SUNRISE POLICE PENSION FUND

PERFORMANCE REVIEW
JUNE 2002

DAHAB Associates, Inc.

INVESTMENT RETURN

On June 30th, the Sunrise Police Pension Fund's assets were valued at $35,249,772, which was a decrease of $2,272,572 from the March quarter's ending valuation of $37,522,344. The Fund recorded aggregate net withdrawals totaling $291,106, compounding the fund's net investment losses of $1,981,466. Net investment loss was the result of income receipts totaling $251,008 that were offset by realized and unrealized capital losses of $2,232,474.

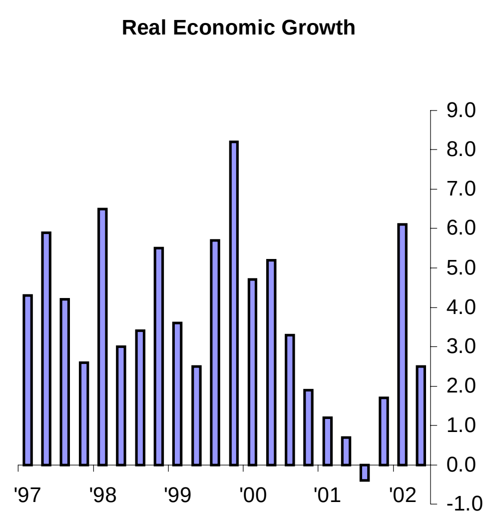
ECONOMIC ENVIRONMENT

The real economy (as opposed to the "new economy") continued to recover from the brief recession of 2001. The wealth effect fueled by rising home prices, low interest rates, strong consumer confidence, and increased government deficit spending kept the GDP growing into the second quarter at an estimated 2.5% rate. That was far below the 6.1% rate during the first quarter, but still quite respectable. While the stock market has been battered throughout the year, the unemployment picture after September 11th was much less drastic than many people feared. The U.S. appears to have sidestepped a prolonged recession or the kind of deflationary environment that has gripped Japan for several years.

Housing construction held up remarkably during the quarter, with a peak of 1.7 million starts in May. June figures were slightly lower, but still better than a year earlier.

There were no interest rate changes during the quarter and the Federal Reserve indicated that while no near term changes were anticipated, the likelihood remains that the next change would be an increase.

The dollar fell dramatically against both the Euro and the Yen during the quarter. In both cases, the dollar was approximately 12% below where it was on January 1st. Ultimately, the weaker dollar will improve the ability of American firms to sell their goods overseas. However, so far the effect has not been seen. In May, the U.S. trade deficit hit a record $37.6 billion.



Unemployment rose from 5.7% in March to 5.9% in June. At the beginning of July, the Department of Labor restated all of the last six months of unemployment figures. As a result, the originally stated job growth of 244,000 jobs was actually a *loss* of 131,000 jobs. It must be noted, however, that the DoL's methodology is peculiar; the government's computed rate does not necessarily reflect the correct figure.

After a surge in energy prices during March and April, inflation remained in check during the remainder of the quarter. The only areas with significant steady inflation were the health care and transportation areas. The CPI rose 0.1% in June. For the trailing year, inflation (CPI-U) rose only 1.1%. European inflation remains at steady at about 2%.

Industrial output rose each month during the quarter (1.4% for the full quarter). Interestingly, consumer related production was flat while materials and manufacturing picked up. Capacity utilization however is still fairly low at 76.1%, but up from 75.2% last quarter. American businesses can therefore produce far more output without inflation or a strain on capabilities.

Japan's weak deflationary economy appears to be slipping again. The rising value of the yen is hurting the export markets. The consensus estimate is that the economy contracted by 0.4% during the quarter. Deflation appears to have peaked at –1.6% in January.

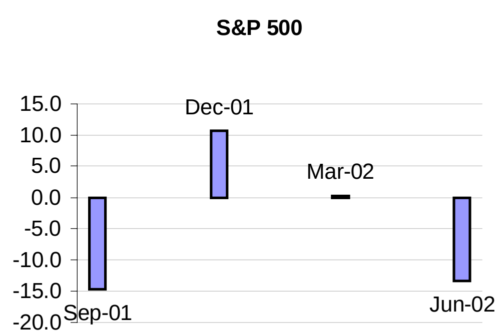
EQUITY MARKET

The only word to describe the equity markets last quarter is "ugly". The collapse of WorldCom following in the wake of the Enron scandal sent the markets sharply lower. Corporate profits were mixed during the quarter, but investors were skeptical of all figures. So companies whose figures were positive went down in price along with those posting losses.

Once again the accounting practices of Andersen LLP were called into question; this time the issue revolved around hiding multibillion-dollar losses at WorldCom. The broad brush of distrust of accounting practices painted companies whose accounting practices were complicated even if they were perfectly legitimate. Investors pushed down the prices of otherwise respectable companies just because of questions about the accounting community. European regulators are now calling for the U.S. to adopt international accounting standards and abandon the American standards, which they feel offer too many opportunities to cheat.

The overall market as measured by the Russell 3000 index down 13.1% for the quarter. Value stocks did poorly this quarter, while growth did terribly. Small cap value stocks were the best place to invest although they too lost ground, -2.1%. Large cap growth stocks including technology, telecommunications and conglomerates sustained considerable losses with the Russell 1000 Growth Index declining 18.7%. Small cap growth stocks lost 15.7%. For the trailing year, the best performing area was small cap value, which rose 8.5%. Large cap growth was the worst area for the year, declining 26.5%. During the second quarter, the Dow Jones Industrials declined from 10400 to 9243.

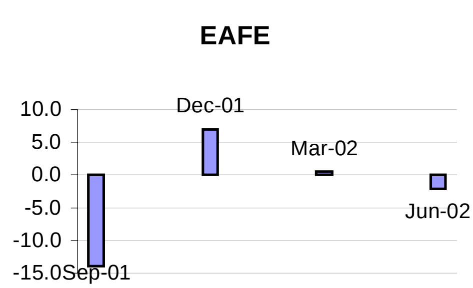
The S&P 500 lost 13.4% for the quarter and 18.0% for the trailing year. Every sector of the market was down. Once again, the worst performing sector was the Computer Technology area (-20.5%). The best performing was the Basic industry area, which only lost 4.6%.



At quarter end, the average yield of an S&P 500 issue was 1.6%, its average growth rate was 5.9%, and it sold at a price/earnings ratio of 25.2. The p/e ratio has come down from a peak of 32, but is still high relative to historical norms in the 14-16x range.

INTERNATIONAL EQUITIES

Abroad, equity markets experienced mixed results. Countries whose markets contain large telecom or other high tech sectors such as Finland posted losses (-20.1%). Others such as Japan (+7.8%), Austria (+9.5%) and South Africa (+14.6) posted sizable gains. It must be noted that the dramatic weakening of



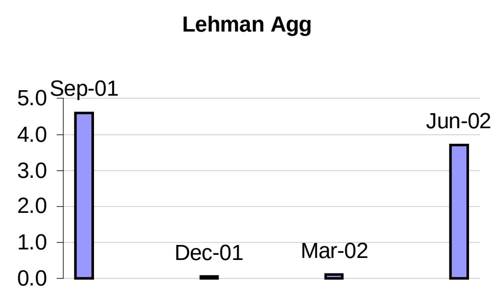
the U.S. dollar gave foreign stocks a boost in value when the share prices are converted back into dollars.

The international equities markets (as represented by the capitalization-weighted EAFE index) declined 2.1% during the quarter, but still lost 9.5% for the trailing year.

BOND MARKET

During the second quarter of 2002, the yield curve dropped and flattened. Short treasury yields fell about .90% and long treasury yields fell .30%. Quality spreads (the difference in yield between a corporate bond and a treasury bond of the same maturity) widened across the board as confidence in corporate accounting practices eroded. What this means is that bond prices tended to rise and returns were better for longer bonds. Corporates tended to do worse than governments during the quarter in spite of their higher yields. Low quality corporates did terribly as the WorldCom meltdown pulled the index negative.

The Lehman Brothers Aggregate Bond Index produced a 3.69% second quarter return and a trailing year return of 8.6%. Intermediate and Long treasuries both did well during the quarter returning 3.74% and 5.99% respectively. For the trailing year, Intermediates returned 8.13% and Long Treasuries gained 9.06%. The US Government Index as a whole was up 4.44% for the quarter and up 8.81% for the trailing year. The Investment Grade Credit Index underperformed governments for the quarter (2.90%) and for the year (7.51%). High yield corporates (junk bonds) had a terrible quarter, losing 6.41%. For the trailing year, high yield corporates returned –3.60%. The Lehman Global ex-US/Euro index gained 13.90% for the quarter and 15.29% for the trailing year.



The average maturity of the Lehman aggregate index decreased from 8.17 to 7.66 years during the quarter. The interest rate sensitivity (duration) dropped from 4.6 years (on an adjusted basis) to 4.3 years, and the average yield slipped from 5.92% to 5.27%.

