

NEW YORK COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM



Annual Report

JUNE 30, 2021
(REPORT OF INDEPENDENT AUDITORS WITHIN)

NYCLASS 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.

NYCLASS[®]

Chairperson's Letter

To the Participants of NYCLASS:

On behalf of the NYCLASS Governing Board and our administrator and investment advisor, Public Trust Advisors, LLC (Public Trust), I am pleased to present the NYCLASS Annual Report for the year ended June 30, 2021.

First and foremost, I want to extend my gratitude to the valued NYCLASS Participants for their loyalty and perseverance over the last eighteen months; your continued participation and trust in us have made this challenging time a little less so. Even in times of great uncertainty, I am proud that NYCLASS remains a reliable, safe, and trustworthy investment tool, providing comfort and clarity to local governments around the state. We are proud to offer services you can trust so that you can focus on the important tasks of your role and helping your great communities.

If 2020 reminded us of anything, it is just how much a year can change things! When I think back to the beginning of this new decade, the Federal Funds Target range sat at 1.50% - 1.75% but that would quickly change just months later. In March, the Federal Reserve cut its target rate by 1.75%, effectively bringing the overnight lending rates to zero. In addition, the Federal Reserve dramatically expanded their balance sheet through asset purchases that provided liquidity to the markets and stabilized financial conditions. Treasury yields and credit spreads rapidly followed suit, with historically low interest rates and tight credit spreads setting in throughout the remainder of the year. The Federal Reserve will likely remain committed to this highly accommodative policy until the economy reaches full employment and inflation moderately exceeds two percent for some time. The market anticipates the first rate hike from the Federal Reserve to occur sometime around the end of 2022.

In 2020, the U.S. economy contracted by roughly two percent with the COVID-19 pandemic dramatically impacting overall consumption and disrupting the labor market. Public health orders shut down many sectors of the economy, hitting the hospitality industry particularly hard. For all of 2020, over nine million jobs were lost with the unemployment rate sitting at 6.7% by year end. Over \$3 trillion of stimulus was passed by Congress assisting families, small businesses, and health care providers as the economy ground to a halt in order to restrict the spread of the virus. Through continued vaccine distribution and relaxed lockdown guidelines, the economy has begun to regain its footing so far in 2021.

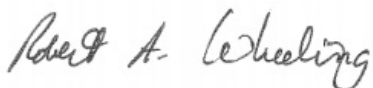
Through all economic cycles and market conditions, the safety of your investments under our management is our top priority. In the face of economic and societal uncertainty at the beginning of last year, we made swift decisions to prepare for volatility by reviewing our overall holdings, increasing our cash positions using collateralized deposits at New York banking institutions, and maintaining sufficient liquidity to be certain we met Participant needs.

Even through difficult circumstances, NYCLASS will always adapt and rise to any challenge for the benefit of the NYCLASS Participants. While operating remotely for the majority of the last year and a half, the NYCLASS staff showed their flexibility and commitment to the Participants. In the second half of 2020, NYCLASS proudly released an upgraded transaction portal with a refreshed look and enhanced capabilities. As of this letter, more than 1,250 individuals have successfully logged into the new portal and have conducted more than 10,300 transactions!

As NYCLASS celebrates more than thirty years of operations, the investment and operations teams at Public Trust have a well-developed understanding of the cash flow cycles related to the various participating entity types. This knowledge allows the teams to customize the portfolios to maximize yields without compromising Participant access to daily liquidity. In fiscal year 2021, NYCLASS Participants requested 9,500 withdrawals totaling almost \$5 billion. Even with historically low interest rates, NYCLASS was able to provide a grand total of nearly \$2.5 million in interest earnings for Participants in during the year!

As your Chairperson, it is a pleasure and an honor to represent the NYCLASS Governing Board. The Board is devoted to providing our Participants with transparent oversight, meeting regularly to monitor the funds and operations on your behalf. Each year reminds us that the NYCLASS Participants are truly our greatest asset.

