FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1999-07-27** | Period of Report: **1999-05-31**
SEC Accession No. 0000746458-99-000011

(HTML Version on secdatabase.com)

FILER

AMERICAN CENTURY MUNICIPAL TRUST
CIK:**746458**| IRS No.: **776009794** | Fiscal Year End: **0531**
Type: **N-30D** | Act: **40** | File No.: **811-04025** | Film No.: **99670669**

Mailing Address
1665 CHARLESTON ROAD
MT. VIEW CA 94043

Business Address
1665 CHARLESTON RD
MT VIEW CA 94043
4159658300

[front cover]

MAY 31, 1999

ANNUAL REPORT

AMERICAN CENTURY

[graphic of stairs]

ARIZONA INTERMEDIATE-TERM MUNICIPAL

[american century logo(reg.sm)]
American Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

[left margin]

ARIZONA INTERMEDIATE-TERM MUNICIPAL
(BEAMX)

Turn to the inside back cover of this report to see a list of American Century funds classified by objective and risk.

AN IMPORTANT MESSAGE

On March 1, we reorganized our funds under the American Century name. Though the venerable Benham name is gone, your funds will maintain their same disciplined investment management approach.

James Benham's proven fixed-income investment philosophy, which provides investors a "pure play" on a sector of the bond market, will remain. That investment practice--now a hallmark of investing at American Century--has helped our fixed-income funds deliver solid performance over the years.

In addition, we will continue to build our team of experienced fixed-income portfolio managers, which has doubled in size since American Century was formed.

We look forward to continuing to meet your fixed-income investment needs in the tradition you have come to expect.

Our Message to You

/photo of James E. Stowers III and James E. Stowers, Jr./
James E. Stowers III, seated, with James E. Stowers, Jr.

We experienced several investment mood swings in the U.S. financial markets during the year ended May 31, 1999. When we last addressed you in the semiannual report for American Century Arizona Intermediate-Term Municipal, yields had fallen as the U.S. bond market rallied. The bond gains were spurred by global economic and financial turmoil. The Federal Reserve (the U.S. central bank) cut short-term interest rates to bolster a seemingly vulnerable U.S. economy and help stabilize markets worldwide.

The Fed's actions helped turn things around. By January 1999, overseas economies were stabilizing, the U.S. economy was posting strong growth, and investor confidence had rebounded. As a result, stocks rallied and U.S. bond yields generally returned to higher levels, though they remained lower than they were a year earlier. Municipal bonds, which had underperformed Treasury bonds in 1998, outperformed Treasurys during the first five months of 1999.

Investors in American Century tax-free and municipal funds benefited from other positive developments as 1999 unfolded. In March, we consolidated all our funds under the American Century name. We believe the change makes it simpler for you to identify your funds.

We also reclassified all 71 of our funds based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds, arranged by their new classifications, is on the inside back cover of this report.

In addition, we enhanced our Web site (www.americancentury.com). There you'll find daily fund information -- including performance and price data -- market and national news, and a Forms Center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

Finally, we continued to expand the American Century investment team, which has doubled over the last three years. We're committed to building and maintaining a talented management group.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/s/James E. Stowers, Jr.	/s/James E. Stowers III
James E. Stowers, Jr.	James E. Stowers III
Chairman of the Board and Founder	Vice Chairman of the Board and Chief Executive Officer

[right margin]

Table of Contents

Report Highlights 2

Market Perspective 3
Municipal Credit Review 4
ARIZONA INTERMEDIATE-TERM MUNICIPAL
Performance Information 5
Management Q&A 6
Yields 6
Portfolio at a Glance 6
Top Five Sectors 7
Portfolio Composition by Credit Rating 7
Schedule of Investments 8
FINANCIAL STATEMENTS
Statement of Assets and Liabilities 11
Statement of Operations 12
Statements of Changes in Net Assets 13
Notes to Financial Statements 14
Financial Highlights 16
Report of Independent Accountants 17
OTHER INFORMATION
Background Information
Investment Philosophy and Policies 18
Comparative Indices 18
Lipper Rankings 18
Credit Rating Guidelines 18
Investment Team Leaders 18
Glossary 19

Report Highlights

MARKET PERSPECTIVE

* Municipal bonds posted positive returns overall during the year ended May 31, 1999, though most of their gains occurred in 1998 when interest rates fell.

* At the beginning of last summer, municipal bonds languished as investors worried that strong U.S. economic growth might ignite inflation.

* In 1999, better-than-expected U.S. economic growth and other indications that higher inflation and interest rates might be ahead caused bond prices to retrace much of the ground they gained in 1998.

* Despite that environment, municipal bonds benefited from decreased supply and increased demand, helping them to regain considerable ground on their Treasury counterparts.

ARIZONA MUNICIPAL CREDIT REVIEW

* Municipal credit quality remained solid in Arizona during the year ended May 31, 1999.

* A growing jobs base, a burgeoning population, and personal income growth continued to be the mainstays of the state's credit strength.

* Arizona's employment growth slowed during 1998. However, the state's 4.7% jobs expansion was still the highest of any state in the U.S., even outpacing Nevada, which had held top honors since 1994.

* Going forward, our overall outlook for the state's credit health remains generally upbeat.

MANAGEMENT Q&A

* Arizona Intermediate-Term Municipal finished at the top of its Lipper category for the year, providing a respectable return in spite of the sharp rise in interest rates in 1999. The fund's long-term returns are equally impressive.

* In addition to a solid finish among its peers, Arizona Intermediate-Term Municipal's 30-day SEC yield of 3.87% on May 31, 1999, compared favorably with the 3.47% average SEC yield of the fund's Lipper peers.

* We think that several techniques, such as careful yield-curve analysis, diligent credit research, effective duration management, and maturity structure adjustments, helped us enhance returns.

* Looking ahead, we will probably keep the portfolio's sensitivity to interest rate changes fairly neutral in light of the uncertain market environment. We also plan to concentrate our holdings in bonds maturing in the middle of the fund's maturity spectrum--the three- to 10-year area.

[left margin]

ARIZONA INTERMEDIATE-TERM MUNICIPAL (BEAMX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	0.79%*
1 Year	4.51%
30-DAY SEC YIELD:	3.87%
INCEPTION DATE:	4/11/94
NET ASSETS:	$45.4 million

* Not annualized.

Investment terms are defined in the Glossary on pages 19-20.

Market Perspective from Randall W. Merk

/photo of Randall W. Merk/
Randall W. Merk, chief investment officer of fixed income

MUNICIPAL BOND PERFORMANCE

Municipal bonds posted positive returns overall during the year ended May 31, 1999, though most of their gains occurred in 1998 when interest rates fell. In the first five months of 1999, tax-free bond prices generally declined and yields rose because of strong economic growth and inflation concerns.

Short- and intermediate-term municipal bonds outperformed long-term municipals, which are more sensitive to interest rate changes (see the accompanying bond index returns table). Also, lower-quality municipal bonds (those rated BBB or lower) generally outperformed higher-rated (A to AAA) bonds as strong economic conditions caused the yield gap between lower- and higher-rated bonds to narrow.

ECONOMIC ENGINE SPUTTERS BUT REGAINS POWER

At the beginning of last summer, municipal bonds languished as investors worried that strong U.S. economic growth might ignite inflation. That view changed radically in July 1998, when protracted economic and financial problems in Asia and Latin America threatened to weaken global economic growth. Bonds rallied as recessionary expectations increased. To stem overseas problems and boost the U.S. economy, the Federal Reserve (the Fed) lowered short-term U.S. interest rates three times last fall.

Winter brought another shift. The Fed's actions seemed to achieve their intended result--U.S. economic growth accelerated, while parts of Asia and Latin America showed signs of stabilizing. Better-than-expected U.S. economic growth and other indications that higher inflation might be ahead caused bond yields to rise and prices to retrace much of the ground they gained in 1998. May brought word that the Fed was leaning toward raising interest rates, which further dampened bond investors' moods.

TREASURYS FALTER AS MUNICIPALS GAIN GROUND

In 1998, despite falling interest rates, municipals were hamstrung by unfavorable supply and demand conditions and lagged Treasury securities as a result. By October, the difference between municipal and Treasury yields was as small as it had been in a decade, indicating that Treasury bonds were relatively expensive and municipal bonds were comparatively undervalued.

So far in 1999, however, municipal bonds benefited from decreased supply and increased demand, helping them to regain considerable ground on their Treasury counterparts. Even after outperforming Treasurys in recent months, municipal bonds continue to offer attractive yields on a tax-equivalent basis. As of May 31, 1999, an investor in the highest federal tax bracket could earn a tax-adjusted yield of nearly 7.4% on a 10-year AAA-rated municipal bond, well above the 5.6% yield on a 10-Year U.S. Treasury bond.

[right margin]

"BETTER-THAN-EXPECTED U.S. ECONOMIC GROWTH AND OTHER INDICATIONS THAT HIGHER INFLATION MIGHT BE AHEAD CAUSED BOND YIELDS TO RISE AND PRICES TO RETRACE MUCH OF THE GROUND THEY GAINED IN 1998."

MUNICIPAL BOND INDEX RETURNS
FOR THE YEAR ENDED MAY 31, 1999

MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX	4.58%
LEHMAN BROS. 5-YEAR MUNICIPAL GO INDEX	4.90%
LEHMAN BROS. LONG-TERM MUNICIPAL BOND INDEX	4.35%

Source: Bloomberg Financial Markets

[line graph - data below]

SHIFTING MUNICIPAL YIELD CURVES

YEARS TO MATURITY	5/31/98	11/30/98	5/31/99
1	3.80%	3.19%	3.36%
2	3.95%	3.49%	3.59%
3	4.06%	3.64%	3.80%
4	4.15%	3.76%	3.98%
5	4.20%	3.86%	4.12%
6	4.27%	3.96%	4.22%
7	4.34%	4.05%	4.31%
8	4.41%	4.13%	4.38%
9	4.48%	4.21%	4.46%
10	4.55%	4.29%	4.54%
11	4.62%	4.38%	4.62%
12	4.69%	4.47%	4.70%
13	4.77%	4.56%	4.78%
14	4.84%	4.65%	4.86%
15	4.92%	4.73%	4.95%
16	4.95%	4.77%	4.98%
17	4.98%	4.80%	5.01%
18	5.00%	4.84%	5.04%
19	5.03%	4.87%	5.08%
20	5.05%	4.91%	5.12%
21	5.05%	4.91%	5.12%
22	5.05%	4.91%	5.13%
23	5.05%	4.92%	5.14%
24	5.06%	4.92%	5.15%
25	5.06%	4.93%	5.16%
26	5.06%	4.93%	5.16%
27	5.06%	4.93%	5.16%
28	5.07%	4.94%	5.17%

29	5.07%	4.94%	5.17%
30	5.08%	4.95%	5.18%

Source: Bloomberg Financial Markets

CREDIT SNAPSHOT

Municipal credit quality remained solid in Arizona during the year ended May 31, 1999. A growing jobs base, a burgeoning population, and personal income growth continued to be the mainstays of the state's credit strength.

EMPLOYMENT GROWTH ROSE AT A MORE REASONABLE PACE . . .

Arizona's employment growth slowed during 1998. However, the state's 4.7% jobs expansion was still the highest of any state in the U.S., even outpacing Nevada, which had held top honors since 1994. New jobs in Arizona were predominantly service-related ones and although manufacturing positions were created, the industry's 1% growth in 1998 was far less than 1997's torrid 6%.

Economic turmoil in Asia, the destination for roughly half of Arizona's exports, was the catalyst for the slowdown. With demand from the Far East tapering off, cutbacks ensued at Phoenix's major semiconductor producers. Asian economies are showing signs of recovery in 1999, however, enhancing the long-term outlook for the state's high-tech industry. Improvements in Mexico's economy should also lead to increased growth opportunities for Arizona in the form of additional trade and tourism.

Overall, job growth in 1999 is on track to continue slowing but remain well above 3%, which should allow Arizona to remain one of the fastest growing employment spots in the nation.

. . . AS ARIZONA'S POPULATION CONTINUED TO SWELL

The state's favorable climate, low housing costs, and growing jobs base attracted a net 116,000 new residents in 1998, and that figure is on track to be even higher in 1999. Despite the swelling population, the state's unemployment rate continued to drop, falling to only 4.1% in 1998--well below the national average. The unemployment rate remains on track to fall further still in 1999 as labor markets continue to tighten. Personal incomes also continued to rise--income growth jumped 7% in 1998 and may remain over 6% in 1999. Going forward, our overall outlook for the state's credit health remains generally upbeat.

ON THE LEGISLATIVE FRONT

We have continued to monitor developments surrounding the Students First Act of 1998 (see the fund's May 31, 1998 annual report for details on Students First). Though Arizona's increased financial responsibilities under the new legislation are formidable, solid economic growth and prudent fiscal management should allow the initiative to succeed without affecting the state's long-term stability. And while the Act reduces the pool of municipal securities from which we can choose, from a credit standpoint, Students First has had little to no discernable impact.

[left margin]

"A GROWING JOBS BASE, A BURGEONING POPULATION, AND PERSONAL INCOME GROWTH CONTINUED TO BE THE MAINSTAYS OF THE STATE'S CREDIT STRENGTH."

MUNICIPAL CREDIT
RESEARCH TEAM
MANAGER
STEVEN PERMUT
MUNICIPAL CREDIT ANALYSTS
DAVID MOORE

ROBERT MILLER
BILL MCCLINTOCK
TIM BENHAM
BRAD BODE

Arizona Intermediate-Term --Performance

<TABLE>
TOTAL RETURNS AS OF MAY 31, 1999

	ARIZONA INTERMEDIATE-TERM MUNICIPAL	LEHMAN 5-YEAR GO INDEX	OTHER STATES INTERM. MUNI. DEBT FUNDS(2) AVERAGE RETURN	FUND'S RANKING
<S>	<C>	<C>	<C>	<C>
6 MONTHS(1)	0.79%	1.42%	0.34%	--
1 YEAR	4.51%	4.90%	3.41%	1 OUT OF 80
AVERAGE ANNUAL RETURNS				
3 YEARS(3)	5.82%	5.97%	5.47%	15 OUT OF 62
5 YEARS(3)	5.92%	5.91%	5.35%	1 OUT OF 46
LIFE OF FUND(3)	6.17%	5.92%(4)	5.43%(4)	1 OUT OF 45(4)

</TABLE>

The fund's inception date was 4/11/94.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

(3) Returns and rankings would have been lower if management fees had not been waived.

(4) Since 4/30/94, the date nearest the fund's inception for which return data are available.

See pages 18-19 for more information about returns, the comparative index, and Lipper fund rankings.

[mountain graph - data below]

GROWTH OF $10,000 OVER LIFE OF FUND
Value on 5/31/99

Arizona Intermediate-Term Municipal	$13,457
Lehman 5-Year GO Index	$13,348

DATE	Arizona Intermediate-Term Municipal VALUE	Lehman 5-Year GO Index VALUE
4/30/94	$10,000	$10,000
6/30/94	$10,064	$9,996
9/30/94	$10,202	$10,077
12/31/94	$10,098	$10,044
3/31/95	$10,562	$10,450
6/30/95	$10,855	$10,717
9/30/95	$11,131	$11,010
12/31/95	$11,431	$11,211
3/31/96	$11,371	$11,246
6/30/96	$11,433	$11,295
9/30/96	$11,619	$11,479
12/31/96	$11,859	$11,730
3/31/97	$11,816	$11,711
6/30/97	$12,130	$12,002
9/30/97	$12,414	$12,264
12/31/97	$12,676	$12,490
3/31/98	$12,764	$12,636
6/30/98	$12,914	$12,764

9/30/98	$13,325	$13,115
12/31/98	$13,424	$13,218
3/31/99	$13,504	$13,354
5/31/99	$13,457	$13,348

$10,000 investment made 4/30/94

The graph at left shows the growth of a $10,000 investment over the life of the fund, while the graph below shows the fund's year-by-year performance. The Lehman 5-Year GO Index is provided for comparison in each graph. Arizona Intermediate-Term Municipal's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

[bar graph - data below]

ONE-YEAR RETURNS OVER LIFE OF FUND (PERIODS ENDING MAY 31)

DATE	Arizona Intermediate-Term Municipal RETURN	Lehman 5-Year GO Index RETURN
5/31/94	0.92%	0.56%
5/31/95	7.52%	6.89%
5/31/96	4.65%	4.74%
5/31/97	5.77%	6.08%
5/31/98	7.19%	6.95%
5/31/99	4.51%	4.90%

* From 4/30/94 (the date nearest the fund's inception for which index data are available) to 5/31/94.

/photo of Ken Salinger/

An interview with Ken Salinger, a portfolio manager on the Arizona Intermediate-Term Municipal investment team.

HOW DID THE FUND PERFORM FOR THE FISCAL YEAR ENDED MAY 31, 1999?

Arizona Intermediate-Term Municipal finished at the top of its Lipper category for the year, providing a respectable return in spite of the sharp rise in interest rates in 1999. The fund returned 4.51%, outperforming the 3.41% average return of the 80 funds in Lipper Inc.'s Other States Intermediate Municipal Debt Funds category.

Arizona Intermediate-Term Municipal's five-year and life-of-fund returns were also the highest in its Lipper group. The fund's benchmark, the Lehman 5-Year GO Index, returned 4.90%. (See page 5 for fund performance comparisons.)

In addition, Arizona Intermediate-Term Municipal's 30-day SEC yield of 3.87% on May 31, 1999, compared favorably with the 3.47% average SEC yield of the fund's Lipper peers.

WHY DID ARIZONA INTERMEDIATE-TERM MUNICIPAL FINISH AT THE TOP OF ITS LIPPER CATEGORY?

We think that several techniques, such as careful yield-curve analysis, diligent credit research, effective duration management, and maturity- structure adjustments, helped us enhance returns. Our careful analysis of the municipal yield curve--a graphic representation of the relationship between bond yields and maturities (see page 3 for an example)--helped us target maturity areas of the municipal market that seemed to offer the most attractive relative values.

Then, with the help of our municipal credit team, we looked for what we believed were undervalued securities within that maturity range. We made finding such securities a high priority because they often enhance returns with little or no additional risk.

HOW DID DURATION MANAGEMENT FACTOR IN?

Controlling the portfolio's sensitivity to interest rate changes through effective duration management proved an important ingredient in Arizona Intermediate-Term Municipal's continued success.

During much of 1998, we maintained a slightly long duration compared with the fund's Lipper peers, a position of 5.4-5.8 years. The fund reached the longer end of this range toward year-end, when our peers also extended. That choice enhanced returns because the portfolio's greater interest rate sensitivity allowed it to more fully benefit from the drop in rates that occurred in 1998.

[left margin]

"ARIZONA INTERMEDIATE-TERM MUNICIPAL FINISHED AT THE TOP OF ITS LIPPER CATEGORY FOR THE YEAR, PROVIDING A RESPECTABLE RETURN IN SPITE OF THE SHARP RISE IN INTEREST RATES IN 1999."

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	3.87%
30-DAY TAX-EQUIVALENT YIELDS	
31.02% TAX BRACKET	5.61%
33.90% TAX BRACKET	5.85%
34.59% TAX BRACKET	5.92%
39.33% TAX BRACKET	6.38%

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	53	42
WEIGHTED AVERAGE MATURITY	9.7 YRS	8.3 YRS
AVERAGE DURATION	5.6 YRS	5.3 YRS
EXPENSE RATIO	0.51%	0.54%

Investment terms are defined in the Glossary on pages 19-20.

(Continued)

In 1999, however, we have adopted a less aggressive stance. This has meant shortening duration a bit to keep the fund fairly neutral to slightly long compared with its peers.

WHAT PROMPTED THAT STRATEGY SHIFT?

Inflation concerns, which have been driven by robust economic growth and an apparent recovery in overseas markets. A recent rise in consumer prices prompted the Federal Reserve to raise its short-term interest rate target by 25 basis points (0.25%--a basis point equals 0.01%) to slow economic growth to a more-sustainable, non-inflationary pace.

DO YOU EXPECT TO MAINTAIN THE PORTFOLIO'S SOMEWHAT CONSERVATIVE DURATION IN THE NEAR FUTURE?

That depends on several factors. Bond yields have risen to levels not seen since before the Asian crisis worsened at the start of 1998, and Federal Reserve actions are always tough to gauge.

The bond market viewed the Fed's June rate increase as a positive and rallied slightly on the news. The announcement fueled expectations that the Fed will remain vigilant on the inflation front. The Fed's switch to a neutral stance toward rates in the wake of that tightening, rather than their previous bias toward a rate increase, was also behind the rally.

Despite that positive event, we've continued to see a wave of strength in the latest economic reports. So municipal bond yields currently reflect expectations that the Fed will raise its short-term interest rate target again before 1999 winds down. The big question on which the municipal market is balancing right now is whether economic growth will remain overly strong and spark additional Fed tightenings, or whether those concerns are too bearish. If economic growth remains robust, the municipal market may be in for more of the kinds of disappointing returns that we've seen so far this year. By the same token, though, if growth moderates or slows, the market's tone could become more upbeat and bonds could rally.

WITH THAT OUTLOOK IN MIND, WHAT ARE YOUR PLANS FOR THE PORTFOLIO GOING FORWARD?

Managing the maturity structure of the bonds in the portfolio, which helped Arizona Intermediate-Term Municipal's returns during the period, will continue to play a key role going forward. For now, that means keeping the portfolio more highly concentrated in bonds maturing in the middle of the fund's maturity spectrum--the three- to 10-year area, where supply is currently more plentiful and prices more reasonable than for longer-maturity securities. That somewhat bulleted or targeted stance tends to perform best when the yield curve is moving from flat to steep (short-term rates are falling faster than long-term rates, or long-term rates are rising faster than short-term rates.)

In addition, we plan to continue to carefully monitor the yield curve and look for attractive municipals with the help of our credit team, while conservatively adjusting the portfolio's duration in hopes of enhancing returns.

[right margin]

TOP FIVE SECTORS (AS OF 5/31/99)

	% OF FUND INVESTMENTS
GO	51%
SALES TAX REVENUE	7%
COPS/LEASES	7%
HIGHER EDUCATION	6%
SPECIAL TAX REVENUE	6%

TOP FIVE SECTORS (AS OF 11/30/98)

	% OF FUND INVESTMENTS
GO	54%
HOSPITAL REVENUE	7%
COPS/LEASES	7%
SPECIAL TAX REVENUE	6%
WATER AND SEWER REVENUE	5%

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
AAA	63%	60%
AA	22%	26%
A	10%	9%
BBB	5%	5%

Ratings provided by Standard & Poor's. See Credit Rating Guidelines on page 18 for more information.

Arizona Intermediate-Term--Sched. of Investments

MAY 31, 1999

Principal Amount		Value
MUNICIPAL SECURITIES--98.9%		
ARIZONA--93.5%		
$1,000,000	Arizona Transportation Board	

	Highway Rev., Series 1993 A, 6.00%, 7/1/08	$ 1,110,470
655,000	Avondale Municipal Development Corp. Rev., 4.60%, 7/1/10 (FGIC)	649,976
405,000	Avondale Municipal Development Corp. Rev., 4.70%, 7/1/11 (FGIC)	402,145
900,000	Coconino & Yavapai Counties Joint Unified School District No. 9, Series 1994 C, (Sedona Project of 1992), 5.60%, 7/1/06 (FGIC)	947,268
1,000,000	East Valley Institute of Technology No. 401 GO, 5.00%, 7/1/03 (AMBAC)	1,038,700
545,000	Gilbert County GO, Series 1994 C, 6.00%, 7/1/02 (MBIA)	578,250
1,200,000	Glendale Industrial Development Auth. Rev., Series 1998 A, (Midwestern University), 5.375%, 5/15/28	1,173,264
1,370,000	Maricopa County COP, 5.625%, 6/1/00	1,384,330
500,000	Maricopa County GO, 6.25%, 7/1/03 (FGIC)	542,150
1,000,000	Maricopa County Hospital Rev., (Sun Health Corp.), 5.75%, 4/1/07	1,071,180
500,000	Maricopa County Industrial Development Auth. Hospital Facility Rev., (Samaritan Health Services), 7.15%, 12/1/04 (MBIA)	569,600
1,000,000	Maricopa County Unified School District No. 1 GO, (Phoenix Elementary), 5.50%, 7/1/09 (MBIA)	1,067,360
1,000,000	Maricopa County Unified School District No. 201 GO, Series 1992 E, (Phoenix), 7.10%, 7/1/04	1,134,290
575,000	Maricopa County School District No. 21 GO, Series 1999 A, (Murphy), 3.80%, 7/1/04 (MBIA)	566,996
500,000	Maricopa County School District No. 28 GO, Series 1999 C, (Kyrene Elementary Project of 1993), 4.40%, 7/1/08 (FGIC)	496,835
375,000	Maricopa County School District No. 3 Elementary GO, Series 1998 C, (Tempe Project of 1997), 3.75%, 7/1/02 (MBIA)	374,179

Principal Amount		Value
$ 800,000	Maricopa County Unified School District No. 40 GO, Series 1994 C, (Glendale Project of 1994), 7.75%, 7/1/06 (FGIC)	$ 959,384
1,000,000	Maricopa County Unified School District No. 41 GO, Series 1988 F, (Gilbert Project of 1998), 6.20%, 7/1/02, Prerefunded at 100% of Par (FGIC)(1)	1,067,690
1,000,000	Maricopa County Unified School District No. 48 GO, (Scottsdale), 6.60%, 7/1/12	1,175,010
500,000	Maricopa County Unified School District No. 80 GO, (Chandler), 5.20%, 7/1/13 (MBIA)	516,915

1,000,000	Maricopa County Unified School District No. 90 GO, (Ruth Fisher Elementary), 5.375%, 7/1/00	1,018,960
1,000,000	Maricopa County Unified School District No. 97 GO, Series 1996 A, (Deer Valley), 6.25%, 7/1/06 (MBIA)	1,115,800
1,000,000	Maricopa County Unified School District No. 97 GO, Series 1999 G, (Deer Valley Project of 1996), 5.60%, 7/1/00 (FSA)(2)	1,024,590
1,000,000	Maricopa County Unified School District No. 97 GO, Series 1999 G, (Deer Valley Project of 1996), 4.75%, 7/1/11 (FSA)(2)	997,680
500,000	Mesa Industrial Development Auth. Rev., Series A-1, (Lutheran Health Systems), 4.00%, 1/1/00 (MBIA)	502,095
1,000,000	Page Municipal Property Corp. Excise Tax Rev., Series 1999 A, 5.00%, 7/1/15 (MBIA)	1,006,010
300,000	Phoenix Airport Rev., Series 1994 C, 5.50%, 7/1/01 (MBIA)	309,876
1,000,000	Phoenix Civic Improvement Corp. Rev., (Senior Lien), 5.00%, 7/1/03	1,032,980
1,000,000	Phoenix Civic Improvement Corp. Wastewater System Lease Rev., 4.85%, 7/1/07 (MBIA)	1,026,810
550,000	Phoenix GO, 6.00%, 7/1/01	575,498
1,000,000	Phoenix GO, Series 1995 B, 5.00%, 7/1/09	1,035,800
1,000,000	Phoenix GO, Series 1999 A, 4.75%, 7/1/12	995,620
2,100,000	Phoenix Industrial Development Auth. Single Family Mortgage Rev., Series 1998 A, 6.60%, 12/1/29 (GNMA/FNMA/FHLMC)	2,284,842

See Notes to Financial Statements

Principal Amount		Value
$ 500,000	Phoenix Street and Highway Rev., 5.95%, 7/1/00	$ 514,050
1,000,000	Pima County Sewer Rev., 6.20%, 7/1/00 (FGIC)	1,030,560
1,000,000	Pima County Unified School District No. 10 GO, (Amphitheater), 5.75%, 7/1/04 (FGIC)(3)	1,075,330
1,000,000	Pima County Unified School District No. 10 GO, (Amphitheater), 7.00%, 7/1/05 (MBIA)	1,144,740
1,000,000	Pima County Unified School District No. 12 GO, (Sunnyside), 5.50%, 7/1/09 (MBIA)	1,054,820

Principal Amount		Value
1,200,000	Pima County Unified School District No. 16 GO, (Catalina Foothills), 5.75%, 7/1/06 (MBIA)	1,304,184
440,000	Pinal County COP, 4.30%, 6/1/07 (MBIA)	436,559
1,000,000	Salt River Project Agricultural Improvement and Power District Rev., Series 1993 B, 6.50%, 1/1/04	1,098,380
480,000	Scottsdale GO, 7.50%, 7/1/02	530,213
1,000,000	Scottsdale Preservation Excise Tax Auth. Rev., 4.50%, 7/1/24 (FGIC)	900,530
1,150,000	Sedona Wastewater Municipal Property Corporate Excise Tax Rev., 5.20%, 7/1/20 (MBIA)(4)	389,459
1,275,000	Tempe GO, 6.25%, 7/1/05(3)	1,413,057
525,000	Tucson COP, 5.70%, 7/1/02	525,672

Principal Amount		Value
$1,000,000	Tucson Street and Highway Rev., 5.70%, 7/1/01	$ 1,039,020
1,000,000	University of Arizona Rev., 5.25%, 6/1/14 (FSA)	1,019,770
500,000	Yavapai County Unified School District No. 28 GO, (Camp Verde), 6.10%, 7/1/04 (FGIC)	546,110
		43,775,007
PUERTO RICO--5.4%		
1,000,000	Puerto Rico Commonwealth GO, 5.75%, 7/1/11 (MBIA)	1,099,360
1,000,000	Puerto Rico Commonwealth GO, 4.50%, 7/1/23	892,440
500,000	Puerto Rico Commonwealth Infrastructure Financing Auth. Special Tax Rev., Series 1998 A, 5.50%, 7/1/08 (AMBAC)	541,020
		2,532,820
TOTAL MUNICIPAL SECURITIES		46,307,827
(Cost $45,383,204)		
SHORT-TERM MUNICIPAL SECURITIES--1.1%		
500,000	Coconino County Pollution Control Corp. Rev., Series 1994 A, (Arizona Public Service-Navajo Project), VRDN, 3.40%, 6/1/99 (LOC: Kredietbank N.V.)	500,000
(Cost $500,000)		
TOTAL INVESTMENT SECURITIES--100.0%		$46,807,827
(Cost $45,883,204)		

See Notes to Financial Statements

(Continued)

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

COP = Certificate of Participation

FGIC = Financial Guaranty Insurance Co.

FHLMC = Federal Home Loan Mortgage Corp.

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GNMA = Government National Mortgage Association

GO = General Obligation

LOC = Letter of Credit

MBIA = MBIA Insurance Corp.

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) Escrowed to maturity in U.S. government securities or state and local government securities.

(2) When-issued security.

(3) Security, or a portion thereof, has been segregated at the custodian bank for a when-issued security.

(4) Security is a zero-coupon municipal bond. The yield to maturity at purchase is indicated. Zero-coupon bonds are purchased at a substantial discount from their value at maturity.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* the principal amount of each investment

* the market value of each investment

* the dollar value of other short-term investments that are considered the same as cash

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

Statement of Assets and Liabilities

MAY 31, 1999

ASSETS

Investment securities, at value

(identified cost of $45,883,204) (Note 3)	$46,807,827
Interest receivable	951,259
	47,759,086

LIABILITIES

Disbursements in excess of demand deposit cash	288,405
Payable for investments purchased	2,019,143
Dividends payable	22,287
Accrued management fees (Note 2)	19,441
Payable for trustees' fees and expenses	171
	2,349,447
Net Assets	$45,409,639

CAPITAL SHARES

Outstanding (unlimited number of shares authorized)	4,274,791
Net Asset Value Per Share	$ 10.62

NET ASSETS CONSIST OF:

Capital paid in	$44,366,127
Accumulated undistributed net realized gain on investment transactions	118,889
Net unrealized appreciation on investments (Note 3)	924,623
	$45,409,639

UNDERSTANDING THE STATEMENT OF ASSETS AND LIABILITIES--This statement details what the fund owns (assets), what it owes (liabilities), and its net assets as of the last day of the period. If you subtract what the fund owes from what it owns, you get the fund's net assets. The net assets divided by the total number of shares outstanding gives you the price of an individual share, or the net asset value per share.

NET ASSETS are also broken down by capital (money invested by shareholders); net investment income not yet paid to shareholders (if any); net gains earned on investment activity but not yet paid to shareholders or net losses on investment activity (known as realized gains or losses); and finally gains or losses on securities still owned by the fund (known as unrealized appreciation or depreciation). This breakdown tells you the value of net assets that are performance-related, such as investment gains or losses, and the value of net assets that are not related to performance, such as shareholder investments and redemptions.

See Notes to Financial Statements

Statement of Operations

YEAR ENDED MAY 31, 1999

INVESTMENT INCOME

Income:	
Interest	$ 2,071,713
Expenses (Note 2):	
Management fees	217,624

Trustees' fees and expenses	3,597
	221,221
Net investment income	1,850,492
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 3)	
Net realized gain on investments	303,577
Change in net unrealized appreciation on investments	(307,941)
Net realized and unrealized loss on investments	(4,364)
Net Increase in Net Assets Resulting from Operations	$ 1,846,128

UNDERSTANDING THE STATEMENT OF OPERATIONS--This statement breaks down how the fund's net assets changed during the period as a result of the fund's operations. It tells you how much money the fund made or lost after taking into account income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

Fund OPERATIONS include:

* interest income earned from investments

* management fees and other expenses

* gains or losses from selling investments (known as realized gains or losses)

* gains or losses on current fund holdings (known as unrealized appreciation or depreciation)

See Notes to Financial Statements

Statements of Changes in Net Assets

YEARS ENDED MAY 31, 1999 AND MAY 31, 1998

Increase in Net Assets	1999	1998
OPERATIONS		
Net investment income	$ 1,850,492	$ 1,553,800
Net realized gain on investments	303,577	247,543
Change in net unrealized appreciation on investments	(307,941)	622,539
Net increase in net assets resulting from operations	1,846,128	2,423,882
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(1,850,492)	(1,553,800)
From net realized gains on investment transactions	(268,298)	(163,355)
Decrease in net assets from distributions	(2,118,790)	(1,717,155)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	16,288,072	18,049,886

Proceeds from reinvestment of distributions	1,608,799	1,285,629
Payments for shares redeemed	(12,261,906)	(10,549,469)
Net increase in net assets from capital share transactions	5,634,965	8,786,046
Net increase in net assets	5,362,303	9,492,773
NET ASSETS		
Beginning of period	40,047,336	30,554,563
End of period	$ 45,409,639	$ 40,047,336
TRANSACTIONS IN SHARES OF THE FUND		
Sold	1,512,103	1,695,769
Issued in reinvestment of distributions	149,456	120,777
Redeemed	(1,140,362)	(989,926)
Net increase	521,197	826,620

UNDERSTANDING THE STATEMENTS OF CHANGES IN NET ASSETS--These statements show how the fund's net assets changed over the past two reporting periods. It details how much a fund grew or shrank as a result of:

* operations--a summary of the Statement of Operations from the previous page for the most recent period

* distributions--income and gains distributed to shareholders

* capital share transactions--shareholders' purchases, reinvestments, and redemptions

Net assets at the beginning of the period plus the sum of operations, distributions to shareholders and capital share transactions result in net assets at the end of the period.

See Notes to Financial Statements

MAY 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century Municipal Trust (the trust) is registered under the Investment Company Act of 1940 as an open-end management investment company. Arizona Intermediate-Term Municipal Fund (the fund) is one of the eight funds issued by the trust. The fund is non-diversified under the 1940 Act. The objective of the fund is to seek as high a level of current income exempt from federal income taxes as is consistent with prudent investment management and conservation of shareholders' capital. The fund invests primarily in Arizona intermediate-term municipal obligations. The fund concentrates its investments in a single state and therefore may have more exposure to credit risk related to the state of Arizona than a fund with a broader geographical diversification. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Securities are valued through a commercial pricing service or at the mean of the most recent bid and asked prices. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Trustees.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

INCOME TAX STATUS -- It is the fund's policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions from net investment income are declared daily and distributed monthly. Distributions from net realized gains are declared and paid annually. For the year ended May 31, 1999, 100% (unaudited) of the fund's distributions from net investment income have been designated as exempt from federal income tax.

The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes and may result in reclassification among certain capital accounts.

FUTURES CONTRACTS -- The fund may buy and sell interest rate futures contracts relating to debt securities and write and buy put and call options relating to interest rate futures contracts. The fund may use futures and options transactions to maintain cash reserves while remaining fully invested, to facilitate trading, to reduce transaction costs, or to pursue higher investment returns when a futures contract is priced more attractively than its underlying security or index. One of the risks of entering into futures contracts is the possibility that the changes in value of the contract may not correlate with the changes in value of the underlying securities. Upon entering into a futures contract, the fund is required to deposit either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made or received daily, in cash, by the fund. The variation margin is equal to the daily change in the contract value and is recorded as an unrealized gain or loss. The fund recognizes a realized gain or loss when the contract is closed or expires. There were no open futures contracts at May 31, 1999.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the trust's distributor. Certain officers of FDI are also officers of the trust.

----

2. TRANSACTIONS WITH RELATED PARTIES

The trust has entered into a Management Agreement with American Century Investment Management, Inc. (ACIM) that provides the fund with investment advisory and management services in exchange for a single, unified management fee. The Agreement provides that all expenses of the funds, except brokerage, taxes, portfolio insurance, interest, fees and expenses of those Trustees who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is calculated daily and paid monthly. It consists of an Investment Category Fee based on the average net assets of the funds in a specific fund's investment category and a Complex Fee based on the average net assets of all the funds managed by ACIM. The rates for the Investment Category Fee range from 0.1625% to 0.2800% and the rates for the Complex Fee range from 0.2900% to 0.3100%. For the year ended May 31, 1999, the effective annual management fee was 0.51%.

Certain officers and trustees of the trust are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the trust's investment manager, ACIM, and the trust's transfer agent, American Century Services Corporation.

MAY 31, 1999

3. INVESTMENT TRANSACTIONS

Purchases and sales for the period ended May 31, 1999 of municipal debt obligations, excluding short-term investments, totaled $37,234,634 and $30,049,777, respectively.

As of May 31, 1999, accumulated net unrealized appreciation was $924,623, which consisted of unrealized appreciation of $1,053,121, and unrealized depreciation of $128,498. The aggregate cost of investments for federal income tax purposes was the same as the cost for financial reporting purposes.

