

Voyageur ASSET MANAGEMENT INC.

**Penn Manor School District
General Fund
July 31, 2002**

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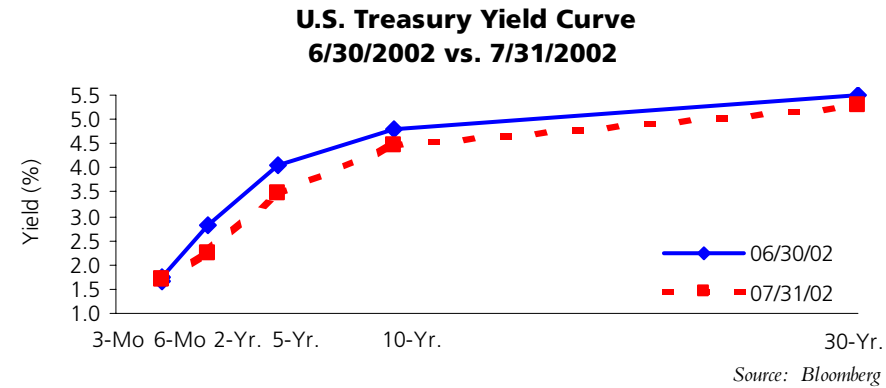
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Market Overview

U.S. Treasury notes staged their sharpest rally of the year as stock market weakness has been translated into weaker economic growth. More investors are building a case that the Federal Reserve will be compelled to ease policy in the coming months, in a sharp reversal of prior expectations. The two-year Treasury fell to its lowest point of the year at 2.25%, and the ten-year Treasury yield fell to 4.48%. The flight to quality started in June and gained momentum in July as investors look to avoid all measures of risk.



Economy

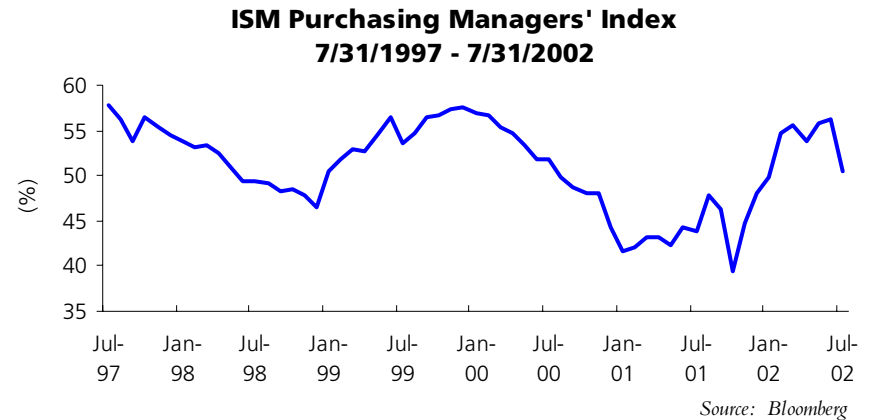
GDP: U.S. Gross Domestic Product rose 1.1% for the second quarter of 2002. The announcement also disclosed sharp revisions to lower GDP growth in prior quarters, showing that GDP growth was negative as early as the first quarter of 2001, and that first quarter 2002 growth was 5.0%. The GDP deflator remains low, at an annual rate of 1.2% for the past quarter.

Inflation: The Consumer Price Index rose 0.1% in June, and is up just 1.1% on a year-over-year basis. Excluding the food and energy components, the core CPI is up 2.3% from a year ago.

ISM: The Institute of Supply Management purchasing managers' survey posted a drop in the index to 50.5, suggesting a moderation in the volume of new orders and production.