Emerging market bonds fared poorly losing 5.2% for the quarter and 4.4% for the trailing year. Latin American bonds did quite poorly as a result of the turbulent economies in Argentina and Brazil. South African bonds fared the best rising 5.6% during the quarter.

CASH EQUIVALENTS

Short-term yields fell during the quarter. The "risk-free" Treasury note return was 0.5%, producing a trailing 12-month total return on cash and equivalents of 2.6%.

RELATIVE PERFORMANCE

Total Fund

Last quarter, the total aggregate portfolio lost 5.3%. That return ranked in the 57th percentile of the CDA universe of balanced funds, 0.4% below the -4.9% median balanced return. The return for the last 12 months was –5.2%, which ranked in the 52nd percentile. For the cumulative 1¼ years covered by this report, the fund lost 2.1% or –1.7% per annum, and ranked in the 50th percentile.

Equities

Last quarter, the stocks in the aggregate portfolio lost 13.6%, ranking below the CDA equity fund universe median in the 63rd percentile, 0.2% below the S&P 500's -13.4% return. The return for the trailing year was –16.9%, which ranked just below the median in the 51st percentile. For the cumulative 1¼-year period, the aggregate stocks returned –11.6% (-9.4% annualized) and ranked in the 51st percentile, 1.3% per year above the S&P 500's –10.7% annualized return.

Bonds

The aggregate fixed income segment recorded a second quarter return of 3.8% and ranked in the 31st percentile of the fixed income universe. That performance was 0.1% better than the Lehman Aggregate bond index's return of 3.7%. The return for the trailing year was 9.0%, which ranked well above the median in the 10th percentile. Over the cumulative 1¼ years, the bonds earned 9.5% (7.6% per annum) and ranked in the 10th percentile; the annualized return trailed the annualized index return (7.3%) by just 0.3%.

International

The American Euro Pacific and Putnam together lost 4.6% for the June quarter, ranking in the 51st percentile of the CDA/Cadence universe of international equity funds, trailing the EAFE index (-2.1%) by 2.5%. Over the last twelve months, the international equities segment fell 9.1% ranking in the 47th percentile. Over the cumulative period, the international portfolio lost 8.2% or -6.6% per annum, ranking in the 46th percentile.

INTERNATIONAL EQUITY RANKINGS		
%TILE	QUARTER	YEAR
5	2.95%	6.35%
25	-1.61%	-2.92%
50	-4.45%	-9.92%
75	-7.93%	-14.60%
95	-14.09%	-23.44%

Asset Allocation

At the end of June 2002, 43.9% ($15.5 million) of the aggregate portfolio was held in equities. The fixed income segment represented 43.5% ($15.3 million), while cash and equivalents comprised 5.2% ($1.8 million). The international segment represented 7.4% ($2.6 million).

EXECUTIVE SUMMARY

RATES OF RETURN	LAST QUARTER	LAST YEAR	PERIOD FROM 3/01 TO 6/02 CUMULATIVE	ANNUAL
TOTAL	-5.3%	-5.2	-2.1	-1.7
(RANK)	(57)	(52)		(50)
EQUITIES	-13.6%	-16.9	-11.6	-9.4
(RANK)	(63)	(51)		(51)
BONDS	3.8%	9.0	9.5	7.6
(RANK)	(31)	(10)		(10)
INTERNATIONAL	-4.6%	-9.1	-8.2	-6.6
(RANK)	(51)	(47)		(46)

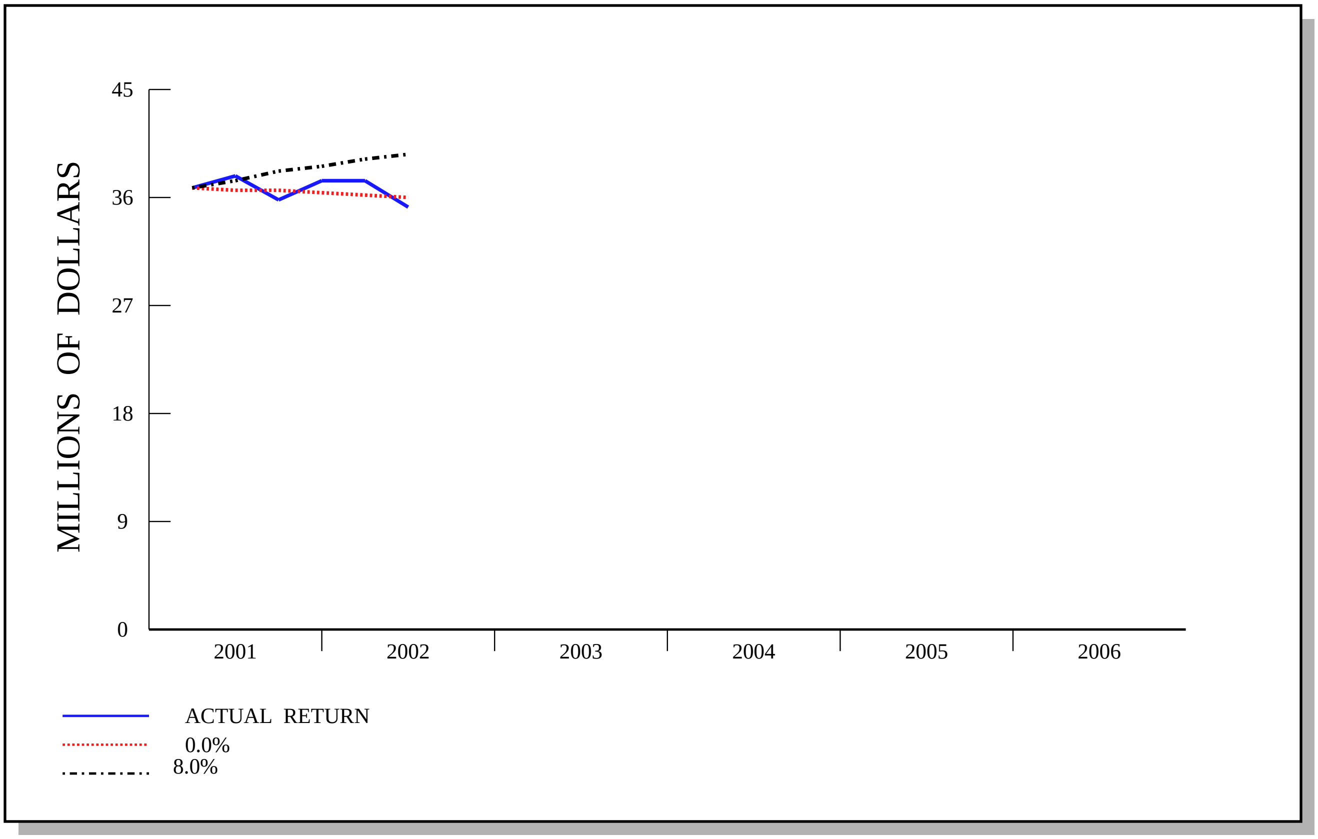
MARKET INDICES

S&P 500	-13.4	-18.0	-13.2	-10.7
RUSSELL 1000	-13.5	-17.9	-12.7	-10.3
RUSSELL 1000 GRO	-18.7	-26.5	-20.3	-16.6
RUSSELL 1000 VAL	-8.5	-9.0	-4.5	-3.6
RUSSELL 2000	-8.4	-8.6	4.5	3.6
LEHMAN AGG	3.7	8.6	9.2	7.3
EAFE (INTL)	-2.1	-9.4	-10.5	-8.5
91 DAY T BILLS	0.5	2.7	3.8	3.0
SHADOW INDEX	-5.0	-5.8	-3.2	-2.5

INVESTMENT RETURN

	LAST QUARTER	LAST YEAR
INCOME	$ 251,008.	$ 1,223,920.
CAPITAL GAINS (LOSSES)	-2,232,474.	-3,168,067.
TOTAL	$-1,981,466.	$-1,944,147.

