



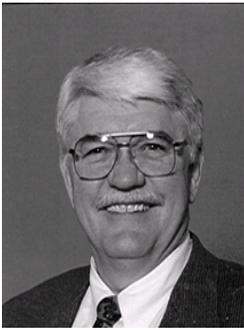
***ISJIT Annual
Financial Report***

June 30, 2007

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~ Statement from 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.

ISJIT has over 370 authorized participants and welcomed 13 new participants in the 2006-2007 fiscal year. The increased investment return that ISJIT provides over other alternatives continues to provide additional resources that are vital to increasing the quality of education available to students across the state.

During the fiscal year ended June 30, 2007, the Federal Reserve left the federal funds unchanged. As the economy continued to expand at a moderate rate, the Federal Reserve focused on its primary objective of controlling inflation.

The yield on the ISJIT Diversified Fund increased slightly over the course of the fiscal year. As a result, total funds invested in Diversified, Diversified Plus and DGO reached a six year high in May, 2007. 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.

A handwritten signature in cursive script that reads "Ronald M. Rice".

Ronald M. Rice
Executive Director
Iowa Association of School Boards
Email: rrice@ia-sb.org

~ 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, 2007. ISJIT enjoyed a record year of operation:

Total funds for all investment alternatives reached a fiscal year high of \$618,047,661 in May of 2007.

Combined daily investments in the Diversified, Diversified Plus, and Direct Government Obligation Portfolios reached a fiscal year high of \$395,762,513 in May of 2007.

Use of ISJIT's Fixed-Term Automated (FTA) services increased during the year. Fourteen participants used the Flexible Withdrawal Certificate of Deposit (Flex CD) to invest bond proceeds totaling over \$90 million during the construction phase of capital improvement projects. Total FTA assets exceeded \$200 million as of June 30, 2007.

The ISJIT Board is encouraged by these accomplishments 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. We continue to explore adding additional features to ISJIT designed to increase administrative efficiency and allow schools' idle funds to be invested on a more timely basis. The ISJIT Online system continues to be enhanced to meet participants' needs. Participants frequently comment that they appreciate the ease of online transactions.

Your comments and suggestions are always welcome and are a key element in the continual 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,

Richard Vande Kieft
Chair Board of Trustees

"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." – Richard Vande Kieft



~ Board of Trustees ~



Tom Downs
Southeast Polk



Jack Hill
North Scott



Richard L. Vande Kieft
Cedar Falls



Don Friedrichsen
Galva-Holstein



Chad Ingles
West Central



Greg Reynolds
Keokuk

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 370 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 ~

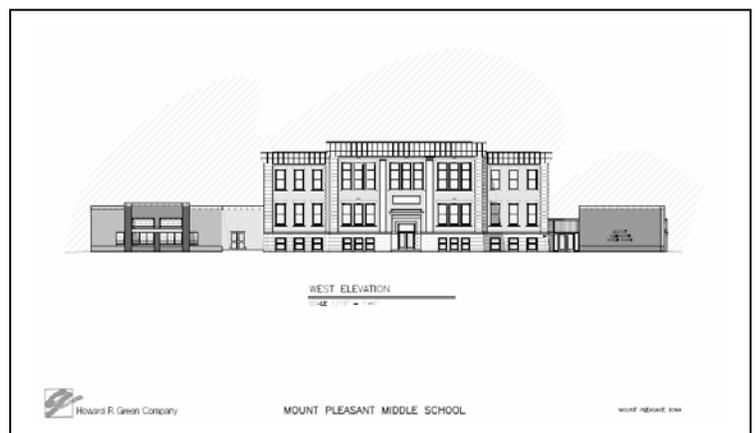
A-H-S-T, Adair-Casey, Adel-Desoto-Minburn, AEA 1-Keystone, AEA 4, AEA 8-Prairie Lakes, AEA 9-Mississippi Bend, AEA10-Grant Wood, AEA 11-Heartland, AEA 12-Western Hills, AEA 13-Loess Hills, AEA 14-Green Valley, AEA 15-Southern Prairie, AEA 16-Great River, AEA 267, AGWSR, Akron-Westfield, Albert City-Truesdale, Albia, Alburnett, Alden, Allamakee, 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, Belmont-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, Clay Central/Everly, Clear Creek-Amana, Clear Lake, Clearfield, Clinton, Colfax-Mingo, College, Collins-Maxwell, Colo-Nesco, 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 Greene, East Marshall, East Union, Eastern Allamakee, Eddyville-Blakesburg, Edgewood-Colesburg, Eldora-New Providence, Emmetsburg, English Valleys, Essex, Estherville Lincoln Central, Exira, Fairfield, Farragut, 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, Hubbard-Radcliffe, 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, Jesup, Johnston, Keokuk, Keota, Kirkwood Community College, Knoxville, Lake Mills, Lamon, 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, Nashua-Plainfield, 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, Postville, 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, Titonka, 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 ~

- **O**peration 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.
- **U**nique 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.
- **P**rovides three daily liquid investment alternatives: Diversified, Direct Government Obligation (DGO), and Diversified Plus Portfolios. 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.
- **P**rovides toll-free telephone access to experienced ISJIT representatives who can personally assist with any investment related inquiry or request offer.
- **I**nvests available funds with Iowa financial institutions, offering competitive rates of interest, whenever possible.
- **F**lexible 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

“The ISJIT Flex CD has been a great option for the Mt. Pleasant Community School District during our Middle School renovation project. The Flex CD allows for withdrawal of funds once a month to coincide with construction payments authorized monthly by our Board of Directors. In addition, we receive a very competitive interest rate to invest our bond proceeds to maximize our project revenues. This, in turn, allows us to proceed with a quality project that will benefit the children of our District. – **Ed Chabal, Director of Finance, Mt. Pleasant Community Schools**

Mt. Pleasant Middle School



~ Management's Discussion and Analysis ~

This section of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified, Direct Government Obligation (DGO), and Diversified Plus Portfolios' annual Financial Statements presents management's discussion and analysis of the financial position and results of operations for the fiscal years ended June 30, 2007 (FY 2007) and 2006 (FY 2006). 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.

