



**Second Quarter Report 2008  
For the period ending June 30, 2008**

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For the period ending June 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 and 218.415 and invests according to the provisions of its Permitted Investments as listed in the Indenture of Trust.

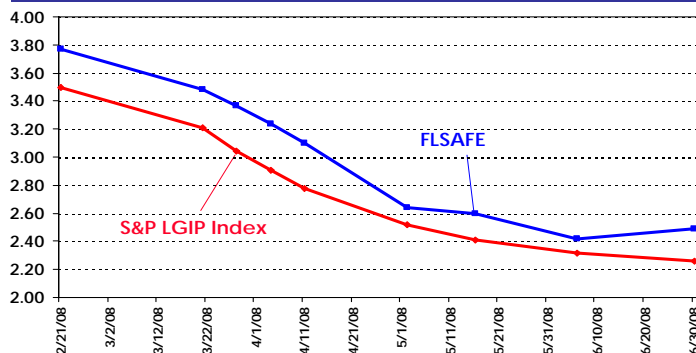
**FLSAFE SUMMARY**

- ◆ 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.
- ◆ The Investment Advisor and Administrator is Davidson Fixed Income Management, Inc.

**MARKET COMMENTARY**

The U.S. economy continues to struggle. Gross Domestic Product increased by 0.9% in the 2nd quarter 2008, a slight gain from 1st quarter growth of 0.6%. The labor market has posted negative numbers for six months in a row. A total of 191,000 jobs were lost in the second quarter. The tepid labor market pushed the unemployment rate up to 5.5% in June. With housing starts hovering around 1 million (annualized) the housing sector has recorded dismal production numbers all year. The subprime mortgage problems do not seem to end. Not only are investment banks and commercial banks suffering massive writedowns, problems spread to Freddie Mac and Fannie Mae, necessitating special rescue actions by the Federal Reserve. Oil prices moved to over \$140 a barrel, a key element to rising inflation (the CPI, year-over-year was up over 5% in June 2008). The declining economic environment is causing interest rates to fall and the short-term yield curve to invert. FLSAFE's daily yields decreased from 3.02% (3/31/08) to 2.51% (6/30/08).

**NATIONAL LGIP BENCHMARK COMPARISON**



**QUARTERLY SUMMARY**

Total Assets	\$199,613,438
30 Day Yield	2.45%
7 Day Yield	2.48%
Expense Ratio	0.15%
Weighted Average Maturity (days)	16
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, 2008

**STATEMENT OF OPERATIONS**

	For the Period Ending				Year-to-Date
	3/31/2008	6/30/2008	9/30/2008	12/31/2008	
<b>Gross Investment Income</b>	\$648,898	\$1,278,437			\$1,927,335
<b>Expenses</b>					
Audit	0	0			0
Activity & Transaction	634	1,534			2,168
Admin/Advisory	2,682	63,920			66,602
Association Dues	0	0			0
Board Expenses	0	0			0
Custodian	0	3,478			3,478
Insurance	0	0			0
Legal	0	0			0
Filing	0	205			205
Rating Agency	0	0			0
Miscellaneous	0	90			90
<b>Total</b>	3,316	69,227	-	-	72,543
<b>Net Investment Income</b>	\$645,582	\$1,209,210			\$1,854,792

**STATEMENT OF CHANGES IN NET ASSETS**

Shares Purchased	\$165,362,551	\$54,300,000		\$219,662,551
Shares Redeemed	(\$3,139,110)	(\$18,798,561)		(\$21,937,671)
<b>Net Change in Share Transactions</b>	\$162,223,441	\$35,501,439		\$197,724,880
Investment activities:				
Net Investment Income	\$645,582	\$1,209,210		
Net increase in net assets from share operations	\$645,582	\$1,209,210		\$1,854,792
Distributions to participants from net investment income	(\$645,582)	(\$1,209,210)		(\$1,854,792)
<b>Net Change in Assets</b>	\$162,869,022	\$36,710,649		\$199,579,672
Net Assets at Beginning of Period	\$0	\$162,869,022		\$0
<b>Net Assets at End of Period</b>	\$162,869,022	\$199,579,672		\$199,579,672