INVESTMENT GROWTH



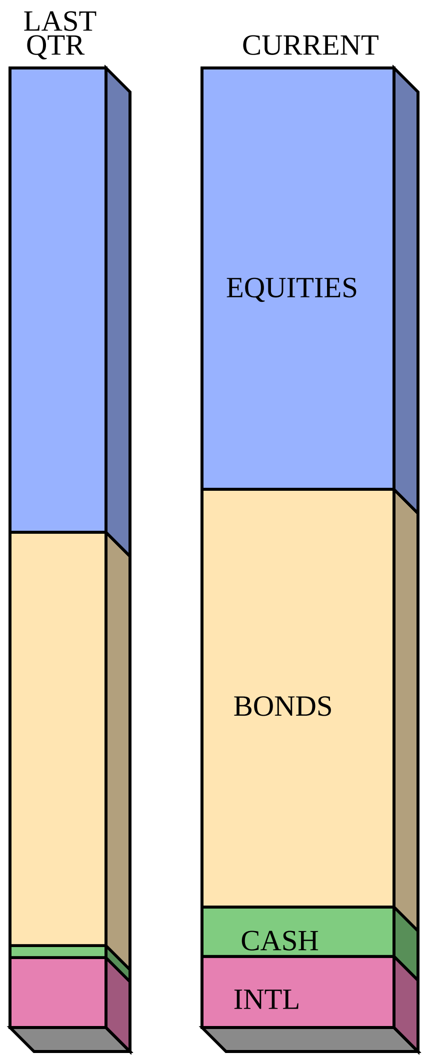
	LAST QUARTER	PERIOD 3/01 - 6/02
BEGINNING VALUE	$ 37,522,344	$ 36,987,352
NET CONTRIBUTIONS	-291,106	-973,090
INVESTMENT RETURN	- 1,981,466	-764,490
ENDING VALUE	$ 35,249,772	$ 35,249,772

INCOME	251,008	1,557,746
CAPITAL GAINS (LOSSES)	- 2,232,474	- 2,322,236
INVESTMENT RETURN	- 1,981,466	-764,490

VALUE ASSUMING 8.0% RETURN	39,708,928

SUNRISE POLICE

ASSET ALLOCATION

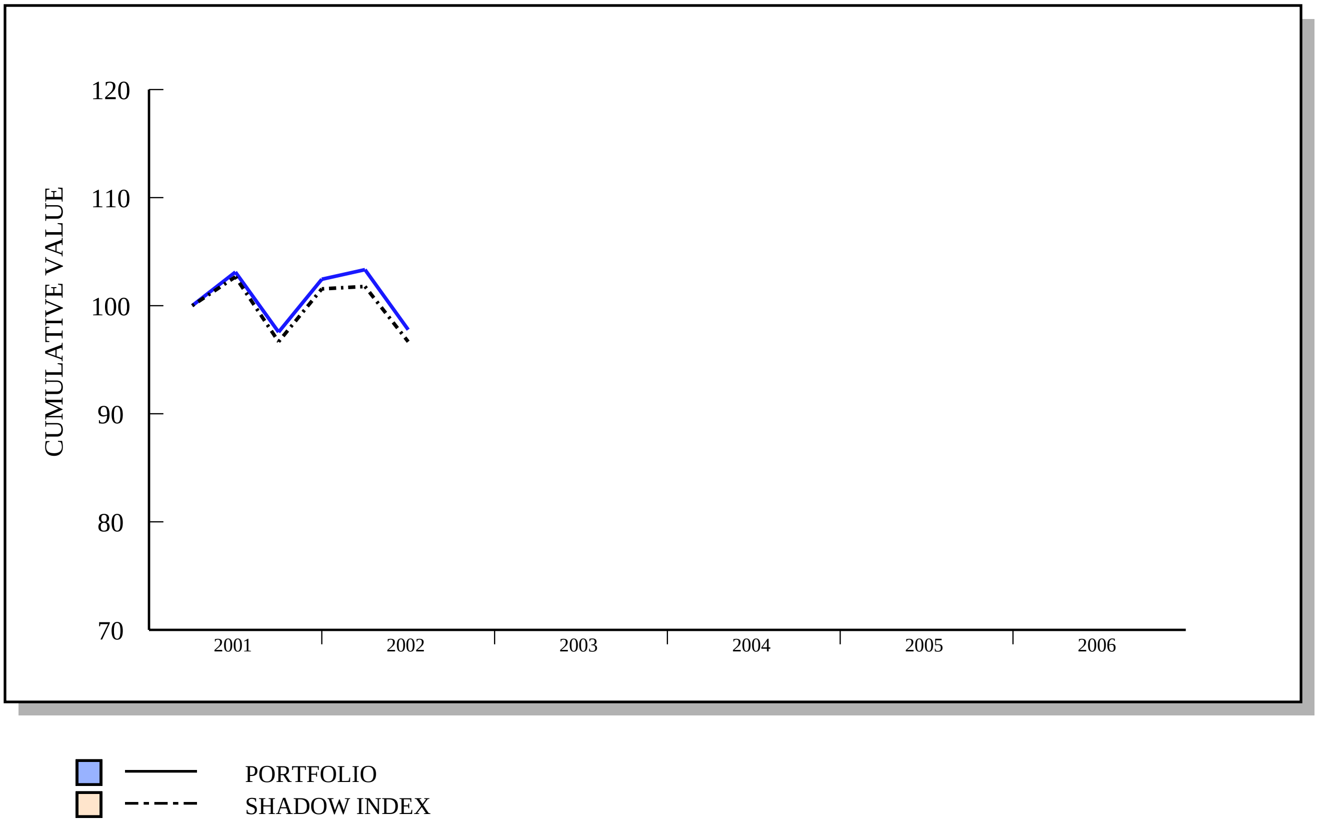


AS OF JUNE 2002

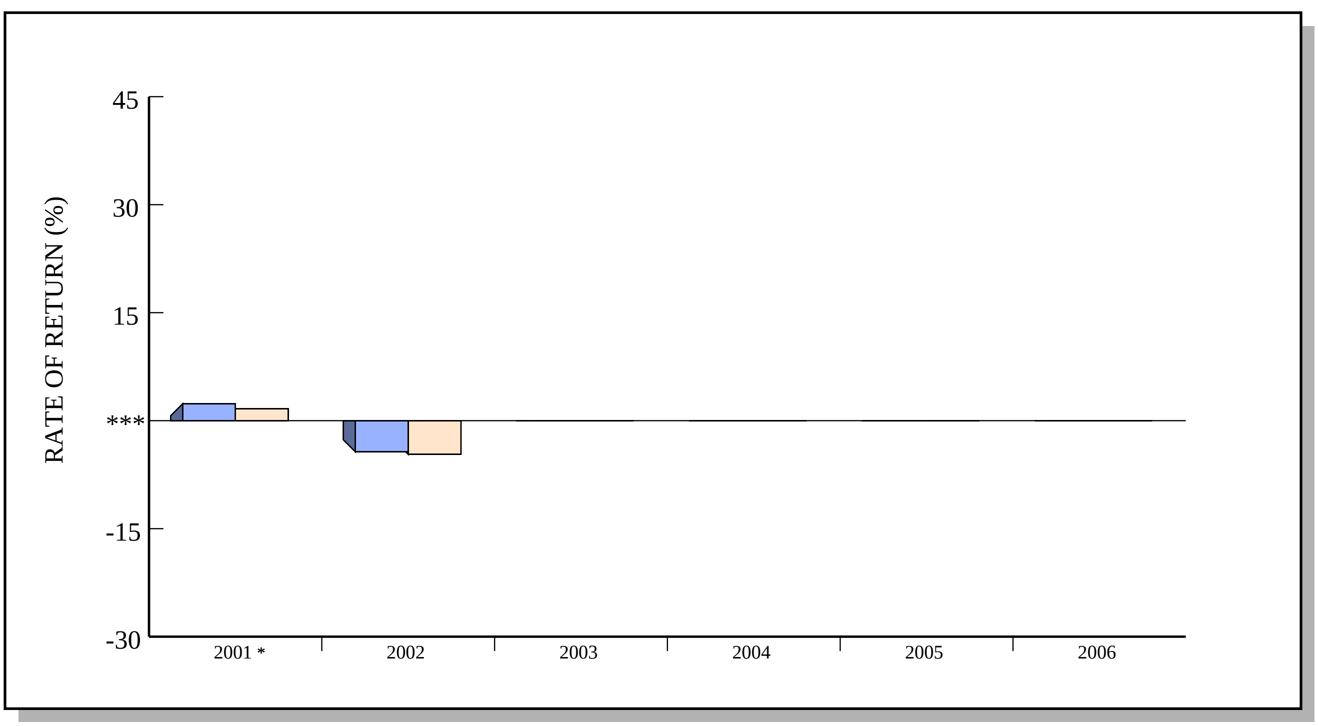
	VALUE	PERCENT	TARGET	DIFFERENCE + / -
EQUITIES	$ 15, 475, 945.	43.9%	50.0%	-6.1%
BONDS	15, 346, 647.	43.5%	40.0%	3.5%
CASH & EQUIV	1, 817, 432.	5.2%	0.0%	5.2%
INTL EQUITIES	2, 609, 748.	7.4%	10.0%	-2.6%
TOTAL FUND	$ 35, 249, 772.	100.0%		