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, the DGO Portfolio, and the Diversified Plus 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, DGO, and Diversified Plus 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 fiduciary financial statements of ISJIT's Administration Fund and the Diversified, DGO, and Diversified Plus Portfolios. The following components comprise the financial statements for each Portfolio: 1) Statements of Net Assets, 2) Statements of Changes in Net Assets, 3) Schedule of Investments for FY 2007, and 4) Notes to Financial Statements. The Statements of Net Assets shows the financial position (assets and liabilities) of the portfolios as of June 30, 2007 and June 30, 2006. The Statements of Changes in Net Assets displays the results of operations (income and expenses) and participant/unitholder activity (sales and redemptions) for the two most recent fiscal years. The Schedule of Investments lists each security held by the portfolio as of June 30, 2007. The Notes to Financial Statements describe significant accounting policies of the portfolios.

~ Management's Discussion and Analysis, Continued ~

Condensed Financial Information and Financial Analysis

Year-to-year variances in most financial statement amounts reported in ISJIT's Administrative Fund, Diversified, DGO, and Diversified Plus Portfolios are caused by a single variable – the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances) in each portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned. However, throughout the fiscal year ending June 30, 2007, the Federal Reserve left the federal funds rate unchanged.

During the fiscal year ended June 30, 2007 (FY 2007), average net assets increased 2.57 percent to \$265,847,959 from average net assets of \$259,178,816 during the fiscal year ended June 30, 2006 (FY 2006), for the Diversified Portfolio. During FY 2007, average net assets decreased 12.99 percent to \$21,050,833 from average net assets of \$24,192,225 during FY 2006 for the DGO Portfolio. The average net assets for the Diversified Plus Portfolio increased 163.49 percent to \$41,392,865 in FY 2007 from \$15,709,312 in FY 2006 (the Portfolio opened in April 2006).

Condensed financial information and variance explanations for each portfolio for FY 2007 and FY 2006 follows:



~ Management's Discussion and Analysis, Continued ~

Condensed Financial Information and Financial Analysis, Continued

Diversified Portfolio

Condensed information for the Portfolio through each period ended June 30:	2007	2006	Percentage Change
Total Investments	\$ 301,705,205	\$ 278,484,931	8.34%
Net Assets	\$ 302,379,269	\$ 278,890,339	8.42%
Average Net Assets	\$ 265,847,959	\$ 259,178,816	2.57%
Investment Income	\$ 13,962,856	\$ 10,980,325	27.16%
Total Expenses	\$ 883,728	\$ 904,269	-2.27%
Net Investment Income	\$ 13,079,128	\$ 10,076,056	29.80%
Units Sold (\$1 per unit)	1,106,011,840	1,165,087,056	-5.07%
Units Redeemed (\$1 per unit)	1,095,602,038	1,192,930,447	-8.16%
Total Return	5.02%	3.91%	
Ratio of Expenses to Average Net Assets	0.33%	0.35%	
Ratio of Net Investment Income to Average Net Assets	4.92%	3.89%	
Net Asset Value per Unit, Beginning of Period	\$ 1.000	\$ 1.000	
Net Investment Income per Unit	0.049	0.039	
Dividends Distributed per Unit	(0.049)	(0.039)	
Net Asset Value per Unit, End of Period	\$ 1.000	\$ 1.000	

Direct Government Obligation Portfolio

Condensed information for the Portfolio through each period ended June 30:	2007	2006	Percentage Change
Total Investments	\$ 20,527,000	\$ 19,818,197	3.58%
Net Assets	\$ 20,532,367	\$ 19,813,163	3.63%
Average Net Assets	\$ 21,050,833	\$ 24,192,225	-12.99%
Investment Income	\$ 1,088,270	\$ 955,910	13.85%
Total Expenses	\$ 72,493	\$ 75,543	-4.04%
Net Investment Income	\$ 1,015,777	\$ 880,367	15.38%
Units Sold (\$1 per unit)	41,690,752	30,302,242	37.58%
Units Redeemed (\$1 per unit)	41,987,325	39,325,730	6.77%
Total Return	4.93%	3.77%	
Ratio of Expenses to Average Net Assets	0.34%	0.31%	
Ratio of Net Investment Income to Average Net Assets	4.83%	3.64%	
Net Asset Value per Unit, Beginning of Period	\$ 1.000	\$ 1.000	
Net Investment Income per Unit	0.048	0.036	
Dividends Distributed per Unit	(0.048)	(0.036)	
Net Asset Value per Unit, End of Period	\$ 1.000	\$ 1.000	

~ Management's Discussion and Analysis, Continued ~

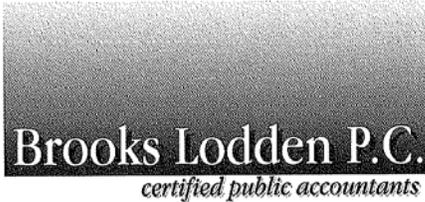
Diversified Plus Portfolio

Condensed information for the Portfolio through each period ended June 30:	2007	2006	Percentage Change
Total Investments	\$ 41,429,136	\$ 30,857,071	34.26%
Net Assets	\$ 41,470,222	\$ 30,857,154	34.39%
Average Net Assets	\$ 41,392,865	\$ 15,709,312	163.49%
Investment Income	\$ 2,197,907	\$ 188,611	1065.31%
Total Expenses	\$ 111,358	\$ 4,585	2328.60%
Net Investment Income	\$ 2,086,549	\$ 184,026	1033.83%
Units Sold (\$1 per unit)	166,261,966	39,112,411	325.09%
Units Redeemed (\$1 per unit)	157,735,447	8,439,283	1769.06%
Total Return	5.16%	4.86%	
Ratio of Expenses to Average Net Assets	0.27%	0.12%	
Ratio of Net Investment Income to Average Net Assets	5.04%	4.91%	
Net Asset Value per Unit, Beginning of Period	\$ 1.000	\$ 1.000	
Net Investment Income per Unit	0.050	0.049	
Dividends Distributed per Unit	(0.050)	(0.049)	
Net Asset Value per Unit, End of Period	\$ 1.000	\$ 1.000	

Total investments and net assets at June 30, 2007, increased in all three Portfolios (Diversified, DGO and Diversified Plus) when compared to the June 30, 2006, year-end totals. Average net assets increased in the Diversified and Diversified Plus Portfolios but decreased in the DGO Portfolio. The decrease in DGO was due to higher total net assets in the first few months of FY 2006.

