

Voyageur ASSET MANAGEMENT INC.

**Penn Manor School District
General Fund
July 31, 2003**

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Table of Contents

Market Overview

Page 1

Portfolio Asset Allocation

Page 3

Fixed Income Holdings

Page 4

Detailed Transaction Summary

Page 5

Cash Reconciliation

Page 6

Summary of Portfolio Changes

Page 7

Amortization Reconciliation

Page 8

Income Reconciliation

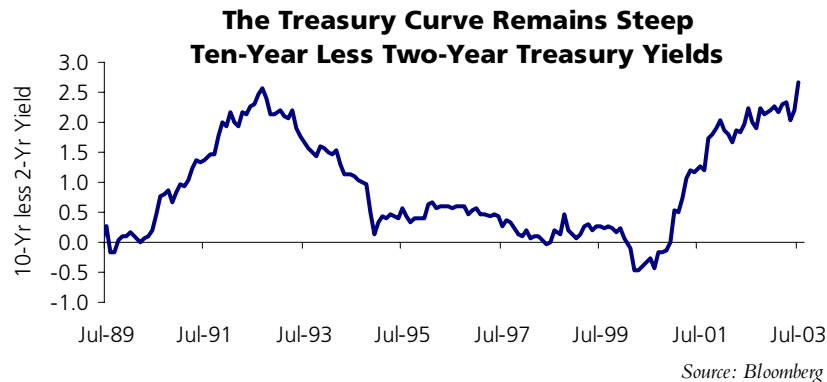
Page 9

Disclaimer

Page 10

Market Overview

The rise in rates during July has been especially sharp and its effects widespread. The ten-year treasury jumped nearly 1.00% in just the past month, and is up 1.31% (to 4.42%) since hitting its low of 3.11% in mid-June. The market is trading as though the Federal Reserve has made its last ease for the cycle, and the trend will revert to higher yields. Two-year treasury yields have risen “just” 0.44% for the month, reflecting the probability that the Fed will work to keep short rates low for a longer period of time to reflate the economy. Contributing to the sell-off is the changing nature of the growing mortgage sector, where the volatility of prepayments has caused traders to readjust hedge ratios, creating more selling pressure in the intermediate maturities. The selling pressure also caused spreads in other sectors of the market to widen, further diminishing their performance. With the sell-off, rates are back to the levels of last summer. Employment is no longer deteriorating at the rate of earlier this year, and corporate profits are meeting expectations. Both serve to remind investors that economic growth is likely to expand in future quarters.



Economy

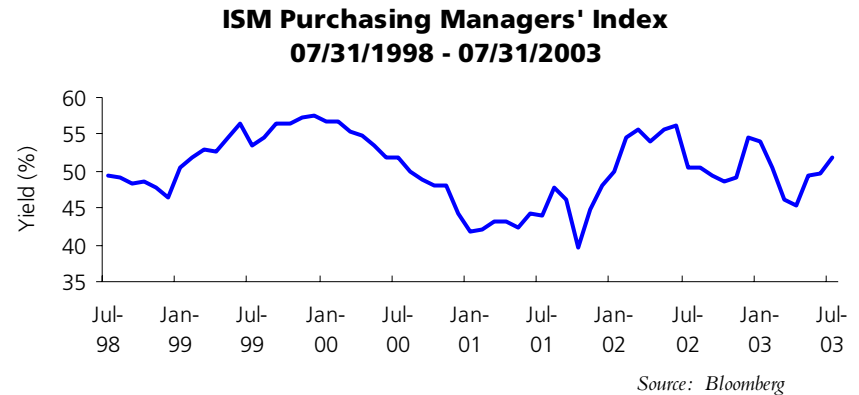
GDP: Gross Domestic Product rose 2.4% for the second quarter of 2003, more than anticipated due to larger government defense purchases. The GDP deflator rose at an annual rate of 1.0%. On a year-over-year basis, GDP is 2.3% higher through June 30, 2003. Forecasts for the third quarter of 2003 are for growth to increase to a 3.5% pace, largely due to tax cuts effective in July.

Inflation: The Consumer Price Index was up 0.2% in June, and is up 2.1% on a year-over-year basis. Excluding the food and energy components, the core CPI was unchanged for June, and up 1.5% from a year ago.

