

Colorado Surplus Asset Fund Trust (CSAFE)

Accountants' Report and Financial Statements

December 31, 2006 and 2005

Colorado Surplus Asset Fund Trust (CSAFE)
December 31, 2006 and 2005

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Independent Accountants' Report

Board of Trustees
Colorado Surplus Asset Fund Trust (CSAFE)
Denver, Colorado

We have audited the accompanying statement of net assets of Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2006, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of CSAFE's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Colorado Surplus Asset Fund Trust as of and for the year ended December 31, 2005 were audited by other accountants whose report dated January 20, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of Colorado Surplus Asset Fund Trust as of December 31, 2006, and the results of its operations and the changes in its net assets for year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

 **BKD, LLP**

March 23, 2007

Colorado Surplus Asset Fund Trust (CSAFE)

Management's Discussion and Analysis

December 31, 2006 and 2005

Colorado Surplus Asset Fund Trust (CSAFE) is a local government investment pool organized under Colorado Revised Statutes. CSAFE operates to provide daily liquidity for Colorado government entities. CSAFE participants include school districts, counties, municipalities and special districts. CSAFE follows the investment guidelines of the Colorado Revised Statutes, 24-75-601, as amended. In addition, CSAFE is rated AAAM by the Standard & Poor's Corporation (S&P). S&P has strict requirements that further govern the composition of investments, the average maturity of the investments and the types of investments. CSAFE is reviewed annually by the Colorado Division of Securities to ensure compliance with state laws. Moreover, CSAFE reports to S&P on a weekly basis and is subject to an annual rating review.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CSAFE's basic financial statements. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, CSAFE presents a statement of net assets and a statement of changes in net assets prepared on the economic resources measurement focus and the accrual basis of accounting. Additionally, CSAFE presents a statement of operations in its basic statements. All applicable GASB pronouncements are applied in these reports.

The statement of net assets presents information on all of CSAFE's assets and liabilities, with the difference between the two reported as net assets applicable to shares outstanding.

The statement of changes in net assets presents information showing how CSAFE's net assets changed during the fiscal years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of operations reports a detail of the changes in net assets resulting from operations, or net investment income, that is included in the statements of changes in net assets.

The notes to the financial statements are required to be presented in accordance with accounting principles generally accepted in the United States of America and provide information about CSAFE's significant accounting policies used in the preparation of its basic financial statements as well as other explanatory information about amounts included in the basic financial statements. The notes to the financial statements should be read in connection with the basic financial statements.

Financial Highlights

- CSAFE's net assets rose to \$1.073 billion as of December 31, 2006, an increase of 41% over the prior year. Much of the gain in assets was the result of large participant deposits in December 2006 related to bond proceeds.
- The composition of security investments changed in 2006. CSAFE began to purchase highly rated commercial paper investments in 2006 due to an increased interest rate spread over U.S. agency securities.
- As of December 31, 2006, CSAFE did not own any repurchase agreements – CSAFE utilized cash investments to meet its liquidity needs. In comparison, CSAFE held \$250 million in repurchase agreements as of December 31, 2005, and it held \$402 million in repurchase agreements as of December 31, 2004.

Colorado Surplus Asset Fund Trust (CSAFE)

Management's Discussion and Analysis

December 31, 2006 and 2005

- Cash investments rose to \$934 million as of December 31, 2006. This amount was higher than in previous fiscal years (\$375 million as of December 31, 2005) and (\$228 million as of December 31, 2004). Cash investments (including bank deposits and money market funds) were utilized in 2006 due to the potential temporary nature of the bond proceed deposits made into CSAFE at year end.
- Net investment income rose 68% in fiscal year 2006, totaling \$43 million. In 2005, CSAFE recorded \$25 million of net investment income and in 2004 net investment income totaled \$10 million. The increase in investment income from 2004 through 2006 was primarily the result of rising market interest rates. The net yield for an investment in CSAFE rose from 1.3% in 2004 to 3.1% in 2005 to 4.8% in 2006.

CSAFE Asset Summary

From 2004 to 2006 CSAFE recorded significant growth in net assets due to gains in the number of participants and an increase in the average account size. Year end assets grew from \$825 million in 2004, decreased to \$762 million in 2005 and increased to \$1.073 billion in 2006. CSAFE investments are comprised primarily of U.S. agency securities, highly rated commercial paper, bank deposits, repurchase agreements and AAAM rated money market funds.

By following the guidelines of S&P, CSAFE maintained a per share value of \$1.00 per share in 2004, 2005 and 2006.

