



Annual Report

DECEMBER 31, 2023
(INDEPENDENT AUDITOR'S REPORT WITHIN)

North Carolina CLASS Rated 'AAAm' by S&P Global Ratings

S&P Global Ratings in no way guarantee favorable performance results and should not be construed as safety in an investment.



Chairperson's Letter

To the Participants of North Carolina CLASS:

On behalf of the North Carolina CLASS Board of Trustees and our administrator and investment advisor, Public Trust Advisors, LLC (Public Trust), I am pleased to present the North Carolina CLASS Annual Report for the period ended December 31, 2023.

First and foremost, we want to extend our gratitude to our valued North Carolina CLASS Participants for your commitment and loyalty. Your engagement and trust in us have made this inaugural year of North Carolina CLASS truly rewarding. In partnership with Public Trust, North Carolina CLASS was created to fill a need in the North Carolina marketplace for a safe, trustworthy investment tool aimed at providing diversification, transparency, and investment income to local government units around the state. Since March of 2023, we have proudly offered services you can trust seamlessly, thereby freeing up precious time to focus on higher-value activities in helping your great communities.

North Carolina CLASS is overseen by a volunteer Board of Trustees comprised of local government finance officers who, on your behalf, focus on the program's core values of safety and liquidity of the funds entrusted to us, while earning a competitive return and offering exceptional client services each day. Notable recent examples include the Board of Trustees, in concert with Public Trust, quickly pivoting to expand our objective that strives to protect North Carolina public entities from the ever-increasing threat posed by cybercriminals. Throughout the course of 2023, we implemented a series of procedural changes designed to further safeguard the Participants we serve statewide. We added critical focus on cybersecurity threat activities geared specifically for our fund. Considering these changes, we wholeheartedly encourage all local governments to remain vigilant by taking cybersecurity threats seriously.

The economy showed surprising strength in 2023, defying expectations for the U.S. to slip into a recession under the weight of rising interest rates and persistently high inflation. As we turn the page on 2023, the drumbeat for rate cuts grows ever louder as inflation continues its decline towards the Federal Reserve's 2% target.

Although signs seem to indicate that interest rates have hit their peak for the current cycle, this sustained period of daily yields well north of 5.00% has certainly provided for additional income to North Carolina CLASS Participants. In fact, the portfolio issued over \$2.3 million in dividends over the course of the fiscal year. That said, North Carolina CLASS remains conservative when making all investment decisions and while the additional income is welcome, the primary objectives of North Carolina CLASS is, and will always be, safety and liquidity.

While North Carolina CLASS celebrates our first year of operations, the knowledge we have gained empowers our team with a better understanding of the cash flow cycles intrinsic to the various participating entities. We embrace the lessons gleaned as it allows us to customize the portfolio with the goal of maximizing yields while providing daily liquidity.

As we head further into 2024, you have my commitment that North Carolina CLASS will continue to work hard to enhance the Participant experience and further develop investment options that benefit the great local governments throughout our state. We know, and always appreciate, that our Participants are truly our greatest asset. We thank you for your continued support, and I thank you personally for the honor of representing the Board to you.

Respectfully,

A handwritten signature in cursive script that reads "Drew Holland".

Drew Holland
Chairman, Board of Trustees

Independent Auditors' Report

Cohen & Co[®]

To the Board of Trustees of North Carolina Cooperative Liquid Assets Securities System
and the Participants of North Carolina CLASS

Opinion on the Financial Statements

We have audited the accompanying financial statements of North Carolina Cooperative Liquid Assets Securities System comprised of the North Carolina CLASS, which comprise the statement of net assets as of December 31, 2023, and the related statements of operations and changes in net assets for the period April 10, 2023 (inception) through December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina CLASS as of December 31, 2023, and the results of its operations and changes in net assets for the period April 10, 2023 (inception) through December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Carolina Liquid Assets Securities System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina CLASS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Carolina CLASS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina CLASS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Cohen & Company, Ltd.".