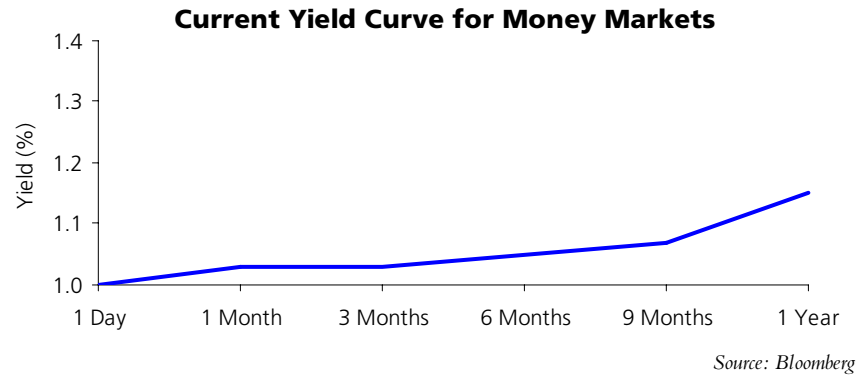
Fed: The FOMC cut the fed funds rate to 1.00% on June 25th. In its statement it referred to the balance of risks to growth to be roughly equal, the risk of an unwelcome substantial fall in inflation exceeds the probability of a pickup, and that the latter view is likely to predominate for the “foreseeable future”.

ISM: The Institute of Supply Management purchasing managers’ survey index rose to 51.8, near market expectations. New orders jumped to 56.6, up from 52.2 in June.

Corporate Earnings: By and large, profits have come in ahead of expectations, up approximately 8.1% year-over-year. Most of the earnings strength has been concentrated in the financial sector. The energy, materials, health care, consumer-staples, and industrial sectors have been exceeding expectations, while technology and consumer cyclicals have been falling short. The more telling test for earnings will be in this quarter and the fourth quarter, when the consensus expects substantial year-to-year increases of about 11% and 20-21% respectively.



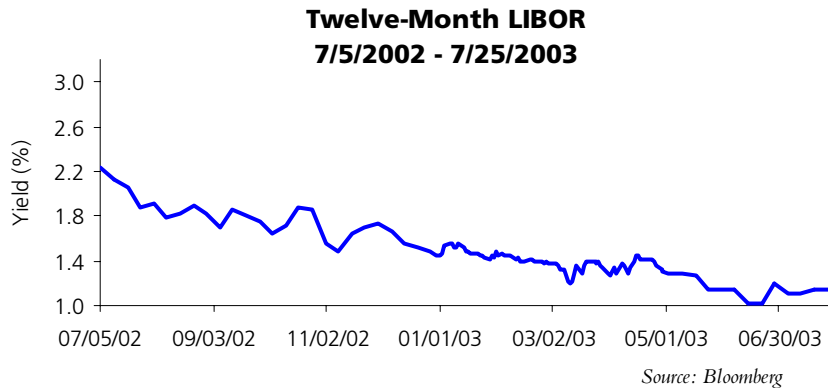
Cash Management



In the one-month time since the Federal Reserve cut rates by 25 basis points, short-term yields have actually risen modestly. This is largely due to a correction of the market expectation for a deeper cut in the last round and the downward pressure it placed on spot rates. Short-term rates have settled into a 1.00-1.05% area for under six months, while one-year yields have recovered to levels seen in late May of around 1.15% to 1.20%.

Fed Chairman Greenspan, in providing testimony on July 15 before the Congressional Financial Services Committee, provided some positive news regarding an economy that is poised for a recovery. Yet, the FOMC continues to be watchful for deflationary pressures should a recovery stall. In translating the Chairman's message, the market may consider that the door has been left ajar for a further rate cut. We feel that the Fed will be on hold with further rate cuts in this cycle, although we have no expectation for a rate hike anytime in the near future.

Agency discount notes have been very attractive relative to the yields that are currently available on highly rated commercial paper and bank obligations. Treasury Bills continue to be rich to other money market instruments.