Shown below is a three-year summary of the net assets of CSAFE:

**Table 1: Condensed Statements of Net Assets
(in Millions)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets			
Investment in securities			
U.S. Government agency securities	\$ 85.0	\$ 133.1	\$ 193.9
Repurchase agreements	—	250.0	401.6
Commercial paper	<u>50.8</u>	<u>—</u>	<u>—</u>
Total investments in securities	135.8	383.1	595.5
Cash	934.3	375.1	227.5
Other asset			
Accrued interest	<u>2.9</u>	<u>3.9</u>	<u>2.3</u>
Total assets	<u>1,073.0</u>	<u>762.1</u>	<u>825.3</u>
Liabilities			
Accrued expenses	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>
Net assets applicable to shares outstanding	<u>\$ 1,072.8</u>	<u>\$ 762.0</u>	<u>\$ 825.2</u>
Net asset value per share	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>

Colorado Surplus Asset Fund Trust (CSAFE)

Management's Discussion and Analysis

December 31, 2006 and 2005

CSAFE Changes in Net Assets Summary

The changes in CSAFE's net assets are the results of increases in net investment income and purchases and redemptions of shares by participants. Net assets as of December 31, 2006, was up 41% over the prior year. However, much of the gain in net assets in 2006 occurred in December 2006. Daily assets in 2006 averaged \$881 million, a gain of 17% over 2005.

CSAFE's net increase in net assets was \$311 million for the year ended December 31, 2006, compared to a decrease of \$63 million for the year ended December 31, 2005. For the year ended December 31, 2004, CSAFE's net assets increased \$193 million.

Shown below is a three-year summary of changes in net assets of CSAFE:

Table 2: Condensed Statements of Changes in Net Assets (in Millions)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Increase in net assets attributed to			
Operations – net of investment income	\$ <u>42.5</u>	\$ <u>25.3</u>	\$ <u>10.0</u>
Share transactions			
Net proceeds from sales of shares	3,211.4	3,114.9	3,041.9
Cost of shares redeemed	<u>(2,943.1)</u>	<u>(3,203.4)</u>	<u>(2,858.5)</u>
Net increase (decrease) in net assets derived from share transactions	<u>268.3</u>	<u>(88.5)</u>	<u>183.4</u>
Net increase (decrease) in net assets	310.8	(63.2)	193.4
Net assets at beginning of year	<u>762.0</u>	<u>825.2</u>	<u>631.8</u>
Net assets at end of year	\$ <u>1,072.8</u>	\$ <u>762.0</u>	\$ <u>825.2</u>

Currently Known Facts, Decisions or Conditions

Because CSAFE operates in a fiduciary capacity on behalf of various Colorado government entities, changes in interest rates, changes in the number of participating governments and investment decisions of those Colorado government entities are the primary drivers of CSAFE's net assets and changes in net assets.

Requests for Information

This financial report is designed to provide a general overview of CSAFE's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chris Blackwood, Portfolio Manager and Fund Administrator, 1600 Broadway, Suite 1100, Denver, Colorado 80202.

Colorado Surplus Asset Fund Trust (CSAFE)

Statements of Net Assets

December 31,

Assets

	<u>2006</u>	<u>2005</u>
Investment in securities		
U.S. government agency securities	\$ 84,960,492	\$ 133,096,077
Repurchase agreements	—	250,000,000
Commercial paper	<u>50,833,478</u>	<u>—</u>
Total investment in securities	135,793,970	383,096,077
Cash	934,325,731	375,087,455
Other assets		
Accrued interest	<u>2,901,939</u>	<u>3,912,320</u>
Total assets	1,073,021,640	762,095,852

Liabilities

Accrued expenses	<u>174,274</u>	<u>131,492</u>
Net assets applicable to shares outstanding	\$ <u>1,072,847,366</u>	\$ <u>761,964,360</u>
Net assets value per share	\$ <u>1.00</u>	\$ <u>1.00</u>

Colorado Surplus Asset Fund Trust (CSAFE)

Statements of Operations Years Ended December 31,

	<u>2006</u>	<u>2005</u>
Investment income		
Interest	\$ <u>44,182,042</u>	\$ <u>26,814,738</u>
Expenses		
Advisory fees	1,345,981	1,294,981
Custodian fees	98,550	93,678
Client statements	44,740	41,457
Insurance	13,125	13,539
Transfer fees	35,579	36,433
Standard & Poor's fee	27,750	26,349
Accounting and auditing	23,900	23,191
Miscellaneous	5,767	649
Trustee board meeting expenses	15,627	8,342
Internet/Web page	<u>16,921</u>	<u>4,142</u>
Total expenses	<u>1,627,940</u>	<u>1,542,761</u>
Net increase in net assets resulting from operations – net investment income	\$ <u><u>42,554,102</u></u>	\$ <u><u>25,271,977</u></u>

