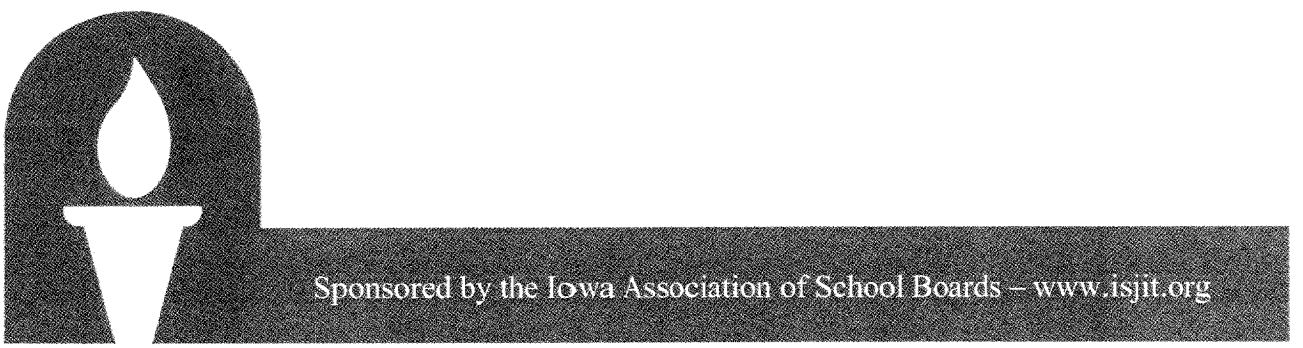
Iowa Schools Joint Investment Trust

Annual Financial Report

June 30, 2005



STATEMENT OF SPONSORING ASSOCIATION

The Iowa Schools Joint Investment Trust (ISJIT) continues to build on its tradition of assisting school districts, community colleges, area education agencies, and other eligible participants with their cash management needs.

Since 1986, ISJIT has served more than 360 authorized participants and has enabled them to safely increase their investment income. This has provided additional resources vital to increasing the quality of educational services available to students across the state. ISJIT welcomed five new participants during the 2004-2005 fiscal year.

The Iowa Association of School Boards and the ISJIT board work diligently to position ISJIT to continue to offer effective and efficient cash management services. During the fiscal year, the Payschools online payment processing system was introduced. Payschools allows schools to receive electronic payment by e-check or credit card. This reduces time required for manual processing of payments by school employees and gives parents more flexibility and control over paying their school-related fees. More than 30 school corporations are now using this service.

As the economy continued to expand at a moderate rate, the Federal Reserve focused on its primary objective of controlling inflation. On June 30, 2004, the Federal Reserve voted to increase the federal funds rate by ¼ percent. The Federal Reserve has subsequently increased the federal funds rate by ¼ percent at each of its last eight meetings. The financial markets are anticipating further rate increases over the next few months.

ISJIT has kept pace with these rate increases. The yield on both the ISJIT Diversified (Diversified) and Direct Government Obligation (DGO) funds increased nearly two percent over the course of the fiscal year. As a result, total funds invested in Diversified and DGO reached a three-year high in May 2005. ISJIT remains a leading choice among school corporations across the state.

The Iowa Association of School Boards is dedicated to achieving excellence in public education. By participating in ISJIT, our members join together to safely increase their investment income and provide additional dollars for student instruction needs. ISJIT plays an important role in the strong tradition of public education in Iowa.

Ronald M. Rice
Executive Director

Iowa Association of School Boards

Email: rrice@ia-sb.org

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MESSAGE FROM THE CHAIR

The Iowa Schools Joint Investment Trust (ISJIT) is pleased to present this Annual Report of Trust operations for the period ended June 30, 2005. ISJIT enjoyed a record year of operation:

- Total funds for all investment alternatives reached a fiscal year high of $602,236,904 in May 2005.
- Average combined daily investments in the Diversified and Direct Government Obligation funds were $274,350,543.
- Use of ISJIT's Fixed-Term Automated (FTA) services increased during the year. Eighteen participants used the Flexible Withdrawal Certificate of Deposit (Flex-CD) to invest bond proceeds totaling over $80 million during the construction phase of capital improvement projects. FTA assets reached a record high of $211,455,830 in May 2005.

The ISJIT Board is encouraged by the recent upward trend in interest rates, and we thank you for your loyal support over the past fiscal year.

All of us on the ISJIT Board are committed to building on the strong tradition of ISJIT to serve participants' cash management needs safely, effectively, and efficiently. In particular, ISJIT has made several enhancements in recent years to allow participants to receive and withdraw funds electronically. This increases administrative efficiency of school staff and also allows funds to be invested on a more timely basis. We continue to explore enhancements to better serve your cash management needs.

Your comments and suggestions are always appreciated and are a key element in the continued improvement of ISJIT. Please feel free to contact me or any other Board member with your ideas and thoughts. Together we can make ISJIT even better.