Portfolio Asset Allocation

Penn Manor School District General Fund

	Quantity (Units)	Amortized Cost	Market Value	Market Yield	Estimated Income	Percent Assets
Cash	3,488,029	3,488,028.76	3,488,028.76	0.63%	21,974.58	23.39%
Fixed Income	11,361,000	11,428,746.49	11,427,630.22	1.10%	265,208.75	76.61%
Total	14,849,029	14,916,775.25	14,915,658.98	0.99%	287,183.33	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			3,488,029	Cash/Money Market	3,488,028.76	3,488,028.76	0.00	0.00	0.63%	0.63%	0.00	0.00	23.39%
				-CASH-									
Agency	AGY/AGY	07/08/03	1,000,000	FHLB Discount Note 0.000 08/06/03 313384KB4	999,838.33	999,835.00	-3.33	0.00	0.98%	1.00%	0.02	0.02	6.70%
	AGY/AGY	07/02/03	1,000,000	FHLB 4.125 08/15/03 3133MGV37	1,001,183.33	1,001,100.00	-83.33	19,020.83	1.06%	1.19%	0.04	0.04	6.71%
	AGY/AGY	07/08/03	1,000,000	FHLMC Discount Note 0.000 08/19/03 313396KQ5	999,488.06	999,451.11	-36.95	0.00	0.98%	1.06%	0.05	0.05	6.70%
	AGY/AGY	07/08/03	500,000	FHLB 5.630 09/02/03 3133M5J92	501,909.72	501,875.00	-34.72	11,650.97	1.16%	1.20%	0.09	0.09	3.36%
	AGY/AGY	07/10/03	900,000	FHLMC Discount Note 0.000 09/02/03 313396LE1	899,175.00	899,133.75	-41.25	0.00	1.02%	1.07%	0.09	0.09	6.03%
	AGY/AGY	07/25/03	500,000	FHLMC Discount Note 0.000 09/03/03 313396LF8	499,518.33	499,504.17	-14.16	0.00	1.04%	1.07%	0.09	0.09	3.35%
	AGY/AGY	07/10/03	500,000	FFCB 5.540 09/10/03 31331M4Z6	502,369.75	502,406.00	36.25	10,849.17	1.14%	1.04%	0.11	0.11	3.37%
	AGY/AGY	07/10/03	500,000	FNMA Discount Note 0.000 09/17/03 313588LV5	499,346.66	499,300.00	-46.66	0.00	1.00%	1.07%	0.13	0.13	3.35%
	AGY/AGY	07/30/03	250,000	FHLB 5.190 09/23/03 3133M5SB7	251,387.50	251,484.38	96.88	4,613.33	1.29%	1.03%	0.15	0.15	1.69%
	AGY/AGY	07/28/03	1,000,000	FNMA Discount Note 0.000 10/01/03 313588MK8	998,217.50	998,174.44	-43.06	0.00	1.05%	1.08%	0.17	0.17	6.69%
	AGY/AGY	07/30/03	1,000,000	FNMA Discount Note 0.000 10/15/03 313588MZ5	997,783.33	997,762.22	-21.11	0.00	1.07%	1.08%	0.21	0.21	6.69%
	AGY/AGY	07/29/03	100,000	FHLB 5.000 12/17/03 3133M6Y51	101,396.73	101,468.75	72.02	611.11	1.28%	1.08%	0.38	0.38	0.68%
	AGY/AGY	07/29/03	102,000	FNMA 5.500 12/29/03 31364GMR7	103,759.85	103,851.40	91.55	498.67	1.28%	1.05%	0.41	0.41	0.70%
	AGY/AGY	07/01/03	1,259,000	FNMA Global 5.125 02/13/04 31359MEM1	1,286,104.16	1,285,753.75	-350.41	29,752.62	1.06%	1.12%	0.54	0.52	8.62%
	AGY/AGY	07/01/03	250,000	FHLMC 3.500 02/20/04 3129246C2	253,218.48	253,249.00	30.52	3,913.19	1.15%	1.13%	0.56	0.54	1.70%
	AGY/AGY	06/30/03	1,500,000	FNMA Global 4.750 03/15/04 31359MHJ5	1,534,049.76	1,533,281.25	-768.51	26,916.67	1.08%	1.16%	0.63	0.61	10.27%