Respectfully,



Robert Wheeling
Chairperson, Governing Board

Independent Auditors' Report



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
New York Cooperative Liquid Assets Securities System
C/O Public Trust Advisors
Denver, Colorado

We have audited the accompanying financial statements of New York Cooperative Liquid Assets Securities System (NYCLASS), which comprise the statement of net assets as of June 30, 2021, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended June 30, 2021 and 2020, 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 NYCLASS as of June 30, 2021, the results of its operations for the year then ended, and the changes in its net assets for the years ended June 30, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Chairperson's letter, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
August 20, 2021



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STATEMENT OF NET ASSETS – JUNE 30, 2021

INVESTMENTS, AT FAIR VALUE

| | Principal Amount | Coupon Rate | Maturity | Effective Yield | Fair Value |
|--|---------------------|----------------|------------|--------------------|---------------|
| Repurchase Agreements (11%)* | | | | | |
| Bank of America/Merrill Lynch Tri-Party (2%)* (Collateralized by a U.S. Treasury Obligation with a coupon rate of 1.50% and maturing on 11/30/2024.) Market value plus accrued interest: \$76,588,455 | \$75,086,720 | 0.05% | 07/01/2021 | 0.05% | \$75,086,720 |
| BMO Tri-Party (1%)* (Collateralized by U.S. Treasury Obligations with coupon rates of 0.00% and maturing between 02/15/2029 and 08/15/2032.) Market value plus accrued interest: \$23,151,605 | 22,697,652 | 0.03 | 07/01/2021 | 0.03 | 22,697,652 |
| Credit Agricole Tri-Party (1%)* (Collateralized by a U.S. Treasury Obligation with a coupon rate of 0.625% and maturing on 04/15/2023.) Market value plus accrued interest: \$51,000,075 | 50,000,000 | 0.05 | 07/01/2021 | 0.05 | 50,000,000 |
| Goldman Sachs Tri-Party (2%)* (Collateralized by U.S. Treasury Obligations with coupon rates between 0.00% and 2.75% and maturing between 02/15/2040 and 05/15/2048.) Market value plus accrued interest: \$76,500,004 | 75,000,000 | 0.04 | 07/01/2021 | 0.04 | 75,000,000 |
| RBC Capital Markets Tri-Party (1%)* (Collateralized by U.S. Treasury Obligations with coupon rates between 1.50% and 2.375% and maturing between 03/31/2023 and 08/15/2049.) Market value plus accrued interest: \$18,813,620 | 18,444,697 | 0.02 | 07/01/2021 | 0.02 | 18,444,697 |
| Wells Fargo Bank, N.A. (3%)* (Collateralized by U.S. Government Mortgage Obligations with coupon rates between 2.50% and 3.50% and maturing between 11/01/2043 and 05/01/2050.) Market value plus accrued interest: \$82,123,683 | 80,528,414 | 0.01 | 07/01/2021 | 0.01 | 80,528,414 |
| JP Morgan Tri-Party (1%)* (Collateralized by a U.S. Treasury Obligation with a coupon rate of 1.625% and maturing on 12/31/2021.) Market value plus accrued interest: \$51,000,057 | 50,000,000 | 0.05 | 07/06/2021 | 0.05 | 50,000,000 |
| Cost of (\$371,757,483) | | | | | 371,757,483 |
| U.S. Government Treasury Securities (58%)* | | | | | |
| US Treasury Bill | 20,000,000 | Disc** | 07/01/2021 | 0.01 | 20,000,000 |
| US Treasury Bill | 20,000,000 | Disc** | 07/06/2021 | 0.03 | 19,999,914 |
| US Treasury Bill | 68,000,000 | Disc** | 07/08/2021 | 0.03 | 67,999,517 |
| US Treasury Bill | 22,000,000 | Disc** | 07/22/2021 | 0.04 | 21,999,419 |
| US Treasury Notes | 25,000,000 | 0.27-Var. | 07/31/2021 | 0.27 | 25,004,819 |
| US Treasury Bill | 100,000,000 | Disc** | 08/03/2021 | 0.05 | 99,995,747 |
| US Treasury Bill | 15,000,000 | Disc** | 08/05/2021 | 0.04 | 14,999,358 |

