



**Second Quarter Report 2010
For the period ended June 30, 2010**

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Davidson Fixed Income Management, Inc.

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Glenn Scott	Portfolio Manager
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Custodian

U.S. Bank N.A.

Auditor

BKD LLP

Credit Rating



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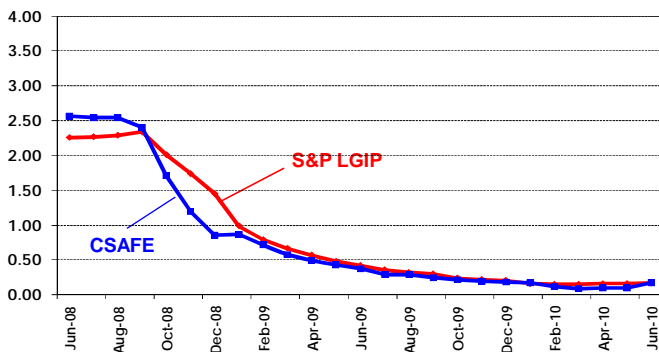
CSAFE SUMMARY

- ◆ Colorado Surplus Asst Fund Trust (“CSAFE”) is a local government investment pool trust fund organized under C.R.S. §24-75-701, et seq., registered as such with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act, C.R.S. §11-51-901, et seq. As such a trust, CSAFE pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSAFE’s Indenture of Trust and C.R.S. §24-75-601, et seq. Participants include municipalities, counties, school districts and special districts.
- ◆ CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements (collateralized at 102%), highly rated commercial paper (with short term ratings of A-1 or better), AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories (with short term ratings of A-1 or better) in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act.
- ◆ CSAFE 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 average maturity of the portfolio shall not exceed 60 days.
- ◆ CSAFE seeks to maintain, but does not guarantee, a constant net asset value at \$1.00 per share.
- ◆ The Investment Advisor and Administrator is Davidson Fixed Income Management, Inc.

MARKET COMMENTARY

Using history as a guide, the sustainability and strength of the housing recovery will depend on employment growth which is expected to remain weak for an extended period of time. Should the recent anemic pace of hiring continue, it could take years for the world’s largest economy to recover the more than 8 million jobs lost during the recession which began in December 2007. The June 22nd release of the Joint Center for Housing Studies annual report from Harvard University supported the correlation between housing recoveries and employment growth. Employment growth was shown as the most important factor (more than low interest rates) for sustained housing recoveries. The Commerce Department reduced its third and final estimate for the pace of economic growth for the first quarter from 3.00% to 2.7% which was primarily a result of a weaker consumer. On July 2nd the Labor department reported U.S. employers added 83,000 jobs which is less than the 110,000 gain forecast by economists. Despite the 83,000 jobs added, due to a drop in federal census workers (225,000) overall payrolls declined for the first time this year by 125,000. With the shrinking labor force, the jobless rate dropped to 9.5% from 9.7%. The FOMC met on June 23rd and voted (with one dissent) to hold the Fed funds rate at its current target range of 0.00-0.25%. The statement released at the meeting’s conclusion contain subtle language changes which indicated increasing concern by the FOMC over the outlook for growth as well as the deflationary and recessionary implications of the European debt crisis. The FOMC also saw a reduction in inflationary pressures since their previous meeting at the end of April. As a result, we don’t expect an increase in the Fed funds rate until the second half of 2011.

NATIONAL LGIP BENCHMARK COMPARISON



QUARTERLY SUMMARY

Net Assets	\$825,134,910
30 Day Yield	0.13%
7 Day Yield	0.17%
Expense Ratio	0.1830%
Weighted Avg Maturity (days)	43
Net Asset Value Per Share	\$1.00

DISCLOSURE STATEMENT

As Chairman of the CSAFE Board of Trustees, I hereby attest that CSAFE is in compliance with the provisions of Part 7, Article 75 Title 24, C.R.S., and all other applicable laws and regulations. Additionally, I attest that the Commissioner and the Board of Trustees consent to the disclosure of such information by Securities Commissioner as provided for in Section §11-51-908, C.R.S.



Gerry Schulte, Evergreen Metropolitan District
Chairman of the Board of Trustees, CSAFE



For the period ended June 30, 2010

STATEMENT OF OPERATIONS

	For the Period Ending		Year-to-Date
	3/31/2010	6/30/2010	
Gross Investment Income	\$427,731	\$552,153	\$979,883
Expenses			
Audit Fees	17,500	1,432	18,932
Activity & Transaction Fees	5,481	5,033	10,514
Admin/Advisory Fees	184,420	299,427	483,847
Association Dues	400	125	525
Board Expenses	1,270	2,666	3,935
Client Statements	0	-	0
Custodial Fees	20,106	19,127	39,232
Insurance	0	-	0
Interest	(28)	(29)	(58)
Internet/Web Page	2,067	1,654	3,721
Legal Fees	10,565	14,142	24,707
Miscellaneous Fees	323	765	1,088
Rating Agency Fee	0	-	0
Miscellaneous Credits	0	-	0
Total	242,103	344,340	586,443
Net Investment Income	\$185,627	\$207,813	\$393,440