TOTAL PORTFOLIO

CUMULATIVE RATE OF RETURN



YEAR BY YEAR

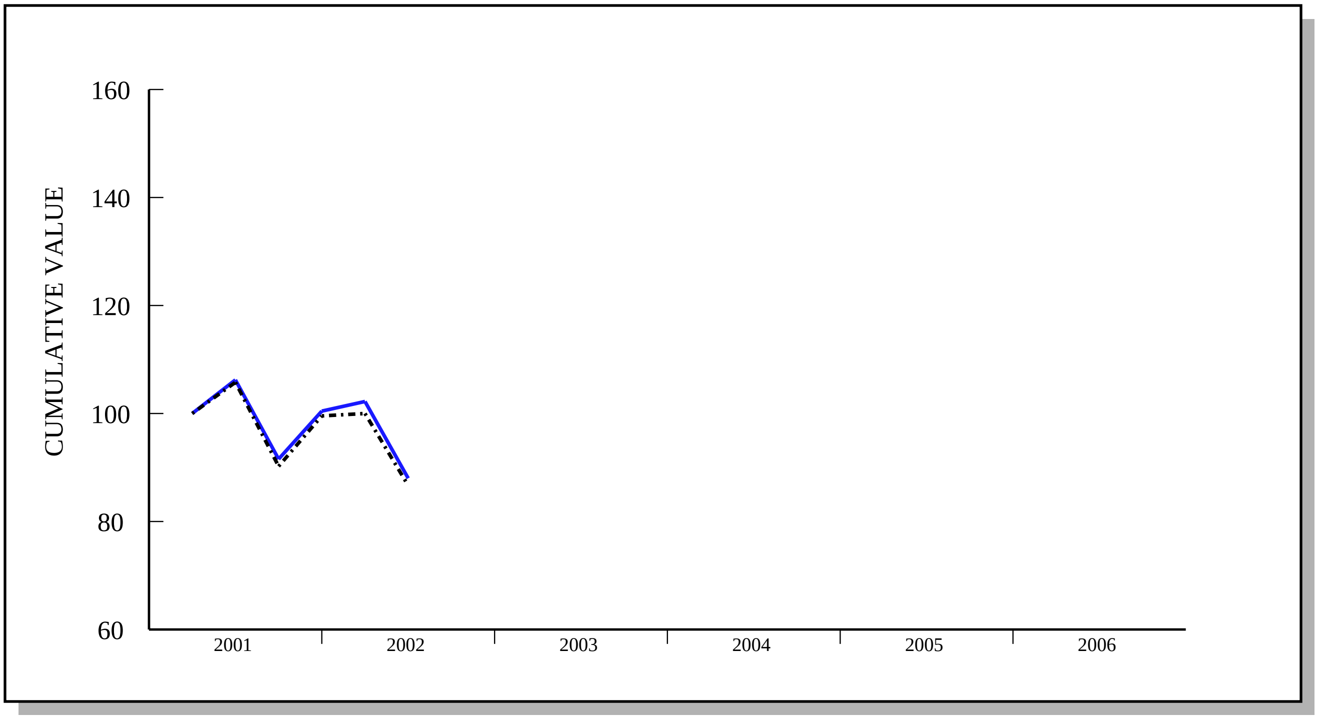


* PARTIAL PERIOD

** YEAR TO DATE

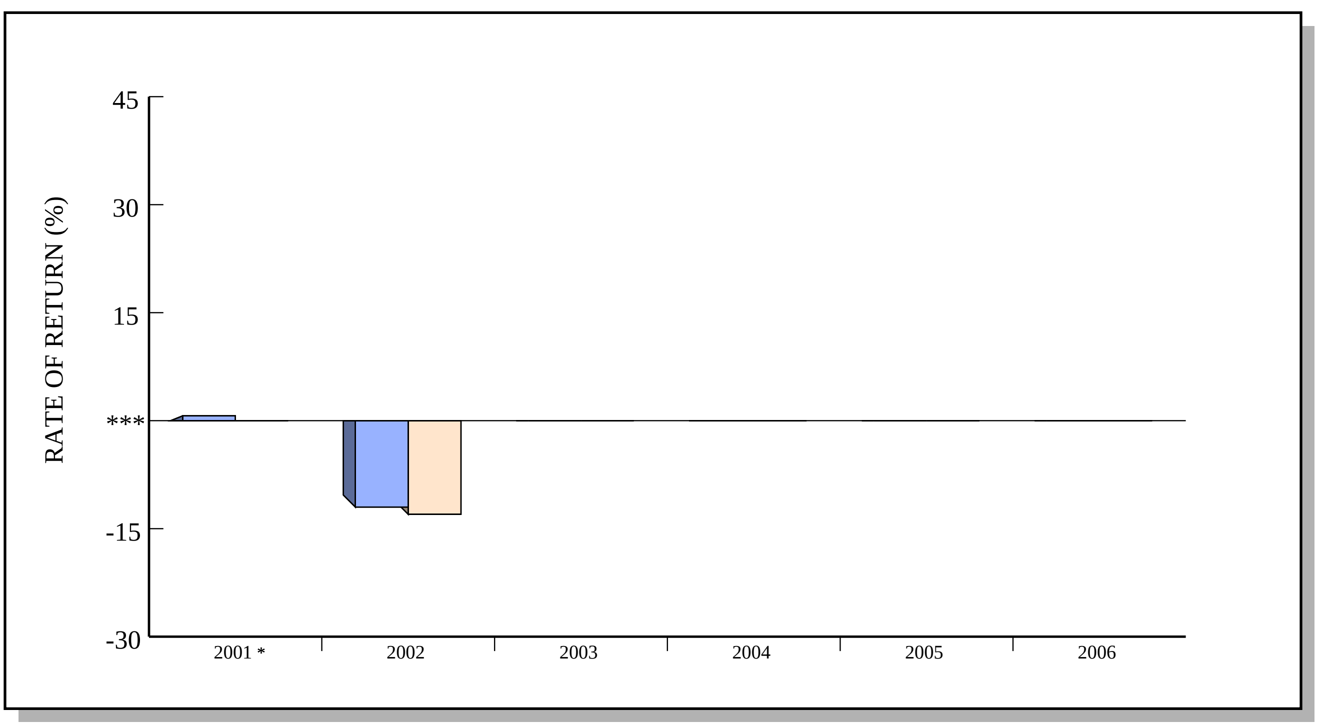
EQUITY PORTFOLIO

CUMULATIVE RATE OF RETURN



PORTFOLIO
S&P 500

YEAR BY YEAR

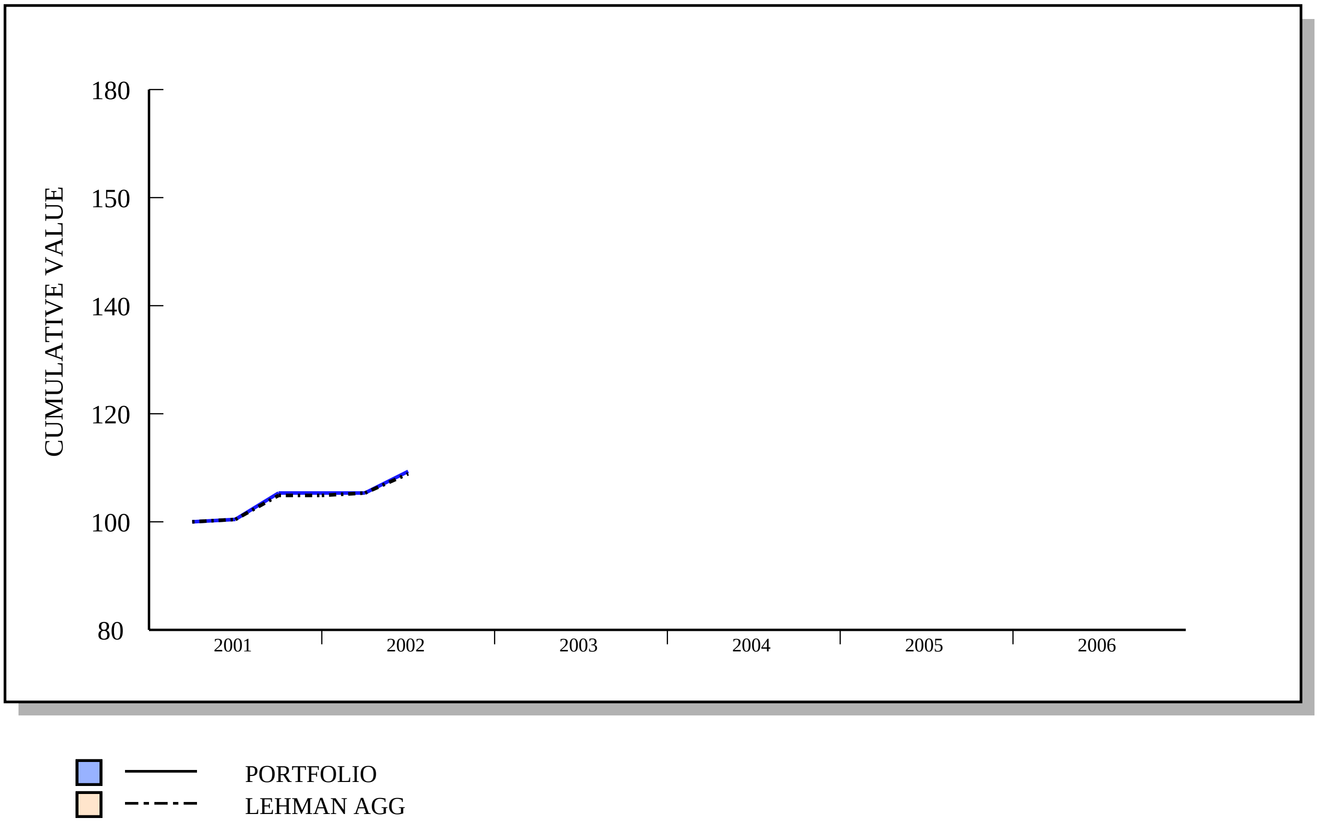


* PARTIAL PERIOD

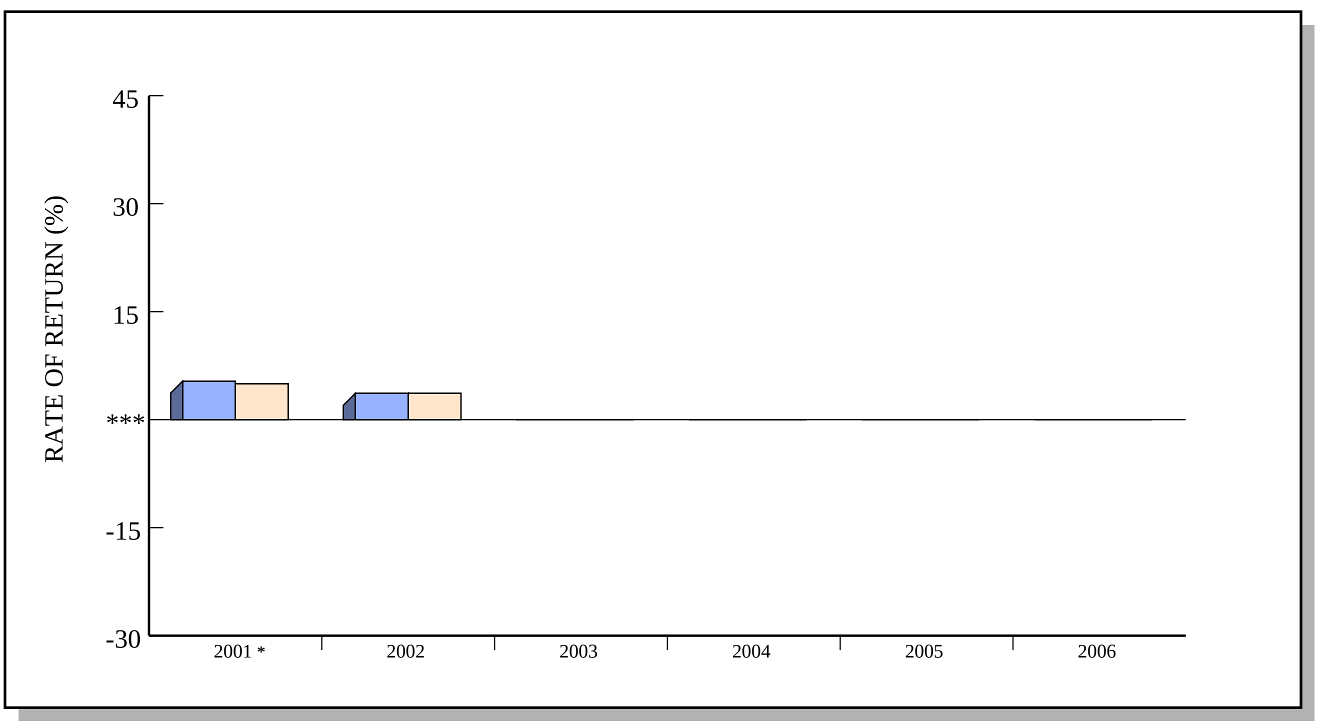
** YEAR TO DATE

BOND PORTFOLIO

CUMULATIVE RATE OF RETURN



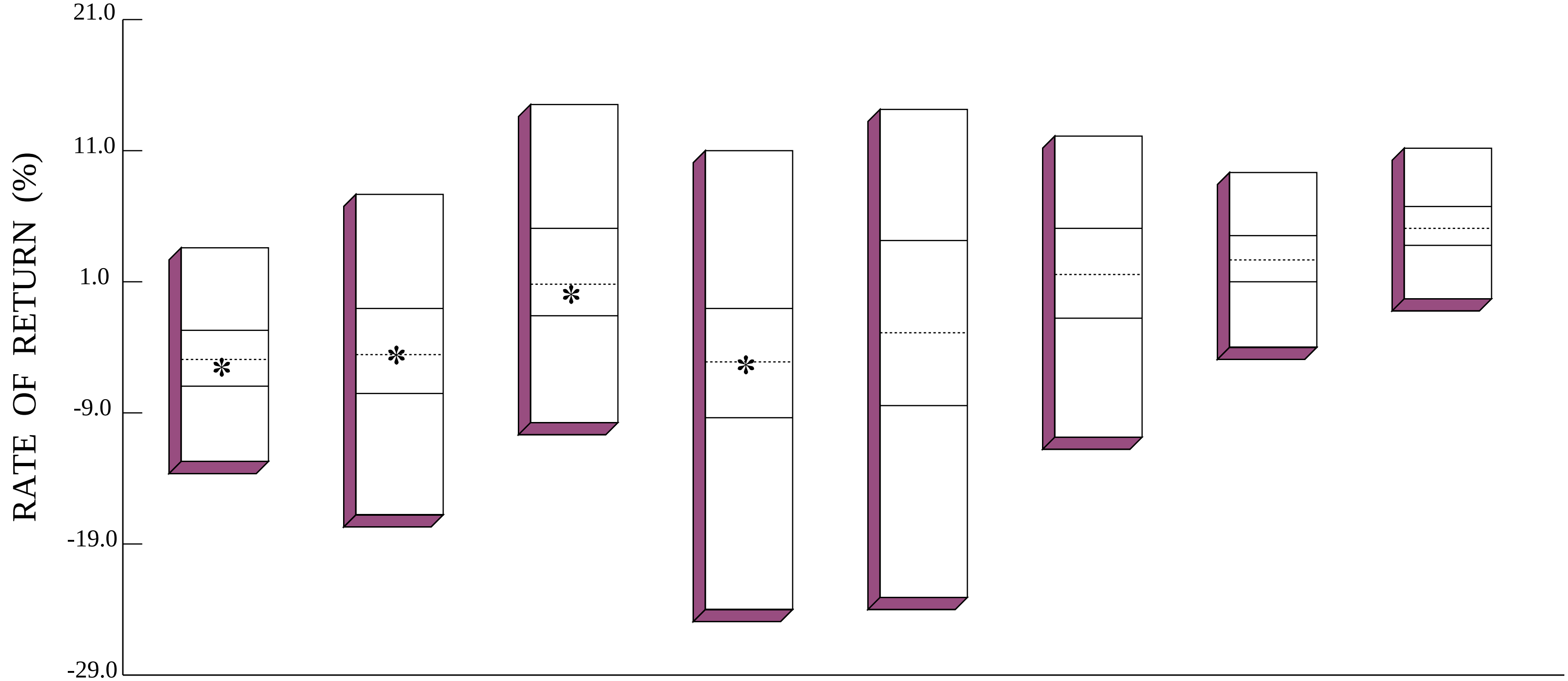
YEAR BY YEAR



* PARTIAL PERIOD

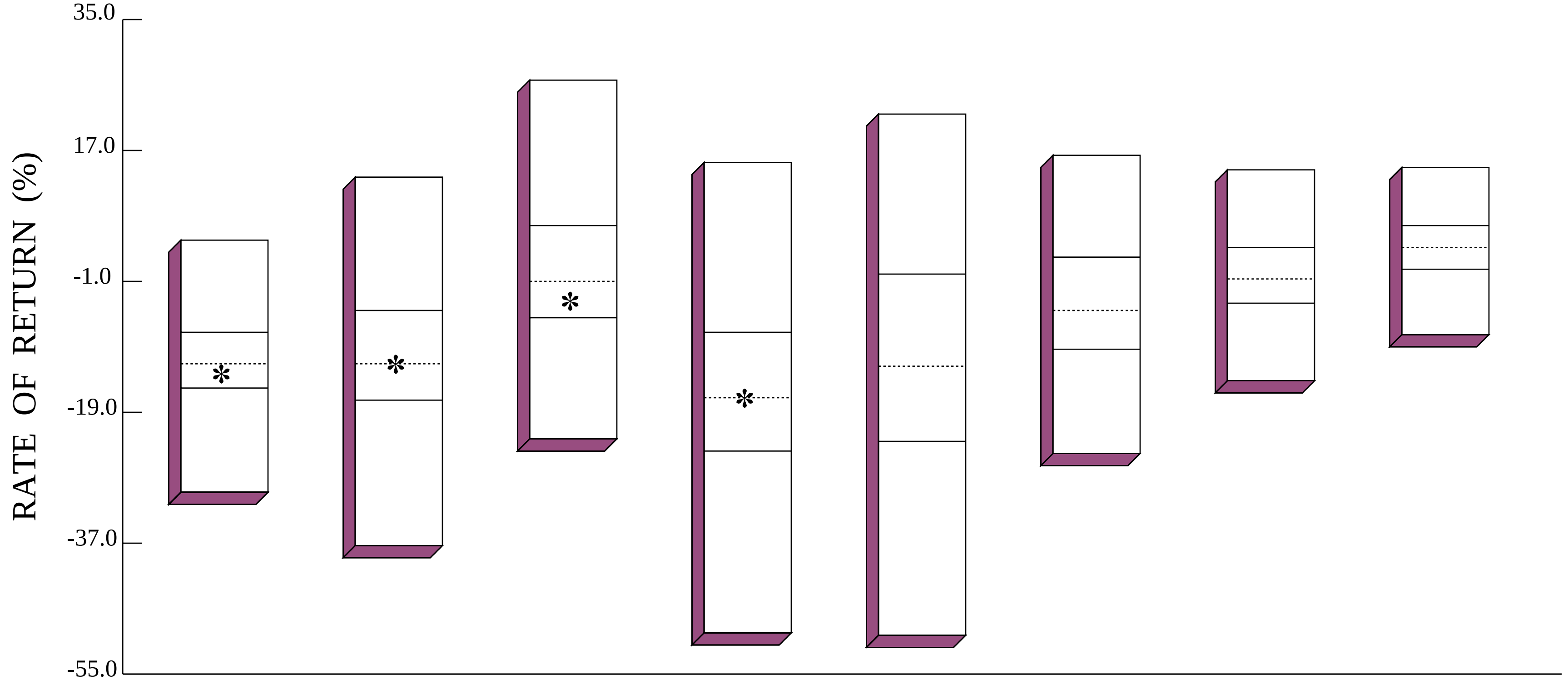
** YEAR TO DATE

TOTAL RATE OF RETURN COMPARISONS



