



Annual Financial Report
June 30, 2014

Sponsored by:
Iowa Association of School Boards

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 and Diversified Portfolio for the years ended June 30, 2014 and 2013, and have issued our report thereon dated September 25, 2014. 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 April 16, 2014. 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 2014. We noted no transactions entered into by the Organization 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, 2014. 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. The following material misstatements detected as a result of audit procedures were corrected by management: to record the activity of the Administrative Fund on the financial statements, including accounts payable items for June 30, 2014; to record unissued units and the corresponding cash, and to record the June payables for the Diversified Fund on the financial statements.

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 September 25, 2014.

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 Organization'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 U.S. generally accepted accounting principles, 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.

Brent J. Anderson, P.C.

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Statement from the Sponsoring Association



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 many challenges brought on by near-zero, short-term interest rates and challenging credit markets.

This interest rate environment has translated to lower earnings rates available from all types of liquid cash investment vehicles, including ISJIT. The Fund's Portfolios continue 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 374 authorized participants, has provided a much-needed investment option for Iowa schools.

As the Executive Director, 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,

A handwritten signature in cursive script that reads "Lisa A. Bartusek".

Lisa A. Bartusek
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, 2014. 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 (administrator, custodian, and fixed term provider), RBC Global Asset Management, (U.S.), Inc. (investment adviser), and PMA (marketer and fixed term provider). The 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. Beth Grob, Ahlers Law Firm serves as our legal counsel.

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,

Michael Sexton
Chairperson

Board of Trustees & Service Providers

ISJIT Board of Trustees:

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

Amy Jurens, Trustee & Vice Chair
George–Little Rock Community School District

Tom Downs, Ex–Officio Trustee, Secretary
***term ending 06/30/2014**
Iowa Association of School Boards

Lisa Bartusek, Executive Director
***term beginning 07/01/2014**
Iowa Association of School Boards

Roger Shaffer, Trustee, Treasurer & Asst. Sec.
Sumner Community School District

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

Joan Corbin, Trustee
Pella Community School District

Jeff Thelander, Trustee
Lawton–Bronson 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:

Beth Grob, Ahlers Law Firm
Ahlers & Cooney; P.C.
100 Court Ave Suite 600
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 six members of the board represents the interests of all 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 10 GRANT WOOD TRUSTEE
AEA 11 HEARTLAND
AEA 14 GREEN VALLEY
AEA 16 GREAT RIVER TRUST
AEA 267
AEA 9 MISSISSIPPI BEND
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
ARMSTRONG-RINGSTED COMM SCHOOL
AR-WE-VA COMMUNITY SCHOOL
ATLANTIC COMMUNITY SCHOOLS
AUDUBON COMMUNITY SCHOOL
BALLARD COMMUNITY SCHOOL
BATTLE CREEK-IDA GROVE COMM SCHOOL
BAXTER COMMUNITY SCHOOL
BCLUW COMMUNITY SCHOOL
BEDFORD COMMUNITY SCHOOL
BELLE PLAINE COMMUNITY SCHOOL
BELLEVUE COMMUNITY SCHOOLS
BELMOND-KLEMM 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-GUERNEY-MALCOM
BURLINGTON COMMUNITY SCHOOL
CAL COMMUNITY SCHOOL
CALAMUS-WHEATLAND CSD
CAM COMMUNITY SCHOOL
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
CHARITON COMMUNITY SCHOOL
CHARLES CITY COMMUNITY SCHOOL
CHEROKEE COMMUNITY SCHOOL
CLARINDA COMMUNITY SCHOOL
CLARKE 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 COLLEGE
DES MOINES INDEPENDENT SCHOOL
DIAGONAL COMMUNITY SCHOOL
DIKE-NEW HARTFORD CSD
DOWS COMMUNITY SCHOOL
DUBUQUE COMMUNITY SCHOOL
DUNKERTON COMMUNITY SCHOOL
DURANT COMMUNITY SCHOOL
EARLHAM COMMUNITY SCHOOL
EAST BUCHANAN COMMUNITY SCHOOL
EAST CENTRAL COMMUNITY SCHOOL
EAST GREENE COMMUNITY SCHOOL
EAST MARSHALL COMMUNITY SCHOOL
EAST MILLS COMMUNITY SCHOOL
EAST SAC 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