4. BANK LOANS

Effective December 18, 1998, the fund, along with certain other funds managed by ACIM, entered into an unsecured $570,000,000 bank line of credit agreement with Chase Manhattan Bank. Borrowings under the agreement bear interest at the Federal Funds rate plus 0.40%. The fund may borrow money for temporary or emergency purposes to fund shareholder redemptions. The fund did not borrow from the line during the period December 18, 1998 through May 31, 1999.

5. FUND EVENTS

The following name change became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	Arizona Intermediate-Term Municipal Fund	American Century - Benham Arizona Intermediate-Term Municipal Fund

<TABLE>
<CAPTION>
FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31

	1999	1998	1997	1996	1995
PER-SHARE DATA					
Net Asset Value,					
<S>	<C>	<C>	<C>	<C>	<C>
Beginning of Period	$ 10.67	$ 10.44	$ 10.31	$ 10.35	$ 10.13
Income From Investment Operations					
Net Investment Income	0.46	0.46	0.45	0.51	0.51
Net Realized and Unrealized Gain (Loss) on Investment Transactions ..	0.01	0.28	0.13	(0.03)	0.22
Total From Investment Operations ...	0.47	0.74	0.58	0.48	0.73
Distributions					
From Net Investment Income	(0.46)	(0.46)	(0.45)	(0.51)	(0.51)
From Net Realized Gains on Investment Transactions	(0.06)	(0.05)	--	(0.01)	--
Total Distributions	(0.52)	(0.51)	(0.45)	(0.52)	(0.51)

Net Asset Value, End of Period	$ 10.62	$ 10.67	$ 10.44	$ 10.31	$ 10.35
Total Return(1)	4.51%	7.19%	5.77%	4.65%	7.52%
RATIOS/SUPPLEMENTAL DATA					
Ratio of Operating Expenses to Average Net Assets (Before Expense Waiver)	0.51%	0.60%	0.79%	0.82%	1.01%
Ratio of Operating Expenses to Average Net Assets	0.51%	0.54%	0.66%	0.14%	--
Ratio of Net Investment Income to Average Net Assets (Before Expense Waiver)	4.30%	4.27%	4.22%	4.17%	4.15%
Ratio of Net Investment Income to Average Net Assets	4.30%	4.33%	4.35%	4.85%	5.16%
Portfolio Turnover Rate	70%	39%	81%	36%	33%
Net Assets, End of Period (in thousands)	$ 45,410	$ 40,047	$ 30,555	$ 25,789	$ 19,778

</TABLE>

(1) Total return assumes reinvestment of dividends and capital gains distributions, if any.

UNDERSTANDING THE FINANCIAL HIGHLIGHTS--This statement itemizes current period activity and statistics and provide comparison data for the last five fiscal years.

On a per-share basis, it includes:

* share price at the beginning of the period

* investment income and capital gains or losses

* income and capital gains distributions paid to shareholders

* share price at the end of the period

It also includes some key statistics for the period:

* total return--the overall percentage return of the fund, assuming reinvestment of all distributions

* expense ratio--operating expenses as a percentage of average net assets

* net income ratio--net investment income as a percentage of average net assets

* portfolio turnover -- the percentage of the portfolio that was replaced during the period

See Notes to Financial Statements

Report of Independent Accountants

To the Board of Trustees of the American Century Municipal Trust and Shareholders the Arizona Intermediate-Term Municipal Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Arizona Intermediate-Term Municipal Fund (formerly the American Century - Benham Arizona Intermediate-Term Municipal Fund) (one of the eight funds in the American Century Municipal Trust, hereafter referred to as the "Fund") at May 31, 1999, and the results of its operations for the year then ended, the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended May 31, 1997, were audited by other auditors, whose report, dated July 7, 1997, expressed an unqualified opinion on those statements. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1999 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 1999

Background Information

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 38 fixed-income funds, ranging from money market portfolios to long-term bond funds and including both taxable and tax-exempt funds. Each fund is managed to provide a "pure play" on a specific sector of the fixed-income market. To ensure adherence to this principle, the basic structure of each fund's portfolio is tied to a specific market index. Fund managers attempt to add value by making modest portfolio adjustments based on their analysis of prevailing market conditions. Investment decisions are made by management teams, which meet regularly to discuss market analysis and investment strategies.

In addition to these principles, each fund has its own investment policies:

ARIZONA INTERMEDIATE-TERM MUNICIPAL seeks to provide interest income exempt from both Arizona and federal income taxes. The fund invests primarily in intermediate-term Arizona municipal securities with maturities of four or more years and maintains a weighted average maturity of 5-10 years.

Depending on your tax status, investment income may be subject to the federal alternative minimum tax. Capital gains are not exempt from federal income tax.

COMPARATIVE INDICES

The following indices are used in the report for fund performance comparisons. They are not investment products available for purchase.

The MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX has an average maturity of approximately two years. The bonds in the index have an average rating of AA1.

The LEHMAN BROTHERS FIVE-YEAR MUNICIPAL GENERAL OBLIGATION INDEX has an average maturity of five years. The bonds are rated BBB or higher by Standard & Poor's, with an average rating of AA.

The LEHMAN BROTHERS LONG-TERM MUNICIPAL BOND INDEX is composed of investment-grade municipal bonds with maturities greater than 22 years.

LIPPER RANKINGS

LIPPER INC. is an independent mutual fund ranking service. Rankings are based on average annual total returns for each fund in a given category for the periods indicated. Rankings are not included for periods less than one year.

The funds in Lipper's OTHER STATES INTERMEDIATE MUNICIPAL DEBT FUNDS category invest in municipal debt issues with dollar-weighted average maturities of 5-10 years and which are exempt from taxation on a specified city or state basis.

CREDIT RATING GUIDELINES

Credit ratings are issued by independent research companies such as Standard & Poor's and Moody's. Ratings are based on an issuer's financial strength and ability to pay interest and principal in a timely manner.

It's important to note that credit ratings are subjective, reflecting the opinions of the rating agencies; they are not absolute standards of quality.

Securities rated AAA, AA, A, or BBB are considered "investment grade," meaning they're relatively safe from default.

[left margin]

INVESTMENT TEAM LEADERS
PORTFOLIO MANAGERS
KEN SALINGER
COLLEEN DENZLER
MUNICIPAL CREDIT RESEARCH DIRECTOR
STEVEN PERMUT

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year returns, please refer to the "Financial Highlights" on page 16.

YIELDS

* 30-DAY SEC YIELD represents net investment income earned by the fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC yield should be regarded as an estimate of the fund's investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

* TAX-EQUIVALENT YIELDS show the taxable yields that investors in a combined federal and Arizona state income tax bracket would have to earn before taxes to equal the fund's tax-free yield.

INVESTMENT TERMS

* BASIS POINT -- a basis point equals one one-hundredth of a percentage point (or 0.01%). Therefore, 100 basis points equals one percentage point (or 1%).

* YIELD CURVE -- a graphic representation of the relationship between maturity and yield for fixed-income securities. Yield curve graphs plot lengthening maturities along the horizontal axis and rising yields along the vertical axis.

PORTFOLIO STATISTICS

* NUMBER OF SECURITIES --the number of different securities issuances held by a fund on a given date.

* WEIGHTED AVERAGE MATURITY (WAM) -- a measurement of the sensitivity of a fixed-income portfolio to interest rate changes. WAM indicates the average time until the securities in the portfolio mature, weighted by dollar amount.

* AVERAGE DURATION -- another measure of the sensitivity of a fixed-income portfolio to interest rate changes. Duration is a time-weighted average of the interest and principal payments of the securities in a portfolio.

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder's account.
(See Note 2 in the Notes to Financial Statements.)

TYPES OF MUNICIPAL SECURITIES

* COPS/LEASES -- securities issued to finance public property improvements (such as city halls and police stations) and equipment purchases. Certificates of participation represent long-term debt obligations, while leases have a higher risk profile than GOs because they require annual appropriation.

* GO BONDS -- general obligation securities backed by the taxing power of the issuer.

* LAND-SECURED BONDS -- securities such as Mello-Roos bonds and 1915-Act bonds that are issued to finance real estate development projects.

* PREREFUNDED BONDS/ETM BONDS --securities refinanced or escrowed to maturity by the issuer because of their premium coupons (higher-than-market interest rates). These bonds tend to have higher credit ratings because they are backed by Treasury securities.

* REVENUE BONDS --securities backed by revenues from sales taxes or from a specific project, system, or facility (such as a hospital, electric utility, or water system).

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies, and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

[inside back cover]

INVESTMENT OBJECTIVE - CAPITAL PRESERVATION

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency Money Market	Tax-Free Money Market
Capital Preservation	

INVESTMENT OBJECTIVE - INCOME

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal

Inflation-Adjusted Treasury	Intermediate-Term Tax-Free
Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

INVESTMENT OBJECTIVE - GROWTH AND INCOME

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED	DOMESTIC EQUITY	SPECIALTY
Strategic Allocation -- Aggressive	Equity Growth	Utilities
Balanced	Equity Index	Real Estate
Strategic Allocation -- Moderate	Tax-Managed Value	
Strategic Allocation -- Conservative	Income & Growth	
	Value	
	Equity Income	

INVESTMENT OBJECTIVE - GROWTH

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY	SPECIALTY	INTERNATIONAL
New Opportunities	Global Gold	Emerging Markets
Giftrust(reg.tm)		International Discovery
Vista		International Growth
Heritage		Global Growth
Growth		
Ultra(reg.tm)		
Select		

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market

conditions. If held to their target dates, however, they can offer a conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

[back cover]

[american century logo(reg.sm)]
American
Century

P.O. BOX 419200
KANSAS CITY, MISSOURI 64141-6200

WWW.AMERICANCENTURY.COM

INVESTOR RELATIONS
1-800-345-2021 OR 816-531-5575

AUTOMATED INFORMATION LINE
1-800-345-8765

FAX: 816-340-7962

TELECOMMUNICATIONS DEVICE FOR THE DEAF
1-800-634-4113 OR 816-444-3485

BUSINESS, NOT-FOR-PROFIT, EMPLOYER-SPONSORED RETIREMENT PLANS
1-800-345-3533

AMERICAN CENTURY MUNICIPAL TRUST

INVESTMENT MANAGER
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.
KANSAS CITY, MISSOURI

THIS REPORT AND THE STATEMENTS IT CONTAINS ARE SUBMITTED FOR THE GENERAL INFORMATION OF OUR SHAREHOLDERS. THE REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS.

American Century Investments
P.O. Box 419200
Kansas City, MO 64141-6200
www.americancentury.com

BULK RATE
U.S. POSTAGE PAID
AMERICAN CENTURY
COMPANIES

9907
SH-ANN-17030

Funds Distributor, Inc.

[front cover]

MAY 31, 1999

ANNUAL REPORT

AMERICAN CENTURY

[graphic of stairs]

FLORIDA MUNICIPAL
MONEY MARKET

[american century logo(reg.sm)]
American
Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

[left margin]

FLORIDA MUNICIPAL MONEY MARKET
(BEFXX)

Turn to the inside back cover of this report to see a list of American Century funds classified by objective and risk.

AN IMPORTANT MESSAGE

On March 1, we reorganized our funds under the American Century name. Though the venerable Benham name is gone, your funds will maintain their same disciplined investment management approach.

James Benham's proven fixed-income investment philosophy, which provides investors a "pure play" on a sector of the bond market, will remain. That investment practice--now a hallmark of investing at American Century--has helped our fixed-income funds deliver solid performance over the years.

In addition, we will continue to build our team of experienced fixed-income portfolio managers, which has doubled in size since American Century was formed.

We look forward to continuing to meet your fixed-income investment needs in the tradition you have come to expect.

Our Message to You

/photo of James E. Stowers III and James E. Stowers, Jr./
James E. Stowers III, seated, with James E. Stowers, Jr.

We experienced several investment mood swings in the U.S. financial markets during the year ended May 31, 1999. When we last addressed you in the semiannual report for American Century Florida Municipal Money Market, money market yields had plunged as investors rushed to the relative safety and liquidity of short-term securities. Investors were spooked by global economic and financial turmoil. The Federal Reserve (the U.S. central bank) cut short-term interest rates to bolster a seemingly vulnerable U.S. economy and help stabilize markets worldwide.

The Fed's actions helped turn things around. By January 1999, overseas economies were stabilizing, the U.S. economy was posting strong growth, and investor confidence had rebounded. As a result, investors moved out of money market securities in favor of stocks and higher-yielding bonds. Money market yields returned to higher levels, though they remained significantly lower than they were a year earlier.

Investors in American Century funds benefited from other noteworthy events. In March, we consolidated all our funds under the American Century name. Though we are proud of the venerable Twentieth Century and Benham names, we believe the change makes it simpler for you to identify your funds.

We also reclassified all 71 of our funds based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds, arranged by their new classifications, is on the inside back cover of this report.

In addition, we enhanced our Web site (www.americancentury.com). There you'll find daily fund information -- including performance and price data -- market and national news, and a Forms Center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

Finally, we continued to expand the American Century investment team, which has doubled over the last three years. We're committed to building and maintaining a talented management group.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/s/James E. Stowers, Jr.	/s/James E. Stowers III
James E. Stowers, Jr.	James E. Stowers III
Chairman of the Board and Founder	Vice Chairman of the Board and
	Chief Executive Officer

[right margin]

Table of Contents

Frequently Asked Questions 2

FLORIDA MUNICIPAL MONEY MARKET
- Performance Information 3
- Portfolio at a Glance 3
- Yields 3
- Management Q&A 4
- Portfolio Composition by Credit Rating 4
- Portfolio Composition by Security Type 4
- Schedule of Investments 5

FINANCIAL STATEMENTS
- Statement of Assets and Liabilities 8
- Statement of Operations 9
- Statements of Changes in Net Assets 10
- Notes to Financial Statements 11
- Financial Highlights 12

Report of Independent Accountants 13
OTHER INFORMATION
Background Information
Investment Philosophy and Policies 14
Lipper Rankings 14
Credit Rating Guidelines 14
Investment and Credit Research Teams 14
Glossary 15

Money Market Funds--Frequently Asked Questions

Can I make direct deposits into my money market fund account?

Yes. You can arrange for direct deposit of your paycheck, Social Security check, Treasury Direct interest payment, military allotment, or payments from other government agencies. Give us a call, and we will send you the necessary information to set it up.

What is the holding period on new deposits into my account?

Generally, there is an eight-business-day holding period for deposited funds (initial investments in a new account are held for 15 calendar days). There is a one-business-day holding period for U.S. Treasury checks, money orders, and travelers' checks.

Is there a limit on the number of checks I can write on my money market account?

No. You can write as many checks as you like at no charge, as long as each check is for $100 or more.

Is there an easy way to move money from my money market fund into a stock or bond fund?

Yes. Moving money between funds is called an exchange, and there is no limit on the number of exchanges you can make out of a money market fund account. However, there is a limit of six exchanges per calendar year out of stock and bond fund accounts.

Exchanges can be made by:

* visiting our Web site at www.americancentury.com*
* using our Automated Information Line (1-800-345-8765)*
* calling an Investor Relations Representative at 1-800-345-2021*
* writing us a letter

How do I decide whether a taxable money market fund or a tax-free money market fund is right for me?

The most important factor to consider is your tax bracket. Tax-free money market funds typically offer lower yields than taxable funds, but you pay no federal income taxes on the income from a tax-free fund.

If you are in one of the higher federal income tax brackets, taxes will eat up a big part of your income from a taxable money market fund, so a tax-free investment may be better for you. If you're in a lower tax bracket, then you can usually earn more in a taxable fund even after taxes are deducted.

We can help you figure it out. If you give us a call and tell us what tax bracket you're in, we can tell you whether you're likely to earn more after-tax income in a tax-free or a taxable money market fund.

If you have any questions about our money market funds, call us toll free at 1-800-345-2021 or e-mail us at our Web site, www.americancentury.com.

* Before an investor can make an exchange by calling an Investor Relations Representative, using our Automated Information Line, or visiting our Web site, the investor first must have provided us with written authorization to do so.

[left margin]

A FASTER AND EASIER WAY TO DEPOSIT MUTUAL FUND DISTRIBUTIONS

If you prefer to have your fund dividend or capital gains distributions sent to you instead of reinvesting them, there are a couple of ways to get access to this money faster than waiting for a check in the mail:

* You can have distributions deposited directly into your money market account. The money will be deposited the same day that the distributions are paid.

* Distributions can be sent electronically to your bank account. The money will be available in you bank account within three days.

Contact an Investor Relations Representative to set up either of these options.

Florida Municipal Money Market--Performance

TOTAL RETURNS AS OF MAY 31, 1999

	FLORIDA MUNICIPAL MONEY MARKET	OTHER STATES TAX-EXEMPT MONEY MARKET FUNDS(2) AVERAGE RETURN	FUND'S RANKING
6 MONTHS(1)	1.37%	1.30%	--
1 YEAR	2.92%	2.80%	13 OUT OF 36
AVERAGE ANNUAL RETURNS			
3 YEARS(3)	3.26%	3.05%	6 OUT OF 33
5 YEARS(3)	3.47%	3.15%	1 OUT OF 18
LIFE OF FUND(3) ..	3.45%	3.15%(4)	1 OUT OF 17(4)

The fund's inception date was 4/11/94.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

(3) Returns and rankings would have been lower if management fees had not been waived from 4/11/94 to 12/31/96.

(4) Since 4/30/94, the date nearest the fund's inception for which return data are available.

See pages 14-15 for more information about returns and Lipper fund rankings.

PORTFOLIO AT A GLANCE

	AS OF 5/31/99	
NET ASSETS	$87.5 MILLION	
	5/31/99	5/31/98
NUMBER OF SECURITIES	42	45
WEIGHTED AVERAGE MATURITY	54 DAYS	54 DAYS
EXPENSE RATIO	0.50%	0.51%*

* On August 1, 1997, a new management agreement with American Century

Investment Management, Inc. went into effect. The agreement reduced management fees to approximately 0.50%.

YIELDS AS OF MAY 31, 1999

7-DAY CURRENT YIELD	2.92%
7-DAY EFFECTIVE YIELD	2.96%
7-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	4.06%
31.0% TAX BRACKET	4.23%
36.0% TAX BRACKET	4.56%
39.6% TAX BRACKET	4.83%

Past performance does not guarantee future results.

Money market funds are neither insured nor guaranteed by the FDIC or any other government agency.

Yields will fluctuate, and although the fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the fund. The 7-day yield more closely reflects earnings of the fund than the total return.

/photo of Bryan Karcher/

An interview with Bryan Karcher, a portfolio manager on the Florida Municipal Money Market fund investment team.

HOW DID FLORIDA MUNICIPAL MONEY MARKET PERFORM DURING THE FISCAL YEAR ENDED MAY 31, 1999?

The fund's fiscal-year return beat the average return of the 36 "Other States Tax-Exempt Money Market Funds" tracked by Lipper Inc. (See the previous page for fund returns and performance comparisons.) Its longer-term returns are similarly strong.

THE FUND'S 7-DAY CURRENT YIELD CAME DOWN A LITTLE IN THE PAST YEAR (3.26% TO 2.92%). WHY?

It's partly because of the general drop in short-term interest rates in 1998. In response to increasing global market volatility, the Federal Reserve lowered short-term rates three times between September and November.

Supply and demand factors in the Florida municipal market also had an impact. Supply decreased dramatically--budget surpluses at many municipalities reduced their borrowing needs. Meanwhile, demand for short-term municipal securities surged. By February, tax-free money market yields were at their lowest levels in nearly five years.

HOW DID YOU POSITION THE FUND IN THIS ENVIRONMENT?

Although we extended the fund's average maturity somewhat when the Fed was cutting interest rates, we generally allowed the average maturity to drift lower (as low as 18 days at the end of March). For much of the fiscal year, longer-term securities weren't offering any extra yield over shorter-term notes, so we didn't extend even though rates were declining.

However, we did lengthen the average maturity during tax season in April and May, when investors withdraw money from their money market accounts to pay income taxes. As funds sell securities to meet these redemptions, we often find one-year securities with attractive yields.

This year was no exception--we bought one-year notes yielding 25 basis points (0.25%--a basis point equals 0.01%) more than shorter-term securities. As a result, we lengthened the fund's average maturity to about 54 days by the end of May.

WHAT'S YOUR OUTLOOK FOR THE FLORIDA MUNICIPAL MONEY MARKET?

Municipal money market yields have risen in recent weeks in anticipation of an interest rate increase by the Fed. As expected, the Fed raised short-term rates in late June, expressing concern about the U.S. economy's strength. But the Fed also suggested that it may not raise rates again for a while.

We took advantage of rising yields to lengthen the fund's average maturity out to nearly 80 days in early June. However, we think that yields will be more stable going forward, so we expect to bring the average maturity back down to a neutral position in the coming months.

[left margin]

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
SP1+	94%	88%
SP1	6%	12%

Ratings provided by Standard & Poor's. See Credit Rating Guidelines on page 14 for more information.

[pie charts - data below]

PORTFOLIO COMPOSITION BY SECURITY TYPE

AS OF MAY 31, 1999

VRDNs	81%
Bonds less than 1 Year	19%

AS OF NOVEMBER 30, 1998

VRDNs	81%
Put Bonds	9%
Bonds less than 1 Year	7%
Commercial Paper	3%

Security types are defined on page 15.

MAY 31, 1999

Principal Amount		Value
SHORT-TERM MUNICIPAL SECURITIES		
$2,135,000	Broward County Industrial Development Rev., (Fast Real Estate Partners), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank South Florida, N.A.) (Acquired 3/10/97-3/20/98, Cost $2,135,000)(1)	$ 2,135,000
2,500,000	Broward County Industrial Development Rev., (HEICO Aerospace Corp.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank South Florida, N.A.) (Acquired 10/17/96, Cost $2,500,000)(1)(2)	2,500,000
2,230,000	Broward County Industrial Development Rev., (MDR Fitness Corp.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank,	

	Miami, N.A.) (Acquired 2/28/96-3/3/97, Cost $2,230,000)(1)	2,230,000
1,800,000	Broward County Industrial Development Rev., (W.R. Bonsal Co.), VRDN, 3.40%, 6/3/99 (LOC: NationsBank, N.A.) (Acquired 3/18/98, Cost $1,800,000)(1)	1,800,000
3,870,000	Coral Springs Industrial Development Rev., (Royal Plastics Group), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank South Florida, N.A.) (Acquired 4/1/96-12/9/98, Cost $3,870,000)(1)	3,870,000
2,500,000	Dade County Aviation Rev., Series 1997 A, (Miami International Airport), 4.60%, 10/1/99 (FSA)	2,512,043
1,000,000	Dade County Industrial Development Auth. Rev., Series 1989 B, (Stephen M. Green), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Miami, N.A.) (Acquired 4/28/94-2/23/95, Cost $1,000,000)(1)	1,000,000
4,000,000	Dade County Special Obligation Trust Receipts, Series 1998 C-2, VRDN, 3.45%, 6/2/99 (LOC: Bank of America NT&SA) (Acquired 12/15/98-1/22/99, Cost $4,000,000)(1)	4,000,000
4,320,000	Escambia County Housing Finance Auth. Single Family Mortgage Rev., VRDN, 3.39%, 6/3/99 (Liquidity: Merrill Lynch & Co., Inc.) (Acquired 4/9/98, Cost $4,320,000)(1)	4,320,000

Principal Amount		Value
$1,530,000	Escambia County Housing Finance Auth. Single Family Mortgage Rev., VRDN, 3.39%, 6/3/99 (SBBPA: Merrill Lynch & Co., Inc.) (Acquired 12/3/96, Cost $1,530,000)(1)	$ 1,530,000
6,485,000	Florida Housing Finance Agency Rev., (Country Club), VRDN, 3.80%, 6/1/99 (LOC: Northern Trust Company)	6,485,000
4,650,000	Florida Housing Finance Agency Rev., Series 1989 J, (Ashley Lake II), VRDN, 3.45%, 6/2/99 (LOC: Morgan Guaranty Trust Co. of New York)	4,650,000
4,500,000	Florida Housing Finance Agency Rev., Series 1996 F, (Caribbean Key), VRDN, 3.35%, 6/2/99 (LOC: KeyBank, N.A.)	4,500,000
2,000,000	Florida Housing Finance Agency Rev., Series 1996 P, (Tiffany Club), VRDN, 3.35%, 6/2/99 (LOC: NationsBank, N.A.)	2,000,000
4,345,000	Florida Housing Finance Agency Trust Receipts, VRDN, 3.45%, 6/2/99 (LOC: Bank of New York) (Acquired 2/12/98, Cost $4,345,000)(1)	4,345,000
3,900,000	Florida Housing Finance Corp.	

	Rev., Series 1998 E, (Club at Vero Apartments), VRDN, 3.45%, 6/2/99 (LOC: NationsBank, N.A.)	3,900,000
1,795,000	Florida Municipal Loan Council Rev., 3.20%, 4/1/00 (MBIA)	1,795,000
2,000,000	Florida State Board of Education Capital Outlay GO, 6.75%, 6/1/00	2,069,373
1,000,000	Florida State Board of Education Capital Outlay GO, 7.00%, 6/1/00, Prerefunded at 102% of Par(3)	1,056,397
1,000,000	Florida State Board of Education Capital Outlay GO, 7.00%, 6/1/00, Prerefunded at 102% of Par(3)	1,056,404
2,095,000	Florida State Board of Education Capital Outlay GO, Series 1989 A, 7.25%, 6/1/00, Prerefunded at 102% of Par(3)	2,218,267
250,000	Florida State Board of Education Capital Outlay GO, Series 1994 E, 5.10%, 6/1/00	253,881
500,000	Florida State Division Board of Finance Department General Services Rev., Series 1991 A, (Preservation 2000), 6.20%, 7/1/99 (AMBAC)	501,199

See Notes to Financial Statements

Principal Amount		Value
$1,740,000	Florida State GO, (Department of Transportation), 6.875%, 7/1/99	$ 1,745,201
500,000	Florida State GO, Series 1997 B, (Department of Transportation), 5.00%, 7/1/99	500,689
1,815,000	Gulf Breeze Rev., Series 1985 B, (Local Govt. Loan), VRDN, 3.25%, 6/3/99 (FGIC) (SBBPA: Credit Local de France)	1,815,000
800,000	Indian River County Industrial Development Rev., (Florida Convention Centers), VRDN, 4.05%, 6/1/99 (LOC: Toronto-Dominion Bank)	800,000
1,000,000	Marion County Housing Finance Auth. Multifamily Rev., Series 1985 F, (Paddock Place), VRDN, 3.35%, 6/3/99 (LOC: Suntrust Bank, Atlanta, GA)	1,000,000
945,000	Martin County Industrial Development Auth. Rev., (Florida R.F. Labs Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank Central Florida, N.A.) (Acquired 2/28/96-12/9/98, Cost $945,000)(1)	945,000

Principal Amount		Value
500,000	Martin County Industrial Development Auth. Rev., (Tampa Farm Service Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank Central Florida, N.A.) (Acquired 6/13/96-12/9/98, Cost $500,000)(1)	500,000
2,800,000	Miami-Dade County Industrial Development Auth. Rev., (Dutton Press Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Miami, N.A.) (Acquired 2/27/98-2/17/99, Cost $2,800,000)(1)	2,800,000
2,000,000	Miami-Dade County Industrial Development Auth. Rev., Series 1999 A, (Edron Fixture Corp.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Miami, N.A.) (Acquired 3/23/99, Cost $2,000,000)(1)	2,000,000
690,000	Miami-Dade County Stormwater Utility Rev., 3.00%, 4/1/00 (AMBAC)	688,870

Principal Amount		Value
$3,000,000	Orange County Health Facilities Auth. Rev., VRDN, 3.25%, 6/17/99 (Liquidity: Merrill Lynch & Co., Inc.) (Acquired 12/15/98, Cost $3,000,000)(1)	$ 3,000,000
1,150,000	Orange County Housing Finance Auth. Multifamily Guaranteed Mortgage Rev., Series 1989 A, (Sundown Association II), VRDN, 3.45%, 6/2/99 (LOC: Fleet Bank, N.A.)	1,150,000
1,850,000	Orange County Industrial Development Auth. Rev., (Precision Meters Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Central Florida, N.A.) (Acquired 3/24/99, Cost $1,850,000)(1)	1,850,000
510,000	Osceola County Sales Tax Rev., 3.25%, 4/1/00 (FSA)(4)	510,000
485,000	Pensacola Airport Rev., Series 1998 A, 6.00%, 10/1/99 (MBIA)	489,098
2,200,000	Pinellas County Industrial Council Development Rev., (Better Business Forms Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Tampa Bay) (Acquired 11/13/97-3/20/98, Cost $2,200,000)(1)	2,200,000
2,100,000	Pinellas County Industrial Council Development Rev., (Hunter Douglas Inc.), VRDN, 3.35%, 6/2/99 (LOC: ABN Amro Bank N.V.) (Acquired 3/17/97, Cost $2,100,000)(1)	2,100,000
500,000	Pinellas County Sewer Rev., 4.00%, 10/1/99 (FGIC)	501,384
1,670,000	Volusia County Industrial Development Auth. Rev., (Daytona Plastix Inc.), VRDN, 3.35%, 6/2/99 (LOC: Suntrust Bank, Central Florida, N.A.) (Acquired 7/17/96-12/19/97,	

Cost $1,670,000)(1)	1,670,000
TOTAL INVESTMENT SECURITIES--100.0%	$86,992,806

See Notes to Financial Statements

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

FGIC = Financial Guaranty Insurance Co.

FSA = Financial Security Assurance Inc.

GO = General Obligation

LOC = Letter of Credit

MBIA = MBIA Insurance Corp.

SBBPA = Standby Bond Purchase Agreement

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) Security was purchased under Rule 144A of the Securities Act of 1933 and, unless registered under the Act or exempted from registration, may be sold only to qualified institutional investors. The aggregate value of these securities at May 31, 1999, was $44,795,000, which represented 51.2% of net assets. None of these securities are considered to be illiquid.

(2) Security, or a portion thereof, has been segregated at the custodian bank for a when-issued security.

(3) Escrowed to maturity in U.S. government securities or state and local government securities.

(4) When-issued security.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* the principal amount of each investment

* the amortized cost of each investment

See Notes to Financial Statements

Statement of Assets and Liabilities

MAY 31, 1999

ASSETS	
Investment securities, at value (amortized cost and cost for federal income tax purposes)	$86,992,806
Cash	466,824
Interest receivable	618,857
	88,078,487
LIABILITIES	
Payable for investments purchased	511,473
Dividends payable	20,123
Accrued management fees (Note 2)	37,110
Payable for trustees' fees and expenses	324
	569,030
Net Assets	$87,509,457
CAPITAL SHARES	
Outstanding (unlimited number of shares authorized)	87,509,457
Net Asset Value Per Share	$ 1.00
NET ASSETS CONSIST OF:	
Capital paid in	$87,509,457

UNDERSTANDING THE STATEMENT OF ASSETS AND LIABILITIES--This statement details what the fund owns (assets), what it owes (liabilities), and its net assets as of the last day of the period. If you subtract what the fund owes from what it owns, you get the fund's net assets. The net assets divided by the total number of shares outstanding gives you the price of an individual share, or the net asset value per share.

NET ASSETS are also broken down by capital (money invested by shareholders); net investment income not yet paid to shareholders (if any); and net gains earned on investment activity but not yet paid to shareholders or net losses on investment activity (known as realized gains or losses). This breakdown tells you the value of net assets that are performance-related, such as investment gains or losses, and the value of net assets that are not related to performance, such as shareholder investments and redemptions.

See Notes to Financial Statements

Statement of Operations

YEAR ENDED MAY 31, 1999

INVESTMENT INCOME	
Income:	
Interest	$3,459,733
Expenses (Note 2):	
Management fees	505,045
Trustees' fees and expenses	6,314
	511,359
Net investment income	$2,948,374

==========

UNDERSTANDING THE STATEMENT OF OPERATIONS--This statement breaks down how the fund's net assets changed during the period as a result of the fund's operations. It tells you how much money the fund made or lost after taking into account income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

Fund OPERATIONS include:

* interest income earned from investments

* management fees and other expenses

See Notes to Financial Statements

Statements of Changes in Net Assets

YEARS ENDED MAY 31, 1999 AND MAY 31, 1998

Decrease in Net Assets	1999	1998
OPERATIONS		
Net investment income	$ 2,948,374	$ 3,755,691
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(2,948,374)	(3,755,691)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	136,641,148	282,351,887
Proceeds from reinvestment of distributions	2,500,325	3,240,863
Payments for shares redeemed	(161,316,337)	(288,037,630)
Net decrease in net assets from capital share transactions	(22,174,864)	(2,444,880)
Net decrease in net assets	(22,174,864)	(2,444,880)
NET ASSETS		
Beginning of period	109,684,321	112,129,201
End of period	$ 87,509,457	$ 109,684,321
TRANSACTIONS IN SHARES OF THE FUND		
Sold	136,641,148	282,351,887
Issued in reinvestment of distributions	2,500,325	3,240,863
Redeemed	(161,316,337)	(288,037,630)
Net decrease	(22,174,864)	(2,444,880)

UNDERSTANDING THE STATEMENTS OF CHANGES IN NET ASSETS--These statements show how the fund's net assets changed over the past two reporting periods. It details how much a fund grew or shrank as a result of:

* operations--a summary of the Statement of Operations from the previous page for the most recent period

* distributions--income and gains distributed to shareholders

* capital share transactions--shareholders' purchases, reinvestments, and redemptions

Net assets at the beginning of the period plus the sum of operations, distributions to shareholders and capital share transactions result in net assets at the end of the period.

See Notes to Financial Statements

Notes to Financial Statements

MAY 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century Municipal Trust (the trust) is registered under the Investment Company Act of 1940 as an open-end management investment company. Florida Municipal Money Market Fund (the fund) is one of the eight funds issued by the trust. The fund is non-diversified under the 1940 Act. Its investment objective is to seek as high a level of current income exempt from federal income taxes as is consistent with prudent investment management and conservation of shareholders' capital by investing primarily in short-term municipal obligations. The fund concentrates its investments in a single state and therefore may have more exposure to credit risk related to the state of Florida than a fund with a broader geographical diversification. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Portfolio securities held by the fund are valued at amortized cost, which approximates current market value. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Trustees.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

INCOME TAX STATUS -- It is the fund's policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions from net investment income are declared and credited daily and distributed monthly. The fund does not expect to realize any long-term capital gains, and accordingly, does not expect to pay any capital gain distributions. For the year ended May 31, 1999, 100% (unaudited) of the fund's distributions from net investment income have been designated as exempt from federal income tax.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the trust's distributor. Certain officers of FDI are also officers of the trust.

---

2. TRANSACTIONS WITH RELATED PARTIES

The trust has entered into a Management Agreement with American Century Investment Management, Inc. (ACIM) that provides each fund with investment advisory and management services in exchange for a single, unified management fee. The Agreement provides that all expenses of the funds, except brokerage, taxes, portfolio insurance, interest, fees and expenses of those Trustees' who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is calculated daily and paid monthly. It consists of an Investment Category Fee based on the average net assets of the funds in a specific fund's investment category and a Complex Fee based on the average net assets of all the funds managed by ACIM. The rates for the Investment Category Fee range from 0.1570% to 0.2700% and the rates for the Complex Fee range from 0.2900% to 0.3100%. For the year ended May 31, 1999, the effective annual management fee was 0.50%.

Certain officers and trustees of the trust are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the trust's investment manager, ACIM, and the trust's transfer agent, American Century Services Corporation.

---

3. FUND EVENTS

The following name change became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	Florida Municipal Money Market Fund	American Century - Benham Florida Municipal Money Market Fund

Florida Muni. Money Market--Financial Highlights

<TABLE>
<CAPTION>
FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31

	1999	1998	1997	1996	1995
PER-SHARE DATA					
Net Asset Value,					
<S>	<C>	<C>	<C>	<C>	<C>
Beginning of Period	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Income From Investment Operations					
Net Investment Income	0.03	0.03	0.03	0.04	0.04
Distributions					
From Net Investment Income	(0.03)	(0.03)	(0.03)	(0.04)	(0.04)
Net Asset Value, End of Period ..	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return(1)	2.92%	3.31%	3.55%	3.86%	3.71%
RATIOS/SUPPLEMENTAL DATA					
Ratio of Operating Expenses to Average Net Assets (Before Expense Waiver)	0.50%	0.53%	0.66%	0.71%	0.88%
Ratio of Operating Expenses to Average Net Assets	0.50%	0.51%	0.12%	0.01%	--
Ratio of Net Investment Income to Average Net Assets (Before Expense Waiver)	2.88%	3.23%	2.94%	3.05%	3.05%
Ratio of Net Investment Income to Average Net Assets	2.88%	3.25%	3.48%	3.75%	3.93%
Net Assets, End of Period (in thousands)	$ 87,509	$ 109,684	$ 112,129	$ 99,993	$ 45,147

</TABLE>

(1) Total return assumes reinvestment of dividends and capital gains distributions, if any.

UNDERSTANDING THE FINANCIAL HIGHLIGHTS--This statement itemizes current period activity and statistics and provide comparison data for the last five fiscal years.

On a per-share basis, it includes:

* share price at the beginning of the period

* investment income

* income distributions paid to shareholders

* share price at the end of the period

It also includes some key statistics for the period:

* total return--the overall percentage return of the fund, assuming reinvestment of all distributions

* expense ratio--operating expenses as a percentage of average net assets

* net income ratio--net investment income as a percentage of average net assets

See Notes to Financial Statements

Report of Independent Accountants

To the Board of Trustees of the American Century Municipal Trust and Shareholders of the Florida Municipal Money Market Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Florida Municipal Money Market Fund (formerly the American Century - Benham Florida Municipal Money Market Fund) (one of the eight funds in the American Century Municipal Trust, hereafter referred to as the "Fund") at May 31, 1999, and the results of its operations for the year then ended, the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended May 31, 1997, were audited by other auditors, whose report, dated July 7, 1997, expressed an unqualified opinion on those statements. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1999 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 1999

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 38 fixed-income funds, ranging from money market portfolios to long-term bond funds and including both taxable and tax-exempt funds. Each fund is managed to provide a "pure play" on a specific sector of the fixed-income market. To ensure adherence to this principle, the basic structure of each fund's portfolio is tied to a specific benchmark index. Fund managers attempt to add value by making modest portfolio adjustments based on their analysis of prevailing market conditions. Investment decisions are made by management teams, which meet regularly to discuss market analysis and investment strategies.

In addition to these principles, each fund has its own investment policies:

FLORIDA MUNICIPAL MONEY MARKET seeks interest income exempt from state and federal income taxes, as well as the Florida intangibles tax, by investing primarily in high-quality, short-term Florida municipal securities.