Investment income and net investment income increased in all three Portfolios during FY 2007 compared to FY 2006 due to the higher rate environment throughout FY 2007. Expenses of the Portfolios are calculated on daily net asset totals. However, in spite of higher net asset totals, the total expenses decreased in both the Diversified and DGO Portfolios in FY 2007 compared to FY 2006 due to a decrease in contracted fees with the service providers. The Diversified Plus Portfolio was in existence for only three months of FY 2006 and a portion of the expenses were waived during that period until October 1, 2006, of FY 2007.

~ Independent Auditor's Report ~



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio, the Direct Government Obligation Portfolio, and the Diversified Plus Portfolio as of June 30, 2007 and 2006, and the related statements of changes in net assets for the years then ended. We have also audited the accompanying schedules of investments of the Diversified Portfolio, the Direct Government Obligation Portfolio, and Diversified Plus Portfolio for the year ended June 30, 2007. These financial statements are the responsibility of ISJIT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ISJIT Administration Fund, Diversified Portfolio, the Direct Government Obligation Portfolio, and the Diversified Plus Portfolio as of June 30, 2007 and 2006, the changes in net assets for the years ended June 30, 2007 and 2006, and the schedule of investment as of June 30, 2007 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 September 20, 2007, on our consideration of ISJIT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis 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
September 20, 2007

1441 29th Street, Suite 305 • West Des Moines, IA 50266 • Phone: 515.223.7300 • Fax: 515.223.8778

~ Financial Statements ~

Iowa Schools Joint Investment Trust Statements of Net Assets June 30, 2007

	ADMINISTRATION FUND	DIVERSIFIED PORTFOLIO	DIRECT GOVERNMENT OBLIGATION PORTFOLIO	DIVERSIFIED PLUS PORTFOLIO	TOTAL
Assets					
Cash	\$ 12,439	\$ 173	\$ 586	\$ 772	\$ 13,970
Interest Receivable	-	753,585	9,903	50,184	813,672
Accounts Receivable	3,105	-	-	-	3,105
Investments (amortized cost):					
Securities Purchased Under Agreement to Resell	-	198,437,000	20,527,000	30,725,000	249,689,000
Certificates of Deposit	-	6,100,000	-	1,000,000	7,100,000
U.S. Government Agency Obligations	-	97,168,205	-	6,417,544	103,585,749
Commercial Paper	-	-	-	3,286,592	3,286,592
Total Assets	15,544	302,458,963	20,537,489	41,480,092	364,492,088
Liabilities					
Accounts Payable	3,673	-	-	-	3,673
Administration Fee	-	16,984	1,092	2,103	20,179
Investment Advisory and Custodian Fees	-	20,903	1,343	2,589	24,835
Marketing Fee	-	18,291	1,176	2,265	21,732
Sponsorship Fee	-	20,903	1,343	2,589	24,835
Administration Fund Fee	-	2,613	168	324	3,105
Total Liabilities	3,673	79,694	5,122	9,870	98,359
Net Assets Held in Trust for Participants	\$ 11,871	\$ 302,379,269	\$ 20,532,367	\$ 41,470,222	\$ 364,393,729

Iowa Schools Joint Investment Trust Statements of Changes in Net Assets For the Year Ended June 30, 2007

	ADMINISTRATION FUND	DIVERSIFIED PORTFOLIO	DIRECT GOVERNMENT OBLIGATION PORTFOLIO	DIVERSIFIED PLUS PORTFOLIO	TOTAL
Investment Income:					
Interest	\$ 1,959	\$ 13,962,856	\$ 1,088,270	\$ 2,197,907	\$ 17,250,991
Investment Expenses:					
Investment Advisory Fees	-	225,318	18,924	33,114	277,356
Administrative Fees	-	195,899	16,027	26,905	238,830
Marketing Fees	-	197,130	15,777	30,794	243,701
Custody Fees	-	26,308	2,604	-	28,913
Sponsorship Fees	22,500	223,714	17,882	34,933	299,028
Administration Fund Fees	-	15,360	1,279	2,678	19,317
Professional Services	26,981	-	-	-	26,981
Rating Service Fees	12,208	-	-	-	12,208
Other Fees and Expenses	8,508	-	-	-	8,508
Waived Fees	-	-	-	(17,066)	(17,066)
Total Investment Expenses	70,197	883,728	72,493	111,358	1,137,775
Net Investment Income	(68,238)	13,079,128	1,015,777	2,086,549	16,113,216
Other Income	20,895	-	-	-	20,895
Net (Decrease) Increase in Net Assets Before Unit Transactions	(47,343)	13,079,128	1,015,777	2,086,549	16,134,111
Units sold	-	1,106,011,840	41,690,752	166,261,966	1,313,964,558
Units redeemed	-	(1,095,602,038)	(41,987,325)	(157,735,447)	(1,295,324,809)
Net (Decrease) Increase in Net Assets	(47,343)	23,488,929	719,205	10,613,068	34,773,859
Net Assets at Beginning of Period	59,214	278,890,339	19,813,163	30,857,154	329,619,870
Net Assets at End of Period	\$ 11,871	\$ 302,379,269	\$ 20,532,367	\$ 41,470,222	\$ 364,393,729

See accompanying notes to financial statements.

