



**AUDIT OF
GENERAL OBLIGATION BOND
SALES PRACTICES**

From The Office Of State Auditor
Claire McCaskill

Report No. 2001-04
January 29, 2001

Missouri taxpayers will pay \$83.2 million more than necessary because general obligation bonds were not bid competitively which resulted in excess interest costs.

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PERFORMANCE AUDIT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2001

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Missouri's general obligation bond market has been virtually closed to competition and the privately sold bonds have cost taxpayers an estimated \$83.2 million in excess interest costs since 1997.

An audit of general obligation bond sale practices disclosed that Missouri taxpayers could be better served. Our audit focused on general obligation bonds rated AA and AAA, which are considered the most secure of all municipal debt. Governments use general obligation bonds to finance services and projects for the citizenry. They pay back the bonds with taxpayer's property taxes and other general revenue. Unlike revenue bonds (where payment comes from user fees), general obligation bond debt is guaranteed by the government entity that issues the bonds. Therefore, government entities that issue these bonds should strive for the lowest cost, which are generally provided through competitive sales.

Most bonds were not sold competitively

An average of 87 percent of Missouri's general obligation bonds sold since 1993 were issued without the benefit of competitive bidding. Had these bonds been sold competitively based on the interest rates competitive issues received, the Missouri taxpayers would have saved \$83.2 million in excess interest costs.

Political subdivision officials placed reliance on private firms to negotiate sales, which increased costs to taxpayers

Local officials such as school superintendents and city administrators have too often relied upon the advice of familiar bond negotiators instead of seeking open bids assuring the most competitive rate of return for taxpayers. Although Missouri's general obligation bonds have historically attracted a nationwide market because of the state's high credit and management rating, officials opted to forego competitive sales and allow private sale bond buyers to negotiate the sales. The exclusion of potential buyers reduces the competition for bonds and results in higher interest rates, and overall costs to the issuing political subdivision. Bond issues of sufficient size and credit standing attract substantial interest in the underwriting market nationwide, which makes them attractive to competition. Nevertheless, Missouri private bond sales are more than double national averages even though it is one of the strongest bond markets in the nation.

(over)

YELLOW SHEET

Missouri's private bond sales are going to only a few private bond buyers

Of the 41 underwriters who bought bonds since 1997, 23 bought only in private sales, 9 bought only in competitive sales, and 9 bought in both private and competitive sales. However, 3 of the 41 underwriters bought about two-thirds of the total purchases. The average interest rates fluctuated widely for the 515 bond issues sold since 1997 and included in our study, even when the features of the bonds such as credit ratings, sale dates, and average life were similar.

Appearance of conflict of interest

In most private sales, the bond underwriters who purchased the bond issues also served as the financial advisor to the local officials such as school superintendents and city administrators. This presents, at a minimum, an appearance of a conflict of interest. The best interest of the local community and the bond underwriter are in direct opposition making it difficult for both interests to be served by the same person.

We make several recommendations to help protect the financial interests of both Missouri's taxpayers and political subdivisions such as school districts and cities. Overall, local officials should more actively strive for a competitive process when issuing general obligation bonds. This includes competitively selecting an underwriter, financial advisor, and bond counsel. Reintroducing open and fair competition for general obligation bonds will more than likely result in significant savings through lower interest costs.

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR’S REPORT	1
RESULTS AND RECOMMENDATIONS.....	3
1. Missouri Taxpayers Will Pay an Estimated \$83.2 Million in Excess Interest Costs Because General Obligation Bonds Were Not Sold Competitively.....	3
Most Missouri general obligation bonds were privately sold	6
Why did Missouri political subdivisions use private sales?	11
Missouri local officials were not properly advised during private bond sales.....	14
Recommendations.....	16
2. Private Bond Sales Provide Taxpayers Little Assurance That Public Officials Safeguarded Their Interest or Adequately Promoted Fair and Open Competition	17
Local officials generally use bond underwriters as financial advisors, which presents potential conflicts of interest	18
Missouri is becoming a closed market.....	19
Recommendations.....	20
 APPENDIXES	
I OBJECTIVE, SCOPE AND METHODOLOGY	21
II ANALYSIS OF INTEREST COSTS ON PRIVATE AND COMPETITIVE BOND SALES.....	27
III LIST OF BONDS INCLUDED IN AUDIT STUDY.....	39



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden
And
Members of the General Assembly

The State Auditor's Office audited general obligation bond sales practices in Missouri. The audit focused on general obligation bonds (which are considered the most secure of all municipal debt) sold by political subdivisions under Revised Missouri Statute §108.170. General obligation bonds are guaranteed by the entity that issues them, and payment of the debt comes from property taxes and other general revenue. The bonds are an important financing tool for these political subdivisions—a category that primarily includes school districts, municipalities, and counties. These subdivisions use bond revenue to finance public purpose projects such as school buildings, roads, and other worthwhile projects at reduced costs through benefits offered by the bond market.

The objectives of the audit were to (1) determine to what extent financing costs differed between general obligation bond issues sold competitively and privately and (2) assess the practices used during the bond sales.

General obligation bonds sold without competition between 1997 and 2000 incurred an estimated \$83.2 million in excess interest costs that will be borne by the taxpayers. Missouri's general obligation bond market is heavily weighted toward private negotiated sales at the expense of competition. By comparison to national trends, Missouri does not fare well. Missouri sells 87 percent of the general obligation bonds without competition, while nationally only 49 percent of all general obligation bonds are sold without competition.

The current trend of negotiating sales without competition has resulted in Missouri virtually closing its borders to outside bidders. When general obligation bonds were competitively bid, companies outside of Missouri's borders won 44 percent of the bids because their bids were the most competitive.

Missouri taxpayers would be better served by their local governmental entities if general obligation bonds were open to competitive bids nationwide.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 27, 2000 (fieldwork completion)

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RESULTS AND RECOMMENDATIONS

1. Missouri Taxpayers Will Pay An Estimated \$83.2 Million in Excess Interest Costs Because General Obligation Bonds Were Not Sold Competitively

An average of 87 percent of Missouri's general obligation bonds were sold privately without the benefit of competition between 1993 and 2000. Our audit focused on general obligation bonds which are considered the most secure of all municipal debt. The majority of these bonds were rated AA and AAA. Governments use general obligation bonds to finance services and projects for the citizenry. They pay back the bonds with taxpayer's property taxes and other general revenue. Unlike revenue bonds (where payment comes from user fees), general obligation bond debt is guaranteed by the government entity that issues the bonds. Therefore, government entities that issue these bonds should strive for the lowest cost, which are generally provided through competitive sales. The decisions on whether to sell the bonds privately or competitively are typically made by school superintendents, or city and county administrators who are the officials of the political subdivisions. Nationally, only 49 percent of general obligation bonds were sold privately over this time period. Bond sales commit taxpayers of a school district or community to many years of indebtedness. Nevertheless, privately negotiated bond sales are occurring without the benefit of competitive bidding. In these private sales, local officials have too often relied upon the advice of familiar bond negotiators instead of seeking open bids assuring the most competitive rate of return for taxpayers. If the \$1.7 billion in bonds sold privately since 1997 had been sold at the rates and terms obtained by the bonds sold competitively, there would have been an interest savings of an estimated \$83.2 million. This excess interest cost could have been used to further fund schools, roads, or other worthwhile projects. As a result taxpayers are left with more debt to pay for less services.

Background

General obligation bonds are an important financing tool to political subdivisions—a category that primarily includes school districts but also includes counties, municipalities, and districts such as library, fire protection, road, and nursing homes—as well as state agencies. These political subdivisions use bond revenue to finance public-purpose projects such as building schools, roads, environmental facilities, and other worthwhile projects at reduced costs through benefits offered by the bond market. These projects and the funding of them must have voter approval before either process can begin.

General obligation bonds are backed by the full faith, credit and taxing power of the issuer. In other words, the school district or municipality will pay the principal and interest of the bond debt with the real estate and personal property tax collected from the taxpayers. Because the issuer backs these bonds, they are favored more by the investor and therefore generally receive more favorable interest rates than other bonds.

The Government Financial Officers Association (GFOA) recommends the use of a competitive process to select the services of the financial advisor. Under the facts and circumstances contained in our study population, a competitive process can be used for bond counsel, and underwriter, once a governing body identifies a need to finance a public-purpose project.

The financial advisor conducts a debt analysis for the issuer. The advisor will consider factors such as project size and purpose, source(s) of the debt service payments, and the amount of funding needed. The financial advisor prepares debt structuring and sizing recommendations. The advisor also assists the issuer in identifying a prudent bond maturity structure that will not create potential hardship or unnecessary interest costs.

The bond counsel prepares resolutions authorizing the sale of bonds and related matters consistent with recommendations from the financial advisor. The issuer's governing body then adopts the resolution authorization to issue bonds.

The proposed project must be approved by a minimum of four-seventh's vote during a regular election. Once approved by the taxpayers, the issuer, assisted by the financial advisor or knowledgeable staff member, can continue structuring the bonds for sale.

The underwriter's role is to purchase the bonds for resale to the secondary market, (i.e., investors). The underwriters retain a fee or commission for purchasing the bonds for resale. This amount can vary depending on the underwriter and dollar amount of the bond issue. GFOA recommends that the underwriter be competitively selected, particularly in private sales.

The GFOA recommends that local government bond issuers strive for the lowest overall cost of financing

Political subdivisions sell bonds either competitively or privately. GFOA recommends that these political subdivisions ensure that the appropriate method of sale is evaluated based on market conditions and the risks involved. The issuer should maintain thorough records about the process to demonstrate that the sale decision was equitable and defensible.

