June 30, 2012
Annual Financial Report

ISJIT
Iowa Schools Joint Investment Trust

Sponsored by: Iowa Association of School Boards

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Statement from the Sponsor

Since 1986, the Iowa Schools Joint Investment Trust (ISJIT) has focused on serving the cash management needs of school districts, community colleges, area education agencies and other eligible participants in a safe, effective and efficient manner.

ISJIT is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals. Short-term investors continue to face numerous challenges brought on by near-zero, short-term interest rates and challenging, albeit improving, credit markets.

The Federal Reserve's Open Market Committee is continuing to keep the Fed Funds rate within a target rate of between 0% and .25%, and more generally, short-term interest rates continue to be anchored at extremely low levels. According to a statement released by the Federal Reserve Open Market Committee on June 20, 2012, "economic conditions are likely to warrant exceptionally low levels for the Federal Funds rate at least through late 2014".

This interest rate environment has translated to lower earnings rates available from all manner of liquid cash investment vehicles, including ISJIT. The Fund's Diversified Portfolio continues to provide a competitive return with an emphasis on the preservation of principal and maintenance of suitable liquidity for all participants.

IASB is committed to assisting local school districts on their journey to excellence by freeing dollars in your budget that can be focused on student learning. ISJIT continues to grow and, with 398 authorized participants, has provided a much-needed investment option for Iowa schools.

As the Executive Director of IASB, I would like to thank this past year's ISJIT participants. I appreciate your continuing support as we strengthen the Iowa Association of School Boards and focus our efforts on serving Iowa's education community.

Sincerely,

Thomas J. Downs
Executive Director
Iowa Association of School Boards

Message from the Chair

The Iowa Schools Joint Investment Trust Board is pleased to present this Annual Financial Report for the period ending June 30, 2012. We are encouraged by our high level of participation and our high level of account balances. The ISJIT board thanks you for your loyal support over the past fiscal year.

I would like to acknowledge the tremendous sacrifices by all the partners we work with on ISJIT. This includes Bankers Trust Company (our administrator, custodian, and fixed term provider), RBC Global Asset Management, (U.S.), Inc. (our investment adviser), and PMA (our marketer and fixed term provider). These partners continue to provide a high level of service to ISJIT's Participants, while they discount fees in this low interest rate environment. I take pride in knowing that ISJIT, in cooperation with our service partners, is doing all it can to maximize earnings for member districts, AEA's and community colleges.

ISJIT continues to partner with Brooks Lodden P.C., as the auditor, Bob Jester of Jester Insurance Services covers our insurance, and Rob Dixon of Davis Brown Law Firm serves as our legal counsel.

I would like to formally welcome several new members to the ISJIT board this year. Ed Chabel from Mt. Pleasant Community School and Jeff Thelander of Lawton-Bronson Community School have replaced long time members Gary Sinclair, former Superintendent from Dallas Center-Grimes and Greg Reynolds, Business Manager from Keokuk. Gary is now employed with PMA (fixed term provider), which is located in Naperville, Illinois. Paul Kruse continues as our marketing agent and is the face of ISJIT to local business managers and superintendents.

Your comments and suggestions are always welcome and are a key element in the continual improvement of the ISJIT program. Please feel free to contact me, or any other Board member, with your ideas and thoughts.

Together we can make ISJIT even better.

On behalf of the Board,

Tom Wieseler
Chairperson

Board of Trustees & Service Providers

ISJIT Board of Trustees:

Tom Wieseler, Trustee & Chair
Mt. Vernon Community School District

Mike Sexton, Trustee & Vice Chair
Rockwell City-Lytton Community School District

Tom Downs, Ex-Officio Trustee, Secretary
Iowa Association of School Boards

Amy Jurrens, Trustee, Treasurer, & Asst. Sec.
George-Little Rock Community School District

Jeff Thelander, Trustee
Lawton-Bronson School District

W. Edward Chabal, Trustee
Mt. Pleasant Community School District

Joan Corbin, Trustee
Pella Community School District

ISJIT Service Providers:

Investment Adviser
RBC Global Asset Management (US) Inc.
100 South 5th Street, Suite 2300
Minneapolis, MN 55402

Administrator, Custodian, & Fixed Term Service Provider:
Bankers Trust Company
453 7th Street, Post Office Box 897
Des Moines, IA 50304-0897

Independent Auditor:
Brooks Lodden, P.C.
1441 29th Street, Suite 305
West Des Moines, IA 50266

Legal Counsel:
Davis, Brown, Koehn, Shors & Roberts, P.C.
The Davis Brown Tower
215 10th Street, Suite 1300
Des Moines, IA 50309

Fixed Term Service Provider & Marketing Agent
PMA Securities, Inc.
2135 CityGate Lane, 7th Floor
Naperville, IL 60563

Sponsor:
Iowa Association of School Boards
6000 Grand Avenue
Des Moines, IA 50312-1417

ISJIT Board of Trustees meets regularly to review the program's operation and to consider program operating enhancements that might be of assistance to ISJIT participants. Each of the seven members of the board represents the interests of its home school corporation as well as 398 other ISJIT program members. Each Board member has served as a school board member, business manager, or administrator in his/her home district or Association for many years prior to their ISJIT service.

Together, the ISJIT Board provides an extensive network of experience and knowledge of participants' cash management needs to the program's ongoing operation. The diversity of experience and attention to detail by each member of the Board ensures that the program's history of helpful cash management assistance will continue to be available to ISJIT participants well into the future.

