



Annual Report

DECEMBER 31, 2016
(REPORT OF INDEPENDENT AUDITORS WITHIN)

FLCLASS Rated AAAM by Standard & Poor's

Standard & Poor's Ratings in no way guarantee favorable performance results and should not be construed as safety in an investment.



Chairman's Letter

December 31, 2016

To the Participants of FLCLASS:

On behalf of the four members of the FLCLASS Board of Trustees and Public Trust Advisors, LLC (Public Trust), the pool administrator and investment advisor, we are pleased to present the audited financials for the period ending December 31, 2016.

This time of year offers us an opportunity to reflect on the previous year and look forward to the year ahead. 2016 represented a year of significant growth for FLCLASS. We note a few important highlights below:

Assets: FLCLASS assets under management grew year-over-year by more than \$1.4 billion, representing a 774% increase. Assets peaked in December above \$1.7 billion.

Performance: During 2016, the FLCLASS daily yield has experienced an increase of 54 basis points (0.54%).

Participation: During 2016, FLCLASS participation more than tripled. As participation continues to grow, FLCLASS achieves further economies of scale and greater investment buying power, both of which correspond with an even better Participant experience.

Safety: FLCLASS's top priority will always be the safety of the public funds we manage on our Participants' behalf. To that end, we are always working on creating more secure and efficient systems. During 2016, we were pleased to introduce a new audit enhancement that notifies all authorized contacts when any account changes have been requested and processed.

As we continue to progress through 2017, the entire team at FLCLASS is working diligently to keep the positive momentum going. The Federal Open Market Committee (FOMC) recently increased the fed funds target rate to a new range of 0.75% - 1.00%. This recent rate hike had an almost immediate positive impact on the FLCLASS daily yield. After a nearly decade long stretch of near-zero interest rates, we are pleased to offer this much needed interest income to our local government partners throughout the state of Florida.

In closing, we resolve to continue to work closely with our local government partners, striving to be an LGIP leader not only in the state of Florida but throughout the country. Through our successful business relationship, the maintenance of dozens of strategic partnerships throughout the state of Florida, and the navigation of a variety of economic cycles, one thing remains clear: the FLCLASS Participants are our greatest asset. Our sincerest thanks for your continued participation and commitment to FLCLASS.

Respectfully,



Ken Burke, CPA

Clerk of the Circuit Court and Comptroller Pinellas County, Florida

Chairman, Board of Trustees

Independent Auditors' Report



Report of Independent Auditors

To the Board of Trustees
Florida Cooperative Liquid Assets Securities System

We have audited the accompanying financial statements of Florida Cooperative Liquid Assets Securities System (FLCLASS), which comprise the statement of net assets as of December 31, 2016, the related statement of operations for the year then ended, the related statements of changes in net assets for the year ended December 31, 2016 and the period July 15, 2015 (inception) through December 31, 2015, 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.

Auditor's Responsibility

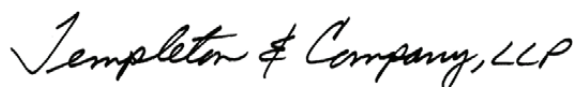
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 Florida Cooperative Liquid Assets Securities System as of December 31, 2016, the results of its operations for the year then ended, and the changes in net assets for the year ended December 31, 2016 and the period July 15, 2015 (inception) through December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.