~ Financial Statements ~

Iowa Schools Joint Investment Trust Statements of Net Assets June 30, 2006

	ADMINISTRATION FUND	DIVERSIFIED PORTFOLIO	DIRECT GOVERNMENT OBLIGATION PORTFOLIO	DIVERSIFIED PLUS PORTFOLIO	TOTAL
Assets					
Cash	\$ 74,644	\$ 69	\$ 957	\$ 567	\$ 76,237
Interest Receivable	151	515,408	1,557	2,407	519,523
Investments (amortized cost):					
Securities Purchased Under Agreement to Resell	-	9,320,000	12,909,000	16,696,000	38,925,000
Certificates of Deposit	-	6,050,000	-	-	6,050,000
U.S. Treasury Bills	-	-	6,909,197	-	6,909,197
U.S. Government Agency Obligations	-	263,114,931	-	11,970,260	275,085,191
Commercial Paper	-	-	-	2,190,811	2,190,811
Total Assets	74,795	279,000,408	19,820,711	30,860,045	329,755,959
Liabilities					
Accounts Payable	15,581	-	-	-	15,581
Administration Fee	-	26,881	1,767	767	29,415
Investment Advisory and Custodian Fees	-	34,231	2,730	944	37,905
Marketing Fee	-	23,190	1,445	-	24,635
Sponsorship Fee	-	25,767	1,606	1,180	28,553
Administration Fund Fee	-	-	-	-	-
Total Liabilities	15,581	110,069	7,548	2,891	136,089
Net Assets Held in Trust for Participants	\$ 59,214	\$ 278,890,339	\$ 19,813,163	\$ 30,857,154	\$ 329,619,870

Iowa Schools Joint Investment Trust Statements of Changes in Net Assets For the Year Ended June 30, 2006

	ADMINISTRATION FUND	DIVERSIFIED PORTFOLIO	DIRECT GOVERNMENT OBLIGATION PORTFOLIO	DIVERSIFIED PLUS PORTFOLIO	TOTAL
Investment Income:					
Interest	\$ 5,339	\$ 10,980,325	\$ 955,910	\$ 188,611	\$ 12,130,185
Investment Expenses:					
Investment Advisory Fees	-	248,823	29,091	2,996	280,910
Administrative Fees	-	273,854	26,631	2,434	302,919
Marketing Fees	-	233,335	21,773	3,370	258,478
Custody Fees	-	119,978	12,096	-	132,074
Sponsorship Fees	22,500	259,261	24,196	3,742	309,699
Administration Fund Fees	-	8,592	942	-	9,534
Professional Services	47,872	-	-	-	47,872
Rating Service Fees	13,500	-	-	-	13,500
Other Fees and Expenses	11,018	-	-	-	11,018
Waived Fees	-	(239,574)	(39,186)	(7,957)	(286,717)
Total Investment Expenses	94,890	904,269	75,543	4,585	1,079,287
Net Investment Income	(89,551)	10,076,056	880,367	184,026	11,050,898
Other Income	22,680	-	-	-	22,680
Net (Decrease) Increase in Net Assets Before Unit Transactions	(66,871)	10,076,056	880,367	184,026	11,073,578
Units sold	-	1,165,087,056	30,302,242	39,112,411	1,234,501,709
Units redeemed	-	(1,192,930,447)	(39,325,730)	(8,439,283)	(1,240,695,460)
Net (Decrease) Increase in Net Assets	(66,871)	(17,767,335)	(8,143,121)	30,857,154	4,879,827
Net Assets at Beginning of Period	126,085	296,657,674	27,956,284	-	324,740,043
Net Assets at End of Period	\$ 59,214	\$ 278,890,339	\$ 19,813,163	\$ 30,857,154	\$ 329,619,870

See accompanying notes to financial statements.

~ Financial Statements ~

Diversified Portfolio **Schedule of Investments - June 30, 2007** (Showing Percentage of Total Investments)

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL -- 65.77%				
\$ 73,437,000	Merrill Lynch, Repurchase Agreement	5.36%	07/02/07	\$ 73,437,000
50,000,000	Morgan Stanley, Repurchase Agreement	5.32%	07/03/07	50,000,000
75,000,000	Cantor Fitzgerald, Repurchase Agreement	5.35%	07/03/07	75,000,000
	TOTAL (amortized cost -- \$198,437,000)			<u>198,437,000</u>
CERTIFICATES OF DEPOSIT -- 2.02%				
1,000,000	First Central State Bank, DeWitt	5.25%	07/10/07	1,000,000
2,000,000	St. Ansgar State Bank, St. Ansgar	5.25%	07/26/07	2,000,000
500,000	First Central State Bank, DeWitt	5.25%	08/15/07	500,000
500,000	Tri County Bank and Trust, Cascade	5.25%	08/15/07	500,000
500,000	Farmer's State Bank, Hawarden	5.30%	09/27/07	500,000
300,000	Citizens Bank, Sac City	5.25%	11/19/07	300,000
1,300,000	People's Bank, Rock Valley	5.25%	12/06/07	1,300,000
	TOTAL (amortized cost -- \$6,100,000)			<u>6,100,000</u>
U.S. GOVERNMENT AGENCY OBLIGATIONS -- 32.21%				
16,000,000	Federal Home Loan Mortgage Co., Floating Rate Note 5.215%	5.28%	07/06/07	16,000,012
27,850,000	Federal Home Loan Bank, Discount Note	5.27%	07/11/07	27,810,314
12,000,000	Federal Home Loan Mortgage Co., Discount Note	5.26%	07/16/07	11,974,390
1,240,000	Federal National Mortgage Assn., Discount Note	5.26%	07/25/07	1,235,763
6,000,000	Federal National Mortgage Assn., 4.750%	5.31%	08/03/07	5,997,030
8,000,000	Federal Home Loan Bank, 3.700%	5.30%	08/15/07	7,984,201
9,861,000	Federal National Mortgage Assn., 3.820%	5.27%	10/18/07	9,819,186
6,546,000	Federal National Mortgage Assn., 3.700%	5.28%	11/01/07	6,511,966
3,415,000	Federal Home Loan Bank, 3.500%	5.30%	11/15/07	3,392,631
6,500,000	Federal Home Loan Bank, 3.250%	5.22%	12/17/07	6,442,712
	TOTAL (amortized cost -- \$97,168,205)			<u>97,168,205</u>
TOTAL INVESTMENTS (amortized cost -- \$301,705,205) -- 100%				<u>\$ 301,705,205</u>

See accompanying notes to financial statements.