In a competitive sale, the political subdivision, or issuer, of the bonds prepares the issue for sale with the assistance of a financial advisor or knowledgeable staff member. When the issue is ready for sale, a competitive bid process is conducted in which underwriters submit bids with the most competitive interest rates and terms at which they would purchase the bonds. There may be a discount or premium applied to the bonds as well.¹ The issuer sells the bonds to the underwriting firm that has submitted the bid for the purchase of the bonds resulting in the most competitive borrowing cost. The borrowing cost analysis includes the underwriting fee to be paid at closing, discount or premium amounts, bond maturity periods and amounts, and the interest rates to be paid over time. The selected underwriter then immediately offers the bonds for resale to the final investors.

In a private sale, the underwriting firm is selected in advance of the actual sale of the bonds. The underwriter participates in preparing the issue for marketing, and has the

¹ A bond discount is the amount below face value at which a bond is sold. A bond is sometimes sold at a discount when the interest rate on the bond is below the prevailing market interest rate, the issuer has financial problems, and/or the bond has a long maturity period. A premium is the amount in excess of face value at which a bond is sold. A bond may be sold at a premium if the interest rate on the bond exceeds the market interest rate or it is from a financially strong issuer.

opportunity to measure investor interest in the bonds through a “pre-marketing” process. When the issuer actually sells its bonds to the underwriter, the final interest rates, underwriting fees, discount or premium amounts, and maturity periods have been mutually agreed to after a certain level of investor interest has been established. As such, underwriters do not submit bids with the best interest rates and terms at which they are willing to purchase the bonds. Without a competitive bid for underwriters, it is difficult for issuers to promote, or give the appearance of, fairness and equity in a private sale process.

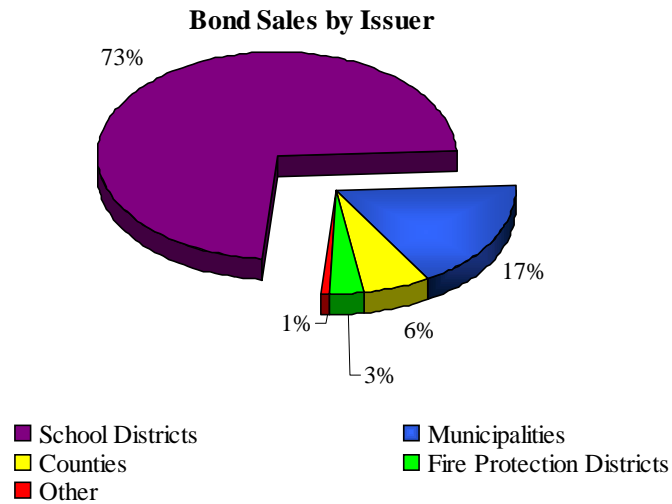
In either type of sale, the issuer should manage the compensation to underwriters by setting a cap on fees and expenses and reviewing information on recent purchases by the underwriter. Issuers should be aware that they have a legitimate role in selecting an underwriter and pricing the bonds. In addition, GFOA recommends that the issuer evaluate the bond sale after its completion to assess whether costs (including underwriter compensation) and pricing of the bonds (true interest cost both overall and for each maturity) were fair given the level of effort and market conditions.

Missouri laws allow local political subdivisions to choose how bonds can be sold

The current law allows political subdivisions to competitively or privately sell general obligation bonds. Revised Missouri Statute §108.170 allows privately negotiated sales to occur at interest rates up to 10 percent and at not less than 95-percent of the face value (or discounted no more than 5 percent)². Historically, municipal bond interest rates have only exceeded the 10 percent level one brief period in the last 100 years, making this law virtually immaterial. But, the law allows for nearly all bond sales to be privately negotiated because the intended restriction (rates up to 10 percent) is in reality not a restriction because the interest rates are not that high.

As shown in the following chart, school districts issued about three-fourths of the 515 general obligation bonds in our study population. Revised Missouri Statute §177.086 requires competitive bids on school construction projects over \$12,500. Thus, Missouri law requires projects typically funded by bond proceeds to be competitively bid, but does not require competition on funding of these projects (i.e., bond issues).

² The statute states that a competitive sale may not exceed an interest rate of 14 percent.



Source: SAO analysis of results from our study population.

A review of bond statutes in the eight states bordering Missouri revealed a disparity in how general obligation bonds are regulated. For school districts, three states allow them to choose a method of sale, and five states require competitive bid. Two of the eight states also require cities and counties to competitively bid.

Most Missouri general obligation bonds were privately sold

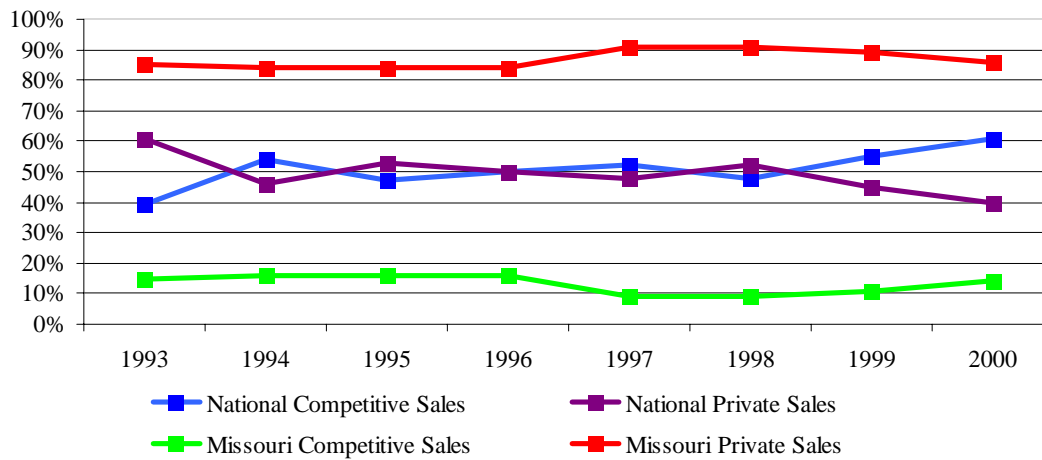
Eighty-nine percent of the general obligation bonds issued since 1997 were privately sold. Since 1993, these private sales have averaged 87 percent per year. Thus, Missouri issuers used private sales without the benefit of public competition.

Private sales significantly outnumber competitive sales

Missouri private bond sales substantially exceeded national averages

Nationally, private (noncompetitive) bond sales averaged 49 percent between 1993 and 2000 compared to an average of 87 percent in Missouri as shown in the following chart.

Number of Missouri and National General Obligation Bond Sales Since 1993



Source: SAO and Thompson Financial Securities Data

Note: Missouri and national data excludes bond issues by state agencies.

As the chart shows, the national competitive and private sales are fairly balanced while Missouri sales are not. The number of Missouri private sales substantially exceeded national private sales each year during the 8-year period. Further, Missouri's private sales have remained constantly high with little or no movement toward competitive sales. This illustrates that Missouri's bond market is virtually closed to competition.

Political subdivisions would have saved an estimated \$83.2 million through more competitive interest rates and bond structuring.

There are significant differences in interest costs between competitive and private sales. These differences were observed in virtually every means of comparison such as average interest rates, average life, length of term, and credit ratings.

Competitive sales had consistently lower interest rates than private sales.

The interest rates for Missouri's general obligation bond issues—both competitive and private—were lower than the national averages based on a comparison of Missouri's general obligation bond interest rates to The Bond Buyer's Weekly Index.³ This is an indication of Missouri's strong and highly regarded bond market. However, private sales in Missouri had an average interest rate of 5.2175 percent and competitive sales an average rate of 4.8393 percent—a difference of 0.3782 percent. Applying this average interest rate difference and the same features of bonds sold competitively over this period to the \$1.7 billion in bonds sold privately, we calculated an estimated \$83.2 million in excess interest costs as shown below. *(See Appendix II, page 27 for more detailed description of this interest cost calculation for the bond issues in our study population.)*

**\$83.2 million
in excess
interest costs**

Calculation of the Estimated Interest Cost Difference Between Private and Competitive Sales in Our Study Population

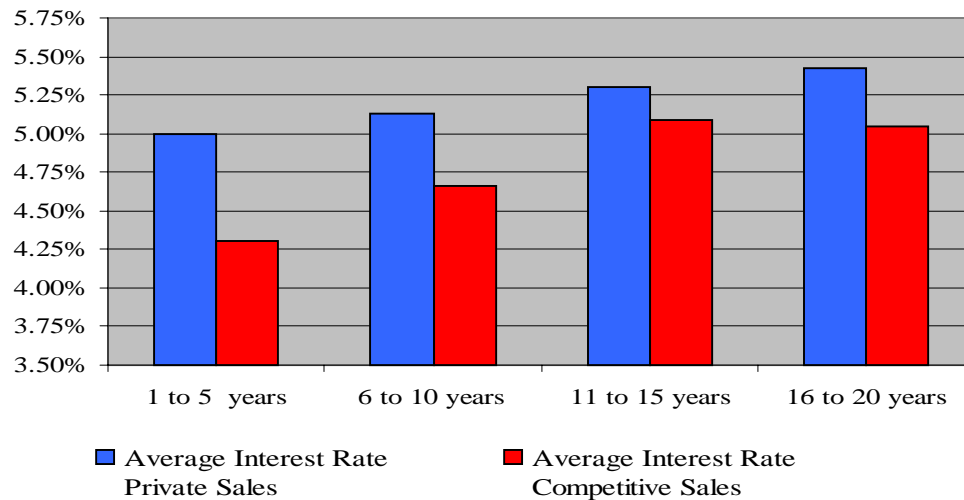
	Dollar Amount of Bonds	Average Interest Rate	Average Life	Estimated Interest Costs
Privately Sold Bonds	\$1.7 billion X	5.2175% X	10.4344 years =	\$ 941.6 million
Privately Sold Bonds at Competitive Rates and Life	\$1.7 billion X	4.8393% X	10.2557 years =	\$ 858.4 million
Difference				\$ 83.2 million

The average life had a distinct effect on interest rates.

