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***Penn Manor School District General
Fund
January 31, 2007***

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Economic Review & Outlook – 4th Quarter 2006

Fed Policy: The Federal Open Market Committee left the Federal Funds rate unchanged at 5.25% at its final two meetings of 2006. Current market sentiment now reflects an expectation of a Funds rate cut by the Fed sometime around mid-year, 2007.

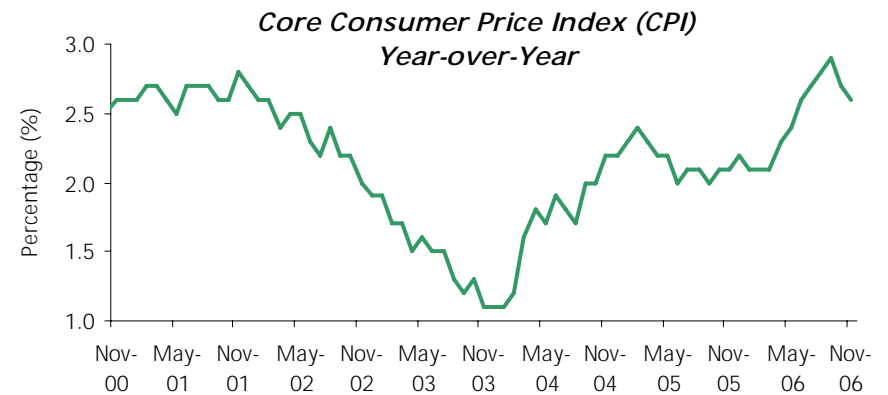
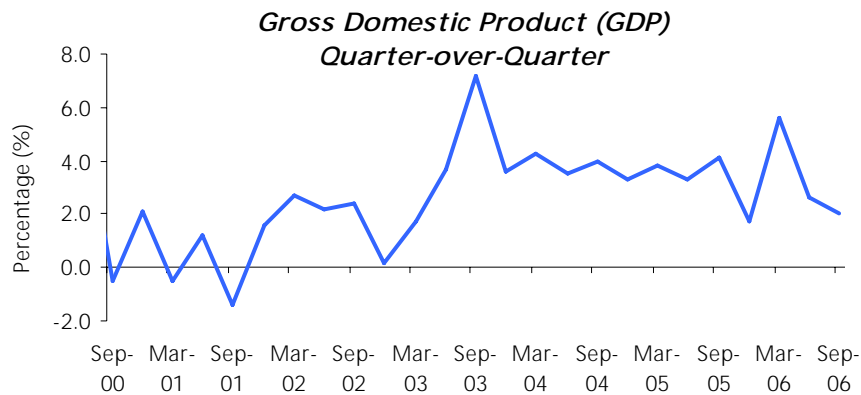
Inflation: The level of core inflation remained elevated above the Fed's soft target for most of the year, but showed some moderation toward the Fed's target over the final quarter. High levels of resource utilization, both in terms of business capacity and employment, have the potential to keep inflation elevated.

Economic Growth: Economic growth slowed over the course of 2006, ending the third quarter with a 2.0% change on a quarter-over-quarter basis. Recent indicators have been mixed with expectations for a moderate expansion of the economy during the first couple quarters of the new year.

Employment: Unemployment remains at the lows of the last 5 years, despite a minor up-tick of 0.1% in November. Strong employment remains one of the key elements, along with a drop in energy prices and the stock market rally, supporting the view of moderate, future economic growth.

Consumer Confidence: Confidence rebounded nicely from the low of the year established in August. The consumer remains optimistic despite the housing slowdown and the recent upturn in gasoline prices. Much has been written about the impact of the housing slowdown on the economy, however, most writers forget that at the apparent depth of the housing slowdown, the S&P Index managed to surge almost 12% during the second half of 2006.

