

Voyageur ASSET MANAGEMENT INC.

**Penn Manor School District
General Fund
June 30, 2004**

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Table of Contents

Market Overview

Page 1

Account Investment Strategy

Page 3

Portfolio Asset Allocation

Page 4

Fixed Income Holdings

Page 5

Detailed Transaction Summary

Page 6

Cash Reconciliation

Page 7

Summary of Portfolio Changes

Page 8

Amortization Reconciliation

Page 9

Income Reconciliation

Page 10

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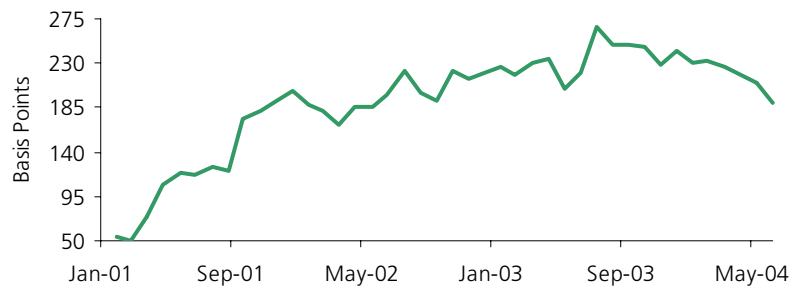
Page 11

Market Overview

The bond market behaved in classic fashion through June in anticipation of one of the most widely advertised Federal Reserve policy changes in memory. Two-year Treasury yields rose 0.15%, and ten-year Treasury yields fell 0.05%, correctly predicting the Fed would raise its fed funds target to 1.25% and maintaining its expectation to move at a “measured pace” while guarding against higher inflation. However, the month was not without its share of doubts. Early in the month Fed Chairman Greenspan expressed his view that the FOMC would do what is necessary in raising rates to maintain price stability. He softened that view just a week later at his confirmation ceremony before the U.S. Senate.

Stronger employment data continues to be a catalyst behind higher yields, giving evidence to the sustainability of the current recovery. While inflation statistics are much higher than a year ago, recent lower oil prices are giving investors a reason to believe that inflation pressures will abate in coming months. The higher yields on shorter maturities, in combination with the steep yield curve, suggest market participants expect further rate hikes by the Fed, with rates potentially over 1.00% higher than today’s level.

Slope of the Yield Curve from 2- to 10-years



Source: Bloomberg

Economy

GDP: Gross Domestic Product rose 3.8% during the first quarter of 2004, somewhat lower than its previous estimate, largely owing to higher inflation estimates. The GDP deflator rose at an annual rate of 2.9%. On a year-over-year basis, GDP is 4.8% higher through March 31, 2004. Forecasts for the second quarter of 2004 are for growth to rise at a 4.5% pace.

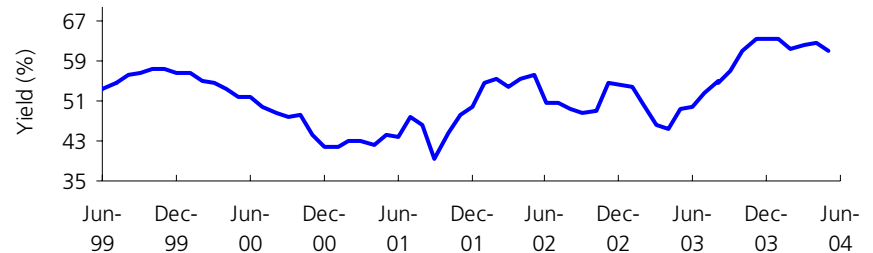
Inflation: The Consumer Price Index rose 0.6% in May, and is up 3.1% on a year-over-year basis. Excluding the food and energy components, the core CPI was +0.2% in May, and +1.7% from a year ago.

Fed: The FOMC raised its fed funds target to 1.25% at its June meeting, following what seemed to be a coordinated effort by Committee members to prepare the markets for this outcome. Market expectations are that the target will be raised another 0.25% at its next meeting in August.

ISM: The Institute of Supply Management purchasing managers’ survey index eased to 61.1 in June. The employment component fell to 59.7 from 61.9 in May. The new orders index fell to 60.0 from 62.8.

Corporate Earnings: The second quarter earnings season is right around the corner and analysts are predicting corporate earnings to rise 20% year-over-year in 2Q, which would mark the fourth consecutive quarter of 20%+ earnings growth, a feat not seen since 4Q, 1993 – 3Q, 1995. With employment and wages on the rise, and variable costs having been pared to a minimum in the coming quarters, the key driver underpinning profit growth will no longer be margin expansion, but rather sales growth. With sales growth likely to moderate in the second half of the year, earnings growth is set to decelerate.