Investments in Florida Municipal Money Market are neither insured nor guaranteed by the FDIC or any other government agency. Yields will fluctuate, and although the fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the fund.

LIPPER RANKINGS

LIPPER INC. is an independent mutual fund ranking service. Rankings are based on average annual returns for each fund in a given category for the periods indicated. Rankings are not included for periods less than one year.

The funds in Lipper's OTHER STATES TAX-EXEMPT MONEY MARKET FUNDS category invest in high-quality municipal obligations with dollar-weighted average maturities of less than 90 days.

CREDIT RATING GUIDELINES

Credit quality (the issuer's financial strength and the likelihood of timely payment of interest and principal) is a key factor in fixed-income investment analysis. Credit ratings issued by independent rating and research companies such as Standard & Poor's help quantify credit quality--the stronger the issuer, the higher the credit rating. In turn, credit quality and ratings greatly influence the prices and yields of fixed-income securities--high ratings mean higher prices and less current income (yield) as compensation for risk.

But credit ratings are subjective. They reflect the opinions of the rating agencies that issue them and are not absolute standards of quality. Furthermore, high credit ratings do not guarantee good investment performance. They do not reflect the price stability of a municipal security when economic or market conditions change.

[left margin]

INVESTMENT TEAM LEADERS
PORTFOLIO MANAGER
BRYAN KARCHER
MUNICIPAL CREDIT RESEARCH TEAM
MANAGER
STEVEN PERMUT
MUNICIPAL CREDIT ANALYSTS
DAVID MOORE
ROBERT MILLER
BILL MCCLINTOCK
TIM BENHAM
BRAD BODE

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year returns, please refer to the "Financial Highlights" on page 12.

YIELDS

* 7-DAY CURRENT YIELD is calculated based on the income generated by an investment in the fund over a seven-day period and is expressed as an annual percentage rate.

* 7-DAY EFFECTIVE YIELD is calculated similarly, although this figure is slightly higher than the fund's 7-Day Current Yield because of the effects of compounding. The 7-Day Effective Yield assumes that income earned from the fund's investments is reinvested and generating additional income.

* TAX-EQUIVALENT YIELDS show the taxable yields that investors in a federal income tax bracket would have to earn before taxes to equal the fund's tax-free yield.

INVESTMENT TERMS

* BASIS POINT -- a basis point equals one one-hundredth of a percentage point (or 0.01%). Therefore, 100 basis points equal one percentage point (or 1%).

PORTFOLIO STATISTICS

* NUMBER OF SECURITIES -- the number of different securities held by a fund on a given date.

* WEIGHTED AVERAGE MATURITY (WAM) -- a measurement of the sensitivity of a fixed-income portfolio to interest rate changes. WAM indicates the average time until the securities in the portfolio mature, weighted by dollar amount.

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder account. (See Note 2 in the Notes to Financial Statements.)

TYPES OF MUNICIPAL SECURITIES

* MUNICIPAL COMMERCIAL PAPER (CP) -- high-grade short-term securities backed by a line of credit from a bank

* MUNICIPAL NOTES -- securities with maturities of two years or less.

* PUT BONDS -- long-term securities that can be "put back" (i.e., sold at face value) to a specified buyer at a prearranged date.

* VARIABLE-RATE DEMAND NOTES (VRDNS) -- securities that track market interest rates and stabilize their market values using periodic (daily or weekly) interest rate adjustments.

(Continued)

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies, and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

[inside back cover]

INVESTMENT OBJECTIVE - CAPITAL PRESERVATION

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency Money Market	Tax-Free Money Market
Capital Preservation	

INVESTMENT OBJECTIVE - INCOME

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal
Inflation-Adjusted Treasury	Intermediate-Term Tax-Free
Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

==

INVESTMENT OBJECTIVE - GROWTH AND INCOME

==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED	DOMESTIC EQUITY	SPECIALTY
Strategic Allocation -- Aggressive	Equity Growth	Utilities
Balanced	Equity Index	Real Estate
Strategic Allocation -- Moderate	Tax-Managed Value	
Strategic Allocation -- Conservative	Income & Growth	
	Value	
	Equity Income	

==

INVESTMENT OBJECTIVE - GROWTH

==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY	SPECIALTY	INTERNATIONAL
New Opportunities	Global Gold	Emerging Markets
Giftrust(reg.tm)		International Discovery
Vista		International Growth
Heritage		Global Growth
Growth		
Ultra(reg.tm)		
Select		

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market conditions. If held to their target dates, however, they can offer a conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

[back cover]

[american century logo(reg.sm)]
American
Century

P.O. BOX 419200
KANSAS CITY, MISSOURI 64141-6200

WWW.AMERICANCENTURY.COM

INVESTOR RELATIONS
1-800-345-2021 OR 816-531-5575

AUTOMATED INFORMATION LINE
1-800-345-8765

FAX: 816-340-7962

TELECOMMUNICATIONS DEVICE FOR THE DEAF
1-800-634-4113 OR 816-444-3485

BUSINESS, NOT-FOR-PROFIT, EMPLOYER-SPONSORED RETIREMENT PLANS
1-800-345-3533

AMERICAN CENTURY MUNICIPAL TRUST

INVESTMENT MANAGER
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.
KANSAS CITY, MISSOURI

THIS REPORT AND THE STATEMENTS IT CONTAINS ARE SUBMITTED FOR THE GENERAL INFORMATION OF OUR SHAREHOLDERS. THE REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS.

American Century Investments BULK RATE

P.O. Box 419200
Kansas City, MO 64141-6200
www.americancentury.com

U.S. POSTAGE PAID
AMERICAN CENTURY
COMPANIES

9907
SH-ANN-17027

Funds Distributor, Inc.

[front cover]

MAY 31, 1999

ANNUAL REPORT

AMERICAN CENTURY

[graphic of stairs]

FLORIDA INTERMEDIATE-TERM
MUNICIPAL

[american century logo(reg.sm)]
American
Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

[left margin]

FLORIDA INTERMEDIATE-TERM MUNICIPAL

(ACBFX)

Turn to the inside back cover of this report to see a list of American Century funds classified by objective and risk.

AN IMPORTANT MESSAGE

On March 1, we reorganized our funds under the American Century name. Though the venerable Benham name is gone, your funds will maintain their same disciplined investment management approach.

James Benham's proven fixed-income investment philosophy, which provides investors a "pure play" on a sector of the bond market, will remain. That investment practice--now a hallmark of investing at American Century--has helped our fixed-income funds deliver solid performance over the years.

In addition, we will continue to build our team of experienced fixed-income portfolio managers, which has doubled in size since American Century was formed.

We look forward to continuing to meet your fixed-income investment needs in the tradition you have come to expect.

Our Message to You

/photo of James E. Stowers III and James E. Stowers, Jr./
James E. Stowers III, seated, with James E. Stowers, Jr.

We experienced several investment mood swings in the U.S. financial markets during the year ended May 31, 1999. When we last addressed you in the semiannual report for American Century Florida Intermediate-Term Municipal, yields had fallen as the U.S. bond market rallied. The bond gains were spurred by global economic and financial turmoil. The Federal Reserve (the U.S. central bank) cut short-term interest rates to bolster a seemingly vulnerable U.S. economy and help stabilize markets worldwide.

The Fed's actions helped turn things around. By January 1999, overseas economies were stabilizing, the U.S. economy was posting strong growth, and investor confidence had rebounded. As a result, stocks rallied and U.S. bond yields generally returned to higher levels, though they remained lower than they were a year earlier. Municipal bonds, which had underperformed Treasury bonds in 1998, outperformed Treasurys during the first five months of 1999.

Investors in American Century tax-free and municipal funds benefited from other positive developments as 1999 unfolded. In March, we consolidated all our funds under the American Century name. We believe the change makes it simpler for you to identify your funds.

We also reclassified all 71 of our funds based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds, arranged by their new classifications, is on the inside back cover of this report.

In addition, we enhanced our Web site (www.americancentury.com). There you'll find daily fund information -- including performance and price data -- market and national news, and a Forms Center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

Finally, we continued to expand the American Century investment team, which has doubled over the last three years. We're committed to building and maintaining a talented management group.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/s/James E. Stowers, Jr.	/s/James E. Stowers III
James E. Stowers, Jr.	James E. Stowers III
Chairman of the Board and Founder	Vice Chairman of the Board and Chief Executive Officer

[right margin]

Table of Contents

Report Highlights 2
Market Perspective 3
Municipal Credit Review 4
FLORIDA INTERMEDIATE-TERM MUNICIPAL
Performance Information 5
Management Q&A 6
Yields 6
Portfolio at a Glance 6
Top Five Sectors 7
Portfolio Composition
by Credit Rating 7
Schedule of Investments 8
FINANCIAL STATEMENTS
Statement of Assets and
Liabilities 11
Statement of Operations 12
Statements of Changes
in Net Assets 13
Notes to Financial
Statements 14
Financial Highlights 16
Report of Independent
Accountants 17
OTHER INFORMATION
Background Information
Investment Philosophy
and Policies 18
Comparative Indices 18
Lipper Rankings 18
Credit Rating
Guidelines 18
Investment Team
Leaders 18
Glossary 19

Report Highlights

MARKET PERSPECTIVE

* Municipal bonds posted positive returns overall during the year ended May 31, 1999, though most of their gains occurred in 1998 when interest rates fell.

* At the beginning of last summer, municipal bonds languished as investors worried that strong U.S. economic growth might ignite inflation.

* In 1999, better-than-expected U.S. economic growth and other indications that higher inflation and interest rates might be ahead caused bond prices to retrace much of the ground they gained in 1998.

* Despite that environment, municipal bonds benefited from decreased supply and increased demand, helping them to regain considerable ground on their Treasury counterparts.

FLORIDA MUNICIPAL CREDIT REVIEW

* Municipal credit quality remained solid in Florida during the year ended May 31, 1999.

* A growing jobs base, a burgeoning population, and personal income growth continued to be the mainstays of the state's credit strength.

* Florida's employment growth rate remained among the highest in the nation

during 1998 and may continue that trend in 1999. Although the effects of global economic crises and a recession in Latin America have led to manufacturing layoffs, expansions in the business services and finance sectors have more than offset those losses.

* Going forward, our overall outlook for the state's credit health remains generally upbeat.

MANAGEMENT Q&A

* Florida Intermediate-Term Municipal finished at the top of its Lipper category for the year, providing a favorable return in spite of the sharp rise in interest rates in 1999. The fund's long-term returns are equally impressive.

* We believe that careful yield-curve analysis and diligent credit research remained key to the fund's success. Buying securities that we believe are undervalued helps enhance the fund's total return prospects and yield.

* Managing duration--controlling the portfolio's sensitivity to interest rate changes--remained an important element of our overall fund strategy.

* Looking ahead, we will probably keep the portfolio's sensitivity to interest rate changes fairly neutral in light of the uncertain market environment. We also plan to concentrate our holdings in bonds maturing in the middle of the fund's maturity spectrum--the three- to 10-year area.

[left margin]

FLORIDA INTERMEDIATE-TERM MUNICIPAL (ACBFX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	0.74%*
1 Year	4.71%
30-DAY SEC YIELD:	3.95%
INCEPTION DATE:	4/11/94
NET ASSETS:	$44.4 million

* Not annualized.

Investment terms are defined in the Glossary on pages 19-20.

Market Perspective from Randall W. Merk

/photo of Randall W. Merk/
Randall W. Merk, chief investment officer of fixed income

MUNICIPAL BOND PERFORMANCE

Municipal bonds posted positive returns overall during the year ended May 31, 1999, though most of their gains occurred in 1998 when interest rates fell. In the first five months of 1999, tax-free bond prices generally declined and yields rose because of strong economic growth and inflation concerns.

Short- and intermediate-term municipal bonds outperformed long-term municipals, which are more sensitive to interest rate changes (see the accompanying bond index returns table). Also, lower-quality municipal bonds (those rated BBB or lower) generally outperformed higher-rated (A to AAA) bonds as strong economic conditions caused the yield gap between lower- and higher-rated bonds to narrow.

ECONOMIC ENGINE SPUTTERS BUT REGAINS POWER

At the beginning of last summer, municipal bonds languished as investors worried that strong U.S. economic growth might ignite inflation. That view changed radically in July 1998, when protracted economic and financial problems in Asia and Latin America threatened to weaken global economic growth. Bonds rallied as recessionary expectations increased. To stem overseas problems and boost the U.S. economy, the Federal Reserve (the Fed) lowered short-term U.S. interest rates three times last fall.

Winter brought another shift. The Fed's actions seemed to achieve their intended result--U.S. economic growth accelerated, while parts of Asia and Latin America showed signs of stabilizing. Better-than-expected U.S. economic growth and other indications that higher inflation might be ahead caused bond yields to rise and prices to retrace much of the ground they gained in 1998. May brought word that the Fed was leaning toward raising interest rates, which further dampened bond investors' moods.

TREASURYS FALTER AS MUNICIPALS GAIN GROUND

In 1998, despite falling interest rates, municipals were hamstrung by unfavorable supply and demand conditions and lagged Treasury securities as a result. By October, the difference between municipal and Treasury yields was as small as it had been in a decade, indicating that Treasury bonds were relatively expensive and municipal bonds were comparatively undervalued.

So far in 1999, however, municipal bonds benefited from decreased supply and increased demand, helping them to regain considerable ground on their Treasury counterparts. Even after outperforming Treasurys in recent months, municipal bonds continue to offer attractive yields on a tax-equivalent basis. As of May 31, 1999, an investor in the highest federal tax bracket could earn a tax-adjusted yield of nearly 7.4% on a 10-year AAA-rated municipal bond, well above the 5.6% yield on a 10-Year U.S. Treasury bond.

[right margin]

"BETTER-THAN-EXPECTED U.S. ECONOMIC GROWTH AND OTHER INDICATIONS THAT HIGHER INFLATION MIGHT BE AHEAD CAUSED BOND YIELDS TO RISE AND PRICES TO RETRACE MUCH OF THE GROUND THEY GAINED IN 1998."

MUNICIPAL BOND INDEX RETURNS
FOR THE YEAR ENDED MAY 31, 1999

MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX	4.58%
LEHMAN BROS. 5-YEAR MUNICIPAL GO INDEX	4.90%
LEHMAN BROS. LONG-TERM MUNICIPAL BOND INDEX	4.35%

Source: Bloomberg Financial Markets

[line graph - data below]

SHIFTING MUNICIPAL YIELD CURVES

YEARS TO MATURITY	5/31/98	11/30/98	5/31/99
1	3.80%	3.19%	3.36%
2	3.95%	3.49%	3.59%
3	4.06%	3.64%	3.80%
4	4.15%	3.76%	3.98%
5	4.20%	3.86%	4.12%
6	4.27%	3.96%	4.22%
7	4.34%	4.05%	4.31%
8	4.41%	4.13%	4.38%
9	4.48%	4.21%	4.46%
10	4.55%	4.29%	4.54%
11	4.62%	4.38%	4.62%
12	4.69%	4.47%	4.70%
13	4.77%	4.56%	4.78%
14	4.84%	4.65%	4.86%
15	4.92%	4.73%	4.95%
16	4.95%	4.77%	4.98%
17	4.98%	4.80%	5.01%
18	5.00%	4.84%	5.04%
19	5.03%	4.87%	5.08%
20	5.05%	4.91%	5.12%
21	5.05%	4.91%	5.12%
22	5.05%	4.91%	5.13%

23	5.05%	4.92%	5.14%
24	5.06%	4.92%	5.15%
25	5.06%	4.93%	5.16%
26	5.06%	4.93%	5.16%
27	5.06%	4.93%	5.16%
28	5.07%	4.94%	5.17%
29	5.07%	4.94%	5.17%
30	5.08%	4.95%	5.18%

Source: Bloomberg Financial Markets

Municipal Credit Review

CREDIT SNAPSHOT

Municipal credit quality remained solid in Florida during the year ended May 31, 1999. A growing jobs base, a burgeoning population, and personal income growth continued to be the mainstays of the state's credit strength.

EMPLOYMENT GROWTH CONTINUED . . .

Florida's employment growth rate remained among the highest in the nation during 1998 and may continue that trend in 1999. The state posted a robust 4.1% increase in new jobs last year as Florida's economy continued to evolve from one narrowly based on agriculture and tourism to one based more on services and foreign trade. Banking, exports, and insurance providers are now vibrant parts of the transformed economy.

Although the effects of global economic crises and a recession in Latin America have led to manufacturing layoffs, expansions in the business services and finance sectors have more than offset those losses. In 1999, overall job growth is on track to slow but should remain well above the national average. This should allow Florida to remain one of the fastest-growing employment markets in the nation.

. . . WHILE FLORIDA'S POPULATION CONTINUED TO SWELL

The state's favorable climate and affordable housing prices attracted a net 239,000 new residents in 1998, and that figure is on track to be comparably high in 1999. Despite the swelling population, Florida's unemployment rate of 4.3% remained close to national levels and fell from 4.8% in 1997. The downside of such rapid population growth, however, has been pressure for additional roads, schools, and water systems in what has become the fourth-largest state in the nation. Personal incomes also continued to rise--income jumped 5.4% in 1998 and may remain above 4% in 1999.

LOOKING FORWARD

The state's heavy reliance on sales tax revenues, combined with spending pressures from growing school-age and elderly populations, leaves its finances particularly vulnerable to an economic slowdown. Nevertheless, our outlook for the state's prospects remains generally upbeat. By continuing to follow conservative fiscal practices, the state's government is helping to ensure its future will remain bright going forward. Florida's low business costs and relatively relaxed regulatory environment should also continue to make it attractive to companies looking to expand their operations.

ON THE LEGISLATIVE FRONT

Earlier this year, the state enacted legislation that slightly reduced the Florida intangibles tax on residents. Though this development may have mildly reduced the attractiveness of the state's municipal securities to some residents, there has been little discernable impact from a credit standpoint.

[left margin]

"BY CONTINUING TO FOLLOW GENERALLY CONSERVATIVE FISCAL PRACTICES, THE STATE'S

GOVERNMENT IS HELPING TO ENSURE ITS PROSPECTS WILL REMAIN BRIGHT GOING FORWARD.

MUNICIPAL CREDIT
RESEARCH TEAM
MANAGER
STEVEN PERMUT
MUNICIPAL CREDIT ANALYSTS
DAVID MOORE
ROBERT MILLER
BILL MCCLINTOCK
TIM BENHAM
BRAD BODE

Florida Intermediate-Term Municipal--Performance

<TABLE>
TOTAL RETURNS AS OF MAY 31, 1999

	FLORIDA INTERMEDIATE-TERM MUNICIPAL	LEHMAN 5-YEAR GO INDEX	FLORIDA INTERM. MUNICIPAL DEBT FUNDS(2) AVERAGE RETURN	FLORIDA INTERM. MUNICIPAL DEBT FUNDS(2) FUND'S RANKING
<S>	<C>	<C>	<C>	<C>
6 MONTHS(1)	0.74%	1.42%	0.39%	--
1 YEAR	4.71%	4.90%	3.45%	1 OUT OF 15
AVERAGE ANNUAL RETURNS				
3 YEARS(3)	6.50%	5.97%	5.33%	1 OUT OF 11
5 YEARS(3)	6.23%	5.91%	5.28%	1 OUT OF 10
LIFE OF FUND(3)	6.42%	5.92%	5.35%(4)	1 OUT OF 10(4)

</TABLE>

The fund's inception date was 4/11/94.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

(3) Returns and rankings would have been lower if management fees had not been waived.

(4) Since 4/30/94, the date nearest the fund's inception for which return data are available.

See pages 18-19 for more information about returns, the comparative index, and Lipper fund rankings.

[mountain graph - data below]

GROWTH OF $10,000 OVER LIFE OF FUND
Value on 5/31/99

Florida Intermediate-Term Municipal	$13,651
Lehman 5-Year GO Index	$13,348

DATE	Florida Intermediate-Term Municipal VALUE	Lehman 5-Year GO Index VALUE
4/30/94	$10,000	$10,000
6/30/94	$10,054	$9,996
9/30/94	$10,173	$10,077
12/31/94	$10,031	$10,044
3/31/95	$10,539	$10,450
6/30/95	$10,811	$10,717
9/30/95	$11,068	$11,010
12/31/95	$11,396	$11,211
3/31/96	$11,338	$11,246

6/30/96	$11,361	$11,295
9/30/96	$11,561	$11,479
12/31/96	$11,812	$11,730
3/31/97	$11,830	$11,711
6/30/97	$12,205	$12,002
9/30/97	$12,514	$12,264
12/31/97	$12,784	$12,490
3/31/98	$12,918	$12,636
6/30/98	$13,094	$12,764
9/30/98	$13,496	$13,115
12/31/98	$13,613	$13,218
3/31/99	$13,699	$13,354
5/31/99	$13,651	$13,348

$10,000 investment made 4/30/94

The graph at left shows the growth of a $10,000 investment over the life of the fund, while the graph below shows the fund's year-by-year performance. The Lehman 5-Year GO Index is provided for comparison in each graph. Florida Intermediate-Term Municipal's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

[bar graph - data below]

ONE-YEAR RETURNS OVER LIFE OF FUND (PERIODS ENDING MAY 31)

DATE	Florida Intermediate-Term Municipal RETURN	Lehman 5-Year GO Index RETURN
5/31/94*	0.93%	0.56%
5/31/95	7.31%	6.89%
5/31/96	4.34%	4.74%
5/31/97	6.63%	6.08%
5/31/98	8.20%	6.95%
5/31/99	4.71%	4.90%

* From 4/30/94 (the date nearest the fund's inception for which index data are available) to 5/31/94.

/photo of Ken Salinger/

An interview with Ken Salinger, a portfolio manager on the Florida Intermediate-Term Municipal investment team.

HOW DID THE FUND PERFORM FOR THE FISCAL YEAR ENDED MAY 31, 1999?

Florida Intermediate-Term Municipal finished at the top of its Lipper category for the year, providing a favorable return in spite of the sharp rise in interest rates in 1999. The fund returned 4.71%, solidly outpacing the 3.45% average return of the 15 funds in Lipper Inc.'s Florida Intermediate Municipal Debt Funds category.

Florida Intermediate-Term Municipal's three-year, five-year, and life-of-fund returns are also the highest in its Lipper group. The fund's return fell just short of its benchmark; the Lehman 5-Year GO Index returned 4.90%. (See page 5 for fund performance comparisons.)

In addition to an impressive total return compared with its Lipper peers, Florida Intermediate-Term Municipal's 30-day SEC yield of 3.95% on May 31, 1999, compared favorably with the 3.57% average SEC yield of Lipper's Florida intermediate municipal debt fund.

WHY DID FLORIDA INTERMEDIATE-TERM MUNICIPAL CONTINUE TO OUTPACE ITS PEERS?

We believe that careful yield-curve analysis and diligent credit research remained key to the fund's success. Our careful analysis of the municipal yield curve--a graphic representation of the relationship between bond yields and maturities (see page 3 for an example)--helped us target maturity areas of the municipal market that seemed to offer the most attractive relative value. With the help of our seasoned municipal credit team, we then looked for undervalued securities within that maturity range.

HOW DID THAT TRANSLATE TO BETTER PERFORMANCE?

Buying securities that we believe are undervalued helps enhance the fund's total return potential and yield. For example, we've recently increased the portfolio's BBB holdings by adding some hospital bonds. This has added a slight amount of credit risk to the overall portfolio, but we think the potential gains make the additional risk worthwhile.

WHY WERE THOSE SECURITIES SO ATTRACTIVELY PRICED?

Hospitals and nursing homes across the nation have come under competitive pressure to reduce their costs because of lower Medicare reimbursements that resulted from the Balanced Budget Act. This has kept bond insurance companies from backing hospital bonds-- a sharp reversal from early 1998, when the outlook was brighter and easy-to-get insurance made AAA ratings readily available. Overall municipal issuance has tapered off this year because of rising interest

[left margin]

"FLORIDA INTERMEDIATE-TERM MUNICIPAL FINISHED AT THE TOP OF ITS LIPPER CATEGORY FOR THE YEAR, PROVIDING A FAVORABLE RETURN IN SPITE OF THE SHARP RISE IN INTEREST RATES IN 1999."

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	3.95%
30-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	5.49%
31.0% TAX BRACKET	5.72%
36.0% TAX BRACKET	6.17%
39.6% TAX BRACKET	6.54%

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	59	45
WEIGHTED AVERAGE MATURITY	9.1 YRS	8.5 YRS
AVERAGE DURATION	5.6 YRS	5.6 YRS
EXPENSE RATIO	0.51%	0.54%

Investment terms are defined in the Glossary on pages 19-20.

(Continued)

rates; however, because most of the hospital bonds that were issued carried lower credit ratings, the available pool of these particular types of municipals grew. That, in turn, has driven yields on these types of securities sharply higher.

So we've taken advantage of the opportunity. With the help of our credit research team, we've been able to add a few hidden gems that were backed by solid credit stories, yet offered high yields due to their low credit rating. These securities have enhanced the fund's yield and total return prospects.

WHAT ROLE DID DURATION MANAGEMENT PLAY IN FLORIDA INTERMEDIATE-TERM MUNICIPAL'S SOLID PERFORMANCE?

Managing duration--controlling the portfolio's sensitivity to interest rate changes--remained an important element of our overall fund strategy. During much of 1998, we maintained a slightly long duration compared with the fund's Lipper peers. That enhanced returns toward year-end as bond yields fell.

We've been a bit more conservative in 1999, however. We've kept duration neutral to slightly long compared with the average Florida intermediate municipal debt fund by selling some of the portfolio's longer-maturity bonds when the market has rallied. That also helped us shift the portfolio to a more bulleted structure, meaning that the fund's holdings are concentrated in three- to 10-year municipals.

DO YOU EXPECT TO MAINTAIN THE PORTFOLIO'S SOMEWHAT CONSERVATIVE DURATION IN THE NEAR FUTURE?

That depends on whether the outlook remains clouded by uncertainty. A recent rise in consumer prices fanned the inflation spark and prompted the Federal Reserve to raise its short-term interest rate target by 25 basis points (0.25%--a basis point equals 0.01%) in June to slow economic growth to a more-sustainable, non-inflationary pace.

The bond market viewed the Fed's rate increase as a positive and rallied slightly on the news. The announcement fueled expectations that the Fed will remain vigilant on the inflation front. The Fed's switch to a neutral stance toward rates in the wake of that tightening, rather than their previous bias toward a rate increase, was also behind the rally.

Despite that positive event, we've continued to see a wave of strength in the latest economic reports. The big question on which the municipal market is balancing right now is whether economic growth will remain overly strong and spark additional Fed tightenings, or whether those concerns are too bearish. If economic growth remains robust, the municipal market may be in store for more of the kinds of disappointing returns that we've seen so far this year. By the same token, though, if growth moderates or slows, the market's tone could become more upbeat and bonds could rally.

WITH THAT OUTLOOK IN MIND, WHAT ARE YOUR PLANS FOR THE PORTFOLIO GOING FORWARD?

We currently plan to use the same strategies that have paid off in the past: looking for attractive maturity ranges based on risk and return, then working with our credit research team to locate undervalued securities within those ranges. In addition, we'll continue to make strategic adjustments to the portfolio's duration and maturity structure.

[right margin]

TOP FIVE SECTORS (AS OF 5/31/99)

	% OF FUND INVESTMENTS
TRANSPORTATION REVENUE	20%
GO	19%
HOUSING REVENUE	10%
ELECTRIC REVENUE	9%
SALES TAX REVENUE	8%

TOP FIVE SECTORS (AS OF 11/30/98)

	% OF FUND INVESTMENTS
TRANSPORTATION REVENUE	30%
SALES TAX REVENUE	10%
HOUSING REVENUE	9%
GO	8%
ELECTRIC REVENUE	7%

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
AAA	67%	81%
AA	21%	13%
A	5%	3%
BBB	7%	3%

Ratings provided by Standard & Poor's. See Credit Rating Guidelines on page 18

for more information.

Florida Intermediate-Term--Sched. of Investments

MAY 31, 1999

Principal Amount		Value
MUNICIPAL SECURITIES--95.1%		
FLORIDA--92.0%		
$ 300,000	Boca Raton Water and Sewer Rev., 6.40%, 10/1/99, Prerefunded at 101% of Par(1)	$ 306,123
300,000	Broward County School District GO, 6.75%, 2/15/00	306,849
500,000	Dade County Aviation Rev., Series 1995 E, 5.50%, 10/1/10 (AMBAC)	529,255
1,000,000	Dade County Aviation Rev., Series 1997 A, (Miami International Airport), 5.50%, 10/1/02 (FSA)	1,045,630
500,000	Duval County School District GO, 6.25%, 8/1/05 (AMBAC)	533,880
500,000	East County Water Control District Rev., 5.375%, 11/1/01 (Asset Guaranty)	517,455
250,000	Escambia County Housing Finance Auth. Single Family Mortgage Rev., 6.00%, 4/1/02 (GNMA/FNMA)	258,298
220,000	Escambia County Housing Finance Auth. Single Family Mortgage Rev., Series 1998 A, 4.80%, 4/1/06 (GNMA/FNMA)	221,991
350,000	Escambia County Housing Finance Auth. Single Family Mortgage Rev., Series 1998 A, 4.85%, 4/1/07 (GNMA/FNMA)	352,818
350,000	Florida Housing Finance Agency Multifamily Housing Rev., 5.35%, 6/1/00 (GTEED)	352,177
450,000	Florida Housing Finance Agency Rev., (Williamsburg Village Apartments), 5.60%, 12/1/07 (AMBAC)	482,040
500,000	Florida Housing Finance Agency Rev., (Windwood), 5.65%, 12/1/07 (AXA)	527,800
1,500,000	Florida Housing Finance Corp. Rev., Series 1999-2, (Homeowner Mortgage), 4.60%, 1/1/21 (FSA)	1,500,750
1,110,000	Florida Municipal Loan Council Rev., 3.60%, 4/1/02 (MBIA)	1,104,539
1,000,000	Florida State Board of Education Capital Outlay GO, 4.50%, 6/1/24 (MBIA)	893,030
1,500,000	Florida State Board of Education Capital Outlay GO, Series 1997 A, 5.25%, 6/1/17	1,512,315
1,400,000	Florida State Board of Education Capital Outlay GO, Series 1998 A, 5.25%, 6/1/13	1,440,068

Principal Amount	Value

$1,000,000	Florida State Board of Education Capital Outlay GO, Series 1998 A, 4.75%, 6/1/28	$ 918,280
1,000,000	Florida State Board of Education Capital Outlay GO, Series 1999 A, 5.00%, 6/1/12	1,013,100
1,000,000	Florida State Board Regent University System Improvement Rev., 4.50%, 7/1/23 (AMBAC)	894,950
1,205,000	Florida Turnpike Auth. Rev., (Department of Transportation), Series 1993 A, 5.00%, 7/1/13 (FGIC)	1,210,278
350,000	Gainesville Utilities System Rev., Series 1996 A, 5.75%, 10/1/09	385,991
1,260,000	Hillsborough County Industrial Development Auth. Rev., Series 1999 A, (University Community Hospital), 4.90%, 8/15/07(2)	1,252,755
400,000	Hillsborough County Port District Special Rev., 6.50%, 6/1/04 (FSA)	440,120
750,000	Indian Trace Community Development District Water Management Special Benefit Assessment, 5.00%, 5/1/10 (MBIA)	768,555
400,000	Indian Trace Community Development District Water Management Special Benefit Assessment, Series 1995 A, 5.25%, 5/1/03 (MBIA)	419,092
1,250,000	Jacksonville Electric Auth. Rev., Series 1991-4-1-A, (Bulk Power Supply-Scherer), 6.75%, 10/1/00, Prerefunded at 101.5% of Par(1)	1,323,163
500,000	Jacksonville Electric Auth. Rev., Series 1995 6-C, (St. John's River Power), 6.50%, 10/1/01(3)	525,305
1,250,000	Jacksonville Excise Tax Rev., 5.20%, 10/1/04 (FGIC)	1,288,725
1,050,000	Jacksonville Sales Tax Rev., (River City Renaissance), 6.00%, 10/1/02 (FGIC)	1,120,938
550,000	Lee County Industrial Development Health Care Facilities Auth. Rev., Series 1999 A, (Shell Point Village), 5.50%, 11/15/09	567,116
865,000	Lee County Passenger Facility Charge Rev., 4.50%, 10/1/05 (AMBAC)	873,754
1,000,000	Lee County Rev., Series 1997 A, 5.75%, 10/1/11 (MBIA)(3)	1,094,960
650,000	Miami Parking Facilities Rev., 5.25%, 10/1/15 (MBIA)	672,737

See Notes to Financial Statements

(Continued)

MAY 31, 1999

Principal Amount Value

$1,000,000	Miami-Dade County Aviation Rev., Series 1998 A, 5.00%, 10/1/06 (FGIC)	$ 1,032,490
1,000,000	Miami-Dade County Aviation Rev., Series 1998 A, 5.25%, 10/1/07 (FGIC)	1,046,310
1,015,000	Northern Palm Beach County Improvement District Special Assessment, (Unit Development 18), 4.90%, 8/1/13 (MBIA)	1,021,648
550,000	Orange County Health Facilities Auth. Rev., Series 1996 A, 6.00%, 10/1/04 (MBIA)	598,131
1,000,000	Orlando and Orange County Expressway Auth. Rev., 5.10%, 7/1/04 (FGIC)	1,045,270
450,000	Orlando and Orange County Expressway Auth. Rev., 6.50%, 7/1/11 (FGIC)	522,914
1,050,000	Orlando Utilities Commission Water & Electric Rev., Series 1994 A, 5.00%, 10/1/11	1,065,068
500,000	Orlando Utilities Commission Water & Electric Rev., 5.70%, 10/1/04	539,365
1,500,000	Palm Beach County Criminal Justice Facilities Rev., 5.375%, 6/1/07 (FGIC)	1,600,410
700,000	Pembroke Pines Capital Improvement Rev., 4.625%, 12/1/13 (AMBAC)	681,590
500,000	Pensacola Airport Rev., Series 1997 B, 5.40%, 10/1/07 (MBIA)	529,300
300,000	Pensacola Airport Rev., Series 1998 A, 6.00%, 10/1/01 (MBIA)	314,430
360,000	Pinellas County Educational Facilities Auth. Rev., (Barry University), 4.45%, 10/1/01	362,408
430,000	Pinellas County Educational Facilities Auth. Rev., (Barry University), 4.75%, 10/1/05	431,376
450,000	Pinellas County Educational Facilities Auth. Rev., (Barry University), 4.85%, 10/1/06	451,629
300,000	Plantation Health Facilities Auth. Rev., (Covenant Village of Florida Inc.), 4.45%, 12/1/04	299,346
300,000	Plantation Health Facilities Auth. Rev., (Covenant Village of Florida Inc.), 4.55%, 12/1/05	299,415

Principal Amount		Value
$ 300,000	Plantation Health Facilities Auth. Rev., (Covenant Village of Florida Inc.), 4.70%, 12/1/07	$ 298,191
1,000,000	Polk County Housing Finance Auth. Multi-Family Housing Rev., Series 1997 A, (Winter Oaks Apartments), 5.25%, 7/1/07 (FNMA)(3)	1,041,370
300,000	Reedy Creek Improvement District Utility Rev., Series 1991-1, 6.25%, 10/1/01, Prerefunded at 101% of Par (MBIA)(1)	319,989
400,000	St. Cloud Utility Rev., 6.40%, 8/1/06 (MBIA)	428,423

500,000	Volusia County School District GO, 6.20%, 8/1/03 (FGIC)	533,460
		41,117,370

PUERTO RICO--3.1%

1,350,000	Puerto Rico Commonwealth GO, 5.00%, 7/1/04	1,401,812

TOTAL MUNICIPAL SECURITIES	42,519,182

(Cost $42,012,088)

SHORT-TERM MUNICIPAL SECURITIES--4.9%

900,000	Martin County Pollution Control Rev., (Florida Power & Light Co.), VRDN, 3.30%, 6/1/99	900,000
1,300,000	Pinellas County Health Facilities Auth. Rev., (Pooled Hospital Loan Program), VRDN, 3.40%, 6/1/99	1,300,000

TOTAL SHORT-TERM MUNICIPAL SECURITIES	2,200,000

(Cost $2,200,000)

TOTAL INVESTMENT SECURITIES--100.0%	$44,719,182

(Cost $44,212,088)

FUTURES CONTRACTS

Purchased	Expiration Date	Underlying Face Amount at Value	Unrealized Gain
8 U.S. Treasury 10 Year Note Futures	September 1999	$892,250	$190

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

AXA = AXA Insurance Co.

FGIC = Financial Guaranty Insurance Co.

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GNMA = Government National Mortgage Association

GO = General Obligation

GTEED = Connecticut General Life Guaranty Agreement

MBIA = MBIA Insurance Corp.

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) Escrowed to maturity in U.S. government securities or state and local securities.

(2) When-issued security.

(3) Security, or a portion thereof, has been segregated at the custodian bank or broker for a when-issued security and futures contracts.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* the principal amount of each investment

* the market value of each investment

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

Statement of Assets and Liabilities

MAY 31, 1999

ASSETS	
Investment securities, at value (identified cost of $44,212,088) (Note 3)	$44,719,182
Investment in affiliated money market fund (Note 2)	12,103
Receivable for investments sold	1,003,000
Receivable for variation margin on futures contracts	190
Interest receivable	636,673
	46,371,148
LIABILITIES	
Disbursements in excess of demand deposit cash	698,837
Payable for investments purchased	1,257,866
Dividends payable	17,034
Accrued management fees (Note 2)	18,700
Payable for trustees' fees and expenses	119
	1,992,556
Net Assets	$44,378,592
CAPITAL SHARES	
Outstanding (unlimited number of shares authorized)	4,225,221
Net Asset Value Per Share	$ 10.50
NET ASSETS CONSIST OF:	
Capital paid in	$43,829,816
Accumulated undistributed net	

realized gain on investments	41,492
Net unrealized appreciation on investments (Note 3)	507,284
	$44,378,592

UNDERSTANDING THE STATEMENT OF ASSETS AND LIABILITIES--This statement details what the fund owns (assets), what it owes (liabilities), and its net assets as of the last day of the period. If you subtract what the fund owes from what it owns, you get the fund's net assets. The net assets divided by the total number of shares outstanding gives you the price of an individual share, or the net asset value per share.

