



Third Quarter Report 2010
For the period ended September 30, 2010

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Davidson Fixed Income Management, Inc.

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Bob Krug	Client Services Manager
Linda Olson	Asst. Fund Administrator
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Custodian

U.S. Bank N.A.

Auditor

BKD LLP

Credit Rating



1600 Broadway, Suite 1100 ♦ Denver, CO 80202
303-296-6340 ♦ 800-541-2953
www.csafe.org



For the period ended September 30, 2010

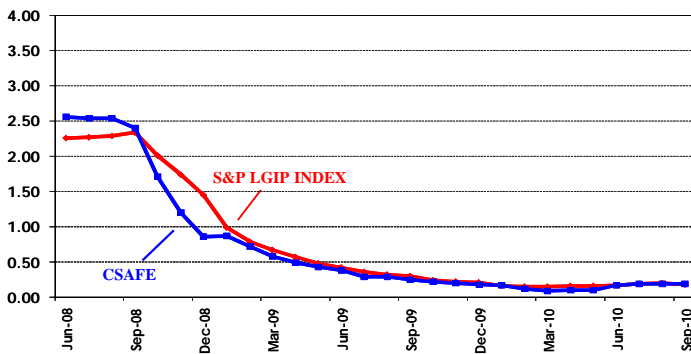
CSAFE SUMMARY

- ◆ 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

Fears of "double dip recession" subsided throughout the third quarter. The European sovereign debt crisis was no longer a worry after the European bank stress tests results were released. The market indices ended the quarter positive; Dow Jones Industrial Average index returned 11.13%, S&P 500 index returned 11.29% and the NASDAQ Composite Index returned 12.62%. As for economic data the outlook is still grayish. Unemployment remains high at 9.6%, which resulted in consumer borrowing declining for the sixth consecutive month. Inflation remains low on the radar due to consumer price increase of 0.3% and retail sales increase of 0.6%. The housing markets continues to show slow signs of improvement. Existing and new homes sales increased, respectively 10.0% and 4.3%. Existing home sales remain 19.1% lower versus 1 year ago and new home sales remain 21.5% lower compared to September 2009. Employment was lower by 95,000 in September. Government temporary and local workers lead the decline. US gross domestic product increased 1.7% in the second quarter. The loss of 8 million jobs during the recession continue to weigh down the economic recovery.

NATIONAL LGIP BENCHMARK COMPARISON



QUARTERLY SUMMARY

Net Assets	\$782,854,974
30 Day Yield	0.19%
7 Day Yield	0.18%
Expense Ratio	0.1950%
Weighted Avg Maturity (days)	52
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 September 30, 2010

STATEMENT OF OPERATIONS

	For the Period Ending			Year-to-Date
	3/31/2010	6/30/2010	9/30/2010	
Gross Investment Income	\$427,731	\$552,153	\$1,056,220	\$2,027,392
Expenses				
Audit Fees	17,500	12,932	-	30,432
Activity & Transaction Fees	5,481	5,033	7,292	17,805
Admin/Advisory Fees	184,420	299,427	314,515	798,361
Association Dues	400	125	-	525
Board Expenses	1,270	2,666	24,143	28,079
Client Statements	-	-	-	0
Custodial Fees	20,106	19,127	22,739	61,971
Insurance	-	-	-	0
Interest	(28)	(29)	(29)	(87)
Internet/Web Page	2,067	1,654	3,687	7,408
Legal Fees	10,565	2,642	5,200	18,407
Miscellaneous Fees	323	765	2,176	3,264
Rating Agency Fee	-	-	-	0
Miscellaneous Credits	-	-	-	0
Total	<u>242,103</u>	<u>344,340</u>	<u>379,723</u>	<u>966,166</u>
Net Investment Income	<u>\$185,627</u>	<u>\$207,813</u>	<u>\$676,497</u>	<u>\$1,061,226</u>

