



Colorado Local Government Liquid Asset Trust

COLOTRUST

Annual Report

December 31, 2009

(With report of independent auditors within)



Chairman's Letter

February 19, 2010

To the Participants of COLOTRUST:

On behalf of the COLOTRUST Board of Trustees, we are pleased to present our annual audited financial statements for 2009.

Over the past 18 months the United States economy has experienced an almost unprecedented period of financial instability and uncertainty. This turmoil applies to all sectors, including local government investment pools (LGIPs). Yet despite this distress in the financial markets, COLOTRUST has incurred no losses in its portfolio, has had no exposure to troubled securities, and Participants continue to have ready access to their funds. As you will note in this report the pool has maintained the value of \$1.00 per share. COLOTRUST has therefore maintained its commitment to safety and liquidity and has also maintained its AAA ratings. COLOTRUST PRIME is rated AAAM (S&P), while COLOTRUST PLUS+ holds the highest standard set forth by S&P (AAAm), Fitch (AAAV1+) and Moody's (Aaa).

COLOTRUST remains the first choice in local government investment pools in the State of Colorado. The pool finished the year with a combined total nearing \$4.4 billion in assets, an increase of approximately \$500 million compared to the previous year. COLOTRUST PLUS+ ended the year at \$3.5 billion compared to \$3.1 billion at the end of 2008, and COLOTRUST PRIME ended the year at \$918 million compared to \$826 million at the end of 2008. Further, we saw a new high point in late June when assets peaked at just below \$5.9 billion.

COLOTRUST is very proud of its proven track record of safety and liquidity. For more than 24 years, COLOTRUST has preserved principle and interest of the public's funds without incident. The pool has successfully navigated a number of market failures, including bank failures, collapses in the derivatives markets, defaults in commercial paper issuances backed by sub-prime auto loans and the troubles which beset Lehman Brothers Holdings Inc.

Participation in COLOTRUST is open to all local governments in the State of Colorado, without favor to any one participant type. The pool itself is governed by a shareholder elected Board of Trustees, which approves investment parameters and ensures they are in compliance with any and all Colorado State Laws.

As always the Board is grateful for the confidence that Colorado local governments have placed in COLOTRUST. We are hopeful that the economic downtrend will begin to make a turn for the better in 2010, but if the financial instability continues we are confident that COLOTRUST will prevail. COLOTRUST and Colorado Investor Services Corporation (CISC), the program administrator and portfolio manager, will continue to emphasize the safety and liquidity of your deposits above all else. On behalf of the Board of Trustees and the COLOTRUST staff, we wish to thank you for your business and for your continued faith in COLOTRUST.

Respectfully,



Al Dominguez, Jr., Chairman
COLOTRUST Board of Trustees

Report of Independent Auditors

To the Board of Trustees of Colorado Local Government Liquid Asset Trust:

In our opinion, the accompanying statements of net assets, including the portfolios of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of COLOTRUST PRIME Portfolio and COLOTRUST PLUS+ Portfolio (constituting Colorado Local Government Liquid Asset Trust, hereafter referred to as the "Trust") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America. These 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Denver, CO
February 19, 2010