NET ASSETS are also broken down by capital (money invested by shareholders); and net gains earned on investment activity but not yet paid to shareholders or net losses on investment activity (known as realized gains or losses); and finally gains or losses on securities still owned by the fund (known as unrealized appreciation or depreciation). This breakdown tells you the value of net assets that are performance-related, such as investment gains or losses, and the value of net assets that are not related to performance, such as shareholder investments and redemptions.

See Notes to Financial Statements

Statement of Operations

YEAR ENDED MAY 31, 1999

INVESTMENT INCOME	
Income:	
Interest	$ 1,637,704
Expenses (Note 2):	
Management fees	177,067
Trustees' fees and expenses	3,339
	180,406
Net investment income	1,457,298
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 3)	
Net realized gain on investments	290,688
Change in net unrealized appreciation on investments	(239,507)
Net realized and unrealized gain on investments	51,181
Net Increase in Net Assets Resulting from Operations	$ 1,508,479

UNDERSTANDING THE STATEMENT OF OPERATIONS--This statement breaks down how the fund's net assets changed during the period as a result of the fund's operations. It tells you how much money the fund made or lost after taking into account income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

Fund OPERATIONS include:

* interest income earned from investments

* management fees and other expenses

* gains or losses from selling investments (known as realized gains or losses)

* gains or losses on current fund holdings (known as unrealized appreciation or depreciation)

See Notes to Financial Statements

Statements of Changes in Net Assets

YEARS ENDED MAY 31, 1999 AND MAY 31, 1998

Increase in Net Assets	1999	1998
OPERATIONS		
Net investment income	$ 1,457,298	$ 1,042,897
Net realized gain on investments	290,688	397,759
Change in net unrealized appreciation on investments	(239,507)	439,483
Net increase in net assets resulting from operations	1,508,479	1,880,139
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(1,457,298)	(1,042,897)
From net realized gains on investment transactions	(381,472)	(316,935)
Decrease in net assets from distributions to shareholders	(1,838,770)	(1,359,832)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	36,435,233	28,435,575
Proceeds from reinvestment of distributions	1,056,236	976,870
Payments for shares redeemed	(22,387,798)	(16,840,155)
Net increase in net assets from capital share transactions	15,103,671	12,572,290
Net increase in net assets	14,773,380	13,092,597
NET ASSETS		
Beginning of period	29,605,212	16,512,615
End of period	$ 44,378,592	$ 29,605,212
TRANSACTIONS IN SHARES OF THE FUND		
Sold	3,423,113	2,709,826
Issued in reinvestment of distributions	99,204	92,680
Redeemed	(2,100,988)	(1,596,282)
Net increase	1,421,329	1,206,224

UNDERSTANDING THE STATEMENTS OF CHANGES IN NET ASSETS--These statements show how the fund's net assets changed over the past two reporting periods. It details how much a fund grew or shrank as a result of:

* operations--a summary of the Statement of Operations from the previous page for the most recent period

* distributions--income and gains distributed to shareholders

* capital share transactions--shareholders' purchases, reinvestments, and redemptions

Net assets at the beginning of the period plus the sum of operations, distributions to shareholders and capital share transactions result in net assets at the end of the period.

See Notes to Financial Statements

MAY 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century Municipal Trust (the trust) is registered under the Investment Company Act of 1940 as an open-end management investment company. Florida Intermediate-Term Municipal Fund (the fund) is one of the eight funds issued by the trust. The fund is non-diversified under the 1940 Act. Its investment objective is to seek as high a level of current income exempt from federal income taxes as is consistent with prudent investment management and conservation of shareholders' capital. The fund invests primarily in Florida municipal obligations. The fund concentrates its investments in a single state and therefore may have more exposure to credit risk related to the state of Florida than a fund with a broader geographical diversification. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Portfolio securities held by the fund are valued through a commercial pricing service or at the mean of the most recent bid and asked prices. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Trustees.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

INCOME TAX STATUS -- It is the fund's policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions from net investment income are declared daily and distributed monthly. Distributions from net realized gains are declared and paid annually. For the year ended May 31, 1999, 100% (unaudited) of the fund's distributions from net investment income have been designated as exempt from federal income tax.

The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes and may result in reclassification among certain capital accounts.

FUTURES CONTRACTS -- The fund may buy and sell interest rate futures contracts relating to debt securities and write and buy put and call options relating to interest rate futures contracts. The fund may use futures and options transactions to maintain cash reserves while remaining fully invested, to facilitate trading, to reduce transaction costs, or to pursue higher investment returns when a futures contract is priced more attractively than its underlying security or index. One of the risks of entering into futures contracts may include the possibility that the changes in value of the contract may not correlate with the changes in value of the underlying securities. Upon entering into a futures contract, the fund is required to deposit either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made or received daily, in cash, by the fund. The variation margin is equal to the daily change in the contract value and is recorded as an unrealized gain or loss. The fund recognizes a realized gain or loss when the contract is closed or expires.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the trust's distributor. Certain officers of FDI are also officers of the trust.

---

2. TRANSACTIONS WITH RELATED PARTIES

The trust has entered into a Management Agreement with American Century Investment Management, Inc. (ACIM) that provides the fund with investment advisory and management services in exchange for a single, unified management fee. The Agreement provides that all expenses of the fund, except for brokerage, taxes, portfolio insurance, interest, fees and expenses of those Trustees who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is calculated daily and paid monthly. It consists of an Investment Category Fee based on the average net assets of the funds in a specific fund's investment category and a Complex Fee based on the average net assets of all the funds managed by ACIM. The rates for the Investment Category Fee range from 0.1625% to 0.2800% and the rates for the Complex Fee range from 0.2900% to 0.3100%. For the year ended May 31, 1999, the effective annual management fee was 0.51%.

Certain officers and trustees of the trust are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the trust's investment manager, ACIM, and the trust's transfer agent, American Century Services Corporation.

As of May 31, 1999, the fund had invested $12,103 in shares of Florida Municipal Money Market Fund (Money Market Fund), which is also managed by ACIM. The terms of the transaction were identical to those with non-related entities except that, to avoid duplicative management fees, the fund did not pay ACIM management fees with respect to assets invested in the Money Market Fund.

---

3. INVESTMENT TRANSACTIONS

Purchases and sales of municipal debt obligations, excluding short-term investments, totaled $66,440,658 and $53,521,904, respectively.

As of May 31, 1999, accumulated net unrealized appreciation for the fund was $507,284, which consisted of unrealized appreciation of $634,768 and unrealized depreciation of $127,484. The aggregate cost of investments for federal income tax purposes was the same as the cost for financial reporting purposes.

---

4. BANK LOANS

Effective December 18, 1998, the fund, along with certain other funds managed by ACIM, entered into an unsecured $570,000,000 bank line of credit agreement with Chase Manhattan Bank. Borrowings under the agreement bear interest at the Federal Funds rate plus 0.40%. The fund may borrow money for temporary or emergency purposes to fund shareholder redemptions. The fund did not borrow from the line during the period December 18, 1998 through May 31, 1999.

5. FUND EVENTS

The following name change became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	Florida Intermediate-Term Municipal Fund	American Century - Benham Florida Intermediate-Term Municipal Fund

Florida Intermediate-Term--Financial Highlights

<TABLE>
<CAPTION>
FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31

	1999	1998	1997	1996	1995
PER-SHARE DATA					
<S>	<C>	<C>	<C>	<C>	<C>
Net Asset Value, Beginning of Period ...	$ 10.56	$ 10.34	$ 10.18	$ 10.30	$ 10.11
Income From Investment Operations					
Net Investment Income	0.44	0.45	0.46	0.52	0.52
Net Realized and Unrealized Gain (Loss) on Investment Transactions	0.05	0.38	0.20	(0.08)	0.19
Total From Investment Operations	0.49	0.83	0.66	0.44	0.71
Distributions					
From Net Investment Income	(0.44)	(0.45)	(0.46)	(0.52)	(0.52)
From Net Realized Capital Gains	(0.11)	(0.16)	(0.04)	(0.04)	--
Total Distributions	(0.55)	(0.61)	(0.50)	(0.56)	(0.52)
Net Asset Value, End of Period	$ 10.50	$ 10.56	$ 10.34	$ 10.18	$ 10.30
Total Return(1)	4.71%	8.20%	6.63%	4.34%	7.31%
RATIOS/SUPPLEMENTAL DATA					
Ratio of Operating Expenses to Average Net Assets	0.51%	0.54%	0.65%	0.13%	--
Ratio of Operating Expenses to Average Net Assets (Before Expense Waiver)	0.51%	0.58%	0.86%	0.88%	1.09%
Ratio of Net Investment Income to Average Net Assets	4.13%	4.28%	4.42%	5.05%	5.23%
Ratio of Net Investment Income to Average Net Assets (Before Expense Waiver)	4.13%	4.24%	4.21%	4.30%	4.14%
Portfolio Turnover Rate	154%	154%	82%	66%	37%
Net Assets, End of Period (in thousands)	$ 44,379	$ 29,605	$ 16,513	$ 10,319	$ 9,532

</TABLE>

(1) Total return assumes reinvestment of dividends and capital gains distributions, if any.

UNDERSTANDING THE FINANCIAL HIGHLIGHTS--This statement itemizes current period activity and statistics and provide comparison data for the last five fiscal years.

On a per-share basis, it includes:

* share price at the beginning of the period

* investment income

* income distributions paid to shareholders

* share price at the end of the period

It also includes some key statistics for the period:

* total return--the overall percentage return of the fund, assuming reinvestment of all distributions

* expense ratio--operating expenses as a percentage of average net assets

* net income ratio--net investment income as a percentage of average net assets

* portfolio turnover rate -- the percentage of the portfolio that was replaced during the period

See Notes to Financial Statements

Report of Independent Accountants

To the Board of Trustees of the American Century Municipal Trust and Shareholders of the Florida Intermediate-Term Municipal Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Florida Intermediate-Term Municipal Fund (formerly the American Century - Benham Florida Intermediate-Term Municipal Fund) (one of the eight funds in the American Century Municipal Trust, hereafter referred to as the "Fund") at May 31, 1999, and the results of its operations for the year then ended, the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended May 31, 1997, were audited by other auditors, whose report, dated July 7, 1997, expressed an unqualified opinion on those statements. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1999 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 1999

Background Information

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 38 fixed-income funds, ranging from money market portfolios to long-term bond funds and including both taxable and tax-exempt funds. Each fund is managed to provide a "pure play" on a specific sector of the fixed-income market. To ensure adherence to this principle, the basic structure of each fund's portfolio is tied to a specific market index. Fund managers attempt to add value by making modest portfolio adjustments based on their analysis of prevailing market conditions. Investment decisions are made by management teams, which meet regularly to discuss market analysis and investment strategies.

In addition to these principles, each fund has its own investment policies:

FLORIDA INTERMEDIATE-TERM MUNICIPAL invests primarily in intermediate-term Florida municipal securities with maturities of four or more years. The fund maintains a weighted average maturity of 5-10 years.

Depending on your tax status, investment income may be subject to the federal alternative minimum tax. Capital gains are not exempt from federal income tax.

Fund shares are intended to be exempt from the Florida intangibles tax.

COMPARATIVE INDICES

The following indices are used in the report for fund performance comparisons. They are not investment products available for purchase.

The MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX has an average maturity of approximately two years. The bonds in the index have an average rating of AA1.

The LEHMAN BROTHERS FIVE-YEAR MUNICIPAL GENERAL OBLIGATION INDEX has an average maturity of five years. The bonds are rated BBB or higher by Standard & Poor's, with an average rating of AA.

The LEHMAN BROTHERS LONG-TERM MUNICIPAL BOND INDEX is composed of investment-grade municipal bonds with maturities greater than 22 years.

LIPPER RANKINGS

LIPPER INC. is an independent mutual fund ranking service. Rankings are based on average annual returns for each fund in a given category for the periods indicated. Rankings are not included for periods less than one year.

The funds in Lipper's FLORIDA INTERMEDIATE MUNICIPAL DEBT FUNDS category invest at least 65% of their assets in municipal debt issues that are exempt from taxation in Florida, with dollar-weighted average maturities of 5-10 years

CREDIT RATING GUIDELINES

Credit ratings are issued by independent research companies such as Standard & Poor's and Moody's. Ratings are based on an issuer's financial strength and ability to pay interest and principal in a timely manner.

It's important to note that credit ratings are subjective, reflecting the opinions of the rating agencies; they are not absolute standards of quality.

Securities rated AAA, AA, A, or BBB are considered "investment grade," meaning they're relatively safe from default.

[left margin]

INVESTMENT TEAM LEADERS

PORTFOLIO MANAGERS
KEN SALINGER
DAVE MACEWEN
MUNICIPAL CREDIT RESEARCH DIRECTOR
STEVEN PERMUT

Glossary

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year returns, please refer to the "Financial Highlights" on page 16.

YIELDS

* 30-DAY SEC YIELD represents net investment income earned by the fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC yield should be regarded as an estimate of the fund's investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

* TAX-EQUIVALENT YIELDS show the taxable yields that investors in a federal income tax bracket would have to earn before taxes to equal the fund's tax-free yield.

INVESTMENT TERMS

* BASIS POINT -- a basis point equals one one-hundredth of a percentage point (or 0.01%). Therefore, 100 basis points equal one percentage point (or 1%).

* YIELD CURVE -- a graphic representation of the relationship between maturity and yield for fixed-income securities. Yield curve graphs plot lengthening maturities along the horizontal axis and rising yields along the vertical axis.

PORTFOLIO STATISTICS

* NUMBER OF SECURITIES --the number of different securities issuances held by a fund on a given date.

* WEIGHTED AVERAGE MATURITY (WAM) -- a measurement of the sensitivity of a fixed-income portfolio to interest rate changes. WAM indicates the average time until the securities in the portfolio mature, weighted by dollar amount.

* AVERAGE DURATION -- another measure of the sensitivity of a fixed-income portfolio to interest rate changes. Duration is a time-weighted average of the interest and principal payments of the securities in a portfolio.

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder's account.
(See Note 2 in the Notes to Financial Statements.)

TYPES OF MUNICIPAL SECURITIES

* COPS/LEASES -- securities issued to finance public property improvements (such as city halls and police stations) and equipment purchases. Certificates of participation represent long-term debt obligations, while leases have a higher

risk profile than GOs because they require annual appropriation.

* GO BONDS -- general obligation securities backed by the taxing power of the issuer.

* LAND-SECURED BONDS -- securities such as Mello-Roos bonds and 1915-Act bonds that are issued to finance real estate development projects.

* PREREFUNDED BONDS/ETM BONDS --securities refinanced or escrowed to maturity by the issuer because of their premium coupons (higher-than-market interest rates). These bonds tend to have higher credit ratings because they are backed by Treasury securities.

* REVENUE BONDS --securities backed by revenues from sales taxes or from a specific project, system, or facility (such as a hospital, electric utility, or water system).

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies, and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

[inside back cover]

==
INVESTMENT OBJECTIVE - CAPITAL PRESERVATION
==

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency Money Market	Tax-Free Money Market
Capital Preservation	

==
INVESTMENT OBJECTIVE - INCOME
==

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal
Inflation-Adjusted Treasury	Intermediate-Term Tax-Free
Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

==
INVESTMENT OBJECTIVE - GROWTH AND INCOME
==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED	DOMESTIC EQUITY	SPECIALTY
Strategic Allocation -- Aggressive	Equity Growth	Utilities
	Equity Index	Real Estate

Balanced	Tax-Managed Value
Strategic Allocation -- Moderate	Income & Growth
	Value
Strategic Allocation -- Conservative	Equity Income

INVESTMENT OBJECTIVE - GROWTH

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY	SPECIALTY	INTERNATIONAL
New Opportunities	Global Gold	Emerging Markets
Giftrust(reg.tm)		International Discovery
Vista		International Growth
Heritage		Global Growth
Growth		
Ultra(reg.tm)		
Select		

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market conditions. If held to their target dates, however, they can offer a conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

[back cover]

[american century logo(reg.sm)]
American
Century

P.O. BOX 419200
KANSAS CITY, MISSOURI 64141-6200

WWW.AMERICANCENTURY.COM

INVESTOR RELATIONS
1-800-345-2021 OR 816-531-5575

AUTOMATED INFORMATION LINE

1-800-345-8765

FAX: 816-340-7962

TELECOMMUNICATIONS DEVICE FOR THE DEAF
1-800-634-4113 OR 816-444-3485

BUSINESS, NOT-FOR-PROFIT, EMPLOYER-SPONSORED RETIREMENT PLANS
1-800-345-3533

AMERICAN CENTURY MUNICIPAL TRUST

INVESTMENT MANAGER
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.
KANSAS CITY, MISSOURI

THIS REPORT AND THE STATEMENTS IT CONTAINS ARE SUBMITTED FOR THE GENERAL INFORMATION OF OUR SHAREHOLDERS. THE REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS.

American Century Investments
P.O. Box 419200
Kansas City, MO 64141-6200
www.americancentury.com

BULK RATE
U.S. POSTAGE PAID
AMERICAN CENTURY
COMPANIES

9907
SH-ANN-17029

Funds Distributor, Inc.

[front cover]

MAY 31, 1999

ANNUAL REPORT

AMERICAN CENTURY

[graphic of stairs]

TAX-FREE MONEY MARKET

[american century logo(reg.sm)]
American
Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

[left margin]

TAX-FREE MONEY MARKET
(BNTXX)

Turn to the inside back cover of this report to see a list of American Century funds classified by objective and risk.

AN IMPORTANT MESSAGE

On March 1, we reorganized our funds under the American Century name. Though the venerable Benham name is gone, your funds will maintain their same disciplined investment management approach.

James Benham's proven fixed-income investment philosophy, which provides investors a "pure play" on a sector of the bond market, will remain. That investment practice--now a hallmark of investing at American Century--has helped our fixed-income funds deliver solid performance over the years.

In addition, we will continue to build our team of experienced fixed-income portfolio managers, which has doubled in size since American Century was formed.

We look forward to continuing to meet your fixed-income investment needs in the tradition you have come to expect.

Our Message to You

/photo of James E. Stowers III and James E. Stowers, Jr./
James E. Stowers III, seated, with James E. Stowers, Jr.

We experienced several investment mood swings in the U.S. financial markets during the year ended May 31, 1999. When we last addressed you in the semiannual report for American Century Tax-Free Money Market, money market yields had plunged as investors rushed to the relative safety and liquidity of short-term securities. Investors were spooked by global economic and financial turmoil. The Federal Reserve (the U.S. central bank) cut short-term interest rates to bolster a seemingly vulnerable U.S. economy and help stabilize markets worldwide.

The Fed's actions helped turn things around. By January 1999, overseas economies were stabilizing, the U.S. economy was posting strong growth, and investor confidence had rebounded. As a result, investors moved out of money market securities in favor of stocks and higher-yielding bonds. Money market yields returned to higher levels, though they remained significantly lower than they were a year earlier.

Investors in American Century funds benefited from other noteworthy events. In March, we consolidated all our funds under the American Century name. Though we are proud of the venerable Twentieth Century and Benham names, we believe the change makes it simpler for you to identify your funds.

We also reclassified all 71 of our funds based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds, arranged by their new classifications, is on the inside back cover of this report.

In addition, we enhanced our Web site (www.americancentury.com). There you'll find daily fund information -- including performance and price data -- market and national news, and a Forms Center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

Finally, we continued to expand the American Century investment team, which has doubled over the last three years. We're committed to building and maintaining a talented management group.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/s/James E. Stowers, Jr.	/s/James E. Stowers III
James E. Stowers, Jr.	James E. Stowers III
Chairman of the Board and Founder	Vice Chairman of the Board and Chief Executive Officer

[right margin]

Table of Contents

Frequently Asked Questions 2
TAX-FREE MONEY MARKET
Performance Information 3
Portfolio at a Glance 3
Yields 3
Management Q&A 4
Portfolio Composition by Credit Rating 4
Portfolio Composition by Security Type 4
Schedule of Investments 5
FINANCIAL STATEMENTS
Statement of Assets and Liabilities 9
Statement of Operations 10
Statements of Changes in Net Assets 11
Notes to Financial Statements 12
Financial Highlights 13
Report of Independent Accountants 14
OTHER INFORMATION
Background Information
Investment Philosophy and Policies 15
Lipper Rankings 15
Credit Rating Guidelines 15
Investment and Credit Research Teams 15
Glossary 16

Money Market Funds--Frequently Asked Questions

Can I make direct deposits into my money market fund account?

Yes. You can arrange for direct deposit of your paycheck, Social Security check, Treasury Direct interest payment, military allotment, or payments from other government agencies. Give us a call, and we will send you the necessary information to set it up.

What is the holding period on new deposits into my account?

Generally, there is an eight-business-day holding period for deposited funds (initial investments in a new account are held for 15 calendar days). There is a one-business-day holding period for U.S. Treasury checks, money orders, and travelers' checks.

Is there a limit on the number of checks I can write on my money market account?

No. You can write as many checks as you like at no charge, as long as each check is for $100 or more.

Is there an easy way to move money from my money market fund into a stock or bond fund?

Yes. Moving money between funds is called an exchange, and there is no limit on the number of exchanges you can make out of a money market fund account. However, there is a limit of six exchanges per calendar year out of stock and bond fund accounts.

Exchanges can be made by:

* visiting our Web site at www.americancentury.com*

* using our Automated Information Line (1-800-345-8765)*

* calling an Investor Relations Representative at 1-800-345-2021*

* writing us a letter

How do I decide whether a taxable money market fund or a tax-free money market fund is right for me?

The most important factor to consider is your tax bracket. Tax-free money market funds typically offer lower yields than taxable funds, but you pay no federal income taxes on the income from a tax-free fund.

If you are in one of the higher federal income tax brackets, taxes will eat up a big part of your income from a taxable money market fund, so a tax-free investment may be better for you. If you're in a lower tax bracket, then you can usually earn more in a taxable fund even after taxes are deducted.

We can help you figure it out. If you give us a call and tell us what tax bracket you're in, we can tell you whether you're likely to earn more after-tax income in a tax-free or a taxable money market fund.

If you have any questions about our money market funds, call us toll free at 1-800-345-2021 or e-mail us at our Web site, www.americancentury.com.

* Before an investor can make an exchange by calling an Investor Relations Representative, using our Automated Information Line, or visiting our Web site, the investor first must have provided us with written authorization to do so.

[left margin]

A FASTER AND EASIER WAY TO DEPOSIT MUTUAL FUND DISTRIBUTIONS

If you prefer to have your fund dividend or capital gains distributions sent to you instead of reinvesting them, there are a couple of ways to get access to this money faster than waiting for a check in the mail:

* YOU CAN HAVE DISTRIBUTIONS DEPOSITED DIRECTLY INTO YOUR MONEY MARKET ACCOUNT. The money will be deposited the same day that the distributions are paid.

* DISTRIBUTIONS CAN BE SENT ELECTRONICALLY TO YOUR BANK ACCOUNT. The money will be available in your bank account within three days.

Contact an Investor Relations Representative to set up either of these options.

Tax-Free Money Market--Performance

TOTAL RETURNS AS OF MAY 31, 1999

	TAX-FREE MONEY MARKET	TAX-EXEMPT MONEY MARKET FUNDS(2) AVERAGE RETURN	FUND'S RANKING
6 MONTHS(1)	1.40%	1.27%	--
1 YEAR	3.10%	2.72%	5 OUT OF 127
AVERAGE ANNUAL RETURNS			
3 YEARS	3.26%	2.93%	7 OUT OF 119
5 YEARS	3.18%	3.00%	14 OUT OF 104
10 YEARS	3.42%	3.34%	16 OUT OF 67

The fund's inception date was 7/31/84.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

See pages 15-16 for more information about returns and Lipper fund rankings. Returns and rankings would have been lower if management fees had not been waived.*

PORTFOLIO AT A GLANCE

	AS OF 5/31/99	
NET ASSETS	$283.0 MILLION	
	5/31/99	5/31/98
NUMBER OF SECURITIES	71	103
WEIGHTED AVERAGE MATURITY	49 DAYS	55 DAYS
EXPENSE RATIO	0.31%*	0.04%*

YIELDS AS OF MAY 31, 1999

7-DAY CURRENT YIELD	3.03%
7-DAY EFFECTIVE YIELD	3.08%
7-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	4.21%
31.0% TAX BRACKET	4.39%
36.0% TAX BRACKET	4.73%
39.6% TAX BRACKET	5.02%

Past performance does not guarantee future results.

Money market funds are neither insured nor guaranteed by the FDIC or any other government agency.

Yields will fluctuate, and although the fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the fund. The 7-day yield more closely reflects earnings of the fund than the total return.

* American Century Investment Management, Inc. (ACIM) voluntarily waived its management fee from August 1, 1997, through July 31, 1998. Effective August 1, 1998, ACIM began decreasing the waiver by 0.10% of fund net assets on a monthly basis until the waiver expired in December 1998. In absence of the waiver, the fund's expense ratio would have been 0.50% for the year ended May 31, 1999, and 0.52% for the year ended May 31, 1998.

Tax-Free Money Market--Q&A

/photo of Bryan Karcher/

An interview with Bryan Karcher, a portfolio manager on the Tax-Free Money Market fund investment team.

How did Tax-Free Money Market perform during the fiscal year ended May 31, 1999?

The fund's fiscal-year return ranked it in the top 5% of the 127 "Tax-Exempt Money Market Funds" tracked by Lipper Inc. (See the previous page for fund returns and performance comparisons.) It's important to note, however, that all or part of the fund's management fees were waived throughout 1998.

The fund's 7-day current yield came down quite a bit in the past year (3.90% to 3.03%). Why?

It's partly because of the general drop in short-term interest rates in 1998. In response to increasing global market volatility, the Federal Reserve lowered short-term rates three times between September and November.

Supply and demand factors in the municipal market also had an impact. Supply decreased dramatically--budget surpluses at many municipalities reduced their borrowing needs. Meanwhile, demand for short-term municipal securities surged. By February, tax-free money market yields were at their lowest levels in nearly five years.

How did you position the fund in this environment?

Although we extended the fund's average maturity somewhat when the Fed was cutting interest rates, we generally allowed the average maturity to drift lower (as low as 20 days in March). For much of the fiscal year, longer-term securities weren't offering any extra yield over shorter-term notes, so we didn't extend even though rates were declining.

However, we did lengthen the average maturity during tax season in April and May, when investors withdraw money from their money market accounts to pay income taxes. As funds sell securities to meet these redemptions, we often find one-year securities with attractive yields.

This year was no exception--we bought one-year notes yielding 25 basis points more than shorter-term securities. As a result, we lengthened the fund's average maturity to about 50 days by the end of May.

What's your outlook for the municipal money market?

Municipal money market yields have risen in recent weeks in anticipation of an interest rate increase by the Fed. As expected, the Fed raised short-term rates in late June, expressing concern about the U.S. economy's strength. But the Fed also suggested that it may not raise rates again for a while.

We took advantage of rising yields to lengthen the fund's average maturity further in early June. However, we think that yields will be more stable in the coming months, so we expect to maintain a neutral average maturity going forward.

[left margin]

PORTFOLIO COMPOSITION BY
CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
SP1+	75%	82%
SP1	18%	18%
SP2	7%	--

Ratings provided by Standard & Poor's. See Credit Rating Guidelines on page 15 for more information.

[pie charts - data below]

PORTFOLIO COMPOSITION BY
SECURITY TYPE

AS OF MAY 31, 1999

VRDNs	79%
Bonds less than 1 Year	12%
Put Bonds	9%

AS OF NOVEMBER 30, 1998

VRDNs	82%
Bonds less than 1 Year	7%
Put Bonds	9%
Municipal Notes	2%

Security types are defined on page 16.

Tax-Free Money Market--Schedule of Investments

MAY 31, 1999

Principal Amount		Value
SHORT-TERM MUNICIPAL SECURITIES--100.0%		
ARIZONA--0.7%		
$ 1,600,000	Pinal County Industrial Development Auth. Pollution Control Rev., Series 1984 A, (Newmont), VRDN, 3.40%, 6/1/99 (LOC: National Westminster Bank PLC)	$ 1,600,000
400,000	Prescott Valley Water District Rev., 3.50%, 1/1/00 (MBIA)	400,664
		2,000,664
ARKANSAS--1.5%		
4,100,000	Pine Bluff Industrial Development Rev., (Camden Wire Co., Inc.), VRDN, 3.35%, 6/3/99 (LOC: Chase Bank of Texas, N.A.) (Acquired 7/31/97-9/2/98, Cost $4,100,000)(1)	4,100,000
CALIFORNIA--3.4%		
5,500,000	California Higher Education Loan Auth. Student Loan Rev., Series 1995 E-5, VRDN, 3.80%, 6/1/99 (LOC: Student Loan Marketing Association)	5,500,000
4,000,000	Rialto Public Financing Auth. Tax Allocation, Series 1998 A, (Agua Mansa & Industrial), VRDN, 3.60%, 6/3/99 (LOC: Union Bank of California N.A.)	4,000,000
		9,500,000
COLORADO--4.6%		
2,000,000	Arapahoe County Industrial Development Rev., (Denver Jetcenter), VRDN, 3.75%, 6/1/99 (LOC: U.S. Bank, N.A.)	2,000,000
5,700,000	Colorado Health Facilities Auth. Rev., Series 1986 A, (Porter Memorial Hospital), 7.40%, 2/1/00, Prerefunded at 100% of Par(2)	5,856,515
3,500,000	Denver Multifamily Housing Rev.,	

	Series 1989 A, (Cottonwood Creek), VRDN, 3.50%, 6/1/99 (LOC: General Electric Capital Corp.)	3,500,000
1,555,000	SBC Metropolitan GO, 3.65%, 12/1/99 (LOC: U.S. Bank, N.A.)	1,555,000

		12,911,515

FLORIDA--21.3%		
1,000,000	Broward County Housing Finance Auth. Multifamily Housing Rev., (Margate Investments), VRDN, 3.35%, 6/2/99 (LOC: Bank One Texas, N.A.)	1,000,000

Principal Amount		Value
$ 8,460,000	Broward County Housing Finance Auth. Multifamily Housing Rev., Series 1990 A, (Palm Aire-Oxford), VRDN, 3.40%, 6/2/99 (Guaranteed: Continental Casualty Co.)	$ 8,460,000
4,010,000	Dade County Special Obligation Trust Receipts, Series 1998 C-2, VRDN, 3.45%, 6/2/99 (LOC: Bank of America NT&SA) (Acquired 1/5/99-5/28/99, Cost $4,010,000)(1)	4,010,000
9,020,000	Florida Housing Finance Agency Multifamily Rev., (Country Club), VRDN, 3.80%, 6/1/99 (LOC: Bank of New York)	9,020,000
8,000,000	Florida Housing Finance Agency Multifamily Rev., (Woodlands), VRDN, 3.45%, 6/2/99 (LOC: Northern Trust Company)	8,000,000
7,965,000	Florida Housing Finance Agency Multifamily Rev., Series 1990 B, (Beville-Oxford), VRDN, 3.40%, 6/2/99 (Guaranteed: Continental Casualty Co.)	7,965,000
1,000,000	Jacksonville Electric Auth. Rev., VRDN, 3.33%, 6/2/99 (SBBPA: Societe Generale) (Acquired 4/24/98, Cost $1,000,000)(1)	1,000,000
700,000	Marion County Housing Finance Auth. Multifamily Rev., Series 1985 D, (Summer Trace Apartments), VRDN, 3.35%, 6/3/99 (LOC: Suntrust Bank, Atlanta GA)	700,000
1,500,000	Miami-Dade County Educational Facilities Auth. Rev., (Florida Memorial College), VRDN, 3.30%, 6/3/99 (LOC: NationsBank, N.A.) (Acquired 2/4/99, Cost $1,500,000)(1)	1,500,000
5,000,000	Orange County Educational Facilities Auth. Rev., (Rollins College), VRDN, 3.30%, 6/2/99 (LOC: NationsBank, N.A.)	5,000,000
2,500,000	Orange County Health Facilities Auth. Rev., (Presbyterian Retirement), VRDN, 3.30%, 6/3/99 (LOC: NationsBank, N.A.) (Acquired 2/4/99, Cost $2,500,000)(1)	2,500,000

5,500,000	Palm Beach County Health Facilities Auth. Rev., Series 1999 B, (Hospital Improvement), VRDN, 3.35%, 6/2/99 (Guaranteed: Boca Raton Community Hosp. & Foundation)	5,500,000

See Notes to Financial Statements

(Continued)

MAY 31, 1999

Principal Amount		Value
$ 4,690,000	Tallahassee-Leon County Civic Center Auth. Capital Improvement Rev., Series 1998 A, VRDN, 3.30%, 6/2/99 (LOC:Suntrust Bank, Central Florida, N.A.)	$ 4,690,000
		59,345,000
GEORGIA--6.9%		
7,750,000	Clayton County Hospital Auth. Rev. Anticipation Certificates, Series 1998 B, (Southern Regional Medical Center), VRDN, 3.30%, 6/2/99 (LOC: Suntrust Bank, Atlanta GA)	7,750,000
1,800,000	Cobb County Multifamily Housing Rev., (Terrell Mill), VRDN, 3.45%, 6/2/99 (LOC: General Electric Capital Corp.) (Acquired 5/1/96, Cost $1,800,000)(1)	1,800,000
3,500,000	Fulton County Development Auth. Rev., (Holy Innocents School), VRDN, 3.30%, 6/2/99 (LOC: Suntrust Bank, Atlanta GA) (Acquired 2/9/98-2/25/98, Cost $3,500,000)(1)	3,500,000
1,000,000	Municipal Electric Auth. Rev., Series 1997 B, (Project One), 5.00%, 1/1/00 (AMBAC)	1,009,379
5,300,000	Thomasville Hospital Auth. Rev. Anticipation Certificates, (J.D. Archbold), VRDN, 3.30%, 6/2/99 (LOC: Suntrust Bank, Atlanta GA) (Acquired 12/11/97-5/28/99, Cost $5,300,000)(1)	5,300,000
		19,359,379
HAWAII--3.7%		
10,200,000	Hawaii Housing Finance and Development Corp. Rev., Series 1993 A, (Affordable Rental Housing), VRDN, 3.30%, 6/2/99 (LOC: Banque Nationale de Paris S.A.)(3)	10,200,000
ILLINOIS--3.5%		
1,625,000	Bartlett Multifamily Housing Rev., Series 1995 A, (Bartlett Square	

Principal Amount		Value
	Apartments), VRDN, 3.25%, 6/3/99 (LOC: LaSalle National Bank)	1,625,000
2,000,000	Chicago Park District GO, 5.50%, 1/1/00 (FGIC)	2,023,290
4,140,000	Illinois Sports Facilities Auth. Rev., Series 1999 A, 4.00%, 6/15/00 (MBIA)(4)	4,166,579

Principal Amount		Value
$ 2,000,000	McCook Rev., Series 1996 B, (St. Andrew Society), VRDN, 3.35%, 6/3/99 (LOC: Northern Trust Company)	$ 2,000,000
		9,814,869
INDIANA--1.9%		
1,385,000	Center Grove High School Building Corp., 4.00%, 7/5/99 (FSA)	1,385,914
855,000	Center Grove High School Building Corp., 3.25%, 1/5/00 (FSA)	855,000
510,000	Eagle-Union Community School Building Corp. Industrial Rev., 3.15%, 7/5/99 (FSA)	510,000
450,000	Eagle-Union Community School Building Corp. Industrial Rev., 3.25%, 1/5/00 (FSA)	450,000
1,000,000	Gary Industrial Development Rev., (Tinplate Partners International, Inc.), VRDN, 3.50%, 6/3/99 (LOC: LaSalle National Bank)	1,000,000
1,045,000	Lake County GO, 4.125%, 1/15/00 (FSA)	1,050,866
		5,251,780
KANSAS--3.6%		
10,000,000	Burlington Pollution Control Floating Rate Trust Receipts, Series A7, 3.40%, 6/2/99 (MBIA) (SBBPA: Bank of New York)	10,000,000
KENTUCKY--8.8%		
12,000,000	Kentucky Economic Development Finance Auth. Rev., (Pooled Hospital Loan Program), VRDN, 3.40%, 6/2/99 (Capital Reinsurance Company)(SBBPA: Chase Manhattan Bank)	12,000,000
10,000,000	Kentucky Turnpike Auth. Resource Recovery Road Floating Rate Trust Receipts, Series 1997-17, 3.40%, 6/2/99 (FSA)(SBBPA: Commerzbank AG) (Acquired 10/8/97-12/12/97, Cost $10,000,000)(1)	10,000,000
2,400,000	Mayfield Multi-City Lease Rev., VRDN, 3.40%, 6/2/99 (LOC: PNC Bank NA)	2,400,000
		24,400,000
LOUISIANA--0.9%		
1,500,000	Jefferson Parish Home Mortgage Rev., Series 1998 C-2, (Mortgage-Backed Securities),	

	3.625%, 9/1/99 (GIC: Westdeutsche Landesbank Girozentral)	1,500,000

See Notes to Financial Statements

Principal Amount		Value
$ 1,065,000	Orleans Parish School Board GO, 6.625%, 3/1/00 (AMBAC)	$ 1,091,869
		2,591,869
MARYLAND--0.5%		
1,345,000	Prince Georges County COP, Series 1998 A, (Equipment Acquisition Program), 3.50%, 11/1/99 (MBIA)	1,346,374
MISSOURI--4.3%		
2,350,000	Fenton Industrial Development Auth. Rev., (Clayton Corp.), VRDN, 3.65%, 6/3/99 (LOC: Commerce Bank, N.A. (Missouri))	2,350,000
2,090,000	Missouri Development Finance Board Industrial Development Rev., (J & J Enterprises), VRDN, 3.60%, 6/2/99 (LOC: Commerce Bank, N.A. (Missouri))	2,090,000
6,000,000	Missouri Health and Educational Facilities Auth. Rev., (Pembroke Hill School), VRDN, 3.35%, 6/3/99 (LOC: Commerce Bank, N.A. (Missouri))	6,000,000
1,500,000	Phelps County Hospital Rev., (Phelps County Regional Medical Center), 8.30%, 3/1/00, Prerefunded at 102% of Par(2)	1,584,712
		12,024,712
NEVADA--2.2%		
6,000,000	ABN Amro Munitops Certificates Trust Receipts, Series 1998-1, VRDN, 3.39%, 6/2/99 (MBIA) (SBBPA: ABN Amro Bank N.V.) (Acquired 6/3/98, Cost $6,000,000)(1)	6,000,000
NEW YORK--1.3%		
3,700,000	New York GO, Series 1992 B, VRDN, 3.30%, 6/1/99 (FGIC) (SBBPA: General Electric Capital Corp.)	3,700,000
NORTH DAKOTA--3.5%		
1,655,000	Hebron Industrial Development Rev., (Dacco Inc.), VRDN, 3.50%, 6/3/99 (LOC: U.S.	