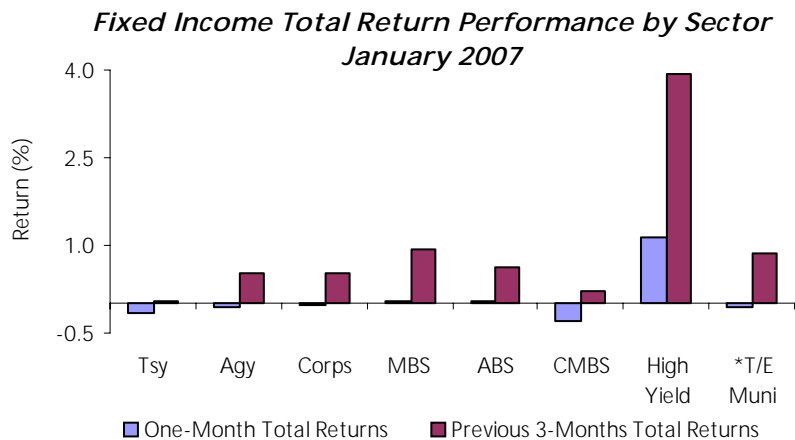
Housing: Home prices have been steadily falling as the median price fell 3.1% year-over-year in November – marking the fourth consecutive monthly decline. Inventories of homes remain elevated compared to the last several years, while recent sales of existing and new home sales appear to be stabilizing.



Fixed Income Market Summary

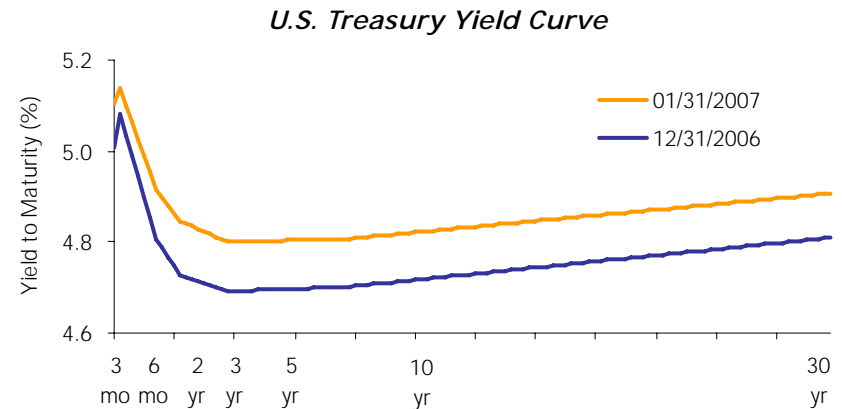
- Interest rates moved higher during the month by approximately 10 basis points across the curve. From the recent lows that occurred at the beginning of December, interest rates have increased roughly 40 basis points on maturities longer than 2 years.
- The genesis of the recent rise in rates has been a change in market perceptions concerning the growth path of the economy. While there is not enough evidence to fully conclude the worst is behind us, recent data suggests that the housing market may be stabilizing. The market sees housing as one of the main drags on the economy and if it stabilizes expectations are that the economy will move back to the growth path of the last several years. Expected improvement of the economy has recently led to concerns that inflation may accelerate as the economy improves.
- Interest rate markets now imply no significant expectations of a Federal Reserve rate cut during the first half of 2007. At this point, the market does not imply that a single 25 basis point decline will occur during 2007.

- Evidence of a coming improvement in economic growth provided the basis for strong credit markets last month. Investment grade corporate bond spreads, despite strong issuance, narrowed during the month on extremely strong investor demand. High-yield bonds significantly outperformed the investment grade sector as well as all other fixed income sectors again in January. Virtually all sectors provided essentially flat returns for the month, while high-yield was up a strong 1.12%.
- Treasury Inflation Protected Securities (TIPS) had a strong month for the first time in quite a while compared to similar duration Treasuries. Returns compared to like-Treasuries were generally more positive the further out the curve with the outperformance of 30-year TIPS approaching 1% for the month. Both a strengthening of recent economic indicators and technical factors in the TIPS market contributed to the strong performance.
- Mortgage securities backed by subprime borrower collateral continued to be under pressure this month as it has been over the last quarter. Spread widening in recent months is the result of originators' push to maintain underwriting volumes by lowering credit standards. Deals that were underwritten only a year ago are showing up with delinquencies and in some cases have already been downgraded.



