



Colorado Local Government Liquid Asset Trust



Annual Report

DECEMBER 31, 2014  
(REPORT OF INDEPENDENT AUDITORS WITHIN)

COLOTRUST PRIME Rated S&P AAAm  
COLOTRUST PLUS+ Rated S&P AAAm



## Chairman's Letter

December 31, 2014

To the Participants of COLOTRUST:

On behalf of the twelve members of the COLOTRUST Board of Trustees, and Public Trust Advisors, the pool administrator and portfolio manager, we are pleased to present the Audited Financials for the period ending December 31, 2014.

During 2014, the U.S. monetary policy continued to impact COLOTRUST yields. Probably the major headline of year was the resilient U.S. economy, which continued to show signs of steady improvement and recovery. Recently, unemployment rates dipped to 5.8% and GDP expanded at a 3.9% annualized rate during the 3rd quarter of 2014, which capped the fastest six months of economic growth in over a decade. Furthermore, economists who took part in a Bloomberg survey this past October seemed to agree that there is a reasonable chance that interest rates will rise in 2015, with 52 percent of the respondents predicting the Federal Open Market Committee (FOMC) will raise the benchmark interest rate in the second quarter of 2015. We are cautiously optimistic that 2015 will bring with it the proverbial "greener pastures." But if there is one thing recent economic history has taught us, it is to always expect the unexpected.

As we turn the page on 2014, we take time to reflect, not on the historically low interest rates, but rather on a variety of positive developments within COLOTRUST this past year:

- In June, COLOTRUST announced that Public Trust Advisors had successfully completed its Statement on Standards for Attestation Engagements (SSAE 16) SOC 1 Type II audit for COLOTRUST, as it relates to its Local Government Investment Pool (LGIP) Administrative services system (i.e., client services, fund accounting, shareholder accounting and transfer agency). The completion of this third-party, independent audit demonstrates an on-going investment in providing the COLOTRUST Participants with highly trusted LGIP administrative services and operational transparency as well as our collective commitment to a high standard of internal controls.
- In May, the Board opened an election for several proposed amendments to the COLOTRUST Indenture of Trust. These amendments, if approved, would allow the Board to define some investment parameters currently defined in the Trust Indenture within the Investment Policies in a manner consistent with state law. This election is on-going.
- In November, we announced that COLOTRUST's secure, online-transaction system "MYACCESS" is now available in a tablet version. We believe that this enhancement demonstrates our ongoing efforts to better serve our busy Participants, by extending account access abilities beyond the desktop. In the coming year, we will continue to improve service, access and conveniences.
- 2014 also saw significant changes and growth to the COLOTRUST staff in Denver. Many of you have had the opportunity to meet with or speak to the COLOTRUST Directors of Marketing, Ben Mendenhall and Joe Carroll. In addition to Ben and Joe, Barry Howsden (Director of Fund Accounting) and Jen Gosselin (Vice President of Client Services) have continued to build their operations team with the additions of Christa Kronquist, Evan Hurley and Aaron Joseph. Their combined efforts provide the high standard of customer service, and we are grateful to have such an outstanding team in place.
- We have always focused on staying personally connected with the 1,200 local government COLOTRUST Participants and 2014 was no different.\* We held fourteen (14) Participant luncheons throughout the state in order to reach our geographically diverse participant-base on a personal level. COLOTRUST was active through speaking engagements and conference sponsorships at over ten (10) conferences serving eight (8) local governmental associations. Our marketing representatives have covered over 20,000 miles in Colorado to stay connected with, and serve our participant base.  
\*data is as of November 30, 2014
- We remained committed to supporting the good work of the local government associations. COLOTRUST was a major sponsor of CASBO, CML, CGFOA, SDA, CCTA and IACRIOT. Additionally, we sponsored a number of special programs, including the CML Mayor for a Day contest and, most recently, supported CGFOA's new member campaign.

As we move forward into 2015 and begin to celebrate COLOTRUST's 30th year of safe operations, the COLOTRUST Board of Trustees, as well as the team at Public Trust Advisors, recognize that it is you, the COLOTRUST Participants that are our greatest asset. In the coming year(s), we are committed to providing, through COLOTRUST, a safe, liquid and competitive cash management and investment option that delivers a high-level of transparency, customer support and educational value.

Respectfully,



Al Dominguez Jr., J.D.