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
GLADSBROOK-REINBECK COMMUNITY
GLENWOOD COMMUNITY SCHOOL
GLIDDEN-RALSTON COMMUNITY SCHOOL
GMG COMMUNITY SCHOOL
GRAETTINGER COMMUNITY SCHOOL
GRAND COMMUNITY SCHOOL
GREAT PRAIRIE AEA
GREEN HILLS AEA
GRINNELL-NEWBURG COMM SCHOOL
GRISWOLD COMMUNITY SCHOOL
GUTHRIE CENTER COMM SCHOOL
GUTTENBURG COMMUNITY SCHOOL
HAMBURG COMMUNITY SCHOOL
HAMPTON-DUMONT CSD
HARLAN COMMUNITY SCHOOL
HARMONY COMMUNITY SCHOOL
HARTLEY-MELVIN-SANBORN CSD
HIGHLAND COMMUNITY SCHOOL
HINTON COMMUNITY SCHOOL
H-L-V COMMUNITY SCHOOL
HOWARD-WINNESHEIK CSD
HUBBARD-RADCLIFFE CSD
HUDSON COMMUNITY SCHOOL
HUMBOLDT COMM SCHOOLS
IKM COMMUNITY SCHOOL
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 EMPLOYEE BENEFITS
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

Membership Profile (continued)

LENOX COMMUNITY SCHOOL
LEWIS CENTRAL COMMUNITY SCHOOL
LINEVILLE-CLIO COMMUNITY SCHOOL
LINN-MAR COMMUNITY SCHOOL
LISBON COMMUNITY SCHOOLS
LOGAN-MAGNOLIA COMMUNITY SCHOOL
LONE TREE COMMUNITY SCHOOL
LOUISA-MUSCATINE CSD
LIVERNE COMMUNITY SCHOOL
LYNNVILLE-SULLY COMMUNITY SCHOOL
MADRID COMMUNITY SCHOOL
MANNING COMMUNITY SCHOOL
MANSON NORTHWEST WEBSTER CSD
MAPLE VALLEY-ANTHON OTO CSD
MAQUOKETA COMMUNITY SCHOOL
MAQUOKETA VALLEY CSD
MARCUS-MERIDEN-CLEGHORN CSD
MARION INDEPENDENT SCHOOL
MARSHALLTOWN COMMUNITY SCHOOL
MARTENSDALE-ST MARYS CSD
MASON CITY COMMUNITY SCHOOL
MEDIAPOLIS COMMUNITY SCHOOL
MELCHER-DALLAS COMMUNITY SCHOOL
MIDLAND COMMUNITY SCHOOLS
MID-PRAIRIE COMMUNITY SCHOOL
MISSOURI VALLEY COMMUNITY 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
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-KENSSETT 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 AREA COMM COLLEGE
POMEROY-PALMER SCHOOL
POSTVILLE COMMUNITY SCHOOLS
PRAIRIE VALLEY COMMUNITY SCHOOL
PRESCOTT COMMUNITY SCHOOL
PRESTON COMMUNITY SCHOOL
RED OAK COMMUNITY SCHOOL
RIVER VALLEY COMMUNITY SCHOOL
ROCK VALLEY COMMUNITY SCHOOL
ROCKWELL CITY-LYTTON CSD
ROLAND-STORY CSD
RUDD-ROCKFORD-MARBLE ROCK CSD
SAYDEL COMMUNITY SCHOOL
SENTRAL COMMUNITY SCHOOL
SERGEANT BLUFF-LUTON CSD
SEYMOUR COMMUNITY SCHOOL
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 O'BRIEN 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
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 FORK COMMUNITY SD
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
WINTERSSET COMMUNITY SCHOOL
WODEN-CRYSTAL LAKE 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.

Boone Community School District
High School Building

Paulette Newbold invested the Boone CSD bond proceeds in the ISJIT Fixed Term program to improve interest earnings and at the same time, have the funds available when needed for construction draws.