Colorado Local Government Liquid Asset Trust

STATEMENTS OF NET ASSETS – December 31, 2009

Investments, at value	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST PRIME Market Value	COLOTRUST PLUS+ Market Value
Repurchase Agreements (18%, 0%, respectively)*						
BMO Capital Markets Corp. (5%, 0%, respectively)* (Collateralized by U.S. Government Treasury Securities with a coupon rate of 1.05%, and maturing on 02/23/2010.) Market Value: \$50,230,167.	\$ 49,250,000	0.03%	01/04/10	0.03%	\$ 49,250,000	\$ -
UBS Financial Services (13%, 0%, respectively)* (Collateralized by U.S. Government Treasury Securities with coupon rates between 5.00% and 6.50%, and maturing between 05/01/2034 and 08/01/2038.) Market Value: \$117,332,031.	115,027,657	0.01	01/04/10	0.01	115,027,657	-
(Cost of \$164,277,657 and \$0, respectively)					164,277,657	-
U.S. Government Agency Securities (41%, 13%, respectively)*						
Freddie Mac Notes (13%, 6%, respectively)*	100,000,000	0.57 - Var.	01/08/10	0.57	100,003,500	-
	150,000,000	0.57 - Var.	01/08/10	0.57	-	150,005,250
	40,000,000	0.66 - Var.	01/22/10	0.66	-	40,009,800
	20,000,000	0.66 - Var.	01/22/10	0.66	20,004,900	-
Fannie Mae Notes (5%, 1%, respectively)*	50,000,000	Disc. **	07/23/10	0.53	-	49,944,450
	25,000,000	Disc. **	07/23/10	0.53	24,972,225	-
	25,000,000	Disc. **	11/10/10	0.33	24,928,950	-
Federal Home Loan Bank Notes (20%, 6%, respectively)*	50,000,000	0.48 - Var.	01/19/10	0.48	50,006,400	-
	50,000,000	0.48 - Var.	01/19/10	0.48	-	50,006,400
	50,000,000	Disc. **	01/22/10	0.30	49,999,500	-
	25,000,000	0.41 - Var.	05/05/10	0.41	25,021,925	-
	100,000,000	0.41 - Var.	05/05/10	0.41	-	100,087,700
	50,000,000	0.24 - Var.	07/09/10	0.24	-	50,020,350
	30,000,000	Disc. **	10/27/10	0.51	29,982,720	-
	25,000,000	Disc. **	12/28/10	0.51	24,950,000	-
Federal Farm Credit Bank (3%, 0%, respectively)*	25,000,000	0.11 - Var.	12/28/10	0.11	24,987,800	-
(Cost of \$374,819,231 and \$439,853,389, respectively)					374,857,920	440,073,950

* Denotes percentage of net assets

** Denotes securities purchased at a discount from par

See accompanying notes to financial statements.

Investments, at value (cont.)	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST	COLOTRUST
					PRIME	PLUS+
					Market Value	Market Value
Corporate Securities						
(0%, 7%, respectively)*						
Toyota Motor Credit	\$25,000,000	1.53 - Var.%	01/14/10	1.51%	\$ -	\$ 25,001,575
UBS AG STAMFORD CT	50,000,000	1.48 - Var.	01/20/10	1.48	-	49,999,250
Goldman Sachs Group Inc MTN Ser. B	27,500,000	0.46 - Var.	03/02/10	1.12	-	27,512,348
Goldman Sachs Group Inc	30,000,000	0.35 - Var.	06/28/10	0.97	-	30,012,780
Metropolitan Life Global Fundi	50,000,000	0.85 - Var.	09/17/10	0.85	-	50,039,850
UBS AG STAMFORD CT	50,000,000	1.03 - Var.	09/17/10	1.03	-	49,855,500
					-	232,421,303
(Cost of \$0 and \$232,378,435, respectively)						
Commercial Paper						
(0%, 45%, respectively)*						
Kitty Hawk Funding Corp.	50,000,000	Disc. **	01/05/10	0.17	-	49,997,700
ING Funding	50,000,000	Disc. **	01/08/10	0.51	-	49,998,200
CRC Funding	50,000,000	Disc. **	01/11/10	0.33	-	49,997,550
Sheffield Receivables Co.	50,000,000	Disc. **	01/11/10	0.21	-	49,994,950
Ciesco LP	45,000,000	Disc. **	01/13/10	0.32	-	44,997,390
Royal Bank of Scotland PLC	50,000,000	Disc. **	01/13/10	0.84	-	49,996,950
Variable Funding	50,000,000	Disc. **	01/14/10	0.21	-	49,993,800
ING Funding	50,000,000	Disc. **	01/15/10	0.40	-	49,996,450
Ranger Funding	50,000,000	Disc. **	01/19/10	0.25	-	49,995,800
Enterprise Funding LLC	50,045,000	Disc. **	01/22/10	0.25	-	50,040,096
Barton Capital Corp.	50,015,000	Disc. **	01/25/10	0.22	-	50,009,448
Barton Capital Corp.	50,000,000	Disc. **	01/26/10	0.23	-	49,994,200
CRC Funding	50,000,000	Disc. **	02/01/10	0.24	-	49,992,700
Sheffield Receivables Co.	45,000,000	Disc. **	02/03/10	0.21	-	44,984,565
Societe Generale North America	50,000,000	Disc. **	02/04/10	0.51	-	49,990,600
Societe Generale North America	50,000,000	Disc. **	02/08/10	0.43	-	49,989,400
Bank of America Corp.	50,000,000	Disc. **	02/16/10	0.34	-	49,987,400
Rabobank USA Finance Corp.	50,000,000	Disc. **	02/18/10	0.30	-	49,990,800
CRC Funding	45,000,000	Disc. **	02/22/10	0.40	-	44,986,680
Ciesco LP	50,000,000	Disc. **	03/02/10	0.32	-	49,982,200
Rabobank USA Finance Corp.	45,000,000	Disc. **	03/08/10	0.25	-	44,987,445
Rabobank USA Finance Corp.	50,000,000	Disc. **	03/10/10	0.33	-	49,985,650
Royal Bank of Scotland PLC	50,000,000	Disc. **	03/15/10	0.75	-	49,976,450
Kitty Hawk Funding Corp.	50,000,000	Disc. **	03/22/10	0.23	-	49,953,300
Bank of America Corp.	50,000,000	Disc. **	03/26/10	0.36	-	49,975,200
Sheffield Receivables Co.	50,000,000	Disc. **	04/12/10	0.22	-	49,936,250
CRC Funding	50,000,000	Disc. **	04/23/10	0.33	-	49,961,100
Enterprise Funding LLC	50,000,000	Disc. **	04/23/10	0.23	-	49,961,100
Windmill Funding Corp.	50,000,000	Disc. **	04/23/10	0.34	-	49,926,550
Windmill Funding Corp.	43,000,000	Disc. **	04/28/10	0.35	-	42,932,791
Royal Bank of Scotland PLC	50,000,000	Disc. **	05/27/10	0.53	-	49,945,100
Ciesco LP	50,000,000	Disc. **	06/10/10	0.31	-	49,930,700
					-	1,572,388,515
(Cost of \$0 and \$1,572,235,672, respectively)						