Chairman, Board of Trustees

## Independent Auditors' Report



CliftonLarsonAllen

CliftonLarsonAllen LLP  
[www.cliftonlarsonallen.com](http://www.cliftonlarsonallen.com)

### INDEPENDENT AUDITORS' REPORT

Board of Trustees and Audit Committee  
 COLOTRUST  
 Denver, Colorado

We have audited the accompanying financial statements of COLOTRUST, which comprise the statement of net assets as of December 31, 2014, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COLOTRUST as of December 31, 2014, the results of its operations for the year then ended, and the changes in net assets for the years ended December 31, 2014 and 2013 in accordance with accounting principles generally accepted in the United States of America.

#### Other Matter

The financial highlights included in Note 7 for the years 2010 and 2011, were audited by other auditors whose report dated March 30, 2012, expressed an unmodified opinion on the 2010 and 2011 financial highlights.

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP

Denver, Colorado  
 February 6, 2015



An independent member of Nexia International

## STATEMENT OF NET ASSETS – DECEMBER 31, 2014

### INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST PRIME Fair Value	COLOTRUST PLUS+ Fair Value
<b>Overnight Repurchase Agreements</b> (35%, 4%, respectively)*						
RBC Tri-Party (0%, 2% respectively)* (Collateralized by a U.S. Government Instrumentality and Agency Securities with coupon rates between 2.222% and 4.866% and maturing between 11/01/2027 and 12/20/2044.) Market value plus accrued interest: \$51,008,699	\$50,008,528	0.09%	1/2/15	0.09%	\$ -	\$ 50,008,528
Wells Fargo Tri-Party (0%, 2% respectively)* (Collateralized by a U.S. Government Agency Security with a coupon rate of 3.50% and maturing on 12/01/2044.) Market value plus accrued interest: \$52,260,445	51,209,263	0.08	1/2/15	0.08	-	51,209,263
Wells Fargo Tri-Party (35%, 0% respectively)* (Collateralized by a U.S. Government Agency Securities with coupon rates of 3.50% and maturing between 12/01/2044 and 12/20/2044.) Market value plus accrued interest: \$106,319,082	104,192,566	0.08	1/2/15	0.08	104,192,566	-
Cost of (\$104,192,566, \$101,217,791 respectively)*					<u>104,192,566</u>	<u>101,217,791</u>
<b>U.S. Government Agency Securities</b> (44%, 0% respectively)*						
Fannie Mae Notes (3%, 0% respectively)*	10,000,000	Disc**	8/31/15	0.14	9,989,656	-
Federal Home Loan Mortgage Corps. (13%, 0% respectively)*	10,000,000	Disc**	6/9/15	0.15	9,992,280	-
	10,010,000	Disc**	7/10/15	0.16	10,002,627	-
	10,000,000	0.15 - Var.	7/17/15	0.10	9,996,500	-
	9,149,000	Disc**	10/26/15	0.17	9,134,127	-
Federal Home Loan Bank Notes (9%, 0% respectively)*	10,000,000	0.11 - Var.	2/13/15	0.10	9,999,400	-
	10,000,000	0.11 - Var.	3/6/15	0.12	9,999,300	-
	6,500,000	0.27	10/9/15	0.15	6,498,115	-
Federal Farm Credit Bank (19%, 0% respectively)*	15,000,000	0.13 - Var.	2/9/15	0.14	14,998,800	-
	15,000,000	0.08 - Var.	3/9/15	0.11	14,997,450	-
	14,675,000	0.19 - Var.	3/13/15	0.12	14,674,120	-
	10,000,000	0.10 - Var.	5/6/15	0.10	9,997,200	-
Cost of (\$130,303,296, \$0 respectively)*					<u>130,279,575</u>	<u>-</u>

\* Denotes percentage of net assets \*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements

## STATEMENT OF NET ASSETS – DECEMBER 31, 2014

### INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST PRIME Fair Value	COLOTRUST PLUS+ Fair Value
Commercial Paper (0%, 93% respectively)*						
Toyota Motor Credit Corp.	\$50,000,000	0.20% - Var.	1/2/15	0.20%	\$ -	\$50,005,150
Anglesea Funding LLC	75,000,000	Disc**	1/5/15	0.20	-	74,998,328
Rabobank USA Finance Corp.	50,000,000	Disc**	1/5/15	0.22	-	49,998,750
Lexington Parker Capital	50,000,000	Disc**	1/6/15	0.22	-	49,998,665
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	1/6/15	0.20	-	49,998,500
Crown Point Capital Co	50,000,000	Disc**	1/12/15	0.21	-	49,997,165
Atlantic Asset Securitization LLC	50,000,000	Disc**	1/14/15	0.20	-	49,996,690
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	1/14/15	0.20	-	49,996,305
Cedar Springs Capital Co	77,083,000	Disc**	1/16/15	0.26	-	77,077,173
Atlantic Asset Securitization LLC	50,000,000	Disc**	1/20/15	0.20	-	49,995,000
Credit Suisse New York	50,000,000	Disc**	1/20/15	0.26	-	49,994,720
Old Line Funding LLC	30,042,000	Disc**	1/21/15	0.22	-	30,039,897
Albion Capital LLC	50,000,000	Disc**	1/26/15	0.20	-	49,993,135
Alpine Securitization Corp.	50,000,000	Disc**	1/29/15	0.26	-	49,992,345
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	1/30/15	0.20	-	49,991,665
Fortis Funding LLC	45,000,000	Disc**	2/2/15	0.24	-	44,991,747
Nordea Bank AB	50,000,000	Disc**	2/2/15	0.19	-	49,992,665
Standard Chartered Bank	50,000,000	Disc**	2/6/15	0.29	-	49,991,775
ABN AMRO Funding USA LLC	50,000,000	Disc**	2/9/15	0.20	-	49,988,330
Svenska Handelsbanken AB	20,850,000	Disc**	2/9/15	0.22	-	20,846,293
Ridgefield Funding CO LLC	30,000,000	Disc**	2/10/15	0.26	-	29,993,166
Institutional Secured Funding LLC	35,000,000	Disc**	2/11/15	0.39	-	34,991,831
Salisbury Receivables CO	50,000,000	Disc**	2/11/15	0.21	-	49,988,330
Old Line Funding LLC	50,000,000	0.19 - Var.	2/13/15	0.19	-	50,000,000
Salisbury Receivables CO	30,000,000	Disc**	2/13/15	0.22	-	29,992,665
ING (US) Funding LLC	50,000,000	Disc**	2/17/15	0.19	-	49,986,000
Old Line Funding LLC	50,000,000	0.20 - Var.	2/20/15	0.20	-	49,996,480
Svenska Handelsbanken AB	40,000,000	Disc**	2/20/15	0.20	-	39,990,932
Albion Capital LLC	50,000,000	Disc**	2/23/15	0.20	-	49,985,000
Institutional Secured Funding LLC	40,000,000	0.35	2/24/15	0.35	-	40,000,000
Ridgefield Funding CO LLC	50,000,000	Disc**	3/2/15	0.29	-	49,983,055
Kells Funding LLC	50,000,000	0.26 - Var.	3/3/15	0.26	-	50,006,550
Sheffield Receivables	30,000,000	Disc**	3/4/15	0.25	-	29,989,500
Westpac Banking Corp.	50,000,000	0.23 - Var.	3/13/15	0.24	-	50,007,000
Credit Agricole CIB NY	50,000,000	Disc**	3/16/15	0.27	-	49,978,125
Svenska Handelsbanken AB	42,000,000	Disc**	3/16/15	0.20	-	41,985,124
Fortis Funding LLC	40,000,000	Disc**	3/26/15	0.24	-	39,978,276
Kells Funding LLC	50,000,000	Disc**	4/14/15	0.21	-	49,975,440
Westpac Banking Corp.	40,000,000	0.24 - Var.	4/17/15	0.24	-	40,006,400
Australia & New Zealand Banking Group	50,000,000	Disc**	4/24/15	0.21	-	49,969,915
Westpac Banking Corp.	40,000,000	0.24 - Var.	4/24/15	0.24	-	40,000,000
General Electric Capital Corp.	50,000,000	Disc**	6/3/15	0.22	-	49,946,525
National Australia Bank Limited	25,000,000	0.22 - Var.	6/15/15	0.22	-	25,000,000
Bedford Row Funding Corp.	50,000,000	Disc**	6/19/15	0.30	-	49,948,055
Bedford Row Funding Corp.	50,000,000	0.24 - Var.	7/9/15	0.24	-	49,991,430

\* Denotes percentage of net assets \*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements

## STATEMENT OF NET ASSETS – DECEMBER 31, 2014

INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	COLOTRUST PRIME Fair Value	COLOTRUST PLUS+ Fair Value
Rabobank USA Finance Corp.	\$50,000,000	Disc**	7/17/15	0.25%	\$ -	\$ 49,931,250
National Australia Bank Limited	50,000,000	0.23 - Var.	8/14/15	0.23	-	50,000,000
Standard Chartered Bank	40,000,000	Disc**	8/17/15	0.39	-	39,933,844
Kells Funding LLC	25,000,000	0.23 - Var.	9/30/15	0.23	-	25,034,500
Bedford Row Funding Corp.	25,000,000	0.27 - Var.	10/1/15	0.26	-	24,985,015
Commonwealth Bank of Australia	50,000,000	0.23 - Var.	10/7/15	0.23	-	50,000,000
National Australia Bank Limited	50,000,000	0.25 - Var.	11/4/15	0.25	-	50,000,000
Commonwealth Bank of Australia	40,000,000	0.27 - Var.	11/30/15	0.27	-	40,000,000
Australia & New Zealand Banking Group	30,000,000	0.28 - Var.	12/17/15	0.27	-	30,000,000
Cost of (\$0, \$2,449,327,720 respectively)*					-	2,449,458,706
Total Investments in Securities					234,472,141	2,550,676,497
Cost of (\$234,495,862, \$2,550,545,511 respectively)*						
Deposit Balances in Custodian Banks (21%, 3%, respectively)*						
Bank of the West (17%, 2% respectively)*		0.14%	1/2/15	0.14%	50,000,000	50,000,000
Wells Fargo Bank, N.A. (4%, 1% respectively)*		0.02	1/2/15	0.02	12,799,551	41,664,914
					62,799,551	91,664,914
Other Assets						
Accrued Interest Receivable					10,637	137,280
Total Assets					297,282,329	2,642,478,691
Less liabilities						
Administration and Investment Advisory Fees					30,531	244,140
Total Liabilities					30,531	244,140
Net Assets					\$297,251,798	\$2,642,234,551
Components of capital						
Capital (Par Value)					\$297,275,519	\$2,642,103,566
Unrealized Appreciation (Depreciation) on Investments					(23,721)	130,985
Net assets					\$297,251,798	\$2,642,234,551
Outstanding Participant Shares					297,275,519	2,642,103,566
Net Asset Value per Share					\$1.00	\$1.00

\* Denotes percentage of net assets \*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements

## STATEMENT OF OPERATIONS

(Year Ended December 31, 2014)

	COLOTRUST PRIME	COLOTRUST PLUS+
Investment Income	\$352,971	\$7,324,739
Expenses:		
Administration and Investment Advisory Fees	394,651	4,037,761
Administration and Investment Advisory Fees Waived	(59,772)	(585,696)
Administration and Investment Advisory Fees Net	334,879	3,452,065
Net Investment Income	18,092	3,872,674
Net Gain on Investments	74	9,537
Change in Net Unrealized (Depreciation) on Investments	(28,473)	(70,492)
Net Realized Gain and Unrealized (Loss) on Investments	(28,399)	(60,955)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (10,307)	\$3,811,719

## STATEMENTS OF CHANGES IN NET ASSETS

(Years Ended December 31, 2014 and December 31, 2013)

	COLOTRUST PRIME		COLOTRUST PLUS+	
	2014	2013	2014	2013
From Investment Activities:				
Net Investment Income	\$ 18,092	\$ 117,235	\$ 3,872,674	\$ 4,053,842
Net Change in Unrealized (Depreciation) on Investments	(28,473)	(28,296)	(70,492)	(223,263)
Realized Gain on Investments	74	853	9,537	43,644
Net Increase (Decrease) in Net Assets Resulting from Operations	(10,307)	89,792	3,811,719	3,874,223
Distributions to Participants from Net Investment Income	(18,092)	(117,235)	(3,872,674)	(4,053,842)
Distributions to Participants from Net Realized Gain	(74)	(853)	(9,537)	(43,644)
Net Increase (Decrease) in Net Assets from Share Transactions	(119,253,441)	41,881,792	(75,460,206)	(64,166,096)
Net Increase (Decrease) in Net Assets	(119,281,914)	41,853,496	(75,530,698)	(64,389,359)
Net Assets:				
Beginning of Period	416,533,712	374,680,216	2,717,765,249	2,782,154,608
End of Period	\$297,251,798	\$416,533,712	\$2,642,234,551	\$2,717,765,249

The accompanying notes are an integral part of these financial statements

## Notes to Financial Statements

December 31, 2014

### 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 fair 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 period ended December 31, 2014, the Trust held no financial instruments which meet the definition of a derivative according to Financial Accounting Standards Board ("FASB") Accounting Standards Topic (ASC) 815 "Derivative instruments and Hedging Activities".

