



**Third Quarter Report 2011  
For the period ending September 30, 2011**

**Board of Trustees**

Mark Mason  
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Board Member

**Investment Advisor**

Davidson Fixed Income Management, Inc.

**Administrator**

Florida Management and Administration Services, LLC

**Custodian**

US Bank N.A.

**Credit Rating**



866-999-1215 866-999-1214 fax

[www.flSAFE.org](http://www.flSAFE.org)



For the period ending September 30, 2011

## 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 218.425 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, highly rated corporate bonds 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 maturity of the portfolio shall not exceed 60 days; the weighted average life shall not exceed 120 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 objective of FLSAFE.
- ❖ The Investment Advisor is Davidson Fixed Income Management, Inc.
- ❖ The Administrator is Florida Management and Administration Services, LLC

## QUARTERLY SUMMARY

Total Assets	\$139,640,136
30 Day Yield	0.04%
7 Day Yield	0.04%
Expense Ratio	0.19%
Weighted Average Maturity (days)	42
Weighted Average Life (days)	97
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.



Period Ending September 30, 2011

**STATEMENT OF OPERATIONS**

	For the Period Ending				Year-to-Date
	3/31/11	6/30/11	9/30/11	12/31/11	
<b>Gross Investment Income</b>	\$167,978	\$150,941	\$121,097		\$440,016
<b>Expenses</b>					
Paid Expenses					
Activity & Transaction	2,034	2,578	2,899		\$7,511
Administrator (FMAS)	-	-	23,250		\$23,250
Investment Advisory/Operations (DFIM)	67,757	69,750	13,710		\$151,218
Association Dues	-	-	-		\$0
Audit	1,000	2,000	26,500		\$29,500
Board Expenses	1,014	-	-		\$1,014
Client Recording Fees	-	-	697		\$697
Custodian	5,928	6,094	5,841		\$17,864
Insurance	-	2,189	27,332		\$29,521
Internet/website	1,685	2,077	827		\$4,589
Interest	(1)	(1)	(2)		(\$4)
Legal fees	-	1,502	-		\$1,502
Rating Agency	8,500	-	-		\$8,500
Tax Filing	-	-	-		\$0
Miscellaneous Expenses	-	162	47		\$210
Miscellaneous Credits	-	-	-		\$0
<b>Total Paid Expenses</b>	\$87,918	\$86,351	\$101,102		\$275,371
<b>Unpaid Expenses</b>					
Accrual - beginning of period	\$33,050	\$29,810	\$32,626		\$95,486
Accrual - end of period	\$29,810	\$32,626	\$18,582		\$81,018
Change in accrual	(\$3,240)	\$2,816	(\$14,044)		(\$14,468)
<b>Total Expenses</b>	\$84,678	\$89,167	\$87,058		\$260,903
<b>Net Investment Income</b>	\$83,300	\$61,774	\$34,039		\$179,113

**STATEMENT OF CHANGES IN NET ASSETS**

Shares Purchased	\$18,290,000	\$28,443,595	\$23,299,787	\$70,033,381
Shares Redeemed	(\$9,071,985)	(\$42,048,123)	(\$62,936,747)	(\$114,056,855)
Net Change in Share Transactions	\$9,218,015	(\$13,604,528)	(\$39,636,960)	(\$44,023,473)
Investment activities:				
Net Investment Income	\$83,300	\$61,774	\$34,039	\$179,113
Change in Deposit by Investment Advisor	\$0	\$51,241	\$80,034	
Net Change in Assets	\$9,301,315	(\$13,491,513)	(\$39,522,887)	(\$43,713,085)
Net Assets at Beginning of Period	\$183,353,221	\$192,654,536	\$179,163,023	\$183,353,221
Net Assets at End of Period	\$192,654,536	\$179,163,023	\$139,640,136	\$139,640,136

**STATEMENT OF NET ASSETS**

<b>Assets</b>				
Investments in securities				
U.S. treasuries	\$0	\$0	\$0	
U.S. government agencies	\$29,994,591	\$20,045,573	\$35,039,427	
Commercial paper	\$74,733,142	\$48,833,548	\$61,187,025	
Total investment in securities	\$104,727,733	\$68,879,121	\$96,226,452	
Corporate Floating Rate Note	\$7,018,509	\$7,005,806	\$5,000,838	
Cash and cash equivalents	\$80,909,948	\$103,282,473	\$38,335,328	
Other assets				
Accrued interest	\$159,431	109,522	\$96,100	
Total Assets	\$192,815,621	\$179,276,922	\$139,658,718	
<b>Liabilities</b>				
Accrued expenses	\$29,810	\$32,626	\$18,582	
Deposit by Investment Advisor	\$131,275	\$80,034		
Net assets applicable to shares outstanding	\$192,654,536	\$179,164,262	\$139,640,136	