* Denotes percentage of net assets

** Denotes securities purchased at a discount from par

See accompanying notes to financial statements.

Investments, at value (cont.)	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST PRIME Market Value	COLOTRUST PLUS+ Market Value
Total Investments in Securities (Cost of \$539,096,888 and \$2,244,467,496, respectively)					\$ 539,135,577	\$2,244,883,768
Deposit Balances in Custodian Banks (41%, 35%, respectively)*						
Wells Fargo Bank, N.A. (30%, 8%, respectively)*		0.15%		0.15%	278,293,440	280,244,423
Wells Fargo Bank, N.A. (11%, 12%, respectively)*		0.60		0.60	100,248,525	419,492,753
Compass Bank (0%, 7%, respectively)*		0.41		0.41	-	250,000,000
JPMorgan Chase Bank, N.A. (0%, 8%, respectively)*		0.35		0.35	-	275,000,000
					<u>378,541,965</u>	<u>1,224,737,176</u>
Other Assets						
Accrued Interest Receivable					260,670	740,318
Total Assets					<u>917,938,212</u>	<u>3,470,361,262</u>
Less liabilities						
Administration and Investment Advisory Fees					111,698	479,632
Net Assets					<u>\$ 917,826,514</u>	<u>\$3,469,881,630</u>
Components of capital						
Capital (Par Value)					\$ 917,787,825	\$3,469,465,358
Unrealized Appreciation on Investments					38,689	416,272
Net assets					<u>\$ 917,826,514</u>	<u>\$3,469,881,630</u>
Outstanding Participant Shares					<u>917,787,825</u>	<u>3,469,465,358</u>
Net Asset Value per Share					<u>\$1.00</u>	<u>\$1.00</u>

* Denotes percentage of net assets

See accompanying notes to financial statements.

STATEMENTS OF OPERATIONS (Year Ended December 31, 2009)

	COLOTRUST PRIME	COLOTRUST PLUS+
Investment Income	\$ 3,667,602	\$ 23,174,668
Expenses:		
Administration and Investment Advisory Fees	1,329,978	6,446,529
Net Investment Income	<u>2,337,624</u>	<u>16,728,139</u>
Net Gain on Investments	-	21,644
Change in Net Unrealized Appreciation (Depreciation) on Investments	<u>(437,259)</u>	<u>540,436</u>
Net Realized and Unrealized Gain or (Loss) on Investments	(437,259)	562,080
Net Increase in Net Assets Resulting from Operations	<u>\$ 1,900,365</u>	<u>\$ 17,290,219</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS (Years Ended December 31, 2009 and December 31, 2008)

