investment agreements	114,829,463	2,956,891	-	85,791,453	2,254,115	23,827,004
Government agency obligations	97,743,472	-	-	-	49,683,379	48,060,093
FNMA	52,007,399	-	-	-	8,887,971	43,119,428
FHMLC	170,000	-	-	-	-	170,000
Total cash equivalents and investments	265,114,698	3,321,255	-	85,791,453	60,825,465	115,176,525
Less cash and cash equivalents	(364,364)	(364,364)	-	-	-	-
Total investments	264,750,334	$ 2,956,891	$ -	$ 85,791,453	$ 60,825,465	$ 115,176,525
Less deferred commitment fees	(3,038,257)					
Total investments, net	$ 261,712,077					

D. Risk

In accordance with GASB Statement 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Interest rate risk, credit risk, custodial credit risk, and concentration of credit risk are discussed in the following paragraphs.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy to minimize interest rate risk is by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit risk

The Authority also mitigates credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are held in the possession of an outside party.

Funds that are held under a bond resolution or other security agreement shall be invested with investment agreement providers that have a rating of at least "AAA" to "AA-" from Standard and Poor's Rating Services, or at least "Aaa" to "Aa3" from Moody's Investor Services, Inc., and that otherwise satisfy any additional requirements imposed by the applicable bond resolution credit risk by limiting investments to securities listed by the Authority as permitted investments and by ensuring that financial institutions are considered authorized by the Authority. Authorized financial institutions are defined in the investment policy as financial institutions that have a rating of 150 or better and trustees that have a reported capital and surplus of not less that $50,000,000 or such greater amount as may be provided in the applicable bond resolution or other security agreement.

As of September 30, 2007, the Authority's investment in the Local Government Surplus Funds Trust fund investment pool was unrated. The Authority's investments in the FNMA and FHLMC were rated AAA by Standard & Poor's and Aaa by Moody's Investor Services, Inc.

Credit quality ratings and weighted average maturities permitted for multi-family and single-family investments are based on policies provided in respective trust indentures, which vary among projects. Such investments are made at the direction of trustees based on the underlying trust indenture policies.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority diversifies its investment portfolio to minimize the impact of potential losses from one type of security or individual issuer, excluding U.S. Treasuries, and Federally Guaranteed Obligation. The implementation of GASB Statement 40 requires the disclosure of investments in any one issuer that represent 5% or more of total investments. As of September 30, 2007, the Authority had investments with the following issuers in the percentages of total investments shown below:

General Fund

Investment Type	Investment Amount	% of Total Investments
SBA Investment Pool	$ 4,240,170	100.00%

Housing Trust Fund

Investment Type	Investment Amount	% of Total Investments
SBA Investment Pool	$ 2,022,191	100.00%

Master Indenture Bond Programs

Investment Type	Investment Amount	% of Total Investments
FGIC Capital Market Services	$ 68,703	0.24%
Trinity Funding Co., LLC	778,186	2.73%
IXIS Funding Corp.	723,324	2.54%
AIG Matched Funding Corp.	797,926	2.80%
Pallas Capital Corp	4,321,769	15.17%
Transamerica Life	20,693,585	72.64%
Grand Central Funding	450,584	1.58%
Bayerische LandesBank	652,283	2.30%
Total	$ 28,486,360	

Other Bond Programs

Investment Type	Investment Amount	% of Total Investments
Westdeutsche Landesbank	$ 551,650	0.64%
RaboBank International	85,791,453	99.36%
Total	$ 86,343,103	

3. Reserve fund requirements

Certain cash and investments are reserved to satisfy various bond program requirements at September 30, 2007. These amounts are included in restricted cash and cash equivalents and investments on the financial statements. As of September 30, 2007, the reserve requirements for the other single family bond programs are fully funded. The master indenture single family bond programs do not have a reserve requirement.

4. Mortgage loans receivable

A. General fund

The Authority implemented a second mortgage loan program during the fiscal year ended September 30, 1989, which provides financing for qualifying individuals in connection with the purchase of a personal residence. The loan amount of up to $1,500 was available and was used to reduce the amount of down payment and closing funds needed.

The second mortgage loans are non-interest bearing, 30-year term loans payable in full upon sale, transfer or refinancing of the single family residence upon payment of the remaining balance of the mortgage loan, and are evidenced by a promissory note and secured by a mortgage. Each second mortgage is recorded in the official land records of the County such that it constitutes a valid second lien upon the single family residence. Mortgage loans receivable at September 30, 2007 were $32,000.