COHEN & COMPANY, LTD.
Cleveland, Ohio
March 11, 2024

STATEMENT OF NET ASSETS (North Carolina CLASS) – DECEMBER 31, 2023

INVESTMENTS, AT FAIR VALUE

	Principal/Share Amount	Coupon Rate	Maturity	Current Yield	Fair Value
Repurchase Agreements (28%)*					
J.P. Morgan Securities LLC Tri-Party (17%*) (Collateralized by U.S. Government Treasury Securities with coupon rates between 0.125% and 0.50% and maturing between 04/15/2026 and 05/31/2027.)	\$22,000,000	5.33%	01/02/2024	5.33%	\$22,000,000
Royal Bank of Canada New York Tri-Party (11%*) (Collateralized by U.S. Government Treasury Securities with coupon rates between 0.00% and 4.125% and maturing between 01/11/2024 and 07/31/2030.)	14,319,926	5.29	01/02/2024	5.29	14,319,926
(Cost of \$36,319,926)					<u>36,319,926</u>
Commercial Paper (65%)*					
Longship Funding LLC	2,000,000	Disc.**	01/04/2024	5.56	1,998,174
Barton Capital S.A.	2,000,000	Disc.**	01/16/2024	5.70	1,994,398
Oversea-Chinese Banking Corp. Ltd.	2,000,000	Disc.**	02/16/2024	5.64	1,984,958
GTA Funding LLC	1,500,000	Disc.**	06/11/2024	5.52	1,463,449
Starbird Funding Corp.	1,000,000	5.79-Var.	05/02/2024	5.79	1,000,410
National Australia Bank Ltd.	1,000,000	5.75-Var.	04/24/2024	5.75	1,000,288
Svenska Handelsbanken AB	1,000,000	5.75-Var.	04/24/2024	5.75	1,000,288
Australia & New Zealand Banking Group Ltd.	1,000,000	5.75-Var.	05/01/2024	5.75	1,000,246
MetLife Short Term Funding LLC	1,000,000	5.72-Var.	05/06/2024	5.72	1,000,209
United Overseas Bank Ltd.	1,000,000	5.68-Var.	06/13/2024	5.68	999,859
Bedford Row Funding Corp.	1,000,000	5.67-Var.	06/12/2024	5.67	999,815
National Australia Bank Ltd.	1,000,000	5.72-Var.	08/09/2024	5.72	999,814
Australia & New Zealand Banking Group Ltd.	1,000,000	5.69-Var.	07/08/2024	5.69	999,787
Longship Funding LLC	1,000,000	Disc.**	01/05/2024	5.56	998,934
Oversea-Chinese Banking Corp. Ltd.	1,000,000	Disc.**	01/17/2024	5.44	997,176
National Bank of Canada	1,000,000	Disc.**	01/29/2024	5.55	995,307
Dexia Credit Local SA New York	1,000,000	Disc.**	01/31/2024	5.45	995,100
National Bank of Canada	1,000,000	Disc.**	01/31/2024	5.56	995,000
LMA Americas LLC	1,000,000	Disc.**	02/05/2024	5.66	994,141
Banque et Caisse Epargne	1,000,000	Disc.**	02/06/2024	5.56	994,096
La Fayette Asset Securitization LLC	1,000,000	Disc.**	02/06/2024	5.65	994,001
United Overseas Bank Ltd.	1,000,000	Disc.**	02/15/2024	5.48	992,840
Sumitomo Mitsui Trust Bank, Ltd. Singapore	1,000,000	Disc.**	02/28/2024	5.61	990,706
Prcoa Short Term Funding LLC	1,000,000	Disc.**	03/13/2024	5.56	988,698
Nordea Bank Abp	1,000,000	Disc.**	04/04/2024	5.46	985,685
LMA Americas LLC	1,000,000	Disc.**	04/03/2024	5.64	985,394
Cabot Trail Funding LLC	1,000,000	Disc.**	04/05/2024	5.70	984,924
Thunder Bay Funding LLC	1,000,000	Disc.**	04/10/2024	5.67	984,265
Mackinac Funding Company, LLC	1,000,000	Disc.**	04/18/2024	5.75	982,822
Sumitomo Mitsui Trust Bank, Ltd. Singapore	1,000,000	Disc.**	05/06/2024	5.45	981,117
GTA Funding LLC	1,000,000	Disc.**	05/02/2024	5.71	980,805
MUFG Bank Ltd. New York	1,000,000	Disc.**	05/08/2024	5.60	980,308
Cabot Trail Funding LLC	1,000,000	Disc.**	05/06/2024	5.72	980,187
Skandinaviska Enskilda Banken AB	1,000,000	Disc.**	05/10/2024	5.66	979,796
Bedford Row Funding Corp.	1,000,000	Disc.**	05/09/2024	5.71	979,768