	COLOTRUST PRIME		COLOTRUST PLUS+	
	2009	2008	2009	2008
From Investment Activities:				
Net Investment Income	\$2,337,624	\$11,689,060	\$16,728,139	\$90,029,901
Net Change in Unrealized Appreciation (Depreciation) on Investments	(437,259)	156,844	540,436	351,930
Realized Gain on Investments	-	-	21,644	-
Net Increase in Net Assets Resulting from Operations	<u>1,900,365</u>	<u>11,845,904</u>	<u>17,290,219</u>	<u>90,381,831</u>
Distributions to Participants from Net Investment Income	(2,337,624)	(11,689,060)	(16,728,139)	(90,029,901)
Distributions to Participants from Net Realized Gain	-	-	(21,644)	-
Net Increase in Net Assets from Share Transactions	<u>92,443,497</u>	<u>316,718,968</u>	<u>365,795,515</u>	<u>196,661,656</u>
Net Increase in Net Assets	92,006,238	316,875,812	366,335,951	197,013,586
Net Assets:				
Beginning of Period	<u>825,820,276</u>	<u>508,944,464</u>	<u>3,103,545,679</u>	<u>2,906,532,093</u>
End of Period	<u>\$917,826,514</u>	<u>\$825,820,276</u>	<u>\$3,469,881,630</u>	<u>\$3,103,545,679</u>

See accompanying notes to financial statements.

Notes to Financial Statements December 31, 2009

Note 1. Summary of Significant Accounting Policies

The Colorado Local Government Liquid Asset Trust (the Trust) began operations on January 1, 1985, as an investment trust established for local government entities in Colorado to pool surplus funds for investment purposes under the provision of Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust presently offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME began operations on January 1, 1985 and COLOTRUST PLUS+ began operations on May 16, 1994. Both portfolios operate like money market mutual funds with each share valued at \$1.00.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following significant accounting policies are also in conformity with accounting principles generally accepted in the United States of America for investment companies. Such policies are consistently followed by the Trust in the preparation of the financial statements.

Securities Valuation

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates market value.

Securities Transactions and Investment Income

Securities transactions are accounted for on a trade date basis. Realized gains and losses from securities transactions are recorded on a specific identification basis. Interest income is recognized on the accrual basis and includes amortization of premiums and accretion of discounts. Amortization of premium and accretion of discount accrual method utilized is straight line and it is deemed that there is no significant difference compared to the effective interest method.

Derivative Instruments

The Trust's investment policies do not allow for investments in derivatives and, for the periods ended December 31, 2009 and December 31, 2008, the Trust held no financial instruments which meet the definition of a derivative according to the Financial Accounting Standards Board ("FASB") issued "Disclosure about Derivative Instruments and Hedging Activities" (the "Derivatives Statement").

Dividends to Participants

Distributions from net investment income are declared and paid daily. The Trust's policy is to distribute net realized capital gains, if any, annually. Net realized gains have not been significant since the inception of the Trust.

Income Taxes

The Trust has not made any provisions for federal income or excise taxes due to its policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as regulated investment companies under Subchapter M of the Internal Revenue Code. The Trust recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has evaluated the Trust's tax positions taken for all open tax years (2006 - 2009), or expected to be taken in the Trust's 2010 tax return, and has concluded that no provision for income tax is required in the Trust's financial statements. The Trust identifies its major tax jurisdiction as U.S. Federal and the state of Colorado; however, the Trust is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Note 2. Fair Value Measurements

The Trust adopted the FASB issued "Fair Value Measurements and Disclosures" (the "Fair Value Statement"), effective January 1, 2008. In accordance with the Fair Value Statement, fair value is defined as the price that the Trust would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. The Fair Value Statement established a three-tier hierarchy to maximize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs

are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Various inputs are used in determining the value of the Trust's investments. These inputs are summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

The valuation techniques used by the Trust to measure fair value during the year ended December 31, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs. The inputs or methodology used for valuing securities are not an indication of risks associated with investing in those securities. The following is a summary of the inputs used as of December 31, 2009 in valuing the Trust's investments carried at value:

PRIME Portfolio

<u>Investments in Securities at Value*</u>	<u>Valuation Inputs</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Repurchase Agreements	\$164,277,657	\$ -	\$ -	\$164,277,657
U.S. Government Agency Securities	374,857,920	-	-	374,857,920
Total	<u>\$539,135,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$539,135,577</u>