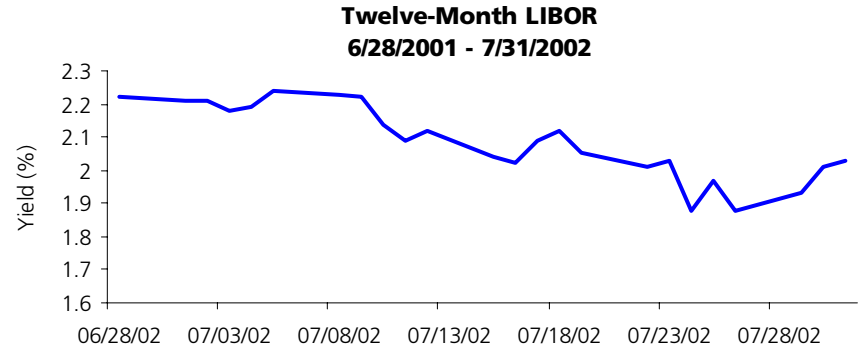
Fed: The Federal Reserve Open Market Committee meets August 13th. It is expected to leave its overnight target for the fed funds rate at 1.75%, although more analysts are making the case for an ease before year-end.

Corporate Earnings: Aggregate second quarter S&P 500 corporate earnings have been essentially in line with consensus forecasts, although that aggregate number is composed of numerous individual company earnings surprises. Estimates for the second half of the year have generally been reduced due to company guidance.

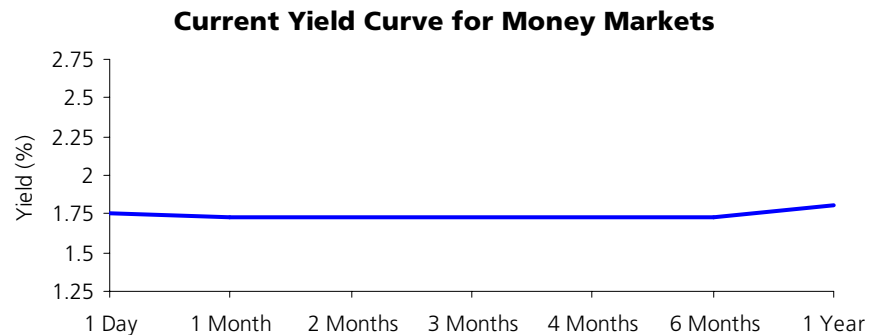


Cash Management

Short-term yields continued their decline in July, while the yield curve from overnight through one year has continued to flatten. The market expectation of a fed tightening has all but dissolved. In fact, the current talk is along the lines of a move to ease interest rates. While the FOMC has yet to publicly alter its neutral stand, the committee seems to be taking particular notice of weaknesses in the most recent economic data. Overnight rates have held at 1.75%, yet yields for one week through year-end 2002 have barely risen above 1.73%. One-year LIBOR has fallen from 2.15% to 1.90%.



Source: Bloomberg



Source: Bloomberg

Portfolio Asset Allocation

Penn Manor School District General Fund

| | Quantity (Units) | Amortized Cost | Market Value | Market Yield | Estimated Income | Percent Assets |
|--------------|---------------------|---------------------|---------------------|-----------------|---------------------|-------------------|
| Cash | 393,844 | 393,843.69 | 393,843.69 | 1.45% | 5,710.73 | 4.22% |
| Fixed Income | 8,872,000 | 8,947,282.25 | 8,949,256.91 | 1.77% | 395,510.00 | 95.78% |
| Total | 9,265,844 | 9,341,125.94 | 9,343,100.60 | 1.76% | 401,220.73 | 100.00% |