*Income portion of return adj. at 35% tax rate

Source: Lehman Brothers



Investment Policy Date

7/12/1999

Portfolio Asset Class

Fixed

Investment Strategy

Core 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	Book Yield	Estimated Income	Percent Assets
Cash	469,929	469,929.31	469,929.31	4.84%	22,744.58	1.73%
Fixed Income	27,050,000	26,698,999.00	26,704,480.00	5.13%	0.00	98.27%
Total	27,519,929	27,168,928.31	27,174,409.31	5.12%	22,744.58	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	Book Yield	Avg Life	Mod Dur	Percent Assets
Cash/MMF			469,929	Cash/Money Market	469,929.31	469,929.31	0.00	0.00	4.84%	0.00	0.00	1.73%
				-CASH-								
Agency	AGY/AGY	08/22/06	2,000,000	FNMA Discount Note 0.000 02/14/07 313588BW4	1,996,003.78	1,996,400.00	396.22	0.00	5.14%	0.12	0.12	7.35%
	AGY/AGY	09/06/06	1,500,000	FNMA Discount Note 0.000 02/28/07 313588CL7	1,494,026.67	1,494,300.00	273.33	0.00	5.12%	0.15	0.15	5.50%
	AGY/AGY	11/29/06	1,500,000	FNMA Discount Note 0.000 03/14/07 313588DA0	1,491,029.50	1,491,300.00	270.50	0.00	5.12%	0.19	0.19	5.49%
	AGY/AGY	01/05/07	750,000	FNMA Discount Note 0.000 03/21/07 313588DH5	744,962.80	744,900.00	-62.80	0.00	4.93%	0.21	0.21	2.74%
	AGY/AGY	09/06/06	1,500,000	FHLMC Discount Note 0.000 03/28/07 313396DQ3	1,488,100.00	1,488,300.00	200.00	0.00	5.10%	0.23	0.23	5.48%
	AGY/AGY	08/22/06	2,000,000	FHLMC Discount Note 0.000 04/11/07 313396EE9	1,980,127.78	1,980,400.00	272.22	0.00	5.11%	0.27	0.27	7.29%
	AGY/AGY	01/31/07	600,000	FNMA Discount Note 0.000 04/18/07 313588EM3	593,410.08	593,520.00	109.92	0.00	5.14%	0.21	0.21	2.18%
	AGY/AGY	11/13/06	1,750,000	FNMA Discount Note 0.000 04/25/07 313588EU5	1,729,198.33	1,729,350.00	151.67	0.00	5.10%	0.31	0.31	6.36%
	AGY/AGY	07/07/06	1,000,000	FHLMC Discount Note 0.000 05/09/07 313396FJ7	985,681.11	986,300.00	618.89	0.00	5.26%	0.35	0.35	3.63%
	AGY/AGY	11/29/06	1,000,000	FNMA Discount Note 0.000 05/09/07 313588FJ9	986,198.33	986,300.00	101.67	0.00	5.07%	0.35	0.35	3.63%
	AGY/AGY	01/31/07	600,000	FNMA Discount Note 0.000 05/16/07 313588FR1	591,040.00	591,180.00	140.00	0.00	5.12%	0.28	0.29	2.18%
	AGY/AGY	09/06/06	1,500,000	FHLMC Discount Note 0.000 05/23/07 313396FY4	1,476,433.33	1,476,450.00	16.67	0.00	5.05%	0.38	0.38	5.43%
	AGY/AGY	07/05/06	3,250,000	FHLMC Discount Note 0.000 05/29/07 313396GE7	3,194,797.31	3,196,050.00	1,252.69	0.00	5.25%	0.40	0.40	11.74%
	AGY/AGY	01/05/07	1,000,000	FNMA Discount Note 0.000 05/30/07 313588GF6	983,519.59	983,300.00	-219.59	0.00	4.99%	0.32	0.32	3.62%
	AGY/AGY	08/16/06	2,000,000	FNMA Discount Note 0.000 05/31/07 313588GG4	1,966,000.00	1,966,200.00	200.00	0.00	5.10%	0.41	0.41	7.24%
	AGY/AGY	09/06/06	1,250,000	FNMA Discount Note 0.000 06/06/07 313588GN9	1,227,950.00	1,227,875.00	-75.00	0.00	5.04%	0.42	0.42	4.52%
	AGY/AGY	01/31/07	600,000	FNMA Discount Note 0.000 06/13/07 313588GV1	588,695.00	588,780.00	85.00	0.00	5.10%	0.36	0.36	2.17%
	AGY/AGY	09/06/06	1,250,000	FNMA Discount Note 0.000 06/20/07 313588HC2	1,225,548.61	1,225,375.00	-173.61	0.00	5.03%	0.46	0.46	4.51%