* Denotes percentage of net assets ** Denotes securities purchased with a zero coupon rate
The accompanying notes are an integral part of these financial statements

STATEMENT OF NET ASSETS (North Carolina CLASS) – DECEMBER 31, 2023

INVESTMENTS, AT FAIR VALUE

	Principal/Share Amount	Coupon Rate	Maturity	Current Yield	Fair Value
BMO Financial Group	\$1,000,000	Disc.**	05/16/2024	5.45%	\$979,658
Ridgefield Funding Co. LLC	1,000,000	Disc.**	05/16/2024	5.76	978,550
MUFG Bank Ltd. New York	1,000,000	Disc.**	05/21/2024	5.60	978,389
BofA Securities Inc.	1,000,000	Disc.**	05/24/2024	5.67	977,682
Toyota Motor Credit Corp.	1,000,000	Disc.**	06/11/2024	5.43	976,029
La Fayette Asset Securitization LLC	1,000,000	Disc.**	06/03/2024	5.76	975,815
Microsoft Corp.	1,000,000	Disc.**	06/10/2024	5.55	975,659
Microsoft Corp.	1,000,000	Disc.**	06/11/2024	5.55	975,510
La Fayette Asset Securitization LLC	1,000,000	Disc.**	06/07/2024	5.77	975,197
Starbird Funding Corp.	1,000,000	Disc.**	06/05/2024	5.90	974,958
Thunder Bay Funding LLC	1,000,000	Disc.**	06/17/2024	5.49	974,925
Old Line Funding LLC	1,000,000	Disc.**	06/17/2024	5.50	974,887
LMA Americas LLC	1,000,000	Disc.**	06/10/2024	5.78	974,706
Dexia Credit Local SA New York	1,000,000	Disc.**	06/11/2024	5.74	974,696
Cabot Trail Funding LLC	1,000,000	Disc.**	06/13/2024	5.74	974,401
Cabot Trail Funding LLC	1,000,000	Disc.**	06/14/2024	5.74	974,249
Starbird Funding Corp.	1,000,000	Disc.**	06/24/2024	5.48	973,978
MUFG Bank Ltd. New York	1,000,000	Disc.**	06/27/2024	5.60	972,962
Barton Capital S.A.	500,000	5.78-Var.	04/04/2024	5.78	500,199
Oversea-Chinese Banking Corp. Ltd.	500,000	5.76-Var.	04/17/2024	5.76	500,156
Skandinaviska Enskilda Banken AB	500,000	5.75-Var.	03/25/2024	5.75	500,155
Svenska Handelsbanken AB	500,000	5.75-Var.	03/22/2024	5.75	500,149
Matchpoint Finance PLC	500,000	5.75-Var.	03/26/2024	5.75	500,145
Nordea Bank Abp	500,000	5.77-Var.	03/08/2024	5.77	500,144
National Australia Bank Ltd.	500,000	5.76-Var.	05/10/2024	5.76	500,143
Ridgefield Funding Co. LLC	500,000	5.75-Var.	03/18/2024	5.75	500,142
Nordea Bank Abp	500,000	5.76-Var.	05/20/2024	5.76	500,136
Starbird Funding Corp.	500,000	5.75-Var.	03/12/2024	5.75	500,131
Svenska Handelsbanken AB	500,000	5.73-Var.	03/27/2024	5.73	500,122
Thunder Bay Funding LLC	500,000	5.75-Var.	04/24/2024	5.75	500,080
Barton Capital S.A.	500,000	5.78-Var.	03/28/2024	5.78	500,000
Longship Funding LLC	500,000	Disc.**	01/03/2024	5.55	499,620
Goldman Sachs International	500,000	Disc.**	01/09/2024	5.52	499,170
LMA Americas LLC	500,000	Disc.**	01/25/2024	5.53	497,964
Caisse d'Amortissement de la Dette Sociale	500,000	Disc.**	01/29/2024	5.52	497,666
GTA Funding LLC	500,000	Disc.**	01/30/2024	5.69	497,519
Liberty Street Funding LLC	500,000	Disc.**	02/01/2024	5.48	497,461
BMO Financial Group	500,000	Disc.**	02/05/2024	5.61	497,095
La Fayette Asset Securitization LLC	500,000	Disc.**	02/05/2024	5.65	497,078
BPCE	500,000	Disc.**	02/07/2024	5.62	496,940
Ridgefield Funding Co. LLC	500,000	Disc.**	02/08/2024	5.50	496,932
Nordea Bank Abp	500,000	Disc.**	02/09/2024	5.46	496,876
Mizuho Bank Ltd. New York	500,000	Disc.**	02/12/2024	5.46	496,654
Ridgefield Funding Co. LLC	500,000	Disc.**	02/15/2024	5.54	496,384
Thunder Bay Funding LLC	500,000	Disc.**	02/20/2024	5.60	495,970
GTA Funding LLC	500,000	Disc.**	02/21/2024	5.53	495,943
BofA Securities Inc.	500,000	Disc.**	03/07/2024	5.59	494,774
Svenska Handelsbanken AB	500,000	Disc.**	03/08/2024	5.56	494,725
Old Line Funding LLC	500,000	Disc.**	03/11/2024	5.60	494,458
Mackinac Funding Company, LLC	500,000	Disc.**	03/15/2024	5.59	494,175