#### 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, in a reasonable time frame after the gain is realized.

#### Income Taxes

There is no provision for income taxes in the financial statements of the Trust as the Trust is not subject to income tax.

### Note 2. Fair Value Measurements

In accordance with FASB guidance, the Trust utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. This standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of the Trust's portfolio investments defined pursuant to this standard.

These inputs are summarized into three broad levels:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S government agency securities, corporate securities, and commercial paper.
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

There have been no significant changes in valuation techniques used in valuing any such positions held by the Trust since the beginning of the fiscal year. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of inputs used as of December 31, 2014 to value the Trust's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" and "Level 3 Valuation Reconciliation of Assets" (if applicable) as noted below.

### Valuation Inputs Summary (for the fiscal period ended December 31, 2014)

#### PRIME Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$104,192,566	\$ -	\$104,192,566
U.S. Government Agency Securities	-	130,279,575	-	130,279,575
Total	\$ -	\$234,472,141	\$ -	\$234,472,141

#### PLUS+ Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$ 101,217,791	\$ -	\$ 101,217,791
Commercial Paper	-	2,449,458,706	-	2,449,458,706
Total	\$ -	\$2,550,676,497	\$ -	\$2,550,676,497

\*For the year ended December 31, 2014, the PRIME Portfolio and the PLUS+ Portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended December 31, 2014.

### Note 3. Deposits and Investments

#### Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that official custodians of public funds (including local government investment pools) 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, 2014, the deposit balances at the custodian banks were \$62,799,551 and \$91,664,914 for the COLOTRUST PRIME portfolio and COLOTRUST PLUS+ portfolio, respectively. As a result, approximately 21% of the total assets held by the COLOTRUST PRIME portfolio, and 3% of the total assets held by the COLOTRUST PLUS+ portfolio are concentrated at two custodian banks, Wells Fargo, and Bank of the West. 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 22% on the COLOTRUST PRIME portfolio and 2% on the COLOTRUST PLUS+ portfolio for the year ending December 31, 2014.

#### 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 NA, Bank of the West, and US Bancorp as a safekeeping agent for repurchase agreements and other deposit balances.

#### Risk Disclosure

The portfolios are subject to the following risks:

- Counterparty Risk – Counterparty risk is the risk that the counterparty or a third party will not fulfill its obligation to the Trust.
- Interest Rate Risk – Interest rate risk is the risk that the value of fixed-income securities will generally decline as prevailing interest rates rise, which may cause a Trust's NAV to likewise decrease, and vice versa.
- Market Risk – Market risk is the daily potential for an investor to experience losses from fluctuations in securities prices. This risk cannot be diversified away.
- Credit Risk- Credit Risk is the risk an issuer will be unable to make principal and interest payments when due, or will default on its obligations.

The Trust attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. The Trust limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The Trust's investment policy further minimizes its exposure to market and credit risk as follows:

- Overnight Deposit limits:
  - No more than 25% of the portfolio may be invested in overnight with any one counterparty, unless the counterparty is rated A-1+ by Standard & Poor's, then no more than 50% of the portfolio may be invested overnight with such a counterparty.
- Term Repurchase Agreement limits:
  - A maximum of 10% of the portfolio with any one dealer and matures between 2 to 5 business days.
  - If the term repurchase agreement matures greater than 5 business days then it can only be up to 5% of the portfolio.
  - Term repurchase agreements cannot exceed 30 calendar days.
- COLOTRUST PLUS+ - Commercial Paper is limited to (at time of purchase):
  - No more than 50% of the portfolio may be invested in A1/P1 issues with maturities beyond 7 days.
  - No more than 5% of the portfolio may be invested in any single commercial paper issuer.
  - The portfolio may not own over 5% of any issuer's total commercial paper program.
- Overnight Repurchase Agreement limits:
  - No more than 25% of the portfolio may be invested in overnight repurchase agreements with any one counterparty, unless the counterparty is rated A-1+ by Standard & Poor's, then no more than 50% of the portfolio may be invested in overnight repurchase agreements with such a counterparty.