PLUS+ Portfolio

<u>Investments in Securities at Value*</u>	<u>Valuation Inputs</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
U.S. Government Agency Securities	\$440,073,950	\$ -	\$ -	\$ 440,073,950
Corporate Securities	232,421,303	-	-	232,421,303
Commercial Paper	-	1,572,388,515	-	1,572,388,515
Total	<u>\$672,495,253</u>	<u>\$1,572,388,515</u>	<u>\$ -</u>	<u>\$2,244,883,768</u>

* For the year ended December 31, 2009, the Trust did not have significant unobservable inputs (Level 3) used in determining fair value. Therefore, a reconciliation as assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

Note 3. Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government (including the Trust) deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by the depository. The eligible collateral is determined by PDPA. PDPA allows the eligible depository to create a single collateral pool for all public funds. The pool is to be maintained by another depository or held in trust for all amounts of local government deposits in excess of federal insurance levels as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The Trust has received rulings from the Federal Deposit Insurance Corporation that deposits made by the Trust are actually the deposits of the participants and thus each participant in the Trust is insured for its proportionate share of any deposit, up to the limit of \$250,000 for the participant's accounts in the custodian bank and its pro rata share of the Trust's deposits.

At December 31, 2009, the deposit balances at the custodian bank were \$378,541,965 and \$1,224,737,176 for the COLOTRUST PRIME portfolio and COLOTRUST PLUS+ portfolio, respectively. As a result, approximately 35% of the total assets held by the COLOTRUST PLUS+ portfolio are concentrated at three custodian banks, Wells Fargo, Compass Bank, and JPMorgan Chase Bank. The amount of deposits fully collateralized to the extent of each participant cannot be reasonably determined by the Trust as the balances of participants' separate deposits in the custodian bank are not available. Deposits not fully collateralized, if any, would be subject to inclusion in the custodian bank's single institution collateral pool for public deposits. Interest earned on cash sweep investment vehicles as a percentage of total income earned accounted for 14% on the COLOTRUST PRIME portfolio and 17% on the COLOTRUST PLUS+ portfolio for the year ending December 31, 2009.

Custodian

Wells Fargo Bank, N.A. serves as the custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian’s internal records segregate investments owned by the Trust. The Trust may also use JPMorgan Chase Bank, Bank One, Compass Bank, and KeyBank as a safekeeping agent for repurchase agreements and other deposit balances.

Investment in Securities

Colorado statutes specify investments meeting defined rating and risk criteria in which local government investment pools may invest. The Board of Trustees has further limited investment instruments for the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios. COLOTRUST PRIME may invest in U.S. Treasury securities, certain approved obligations of agencies of the U.S. government, and written repurchase agreements collateralized by U.S. Treasury securities, or certain approved obligations of U.S. government agencies. COLOTRUST PLUS+ may invest in U.S. Treasury securities, certain approved obligations of agencies of the U.S. government, commercial paper rated in the highest rating category and any security allowed under CRS 24-75-601 and written repurchase agreements collateralized by U.S. Treasury securities or certain approved obligations of U.S. government agencies.

Investments may be categorized as follows: (1) insured or registered or for which the securities are held by the Trust or the custodian bank in the Trust’s name (2) uninsured and unregistered for which the securities are held by the broker’s or dealer’s trust department or agent in the Trust’s name or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in the Trust’s name.

Investment securities are categorized to give an indication of the level of risk, including credit risk. All investments of the Trust, including the repurchase agreements described in note 4, are classified in Category 1.

Note 4. Guarantee

MBIA Inc., parent of Colorado Investor Services Corporation (CISC), and MBIA Insurance Corporation, a financial guarantor and provider of specialized financial services to the public sector, has issued a written commitment to protect participants’ principal and interest during the term of their investment in the Trust and upon liquidation of funds. This commitment provides that MBIA Inc. will pay to the Trust the amount of any realized loss which results in a material decline in the constant net asset value per share maintained by each portfolio, including any reductions in participant balances adjusted to maintain the constant net asset value.

MBIA Inc.’s payment commitment is effective, subject to certain conditions agreed to by the Trust, so long as CISC serves as Investment Advisor and Administrator for the Trust. The cost of this commitment is included in the fee paid to the Investment Advisor and Administrator for the Trust.