Bond issues competitively sold had significantly lower interest rates than those of privately sold issues. Generally, the longer the average life of the bond issue, the higher the interest rate and vice versa. For the 515 bond issues in our study population, the interest rates increased steadily as the average life increased for both competitive and private sales. However, as shown in the table below, the competitive sale interest rates, at every interval, were significantly lower than those of the private sale issues.

³The Bond Buyer Index is compiled weekly from a computation of both competitive (public) and private (negotiated) sales nationwide.

General Obligation Bond Issues By Average Life With Average Interest Rates



A similar condition existed regarding the length of the term and interest rates.⁴ It should be noted, however, that two bond issues may have the same length of term but greatly different average lives. (*See Appendix II, page 31 for more detailed information on the average life and length of term of the bond issues in our study population.*)

The average life and length of the term are as important to bond issue costs as any other loan or debt financing feature. The longer money is borrowed, the more interest the borrower is required to pay. Thus, the prudent borrower should borrow money for as short of time as necessary. Most local officials who privately sold bond issues told us that the length of the term and the interest rates were a secondary concern to them. Their primary concern was ensuring the payment was structured to meet their future budgetary revenues and expenditures. An analogy to this thinking would be a car salesman asking the buyer how much car payment the buyer can afford to pay. To keep the payment low, the buyer finances over a longer period and pays more interest.

Bond underwriters may benefit more from the credit ratings and bond insurance than the political subdivisions who paid for them

Credit ratings and bond insurance are important factors in the interest rate a bond issuer is offered for their bonds. The credit ratings involve a judgment about the future risk potential of the bond. In turn, the credit rating a bond issuer receives affects the interest rate demanded on the bond issue by the underwriters and secondary investors. That is, the higher the bond rating, the lower the interest rate demanded on the market. Once the

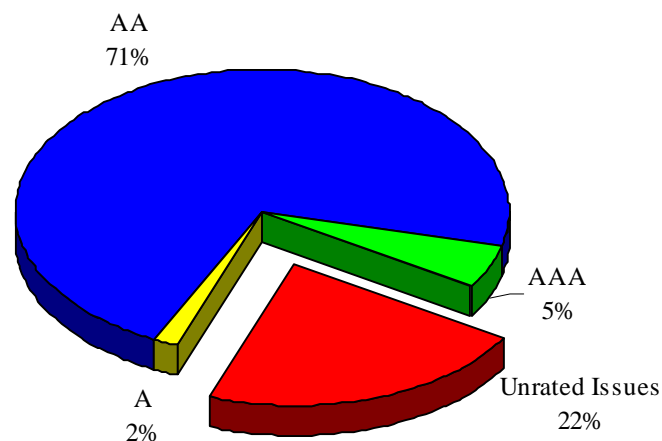
⁴ The length of term is the number of years and months from the date of issue to the last principal and interest payment. The average life is the period of time the total amount of the loan is in effect. The average life is computed by multiplying the number of years that each maturity will run by the amount of that maturity, totaling these sums, and then dividing that amount by the total amount of the bond issue. This is basically a weighted average calculation and is used to accurately determine the true effective interest rate.

credit rating is determined, the issuer can decide whether bond insurance is needed. A higher credit rated issue will be readily accepted in the market with lower interest costs and, thus, not need bond insurance.

There is room to question whether credit ratings and bond insurance were fully beneficial to some bond issuers who used private sales. If the credit rating was obtained in time for it to be a factor in determining a private sale interest rate to the issuer, it may have benefited the issuer. However, if the interest rate was already agreed upon before a rating was received or insurance obtained, it was of no benefit to the bond issuer. In such instances, the issuer bore the expense of the rating or insurance and the underwriter benefited.

Bond issuers obtained credit ratings in 78 percent of the 515 bond issues in our study population. Of these, most were rated AA or AAA as shown in the following chart. GFOA representatives stated that ratings as strong as these favor competitive sales.

Frequency of Bond Sales by Credit Rating

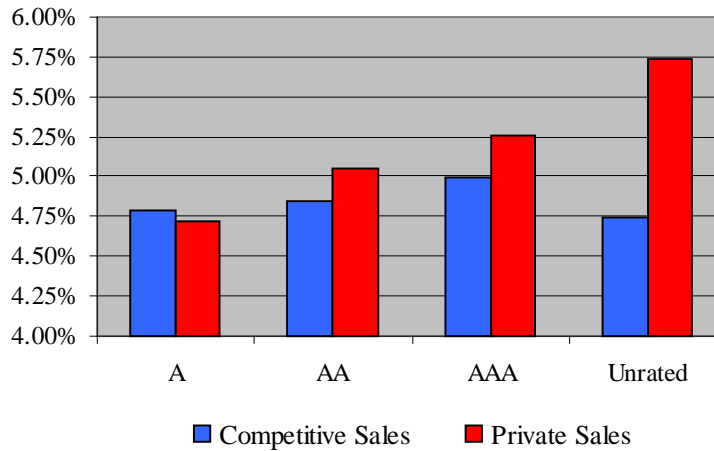


Source: SAO bond issue analysis

Although there may be justification for not having a credit rating on a bond issue, credit rated issues had significantly lower average interest rates than non-rated issues, as shown in the following chart. However, higher credit ratings (i.e., AAA) did not produce lower interest rates compared to lower credit ratings (i.e., A) as expected. Credit ratings should help reduce the interest rates applied to bond issues, especially ratings of A or better,⁵ because investors generally prefer bonds involving less risk and therefore, seek out high-quality issues.

⁵ An "A" credit rating indicates the issuer has a strong capacity to pay principal and interest, although somewhat more susceptible to the adverse affects of changes in circumstances and economic conditions than higher ratings such as AA or AAA. As the rating increases the projected strength of an issuers capacity to pay principal and interest increases accordingly.

Interest Rates of Rated and Unrated Issues by Type of Sale



Source: SAO bonds analysis

Issuers paid for bond insurance in over 75 percent of the bonds in our study population. In most cases, the issuer had a very satisfactory bond rating, and there was not any documented rationale for purchasing bond insurance. According to GFOA, bond insurance should be paid only when an issuer has no bond rating or a poor bond rating.

Issuers were encouraged to buy insurance

The higher credit ratings and bond insurance did not always produce relatively better interest rates for the bond issuers in our study population. The data showed that A rated bonds received lower interest rates than either AA or AAA ratings, and AA rated issues had lower interest rates than AAA issues. The progressive increase in the interest cost of these bond issues, when the reverse was expected, requires more analysis. One factor may have been the relatively small number of issues rated in the A and AAA categories. Another factor may be the condition of the market in general when some bond issues were sold. The cost of credit ratings, and possibly the cost of insurance to achieve them are factors in the overall cost of the issue. Obviously, if the cost of the credit rating (and insurance) equals or exceeds the expected benefit of securing a lower interest cost, it may not be a worthy expenditure.

Why did officials of Missouri political subdivisions choose private sales?

Some school superintendents and city administrators stated that they chose to privately sell the bonds due to timing (ability of the underwriter to target the best time to sell based on interest rates), dollar size of the issue, or other factors. Some financial advisors, bond counsels, and underwriters agreed with this position. However, other financial advisors, and bond counsels, and bond issuers who used the competitive sale stated these factors are actually better for choosing a competitive method.

A financial advisor and a bond counsel stated that timing is not necessarily a controlling factor in choosing the method of sale. Since both types of sale require advance planning, financial review and budgeting, and an election, predicting a favorable sale or interest rate on a future date is no more favorable for a private sale than a competitive sale. Almost all of the school superintendents and city administrators we interviewed who privately sold bonds stated the underwriter's original interest rate quote was the final rate. In private sales, this interest rate is agreed upon before the sale. So, although they said timing was a factor in choosing the private sale method, timing of the sale was not a factor.

Reasons for private sale do not hold up under scrutiny

Most school superintendents and city administrators stated their prior experience with an underwriter was another reason they privately sold bonds. This practice and comfort level with an underwriter perpetuated the use of private sales without considering the benefit of competitive sales. In these instances, the officials have not fully exercised their responsibility to the taxpayers by trusting underwriters to conduct their bond business instead of making underwriters compete for their business.

The school superintendents and city administrators who used private sales for bond issues used competitive bids for construction projects, partly because competitive bids were required by law (state law requires school districts to competitively bid construction projects over \$12,500) and partly because they saved money. A mayor stated that, in his experience, competitively bidding projects saves his city money, but he was not aware that competitive bidding could be done in bond sales and his underwriter (who served as his financial advisor) did not inform him of this option. Although only 11 percent are bid competitively, some school superintendents and city administrators who competitively bid their bond issues used the same practice in the bond process as in construction projects, because they needed to ensure they obtained fair and equitable services in obtaining underwriting services as any other procurement process.

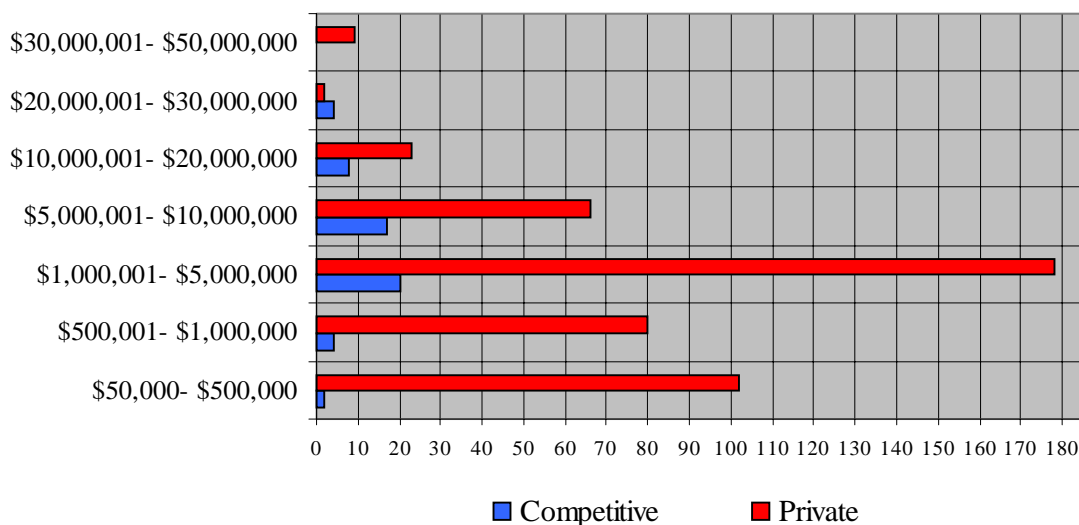
The GFOA acknowledges that a divergence of views exist in the public finance community as to the relative merits of competitive and privately negotiated sales, but favors the competitive method.