West Palm Beach, Florida
April 26, 2017



STATEMENT OF NET ASSETS – DECEMBER 31, 2016

INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Repurchase Agreements (1%)*					
BMO Tri-Party (1%)* (Collateralized by U.S. Treasury Obligations with coupon rates between 0.125% and 4.25% and maturing between 09/30/2017 and 11/15/2045.) Market value plus accrued interest: \$10,204,332	\$10,004,198	0.48%	01/03/17	0.48%	\$10,004,198
Cost of (\$10,004,198)					10,004,198
U.S. Government Treasury & Agency Securities (3%)*					
US Government Treasury Bills	19,992,844	Disc**	02/02/17	0.47	19,991,838
US Government Treasury Bills	19,981,296	Disc**	03/09/17	0.46	19,982,740
US Government Treasury Notes/Bonds	9,005,194	0.88	02/28/17	0.54	9,004,922
Cost of (\$48,979,334)					48,979,500
Certificate of Deposit (1%)*					
Svenska Handelsbanken AB	10,000,000	1.34 - Var.	02/03/17	1.35	9,999,800
Cost of (\$10,000,000)					9,999,800
Commercial Paper (93%)*					
Anglesea Funding LLC	55,000,000	Disc**	01/03/17	1.22	54,996,271
Apple Inc.	23,100,000	Disc**	01/03/17	0.62	23,099,204
Bank of Tokyo - Mitsubishi UFJ Ltd.	30,000,000	Disc**	01/03/17	1.22	29,997,966
Institutional Secured Funding LLC	10,000,000	Disc**	01/03/17	1.40	9,999,222
Nieuw Amsterdam Rec. Corp.	50,000,000	Disc**	01/03/17	1.40	49,996,110
Bedford Row Funding Corp.	10,000,000	Disc**	01/04/17	1.17	9,999,028
Coca-Cola Co.	12,000,000	Disc**	01/04/17	0.65	11,999,350
Institutional Secured Funding LLC	30,000,000	Disc**	01/04/17	1.18	29,997,042
Anglesea Funding LLC	10,000,000	Disc**	01/05/17	0.92	9,998,983
Liberty Street Funding LLC	10,000,000	Disc**	01/05/17	1.06	9,998,817
Ontario Teachers' Finance Trust	11,750,000	Disc**	01/05/17	0.63	11,749,178
Manhattan Asset Funding Co.	25,000,000	Disc**	01/09/17	0.94	24,994,793
Versailles Com Paper LLC	10,000,000	Disc**	01/09/17	0.94	9,997,917
Alpine Securitization	10,000,000	Disc**	01/10/17	0.92	9,997,708
Concord Minuteman Cap Co.	20,000,000	Disc**	01/10/17	0.92	19,995,416
Concord Minuteman Cap Co.	35,652,000	Disc**	01/13/17	0.91	35,641,187
Kells Funding LLC	12,000,000	Disc**	01/13/17	0.82	11,996,734
NRW. Bank	20,000,000	Disc**	01/13/17	0.67	19,995,566
Albion Capital LLC	25,000,000	Disc**	01/17/17	0.90	24,990,000
Dexia Credit Local SA NY	15,000,000	Disc**	01/18/17	0.69	14,995,092
Bedford Row Funding Corp.	5,000,000	1.31 - Var.	01/24/17	1.59	4,999,000
Australia & New Zealand Banking Group Ltd.	15,000,000	Disc**	01/25/17	0.68	14,993,175
Caisse des Depot et Consignations	15,000,000	Disc**	01/26/17	0.69	14,992,800
NRW. Bank	15,000,000	Disc**	01/27/17	0.69	14,992,533
Microsoft Corp.	13,610,000	Disc**	01/30/17	0.68	13,602,500
NRW. Bank	15,000,000	Disc**	01/30/17	0.68	14,991,734

