



**Third Quarter Report 2008
For the period ending September 30, 2008**

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For the period ending September 30, 2008

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 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.

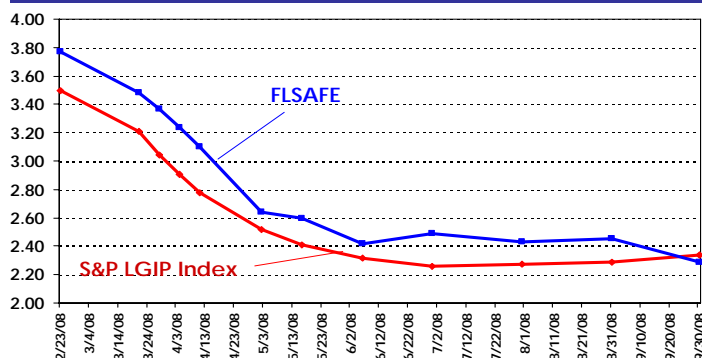
FLSAFE SUMMARY

- ◆ FLSAFE is authorized to invest in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements (collateralized at 102%), highly rated Commercial Paper, AAAM rated Money Market funds and Florida Depositories in which the deposits are collateralized.
- ◆ 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.
- ◆ 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 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

The financial market crisis that emerged in mid-September 2008 is pushing the U.S. economy into recession. Even though Gross Domestic Product increased by 2.8% in the 2nd quarter 2008, significant weakness is expected in the last two quarters of 2008. The labor market has posted negative numbers for nine months in a row reflecting over 760,000 of lost jobs. The tepid labor market pushed the unemployment rate up to 6.1% in September. With housing starts falling below 1 million units (annualized) the housing sector continues to struggle. Weakness continued to impact many financial services firms causing the acquisition of Merrill Lynch by Bank of America, the bailout of AIG by the federal government and the bankruptcy of Lehman Brothers. With oil prices now moving down sharply (under \$100 a barrel), the inflation numbers should improve in the coming months. FLSAFE's daily yields decreased from 2.51% (6/30/08) to 1.66% (9/30/08).

NATIONAL LGIP BENCHMARK COMPARISON



QUARTERLY SUMMARY

Total Assets	\$218,108,609
30 Day Yield	2.29%
7 Day Yield	1.47%
Expense Ratio	0.18%
Weighted Average Maturity (days)	25
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 September 30, 2008

STATEMENT OF OPERATIONS

	For the Period Ending				Year-to-Date
	3/31/2008	6/30/2008	9/30/2008	12/31/2008	
Gross Investment Income	\$648,898	\$1,278,437	\$1,468,662		\$3,395,997
Expenses					
Audit	0	0	0		0
Activity & Transaction	634	1,534	1,686		3,854
Admin/Advisory	2,682	63,920	83,169		149,771
Association Dues	0	0	0		0
Board Expenses	0	0	0		0
Custodian	0	3,478	7,100		10,578
Insurance	0	0	(1,101)		(1,101)
Legal	0	0	0		0
Filing	0	205	334		539
Rating Agency	0	0	0		0
Miscellaneous	0	90	10,475		10,565
Total	3,316	69,227	101,662	-	174,205
Net Investment Income	\$645,582	\$1,209,210	\$1,367,000		\$3,221,792

STATEMENT OF CHANGES IN NET ASSETS

Shares Purchased	\$165,362,551	\$54,300,000	\$103,335,856		\$322,998,407
Shares Redeemed	(\$3,139,110)	(\$18,798,561)	(\$86,173,919)		(\$108,111,590)
Net Change in Share Transactions	\$162,223,441	\$35,501,439	\$17,161,937		\$214,886,817
Investment activities:					
Net Investment Income	\$645,582	\$1,209,210	\$1,367,000		\$3,221,792
Net increase in net assets from share operations	\$645,582	\$1,209,210	\$1,367,000		\$3,221,792
Distributions to participants from net investment income	(\$645,582)	(\$1,209,210)	(\$1,367,000)		(\$3,221,792)
Net Change in Assets	\$162,869,022	\$36,710,649	\$18,528,937		\$218,108,609
Net Assets at Beginning of Period	\$0	\$162,869,022	\$199,579,672		\$0
Net Assets at End of Period	\$162,869,022	\$199,579,672	\$218,108,609		\$218,108,609

STATEMENT OF NET ASSETS

Assets

Investments in securities					
U.S. treasuries	\$1,986,273	\$1,986,273	\$0		
U.S. government agencies	\$8,018,240	\$9,037,960	\$34,145,032		
Commercial paper	\$0	\$3,918,601	\$25,627,617		
Total investment in securities	\$10,004,513	\$14,942,834	\$59,772,649		
Cash and cash equivalents	\$152,370,366	\$184,200,407	\$158,004,893		
Other assets					
Accrued interest	\$517,661	\$470,197	\$367,289		
Total Assets	\$162,892,540	\$199,613,438	\$218,144,831		