** Denotes securities purchased with a zero coupon rate

The accompanying notes are an integral part of these financial statements

STATEMENT OF NET ASSETS (North Carolina CLASS) – DECEMBER 31, 2023

INVESTMENTS, AT FAIR VALUE

	Principal/Share Amount	Coupon Rate	Maturity	Current Yield	Fair Value
Australia & New Zealand Banking Group Ltd.	\$500,000	Disc.**	03/21/2024	5.45%	\$493,876
MUFG Bank Ltd. New York	500,000	Disc.**	03/21/2024	5.59	493,724
Swedbank AB	500,000	Disc.**	03/27/2024	5.67	493,184
MetLife Short Term Funding LLC	500,000	Disc.**	04/04/2024	5.45	492,866
Pricoa Short Term Funding LLC	500,000	Disc.**	04/03/2024	5.58	492,764
BPCE	500,000	Disc.**	04/08/2024	5.55	492,432
Bedford Row Funding Corp.	500,000	Disc.**	04/09/2024	5.58	492,330
Bedford Row Funding Corp.	500,000	Disc.**	04/08/2024	5.69	492,251
United Overseas Bank Ltd.	500,000	Disc.**	04/15/2024	5.54	491,930
Starbird Funding Corp.	500,000	Disc.**	04/16/2024	5.58	491,810
Liberty Street Funding LLC	500,000	Disc.**	04/19/2024	5.61	491,532
LMA Americas LLC	500,000	Disc.**	04/18/2024	5.73	491,441
Citigroup Global Markets	500,000	Disc.**	04/25/2024	5.43	491,375
Columbia Funding Co. LLC	500,000	Disc.**	04/19/2024	5.77	491,300
Natixis New York Branch	500,000	Disc.**	05/03/2024	5.40	490,846
Citigroup Global Markets	500,000	Disc.**	05/02/2024	5.55	490,674
Liberty Street Funding LLC	500,000	Disc.**	05/01/2024	5.72	490,477
Cabot Trail Funding LLC	500,000	Disc.**	06/12/2024	5.74	487,277
Royal Bank of Canada	250,000	5.80-Var.	02/01/2024	5.80	250,054
Commonwealth Bank of Australia	250,000	5.79-Var.	01/22/2024	5.79	250,049
CDP Financial Inc.	250,000	5.76-Var.	01/08/2024	5.76	250,017
Manhattan Asset Funding Co.	250,000	5.82-Var.	01/04/2024	5.82	250,010
Commonwealth Bank of Australia	250,000	5.77-Var.	01/03/2024	5.77	250,009
Liberty Street Funding LLC	250,000	Disc.**	01/02/2024	5.55	249,848
Export Development Canada	250,000	Disc.**	01/05/2024	5.40	249,741
Mitsubishi UFJ Trust & Banking Corp. New York	250,000	Disc.**	01/08/2024	5.49	249,625
Citigroup Global Markets	250,000	Disc.**	01/11/2024	5.44	249,516
Export Development Canada	250,000	Disc.**	01/12/2024	5.39	249,484
Cabot Trail Funding LLC	250,000	Disc.**	01/23/2024	5.49	249,063
GTA Funding LLC	250,000	Disc.**	01/25/2024	5.46	248,994
Credit Agricole CIB New York	250,000	Disc.**	02/01/2024	5.55	248,714
Cabot Trail Funding LLC	250,000	Disc.**	02/06/2024	5.64	248,504
GTA Funding LLC	250,000	Disc.**	04/01/2024	5.61	246,441
(Cost of \$84,288,716)					<u>84,276,280</u>
Total Investments in Securities					<u>120,596,206</u>
(Cost of \$120,608,642)					
Deposit Balances in Custodian Banks (6%)*					
First Carolina Bank	5,061,381	5.50-Var.		5.50	5,061,381
Fifth Third Bank, N.A.	2,746,596	3.00-Var.		3.00	2,746,596
(Cost of \$7,807,977)					<u>7,807,977</u>