Period Ending September 30, 2011

**PORTFOLIO ASSETS**

Security Description	CUSIP/Symbol	Credit Rating		Yield	Maturity Date	Cost	Book Value	Market Value (1)
		Short Term S&P/Moody's	Long Term S&P/Moody's					
<b>U.S. Agencies</b>								
FHLMC FRN	3134G1QD9	A-1+/P-1	AA+/Aaa	0.162%	04/03/12	14,994,190.50	14,997,708.41	15,001,500.00
FNMA	31398AP71	A-1+/P-1	AA+/Aaa	0.244%	06/22/12	5,051,200.00	5,036,375.34	5,035,200.00
FNMA FRN	31398A6V9	A-1+/P-1	AA+/Aaa	0.080%	12/03/12	<u>15,006,090.00</u>	<u>15,005,342.76</u>	<u>15,001,350.00</u>
Total						35,051,480.50	35,039,426.51	35,038,050.00
<b>Commercial Paper</b>								
FCAR A-1+	3024A0A47	A-1+/P-1	(4)	0.351%	01/04/12	1,776,885.00	1,776,885.00	1,777,846.20
FCAR A-1+	3024A0AH8	A-1+/P-1	(4)	0.401%	01/17/12	6,986,855.56	6,986,855.56	6,990,340.00
Credit Agricole North America	22532CYP3	A-1/P-1	(4)	0.658%	11/23/11	1,492,685.83	1,492,685.83	1,499,220.00
WestPac Banking Corp	9612C1XH5	A-1+/P-1	(4)	0.331%	10/17/11	8,982,427.50	8,982,427.50	8,998,920.00
Toronto Dominion Holdings USA	89116FZK9	A-1+/P-1	(4)	0.311%	12/19/11	8,979,075.00	8,979,075.00	8,991,900.00
Natl Australia Fdg DE	63253JA91	A-1+/P-1	(4)	0.245%	01/09/12	1,747,510.87	1,747,510.87	1,747,760.00
National Bank of Canada NY	63306TC94	A-1/P-1	(4)	0.301%	03/09/12	2,743,835.42	2,743,835.42	2,742,767.50
General Electric Capital Corp	36959HBT3	A-1+/P-1	(4)	0.210%	02/27/12	1,997,176.67	1,997,176.67	1,995,600.00
Natl Australia Fdg DE	63253JB17	A-1+/P-1	(4)	0.341%	02/01/12	6,988,562.78	6,988,562.78	6,987,330.00
Bank of Nova Scotia NY	06416KXJ4	A-1+/P-1	(4)	0.130%	10/18/11	8,998,050.00	8,998,050.00	8,998,830.00
Commonwealth Bank of Australia	20272EZ92	A-1+/P-1	(4)	0.270%	12/09/11	7,994,544.04	7,994,544.04	7,993,760.00
University of California	91411UYH2	A-1+/P-1	(4)	0.150%	11/17/11	<u>2,499,416.67</u>	<u>2,499,416.67</u>	<u>2,498,850.00</u>
Total						61,187,025.34	61,187,025.34	61,223,123.70
<b>Corporate Bond</b>								
Australia New Zealand Bank FRN	05252AAJ0	A-1+/Aa1	n/a	0.552%	10/21/11	<u>5,011,905.00</u>	<u>5,000,838.38</u>	<u>4,999,900.00</u>
Total						5,011,905.00	5,000,838.38	4,999,900.00
<b>Bank Deposits (2)</b>								
Bank of America		A-1/P-1	A+/Aa3	0.120%	10/01/11	31,410,857.66	31,410,857.66	31,410,857.66
Wachovia GAIC		A-1+/P-1	AA/Aa2	0.020%	10/01/11	2,734.90	2,734.90	2,734.90
Branch Banking & Trust		A-1/P-1	AA/Aa2	0.350%	10/01/11	6,074,390.35	6,074,390.35	6,074,390.35
Regions Bank DDA		B/NP	BB+/Ba3	0.000%	10/01/11	750,000.00	750,000.00	750,000.00
Regions Bank Checking Account		B/NP	BB+/Ba3	0.000%	10/01/11	58.98	58.98	58.98
Regions Bank Custodial Account (3)		B/NP	BB+/Ba3	0.000%	10/01/11	<u>97,286.00</u>	<u>97,286.00</u>	<u>97,286.00</u>
Total						38,335,327.89	38,335,327.89	38,335,327.89
Total accrued interest						96,099.78	96,099.78	96,099.78
<b>Expenses</b>								
Unpaid expenses						(18,581.93)	(18,581.93)	(18,581.93)
<b>TOTAL ASSETS (5)</b>						<b>139,663,256.58</b>	<b>139,640,135.97</b>	<b>139,673,919.44</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) On December 11, 2008, FLSAFE entered into a Standby Capital Agreement with Davidson Fixed Income Management, Inc. (DFIM) under which DFIM agreed to contribute an amount necessary to bring the FLSAFE NAV to \$0.9975 per share, subject to a maximum of \$250,000. DFIM established an escrow account at Regions Bank for the benefit of FLSAFE.

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

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