Liabilities

Accrued expenses	\$23,518	\$33,766	\$36,222		
Net assets applicable to shares outstanding	\$162,869,022	\$199,579,672	\$218,108,609		
Total Liabilities	\$162,892,540	\$199,613,438	\$218,144,831		



PORTFOLIO ASSETS (2)

Security Description	Credit Rating		CUSIP	Coupon/Yield	Maturity Date	Cost	Accrued	Book Value	Market Value (1)
	Short-Term S&P/Moodys	Long-Term S&P/Moodys							
US Agencies									
FHLB	A-1+ / P-1	AAA/Aaa	3133X1XC6	3.625%	11/14/2008	4,037,960	25,030	4,062,990	4,065,534
FHLB	A-1+ / P-1	AAA/Aaa	3133XQTU6	2.450%	4/21/2009	5,000,000	54,705	5,054,705	5,034,405
FHLB	A-1+ / P-1	AAA/Aaa	313384K81	2.036%	10/16/2008	25,107,072	6,982	25,114,054	25,136,955
Total						34,145,032	86,718	34,231,750	34,236,895
Commercial Paper									
General Electric	A-1+ / P-1	AAA/Aaa	36959HP43	2.920%	2/4/2009	1,962,343	17,637	1,979,980	1,999,639
General Electric	A-1+ / P-1	AAA/Aaa	36959HQ59	3.030%	3/5/2009	1,956,258	18,253	1,974,511	1,956,424
General Electric	A-1+ / P-1	AAA/Aaa	36959HMH7	2.650%	12/17/2008	1,980,641	8,151	1,988,792	1,980,787
General Electric	A-1+ / P-1	AAA/Aaa	36959HLK1	2.540%	11/19/2008	1,985,300	7,840	1,993,140	2,000,140
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GRW8	2.850%	4/30/2009	1,958,615	8,680	1,967,295	1,958,770
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GR32	2.840%	4/3/2009	2,944,200	13,020	2,957,220	2,944,433
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GNM4	2.690%	1/21/2008	2,962,760	12,413	2,975,173	2,962,982
HSBC	A-1+ / P-1	AA-/Aa3	4042FON80	2.830%	1/8/2009	3,958,933	10,267	3,969,200	3,959,244
HSBC	A-1+ / P-1	AA-/Aa3	4042FONU1	2.940%	1/28/2009	2,963,267	7,975	2,971,242	2,963,508
HSBC	A-1+ / P-1	AA-/Aa3	4042FOPR6	3.030%	2/25/2009	2,955,300	8,195	2,963,495	2,955,548
Total						25,627,617	112,431	25,740,048	25,681,475
Total Investments in Securities						59,772,649	199,149	59,971,798	59,918,370
Cash and Cash Equivalents (4)									
Federated	AAAm / Aaa		GOSXX	1.95%	10/1/2008	16,624,600	-	16,624,600	16,624,600
Credit Suisse	AAAm / Aaa		CUTXX	2.66%	10/1/2008	38,290,181	80,385	38,370,566	38,370,566
American Beacon (5)	AAAm / Aaa		ASRXX	2.63%	10/1/2008	30,000,000	32,996	30,032,996	30,032,996
Reserve (3)	AAAm / Aaa		RPIXX	2.76%	10/1/2008	56,084,044	34,546	56,118,591	56,118,591
Blackrock	AAAm / Aaa		TMPXX	2.58%	10/1/2008	17,006,068	20,212	17,026,280	17,026,280
Total						158,004,893	168,139	158,173,033	158,173,033
Expenses									
Accrued Expenses						-	(36,222)	(36,222)	(36,222)
Total						-	(36,222)	(36,222)	(36,222)
TOTAL ASSETS						217,777,543	331,066	218,108,609	218,055,181
						NET ASSET VALUE PER SHARE			\$1.00

- 1) All of the securities held in the portfolio are valued each week using a third party pricing service. Other assets in the portfolio such as repurchase agreements, money market funds and bank deposits are valued at cost.
- 2) The information contained in this statement is unaudited. Audited financial statements will be completed annually.
- 3) The Reserve Primary Money Market Fund was rated AAAm/Aaa as of Sept. 12, 2008. The Reserve Primary Money Market Fund accepted FLSAFE's redemption request at \$1.00 NAV on September 16, 2008 at 9:30 a.m. The Reserve Primary Money Market Fund stopped reporting the interest rate of its portfolio on 9/22/08 and is in the process of liquidating its portfolio.
- 4) Money market funds are not assigned long-term credit ratings.
- 5) The American Beacon Select Money Market Fund suspended redemptions on September 19, 2008. Based on communications from American Beacon, it is expected that principal and interest on this account will be paid out to FLSAFE no later than December 12, 2008, the final maturity date of the securities in the American Beacon Select Money Market Fund portfolio.