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

STATEMENT OF NET ASSETS – JUNE 30, 2021

INVESTMENTS, AT FAIR VALUE

| | Principal Amount | Coupon Rate | Maturity | Effective Yield | Fair Value |
|---|---------------------|----------------|------------|--------------------|----------------------|
| US Treasury Bill | \$50,000,000 | Disc** | 08/10/2021 | 0.04% | \$49,997,537 |
| US Treasury Bill | 18,000,000 | Disc** | 08/12/2021 | 0.05 | 17,998,898 |
| US Treasury Bill | 27,000,000 | Disc** | 08/19/2021 | 0.04 | 26,998,337 |
| US Treasury Bill | 37,000,000 | Disc** | 08/26/2021 | 0.04 | 36,997,554 |
| US Treasury Bill | 50,000,000 | Disc** | 08/31/2021 | 0.05 | 49,996,171 |
| US Treasury Bill | 32,000,000 | Disc** | 09/09/2021 | 0.05 | 31,997,107 |
| US Treasury Bill | 50,000,000 | Disc** | 09/14/2021 | 0.05 | 49,995,313 |
| US Treasury Bill | 50,000,000 | Disc** | 09/21/2021 | 0.05 | 49,994,534 |
| US Treasury Bill | 50,000,000 | Disc** | 09/23/2021 | 0.05 | 49,994,459 |
| US Treasury Bill | 75,000,000 | Disc** | 09/28/2021 | 0.04 | 74,991,842 |
| US Treasury Bill | 100,000,000 | Disc** | 09/30/2021 | 0.05 | 99,987,361 |
| US Treasury Bill | 50,000,000 | Disc** | 10/05/2021 | 0.05 | 49,994,000 |
| US Treasury Bill | 125,000,000 | Disc** | 10/07/2021 | 0.05 | 124,983,836 |
| US Treasury Bill | 100,000,000 | Disc** | 10/14/2021 | 0.05 | 99,986,146 |
| US Treasury Bill | 50,000,000 | Disc** | 10/28/2021 | 0.05 | 49,991,323 |
| US Treasury Notes | 50,000,000 | 0.35-Var. | 10/31/2021 | 0.35 | 50,051,505 |
| US Treasury Bill | 115,000,000 | Disc** | 11/04/2021 | 0.05 | 114,978,869 |
| US Treasury Bill | 50,000,000 | Disc** | 11/12/2021 | 0.05 | 49,990,136 |
| US Treasury Bill | 100,000,000 | Disc** | 11/18/2021 | 0.05 | 99,980,556 |
| US Treasury Bill | 75,000,000 | Disc** | 11/26/2021 | 0.05 | 74,983,658 |
| US Treasury Bill | 100,000,000 | Disc** | 12/02/2021 | 0.05 | 99,977,542 |
| US Treasury Bill | 100,000,000 | Disc** | 12/09/2021 | 0.05 | 99,976,521 |
| US Treasury Bill | 50,000,000 | Disc** | 12/16/2021 | 0.05 | 49,987,984 |
| US Treasury Notes | 42,000,000 | 0.20-Var. | 01/31/2022 | 0.20 | 42,037,942 |
| US Treasury Notes | 35,000,000 | 0.16-Var. | 04/30/2022 | 0.16 | 35,032,396 |
| US Treasury Notes | 50,000,000 | 0.07-Var. | 07/31/2022 | 0.07 | 50,027,789 |
| US Treasury Notes | 40,000,000 | 0.11-Var. | 10/31/2022 | 0.10 | 40,021,984 |
| Cost of (\$1,940,943,545) | | | | | <u>1,940,950,074</u> |
| Total Investments in Securities | | | | | |
| Cost of (\$2,312,701,028) | | | | | <u>2,312,707,557</u> |
| Deposit Balances in Custodian Banks (31%)* | | | | | |
| Citizens Bank (2%)* | 72,108,584 | 0.10 | 07/01/2021 | 0.10 | 72,108,584 |
| Dime Bank (4%)* | 150,445,630 | 0.25 | 07/01/2021 | 0.25 | 150,445,630 |
| Dime Bank (3%)* | 115,614,849 | 0.30 | 07/01/2021 | 0.30 | 115,614,849 |
| Hanover Community Bank (2%)* | 56,035,029 | 0.19 | 07/01/2021 | 0.19 | 56,035,029 |
| Israel Discount Bank (1%)* | 30,077,283 | 0.25 | 07/01/2021 | 0.25 | 30,077,283 |
| OceanFirst Bank (3%)* | 100,376,596 | 0.35 | 07/01/2021 | 0.35 | 100,376,596 |
| OceanFirst Bank (3%)* | 100,301,274 | 0.30 | 07/01/2021 | 0.30 | 100,301,274 |
| Quontic Bank (1%)* | 25,075,897 | 0.25 | 07/01/2021 | 0.25 | 25,075,897 |
| Quontic Bank (1%)* | 25,152,049 | 0.50 | 07/01/2021 | 0.50 | 25,152,049 |
| Santander Bank (1%)* | 25,002,055 | 0.10 | 07/01/2021 | 0.10 | 25,002,055 |
| TD Bank (10%)* | 357,067,857 | 0.15 | 07/01/2021 | 0.15 | 357,067,857 |
| | | | | | <u>1,057,257,103</u> |