There are varying views on what conditions make private, negotiated sales favorable

Bond counsel and financial advisors from one firm told us that private sales are favorable to small localities that have either not previously issued bonds or have poor, or no credit rating. These advisors agreed, however, that larger dollar issues are more favorable for competitive bid.

Private sales in our study population ranged from \$50,000 to \$46.3 million and competitive sales ranged from \$280,000 to \$24 million. Industry views would expect private sales to favor smaller bond issues and competitive sales to favor larger issues. As expected, private sales favored smaller bond issues under \$1 million. However, contrary to expectations, the larger issues did not typically result in competitive sales, as shown in the following chart.

Comparison of the Size of Private and Competitive Bond Sales Since 1997



Source: SAO bond issue analysis.

Private sales provide some flexibility in limited situations.

Some school superintendents, city administrators, and financial advisors stated that private bond sales provide flexibility in structuring more complex issues such as refunding issues.⁶ Although we did not analyze advanced refunding separately, the financial advisors said that advanced refunding by small school districts might need to be handled in a private sale. However, at least two larger school districts in our study population handled an advanced refunding in a competitive sale. The need for advanced refunding should diminish, however, with reasonable call dates. *(See appendix II for further details on refunding and advanced refunding.)*

Advanced refunding can be an important tool to achieve interest cost savings, change burdensome bond covenants, or restructure debt payments on existing bonds to avoid a default or (in extreme circumstances) an unacceptable tax or rate increase. Debt management practices should anticipate the potential for a refunding in the future. When bonds are issued, the issuer should pay careful attention to sales practices that will affect flexibility of the management of long-term debt.⁷ When a change may be desirable and regular refunding is not possible, advanced refunding may prove to be valuable in reducing interest costs. Advanced refundings, which are limited in number by federal tax law, must be carefully planned to be successful.

⁶ A refunding is issuing new bonds to retire existing bonds before their maturity. Advanced refunding is calling in old bonds and issuing new bonds in advance of a call date, or where a call date was not included in the original issue.

⁷ Some of these practices might include optional redemption provisions, call provisions that permit the redemption of bonds in any order of maturity or on any date, and on callable bonds priced as close to par as possible at the time of original issue.

Aside from advanced refunding, almost all of the 515 general obligation bonds in our study population, including refunding issues, were structured as traditional serial bonds. Most issues in our study population had provisions for calling bonds for redemption that should provide flexibility in the management of long-term debt.

According to financial advisors, bond counsels, and underwriters we interviewed, another reason for privately negotiating a sale is the flexibility for selling the bonds to local investors. GFOA acknowledges that in a negotiated sale, the issuer may indicate the secondary market where the bonds are sold. However, all of the school superintendents and city administrators we interviewed said that they do not attempt to target the final purchaser (i.e. the investor). Selling their bonds to local investors was not a primary concern to them. For example, one school superintendent told us that he does not give any direction to the bond underwriter regarding to whom the bonds should be sold. Rather, he leaves the bond marketing completely to the underwriter to obtain the best investors for purchasing the issue. The officials told us their concern was getting the most favorable rate and payment schedule for their bonds.

Missouri local officials were not properly advised during private bond sales

One of the most important aspects of bond sales is the cost of borrowing or bond pricing. Unlike a competitive sale where bond pricing is specified in the request for bid proposals, bond pricing in a privately negotiated sale requires a much greater degree of issuer involvement. The issuer should negotiate both the yields on the bonds and the underwriter's compensation, which includes the sales commission, management fee, underwriting risk, and other expenses. An issuer's success in negotiating the price of its bonds would depend on the ability and willingness to devote sufficient time to understanding the market and the historical performance of their bonds, or hiring an independent financial advisor.

Public
officials were
uninformed

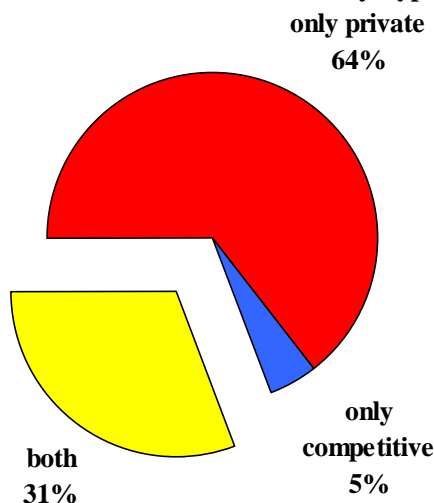
The estimated \$83.2 million in additional interest costs in private sales illustrates the lack of oversight by the issuer and the influence of the underwriters. Without an independent financial advisor, fiscal planning and debt management in bond issues becomes the responsibility of officials such as school superintendents, county administrators and city administrators. However, most of these officials told us they do not have the necessary knowledge or time needed to independently analyze and monitor bond sales; this is especially evident in the smaller political subdivisions with limited staff resources. Some comments were:

- Underwriters often play the “good ol’ boy” and can be as charming as they need to be at times to make local officials feel they are receiving the best service and rate there is.
- It does not matter who the financial advisor (even if it is the underwriter) is as long as they get a good rate. The initial interest rate quoted by the underwriter was the rate received and the district did not check the competitiveness of the interest rate.

It has become relatively simple for bond underwriters to control the bond issuing process and provide advice to the issuer, rather than the issuer taking control and hiring an independent financial advisor to assess the underwriter’s recommendations. The following chart clearly demonstrates the type of influence the underwriters have in preferring private (noncompetitive) sales. Some underwriters purchased both types of sales, but underwriters who bought only private sales purchased about two-thirds of total sales. Six underwriters bought 78 percent of all issues sold. (See Appendix II, page 36 for further discussion.)

Six
underwriters
bought 78% of
all issues sold

Breakdown of Underwriter Purchases by Type of Sale



Source: SAO bond analysis

Almost all of the local officials such as school superintendents, county administrators and city administrators we interviewed (who privately sold bond issues) said they placed their trust and reliance on their underwriters when issuing bonds. They accepted the initial noncompetitive interest rate quoted to them by their underwriter. As such, there was no negotiation between the local officials and the bond underwriters on what a fair market interest rate would be. The officials were not familiar with the potential savings through competition and relied on underwriters to manage their bond sales. In light of our results, several of these school superintendents and city administrators told us they would be more inclined to obtain competitive bids before issuing their next general obligation bonds.

The underwriters’ advice reduced the likelihood of favorable interest rates by eliminating competition through private bond sales. As such, the Missouri bond market became virtually closed to competition, which has left taxpayers with excess costs. Had local officials obtained

sound advice from an independent financial advisor, there is a greater possibility there would have been more competition and lower interest costs.

Conclusion

Bond issuers—typically school boards, county administrators and city councils—need to consider the particular circumstances of their prospective bond offering before deciding on a method of sale. More importantly, they are responsible to their entity and the taxpayers to ensure that fair and openly competitive services are procured. Bond issues of sufficient size and credit standing attract substantial interest in the underwriting market. Taxpayer's interests are generally well served when the bonds are competitively sold and open to public review. Nevertheless, Missouri's private bond sales are more than double national averages even though it is one of the strongest bond markets in the nation. Since 1997, 89 percent of Missouri's 515 general obligation bonds sold were issued without the benefit of competitive bidding. This is alarming given these private sales have left Missouri taxpayers an estimated \$83.2 million in additional debt.

Missouri's laws are not effective and are contradictory in ensuring that the taxpayers of this state are adequately protected. State law requires that state agency general obligation bonds be competitively bid, except for highway bonds, and requires school districts to competitively bid construction projects over \$12,500. However, state law does not require general obligation bonds issued by political subdivisions to be competitively bid.

Governing bodies of political subdivisions such as school boards and city councils must ensure prudent decisions are made on when to privately negotiate bond sales with underwriters and when to competitively bid sales. Thus, the vast number of private bond sales and excessive costs raise questions of fairness.

Recommendations

We recommend the State:

- 1.1 Board of Education encourage school districts to pursue fair and open competition in bond sales.
- 1.2 Provide bond financing and debt structuring assistance to local governments, if requested.
- 1.3 Provide a centralized bond authority under the supervision of the Board of Fund Commissioners for political subdivisions to seek advice and counsel regarding method of sale (private or competitive) before issuance of general obligation bonds.

2. Private Bond Sales Provide Taxpayers Little Assurance That Public Officials Safeguarded Their Interest or Adequately Promoted Fair and Open Competition.

Bond underwriters, who purchased bonds offered by issuers, served as financial advisors to the issuers prior to the sale of the bonds. This occurred because issuers were not familiar with the bond market or the procedures for issuing bonds and relied on advice from the underwriters. A conflict of interest occurs when a bond underwriter attempts to advise a school superintendent, city administrator, or other local official in the planning of a bond issue he expects to privately purchase. Thus, it is difficult for both interests to be justly served by the same person when the market is virtually closed to competition and the cost of issuance is shown to be higher for private bond sales than competitive sales. While Missouri laws do not restrict or require the use of financial advisors, the GFOA and Municipal Securities Rulemaking Board cautions against using the bond purchaser, or underwriter, as a financial advisor.