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	Book Yield	Avg Life	Mod Dur	Percent Assets
	AGY/AGY	07/05/06	2,000,000	FNMA Discount Note 0.000 06/29/07 313588HMO	1,956,276.78	1,958,200.00	1,923.22	0.00	5.28%	0.49	0.49	7.21%
Subtotal			27,050,000		26,698,999.00	26,704,480.00	5,481.00	0.00	5.13%	0.32	0.32	98.27%
Total			27,519,929		27,168,928.31	27,174,409.31	5,481.00	0.00	5.12%	0.31	0.31	100.00%

Transaction Detail

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
01/31/07	01/31/07	Buy	600,000	313588GV1	FNMA Discount Note	0.000 06/13/07	98.116	588,695.00	5.27%	0.00
01/31/07	01/31/07	Buy	600,000	313588FR1	FNMA Discount Note	0.000 05/16/07	98.507	591,040.00	5.27%	0.00
01/31/07	01/31/07	Buy	600,000	313588EM3	FNMA Discount Note	0.000 04/18/07	98.902	593,410.08	5.26%	0.00
01/31/07	01/31/07	Mature	1,250,000	313588BG9	FNMA Discount Note	0.000 01/31/07	100.000	1,250,000.00		0.00
01/31/07	01/31/07	Wdrwl	750,000	-CASH-	Cash/Money Market			750,000.00		0.00
01/17/07	01/17/07	Mature	1,250,000	313588AS4	FNMA Discount Note	0.000 01/17/07	100.000	1,250,000.00		0.00
01/05/07	01/05/07	Buy	1,000,000	313588GF6	FNMA Discount Note	0.000 05/30/07	97.992	979,918.83	5.16%	0.00
01/05/07	01/05/07	Buy	750,000	313588DH5	FNMA Discount Note	0.000 03/21/07	98.972	742,290.00	5.06%	0.00
01/03/07	01/03/07	Mature	1,250,000	313588AC9	FNMA Discount Note	0.000 01/03/07	100.000	1,250,000.00		0.00
01/01/07	01/01/07	Contr	4,725	-CASH-	Cash/Money Market			4,724.60		0.00
Total										0.00

Cash Reconciliation

Penn Manor School District General Fund

<i>Beginning Cash Balance</i>	<i>959,723.09</i>
Buy	-3,495,353.91
Management Fee	-4,724.60
Wdrwl	-750,000.00
Contr	4,724.60
Income	5,560.13
Mature	3,750,000.00
<i>Ending Cash Balance</i>	<i>469,929.31</i>

Summary of Portfolio Changes

Penn Manor School District General Fund

<i>Beginning Market Value plus Accrued Income</i>		27,809,148.09
Contributions	4,724.60	
Withdrawal / Management Fee	(754,724.60)	
<i>Total Contributions, Withdrawals, and Management Fee</i>		(750,000.00)
Interest Received	5,560.13	
Interest Purchased	0.00	
Amortization Change	119,146.95	
Ending Accrued Income	0.00	
Beginning Accrued Income	0.00	
Accrued Income Change	0.00	
<i>Total Earned Income</i>		124,707.08
Ending Market Value	27,174,409.31	
Ending Book Value	(27,168,928.31)	5,481.00
Beginning Market Value	27,809,148.09	
Beginning Book Value	(27,794,221.23)	14,926.86
Change in Unrealized Gain/Loss	(9,445.86)	
Realized Gain/Loss	0.00	
<i>Change in Market Value</i>		(9,445.86)
<i>Total Investment Change</i>		(634,738.78)
<i>Ending Market Value plus Accrued Income</i>		27,174,409.31