STATEMENT OF CHANGES IN NET ASSETS

Shares Purchased	596,745,372	648,883,471	310,650,267	1,556,279,110
Shares Redeemed	(501,153,905)	(532,583,976)	(353,597,989)	(1,387,335,870)
Net Change in Share Transactions	\$95,591,467	\$116,299,495	(\$42,947,721)	\$168,943,241
Investment activities:				
Net Investment Income	185,627	\$ 207,812.85	\$ 676,497.29	1,061,226
Net increase in net assets from share operations	<u>\$185,627</u>	<u>\$ 207,812.85</u>	<u>\$ 676,497.29</u>	<u>\$1,061,226</u>
Distributions to participants from net investment income	(185,627)	(207,813)	(676,497)	(1,061,226)
Net Change in Assets	\$95,777,095	\$116,507,308	(\$42,271,224)	\$170,004,466
Net Assets at Beginning of Period	<u>\$612,850,507</u>	<u>\$708,627,602</u>	<u>\$825,134,910</u>	<u>\$612,850,507</u>
Net Assets at End of Period	<u>\$708,627,602</u>	<u>\$825,134,910</u>	<u>\$782,863,686</u>	<u>\$782,854,974</u>

STATEMENT OF NET ASSETS

Assets

Investments in securities			
U.S. treasuries	0	0	15,603,535
Corporate fixed note	23,125,839	23,125,839	17,003,259
U.S. government agencies	132,352,709	213,063,559	170,063,559
Commercial paper	24,950,216	140,771,606	167,992,673
Total investment in securities	<u>\$180,428,764</u>	<u>\$376,961,004</u>	<u>\$370,663,026</u>
Bank CD	10,000,000	0	-
Cash and cash equivalents	517,854,754	447,804,223	411,841,365
Other assets			
Accrued interest	502,285	517,528	493,127
Total Assets	<u>\$708,785,803</u>	<u>\$825,282,756</u>	<u>\$782,997,518</u>

Liabilities

Accrued expenses	158,201	147,846	133,833
Net assets applicable to shares outstanding	<u>\$708,627,602</u>	<u>\$825,134,910</u>	<u>\$782,863,686</u>
Total Liabilities	<u>\$708,785,803</u>	<u>\$825,282,756</u>	<u>\$782,997,518</u>