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, 2014 (FY 2014) and June 30, 2013 (FY 2013). 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 Portfolio 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 and Diversified Portfolio. 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 the Diversified Portfolio: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, 3) Schedule of Investments for FY 2014, 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, 2014 and 2013. 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 Diversified Portfolio as of June 30, 2014. The Notes to Financial Statements describe significant accounting policies of ISJIT 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 Portfolio are caused by a single variable – the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances). 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 2014 and FY 2013 follows:

Administration Fund:

Condensed information for the Fund through each period ended June 30:	2014	2013	Percentage Change
Assets	\$ 33,060	\$ 39,279	-16.00%
Liabilities	\$ 16,009	\$ 32,940	-51.40%
Net Assets	\$ 17,051	\$ 6,339	168.99%
Income	\$ 63,702	\$ 71,822	-11.31%
Expenses	\$ 52,990	\$ 53,144	-0.29%

Diversified Portfolio:

Condensed information for the Portfolio through each period ended June 30:	2014	2013	Percentage Change
Assets	\$ 416,682,129	\$ 470,111,497	-11.36%
Liabilities	\$ 941,436	\$ 316,720	197.00%
Net Assets	\$ 415,740,693	\$ 469,794,477	-11.51%
Average Net Assets	\$ 442,767,735	\$ 481,352,207	-8.02%
Investment Income	\$ 485,007	\$ 802,040	-39.53%
Total Expenses	\$ 462,787	\$ 777,974	-40.51%
Net Investment Income	\$ 22,220	\$ 24,066	-7.67%
Units Sold (\$1 per unit)	1,517,512,607	1,552,024,924	-2.22%
Units Redeemed (\$1 per unit)	1,571,588,911	1,631,981,735	-3.70%
Total Return	0.120%	0.167%	
Ratio of Expenses to Average Net Assets	0.105%	0.162%	
Ratio of Net Investment Income to Average Net Assets	0.005%	0.005%	
Net Asset Value per Unit, Beginning of Period	\$ 1.000	\$ 1.000	
Net Investment Income per Unit	0.000	0.000	
Dividends Distributed per Unit	(0.00019)	(0.00005)	
Net Asset Value per Unit, End of Period	\$ 1.000	\$ 1.000	

Management's Discussion & Analysis

(continued)

Condensed Financial Information and Financial Analysis (Continued)

The net assets for the Administration Fund increased 168.99 percent to \$17,051 FY 2014 from \$6,339 FY 2013. The increase in net assets for the Administration Fund was a result of the income received from the Diversified Portfolio exceeding the current year expenses of the Administration Fund.

During FY 2014, the average net assets for the Diversified Portfolio decreased 8.02 percent to \$442,767,735 from average net assets of \$481,352,207 during FY 2013 as a result of withdrawals by the Participants in the Portfolio.

Net investment income decreased 7.67 percent in the Diversified Portfolio during FY 2014 compared to FY 2013 due to the decreasing rate environment throughout FY 2014.

Expenses of the Portfolio are calculated on the daily net asset totals. Total expenses decreased in the Diversified Portfolio during FY 2014 by 68.11 percent due to changes in fee structure and fee waivers by the vendors.

Independent Auditor's Report



Telford A. Lodden, CPA, CFP®,
CFF, CVA, ABV, Shareholder
Bruce W. Hartley, CPA, Shareholder
John E. Lamale, CPA, Shareholder
Brent L. Alexander, CPA, Shareholder

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund and the Diversified Portfolio, which comprise the statements of net assets as of June 30, 2014 and 2013, and the related statements of changes in net assets for the years then ended, and the related notes to the financial statements. We have also audited the accompanying schedule of investments of the Diversified Portfolio for the year ended June 30, 2014.

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 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 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 opinions.

Independent Auditor's Report

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 and the Diversified Portfolio as of June 30, 2014 and 2013, and the respective changes in net assets for the years ended June 30, 2014 and 2013, and the schedule of investments as of June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 11 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014, 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* in considering ISJIT's internal control over financial reporting and compliance.

Brooks J. Fisher, P.C.

West Des Moines, Iowa
September 25, 2014

Financial Statements

Iowa Schools Joint Investment Trust Statement of Net Assets June 30, 2014

	<u>ADMINISTRATION FUND</u>	<u>DIVERSIFIED PORTFOLIO</u>	<u>TOTAL</u>
Assets			
Cash and Cash Equivalents	\$ 19,198	\$ 1,900,031	\$ 1,919,229
Interest Receivable	-	1,430,500	1,430,500
Accounts Receivable	13,862	-	13,862
Investments (amortized cost):			
Securities Purchased Under Agreement to Resell	-	4,000	4,000
Certificates of Deposit	-	980,000	980,000
Commercial Paper	-	39,984,167	39,984,167
U.S. Government Agency Obligations	-	372,383,431	372,383,431
Total Assets	<u>33,060</u>	<u>416,682,129</u>	<u>416,715,189</u>
Liabilities			
Unissued Units	-	899,507	899,507
Accounts Payable	16,009	-	16,009
Administration Fee	-	6,184	6,184
Investment Advisory Fee	-	5,709	5,709
Marketing Fee	-	6,660	6,660
Custodian Fee	-	1,903	1,903
Sponsorship Fee	-	7,611	7,611
Administration Fund Fee	-	13,862	13,862
Total Liabilities	<u>16,009</u>	<u>941,436</u>	<u>957,445</u>
Net Assets Held in Trust for Participants	<u>\$ 17,051</u>	<u>\$ 415,740,693</u>	<u>\$ 415,757,744</u>

