



**Second Quarter Report 2010  
For the period ending June 30, 2010**

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**Custodian**  
US Bank N.A.

**Credit Rating**



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For the period ending June 30, 2010

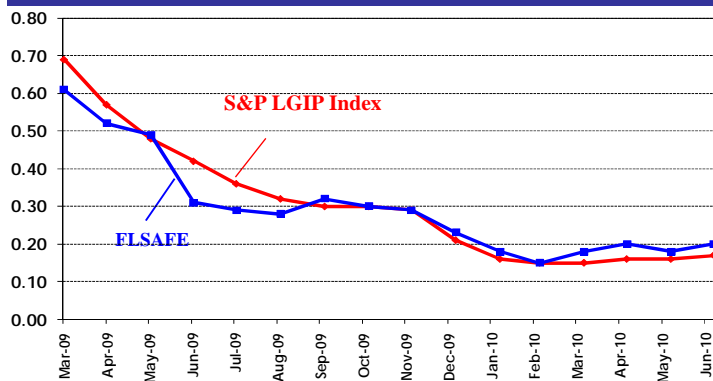
**SUMMARY**

- ◆ Florida Surplus Asset Fund Trust ("FLSAFE") is a local government investment pool that serves the cash management needs of governments in Florida. FLSAFE seeks to provide competitive yields consistent with the preservation of capital and daily liquidity. FLSAFE is organized pursuant to Florida Statutes 163.01, is an authorized investment under 218.415 and invests according to the provisions of its Permitted Investments as listed in the Indenture of Trust.
- ◆ FLSAFE is authorized to invest in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated Commercial Paper, AAAM rated Money Market funds and Florida Depositories in which the deposits are collateralized under Florida Statutes 280.
- ◆ FLSAFE's investments conform to the Permitted Investments as listed in its Indenture of Trust. FLSAFE meets Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable for a local government investment pool.
- ◆ FLSAFE is rated AAAM by the Standard & Poor's Corporation.
- ◆ With the exception of certain floating rate securities, all securities purchased shall not exceed a maturity greater than 397 days.
- ◆ The weighted average maturity of the portfolio shall not exceed 60 days.
- ◆ FLSAFE seeks, but does not guarantee, to maintain a constant net asset value at \$1.00 per share. Please see the Indenture of Trust for more information on the investment objectives of FLSAFE.
- ◆ The Investment Advisor and Administrator is Davidson Fixed Income Management, Inc.

**MARKET COMMENTARY**

Using history as a guide, the sustainability and strength of the housing recovery will depend on employment growth which is expected to remain weak for an extended period of time. Should the recent anemic pace of hiring continue, it could take years for the world's largest economy to recover the more than 8 million jobs lost during the recession which began in December 2007. The June 22nd release of the Joint Center for Housing Studies annual report from Harvard University supported the correlation between housing recoveries and employment growth. Employment growth was shown as the most important factor (more than low interest rates) for sustained housing recoveries. The Commerce Department reduced its third and final estimate for the pace of economic growth for the first quarter from 3.00% to 2.7% which was primarily a result of a weaker consumer. On July 2nd the Labor department reported U.S. employers added 83,000 jobs which is less than the 110,000 gain forecast by economists. Despite the 83,000 jobs added, due to a drop in federal census workers (225,000) overall payrolls declined for the first time this year by 125,000. With the shrinking labor force, the jobless rate dropped to 9.5% from 9.7%. The FOMC met on June 23rd and voted (with one dissent) to hold the Fed funds rate at its current target range of 0.00-0.25%. The statement released at the meeting's conclusion contain subtle language changes which indicated increasing concern by the FOMC over the outlook for growth as well as the deflationary and recessionary implications of the European debt crisis. The FOMC also saw a reduction in inflationary pressures since their previous meeting at the end of April. As a result, we don't expect an increase in the Fed funds rate until the second half of 2011.

**NATIONAL LGIP BENCHMARK COMPARISON**



**QUARTERLY SUMMARY**

Total Assets	\$199,377,473
30 Day Yield	0.18%
7 Day Yield	0.18%
Expense Ratio	0.233%
Weighted Average Maturity (days)	40
Net Asset Value Per Share	\$1.00

Note: The information contained herein is unaudited. Audited financial statements will be released within 90 days of the end of the calendar year.