* 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, 2016

INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Microsoft Corp.	\$ 7,641,000	Disc**	01/31/17	0.71%	\$ 7,636,653
LMA Americas LLC	15,000,000	Disc**	02/01/17	0.94	14,988,312
Old Line Funding LLC	12,000,000	Disc**	02/01/17	1.07	11,989,330
Alpine Securitization	10,000,000	Disc**	02/02/17	0.94	9,991,878
Ontario Teachers' Finance Trust	5,000,000	Disc**	02/02/17	0.70	4,996,978
Ridgefield Funding Co. LLC	20,000,000	Disc**	02/03/17	0.94	19,983,278
Atlantic Asset Securitization LLC	5,000,000	Disc**	02/06/17	0.95	4,995,409
Versailles Com Paper LLC	10,000,000	Disc**	02/06/17	0.95	9,990,817
Atlantic Asset Securitization LLC	15,000,000	Disc**	02/07/17	0.94	14,985,863
Crown Point Capital Co.	15,000,000	0.89 - Var.	02/07/17	0.80	15,000,000
Kells Funding LLC	20,000,000	Disc**	02/07/17	0.80	19,983,966
Liberty Street Funding LLC	7,000,000	Disc**	02/08/17	0.71	6,994,867
Atlantic Asset Securitization LLC	30,000,000	Disc**	02/09/17	0.94	29,970,276
Fairway Finance Corp.	10,000,000	Disc**	02/09/17	0.94	9,990,092
Microsoft Corp.	20,000,000	Disc**	02/09/17	0.71	19,984,966
Old Line Funding LLC	10,000,000	Disc**	02/09/17	0.71	9,992,483
Ridgefield Funding Co. LLC	15,000,000	Disc**	02/09/17	0.94	14,985,138
Lexington Parker Capital	42,139,000	Disc**	02/10/17	0.95	42,095,736
Old Line Funding LLC	7,250,000	Disc**	02/10/17	0.81	7,243,656
Ontario Teachers' Finance Trust	10,000,000	1.11 - Var.	02/10/17	1.99	9,990,000
Thunder Bay Funding LLC	8,000,000	1.08 - Var.	02/10/17	1.86	7,992,800
Liberty Street Funding LLC	5,000,000	Disc**	02/13/17	0.94	4,994,500
Crown Point Capital Co.	18,000,000	Disc**	02/14/17	0.95	17,979,530
Ontario Teachers' Finance Trust	10,000,000	1.22 - Var.	02/14/17	1.70	9,994,000
Versailles Com Paper LLC	20,000,000	Disc**	02/16/17	0.95	19,976,266
NRW. Bank	15,000,000	Disc**	02/17/17	0.73	14,986,116
Ontario Teachers' Finance Trust	10,000,000	Disc**	02/17/17	0.73	9,990,744
Old Line Funding LLC	5,000,000	Disc**	02/21/17	0.73	4,994,921
Thunder Bay Funding LLC	5,000,000	Disc**	02/21/17	0.97	4,993,302
Kells Funding LLC	9,000,000	Disc**	02/23/17	0.87	8,988,725
Kells Funding LLC	15,000,000	Disc**	02/24/17	0.88	14,980,634
Manhattan Asset Funding Co.	20,000,000	1.09 - Var.	02/24/17	1.08	20,000,000
Institutional Secured Funding LLC	20,000,000	Disc**	02/27/17	0.99	19,969,188
Toronto Dominion Holding (USA) Inc.	23,000,000	Disc**	02/27/17	0.74	22,973,614
Crown Point Capital Co.	15,000,000	Disc**	03/01/17	0.98	14,975,600
Rabobank Nederland NV NY	15,000,000	Disc**	03/01/17	0.85	14,978,904
Toronto Dominion Holding (USA) Inc.	15,000,000	Disc**	03/02/17	0.73	14,981,400
Caisse des Depot et Consignations	40,000,000	Disc**	03/03/17	0.73	39,949,600
ING Funding (US)	20,000,000	Disc**	03/03/17	0.85	19,970,600
Old Line Funding LLC	17,700,000	Disc**	03/06/17	0.91	17,671,119
Toronto Dominion Holding (USA) Inc.	10,000,000	Disc**	03/06/17	0.74	9,986,617
Kells Funding LLC	20,000,000	Disc**	03/08/17	0.91	19,966,000
LMA Americas LLC	20,000,000	Disc**	03/08/17	1.02	19,962,222
Toronto Dominion Holding (USA) Inc.	10,000,000	Disc**	03/09/17	0.75	9,985,817

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STATEMENT OF NET ASSETS – DECEMBER 31, 2016

INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Commonwealth Bank of Australia	\$15,000,000	1.27% - Var.	03/10/17	1.27%	\$ 15,018,600
Svenska Handelsbanken AB	10,000,000	Disc**	03/10/17	0.76	9,985,417
Commonwealth Bank of Australia	15,000,000	Disc**	03/13/17	0.77	14,976,884
Liberty Street Funding LLC	18,000,000	Disc**	03/13/17	1.05	17,962,405
Caisse des Depot et Consignations	15,000,000	Disc**	03/14/17	0.77	14,976,567
Ridgefield Funding Co. LLC	15,000,000	Disc**	03/14/17	1.06	14,967,933
Chariot Funding LLC	5,000,000	Disc**	03/15/17	1.06	4,989,167
Atlantic Asset Securitization LLC	15,000,000	Disc**	03/17/17	1.08	14,965,992
Toronto Dominion Holding (USA) Inc.	5,000,000	Disc**	03/21/17	0.80	4,991,113
Microsoft Corp.	15,000,000	Disc**	03/29/17	0.83	14,969,592
Toyota Motor Credit Corp.	10,000,000	1.17 - Var.	03/31/17	1.10	10,004,290
Standard Chartered Bank	30,000,000	Disc**	04/03/17	0.99	29,924,016
Fairway Finance Corp.	12,000,000	Disc**	04/10/17	1.07	12,003,120
Dexia Credit Local SA NY	10,000,000	Disc**	04/21/17	0.92	9,972,000
Collateralized Commercial Paper II Co.	15,000,000	Disc**	04/24/17	1.08	14,949,209
Bedford Row Funding Corp.	10,000,000	Disc**	05/09/17	1.11	9,960,639
Collateralized Commercial Paper II Co.	15,000,000	1.12 - Var.	05/09/17	1.12	15,000,000
Nordea Bank AB	15,000,000	Disc**	05/15/17	0.99	14,945,034
Toyota Motor Credit Corp.	13,000,000	1.06 - Var.	05/15/17	0.89	13,000,000
Chariot Funding LLC	5,000,000	1.29 - Var.	05/18/17	1.59	4,994,200
Collateralized Commercial Paper Co.	20,000,000	1.19 - Var.	05/26/17	1.18	20,000,000
Nordea Bank AB	20,000,000	Disc**	05/30/17	1.03	19,915,272
Toyota Motor Credit Corp.	20,000,000	0.98 - Var.	06/05/17	1.09	20,000,000
Bedford Row Funding Corp.	20,000,000	Disc**	06/12/17	1.20	19,893,400
Bedford Row Funding Corp.	15,000,000	Disc**	06/13/17	1.25	14,916,125
Old Line Funding LLC	15,000,000	1.08 - Var.	06/20/17	0.78	15,000,000
Ontario Teachers' Finance Trust	15,000,000	Disc**	06/23/17	1.07	14,923,437
Ontario Teachers' Finance Trust	21,450,000	Disc**	08/03/17	1.11	21,311,004
Jupiter Securitization Co.	10,000,000	1.11 - Var.	08/08/17	1.10	10,000,000
Cost of (\$1,572,427,975)					<u>1,572,554,659</u>
Total Investments in Securities					
Cost of (\$1,641,411,507)					<u>1,641,538,157</u>
Deposit Balances in Custodian Banks (2%)*					
Wells Fargo Bank, N.A. (2%)*	32,183,047	0.50	01/03/17	0.50	<u>32,183,047</u>
					<u>32,183,047</u>

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The accompanying notes are an integral part of these financial statements

STATEMENT OF NET ASSETS – DECEMBER 31, 2016
 INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Other Assets					
Accrued Interest Receivable					\$ 142,529
Total Assets					<u>1,673,863,733</u>
Less Liabilities					
Administration and Investment Advisory Fees					81,461
Total Liabilities					<u>81,461</u>
Net Assets					<u>\$1,673,782,272</u>
Components of Capital					
Capital (Par Value)					\$1,673,655,622
Unrealized Appreciation on Investments					126,650
Net Assets					<u>\$1,673,782,272</u>
Outstanding Participant Shares					<u>1,673,655,622</u>
Net Asset Value per Share					<u>\$1.00</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF OPERATIONS

(Year Ended December 31, 2016)

Investment Income	\$ 5,149,849
Expenses:	
Administration and Investment Advisory Fees	975,043
Administration and Investment Advisory Fees Waived	<u>(428,157)</u>
Administration and Investment Advisory Fees Net	<u>546,886</u>
Net Investment Income	<u>4,602,963</u>
Realized Gain on Investments	2,910
Change in Net Unrealized Appreciation on Investments	<u>101,896</u>
Net Realized and Unrealized Gain on Investments	<u>104,806</u>
Net Increase in Net Assets Resulting from Operations	<u><u>\$4,707,769</u></u>

STATEMENTS OF CHANGES IN NET ASSETS

Year Ended December 31, 2016 and Period July 15, 2015 (Inception) through December 31, 2015

	<u>2016</u>	<u>2015</u>
From Investment Activities:		
Net Investment Income	\$4,602,963	\$106,377
Net Change in Unrealized Appreciation on Investments	101,896	24,754
Realized Gain on Investments	<u>2,910</u>	<u>-</u>
Net Increase in Net Assets Resulting from Operations	<u>4,707,769</u>	<u>131,131</u>
Distributions to Participants from Net Investment Income	(4,602,963)	(106,377)
Distributions to Participants from Net Realized Gain	(2,910)	-
Net Increase in Net Assets from Share Transactions	<u>1,483,559,517</u>	<u>190,096,105</u>
Net Increase in Net Assets	1,483,661,413	190,120,859
Net Assets:		
Beginning of Period	190,120,859	-
End of Period	<u><u>\$1,673,782,272</u></u>	<u><u>\$190,120,859</u></u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements - December 31, 2016