Principal Amount		Value
	Bank, N.A.) (Acquired 2/26/98, Cost $1,655,000)(1)	1,655,000
8,000,000	North Dakota State Housing Finance Agency Rev., Series 1999 C, (Housing Finance Program), 3.20%, 4/1/00	8,000,000
		9,655,000

Principal Amount		Value
OHIO--1.5%		
$ 3,260,000	Butler County Healthcare Facilities Rev., (Knolls of Oxford), VRDN, 3.30%, 6/3/99 (LOC: Firstar Bank N.A.)	$ 3,260,000
1,000,000	Toledo Waterworks Rev., 3.20%, 11/15/99 (FGIC)	1,000,000
		4,260,000
OREGON--2.5%		
4,000,000	Oregon Health, Housing, Educational and Cultural Facilities Auth. Rev., (Quatama Crossing), VRDN, 3.25%, 6/3/99 (LOC: U.S. Bank, N.A.)	4,000,000
3,000,000	Oregon State Housing and Community Services Department Mortgage Rev., Series 1999 C, (Single Family Mortgage), 3.15%, 4/13/00 (Acquired 4/5/99, Cost $3,000,000)(1)	3,000,000
		7,000,000
PENNSYLVANIA--1.4%		
3,000,000	Dauphin County General Auth. Rev., Series 1997 A, VRDN, 3.35%, 6/2/99 (FSA) (SBBPA: Credit Suisse First Boston)	3,000,000
1,000,000	Pennsylvania State Turnpike Commission Rev., Series 1989 K, 7.50%, 12/1/99, Prerefunded at 102% of Par(2)	1,040,448
		4,040,448
SOUTH DAKOTA--1.6%		
1,500,000	South Dakota Health & Educational Facilities Auth. Rev., (Avera McKennan Issue), 4.00%, 7/1/99 (MBIA)	1,500,356
3,000,000	South Dakota Housing Development Auth. Rev., Series 1998 C, (Homeownership Mortgage), 3.75%, 8/5/99	3,000,000
		4,500,356
TENNESSEE--2.0%		
5,140,000	Maury County Health and Educational Facilities Board Rev., Series 1990 E, (Southern Healthcare), 10.50%, 3/1/00, Prerefunded at 102% of Par(2)	5,513,187
TEXAS--6.8%		
2,277,000	ABN Amro Munitops Certificates Trust, Series 1998-22, VRDN,	

	3.20%, 6/2/99 (FSA) (SBBPA: ABN Amro Bank N.V.) (Acquired 12/3/98, Cost $2,277,000)(1)	2,277,000

See Notes to Financial Statements

Principal Amount		Value
$ 5,500,000	Gulf Coast Industrial Development Auth. Rev., (Petrounited Term Inc.), VRDN, 3.32%, 6/3/99 (LOC: NationsBank, N.A.)	$ 5,500,000
4,495,000	Midland County Hospital District Rev., VRDN, 3.32%, 6/3/99 (AMBAC)(Liquidity: Merrill Lynch & Co., Inc.) (Acquired 11/20/97, Cost $4,495,000)(1)	4,495,000
6,750,000	Tarrant County Health Facilities Development Corporate Rev., (Carter Blood Care), VRDN, 3.40%, 6/3/99 (LOC: Chase Bank of Texas, N.A.)	6,750,000
		19,022,000
VIRGINIA--2.3%		
6,500,000	Halifax County Industrial Development Auth. Rev., (O'Sullivan Industries), VRDN, 3.60%, 6/3/99 (LOC: NationsBank, N.A.) (Acquired 2/1/99, Cost $6,500,000)(1)	6,500,000

Principal Amount		Value
WASHINGTON--3.7%		
$ 1,710,000	Pierce County Economic Development Corporate Rev., (K & M Holdings II), VRDN, 3.45%, 6/2/99 (LOC: Wells Fargo Bank, N.A.) (Acquired 11/17/97, Cost $1,710,000)(1)	$ 1,710,000
2,010,000	Washington Health Care Facilities Auth. Rev., (Multicare Health System), 4.00%, 8/15/99 (MBIA)	2,011,230
6,600,000	Washington State Housing Finance Commission Multifamily Mortgage Rev., (Mill Plain Crossing), VRDN, 3.35%, 6/1/99 (LOC: Harris Trust & Savings Bank)	6,600,000
		10,321,230
WISCONSIN--5.6%		
15,500,000	Ladysmith Solid Waste Disposal Facility Rev., (City Forest Corp.), VRDN, 3.80%, 6/2/99 (LOC: Union Bank of California N.A.)	15,500,000

TOTAL INVESTMENT SECURITIES--100.0%	$278,858,383

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

COP = Certificates of Participation

FGIC = Financial Guaranty Insurance Co.

FSA = Financial Security Assurance Inc.

GIC = Guaranteed Investment Contract

GO = General Obligation

LOC = Letter of Credit

MBIA = MBIA Insurance Corp.

SBBPA = Standby Bond Purchase Agreement

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) Security was purchased under Rule 144A of the Securities Act of 1933 or is a private placement and, unless registered under the Act or exempted from registration, may only be sold to qualified institutional investors. The aggregate value of these securities at May 31, 1999, was $59,347,000, which represented 21.0% of net assets. None of these securities are considered to be illiquid.

(2) Escrowed to maturity in U.S. government securities, or state and local government securities.

(3) Security, or a portion thereof, has been segregated at the custodian bank for a when-issued security.

(4) When-issued security.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* the principal amount of each investment

* the amortized cost of each investment

* the percentage of investments in each state

See Notes to Financial Statements

Statement of Assets and Liabilities

MAY 31, 1999

ASSETS

Investment securities, at value (amortized cost and cost for federal income tax purposes)	$278,858,383
Cash	1,485,151

Receivable for investments sold	5,400,000
Interest receivable	1,662,481
	287,406,015

LIABILITIES

Payable for investments purchased	4,170,719
Dividends payable	66,182
Accrued management fees (Note 2)	122,202
Payable for trustees' fees and expenses	1,067
	4,360,170
Net Assets	$283,045,845

CAPITAL SHARES

Outstanding (unlimited number of shares authorized)	283,003,220
Net Asset Value Per Share	$ 1.00

NET ASSETS CONSIST OF:

Capital paid in	$283,003,220
Undistributed net investment income	19,650
Accumulated undistributed net realized gain on investments	22,975
	$283,045,845

UNDERSTANDING THE STATEMENT OF ASSETS AND LIABILITIES--This statement details what the fund owns (assets), what it owes (liabilities), and its net assets as of the last day of the period. If you subtract what the fund owes from what it owns, you get the fund's net assets. The net assets divided by the total number of shares outstanding gives you the price of an individual share, or the net asset value per share.

NET ASSETS are also broken down by capital (money invested by shareholders); net investment income not yet paid to shareholders (if any); and net gains earned on investment activity but not yet paid to shareholders or net losses on investment activity (known as realized gains or losses). This breakdown tells you the value of net assets that are performance-related, such as investment gains or losses, and the value of net assets that are not related to performance, such as shareholder investments and redemptions.

See Notes to Financial Statements

Statement of Operations

YEAR ENDED MAY 31, 1999

INVESTMENT INCOME

Income:

Interest	$ 13,729,550

Expenses (Note 2):

Management fees	1,990,313
Trustees' fees and expenses	15,621
Total expenses	2,005,934
Amount waived	(772,955)
Net expenses	1,232,979

Net investment income	12,496,571
NET REALIZED GAIN ON INVESTMENTS	
Net realized gain on investments	22,974
Net Increase in Net Assets Resulting from Operations	$ 12,519,545

UNDERSTANDING THE STATEMENT OF OPERATIONS--This statement breaks down how the fund's net assets changed during the period as a result of the fund's operations. It tells you how much money the fund made or lost after taking into account income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

Fund OPERATIONS include:

* interest income earned from investments

* management fees and other expenses

* gains or losses from selling investments (known as realized gains or losses)

See Notes to Financial Statements

Statements of Changes in Net Assets

YEARS ENDED MAY 31, 1999 AND MAY 31, 1998

Increase (Decrease) in Net Assets	1999	1998
OPERATIONS		
Net investment income	$ 12,496,571	$ 8,931,358
Net realized gain on investments	22,974	19,651
Net increase in net assets resulting from operations	12,519,545	8,951,009
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(12,496,571)	(8,931,358)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	564,457,327	786,813,923
Proceeds from reinvestment of distributions	11,355,619	8,415,885
Payments for shares redeemed	(737,066,946)	(436,702,980)
Net increase (decrease) in net assets from capital share transactions	(161,254,000)	358,526,828
Net increase (decrease) in net assets	(161,231,026)	358,546,479
NET ASSETS		
Beginning of period	444,276,871	85,730,392
End of period	$ 283,045,845	$ 444,276,871
Undistributed net investment income	$ 19,650	--

TRANSACTIONS IN SHARES OF THE FUND

Sold	564,457,327	786,813,923
Issued in reinvestment of distributions	11,355,619	8,415,885
Redeemed	(737,066,946)	(436,702,980)
Net increase (decrease)	(161,254,000)	358,526,828

UNDERSTANDING THE STATEMENTS OF CHANGES IN NET ASSETS--These statements show how the fund's net assets changed over the past two reporting periods. It details how much a fund grew or shrank as a result of:

* operations--a summary of the Statement of Operations from the previous page for the most recent period

* distributions--income and gains distributed to shareholders

* capital share transactions--shareholders' purchases, reinvestments, and redemptions

Net assets at the beginning of the period plus the sum of operations, distributions to shareholders and capital share transactions result in net assets at the end of the period.

See Notes to Financial Statements

MAY 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century Municipal Trust (the trust), is registered under the Investment Company Act of 1940 as an open-end management investment company. Tax-Free Money Market Fund (the fund) is one of the eight funds issued by the trust. The fund is diversified under the 1940 Act. Its objective is to seek as high a level of current income exempt from federal income taxes as is consistent with prudent investment management and conservation of shareholders' capital by investing primarily in short-term municipal obligations. The fund may concentrate its investments in certain states and therefore may have more exposure to credit risk related to those states than funds that have broader geographical diversification. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Portfolio securities are valued at amortized cost, which approximates current market value. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Trustees.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

INCOME TAX STATUS -- It is the fund's policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions from net investment income are declared and credited daily and distributed monthly. The fund does not expect to realize any long-term capital gains and accordingly, does not expect to pay any capital gain distributions. For the year ended May 31, 1999, 100%

(unaudited) of the funds' distributions from net investment income have been designated as exempt from federal income tax.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the trust's distributor. Certain officers of FDI are also officers of the trust.

---

2. TRANSACTIONS WITH RELATED PARTIES

The trust has entered into a Management Agreement with American Century Investment Management, Inc. (ACIM) that provides the fund with investment advisory and management services in exchange for a single unified management fee. The Agreement provides that all expenses of the fund, except brokerage, taxes, portfolio insurance, interest, fees and expenses of those Trustees who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is calculated daily and paid monthly. It consists of an Investment Category Fee based on the average net assets of the funds in a specific fund's investment category and a Complex Fee based on the average net assets of all the funds managed by ACIM. The rates for the Investment Category Fee range from 0.1570% to 0.2700% and the rates for the Complex Fee range from 0.2900% to 0.3100%. For the year ended May 31, 1999, the effective annual management fee excluding the waiver was 0.50%.

ACIM waived all expenses through July 31, 1998. Effective August 1, 1998, ACIM began decreasing the waiver by 0.10% of the fund's net assets on a monthly basis. The gradual expiration of the waiver continued until December 1998.

Certain officers and trustees of the trust are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the trust's investment manager, ACIM, and the trust's transfer agent, American Century Services Corporation.

---

3. FUND EVENTS

The following name change became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	Tax-Free Money Market Fund	American Century - Benham Tax-Free Money Market Fund

Tax-Free Money Market--Financial Highlights

<TABLE>
<CAPTION>

For a Share Outstanding Throughout the Years Ended May 31

	1999	1998	1997	1996	1995
PER-SHARE DATA					
Net Asset Value,					
<S>	<C>	<C>	<C>	<C>	<C>
Beginning of Period	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Income From Investment Operations					
Net Investment Income	0.03	0.04	0.03	0.03	0.03
Distributions					
From Net Investment Income	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)
Net Asset Value, End of Period ..	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return(1)	3.10%	3.70%	2.98%	3.19%	2.95%

RATIOS/SUPPLEMENTAL DATA					
Ratio of Operating Expenses to Average Net Assets	0.31%(2)	0.04%(2)	0.67%	0.65%	0.66%
Ratio of Net Investment Income to Average Net Assets	3.10%(2)	3.68%(2)	2.93%	3.12%	2.88%
Net Assets, End of Period (in thousands)	$ 283,046	$ 444,277	$ 85,730	$ 91,118	$ 92,034

</TABLE>

(1) Total return assumes reinvestment of dividends and capital gains distributions, if any.

(2) ACIM voluntarily waived its management fee from August 1, 1997 through July 31, 1998. Effective August 1, 1998, ACIM began decreasing the waiver by 0.10% of the fund's net assets on a monthly basis, until the waiver expired in December 1998. In absence of the waiver, the ratio of operating expenses to average net assets and the ratio of net investment income to average net assets would have been 0.50% and 2.91% for 1999, and 0.52% and 3.20% for 1998, respectively.

UNDERSTANDING THE FINANCIAL HIGHLIGHTS--This statement itemizes current period activity and statistics and provides comparison data for the last five fiscal years.

On a per-share basis, it includes:

* share price at the beginning of the period

* investment income

* income distributions paid to shareholders

* share price at the end of the period

It also includes some key statistics for the period:

* total return--the overall percentage return of the fund, assuming reinvestment of all distributions

* expense ratio--operating expenses as a percentage of average net assets

* net income ratio--net investment income as a percentage of average net assets

See Notes to Financial Statements

Report of Independent Accountants

To the Board of Trustees of the American Century Municipal Trust and Shareholders of the Tax Free Money Market Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Tax Free Money Market Fund (formerly the American Century - Benham Tax Free Money Market Fund) (one of the eight funds in the American Century Municipal Trust, hereafter referred to as the "Fund") at May 31, 1999, and the results of its operations for the year then ended, the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended May 31, 1997, were audited by other auditors, whose report, dated July 7, 1997, expressed an unqualified opinion on those statements. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1999 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 1999

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 38 fixed-income funds, ranging from money market portfolios to long-term bond funds and including both taxable and tax-exempt funds. Each fund is managed to provide a "pure play" on a specific sector of the fixed-income market. To ensure adherence to this principle, the basic structure of each fund's portfolio is tied to a specific benchmark index. Fund managers attempt to add value by making modest portfolio adjustments based on their analysis of prevailing market conditions. Investment decisions are made by management teams, which meet regularly to discuss market analysis and investment strategies.

In addition to these principles, each fund has its own investment policies

TAX-FREE MONEY MARKET is a money market fund that seeks to provide interest income exempt from federal income taxes by investing in short-term municipal securities.

Investments in Tax-Free Money Market are neither insured nor guaranteed by the FDIC or any other government agency. Yields will fluctuate, and although the fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the fund.

Investment income may be subject to certain state and local taxes, and depending on your tax status, may be subject to the federal alternative minimum tax. Capital gains are not exempt from federal income tax.

LIPPER RANKINGS

LIPPER INC. is an independent mutual fund ranking service that groups funds according to their investment objectives. Rankings are based on average annual returns for each fund in a given category for the periods indicated. Rankings are not included for periods less than one year.

The funds in Lipper's TAX-EXEMPT MONEY MARKET FUNDS category intend to maintain a constant net asset value and invest in high-quality municipal obligations with dollar-weighted average maturities of less than 90 days.

CREDIT RATING GUIDELINES

Credit quality (the issuer's financial strength and the likelihood of timely payment of interest and principal) is a key factor in fixed-income investment analysis. Credit ratings issued by independent rating and research companies such as Standard & Poor's help quantify credit quality--the stronger the issuer, the higher the credit rating. In turn, credit quality and ratings greatly influence the prices and yields of fixed-income securities--high ratings mean higher prices and less current income (yield) as compensation for risk.

But credit ratings are subjective. They reflect the opinions of the rating agencies that issue them and are not absolute standards of quality. Furthermore, high credit ratings do not guarantee good investment performance. They do not reflect the price stability of a municipal security when economic or market conditions change.

[right margin]

INVESTMENT TEAM LEADERS
PORTFOLIO MANAGER
BRYAN KARCHER

MUNICIPAL CREDIT RESEARCH TEAM
MANAGER
STEVEN PERMUT
MUNICIPAL CREDIT ANALYSTS
DAVID MOORE
ROBERT MILLER
BILL MCCLINTOCK
TIM BENHAM
BRAD BODE

Glossary

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year returns, please refer to the "Financial Highlights" on page 13.

YIELDS

* 7-DAY CURRENT YIELD is calculated based on the income generated by an investment in the fund over a seven-day period and is expressed as an annual percentage rate.

* 7-DAY EFFECTIVE YIELD is calculated similarly, although this figure is slightly higher than the fund's 7-Day Current Yield because of the effects of compounding. The 7-Day Effective Yield assumes that income earned from the fund's investments is reinvested and generating additional income.

* TAX-EQUIVALENT YIELDS show the taxable yields that investors in a federal income tax bracket would have to earn before taxes to equal the fund's tax-free yield.

INVESTMENT TERMS

* BASIS POINT -- a basis point equals one one-hundredth of a percentage point (or 0.01%). Therefore, 100 basis points equals one percentage point (or 1%).

PORTFOLIO STATISTICS

* NUMBER OF SECURITIES -- the number of different securities held by a fund on a given date.

* WEIGHTED AVERAGE MATURITY (WAM) -- a measurement of the sensitivity of a fixed-income portfolio to interest rate changes. WAM indicates the average time until the securities in the portfolio mature, weighted by dollar amount.

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage

of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder account. (See Note 2 in the Notes to Financial Statements.)

TYPES OF MUNICIPAL SECURITIES

* MUNICIPAL COMMERCIAL PAPER (CP) -- high-grade short-term securities backed by a line of credit from a bank.

* MUNICIPAL NOTES -- securities with maturities of two years or less.

* PUT BONDS -- long-term securities that can be "put back" (i.e., sold at face value) to a specified buyer at a prearranged date.

* VARIABLE-RATE DEMAND NOTES (VRDNS) -- securities that track market interest rates and stabilize their market values using periodic (daily or weekly) interest rate adjustments.

(Continued)

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- Offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- Offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- Offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- Offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies, and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

Notes

Notes

Notes

[inside back cover]

INVESTMENT OBJECTIVE - CAPITAL PRESERVATION

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency Money Market	Tax-Free Money Market
Capital Preservation	

INVESTMENT OBJECTIVE - INCOME

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal
Inflation-Adjusted Treasury	Intermediate-Term Tax-Free

Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

==

INVESTMENT OBJECTIVE - GROWTH AND INCOME

==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED	DOMESTIC EQUITY	SPECIALTY
Strategic Allocation -- Aggressive	Equity Growth	Utilities
Balanced	Equity Index	Real Estate
Strategic Allocation -- Moderate	Tax-Managed Value	
Strategic Allocation -- Conservative	Income & Growth	
	Value	
	Equity Income	

==

INVESTMENT OBJECTIVE - GROWTH

==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY	SPECIALTY	INTERNATIONAL
New Opportunities	Global Gold	Emerging Markets
Giftrust(reg.tm)		International Discovery
Vista		International Growth
Heritage		Global Growth
Growth		
Ultra(reg.tm)		
Select		

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market conditions. If held to their target dates, however, they can offer a

conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

[back cover]

[american century logo(reg.sm)]
American
Century

P.O. BOX 419200
KANSAS CITY, MISSOURI 64141-6200

WWW.AMERICANCENTURY.COM

INVESTOR RELATIONS
1-800-345-2021 OR 816-531-5575

AUTOMATED INFORMATION LINE
1-800-345-8765

FAX: 816-340-7962

TELECOMMUNICATIONS DEVICE FOR THE DEAF
1-800-634-4113 OR 816-444-3485

BUSINESS, NOT-FOR-PROFIT, EMPLOYER-SPONSORED RETIREMENT PLANS
1-800-345-3533

AMERICAN CENTURY MUNICIPAL TRUST

INVESTMENT MANAGER
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.
KANSAS CITY, MISSOURI

American Century Investments
P.O. Box 419200
Kansas City, MO 64141-6200
www.americancentury.com

BULK RATE
U.S. POSTAGE PAID
AMERICAN CENTURY
COMPANIES

9907
SH-ANN-17026

Funds Distributor, Inc.

[front cover]

MAY 31, 1999

ANNUAL REPORT

AMERICAN CENTURY

[graphic of stairs]

LIMITED-TERM TAX-FREE
INTERMEDIATE-TERM TAX-FREE
LONG-TERM TAX FREE
HIGH-YIELD MUNICIPAL

[american century logo(reg.sm)]
American
Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

[left margin]

LIMITED-TERM TAX-FREE
(TWTSX)

INTERMEDIATE-TERM TAX-FREE
(TWTIX)

LONG-TERM TAX-FREE
(TWTLX)

HIGH-YIELD MUNICIPAL
(ABHYX)

Turn to the inside back cover of this report to see a list of American Century funds classified by objective and risk.

AN IMPORTANT MESSAGE

On March 1, we reorganized our funds under the American Century name. Though the venerable Benham name is gone, your funds will maintain their same disciplined investment management approach.

James Benham's proven fixed-income investment philosophy, which provides investors a "pure play" on a sector of the bond market, will remain. That investment practice--now a hallmark of investing at American Century--has helped our fixed-income funds deliver solid performance over the years.

In addition, we will continue to build our team of experienced fixed-income portfolio managers, which has doubled in size since American Century was formed.

We look forward to continuing to meet your fixed-income investment needs in the tradition you have come to expect.

Our Message to You

/photo of James E. Stowers III and James E. Stowers, Jr./
James E. Stowers III, seated, with James E. Stowers, Jr.

We experienced several investment mood swings in the U.S. financial markets during the year ended May 31, 1999. When we last addressed you in the semiannual report for American Century High-Yield Municipal and the American Century Limited-, Intermediate-, and Long-Term Tax-Free funds, yields had fallen as the U.S. bond market rallied. The bond gains were spurred by global economic and financial turmoil, which motivated the Federal Reserve (the U.S. central bank) to cut short-term interest rates to bolster a seemingly vulnerable U.S. economy and help stabilize markets worldwide.

The Fed's actions helped turn things around. By January 1999, overseas economies were stabilizing, the U.S. economy was posting strong growth, and investor confidence had rebounded. As a result, stocks rallied and U.S. bond yields generally returned to higher levels, though they remained lower than they were a year earlier. Municipal bonds, which underperformed Treasury bonds in 1998, outperformed Treasurys during the first five months of 1999.

Investors in American Century tax-free and municipal funds benefited from other positive developments as 1999 unfolded. We continued to focus on making our services as easy to use as possible and helping investors reach their financial goals. In March, we consolidated all our funds under the American Century name. Though we are proud of the venerable Twentieth Century and Benham names, we believe the change makes it simpler for you to identify your funds.

We also reclassified all 71 of our funds based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds, arranged by their new classifications, is on the inside back cover of this report.

In addition, we enhanced our Web site (www.americancentury.com). There you'll find daily fund information -- including performance and price data -- market and national news, and a Forms Center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

Finally, we continued to expand the American Century investment team, which has doubled over the last three years. We're committed to building and maintaining a talented management group.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/s/James E. Stowers, Jr.	/s/James E. Stowers III
James E. Stowers, Jr.	James E. Stowers III
Chairman of the Board and Founder	Vice Chairman of the Board and
	Chief Executive Officer

[right margin]

Table of Contents

Report Highlights 2
Market Perspective 4
Municipal Credit Review 5
LIMITED-TERM TAX-FREE
Performance Information 6
Management Q&A 7
Schedule of Investments 9
INTERMEDIATE-TERM TAX-FREE
Performance Information 12
Management Q&A 13

Schedule of Investments 15
LONG-TERM TAX-FREE
Performance Information 20
Management Q&A 21
Schedule of Investments 23
HIGH-YIELD MUNICIPAL
Performance Information 27
Management Q&A 28
Schedule of Investments 30
FINANCIAL STATEMENTS
Statements of Assets and
Liabilities 33
Statements of Operations 34
Statements of Changes
in Net Assets 35
Notes to Financial
Statements 37
Financial Highlights 40
Report of Independent
Accountants 44
OTHER INFORMATION
Background Information
Investment Philosophy
and Policies 45
Comparative Indices 45
Lipper Rankings 45
Investment and Credit
Research Teams 45
Glossary 46

Report Highlights

MARKET PERSPECTIVE

* Municipal bonds generally posted positive returns during the fiscal year ended May 31, 1999.

* Most of the gains, however, occurred in 1998 when a global economic slump loomed and interest rates fell.

* During the first five months of 1999, interest rates rebounded and bond prices fell as the U.S. economic growth engine roared ahead and emerging market economies showed signs of recovery.

* For the fiscal year, short- and intermediate-term municipal bonds generally outperformed long-term municipals, which are more sensitive to interest rate changes.

* Municipal bonds underperformed Treasury bonds in 1998, but outperformed Treasurys during the first five months of 1999.

* The yield difference (spread) between high-quality AAA bonds and lower-quality BBB bonds narrowed as economic conditions improved and lower-rated bonds were perceived as less risky.

* Municipal yields still look attractive relative to Treasury yields on an after-tax basis.

MUNICIPAL CREDIT REVIEW

* Continued strong economic growth created a very positive credit environment in most areas of the continental U.S.

* Tax receipts have risen substantially across most of the country.

* Relatively low inflation and interest rates have helped municipalities control expenses.

* Alaska and Hawaii were the only states showing signs of credit weakness. Alaska took a hit from low oil prices in 1998, while reduced spending by Asian tourists has slowed Hawaii's economy.

* Health care was practically the only industry sector with eroding fundamentals. Hospitals experienced reduced Medicare and Medicaid reimbursements.

LIMITED-TERM TAX-FREE

* Limited-Term Tax-Free's one-year return ranked in the top 20% of the fund's Lipper peer group.

* Fund performance benefited from a neutral stance in 1999 in terms of interest rate sensitivity. Funds that underperformed tended to be more aggressive, and were hurt when interest rates rose instead of falling as expected.

* Limited-Term Tax-Free also benefited from credit upgrades in New York City and Detroit. The fund owned bonds issued by those cities.

* The portfolio's BBB position was reduced because the narrowing spread between AAA and BBB bonds made owning BBB securities less rewarding.

* We will likely maintain the fund's neutral stance in the near term due to interest rate and economic uncertainties.

INTERMEDIATE-TERM TAX-FREE

* Intermediate-Term Tax-Free's one-year return ranked in the top 30% of the fund's Lipper peer group.

* The fund's 30-day SEC yield as of May 31 was also significantly higher than the average of its Lipper peers.

[left margin]

LIMITED-TERM TAX-FREE
(TWTSX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	1.22%*
1 Year	4.15%
30-DAY SEC YIELD:	3.42%
INCEPTION DATE:	3/1/93
NET ASSETS:	$41.1 million

INTERMEDIATE-TERM TAX-FREE
(TWTIX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	0.50%*
1 Year	4.07%
30-DAY SEC YIELD:	3.91%
INCEPTION DATE:	3/2/87
NET ASSETS:	$149.7 million

* Not annualized.

Investment terms are defined in the Glossary on pages 46-47.

* Fund performance benefited from a neutral stance in 1999 in terms of interest rate sensitivity. Funds that underperformed tended to be more aggressive, and were hurt when interest rates rose instead of falling as expected.

* We improved the portfolio's overall credit quality by increasing its position in insured AAA bonds. The narrowing spread between AAA and lower-rated bonds helped make insured bonds attractive.

* We will likely maintain the fund's neutral stance in the near term due to interest rate and economic uncertainties.

LONG-TERM TAX-FREE

* Long-Term Tax-Free's one-year return outpaced the average total return of the fund's Lipper peer group.

* The fund's 30-day SEC yield as of May 31 was also higher than the average yield of the Lipper peer group.

* Long-Term Tax-Free had a longer duration (more interest rate sensitivity) than the average of its peer group. That caused the portfolio to outperform when interest rates fell but underperform when rates rose.

* The investment team used discount bonds to help the portfolio achieve its longer duration.

* We improved the portfolio's overall credit quality by increasing its position in AAA bonds. The narrowing spread between AAA and lower-rated bonds helped make the higher-quality bonds attractive.

* The portfolio remains positioned with a slightly long duration, based on expectations for stable or possibly lower yields for long-term municipal bonds.

HIGH-YIELD MUNICIPAL

* High-Yield Municipal's one-year return ranked first in the fund's Lipper peer group.

* The fund's 30-day SEC yield as of May 31 was also significantly higher than the average yield of the Lipper peer group.

* A fee waiver, which helped the portfolio compete with older, more established funds, was one key reason why the fund performed so well.

* The fee waiver expired on April 30. However, High-Yield Municipal's expense ratio of approximately 0.64% remains well below the average for its Lipper peer group, which was 1.23% as of May 31.

* Timely adjustments to duration (a measure of interest rate sensitivity) also helped fund performance. The portfolio was more sensitive (had a longer duration) when rates were falling and less so (had a shorter duration) when rates rose.

* Strong credit analysis also helped the fund avoid problem sectors and securities, and locate good values among lower-rated and unrated bonds.

* We're likely to maintain a shorter duration in the near term because of the risk of higher interest rates. But most of our emphasis will continue to be on finding good values and avoiding credit traps.

[right margin]

LONG-TERM TAX-FREE
(TWTLX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	-0.61%*
1 Year	3.44%
30-DAY SEC YIELD:	4.37%
INCEPTION DATE:	3/2/87
NET ASSETS:	$117.6 million

HIGH-YIELD MUNICIPAL
(ABHYX)

TOTAL RETURNS: AS OF 5/31/99

6 Months	1.90%*
1 Year	6.18%
30-DAY SEC YIELD:	5.31%
INCEPTION DATE:	3/31/98
NET ASSETS:	$42.1 million

* Not annualized.

Investment terms are defined in the Glossary on pages 46-47.

Market Perspective from Randall W. Merk

/photo of Randall W. Merk/
Randall W. Merk, chief investment officer of fixed income

MUNICIPAL BOND PERFORMANCE

Municipal bonds generally posted positive returns during the year ended May 31, 1999, though most of their gains occurred in 1998 when interest rates fell. In the first five months of 1999, tax-free bond prices mostly declined due to strong economic growth, inflation concerns, and rising interest rates.

Short- and intermediate-term municipal bonds outperformed long-term municipals, which are more sensitive to interest rate changes (see the accompanying bond index returns table). Also, lower-quality municipal bonds (those rated BBB or lower) generally outperformed higher-rated (A to AAA) bonds as strong economic conditions have caused the yield gap between lower- and higher-rated bonds to narrow.

ECONOMIC ENGINE SPUTTERS BUT REGAINS POWER

At the beginning of last summer, municipal bonds languished as investors worried that strong U.S. economic growth might ignite inflation. That view changed radically in July when protracted economic and financial problems in Asia and Latin America threatened to dampen global economic growth. Bonds rallied as recessionary expectations increased. To stem overseas problems and boost the U.S. economy, the Federal Reserve (the Fed) lowered short-term U.S. interest rates three times last fall.

Winter brought another shift. The Fed's actions seemed to achieve their intended result--U.S. economic growth accelerated while parts of Asia and Latin America showed signs of stabilizing. Better-than-expected U.S. economic growth and other indications that higher inflation might be ahead caused bond yields to retrace much of the ground they'd covered in 1998 (see the acompanying yield curve graph). May brought word that the Fed was leaning toward raising interest rates, which further dampened bond investors' moods.

TREASURYS FALTER AS MUNICIPALS GAIN GROUND

In 1998, despite falling interest rates, municipals were hamstrung by unfavorable supply and demand conditions and lagged Treasury securities. By October, the difference (spread) between municipal and Treasury yields was as small as it had been in a decade, indicating that Treasury bonds were relatively expensive and municipal bonds were comparatively undervalued.

As 1999 unfolded, however, municipal bonds benefited from decreased supply and increased demand, helping them to regain considerable ground on Treasurys. Even after outperforming Treasurys in recent months, municipal bonds continue to offer attractive yields on a tax-equivalent basis. As of May 31, an investor in the highest federal tax bracket (39.6%) could earn a tax-adjusted yield of nearly 7.4% on a 10-year AAA-rated municipal bond, well above the 5.6% yield on a 10-year U.S. Treasury bond.

[left margin]

"MUNICIPAL BONDS GENERALLY POSTED POSITIVE RETURNS DURING THE YEAR ENDED MAY 31, 1999."

MUNICIPAL BOND INDEX RETURNS
FOR THE YEAR ENDED MAY 31, 1999

MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX	4.58%
LEHMAN BROS. 5-YEAR MUNICIPAL GO INDEX	4.90%
LEHMAN BROS. LONG-TERM MUNICIPAL BOND INDEX	4.35%

Source: Lipper Inc. and Russell/Mellon Analytical Services

[line graph - data below]

SHIFTING MUNICIPAL YIELD CURVES

YEARS TO MATURITY	5/31/98	11/30/98	5/31/99
1	3.80%	3.19%	3.36%
2	3.95%	3.49%	3.59%
3	4.06%	3.64%	3.80%
4	4.15%	3.76%	3.98%
5	4.20%	3.86%	4.12%
6	4.27%	3.96%	4.22%
7	4.34%	4.05%	4.31%
8	4.41%	4.13%	4.38%
9	4.48%	4.21%	4.46%
10	4.55%	4.29%	4.54%
11	4.62%	4.38%	4.62%
12	4.69%	4.47%	4.70%
13	4.77%	4.56%	4.78%
14	4.84%	4.65%	4.86%
15	4.92%	4.73%	4.95%
16	4.95%	4.77%	4.98%
17	4.98%	4.80%	5.01%
18	5.00%	4.84%	5.04%
19	5.03%	4.87%	5.08%
20	5.05%	4.91%	5.12%
21	5.05%	4.91%	5.12%
22	5.05%	4.91%	5.13%
23	5.05%	4.92%	5.14%
24	5.06%	4.92%	5.15%
25	5.06%	4.93%	5.16%
26	5.06%	4.93%	5.16%
27	5.06%	4.93%	5.16%
28	5.07%	4.94%	5.17%
29	5.07%	4.94%	5.17%
30	5.08%	4.95%	5.18%

Source: Bloomberg Financial Markets

Municipal Credit Review

FAVORABLE CREDIT TRENDS

U.S. economic growth translated into positive municipal credit trends during the year ended May 31, 1999. The economy's strength was evident during the first quarter of 1999, when it grew at an annual rate of 4.3% after increasing at a 3.9% clip in 1998. Unemployment hovered near 30-year lows, falling to 4.2% in May. In response, tax receipts -- from sales, corporate, personal income, capital gains, and property taxes -- rose substantially across most of the country.

The first quarter of 1999 also marked the fourteenth consecutive quarter when municipal credit rating upgrades outpaced downgrades. Overall, there were nearly two municipal credit upgrades for every downgrade during the last 12 months. The generally positive municipal credit environment is reflected in the accompanying map, which shows each state's credit rating as of May 31.

SECTOR ANALYSIS

Bonds backed by tax collections continued to benefit from the nationwide economic expansion. Low interest and inflation rates also helped many municipal issuers control expenses, boosting their financial health and credit ratings. Bonds backed by the revenue from specific municipal projects or entities -- such as toll roads -- generally also improved their financial backing.

However, there was one sector that struggled. Health care bonds were afflicted with a growing list of ailments, most importantly the recent reductions in Medicare and Medicaid reimbursements due to the Balanced Budget Act of 1997. Those challenges, coupled with increased managed care pressures within the industry and growing losses from physician group practices, prompted several downgrades in the health care sector.

REGIONAL PERFORMANCE

Most states continued to enjoy stable-to-improving credit quality. California was one of the year's biggest success stories, thanks in large part to strength in its high-tech, entertainment, multi-media, and tourism industries. Nevada remained one of the fastest growing states as Las Vegas attracted more tourism dollars. Population growth and economic expansion helped Nevada's neighbors, including Arizona and Utah. The strength of the stock market and Wall Street benefited New York and New Jersey, while record auto sales and strong manufacturing activity boosted the credit quality of upper midwestern states, including Michigan and Ohio.

Alaska and Hawaii were the lone exceptions to all the good news. Alaska was hurt by low oil prices in 1998, while Hawaii's credit quality downgrade in 1998 was followed by Honolulu's in 1999. Continued economic weakness in Japan caused a significant reduction in the amount of money spent in Hawaii by Japanese tourists.

[map chart - data below]

NATIONAL CREDIT QUALITY AS OF MAY 31, 1999

STATE	S&P RATING
Alabama	AA
Alaska	AA
Arizona	AA
Arkansas	AA
California	AA
Colorado	AA
Connecticut	AA-
Delaware	AA+
District Of Columbia	BB
Florida	AA+
Georgia	AAA
Hawaii	A+
Idaho	AA
Illinois	AA
Indiana	AA
Iowa	AA
Kansas	AA
Kentucky	AA
Louisiana	A-
Maine	AA+
Maryland	AAA
Massachusetts	AA-
Michigan	AA+
Minnesota	AAA
Mississippi	AA
Missouri	AAA
Montana	AA-
Nebraska	NR
Nevada	AA
New Hampshire	AA+
New Jersey	AA+
New Mexico	AA+
New York	A

North Carolina	AAA
North Dakota	AA-
Ohio	AA+
Oklahoma	AA
Oregon	AA
Pennsylvania	AA-
Rhode Island	AA-
South Carolina	AAA
South Dakota	AA
Tennessee	AA+
Texas	AA
Utah	AAA
Vermont	AA-
Virginia	AAA
Washington	AA+
West Virginia	AA-
Wisconsin	AA
Wyoming	NR

Source: Standard & Poor's

CREDIT RATING DEFINITIONS

CREDIT RATINGS ARE BASED ON AN ISSUER'S FINANCIAL STRENGTH AND ABILITY TO PAY INTEREST AND PRINCIPAL IN A TIMELY MANNER. IT'S IMPORTANT TO NOTE THAT CREDIT RATINGS ARE SUBJECTIVE; THEY ARE NOT ABSOLUTE STANDARDS OF QUALITY.