Cordially yours,

Jane Lichtenstein

Jane Lichtenstein
Chair
Board of Trustees

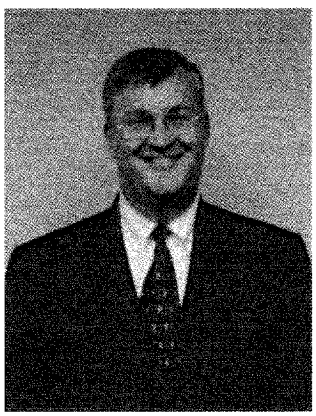
"ISJIT enjoyed a record year of operation...The ISJIT Board is encouraged by these accomplishments and we thank you for your loyal support over the past fiscal year."

BOARD OF TRUSTEES

Tom Downs
Southeast Polk

Jane Lichtenstein
Durant

Margaret Borgen
Des Moines

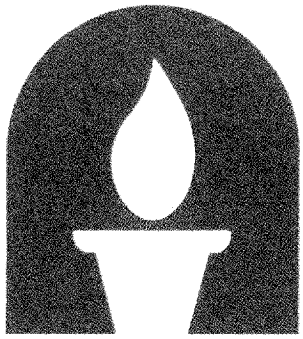


Paul Bobek
Iowa City

Don Friedrichsen
Galva-Holstein

Richard L. VandeKieft
Cedar Falls

The Iowa Schools Joint Investment Trust (ISJIT) Board of Trustees meets every quarter 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 represents the interests of their school corporation as well as over 360 other ISJIT program members. Each board member has served as a school board member or school business official in their home district for many years prior to their ISJIT service. Together, the ISJIT Board provides an extensive network of experience and knowledge of members' 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 members well into the future.



MEMBERSHIP PROFILE

Adair-Casey, Adel-Desoto-Minburn, AEA 1-Keystone, AEA 4, AEA 8-Prairie Lakes, AEA 9-Mississippi Bend, AEA10-Grant Wood, AEA 11-Heartland, AEA 12-Western Hills, AEA 13-Loess Hills, AEA 14-Green Valley, AEA 15-Southern Prairie, AEA 16-Great River, AEA 267, AGWSR, Akron-Westfield, Albert City-Truesdale, Albia, Alden, Allison-Bristow, Alta, Ames, Anamosa, Andrew, Anita, Ankeny, Anthon-Oto, Aplington, Armstrong-Ringsted, Ar-We-Va, Atlantic, Audubon, Ballard, Battle Creek-Ida Grove, Baxter, BCLUW, Bedford, Belmond-Klemme, Bennett, Benton, Bettendorf, Bondurant-Farrar, Boone, Boyden-Hull, Boyer Valley, Brooklyn-Guernsey-Malcolm, Burlington, C & M, CAL, Calamus-Wheatland, Camanche, Cardinal, Carlisle, Carroll, Cedar Falls, Cedar Rapids, Center Point-Urbana, Centerville, Central Clinton, Central Decatur, Central Lee, Central Lyon, Chariton, Charles City, Cherokee, Clarinda, Clarke, Clarksville, Clear Creek-Amana, Clear Lake, Clearfield, Clinton, Colfax-Mingo, College, Collins-Maxwell, Columbus, Coon Rapids-Bayard, Corning, Council Bluffs, Creston, Dallas Center-Grimes, Danville, Davenport, Davis County, Decorah, Deep River-Millersburg, Delwood, Denison, Denver, Des Moines Area Community College, Des Moines Independent School, Diagonal, Dike-New Hartford, Dows, Dubuque, Dunkerton, Durant, Eagle Grove, Earlham, East Buchanan, East Central, East Marshall, East Union, Eastern Allamakee, Eddyville-Blakesburg, Edgewood-Colesburg, Eldora-New Providence, English Valleys, Essex, Estherville Lincoln Central, Exira, Forest City, Fort Dodge, Fort Madison, Fox Valley, Fredericksburg, Fremont, Fremont-Mills, Galva-Holstein, Garnavillo, Garner-Hayfield, Gilbert, Gilmore City-Bradgate, Glenwood, Glidden-Ralston, GMG, Graettinger, Grand, Grinnell-Newburg, Griswold, Grundy Center, Guttenberg, H-L-V, Hamburg, Hampton-Dumont, Harlan, Harmony, Harris Lake Park, Hartley-Melvin-Sanborn, Highland, Hinton, Howard-Winneshiek, Hudson, IMPACC, Independence, Indian Hills Community College, Indian Hills-Dev. Corp., Indian Hills-Foundation, Indianola, Interstate 35, Iowa City, Iowa Falls, Iowa Lakes Community College, Iowa Schools Cash Anticipation Program, Iowa Employee Benefits Association, Iowa Valley, Iowa Valley Community College, Iowa Western Community College, Janesville, Jefferson-Scranton, Johnston, Keokuk, Keota, Kirkwood Community College, Knoxville, Lake Mills, Lamoni, Laurens-Marathon, Lawton-Bronson, LeMars, Lenox, Lewis Central, Lineville-Clio, Linn-Mar, Logan-Magnolia, Lone Tree, Louisa-Muscatine, LuVerne, Lynnville-Sully, Madrid, Manning, Manson Northwest Webster, Maple Valley, Maquoketa, Maquoketa Valley, Marcus-Meriden-Cleghorn, Martensdale-St. Marys, Marion Independent, Marshalltown, Mason City, Mediapolis, Melcher-Dallas, Meservey Thornton, Mid-Prairie, Missouri Valley, MOC-Floyd Valley, Montezuma, Monticello, Moravia, Mormon Trail, Morning Sun, Moulton-Udell, Mount Ayr, Mount Pleasant, Mount Vernon, Murray, Muscatine, Nevada, New Hampton, New London, New Market, Newton, Nishna Valley, Nodaway Valley, Nora Springs-Rock Falls, North Cedar, North Central, North Fayette, North Iowa, North Kossuth, North-Linn, North Mahaska, North Polk, North Scott, North Winneshiek, Northeast (Goose Lake), Northeast Hamilton, Northeast Iowa Community College, North-Linn, Northwest Iowa Community College, Norwalk, Odebolt-Arthur, Oelwein, Ogden, Okoboji, Olin, Orient-Macksburg, Osage, Oskaloosa, Ottumwa, Panorama, Paton Churdan, PCM, Pekin, Pella, Perry, Pleasant Valley, Pleasantville, Pocahontas, Prairie Valley, Prescott, Preston, Red Oak, River Valley, Rock Valley, Rockwell City-Lytton, Rockwell-Swaledale, Roland-Story, Rudd-Rockford-Marble Rock, Sac, Saydel, Sentral, Sergeant Bluff-Luton, Seymour, Sheffield-Chapin, Sheldon, Shenandoah, Sibley-Ocheydean, Sidney, Sigourney, Sioux Central, Sioux City, Solon, South Hamilton, South O'Brien, South Page, South Tama County, South Winneshiek, Southeast Iowa Schools Health Care Plan, Southeast Polk, Southeast Warren, Southeast Webster, Southeastern Community College, Southern Cal, Spencer, Spirit Lake, Springville, St. Ansgar, Stanton, Starmont, Storm Lake, Stratford, Sumner, Terril, Tipton, Treynor, Tri-Center, Tri-County, Tripoli, Turkey Valley, Twin Cedars, Underwood, Union, United, Urbandale, Valley (Elgin), Van Buren, Van Meter, Ventura, Villisca, Vinton-Shellsburg, Waco, Wall Lake, Walnut, Wapello, Wapsie Valley, Washington, Waterloo, Waukee, Wayne, Webster City, West Burlington, West Central, West Central Valley, West Delaware, West Des Moines, West Hancock, West Harrison, West Liberty, West Lyon, West Marshall, West Monona, West Sioux, Western Dubuque, Western Iowa Tech Community College, Westwood, Whiting, Williamsburg, Wilton, Winfield-Mt. Union, Winterset, Woden-Crystal Lake, Woodbine, Woodbury Central, Woodward Granger