Note 5. Repurchase Agreements

Funds are released from the Trust’s portfolios for repurchase agreements only when collateral has been wired to the custodian bank, and for the period ended December 31, 2009, the Trust held no uncollateralized repurchase agreements. The custodian bank reports the market value of the collateral securities to the Trust at least on a weekly basis. If the seller of the agreement defaults and the value of the collateral declines, the immediate realization of the full amount of the agreement by the Trust may be limited. Interest earned on repurchase agreements as a percentage of total income earned accounted for 8% on the COLOTRUST PRIME portfolio and 4% on the COLOTRUST PLUS+ portfolio for the year ending December 31, 2009.

Note 6. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by CISC. Trust fees are calculated daily and paid monthly. The total fees for the Trust are as follows: 0.180% of the average daily net assets of the portfolios up to \$1,500,000,000; and 0.150% of the average daily net assets exceeding \$1,500,000,000. The fees are collected by CISC and used to pay all expenses related to the Trust.

Note 7. Share Transactions

Transactions in shares during the twelve months ended December 31, 2009 and 2008 for the COLOTRUST PRIME portfolio were as follows:

	2009	2008
Shares sold	2,667,871,262	1,820,455,720
Shares issued on reinvestment of distributions	2,332,626	11,695,814
Shares redeemed	(2,577,760,391)	(1,515,432,566)
Net increase / decrease	92,443,497	316,718,968

Transactions in shares during the twelve months ended December 31, 2009 and 2008 for the COLOTRUST PLUS+ portfolio were as follows:

	2009	2008
Shares sold	15,144,937,240	11,345,107,748
Shares issued on reinvestment of distributions	16,741,224	90,081,552
Shares redeemed	(14,795,882,949)	(11,238,527,644)
Net increase / decrease	<u>365,795,515</u>	<u>196,661,656</u>

Note 8. Financial Highlights for a Share Outstanding Throughout Each Period

COLOTRUST PRIME

	2009	2008	Years Ended 2007	2006	2005
Per Share Data					
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.003	\$0.020	\$0.050	\$0.048	\$0.030
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.281%	2.225%	5.075%	4.928%	3.092%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$917,827	\$825,820	\$508,944	\$457,554	\$424,269
Ratio of Expenses to Average Net Assets	0.159%	0.161%	0.162%	0.165%	0.170%
Ratio of Net Investment Income to Average Net Assets	0.280%	1.994%	4.953%	4.842%	3.109%

COLOTRUST PLUS+

	2009	2008	Years Ended 2007	2006	2005
Per Share Data					
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Realized Gain Distributed to Shareholders	\$0.004	\$0.026	\$0.051	\$0.049	\$0.031
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.423%	2.609%	5.253%	5.007%	3.171%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$3,469,882	\$3,103,546	\$2,906,532	\$2,636,501	\$1,723,432
Ratio of Expenses to Average Net Assets	0.159%	0.161%	0.162%	0.165%	0.170%
Ratio of Net Investment Income to Average Net Assets	0.413%	2.555%	5.122%	4.920%	3.147%

Note 9. Subsequent Events

In May 2009, the FASB issued "Subsequent Events" (the "Subsequent Events Statement"), a statement outlining disclosure requirements related to certain events occurring after the date of the financial statements. The Subsequent Events Statement is effective for interim and annual periods after June 15, 2009. The Trust adopted the Subsequent Events Statement in the current reporting period. Events and transactions from January 1, 2010 through February 19, 2010 have been evaluated by management for subsequent events. Management has determined that there were no material events that would require disclosure in the Funds' financial statements through this date with the exception of a name change executed on February 8, 2010. On this date the administrator for COLOTRUST, Colorado Investor Services Corp. (CISC), which is a wholly owned subsidiary of MBIA Asset Management, changed its name to Cutwater Colorado Investor Services Corp. (CCISC). This name change has no impact on the operations of the Trust.

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Management

Administrator: Colorado Investor Services Corporation (CISC)

Investment Advisor: Colorado Investor Services Corporation (CISC)

Professional Services

Custodian: Wells Fargo Bank N.A.

Independent Auditors: PricewaterhouseCoopers LLP

Legal Counsel: Sherman & Howard, L.L.C.