Fixed Income Holdings

Penn Manor School District General Fund

| | Rating | Purchase Date | Quantity (Units) | Security Description | Amortized Cost | Market Value | Unrealized Gain/Loss | Accrued Income | Trade Yield | Mkt Yield | Avg Life | Mod Dur | Percent Assets |
|--------------|---------|---------------|------------------|--|----------------|--------------|----------------------|----------------|-------------|-----------|----------|---------|----------------|
| Cash/MMF | | | 393,844 | Cash/Money Market -CASH- | 393,843.69 | 393,843.69 | 0.00 | 0.00 | 1.45% | 1.45% | 0.00 | 0.00 | 4.22% |
| Agency | AGY/AGY | 07/17/02 | 1,018,000 | FNMA Discount Note 0.000 08/07/02 313589A94 | 1,017,662.52 | 1,017,657.56 | -4.96 | 0.00 | 1.73% | 1.76% | 0.02 | 0.02 | 10.89% |
| | AGY/AGY | 07/01/02 | 1,450,000 | FNMA 6.750 08/15/02 31359MFZ1 | 1,452,733.41 | 1,452,718.75 | -14.66 | 45,131.25 | 1.84% | 1.74% | 0.04 | 0.04 | 15.55% |
| | AGY/AGY | 07/01/02 | 1,500,000 | FFCB Discount Note 0.000 08/20/02 313313C63 | 1,498,566.67 | 1,498,558.33 | -8.34 | 0.00 | 1.75% | 1.76% | 0.06 | 0.06 | 16.04% |
| | AGY/AGY | 07/01/02 | 1,000,000 | FFCB 6.750 09/03/02 31331H4G9 | 1,004,296.39 | 1,004,375.00 | 78.61 | 28,125.00 | 1.87% | 1.78% | 0.09 | 0.09 | 10.75% |
| | AGY/AGY | 07/10/02 | 1,000,000 | FHLMC Global 6.250 10/15/02 3134A3T48 | 1,008,962.22 | 1,009,062.50 | 100.28 | 18,402.78 | 1.84% | 1.77% | 0.21 | 0.21 | 10.80% |
| | AGY/AGY | 07/08/02 | 550,000 | FNMA 6.210 10/28/02 31364FFB2 | 555,742.00 | 555,811.85 | 69.85 | 8,823.38 | 1.84% | 1.77% | 0.24 | 0.24 | 5.95% |
| | AGY/AGY | 07/30/02 | 250,000 | FNMA Discount Note 0.000 10/30/02 313589M59 | 248,916.22 | 248,900.42 | -15.80 | 0.00 | 1.75% | 1.77% | 0.25 | 0.25 | 2.66% |
| | AGY/AGY | 07/08/02 | 1,000,000 | FHLMC Global 7.000 02/15/03 3134A33D6 | 1,027,142.03 | 1,027,812.50 | 670.47 | 32,277.78 | 1.91% | 1.79% | 0.54 | 0.52 | 11.00% |
| | AGY/AGY | 07/08/02 | 1,104,000 | FNMA Global 5.750 04/15/03 31359MDT7 | 1,133,260.79 | 1,134,360.00 | 1,099.21 | 18,691.33 | 1.94% | 1.81% | 0.71 | 0.69 | 12.14% |
| Subtotal | | | 8,872,000 | | 8,947,282.25 | 8,949,256.91 | 1,974.66 | 151,451.52 | 1.83% | 1.77% | 0.23 | 0.22 | 95.78% |
| Total | | | 9,265,844 | | 9,341,125.94 | 9,343,100.60 | 1,974.66 | 151,451.52 | 1.82% | 1.76% | 0.22 | 0.21 | 100.00% |