Subtotal			11,361,000		11,428,746.49	11,427,630.22	-1,116.27	107,826.56	1.06%	1.10%	0.24	0.23	76.61%
Total			14,849,029		14,916,775.25	14,915,658.98	-1,116.27	107,826.56	0.96%	0.99%	0.18	0.18	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
07/31/03	07/31/03	Contr	5,200,000	-CASH-	Cash/Money Market				5,200,000.00	5,200,000.00		0.00
07/30/03	07/31/03	Buy	250,000	3133M5SB7	FHLB	5.190	09/23/03	100.555	251,387.50	256,000.83	1.29%	0.00
07/30/03	07/31/03	Buy	1,000,000	313588MZ5	FNMA Discount Note	0.000	10/15/03	99.778	997,783.33	997,783.33	1.07%	0.00
07/29/03	07/30/03	Buy	100,000	3133M6Y51	FHLB	5.000	12/17/03	101.407	101,407.00	102,004.22	1.28%	0.00
07/29/03	07/30/03	Buy	102,000	31364GMR7	FNMA	5.500	12/29/03	101.737	103,771.74	104,254.82	1.28%	0.00
07/29/03	07/29/03	Wdrwl	1,000,000	-CASH-	Cash/Money Market				1,000,000.00	1,000,000.00		0.00
07/28/03	07/29/03	Buy	1,000,000	313588MK8	FNMA Discount Note	0.000	10/01/03	99.816	998,160.00	998,160.00	1.05%	0.00
07/25/03	07/28/03	Buy	500,000	313396LF8	FHLMC Discount Note	0.000	09/03/03	99.895	499,475.83	499,475.83	1.04%	0.00
07/23/03	07/23/03	Mature	1,000,000	313588JM8	FNMA Discount Note	0.000	07/23/03	100.000	1,000,000.00	1,000,000.00		0.00
07/22/03	07/22/03	Mature	910,000	313396JL8	FHLMC Discount Note	0.000	07/22/03	100.000	910,000.00	910,000.00		0.00
07/10/03	07/11/03	Buy	500,000	31331M4Z6	FFCB	5.540	09/10/03	100.717	503,585.00	512,895.28	1.14%	0.00
07/10/03	07/11/03	Buy	900,000	313396LE1	FHLMC Discount Note	0.000	09/02/03	99.853	898,675.00	898,675.00	1.02%	0.00
07/10/03	07/11/03	Buy	1,000,000	313588JM8	FNMA Discount Note	0.000	07/23/03	99.968	999,683.33	999,683.33	0.96%	0.00
07/10/03	07/11/03	Buy	500,000	313588LV5	FNMA Discount Note	0.000	09/17/03	99.815	499,074.44	499,074.44	1.00%	0.00
07/08/03	07/09/03	Buy	500,000	3133M5J92	FHLB	5.630	09/02/03	100.653	503,265.00	513,195.69	1.16%	0.00
07/08/03	07/09/03	Buy	1,000,000	313384KB4	FHLB Discount Note	0.000	08/06/03	99.925	999,245.56	999,245.56	0.98%	0.00
07/08/03	07/09/03	Buy	910,000	313396JL8	FHLMC Discount Note	0.000	07/22/03	99.965	909,684.53	909,684.53	0.97%	0.00
07/08/03	07/09/03	Buy	1,000,000	313396KQ5	FHLMC Discount Note	0.000	08/19/03	99.890	998,895.28	998,895.28	0.98%	0.00
07/02/03	07/03/03	Buy	1,000,000	3133MGV37	FHLB	4.125	08/15/03	100.355	1,003,550.00	1,019,362.50	1.06%	0.00
07/01/03	07/02/03	Buy	250,000	3129246C2	FHLMC	3.500	02/20/04	101.475	253,687.50	256,895.83	1.15%	0.00
07/01/03	07/02/03	Buy	1,259,000	31359MEM1	FNMA Global	5.125	02/13/04	102.478	1,290,198.02	1,314,752.89	1.06%	0.00
07/01/03	07/01/03	Contr	720	-CASH-	Cash/Money Market				720.00	720.00		0.00
Total												0.00