GFOA recommends competitive selection of underwriters

A competitive practice promotes fairness and objectivity, allows the issuer to compare respondents and helps the issuer to obtain the best price and level of service. Issuers should have a clear understanding of their needs and should carefully develop a request for proposal that complies with state and local bidding requirements.

Underwriters
should be
selected
competitively

In a private bond sale, the GFOA recommends that government entities follow several steps to promote equity and fairness in the sale process as follows:

- Government entities should use a competitive process to obtain the underwriter's services for the private sale process.
- The issuer should
 - Remain actively involved in each step of the negotiation and sale processes to uphold public trust.
 - Ensure that either an employee or an outside advisor (other than the underwriter) is familiar with bond markets, and experienced with structuring the bond issue, pricing, and monitoring sales activities.
 - Avoid using a firm to serve as both the financial advisor and underwriter of an issue because of potential conflicts of interest.

Local officials generally use bond underwriters as financial advisors, which presents potential conflicts of interest.

For privately sold bonds in 1999, 79 percent of the local officials stated they used a financial advisor to assist them in issuing bonds. Most of these officials indicated they used an outside financial advisor through noncompetitive means. Almost all of the officials also stated that the underwriter was the same firm as their financial advisor, or they did not know the difference. Most bond issuers lacked prudent information about issuing bonds.

Financial advisors were not independent

The President of the Missouri Chapter of the GFOA stated that it is not an appropriate practice for underwriters to serve as financial advisors on the same sale. The President stated there should be a separation of duties in these cases.

Some school district and city officials we interviewed also favored separating the duties. Some of there comments were:

- One reason we use a competitive selection for underwriters is to eliminate a potential conflict of interest. When an underwriter serves as financial advisor and prepares a debt schedule, the underwriter might tend to be a little generous to themselves on their commissions or interest costs.
- We firmly believe in separating the financial advisor from the underwriter. The current financial advisor has expressed an interest in being the underwriter on future sales, but the district prohibits this practice.
- We would never use a financial advisor as an underwriter for the same issue because using the same firm for both duties “clouds” their objectiveness and this conflict should be avoided. This stance is much to the dismay of the underwriters because they prefer to handle both duties.

Bond underwriters’ practices varied in the 515 bond issues sold since 1997, making it difficult for bond issuers such as school districts and cities to ensure fair and equitable practices.

Average interest rates fluctuated widely among underwriters in the 515 bond issues sold since 1997, even when the structure of the bonds such as credit ratings, sale dates, average life were similar. Of the 41 underwriters who bought bonds since 1997, we found that 23 bought only in private sales, 9 bought only in competitive sales, and 9 bought in both private and competitive sales.

Many underwriting companies have privately purchased general obligation bonds exclusively while other companies have participated in both private and competitive sales. Three of the 41 underwriting firms purchased two-thirds of the 515 bond issues since 1997—two of these companies did not have any competitive sales. When companies participated in both types of

3 firms bought 2/3 of the 515 bonds sold since 1997

sales, we found they had bid lower interest rates on competitive sales than they paid for private sales by 0.4258 percent. The average interest rates varied by type of sale as shown in the following table.

Average Interest Rates by Type of Sale Purchased and by Underwriters

	Underwriters who bought:			
	Only private issues	Both types of issues: Private Competitive		Only competitive issues
Number of issues	332	128	31	24
Average interest rate	5.1889%	5.2926%	4.8668%	4.7729%

Source: SAO bond issue analysis.

Missouri is becoming a closed market.

Historically, Missouri's general obligation bonds attracted a nationwide market because of the state's high credit and management rating. A Bond Buyer source stated there continues to be a high demand for Missouri bonds nationwide, yet few are offered outside the state. The President of the Missouri Chapter of GFOA concurred there is a high demand for Missouri bonds. However, private sale bond buyers, or underwriters, have practically closed the Missouri bond market to potential out-of-state bidders. With one exception (a suburban Kansas City company with an office in Kansas), Missouri underwriting companies handled all Missouri bond issues privately sold.

Underwriters restricted Missouri's bond market

The exclusion of potential buyers (including out-of-state buyers) reduces the competition for bonds and results in higher interest rates, and overall costs to the issuing political subdivision. An analysis of the 55 competitively sold bond issues between 1997 and 2000 showed that out-of-state underwriting companies were successful 44 percent of the time in competitive sales where notification was given to all interested bidders nationwide. In addition, their interest rates were well below the rates being offered by Missouri-only companies for similar issues. *(See Appendix II, page 36 for a detailed analysis of the 515 general obligation bonds bought by underwriting companies between 1997 and 2000.)*

Out of state firms won 44% of bids for bonds

Local officials told us they follow the advice of bond underwriters in privately negotiating sales. One underwriter (whose firm bought 20 percent of the 515 bond issues) told us that they would not bid on any competitive sales under \$1 million. A different underwriter told a superintendent that his issue was too small to competitively bid—that no underwriters would bid in a competitive sale. However, from our study population, there were six other bond issuers similar to this school district that competitively sold similar sized bonds under \$1 million.

Conclusion

Private bond sales raise concerns of higher borrowing costs and not promoting fair or open competition. This condition flourishes when local officials do not ensure they obtain unbiased advice during bond sales. Furthermore, these officials did not follow recommended practices during private bond sales. They recognize that advice is needed, but sought assistance from bond underwriters who have a vested interest of their own. An independent financial advisor could better serve the issuers and likely reduce interest costs.

Missouri bond issuers should seek to keep as much of its bond sale discussions and decision-making in the full view of the public as possible. Many local officials are not well informed about debt financing or do not believe they have the time to adequately oversee the bond sale. As a result, they are urged by bond underwriters to privately negotiate sales, and readily agree to this without realizing the potential adverse impact on the taxpayers. Most of the officials we interviewed did not keep adequate records about the bond sale negotiations to demonstrate whether their actions were fair or equitable.

Recommendations

We recommend

- 2.1 The General Assembly consider revising statute 108.170 governing general obligation bond sales in the state to require financial advisors that are independent from the underwriting firm in private or negotiated sales. In addition, the statute should require that underwriters be competitively selected in private or negotiated sales.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objectives

The objectives for this audit were to (1) determine to what extent interest costs differed between general obligation bond issues sold competitively versus privately and (2) assess the practices used during the bond sales.

Scope

The scope of our review is the general obligation bond sales registered with the State Auditor's Office (SAO) between January 1997 and August 2000. Political subdivisions in Missouri—school districts, counties, municipalities and other districts such as library and fire—are required to register any general obligation bond sale with the SAO. However, under Section 108.300, RSMo, any county of the first classification, or city or school district with a population over 65,000 is not required to register their bond issues with the SAO, although some of these entities continue to do so.

We excluded state level general obligation bond sales from our review since all but the Highway Commission is required to competitively bid these sales. The Highway Commission had not issued any general obligation bonds at the time of our review.

Methodology

To determine the extent to which the nature of the bond sale affected the interest cost, we conducted a detailed review of the general obligation bonds issued between January 1997 and August 2000. During this period, 515 general obligation bond issues of \$50,000 or more, totaling \$2.1 billion, were registered with the SAO.

We reviewed the records on file at the SAO that were submitted by each political subdivision issuing bonds. Specifically, we reviewed the transcript that contained the resolutions, legal opinions, bond documents and related information. These records contained data such as the number of bond years, discounts or premiums, call features, names of bond purchasers (underwriters), credit ratings, and the corresponding Bond Buyer Index rate for each bond issue. We calculated the net interest cost, the average interest rate, and average life. We also categorized each issue by the type of sale—competitive or private (noncompetitive) to assess what affect these factors may have had on the interest cost.

We also obtained information on the average weekly interest rates from The Bond Buyer, a New York publication that follows and reports on the bond market, for each week in the 44-month study period. We obtained any available credit ratings from Moody's Municipal and Governments Manual (1998, 1999, and 2000) for bond issues that were unrated in SAO records.

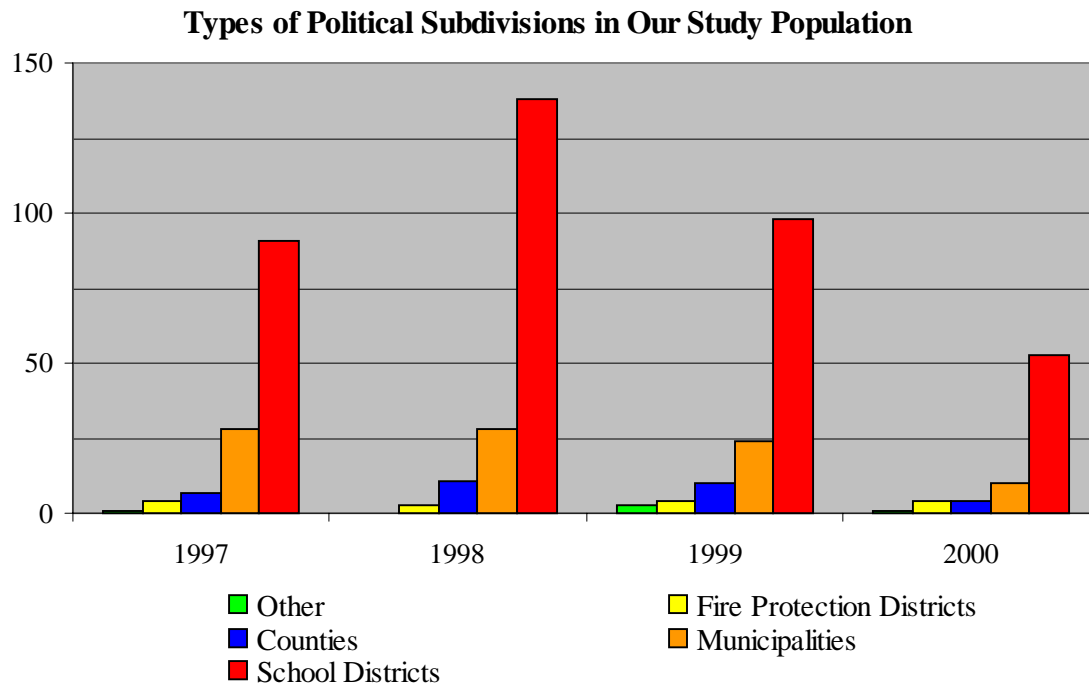
APPENDIX I

We computed average interest rates for competitive and private sales for comparison purposes. We compared these average interest rates to the weekly Bond Buyer averages. The Bond Buyer distributions contained entries for each week in which competitive or private bond sales occurred.