STATEMENT OF CHANGES IN NET ASSETS

Shares Purchased	596,745,372	648,883,471	1,245,628,843
Shares Redeemed	(501,153,905)	(532,583,976)	(1,033,737,881)
Net Change in Share Transactions	\$95,591,467	\$116,299,495	\$211,890,962
Investment activities:			
Net Investment Income	185,627	\$ 207,812.85	393,440
Net increase in net assets from share operations	\$185,627	\$ 207,812.85	\$393,440
Distributions to participants from net investment income	(185,627)	(207,813)	(393,440)
Net Change in Assets	\$95,777,095	\$116,507,308	\$212,284,402
Net Assets at Beginning of Period	\$612,850,507	\$708,627,602	\$612,850,507
Net Assets at End of Period	\$708,627,602	\$825,134,910	\$825,134,910

STATEMENT OF NET ASSETS

Assets

Investments in securities			
U.S. treasuries	0	0	
Corporate fixed note	23,125,839	23,125,839	
U.S. government agencies	132,352,709	213,063,559	
Commercial paper	24,950,216	140,771,606	
Total investment in securities	\$180,428,764	\$376,961,004	
Bank CD	10,000,000	0	
Cash and cash equivalents	517,854,754	447,804,223	
Other assets			
Accrued interest	502,285	517,528	
Total Assets	\$708,785,803	\$825,282,756	

Liabilities

Accrued expenses	158,201	147,846	
Net assets applicable to shares outstanding	\$708,627,602	\$825,134,910	
Total Liabilities	\$708,785,803	\$825,282,756	