B. Bond programs fund

Buyer assistance loans are being funded with proceeds of the 2005A, 2005B, 2006A, 2006B and 2007A Bonds. The terms and specifications applicable to the loans with respect to interest rate, repayment and other provisions vary between bond programs.

5. Note receivable

At September 30, 2007, the Authority holds a note receivable from Greenwood Apartments, LLC in the amount of $300,000 that is secured by a mortgage. The Authority by resolution extended the Greenwood Apartments, LLC promissory note until March 1, 2025, and extended the initial payment of interest or principal until May 1, 2010.

At September 30, 2007, the Authority holds a Non-Revolving Promissory Note (Note), dated April 5, 2006, from Leafland Partners, LLC in the amount of $700,000 that is secured by an irrevocable letter of credit issued by Cornerstone Bank. The outstanding principal on the Note is $677,317 and accrued interest is $17,687. The monies were advanced to Leafland Partners, LLC to fund construction of town homes at Creek Park. The entire outstanding principal balance on the Note with all unpaid interest accrued thereon is due on February 14, 2009.

6. Bonds payable

Bonds are issued in the form of serial, term, and capital appreciation bonds. The annual percentage rate, maturity, principal balance outstanding, and other information relating to bond indebtedness at September 30, 2007, are as follows:

Series	Type	Annual Percentage Rate	Principal Maturity	Principal Balance Outstanding
Single-Family Master Indenture Issues:				
1998A	Serial	4.60-4.95	2007-2012	$ 960,000
	Term	5.05-5.95	2015-2030	3,990,000
1998C	Serial	4.80-5.10	2007-2012	390,000
	Term	5.25-6.30	2016-2029	2,655,000
1999A	Serial	4.45-5.00	2007-2013	825,000
	Term	4.60-5.55	2017-2031	3,240,906
1999B	Serial	5.05-5.50	2008-2014	1,615,000
	Term	5.45-6.95	2017-2031	3,022,875
2000A	Serial	5.50-5.95	2007-2012	435,000
	Term	6.00-6.85	2014-2031	1,634,154
2000B	Serial	5.45-5.95	2007-2016	245,000
	Term	6.00-6.80	2021-2031	746,624
2001A	Serial	4.25-4.95	2007-2014	1,290,000
	Term	5.45-5.65	2021-2032	6,645,000
2001B	Serial	4.25-5.10	2007-2014	1,110,000
	Term	5.50-5.60	2021-2032	4,335,000
2002A	Serial	4.05-4.90	2007-2013	565,000
	Term	5.00-5.40	2015-2033	4,920,000
2002B	Serial	3.35-4.75	2007-2015	1,185,000
	Term	5.20-6.01	2022-2034	6,855,000
2003A	Serial	2.50-4.50	2007-2017	1,190,000
	Term	4.90-5.45	2023-2034	5,730,000
2003B	Serial	2.80-4.90	2007-2017	970,000
	Term	3.50-5.25	2023-2035	5,500,000
2004A	Serial	2.80-5.05	2007-2014	580,000
	Term	5.20-5.75	2026-2035	10,225,000
2005A	Serial	3.10-4.40	2007-2015	690,000
	Term	4.00-5.50	2025-2036	14,680,000
2005B	Serial	3.10-4.45	2007-2018	1,970,000
	Term	4.50-5.20	2020-2036	12,145,000
2006A	Serial	3.60-4.40	2007-2016	2,040,000
	Term	4.625-5.35	2021-2037	17,470,000
2006B	Serial	3.60-4.40	2007-2016	1,475,000
	Term	4.625-5.35	2021-2037	19,325,000
2007A	Serial	3.60-4.40	2007-2016	1,285,000
	Term	4.625-5.35	2021-2037	21,505,000
Other Single Family Issues:				
1997A	Serial	5.30-5.50	2007-2009	120,000
	Term	6.00-6.10	2018-2029	2,330,000
1997C	Serial	5.05-5.20	2007-2009	135,000
	Term	5.70-5.80	2018-2029	3,055,000
2004	Draw Note	Variable(*)	2012	85,791,453
				$ 254,876,012