Membership Profile

ADAIR-CASEY COMMUNITY SCHOOL
ADEL-DESOTO-MINBURN CSD
AEA 10 GRANT WOOD
AEA 11 HEARTLAND
AEA 13 LOESS HILLS
AEA 14 GREEN VALLEY
AEA 16 GREAT RIVER
AEA 16 GREAT RIVER TRUST
AEA 267
AEA 9 MISSISSIPPI BEND
AEA 9 MISSISSIPPI BEND TRUST
AEA PRAIRIE LAKES
AGWSR SCHOOL DISTRICT
A-H-S-T COMMUNITY SCHOOL
AKRON-WESTFIELD COMMUNITY SCHOOL
ALBERT CITY-TRUESDALE
ALBIA COMMUNITY SCHOOL
ALBURNETT COMMUNITY SCHOOL
ALDEN COMMUNITY SCHOOL
ALGONA COMMUNITY SCHOOLS
ALLAMAKEE COMMUNITY SCHOOL
ALLISON-BRISTOW COMMUNITY SCHOOL
ALTA COMMUNITY SCHOOL
AMES COMMUNITY SCHOOL
ANAMOSA COMMUNITY SCHOOL
ANDREW COMMUNITY SCHOOL
ANITA COMMUNITY SCHOOL
ANKENY COMMUNITY SCHOOL
ANTHON-OTO COMMUNITY SCHOOL
APLINGTON COMMUNITY SCHOOL
APLINGTON-PARKERSBURG SD
ARMSTRONNG-RINGSTED COMM SCHOOL
AR-WE-VA COMMUNITY SCHOOL
ATLANTIC COMMUNITY SCHOOLS
AUDUBON COMMUNITY SCHOOL
BALLARD COMMUNITY SCHOOL
BANKERS TRUST TTEE JOHNSTON
BANKERS TRUST TTEE WEST DELAWARE
BATTLE CREEK-IDA COMM SCHOOL
BAXTER COMMUNITY SCHOOL
BCLUW COMMUNITY SCHOOL
BEDFORD COMMUNITY SCHOOL
BELLE PLAINE COMMUNITY SCHOOL
BELLEVUE COMMUNITY SCHOOLS
BELMOND-KLEMME COMM SCHOOL
BENNETT COMMUNITY SCHOOL
BENTON COMMUNITY SCHOOL DISTRICT
BETTENDORF COMMUNITY SCHOOL
BONDURANT-FARRAR COMM SCHOOL
BOONE COMMUNITY SCHOOL
BOYDEN-HULL COMMUNITY SCHOOL
BOYER VALLEY COMMUNITY SCHOOL
BROOKLYN-GUERNSEY-MALCOM
BURLINGTON COMMUNITY SCHOOL
C&M COMMUNITY SCHOOL
CAL COMMUNITY SCHOOL
CALAMUS-WHEATLAND CSD
CAMANCHE COMMUNITY SCHOOL
CARDINAL COMMUNITY SCHOOL
CARLISLE COMMUNITY SCHOOL
CARROLL COMMUNITY SCHOOL
CEDAR FALLS COMMUNITY SCHOOL
CEDAR RAPIDS COMMUNITY SCHOOL
CENTER POINT-URBANA CSD
CENTERVILLE COMMUNITY SCHOOL
CENTRAL CITY COMM SCHOOL DIST
CENTRAL CLINTON COMMUNITY SCHOOL
CENTRAL DECATUR COMMUNITY SCHOOL
CENTRAL LEE COMMUNITY SCHOOL
CENTRAL LYON COMMUNITY SCHOOL
CENTRAL SPRINGS COMMUNITY SCHOOL
CHARITON COMMUNITY SCHOOL
CHARLES CITY COMMUNITY SCHOOL
CHEROKEE COMMUNITY SCHOOL
CLARINDA COMMUNITY SCHOOL
CLARKE COMMUNITY SCHOOL
CLARKSVILLE COMMUNITY SCHOOL
CLAY CENTRAL/EVERLY CSD
CLEAR CREEK-AMANA CSD
CLEAR LAKE COMMUNITY SCHOOL
CLEARFIELD COMMUNITY SCHOOL
CLINTON COMMUNITY SCHOOL
COLFAX-MINGO COMMUNITY SCHOOL
COLLEGE COMMUNITY SCHOOL
COLLINS-MAXWELL COMMUNITY SCHOOL
COLO-NESCO COMMUNITY SCHOOL
COLUMBUS COMMUNITY SCHOOL
COMMUNITY FIRST STATE BANK
COON-RAPIDS-BAYARD CSD
CORNING COMMUNITY SCHOOL
COUNCIL BLUFFS COMMUNITY SCHOOL
CRESTON COMMUNITY SCHOOL
DALLAS-CENTER-GRIMES CSD
DANVILLE COMMUNITY SCHOOL
DAVENPORT COMMUNITY SCHOOL
DAVIS COUNTY COMMUNITY SCHOOL
DECORAH COMMUNITY SCHOOL
DEEP RIVER-MILLERSBURG CSD
DELWOOD COMMUNITY SCHOOL
DENISON COMMUNITY SCHOOL
DENVER COMMUNITY SCHOOL
DES MOINES AREA COMMUNITY
DES MOINES AREA COMMUNITY
DES MOINES INDEPENDENT SCHOOL
DIAGONAL COMMUNITY SCHOOL
DIKE-NEW HARTFORD CSD
DOWS COMMUNITY SCHOOL
DUBUQUE COMMUNITY SCHOOL
DUNKERTON COMMUNITY SCHOOL
DURANT COMMUNITY SCHOOL
EAGLE GROVE CSD
EARLHAM COMMUNITY SCHOOL
EAST BUCHANAN COMMUNITY SCHOOL
EAST CENTRAL COMMUNITY SCHOOL
EAST GREENE COMMUNITY SCHOOL
EAST MARSHALL COMMUNITY SCHOOL
EAST UNION COMMUNITY SCHOOL
EASTERN ALLAMAKEE CSD
EDDYVILLE-BLAKESBURG CSD
EDGEWOOD-COLESBURG CSD
ELDORA NEW PROVIDENCE CSD
EMMETSBURG COMMUNITY SCHOOL
ENGLISH VALLEYS CSD
ESSEX COMMUNITY SCHOOL
ESTHERVILLE LINCOLN CENTRAL CSD
EXIRA COMMUNITY SCHOOL
FAIRFIELD COMMUNITY SCHOOLS
FARRAGUT COMMUNITY SCHOOLS
FOREST CITY COMMUNITY SCHOOL
FORT DODGE COMMUNITY SCHOOL
FORT MADISON COMMUNITY SCHOOL
FOX VALLEY COMMUNITY SCHOOL
FREDERICKSBURG COMMUNITY SCHOOL
FREMONT COMMUNITY SCHOOL
FREMONT-MILLS COMMUNITY SCHOOL
GALVA-HOLSTEIN COMMUNITY SCHOOL
GARNER-HAYFIELD COMMUNITY SCHOOL
GEORGE-LITTLE ROCK CSD
GILBERT COMMUNITY SCHOOL
GILMORE CITY-BRADGATE CSD
GLADBROOK-REINBECK COMMUNITY
GLENWOOD COMMUNITY SCHOOL
GLIDDEN-RALSTON COMMUNITY SCHOOL
GMG COMMUNITY SCHOOL
GRAETTINGER COMMUNITY SCHOOL
GRAND COMMUNITY SCHOOL
GREAT PRAIRIE AEA
GRINNELL-NEWBURG COMM SCHOOL
GRISWOLD COMMUNITY SCHOOL
GRUNDY CENTER COMMUNITY SCHOOL
GUTHRIE CENTER COMM SCHOOL
GUTTENBURG COMMUNITY SCHOOL
HAMBURG COMMUNITY SCHOOL
HAMPTON-DUMONT CSD
HARLAN COMMUNITY SCHOOL
HARMONY COMMUNITY SCHOOL
HARRIS-LAKE PARK COMMUNITY SCHOOL
HARTLEY-MELVIN-SANBORN CSD
HIGHLAND COMMUNITY SCHOOL
HINTON COMMUNITY SCHOOL
H-L-V COMMUNITY SCHOOL
HOWARD-WINNESHIEK CSD
HUBBARD-RADCLIFFE CSD
HUDSON COMMUNITY SCHOOL
HUMBOLDT COMM SCHOOLS
IKM COMMUNITY SCHOOL
IMPACC
INDEPENDENCE COMMUNITY SCHOOL
INDIAN HILLS CC CORPORATION
INDIAN HILLS CC FOUNDATION
INDIAN HILLS CC TRUST
INDIAN HILLS COMMUNITY COLLEGE
INDIANOLA COMMUNITY SCHOOL
INTERSTATE 35 COMMUNITY SCHOOL
IOWA CITY COMMUNITY SCHOOL
IOWA FALLS COMMUNITY SCHOOL
IOWA LAKES COMMUNITY COLLEGE
IOWA LAKES COMMUNITY COLLEGE TR
IOWA SCHOOLS CASH ANTICIPATION
IOWA SCHOOLS EMPLOYEE BENEFITS
IOWA SCHOOLS JOINT INVESTMENT TR
IOWA VALLEY COMMUNITY COLLEGE
IOWA VALLEY COMMUNITY SCHOOL
IOWA WESTERN COMMUNITY COLLEGE
JANESVILLE CONSOLIDATED SCHOOL
JEFFERSON-SCRANTON CSD
JESUP COMMUNITY SCHOOL DISTRICT
JOHNSTON COMMUNITY SCHOOL
KEOKUK COMMUNITY SCHOOL
KEOTA COMMUNITY SCHOOL
KEYSTONE AEA 1
KINGSLEY-PIERSON COMMUNITY
KIRKWOOD COMMUNITY COLLEGE
KIRKWOOD COMMUNITY COLLEGE TRUST
KNOXVILLE COMMUNITY SCHOOL
LAKE MILLS CSD
LAMONI COMMUNITY SCHOOL
LAURENS-MARATHON CSD
LAWTON-BRONSON COMMUNITY SCHOOL
LE MARS COMMUNITY SCHOOL
LENOX COMMUNITY SCHOOL

Membership Profile (continued)