PROGRAM SERVICES AND FEATURES

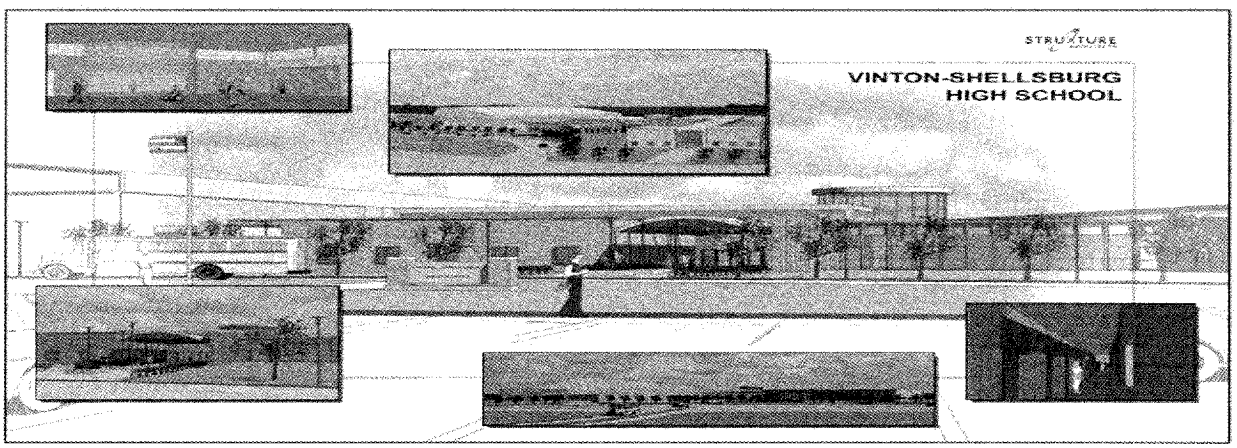
ISJIT's operation is sponsored by the Iowa Association of School Boards. IASB's management team meets regularly with the program's service providers to monitor all elements of program operation.

ISJIT's unique internet-based reporting system, *ISJITOnline*, 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.

ISJIT provides two daily liquid investment alternatives: the Diversified Fund and the Direct Government Obligation (DGO) Fund. Each alternative is tailored to meet specific participant investment needs. Each offers rates that typically exceed those available for other liquid account structures and fixed-term investments with limited liquidity.

ISJIT provides toll-free telephone access to experienced ISJIT representatives who can personally assist with any investment related inquiry or request offer.

ISJIT invests available funds with Iowa financial institutions offering competitive rates of interest, whenever possible. To date, IASB-sponsored cash management programs have invested over $1.6 billion back into Iowa financial institutions on behalf of program participants.