~ *Financial Statements* ~

***Direct Government Obligation Portfolio
Schedule of Investments - June 30, 2007***
(Showing Percentage of Total Investments)

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL -- 100.00%				
\$ 4,227,000	Merrill Lynch, Repurchase Agreement	3.95%	07/02/07	\$ 4,227,000
4,300,000	Morgan Stanley, Repurchase Agreement	4.31%	07/02/07	4,300,000
4,000,000	ABN AMRO, Repurchase Agreement	4.71%	07/03/07	4,000,000
4,000,000	Cantor Fitzgerald, Repurchase Agreement	4.92%	07/03/07	4,000,000
4,000,000	Goldman Sachs, Repurchase Agreement	4.92%	07/03/07	4,000,000
	TOTAL (amortized cost -- \$20,527,000)			<u>20,527,000</u>
TOTAL INVESTMENTS (amortized cost -- \$20,527,000) -- 100%				<u>\$ 20,527,000</u>

See accompanying notes to financial statements.

~ Financial Statements ~

Diversified Plus Portfolio ***Schedule of Investments - June 30, 2007*** *(Showing Percentage of Total Investments)*

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL -- 74.16%				
\$ 5,525,000	ABN AMRO, Repurchase Agreement	5.35%	07/02/07	\$ 5,525,000
8,700,000	Merrill Lynch, Repurchase Agreement	5.36%	07/02/07	8,700,000
8,500,000	Morgan Stanley, Repurchase Agreement	5.32%	07/03/07	8,500,000
8,000,000	Cantor Fitzgerald, Repurchase Agreement	5.35%	07/03/07	8,000,000
	TOTAL (amortized cost -- \$30,725,000)			<u>30,725,000</u>
CERTIFICATES OF DEPOSIT -- 2.42%				
700,000	First Central State Bank, DeWitt	5.25%	07/30/07	700,000
300,000	Farmer's State Bank, Hawarden	5.30%	09/27/07	300,000
	TOTAL (amortized cost -- \$1,000,000)			<u>1,000,000</u>
U.S. GOVERNMENT AGENCY OBLIGATIONS -- 15.49%				
3,500,000	Federal Home Loan Mortgage Co., Discount Note	5.30%	07/24/07	3,488,618
1,445,000	Federal Home Loan Bank, 3.700%	5.30%	08/15/07	1,442,146
1,500,000	Federal Home Loan Bank, 3.250%	5.22%	12/17/07	1,486,780
	TOTAL (amortized cost -- \$6,417,544)			<u>6,417,544</u>
COMMERCIAL PAPER -- 7.93%				
700,000	Paccar Financial Corp.	5.34%	07/03/07	699,798
700,000	UBS Finance (DE) LLC	5.35%	07/11/07	698,989
500,000	John Deere Capital Corp.	5.34%	07/13/07	499,127
700,000	Sysco Corp.	5.36%	08/21/07	694,803
700,000	Marshall & Ilsley Corp.	5.39%	08/30/07	693,875
	TOTAL (amortized cost -- \$3,286,592)			<u>3,286,592</u>
TOTAL INVESTMENTS (amortized cost -- \$41,429,136) -- 100%				<u>\$ 41,429,136</u>

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 defined as a special-purpose unit of the State of Iowa on the criteria identified and described in GASB Statement Number 14. The definition of a special-purpose governmental entity is an entity that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governmental entities.

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, the Direct Government Obligation (DGO) Portfolio, and the Diversified Plus Portfolio. The accompanying financial statements include the activities of the ISJIT Administration Fund, the Diversified Portfolio (Diversified), Direct Government Obligation Portfolio (DGO), and Diversified Plus Portfolio.

Regulatory Oversight:

The operation of ISJIT is governed by a Board of Trustees consisting of six members 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 the Iowa Association of School Boards (IASB), who are directors participating in the Trust, a superintendent of a school corporation participating in the Trust, and a school board secretary or business official of a school corporation participating in the Trust. IASB serves as the Sponsor of ISJIT. ISJIT is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7-like fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

~ Notes to Financial Statements, Continued ~

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, fund equity, revenues, expenditures, and other financing sources and uses. The fiduciary 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 fiduciary 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 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 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 Code of Iowa, 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, Continued ~

Note 1 – Summary of Significant Accounting Policies, Continued

Authorized Investments, Continued:

Collateralized perfected repurchase agreements secured by the 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 and 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 Deposit ("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.

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, and provided further that 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 Moody's Investors Service criteria for money market funds developed to minimize risk that the value of investments in the portfolio might vary. ISJIT's investment policy presently limits portfolio investments to the following:

~ Notes to Financial Statements, Continued ~

Note 1 – Summary of Significant Accounting Policies, Continued

Authorized Investments, Continued:

- 1) The remaining maturity of any individual investment may not exceed more than 397 days from the date of purchase.
- 2) The maximum dollar weighted average maturity of all portfolios' investments may not exceed 60 days.
- 3) Investments are monitored daily by its Investment Advisor 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, ISJIT may sell securities and realize capital gains or losses when there are perceived disparities between maturities for various categories of investments.