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, 2014

	ADMINISTRATION FUND	DIVERSIFIED PORTFOLIO	TOTAL
Investment Income:			
Interest	\$ 6	\$ 485,007	\$ 485,013
Investment Expenses:			
Investment Advisory Fees	-	81,171	81,171
Administrative Fees	-	87,935	87,935
Marketing Fees	-	94,700	94,700
Custodian Fees	-	27,057	27,057
Sponsorship Fees	-	108,228	108,228
Administration Fund Fees	-	63,696	63,696
Professional Fees	34,737	-	34,737
Rating Service Fees	9,500	-	9,500
Other Fees and Expenses	8,753	-	8,753
Total Investment Expenses	52,990	462,787	515,777
Net Investment Income	(52,984)	22,220	(30,764)
Other Income	63,696	-	63,696
Net (Decrease) Increase in Net Assets Before Unit Transactions	10,712	22,220	32,932
Units sold	-	1,517,512,607	1,517,512,607
Units redeemed	-	(1,571,588,911)	(1,571,588,911)
Net (Decrease) Increase in Net Assets	10,712	(54,054,084)	(54,043,372)
Net Assets at Beginning of Period	6,339	469,794,777	469,801,116
Net Assets at End of Period	\$ 17,051	\$ 415,740,693	\$ 415,757,744

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust Statement of Net Assets June 30, 2013

	Administration Fund	Diversified Portfolio	Total
Assets			
Cash	\$ 35,108	\$ 1,272,289	\$ 1,307,397
Interest Receivable	-	587,067	587,067
Accounts Receivable	4,171	-	4,171
Investments (amortized cost):			
Securities Purchased Under Agreement to Resell	-	69,383,000	69,383,000
Certificates of Deposit	-	1,225,000	1,225,000
Commercial Paper	-	53,457,046	53,457,046
U.S. Government Agency Obligations	-	344,187,095	344,187,095
Total Assets	39,279	470,111,497	470,150,776
Liabilities			
Unissued Units	-	271,534	271,534
Accounts Payable	32,940	-	32,940
Administration Fee	-	9,037	9,037
Investment Advisory Fee	-	8,342	8,342
Marketing Fee	-	9,732	9,732
Custodian Fee	-	2,781	2,781
Sponsorship Fee	-	11,123	11,123
Administration Fund Fee	-	4,171	4,171
Total Liabilities	32,940	316,720	349,660
Net Assets Held in Trust for Participants	\$ 6,339	\$ 469,794,777	\$ 469,801,116

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, 2013

	Administration Fund	Diversified Portfolio	Total
Investment Income:			
Interest	\$ 9	\$ 802,040	\$ 802,049
Investment Expenses:			
Investment Advisory Fees	-	143,626	143,626
Administrative Fees	-	155,595	155,595
Marketing Fees	-	167,564	167,564
Custodian Fees	-	47,875	47,875
Sponsorship Fees	-	191,501	191,501
Administration Fund Fees	-	71,813	71,813
Professional Services	41,684	-	41,684
Other Fees and Expenses	11,460	-	11,460
Total Investment Expenses	53,144	777,974	831,118
Net Investment Income (Expense)	(53,135)	24,066	(29,069)
Other Income	71,813	-	71,813
Net (Decrease) Increase in Net Assets Before Unit Transactions	18,678	24,066	42,744
Units Sold	-	1,552,024,924	1,552,024,924
Units Redeemed	-	(1,631,981,735)	(1,631,981,735)
Net Increase (Decrease) in Net Assets	18,678	(79,932,745)	(79,914,067)
Net Assets Held in Trust for Participants at Beginning of Period	(12,339)	549,727,522	549,715,183
Net Assets Held in Trust for Participants at End of Period	\$ 6,339	\$ 469,794,777	\$ 469,801,116

See accompanying notes to financial statements.