* Denotes percentage of net assets ** Denotes securities purchased with a zero coupon rate
The accompanying notes are an integral part of these financial statements

STATEMENT OF NET ASSETS (North Carolina CLASS) – DECEMBER 31, 2023

Other Assets	
Accrued Interest Receivable	\$72,114
Receivable for Shares Sold	<u>1,000,000</u>
Total Assets	<u>129,476,297</u>
Less Liabilities	
Miscellaenous Payable	<u>1,595</u>
Total Liabilities	<u>1,595</u>
Net Assets	<u>\$129,474,702</u>
Components of Capital	
Capital (Par Value)	\$129,487,138
Unrealized Depreciation on Investments	<u>(12,436)</u>
Net Assets	<u>\$129,474,702</u>
Outstanding Participant Shares	<u>129,487,138</u>
Net Asset Value per Share	<u>\$1.00</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF OPERATIONS

(For the Period April 10, 2023 (Inception) Through December 31, 2023)

Investment Income	\$2,335,831
Expenses:	
Administration and Investment Advisory Fees	63,883
Administration and Investment Advisory Fees Waived	<u>(63,883)</u>
Administration and Investment Advisory Fees Net	<u>-</u>
Net Investment Income	<u>2,335,831</u>
Net Change in Unrealized Depreciation on Investments	<u>(12,436)</u>
Net Increase in Net Assets Resulting from Operations	<u>\$2,323,395</u>

STATEMENT OF CHANGES IN NET ASSETS

(For the Period April 10, 2023 (Inception) Through December 31, 2023)

	2023
From Investment Activities:	
Net Investment Income	\$2,335,831
Net Change in Unrealized Depreciation on Investments	<u>(12,436)</u>
Net Increase in Net Assets Resulting from Operations	2,323,395
Distributions to Participants from Net Investment Income	<u>(2,335,831)</u>
From Share Transactions:	
Subscriptions	130,915,373
Reinvestments	2,335,831
Redemptions	<u>(3,764,066)</u>
Net Increase in Net Assets from Share Transactions	<u>129,487,138</u>
Net Increase in Net Assets	129,474,702
Net Assets:	
Beginning of Period	-
End of Period	<u>\$129,474,702</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2023

Note 1. Description of North Carolina CLASS and Significant Accounting Policies

The North Carolina Cooperative Liquid Assets Securities System, doing business as North Carolina CLASS, is an investment pool ("North Carolina CLASS" or "Trust") created by interlocal agreement (the "Interlocal Agreement") and the Indenture of Trust. The provisions of N.C.G.S. Section 159-30(c)(10) authorize any local government or public authority of the State of North Carolina (as each such term is defined in N.C.G.S. Section 159-30) to invest moneys in a commingled investment pool established by interlocal agreement pursuant to N.C.G.S. Chapter 160A, Article 20 (an "Investment Pool") if the investments of the Investment Pool are limited to those qualifying for investment under N.C.G.S. Section 159-30.