Deposits and Investments:

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

ISJIT reports investments at amortized cost, consistent with GASB Statement No. 31 and 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 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:

In accordance with the regulations of 2a-7-like pools, the method used to determine the 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.



~ Notes to Financial Statements, Continued ~

Note 1 – Summary of Significant Accounting Policies, Continued

Method used to determine participants' units sold and redeemed, Continued:

Total distributions for the previous month are credited to participants' accounts by 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 amount in its account during the month, income distributions accrued to the account from the beginning of the month through the date of redemption are paid into the account the last business day of the following month.

Frequency of determining value of shares:

The net asset value of each portfolio trust units 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.

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 Advisor will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other unfair 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, 2007 and 2006.

~ Notes to Financial Statements, Continued ~

Note 1 – Summary of Significant Accounting Policies, Continued

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.

Note 2 – Fees and Expenses

ISJIT contracts for the following services: Administrator, Investment Advisor and Custodian, Marketing and Sponsorship. Bankers Trust Company, N.A. (Bankers Trust) serves as the Administrator, Voyageur Asset Management Inc. (Voyageur) serves as the Investment Adviser, Wells Fargo Bank, N.A. (Wells Fargo) serves as the Custodian, and Local Government Services, Inc. (LGS), a wholly owned subsidiary of IASB, serves as the Marketing and Management Services Provider. For the year ended June 30, 2006, the Marketing Services Provider was Midamerica Investment Advisory Group, Inc. dba BTC Capital Management (BTC Capital). Under separate agreements, IASB, Voyageur and Wells Fargo, Bankers Trust, and LGS, 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.

ISJIT also pays the operating expenses incurred directly by ISJIT and its Trustees in connection with the discharge of their duties. These expenses include initial and on-going legal 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 expense fee for each portfolio is 0.03 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, 2006, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio allocated \$8,592, \$942, and \$0, respectively, to the ISJIT Administration Fund for operating expenses. For the year ended June 30, 2007, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio allocated \$15,360, \$1,279, and \$2,678, respectively, to the Administration Fund. The amount due to the Administration Fund at June 30, 2007 was \$2,613, \$168, and \$324, from the Diversified, DGO, and Diversified Plus Portfolios, respectively. During the period ended June 30, 2006 all the service providers agreed to voluntarily waive their fees for a period of time for the Diversified and DGO Portfolios.

~ Notes to Financial Statements, Continued ~

Note 2 – Fees and Expenses, Continued

As of August 2, 2005, the fees for Voyager, Bankers Trust, BTC Capital, and IASB were waived. Wells Fargo fee was waived as of August 3, 2005. Beginning October 19, 2005 for the Diversified Portfolio and October 31, 2005 for the DGO Portfolio, all fees returned at a rate of approximately 2 basis points per day. The fees for Diversified were fully restored effective November 22, 2005 and the fees for DGO were fully restored effective December 5, 2005. During the period ended June 30, 2006 the service providers agreed to waive a portion of their fees from the April 2006 start date through September 30, 2006 for the period ending June 30, 2007 for the Diversified Plus Portfolio. The fees for Voyager, Bankers Trust, and IASB were waived 50% and the LGS fees were waived 100% on the Diversified Plus Portfolio. All fees were fully restored effective October 1, 2006 for the Diversified Plus Portfolio.

Beginning October 1, 2006 Voyager receives 0.080 percent of the average daily net asset value for each Portfolio for investment advisor services and inclusive of custody fees payable to Wells Fargo. Prior to that date, for investment advisor services provided to the Diversified and DGO Portfolios, Voyager received 0.120 percent of the average daily net asset 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. The amount of fees waived for the Diversified and DGO Portfolios were \$0 in FY 2007 and \$56,474 and \$10,049, respectively in FY 2006. For investment advisor services and custodial services provided to the Diversified Plus Portfolio, Voyager receives 0.080 percent of the average daily net asset value and agreed to waive \$3,638 and \$1,498, respectively for FY 2007 and FY 2006. For FY 2007, the Diversified Portfolio, DGO Portfolio, and the Diversified Plus Portfolio incurred actual expenses of \$225,318, \$18,924 and \$29,476, respectively, for services provided by Voyager. For the year ended June 30, 2006, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred actual expenses of \$192,349, \$19,042 and \$1,498, respectively, for services provided by Voyager. The amount due to Voyager at the end of FY 2006 was \$22,747 for Diversified, \$1,927 for DGO, and \$944 for Diversified Plus. The amount due to Voyager at June 30, 2007 was \$20,904 for Diversified, \$1,343 for DGO, and \$2,589 for Diversified Plus.

For custodial services provided to the Diversified Portfolio and DGO Portfolios in FY 2006, Wells Fargo received 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 for assets exceeding \$250 million. The amount of fees waived for the Diversified and DGO Portfolios were \$0 in FY 2007 and \$25,599 and \$4,162, respectively for FY 2006. For FY 2007, the Diversified Portfolio and DGO Portfolio had custodial expenses of \$26,308 and \$2,604, respectively.

~ Notes to Financial Statements, Continued ~

Note 2 – Fees and Expenses, Continued

For the year ended June 30, 2006, the Diversified Portfolio and the DGO Portfolio incurred expenses of \$94,379 and \$7,934, respectively, for services provided by Wells Fargo. The amount due to Wells Fargo at June 30, 2006 was \$11,484 for Diversified and \$803 for DGO.