LEWIS CENTRAL COMMUNITY SCHOOL
LINEVILLE-CLIO COMMUNITY SCHOOL
LINN-MAR COMMUNITY SCHOOL
LISBON COMMUNITY SCHOOLS
LITTLE ROCK COMMUNITY SCHOOL
LOGAN-MAGNOLIA COMMUNITY SCHOOL
LONE TREE COMMUNITY SCHOOL
LOUISA-MUSCATINE CSD
LUVERNE COMMUNITY SCHOOL
LYNNVILLE-SULLY COMMUNITY SCHOOL
MADRID COMMUNITY SCHOOL
MALVERN COMMUNITY SCHOOL
MANNING COMMUNITY SCHOOL
MANSON NORTHWEST WEBSTER CSD
MAPLE VALLEY COMMUNITY SCHOOL
MAQUOKETA COMMUNITY SCHOOL
MAQUOKETA VALLEY CSD
MARCUS-MERIDEN-CLEGHORN CSD
MARION INDEPENDENT SCHOOL
MARSHALLTOWN COMM COLLEGE TRUST
MARSHALLTOWN COMMUNITY SCHOOL
MARTENSDALE ST-MARYS CSD
MASON CITY COMMUNITY SCHOOL
MEDIAPOLIS COMMUNITY SCHOOL
MELCHER DALLAS COMMUNITY SCHOOL
METRO INTERAGENCY INSURANCE PRO
MFL MARMAC COMMUNITY SCHOOL
MID PRAIRIE COMMUNITY SCHOOL
MIDLAND COMMUNITY SCHOOLS
MISSOURI VALLEY COMMUNITY SCHOOL
MISSOURI VALLEY HIGH SCHOOL
MOC-FLOYD VALLEY CSD
MONTEZUMA COMMUNITY SCHOOL
MONTICELLO COMMUNITY SCHOOL
MORAVIA COMMUNITY SCHOOL
MORMON TRAIL COMMUNITY SCHOOL
MORNING SUN COMM SCHOOL
MOULTON-UDELL COMMUNITY SCHOOL
MOUNT AYR COMMUNITY SCHOOL
MOUNT PLEASANT COMMUNITY SCHOOL
MOUNT VERNON COMMUNITY SCHOOL
MURRAY COMMUNITY SCHOOL
MUSCATINE COMMUNITY SCHOOL
NASHUA-PLAINFIELD CSD
NEVADA COMMUNITY SCHOOL
NEWELL-FONDA COMMUNITY SCHOOL
NEW HAMPTON COMMUNITY SCHOOL
NEW LONDON COMMUNITY SCHOOL
NEW MARKET COMMUNITY SCHOOL
NEWTON COMMUNITY SCHOOL
NISHNA VALLEY COMMUNITY SCHOOL
NODAWAY VALLEY COMMUNITY SCHOOL
NORA SPRINGS-ROCK FALLS CSD
NORTH CEDAR CSD
NORTH CENTRAL COMMUNITY SCHOOL
NORTH FAYETTE COMMUNITY SCHOOL
NORTH IOWA COMMUNITY SCHOOL
NORTH KOSSUTH COMMUNITY SCHOOL
NORTH MAHASKA COMMUNITY SCHOOL
NORTH POLK COMMUNITY SCHOOL
NORTH SCOTT COMMUNITY SCHOOL
NORTH TAMA COUNTY COMMUNITY SD
NORTH WINNESHIEK COMM SCHOOL
NORTHEAST COMMUNITY SCHOOLS
NORTHEAST HAMILTON CSD
NORTHEAST IOWA COMMUNITY COLLEGE
NORTHERN TRAILS AEA 2
NORTHERN TRAILS TRUST
NORTH-LINN COMMUNITY SCHOOL
NORTHWEST AREA EDUCATION AGENCY
NORTHWEST COMMUNITY COLLEGE TR
NORTHWEST IOWA COMMUNITY COLLEGE
NORTHWOOD-KENSETT CSD
NORWALK COMMUNITY SCHOOL
ODEBOLT-ARTHUR COMMUNITY SCHOOL
OELWEIN COMMUNITY SCHOOL
OGDEN COMMUNITY SCHOOL
OKOBOJI COMMUNITY SCHOOL
OLIN CONSOLIDATED SCHOOL
ORIENT-MACKSBURG COMM SCHOOL
OSAGE COMMUNITY SCHOOL DISTRICT
OSKALOOSA COMMUNITY SCHOOL
OTTUMWA COMMUNITY SCHOOL
PANORAMA COMMUNITY SCHOOL
PARKERSBURG COMMUNITY SCHOOL
PCM COMMUNITY SCHOOL
PEKIN COMMUNITY SCHOOL
PELLA COMMUNITY SCHOOL
PERRY COMMUNITY SCHOOL
PLEASANTVILLE COMMUNITY SCHOOL
POCAHONTAS SCHOOL DISTRICT
POSTVILLE COMMUNITY SCHOOLS
PR LKS AEA8 WF AS TTEE
PRAIRIE LAKES AEA
PRAIRIE VALLEY COMMUNITY SCHOOL
PRESCOTT COMMUNITY SCHOOL
PRESTON COMMUNITY SCHOOL
RED OAK COMMUNITY SCHOOL
RIVER VALLEY COMMUNITY SCHOOL
RIVERSIDE COMMUNITY SCHOOL
ROCK VALLEY COMMUNITY SCHOOL
ROCKWELL CITY-LYTTON CSD
ROCKWELL-SWALEDALE CSD
ROLAND STORY CSD
RUDD,ROCKFORD,MARBLE ROCK CSD
SAC COMMUNITY SCHOOL
SAYDEL COMMUNITY SCHOOL
SENTRAL COMMUNITY SCHOOL
SERGEANT BLUFF-LUTON CSD
SEYMOUR COMMUNITY SCHOOL
SCHLESWIG COMMUNITY SCHOOL
SHEFFIELD-CHAPIN CSD
SHELDON COMMUNITY SCHOOL
SHENANDOAH COMMUNITY SCHOOL
SIBLEY-OCHEYEDAN CSD
SIDNEY COMMUNITY SCHOOL
SIGOURNEY COMMUNITY SCHOOL
SIOUX CENTER COMMUNITY SCHOOL
SIOUX CENTRAL CSD
SIOUX CITY COMMUNITY SCHOOL
SOLON COMMUNITY SCHOOL
SOUTH HAMILTON COMMUNITY SCHOOL
SOUTH OBRIEN COMM SCHOOL DIST
SOUTH PAGE COMMUNITY SCHOOL
SOUTH TAMA COUNTY CSD
SOUTH WINNESHIEK COMMUNITY
SOUTHEAST IOWA SCHOOLS HEALTH
SOUTHEAST POLK COMMUNITY SCHOOL
SOUTHEAST WARREN COMMUNITY
SOUTHEAST WEBSTER-GRAND
SOUTHEASTERN COMM COLLEGE TRUST
SOUTHEASTERN COMMUNITY COLLEGE
SOUTHERN CAL COMMUNITY SCHOOL
SPENCER COMMUNITY SCHOOL
SPIRIT LAKE COMMUNITY SCHOOL
SPRINGVILLE COMMUNITY SCHOOL
ST ANSGAR COMMUNITY SCHOOL
STANTON COMMUNITY SCHOOL
STARMONT COMMUNITY SCHOOL
STORM LAKE COMMUNITY SCHOOL
STRATFORD COMMUNITY SCHOOL
SUMNER COMMUNITY SCHOOL
TERRIL COMMUNITY SCHOOL
TIPTON COMMUNITY SCHOOL
TITONKA CONSOLIDATED SCHOOL
TREYNOR COMMUNITY SCHOOL
TRI-CENTER COMMUNITY SCHOOL
TRI-COUNTY COMMUNITY SCHOOL
TRIPOLI COMMUNITY SCHOOL
TURKEY VALLEY COMMUNITY SCHOOL
TWIN CEDARS COMMUNITY SCHOOL
UNDERWOOD COMMUNITY SCHOOL
UNION COMMUNITY SCHOOL
UNITED COMMUNITY SCHOOL
URBANDALE COMMUNITY SCHOOL
VALLEY COMMUNITY SCHOOL
VAN BUREN COMMUNITY SCHOOL
VAN METER COMMUNITY SCHOOL
VENTURA COMMUNITY SCHOOL
VILLISCA COMMUNITY SCHOOL
VINTON-SHELLSBURG COMM SCHOOL
WACO COMMUNITY SCHOOL
WALL LAKE COMMUNITY SCHOOL
WALNUT COMMUNITY SCHOOL
WAPELLO COMMUNITY SCHOOL
WAPSIE VALLEY COMMUNITY SCHOOL
WASHINGTON COMMUNITY SCHOOL
WATERLOO COMMUNITY SCHOOL
WAUKEE COMMUNITY SCHOOL
WAVERLY-SHELL ROCK COMMUNITY
WAYNE COMMUNITY SCHOOL
WEBSTER CITY COMMUNITY SCHOOL
WEST BEND-MALLARD CSD
WEST BRANCH COMMUNITY SCHOOL
WEST BURLINGTON COMMUNITY SCHOOL
WEST CENTRAL COMMUNITY SCHOOL
WEST CENTRAL VALLEY CSD
WEST DELAWARE COMMUNITY SCHOOL
WEST DES MOINES COMMUNITY SCHOOL
WEST HANCOCK COMMUNITY SCHOOL
WEST HARRISON COMMUNITY SCHOOL
WEST LIBERTY COMMUNITY SCHOOL
WEST LYON COMMUNITY SCHOOL
WEST MARSHALL COMMUNITY SCHOOL
WEST MONONA COMMUNITY SCHOOL
WEST SIOUX COMMUNITY SCHOOL
WESTERN DUBUQUE COMMUNITY SCHOOL
WESTERN IOWA TECH COMM COLLEGE
WESTWOOD COMMUNITY SCHOOL
WHITING COMMUNITY SCHOOL
WILLIAMSBURG COMMUNITY SCHOOL
WILTON COMMUNITY SCHOOL
WINFIELD MT-UNION COMM SCHOOL
WINTERSET COMMUNITY SCHOOL
WODEN-CRYSTAL COMMUNITY SCHOOL
WOODBURY CENTRAL COMM SCHOOL
WOODWARD-GRANGER COMM SCHOOL