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	20,000,000.00	20,100,547.95	20,106,547.95	2.57%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.710%	11/12/2010	8,039,456.00	8,011,321.27	8,010,325.95	1.02%
FHLB	A-1+/P-1	AAA/Aaa	0.880%	1/20/2011	6,029,760.00	6,019,811.49	6,019,836.53	0.77%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.200%	11/16/2010	17,000,000.00	17,012,751.28	17,009,351.28	2.17%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.260%	12/7/2010	14,997,000.00	15,001,513.57	14,999,337.34	1.92%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.250%	2/22/2011	17,990,460.00	18,000,417.28	17,997,496.91	2.30%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.220%	12/3/2010	9,996,674.90	9,999,051.02	9,999,502.67	1.28%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.213%	3/21/2011	10,000,927.86	9,995,585.59	9,995,110.55	1.28%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.218%	3/21/2011	5,000,905.67	5,000,294.54	4,999,828.07	0.64%
FHLMC FRN	A-1+/P-1	AAA/Aaa	0.351%	4/1/2011	6,006,789.30	6,013,422.72	6,013,420.23	0.77%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.280%	5/3/2011	10,001,000.00	10,005,014.30	9,999,428.00	1.28%
FHLB	A-1+/P-1	AAA/Aaa	0.600%	5/10/2011	8,000,000.00	8,018,936.99	8,021,336.99	1.02%
FHLB	A-1+/P-1	AAA/Aaa	0.540%	8/0/2011	8,000,000.00	8,015,386.30	8,028,186.30	1.02%
FFCB FRN	A-1+/P-1	AAA/Aaa	0.157%	3/15/2011	5,000,585.00	5,002,495.02	4,999,667.82	0.64%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.360%	6/13/2011	14,000,000.00	14,002,815.11	14,009,815.11	1.79%
FHLB FRN	A-1+/P-1	AAA/Aaa	0.280%	6/17/2011	10,000,000.00	10,003,034.14	10,003,034.14	1.28%
US Treasury Note	A-1+/P-1	AAA/Aaa	1.000%	8/31/2011	15,603,535.15	15,611,450.88	15,615,510.14	1.99%
Total					185,667,094	185,813,849	185,827,736	23.74%
Commercial Paper (4)								
FCAR A-1+	A-1+/P-1	n/a	0.552%	11/17/2010	3,987,655.56	3,997,127.78	3,998,000.00	0.51%
GE Capital Corp	A-1+/P-1	n/a	0.602%	1/18/2011	3,983,800.00	3,992,733.33	3,994,400.00	0.51%
GE Capital Corp	A-1+/P-1	n/a	0.603%	2/14/2011	3,982,000.00	3,990,933.33	3,991,600.00	0.51%
Toronto Dominion Holdings USA	A-1+/P-1	n/a	0.496%	12/30/2010	26,932,432.50	26,966,587.50	26,975,700.00	3.45%
Toyota Motor Credit	A-1+/P-1	n/a	0.531%	10/27/2010	9,982,775.00	9,996,172.22	9,998,000.00	1.28%
FCAR A-1+	A-1+/P-1	n/a	0.500%	2/2/2011	26,939,625.00	26,953,500.00	26,948,700.00	3.44%
Credit Agricole North America	A-1+/P-1	n/a	0.588%	5/27/2011	7,965,030.00	7,969,060.00	7,961,600.00	1.02%
Toyota Motor Credit	A-1+/P-1	n/a	0.310%	1/5/2011	19,979,333.40	19,983,466.72	19,976,000.00	2.55%
Societe General	A-1	n/a	0.505%	6/13/2011	19,924,250.00	19,928,458.33	19,896,000.00	2.55%
National Bank of Canada NY	A-1	n/a	0.452%	6/17/2011	19,932,500.00	19,935,250.00	19,894,000.00	2.55%
Credit Agricole North America	A-1+/P-1	n/a	0.643%	6/24/2011	24,383,271.11	24,384,142.22	24,367,700.00	3.12%
Total					167,992,673	168,097,431	168,001,700	21.5%
Corporate Fixed Note								
GE Capital Services Corp	n/a	AA+/Aa2	0.559%	12/1/2010	10,400,234.25	10,214,960.14	10,213,088.98	1.31%
GE Capital Services Corp	n/a	n/a	0.654%	2/22/2011	1,317,675.00	1,284,927.88	1,286,206.60	0.16%
Wells Fargo	n/a	AA-/Aa3	0.712%	2/1/2011	5,285,350.00	5,148,730.96	5,146,071.92	0.66%
Total					17,003,259	16,648,619	16,645,368	2.13%
Bank Deposit - FDIC TAG (5)								
Colorado Business Bank	A+	A3	0.250%	10/1/2010	25,012,604.21	25,037,157.44	25,037,157.44	3.20%
					25,012,604	25,037,157	25,037,157	3.20%
Collateralized Bank Deposits (2)								
US Bank Checking	A-1+	AA	0.050%	10/1/2010	\$201,667.18	\$201,667.18	\$201,667.18	
JP Morgan - Money Market Savings	A-1+	AA-	0.200%	10/1/2010	671,424.94	686,591.19	686,591.19	0.09%
JP Morgan -Stable Balance Account	A-1+	AA-	0.300%	10/1/2010	112,025,846.09	112,159,677.12	112,159,677.12	14.33%
JP Morgan -CP O/N Sweep	A-1+	AA-	0.360%	10/1/2010	24,000,000.00	24,023,021.06	24,023,021.06	3.07%
JP Morgan -Repo O/N Sweep	A-1+	AA-	0.300%	10/1/2010	35,000,000.00	35,027,961.54	35,027,961.54	4.48%
Wells Fargo High Yield Savings	A-1+	AA-	0.200%	10/1/2010	80,259,073.99	80,340,466.02	80,340,466.02	10.27%
US Bank	A-1+	AA	0.050%	10/1/2010	380.32	1,265.78	1,265.78	0.00%
Total					252,158,393	252,440,650	252,440,650	32.23%
Money Market Funds (4)								
Reserve	n/a	n/a	0.000%	10/1/2010	5,060,088.64	5,272,815.49	5,272,815.49	0.67%
Fidelity	AAAm	n/a	0.285%	10/1/2010	66,828,908.13	66,902,423.06	66,902,423.06	8.55%
Dreyfus	AAAm	n/a	0.265%	10/1/2010	62,781,371.84	62,784,572.32	62,784,572.32	8.02%
Total					134,670,369	134,959,811	134,959,811	17.24%
Expenses								
Accrued Amount					(130,240.95)	(130,240.95)	(130,240.95)	-0.02%
Daily Expense					(3,591.55)	(3,591.55)	(3,591.55)	0.00%
Total					(133,833)	(133,833)	(133,833)	-0.02%
Total Assets (6)					\$ 782,370,559	\$ 782,863,686	\$ 782,778,589	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 September 30, 2010 CSAFE had received a total of 99.04% of its principal balance outstanding in the Reserve on 9/15/08.
- 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.