* AAA, AA, A, AND BBB ARE STANDARD & POOR'S HIGHEST LONG-TERM CREDIT RATINGS. BONDS IN THESE RATING CATEGORIES ARE CONSIDERED "INVESTMENT GRADE," MEANING THEY'RE RELATIVELY SAFE FROM DEFAULT.

* AAA--EXTREMELY STRONG ABILITY TO MEET FINANCIAL OBLIGATIONS.

* AA--VERY STRONG ABILITY TO MEET FINANCIAL OBLIGATIONS.

* A--STRONG ABILITY TO MEET FINANCIAL OBLIGATIONS.

* BBB--GOOD ABILITY TO MEET FINANCIAL OBLIGATIONS.

* BB--LESS VULNERABLE TO DEFAULT THAN OTHER LOWER-QUALITY ISSUES BUT DO NOT QUITE MEET INVESTMENT-GRADE STANDARDS.

Limited-Term Tax-Free--Performance

<TABLE>
<CAPTION>
TOTAL RETURNS AS OF MAY 31, 1999

	LIMITED-TERM TAX-FREE	MERRILL LYNCH 0- TO 3-YEAR MUNI INDEX	SHORT/INTERMEDIATE MUNI DEBT FUNDS(2) AVERAGE RETURN	FUND'S RANKING
<S>	<C>	<C>	<C>	<C>
6 MONTHS(1)	1.22%	1.75%	0.94%	--
1 YEAR	4.15%	4.58%	3.68%	7 OUT OF 38
AVERAGE ANNUAL RETURNS				
3 YEARS	4.81%	4.54%	4.61%	13 OUT OF 29
5 YEARS	4.75%	4.51%	4.68%	11 OUT OF 18
LIFE OF FUND	4.44%	4.28%	4.41%(3)	8 OUT OF 14(3)

</TABLE>

The fund's inception date was 3/1/93.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

(3) Since 3/31/93, the date nearest the fund's inception for which return data are available.

See pages 45-46 for more information about returns, the comparative index, and Lipper fund rankings.

[mountain graph - data below]

GROWTH OF $10,000 OVER LIFE OF FUND
Value on 5/31/99

Limited-Term Tax-Free	$13,122
Merrill-Lynch 0- to 3-Year Muni Index	$12,999

DATE	Limited-Term Tax-Free VALUE	Merrill-Lynch 0- to 3-Year Muni Index VALUE
3/1/93	$10,000	$10,000
3/31/93	$10,014	$9,991
6/30/93	$10,132	$10,110
9/30/93	$10,227	$10,149
12/31/93	$10,337	$10,322
3/31/94	$10,322	$10,319
6/30/94	$10,426	$10,396
9/30/94	$10,524	$10,499
12/31/94	$10,591	$10,458
3/31/95	$10,790	$10,693
6/30/95	$10,964	$10,904
9/30/95	$11,110	$11,064
12/31/95	$11,305	$11,213
3/31/96	$11,364	$11,325
6/30/96	$11,434	$11,403
9/30/96	$11,564	$11,535
12/31/96	$11,721	$11,672
3/31/97	$11,768	$11,728
6/30/97	$12,007	$11,907
9/30/97	$12,204	$12,073
12/31/97	$12,378	$12,222
3/31/98	$12,501	$12,356
6/30/98	$12,627	$12,476
9/30/98	$12,892	$12,680
12/31/98	$13,012	$12,834
3/31/99	$13,112	$12,952
5/31/99	$13,122	$12,999

$10,000 investment made 3/1/93

The graph at left shows the growth of a $10,000 investment over the life of the fund, while the graph below shows the fund's year-by-year performance. The Merrill Lynch 0- to 3-Year Municipal Index is provided for comparison in each graph. Limited-Term Tax-Free's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

[bar graph - data below]

ONE-YEAR RETURNS OVER LIFE OF FUND (PERIODS ENDING MAY 31)

DATE	Limited-Term Tax-Free RETURN	Merrill-Lynch 0- to 3-Year Muni Index RETURN
5/31/93*	0.76%	0.23%
5/31/94	3.26%	4.02%
5/31/95	5.00%	4.31%
5/31/96	4.32%	4.62%
5/31/97	4.49%	4.08%
5/31/98	5.79%	4.96%
5/31/99	4.15%	4.58%

* From 3/1/93 (the fund's inception date) to 5/31/93.

Limited-Term Tax-Free--Q&A

/photo of Bryan Karcher/

An interview with Bryan Karcher (pictured above) and Dave MacEwen (pictured on page 21), portfolio managers on the Limited-Term Tax-Free fund investment team.

HOW DID THE FUND PERFORM DURING ITS FISCAL YEAR ENDED MAY 31, 1999?

Limited-Term Tax-Free performed well. For the 12 months ended May 31, the fund returned 4.15%, compared with the 3.68% average return of the 38 "Short/Intermediate Municipal Debt Funds" tracked by Lipper Inc. Based on those returns, Limited-Term Tax-Free ranked in the top 20% of its Lipper peers.

WHAT HELPED LIMITED-TERM TAX-FREE PERFORM BETTER THAN THE AVERAGE OF ITS COMPETITORS?

As we entered 1999, many of the fund managers in the Lipper group -- as well as other market participants -- expected a global recession, a weaker U.S. economy, and more interest rate cuts by the Federal Reserve. Believers in this outlook tended to increase the duration and average maturity of their portfolios, heightening the interest rate sensitivity of their funds to capture more potential gains if interest rates fell.

For our part, we took a contrarian approach, maintaining a neutral, less aggressive stance. We did so because we thought that the strength indicated in the economic data from the last quarter of 1998 would continue into the beginning of 1999 and cause a reversal of market sentiment. That's exactly what happened. U.S. economic growth remained strong, and interest rates rose in anticipation of Fed action to raise rates to slow growth and head off inflation.

HOW DID YOU MAINTAIN THE PORTFOLIO'S NEUTRAL POSITION?

The municipal bond market experienced a great deal of fluctuation during the first and second quarters of 1999. When the market sold off and buying opportunities presented themselves at the longer end of our maturity range, we extended duration a bit. Then we sold some of those positions to return duration to a neutral position when the market rallied.

WHAT OTHER MOVES DID YOU MAKE DURING THE SECOND HALF OF THE FUND'S FISCAL YEAR?

We reduced Limited-Term Tax-Free's holdings in BBB securities. These bonds tend to offer more yield than higher-rated securities to reward investors for the additional credit risk.

We started to reduce our position in lower-rated bonds toward the end of 1998 because we felt these issues did not offer enough of a yield advantage over higher-rated securities with comparable maturities. As a result, the fund's investments in BBB securities dropped to about 11% of the portfolio by the end of May.

We reallocated the proceeds from the BBB assets into securities that we believed had less credit risk but still offered attractive yields. These included AAA callable securities -- which can be redeemed by the issuer before

[right margin]

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	3.42%
30-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	4.75%
31.0% TAX BRACKET	4.96%
36.0% TAX BRACKET	5.34%
39.6% TAX BRACKET	5.66%

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	40	36
WEIGHTED AVERAGE MATURITY	3.5 YRS	3.6 YRS
AVERAGE DURATION	3.0 YRS	2.9 YRS
EXPENSE RATIO	0.51%	0.52%*

* Annualized.

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
AAA	62%	57%
AA	21%	21%
A	6%	6%
BBB	11%	16%

Ratings provided by Standard & Poor's. See Credit Rating Definitions on page 5 for more information.

Investment terms are defined in the Glossary on pages 46-47.

(Continued)

the bond's maturity date -- and AA-rated bonds with unique structures. For example, we were able to pick up additional yield by investing in AA bonds with mandatory "puts" -- they provided the right to sell to a specified buyer at a specified time and price.

WAS THE FUND'S PERFORMANCE HELPED BY ANY CREDIT UPGRADES?

Yes, it was. For example, New York City and Detroit were upgraded from BBB to A. New York City, in particular, was helped by the strength of the financial markets.

On the heels of this credit improvement, we decided to sell most of the fund's New York City bonds to take profits. Another reason we decided to reduce this position was our concern that the liquidity crunch suffered by the financial markets in 1998 could continue to adversely affect Wall Street.

ONE WAY OF DETERMINING THE RELATIVE VALUE OF MUNICIPAL SECURITIES IS COMPARING THEIR YIELDS WITH TREASURY YIELDS. HOW DO MUNICIPAL AND TREASURY YIELDS COMPARE THESE DAYS?

Treasury securities have slumped quite a bit in 1999 and their yields have spiked upward. As a result, municipal bonds are no longer as comparatively undervalued as they were at the end of 1998. That's a significant change, because six to eight months ago municipal yields equaled comparable maturity Treasury yields. In other words, any taxable investor would have earned a higher tax-adjusted yield from a municipal bond than from a comparable maturity Treasury bond. As Randy Merk mentions on the bottom of page 4, the tax-equivalent yields for municipal bonds are still attractive for high tax-bracket investors relative to Treasury yields, but not as attractive as they were at the end of 1998.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET?

From an interest rate standpoint, that's a tough call. The Fed has already tightened once this year, and it's unclear if it will have to tighten again. That's causing some market uncertainty.

From a supply and demand standpoint, the picture is a bit more clear. We believe that new issuance will remain low, unless interest rates drop dramatically. That should help the municipal market's performance.

GIVEN THAT OUTLOOK, HOW DO YOU PLAN TO POSITION LIMITED-TERM TAX-FREE OVER THE NEXT FEW MONTHS?

We intend to pursue a neutral course, closely watching the economy for changes that could affect market conditions. As always, we'll look for opportunities to increase the fund's yield, buying securities that offer a good balance of risk and return.

[left margin]

"WE BELIEVE THAT NEW ISSUANCE WILL CONTINUE TO BE LOW, UNLESS INTEREST RATES DROP DRAMATICALLY. THAT SHOULD HELP THE MUNICIPAL MARKET'S PERFORMANCE."

TOP FIVE STATES (AS OF 5/31/99)

	% OF FUND INVESTMENTS
MICHIGAN	10.6%
OHIO	9.9%
ARIZONA	9.9%
TEXAS	6.6%
MISSOURI	6.4%

TOP FIVE STATES (AS OF 11/30/98)

	% OF FUND INVESTMENTS
OHIO	10.6%
MICHIGAN	9.7%
NEW YORK	9.5%
CALIFORNIA	7.1%
MISSOURI	6.9%

Limited-Term Tax-Free--Schedule of Investments

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
MUNICIPAL SECURITIES--97.4%		
ALASKA--4.4%		
$ 850	Alaska Industrial Development & Export Auth. Power Rev., Series 1998-1, (Snettisham Hydroelectric), 4.50%, 1/1/00	$ 856
1,000	Alaska Industrial Development & Export Auth. Rev., Series 1998 A, 4.50%, 4/1/01 (MBIA)	1,010
		1,866
ARIZONA--9.9%		
1,500	Arizona Transportation Board Excise Tax Rev., (Maricopa County), 5.60%, 7/1/02 (AMBAC)	1,575
1,025	Maricopa County COP, 5.625%, 6/1/00	1,036
1,000	Maricopa County Unified School District No. 97 GO, Series 1999 G, (Deer Valley Project of 1996), 5.60%, 7/1/00 (FSA)(1)	1,025
555	Pinal County COP, 4.25%, 12/1/05 (MBIA)	556
		4,192
CALIFORNIA--3.0%		
1,225	Garden Grove Agency Community Development Tax Allocation,	

	(Garden Grove Community), 5.20%, 10/1/01	1,260
COLORADO--4.9%		
1,000	Denver Colorado City & County Airport Rev., Series 1996 B, 5.25%, 11/15/02 (MBIA)	1,038
1,000	Highlands Ranch Metropolitan District #2 GO, 6.00%, 6/15/02 (FSA)	1,060
		2,098
FLORIDA--4.5%		
210	Escambia County Housing Finance Auth. Single Family Mortgage Rev., Series 1998 A, (Multi-County Program), 4.70%, 10/1/05 (GNMA/FNMA)	212
1,550	Jacksonville Electric Auth. Rev., (St. John's River), 6.00%, 10/1/04(2)	1,690
		1,902
ILLINOIS--2.5%		
1,000	Illinois Civic Center Rev., 5.00%, 12/15/05 (AMBAC)	1,039

Principal Amount	($ in Thousands)	Value
INDIANA--2.5%		
$1,000	Central High School Building Corp. Rev., 5.25%, 2/1/04 (AMBAC)	$ 1,044
KENTUCKY--2.3%		
1,000	Carrollton & Henderson Public Energy Auth. Gas Rev., Series 1998 B, 4.20%, 1/1/06 (FSA)	988
MICHIGAN--10.6%		
1,000	Detroit Downtown Development Auth. Tax Increment Rev., Series 1998 C, (Development Area No. 1), 4.10%, 7/1/03 (MBIA)	1,000
880	Detroit GO, Series 1995 A, 5.40%, 5/1/00	895
500	Detroit GO, Series 1995 B, 6.50%, 4/1/02	531
1,045	Michigan Hospital Financing Auth. Rev., Series 1999 A, (Charity Obligation Group), 4.25%, 11/1/06	1,024
1,000	Michigan Municipal Board Auth. Rev., 5.00%, 12/1/05	1,044
		4,494
MISSOURI--6.4%		
1,675	North Kansas City School District GO, 5.00%, 3/1/00	1,698
1,000	Springfield State Highway Improvement Corp. Rev., 5.05%, 8/1/03 (AMBAC)	1,039
		2,737
MONTANA--2.4%		
1,000	Forsyth Pollution Control Rev., Series 1998 B, 4.75%, 5/1/33	1,014

NEBRASKA--2.4%		
1,000	American Public Energy Agency Nebraska Gas Supply Rev., Series 1999 A, (Nebraska Public Gas Agency), 3.35%, 6/1/00 (AMBAC)	1,000
NEW JERSEY--5.5%		
500	New Jersey Educational Facilities Auth. Rev., Series 1998 B, (St. Peters College), 4.60%, 7/1/01	505
1,750	West Windsor Plainsboro GO, 5.25%, 12/1/02 (FGIC)	1,831
		2,336
NEW YORK --6.4%		
2,145	New York City Municipal Assistance Corp. Rev., Series 1997 I, 5.25%, 7/1/02	2,229

See Notes to Financial Statements

Principal Amount	($ in Thousands)	Value
$ 500	New York State Dormitory Auth. Rev., Series 1998 I, (New York Downtown Hospital), 4.80%, 2/15/06	$ 506
		2,735
OHIO--9.9%		
2,070	Ohio Building Auth. Rev., Series 1997 A, (Highway Safety Building), 5.00%, 10/1/03 (AMBAC)	2,154
500	Ohio Public Facilities Commission Rev., Series 1998 A, 4.50%, 12/1/04	510
1,500	Ohio Water Development Auth. Pollution Control Facilities Rev., 5.00%, 6/1/04 (MBIA)	1,560
		4,224
RHODE ISLAND--1.4%		
570	Rhode Island Economic Development Corp. Airport Rev., Series 1998 A, 5.00%, 7/1/03 (FSA)	589
SOUTH CAROLINA--4.5%		
855	Piedmont Municipal Power Agency Rev., Series 1991 A, 6.00%, 1/1/02 (FGIC)	897
1,000	South Carolina Public Service Auth. Rev., Series 1998 A, 5.00%, 1/1/02	1,025
		1,922

TENNESSEE--4.9%

Principal Amount		Value
1,050	Jackson Hospital Rev., (Madison County General Hospital), 4.50%, 4/1/00 (AMBAC)	1,061
1,000	Tennergy Corp. Gas Rev., 4.50%, 6/1/04 (MBIA)	1,015
		2,076

Principal Amount	($ in Thousands)	Value
TEXAS--6.6%		
$1,000	Colorado River Municipal Water District Rev., Series 1991 A, 8.50%, 1/1/01, Prerefunded at 100% of Par (AMBAC)(3)	$ 1,074
685	Denison Hospital Auth. Rev., (Texoma Medical Center), 5.00%, 8/15/00	691
1,000	Houston Water & Sewer System Rev., Series 1999 A, 5.25%, 12/1/05 (FSA)	1,057
		2,822
WISCONSIN--2.4%		
1,000	Wisconsin Rural Water Construction Loan Program Community Rev., 4.25%, 9/15/00 (GIC: FGIC)	1,010
TOTAL MUNICIPAL SECURITIES		41,348
(Cost $40,828)		
SHORT-TERM MUNICIPAL SECURITIES--2.6%		
NEW YORK		
1,100	New York GO, Series 1992 B, VRDN, 3.30%, 6/1/99 (FGIC) (SBBPA: General Electric Capital Corp.)	1,100
(Cost $1,100)		
TOTAL INVESTMENT SECURITIES--100.0%		$42,448
(Cost $41,928)		

See Notes to Financial Statements

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

COP = Certificates of Participation

FGIC = Financial Guaranty Insurance Co.

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GIC = Guaranteed Investment Contract

GNMA = Government National Mortgage Association

GO = General Obligation

MBIA = MBIA Insurance Corp.

SBBPA = Standby Bond Purchase Agreement

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) When-issued security.

(2) Security, or a portion thereof, has been segregated at the custodian bank for a when-issued security.

(3) Escrowed to maturity in U.S. government securities and or state and local government securities.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* principal amount of each investment

* the market value of each investment

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

Intermediate-Term Tax-Free--Performance

<TABLE>
<CAPTION>
TOTAL RETURNS AS OF MAY 31, 1999

	INTERMEDIATE-TERM TAX-FREE	LEHMAN 5-YEAR GO INDEX	INTERMEDIATE MUNICIPAL DEBT FUNDS(2) AVERAGE RETURN	FUND'S RANKING
<S>	<C>	<C>	<C>	<C>
6 MONTHS(1)	0.50%	1.42%	0.50%	--
1 YEAR	4.07%	4.90%	3.72%	34 OUT OF 134
AVERAGE ANNUAL RETURNS				
3 YEARS	5.98%	5.97%	5.85%	46 OUT OF 114
5 YEARS	5.82%	5.91%	5.81%	40 OUT OF 88
10 YEARS	6.35%	6.74%	6.58%	17 OUT OF 24

</TABLE>

The fund's inception date was 3/2/87.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

See pages 45-46 for more information about returns, the comparative index, and Lipper fund rankings.

[mountain graph - data below]

GROWTH OF $10,000 OVER 10 YEARS
Value on 5/31/99
Intermediate-Term Tax-Free $18,516
Lehman 5-Year GO Index $19,201

DATE	Intermediate-Term Tax-Free VALUE	Lehman 5-Year GO Index VALUE
5/31/89	$10,000	$10,000
5/31/90	$10,583	$10,738
5/31/91	$11,551	$11,740
5/31/92	$12,504	$12,778
5/31/93	$13,588	$13,977
5/31/94	$13,958	$14,411
5/31/95	$14,941	$15,404
5/31/96	$15,556	$16,134
5/31/97	$16,535	$17,115
5/31/98	$17,791	$18,304
5/31/99	$18,516	$19,201

$10,000 investment made

The graph at left shows the growth of a $10,000 investment over 10 years, while the graph below shows the fund's year-by-year performance. The Lehman 5-Year GO Index is provided for comparison in each graph. Intermediate-Term Tax-Free's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

[bar graph - data below]

ONE-YEAR RETURNS OVER 10 YEARS (PERIODS ENDING MAY 31)

DATE	Intermediate-Term Tax-Free RETURN	Lehman 5-Year GO Index RETURN
5/31/90	5.83%	7.38%
5/31/91	9.15%	9.33%
5/31/92	8.25%	8.84%
5/31/93	8.67%	9.39%
5/31/94	2.72%	3.10%
5/31/95	7.04%	6.89%
5/31/96	4.12%	4.74%
5/31/97	6.29%	6.08%
5/31/98	7.60%	6.95%
5/31/99	4.07%	4.90%

/photo of Ken Salinger/

An interview with Ken Salinger, a portfolio manager on the Intermediate-Term Tax-Free fund investment team.

HOW DID THE FUND PERFORM DURING ITS FISCAL YEAR ENDED MAY 31, 1999?

Intermediate-Term Tax-Free performed well. For the 12 months ended May 31, the fund returned 4.07%, compared with the 3.72% average return of the 134 "Intermediate Municipal Debt Funds" tracked by Lipper Inc. Based on these returns, Intermediate-Term Tax-Free ranked in the top 30% of its Lipper peers. Furthermore, the fund's 30-day SEC yield was 3.91% compared with the 3.68% average of the Lipper group.

WHAT HELPED INTERMEDIATE-TERM TAX-FREE PERFORM BETTER THAN THE AVERAGE OF ITS

COMPETITORS?

We took a more neutral, less aggressive stance with the portfolio than many other fund managers did. This contrarian view was based on our belief that the economic strength apparent at the end of 1998 would continue into 1999 and cause a reversal of market sentiment. That's exactly what happened.

Even though economic indicators such as home and retail sales were strong at the end of 1998, many market observers expected a global recession, a weaker U.S. economy, and continued interest rate cuts by the Federal Reserve in 1999. Instead, U.S. economic growth continued to be strong, and interest rates rose in anticipation of Fed action to raise rates to slow growth and head off inflation.

HOW DID YOU MAINTAIN THE PORTFOLIO'S NEUTRAL POSITION?

The municipal market fluctuated a great deal during the first and second quarters of 1999. When the market sold off and buying opportunities presented themselves at the longer end of our maturity range, we extended the fund's maturity a bit. When the market rallied, we sold some of these positions to return the fund's duration to a neutral position.

HOW DID YOU STRUCTURE THE PORTFOLIO IN TERMS OF MATURITY?

As bond market sentiment shifted from bullish to bearish, we structured the fund in a bulleted fashion. That is, we concentrated the fund's investments around the average maturity of the fund, between eight and nine years. This strategy paid off because it reduced our holdings in longer-term bonds, which were hurt most by rising interest rates.

During the last three months of the period, however, we spread the fund's investments more broadly across the maturity spectrum.

HOW DID YOU MANAGE THE PORTFOLIO'S CREDIT QUALITY?

As 1998 came to a close, it became apparent that lower-rated securities did not offer a significant yield advantage over AAA securities. Therefore, we sold some lower-rated bonds and moved the assets into insured bonds with AAA ratings.

[right margin]

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	3.91%
30-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	5.43%
31.0% TAX BRACKET	5.67%
36.0% TAX BRACKET	6.11%
39.6% TAX BRACKET	6.47%

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	109	101
WEIGHTED AVERAGE MATURITY	8.7 YRS	7.9 YRS
AVERAGE DURATION	5.5 YRS	5.4 YRS
EXPENSE RATIO	0.51%	0.51%*

* Annualized.

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
AAA	79%	73%
AA	10%	12%
A	8%	11%
BBB	3%	4%

Ratings provided by Standard & Poor's. See Credit Rating Definitions on page 5 for more information.

Investment terms are defined in the Glossary on pages 46-47.

(Continued)

WHY DO YOU END UP INVESTING IN CERTAIN STATES AND NOT OTHERS?

Among the key factors are supply and demand. Our strategy has been to try to purchase securities from states where issuance is high or demand is relatively low (resulting in higher yields and lower prices) and sell bonds from states where there is some combination of lower supply or higher demand that drives up prices (and pushes down yields). The fund's largest stakes at the end of the period were in New York, Texas, and Washington (see the table at left).

We should also add that municipal bond issuance has decreased significantly so far in 1999 because so many municipalities took advantage of declining interest rates to refinance their debt in 1998. The decreased supply this year has helped the performance of municipal bonds.

IN THE FUND'S LAST REPORT, THE RELATIVE VALUE OF MUNICIPAL SECURITIES COMPARED FAVORABLY WITH TREASURY BONDS. HOW DO MUNICIPAL AND TREASURY YIELDS COMPARE THESE DAYS?

So far in 1999, Treasury securities have slumped quite a bit and their yields have spiked upward. As a result, municipal bonds are no longer as undervalued compared with Treasurys as they were at the end of 1998. This is a significant change; six to eight months ago municipal yields were equivalent to comparable maturity Treasury yields. That means any taxable investor would have earned a higher tax-adjusted yield from a municipal bond than from a comparable maturity Treasury bond. The tax-equivalent yields for municipal bonds are still attractive for high tax-bracket investors relative to Treasury yields, but not as attractive as they were at the end of 1998.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET?

Inflation concerns prompted the Federal Reserve to raise its short-term interest rate target at the end of June in an effort to slow economic growth to a more-sustainable, non-inflationary pace. The bond market took a positive view of the Fed's action and rallied slightly on the news. Bond yields fell because the rate hike indicated to many observers that the Fed remains vigilant on the inflation front.

However, because there's still strength in the latest economic figures, municipal bond yields have continued to reflect expectations that the Fed could raise short-term interest rates again before the end of 1999. The big question is whether economic growth will remain overly strong and spark additional Fed interest rate hikes, or whether those concerns are unnecessarily bearish.

GIVEN THAT OUTLOOK, HOW DO YOU PLAN TO POSITION INTERMEDIATE-TERM TAX-FREE OVER THE NEXT FEW MONTHS?

We expect to continue with a neutral stance, closely watching the economy for signs of changing market conditions. In addition, since neither short- nor longer-term municipal securities look as if they will offer particularly intriguing opportunities, we'll aim to concentrate the portfolio's holdings on securities with maturities near its average maturity, around eight years.

[left margin]

"OUR STRATEGY HAS BEEN TO TRY TO PURCHASE SECURITIES FROM STATES WHERE ISSUANCE IS HIGH OR DEMAND IS RELATIVELY LOW."

TOP FIVE STATES (AS OF 5/31/99)

	% OF FUND INVESTMENTS
NEW YORK	13.1%
TEXAS	13.1%
WASHINGTON	11.9%

MASSACHUSETTS	7.7%
PENNSYLVANIA	5.6%

TOP FIVE STATES (AS OF 11/30/98)

	% OF FUND INVESTMENTS
NEW YORK	14.6%
TEXAS	14.2%
WASHINGTON	13.6%
MASSACHUSETTS	7.6%
CALIFORNIA	5.9%

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
MUNICIPAL SECURITIES--99.8%		
ALABAMA--1.1%		
$1,535	Russell County Rev., Series 1999 B, 5.375%, 12/1/13 (AMBAC)	$ 1,576
ALASKA--1.1%		
1,130	Alaska Industrial Development & Export Auth. Power Rev., (Snettisham Hydroelectric), 5.25%, 1/1/04 (AMBAC)	1,173
500	Anchorage Hospital Rev., (Sisters of Providence), 6.50%, 10/1/99	505
		1,678
ARIZONA--0.7%		
1,000	Phoenix Industrial Development Auth. Single Family Mortgage Rev., Series 1998 A, 6.60%, 12/1/29 (GNMA/FNMA/FHLMC)	1,088
CALIFORNIA--3.0%		
2,000	California Housing Finance Agency Rev., 5.60%, 8/1/09 (MBIA)	2,118
1,100	California Public Works Board Lease Rev. COP, Series 1994 A, (Various University of California Projects), 6.15%, 11/1/04, Prerefunded at 102% of Par(1)	1,235
1,100	Sacramento Regional Transportation COP, Series 1992 A, 6.20%, 3/1/00	1,124
		4,477
COLORADO--2.8%		
2,000	Denver City & County School District No. 1 GO, 5.25%, 12/1/16 (FGIC)	2,025
1,000	Denver Sales Tax Rev., Series 1991 A, (Major League Baseball Stadium District), 6.10%, 10/1/01 (FGIC)	1,052
1,040	Douglas County School District No. 1 GO, 5.25%, 12/15/12 (FGIC)	1,073
		4,150

Principal Amount	($ in Thousands)	Value

DISTRICT OF COLUMBIA--1.7%		
1,000	District of Columbia Hospital Rev., Series 1993 A, (Medlantic Health Care Group), 5.25%, 8/15/02 (MBIA)(1)	1,039
$1,275	Metropolitan Washington D.C. Airports Auth. Rev., Series 1992 A, 6.30%, 10/1/03 (MBIA)	$ 1,381

		2,420

FLORIDA--4.3%		
700	Broward County School District GO, 6.75%, 2/15/00	716
245	Escambia County Housing Finance Auth. Single Family Mortgage Rev., Series 1998 A, (Multi-County Program), 4.85%, 10/1/07 (GNMA/FNMA)	247
360	Escambia County Housing Finance Auth. Single Family Mortgage Rev., Series 1998 A, (Multi-County Program), 4.90%, 4/1/08 (GNMA/FNMA)	362
1,300	Florida State Board Regent University System Improvement Rev., 4.50%, 7/1/23 (AMBAC)	1,163
1,775	Lakeland Electric and Water Rev. Refunding, Series 1999 C, 6.05%, 10/1/09 (FGIC)	1,988
1,520	Miami-Dade County Public Service Tax Rev., 5.25%, 10/1/16 (FSA)	1,544
345	Pinellas County Educational Facilities Auth. Rev., (Barry University), 4.35%, 10/1/00	348

		6,368

GEORGIA--4.1%		
1,000	Atlanta Airport Facilities Rev., 7.00%, 1/1/01	1,047
1,000	Atlanta Water and Sewer Rev., (Second Lien), 6.00%, 1/1/05 (FGIC)(1)	1,089
2,495	Fulton County Water and Sewer Rev. Refunding, 6.25%, 1/1/09 (FGIC)	2,821
1,000	Metropolitan Atlanta Rapid Transit Auth. Sales Tax Rev., Series 1991 M, 6.05%, 7/1/01	1,045

		6,002

HAWAII--0.7%		
1,000	Hawaii State GO, Series 1997 CN, 5.25%, 3/1/13 (FGIC)	1,019

ILLINOIS--1.6%		
2,250	Illinois GO, 6.00%, 10/1/01	2,361
30	Metropolitan Pier and Exposition Auth. Rev., (McCormick Place), 5.20%, 6/15/99(1)	30

		2,391

See Notes to Financial Statements

(Continued)

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
INDIANA--2.1%		
$1,000	Center Grove High School Building Corp. Rev., 3.90%, 1/5/03 (FSA)	$ 994
2,000	Indiana Health Facility Financing Auth. Rev., (Holy Cross Health System Corp.), 5.375%, 12/1/12 (MBIA)	2,050
		3,044
MASSACHUSETTS--7.7%		
2,605	Massachusetts Bay Transportation Auth. Rev., Series 1992 C, 5.40%, 3/1/00	2,648
1,000	Massachusetts Educational Financing Auth. Education Loan Rev., Series 1998 A, (Issue G), 4.55%, 12/1/06 (MBIA)	1,001
1,000	Massachusetts Health & Educational Facilities Auth. Rev., Series 1998 A, (Harvard Pilgrim Health), 5.25%, 7/1/12 (FSA)	1,017
2,500	Massachusetts Water Resource Auth. Rev., Series 1998 B, 4.50%, 8/1/22 (FSA)	2,224
3,000	Massachusetts Water Resource Auth. Rev., Series 1998 A, 4.75%, 8/1/27 (FSA)	2,750
1,650	Springfield GO, 5.25%, 11/15/14 (FSA)	1,679
		11,319
MICHIGAN--2.5%		
1,000	Detroit City School District, Series 1998 B, 5.375%, 5/1/14 (FGIC)	1,027
1,000	Detroit Downtown Development Auth. Tax Increment Rev., Series 1998 A, (Development Area No. 1), 5.25%, 7/1/12 (MBIA)	1,016
1,500	Detroit Water Supply System Rev., Series 1995 A, 5.30%, 7/1/09 (MBIA)	1,583
		3,626
MISSISSIPPI--2.4%		
1,000	Harrison County GO, 5.00%, 7/1/12 (MBIA)	1,017
2,500	Mississippi Development Special Obligation Rev., (Natural Gas), 4.125%, 1/1/06 (MBIA)	2,456
		3,473

MISSOURI--0.7%		
1,000	Missouri Board of Public Buildings State Office Buildings Special Obligation Rev., 6.30%, 12/1/05	1,056

Principal Amount	($ in Thousands)	Value
NEVADA--0.7%		
$1,000	Clark County Airport Rev., Series 1998 A, 5.50%, 7/1/07 (MBIA)	$ 1,070
NEW JERSEY--3.7%		
1,030	Atlantic City Board of Education GO, 6.00%, 12/1/02, Prerefunded at 102% of Par (AMBAC)(1)	1,121
1,410	New Jersey Educational Facility Auth. Rev., Series 1994 A, (New Jersey Institute of Technology), 5.90%, 7/1/08 (MBIA)	1,540
1,000	New Jersey Health Care Facilities Financing Auth. Rev., (Atlantic City Medical Center), 6.15%, 7/1/99	1,003
1,800	New Jersey Health Care Facilities Financing Auth. Rev., (Rahway Hospital Obligation Group), 5.00%, 7/1/05 (ACA)	1,839
		5,503
NEW YORK--13.1%		
1,950	City University of New York COP, (John Jay College), 5.00%, 8/15/09 (AMBAC)	2,007
2,500	Nassau County GO, Series 1996 T, 5.20%, 9/1/05 (FGIC)	2,634
1,500	New York State Dormitory Auth. Rev., Series 1995 A, (State University Educational Facilities), 6.50%, 5/15/04	1,646
1,000	New York State Dormitory Auth. Rev., Series 1995 A, (State University Educational Facilities), 6.50%, 5/15/06	1,117
1,000	New York State Dormitory Auth. Rev., Series 1996 E, (Mental Health Service Facility), 6.00%, 8/15/04 (AMBAC)	1,085
635	New York State Dormitory Auth. Rev., Series 1998 I, (New York Downtown Hospital), 4.80%, 2/15/06	643
1,175	New York State GO, Series 1997 D, 5.25%, 8/1/03	1,225
1,000	New York State GO, Series 1997 D, 5.25%, 8/1/06 (FGIC)	1,053
1,500	New York State Local Government Assistance Corp. Rev., Series 1997 B, 5.25%, 4/1/04 (MBIA)	1,576
850	New York State Medical Care Facilities Finance Agency Rev., (Hospital and Nursing Home), 5.95%, 8/15/09 (FHA)	892
1,000	New York State Thruway Auth. Service Contract Rev., 5.30%, 4/1/04	1,043

See Notes to Financial Statements

Intermediate-Term Tax-Free--Sch. of Investments

(Continued)

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
$1,000	New York State Thruway Auth. Service Contract Rev., 5.50%, 4/1/04	$ 1,051
1,160	New York State Thruway Auth. Service Contract Rev., 5.50%, 4/1/06	1,224
1,000	New York State Urban Development Corp. Rev., Series 1996 A, 6.25%, 4/1/05 (MBIA)	1,102
1,000	Niagara Falls Bridge Commission Toll Rev., Series 1993 B, 5.25%, 10/1/15 (FGIC)	1,040
		19,338
NORTH CAROLINA--1.5%		
2,000	North Carolina Eastern Municipal Power Agency System Rev., Series 1993 B, 6.00%, 1/1/06 (FSA)	2,181
OHIO--4.1%		
1,200	Ohio Higher Educational Facility Commission Rev., (University of Dayton), 5.55%, 12/1/07 (FGIC)	1,284
3,320	Ohio Water Development Auth. Pollution Control Facilities Rev., 6.00%, 12/1/05 (MBIA)	3,656
1,000	Ohio Water Development Auth. Pollution Control Facilities Rev., 5.625%, 12/1/06 (MBIA)	1,076
		6,016
OKLAHOMA--1.9%		
2,500	Oklahoma Industrial Auth. Health System Rev., Series 1995 C, 7.00%, 8/15/04 (AMBAC)	2,810
OREGON--1.4%		
1,805	Lane County School District No. 19 GO, (Springfield), 6.375%, 10/15/04, Prerefunded at 101% of Par (MBIA)(1)	2,020
PENNSYLVANIA--5.6%		
1,500	Pennsylvania Turnpike Commission Rev., Series 1991 L, 6.25%, 6/1/01 (AMBAC)	1,572
2,000	Philadelphia Gas Works Rev., 14th Series, 5.70%, 7/1/00 (FSA)	2,049
1,000	Philadelphia Parking Auth. Rev., 5.50%, 9/1/04 (AMBAC)	1,060
1,500	Philadelphia School District GO, Series 1998 A, 5.25%, 4/1/14 (MBIA)	1,522

Principal Amount	($ in Thousands)	Value
$2,000	Philadelphia Water and Wastewater Rev., 5.15%, 6/15/04 (FGIC)	$ 2,095
		8,298
TEXAS--13.1%		
1,000	Austin Rev., (Sub-Lien), 5.25%, 5/15/12 (MBIA)	1,042
1,000	Austin Utility System Rev., 5.125%, 11/15/16 (FSA)	993
1,875	Brownsville Utility System Rev., 6.00%, 9/1/08 (AMBAC)	2,075
1,000	Dallas-Fort Worth Regional Airport Rev., Series 1994 A, 5.90%, 11/1/08 (MBIA)	1,077
1,000	Denison Hospital Auth. Rev., (Texoma Medical Center), 5.90%, 8/15/07 (ACA)	1,066
1,740	Harris County Health Facilities Development Corp. Rev., Series 1999 A, (Baylor College Medical), 5.375%, 11/15/15 (AMBAC)	1,771
1,000	North East Independent School District Texas GO, 4.50%, 2/1/16 (Guaranteed: Permanent School Fund)	928
500	North Texas Higher Education Student Loan Rev., 6.875%, 4/1/02 (AMBAC)	520
1,345	San Antonio GO, Series 1998 A, 5.125%, 2/1/14	1,356
1,325	Spring Independent School District GO, Series 1998 A, 4.60%, 8/15/13 (Guaranteed: Permanent School Fund)	1,292
1,000	Tarrant County Health Facility Development Corporation Health System Rev., (Harris Methodist Health System), 5.00%, 9/1/07 (AMBAC)(1)	1,040
2,000	Texas Municipal Power Agency Rev., 5.75%, 9/1/02 (MBIA)	2,113
1,000	Texas Municipal Power Agency Rev., 5.25%, 9/1/09 (MBIA)	1,053
1,500	Texas Public Finance Auth. Building Rev., (Technical College), 6.25%, 8/1/09 (MBIA)	1,686
1,240	Upper Trinity Regional Water District Rev., (Treated Water Supply System), 5.25%, 8/1/12 (MBIA)	1,263
		19,275
UTAH--2.8%		
1,000	Intermountain Power Agency Power Supply Rev., Series 1993 A, 5.40%, 7/1/08 (MBIA)	1,047

See Notes to Financial Statements

(Continued)

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
$1,000	Salt Lake County Municipal Building Auth. Lease Rev., Series 1994 A, 6.00%, 10/1/07 (MBIA)	$ 1,086
860	Utah Housing Finance Agency Single Family Mortgage Rev., 5.65%, 7/1/06	903
1,000	Utah Municipal Finance Co-op Local Government Rev., (University of Utah/University Hospital), 6.60%, 5/15/00(1)	1,031
		4,067
WASHINGTON--11.9%		
1,005	King County Library System Facilities Foundation Lease Rev., (Library System Service Center), 4.45%, 12/1/08 (AMBAC)	998
1,000	Pierce County School District No. 320 GO, 5.75%, 12/1/02	1,055
1,000	Port Seattle Passenger Facility Charge Rev., Series 1998 B, 5.00%, 12/1/05 (AMBAC)	1,034
1,000	Port Seattle Rev., Series 1997 B, 5.10%, 10/1/03 (FGIC)	1,037
1,385	Port Tacoma Rev., 4.70%, 12/1/04 (AMBAC)	1,414
2,000	Snohomish County Public Utility District Rev., 5.625%, 1/1/05 (FGIC)	2,123
1,000	Snohomish County School District No. 15 GO, 6.125%, 12/1/03	1,053
1,000	Spokane County School District No. 356 GO, 6.00%, 12/1/06 (FGIC)	1,104
1,730	Tacoma Electric System Rev., 6.00%, 1/1/07 (AMBAC)	1,900
1,000	Tacoma Electric System Rev., 6.10%, 1/1/07 (FGIC)	1,091
1,000	Washington Health Care Facilities Auth. Rev., (Harrison Memorial Hospital), 5.25%, 8/15/14 (AMBAC)	1,012
1,000	Washington Public Power Supply System Rev., Series 1990 B, (Nuclear Project No. 1), 7.10%, 7/1/01 (FGIC)	1,054

Principal Amount	($ in Thousands)	Value
$1,000	Washington Public Power Supply System Rev., Series 1990 C, (Nuclear Project No. 2), 7.30%, 7/1/00	$ 1,040
500	Washington Public Power Supply System Rev., Series 1990 C, (Nuclear Project No. 2), 7.00%, 7/1/01 (FGIC)	531
1,000	Washington Public Power Supply System Rev., Series 1993 A, (Nuclear Project No. 1), 5.50%, 7/1/04	1,056
		17,502

WEST VIRGINIA--0.8%		
1,090	West Virginia GO, Series 1996 D, 5.00%, 11/1/10 (FGIC)	1,113
WISCONSIN--2.7%		
2,590	Wisconsin Health and Educational Facility Rev., (Aurora Medical Group), 6.00%, 11/15/10 (FSA)	2,894
1,060	Wisconsin Health and Educational Facility Rev., Series 1991 B, (Wausau Hospital), 6.30%, 8/15/00 (AMBAC)	1,095
		3,989
TOTAL MUNICIPAL SECURITIES		146,869
(Cost $142,864)		
TEMPORARY CASH INVESTMENTS--0.2%		
233	Units of Participation in Chase Vista Tax-Free Money Market Fund (Institutional Shares)	233
(Cost $233)		
TOTAL INVESTMENT SECURITIES--100.0%		$147,102
(Cost $143,097)		

See Notes to Financial Statements

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

ACA = American Capital Access

AMBAC = AMBAC Assurance Corporation

COP = Certificates of Participation

FGIC = Financial Guaranty Insurance Co.