Vinton-Shellsburg High School

"The ISJIT Flex-CD has really helped us to manage our cash flow. Payment schedules from construction companies are only estimates, and we didn't always know from one month to the next exactly how much cash we would be paying out on our construction projects. With the Flex-CD we had the ability to draw down funds on an as-needed basis, and this was a tremendous help to us in managing our cash."

Larry Stroschein
Business Manager
Vinton-Shellsburg Schools

ISJIT's Flexible Withdrawal Certificate of Deposit or Flex-CD offers the perfect investment capability for bond proceeds. Each Flex-CD is tailored to the specific needs of the project by offering:

- Payment of an excellent fixed rate of interest
- No penalty, monthly liquidity for project needs
- An extended maturity to accommodate any unanticipated project delays

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Iowa Schools Joint Investment Trust (ISJIT) Diversified and Direct Government Obligation (DGO) Portfolios' annual Financial Statements presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2005 (FY 2005). This information is being presented to provide additional information regarding the activities of the Trust, pursuant to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* and Statement No. 38, *Certain Financial Statement Note Disclosures* (Statements Nos. 34, 37, and 38). 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.

In addition to the historical information, the Management's Discussion and Analysis includes certain forward-looking statements, which involve certain risks and uncertainties. The actual results of ISJIT's Diversified and DGO Portfolios may differ materially from the results expressed or implied in such forward-looking statements due to a wide range of factors including changes in general economic conditions, fluctuations in interest rates, and legislative changes.

ISJIT is primarily responsible for providing proactive cash management practices and responsiveness to the unique needs of school corporations across the state. ISJIT is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended, which authorizes Iowa schools to jointly invest moneys pursuant to a joint investment agreement. ISJIT operates the Diversified Portfolio and the DGO Portfolio. The objective of the portfolios is to maintain a high degree of liquidity and safety of principal 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 basic financial statements of ISJIT's Diversified and DGO Portfolios. The following components comprise the financial statements for each Portfolio: 1) Statement of Net Assets, 2) Statement of Operations, 3) Statements of Changes in Net Assets, 4) Financial Highlights, and 5) Notes to Financial Statements.

- The Statement of Net Assets show the financial position (assets and liabilities) of the portfolios as of the date of the current fiscal year end.
- The Statement of Operations display the results of operations (income and expenses) of the portfolios for the most recent fiscal year.
- The Statements of Changes in Net Assets portray participant/unitholder activity (distributions, sales, reinvestments, redemptions) of the portfolios for the two most recent fiscal years.
- The Financial Highlights depict per share/per unit information (net investment income, dividends distributed, net asset value, total return, ratios of expenses, and net investment income to average net assets) and summary total net assets of the portfolios for the five most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose summary security transaction amounts of the portfolios.

Condensed Financial Information and Financial Analysis

Year-to-year variances in most financial statement amounts reported in ISJIT's Diversified and DGO Portfolios are caused by a single variable–the level of average net assets (which fluctuates based on the overall levels of participant/unit holder 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 by the portfolios.

During the fiscal year ended June 30, 2005 (FY 2005), average net assets increased 2.02 percent to $237,816,996 from average net assets of $233,019,237 during the fiscal year ended June 30, 2004 (FY 2004), for the Diversified Portfolio. During FY 2005, average net assets decreased 7.02 percent to $36,533,547 from average net assets of $39,098,255 during FY 2004 for the DGO Portfolio. On June 30, 2004, the Federal Reserve voted to increase the federal funds rate by ¼ percent. The Federal Reserve has subsequently increased the federal funds rate by ¼ percent at each of its last eight meetings. The financial markets are anticipating further rate increases over the next few months.

Condensed financial information and variance explanations for each portfolio for FY 2005 and FY 2004 follows.

Diversified Portfolio:

	FY 2005	FY 2004	Percentage Change
Total Investments	$ 296,020,575	$252,150,792	17.40%
Net Assets	$ 296,657,674	$252,294,996	17.58%
Investment Income	$ 5,434,000	$ 2,541,325	113.83%
Total Expenses	$ 1,120,726	$ 1,105,363	1.39%
Net Investment Income	$ 4,313,274	$ 1,435,962	200.38 %
Units Sold	$1,105,412,332	$978,849,158	12.93%
Units Redeemed	$1,065,362,928	$996,576,687	6.90%

Total investments and net assets increased by 17.40% and 17.58%, comparing June 30, 2005 and June 30, 2004 amounts, due to increased participant balances at fiscal year end 2005. Investment income and net investment income increased 113.83% and 200.38%, respectively, during FY 2005 compared to FY 2004, primarily due to the higher interest rate environment throughout FY 2005 and partially due to increased average net assets. Total expenses increased 1.39% during FY 2005 compared to FY 2004 primarily due to higher average net assets. Units sold and redeemed increased 12.93% and 6.90%, respectively, caused by an increase in participant transaction activity during FY 2005 compared to FY 2004.