Financial Statements (Continued)

Iowa Schools Joint Investment Trust Diversified Portfolio Schedule of Investments - June 30, 2014 (Showing Percentage of Total Investments)

Par Value	Description	Maturity or Reset Date	Amortized Cost
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL -- 0.00%			
4,000	BNP Paribas, Repurchase Agreement, 0.11%	07/01/14	\$ 4,000
	TOTAL (amortized cost -- \$4,000)		4,000
CERTIFICATES OF DEPOSIT -- 0.24%			
245,000	Citizen's Bank, 0.500%	05/08/15	245,000
245,000	People's Bank, 0.350%	04/11/15	245,000
245,000	State Bank & Trust, 0.350%	08/08/14	245,000
245,000	United Bank & Trust	05/01/15	245,000
	TOTAL (amortized cost -- \$980,000)		980,000
COMMERCIAL PAPER -- 9.67%			
5,000,000	Coca-Cola Co.	07/21/14	4,999,444
15,000,000	JP Morgan Securities LLC	07/18/14	14,997,167
5,000,000	Toronto-Dominion Holdings	10/03/14	4,996,736
5,000,000	Toyota Motor Credit Corp	07/15/14	4,999,553
5,000,000	Toyota Motor Credit Corp	01/09/15	4,993,600
5,000,000	Procter & Gamble Co	10/21/14	4,997,667
	TOTAL (amortized cost -- \$39,984,167)		39,984,167
U.S. GOVERNMENT OBLIGATIONS -- 90.09%			
3,450,000	Federal Home Loan Bank, 0.09%	07/08/14	3,449,979
1,000,000	Federal Home Loan Bank, 0.13%	07/15/14	1,000,021
24,203,000	Federal Home Loan Mortgage Corp, 5%	07/15/14	24,248,900
2,000,000	Treasury Note	07/15/14	2,000,351
2,600,000	Federal Home Loan Bank, .19%	07/18/14	2,600,145
5,000,000	Federal Home Loan Bank, .18%	07/18/14	5,000,273
4,750,000	Federal Farm Credit Bank, 0.1345%	07/23/14	4,750,109
4,000,000	Federal Home Loan Mortgage Corp, 3%	07/28/14	4,008,691
13,800,000	Federal Home Loan Bank, 0.10%	07/29/14	13,800,310
23,514,000	Federal Home Loan Mortgage Corp, 1%	07/30/14	23,531,417
4,000,000	Federal Farm Credit Bank, 0.30%	08/01/14	4,000,115
3,300,000	Federal Home Loan Bank, .18%	08/05/14	3,300,342
7,500,000	Federal Farm Credit Bank, 0.10%	08/06/14	7,500,236
5,000,000	Federal Home Loan Bank, 0.17%	08/07/14	5,000,520
20,000,000	Federal National Mortgage Assn., 0.35%	08/11/14	20,005,883
12,000,000	Federal Home Loan Bank, 0.109%	08/12/14	11,999,931
11,275,000	Federal Home Loan Bank, 5.5%	08/13/14	11,345,962
7,500,000	Federal Home Loan Mortgage, Discount Note	08/18/14	7,499,400
4,000,000	Federal Home Loan Bank, 0.107%	08/20/14	3,999,973
8,039,000	Federal Home Loan Mortgage Corp, 1%	08/20/14	8,049,162
9,000,000	Federal Home Loan Mortgage, Discount Note	08/22/14	8,999,090
1,000,000	Federal Home Loan Bank, 2.50%	08/25/14	1,003,633
2,565,000	Federal Home Loan Mortgage Corp, 1%	08/27/14	2,568,711
9,981,000	Federal Home Loan Mortgage Corp, 0.38%	08/28/14	9,985,907
4,761,000	Federal National Mortgage Assn., 0.88%	08/28/14	4,767,069
5,000,000	Treasury Note	08/31/14	5,018,558