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
	469,929.00	Cash/Money Market	469,929.31	469,929.31	959,723.09	0.00	0.00	489,793.78	0.00	469,929.31	0.00
		-CASH-									
09/06/06	1,500,000.00	FHLMC Discount Note 0.000 03/28/07 313396DQ3	1,488,300.00	1,457,075.00	1,481,512.50	0.00	6,587.50	0.00	0.00	1,488,100.00	200.00
08/22/06	2,000,000.00	FHLMC Discount Note 0.000 04/11/07 313396EE9	1,980,400.00	1,934,421.67	1,971,327.22	0.00	8,800.56	0.00	0.00	1,980,127.78	272.22
07/07/06	1,000,000.00	FHLMC Discount Note 0.000 05/09/07 313396FJ7	986,300.00	955,728.33	981,151.67	0.00	4,529.44	0.00	0.00	985,681.11	618.89
09/06/06	1,500,000.00	FHLMC Discount Note 0.000 05/23/07 313396FY4	1,476,450.00	1,445,712.50	1,469,910.42	0.00	6,522.91	0.00	0.00	1,476,433.33	16.67
07/05/06	3,250,000.00	FHLMC Discount Note 0.000 05/29/07 313396GE7	3,196,050.00	3,121,492.84	3,180,294.91	0.00	14,502.40	0.00	0.00	3,194,797.31	1,252.69
08/22/06	2,000,000.00	FNMA Discount Note 0.000 02/14/07 313588BW4	1,996,400.00	1,950,047.22	1,987,155.00	0.00	8,848.78	0.00	0.00	1,996,003.78	396.22
09/06/06	1,500,000.00	FNMA Discount Note 0.000 02/28/07 313588CL7	1,494,300.00	1,462,880.00	1,487,413.33	0.00	6,613.34	0.00	0.00	1,494,026.67	273.33
11/29/06	1,500,000.00	FNMA Discount Note 0.000 03/14/07 313588DA0	1,491,300.00	1,478,930.14	1,484,408.42	0.00	6,621.08	0.00	0.00	1,491,029.50	270.50
01/05/07	750,000.00	FNMA Discount Note 0.000 03/21/07 313588DH5	744,900.00	742,290.00	0.00	742,290.00	2,672.80	0.00	0.00	744,962.80	-62.80
01/31/07	600,000.00	FNMA Discount Note 0.000 04/18/07 313588EM3	593,520.00	593,410.08	0.00	593,410.08	0.00	0.00	0.00	593,410.08	109.92
11/13/06	1,750,000.00	FNMA Discount Note 0.000 04/25/07 313588EU5	1,729,350.00	1,712,286.11	1,721,521.53	0.00	7,676.80	0.00	0.00	1,729,198.33	151.67
11/29/06	1,000,000.00	FNMA Discount Note 0.000 05/09/07 313588FJ9	986,300.00	977,325.83	981,832.50	0.00	4,365.83	0.00	0.00	986,198.33	101.67
01/31/07	600,000.00	FNMA Discount Note 0.000 05/16/07 313588FR1	591,180.00	591,040.00	0.00	591,040.00	0.00	0.00	0.00	591,040.00	140.00
01/05/07	1,000,000.00	FNMA Discount Note 0.000 05/30/07 313588GF6	983,300.00	979,918.83	0.00	979,918.83	3,600.76	0.00	0.00	983,519.59	-219.59
08/16/06	2,000,000.00	FNMA Discount Note 0.000 05/31/07 313588GG4	1,966,200.00	1,918,683.33	1,957,216.67	0.00	8,783.33	0.00	0.00	1,966,000.00	200.00
09/06/06	1,250,000.00	FNMA Discount Note 0.000 06/06/07 313588GN9	1,227,875.00	1,202,400.00	1,222,525.00	0.00	5,425.00	0.00	0.00	1,227,950.00	-75.00
01/31/07	600,000.00	FNMA Discount Note 0.000 06/13/07 313588GV1	588,780.00	588,695.00	0.00	588,695.00	0.00	0.00	0.00	588,695.00	85.00
09/06/06	1,250,000.00	FNMA Discount Note 0.000 06/20/07 313588HC2	1,225,375.00	1,200,049.31	1,220,134.38	0.00	5,414.23	0.00	0.00	1,225,548.61	-173.61
07/05/06	2,000,000.00	FNMA Discount Note 0.000 06/29/07 313588HM0	1,958,200.00	1,894,946.89	1,947,180.00	0.00	9,096.78	0.00	0.00	1,956,276.78	1,923.22