FHA = Federal Housing Authority

FHLMC = Federal Home Loan Mortgage Corporation

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GNMA = Government National Mortgage Association

GO = General Obligation

MBIA = MBIA Insurance Corp.

(1) Escrowed to maturity in U.S. government securities or state and local government securities.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* principal amount of each investment

* the market value of each investment

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

Long-Term Tax-Free --Performance

TOTAL RETURNS AS OF MAY 31, 1999

	LONG-TERM TAX-FREE	LEHMAN LONG-TERM MUNICIPAL BOND INDEX	GENERAL MUNICIPAL DEBT FUNDS(2) AVERAGE RETURN	FUND'S RANKING
6 MONTHS(1)	-0.61%	0.24%	0.10%	--
1 YEAR	3.44%	4.35%	3.26%	122 OUT OF 260
AVERAGE ANNUAL RETURNS				
3 YEARS	7.15%	8.63%	6.68%	50 OUT OF 202
5 YEARS	6.79%	8.25%	6.42%	49 OUT OF 153
10 YEARS	7.14%	8.49%	7.17%	39 OUT OF 76

The fund's inception date was 3/2/87.

(1) Returns for periods less than one year are not annualized.

(2) According to Lipper Inc., an independent mutual fund ranking service.

See pages 45-46 for more information about returns, the comparative index, and Lipper fund rankings.

[mountain graph - data below]

GROWTH OF $10,000 OVER 10 YEARS
Value on 5/31/99
Long-Term Tax-Free $19,927
Lehman Long-Term Muni Bond Index $22,597

DATE	Long-Term Tax-Free VALUE	Lehman Long-Term Muni Bond Index VALUE
5/31/89	$10,000	$10,000
5/31/90	$10,505	$10,714
5/31/91	$11,504	$11,861
5/31/92	$12,685	$13,171
5/31/93	$14,030	$15,066
5/31/94	$14,350	$15,200
5/31/95	$15,561	$16,883
5/31/96	$16,199	$17,628
5/31/97	$17,583	$19,392
5/31/98	$19,267	$21,655
5/31/99	$19,927	$22,597

$10,000 investment made 5/31/89

The graph at left shows the growth of a $10,000 investment over 10 years, while the graph below shows the fund's year-by-year performance. The Lehman Long-Term Municipal Bond Index is provided for comparison in each graph. Long-Term Tax-Free's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

{bar graph - data below]

ONE-YEAR RETURNS OVER 10 YEARS (PERIODS ENDING MAY 31)

DATE	Long-Term Tax-Free RETURN	Lehman Long-Term Muni Bond Index RETURN
5/31/90	5.05%	7.14%
5/31/91	9.51%	10.71%
5/31/92	10.27%	11.04%
5/31/93	10.60%	14.39%
5/31/94	2.28%	0.89%
5/31/95	8.44%	11.07%
5/31/96	4.10%	4.41%
5/31/97	8.54%	10.01%
5/31/98	9.58%	11.67%
5/31/99	3.44%	4.35%

/photo of Dave MacEwen/

An interview with Dave MacEwen, a portfolio manager on the Long-Term Tax-Free fund investment team.

HOW DID THE FUND PERFORM DURING ITS FISCAL YEAR ENDED MAY 31, 1999?

Long-Term Tax-Free posted a total return of 3.44%, which outpaced the 3.26% average total return of the 260 "General Municipal Debt Funds" tracked by Lipper Inc.

The fund also produced more income than its peers. The fund's 30-day SEC yield as of May 31 was 4.37%, compared with the 3.97% yield of the average municipal bond fund, according to Lipper. That 4.37% yield translates to a tax-equivalent yield of approximately 7.24% for investors in the highest (39.6%) federal tax bracket.

WHAT WAS YOUR INVESTMENT APPROACH?

From June 1998 through March 1999, we kept Long-Term Tax-Free's duration -- a measure of its interest rate sensitivity -- at about 9.3 years, a bit longer than the average general municipal debt fund. (The longer a fund's duration, the more its share price will rise or fall in response to interest rate changes.) That positioning was based on our view that interest rates would decline in response to global economic weakness. A neutral position for us would have been about 8.2 years.

The fund's long duration was a direct result of our emphasis on discount bonds. These bonds trade below face value (par) -- at a "discount" -- because their interest coupons are lower than prevailing market interest rates. Discount bonds are attractive in falling interest rate environments because they provide good protection against inopportune refinancings or "calls."

Like homeowners, municipal bond issuers often "call" bonds when they can refinance at lower interest rates. In the same way that home mortgage refinancing shortens the life of a mortgage, a call feature effectively shortens a municipal bond's duration. But because discount bonds have interest rates below prevailing rates, there is less incentive for issuers to refinance them, so they have some call protection. Since they are less likely to be called, the durations of discount bonds remain long.

HOW DID ITS LONG DURATION AFFECT THE FUND'S PERFORMANCE?

The increased interest rate sensitivity was a plus for the fund's performance during periods when rates declined, as they did last autumn and in January of this year. On the other hand, the fund's long duration detracted from performance when rates were on the upswing, as they were from about February of this year through the end of May.

DID YOU ALTER YOUR APPROACH IN RESPONSE TO STRONGER-THAN-EXPECTED ECONOMIC GROWTH?

Yes, we reduced our stake in discount bonds. By doing so, we shortened the fund's duration to 8.6 years by the end of May. Although we make small adjustments to duration based on our interest rate expectations, we generally

[right margin]

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	4.37%
30-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	6.07%
31.0% TAX BRACKET	6.33%
36.0% TAX BRACKET	6.83%
39.6% TAX BRACKET	7.24%

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	76	71
WEIGHTED AVERAGE MATURITY	17.7 YRS	18.2 YRS
AVERAGE DURATION	8.6 YRS	9.0 YRS
EXPENSE RATIO	0.51%	0.51%*

* Annualized.

PORTFOLIO COMPOSITION BY CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
AAA	69%	64%
AA	23%	28%
A	7%	7%
BBB	1%	1%

Ratings provided by Standard & Poor's. See Credit Rating Definitions on page 5 for more information.

Investment terms are defined in the Glossary on pages 46-47.

keep the fund's duration within a year of the duration of Long-Term Tax-Free's benchmark.

WHY DID YOU INCREASE THE FUND'S HOLDINGS OF AAA BONDS?

For the most part, lower-quality bonds didn't really offer enough additional yield over AAA securities to compensate for their added credit risk (the risk that an issuer will fail to make timely interest and principal payments).

WHAT'S YOUR OUTLOOK FOR INTEREST RATES?

We believe that interest rates may be close to topping out. Bond yields during the second quarter of 1999 reflected fears that the Federal Reserve would raise interest rates two, perhaps three times over the next nine months or so. We think those fears are overstated.

While it's true that first quarter economic growth was a surprising 4.3% on an annualized basis, a lot of the credit goes to robust consumer spending, which accounts for roughly two-thirds of the nation's economic growth. The spending surge was spurred by a number of factors, including federal tax refunds that were up 24% over 1998. In addition, extra money from home loan refinancings and the wealth created by stock market gains put consumers in a spending mood.

In our view, however, a lot of the momentum behind consumer spending will prove to be short-lived. Most of the tax refunds have already been spent or saved and higher interest rates will likely curtail home loan refinancings. From here on out, we believe that spending and economic trends will look more tepid relative to the first quarter of 1999. Lacking robust consumer spending, we think the economy will slow a bit and take the edge off any brewing inflationary pressures and higher interest rates.

WHAT DOES THAT OUTLOOK MEAN FOR THE MUNICIPAL MARKET?

Continued low inflation and declining interest rates would certainly help boost the municipal market. But supply and demand will also influence the performance of municipal bonds. Municipals underperformed Treasurys during much of 1998, mainly because of the surge in demand for Treasuries from overseas investors. Municipals, meanwhile, languished from too much supply. So far in 1999, however, the supply of municipals has tapered off and demand has firmed, which we believe could set the stage for lower municipal yields.

WITH THIS OUTLOOK IN MIND, WHAT ARE YOUR PLANS FOR LONG-TERM TAX-FREE?

We will probably keep the portfolio's duration a bit longer than the average municipal fund as long as we believe long-term interest rates will remain stable or move lower. That should be positive for fund returns if municipal bond yields decline, as we expect they will.

[left margin]

"THE SUPPLY OF MUNICIPALS HAS TAPERED OFF AND DEMAND HAS FIRMED, WHICH WE BELIEVE COULD SET THE STAGE FOR LOWER MUNICIPAL YIELDS."

TOP FIVE STATES (AS OF 5/31/99)

	% OF FUND INVESTMENTS
TEXAS	16.4%
NEW YORK	13.9%
MASSACHUSETTS	11.7%
ILLINOIS	10.3%
FLORIDA	7.8%

TOP FIVE STATES (AS OF 11/30/98)

	% OF FUND INVESTMENTS
TEXAS	14.5%
WASHINGTON	9.7%
ILLINOIS	9.4%
FLORIDA	8.1%
NEW YORK	8.1%

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
MUNICIPAL SECURITIES--100.0%		
CALIFORNIA--6.4%		

$1,000	California Public Works Lease Rev., Series 1994 A, (University Project), 6.20%, 10/1/08	$ 1,098
1,500	Los Angeles Community Redevelopment Agency Tax Allocation, Series 1993 H, (Bunker Hill), 6.50%, 12/1/14 (FSA)	1,671
1,500	Metropolitan Water District of Southern California Waterworks Rev., Series 1993 A, 5.75%, 7/1/21	1,631
1,850	Northern California Power Agency Rev., Series 1992 A, (Hydroelectric Project #1), 6.25%, 7/1/12 (MBIA)	2,003
1,000	San Jose Redevelopment Agency Tax Allocation, Series 1993 D, (Merged Area Redevelopment), 5.75%, 8/1/24	1,044
		7,447
CONNECTICUT--2.7%		
1,880	Connecticut Development Auth. Rev., Series 1994 A, 6.375%, 10/15/24	2,072
1,000	Connecticut GO, Series 1993 E, 6.00%, 3/15/12	1,119
		3,191
DISTRICT OF COLUMBIA--3.6%		
1,000	District of Columbia Metropolitan Area Transportation Auth. Rev., 6.00%, 7/1/10 (FGIC)	1,112
3,000	District of Columbia Water and Sewer Auth. Public Utility Rev., 5.50%, 10/1/23 (FSA)	3,121
		4,233
FLORIDA--7.8%		
780	Broward County Resource Recovery Facility Rev., (South), 7.95%, 12/1/08	818
1,000	Florida State Board of Education Capital Outlay GO, Series 1998 D, 4.50%, 6/1/24	889
2,585	Florida State Board Regent University System Improvement Rev., 4.50%, 7/1/23 (AMBAC)	2,313
1,270	Miami-Dade County Public Service Tax Rev., 5.25%, 10/1/17 (FSA)	1,284
1,000	Orlando Utility Commission Water and Electric Rev., Series 1989 D, 6.75%, 10/1/17	1,196

Principal Amount	($ in Thousands)	Value
$1,000	St. Petersburg Health Auth. Rev., (Allegany Health), 7.00%, 12/1/01, Prerefunded at 102% of Par (MBIA)(1)	$ 1,094
1,350	Tampa Sports Auth. Sales Tax Rev., (Tampa Bay Arena), 5.75%, 10/1/25 (MBIA)	1,469
		9,063

GEORGIA--1.0%

Principal Amount	($ in Thousands)	Value
745	Georgia Municipal Electric Power Auth. Rev., Series 1991 V, 6.50%, 1/1/12 (MBIA)	860
255	Georgia Municipal Electric Power Auth. Rev., Series 1991 V, 6.50%, 1/1/12 (MBIA)(1)	297
		1,157
ILLINOIS--10.3%		
1,000	Chicago Gas Supply Rev., Series 1985 B, (Peoples Gas), 7.50%, 3/1/15	1,045
1,000	Cook County GO, 7.00%, 11/1/00, Prerefunded at 102% of Par (MBIA)(1)	1,069
2,000	Illinois Dedicated Tax Rev., (Civic Center), 6.25%, 12/15/20 (AMBAC)	2,269
1,500	Illinois Development Finance Auth. Pollution Control Rev., Series 1990 A, (Central Illinois Public Service), 7.60%, 3/1/14	1,565
1,000	Illinois Development Finance Auth. Waste Disposal Rev., (Armstrong World Industries), 5.95%, 12/1/24	1,078
1,500	Illinois GO, 6.25%, 10/1/06	1,625
1,140	Illinois Health Facilities Auth. Rev., Series 1992 C, (Evangelical Hospital), 6.75%, 4/15/12(1)	1,323
700	Illinois Health Facilities Auth. Rev., Series 1992 C, (Evangelical Hospital), 6.75%, 4/15/02, Prerefunded at 102% of Par(1)	766
1,000	Illinois Regional Transportation Auth. Rev., Series 1990 A, 7.20%, 11/1/20 (AMBAC)	1,256
		11,996
INDIANA--1.9%		
1,000	Indiana Municipal Power Agency Rev., Series 1990 A, 7.10%, 1/1/00, Prerefunded at 102% of Par (AMBAC)(1)	1,042
1,000	Indiana Transportation Financing Auth. Highway Rev., Series 1990 A, 7.25%, 6/1/15	1,233
		2,275

See Notes to Financial Statements

Principal Amount	($ in Thousands)	Value
KANSAS--1.0%		
$ 325	Kansas City Utility System Rev., 6.375%, 9/1/04, Prerefunded at 102% of Par (FGIC)(1)	$ 365
675	Kansas City Utility System Rev., 6.375%, 9/1/23 (FGIC)	746

		1,111
KENTUCKY--1.0%		
1,000	Carroll County Pollution Control Rev., Series 1992 A, (Kentucky Utilities Company), 7.45%, 9/15/16	1,112
MASSACHUSETTS--11.7%		
1,000	Massachusetts Health and Education Auth. Rev., Series 1992 F, 6.25%, 7/1/12 (AMBAC)	1,142
1,690	Massachusetts Housing Finance Agency Rev., Series 1993 H, 6.75%, 11/15/12 (FNMA)	1,811
2,000	Massachusetts Water Pollution Abatement Rev., Series 1998 A, (New Bedford), 4.75%, 2/1/26 (FGIC)	1,837
2,800	Massachusetts Water Resource Auth. Rev., Series 1993 C, 4.75%, 12/1/23 (MBIA)	2,579
7,000	Massachusetts Water Resource Auth. Rev., Series 1998 B, 4.50%, 8/1/22 (FSA)	6,227
		13,596
MICHIGAN--2.6%		
2,000	Detroit City School District GO, Series 1998 C, 5.25%, 5/1/25 (FGIC)	2,021
1,020	Paw Paw Public School District GO, 5.00%, 5/1/25 (FGIC)	993
		3,014
NEW JERSEY--0.8%		
1,000	South Jersey Transportation System Auth. Rev., 5.00%, 11/1/29 (AMBAC)	975
NEW YORK--13.9%		
2,000	Long Island Power Auth. Electric System Rev., Series 1998 A, 5.125%, 12/1/22 (FSA)	1,962
2,000	Long Island Power Auth. Electric System Rev., Series 1998 A, 5.75%, 12/1/24	2,079
2,000	New York City Transitional Finance Auth. Rev., Series 1998 B, 4.50%, 11/15/27	1,762
3,000	New York GO, Series 1998 F, 5.375%, 8/1/19 (MBIA)	3,041

Principal Amount	($ in Thousands)	Value
$3,000	New York State Dormitory Auth. Rev., (City University System), 5.50%, 7/1/16 (AMBAC)	$ 3,101
1,000	New York State Environmental Facilities Corp. Pollution Control Rev., Series 1991 E, 6.30%, 6/15/01, Prerefunded at 102% of Par(1)	1,070
1,000	New York State Local Government Assistance Corp. Rev., Series 1991 D, 6.75%, 4/1/02, Prerefunded at 102% of Par(1)	1,097

2,000	St. Lawrence County Industrial Development Civic Facility Rev., Series 1998 A, (St. Lawrence University), 5.375%, 7/1/18 (MBIA)	2,027
		16,139
NORTH CAROLINA--0.9%		
1,000	North Carolina Municipal Power Agency #1 Rev., (Catawba Electric), 6.00%, 1/1/10 (MBIA)	1,105
OHIO--0.8%		
750	Ohio Higher Educational Facility Rev., Series 1990 B, (Case Western Reserve University), 6.50%, 10/1/20	881
PUERTO RICO--2.1%		
2,050	Puerto Rico Commonwealth GO, 4.50%, 7/1/23	1,830
500	Puerto Rico Commonwealth GO, 6.45%, 7/1/04, Prerefunded at 101.5% of Par(1)	562
		2,392
RHODE ISLAND--4.3%		
1,100	Rhode Island Clean Water Safe Drinking Rev., 6.70%, 1/1/15 (AMBAC)	1,236
2,000	Rhode Island Depositors Economic Protection Corp. Special Obligation Rev., Series 1993 A, 6.25%, 8/1/16 (MBIA)(1)	2,282
1,300	Rhode Island Depositors Economic Protection Corp. Special Obligation Rev., Series 1993 B, 6.00%, 8/1/17 (MBIA)(1)	1,427
		4,945
SOUTH CAROLINA--2.5%		
860	Piedmont Municipal Power Agency Electric Rev., Series 1991 A, 6.50%, 1/1/16 (FGIC)	1,002

See Notes to Financial Statements

Principal Amount	($ in Thousands)	Value
$ 140	Piedmont Municipal Power Agency Electric Rev., Series 1991 A, 6.50%, 1/1/16 (FGIC)(1)	$ 164
1,500	Piedmont Municipal Power Agency Electric Rev., 6.75%, 1/1/19 (FGIC)	1,793

Principal Amount	($ in Thousands)	Value
		2,959
TEXAS--16.4%		
1,000	Alliance Airport Auth. Special Facilities Rev., (American Airlines), 7.00%, 12/1/11 (GTEED)	1,168
1,000	Denton Utility System Rev., Series 1996 A, 5.95%, 12/1/14 (MBIA)	1,084
1,000	Frisco Independent School District GO, Series 1998 A, 4.50%, 8/15/29 (Guaranteed: Permanent School Fund)	881
5,000	Houston Independent School District GO, 5.375%, 8/15/17 (Guaranteed: Permanent School Fund)	5,072
1,400	Lubbock Health Facilities Development Corp. Rev., (St. Joseph Health System), 5.25%, 7/1/13	1,415
2,000	San Antonio Electric and Gas System Rev., 7.10%, 2/1/09 (FGIC)(2)	1,265
1,000	Tarrant County Health Facility Rev., 6.00%, 5/15/11 (MBIA)	1,101
2,500	Texas Municipal Power Agency Rev., Series 1991 A, 6.75%, 9/1/12 (AMBAC)	2,694
2,000	Texas Southern University Rev., Series 1998 B, 4.50%, 11/1/23 (AMBAC)	1,776
1,765	Travis County GO, 4.50%, 3/1/19	1,604
1,000	Weatherford Utility System Rev., 5.25%, 9/1/14 (FSA)	1,009
		19,069

Principal Amount	($ in Thousands)	Value
UTAH--1.1%		
$1,000	Salt Lake City Hospital Rev., Series 1988 A, (Intermountain Health Corporation), 8.125%, 5/15/15(1)	$ 1,276
VIRGINIA--0.9%		
1,000	Hampton Industrial Development Auth. Rev., Series 1994 A, (Sentara General Hospital), 6.50%, 11/1/12	1,104
WASHINGTON--3.2%		
1,405	Port of Seattle Rev., 7.50%, 12/1/00, Prerefunded at 102% of Par (AMBAC)(1)	1,514
1,000	Washington GO, Series 1990 A, 6.75%, 2/1/15	1,196
1,000	Washington Public Power Supply Rev., Series 1996 A, (Nuclear Project #1), 5.75%, 7/1/12 (MBIA)	1,063
		3,773
WISCONSIN--3.1%		
1,180	Winneconne Community School District GO, 6.75%, 4/1/06, Prerefunded at 100% of Par	

	(FGIC)(1)	1,351
1,900	Wisconsin Clean Water Rev., 6.875%, 6/1/11	2,260
		3,611
TOTAL INVESTMENT SECURITIES--100.0%		$116,424

(Cost $111,022)

See Notes to Financial Statements

(Continued)

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

FGIC = Financial Guaranty Insurance Co.

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GO = General Obligation

GTEED = CG Life Guaranty Agreement

MBIA = MBIA Insurance Corp.

(1) Escrowed to maturity in U.S. government securities or state and local government securities.

(2) Security is a zero-coupon municipal bond. The yield to maturity at purchase is indicated. Zero-coupon securities are purchased at a substantial discount from their value at maturity.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* principal amount of each investment

* the market value of each investment

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

<TABLE>
<CAPTION>
TOTAL RETURNS AS OF MAY 31, 1999

	HIGH-YIELD MUNICIPAL	LEHMAN LONG-TERM MUNICIPAL BOND INDEX	HIGH CURRENT YIELD MUNICIPAL FUNDS(3) AVERAGE RETURN	FUND'S RANKING
<S>	<C>	<C>	<C>	<C>
6 MONTHS(1)(2)	1.90%	0.24%	0.98%	--
1 YEAR(2)	6.18%	4.35%	3.57%	1 OUT OF 53
AVERAGE ANNUAL RETURNS				
LIFE OF FUND(2)	6.90%	4.97%	4.63%	1 OUT OF 53

</TABLE>

The fund's inception date was 3/31/98.

(1) Returns for periods less than one year are not annualized.

(2) Management fees were waived through 4/30/99. Returns would have been lower if fees had not been waived.

(3) According to Lipper Inc., an independent mutual fund ranking service.

See pages 45-46 for more information about returns, the comparative index, and Lipper fund rankings.

{mountain graph - data below]

GROWTH OF $10,000 OVER LIFE OF FUND
Value on 5/31/99
High-Yield Municipal $10,809
Lehman Long-Term
Muni Bond Index $10,583

DATE	High-Yield Municipal VALUE	Lehman Long-Term Muni Bond Index VALUE
3/31/98	$10,000	$10,000
4/30/98	$9,994	$9,946
5/31/98	$10,181	$10,141
6/30/98	$10,276	$10,187
7/31/98	$10,300	$10,210
8/31/98	$10,469	$10,393
9/30/98	$10,607	$10,537
10/31/98	$10,563	$10,504
11/30/98	$10,608	$10,557
12/31/98	$10,660	$10,568
1/31/99	$10,760	$10,671
2/28/99	$10,741	$10,626
3/31/99	$10,757	$10,657
4/30/99	$10,826	$10,667
5/31/99	$10,809	$10,583

$10,000 investment made 3/31/98

The graph at left shows the growth of a $10,000 investment over the life of the fund. The Lehman Long-Term Municipal Bond Index is provided for comparison. High-Yield Municipal's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not. Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

PORTFOLIO AT A GLANCE

	5/31/99	5/31/98
NUMBER OF SECURITIES	39	35
WEIGHTED AVERAGE MATURITY	15.9 YRS	19.4 YRS
AVERAGE DURATION	6.3 YRS	7.3 YRS
EXPENSE RATIO	0.01%*	0.00%*

* Fund expenses of approximately 0.64% were waived from the fund's inception on 3/31/98 through 4/30/99.

YIELDS AS OF MAY 31, 1999

30-DAY SEC YIELD	5.31%
30-DAY TAX-EQUIVALENT YIELDS	
28.0% TAX BRACKET	7.38%
31.0% TAX BRACKET	7.70%
36.0% TAX BRACKET	8.30%
39.6% TAX BRACKET	8.79%

/photo of Steven Permut/

An interview with Steven Permut, a portfolio manager on the High-Yield Municipal fund investment team.

HOW DID HIGH-YIELD MUNICIPAL PERFORM DURING THE 12 MONTHS ENDED MAY 31, 1999?

The fund significantly outpaced its peers. For the 12-month period, High-Yield Municipal returned 6.18%, while the average return of the 53 "High-Yield Municipal Funds" tracked by Lipper Inc. was 3.57%. Based on those returns, High-Yield Municipal ranked number one of the 53 funds for the one-year period. (See the Total Returns table on the previous page for additional performance comparisons.)

HOW DOES THE PORTFOLIO'S YIELD COMPARE WITH THE PEER GROUP?

High-Yield Municipal also produced more federal tax-free income than the peer group average. As of May 31, the portfolio had a 30-day SEC yield of 5.31%. By comparison, the average municipal high-yield fund yielded 4.69%, according to Lipper. The fund's 5.31% yield translates to a tax-equivalent yield of approximately 8.8% for investors in the highest (39.6%) federal tax bracket.

A fee waiver that expired on April 30 helped boost the fund's returns and yield. The waiver provided a way to maintain competitive yields and returns early in the fund's existence. Older funds in High-Yield Municipal's peer group held bonds issued and purchased in higher interest rate environments. As a result, their yields were likely to be higher than the yields on the bonds we purchased in 1998, the year of the fund's inception. But over time, the yield advantage of older funds should disappear as higher-yielding bonds mature or are redeemed.

Even without the fee waiver, High-Yield Municipal's expense ratio of approximately 0.64% is well below the average for high-yield municipal funds, which was 1.23% as of May 31, according to Lipper.

WHAT INVESTMENT STRATEGIES HELPED HIGH-YIELD MUNICIPAL OVER THE PAST YEAR?

Timely adjustments to duration -- a measure of a bond fund's sensitivity to interest rate changes -- helped performance. During the first half of the period, we generally kept duration somewhat long at about 8 years. That meant High-Yield Municipal's share price was more sensitive to changing interest rates than many of its peers.

When interest rates declined through early October, the fund's sensitivity to interest rate changes worked in its favor. By mid-October, however, we reversed course by shortening duration to about 7.5 years because we feared that interest rates and bond yields were headed higher. When rates and yields climbed from November through May, having a shorter duration helped relative returns. We further shortened duration to 6.3 years by the end of the period.

[left margin]

"HIGH-YIELD MUNICIPAL RANKED NUMBER ONE OF THE 53 FUNDS FOR THE ONE-YEAR PERIOD."

PORTFOLIO COMPOSITION BY
CREDIT RATING

	% OF FUND INVESTMENTS AS OF 5/31/99	AS OF 11/30/98
AAA	19%	19%
AA	--	3%
A	1%	4%
BBB	24%	22%
BB	1%	6%
UNRATED	55%	46%

Ratings provided by Standard & Poor's. See Credit Rating Definitions on page 5 for more information.

Investment terms are defined in the Glossary on pages 46-47.

(Continued)

WAS THE FUND EXPOSED TO ANY TROUBLED HEALTH CARE ISSUERS?

Last year's bankruptcy of a large hospital system in Pennsylvania, the recent reduction in Medicare and Medicaid reimbursements, and one large municipal bond insurer's refusal to continue insuring lower-quality health care bonds cast a pall over the entire health care sector.

Fortunately, the fund had no exposure to the worst performing health care bonds and had a smaller overall weighting in the sector relative to its peers. A lot of the credit goes to our municipal analysts, who do extensive financial and demographic analyses and frequently conduct site visits to determine a security's value. We're also fortunate to have a municipal analyst who's a health care industry specialist.

GIVEN THE LONG LIST OF CHALLENGES THEY FACE, HOW DO YOU IDENTIFY ATTRACTIVE HEALTH CARE ENTITIES AND BONDS?

We're very, very selective-- we turn away five potential investments for every one we buy. First of all, we're looking for bonds that offer an attractive amount of yield as compensation for the issuing entity's credit risk.

We also generally emphasize hospitals that are sole providers within a given geographic area. A good example is St. John's Hospital and Living Center, located in Jackson Hole, Wyoming, whose closest competitor is more than 100 miles away. Other factors we look for include a history of good financial performance and a strong management team.

Despite their recent disappointing performance, we plan to maintain investments in health care bonds. Not only are they important from a diversification standpoint, but they also offer attractive yields compared with most other sectors of the high-yield municipal market.

HOW ARE HIGH-YIELD MUNICIPAL'S INVESTMENTS DIVIDED AMONG VARIOUS STATES?

The fund has a relatively large weighting in Florida, which continues to benefit from low unemployment and strong tourism activity. We also favor Arizona, Nevada, and Colorado, where economic trends are favorable.

On the flip side, the only states we're avoiding right now are Alaska and Hawaii. Alaska is still feeling the lingering effects of low oil prices in 1998, while Hawaii's credit quality recently declined due to a decrease in spending by Asian tourists.

WHAT'S YOUR OUTLOOK FOR THE HIGH-YIELD MUNICIPAL MARKET FOR THE NEXT SIX MONTHS

The direction of interest rates, of course, will be the main determinant of municipal bond performance. In our view, interest rates may move higher over the next six months. Wage pressures -- a main component of inflation -- appear to be building. In response, the Federal Reserve has raised short-term interest rates once, and could do it again to thwart inflationary pressures.

From a credit quality standpoint, we think the national economy will remain strong. As a result, our outlook calls for high-yield municipals to perform well relative to the rest of the municipal market.

WITH THAT OUTLOOK IN MIND, WHAT ARE YOUR PLANS FOR HIGH-YIELD MUNICIPAL OVER THE NEXT SIX MONTHS?

We'll likely keep High-Yield Municipal's duration somewhat short. We also plan to continue to do what has led to the fund's strong performance over the past year -- use thorough bond-by-bond analysis to identify attractive opportunities and avoid problem areas.

[right margin]

"THE FUND HAS A RELATIVELY LARGE WEIGHTING IN FLORIDA, WHICH CONTINUES TO BENEFIT FROM LOW UNEMPLOYMENT AND STRONG TOURISM ACTIVITY."

TOP FIVE STATES (AS OF 5/31/99)

	% OF FUND INVESTMENTS
FLORIDA	15.2%
PENNSYLVANIA	14.7%
CALIFORNIA	9.5%
ARIZONA	7.4%
NEW YORK	6.0%

TOP FIVE STATES (AS OF 11/30/98)

	% OF FUND INVESTMENTS
CALIFORNIA	21.6%
FLORIDA	9.1%
PENNSYLVANIA	8.6%
ALASKA	6.0%
OREGON	5.8%

MAY 31, 1999

Principal Amount	($ in Thousands)	Value
MUNICIPAL SECURITIES--98.0%		
ALASKA--1.5%		
$ 660	Alaska Industrial Development & Export Auth. Power Rev., (Upper Lynn Canal Regional Power), 5.80%, 1/1/18	$ 647
ARIZONA--7.4%		
2,245	Gilbert Industrial Development Nonprofit Auth. Rev., Series 1999 A, (Southwest Student Services), 5.25%, 2/1/10	2,194
1,000	Phoenix Industrial Development Auth. Single Family Mortgage Rev., Series 1998 A, 6.60%, 12/1/29 (GNMA/FNMA/FHLMC)	1,088
		3,282
CALIFORNIA--9.5%		
2,230	Sacramento County Improvement Bond Act 1915 Special Assessment, (Sunrise/Cordova Reassessment), 5.20%, 9/2/08(1)	2,251

1,000	Stockton Community Facilities District Special Tax Rev., Series 1998 A, (Mello Roos-Weston Ranch), 5.80%, 9/1/14	1,016
1,000	Student Education Loan Marketing Corp. Rev., Series 1998 IV-D-1, 5.875%, 1/1/18 (Guaranteed: Student Loans)	953

		4,220

COLORADO--4.0%		
1,280	Colorado Health Facilities Auth. Rev., Series 1998 A, (Volunteers), 5.00%, 7/1/03	1,266
500	Denver Health & Hospital Rev., Series 1998 A, 4.75%, 12/1/01	507

		1,773

FLORIDA --15.2%		
865	Arbor Greene Community Development District Special Assessment Rev., 5.75%, 5/1/06	865
1,500	Florida Housing Finance Corp. Rev., Series 1999-2, (Homeowner Mortgage), 4.60%, 1/1/21 (FSA)	1,501
1,500	Heritage Isles Community Development District Special Assessment Rev., Series 1998 A, 5.75%, 5/1/05(1)	1,503

Principal Amount	($ in Thousands)	Value
$1,000	Heritage Isles Community Development District Special Assessment Rev., Series 1998 B, 6.00%, 5/1/20	$ 983
1,685	Herons Glen Recreational District Special Assessment Tax Allocation, 5.50%, 5/1/05(2)	1,678
210	Manatee County Housing Finance Auth. Mortgage Rev., (Single Family), 7.20%, 5/1/28 (GNMA/FNMA/FHLMC)	237

		6,767

IDAHO--1.2%		
495	Idaho Housing Agency Rev., Series 1995 C-2, (Single Family Mortgage), 6.35%, 7/1/15	526

ILLINOIS--3.4%		
1,500	Illinois Health Facilities Auth. Rev., (Alexian Brothers Health System), 5.25%, 1/1/14 (FSA)	1,506

INDIANA--4.1%		
750	Indiana Health Facilities Financing Hospital Auth. Rev., (Riverview Hospital), 5.25%, 8/1/14	732
1,020	Indianapolis Airport Auth. Rev., Series 1995 A, (United Airlines), 6.50%, 11/15/31	1,101

		1,833

KENTUCKY--0.3%		
135	Kentucky Housing Corp. Rev., Series 1988 C, 7.90%, 1/1/21 (FHA/VA Mortgages)	140
MASSACHUSETTS--2.3%		
1,000	Massachusetts Health & Educational Facilities Auth. Rev., Series 1999 A, 5.25%, 7/1/07	1,003
MISSISSIPPI--3.2%		
1,500	Mississippi Business Finance Corp. Health Facilities Rev., (Medical Foundation Inc.), 5.375%, 7/1/15	1,436
MISSOURI--1.1%		
465	Hannibal Industrial Development Auth. Educational Facilities Rev., (Hannibal-Lagrange College), 5.90%, 10/1/18	467
NEW JERSEY--4.6%		
2,000	New Jersey Economic Development Auth. Rev., Series 1998 A, (Kapkowski Road Landfill), 6.375%, 4/1/31	2,058

See Notes to Financial Statements

Principal Amount	($ in Thousands)	Value
NEW MEXICO--4.0%		
$ 750	Rio Rancho Water & Wastewater System Rev., 5.25%, 5/15/17 (AMBAC)	$ 755
1,000	Santa Fe Educational Facilities Rev., (College of Santa Fe), 5.875%, 10/1/21	1,018
		1,773
NEW YORK--4.0%		
1,755	New York State Dormitory Auth. Rev., Series 1999 B, (Community Enhancement), 4.00%, 4/1/00	1,765
NORTH CAROLINA--2.2%		
1,050	North Carolina Medical Care Community Hospital Rev., (Halifax Regional Medical Center), 5.00%, 8/15/24	982
OREGON--5.3%		
1,415	Oregon Health Housing Educational & Cultural Facilities Auth. Rev., 4.50%, 10/1/06	1,387
1,000	Oregon Health Housing Educational & Cultural Facilities Auth. Rev., 5.25%, 10/1/16	961

Principal Amount	($ in Thousands)	Value
		2,348
PENNSYLVANIA--14.7%		
2,500	Dauphin County General Auth. Rev., (Hyatt Regency Hotel & Conference Center), 6.20%, 1/1/29	2,518
1,360	New Morgan Municipal Auth. Office Rev., Series 1999 A, (Commonwealth Office), 5.375%, 6/1/08(2)	1,337
1,000	Philadelphia School District GO, Series 1998 A, 5.25%, 4/1/14 (MBIA)	1,015
$1,695	Susquehanna Area Regional Airport Auth. Rev., (Aero Harrisburg LLC), 5.25%, 1/1/09	$ 1,669
		6,539
TENNESSEE--0.6%		
230	Tennessee Housing Development Agency Mortgage Finance Rev., Series 1995 C, 6.45%, 7/1/21	245
UTAH--4.7%		
2,105	Bountiful Hospital Rev., (South Davis Community Hospital), 5.125%, 12/15/05	2,107
WASHINGTON--1.1%		
500	Port Anacortes Rev., Series 1998 A, 5.625%, 9/1/16	499
WYOMING--3.6%		
1,500	Teton County Hospital District Rev., 5.80%, 12/1/17	1,496
95	Wyoming Community Development Auth. Rev., Series 1990 B, (Single Family Mortgage), 8.125%, 6/1/21 (FHA)	98
		1,594
TOTAL MUNICIPAL SECURITIES		43,510
(Cost $43,431)		
SHORT-TERM MUNICIPAL SECURITIES--2.0%		
NEW YORK		
900	New York GO, Series 1992 B, VRDN, 3.30%, 6/1/99 (FGIC) (SBBPA: General Electric Capital Corp.)	900
(Cost $900)		
TOTAL INVESTMENT SECURITIES--100.0%		$44,410
(Cost $44,331)		

See Notes to Financial Statements

(Continued)

MAY 31, 1999

NOTES TO SCHEDULE OF INVESTMENTS

AMBAC = AMBAC Assurance Corporation

FGIC = Financial Guaranty Insurance Co.