8,000,000	Federal Home Loan Mortgage, Discount Note	09/03/14	7,999,004
10,000,000	Federal National Mortgage Assn., 0.13%	09/11/14	10,001,229
1,000,000	Federal Home Loan Bank, 0.15%	09/12/14	1,000,134
1,000,000	Federal Home Loan Bank, 0.21%	09/12/14	1,000,215
200,000	Federal Home Loan Bank, 3.25%	09/12/14	201,219
175,000	Federal Home Loan Bank, 1.375%	09/12/14	175,412
160,000	Federal Home Loan Bank, 4.625%	09/12/14	161,415
15,000,000	Federal Home Loan Bank, 0.1185%	09/12/14	15,000,000
175,000	Federal Home Loan Mortgage, 0.5%	09/19/14	175,116
170,000	Federal Home Loan Mortgage, 0.75%	09/22/14	170,213
216,000	Federal Farm Credit Bank, 4.875%	09/24/14	218,350
160,000	Federal Home Loan Bank, 0.24%	09/26/14	160,016
445,000	Federal Home Loan Bank, 1.4%	09/29/14	446,319
1,000,000	Federal Home Loan Bank, 0.28%	10/01/14	1,000,471
5,000,000	Federal Home Loan Mortgage, Discount Note	10/06/14	4,998,047
5,000,000	Federal Home Loan Bank, 0.13%	10/09/14	5,000,571
5,034,000	Federal National Mortgage Assn., 4.63%	10/15/14	5,099,909
3,150,000	Federal Home Loan Bank, 0.14%	10/16/14	3,150,487
1,630,000	Federal Home Loan Mortgage Corp, 5%	10/27/14	1,655,748
2,000,000	Federal Home Loan Bank, 2.67%	10/27/14	2,016,601
1,300,000	Federal Home Loan Bank, 0.13%	10/28/14	1,300,183
3,665,000	Federal Home Loan Bank, 0.13%	10/30/14	3,665,468
2,234,000	Federal National Mortgage Assn., 0.63%	10/30/14	2,237,996
6,400,000	Federal Home Loan Bank, 0.12%	11/06/14	6,400,829
1,500,000	Federal Home Loan Mortgage, 5.0%	11/13/14	1,526,549
9,000,000	Federal Home Loan Bank, 0.092%	11/18/14	8,999,510
4,000,000	Federal Farm Credit Bank, 1.625%	11/19/14	4,023,066
9,927,000	Federal National Mortgage Assn., 2.63%	11/20/14	10,024,051
11,500,000	Federal Home Loan Bank, 0.09%	11/21/14	11,499,583
10,000,000	Federal Home Loan Mortgage Corp, 0.15%	12/05/14	10,003,116
1,600,000	Federal Home Loan Mortgage, 0.35%	12/05/14	1,601,084
1,000,000	Federal Home Loan Mortgage, 2.52%	12/09/14	1,010,110
8,000,000	Federal Farm Credit Bank, 0.09%	12/17/14	8,000,038
1,733,000	Federal Home Loan Mortgage, 2.875%	02/09/15	1,761,263
8,000,000	Federal Home Loan Bank, 0.10%	02/23/15	8,000,000
2,500,000	Treasury Note	02/28/15	2,501,074
1,000,000	Federal Farm Credit Bank, 4.55%	03/04/15	1,029,166
12,000,000	Federal Home Loan Bank, 0.10%	03/20/15	12,000,283
2,000,000	Federal Farm Credit Bank, 0.15%	03/26/15	2,000,677
3,000,000	Federal National Mortgage Assn., 5%	04/15/15	3,113,936
3,275,000	Federal National Mortgage Assn., 0.50%	04/15/15	3,285,416
5,111,000	Federal Home Loan Mortgage Corp, 4.38%	07/17/15	5,334,570
4,000,000	Overseas Private Inv. Corp, 0.03%	07/15/25	4,000,000
	TOTAL (amortized cost -- \$372,383,431)		372,383,431
TOTAL INVESTMENTS (amortized cost -- \$413,351,539) -- 100%			\$ 413,351,539