We provide a more detailed description of our analysis and the results in Appendix II, page 27.

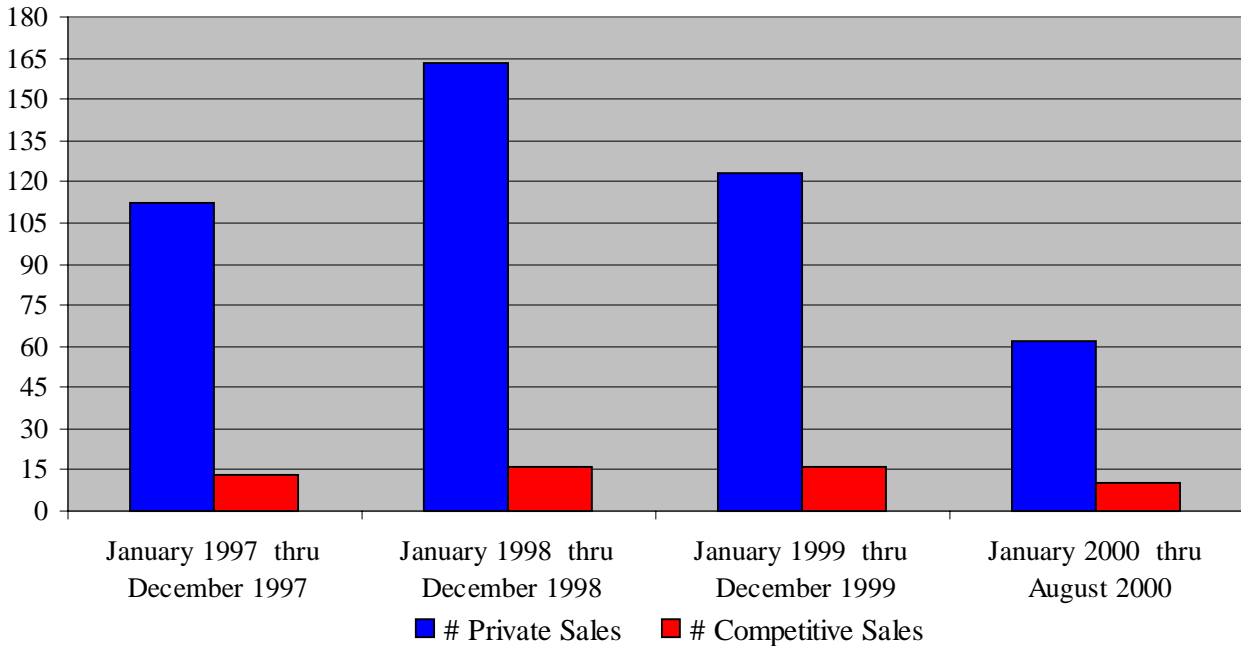
Composition of the Study Population

Political subdivisions in Missouri registered 515 general obligation bond issues of \$50,000 or more, totaling \$2.1 billion, with the SAO between January 1997 and August 2000. Of these, 55 issues were sold competitively totaling \$410.4 million and the other 460 were sold privately totaling \$1.7 billion as shown in the following chart.



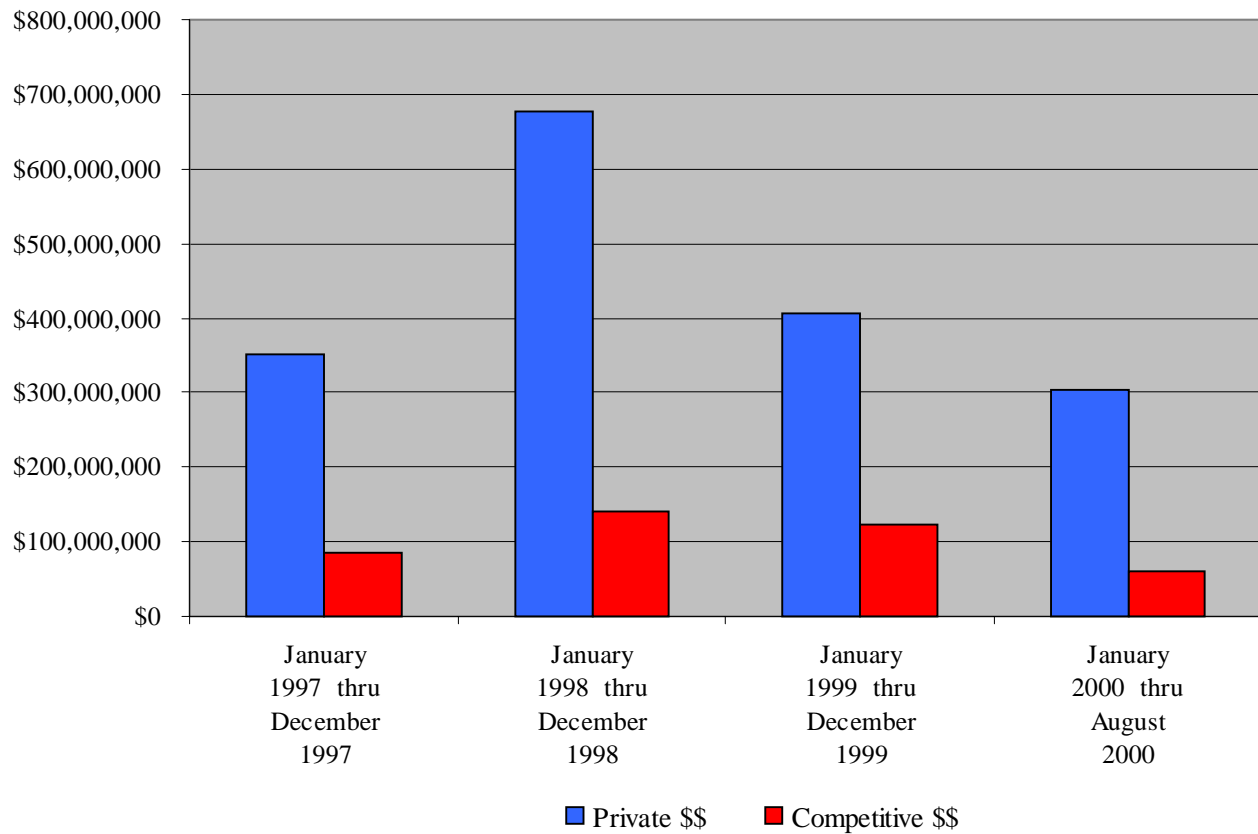
Source: SAO analysis of results from our study population.

Private sales ranged from a low of 77 percent of the total sales in 1999 to a high of 83 percent during the first eight months of 2000. Competitive sales, obviously, were the reverse with 23 percent in 1999 and 17 percent of the total in 2000. The following chart shows the distribution of bond issues by type of sale by year.

Number of General Obligation Bond Sales by Year

Source: SAO analysis of results from our study population.

The dollar volume of bond sales fluctuated substantially between 1997 and 2000, particularly between 1997 and 1998, as shown in the following chart. Total bonds issued during 1997 amounted to \$434.9 million. This figure increased to \$818.1 million in 1998. The large increase was due, undoubtedly, to a large number of issuers taking advantage of lower interest rates that were available in 1998. Also, in 1998, the debt ceiling for school districts was increased from 10 percent to 15 percent. Private sale portion of total dollar amount of the sales ranged from a low of 77 percent in 1999 to a high of 83 percent during the first eight months of 2000. Competitive sales, obviously, were the reverse with 17 percent of the total in 2000 and 23 percent in 1999. The following chart illustrates this.

Value of General Obligation Bond Sales by Year

Source: SAO analysis of the results from our study population.

The average dollar amount of the bond issues shows that competitive sales were larger, on average, than private sales. Numerically, competitive sales accounted for only 11 percent of the total number, but it accounted for 19 percent of the total dollar value. This indicated that the dollar value of competitive sale issues, on average, were larger than private sales. This fact notwithstanding, the 10 largest issues in the study population were by private (noncompetitive) sale. The following table illustrates this point.

Average Size of General Obligation Bond Sales by Type of Sale

Type of Sale	Dollar Range	Number of Issues	Average Size
Competitive	\$280,000 to \$24 million	55	\$7.5 million
Private	\$50,000 to \$46.3 million	460	\$3.8 million
All issues	\$50,000 to \$46.3 million	515	\$4.2 million

Source: SAO analysis of results from our study population.

Audit steps used to assess bond issuance practices.