Detailed Transaction Summary

Penn Manor School District General Fund

| Trade Date | Settlement Date | Trans Type | Quantity (Units) | CUSIP | Security Description | | Trans Price | Principal Amount | Net Amount | Trade Yield | Realized Gain/Loss |
|--------------|-----------------|------------|------------------|-----------|----------------------|-------|------------------|------------------|--------------|-------------|--------------------|
| 07/30/02 | 07/31/02 | Buy | 250,000 | 313589M59 | FNMA Discount Note | 0.000 | 10/30/02 99.567 | 248,916.22 | 248,916.22 | 1.75% | 0.00 |
| 07/24/02 | 07/24/02 | Mature | 1,000,000 | 313589ZT3 | FNMA Discount Note | 0.000 | 07/24/02 100.000 | 1,000,000.00 | 1,000,000.00 | | 0.00 |
| 07/23/02 | 07/24/02 | Buy | 518,000 | 313589A94 | FNMA Discount Note | 0.000 | 08/07/02 99.934 | 517,657.54 | 517,657.54 | 1.73% | 0.00 |
| 07/17/02 | 07/18/02 | Buy | 500,000 | 313589A94 | FNMA Discount Note | 0.000 | 08/07/02 99.905 | 499,525.00 | 499,525.00 | 1.74% | 0.00 |
| 07/10/02 | 07/15/02 | Buy | 1,000,000 | 3134A3T48 | FHLMC Global | 6.250 | 10/15/02 101.090 | 1,010,900.00 | 1,026,525.00 | 1.84% | 0.00 |
| 07/10/02 | 07/10/02 | Mature | 754,000 | 313589ZD8 | FNMA Discount Note | 0.000 | 07/10/02 100.000 | 754,000.00 | 754,000.00 | | 0.00 |
| 07/08/02 | 07/09/02 | Buy | 1,000,000 | 3134A33D6 | FHLMC Global | 7.000 | 02/15/03 103.022 | 1,030,220.00 | 1,058,220.00 | 1.91% | 0.00 |
| 07/08/02 | 07/09/02 | Buy | 550,000 | 31364FFB2 | FNMA | 6.210 | 10/28/02 101.308 | 557,194.00 | 563,930.13 | 1.84% | 0.00 |
| 07/08/02 | 07/09/02 | Buy | 1,104,000 | 31359MDT7 | FNMA Global | 5.750 | 04/15/03 102.880 | 1,135,795.20 | 1,150,607.20 | 1.94% | 0.00 |
| 07/01/02 | 07/02/02 | Buy | 1,000,000 | 31331H4G9 | FFCB | 6.750 | 09/03/02 100.819 | 1,008,190.00 | 1,030,877.50 | 1.87% | 0.00 |
| 07/01/02 | 07/02/02 | Buy | 1,500,000 | 313313C63 | FFCB Discount Note | 0.000 | 08/20/02 99.766 | 1,496,488.33 | 1,496,488.33 | 1.75% | 0.00 |
| 07/01/02 | 07/02/02 | Buy | 1,450,000 | 31359MFZ1 | FNMA | 6.750 | 08/15/02 100.579 | 1,458,395.50 | 1,495,642.37 | 1.84% | 0.00 |
| 07/01/02 | 07/02/02 | Buy | 754,000 | 313589ZD8 | FNMA Discount Note | 0.000 | 07/10/02 99.960 | 753,698.40 | 753,698.40 | 1.83% | 0.00 |
| 07/01/02 | 07/02/02 | Buy | 1,000,000 | 313589ZT3 | FNMA Discount Note | 0.000 | 07/24/02 99.896 | 998,955.00 | 998,955.00 | 1.74% | 0.00 |
| 07/01/02 | 07/01/02 | Contr | 724 | -CASH- | Cash/Money Market | | | 724.00 | 724.00 | | 0.00 |
| Total | | | | | | | | | | | 0.00 |

Cash Reconciliation

Penn Manor School District General Fund

| | |
|-------------------------------|---------------------|
| Beginning Cash Balance | 9,478,797.25 |
| Buy | -10,841,042.69 |
| Management Fee | -724.00 |
| Contr | 724.00 |
| Income | 2,089.13 |
| Mature | 1,754,000.00 |
| Ending Cash Balance | 393,843.69 |