Note 1. Description of FLCLASS and Significant Accounting Policies

The Florida Cooperative Liquid Assets Securities System Trust ("FLCLASS") is a common law trust established, created and authorized by an Interlocal Agreement by and among participating Florida public agencies. FLCLASS is an authorized investment pool under Section 218.415(16)(a), Florida Statutes, and was established for participating Florida agencies on April 1, 2015 under the Interlocal Agreement and commenced operations on July 15, 2015 (inception). FLCLASS is available for investment by any unit of local government within the State of Florida. The purpose of FLCLASS is to enable such units to cooperate in the investment of their available funds. FLCLASS operates like a money market mutual fund 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 FLCLASS in the preparation of the financial statements.

FLCLASS is rated AAAM by Standard and Poor's.

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

FLCLASS's investment policies do not allow for investments in derivatives and, for the year ended December 31, 2016, FLCLASS 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".

Distributions to Participants

Distributions from net investment income are declared and paid daily. FLCLASS's policy is to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

Income Taxes

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

FLCLASS files tax returns annually. FLCLASS is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change.

Note 2. Fair Value Measurements

In accordance with FASB guidance, FLCLASS 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 FLCLASS'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 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 FLCLASS 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, 2016 to value FLCLASS’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, 2016)

FLCLASS Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$ 10,004,198	\$ -	\$ 10,004,198
U.S. Government Treasury Securities	-	48,979,500	-	48,979,500
Certificate of Deposit	-	9,999,800	-	9,999,800
Commercial Paper	-	1,572,554,659	-	1,572,554,659
Total	\$ -	\$1,641,538,157	\$ -	\$1,641,538,157

* For the year ended December 31, 2016 the FLCLASS 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.

Note 3. Investments

Custodian

Wells Fargo Bank, N.A. serves as the custodian for FLCLASS portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for FLCLASS’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 FLCLASS.

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 FLCLASS.
- 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 FLCLASS’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. 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.

FLCLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. FLCLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. FLCLASS’s policy is to limit its exposure to any non-government issuer to 5% of net assets.

Investments in Securities

Florida Statutes specify that public funds only be invested in a manner that is permitted pursuant to the laws of the State of Florida generally; Florida’s Investment of Local Government Surplus Funds Act; Florida Statutes, Chapter 218, Part IV; and the Florida Interlocal Cooperation Act of 1969. The Board of Trustees has adopted an Investment Policy that further limits the investment instruments of FLCLASS. As summarized below, FLCLASS may invest in:

1. Bills, notes and bonds issued by the U.S. Treasury and backed by the full faith and credit of the United States; obligations of any agency or instrumentality of the United States; and obligations issued by entities with liquidity support from the U.S. Government, or its agencies or instrumentalities.
2. Floating-rate and variable-rate debt obligations with interest rates that are periodically adjusted at specified intervals or whenever a benchmark rate or index changes; with maximum final maturity of 13 months (397 days) if rated below AA-, or for sovereign debt with maximum final maturity of two years (762 days) if rated AA- or higher.