- Reviewed the general obligation bonds issued during calendar years 1993 to 2000 as reported in the SAO Bond Registration Reports to determine the extent to which bond issues were competitively or privately sold.
- Excluded bond issues of less than \$50,000, state agencies issued bonds (because of the state's requirement for competitive bid), and levee districts (they do not fit a true bond-single day issue).
- Obtained national general obligation bond sale data for 1993 through October 2000 from Thomson Financial Securities Data, a subsidiary of The Bond Buyer.
- Conducted a detailed review of 17 bond issues representing \$228.9 million from political subdivisions in 1999.
- Selected bond issues from both strata—competitively bid and private sales—for comparison purposes. This group of issuers included school districts and cities from metropolitan and rural areas with a wide range in the dollar amount of the issue.
- Compared bond issues that were privately sold to those competitively bid to determine what justification, if any, the jurisdictions had for selecting the method of sale. We interviewed officials responsible for these bond issues such as school district superintendents and city administrators—mayors, city managers, and finance directors--from the following political subdivisions:

Carthage R-IX School District
City of Chesterfield
City of Clayton
Columbia Library District
Columbia School District
City of East Lynne
Independence School District
Joplin R-XIII School District
Kirkwood R-7 School District
City of Lee's Summit
Northwest R-1 School District
Park Hill School District
Parkway C-2 School District
Rockwood R-6 School District
City of Rolla
City of St. Peters
Strasburg C-3 School District

APPENDIX I

- Requested selected information from all bond issuers who privately sold bonds in 1999 and conducted telephone interviews with selected officials who responded to clarify their responses. Of the 150 political subdivisions we contacted, 98 local officials responded.
- Interviewed various competitive and private sector bond representatives and experts such as financial advisors, bond counsel, a credit rating agency official, a bond market researcher, and a bond underwriter.
- Interviewed two GFOA representatives including the President of the Missouri Chapter and one of the national executive board members. These interviews also provided us a perspective of their views on general obligation bond oversight, and possible options to protect Missouri's taxpayers.
- Contacted officials of finance and budget offices to obtain the debt financing requirements in the eight states bordering Missouri. These states include Arkansas, Iowa, Illinois, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee.

We conducted our audit between July and October 2000 in accordance with generally accepted government auditing standards.

ANALYSIS OF INTEREST COSTS ON PRIVATE AND COMPETITIVE BOND SALES

This appendix provides a detailed analysis of the 515 general obligation bonds registered with the State Auditor's office between 1997 and 2000. This analysis compares selected features of Missouri general obligation bond issues to determine to what extent the nature of the sale—competitive or private—affected the interest cost.

By every means of comparison, competitive sale issues had significantly lower interest rates than private (noncompetitive) issues. We analyzed the interest rates for the two types of sales during this period by credit ratings, length of term, and average life of the issues. We found no consistent relationship between interest rates and the size of the issue.

The greatest influence on interest rates, in any type of sale, is the condition of the bond market. Interest rates rise and fall with other economic factors to a greater extent than they do with the factors under consideration in this review. However, those general economic factors equally affect both competitive and private sales and are not a consideration in a comparison of the two types of sales.

Competitive sale average interest rates were significantly lower than private sale rates during every year of our review.

Weighting the calculation of average interest rates to take into consideration the number of sales at the average interest rate for each year, the overall average interest rates were found to be:

Private sales	5.2175 %
Competitive sales	4.8393 %
Difference	0.3782 %

An average interest rate was calculated for each bond issue in our study population by dividing the total number of bond years into the net interest cost. The amount of any discount was added to the net interest cost, and the amount of any premium was deducted from net interest cost. We used interest rates, so determined, to make selected comparisons.

The data revealed a variation in interest rates from 3.7946 percent for a competitive sale in 1998 to 8.7952 percent for a private sale in 1999. The average interest rate for all 515 issues, competitive and private sales combined, was 5.1773 percent. Private sales averaged 5.2175 percent and competitive sales 4.8393 percent. The following table shows a comparison of these rates as well as a comparison of the rates for each year of the review.

Comparison of Average Interest Rates By Type of Sale and Year

Type of Sale	1997	1998	1999	2000
Private	5.5027%	4.8593%	5.0825%	5.9133%
Competitive	5.0455%	4.5497%	4.5861%	5.4396%
Difference	0.4572%	0.3096%	0.4964%	0.4737%

Source: SAO analysis of results from our study population

Differences of the same magnitude as shown above were found to exist in distributions of interest rates by average life, length of term, credit rating, and in the Bond Buyer Index comparisons.

Bond Buyer Index comparisons to private and competitive sales

Both private and competitive sales in Missouri obtained lower interest rates than those reported in the Bond Buyer Index. Overall, Missouri sales had an average interest rate of 5.1773 percent compared to 5.3133 percent for the Bond Buyer Index rates. Missouri private sale interest rates were slightly lower (0.0893 percent) than the Bond Buyer Index. Missouri competitive sale interest rates were significantly lower (0.5282 percent) than Bond Buyer Index. This margin of difference is even greater than that shown in the direct comparison of Missouri competitive and private sales (0.3782 percent) that was used to compute an estimated interest cost savings of \$83.2 million.

We compared distributions of bond sale interest rates to distributions of Bond Buyer Index reports for corresponding weeks. (Professionals appraise bond market trends by referencing national market reports such as those of Moody's Investor Services, The Daily Bond Buyer, and others.) Separate distributions were made for total sales, private sales, and competitive sales. Each distribution is an independent tabulation; thus, the Bond Buyer Index rates are unique for each distribution. The sale dates of all bond issues, whatever the type of sale, vary and the Index rates vary accordingly.

The Bond Buyer Index is compiled from a combination of both competitive (public) and noncompetitive (private) sales. The weekly averages are not reported by type of sale, consequently the figures from the Index have a closer correlation to all Missouri sales than to either competitive or private sales displayed separately. The greatest value of the Index rates to this review is to provide a national standard to which Missouri interest rates may be compared. The national index is not as likely to show the wide fluctuations in rates that may occur in sales of a single state. It provides a more reliable standard for comparison.

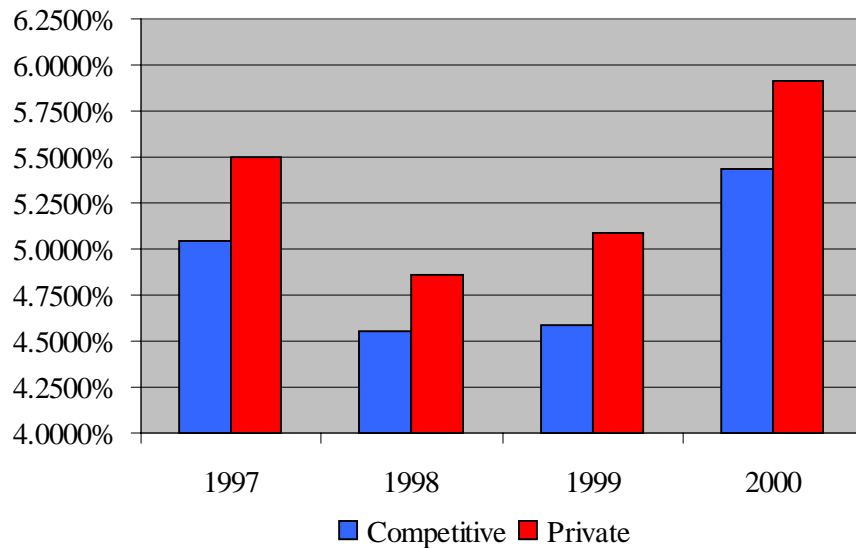
APPENDIX II

A weekly municipal bond average interest rate from the Bond Buyer Index was tabulated for each week in which a Missouri general obligation bond sale occurred. When more than one sale occurred in a given week, the Bond Buyer rate was repeated accordingly. If three sales occurred during a single week, the Bond Buyer rate for the week was tabulated three times. These Bond Buyer averages were tabulated in the same manner as Missouri sales and were found to range from 4.75 percent to 5.98 percent, a spread of slightly less than 1.25 percent between 1997 and 2000. The average for Bond Buyer rates during this period was 5.3133 percent.

During the same period, interest rates of Missouri bond sales varied much more widely than the Bond Buyer Index rates. The lowest Missouri rate was 3.7946 percent for a competitive sale in 1998, and the highest was 8.7952 percent for a privately placed issue in 1999---a spread of 5 percent.

The above table shows that Missouri bond issue interest rates had a considerably wider range than the issues reported by the Bond Buyer Index. It is also noted that the wide range of rates were more pronounced in Missouri private sales than in competitive sales. Competitive sale rates were all within a spread of 2.3 percent, while private sale rates covered a span of 4.75 percent as shown in the following table.

Interest Rates by Type of Sale



Source: SAO analysis of results from our study population

APPENDIX II

Credit rated bond issues had significantly lower average interest rates than unrated issues.

Although there may be certain circumstances for an issue to not be rated, credit rated bond issues had significantly lower average interest rates than unrated issues. The average interest rate for rated and unrated issues was 5.0385 percent and 5.6846 percent, respectively—a difference of 0.6461 percent. This difference would make a sizable reduction in the net interest cost of any bond issue.

Credit ratings were used in 404 issues (78 percent) of the 515 bond issues. Larger issues had a greater tendency to be rated, although the Missouri Direct Deposit Program was seen as an incentive for rating smaller issues as well. Of the \$2.1 billion of bonds issued since 1997, 78 percent were credit rated ranging from A to AAA ratings as follows:

- 26 issues were rated AAA,
- 370 issues were rated AA,
- 8 issues were rated A, and
- 111 issues were not rated.

It is the general expectation of credit rating agencies and bond issuers alike that credit ratings will help to reduce the interest rates applied to bond issues. Conventional wisdom says that “the higher the credit rating, the lower the interest rate.” Our analysis only confirmed that credit ratings helped reduced interest rates, but higher credit ratings did not produce lower interest rates than other credit ratings.

There is a significant difference between the average interest rates of credit rated bond issues and non-rated issues, but the higher credit ratings did not produce relatively better interest rates for the bond issuers in this review. In fact, the reverse was found to be true. The eight “A” rated issues in our study population had an average interest rate of 5.0325 percent, and the 26 “AAA” rated issues had an average interest rate of 5.2060 percent. One contributing factor to higher rated bonds having higher interest rates may be the relatively small number of frequencies in the “A” and “AAA” cells of the distribution. Another factor may be the condition of the market in general when some of these issues were sold.