* Rate at fiscal year end is approximately 4.20%

Scheduled principal and interest payments commencing October 1, 2007, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2008	$ 1,985,000	$ 11,770,372	$ 13,755,372
2009	2,190,000	11,688,395	13,878,395
2010	2,110,000	11,600,702	13,710,702
2011	2,170,000	7,244,437	9,414,437
2012	2,275,000	7,153,389	9,428,389
2013-2017	95,236,453	34,421,157	129,657,610
2018-2022	11,215,000	32,246,007	43,461,007
2023-2027	21,550,000	28,959,226	50,509,226
2028-2032	28,229,559	23,761,767	51,991,326
Thereafter	87,915,000	21,158,600	109,073,600
Total Bonds Outstanding	254,876,012	190,004,052	444,880,064
Unamortized deferred loss on refundings	(1,176,230)	-	(1,176,230)
Unamortized bond premium	6,566,891	-	6,566,891
Total	$ 260,266,673	$ 190,004,052	$ 450,270,725

Assets of the various programs are pledged for payment of principal and interest on the applicable bonds. Each issue is collateralized by a separate collateral package. In addition, certain assets are further restricted for payment of interest and principal in the event that the related debt service and other available funds are insufficient.

Provisions of the bond resolutions provide for various methods of redemption. Bonds are to be redeemed at par, primarily from repayments of mortgage loans securing issues, from unexpended bond proceeds and excess program revenues. Bonds are generally redeemable at the option of the Authority at premiums ranging up to 5%. Certain term bonds require mandatory sinking fund payments for their redemption.

7. Changes in long-term debt

	Balance at Beginning of Year 10/1/06	Additions	Deletions	Balance at End of Year 9/30/07	Due Within One Year
Due to other governments	$ 4,267,327	$ -	$ (684,875)	$ 3,582,452	$ -
Bonds payable	266,993,000	44,694,838	(51,421,165)	260,266,673	1,985,000
Total long-term debt	$ 271,260,327	$ 44,694,838	$ (52,106,040)	$ 263,849,125	$ 1,985,000

8. Net assets

Pursuant to various trust indentures and loan agreements, the assets and equity of the programs are restricted as to use. Upon satisfaction of all bondholder indebtedness and payment of all unauthorized expenses, any remaining funds are disbursed to the Authority or the respective entity as described in the trust indenture or loan agreement.

9. Risk management

The Authority makes decisions regarding matters that come before it with respect to investment of private capital and the use of public financing. The Authority retains the risk of loss for these decisions.

The Authority's claims liability was $0 at September 30, 2007, based on the requirements of GASB Statement 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

10. Conduit debt obligations

From time to time, the Authority has issued revenue bonds to finance the construction or acquisition of multi-family housing developments which are intended for occupancy in part by persons of low, moderate, or middle income. Neither the Authority, nor the County, or the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2007, there were four series of multi-family revenue bonds outstanding with an aggregate principal amount payable of $28,700,000.

11. Related party transactions

The Authority is a component unit of the County. The Authority reimbursed the County for certain costs such as salaries and benefits, recording services, office space, office supplies, telephone, travel and indirect costs. Payments to the County also included repayment of loans from the County to the Authority for contributions to single family programs. Total payments to the County for fiscal year ended September 30, 2007 were $742,799. As of September 30, 2007, the Authority owed the County $48,034 for September 2007 expenses and $379,786 for bond issue parity release reimbursements, ship funds, and program close.

12. Subsequent events

In December 2007, the SBA Investment Pool of Florida was closed by its Trustees to all deposits and withdrawals by shareholders. The Authority had previously withdrawn all of its monies in October and November 2007 from the SBA Investment Pool and deposited the funds in a money market checking account.

REQUIRED SUPPLEMENTARY INFORMATION

Housing Finance Authority of Pinellas County, Florida
Budgetary Comparison Schedule
General Fund
September 30, 2007

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
OPERATING REVENUES				
Investment income, with realized gain	$ 183,636	$ 183,636	$ 243,127	$ 59,491
Fee income and other revenues	730,248	739,848	952,343	212,495
Total operating revenues	913,884	923,484	1,195,470	271,986
OPERATING EXPENSES				
Direct bond issuance costs	-	-	4,975	(4,975)
General and administrative	768,553	704,578	561,905	142,673
Total operating expenses	768,553	704,578	566,880	137,698
Changes in net assets	$ 145,331	$ 218,906	628,590	$ 134,288
Total net assets - beginning			9,317,055	
Total net assets - ending			$ 9,945,645	

The accompanying notes are an integral part of these schedule.