For the period ending June 30, 2010

**STATEMENT OF OPERATIONS**

	For the Period Ending				Year-to-Date
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	
<b>Gross Investment Income</b>	\$158,486	\$183,338			\$341,824
<b>Expenses</b>					
Activity & Transaction	1,503	1,815			3,318
Admin/Advisory	73,455	73,953			147,408
Association Dues	0	0			0
Audit	12,700	1,000			13,700
Board Expenses	295	0			295
Client Recording Fees	0	402			402
Custodian	5,470	6,698			12,167
Insurance	0	25,222			25,222
Internet/website	2,804	1,922			4,726
Interest	(5)	(3)			(8)
Legal fees	1,184	1,024			2,208
Rating Agency	8,500	0			8,500
Tax Filing	0	765			765
Miscellaneous Expenses	366	43			408
Miscellaneous Credits	0	0			0
<b>Total</b>	<u>106,271</u>	<u>112,840</u>			<u>219,111</u>
<b>Net Investment Income</b>	<u>\$52,215</u>	<u>\$70,498</u>			<u>\$122,713</u>

**STATEMENT OF CHANGES IN NET ASSETS**

Shares Purchased	\$47,796,621	\$20,509,113	\$68,305,733
Shares Redeemed	(\$45,808,561)	(\$20,865,096)	(\$66,673,657)
<b>Net Change in Share Transactions</b>	\$1,988,060	(\$355,984)	\$1,632,076
Investment activities:			
Net Investment Income	\$52,215	\$70,498	\$122,713
Net increase in net assets from share operations	\$52,215	\$70,498	\$122,713
Distributions to participants from net investment income	(\$52,215)	(\$70,498)	(\$122,713)
<b>Net Change in Assets</b>	\$2,040,275	(\$285,486)	\$1,754,789
Net Assets at Beginning of Period	\$197,622,684	\$199,662,959	\$197,622,684
<b>Net Assets at End of Period</b>	<u>\$199,662,959</u>	<u>\$199,377,473</u>	<u>\$199,377,473</u>

**STATEMENT OF NET ASSETS**

<b>Assets</b>			
Investments in securities			
U.S. treasuries	\$0	\$0	
U.S. government agencies	\$66,921,792	\$58,900,000	
Commercial paper	\$11,000,000	\$40,400,000	
Total investment in securities	<u>\$77,921,792</u>	<u>\$99,300,000</u>	
Bank CD	\$4,000,000	\$0	
Cash and cash equivalents	\$117,512,873	\$99,856,521	
Other assets			
Accrued interest	\$264,889	257,573	
Total Assets	<u>\$199,699,554</u>	<u>\$199,414,094</u>	
<b>Liabilities</b>			
Accrued expenses	\$36,595	\$36,621	
Net assets applicable to shares outstanding	\$199,662,959	\$199,377,473	
Total Liabilities	<u>\$199,699,554</u>	<u>\$199,414,094</u>	



