



**Fourth Quarter Report 2008  
For the period ending December 31, 2008**

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**Credit Rating**



3452 Lake Lynda Drive, Suite 365 ♦ Orlando, FL 32817  
866-999-1216 ♦ 866-999-1214 fax  
[www.flSAFE.org](http://www.flSAFE.org)



For the period ending December 31, 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.

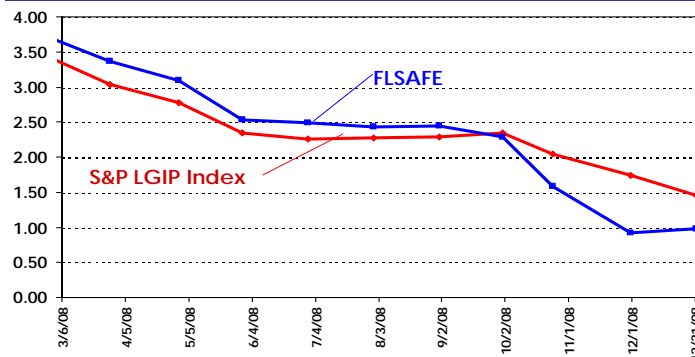
**FLSAFE SUMMARY**

- ◆ 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, 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**

The National Bureau of Economic Research confirmed that the U.S. economy moved into recession in January 2008. This analysis is consistent with labor market reports - payroll employment fell each month of 2008 reflecting total losses of 2.9 million. The weakness in the labor market was reflected by an increase in the unemployment rate from 4.9% in January 2008 to 7.2% in December 2008. Also, it is not news that the housing market continues to search for a bottom. In December 2008, the number of housing starts totaled 550,000 units (annualized), reflecting the worst performance since 1945. Slow consumer and business demand took the legs out of commodity prices - the CPI was up only 0.1% in December 2008 (year-over-year). In response to the economic problems the Federal Reserve cut the Fed funds rate to a target range of 0% to 0.25%. This pushed yields down for most types of fixed income securities and directly impacted FLSAFE's yield. FLSAFE's daily yield decreased from 1.66% on September 30, 2008 to 1.10% on December 31, 2008.

**NATIONAL LGIP BENCHMARK COMPARISON**



**QUARTERLY SUMMARY**

Total Assets	\$235,241,140
30 Day Yield	0.92%
7 Day Yield	1.00%
Expense Ratio	0.053%
Weighted Average Maturity (days)	8
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 December 31, 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	\$1,468,662	\$783,194	\$4,179,191
<b>Expenses</b>					
Audit	0	0	0	0	0
Activity & Transaction	634	1,534	1,686	1,694	5,547
Admin/Advisory	2,682	63,920	83,169	22,231	172,002
Association Dues	0	0	0	0	0
Board Expenses	0	0	0	300	300
Custodian	0	3,478	7,100	0	10,578
Insurance	0	0	(1,101)	1,629	527
Legal	0	0	0	0	0
Filing	0	205	334	49	588
Rating Agency	0	0	10,475	0	10,475
Miscellaneous	0	90	0	72	162
<b>Total</b>	3,316	69,227	101,662	25,974	200,178
<b>Net Investment Income</b>	<u>\$645,582</u>	<u>\$1,209,210</u>	<u>\$1,367,000</u>	<u>\$757,220</u>	<u>\$3,979,012</u>

**STATEMENT OF CHANGES IN NET ASSETS**

Shares Purchased	\$165,362,551	\$54,300,000	\$103,335,856	\$75,989,019	\$398,987,426
Shares Redeemed	(\$3,139,110)	(\$18,798,561)	(\$86,173,919)	(\$59,613,708)	(\$167,725,298)
Net Change in Share Transactions	\$162,223,441	\$35,501,439	\$17,161,937	\$16,375,310	\$231,262,127
Investment activities:					
Net Investment Income	\$645,582	\$1,209,210	\$1,367,000	\$757,220	\$3,979,012
Net increase in net assets from share operations	\$645,582	\$1,209,210	\$1,367,000	\$757,220	\$3,979,012
Distributions to participants from net investment income	(\$645,582)	(\$1,209,210)	(\$1,367,000)	(\$757,220)	(\$3,979,012)
Net Change in Assets	\$162,869,022	\$36,710,649	\$18,528,938	\$17,132,530	\$235,241,140
Net Assets at Beginning of Period	\$0	\$162,869,022	\$199,579,672	\$218,108,609	\$0
Net Assets at End of Period	<u>\$162,869,022</u>	<u>\$199,579,672</u>	<u>\$218,108,609</u>	<u>\$235,241,140</u>	<u>\$235,241,140</u>