ADDITIONAL SUPPLEMENTARY INFORMATION

Housing Finance Authority of Pinellas County, Florida
Investment Agreement Providers and Income Summary
September 30, 2007

Investment Agreement Providers by Bond Issue Series

Bond Issue Series	Investment Agreement Provider
1997A&B	Westdeutsche Landesbank
1997C	Westdeutsche Landesbank
1998A&B	IXIS Funding Corp.
1998C	FGIC Capital Management Services, Inc.
1999A	IXIS Funding Corp.
1999B	AIG Matched Funding Corp.
2000A	IXIS Funding Corp.
2000B	Trinity Funding Co. LLC
2001A	Trinity Funding Co. LLC
2001B	Trinity Funding Co. LLC
2002A	AIG Matched Funding Corp.
2002B	Grand Central Funding
2003A	Trinity Funding Co. LLC
2003B	Transamerica Life Insurance Co.
2004A	AIG Matched Funding Corp.
2004 Draw Note	RaboBank International
2005A	Pallas Capital Corp.
2005B	Pallas Capital Corp.
2006A	Bayerische LandesBank
2006B	Pallas Capital Corp.
2007A	Transamerica Life Insurance Co.

Summary of Investment Income

	Year Ended 9/30/2007	Year Ended 9/30/2006
Interest and realized gains on investments - net	$ 16,910,012	$ 14,566,877
Net decrease in the fair value of investments	(4,126,853)	(3,461,875)
Total Investment Income	$ 12,783,159	$ 11,105,002

Housing Finance Authority of Pinellas County, Florida
Schedule of Bonded Indebtness
September 30, 2007

	PRINCIPAL BALANCE ON OCTOBER 1, 2006	AMOUNT (MATURED)/(RETIRED) OR ISSUED DURING FISCAL YEAR 2007 PRINCIPAL	PRINCIPAL BALANCE ON SEPTEMBER 30, 2007
Series 1996	$ 3,810,000	$ (3,810,000)	$ -
Series 1997 A&B	3,645,000	(1,195,000)	2,450,000
Series 1997 C&D	4,035,000	(845,000)	3,190,000
Series 1998 A&B	5,915,000	(965,000)	4,950,000
Series 1998 C	4,120,000	(1,075,000)	3,045,000
Series 1999A	5,429,802	(1,363,896)	4,065,906
Series 1999B	5,593,059	(955,184)	4,637,875
Series 2000A	2,961,883	(892,729)	2,069,154
Series 2000B	1,449,866	(458,242)	991,624
Series 2001A	10,465,000	(2,530,000)	7,935,000
Series 2001B	7,435,000	(1,990,000)	5,445,000
Series 2002A	7,600,000	(2,115,000)	5,485,000
Series 2002B	10,550,000	(2,510,000)	8,040,000
Series 2003A	8,530,000	(1,610,000)	6,920,000
Series 2003B	8,530,000	(2,060,000)	6,470,000
Series 2004A	13,535,000	(2,730,000)	10,805,000
Series 2005A	17,335,000	(1,965,000)	15,370,000
Series 2005B	15,165,000	(1,050,000)	14,115,000
Series 2006A	20,250,000	(740,000)	19,510,000
Series 2006B	-	20,800,000	20,800,000
Series 2007A	-	22,790,000	22,790,000
	156,354,610	12,729,949	169,084,559
Series 2004 (Draw Down)	106,235,582	(20,444,129)	85,791,453
	106,235,582	(20,444,129)	85,791,453
TOTAL SINGLE FAMILY	262,590,192	(7,714,180)	254,876,012
James Park	3,840,000	(55,000)	3,785,000
Melrose On The Bay	10,400,000	-	10,400,000
Emerald Bay A & B	6,825,000	(155,000)	6,670,000
Tuscany	7,970,000	(125,000)	7,845,000
Isles of Gateway, Series 2002	6,300,000	(6,300,000)	-
Alta Largo	20,400,000	(20,400,000)	-
TOTAL MULTI-FAMILY	55,735,000	(27,035,000)	28,700,000
TOTAL	$ 318,325,192	$ (34,749,180)	$ 283,576,012

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

December 14, 2007

MANAGEMENT LETTER

To The Board Members of the Housing Finance Authority of Pinellas County, Florida
Clearwater, Florida

We have audited the financial statements of the Housing Finance Authority of Pinellas County (Authority), a component unit of Pinellas County, Florida (County), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated December 14, 2007.