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 and the Diversified Portfolio.

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 and Diversified Portfolio's 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 *Governmental Accounting Standards* 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, 2014 and 2013.

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, 2014 and 2013, Bankers Trust Company (Bankers Trust) served as the Administrator and Custodian. RBC Global Asset Management (US) Inc. (RBC GAM) served as the Investment Adviser. PMA Securities, Inc. (PMA) served as the Marketing Services Provider. IASB served as the Sponsor. Under separate agreements, Bankers Trust, RBC GAM, 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, 2014 and 2013:

2014 Waived Fees:

<u>Portfolio</u>	<u>Administrator</u>	<u>Investment Advisor</u>	<u>Marketing</u>	<u>Custodian</u>	<u>Administration Fund</u>	<u>Sponsor</u>	<u>Total</u>
Diversified Portfolio	\$ 200,915	\$ 185,460	\$ 216,370	\$ 61,820	\$ 73,784	\$ 246,580	\$ 984,929

2013 Waived Fees:

<u>Portfolio</u>	<u>Administrator</u>	<u>Investment Advisor</u>	<u>Marketing</u>	<u>Custodian</u>	<u>Administration Fund</u>	<u>Sponsor</u>	<u>Total</u>
Diversified Portfolio	\$ 157,284	\$ 145,185	\$ 169,383	\$ 48,395	\$ 72,593	\$ 193,580	\$ 786,420

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, 2014, the Diversified Portfolios allocated \$63,696 to the ISJIT Administration Fund for operating expenses. For the year ended June 30, 2013, the Diversified Portfolio allocated \$71,813 to the ISJIT Administration Fund for operating expenses. The amount due to the Administration Fund at June 30, 2014 was \$ 13,862 from the Diversified Portfolio. The amount due to the Administration Fund at June 30, 2013 was \$4,171 from the Diversified Portfolio.

Notes to Financial Statements

Note 2 – Fees and Expenses (continued)

Administrator

For administrative services to the Diversified Portfolio, 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, 2014, the Diversified Portfolio incurred actual expenses of \$87,935 for services provided by Bankers Trust. For the year ended June 30, 2013, the Diversified Portfolio incurred actual expenses of \$155,595 for services provided by Bankers Trust. The amount due to Bankers Trust on June 30, 2014 and 2013 was \$6,184 and \$9,037, 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, 2014, the Diversified Portfolio incurred actual expenses of \$81,171 for services provided by RBC GAM. For the year ended June 30, 2013, the Diversified Portfolio incurred actual expenses of \$143,626 for services provided by RBC GAM. The amount due to RBC GAM at June 30, 2014 and 2013 was \$5,709 and \$8,342, 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, 2014, the Diversified Portfolio incurred actual expenses of \$27,057 for services provided by Bankers Trust. For the year ended June 30, 2013, the Diversified Portfolio incurred actual expenses of \$47,875 for services provided by Bankers Trust. The amount due to Bankers Trust at June 30, 2014 and 2013 was \$1,903 and \$2,781, respectively, for the Diversified Portfolio.

Notes to Financial Statements

Note 2 – Fees and Expenses (continued)

Marketing

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 years ended June 30, 2014 and 2013, the Diversified Portfolio incurred actual expenses of \$94,700 and \$167,564, respectively, for services provided by PMA for marketing. The amount due to PMA at June 30, 2014 and 2013 was \$6,660 and \$9,732, respectively 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, 2014, the Diversified Portfolio incurred actual expenses of \$108,228 to IASB. For the year ended June 30, 2013, the Diversified Portfolio incurred actual expenses of \$191,501 to IASB. The amount due to IASB at June 30, 2014 and 2013 was \$7,611 and \$11,123, 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, 2014 and 2013 was \$13,830 and \$28,839, 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, 2014, and June 30, 2013 the securities purchased under overnight agreements to resell were collateralized by government and government agency securities with market values of \$4,080 and \$70,770,662 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, 2014

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Home Loan Bank	\$ 143,679,602	\$ 143,678,422	74	AA+	34.76%
Federal Home Loan Mortgage Co.	95,630,458	95,629,929	27	AA+	23.13%
BNP Paribas, Repurchase Agreement	4,000	4,000	1	AA+	0.00%
Overseas Private Inv. Corp	4,000,000	3,997,500	276	AA+	0.97%
Federal Farm Credit Bank	31,522,357	31,522,346	103	AA+	7.63%
Federal National Mortgage Assn.	58,535,490	58,533,580	61	AA+	14.16%
Federal Home Loan Discount Notes	29,495,541	29,498,070	45	AA+	7.14%
Iowa Bank CD's	980,000	980,000	235	N/A	0.24%
Commercial Paper	39,984,167	39,990,488	38	AA+	9.67%
US Treasury Notes	<u>9,519,983</u>	<u>9,521,895</u>	97	AA+	<u>2.30%</u>
TOTAL	\$ 413,351,598	\$ 413,356,230			100%