**PORTFOLIO ASSETS**

Security Description	S&P Credit Rating		CUSIP	Yield	Maturity Date	Face Amount	Book Value	Market Value (1)	
	Short-Term	Long-Term							
<b>US Agencies</b>									
FHLB	A-1+	AAA	3133XUXL2	0.499%	10/29/10	5,000,000	5,018,836	5,023,336	
FFCB	A-1+	AAA	31331GVW6	0.260%	11/12/10	2,000,000	2,005,177	2,004,031	
FNMA	A-1+	AAA	31359MZL0	0.313%	12/15/10	2,650,000	2,711,000	2,713,551	
FHLMC	A-1+	AAA	3137EABW8	0.345%	01/07/11	2,250,000	2,279,806	2,280,011	
FFCB	A-1+	AAA	31331JEG4	0.180%	08/16/10	5,000,000	5,001,104	5,000,104	
FFCB	A-1+	AAA	31331JEH2	0.200%	11/16/10	8,000,000	8,001,968	7,996,368	
FHLB	A-1+	AAA	3133XWZH5	0.250%	02/25/11	3,000,000	3,000,767	3,000,767	
FHLB	A-1+	AAA	3133XXD46	0.550%	03/23/11	4,000,000	4,006,811	4,008,011	
FHLB	A-1+	AAA	31338SD37	0.223%	08/25/10	3,000,000	2,998,993	2,999,700	
FHLB	A-1+	AAA	3133XVY88	0.220%	12/03/10	5,000,000	4,999,336	4,997,290	
FFCB	A-1+	AAA	31331JKY8	0.199%	03/21/11	4,000,000	4,000,333	4,000,441	
FFCB	A-1+	AAA	31331JMU4	0.270%	05/03/11	4,000,000	4,002,146	3,996,610	
FHLB	A-1+	AAA	3133XYM28	0.360%	06/13/11	6,000,000	6,001,050	6,001,050	
FHLB	A-1+	AAA	3133XYJ22	0.280%	05/27/11	<u>5,000,000</u>	<u>5,001,342</u>	<u>4,998,342</u>	
<b>Total</b>						58,900,000	59,028,670	59,019,613	
<b>Commercial Paper</b>									
FCAR A-1+	A-1+/P-1	(4)	3024A1LJ0	0.551%	11/18/10	1,400,000	1,397,006	1,395,800	
FCAR A-1+	A-1+/P-1	(4)	3024A1KC6	0.602%	10/12/10	2,000,000	1,996,567	1,996,200	
FCAR A-1+	A-1+/P-1	(4)	3024A1HQ9	0.451%	08/24/10	1,000,000	999,325	999,200	
GE Capital Corp	A-1+/P-1	(4)	36959JH30	0.290%	08/03/10	1,000,000	999,734	999,500	
GE Capital Corp	A-1+/P-1	(4)	36959JJ20	0.300%	09/02/10	2,000,000	1,998,950	1,997,800	
GE Capital Corp	A-1+/P-1	(4)	36959JK44	0.310%	10/04/10	2,000,000	1,998,364	1,996,400	
Societe General	A-1+/P-1	(4)	83365SJF1	0.616%	09/15/10	5,000,000	4,993,508	4,993,500	
National Austrial Funding	A-1+/P-1	(4)	63253KJD0	0.420%	09/13/10	7,000,000	6,993,957	6,990,900	
National Bank of Canada	A-1+/P-1	(4)	63306UJL7	0.430%	09/20/10	5,000,000	4,995,163	4,993,000	
ANZ National International	A-1+/P-1	(4)	0018A3L36	0.581%	11/30/10	1,500,000	1,496,979	1,495,950	
ANZ National International	A-1+/P-1	(4)	0018A3JQ8	0.435%	09/24/10	5,500,000	5,494,358	5,491,750	
Credit Agricole North America	A-1+/P-1	(4)	22532CJV7	0.636%	09/29/10	<u>7,000,000</u>	<u>6,988,888</u>	<u>6,988,800</u>	
<b>Total</b>						40,400,000	40,352,797	40,338,800	
<b>Total Investments in Securities</b>						99,300,000	99,381,467	99,358,413	
<b>Collateralized Bank Deposits (QPD) (2)</b>									
Bank of America	A-1	A+		0.60%		48,912,931	49,006,213	49,006,213	
Wells Fargo SPFM	A-1+	AA		0.20%		-	18,606	18,606	
Wells Fargo GAIC	A-1+	AA		0.20%		31,556,362	31,575,895	31,575,895	
Regions Bank Checking				0.01%		<u>140</u>	<u>140</u>	<u>140</u>	
<b>Total</b>						80,469,432	80,600,853	80,600,853	
<b>Cash and Cash Equivalents</b>									
Reserve	(3)	(4)	RPJXX	(3)		767,174	806,107	806,107	
Fidelity	AAAm / Aaa	(4)	FIDXX	0.19%		<u>18,619,916</u>	<u>18,625,667</u>	<u>18,625,667</u>	
<b>Total</b>						19,387,089	19,431,774	19,431,774	
<b>Expenses</b>									
Accrued Expenses						<u>(36,621)</u>	<u>(36,621)</u>	<u>(36,621)</u>	
<b>Total</b>						(36,621)	(36,621)	(36,621)	
<b>TOTAL ASSETS (5)</b>						199,119,900	199,377,473	199,354,419	
							<b>NET ASSET VALUE</b>	<b>\$1.00</b>	

1) All of the securities held in the portfolio are valued each week using a third party pricing service (U.S. Bank N.A and/or Bloomberg). Other assets in the portfolio such as repurchase agreements, money market funds and bank deposits are valued at cost.

2) All bank deposits in amounts greater than \$250,000 are collateralized according Chapter 280 Florida Statutes.

3) The Reserve Primary Money Market Fund ("Reserve") was rated AAAM/Aaa as of Sept. 12, 2008. The Reserve is in the process of liquidating its portfolio. As of June 30, 2010 FLSAFE had received a total of 98.6% of its principal balance outstanding in the Reserve on 9/15/08. Additional distributions are expected later in 2010.

4) Commercial paper and money market funds are not assigned long-term credit ratings.

5) The information contained in this statement is unaudited. Audited financial statements will be completed annually.