Beginning with the service agreement dated October 1, 2006, Bankers Trust's fee is 0.065 percent of the average daily net asset value for each Portfolio for administrative services. Prior to that date, for the Diversified and DGO Portfolios, Bankers Trust received 0.110 percent of the average daily net asset 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. The amount of fees waived for the Diversified and DGO Portfolios were \$0 in FY 2007 and \$56,857 and \$9,156, respectively in FY 2006. For administrative services to the Diversified Plus Portfolio, Bankers Trust receives 0.065 percent of the average daily net asset value and agreed to waive \$2,956 and \$1,217, respectively of that amount for FY 2007 and FY 2006. For FY 2007, the Diversified Portfolio, DGO Portfolio, and the Diversified Plus Portfolio incurred actual expenses of \$195,899, \$16,027 and \$23,949, respectively, for administrative services. For the year ended June 30, 2006, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred expenses of \$216,997, \$17,475, and \$1,216, respectively, for services provided by Bankers Trust. The amount due to Bankers Trust at June 30, 2007 was \$16,984 for Diversified, \$1,092 for DGO and \$2,103 for Diversified Plus. The amounts payable to Bankers Trust on June 30, 2006 were \$26,881, \$1,767 and \$767 for the Diversified, DGO and Diversified Plus Portfolios, respectively.

For marketing services provided to the Diversified, DGO and Diversified Plus Portfolios in FY 2007, LGS receives 0.070 percent of the average daily net asset value. For Diversified Plus, LGS agreed to waive the full amount of fees through September 30, 2006. The waived amount was \$8,186 for Diversified Plus in FY 2007. For the year ended June 30, 2007, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred expenses of \$197,130, \$15,777, and \$22,608, respectively, for services provided by LGS for marketing. The amount due to LGS at June 30, 2007 was \$18,291 for Diversified, \$1,176 for DGO, and \$2,265 for Diversified Plus.

For marketing services provided to the Diversified and DGO Portfolios in FY 2006, BTC Capital received 0.090 percent of the average daily net asset value. The amount of the fees waived for the Diversified and DGO Portfolios were \$47,674 and \$7,492, respectively in FY 2006. For marketing services to the Diversified Plus Portfolio, BTC Capital received 0.090 percent of the average daily net asset value and agreed to waive the full amount.

~ Notes to Financial Statements, Continued ~

Note 2 – Fees and Expenses, Continued

For the year ended June 30, 2006, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred expenses of \$185,661, \$14,281, and \$0, respectively, for services provided by BTC Capital. The amount due to BTC Capital at June 30, 2006 was \$23,190 for Diversified, \$1,445 for DGO, and \$0 for Diversified Plus.

Under the sponsorship agreement in FY 2007, IASB receives an annual fee of 0.080 percent of the average daily net asset value of the Diversified Portfolio, DGO and Diversified Plus Portfolios. During FY 2006, the sponsoring association received an annual fee of 0.100 percent of the average daily net asset value of the Diversified Portfolio and the DGO Portfolio. The amount of fees waived for the Diversified and DGO Portfolios were \$0 in FY 2007 and \$52,971 and \$8,327, respectively in FY 2006. In FY 2006, for sponsorship services to the Diversified Plus Portfolio, IASB received 0.100 percent of the average daily net asset value and agreed to waive \$1,871 of that amount for FY 2006. In FY 2007, IASB waived \$1,871 of their fees. For the year ended June 30, 2007, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred expenses of \$223,714, \$17,882, and \$32,646, respectively, to IASB for sponsorship services. For the year ended June 30, 2006, the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio incurred expenses of \$206,290, \$15,868, and \$1,871, respectively, to IASB. The amount due at June 30, 2007 was \$20,903 for Diversified, \$1,343 for DGO, and \$2,589 for Diversified Plus. The amount due to IASB at June 30, 2006 was \$25,767 for Diversified, \$1,606 for DGO, and \$1,180 for Diversified Plus. In addition, ISJIT paid \$22,500 for sponsoring fiscal management conferences for each of the years ended June 30, 2007 and 2006 to IASB.

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, and concentration of credit risk.

Interest Rate Risk. As a means of limiting its exposure to losses arising from rising interest rates, the Portfolios' 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.

~ Notes to Financial Statements, Continued ~

Note 3 – Deposit and Investment Risk Disclosures, Continued

Credit Risk. 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., Federal Home Loan Bank, and Federal Farm Credit Corp.) are all rated A-1+ by Standard and Poor's and P-1 by Moody's Investor Service. The Repurchase Agreements are all collateralized by Federal agency notes which are rated A-1+ by Standard and Poor's and P-1 by Moody's Investor Service. The investment in Certificates of Deposit ("CDs") in Iowa financial institutions is insured by the FDIC for the first \$100,000 and amounts in excess of that are protected by provisions in the Iowa Code. The investments in commercial paper are rated A-1 or A-1+ by Standard and Poor's and P-1 by Moody's Investor Service.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction the Board 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, the 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, 2007, the securities purchases under overnight agreements to resell were collateralized by government and government agency securities with market values of approximately \$204,176,000, \$21,151,000, and \$33,527,000 for the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio, respectively. At June 30, 2006, the securities purchases under overnight agreements to resell were collateralized by government and government agency securities with market values of approximately \$9,596,000, \$13,300,000, and \$17,096,000 for the Diversified Portfolio, the DGO Portfolio, and the Diversified Plus Portfolio, respectively.

Concentration of Credit Risk. ISJIT complies with Moody's limits; 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 and risk of investments held by each Portfolio:

~ Notes to Financial Statements, Continued ~

Note 3 – Deposit and Investment Risk Disclosures, Continued

Diversified as of June 30, 2007			Weighted Average		
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	% of Portfolio (Amort. Cost)
Cantor Fitzgerald, Repurchase Agreement	\$ 75,000,000	\$ 75,001,147	07/03/07	A-1 +	24.9%
Merrill Lynch, Repurchase Agreement	73,437,000	73,437,917	07/02/07	A-1 +	24.3%
Morgan Stanley, Repurchase Agreement	50,000,000	50,000,611	07/03/07	A-1 +	16.6%
Federal Home Loan Bank	45,629,858	45,624,848	49	A-1 +	15.1%
Federal Home Loan Mortgage Co.	27,974,402	27,975,936	10	A-1 +	9.3%
Federal National Mortgage Assn.	23,563,945	23,556,113	90	A-1 +	7.8%
Iowa Bank CD's	6,100,000	6,099,019	66		2.0%
TOTAL	\$ 301,705,205	\$ 301,695,591			100.0%