Direct Government Obligation Portfolio:

	FY 2005	FY 2004	Percentage Change
Total Investments	$27,953,950	$34,187,919	-18.23%
Net Assets	$27,956,283	$34,192,815	-18.24%
Investment Income	$ 737,266	$ 390,604	88.75%
Total Expenses	$ 183,053	$ 194,683	-5.97%
Net Investment Income	$ 554,213	$ 195,921	182.88%
Units Sold	$39,243,536	$37,031,094	5.97%
Units Redeemed	$46,034,281	$41,781,836	10.18%

Total investments and net assets declined 18.23% and 18.24%, respectively, comparing June 30, 2005 and June 30, 2004 amounts, due to lower aggregate participant balances at fiscal year end 2005. Investment income and net investment income increased 88.75% and 182.88%, respectively, during FY 2005 compared to FY 2004, due to the higher interest rate environment throughout FY 2005. Total expenses decreased 5.97% during FY 2005 compared to FY 2004 primarily due to lower average net assets. Units sold and redeemed increased 5.97% and 10.18%, respectively, caused by an increase in participant transaction activity during FY 2005 compared to FY 2004.

IOWA SCHOOLS JOINT INVESTMENT TRUST
DIVERSIFIED PORTFOLIO
STATEMENT OF NET ASSETS -- June 30, 2005
(SHOWING PERCENTAGE OF NET ASSETS)

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
REPURCHASE AGREEMENTS (collateralized by U.S. Govt. agency securities) -- 5.39%				
$15,977,000	Morgan Stanley, Repurchase Agreement	3.34%	07/01/05	$ 15,977,000
	TOTAL (amortized cost -- $15,977,000)			$ 15,977,000
CERTIFICATES OF DEPOSIT -- 2.34%				
$ 2,000,000	St. Ansgar State Bank, St. Ansgar	3.15%	07/26/05	$ 2,000,000
500,000	Fort Madison Bank & Trust, Fort Madison	3.25%	08/02/05	500,000
250,000	Citizens Bank, Sac City	3.00%	08/23/05	250,000
1,500,000	Union State Bank, Winterset	3.18%	09/07/05	1,500,000
1,300,000	Peoples Bank, Rock Valley	3.14%	09/08/05	1,300,000
400,000	Farmers State Bank, Hawarden	3.35%	09/27/05	400,000
1,000,000	First Central State Bank, DeWitt	3.40%	11/18/05	1,000,000
	TOTAL (amortized cost -- $6,950,000)			$ 6,950,000
DISCOUNTED GOVERNMENT SECURITIES -- 83.29%				
$ 15,000,000	Federal Home Loan Bank, Discount Note	2.98%	07/01/05	$ 14,998,786
22,000,000	Federal Home Loan Bank, Discount Note	2.97%	07/08/05	21,985,773
10,000,000	Federal Home Loan Bank, Discount Note	3.11%	07/20/05	9,983,028
15,000,000	Federal Home Loan Bank, Discount Note	3.14%	08/08/05	14,950,031
20,000,000	Federal Home Loan Bank, Discount Note	3.25%	08/19/05	19,911,389
25,000,000	Federal Home Loan Mortgage Corporation, Discount Note	3.01%	07/12/05	24,975,433
25,000,000	Federal Home Loan Mortgage Corporation, Discount Note	3.01%	07/19/05	24,961,076
20,000,000	Federal Home Loan Mortgage Corporation, Discount Note	3.10%	07/27/05	19,954,400
5,820,000	Federal Home Loan Mortgage Corporation, Discount Note	3.19%	08/02/05	5,803,302
997,000	Federal Home Loan Mortgage Corporation, Discount Note	3.14%	08/09/05	993,599
15,000,000	Federal National Mortgage Association, Discount Note	3.01%	07/13/05	14,984,021
20,000,000	Federal National Mortgage Association, Discount Note	3.13%	08/05/05	19,938,600
10,000,000	Federal National Mortgage Association, Discount Note	3.18%	08/17/05	9,958,467
20,000,000	Federal National Mortgage Association, Discount Note	3.36%	10/05/05	19,822,975
2,000,000	Private Export Funding	3.13%	07/21/05	1,996,430
22,000,000	Private Export Funding	3.26%	09/08/05	21,863,966
	TOTAL (amortized cost -- $247,081,276)			$ 247,081,276
COUPON SECURITIES -- 8.77%				
$ 5,000,000	Federal Farm Credit Bank, 2.0%	3.22%	10/24/05	$ 4,981,041
1,000,000	Federal Home Loan Bank, 3.36%	3.46%	03/28/06	999,676
20,000,000	Federal National Mortgage Association, 7.00%	3.12%	07/15/05	20,031,582
	TOTAL (amortized cost -- $26,012,299)			$ 26,012,299
TOTAL INVESTMENTS -- 99.79% (amortized cost -- $296,020,575)				$ 296,020,575

See accompanying notes to financial statements.

FINANCIAL STATEMENTS (CONT.)

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
EXCESS OF OTHER ASSETS OVER TOTAL LIABILITIES – 0.21%				
	Cash			$ 535
	Interest Receivable			756,267
	Fees Payable to Service Providers			(119,703)
	TOTAL			$ 637,099
NET ASSETS – 100%				
	Applicable to 296,657,674 outstanding units			$ 296,657,674
NET ASSETS VALUE:				
	Offering and redemption price per unit ($296,657,674 divided By 296,657,674 units outstanding)			$ 1.00

See accompanying notes to financial statements.