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
09/06/06		FNMA Discount Note 0.000 01/03/07 313588AC9			1,249,465.63	0.00	534.37	1,250,000.00	0.00	0.00	0.00
11/13/06		FNMA Discount Note 0.000 01/17/07 313588AS4			1,246,960.07	0.00	3,039.93	1,250,000.00	0.00	0.00	0.00
09/06/06		FNMA Discount Note 0.000 01/31/07 313588BG9			1,244,488.89	0.00	5,511.11	1,250,000.00	0.00	0.00	0.00
Total			27,174,409.31	26,677,262.39	27,794,221.23	3,495,353.91	119,146.95	4,239,793.78	0.00	27,168,928.31	5,481.00

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-	469,929.00	Cash/Money Market			0.00	5,560.13	0.00	5,560.13	0.00
09/06/06		313396DQ3	1,500,000.00	FHLMC Discount Note	0.000	03/28/07	0.00	0.00	0.00	0.00	0.00
08/22/06		313396EE9	2,000,000.00	FHLMC Discount Note	0.000	04/11/07	0.00	0.00	0.00	0.00	0.00
07/07/06		313396FJ7	1,000,000.00	FHLMC Discount Note	0.000	05/09/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313396FY4	1,500,000.00	FHLMC Discount Note	0.000	05/23/07	0.00	0.00	0.00	0.00	0.00
07/05/06		313396GE7	3,250,000.00	FHLMC Discount Note	0.000	05/29/07	0.00	0.00	0.00	0.00	0.00
08/22/06		313588BW4	2,000,000.00	FNMA Discount Note	0.000	02/14/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313588CL7	1,500,000.00	FNMA Discount Note	0.000	02/28/07	0.00	0.00	0.00	0.00	0.00
11/29/06		313588DA0	1,500,000.00	FNMA Discount Note	0.000	03/14/07	0.00	0.00	0.00	0.00	0.00
01/05/07		313588DH5	750,000.00	FNMA Discount Note	0.000	03/21/07	0.00	0.00	0.00	0.00	0.00
01/31/07		313588EM3	600,000.00	FNMA Discount Note	0.000	04/18/07	0.00	0.00	0.00	0.00	0.00
11/13/06		313588EU5	1,750,000.00	FNMA Discount Note	0.000	04/25/07	0.00	0.00	0.00	0.00	0.00
11/29/06		313588FJ9	1,000,000.00	FNMA Discount Note	0.000	05/09/07	0.00	0.00	0.00	0.00	0.00
01/31/07		313588FR1	600,000.00	FNMA Discount Note	0.000	05/16/07	0.00	0.00	0.00	0.00	0.00
01/05/07		313588GF6	1,000,000.00	FNMA Discount Note	0.000	05/30/07	0.00	0.00	0.00	0.00	0.00
08/16/06		313588GG4	2,000,000.00	FNMA Discount Note	0.000	05/31/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313588GN9	1,250,000.00	FNMA Discount Note	0.000	06/06/07	0.00	0.00	0.00	0.00	0.00
01/31/07		313588GV1	600,000.00	FNMA Discount Note	0.000	06/13/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313588HC2	1,250,000.00	FNMA Discount Note	0.000	06/20/07	0.00	0.00	0.00	0.00	0.00
07/05/06		313588HM0	2,000,000.00	FNMA Discount Note	0.000	06/29/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313588AC9		FNMA Discount Note	0.000	01/03/07	0.00	0.00	0.00	0.00	0.00
11/13/06		313588AS4		FNMA Discount Note	0.000	01/17/07	0.00	0.00	0.00	0.00	0.00
09/06/06		313588BG9		FNMA Discount Note	0.000	01/31/07	0.00	0.00	0.00	0.00	0.00
Total							0.00	5,560.13	0.00	5,560.13	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 The Yield Book, FT Interactive Data, Portia, and various other sources from time to time, as may be referenced on the report page of their use.

Portfolio Analytic data such as Market Yield, Average Life, Modified Duration and Effective Duration provided by The Yield Book where available.

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