### 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.

All investments fall under the categorization of (1) as mentioned in the preceding paragraph.

### Note 4. 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, 2014, 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 18% on the COLOTRUST PRIME portfolio and 2% on the COLOTRUST PLUS+ portfolio for the year ending December 31, 2014.

### Note 5. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by Public Trust Advisors, LLC. Trust fees are calculated daily and paid monthly. The total fees for the Trust are as follows: 0.120% of the prior days Net Assets (i.e. Thursday's net asset figure is utilized as the basis for the fee calculation for Friday, Saturday and Sunday. This methodology holds true for holiday days as well that fall on a Monday through Friday) of the portfolios of the Trust. The fees are collected by Public Trust Advisors, LLC and used to pay all expenses related to the Trust.

### Note 6. Share Transactions

Transactions in shares during the twelve months ended December 31, 2014 and 2013 for the COLOTRUST PRIME portfolio were as follows:

	2014	2013
Shares sold	637,151,140	2,373,273,797
Shares issued on reinvestment of distributions	18,074	117,217
Shares redeemed	(756,422,655)	(2,331,509,222)
Net increase / decrease	(119,253,441)	41,881,792

At December 31, 2014, four participants held more than a 5% participation interest in COLOTRUST PRIME. The holdings of these four participants, one of which is an omnibus account is approximately 42% of the portfolio at December 31, 2014. Investment activities of these participants could have a material impact on COLOTRUST PRIME.

Transactions in shares during the twelve months ended December 31, 2014 and 2013 for the COLOTRUST PLUS+ portfolio were as follows:

	2014	2013
Shares sold	7,819,453,457	5,245,045,882
Shares issued on reinvestment of distributions	3,872,572	4,053,702
Shares redeemed	<u>(7,898,786,235)</u>	<u>(5,313,265,680)</u>
Net increase / decrease	<u>(75,460,206)</u>	<u>(64,166,096)</u>

At December 31, 2014, one participant held more than a 5% participation interest in COLOTRUST PLUS+. The holdings of this one omnibus account had total participant balances that were approximately 12% of the portfolio at December 31, 2014. Investment activities of these participants could have a material impact on COLOTRUST PLUS+.

## Note 7. Financial Highlights for a Share Outstanding Throughout Each Period

### COLOTRUST PRIME

	2014	2013	Years Ended 2012	2011	2010
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	\$0.000	\$0.000	\$0.000	\$0.001	\$0.001
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.006%	0.030%	0.037%	0.059%	0.100%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$297,252	\$416,534	\$374,680	\$453,464	\$553,288
Ratio of Expenses to Average Net Assets Gross	0.120%	0.120%	0.119%	0.158%	0.158%
Ratio of Expenses to Average Net Assets Waived	0.018%	0.012%	0.013%	0.049%	0.000%
Ratio of Expenses to Average Net Assets	0.102%	0.108%	0.106%	0.109%	0.158%
Ratio of Net Investment Income to Average Net Assets	0.006%	0.027%	0.029%	0.059%	0.990%

### COLOTRUST PLUS+

	2014	2013	Years Ended 2012	2011	2010
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	\$0.001	\$0.001	\$0.002	\$0.001	\$0.002
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.115%	0.128%	0.223%	0.106%	0.214%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$2,642,235	\$2,717,765	\$2,782,155	\$2,815,505	\$3,374,708
Ratio of Expenses to Average Net Assets Gross	0.120%	0.120%	0.119%	0.161%	0.158%
Ratio of Expenses to Average Net Assets Waived	0.017%	0.008%	0.000%	0.020%	0.000%
Ratio of Expenses to Average Net Assets	0.103%	0.112%	0.119%	0.141%	0.158%
Ratio of Net Investment Income to Average Net Assets	0.115%	0.127%	0.226%	0.107%	0.215%

## Note 8. Subsequent Events

In accordance with the provisions set forth in ASC 855-10, Subsequent Events, Management has evaluated the possibility of subsequent events existing in the Trust's financial statements. Management has determined that there were no material events that would require disclosure in the Trust's financial statements as of February 6, 2015.

## Note 9. Related Parties

All trustees of COLOTRUST are officers of participating governments.

## BOARD OF TRUSTEES

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Finance Director, Town of Telluride

[Ms. Kristen Colonell](#)

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