IOWA SCHOOLS JOINT INVESTMENT TRUST
DIRECT GOVERNMENT OBLIGATION PORTFOLIO
STATEMENT OF NET ASSETS -- June 30, 2005
(SHOWING PERCENTAGE OF NET ASSETS)

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
REPURCHASE AGREEMENTS (collateralized by U.S. Govt. securities) -- 30.60%				
$ 8,555,000	Morgan Stanley, Repurchase Agreement	2.90%	07/01/05	$ 8,555,000
	TOTAL (amortized cost -- $8,555,000)			$ 8,555,000
U.S. TREASURY BILLS --35.58%				
$ 3,000,000	U.S. Treasury Bill	2.84%	08/04/05	$ 2,991,877
4,000,000	U.S. Treasury Bill	2.99%	09/15/05	3,974,911
3,000,000	U.S. Treasury Bill	3.02%	09/22/05	2,979,385
	TOTAL (amortized cost -- $9,946,173)			$ 9,946,173
U.S. GOVERNMENT AGENCY -- 23.15%				
$ 3,500,000	U.S. Treasury Note 0%	2.97%	09/01/05	$ 3,482,207
3,000,000	U.S. Treasury Note 1.625%	3.07%	09/30/05	2,989,120
	TOTAL (amortized cost -- $6,471,327)			$ 6,471,327
DISCOUNTED GOVERNMENT SECURITIES -- 10.66%				
$ 3,000,000	Private Export Funding	3.26%	09/08/05	$ 2,981,450
	TOTAL (amortized cost -- $2,981,450)			$ 2,981,450
TOTAL INVESTMENTS -- 99.99%				$ 27,953,950
EXCESS OF OTHER ASSETS OVER TOTAL LIABILITIES -- .01%				
	Cash			$ 138
	Interest Receivable			13,465
	Fees Payable to Service Providers			(11,270)
	TOTAL			$ 2,333
NET ASSETS -- 100%				
	Applicable to 27,956,283 outstanding units			$ 27,956,283
NET ASSETS VALUE:				
	Offering and redemption price per unit ($27,956,283 divided by 27,956,283 units outstanding)			$ 1.00

See accompanying notes to financial statements.

IOWA SCHOOLS JOINT INVESTMENT TRUST
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005

		Diversified Portfolio	Direct Government Obligation Portfolio
INVESTMENT INCOME:			
	Interest	$ 5,434,000	$ 737,266
EXPENSES:			
	Investment advisory fees	234,524	43,933
	Administrative fees	252,246	40,272
	Marketing fees	213,852	32,950
	Custody fees	111,305	18,305
	Distribution fees	237,614	36,611
	Other fees and expenses	71,185	10,982
Total Expenses		1,120,726	183,053
NET INVESTMENT INCOME		$ 4,313,274	$ 554,213

IOWA SCHOOLS JOINT INVESTMENT TRUST
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	Diversified Portfolio		Direct Government Obligation Portfolio	
	2005	2004	2005	2004
From Investment Activities:				
Net investment income distributed to unitholders	$ 4,313,274	$ 1,435,962	$ 554,213	$ 195,921
From Unit Transactions:				
(at constant net asset value of $1 per unit)				
Units sold	1,105,412,332	978,849,158	39,243,536	37,031,094
Units issued in reinvestment of dividends from net investment income	4,313,274	1,435,962	554,213	195,921
Units redeemed	(1,065,362,928)	(996,576,687)	(46,034,281)	(41,781,836)
Net increase (decrease) in net assets derived from unit transactions	(44,362,678)	(16,291,567)	(6,236,532)	(4,554,821)
Net assets at beginning of period	252,294,996	268,586,563	34,192,815	38,747,636
Net assets at end of period	$ 296,657,674	$ 252,294,996	$ 27,956,283	$ 34,192,815

See accompanying notes to financial statements.

Selected Data for a Unit of Each Portfolio Outstanding Through Each Period Ended June 30,	2005	2004	2003	2002	2001
Iowa Schools Joint Investment Trust					
Diversified Portfolio					
Net Asset Value, Beginning of Period	$1.000	$1.000	$1.000	$1.000	$1.000
Net Investment Income	0.018	0.006	0.009	0.021	0.053
Dividends Distributed	(0.018)	(0.006)	(0.009)	(0.021)	(0.053)
Net Asset Value, End of Period	$1.000	$1.000	$1.000	$1.000	$1.000
Total Return	2.29%	0.62%	0.93%	2.12%	5.30%
Ratio of Expenses to Average Net Assets	0.47%	0.47%	0.58%	0.58%	0.58%
Ratio of Net Investment Income to Average Net Assets	1.82%	0.62%	0.89%	2.02%	5.30%
Net Assets, End of Period (000 Omitted)	$296,658	$252,295	$268,587	$268,113	$314,745