ISJIT Program Services & Features

- ISJIT is sponsored by the Iowa Association of School Boards (IASB). IASB's management team meets regularly with the program's service providers to monitor all elements of program operation.
- Unique internet-based reporting system, *ISJIT Online*, provides participants with real-time account inquiry and transaction capabilities via the internet. Participants may invest or withdraw funds, verify account balances or transaction histories, and direct inquiries to any ISJIT service provider with this unique service.
- Provides daily liquid investment alternative: The Diversified portfolio is tailored to meet specific participant investment needs, and has been structured to produce yields that compare favorably to yields available in other liquid account structures and fixed-term investments with limited liquidity.
- Provides toll-free telephone access to experienced ISJIT representatives who can personally assist with any investment-related inquiry or request.
- Invests available funds with Iowa financial institutions, offering competitive rates of interest, whenever possible.
- Through its Fixed Term Automated Program, ISJIT offers participants the opportunity to purchase certificates of deposit from Iowa financial institutions and other securities that are permitted for investment by school corporations under Iowa law. Within the Fixed Term Program, the Bond Proceeds Management Program offers the perfect investment capability for bond proceeds.

"The ISJIT Fixed Term Program offered a convenient and valuable investment option for the Knoxville Community School District's Sales Tax Bond proceeds.

The ISJIT Fixed Term Program team worked with the district's architects and myself to analyze the cash flow projections for our construction project. The result was an investment schedule that provided the most efficient and economical option of investing these funds. The investment strategy provided a competitive rate of return while matching the maturity schedule of those investments with the construction timeline."

Craig Mobley
Business Manager
Knoxville Community School District

Knoxville Community School District
Senior High School Auditorium Addition

Management's Discussion & Analysis

This section of the ISJIT Annual Report presents management's discussion and analysis of the financial position and results of operations for the fiscal years ended June 30, 2012 (FY 2012) and June 30, 2011 (FY 2011). This information is being presented to provide additional information regarding the activities of ISJIT. This discussion and analysis should be read in conjunction with the Independent Auditor's Report of Brooks Lodden P.C., the Financial Statements, and the accompanying notes.

ISJIT is primarily responsible for providing proactive cash management practices and responsiveness to the unique needs of school corporations across Iowa. ISJIT is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29 of the Iowa Code, as amended, which authorizes Iowa schools to jointly invest money pursuant to a joint investment agreement. ISJIT currently operates the Diversified Portfolio. The Diversified Plus and Direct Government Obligation Portfolios suspended operations on January 8, 2009 and October 27, 2010, respectively, due to economic factors and are closed to new investments. ISJIT management expects the Diversified Plus and DGO Portfolios will remain closed to new investment for the foreseeable future, but the ISJIT Board has retained the right to reactivate the portfolios in the future. The objective of the portfolios is to maintain safety of principal and a high degree of liquidity through investment in short-term securities as permitted for Iowa schools under Iowa law. Activities of the Diversified and DGO Portfolios are described in the Management's Discussion and Analysis and accompanying financial statements and notes to financial statements.

Overview of the Financial Statements

The Management's Discussion and Analysis provides an introduction to and overview of the financial statements of ISJIT's Administration Fund, Diversified and DGO Portfolios. The following components comprise the financial statements for the Administration Fund: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, and 3) Notes to Financial Statements. The following components comprise the financial statements for each Portfolio: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, 3) Schedule of Investments for FY 2012, and 4) Notes to Financial Statements. The Statement of Net Assets displays the financial position (assets and liabilities) of the funds as of June 30, 2012 and 2011. The Statement of Changes in Net Assets displays the results of operations (income and expenses) and participant/unitholder activity (sales and redemptions) for each of the two most recent fiscal years. The Schedule of Investments lists each security held by the portfolio as of June 30, 2012. The Notes to Financial Statements describe significant accounting policies of the portfolios and other supplemental information.

Management's Discussion & Analysis

(continued)

Condensed Financial Information and Financial Analysis

Year-to-year variances in most financial statement amounts reported in ISJIT's Administrative Fund and Diversified Portfolios are caused by a single variable – the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances) in each portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned.

Condensed financial information and variance explanations for each portfolio for FY 2012 and FY 2011 follows:

Administration Fund:

Condensed information for the Fund through each period ended June 30:		2012		2011	Percentage Change
Assets	$	20,376	$	13,267	53.58%
Liabilities	$	32,715	$	21,516	52.05%
Net Assets	$	(12,339)	$	(8,249)	-49.58%
Income	$	74,991	$	30,125	146.28%
Expenses	$	76,081	$	77,768	-2.17%

Diversified Portfolio:

Condensed information for the Portfolio through each period ended June 30:		2012		2011	Percentage Change
Assets	$	550,422,410	$	682,290,903	-19.33%
Liabilities	$	694,888	$	599,887	15.84%
Net Assets	$	549,727,522	$	681,691,016	-19.36%
Average Net Assets	$	538,429,007	$	571,961,442	-5.86%
Investment Income	$	909,483	$	1,290,922	-29.55%
Expenses	$	807,796	$	727,226	11.08%
Net Investment Income	$	101,687	$	563,696	-81.96%
Units Sold ($1 per unit)		1,633,299,490		2,053,656,120	-20.47%
Units Redeemed ($1 per unit)		1,765,364,671		1,944,960,526	-9.23%
Total Return		0.17%		0.23%	
Ratio of Expenses to Average Net Assets		0.15%		0.13%	
Ratio of Net Investment Income to Average Net Assets		0.02%		0.10%	
Net Asset Value per Unit, Beginning of Period	$	1.000	$	1.000	
Net Investment Income per Unit		0.00019		0.001	
Dividends Distributed per Unit		(0.00019)		(0.001)	
Net Asset Value per Unit, End of Period	$	1.000	$	1.000	

Condensed Financial Information and Financial Analysis (Continued)

Direct Government Obligation Portfolio:

Condensed information for the Portfolio through each period ended June 30:		2012		2011	Percentage Change
Investments	$	0	$	0	0.00%
Liabilities	$	0	$	0	0.00%
Net Assets	$	0	$	0	0.00%
Average Net Assets	$	0	$	6,130,877	-100.00%
Investment Income	$	0	$	13,611	-100.00%
Expenses	$	0	$	5,033	-100.00%
Net Investment Income	$	0	$	8,578	-100.00%
Units Sold ($1 per unit)		0		3,744,166	-100.00%
Units Redeemed ($1 per unit)		0		21,455,372	-100.00%
Total Return		0%		0.22%	
Ratio of Expenses to Average Net Assets		0%		0.08%	
Ratio of Net Investment Income to Average Net Assets		0%		0.14%	
Net Asset Value per Unit, Beginning of Period	$	0	$	1.000	
Net Investment Income per Unit		0		0.001	
Dividends Distributed per Unit		0		(0.001)	
Net Asset Value per Unit, End of Period	$	0	$	1.000	

The net assets for the Administration Fund decreased 49.58 percent to ($12,339) FY 2012 from $(8,249) FY 2011. The decrease in net assets for the Administration Fund was a result of expenses of the Administration Fund exceeding the income received from the Diversified Portfolio.

During FY 2012, the average net assets for the Diversified Portfolio decreased 5.86 percent to $538,429,007 from average net assets of $571,961,442 during FY 2011 as a result of withdrawals by the Participants in the Portfolio.

During FY 2012, average net assets for the DGO Portfolio decreased 100 percent to $0 from average net assets of $6,130,877 during FY 2011 as a result of suspending operations of the Portfolio on October 27, 2010.

Net investment income decreased 81.96 percent in the Diversified Portfolio during FY 2012 compared to FY 2011 due to the decreasing rate environment throughout FY 2012.

Expenses of the Portfolios are calculated on the daily net asset totals. Total expenses increased in the Diversified Portfolio during FY 2012 by 11.08 percent due to changes in fee structure and fee waivers by the vendors.