Colorado Surplus Asset Fund Trust (CSAFE)
Statements of Changes in Net Assets
Years Ended December 31,

	2006	2005
Increase in net assets attributed to		
Operations – net investment income	\$ <u>42,554,102</u>	\$ <u>25,271,977</u>
Share transactions		
Net proceeds from sale of shares	3,211,398,483	3,114,907,808
Cost of shares redeemed	<u>(2,943,069,579)</u>	<u>(3,203,370,234)</u>
Net increase (decrease) in net assets derived from share transactions	<u>268,328,904</u>	<u>(88,462,426)</u>
Net increase (decrease) in net assets	310,883,006	(63,190,449)
Net assets at beginning of year	<u>761,964,360</u>	<u>825,154,809</u>
Net assets at end of year	\$ <u>1,072,847,366</u>	\$ <u>761,964,360</u>

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The Colorado Surplus Asset Fund Trust (CSAFE or the Trust) was established under authority of, and in conformity with, Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes. CSAFE began operations on October 3, 1988. The Trust was formed by and for Colorado local governmental entities as a means of investing funds. CSAFE operates as a liquid money market fund with each share equal in value to \$1.00. The State of Colorado provides regulatory oversight over CSAFE and CSAFE is not registered with the U.S. Securities and Exchange Commission.

Following is a summary of significant accounting policies consistently applied by CSAFE in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (US GAAP).

Measurement Focus

The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Earnings on investments are recognized as revenue in the period in which they are earned and administrative costs are recognized as expense when incurred, regardless of the timing of related cash flows.

CSAFE prepares its financial statements as a special-purpose government in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, CSAFE has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, to the extent they do not conflict with or contradict GASB pronouncements.

Custodian

U.S. Bank Trust Department serves as custodian for CSAFE pursuant to a custody agreement. The custodian is responsible for the safekeeping of all securities and trust accounting. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the U.S. Bank Trust Department.

Security Valuation

Securities, other than repurchase agreements, are reported at amortized cost. Repurchase agreements are reported at cost, which approximates amortized cost.

Net Asset Valuation

For the purpose of calculating CSAFE's net asset value per share, the securities held by CSAFE are valued weekly as follows: securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities, except that any such securities maturing within 60 days of the valuation date may be valued at cost, plus or minus any amortized discount or premium.

The result of this calculation will be a per-share value, which is rounded to the nearest penny. Accordingly, the price at which portfolio shares are sold and redeemed will not reflect net realized or unrealized gains or losses on portfolio securities which amount to less than \$.005 per share.

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

CSAFE will endeavor to minimize the amount of such gains or losses. However, if net realized or unrealized gains or losses should exceed \$.005 per share, a portfolio's net asset value per share may change from \$1.00 or be maintained at \$1.00 per share by reducing on a pro rata basis each participant's shares in the event of losses, or by a distribution of additional shares in the event of gains.

There has been no involuntary participation (required by legal provisions) in the pool.

Investment Income

Investment income is recognized on an accrual basis. Distributions from net investment income are declared and payable on a daily basis. It is currently the policy of CSAFE not to invest in securities to realize capital gains.

Income Taxes

CSAFE was organized to provide pooling of public funds for local governmental entities in Colorado, which are exempt from federal and state income taxation. Accordingly, no provision for income or other taxes is required in the accompanying financial statements.

Use of Estimates

In preparing financial statements in conformity with US GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2005 balances have been reclassified to conform with the 2006 presentation.

Note 2: Cash Deposits and Investments

Effective January 1, 2005, CSAFE adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40). GASB 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk and foreign currency risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

CSAFE's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act and are therefore not deemed to be exposed to custodial credit risk.

None of CSAFE's investments are deemed to be exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Investments issued or explicitly guaranteed by the U.S. government are excluded from this disclosure requirement. Commercial paper of \$31,313,778 and \$19,519,700 represent 12% and 7%, respectively, of CSAFE's total investments as of December 31, 2006, and have maturities ranging from April 12, 2007 to July 20, 2007. Repurchase agreements of \$180,000,000 and \$70,000,000 represent 47% and 18% of CSAFE's total investments as of December 31, 2005 and have maturities of January 2, 2006.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. CSAFE's investments as of December 31, 2006, all mature within one year of that date.