Summary of Portfolio Changes

Penn Manor School District General Fund

| | | |
|---|-------------------|---------------------|
| Beginning Market Value plus Accrued Income | | 9,478,797.25 |
| Contributions | 724.00 | |
| Withdrawal / Management Fee | (724.00) | |
| <i>Total Contributions, Withdrawals, and Management Fee</i> | | <i>0.00</i> |
| Interest Received | 2,089.13 | |
| Interest Purchased | (125,107.50) | |
| Amortization Change | (14,652.94) | |
| Ending Accrued Income | 151,451.52 | |
| Beginning Accrued Income | 0.00 | |
| Accrued Income Change | 151,451.52 | |
| <i>Total Earned Income</i> | | <i>13,780.21</i> |
| Ending Market Value | 9,343,100.60 | |
| Ending Book Value | (9,341,125.94) | 1,974.66 |
| Beginning Market Value | 9,478,797.25 | |
| Beginning Book Value | (9,478,797.25) | 0.00 |
| Change in Unrealized Gain/Loss | | 1,974.66 |
| Realized Gain/Loss | | 0.00 |
| <i>Change in Market Value</i> | | <i>1,974.66</i> |
| Total Investment Change | | 15,754.87 |
| Ending Market Value plus Accrued Income | | 9,494,552.12 |

Amortization Reconciliation

Penn Manor School District General Fund

| Purchase / Sale Date | Quantity (Units) | Security Description | Ending Market Value | Original Cost | Beginning Book Value | Principal Purchased | Current Month Am/Ac | Principal Received | Realized Gain/Loss | Ending Book Value | Unrealized Gain/Loss |
|----------------------|------------------|--|---------------------|---------------|----------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----------------------|
| | 393,844.00 | Cash/Money Market | 393,843.69 | 393,843.69 | 9,478,797.25 | 0.00 | 0.00 | 9,084,953.56 | 0.00 | 393,843.69 | 0.00 |
| | | -CASH- | | | | | | | | | |
| 07/01/02 | 1,000,000.00 | FFCB 6.750 09/03/02 31331H4G9 | 1,004,375.00 | 1,008,190.00 | 0.00 | 1,008,190.00 | -3,893.61 | 0.00 | 0.00 | 1,004,296.39 | 78.61 |
| 07/01/02 | 1,500,000.00 | FFCB Discount Note 0.000 08/20/02 313313C63 | 1,498,558.33 | 1,496,488.33 | 0.00 | 1,496,488.33 | 2,078.34 | 0.00 | 0.00 | 1,498,566.67 | -8.34 |
| 07/08/02 | 1,000,000.00 | FHLMC Global 7.000 02/15/03 3134A33D6 | 1,027,812.50 | 1,030,220.00 | 0.00 | 1,030,220.00 | -3,077.97 | 0.00 | 0.00 | 1,027,142.03 | 670.47 |
| 07/10/02 | 1,000,000.00 | FHLMC Global 6.250 10/15/02 3134A3T48 | 1,009,062.50 | 1,010,900.00 | 0.00 | 1,010,900.00 | -1,937.78 | 0.00 | 0.00 | 1,008,962.22 | 100.28 |
| 07/01/02 | 1,450,000.00 | FNMA 6.750 08/15/02 31359MFZ1 | 1,452,718.75 | 1,458,395.50 | 0.00 | 1,458,395.50 | -5,662.09 | 0.00 | 0.00 | 1,452,733.41 | -14.66 |
| 07/08/02 | 550,000.00 | FNMA 6.210 10/28/02 31364FFB2 | 555,811.85 | 557,194.00 | 0.00 | 557,194.00 | -1,452.00 | 0.00 | 0.00 | 555,742.00 | 69.85 |
| 07/17/02 | 1,018,000.00 | FNMA Discount Note 0.000 08/07/02 313589A94 | 1,017,657.56 | 1,017,182.54 | 0.00 | 1,017,182.54 | 479.98 | 0.00 | 0.00 | 1,017,662.52 | -4.96 |
| 07/30/02 | 250,000.00 | FNMA Discount Note 0.000 10/30/02 313589M59 | 248,900.42 | 248,916.22 | 0.00 | 248,916.22 | 0.00 | 0.00 | 0.00 | 248,916.22 | -15.80 |
| 07/08/02 | 1,104,000.00 | FNMA Global 5.750 04/15/03 31359MDT7 | 1,134,360.00 | 1,135,795.20 | 0.00 | 1,135,795.20 | -2,534.41 | 0.00 | 0.00 | 1,133,260.79 | 1,099.21 |
| 07/01/02 | | FNMA Discount Note 0.000 07/10/02 313589ZD8 | | | 0.00 | 753,698.40 | 301.60 | 754,000.00 | 0.00 | 0.00 | 0.00 |
| 07/01/02 | | FNMA Discount Note 0.000 07/24/02 313589ZT3 | | | 0.00 | 998,955.00 | 1,045.00 | 1,000,000.00 | 0.00 | 0.00 | 0.00 |
| Total | | | 9,343,100.60 | 9,357,125.48 | 9,478,797.25 | 10,715,935.19 | -14,652.94 | 10,838,953.56 | 0.00 | 9,341,125.94 | 1,974.66 |