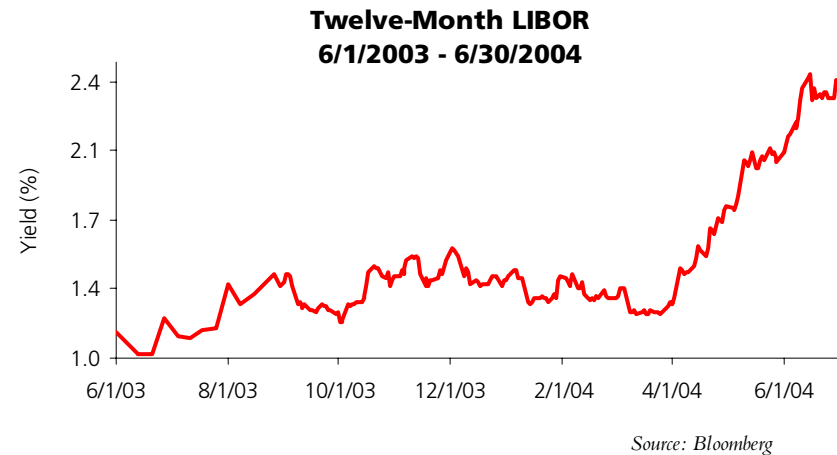
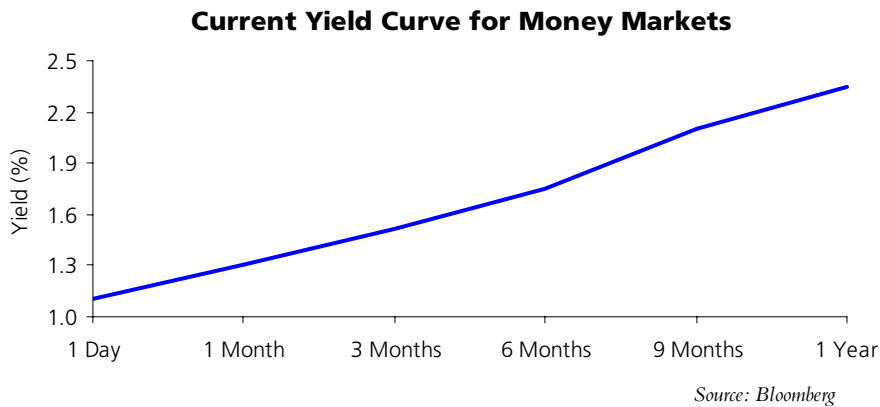
**ISM Purchasing Managers' Index
6/30/1999 - 6/30/2004**



Source: Bloomberg

Cash Management

In a widely expected move, the Federal Reserve raised their benchmark overnight rate by a quarter of a percent to 1.25% on June 30th. Economists and market forecasters have long been speculating on the timing and intensity of the first move, one which most believe will be followed by numerous upward adjustments over the coming months. Market yields had adjusted for the expected 25 basis point move far in advance of the actual announcement. Yet, it is likely that more of these advance-meeting adjustments will be made prior to upcoming Federal Reserve FOMC meetings, as expectations have been set that the Committee will continue to ratchet rates up in a measured pattern. The yield curve for money markets has become steeper with an over 100 basis point pickup in yield between overnight and one-year yields. While the yields on bonds with longer maturities have been tempting, many traditional participants in short-term cash management markets are being somewhat cautious in adding too many of those positions to their portfolio; this is out of conviction that yields will continue to rise and also to manage the effect of the longer position on a portfolio's average maturity. There does appear to be strong interest in the short-term market from non-traditional cash investors who are choosing to stay very short for the time being.



Investment Policy Date

7/12/1999

Portfolio Asset Class

Fixed

Investment Strategy

Cash Management

Please advise your Relationship Manager or Client Service contact promptly if a revision has been made to your investment policy subsequent to the date shown or in the event of a material change in your current investment strategy.

Your account's investment policy can be viewed online at www.voyageur.net - Clients Only or clients.voyageur.net. Please contact any of your team members listed on the Contacts page with any questions or comments you may have concerning your investment policy or access to our Internet client site.