CSAFE's cash and investments at December 31, 2006 and 2005, consisted of the following:

	<u>2006</u>	<u>2005</u>
Deposits	\$ 799,968,438	\$ 375,087,455
Money market funds	134,357,293	—
U.S. government agency securities	84,960,492	133,096,077
Commercial paper	50,833,478	—
Repurchase agreements	<u>—</u>	<u>250,000,000</u>
Total	<u>\$1,070,119,701</u>	<u>\$ 758,183,532</u>

Deposits

Colorado statutes require that local governments use eligible public depositories as defined by the Public Deposit Protection Act (PDPA) of 1989. Under the Act, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation. Eligible collateral as defined by the Act primarily includes obligations of, or guarantees by, the U.S. Government, the State of Colorado or any political subdivision thereof and obligations evidenced by notes secured by first lien mortgages or deeds of trust on real property.

CSAFE's cash deposits held in PDPA eligible public depositories at December 31, 2006 and 2005, had a carrying value of \$799,968,438 and \$375,087,455, respectively.

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

CSAFE maintains a controlled disbursement account for the use of its participants. Participants can use the account as a demand deposit account and may make withdrawals in amounts up to their share account total.

CSAFE maintains an operating checking account that is not included in CSAFE's financial statements because it is an account that is not held in the trust. At December 31, 2006 and 2005, the account had a value of \$45,579 and \$12,817, respectively.

Investments in Securities

Pursuant to the Trust investment policy, CSAFE may invest in U.S. government treasury securities, U.S. government agency securities, commercial paper and repurchase agreements collateralized with securities valued in excess of the repurchase agreement amount. The maximum maturity allowed for any investment is 397 days.

As discussed in Note 1, CSAFE's investments in securities are held by the Federal Reserve Bank in the account maintained for the custodian. The custodian's internal records identify the specific investments owned by CSAFE.

Pursuant to the Indenture of Trust, CSAFE may not borrow money or incur indebtedness with the intent to purchase investments, except as a temporary measure to facilitate withdrawal requests that would otherwise require selling investments before their maturity.

Investments in U.S. government agency securities at December 31, 2006, were as follows:

Face Amount	Security	Yield	Carrying Value – Amortized Cost	Market Value
\$ 15,000,000	5.550% FHLB callable note due August 8, 2007	5.550%	\$ 15,000,000	\$ 15,330,719
15,000,000	5.200% FHLB callable note due October 17, 2007	5.200%	15,000,000	15,146,174
15,000,000	5.350% FHLB callable note due November 15, 2007	5.350%	15,000,000	15,096,487
10,000,000	5.150% FNMA coupon due November 21, 2007	5.150%	10,001,700	10,049,149
15,000,000	4.750% FNMA coupon due August 3, 2007	4.750%	14,958,792	15,204,533
15,000,000	5.250% FHLB callable note due February 15, 2007	5.250%	<u>15,000,000</u>	<u>15,230,856</u>
			<u>\$ 84,960,492</u>	<u>\$ 86,057,918</u>

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

Investments in commercial paper rated A-1+ by Standard & Poor's at December 31, 2006, were as follows:

<u>Face Amount</u>	<u>Security</u>	<u>Yield</u>	<u>Carrying Value – Amortized Cost</u>	<u>Market Value</u>
\$ 10,000,000	General Electric Capital Corp. due July 9, 2007	5.32%	\$ 9,729,778	\$ 9,736,500
10,000,000	General Electric Capital Corp. due April 12, 2007	5.31%	9,853,517	9,866,000
12,000,000	General Electric Capital Corp. due June 6, 2007	5.33%	11,730,483	11,742,120
10,000,000	Toyota Motor due July 20, 2007	5.33%	9,713,575	9,719,800
10,000,000	Toyota Motor due May 15, 2007	5.32%	<u>9,806,125</u>	<u>9,817,400</u>
			<u>\$ 50,833,478</u>	<u>\$ 50,881,820</u>

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

Investments in U.S. government agency securities at December 31, 2005, were as follows:

Face Amount	Security	Yield	Carrying Value – Amortized Cost	Market Value
\$ 4,700,000	2.500% FMMA callable note due May 10, 2006	3.620%	\$ 4,651,612	\$ 4,711,422
10,000,000	3.480% FNMA discount note due March 31, 2006	3.480%	9,717,394	9,897,000
10,000,000	5.465% FNMA coupon note due February 15, 2006	3.580%	10,127,400	10,104,055
10,000,000	3.614% FMC discount note due April 4, 2006	3.614%	9,713,350	9,889,999
10,000,000	3.596% FNMA discount note due March 17, 2006	3.596%	9,732,639	9,914,000
25,000,000	3.710% FHLB callable note due June 28, 2006	3.710%	25,000,000	24,891,706
7,000,000	2.750% FHLB note due May 15, 2006	3.730%	6,941,270	6,951,875
15,000,000	4.000% FNMA callable note due August 8, 2006	4.000%	15,000,000	15,213,339
10,000,000	4.087% FMC discount note due July 25, 2006	4.087%	9,616,825	9,745,000
10,000,000	3.810% FMC discount note due August 22, 2006	3.810%	9,639,117	9,707,001
3,000,000	2.000% FNMA callable note due June 9, 2006	3.930%	2,956,470	2,989,403
10,000,000	4.170% FHLB callable note due October 20, 2006	4.170%	10,000,000	10,061,357
10,000,000	4.390% FHLB callable note due November 14, 2006	4.390%	<u>10,000,000</u>	<u>10,059,439</u>
			<u>\$ 133,096,077</u>	<u>\$ 134,135,596</u>

CSAFE's investments in institutional money market funds are rated AAAM by Standard & Poor's. These investments are made principally when the net rate of the money market fund exceeds the rate that can be obtained on a repurchase agreement. Money market management fees for the years ended December 31, 2006 and 2005, related to these money market funds ranged between .11% and .17% for each year. These fees are in addition to the fees paid by CSAFE participants to the trust's advisor.

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

Note 3: Repurchase Agreements

Funds are released by CSAFE for repurchase agreements only when collateral valued at 102% of the repurchase amount has been wired to the custodian bank. There were no uncollateralized repurchase agreements outstanding at December 31, 2006 and 2005. Market values are not presented since market value approximates cost and there is no active secondary market for the repurchase agreements.

CSAFE did not own any repurchase agreements at December 31, 2006.

Repurchase agreements at December 31, 2005, were as follows:

<u>Principal Amount</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Collateral Description</u>	<u>Market Value of Collateral</u>
\$ 180,000,000	4.270%	January 2, 2006	FNMA	\$ 183,600,087
<u>70,000,000</u>	4.250%	January 2, 2006	FGST & FNST	<u>71,400,000</u>
<u>\$ 250,000,000</u>				<u>\$ 255,000,087</u>

Note 4: Investment Advisory and Administrative Fees

Davidson Fixed Income Management provides investment advisory services to CSAFE. Fees for such services are calculated daily and paid monthly, at a rate equal to .18% of the average daily net assets up to \$200 million, and .15% of the average daily net assets in excess of \$200 million. Fees paid in 2006 and 2005 totaled \$1,345,981 and \$1,294,981, respectively.

In addition, the Administrator accrued 0.04% of average daily net assets of the Trust in both 2006 and 2005, to meet administrative and custodial expenses.

Colorado Surplus Asset Fund Trust (CSAFE)

Notes to Financial Statements

December 31, 2006 and 2005

Note 5: Additional Information

Selected data for each share outstanding at December 31 for each of the last five years is as follows:

	2006	2005	2004	2003	2002
Investment income	\$.050104	\$.033136	\$.015065	\$.01274	\$.01903
Expenses	<u>.001847</u>	<u>.001881</u>	<u>.001876</u>	<u>.00186</u>	<u>.00198</u>
Net investment income	<u>\$.048257</u>	<u>\$.031255</u>	<u>\$.013189</u>	<u>\$.01088</u>	<u>\$.01705</u>

Additional data on the investment portfolio as of December 31, for each of the last five years is as below:

	2006	2005	2004	2003	2002
Weighted-average maturity in days	27	38	46	57	9

The Trust's net average yield for 2006 and 2005 was 4.826% and 3.126%, respectively. For example, \$1,000 invested in the Trust on January 1, 2006, would have been worth \$1,048.26 at December 31, 2006 and \$1,000 invested on January 1, 2005 would have been worth \$1,031.26 at December 31, 2005. For 2006 and 2005, the unamortized portion of realized losses on investments is excluded from the above calculations, because it did not impact participant valuation calculations.

Colorado Surplus Asset Fund Trust (CSAFE)

CSAFE Board of Trustees

YOUR CSAFE BOARD OF TRUSTEES

George Turtle, Chairman

Special District Management Services

John Sjursen, Vice Chairman

Jefferson County School District, R-1

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