**STATEMENT OF NET ASSETS**

**Assets**

Investments in securities					
U.S. treasuries	\$1,986,273	\$1,986,273	\$0	\$0	
U.S. government agencies	\$8,018,240	\$9,037,960	\$34,145,032	\$5,000,000	
Commercial paper	\$0	\$3,918,601	\$25,627,617	\$21,661,676	
Total investment in securities	\$10,004,513	\$14,942,834	\$59,772,649	\$26,661,676	
Cash and cash equivalents	\$152,370,366	\$184,200,407	\$158,004,893	\$208,188,063	
Other assets					
Accrued interest	\$517,661	\$470,197	\$367,289	\$418,706	
Total Assets	<u>\$162,892,540</u>	<u>\$199,613,438</u>	<u>\$218,144,831</u>	<u>\$235,268,445</u>	

**Liabilities**

Accrued expenses	\$23,518	\$33,766	\$36,222	\$27,305	
Net assets applicable to shares outstanding	\$162,869,022	\$199,579,672	\$218,108,609	\$235,241,140	
Total Liabilities	<u>\$162,892,540</u>	<u>\$199,613,438</u>	<u>\$218,144,831</u>	<u>\$235,268,445</u>	



**PORTFOLIO ASSETS (2)**

Security Description	Credit Rating		CUSIP	Coupon/Yield	Maturity Date	Cost	Accrued	Book Value	Market Value (1)
	Short-Term S&P/Moody's	Long-Term S&P/Moody's							
<b>US Agencies</b>									
FHLB	A-1+ / P-1	AAA/Aaa	3133XQTU6	2.450%	4/21/2009	5,000,000	24,332	5,024,332	5,030,247
<b>Total</b>						5,000,000	24,332	5,024,332	5,030,247
<b>Commercial Paper</b>									
General Electric	A-1+ / P-1	AAA/Aaa	36959HP43	2.920%	2/4/2009	1,962,343	32,254	1,994,598	2,002,440
General Electric	A-1+ / P-1	AAA/Aaa	36959HQ59	3.030%	3/5/2009	1,956,258	33,382	1,989,640	1,984,167
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GRW8	2.850%	4/30/2009	1,958,615	22,940	1,981,555	1,993,659
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GR32	2.840%	4/3/2009	2,944,200	34,410	2,978,610	2,993,765
Toyota Motor	A-1+ / P-1	AAA/Aaa	89233GNM4	2.690%	1/21/2008	2,962,760	32,807	2,995,567	2,999,790
HSBC	A-1+ / P-1	AA-/Aa2	4042FON80	2.830%	1/8/2009	3,958,933	38,889	3,997,822	3,999,994
HSBC	A-1+ / P-1	AA-/Aa2	4042FONU1	2.940%	1/28/2009	2,963,267	30,208	2,993,475	2,999,528
HSBC	A-1+ / P-1	AA-/Aa2	4042FOPR6	3.030%	2/25/2009	2,955,300	31,042	2,986,342	2,997,673
<b>Total</b>						21,661,676	255,932	21,917,608	21,971,016
<b>Total Investments in Securities</b>						26,661,676	280,264	26,941,941	27,001,262
<b>Cash and Cash Equivalents</b>									
Federated	AAAm / Aaa	(4)	GOSXX	0.82%	1/1/2009	38,912,114	6,311	38,918,425	38,918,425
DWS	AAAm / Aaa	(4)	ICAXX	1.20%	1/1/2009	18,666,576	18,444	18,685,020	18,685,020
Dreyfus	AAAm / Aaa	(4)	DADXX	1.25%	1/1/2009	40,755,128	30,235	40,785,363	40,785,363
Reserve	(3)	(4)	RPIXX	(3)	1/1/2009	11,864,214	38,933	11,903,147	11,903,147
Blackrock	AAAm / Aaa	(4)	TMPXX	1.35%	1/1/2009	47,105,361	33,266	47,138,627	47,138,627
Fidelity	AAAm / Aaa	(4)	FIPXX	1.45%	1/1/2009	50,844,011	11,252	50,855,263	50,855,263
<b>Total</b>						208,147,405	138,441	208,285,846	208,285,846
<b>Expenses</b>									
Accrued Expenses						-	(27,305)	(27,305)	(27,305)
<b>Total</b>						-	(27,305)	(27,305)	(27,305)
<b>TOTAL ASSETS</b>						234,809,081	391,401	235,200,482	235,259,803
						<b>NET ASSET VALUE PER SHARE</b>		<b>\$1.00</b>	

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 8:15 a.m. EDT. 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.