DGO as of June 30, 2007			Weighted Average		
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	% of Portfolio (Amort. Cost)
Morgan Stanley, Repurchase Agreement	\$ 4,300,000	\$ 4,300,000	07/02/07	A-1 +	20.9%
Merrill Lynch, Repurchase Agreement	4,227,000	4,227,000	07/02/07	A-1 +	20.6%
ABN AMRO, Repurchase Agreement	4,000,000	4,000,000	07/03/07	A-1 +	19.5%
Cantor Fitzgerald, Repurchase Agreement	4,000,000	4,000,000	07/03/07	A-1 +	19.5%
Goldman Sachs, Repurchase Agreement	4,000,000	4,000,000	07/03/07	A-1 +	19.5%
TOTAL	\$ 20,527,000	\$ 20,527,000			100.0%

Diversified Plus as of June 30, 2007			Weighted Average		
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	% of Portfolio (Amort. Cost)
Merrill Lynch, Repurchase Agreement	\$ 8,700,000	\$ 8,700,109	07/02/07	A-1 +	21.0%
Morgan Stanley, Repurchase Agreement	8,500,000	8,500,104	07/03/07	A-1 +	20.5%
Cantor Fitzgerald, Repurchase Agreement	8,000,000	8,000,122	07/03/07	A-1 +	19.3%
ABN AMRO, Repurchase Agreement	5,525,000	5,525,064	07/02/07	A-1 +	13.4%
Federal Home Loan Mortgage Co.	3,488,618	3,489,150	24	A-1 +	8.4%
Federal Home Loan Bank	2,928,926	2,927,308	109	A-1 +	7.1%
Commercial Paper	3,286,592	3,285,478	29	A-1	7.9%
Iowa Bank CD's	1,000,000	999,913	48		2.4%
TOTAL	\$ 41,429,136	\$ 41,427,248			100.0%

~ Notes to Financial Statements, Continued ~

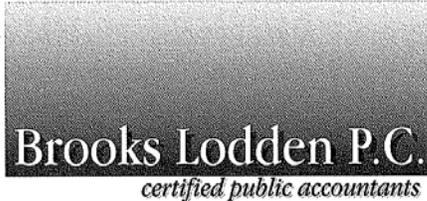
Note 3 – Deposit and Investment Risk Disclosures, Continued

Diversified as of June 30, 2006			Weighted Average		% of Portfolio
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	(Amort. Cost)
Federal Home Loan Bank	\$ 89,296,692	\$ 89,247,503	43	A-1 +	32.1%
Federal National Mortgage Assn.	85,258,325	85,148,587	46	A-1 +	30.6%
Federal Home Loan Mortgage Co.	78,559,737	78,509,852	61	A-1 +	28.2%
Federal Farm Credit Bank	10,000,177	10,000,040	35	A-1 +	3.6%
Banc America, Repurchase Agreement	9,320,000	9,320,124	07/03/06	A-1 +	3.3%
Iowa Bank CD's	6,050,000	6,052,082	61		2.2%
TOTAL	\$ 278,484,931	\$ 278,278,188			100.0%

DGO as of June 30, 2006			Weighted Average		% of Portfolio
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	(Amort. Cost)
U.S. Treasury Bills	\$ 6,909,197	\$ 6,882,482	26	A-1 +	34.9%
Banc America, Repurchase Agreement	\$ 4,500,000	4,500,000	07/03/06	A-1 +	22.7%
Morgan Stanley, Repurchase Agreement	\$ 4,500,000	4,500,000	07/03/06	A-1 +	22.7%
Barclays, Repurchase Agreement	\$ 3,909,000	3,909,000	07/03/06	A-1 +	19.7%
TOTAL	\$ 19,818,197	\$ 19,791,482			100.0%

Diversified Plus as of June 30, 2006			Weighted Average		% of Portfolio
Investment Type	Amortized Cost	Market Value	Days to Maturity or Maturity Date	Rating	(Amort. Cost)
Banc America, Repurchase Agreement	\$ 8,696,000	\$ 8,696,116	07/03/06	A-1 +	28.2%
Morgan Stanley, Repurchase Agreement	8,000,000	8,000,106	07/03/06	A-1 +	25.9%
Federal Home Loan Bank	5,985,770	5,984,924	23	A-1 +	19.4%
Federal National Mortgage Assn.	5,984,490	5,983,723	19	A-1 +	19.4%
Commercial Paper	2,190,811	2,190,383	30	A-1	7.1%
TOTAL	\$ 30,857,071	\$ 30,855,252			100.0%

~ Report on Internal Control ~



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

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
Iowa Schools Joint Investment Trust

We have audited the financial statements of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio, Diversified Government Obligation Portfolio, and the Diversified Plus Portfolio as of and for the year ended June 30, 2007, and have issued our report thereon dated September 20, 2007. 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 ISJIT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ISJIT'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.

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~Report on Internal Control, Continued~

Iowa Schools Joint Investment Trust
Page 2

The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described below:

- 1) Finding: ISJIT has not submitted a report to the general assembly in accordance with the provisions of Chapter 12B.10(A)(7) of the Code of Iowa.

Condition: A joint investment trust organized pursuant to Chapter 28E whose primary function is to invest public funds shall report to the general assembly not later than January 1 of each year the amount of any trust royalty, residual payment, administrative or service fee, or other fee paid by the trust, the services performed for the fee, and the person receiving the fee.

Effect: Noncompliance with reporting to the state of Iowa.

Recommendation: We recommend ISJIT adopt procedures to comply with the provisions of Chapter 12B.10(A)(7) of the Code of Iowa.

Response and Corrective Action Plan: ISJIT will adopt procedures to comply with the provisions of Chapter 12B.10(A)(7) of the Code of Iowa.

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

Brooks Linder, P.C.

West Des Moines, Iowa
September 20, 2007

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