Brooks Lodden P.C.
certified public accountants

Telford A. Lodden, CPA, CFP®, CVA, Shareholder
Bruce W. Hartley, CPA, Shareholder
John E. Lamale, CPA, Shareholder
Brent L. Alexander, CPA, Shareholder
James R. Pistillo, CPA, Shareholder

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Unitholders
Iowa Schools Joint Investment Trust

We have audited the accompanying statements of net assets of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio and the Direct Government Obligation Portfolio as of June 30, 2012 and 2011, and the related statements of changes in net assets for the years then ended. We have also audited the accompanying schedule of investments of the Diversified Portfolio for the year ended June 30, 2012. These financial statements are the responsibility of ISJIT's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the ISJIT Administration Fund, Diversified Portfolio, and the Direct Government Obligation Portfolio as of June 30, 2012 and 2011, the changes in net assets for the years ended June 30, 2012 and 2011, and the schedule of investments as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2012, on our consideration of ISJIT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brooks Lodden, P.C.

West Des Moines, Iowa
October 6, 2012

Financial Statements

Iowa Schools Joint Investment Trust
Statement of Net Assets
June 30, 2012

	Administration Fund	Diversified Portfolio	Total
Assets			
Cash	$ 12,241	$ 1,607,455	$ 1,619,696
Interest Receivable	–	1,169,633	1,169,633
Accounts Receivable	8,135	–	8,135
Investments (amortized cost):			
Securities Purchased Under Agreement to Resell	–	232,223,000	232,223,000
Certificates of Deposit	–	1,225,000	1,225,000
U.S. Government Agency Obligations	–	314,197,322	314,197,322
Total Assets	20,376	550,422,410	550,442,786
Liabilities			
Unissued Units	–	606,759	606,759
Accounts Payable	32,715	–	32,715
Administration Fee	–	17,626	17,626
Investment Advisory Fee	–	16,270	16,270
Marketing Fee	–	18,982	18,982
Custodian Fee	–	5,423	5,423
Sponsorship Fee	–	21,693	21,693
Administration Fund Fee	–	8,135	8,135
Total Liabilities	32,715	694,888	727,603
Net Assets Held in Trust for Participants	$ (12,339)	$ 549,727,522	$ 549,715,183

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust
Statement of Changes in Net Assets
For the year Ended June 30, 2012

	Administration Fund	Diversified Portfolio	Total
Investment Income:			
Interest	$ 5	$ 909,483	$ 909,488
Investment Expenses:			
Investment Advisory Fees	-	178,928	178,928
Administrative Fees	-	194,964	194,964
Marketing Fees	-	162,844	162,844
Custodian Fees	-	59,918	59,918
Sponsorship Fees	-	139,156	139,156
Administration Fund Fees	-	71,986	71,986
Professional Services	50,585	-	50,585
Rating Service Fees	9,000	-	9,000
Other Fees and Expenses	16,496	-	16,496
Total Investment Expenses	76,081	807,796	883,877
Net Investment Income (Expense)	(76,076)	101,687	25,611
Other Income	71,986	-	71,986
Net (Decrease) Increase in Net Assets Before Unit Transactions	(4,090)	101,687	97,597
Units Sold	-	1,633,299,490	1,633,299,490
Units Redeemed	-	(1,765,364,671)	(1,765,364,671)
Net Increase (Decrease) in Net Assets	(4,090)	(131,963,494)	(131,967,584)
Net Assets Held in Trust for Participants at Beginning of Period	(8,249)	681,691,016	681,682,767
Net Assets Held in Trust for Participants at End of Period	$ (12,339)	$ 549,727,522	$ 549,715,183

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust
Statement of Net Assets
June 30, 2011

	Administration Fund	Diversified Portfolio	Total
Assets			
Cash	$ 4,271	$ 1,523,545	$ 1,527,816
Interest Receivable	–	655,069	655,069
Accounts Receivable	8,996	–	8,996
Investments (amortized cost):			
Securities Purchased Under Agreement to Resell	–	222,258,000	222,258,000
Certificates of Deposit	–	980,000	980,000
U.S. Government Agency Obligations	–	456,874,289	456,874,289
Total Assets	13,267	682,290,903	682,304,170
Liabilities			
Unissued Units	–	523,021	523,021
Accounts Payable	21,516	–	21,516
Administration Fee	–	23,102	23,102
Investment Advisory Fee	–	21,325	21,325
Marketing Fee	–	14,817	14,817
Custodian Fee	–	7,109	7,109
Sponsorship Fee	–	5,927	5,927
Administration Fund Fee	–	4,586	4,586
Total Liabilities	21,516	599,887	621,403
Net Assets Held in Trust for Participants	$ (8,249)	$ 681,691,016	$ 681,682,767

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust
Statement of Changes in Net Assets
For the year Ended June 30, 2011

	Administration Fund	Diversified Portfolio	Direct Government Obligation Portfolio	Total
Investment Income:				
Interest	$ 12	$ 1,290,922	$ 13,611	$ 1,304,545
Investment Expenses:				
Investment Advisory Fees	-	205,839	929	206,768
Administrative Fees	-	222,993	1,006	223,999
Marketing Fees	-	142,952	1,084	144,036
Custodian Fees	-	68,613	310	68,923
Sponsorship Fees	-	57,181	1,239	58,420
Administration Fund Fees	-	29,648	465	30,113
Professional Services	52,441	-	-	52,441
Rating Service Fees	14,910	-	-	14,910
Other Fees and Expenses	10,417	-	-	10,417
Total Investment Expenses	77,768	727,226	5,033	810,027
Net Investment Income (Expense)	(77,756)	563,696	8,578	494,518
Other Income	30,113	-	-	30,113
Net (Decrease) Increase in Net Assets Before Unit Transactions	(47,643)	563,696	8,578	524,631
Units Sold	-	2,053,656,120	3,744,166	2,057,400,286
Units Redeemed	-	(1,944,960,526)	(21,456,683)	(1,966,417,209)
Net Increase (Decrease) in Net Assets	(47,643)	109,259,290	(17,703,939)	91,507,708
Net Assets Held in Trust for Participants at Beginning of Period	39,394	572,431,726	17,703,939	590,175,059
Net Assets Held in Trust for Participants at End of Period	$ (8,249)	$ 681,691,016	$ -	$ 681,682,767

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust
Diversified Portfolio
Schedule of Investments – June 30, 2012
(Showing Percentage of Total Investments)

Par Value	Description	Maturity Date	Amortized Cost
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL – 42.40%			
58,138,000	Deutsche Bank, Repurchase Agreement, 0.200%	07/02/12	$ 58,138,000
75,000,000	BNP Paribas, Repurchase Agreement, 0.180%	07/02/12	75,000,000
79,085,000	Merrill Lynch, Repurchase Agreement, 0.150%	07/02/12	79,085,000
20,000,000	Goldman Sachs, Repurchase Agreement, 0.190%	07/05/12	20,000,000
	TOTAL (amortized cost -- $232,223,000)		232,223,000
CERTIFICATES OF DEPOSIT – 0.22%			
245,000	First Central State Bank, 0.500%	02/06/13	245,000
245,000	State Bank & Trust Bank, 0.550%	02/08/13	245,000
245,000	People's Bank, 0.720%	04/12/13	245,000
245,000	United Bank & Trust, 0.400%	05/01/13	245,000
245,000	Citizens Bank, 0.750%	05/08/13	245,000
	TOTAL (amortized cost – $1,225,000)		1,225,000
U.S. GOVERNMENT OBLIGATIONS – 57.38%			
13,450,000	Federal Home Loan Bank., Discount Note	07/11/12	13,449,589
15,000,000	Federal National Mortgage Assn., Discount Note	07/11/12	14,999,604
7,000,000	U.S. Treasury Bill	07/12/12	6,999,774
20,000,000	Federal National Mortgage Assn., Discount Note	07/13/12	19,999,253
30,000,000	Federal Home Loan Mortgage Corp., 5.125%	07/15/12	30,056,770
2,300,000	Federal Home Loan Bank., Discount Note	07/23/12	2,299,831
30,000,000	Federal Home Loan Bank, Floating Rate Note, 0.190%	07/25/12	30,000,000
25,000,000	Federal Home Loan Bank, Floating Rate Note, 0.215%	07/25/12	25,000,000
40,000,000	Federal National Mortgage Assn., 1.125%	07/30/12	40,031,696
12,000,000	Federal National Mortgage Assn., Floating Rate Note, 0.265%	08/23/12	12,002,220
5,000,000	Federal Home Loan Mortgage., Discount Note	10/01/12	4,998,083
3,800,000	Federal Home Loan Bank., Discount Note	10/03/12	3,798,016
10,000,000	Federal Home Loan Bank, 1.625%	11/21/12	10,055,005
4,575,000	Federal Home Loan Bank, 1.746%	11/30/12	4,604,429
11,000,000	Federal Home Loan Bank, 0.210%	12/10/12	11,000,097
14,150,000	Federal Home Loan Bank, Floating Rate Note, 0.171%	12/27/12	14,151,274
3,500,000	Federal Home Loan Mortgage Corp., 1.100%	12/27/12	3,515,387
7,750,000	Federal Home Loan Mortgage Corp., 0.750%	12/28/12	7,770,460
8,000,000	Federal Home Loan Mortgage Corp., 4.500%	01/15/13	8,184,881
15,000,000	Federal Home Loan Bank, Floating Rate Note, 0.171%	01/30/13	14,997,072
5,000,000	U.S. Treasury Note/Bond, 1.375%	02/15/13	5,037,142
5,250,000	Federal Home Loan Bank., 0.230%	04/16/13	5,249,252
10,000,000	Federal Home Loan Bank., 0.240%	05/21/13	9,998,747
6,000,000	Federal Farm Credit Bank., 0.220%	06/19/13	5,998,048
10,000,000	Federal Home Loan Bank., 0.280%	07/26/13	10,000,691
	TOTAL (amortized cost – $314,197,322)		314,197,322
TOTAL INVESTMENTS – 100%			$547,645,322