FHA = Federal Housing Authority

FHLMC = Federal Home Loan Mortgage Corporation

FNMA = Federal National Mortgage Association

FSA = Financial Security Assurance Inc.

GNMA = Government National Mortgage Corporation

GO = General Obligation

MBIA = MBIA Insurance Corp.

SBBPA = Standby Bond Purchase Agreement

VA = Veteran's Administration

VRDN = Variable Rate Demand Note. Interest reset date is indicated and used in calculating the weighted average portfolio maturity. Rate shown is effective May 31, 1999.

(1) Security, or a portion thereof, has been segregated at the custodian bank for when-issued securities.

(2) When-issued security.

UNDERSTANDING THE SCHEDULE OF INVESTMENTS--This schedule tells you which investments your fund owned on the last day of the reporting period.

The schedule includes:

* a list of each investment

* principal amount of each investment

* the market value of each investment

* the percentage of investments in each state

* the percent and dollar breakdown of each investment category

See Notes to Financial Statements

<TABLE>
<CAPTION>
Statements of Assets and Liabilities

MAY 31, 1999	LIMITED-TERM TAX-FREE	INTERMEDIATE-TERM TAX-FREE	LONG-TERM TAX-FREE	HIGH-YIELD MUNICIPAL
ASSETS	(In Thousands Except Per-Share Amounts)			
<S>	<C>	<C>	<C>	<C>
Investment securities, at value				
(identified cost of $41,928,				

$143,097, $111,022 and $44,331, respectively) (Note 3)	$ 42,448	$147,102	$ 116,424	$44,410
Cash	--	223	--	--
Investment in affiliated money market fund (Note 2)	--	2	6	--
Receivable for investments sold	--	--	6,012	483
Interest receivable	641	2,475	2,191	659
	43,089	149,802	124,633	45,552
LIABILITIES				
Disbursements in excess of demand deposit cash	909	--	819	441
Payable for investments purchased	1,023	--	6,123	3,019
Dividends payable	22	59	56	20
Accrued management fees (Note 2)	18	64	51	4
Payable for trustees' fees and expenses	--	1	--	--
	1,972	124	7,049	3,484
Net Assets	$ 41,117	$149,678	$ 117,584	$42,068
CAPITAL SHARES				
Outstanding (unlimited number of shares authorized)	4,056	14,406	11,222	4,158
Net Asset Value Per Share	$ 10.14	$ 10.39	$ 10.48	$ 10.12
NET ASSETS CONSIST OF:				
Capital paid-in	$ 40,495	$145,314	$ 112,460	$41,973
Undistributed net investment income	18	--	--	--
Accumulated undistributed (distributions in excess of) net realized gain on investment transactions	84	359	(278)	16
Net unrealized appreciation on investments (Note 3)	520	4,005	5,402	79
	$ 41,117	$149,678	$ 117,584	$42,068

</TABLE>

UNDERSTANDING THE STATEMENTS OF ASSETS AND LIABILITIES--This statement details what the fund owns (assets), what it owes (liabilities), and its net assets as of the last day of the period. If you subtract what the fund owes from what it owns, you get the fund's net assets. The net assets divided by the total number of shares outstanding gives you the price of an individual share, or the net asset value per share.

NET ASSETS are also broken down by capital (money invested by shareholders); net investment income not yet paid to shareholders or net investment losses, if any; net gains earned on investments but not yet paid to shareholders or net losses on investments (known as realized gains or losses); and finally, gains or losses on securities still owned by the fund (known as unrealized appreciation or depreciation). This breakdown tells you the value of net assets that are performance-related, such as investment gains or losses, and the value of net assets that are not related to performance, such as shareholder investments and redemptions.

See Notes to Financial Statements

<TABLE>
<CAPTION>
Statements of Operations

YEAR ENDED MAY 31, 1999	LIMITED-TERM TAX-FREE	INTERMEDIATE-TERM TAX-FREE	LONG-TERM TAX-FREE	HIGH-YIELD MUNICIPAL
INVESTMENT INCOME		(In Thousands)		
Income:				
<S>	<C>	<C>	<C>	<C>
Interest	$ 1,791	$ 7,317	$ 6,419	$ 1,959
Expenses (Note 2):				
Management fees	204	734	604	235
Trustees' fees and expenses	3	8	7	2
Total expenses	207	742	611	237
Amount waived	--	--	--	(233)
Net expenses	207	742	611	4
Net investment income	1,584	6,575	5,808	1,955
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 3)				
Net realized gain on investments	188	765	411	169
Change in net unrealized appreciation on investments	(139)	(1,787)	(2,257)	(83)
Net realized and unrealized gain (loss) on investments	49	(1,022)	(1,846)	86
Net Increase in Net Assets Resulting from Operations	$ 1,633	$ 5,553	$ 3,962	$ 2,041

</TABLE>

UNDERSTANDING THE STATEMENTS OF OPERATIONS--This statement breaks down how each fund's net assets changed during the period as a result of the fund's operations. It tells you how much money the fund made or lost after taking into account income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

Fund OPERATIONS include:

* interest income earned from investments

* management fees and other expenses

* gains or losses from selling investments (known as realized gains or losses)

* gains or losses on current fund holdings (known as unrealized appreciation or depreciation)

See Notes to Financial Statements

<TABLE>
<CAPTION>
Statements of Changes in Net Assets

YEAR ENDED MAY 31, 1999, PERIOD ENDED MAY 31, 1998(1)
AND YEAR ENDED OCTOBER 31, 1997

	LIMITED-TERM TAX-FREE			INTERMEDIATE-TERM TAX-FREE		
Increase (Decrease) in Net Assets	MAY 31, 1999	MAY 31, 1998	OCT. 31, 1997	MAY 31, 1999	MAY 31, 1998	OCT. 31, 1997
OPERATIONS			(In Thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net investment income	$ 1,584	$ 878	$ 1,796	$ 6,575	$ 3,630	$ 3,978
Net realized gain (loss) on investments	188	34	283	765	652	758
Change in net unrealized appreciation on investments	(139)	102	164	(1,787)	400	1,119
Net increase in net assets resulting from operations	1,633	1,014	2,243	5,553	4,682	5,855
DISTRIBUTIONS TO SHAREHOLDERS						
From net investment income	(1,584)	(878)	(1,796)	(6,575)	(3,630)	(3,978)
From net realized gains on investment transactions	(138)	--	(281)	(1,057)	(257)	(686)
Decrease in net assets from distributions	(1,722)	(878)	(2,077)	(7,632)	(3,887)	(4,664)
CAPITAL SHARE TRANSACTIONS						
Proceeds from shares sold	20,609	12,276	25,373	50,409	22,424	24,839
Proceeds from shares issued in connection with acquisition (Note 5)	--	--	--	--	--	60,519
Proceeds from reinvestment of distributions	1,504	780	1,901	6,300	3,161	3,963
Payments for shares redeemed ...	(19,317)	(11,219)	(40,869)	(42,859)	(20,889)	(38,664)
Net increase (decrease) in net assets from capital share transactions	2,796	1,837	(13,595)	13,850	4,696	50,657
Net increase (decrease) in net assets	2,707	1,973	(13,429)	11,771	5,491	51,848
NET ASSETS						
Beginning of period	38,410	36,437	49,866	137,907	132,416	80,568
End of period	$ 41,117	$ 38,410	$ 36,437	$ 149,678	$ 137,907	$ 132,416
Undistributed net investment income	$ 18	--	--	--	--	--
TRANSACTIONS IN SHARES OF THE FUNDS						
Sold	2,019	1,208	2,515	4,768	2,127	2,387
Shares issued in connection with acquisition (Note 5)	--	--	--	--	--	5,830
Issued in reinvestment of distributions	147	77	189	595	301	381
Redeemed	(1,892)	(1,106)	(4,050)	(4,060)	(1,986)	(3,725)
Net increase (decrease)	274	179	(1,346)	1,303	442	4,873

</TABLE>

(1) The fiscal year end was changed from October 31 to May 31 for Limited-Term Tax-Free and Intermediate-Term Tax-Free, resulting in a seven month reporting period.

See Notes to Financial Statements

<TABLE>
<CAPTION>
Statements of Changes in Net Assets

(Continued)

YEAR ENDED MAY 31, 1999, PERIOD ENDED MAY 31, 1998(1)
AND YEAR ENDED OCTOBER 31,1997

	LONG-TERM TAX-FREE			HIGH-YIELD MUNICIPAL	
Increase (Decrease) in Net Assets	MAY 31, 1999	MAY 31, 1998	OCT. 31, 1997	MAY 31, 1999	MAY 31, 1998
OPERATIONS		(In Thousands)			
<S>	<C>	<C>	<C>	<C>	<C>
Net investment income	$5,808	$3,216	$3,377	$1,955	$106
Net realized gain (loss) on investments	411	1,317	1,546	169	(17)
Change in net unrealized appreciation on investments	(2,257)	93	853	(83)	162
Net increase in net assets resulting from operations	3,962	4,626	5,776	2,041	251
DISTRIBUTIONS TO SHAREHOLDERS					
From net investment income	(5,832)	(3,216)	(3,377)	(1,955)	(106)
From net realized gains on investment transactions	(1,702)	(725)	(823)	(136)	--
In excess of net realized gains on investment transactions	(278)	--	--	--	--
Decrease in net assets from distributions	(7,812)	(3,941)	(4,200)	(2,091)	(106)
CAPITAL SHARE TRANSACTIONS					
Proceeds from shares sold	75,568	36,917	29,116	42,114	19,646
Proceeds from shares issued in connection with acquisition (Note 5)	--	--	52,028	--	--
Proceeds from reinvestment of distributions	6,209	3,148	3,588	1,678	90
Payments for shares redeemed	(76,958)	(33,003)	(38,212)	(20,462)	(1,093)
Net increase (decrease) in net assets from capital share transactions	4,819	7,062	46,520	23,330	18,643
Net increase (decrease) in net assets	969	7,747	48,096	23,280	18,788
NET ASSETS					
Beginning of period	116,615	108,868	60,772	18,788	--
End of period	$117,584	$116,615	$108,868	$42,068	$18,788
TRANSACTIONS IN SHARES OF THE FUNDS					
Sold	6,983	3,424	2,730	4,137	1,964
Shares issued in connection with acquisition (Note 5)	--	--	4,905	--	--
Issued in reinvestment of distributions	574	292	337	164	9
Redeemed	(7,119)	(3,057)	(3,591)	(2,007)	(109)

Net increase (decrease)	438	659	4,381	2,294	1,864
	==========	==========	==========	==========	=========

</TABLE>

(1) The fiscal year end was changed from October 31 to May 31 for Long-Term Tax-Free, resulting in a seven month reporting period. For High-Yield Municipal, the period shown is March 31, 1998 (inception) through May 31, 1998.

UNDERSTANDING THE STATEMENTS OF CHANGES IN NET ASSETS--These statements show how each fund's net assets changed over the past three reporting periods. It details how much a fund grew or shrank as a result of:

* operations--a summary of the Statement of Operations for the most recent period

* distributions--income and gains distributed to shareholders

* capital share transactions--shareholders' purchases, reinvestments, and redemptions

Net assets at the beginning of the period plus the sum of operations, distributions and capital share transactions result in net assets at the end of the period.

See Notes to Financial Statements

MAY 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century Municipal Trust (the trust), is registered under the Investment Company Act of 1940 as an open-end management investment company. Limited-Term Tax-Free Fund (Limited-Term), Intermediate-Term Tax-Free Fund (Intermediate-Term), Long-Term Tax-Free Fund (Long-Term) and High-Yield Municipal Fund (High-Yield Municipal) (the funds) are four of the eight funds issued by the trust. The funds, except High-Yield Municipal, are diversified under the 1940 Act. The objective of Limited-Term, Intermediate-Term and Long-Term is to seek as high a level of current income exempt from federal income taxes as is consistent with prudent investment management and conservation of shareholders' capital. High-Yield Municipal's objective is to seek as high a level of current income exempt from federal income taxes as is consistent with its investment policies, which permit investment in lower-rated and unrated securities. High-Yield Municipal invests primarily in lower-rated debt securities, which are subject to greater credit risk and consequently offer higher yields. Securities of this type are subject to substantial risks including price volatility, liquidity risk and default risk. The funds invest primarily in municipal obligations with maturities based on each fund's investment objective. The funds may concentrate their investments in certain states and therefore may have more exposure to credit risk related to those states than funds that have broader geographical diversification. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Portfolio securities are valued at current market value as provided by a commercial pricing service or at the mean of the most recent bid and asked prices. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Trustees.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

INCOME TAX STATUS -- It is the funds' policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions from net investment income are declared daily and distributed monthly. Distributions from net realized gains are declared and paid annually. For the year ended May 31, 1999, 100% (unaudited) of the funds' distributions from net investment income have been designated as exempt from federal income tax.

The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes and may result in reclassification among certain capital accounts.

For the seven months ended May 31, 1999, Long-Term and High-Yield Municipal incurred net capital losses of $278,533 and $2,075, respectively. The funds have elected to treat such losses as having been incurred in the following fiscal year.

FUTURES CONTRACTS -- The funds may buy and sell interest rate futures contracts relating to debt securities and write and buy put and call options relating to interest rate futures contracts. The funds may use futures and options transactions to maintain cash reserves while remaining fully invested, to facilitate trading, to reduce transaction costs, or to pursue higher investment returns when a futures contracts is priced more attractively than its underlying security or index. One of the risks of entering into futures contracts may include the possibility that the changes in value of the contracts may not correlate with the changes in value of the underlying securities. Upon entering into a futures contract, the fund is required to deposit either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made or received daily, in cash, by the fund. The variation margin is equal to the daily change in the contract value and is recorded as an unrealized gain or loss. The fund recognizes a realized gain or loss when the contract is closed or expires. There were no open futures contracts at May 31, 1999.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the trust's distributor. Certain officers of FDI are also officers of the trust.

----

2. TRANSACTIONS WITH RELATED PARTIES

The trust has entered into a Management Agreement with American Century Investment Management, Inc. (ACIM) that provides each fund with investment advisory and management services in exchange for a single, unified management fee. The Agreement provides that all expenses of the funds, except for brokerage, taxes, portfolio insurance, interest, fees and expenses of those Trustees who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses will be paid by ACIM. The fee is calculated daily and paid monthly. It consists of an Investment Category Fee based on the average net assets of the funds in a specific fund's investment category and a Complex Fee based on the average net assets of all the funds managed by ACIM. The rates for the Investment Category Fee range from 0.1625% to 0.2800% for Limited-Term, Intermediate-Term, and Long-Term and the rates for High-Yield Municipal range from 0.2925% to 0.4100%. Rates for the Complex Fee range from 0.2900% to

----

0.3100%. For the year ended May 31, 1999, the effective annual management fee was 0.51% for Limited-Term, Intermediate-Term and Long-Term. ACIM waived all expenses for High-Yield Municipal from March 31, 1998 (inception) through April 30, 1999. As a result, the effective annual management fee for the year ended May 31, 1999 was 0.01%. The effective annual management fee would have been 0.64% without the waiver.

Certain officers and trustees of the trust are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the trust's investment manager, ACIM, and the trust's transfer agent, American Century Services, Inc.

As of May 31, 1999, Intermediate-Term had invested $1,830, and Long-Term had invested $5,862 in shares of Tax-Free Money Market Fund. The terms of such transactions were identical to those with non-related entities except that, to avoid duplicate management fees, Intermediate-Term and Long-Term did not pay ACIM management fees with respect to assets invested in Tax-Free Money Market.

---

3. INVESTMENT TRANSACTIONS

Investment transactions, excluding short-term investments, were as follows:

	LIMITED-TERM TAX-FREE	INTERMEDIATE-TERM TAX-FREE	LONG-TERM TAX-FREE	HIGH-YIELD MUNICIPAL
PURCHASES		(In Thousands)		
Municipal Debt Obligations	$19,293	$58,016	$99,652	$59,076
PROCEEDS FROM SALES		(In Thousands)		
Municipal Debt Obligations	$16,586	$46,115	$95,892	$31,745

On May 31, 1999, the composition of unrealized appreciation and depreciation of investment securities based on the aggregate cost of investments for federal income tax purposes was as follows:

	LIMITED-TERM TAX-FREE	INTERMEDIATE-TERM TAX-FREE	LONG-TERM TAX-FREE	HIGH-YIELD MUNICIPAL
		(In Thousands)		
Appreciation	$582	$4,647	$6,184	$ 308
Depreciation	(62)	(642)	(782)	(229)
Net	$520	$4,005	$5,402	$79

The aggregate cost of investments for federal income tax purposes was the same as the cost for financial reporting purposes for the funds.

---

4. BANK LOANS

Effective December 18, 1998, the funds, along with certain other funds managed by ACIM, entered into an unsecured $570,000,000 bank line of credit agreement with Chase Manhattan Bank. Borrowings under the agreement bear interest at the Federal Funds rate plus 0.40%. The funds may borrow money for temporary or emergency purposes to fund shareholder redemptions. The funds did not borrow from the line during the period December 18, 1998 through May 31, 1999.

---

5. REORGANIZATION PLAN

On August 29, 1997, Limited-Term, Intermediate-Term, and Long-Term acquired all of the net assets of the American Century - Benham Limited-Term Tax-Exempt Fund (Limited-Term Tax-Exempt), American Century - Benham Intermediate-Term Tax-Exempt Fund (Intermediate-Term Tax-Exempt), and American Century - Benham Long-Term Tax-Exempt Fund (Long-Term Tax-Exempt), respectively, pursuant to a plan of reorganization approved by the acquired funds' shareholders on July 30, 1997. The surviving funds for the purposes of maintaining the financial statements and performance history in the post-reorganization are Limited-Term Tax-Exempt, Intermediate-Term Tax-Exempt, and Long-Term Tax-Exempt. These funds were also reorganized as funds issued by American Century Municipal Trust.

The acquisition was accomplished by a tax-free exchange of shares of Limited-Term, Intermediate-Term, and Long-Term of 3,729,594, 5,588,194, and 4,402,660, respectively, for 3,729,594, 5,830,457, and 4,904,754 shares of Limited-Term Tax-Exempt, Intermediate-Term Tax-Exempt, and Long-Term Tax-Exempt, respectively, outstanding on August 29, 1997. The net assets of Intermediate-Term and Long-Term immediately before the acquisitions were $60,519,330 and $52,028,294, respectively. Since Limited-Term was not a legal entity prior to the merger, there were no assets prior to the reorganization. Unrealized appreciation of $2,290,179 and $3,743,216 for Intermediate-Term and Long-Term, respectively, was combined with that of Intermediate-Term Tax-Exempt and Long-Term Tax-Exempt. Immediately after the acquisition, the combined net assets of Limited-Term, Intermediate-Term, and Long-Term were $37,556,857, $133,562,791, and $106,095,509, respectively.

---

6. FUND EVENTS

The following name changes became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	Limited-Term Tax-Free Fund	American Century - Benham Limited-Term Tax-Free Fund
FUND:	Intermediate-Term Tax-Free Fund	American Century - Benham Intermediate-Term Tax-Free Fund
FUND:	Long-Term Tax-Free Fund	American Century - Benham Long-Term Tax-Free Fund
FUND:	High-Yield Municipal Fund	American Century - Benham High-Yield Municipal Fund

<TABLE>
<CAPTION>
Limited-Term Tax-Free--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31 (EXCEPT AS NOTED)

	1999	1998(1)	1997(1)	1996(1)	1995(1)	1994(1)
PER-SHARE DATA						
Net Asset Value,						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Beginning of Period	$10.16	$10.11	$10.08	$10.09	$9.95	$10.04
Income From Investment Operations						
Net Investment Income	0.40	0.24	0.41	0.43	0.44	0.36
Net Realized and Unrealized						

Gain (Loss) on Investment Transactions	0.01	0.05	0.10	(0.01)	0.14	(0.09)
Total From Investment Operations	0.41	0.29	0.51	0.42	0.58	0.27
Distributions						
From Net Investment Income	(0.40)	(0.24)	(0.41)	(0.43)	(0.44)	(0.36)
From Net Realized Gains on Investment Transactions	(0.03)	--	(0.07)	--	--	--
Total Distributions	(0.43)	(0.24)	(0.48)	(0.43)	(0.44)	(0.36)
Net Asset Value, End of Period	$10.14	$10.16	$10.11	$10.08	$10.09	$9.95
Total Return(2)	4.15%	2.87%	5.22%	4.26%	5.95%	2.75%
RATIOS/SUPPLEMENTAL DATA						
Ratio of Operating Expenses to Average Net Assets	0.51%	0.52%(3)	0.59%	0.38%(4)	--(4)	--(4)
Ratio of Net Investment Income to Average Net Assets	3.93%	4.04%(3)	4.05%	4.28%	4.38%	3.62%
Portfolio Turnover Rate	41%	28%	74%	68%	78%	42%
Net Assets, End of Period (in thousands)	$41,117	$38,410	$36,437	$49,866	$58,837	$60,857

</TABLE>

(1) The period ended May 31, 1998 represents a seven month reporting period. The fund's fiscal year end was changed from October 31 to May 31 during the period. Periods prior to 1998 are based on a fiscal year ended October 31.

(2) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(3) Annualized.

(4) ACIM had voluntarily waived its management fee through February 29, 1996. In absence of the waiver, the ratio of operating expenses to average net assets would have been 0.60%.

UNDERSTANDING THE FINANCIAL HIGHLIGHTS--These statements itemize current period activity and statistics and provide comparison data for the last five fiscal years.

On a per-share basis, it includes:

* share price at the beginning of the period

* investment income and capital gains or losses

* income and capital gains distributions paid to shareholders

* share price at the end of the period

It also includes some key statistics for the period:

* total return--the overall percentage return of the fund, assuming reinvestment of all distributions

* expense ratio--operating expenses as a percentage of average net assets

* net income ratio--net investment income as a percentage of average net assets

* portfolio turnover--the percentage of the portfolio that was replaced during the period

See Notes to Financial Statements

<TABLE>
<CAPTION>
Intermediate-Term Tax-Free--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31 (EXCEPT AS NOTED)

	1999	1998(1)	1997(1)	1996(1)	1995(1)	1994(1)
PER-SHARE DATA						
Net Asset Value,						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Beginning of Period	$10.52	$10.46	$10.35	$10.45	$10.01	$10.75
Income From Investment Operations						
Net Investment Income	0.48	0.28	0.49	0.48	0.49	0.48
Net Realized and Unrealized Gain (Loss) on Investment Transactions	(0.05)	0.08	0.21	(0.03)	0.52	(0.61)
Total From Investment Operations ..	0.43	0.36	0.70	0.45	1.01	(0.13)
Distributions						
From Net Investment Income	(0.48)	(0.28)	(0.49)	(0.48)	(0.49)	(0.48)
From Net Realized Gains on Investment Transactions	(0.08)	(0.02)	(0.10)	(0.07)	(0.08)	(0.13)
Total Distributions	(0.56)	(0.30)	(0.59)	(0.55)	(0.57)	(0.61)
Net Asset Value, End of Period	$10.39	$10.52	$10.46	$10.35	$10.45	$10.01
Total Return(2)	4.07%	3.50%	6.88%	4.47%	10.41%	(1.25)%
RATIOS/SUPPLEMENTAL DATA						
Ratio of Operating Expenses to Average Net Assets	0.51%	0.51%(3)	0.58%	0.60%	0.60%	0.60%
Ratio of Net Investment Income to Average Net Assets	4.52%	4.62%(3)	4.71%	4.66%	4.77%	4.59%
Portfolio Turnover Rate	32%	17%	35%(4)	39%	32%	74%
Net Assets, End of Period (in thousands)	$149,678	$137,907	$132,416	$80,568	$80,248	$81,400

</TABLE>

(1) The period ended May 31, 1998 represents a seven month reporting period. The fund's fiscal year end was changed from October 31 to May 31 during the period. Periods prior to 1998 are based on a fiscal year ended October 31.

(2) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(3) Annualized.

(4) Purchases, sales, and market value amounts for Benham Intermediate-Term Tax-Free Fund prior to the merger were excluded from the portfolio turnover calculation.

See Notes to Financial Statements

<TABLE>
<CAPTION>
Long-Term Tax-Free--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31 (EXCEPT AS NOTED)

1999	1998(1)	1997(1)	1996(1)	1995(1)	1994(1)

PER-SHARE DATA						
Net Asset Value,						
Beginning of Period	$10.81	$10.75	$10.58	$10.54	$9.75	$11.10
Income From Investment Operations						
Net Investment Income	0.52	0.31	0.55	0.53	0.53	0.52
Net Realized and Unrealized Gain (Loss) on Investment Transactions	(0.15)	0.13	0.33	0.04	0.83	(1.01)
Total From Investment Operations	0.37	0.44	0.88	0.57	1.36	(0.49)
Distributions						
From Net Investment Income	(0.52)	(0.31)	(0.55)	(0.53)	(0.53)	(0.52)
From Net Realized Gains on Investment Transactions	(0.16)	(0.07)	(0.16)	--	(0.04)	(0.34)
In Excess of Net Realized Gains on Investment Transactions	(0.02)	--	--	--	--	--
Total Distributions	(0.70)	(0.38)	(0.71)	(0.53)	(0.57)	(0.86)
Net Asset Value, End of Period	$10.48	$10.81	$10.75	$10.58	$10.54	$9.75
Total Return(2)	3.44%	4.18%	8.59%	5.60%	14.45%	(4.70)%
RATIOS/SUPPLEMENTAL DATA						
Ratio of Operating Expenses to Average Net Assets	0.51%	0.51%(3)	0.58%	0.59%	0.59%	0.60%
Ratio of Net Investment Income to Average Net Assets	4.86%	4.96%(3)	5.16%	5.06%	5.24%	5.00%
Portfolio Turnover Rate	80%	47%	65%(4)	60%	61%	66%
Net Assets, End of Period (in thousands)	$117,584	$116,615	$108,868	$60,772	$57,997	$50,964

</TABLE>

(1) The period ended May 31, 1998 represents a seven month reporting period. The fund's fiscal year end was changed from October 31 to May 31 during the period. Periods prior to 1998 are based on a fiscal year ended October 31.

(2) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(3) Annualized.

(4) Purchases, sales, and market value amounts for Benham Long-Term Tax-Free Fund prior to the merger were excluded from the portfolio turnover calculation.

See Notes to Financial Statements

High-Yield Municipal--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED MAY 31 (EXCEPT AS NOTED)

	1999	1998(1)
PER-SHARE DATA		
Net Asset Value, Beginning of Period	$ 10.08	$ 9.99
Income From Investment Operations		
Net Investment Income	0.54	0.09
Net Realized and Unrealized Gain on Investment Transactions	0.07	0.09
Total From Investment Operations	0.61	0.18

Distributions		
From Net Investment Income	(0.54)	(0.09)
From Net Realized Gains on Investment Transactions	(0.03)	--
Total Distributions	(0.57)	(0.09)
Net Asset Value, End of Period	$ 10.12	$ 10.08
Total Return(2)	6.18%	1.81%
RATIOS/SUPPLEMENTAL DATA		
Ratio of Operating Expenses to Average Net Assets(3)	0.01%	--
Ratio of Net Investment Income to Average Net Assets(3)	5.28%	5.38%(4)
Portfolio Turnover Rate	92%	44%
Net Assets, End of Period (in thousands)	$ 42,068	$ 18,788

(1) March 31, 1998 (inception) through May 31, 1998.

(2) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(3) ACIM voluntarily agreed to pay all expenses of the fund from March 31, 1998 (inception) through April 30, 1999. In absence of the waiver, the ratio of operating expenses to average net assets would have been 0.64% for both periods (annualized for the period in 1998) and the ratio of net investment income to average net assets would have been 4.66% and 4.74% (annualized), for the year ended May 31, 1999 and the period March 31, 1998 through May 31, 1998, respectively.

(4) Annualized.

See Notes to Financial Statements

Report of Independent Accountants

To the Trustees of the American Century Municipal Trust and Shareholders of the Limited-Term Tax-Free Fund, Intermediate-Term Tax-Free Fund, Long-Term Tax-Free Fund and High Yield Municipal Fund:

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Limited-Term Tax-Free Fund, the Intermediate-Term Tax-Free Fund, the Long-Term Tax-Free Fund and the High Yield Municipal Fund (formerly the American Century - Benham Limited-Term Tax-Free Fund, the American Century - Benham Intermediate-Term Tax-Free Fund, the American Century -Benham Long-Term Tax-Free Fund and the American Century - Benham High Yield Municipal Fund, respectively) (four of the funds constituting the American Century Municipal Trust, hereafter referred to as the "Funds") at May 31, 1999, and the results of their operations for the year then ended, the changes in their net assets and the financial highlights for the year ended May 31, 1999, the period November 1, 1997 through May 31, 1998 and the year ended October 31, 1997 for the Limited-Term Tax-Free Fund, Intermediate-Term Tax-Free Fund and Long-Term Tax-Free Fund and the period March 31, 1998 through May 31, 1998 for the High Yield Municipal Fund, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended October 31, 1996, were audited by other auditors, whose report, dated November 20, 1996, expressed an unqualified opinion on those statements. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1999 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 1999

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 38 fixed-income funds, ranging from money market portfolios to long-term bond funds and including both taxable and tax-exempt funds. Each fund is managed to provide a "pure play" on a specific sector of the fixed-income market. To ensure adherence to this principle, the basic structure of each fund's portfolio is tied to a specific market index. Fund managers attempt to add value by making modest portfolio adjustments based on their analysis of prevailing market conditions. Investment decisions are made by management teams, which meet regularly to discuss market analysis and investment strategies.

In addition to these principles, each fund has its own investment policies:

LIMITED-TERM TAX-FREE seeks interest income exempt from federal income taxes by investing in municipal securities. The fund maintains a weighted average maturity of five years or less.

INTERMEDIATE-TERM TAX-FREE seeks interest income exempt from federal income taxes by investing in municipal securities. The fund maintains a weighted average maturity of 5-10 years.

LONG-TERM TAX-FREE seeks interest income exempt from federal income taxes by investing in municipal securities. The fund maintains a weighted average maturity of 10 or more years.

HIGH-YIELD MUNICIPAL seeks to provide a high level of interest income exempt from federal income taxes by investing in high-yielding municipal securities. As a secondary objective, the fund seeks capital appreciation. The fund invests primarily in lower-rated or unrated municipal bonds, which are subject to greater credit and liquidity risk. The fund has no average maturity restrictions but is expected to maintain a weighted average maturity of 10 years or more.

Investment income may be subject to state and local taxes and, depending on your tax status, the federal alternative minimum tax. Capital gains are not exempt from federal income taxes.

COMPARATIVE INDICES

The following indices are used in the report for fund performance comparisons. They are not investment products available for purchase.

The MERRILL LYNCH 0- TO 3-YEAR MUNICIPAL INDEX has an average maturity of approximately two years. The bonds in the index have an average rating of AA1.

The LEHMAN BROTHERS FIVE-YEAR MUNICIPAL GENERAL OBLIGATION INDEX has an average maturity of five years. The bonds are rated BBB or higher by Standard &

Poor's, with an average rating of AA.

The LEHMAN BROTHERS LONG-TERM MUNICIPAL BOND INDEX is composed of investment-grade municipal bonds with maturities greater than 22 years.

LIPPER RANKINGS

LIPPER INC. is an independent mutual fund ranking service that groups funds according to their investment objectives. Rankings are based on average annual returns for each fund in a given category for the periods indicated. Rankings are not included for periods less than one year.

The Lipper categories for the funds are:

SHORT/INTERMEDIATE MUNICIPAL DEBT FUNDS (Limited-Term Tax-Free) -- funds that invest in municipal debt issues with dollar-weighted average maturities of 1-5 years.

INTERMEDIATE MUNICIPAL DEBT FUNDS (Intermediate-Term Tax-Free) -- funds that invest in municipal debt issues with dollar-weighted average maturities of 5-10 years.

GENERAL MUNICIPAL DEBT FUNDS (Long-Term Tax-Free) -- funds that invest at least 65% of their assets in municipal debt issues in the top four credit ratings (AAA, AA, A, and BBB).

HIGH-YIELD MUNICIPAL DEBT FUNDS --funds that invest at least 50% of assets in lower-rated municipal debt issues.

[right margin]

INVESTMENT TEAM LEADERS
PORTFOLIO MANAGERS
BRYAN KARCHER
DAVE MACEWEN
STEVEN PERMUT
KEN SALINGER

MUNICIPAL CREDIT
RESEARCH TEAM
MANAGER
STEVEN PERMUT
MUNICIPAL CREDIT ANALYSTS
DAVID MOORE
ROBERT MILLER
BILL MCCLINTOCK
TIM BENHAM
BRAD BODE

Glossary

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year returns, please refer to the "Financial Highlights" on pages 40-43.

YIELDS

* 30-DAY SEC YIELD represents net investment income earned by the fund over a

30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC yield should be regarded as an estimate of the fund's investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

* TAX-EQUIVALENT YIELDS show the taxable yields that investors in a federal income tax bracket would have to earn before taxes to equal the fund's tax-free yield.

INVESTMENT TERMS

* BASIS POINT -- a basis point equals one one-hundredth of a percentage point (or 0.01%). Therefore, 100 basis points equals one percentage point (or 1%).

* YIELD CURVE -- a graphic representation of the relationship between maturity and yield for fixed-income securities. Yield curve graphs plot lengthening maturities along the horizontal axis and rising yields along the vertical axis.

PORTFOLIO STATISTICS

* NUMBER OF SECURITIES -- the number of different securities held by a fund on a given date.

* WEIGHTED AVERAGE MATURITY (WAM) -- a measurement of the sensitivity of a fixed-income portfolio to interest rate changes. WAM indicates the average time until the securities in the portfolio mature, weighted by dollar amount.

* AVERAGE DURATION -- another measure of the sensitivity of a fixed-income portfolio to interest rate changes. Duration is a time-weighted average of the interest and principal payments of the securities in a portfolio.

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder account. (See Note 2 in the Notes to Financial Statements.)

TYPES OF MUNICIPAL SECURITIES

* AMT PAPER -- instruments with income subject to the federal alternative minimum tax.

* COPS/LEASES -- securities issued to finance public property improvements (such as city halls and police stations) and equipment purchases.

* GO BONDS -- general obligation securities backed by the taxing power of the issuer.

* LAND-SECURED BONDS -- securities such as Mello-Roos bonds and 1915-Act bonds that are issued to finance real estate development projects.

* PREREFUNDED BONDS/ETM BONDS --securities refinanced or escrowed to maturity by the issuer because of their premium coupons (higher-than-market interest rates). These bonds tend to have higher credit ratings because they are backed by Treasury securities.

* REVENUE BONDS -- securities backed by revenues from sales taxes or from a specific project, system, or facility (such as a hospital, electric utility, or water system).

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies, and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

Notes

[inside back cover]

INVESTMENT OBJECTIVE - CAPITAL PRESERVATION

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency Money Market	Tax-Free Money Market
Capital Preservation	

INVESTMENT OBJECTIVE - INCOME

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal
Inflation-Adjusted Treasury	Intermediate-Term Tax-Free
Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

==
INVESTMENT OBJECTIVE - GROWTH AND INCOME
==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED	DOMESTIC EQUITY	SPECIALTY
Strategic Allocation -- Aggressive	Equity Growth	Utilities
Balanced	Equity Index	Real Estate
Strategic Allocation -- Moderate	Tax-Managed Value	
Strategic Allocation -- Conservative	Income & Growth	
	Value	
	Equity Income	

==
INVESTMENT OBJECTIVE - GROWTH
==

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY	SPECIALTY	INTERNATIONAL
New Opportunities	Global Gold	Emerging Markets
Giftrust(reg.tm)		International Discovery
Vista		International Growth
Heritage		Global Growth
Growth		
Ultra(reg.tm)		
Select		

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market conditions. If held to their target dates, however, they can offer a conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

[back cover]

[american century logo(reg.sm)]
American
Century

P.O. BOX 419200
KANSAS CITY, MISSOURI 64141-6200

WWW.AMERICANCENTURY.COM

INVESTOR RELATIONS
1-800-345-2021 OR 816-531-5575

AUTOMATED INFORMATION LINE
1-800-345-8765

FAX: 816-340-7962

TELECOMMUNICATIONS DEVICE FOR THE DEAF
1-800-634-4113 OR 816-444-3485

BUSINESS, NOT-FOR-PROFIT, EMPLOYER-SPONSORED RETIREMENT PLANS
1-800-345-3533

AMERICAN CENTURY MUNICIPAL TRUST

INVESTMENT MANAGER
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.
KANSAS CITY, MISSOURI

THIS REPORT AND THE STATEMENTS IT CONTAINS ARE SUBMITTED FOR THE GENERAL INFORMATION OF OUR SHAREHOLDERS. THE REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS.

American Century Investments
P.O. Box 419200
Kansas City, MO 64141-6200
www.americancentury.com

BULK RATE
U.S. POSTAGE PAID
AMERICAN CENTURY
COMPANIES

9907
SH-ANN-17028

Funds Distributor, Inc.