Portfolio Asset Allocation

Penn Manor School District General Fund

	Quantity (Units)	Amortized Cost	Market Value	Market Yield	Estimated Income	Percent Assets
Cash	10,154,738	10,154,737.68	10,154,737.68	0.58%	58,897.48	100.00%
Total	10,154,738	10,154,737.68	10,154,737.68	0.58%	58,897.48	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			10,154,738	Cash/Money Market	10,154,737.68	10,154,737.68	0.00	0.00	0.58%	0.58%	0.00	0.00	100.00%
				-CASH-									
Total			10,154,738		10,154,737.68	10,154,737.68	0.00	0.00	0.58%	0.58%	0.00	0.00	100.00%

Detailed Transaction Summary

Penn Manor School District General Fund

Trade Date	Settlement Date	Trans Type	Quantity (Units)	CUSIP	Security Description		Trans Price	Net Amount	Trade Yield	Realized Gain/Loss
06/30/04	06/30/04	Mature	350,000	313384YU7	FHLB Discount Note	0.000	06/30/04 100.000	350,000.00		0.00
06/29/04	06/29/04	Mature	1,300,000	313396YT4	FHLMC Discount Note	0.000	06/29/04 100.000	1,300,000.00		0.00
06/28/04	06/28/04	Mature	1,000,000	313384YS2	FHLB Discount Note	0.000	06/28/04 100.000	1,000,000.00		0.00
06/28/04	06/28/04	Mature	5,690,000	3133MFVA3	FHLB Global	4.750	06/28/04 100.000	5,690,000.00		0.00
06/25/04	06/25/04	Mature	1,000,000	313384YP8	FHLB Discount Note	0.000	06/25/04 100.000	1,000,000.00		0.00
06/23/04	06/23/04	Mature	1,000,000	313384YM5	FHLB Discount Note	0.000	06/23/04 100.000	1,000,000.00		0.00
06/23/04	06/23/04	Wdrwl	500,000	-CASH-	Cash/Money Market			500,000.00		0.00
06/22/04	06/22/04	Mature	1,008,000	313396YL1	FHLMC Discount Note	0.000	06/22/04 100.000	1,008,000.00		0.00
06/22/04	06/22/04	Wdrwl	1,008,000	-CASH-	Cash/Money Market			1,008,000.00		0.00
06/17/04	06/17/04	Mature	100,000	3133M94V1	FHLB	6.315	06/17/04 100.000	100,000.00		0.00
06/17/04	06/17/04	Wdrwl	100,000	-CASH-	Cash/Money Market			100,000.00		0.00
06/16/04	06/17/04	Buy	350,000	313384YU7	FHLB Discount Note	0.000	06/30/04 99.965	349,876.14	0.99%	0.00
06/15/04	06/15/04	Mature	420,000	31359MNG4	FNMA	3.000	06/15/04 100.000	420,000.00		0.00
06/15/04	06/15/04	Wdrwl	100,000	-CASH-	Cash/Money Market			100,000.00		0.00
06/10/04	06/14/04	Buy	1,000,000	313384YP8	FHLB Discount Note	0.000	06/25/04 99.970	999,700.56	0.99%	0.00
06/10/04	06/14/04	Buy	1,000,000	313384YS2	FHLB Discount Note	0.000	06/28/04 99.962	999,618.89	0.99%	0.00
06/09/04	06/09/04	Contr	400,000	-CASH-	Cash/Money Market			400,000.00		0.00
06/09/04	06/09/04	Mature	1,000,000	313384XX2	FHLB Discount Note	0.000	06/09/04 100.000	1,000,000.00		0.00
06/09/04	06/09/04	Mature	540,000	313396XX6	FHLMC Discount Note	0.000	06/09/04 100.000	540,000.00		0.00
06/01/04	06/02/04	Buy	1,000,000	313384YM5	FHLB Discount Note	0.000	06/23/04 99.942	999,422.50	1.00%	0.00
06/01/04	06/02/04	Buy	1,300,000	313396YT4	FHLMC Discount Note	0.000	06/29/04 99.926	1,299,034.75	1.00%	0.00
06/01/04	06/01/04	Contr	966	-CASH-	Cash/Money Market			966.00		0.00
Total										0.00

Cash Reconciliation

Penn Manor School District General Fund

Beginning Cash Balance	2,556,843.46
Buy	-4,647,652.84
Management Fee	-966.00
Wdrwl	-1,708,000.00
Contr	400,966.00
Coupon	144,595.00
Income	952.06
Mature	13,408,000.00
Ending Cash Balance	10,154,737.68