The purpose of North Carolina CLASS is to provide a commingled investment pool established by interlocal agreement in accordance with North Carolina law permitting Local Government Units to pool idle funds in order to invest such funds and earn interest in accordance with, and as permitted by, the provisions of Section 159-30 of Article 3 of Chapter 159 of the General Statutes of North Carolina, as amended and as may be further amended from time to time entitled "The Local Government Budget and Fiscal Control Act".

The Trust began operations on April 10, 2023, and operates like a money market mutual fund with each share valued at \$1.00. The Trust is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The following significant accounting policies are also in conformity with GAAP for investment companies. Such policies are consistently followed by North Carolina CLASS 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 fair value, which is represented by their resell/repurchase amounts.

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. Generally accepted accounting principles require the use of the effective interest method for amortization of premium and accretion of discount.

Distributions to Participants

Distributions from net investment income are declared daily and posted to participants' accounts monthly. North Carolina CLASS's policy is to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

Income Taxes

North Carolina CLASS is not subject to federal, state or local income taxes, and accordingly no tax provision has been made.

North Carolina CLASS files tax returns annually. North Carolina CLASS is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Note 2. Fair Value Measurements

In accordance with GAAP, North Carolina CLASS utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, which establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements. The 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 North Carolina CLASS 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 are 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 entities 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 North Carolina CLASS since the commencement of operations. 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, 2023 to value North Carolina CLASS'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 year ended December 31, 2023)

North Carolina CLASS	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Investments in Securities at Value*				
Commercial Paper	\$ -	\$84,276,280	\$ -	\$84,276,280
Repurchase Agreements	-	36,319,926	-	36,319,926
Total	\$ -	\$120,596,206	\$ -	\$120,596,206

* For the period ended December 31, 2023, the North Carolina CLASS 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.

Note 3. Deposits and Investments

Deposits

At December 31, 2023, the North Carolina CLASS portfolio had a cash deposit balance of \$7,807,977. As a result, approximately 6% of the total assets held by North Carolina CLASS were concentrated at two banks as of December 31, 2023. Interest earned on the investments as a percentage of total interest earned was 10% for the period ended December 31, 2023.

Custodian

Fifth Third Bank, N.A. serves as the custodian for the North Carolina CLASS portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for North Carolina CLASS's investment portfolio and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust.

Risk Disclosure

The portfolio is 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 North Carolina CLASS.
- 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 North Carolina CLASS's net asset value (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. Market 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.

North Carolina CLASS 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.

Investment in Securities

Funds in North Carolina CLASS will be invested exclusively in the investments authorized under N.C.G.S. 159-30(c).

The following types of investments are eligible for inclusion in the Prime Fund:

Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.

Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service.

Obligations of the State of North Carolina.

Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the secretary may impose.

Savings certificates issued by any savings and loan association organized under the laws of the State of North Carolina or by any federal savings and loan association having its principal office in North Carolina; provided that any principal amount of such certificate in excess of the amount insured by the federal government or any agency thereof, or by a mutual deposit guaranty association authorized by the Commissioner of Banks of the Department of Commerce of the State of North Carolina, be fully collateralized.

Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation.

Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations.

Participating shares in a mutual fund for local government investment; provided that the investments of the fund are limited to those qualifying for investment under this subsection (c) and that said fund is certified by the Local Government Commission. The Local Government Commission shall have the authority to issue rules and regulations concerning the establishment and qualifications of any mutual fund for local government investment.

Evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of the United States government or obligations the principal of and the interest on which are guaranteed by the United States, which obligations are held by a bank or trust company organized and existing under the laws of the United States or any state in the capacity of custodian.