	2005	2004	2003	2002	2001
Iowa Schools Joint Investment Trust					
Direct Government Obligation Portfolio					
Net Asset Value, Beginning of Period	$1.000	$1.000	$1.000	$1.000	$1.000
Net Investment Income	0.015	0.005	0.009	0.018	0.051
Dividends Distributed	(0.015)	(0.005)	(0.009)	(0.018)	(0.051)
Net Asset Value, End of Period	$1.000	$1.000	$1.000	$1.000	$1.000
Total Return	2.01%	0.50%	0.85%	1.82%	5.13%
Ratio of Expenses to Average Net Assets	0.50%	0.50%	0.60%	0.60%	0.61%
Ratio of Net Investment Income to Average Net Assets	1.51%	0.50%	0.86%	1.76%	5.13%
Net Assets, End of Period (000 Omitted)	$27,956	$34,193	$38,748	$41,755	$33,133

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of the organization:
Iowa Schools Joint Investment Trust (ISJIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended, which authorizes Iowa schools to jointly invest moneys pursuant to a joint investment agreement. ISJIT is a Moody's Investors Service 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 September 22, 1988, and again on May 1, 1993. As amended, ISJIT is authorized and now operates investment programs, including the Diversified Portfolio and the Direct Government Obligation (DGO) Portfolio. The accompanying financial statements include activities of the Diversified and DGO Portfolios. The objective of the portfolios is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa schools under Iowa law. Wells Fargo Bank, N.A. serves as the Custodian, Voyageur Asset Management Inc. serves as the Investment Adviser, Bankers Trust Company, N.A. serves as the Administrator, and Midamerica Investment Advisory Group, Inc. dba BTC Capital Management ("BTC Capital") serves as Marketing Services Provider. Iowa Association of School Boards is considered a related party to ISJIT by common board members.

A summary of the organization's significant accounting policies follows:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
The Organization's 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 Organization applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Organization's Statement of Net Assets.

Use of estimates:
The preparation of financial statements with U.S. generally accepted accounting principles 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 net investment income during the period. Actual results could differ from those estimates.

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

1) 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.

Note 1. Nature of Organization and Significant Accounting Policies (continued):

Authorized Investments (continued):

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.

2) Collateralized perfected repurchase agreements secured by securities in the immediately foregoing categories. 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 and are regularly verified by the ISJIT Custodian and are maintained daily in an amount equal to at least 102 percent of the agreement.

3) Certificates of Deposits ("CDs") in 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 $100,000 of value. All amounts in excess of $100,000 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 or by the state sinking funding in accordance with Chapter 12C of the Code of Iowa, consent by the financial institution to the disposition of the collateral pledged by the financial institution, consent by the financial institution to assessments by the treasurer of the State of Iowa, and agreement by the financial institution to provide accurate information and to otherwise comply with the requirements of Iowa Code chapter 12C and chapter 13.

Investment in Securities:

The Diversified and DGO Portfolios consist of cash and short-term investments valued at cost or amortized cost, which approximates market value. Amortized cost involves valuing a portfolio security at its original cost on the date of purchase, and thereafter amortizing any premium or discount on a straight-line basis to maturity. The amount of premium or discount amortized 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 to maintain a constant net asset value of $1.00 per unit for each portfolio.

Security transactions are accounted for on the trade date. Interest income, including the accretion of discount and amortization of premium, is recorded daily on the accrual basis.

Custodial credit risk:

Custodial credit risk for deposits is the risk that in the event of a bank failure, ISJIT's deposits may not be returned or ISJIT will not be able to recover collateral securities in the possession of an outside party. The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Note 1. Nature of Organization and Significant Accounting Policies (continued):

Custodial credit risk *(Continued):*

Category 1	Deposits which are insured or collateralized with securities held by ISJIT or by its agent in ISJIT's name.
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in ISJIT's name.
Category 3	Deposits which are not collateralized or insured.

Based on these three levels of risk, all of ISJIT's cash deposits are classified as Category 1.
Similar to cash deposits, investments held at a financial institution can be categorized according to three levels or risk. These three levels of risk are:

Category 1	Investments that are insured, registered or held by ISJIT or by its agent in ISJIT's name.
Category 2	Investments that are uninsured and unregistered held by the counterparty's trust department or agent in ISJIT's name.
Category 3	Uninsured and unregistered investments held by the counterparty, its trust or its agent, but no in ISJIT name.

Based on these three levels of risk, all of ISJIT's investments are classified as Category 1.

In connection with transactions in repurchase agreements, it is ISJIT's policy that its Custodian take 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, 2005, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities with market values of $16,347,531 and $8,772,921 for the Diversified Portfolio and the DGO Portfolio, respectively.

ISJIT is exposed to various risks in connection with operation of the Diversified and DGO Portfolios and adheres to policies that mitigate market risk in the portfolios and maintains insurance coverage for fidelity and errors and omissions exposures. ISJIT has had no claims or settlements under its insurance coverage during the year ended June 30, 2005.

Net Asset Value

ISJIT determines the net asset value of each portfolio account daily. Units are issued and redeemed daily at the daily net asset value. Dividends from net investment income for each portfolio is declared daily and distributed monthly.

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

Note 2. Fees and Expenses

Throughout FY 2005, ISJIT engaged Voyageur Asset Management Inc. (Voyageur) to serve as ISJIT's Investment Advisor, Bankers Trust Company, N.A. (Bankers Trust) to serve as ISJIT's Administrator, BTC Capital to serve as ISJIT's Marketing Services Provider, and Wells Fargo Bank, N.A. (Wells Fargo) to serve as ISJIT's Custodian.