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. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which is dated December 14, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Comment: During cash disbursement testing in 2005, we noted several invoices were not cancelled or marked as paid. In order to avoid double payments all invoices should indicate that they have been paid.

Recommendation: We recommended that the policies and procedures of the Authority that state a paid stamp be used and the related invoices cancelled at the time the check is issued be consistently followed.

Status: Cleared

Comment: We noted that with respect to the Series 1999A Single Family Bonds, there was an error in the Mandatory Redemption calculation prepared by the Trustee. Per discussion with the trustee, the capital appreciation bond balance is entered into the calculation sheet manually on each date that the calculation is performed. It is the trustee's assertion that this was an isolated incident due to human error. The result of the error was that the bond call allocation by maturity was incorrect on March 1, 2006. In response to our inquiry, the trustee suggested that the March 1, 2007 bond call be adjusted to correct for the March 1, 2006 error to the extent possible.

Recommendation: We recommend that the Authority's management meet with the parties they deem appropriate, which may include their attorney, financial advisor, trustee and auditor, to determine the course of action to be pursued.

Management Response: We have reviewed this error with the trustee and we concur this is an isolated incident related to human error. The trustee has processed at least 50 similar redemptions without error. We have been informed by the trustee that they have reviewed their procedures, addressed the issue with the appropriate personnel, and they will monitor the redemptions as they are processed. We believe that the trustee has taken steps that reasonably assure that errors will not occur in the future due to prevention or detection controls. We will address the matter with the Authority's attorney, financial advisor, trustee, and auditor and we will determine if additional steps need to be taken.

Status: Cleared

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Authority complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. The following is a summary of current year recommendations:

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Comments: We noted the following regarding draw requests related to advances requested by Leafland Partners, LLC:

1.) An invoice provided to us as support for a disbursement to Leafland Partners, LLC was stamped paid, but there was no evidence that a disbursement for the specific item had been made by the Authority.

2.) One of three draw requests that was inspected did not have the approval block signed off.

3.) Resolution 2005-09 (Resolution) designates Anthony Jones as having authority to sign all draw requests on behalf of Leafland Partners, LLC. Two draw requests were signed by Bruce Bussey, Urban Development Manager.

Recommendations: 1.) An invoice that is stamped paid is evidence of a disbursement. Documentation supporting disbursements should agree to the check written with respect to the disbursement amount and all other relevant details. Items not paid by the Authority should not be stamped paid and should not be included in their supporting documentation.

2.) Draw requests should be approved by the appropriate party as evidenced by their signature.

3.) Draw requests should be signed by authorized personnel. However, an internal control concern is created when Authority personnel are designated to sign draw requests on behalf of third parties. We recommend that Authority personnel be removed as authorized signers in this and any similar situations.

Management Response: 1.) We agree. Invoices that are not paid by the authority will not be stamped paid and superfluous documentation will not be included in supporting documentation.

2.) We agree. This was an isolated instance. In future, we will assure that all draw requests are properly approved.

3.) The Authority agrees with the comment. Members of the staff have discussed this comment with Counsel. Counsel also agrees that Authority personnel should not sign draw request on behalf of third-parties. Nor has any staff signed any draw requests on behalf of third parties. Counsel indicated that the language is really intended to address the responsible parties at the staff level to authorize disbursements on behalf of the Authority.

In this regard, if available, Anthony Jones will make the final authorization on disbursements by the Authority after approval by the designated project managers, including on-site inspectors. If Mr. Jones is unavailable, approval will be authorized by the next person with the most senior responsibility, as set forth in the Pinellas County Community Development Department and Housing Finance Authority Personnel Organizational Chart. In no case will Mr. Jones, or any Authority personnel, sign draw requests on behalf of third parties.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority has no component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. The Authority's annual financial information will be included in the annual financial report of the County for the year ended September 30, 2007. The financial information provided by the Authority to the County for the purpose of preparing the County's annual financial report is in agreement with the Authority's annual financial report for the same period.

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Authority and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Dufresne & Associates, CPA, PA