Cash Reconciliation

Penn Manor School District General Fund

Beginning Cash Balance	9,256,751.43
Buy	-11,880,039.36
Management Fee	-720.00
Wdrwl	-1,000,000.00
Contr	5,200,720.00
Income	1,316.69
Mature	1,910,000.00
Ending Cash Balance	3,488,028.76

Summary of Portfolio Changes

Penn Manor School District General Fund

Beginning Market Value plus Accrued Income			10,816,168.10
Contributions		5,200,720.00	
Withdrawal / Management Fee		(1,000,720.00)	
<i>Total Contributions, Withdrawals, and Management Fee</i>			<i>4,200,000.00</i>
Interest Received		1,316.69	
Interest Purchased		(68,510.30)	
Amortization Change		(11,392.57)	
Ending Accrued Income		107,826.56	
Beginning Accrued Income		(20,979.17)	
Accrued Income Change		86,847.39	
<i>Total Earned Income</i>			<i>8,261.21</i>
Ending Market Value	14,915,658.98		
Ending Book Value	(14,916,775.25)	(1,116.27)	
Beginning Market Value	10,795,188.93		
Beginning Book Value	(10,795,361.43)	(172.50)	
Change in Unrealized Gain/Loss		(943.77)	
Realized Gain/Loss		0.00	
<i>Change in Market Value</i>			<i>(943.77)</i>
Total Investment Change			4,207,317.44
Ending Market Value plus Accrued Income			15,023,485.54

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
	3,488,029.00	Cash/Money Market	3,488,028.76	3,488,028.76	9,256,751.43	0.00	0.00	5,768,722.67	0.00	3,488,028.76	0.00
		-CASH-									
07/10/03	500,000.00	FFCB 5.540 09/10/03 31331M4Z6	502,406.00	503,585.00	0.00	503,585.00	-1,215.25	0.00	0.00	502,369.75	36.25
07/08/03	500,000.00	FHLB 5.630 09/02/03 3133M5J92	501,875.00	503,265.00	0.00	503,265.00	-1,355.28	0.00	0.00	501,909.72	-34.72
07/30/03	250,000.00	FHLB 5.190 09/23/03 3133M5SB7	251,484.38	251,387.50	0.00	251,387.50	0.00	0.00	0.00	251,387.50	96.88
07/29/03	100,000.00	FHLB 5.000 12/17/03 3133M6Y51	101,468.75	101,407.00	0.00	101,407.00	-10.27	0.00	0.00	101,396.73	72.02
07/02/03	1,000,000.00	FHLB 4.125 08/15/03 3133MGV37	1,001,100.00	1,003,550.00	0.00	1,003,550.00	-2,366.67	0.00	0.00	1,001,183.33	-83.33
07/08/03	1,000,000.00	FHLB Discount Note 0.000 08/06/03 313384KB4	999,835.00	999,245.56	0.00	999,245.56	592.77	0.00	0.00	999,838.33	-3.33
07/01/03	250,000.00	FHLMC 3.500 02/20/04 3129246C2	253,249.00	253,687.50	0.00	253,687.50	-469.02	0.00	0.00	253,218.48	30.52
07/08/03	1,000,000.00	FHLMC Discount Note 0.000 08/19/03 313396KQ5	999,451.11	998,895.28	0.00	998,895.28	592.78	0.00	0.00	999,488.06	-36.95
07/10/03	900,000.00	FHLMC Discount Note 0.000 09/02/03 313396LE1	899,133.75	898,675.00	0.00	898,675.00	500.00	0.00	0.00	899,175.00	-41.25
07/25/03	500,000.00	FHLMC Discount Note 0.000 09/03/03 313396LF8	499,504.17	499,475.83	0.00	499,475.83	42.50	0.00	0.00	499,518.33	-14.16
07/29/03	102,000.00	FNMA 5.500 12/29/03 31364GMR7	103,851.40	103,771.74	0.00	103,771.74	-11.89	0.00	0.00	103,759.85	91.55
07/10/03	500,000.00	FNMA Discount Note 0.000 09/17/03 313588LV5	499,300.00	499,074.44	0.00	499,074.44	272.22	0.00	0.00	499,346.66	-46.66
07/28/03	1,000,000.00	FNMA Discount Note 0.000 10/01/03 313588MK8	998,174.44	998,160.00	0.00	998,160.00	57.50	0.00	0.00	998,217.50	-43.06
07/30/03	1,000,000.00	FNMA Discount Note 0.000 10/15/03 313588MZ5	997,762.22	997,783.33	0.00	997,783.33	0.00	0.00	0.00	997,783.33	-21.11
07/01/03	1,259,000.00	FNMA Global 5.125 02/13/04 31359MEM1	1,285,753.75	1,290,198.02	0.00	1,290,198.02	-4,093.86	0.00	0.00	1,286,104.16	-350.41
06/30/03	1,500,000.00	FNMA Global 4.750 03/15/04 31359MHJ5	1,533,281.25	1,538,610.00	1,538,610.00	0.00	-4,560.24	0.00	0.00	1,534,049.76	-768.51
07/08/03		FHLMC Discount Note 0.000 07/22/03 313396JL8			0.00	909,684.53	315.47	910,000.00	0.00	0.00	0.00
07/10/03		FNMA Discount Note 0.000 07/23/03 313588JM8			0.00	999,683.33	316.67	1,000,000.00	0.00	0.00	0.00
Total			14,915,658.98	14,928,799.96	10,795,361.43	11,811,529.06	-11,392.57	7,678,722.67	0.00	14,916,775.25	-1,116.27