Repurchase agreements with respect to either direct obligations of the United States or obligations the principal of and the interest on which are guaranteed by the United States if entered into with a broker or dealer, as defined by the Securities Exchange Act of 1934, which is a dealer recognized as a primary dealer by a Federal Reserve Bank, or any commercial bank, trust company or national banking association, the deposits of which are insured by the Federal Deposit Insurance Corporation or any successor thereof if:

- Such obligations that are subject to such repurchase agreement are delivered (in physical or in book entry form) to the local government or public authority, or any financial institution serving either as trustee for the local government or public authority or as fiscal agent for the local government or public authority or are supported by a safekeeping receipt issued by a depository satisfactory to the local government or public authority, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated at least daily, of not less than one hundred percent (100%) of the repurchase price, and, provided further, that the financial institution serving either as trustee or as fiscal agent for the local government or public authority holding the obligations subject to the repurchase agreement hereunder or the depository issuing the safekeeping receipt shall not be the provider of the repurchase agreement;
- A valid and perfected first security interest in the obligations which are the subject of such repurchase agreement has been granted to the local government or public authority or its assignee or book entry procedures, conforming, to the extent practicable, with federal regulations and satisfactory to the local government or public authority have been established for the benefit of the local government or public authority or its assignee;
- Such securities are free and clear of any adverse third-party claims; and
- Such repurchase agreement is in a form satisfactory to the local government or public authority.

Note 4. Repurchase Agreements

Transactions involving purchases of securities under agreements to resell/repurchase are treated as collateralized financing transactions and are recorded at their contracted resell amounts. In addition, interest earned but not yet collected is included in interest receivable. The custodian bank reports the market value of the collateral securities to the Trust on at least a weekly basis. 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, 2023, the Trust held no uncollateralized repurchase agreements. 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. At December 31, 2023, securities with a fair value of approximately \$37,046,423 were received as collateral for securities purchased under agreements to resell for the North Carolina CLASS portfolio. Interest earned on repurchase agreements as a percentage of total interest earned was 56% for the North Carolina CLASS portfolio for the period ended December 31, 2023.

Note 5. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by Public Trust Advisors, LLC ("PTA"). North Carolina CLASS's fees are calculated daily and paid monthly. The Daily Fee shall be calculated as follows: The Investment Property Value is multiplied by the Applicable Fee Rate and is divided by 365 or 366 days in the event of a leap year to equal the Daily Fee accrual. The Investment Property Value shall be based on the prior day's net assets. For weekend days and holidays, the net assets for the previous business day will be utilized for the calculation of fees. The Applicable Fee Rate shall be determined monthly on the first business day of each month and shall be at an annual rate equal to fifteen (15) basis points. Fees may be waived or abated at any time, or from time to time, at the sole discretion of PTA. Any such waived fees may be restored by the written agreement of the Board of Trustees in its sole discretion. The fees are collected by PTA and used to pay all expenses related to North Carolina CLASS. For the fiscal year ended December 31, 2023, fees of \$63,883 were voluntarily waived in the Trust.

Note 6. Share Transactions

Transactions in shares during the nine months from inception date of April 10, 2023 through December 31, 2023 for the North Carolina CLASS portfolio were as follows:

	2023
Shares sold	130,915,373
Shares issued on reinvestment of distributions	2,335,831
Shares redeemed	(3,764,066)
Net increase	<u>129,487,138</u>

At December 31, 2023, five participants held a 5% or greater participation interest in the North Carolina CLASS portfolio. The holdings of these five participants were approximately 83% of the portfolio at December 31, 2023. Investment activities of these participants could have a material impact on the North Carolina CLASS portfolio.

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

	<u>North Carolina CLASS</u> <u>Period Ended December 31, 2023*</u>
Per Share Data	
Net Asset Value - Beginning of Period	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.040
Net Asset Value - End of Period	\$1.00
TOTAL RETURN	3.981%
RATIOS	
Net Assets-End of period (\$000 Omitted)	\$129,475
Ratio of Expenses to Average Net Assets Gross	0.149% ¹
Ratio of Expenses to Average Net Assets Waived	0.149% ¹
Ratio of Expenses to Average Net Assets	0.000% ¹
Ratio of Net Investment Income to Average Net Assets	5.431% ¹

¹ All ratios are presented on an annualized basis

* Period from April 10, 2023 (Inception) through December 31, 2023

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 North Carolina CLASS's financial statements. Management has determined that there were no material events that would require disclosure in the North Carolina CLASS's financial statements as of March 11, 2024, which is the date the financial statements were available to be issued.

Note 9. Related Parties

All Trustees of North Carolina CLASS are officers of participating governments.



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