Diversified as of June 30, 2013

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Farm Credit Bank	\$ 13,326,738	\$ 13,327,997	116	AA+	2.85%
Federal Home Loan Bank	100,578,981	100,577,920	105	AA+	21.48%
Federal Home Loan Bank Discount Note	20,719,733	20,719,950	7	AA+	4.42%
Federal Home Loan Discount Note	49,296,196	49,297,101	45	AA+	10.53%
Federal Home Loan Mortgage	45,407,918	45,404,881	152	AA+	9.70%
Federal Home Loan Mortgage Discount Note	41,598,631	41,598,760	6	AA+	8.88%
Federal National Mortgage Association	38,165,011	38,161,690	85	AA+	8.15%
Deutsche Bank, Repurchase Agreement	9,383,000	9,383,000	2	AA+	2.00%
BNP Paribas, Repurchase Agreement	10,000,000	10,000,000	2	AA+	2.14%
Goldman Sachs, Repurchase Agreement	50,000,000	50,000,000	2	AA+	10.68%
Commercial Paper	53,457,045	53,443,720	88	AA+	11.42%
Iowa Bank CD's	1,225,000	1,225,000	233	NA	0.26%
Treasury Bill	20,999,862	21,000,000	6	AA+	4.48%
US Treasury Notes	<u>14,094,026</u>	<u>14,095,520</u>	275	AA+	<u>3.01%</u>
TOTAL	\$ 468,252,141	\$ 468,235,539			100%

Note 4 – Date of Management's Review

Subsequent events were evaluated through September 25, 2014, the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the Iowa School Joint Investment Trust (the Fund), which comprise the statement of net assets as of June 30, 2014, and the related statement of changes in net assets for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency in the accompanying schedule of findings and responses as 2014-001 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 2014-002 and 2014-003.

IOWA SCHOOL JOINT INVESTMENT TRUST
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

Financial Statement Section:

Type of auditor's report issued:	<u>Unmodified Opinion</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Part II: Findings Related to the Financial Statement Audit

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2014-001: Financial Accounting and Reporting: An organization's internal control over financial reporting contemplates that management and accounting staff have the skills and competencies to prevent, detect, and correct misstatements in financial statements, including applicable disclosures, prepared in accordance with United States Generally Accepted Accounting Principles (GAAP). The Fund prepares its internal financial statements on a modified-cash basis. Currently, the Fund relies on assistance from the auditing firm to adjust and correct the balances to be in conformity with GAAP. Since the Fund's financial statements were not converted to full accrual basis prior to the audit and the Administrative Fund was not included in the financial statements provided, it is considered to be a material weakness in internal control. An auditor can assist in the preparation of the financial statements and related disclosures, but cannot be considered part of the internal control. This financial statement presentation deficiency does not affect participant's investments in the Fund.

Recommendation: The Board has delegated the responsibility of financial reporting to its Administrator. The Administrator should make the necessary adjustments and prepare the financial statements on an accrual basis, in addition to recording the activity of the Administrative Fund on the financial statements.

Response: The Administrator has converted the Fund's financial statements to an accrual basis as of the date of this report. Administrative Fund information is monitored and reported to the Board on a quarterly basis; however, this information was inadvertently omitted in the preparation of the audit materials. The Administrator has put proper controls in place to correct this issue going forward.

IOWA SCHOOL JOINT INVESTMENT TRUST
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2014

Part III: Instances of Non-Compliance:

2014-002: Publication of Board Minutes: Per Chapter 28E.6(3) of the Code of Iowa, board minutes are to be published within 20 days after each meeting. There was one instance in which board minutes were published after 20 days. The August 16, 2013 minutes were published January 25, 2014 (162 days after the meeting).

Recommendation: We recommend the Organization ensure the minutes are submitted to be published in accordance with 28E.6(3) of the Code of Iowa.

Response: Delayed publication of board minutes from the August 2013 meeting was due to miscommunication of Administrative staff and training issues. Internal controls have been put in place to correct this issue going forward.

2014-003: Required Government Filings: The Organization is required to file IRS Form 1099-MISC on services paid to a vendor that exceeds \$600. During the audit, we noted the Organization paid one vendor greater than \$600; however, the Administrator did not prepare nor remit a 1099-MISC to the IRS. Upon notification that a 1099-MISC was not prepared, IASB staff promptly prepared and submitted the required filing.

Recommendation: We recommend the Board ensure the Administrator establishes procedures to ensure that the Organization has the controls in place to properly identify the necessary compliance requirements for ISJIT and ensure these forms are filed on behalf of the Fund in a timely manner to avoid any penalties that might be assessed by the IRS.

Response: Bankers Trust assumed responsibility of the ISJIT Administrative Fund in early 2013 at the request of IASB and ISJIT. The requirement for filing 1099s for vendors exceeding payments of \$600 is an IRS requirement, as well as a compliance requirement under ISJIT's 28E Agreement. Internal controls have been put in place to ensure proper reporting is completed under these requirements.