PORTFOLIO ASSETS

Security Description	S&P Credit Rating		Yield	Maturity	Cost	Book Value	Market Value (1)	% of Assets
	Short-Term	Long-Term						
U.S. Agencies								
FHLB	A-1+/P-1	AAA/Aaa	0.500%	10/29/2010	20,000,000	20,075,342.47	20,093,342.47	2.43%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.710%	11/12/2010	8,039,456	8,020,709.86	8,016,124.79	0.97%
FHLB	A-1+/P-1	AAA/Aaa	0.880%	1/20/2011	6,029,760	6,040,839.00	6,036,528.04	0.73%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.180%	8/16/2010	10,000,000	10,002,207.53	10,000,207.53	1.21%
FHLB (Multi Step Up)	A-1+/P-1	AAA/Aaa	0.250%	2/25/2011	7,000,000	7,001,877.05	7,001,877.05	0.85%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.200%	11/16/2010	17,000,000	17,004,181.42	16,992,281.42	2.06%
FHLB	A-1+/P-1	AAA/Aaa	0.550%	3/23/2011	10,000,000	10,017,027.40	10,020,027.40	1.21%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.260%	12/7/2010	14,997,000	15,000,518.94	14,993,473.86	1.82%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.250%	2/22/2011	17,990,460	17,997,840.61	17,986,854.44	2.18%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.220%	12/3/2010	9,996,675	9,998,671.46	9,994,579.68	1.21%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.213%	3/21/2011	10,000,928	9,999,564.78	9,999,834.16	1.21%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.218%	3/21/2011	5,000,906	5,000,719.85	5,000,502.41	0.61%
FHLMC FRN	A-1+/P-1	AAA/Aaa	0.351%	4/1/2011	6,006,789	6,010,689.94	6,012,466.41	0.73%
FHLB	A-1+/P-1	AAA/Aaa	0.610%	5/16/2011	6,000,000	6,006,417.53	6,008,217.53	0.73%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.280%	5/3/2011	10,001,000	10,005,364.39	9,991,526.03	1.21%
FHLB	A-1+/P-1	AAA/Aaa	0.600%	5/10/2011	8,000,000	8,006,838.36	8,009,238.36	0.97%
FHLB	A-1+/P-1	AAA/Aaa	0.540%	5/24/2011	8,000,000	8,004,497.53	8,011,697.53	0.97%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.157%	3/15/2011	5,000,585	5,001,559.52	4,997,049.88	0.61%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.260%	6/13/2011	14,000,000	14,002,450.96	14,002,450.96	1.70%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.380%	5/27/2011	10,000,000	10,002,684.93	9,996,684.93	1.21%
FHLB	A-1+/P-1	AAA/Aaa	0.700%	6/16/2011	10,000,000	10,003,835.62	10,006,835.62	1.21%
Total					213,063,559	213,203,839	213,171,801	25.85%
Commercial Paper (4)								
FCAR A-1+	A-1+/P-1	n/a	0.552%	11/17/2010	3,987,656	3,991,505.56	3,988,000.00	0.48%
FCAR A-1+	A-1+/P-1	n/a	0.471%	9/15/2010	3,989,503	3,996,031.11	3,994,800.00	0.48%
FCAR A-1+	A-1+/P-1	n/a	0.381%	8/25/2010	3,992,400	3,997,677.78	3,996,800.00	0.48%
GE Capital Corp	A-1+/P-1	n/a	0.250%	7/6/2010	2,996,854	2,999,895.83	2,999,700.00	0.36%
GE Capital Corp	A-1+/P-1	n/a	0.280%	8/4/2010	2,995,800	2,999,206.67	2,998,500.00	0.36%
GE Capital Corp	A-1+/P-1	n/a	0.290%	9/3/2010	2,994,925	2,998,420.05	2,996,700.00	0.36%
GE Capital Corp	A-1+/P-1	n/a	0.602%	1/18/2011	3,983,800	3,986,600.00	3,979,600.00	0.48%
GE Capital Corp	A-1+/P-1	n/a	0.603%	2/14/2011	3,982,000	3,984,800.00	3,975,600.00	0.48%
Toyota Motor Credit	A-1+/P-1	n/a	0.561%	9/7/2010	19,972,622	19,978,844.44	19,976,000.00	2.42%
Societe General	A-1+/P-1	n/a	0.616%	9/15/2010	19,968,567	19,974,033.34	19,974,000.00	2.42%
National Austrian Funding	A-1+/P-1	n/a	0.420%	9/13/2010	24,973,750	24,978,416.67	24,967,500.00	3.03%
National Bank of Canada	A-1+/P-1	n/a	0.430%	9/20/2010	19,977,544	19,980,649.96	19,972,000.00	2.42%
Credit Agricole NA	A-1+/P-1	n/a	0.636%	9/29/2010	26,956,185	26,957,137.50	26,956,800.00	3.27%
Total					140,771,606	140,823,219	140,776,000	17.1%
Corporate Fixed Note								
GE Capital Services Corp	A-1+/P-1	AA+/Aa2	0.559%	12/1/2010	10,400,234	10,200,388.58	10,175,156.65	1.24%
GE Capital Services Corp	A-1+/P-1	AA+/Aa2	0.654%	2/22/2011	1,317,675	1,321,062.97	1,317,189.90	0.16%
Wells Fargo	A-1+/P-1	AA-/AA3	0.712%	2/1/2011	5,285,350	5,300,617.13	5,275,534.25	0.64%
Wells Fargo	A-1+/P-1	AA-/AA3	0.342%	8/9/2010	6,122,580	6,135,677.02	6,132,043.38	0.74%
Total					23,125,839	22,957,746	22,899,924	2.78%
Bank Deposit - FDIC TAG (5)								
Colorado Business Bank	A+	A3	0.400%		25,000,000	25,019,930.80	25,019,930.80	3.03%
					25,000,000	25,019,931	25,019,931	3.03%
Collateralized Bank Deposits (2)								
US Bank Checking	A-1+	AA-	0.050%		232,178	232,178	232,178	0.00%
JP Morgan	A-1+	AA-	0.200%		27,338,798	27,384,922.86	27,384,922.86	3.32%
JP Morgan	A-1+	AA-	0.300%		111,954,386	112,053,706.46	112,053,706.46	13.58%
JP Morgan O/N CP Sweep	A-1+	AA-	0.360%		24,000,000	24,001,546.42	24,001,546.42	2.91%
JP Morgan O/N Repo Sweep	A-1+	AA-	0.300%		35,000,000	35,001,495.90	35,001,495.90	4.24%
Wells Fargo	A-1+	AA	0.180%		136,942,476	137,010,330.25	137,010,330.25	16.61%
Total					335,467,836	335,684,180	335,684,180	40.67%
Money Market Funds (4)								
Fidelity Prime Reserve Primary (3)	AAAm	n/a	0.277%		80,151,875.28	80,196,603.50	80,196,603.50	0.90%
					7,184,512	7,397,238.51	7,397,238.51	9.72%
Total					87,336,387	87,593,842	87,593,842	10.62%
Expenses								
Accrued Amount					(147,846.39)	(147,846)	(147,846.39)	-0.02%
Total					(147,846)	(147,846)	(147,846)	-0.02%
Total Assets (6)					\$ 824,617,381	\$ 825,134,910	\$ 824,997,831	100.00%
Net Asset Value Per Share							\$1.00	

Notes:

- 1) All of the securities held in the portfolio are valued each week using a third party pricing service (U.S. Bank N.A.). Other assets in the portfolio such as repurchase agreements, money market funds and bank deposits are valued at cost.
- 2) In October 2008, the FDIC insurance limit was raised to \$250,000. All bank deposits in amounts greater than \$250,000 were collateralized according to the regulations of the Public Deposit Protection Act.
- 3) The Reserve Primary Money Market Fund ("Reserve") was rated AAAm/Aaa as of Sept. 12, 2008. The Reserve is in the process of liquidating its portfolio. As of June 30, 2010 CSAFE had received a total of 98.6% of its principal balance outstanding in the Reserve on 9/15/08. Additional distributions are expected later in 2010.
- 4) Commercial paper and money market funds are not assigned long-term credit ratings.
- 5) Rating based upon FDIC insurance.
- 6) The information contained in this statement is unaudited. Audited financial statements are completed annually and are available at www.csafe.org.