See accompanying notes to financial statements.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity:
Iowa Schools Joint Investment Trust (ISJIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29 of the Iowa Code, as amended, which authorizes Iowa schools to jointly invest moneys pursuant to a joint investment agreement. ISJIT is a Standard & Poor's rated money market fund pursuant to the requirements of Iowa Code Section 12B.10. ISJIT was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of October 1, 1986, and commenced operations on December 16, 1986. The Joint Powers Agreement and Declaration of Trust was amended on November 1, 1988, and again on May 1, 1993. Under this authority, ISJIT operates various investment programs for its participants, which includes the Diversified Portfolio. The Diversified Plus and DGO Portfolios are authorized investment programs that suspended operations on January 8, 2009 and October 27, 2010, respectively, due to economic factors. The Trustees have retained the right to reactivate these Portfolios in the future. The accompanying financial statements include only the activities of the ISJIT Administration Fund, Diversified and DGO Portfolios.

Regulatory Oversight:
The operation of ISJIT is governed by a six member Board of Trustees, and non-voting persons as may be appointed by the Board. Trustees are appointed by the Board of Trustees, of which four of the Trustees shall be members of the Board of Directors of Iowa Association of School Boards (IASB), who are directors participating in ISJIT, a superintendent of a school corporation participating in ISJIT, and a school board secretary or business official of a school corporation participating in ISJIT. IASB serves as the Sponsor of ISJIT. ISJIT is not registered with the Securities and Exchange Commission (SEC); however, ISJIT follows investment procedures similar to the investment procedures followed by SEC-registered money market mutual funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
ISJIT reports the Administration Fund, Diversified and DGO Portfolios' financial position and the results of operations using investment trust funds. Investment trust funds are fiduciary funds that are used to account for the assets held in a trustee capacity. The primary purpose of the funds is to generate financial resources while maintaining a high degree of liquidity and safety of principal through investment in short-term securities as permitted for the participants under the Iowa Code.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued:
A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, net assets, revenues, expenditures, and other financing sources and uses. The financial statements are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The financial statements of ISJIT have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Use of Estimates:
The preparation of financial statements under GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the period. Actual results could differ from those estimates.

Authorized Investments:
ISJIT's policy is to only invest in securities specifically permitted for participants under the Iowa Code, as it now or in the future exists, including the following types of securities and instruments:

Securities issued or guaranteed as to payment of principal and interest by the U.S. Government. These include, for example, Treasury bills, bonds, and notes that are direct obligations of the U.S. Government.

Obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the U.S. Government. Such agencies and instrumentalities include, for example, Federal Intermediate Credit Banks, Federal Home Loan Banks, the Federal National Mortgage Association and the Farmers Home Administration. Such securities will include those supported by the full faith and credit of the United States Treasury or the right of the agency or instrumentality to borrow from the Treasury, as well as those supported only by the credit of the issuing agency or instrumentality.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, Continued

Authorized Investments, Continued:
Collateralized repurchase agreements secured by U.S Government or U.S. Government agency obligations. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed upon rate of interest. The securities collateralizing the agreement are held in custody by a third-party custodian, are regularly verified by ISJIT's Custodian, and are maintained daily in an amount equal to at least 102 percent of the agreement.

Certificates of Deposits in federally insured Iowa financial institutions. Each CD that ISJIT places with an Iowa institution on behalf of the participants in ISJIT is insured by the FDIC for the first $250,000 of value. All amounts in excess of $250,000 in an Iowa institution are protected by provisions in the Iowa Code. The acceptance of public funds by a financial institution constitutes agreement by the financial institution to pledge collateral as required by Iowa Code Section 12C.22 and agreement by the financial institution to provide accurate information and to otherwise comply with the requirements of Iowa Code Chapter 12C.

Commercial paper or other short-term corporate debt that matures within two hundred seventy days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the Iowa superintendent of banking provided that at the time of purchase, no more than five percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. At the time of purchase no more than ten percent of the investment portfolio shall be in these investments and that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

ISJIT adheres to Iowa law and Standard and Poor's criteria for money market funds developed to minimize risk that the value of investments in the portfolio might vary. ISJIT's investment policy presently places several restrictions on ISJIT's portfolio investments, including the following:

- The remaining maturity of any individual investment may not exceed more than 397 days from the date of purchase.
- The maximum dollar weighted average maturity of all portfolios' investments may not exceed 60 days.
- Investments are monitored daily by its Investment Adviser and Administrator to assure that the value of each ISJIT investment does not materially deviate in value from its amortized cost.

As a general policy, investments are held until maturity. However, in an effort to increase yields or liquidity, ISJIT may sell securities and realize capital gains or losses when there are perceived disparities between maturities for various categories of investments.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, Continued

Deposits and Investment:
ISJIT reports as "Cash" all cash on hand and on deposit in banks. All cash deposits are held by banks as required under Chapter 12C of the Code of Iowa. Certificates of Deposit are listed separately on the financial statements.

ISJIT reports investments at amortized cost, consistent with GASB Statement No. 31 and Rule 2a-7-like pools. Amortized cost involves valuing a portfolio security at its original date of purchase, and thereafter amortizing any premium or accreting any discount on a straight-line basis to maturity. The amount of premium or discount amortized or accreted to income under the straight-line method does not differ materially from the amount that would be amortized to income under the interest method. Procedures are followed in an effort to maintain a constant net asset value of $1.00 per unit for each portfolio.

Investments are purchased on a delivery versus payment basis and are accounted for on the settlement date. No other settlement procedure is allowed. Interest income, including the accretion of discount and amortization of premium, is recorded daily on the accrual basis.

Method used to determine participants' units sold and redeemed:
Consistent with the methodologies employed by other Rule 2a-7-like pools, the method used to determine the ISJIT participants' units sold and redeemed is the amortized cost method. The amortized cost distributions are accrued to participants' accounts daily and reinvested in additional trust units monthly for compounded interest.

Total distributions for the month are credited to participants' accounts on the last business day of the month. Distributions are automatically reinvested in ISJIT trust units unless cash payment has been requested. Cash payments, if requested, will be made monthly. If a participant redeems the entire account balance during the month, income distributions due to the account are posted on the last business day of the month, with final distribution to the participant on the next business day.

Frequency of determining value of shares:
The net asset value of each portfolio trust unit is determined once each day, as of the close of the New York Stock Exchange. Except for federal holidays, such other holidays that are officially observed by commercial banks in Iowa, and days on which no investments in or redemption of trust units occur, the Administrator will compute the portfolio net asset value on each day the New York Stock Exchange is open for trading or when there is a sufficient volume of trading which might materially affect the net asset value of the securities held by the portfolios. The net asset value of each portfolio trust unit is computed by adding the value of all securities and other assets (including income receivable), subtracting liabilities (including accrued expenses) attributable to each portfolio and dividing by the number of trust units of each portfolio outstanding.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, Continued

Frequency of determining value of shares (continued):
The Administrator computes the net asset value of portfolio trust units by using the amortized cost method for valuing securities. Under the amortized cost method a security is initially valued at cost on the date of purchase and, thereafter, any discount or premium is amortized on a straight-line basis to maturity, regardless of fluctuating interest rates or the market value of the security. However, the Investment Adviser has established procedures to stabilize the net asset value of trust units at $1.00 per trust unit. These procedures include a review by the Investment Adviser as to the extent of the deviation of net asset value based upon available market quotations from the portfolio's $1.00 amortized cost per value unit. If such deviation exceeds .5 percent, the Investment Adviser will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other results to participants.