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

STATEMENT OF NET ASSETS – JUNE 30, 2021

INVESTMENTS, AT FAIR VALUE

Other Assets

| | |
|-----------------------------|----------------------|
| Accrued Interest Receivable | \$71,092 |
| Receivable for Shares Sold | 302,617 |
| Total Assets | <u>3,370,338,369</u> |

Less Liabilities

| | |
|---|------------------------|
| Administration and Investment Advisory Fees | 163,132 |
| Payable for Shares Redeemed | 601,342 |
| Miscellaneous Payable | 9,143 |
| Total Liabilities | <u>773,617</u> |
| Net Assets | <u>\$3,369,564,752</u> |

Components of Capital

| | |
|--|------------------------|
| Capital (Par Value) | 3,369,558,223 |
| Unrealized Appreciation on Investments | 6,529 |
| Net Assets | <u>\$3,369,564,752</u> |

Outstanding Participant Shares

3,369,558,223

Net Asset Value per Share

\$1.00

The accompanying notes are an integral part of these financial statements

STATEMENT OF OPERATIONS

(Year Ended June 30, 2021)

| | |
|--|--------------------|
| Investment Income | \$5,511,386 |
| Expenses: | |
| Administration and Investment Advisory Fees | 4,529,714 |
| Administration and Investment Advisory Fees Waived | (1,492,603) |
| Administration and Investment Advisory Fees Net | <u>3,037,111</u> |
| Net Investment Income | <u>2,474,275</u> |
| Net Gain on Investments | 59,809 |
| Change in Net Unrealized Depreciation on Investments | <u>(741,873)</u> |
| Net Realized Gain and Unrealized Loss on Investments | <u>(682,064)</u> |
| Net Increase in Net Assets Resulting from Operations | <u>\$1,792,211</u> |

STATEMENTS OF CHANGES IN NET ASSETS

(Years Ended June 30, 2021 and June 30, 2020)

| | 2021 | 2020 |
|---|------------------------|------------------------|
| From Investment Activities: | | |
| Net Investment Income | \$2,474,275 | \$42,950,228 |
| Net Change in Unrealized Appreciation/(Depreciation) on Investments | (741,873) | 109,753 |
| Realized Gain on Investments | 59,809 | 7,588 |
| Net Increase in Net Assets Resulting from Operations | <u>1,792,211</u> | <u>43,067,569</u> |
| Distributions to Participants from Net Investment Income | (2,474,275) | (42,950,228) |
| Distributions to Participants from Net Realized Gain | (59,809) | (7,588) |
| Net Increase in Net Assets from Share Transactions | <u>3,261,300</u> | <u>874,389,545</u> |
| Net Increase in Net Assets | <u>2,519,427</u> | <u>874,499,298</u> |
| Net Assets: | | |
| Beginning of Period | <u>3,367,045,325</u> | <u>2,492,546,027</u> |
| End of Period | <u>\$3,369,564,752</u> | <u>\$3,367,045,325</u> |

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021

Note 1. Description of NYCLASS and Significant Accounting Policies

The New York Cooperative Liquid Assets Securities System - ("NYCLASS") or ("Cooperative") was established on September 19, 1989, as a cooperative investment arrangement organized under the NYCLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. NYCLASS is available for investment by any New York State Municipal Cooperation or District. The purpose of NYCLASS is to enable such entities to cooperate in the investment of their available funds. The Lead Participant of NYCLASS is the Village of Potsdam. The Lead Participant, acting through an appropriate fiscal officer ("Lead Fiscal Officer"), is primarily responsible for executing the provisions of the Municipal Cooperation Agreement. NYCLASS operates like money market mutual funds with each share valued at \$1.00.

NYCLASS is rated AAAM by Standard and Poor's.

Use of Estimates

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 Cooperative 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.

The 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 Cooperative's investment policies do not allow for investments in derivatives and, for the period ended June 30, 2021, the Cooperative 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 credited to participants' accounts daily. The Cooperative's policy is to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

Income Taxes

NYCLASS is not subject to federal, state or local income taxes, and accordingly no tax provision has been made. NYCLASS files tax returns annually. NYCLASS 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. NYCLASS's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Note 2. Fair Value Measurements

In accordance with FASB guidance, the Cooperative 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. 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 Cooperative's 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 the Cooperative 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 June 30, 2021 to value the Cooperative'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 June 30, 2021)

| Investments in Securities at Value* | Valuation Inputs | | | |
|-------------------------------------|------------------|-----------------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Repurchase Agreements | \$ - | \$371,757,483 | \$ - | \$371,757,483 |
| U.S. Government Treasury Securities | - | 1,940,950,074 | - | 1,940,950,074 |
| Total | \$ - | \$2,312,707,557 | \$ - | \$2,312,707,557 |

* For the year ended June 30, 2021 the NYCLASS 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.