Under separate agreements with ISJIT, Voyageur, Bankers Trust, BTC Capital, and Wells Fargo are paid fees based upon a percentage of the average daily net asset value for operating the investment programs. All fees are computed on a daily basis and paid monthly to the service providers.

For investment advisor services provided to each Diversified Portfolio and DGO Portfolio, Voyageur receives 0.120 percent of the average daily net asst value up to $100 million, 0.100 percent of the average daily net asset value from $100 million to $200 million, and 0.050 percent for assets exceeding $200 million. For the year ended June 30, 2005, the Diversified Portfolio and the DGO Portfolio incurred $234,524 and $43,933, respectively, to Voyageur for services provided. Amount due to Voyageur at June 30, 2005 was $22,987 for Diversified and $2,705 for DGO.

For administrative services provided to each Diversified Portfolio and DGO Portfolio, Bankers Trust receives 0.110 percent of the average daily net asst value up to $150 million, 0.100 percent of the average daily net asset value from $150 million to $300 million, and .09 percent for assets exceeding $300 million. For the year ended June 30, 2005, the Diversified Portfolio and the DGO Portfolio incurred $252,246 and $40,272, respectively, to Bankers Trust for services provided. Amount due to Bankers Trust at June 30, 2005 was $27,319 for Diversified and $2,479 for DGO.

For marketing services provided to each the Diversified Portfolio and DGO Portfolio, BTC Capital receives 0.090 percent of the averages daily net asset value. For the year ended June 30, 2005, the Diversified Portfolio and the DGO Portfolio incurred $213,852 and $32,950, respectively, to BTC Capital for services provided. Amount due to BTC Capital at June 30, 2005 was $23,623 for Diversified and $2,029 for DGO.

For custodial services provided to each the Diversified Portfolio and DGO Portfolio, Wells Fargo receives 0.050 percent of the average daily net asset value up to $150 million, 0.045 percent from $150 million to $200 million, 0.040 percent from $200 to $250 million, and 0.035 percent exceeding $250 million. For the year ended June 30, 2005, the Diversified Portfolio and the DGO Portfolio incurred $111,305 and $18,305, respectively, to Wells Faro for services provided. Amount due to Wells Fargo at June 30, 2005 was $11,652 for Diversified and $1,127 for DGO.

Under an administrative services plan, the sponsoring association receives an annual fee of 0.100 percent of the daily net asset value of the Diversified Portfolio and DGO Portfolio. For the year ended June 30, 2005, the Diversified portfolio and the DGO Portfolio incurred $237,614 and $36,611, respectively, to the Iowa Association of Schools Boards. Amount due to the Iowa Association of Schools Boards at June 30, 2005 was $26,248 for Diversified and $2,254 for DGO.

Note 2. Fees and Expenses (continued)

ISJIT is responsible for operating expenses incurred directly by ISJIT. In order to cover the operating expenses of ISJIT, a daily rate of 0.030 percent of the average daily net asset value is calculated and allocated to the administrative account to cover the operating expenses incurred by ISJIT. These fees amounted to $71,185 and $10,982 for the Diversified Portfolio and DGO Portfolio, respectively, for the year ended June 30, 2005. The balance of the administrative account, which is included in net assets at June 30, 2005 was $126,085.

Note 3. Securities Transactions

Purchases of portfolio securities for the Diversified Portfolio and DGO Portfolio aggregated $7,592,612,897 and $1,929,927,815, respectively, for the year ended June 30, 2005. Proceeds from maturities of securities for the Diversified Portfolio and DGO Portfolio aggregated $7,464,453,000 and $1,931,107,000, respectively, for the year ended June 30, 2005.

INDEPENDENT AUDITOR'S REPORT

Brooks Lodden P.C.
certified public accountants

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the Diversified Portfolio and the Direct Government Obligation Portfolio of the Iowa Schools Joint Investment Trust (the Portfolio) as of June 30, 2005, and the related statements of operations, changes in net assets, and financial highlights for the year then ended. These financial statements and the financial highlights are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The June 30, 2004 statement of net assets of the Diversified Portfolio and the Direct Government Obligation Portfolio and the related statements of operations, changes in net assets for the year then ended, and the financial highlights for the preceding four-year period, were audited by other auditors whose report dated July 16, 2004, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *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 and financial highlights 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 significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diversified Portfolio and the Direct Government Obligation Portfolio of the Portfolio as of June 30, 2005, the results of its operations, changes in its net assets, and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2005, on our consideration of the Portfolio'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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages six through eight is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Brooks Lodden, P.C.

West Des Moines, Iowa
August 26, 2005

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REPORT ON INTERNAL CONTROL

Brooks Lodden P.C.
certified public accountants

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

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 Directors
Iowa Schools Joint Investment Trust

We have audited the financial statements of the Iowa Schools Joint Investment Trust (the Trust) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 26, 2005. 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

In planning and performing our audit, we considered the Trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, the Trust's management, and the State of Iowa 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
August 26, 2005

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