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-	3,488,029.00	Cash/Money Market			0.00	1,316.69	0.00	1,316.69	0.00
07/10/03		31331M4Z6	500,000.00	FFCB	5.540	09/10/03	0.00	1,538.89	9,310.28	0.00	10,849.17
07/08/03		3133M5J92	500,000.00	FHLB	5.630	09/02/03	0.00	1,720.28	9,930.69	0.00	11,650.97
07/30/03		3133M5SB7	250,000.00	FHLB	5.190	09/23/03	0.00	0.00	4,613.33	0.00	4,613.33
07/29/03		3133M6Y51	100,000.00	FHLB	5.000	12/17/03	0.00	13.89	597.22	0.00	611.11
07/02/03		3133MGV37	1,000,000.00	FHLB	4.125	08/15/03	0.00	3,208.33	15,812.50	0.00	19,020.83
07/08/03		313384KB4	1,000,000.00	FHLB Discount Note	0.000	08/06/03	0.00	0.00	0.00	0.00	0.00
07/01/03		3129246C2	250,000.00	FHLMC	3.500	02/20/04	0.00	704.86	3,208.33	0.00	3,913.19
07/08/03		313396KQ5	1,000,000.00	FHLMC Discount Note	0.000	08/19/03	0.00	0.00	0.00	0.00	0.00
07/10/03		313396LE1	900,000.00	FHLMC Discount Note	0.000	09/02/03	0.00	0.00	0.00	0.00	0.00
07/25/03		313396LF8	500,000.00	FHLMC Discount Note	0.000	09/03/03	0.00	0.00	0.00	0.00	0.00
07/29/03		31364GMR7	102,000.00	FNMA	5.500	12/29/03	0.00	15.59	483.08	0.00	498.67
07/10/03		313588LV5	500,000.00	FNMA Discount Note	0.000	09/17/03	0.00	0.00	0.00	0.00	0.00
07/28/03		313588MK8	1,000,000.00	FNMA Discount Note	0.000	10/01/03	0.00	0.00	0.00	0.00	0.00
07/30/03		313588MZ5	1,000,000.00	FNMA Discount Note	0.000	10/15/03	0.00	0.00	0.00	0.00	0.00
07/01/03		31359MEM1	1,259,000.00	FNMA Global	5.125	02/13/04	0.00	5,197.75	24,554.87	0.00	29,752.62
06/30/03		31359MHJ5	1,500,000.00	FNMA Global	4.750	03/15/04	20,979.17	5,937.50	0.00	0.00	26,916.67
07/08/03		313396JL8		FHLMC Discount Note	0.000	07/22/03	0.00	0.00	0.00	0.00	0.00
07/10/03		313588JM8		FNMA Discount Note	0.000	07/23/03	0.00	0.00	0.00	0.00	0.00
Total							20,979.17	19,653.78	68,510.30	1,316.69	107,826.56

Disclaimer

This performance evaluation is provided as a service enabling you to review your overall securities positions on a periodic basis. This evaluation should not be construed as a substitute for your custodian statement. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. The security valuations contained in this evaluation have been obtained from reliable sources. They do not, however, represent guaranteed bids, offers, or markets for securities, and are subject to change. The prices, yields, and maturities have been obtained from sources believed to be reliable, but the data is not necessarily complete, the reliability cannot be guaranteed, and the availability of specific issues are subject to change.

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.

Please advise your Relationship Manager or Client Service contact promptly in the event of a material change in your investment strategy.

Taxable clients are advised to consult with their tax advisor to determine the actual basis to use in tax reporting, as well as with any questions concerning the tax impact of gains or losses on securities or income earned in your account.

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.

Offer of Form ADV

Rule 204-3 of the Investment Advisers Act of 1940 requires all Investment Advisers to deliver annually, or offer to deliver annually, without charge, Form ADV, Part II, to the client. Please submit your written request for Voyager Asset Management Inc.'s Form ADV, Part II, to your Relationship Manager or Client Service contact. Form ADV, Part II, will be mailed within seven (7) days upon receipt of the request.