The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Note 3. Deposits and Investments

Deposits

At June 30, 2021, the deposit balances at the custodian banks were \$1,057,257,103 for the NYCLASS portfolio. As a result, approximately 31% of the total assets held by the NYCLASS portfolio are concentrated at eight custodian banks - Citizens Bank N.A., Ocean First Bank, Dime Bank, Hanover Bank, Israel Discount Bank, Quontic Bank, Santander Bank, and TD Bank. All deposits were fully collateralized by irrevocable letters of credit from the Federal Home Loan Bank.

Interest earned on bank deposit investment vehicles as a percentage of total interest earned accounted for 80% on the NYCLASS portfolio for the year ending June 30, 2021. All portfolio holdings are collateralized in accordance with General Municipal Law (GML) Section 10.

Custodian

Wells Fargo Bank, N.A. serves as the custodian for the Cooperative's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Cooperative'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 Cooperative. The Cooperative may also use Bank Leumi USA, Bank of America N.A., The Bank of New York Mellon, Bank of the West, CIT Bank N.A., Citibank N.A., Citizens Bank N.A., Dime Community Bank, Hanover Community Bank, HSBC Bank USA N.A., JPMorgan Chase Bank N.A., M&T Bank Corp., Metropolitan Commercial Bank, OceanFirst Bank, Pathfinder Commercial Bank, Pioneer Bank, PNC Bank N.A., Santander Bank N.A., State Street Bank and Trust Co., TD Bank N.A., Truist Bank, US Bank N.A., and Valley National Bank as a safekeeping agent for overnight 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 Cooperative.
- **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 the Cooperative'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. 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.

Investment in Securities

New York State 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 Cooperative. The Cooperative may invest in the following:

- Any security issued by, fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment.
- Obligations of the State of New York.
- Obligations issued pursuant to section 24.00 or 25.00 of the local finance law (with the approval of the State Comptroller) by any municipality, school district or district corporation not participating in the Cooperative.
- Special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York, collateralized in accordance with the provisions of General Municipal Law, Section 10, or in accordance with all of the following conditions:
 1. The moneys are invested through a bank or trust company located and authorized to do business in New York.
 2. The bank or trust company arranges for the deposit of moneys in certificates of deposit in one or more banking institutions, as defined by section nine-r of the banking law, for the account of NYCLASS.
 3. The full amount of the principal and accrued interest of each such certificate of deposit must be insured by the Federal Deposit Insurance Corporation.
 4. The bank or trust company acts as custodian for NYCLASS with respect to such certificates of deposit issued for NYCLASS's account.
 5. At the same time that NYCLASS's moneys are deposited and the certificates of deposit are issued for the account of NYCLASS, the bank or trust company receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of the moneys invested by NYCLASS through the bank or trust company.
- Special time deposits may be maintained only with, and certificates of deposits may be purchased only from, creditworthy banks and trust companies.
- Repurchase agreements and tri-party repurchase agreements with member banks of the Federal Reserve System and/or dealers in U.S. Government Securities which have a short term issuer credit rating (actual or imputed) of at least A-1 by Standard & Poor's.

No more than 25% of the portfolio may be invested 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.

A Master Repurchase Agreement (e.g. The Bond Market Association standard agreement, 1996 version) and applicable NYCLASS annexes must be signed by all parties and on file prior to executing any transaction.

Tri-party repurchase agreements are permissible with NYCLASS Board approved counterparties and 3rd party custodians (acting for both the party and the counterparty). Written Tri-party custodian agreements (in addition to The Bond Market Association 1996 standard repurchase agreement) must be signed by all parties and on file prior to executing any transaction.

Collateral (purchased securities) shall be limited to the following and shall be indicated as such on Schedule 1 'Schedule of Eligible Securities' of the Tri-party custodian agreement: U.S. Treasuries (Bills, Bonds, Notes, Strips), GNMA I/II Others-Fixed Rate and GNMA I/II Others-Adjust Rate.

Term repurchase agreements ("TRA's") are considered eligible investments under the following conditions:

For TRA's between 2 to 5 business days: A maximum of 10% of the portfolio with any one dealer.

For TRA's with maturities of more than 5 business days: A maximum of 5% of the portfolio.