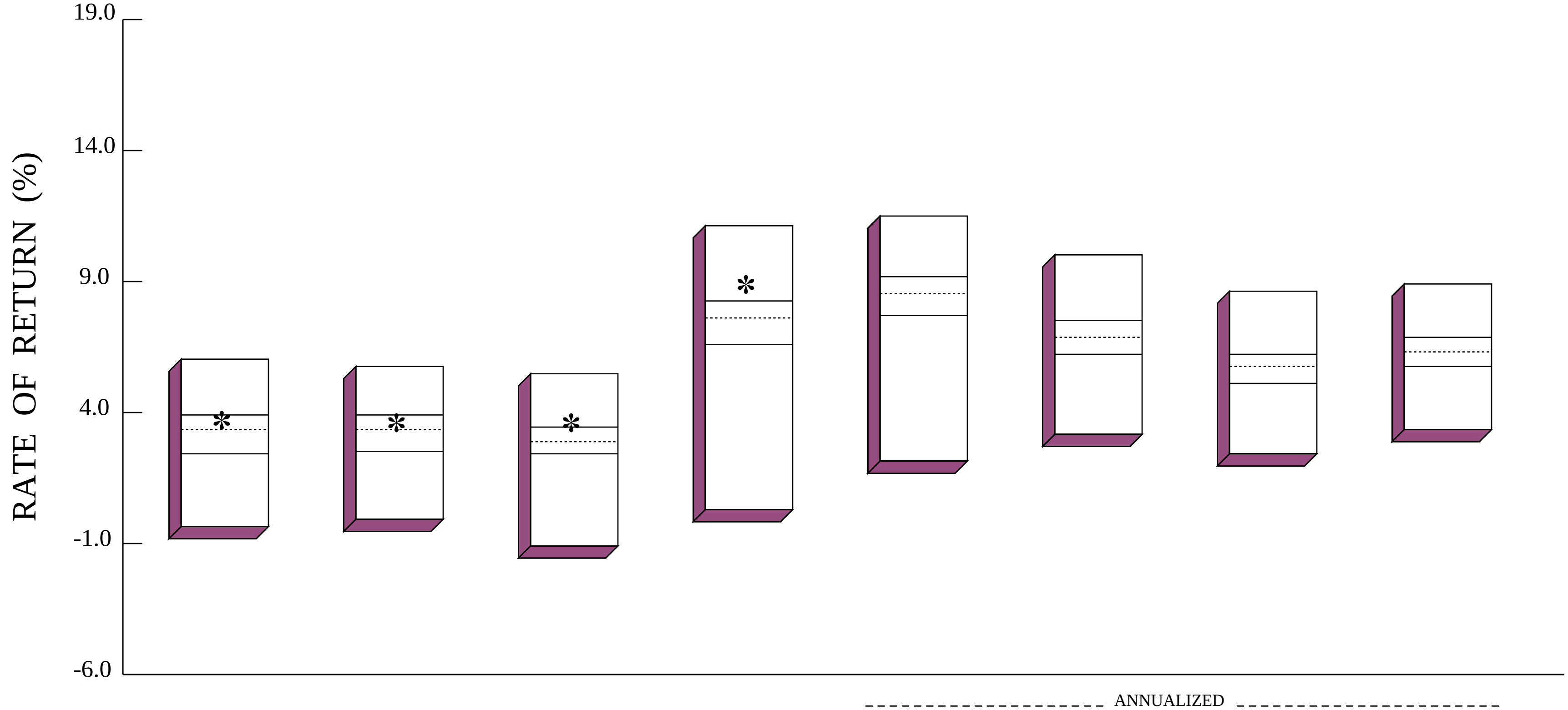
	ANNUALIZED							
	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	LST 2YRS	LST 3YRS	LST 4YRS	LST 5YRS
RETURN	-5.3	-4.5	0.2	-5.2	*****	*****	*****	*****
(RANK)	57	50	56	52	***	***	***	***
HIGHEST	3.8	7.8	14.6	11.0	14.3	12.1	9.4	11.2
25TH %ILE	-2.7	-1.0	5.1	-0.9	4.3	5.1	4.7	6.9
MEDIAN	-4.9	-4.5	0.9	-4.9	-2.9	1.6	2.7	5.2
75TH %ILE	-6.8	-7.3	-1.4	-9.4	-8.3	-1.6	1.2	3.9
LOWEST	-12.6	-16.7	-9.7	-24.0	-23.0	-10.8	-3.9	-0.2
SHADOW INX	-5.0	-4.8	0.1	-5.8	*****	*****	*****	*****