Summary of Portfolio Changes

Penn Manor School District General Fund

Beginning Market Value plus Accrued Income		11,453,740.17
Contributions	400,966.00	
Withdrawal / Management Fee	(1,708,966.00)	
<i>Total Contributions, Withdrawals, and Management Fee</i>		<i>(1,308,000.00)</i>
Interest Received	145,547.06	
Interest Purchased	0.00	
Amortization Change	(12,879.14)	
Ending Accrued Income	0.00	
Beginning Accrued Income	(123,553.71)	
Accrued Income Change	(123,553.71)	
<i>Total Earned Income</i>		<i>9,114.21</i>
Ending Market Value	10,154,737.68	
Ending Book Value	(10,154,737.68)	0.00
Beginning Market Value	11,330,186.46	
Beginning Book Value	(11,330,069.76)	116.70
Change in Unrealized Gain/Loss	(116.70)	
Realized Gain/Loss	0.00	
<i>Change in Market Value</i>		<i>(116.70)</i>
Total Investment Change		(1,299,002.49)
Ending Market Value plus Accrued Income		10,154,737.68

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
	10,154,738.00	Cash/Money Market	10,154,737.68	10,154,737.68	2,556,843.46	7,597,894.22	0.00	0.00	0.00	10,154,737.68	0.00
		-CASH-									
05/04/04		FHLB 6.315 06/17/04 3133M94V1			100,231.62	0.00	-231.62	100,000.00	0.00	0.00	0.00
05/14/04		FHLB Discount Note 0.000 06/09/04 313384XX2			999,756.25	0.00	243.75	1,000,000.00	0.00	0.00	0.00
06/01/04		FHLB Discount Note 0.000 06/23/04 313384YM5			0.00	999,422.50	577.50	1,000,000.00	0.00	0.00	0.00
06/10/04		FHLB Discount Note 0.000 06/25/04 313384YP8			0.00	999,700.56	299.44	1,000,000.00	0.00	0.00	0.00
06/10/04		FHLB Discount Note 0.000 06/28/04 313384YS2			0.00	999,618.89	381.11	1,000,000.00	0.00	0.00	0.00
06/16/04		FHLB Discount Note 0.000 06/30/04 313384YU7			0.00	349,876.14	123.86	350,000.00	0.00	0.00	0.00
02/19/04		FHLB Global 4.750 06/28/04 3133MFVA3			5,705,670.44	0.00	-15,670.44	5,690,000.00	0.00	0.00	0.00
04/21/04		FHLMC Discount Note 0.000 06/09/04 313396XX6			539,867.70	0.00	132.30	540,000.00	0.00	0.00	0.00
05/14/04		FHLMC Discount Note 0.000 06/22/04 313396YL1			1,007,402.48	0.00	597.52	1,008,000.00	0.00	0.00	0.00
06/01/04		FHLMC Discount Note 0.000 06/29/04 313396YT4			0.00	1,299,034.75	965.25	1,300,000.00	0.00	0.00	0.00
10/07/03		FNMA 3.000 06/15/04 31359MNG4			420,297.81	0.00	-297.81	420,000.00	0.00	0.00	0.00
Total			10,154,737.68	10,154,737.68	11,330,069.76	12,245,547.06	-12,879.14	13,408,000.00	0.00	10,154,737.68	0.00

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-	10,154,738.00	Cash/Money Market			0.00	952.06	0.00	952.06	0.00
05/04/04		3133M94V1		FHLB	6.315	06/17/04	2,876.83	280.67	0.00	3,157.50	0.00
05/14/04		313384XX2		FHLB Discount Note	0.000	06/09/04	0.00	0.00	0.00	0.00	0.00
06/01/04		313384YM5		FHLB Discount Note	0.000	06/23/04	0.00	0.00	0.00	0.00	0.00
06/10/04		313384YP8		FHLB Discount Note	0.000	06/25/04	0.00	0.00	0.00	0.00	0.00
06/10/04		313384YS2		FHLB Discount Note	0.000	06/28/04	0.00	0.00	0.00	0.00	0.00
06/16/04		313384YU7		FHLB Discount Note	0.000	06/30/04	0.00	0.00	0.00	0.00	0.00
02/19/04		3133MFVA3		FHLB Global	4.750	06/28/04	114,866.88	20,270.62	0.00	135,137.50	0.00
04/21/04		313396XX6		FHLMC Discount Note	0.000	06/09/04	0.00	0.00	0.00	0.00	0.00
05/14/04		313396YL1		FHLMC Discount Note	0.000	06/22/04	0.00	0.00	0.00	0.00	0.00
06/01/04		313396YT4		FHLMC Discount Note	0.000	06/29/04	0.00	0.00	0.00	0.00	0.00
10/07/03		31359MNG4		FNMA	3.000	06/15/04	5,810.00	490.00	0.00	6,300.00	0.00
Total							123,553.71	21,993.35	0.00	145,547.06	0.00

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.