Income Reconciliation

Penn Manor School District General Fund

| Purchase Date | Sale Date | CUSIP | Quantity (Units) | Security Description | Coupon Rate | Maturity Date | Beginning Accrued Income | Current Month Int. Earned | Interest Purchased | Interest Received | Ending Accrued Income |
|---------------|-----------|-----------|------------------|----------------------|-------------|---------------|--------------------------|---------------------------|--------------------|-------------------|-----------------------|
| | | -CASH- | 393,844.00 | Cash/Money Market | | | 0.00 | 2,089.13 | 0.00 | 2,089.13 | 0.00 |
| 07/01/02 | | 31331H4G9 | 1,000,000.00 | FFCB | 6.750 | 09/03/02 | 0.00 | 5,437.50 | 22,687.50 | 0.00 | 28,125.00 |
| 07/01/02 | | 313313C63 | 1,500,000.00 | FFCB Discount Note | 0.000 | 08/20/02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 07/08/02 | | 3134A33D6 | 1,000,000.00 | FHLMC Global | 7.000 | 02/15/03 | 0.00 | 4,277.78 | 28,000.00 | 0.00 | 32,277.78 |
| 07/10/02 | | 3134A3T48 | 1,000,000.00 | FHLMC Global | 6.250 | 10/15/02 | 0.00 | 2,777.78 | 15,625.00 | 0.00 | 18,402.78 |
| 07/01/02 | | 31359MFZ1 | 1,450,000.00 | FNMA | 6.750 | 08/15/02 | 0.00 | 7,884.38 | 37,246.87 | 0.00 | 45,131.25 |
| 07/08/02 | | 31364FFB2 | 550,000.00 | FNMA | 6.210 | 10/28/02 | 0.00 | 2,087.25 | 6,736.13 | 0.00 | 8,823.38 |
| 07/17/02 | | 313589A94 | 1,018,000.00 | FNMA Discount Note | 0.000 | 08/07/02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 07/30/02 | | 313589M59 | 250,000.00 | FNMA Discount Note | 0.000 | 10/30/02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 07/08/02 | | 31359MDT7 | 1,104,000.00 | FNMA Global | 5.750 | 04/15/03 | 0.00 | 3,879.33 | 14,812.00 | 0.00 | 18,691.33 |
| 07/01/02 | | 313589ZD8 | | FNMA Discount Note | 0.000 | 07/10/02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 07/01/02 | | 313589ZT3 | | FNMA Discount Note | 0.000 | 07/24/02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | | | | | | | 0.00 | 28,433.15 | 125,107.50 | 2,089.13 | 151,451.52 |

Disclaimer

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The performance figures in this report represent the past performance of your account and do not guarantee future results. Gross performance returns for the account will be reduced by management fees and any other expenses incurred in the management of the account.

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Sources of Information: Bloomberg, CMS BondEdge, FT Interactive Data, Portia, and various other sources from time to time, as may be referenced on the report page of their use.

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