EQUITY RATE OF RETURN COMPARISONS

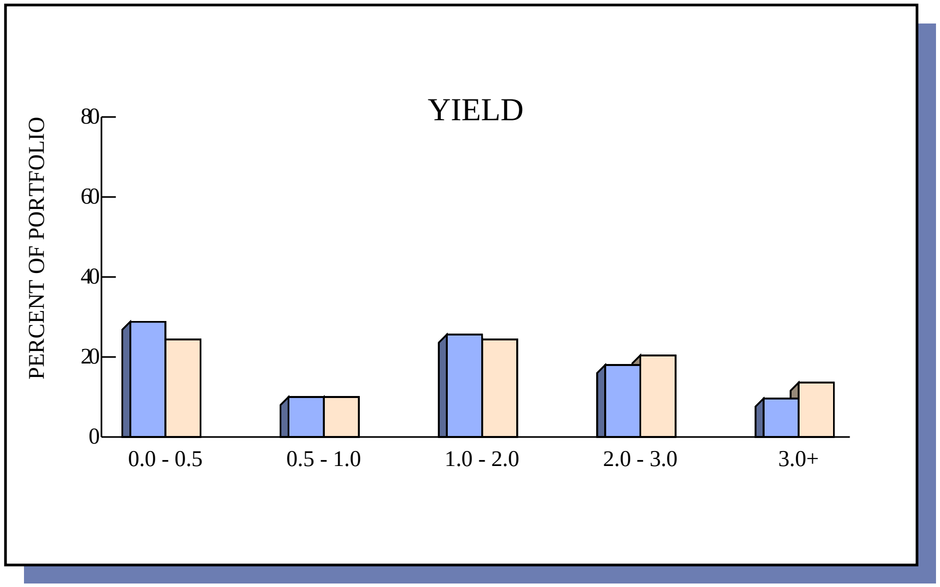


	ANNUALIZED							
	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	LST 2YRS	LST 3YRS	LST 4YRS	LST 5YRS
RETURN	-13.6	-12.2	-3.5	-16.9	*****	*****	*****	*****
(RANK)	63	51	63	51	***	***	***	***
HIGHEST	5.0	13.5	26.9	15.5	22.1	16.5	14.4	14.7
25TH %ILE	-7.9	-4.7	7.0	-8.0	0.1	2.4	3.8	6.8
MEDIAN	-12.1	-12.1	-0.9	-16.9	-12.5	-4.8	-0.5	3.7
75TH %ILE	-15.6	-17.1	-5.7	-24.1	-23.0	-10.0	-3.7	0.8
LOWEST	-29.9	-37.2	-22.4	-49.1	-49.7	-24.6	-14.4	-8.2
S&P 500	-13.4	-13.1	-3.9	-18.0	*****	*****	*****	*****