Legally binding guarantees:
The Board of Trustees has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2012 and 2011.

Involuntary participation:
There is no requirement under Iowa law for any local government to involuntarily participate in ISJIT.

Income Taxes:
ISJIT is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

Notes to Financial Statements

Note 2 – Fees and Expenses

ISJIT has entered into contracts for the following services: Administrator, Investment Adviser, Marketing, Sponsorship, and Custodian. In addition, ISJIT pays operating expenses through a separate Administration Fund. During the fiscal years ended June 30, 2012 and 2011, Bankers Trust Company (Bankers Trust) served as the Administrator and Custodian. RBC Global Asset Management (US) Inc. (RBC GAM) served as the Investment Adviser. Local Government Services, Inc. (LGS), a subsidiary of IASB, and PMA Securities, Inc. (PMA) served as the Marketing Services Provider. IASB served as the Sponsor. Under separate agreements, Bankers Trust, RBC GAM, LGS, PMA and IASB are paid fees based upon a percentage of ISJIT's average daily net assets. All fees are computed on a daily basis and paid monthly to the service providers. The following tables display the fees waived by the service providers for the years ended June 30, 2012 and 2011:

2012 Waived Fees:

Portfolio	Administrator	Investment Advisor	Marketing	Custodian	Administration Fund	Sponsor	Total
Diversified Portfolio	$ 155,014	$ 144,129	$ 214,056	$ 47,768	$ 89,542	$ 291,587	$ 942,096

2011 Waived Fees:

Portfolio	Administrator	Investment Advisor	Marketing	Custodian	Administration Fund	Sponsor	Total
Diversified Portfolio	$ 148,712	$ 137,273	$ 267,346	$ 45,757	$ 141,908	$ 400,303	$ 1,141,299
DGO Portfolio	$ 3,019	$ 2,787	$ 3,251	$ 929	$ 1,393	$ 3,716	$ 15,095
Total	$ 151,731	$ 140,060	$ 270,597	$ 46,686	$ 143,301	$ 404,019	$ 1,156,394

Administration Fund

The Administration Fund pays the operating expenses incurred directly by ISJIT and its Trustees in connection with the discharge of their duties. These expenses include legal fees, rating fees, auditing fees, out-of-pocket expenses of the Trustees, and the cost of printing, mailing and other services performed independently by ISJIT. The maximum Administration Fund expense fee for each portfolio is .10 percent of average daily net assets. The ISJIT Administration Fund fee is calculated daily on each portfolio and transferred to the ISJIT Administration Fund the following month.

For the year ended June 30, 2012, the Diversified Portfolios allocated $71,986 to the ISJIT Administration Fund for operating expenses. For the year ended June 30, 2011, the Diversified, and DGO Portfolios allocated $29,648 and $465, respectively, to the ISJIT Administration Fund for operating expenses. The amount due to the Administration Fund at June 30, 2012 was $8,135 from the Diversified Portfolio. The amount due to the Administration Fund at June 30, 2011 was $4,586 from the Diversified Portfolio.

Note 2 – Fees and Expenses (continued)

Administrator

For administrative services to the Diversified and DGO Portfolios, Bankers Trust's contract with ISJIT provides for the payment to Bankers Trust of a fee equal to 0.065 percent of the average daily net asset value of the portfolios. This contractual fee is gross of any fees that Bankers Trust may voluntarily agree to waive. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $194,964 for services provided by Bankers Trust. For the year ended June 30, 2011, the Diversified and the DGO Portfolios incurred actual expenses of $222,993 and $1,006 for services provided by Bankers Trust. The amount due to Bankers Trust on June 30, 2012 and 2011 was $17,626 and $23,102, respectively, for the Diversified Portfolio.

Investment Adviser

Under its investment advisory agreement with ISJIT, RBC Global Asset Management (US) Inc. (RBC GAM) receives a fee equal to 0.060 percent of the average daily net asset value for each Portfolio for investment adviser services. This contractual fee is gross of any fees that RBC GAM may voluntarily agree to waive. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $178,928 for services provided by RBC GAM. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of $205,839 and $929 for services provided by RBC GAM. The amount due to RBC GAM at June 30, 2012 and 2011 was $16,270 and $21,325, respectively, for the Diversified Portfolio.

Custodian

Under its agreement for custodial services, Bankers Trust receives a fee equal to 0.020 percent of the average daily net asset value for each Portfolio for custodial services. This contractual fee is gross of any fees that Bankers Trust may voluntarily agree to waive. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $59,918 for services provided by Bankers Trust. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of $68,613 and $310 for services provided by Bankers Trust. The amount due to Bankers Trust at June 30, 2012 and 2011 was $5,423 and $7,109, respectively, for the Diversified Portfolio.

Note 2 – Fees and Expenses (continued)

Marketing

Under its now-terminated agreement with ISJIT for marketing services, LGS received a fee equal to 0.070 percent of the average daily net asset value of the Portfolios. This contractual fee was gross of any fees that LGS voluntarily waived. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $53,254 for services provided by LGS for marketing. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of $142,952 and $1,084 for services provided by LGS for marketing. The amount due to LGS at June 30, 2012 and 2011 was $0 and $14,817, respectively, for the Diversified Portfolio.

On December 1, 2011, the board transitioned the marketing services provided by LGS to PMA. Under its marketing services agreement with ISJIT, PMA receives a fee equal to 0.070 percent of the average daily net asset value of the Portfolio. This contractual fee is gross of any fees that PMA may voluntarily agree to waive. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $109,590 for services provided by PMA for marketing. The amount due to PMA at June 30, 2012 was $18,982 for the Diversified Portfolio.

Sponsorship

Under its sponsorship agreement with ISJIT, IASB receives an annual fee equal to 0.080 percent of the average daily net asset value of the Portfolios. This contractual fee is gross of any fees that IASB may voluntarily agree to waive. For the year ended June 30, 2012, the Diversified Portfolio incurred actual expenses of $139,156 to IASB. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of $57,181 and $1,239 to IASB. The amount due to IASB at June 30, 2012 and 2011 was $21,693 and $5,927, respectively, for the Diversified Portfolio. Occasionally, IASB pays operating costs on behalf of ISJIT and submits requests for payment. The total amount due to IASB for June 30, 2012 and 2011 was $32,715 and $4,611, respectively.

Notes to Financial Statements

Note 3 – Deposit and Investment Risk Disclosures

Under Governmental Accounting Standards Statement No. 40, Deposit and Investment Risk Disclosures (GASB 40), the deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. This Statement addresses common deposit and investment risks related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

Interest Rate Risk. Interest rate risk is the risk that the instruments in which ISJIT invests will decline in value because of changes in interest rates. As a means of limiting its exposure to losses arising from rising interest rates, ISJIT's investment policy limits the purchase of investments to a maturity date of no more than 397 days from the purchase date. The maximum dollar weighted average maturity for each Portfolio is 60 days or less. Any commercial paper and other short-term corporate debt purchased for the Diversified Plus Portfolio is further limited to a maturity of no more than 270 days from the purchase date.

Credit Risk. Credit risk is the risk that the issuer of a particular security will default. ISJIT is only authorized to invest in instruments authorized by Iowa law which governs the investment of funds by Iowa governmental entities. The investments in the Federal agencies (Federal Home Loan Mortgage Co., Federal National Mortgage Assn., and Federal Home Loan Bank) are all rated AA+ by Standard and Poor's. The Repurchase Agreements are all collateralized by Federal agency notes which are rated AA+ by Standard and Poor's. The investment in Certificates of Deposits in Iowa financial institutions is insured by the FDIC for the first $250,000 and amounts in excess of that are protected by collateralization provisions in the Iowa Code.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, ISJIT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In connection with transactions in repurchase agreements, a third-party custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by ISJIT may be delayed or limited.

At June 30, 2012, and June 30, 2011 the securities purchased under overnight agreements to resell were collateralized by government and government agency securities with market values of $236,194,950 and $226,703,909, respectively for the Diversified Portfolio.