**STATEMENT OF NET ASSETS**

**Assets**

Investments in securities				
U.S. treasuries	\$1,986,273	\$1,986,273		
U.S. government agencies	\$8,018,240	\$9,037,960		
Commercial paper	\$0	\$3,918,601		
<b>Total investment in securities</b>	\$10,004,513	\$14,942,834		
Cash and cash equivalents	\$152,370,366	\$184,200,407		
Other assets				
Accrued interest	\$517,661	\$470,197		
<b>Total Assets</b>	\$162,892,540	\$199,613,438		

**Liabilities**

Accrued expenses	\$23,518	\$33,766		
Net assets applicable to shares outstanding	\$162,869,022	\$199,579,672		
<b>Total Liabilities</b>	\$162,892,540	\$199,613,438		



**PORTFOLIO ASSETS**

Security Description	Credit Rating		CUSIP	Coupon/Yield	Maturity Date	Cost	Accrued	Book Value	Market Value
	Short-Term S&P/Moodys	Long-Term S&P/Moodys							
<b>US Treasuries</b>									
US Treasury Bill	A-1+ / P-1	AAA/Aaa	912795G62	1.450%	9/18/2008	1,986,273	7,495	1,993,768	1,992,140
<b>Total</b>						1,986,273	7,495	1,993,768	1,992,140
<b>US Agencies</b>									
FHLB	A-1+ / P-1	AAA/Aaa	3133X1XC6	3.620%	11/14/2008	4,037,960	3,601	4,041,561	4,056,470
FHLB	A-1+ / P-1	AAA/Aaa	3133XQTU6	2.450%	4/21/2009	5,000,000	23,829	5,023,829	5,006,293
<b>Total</b>						9,037,960	27,429	9,065,389	9,062,763
<b>Commercial Paper</b>									
General Electric	A-1+ / P-1	AAA/Aaa	36959HP43	2.920%	2/4/2009	1,962,343	3,019	1,965,362	1,962,340
General Electric	A-1+ / P-1	AAA/Aaa	36959HQ59	3.030%	3/5/2009	1,956,258	3,124	1,959,382	1,956,260
<b>Total</b>						3,918,601	6,143	3,924,744	3,918,600
<b>Total Investments in Securities</b>						14,942,834	41,067	14,983,902	14,973,503
<b>Cash and Cash Equivalents</b>									
Federated	AAAm / Aaa		GOSXX	1.95%	7/1/2008	-	-	-	-
Credit Suisse	AAAm / Aaa		CUTXX	2.66%	7/1/2008	5,501,815	6,024	5,507,839	5,507,839
DWS	AAAm / Aaa		ICAXX	2.65%	7/1/2008	26,869,285	61,634	26,930,919	26,930,919
American Beacon	AAAm / Aaa		ASRXX	2.63%	7/1/2008	1,893,671	2,337	1,896,008	1,896,008
Putnam	AAAm / Aaa		PPMXX	2.69%	7/1/2008	49,925,401	114,636	50,040,037	50,040,037
Dreyfus	AAAm / Aaa		DADXX	2.69%	7/1/2008	50,033,267	114,200	50,147,467	50,147,467
Reserve	AAAm / Aaa		RPIXX	2.76%	7/1/2008	49,937,386	121,000	50,058,386	50,058,386
Blackrock	AAAm / Aaa		TMPXX	2.58%	7/1/2008	39,582	9,299	48,881	48,881
<b>Total</b>						184,200,407	429,130	184,629,536	184,629,536
<b>Expenses</b>									
Accrued Expenses						-	(33,766)	(33,766)	(33,766)
<b>Total</b>						-	(33,766)	(33,766)	(33,766)
<b>TOTAL ASSETS</b>						199,143,241	436,431	199,579,672	199,569,273
								<b>NET ASSET VALUE PER SHARE</b>	
								<b>\$1.00</b>	