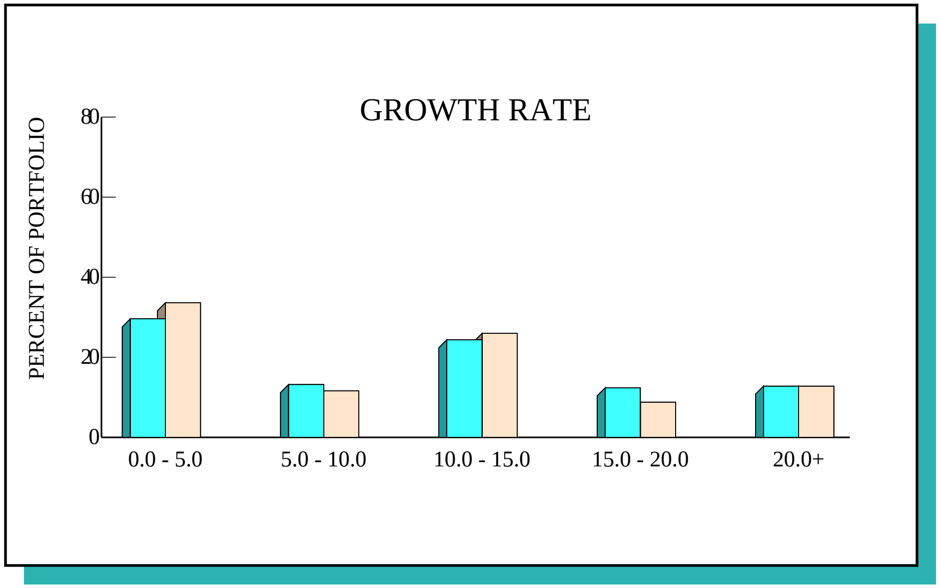
BOND RATE OF RETURN COMPARISONS

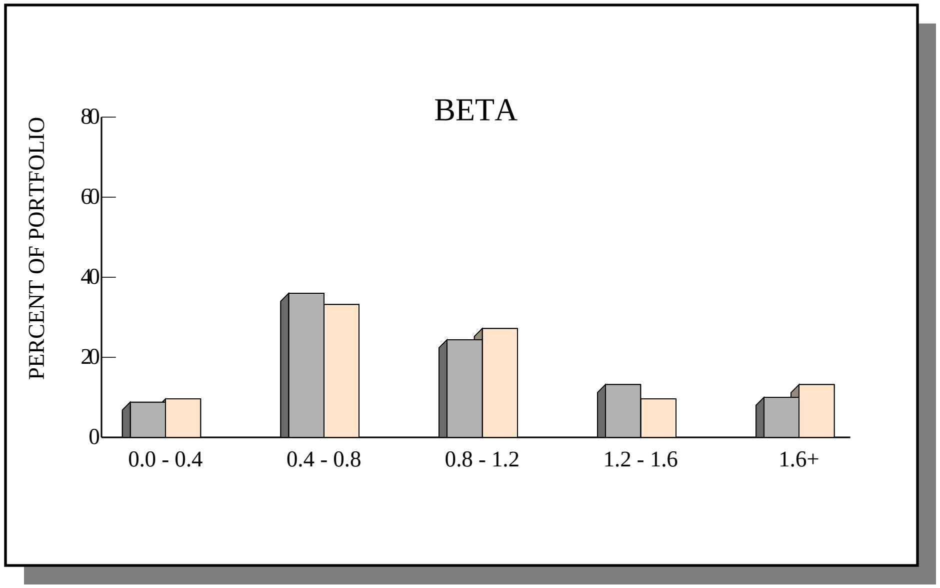


	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	LST 2YRS	LST 3YRS	LST 4YRS	LST 5YRS
RETURN	3.8	3.7	3.7	9.0	*****	*****	*****	*****
(RANK)	31	34	20	10	***	***	***	***
HIGHEST	6.1	5.8	5.6	11.2	11.6	10.0	8.7	9.0
25TH %ILE	3.9	3.9	3.5	8.3	9.2	7.5	6.3	6.9
MEDIAN	3.4	3.4	3.0	7.7	8.6	6.9	5.8	6.4
75TH %ILE	2.5	2.6	2.4	6.6	7.7	6.3	5.2	5.8
LOWEST	-0.3	-0.1	-1.1	0.3	2.2	3.2	2.5	3.4
LEHMAN AGG	3.7	3.8	3.8	8.6	*****	*****	*****	*****



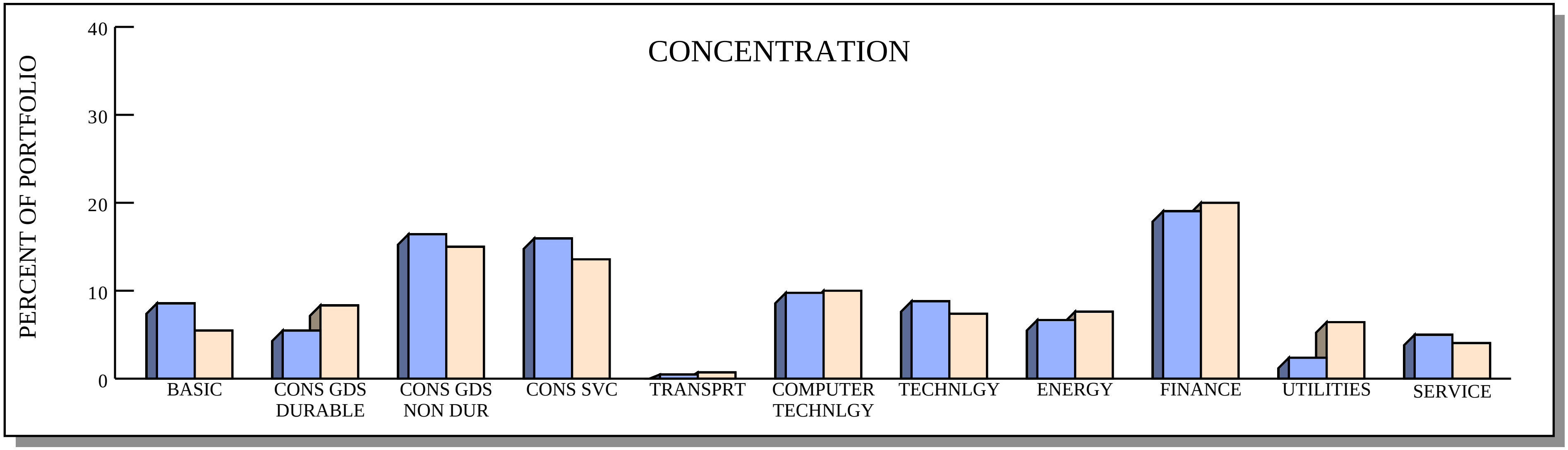
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.4%	6.8%	27.7	0.90
S&P 500	1.6%	5.9%	25.2	1.00