Notes to Financial Statements

Note 3 – Deposit and Investment Risk Disclosures (continued)

Concentration of Credit Risk. ISJIT complies with the following Standard & Poor's limits with respect to the concentration of portfolio investments: 1) 25% maximum concentration per counterparty if less than or equal to 7 days to maturity and a 10% limit beyond 7 days to maturity for repurchase agreements for all Portfolios; and 2) 10% in total and a maximum of 5% of any single issuer for commercial paper and other short-term corporate debt for the Diversified Portfolio. The following charts detail the concentration of investments held by each Portfolio:

Diversified as of June 30, 2012

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Home Loan Bank	$ 154,604,002	$ 154,604,154	131	AA+	28.20%
Federal Home Loan Mortgage Co.	54,525,582	54,522,024	76	AA+	10.00%
Deutsche Bank, Repurchase Agreement	58,138,000	58,138,000	2	AA+	10.60%
Merrill Lynch, Repurchase Agreement	79,085,000	79,085,000	2	AA+	14.40%
BNP Paribas, Repurchase Agreement	75,000,000	75,000,000	2	AA+	13.70%
Goldman Sachs, Repurchase Agreement	20,000,000	20,000,000	5	AA+	3.70%
Federal Farm Credit Bank	5,998,048	5,994,426	354	AA+	1.10%
Federal National Mortgage Assn.	87,032,774	87,032,159	26	AA+	15.90%
Iowa Bank CD's	1,225,000	1,225,000	269	NA	0.20%
US Treasury Notes	12,036,916	12,036,812	103	AA+	2.20%
TOTAL	$ 547,645,322	$ 547,637,575			100%

Diversified as of June 30, 2011

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Home Loan Bank	$ 189,023,535	$ 189,095,234	108	A-1 +	27.80%
Federal Home Loan Mortgage Co.	147,764,217	147,763,333	234	A-1 +	21.70%
Merrill Lynch, Repurchase Agreement	87,258,000	87,258,000	1	A-1 +	12.80%
BNP Paribas, Repurchase Agreement	100,000,000	100,000,000	1	A-1 +	14.70%
Goldman Sachs, Repurchase Agreement	35,000,000	35,000,000	1	A-1 +	5.100%
Federal Farm Credit Bank	42,082,319	42,076,948	262	A-1 +	6.20%
Federal National Mortgage Assn.	42,160,515	42,168,811	79	A-1 +	6.20%
Iowa Bank CD's	980,000	980,000	18	NA	0.10%
US Treasury Notes	35,843,703	35,888,542	152	AAA	5.30%
TOTAL	$ 680,112,289	$ 680,230,868			100%

Note 4 – Date of Management's Review

Subsequent events were evaluated through October 6, 2012, the date the financial statements were available to be issued.

Brooks Lodden P.C.
certified public accountants

Telford A. Lodden, CPA, CFP®, CVA, Shareholder
Bruce W. Hartley, CPA, Shareholder
John E. Lamale, CPA, Shareholder
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James R. Pistillo, CPA, Shareholder

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Unitholders
Iowa Schools Joint Investment Trust

We have audited the accompanying statements of net assets of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio and the Direct Government Obligation Portfolio as of June 30, 2012 and 2011, and the related statements of changes in net assets for the years then ended. We have also audited the accompanying schedule of investments of the Diversified Portfolio for the year ended June 30, 2012. These financial statements are the responsibility of ISJIT's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the ISJIT Administration Fund, Diversified Portfolio, and the Direct Government Obligation Portfolio as of June 30, 2012 and 2011, the changes in net assets for the years ended June 30, 2012 and 2011, and the schedule of investments as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2012, on our consideration of ISJIT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brooks Lodden, P.C.

West Des Moines, Iowa
October 6, 2012

Brooks Lodden P.C.
certified public accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Des Moines, Iowa

We have audited the financial statements of the Iowa School Joint Investment Trust (the Fund) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the Fund, in a separate letter dated October 6, 2012.

This report is intended solely for the information and use of the Board of Trustees, the Fund's administrator, and the State of Iowa and is not intended to be and should not be used by anyone other than these specified parties.

Brooks Lahde, P.C.

West Des Moines, Iowa
October 6, 2012

IOWA SCHOOL JOINT INVESTMENT TRUST

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results

Financial Statement Section:

Type of auditor's report issued:	**Unqualified Opinion**	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_X_ No
Significant deficiency(s) identified not considered to be material weaknesses?	_____ Yes	_X_ No
Noncompliance material to financial statements noted?	_____ Yes	_X_ No

Part II: Findings Related to the Financial Statement Audit

None reported

Part III: Instances of Non-Compliance:

None reported.

IOWA SCHOOL JOINT INVESTMENT TRUST

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

Part I: Findings – Financial Statement Audit Reported in the Year Ended June 30, 2011 Audit

II-A-11: Administrative Fund -Segregation of Duties and/or Supervision and Review: Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of net assets; revenues, expenses, and changes in net assets; and cash flows in conformity with U.S. generally accepted accounting principles. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud affecting the organization involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. The Iowa Association of School Boards oversees the accounting function for the Administrative Fund. The Accounting Manager had access to the accounting software, calculated, and posted all of the transactions of the Administrative Fund, prepared the bank account reconciliations as well as other account reconciliations, and prepared the financial statements. It was also noted during the audit that the CFO of the Iowa Association of School Boards did not have access to the accounting software during the year ending June 30, 2011. During the audit, three audit adjustments were presented by Brooks Lodden, P.C. to management in order to correct the financial statements. During the year ended June 30, 2011 and subsequent to June 30, 2011, the duties performed by the accounting personnel of the Iowa Association of School Boards had not been reviewed by an independent individual.

Recommendation: The Board should require management of the Iowa Association of School Boards to review and document current internal controls and establish a process for an ongoing review of these controls, and make changes to adequately segregate the duties of the accounting staff. If the duties cannot be segregated, procedures should be established to ensure the duties are reviewed by an independent individual. This review should be performed monthly and documented on all financial accounting records (i.e., bank reconciliations, other general ledger account reconciliations, and financial statements) noting the review took place.

Current Status: Finding was corrected in fiscal year June 30, 2012.

Brooks Lodden P.C.
certified public accountants

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James R. Pistillo, CPA, Shareholder

To the Management and the Governing Board
of the Iowa Schools Joint Investment Trust

In planning and performing our audit of the financial statements of the Iowa Schools Joint Investment Trust for the year ended June 30, 2012, we considered the organization's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls. We previously reported on the organization's internal control in our report dated October 6, 2012. This letter does not affect our report dated October 6, 2012, on the financial statements of the organization.

We have already discussed many of these comments and suggestions with various organization personnel and the board, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Insurance

During the 2012 fiscal year, ISJIT entered into a new director's liability policy, however, ISJIT is still covered under IASB's insurance policy for general liability, general umbrella, E&O, & criminal. In the past, IASB has allocated part of the cost of this policy to ISJIT for their share in coverage. During the year ended June 30, 2012, an audit adjustment was made to allocate this amount from IASB to ISJIT. We recommend the board investigate whether it would be cost effective to have ISJIT obtain full insurance coverage rather than being included under IASB's umbrella policy. This would alleviate any necessary allocation of insurance amounts to ISJIT in the future.

Administration Fund

The Iowa Association of School Boards (IASB) maintains and controls the Administration Fund bank account located at Bankers Trust. This account is in the name of ISJIT and is used to track the resources allocated from the portfolios to cover all administrative expenses associated with managing the portfolios. We recommend the board consider transferring the control of the Administration Fund account from IASB to Bankers Trust to manage as the administrator and incorporate the financial activities of this fund into the financial statements provided to the board.

At June 30, 2012, the Administration Fund was underfunded by $12,339. The board should consider budgeting the Administration Fund to ensure the necessary funds are present in the Administration Fund to cover administrative expenses associated with the portfolios. In addition, we noted at the end of the year, the cash balance was $12,241, and the payable to IASB was $32,715. Based upon our review, it appears that IASB is paying ISJIT's expenses and charging ISJIT through intercompany accounts rather than ISJIT paying the expenses directly to the vendors through their own bank account. We recommend the board establish a budget, which includes prior year deficits and estimated annual expenses to establish a fixed daily accrual amount to be assessed against the portfolios. In addition, we recommend ISJIT pay vendors directly through their own bank account in order to alleviate the intercompany transactions.

This report is intended solely for the information and use of the Governing Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Brooks Lodden, P.C.

West Des Moines, Iowa
October 6, 2012

Brooks Lodden P.C.
certified public accountants

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To the Board of Trustees
Iowa Schools Joint Investment Trust
Des Moines, Iowa

We have audited the financial statements of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio and the Direct Governmental Obligation Portfolio for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 6, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 12, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ISJIT are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is interest receivable. Management's estimate of interest receivable is based on the accretion of interest on a straight-line basis over the term of the investment with a cutoff at June 30, 2012. We evaluated the key factors and assumptions used to develop interest receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Significant Audit Findings *(Continued)*

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of ISJIT and is not intended to be, and should not be, used by anyone other than these specified parties.

Brooks Lorde, P.C.

West Des Moines, Iowa
October 6, 2012