3. Repurchase agreements with a termination date of 364 days or less; collateralized by U.S. Treasury obligations, federal agency securities, and federal instrumentality securities; and with a minimum market value, including accrued interest, of 102 percent of the dollar value of the transaction.
4. Commercial paper of corporations organized under the laws of the United States or any state thereof, including paper issued by bank holding companies and high-quality asset-backed securities, with a maturity of 365 days or less, rated in the two highest ratings categories of either Standard & Poor's, Moody's, or a comparable rating by another nationally recognized statistical rating organization ("NRSRO"), and with not more than 5% with any one issuer.
5. Corporate bonds, notes, and other evidences of indebtedness or obligations issued by corporations organized under the laws of the United States or any state, having a remaining maturity less than or equal to 397 days; rated at least A or better by Standard & Poor's, Moody's, or a comparable rating by another NRSRO; and with not more than 5% with any one issuer.
6. Obligations of banks, including, but not limited to: bank accounts, time deposits, certificates of deposit and banker's acceptances.
7. Asset backed securities that are payable from pools of obligations, most of which involve consumer or commercial debts.
8. Insurance contracts, including guaranteed investment contracts, funding agreements and annuities, and with the issuing company having an insurance financial strength rating of A+ or equivalent by a national recognized rating agency.
9. Collateralized certificates of deposit as permitted by Florida law.
10. FDIC insured certificates of deposit.
11. Municipal obligations of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities, rated in one of its two highest rating categories by two or more NRSROs, with maximum exposure per municipal issuer of 5%, and maximum final maturity per municipal investment of 13 months (397 days).
12. Foreign securities issued in U.S. dollars by issuers based outside the United States, rated at least A or better by Standard & Poor's, Moody's, or a comparable rating by another NRSRO, with not more than 5% with any one issuer, and with maximum final maturity per foreign security investment of 13 months (397 days).
13. Mortgage-backed securities with a final maturity not exceeding 397 days from the date of purchase that are collateralized first mortgage obligations or unstructured pass-through securities and rated at least AA, Aa or the equivalent by at least two NRSROs that rate the issue; aggregate investment in mortgage-backed securities not exceeding 25% of the total portfolio; and no more than 5% of the total portfolio invested in any one issuer.
14. No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that include in their investment objectives the maintenance of a stable net asset value of \$1.00, and are rated AAAM or equivalent by at least one NRSRO.

Note 4. Repurchase Agreements

Funds are released from FLCLASS's portfolio for repurchase agreements only when collateral has been wired to the custodian bank, and during the year ended December 31, 2016, FLCLASS held no uncollateralized repurchase agreements. The custodian bank reports the market value of the collateral securities to FLCLASS 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 FLCLASS may be limited. FLCLASS may use Bank of America NA, BMO Harris Bank NA, Goldman Sachs & Co, JPM Securities PLC, Merrill Lynch Pierce Fenner & Smith, RBC Capital Markets LLC, UBS Securities LLC and Wells Fargo Securities as a safekeeping agent for repurchase agreements. Interest earned on repurchase agreements as a percentage of total interest earned accounted for 4% for the year ended December 31, 2016.

Note 5. Administration and Investment Advisory Fees

Investment advisory and administration and marketing services are provided by Public Trust Advisors, LLC (Public Trust). Such fees are calculated daily and paid monthly in arrears and prorated for any portion of the month in which the investment services agreement with Public Trust is in effect. 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 current day's shares outstanding. For weekend days and holidays, the shares outstanding 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 Public Trust. Any such waived fees may be restored by the written agreement of the Board of Trustees. Public Trust pays all fees associated with other services as mutually agreed upon with the Board of Trustees.

Note 6. Share Transactions

Transactions in shares during the year ended December 31, 2016 and the Period July 15, 2015 (Inception) through December 31, 2015 for FLCLASS were as follows:

	2016	2015
Shares sold	1,893,586,729	210,000,000
Shares issued on reinvestment of distributions	4,605,131	106,377
Shares redeemed	(414,632,343)	(20,010,272)
Net increase	<u>1,483,559,517</u>	<u>190,096,105</u>

At December 31, 2016, five participants held more than a 5% participation interest in FLCLASS. The holdings of these five participants is approximately 65% of the portfolio at December 31, 2016. Investment activities of these participants could have a material impact on FLCLASS.

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

Financial highlights for the year ended December 31, 2016 and the period July 15, 2015 (Inception) through December 31, 2015 are presented as follows:

	2016	2015
Per Share Data		
Net Asset Value - Beginning of Period	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.007	\$0.001
Net Asset Value - End of Period	\$1.00	\$1.00
TOTAL RETURN	0.661%	0.096%
RATIOS		
Net Assets-End of period (\$000 Omitted)	\$1,673,782	\$190,121
Ratio of Expenses to Average Net Assets Gross	0.149%	0.078%
Ratio of Expenses to Average Net Assets Waived	0.066%	0.035%
Ratio of Expenses to Average Net Assets	0.083%	0.043%
Ratio of Net Investment Income to Average Net Assets	0.704%	0.114%

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 FLCLASS's financial statements. Management has determined that there were no material events that would require disclosure in FLCLASS's financial statements as of April 26, 2017.

Note 9. Related Parties

All trustees of FLCLASS are officers of participating governments.

BOARD OF TRUSTEES

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Clerk of the Circuit Court and Comptroller, Palm Beach County

Mr. Ken Burke, CPA
Clerk of the Circuit Court and Comptroller, Pinellas County

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