SUNRISE POLICE

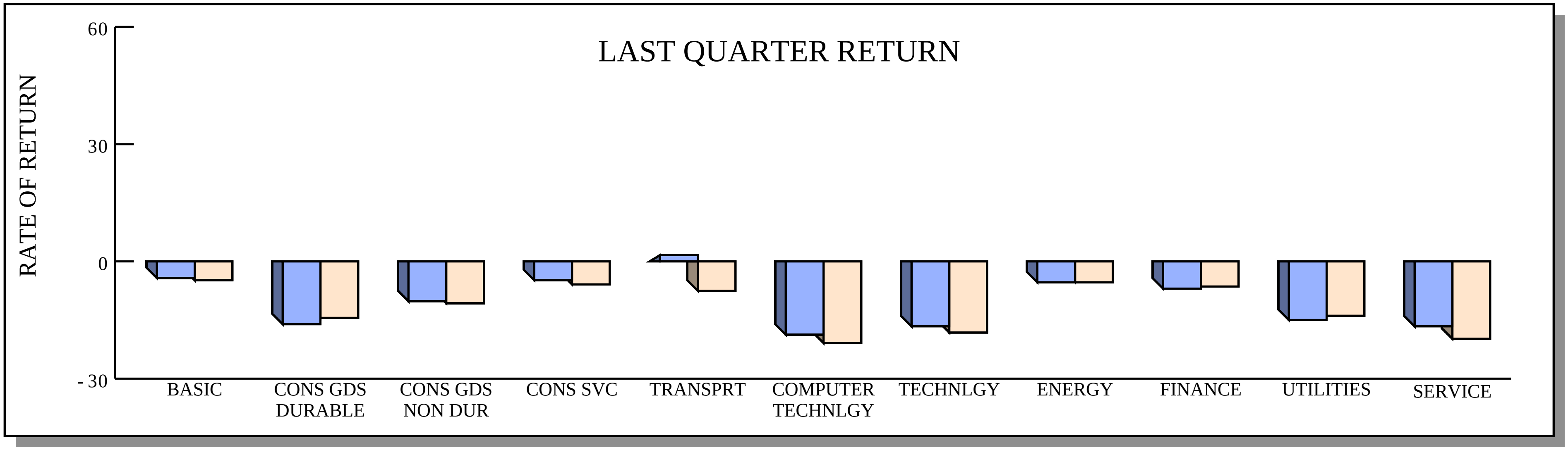
INDUSTRY ANALYSIS



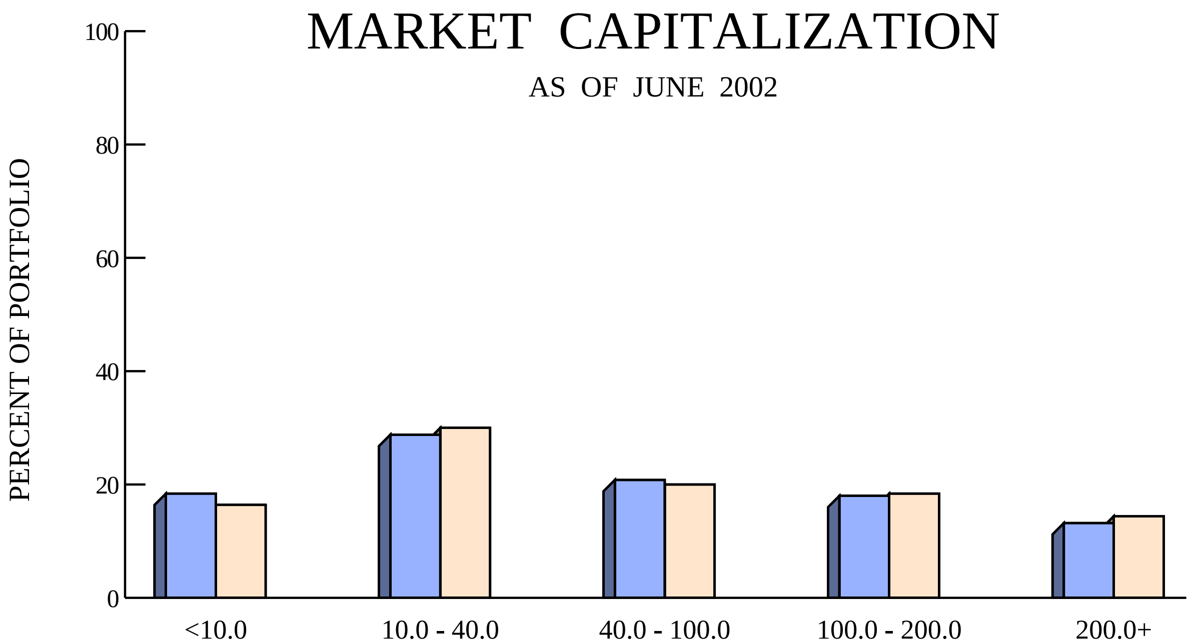
PORTFOLIO

S&P 500

JUNE 2002



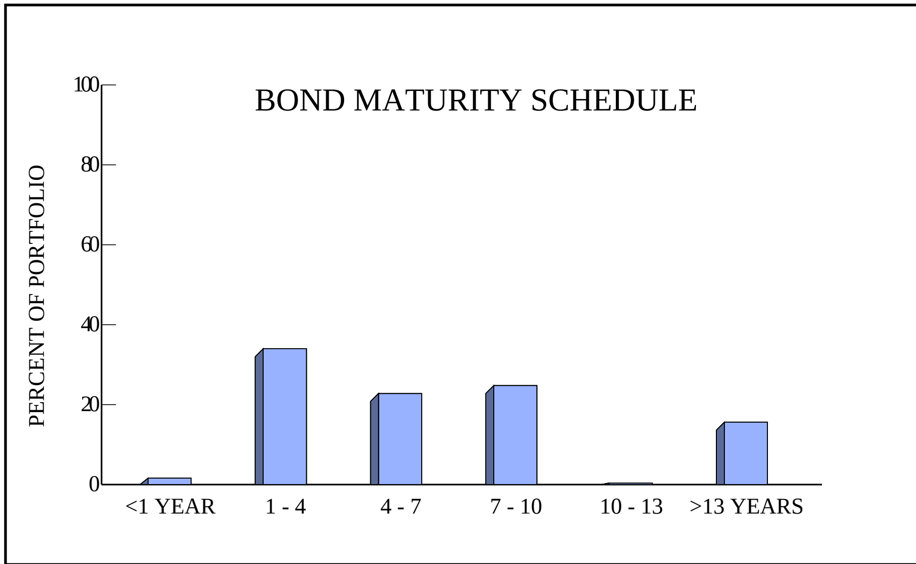
DAHAB ASSOCIATES, INC.

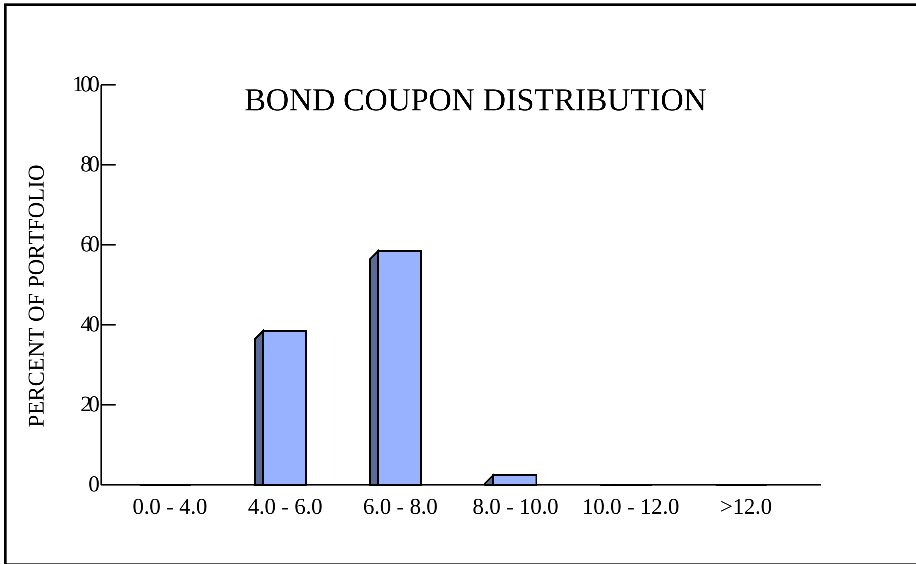


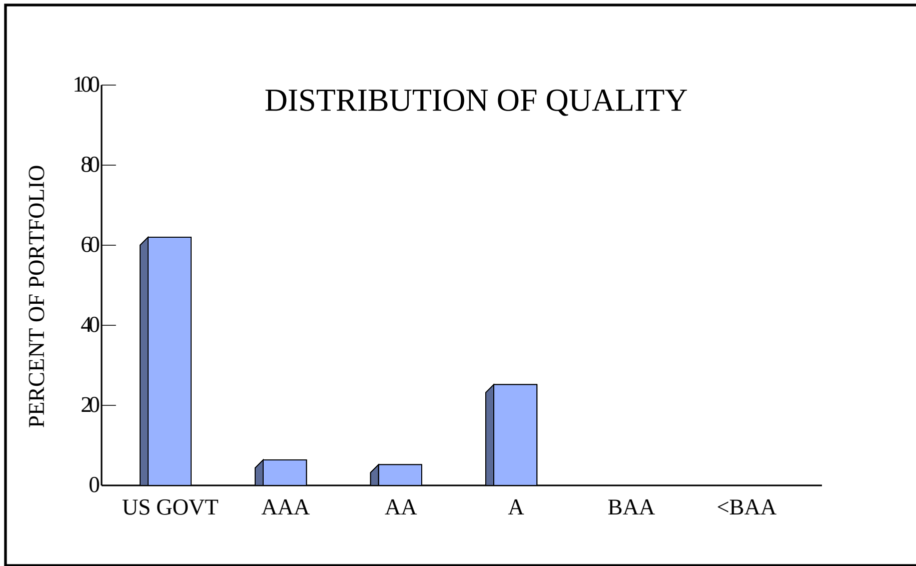
WTD AVG IN BILLIONS	
PORTFOLIO	81.9
S&P 500	85.2

TOP TEN EQUITY HOLDINGS

RANK	TICKER	NAME	VALUE	% EQUITY	RETURN
1	XOM	Exxon Mobil	$ 592,890	3.83%	-6.1%
2	C	Citigroup Inc	450,585	2.91%	-21.3%
3	GE	Genl Electric	446,353	2.88%	-21.8%
4	PFE	Pfizer, Inc	416,150	2.69%	-11.6%
5	JNJ	Johnson & Johns	347,006	2.24%	-19.2%
6	PG	Procter & Gambl	339,340	2.19%	-0.5%
7	AIG	Amer Intl Group	335,896	2.17%	-5.4%
8	WMT	Wal-Mart Stores	313,557	2.03%	-10.1%
9	AA	Alcoa Inc	288,405	1.86%	-11.7%
10	USB	U.S. Bancorp	287,205	1.86%	4.3%







JUNE 2002

	PORTFOLIO	**LEHMAN AGG**
No. of Securities	101	6892
YTM	5.68	5.27
Average Coupon	6.27	6.40
Average Maturity	7.46	7.76
Average Quality	AAA	USG-AAA
Percent Mortgages	43.93	N/A