TRA's shall not exceed 30 calendar days.

TRA's shall fulfill all requirements of the 1996 version of The Bond Market Association master repurchase agreement.

The Repurchase Agreements between NYCLASS and the various approved counterparties require that the aggregate market value of all Purchased Securities from any particular counterparty be at least 102% (the "Margin") of the aggregate Purchase Price of the Purchased Securities.

The Board recognizes that market fluctuations constantly increase or decrease the value of securities; that there is value in maintaining ongoing positive relationships between NYCLASS and the various counterparties; that accepted practice in the industry allows minor deviations from strict application of margins; and that there is a cost of changing collateral securing repurchase agreements. For those reasons, the Portfolio Manager may use discretion before directing that a counterparty supply Additional Purchased Securities until such time as the Margin falls below 101.5%. If the aggregate collateral level of the counterparty falls below 101.5%, the Portfolio Manager shall notify the counterparty to provide sufficient Additional Securities to restore the margin to at least 102%. The portfolio manager will require additional collateral to return the margin to at least 102% on the next business day.

The maximum final maturity per fixed rate security fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment is 13 months (397 days).

The maximum final maturity per floating rate security fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment is two years (762 days).

The weighted average maturity to reset cannot exceed 60 days. The weighted average maturity to final cannot exceed 120 days.

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

All investments fall under the categorization of (3) as mentioned in the preceding paragraph.

Note 4. Repurchase Agreements

Funds are released from the Cooperative's portfolios for repurchase agreements only when collateral has been wired to the custodian bank, and for the period ended June 30, 2021, the Cooperative held no uncollateralized repurchase agreements. The custodian bank reports the market value of the collateral securities to the Cooperative 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 Cooperative may be limited. NYCLASS may use Bank of America N.A., Bank of Montreal, BofA Securities, Citigroup Global Markets, Credit Agricole CIB, Goldman Sachs & Co., JP Morgan Securities LLC, Royal Bank of Canada NY, UBS Securities LLC and Wells Fargo Bank N.A. as a safekeeping agent for repurchase agreements. Interest earned on repurchase agreements as a percentage of total interest earned accounted for 4% on the NYCLASS portfolio for the year ending June 30, 2021.

Note 5. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by Public Trust Advisors, LLC (PTA). The Cooperative'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 days 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 as follows:

| Current Day's Shares Outstanding Balance | Fee % |
|---|-------|
| First 1,000,000,000 | .15% |
| Next 1,000,000,000 | .14% |
| Over 2,000,000,001 | .12% |

Note 6. Share Transactions

Transactions in shares during the twelve months ended June 30, 2021 and 2020 for the NYCLASS portfolio were as follows:

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Shares sold | 5,002,954,254 | 5,832,776,413 |
| Shares issued on reinvestment of distributions | 2,534,084 | 42,957,816 |
| Shares redeemed | (5,002,227,038) | (5,001,344,684) |
| Net increase | 3,261,300 | 874,389,545 |

At June 30, 2021, one participant held more than a 5% participation interest in the Cooperative. The holding of this participant is approximately 7% of the portfolio at June 30, 2021. Investment activities of this participant could have a material impact on the Cooperative.

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

| | NYCLASS Years Ended | | | | |
|--|------------------------|-------------|-------------|-------------|-----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| 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 | \$0.013 | \$0.022 | \$0.013 | \$0.005 |
| Net Asset Value - End of Period | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| TOTAL RETURN | 0.074% | 1.425% | 2.149% | 1.210% | 0.454% |
| RATIOS | | | | | |
| Net Assets-End of period (\$000 Omitted) | \$3,369,565 | \$3,367,045 | \$2,492,546 | \$1,220,201 | \$670,799 |
| Ratio of Expenses to Average Net Assets Gross | 0.135% | 0.140% | 0.140% | 0.120% | 0.120% |
| Ratio of Expenses to Average Net Assets Waived | 0.044% | 0.000% | 0.000% | 0.000% | 0.000% |
| Ratio of Expenses to Average Net Assets | 0.090% | 0.140% | 0.140% | 0.120% | 0.120% |
| Ratio of Net Investment Income to Average Net Assets | 0.074% | 1.340% | 2.173% | 1.282% | 0.487% |

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 Cooperative's financial statements. Management has determined that there were no material events that would require disclosure in the Cooperative's financial statements as of August 20, 2021, which is the date the financial statements were available to be issued.

Note 9. Related Parties

All Trustees of NYCLASS are officers of participating governments.

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