The cost of a credit rating, and perhaps the cost of insurance to achieve them, is a consideration in some instances. If the cost of the rating and/or bond insurance equals or exceeds the expected benefit it may not be a worthy expenditure. There is also room to question whether ratings are fully beneficial to some bond issuers who use private sales. If the credit rating is obtained in time for it to be a factor in the determination of private sale interest rates to the issuer, it may be of benefit. If, on the other hand, the interest rate has already been agreed upon before a rating is received or insurance obtained, it is of no benefit to the issuing agency. In this case, the issuer bears the expense of the rating or insurance, and the purchaser receives the benefit.

APPENDIX II

Credit ratings were identified, where they existed, for the bond issues in this review. All ratings of the same value were recorded in the same way without regard to the identity of the rating agency or whether the rating had been obtained independently or with the use of credit enhancement (insurance) assistance. Moody, Standard & Poor, and Fitch issued ratings in varying numbers. Rating categories were designated simply A, AA, AAA without adding the subscripts that frequently accompany them. In a few instances rating information was not found and it was assumed that no rating existed. Issuer reports, bond issue transcripts, and Moody's Municipal and Governments Manual were the primary sources of rating information.

Credit ratings were widely used for 515 bond sales reported between 1997 and 2000. Further, 355 of the 460 private sale issues (77 percent) were rated and 111 issues (22 percent) did not receive credit ratings. The number of competitive sale issues was smaller but the percentage of issues rated was higher. Of the 55 competitive sales, 49 sales (89 percent) received credit ratings. Of the unrated issues, 6 were competitive sales, and 105 were private sales.

Average Interest Rates For Credit Rated and Unrated Bond Issues by Type of Sale

Rating	Number of Competitive Issues	Number of Private Issues	Average Rate for Competitive Sales	Average Rate for Private Sales	Overall Average Rate for Both Types of Sales
A	6	2	4.7856%	4.7213%	4.7695%
AA	38	332	4.8425%	5.0543%	5.0325%
AAA	5	21	4.9895%	5.2575%	5.2060%
Total & Avgs	49	355	4.8505%	5.0644%	5.0385%
Unrated	6	105	4.7473%	5.7382%	5.6846%

Source: SAO analysis of results from our study population

Interest rates for lengths of term and average life of bond issues were significantly lower for competitive sales than for private sales

Lengths of term and average life are both terms that refer to the time during which a bond issue is outstanding. They do not, however, describe the same aspects of time. Length of term may be described as the number of years and months from the date of issue to the date of the last principal and interest payment. The average life of an issue is the average period of time for which the full amount of the loan is in effect. It is determined by dividing the number of bond years by the number of bonds. Two bond issues may have the same length of term, but greatly different average lives. Any schedule of maturities spanning a 20-year period would have a length of term of 20 years. The average life would depend upon the arrangement of maturities

APPENDIX II

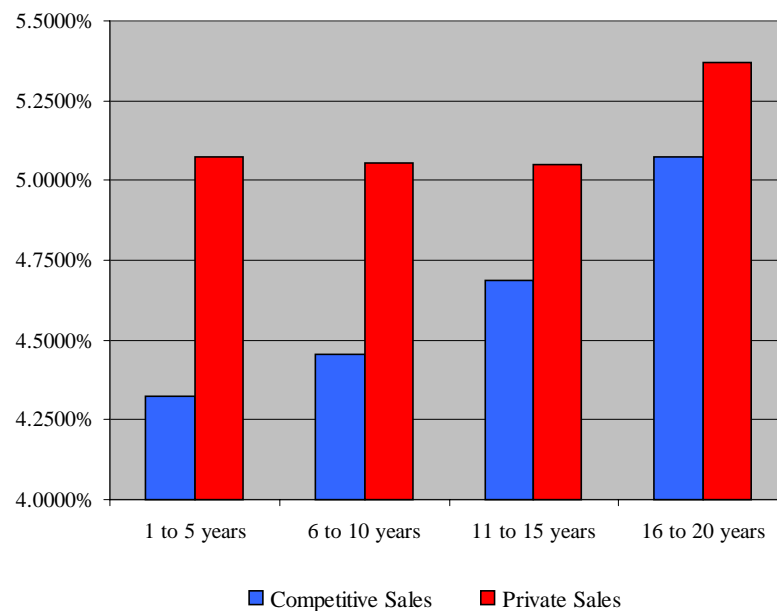
within the 20-year period. If large principal payments are made during the early part of the 20 years, the average life will be shorter than if the same amounts are scheduled for payment late in the 20 periods. Bond issues in this study were compared on both lengths of term and average life.

Length of Term

The length of term for Missouri general obligation bonds is generally limited by statute to no more than 20 years. Arrangement of the maturities within the specified limit is the prerogative of the board or commission of the issuing entity. In many cases, periods of less than 20 years are desirable for repayment of funds. Issues of 10 years, or less, are generally referred to as short-term bonds and those of more than 10 years are designated as long-term.

It is expensive to share debt liquidation too far into the future as shown in the following table.

Average Interest Rates by Length of Term and Type of Sale



Source: SAO analysis of results from our study population

The previous table shows the relationship between length of term and average interest rate. Among competitive sale issues, each increase in the length of term intervals carried a corresponding increase in average interest rates. The average interest rate increased with each increase in the interval of years from 4.357 percent in the 1-5 year group to 5.0725 percent in the 16 to 20 year interval.

APPENDIX II

The respective increases were 0.1304 percent, 0.2307 percent and 0.3857 percent. This trend was not as evident in private sales where average interest rates remained virtually unchanged during the first three time periods before making a jump of 0.3188 percent in the last interval.

Number of Sales by Length of Term

<u>Length of Term</u>	<u>Total All Issues</u>	<u>Competitive Sales</u>	<u>Private Sales</u>
1 to 5 years	28	2	26
6 to 10 years	86	9	77
11 to 15 years	135	15	120
16 to 20 years	266	29	237
Total	515	55	460

Source: SAO analysis of results from our study population

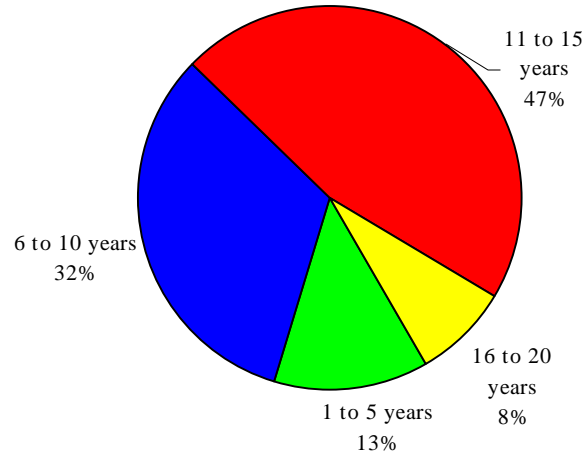
Once again, competitive sale interest rates were observed to be significantly lower during all four time periods than private sale interest rates. The differences were 0.7470 percent, 0.5998 percent, 0.3649 percent and 0.2980 percent respectively. The overall difference in average interest rates between competitive and private sales for the whole distribution was 0.3785 percent. The average interest rates for this distribution and the percentage of difference between private and competitive sales are the same as for those of the study in general.

Average Life

The average life of a bond issue has a distinct and quantifiable effect on its interest rate. Generally, the longer the average life of the issue, the higher the interest rates, and vice versa. As shown in the following chart, we distributed the 515 bond issues on a table with 5-year intervals, and a range of 1 to 20 years and found that the number of issues increased with each succeeding time period until the top interval of 16 to 20 years was reached. There was a sharp decline in the number of issues in the top interval. This was true of both competitive and private sales.

APPENDIX II

Percent of Issues By Average Life



Source: SAO analysis of results from our study population

As the average life increased, interest rates also increased steadily at all intervals. This was true of both competitive and private sales except in the 16 to 20 year interval of competitive sales where a slight decrease occurred, due, perhaps, to the fact that only two sales were included in this cell and such a small frequency did not provide fully reliable data.

Average Life by Type of Sale

Years	Total	Competitive Sales		Private Sales	
		Number of Issues	Average Life years	Number of Issues	Average Life years
1 to 5 years	67	8	4.2269	59	2.7032
6 to 10 years	167	17	8.2865	150	6.8931
11 to 15 years	239	28	12.8677	211	12.6521
16 to 20 years	42	2	17.0908	40	17.3669

Source: SAO analysis of results from our study population

APPENDIX II

It was also noted that competitive sale interest rates, at every interval, were significantly lower than those of the private sale issues. The difference ranged from a low of 0.2152 percent in the 11-15 year interval to 0.6899 percent in the 1-5 year interval. The weighted average difference for all intervals combined was 0.3785 percent.

Discounts and premiums have become widely used

A discount is defined as “acceptance by the issuer of an amount that is less than the face value of the bonds.” Missouri statutes permit discounts that are no more than five percent of the face value of the bonds.

On the noncompetitive (private sale) issues, underwriters in 408 of the 460 issues (89 percent) did not pay the issuers full face value for their bonds. The discounts on these bond issues ranged from \$792 to \$331,175 with an average discount of \$34,328. The total value lost through discounts on private sales was \$15.8 million.

Discounting of issues was not a factor in private sales alone; 30 of the 55 competitive sales (55 percent) also were discounted. Competitive sale discounts ranged from \$1,677 to \$214,365 with an average of \$53,811. The total of discounts on competitive sales was \$1.6 million.

The total of discounts on private and competitive sales combined was \$17.4 million. Bond underwriters typically argue that by using discounts, the interest rates can be lowered and the overall cost to the issuing district reduced. Interest rates on discounted issues reported elsewhere in this review give some indication that such a relationship may be possible, but the overall cost of issuance would need to be considered to make that determination.

A premium is defined as “payment by the purchaser of an amount that is higher than the face amount of the bonds.” We found that 31 transcripts in the 460 privately sold issues showed payment of a premium. Reported premiums on private sales amounted to \$7 million and averaged \$227,779 for each issue in which they occurred. Of the \$7 million reported, \$6 million was paid as a part of 20 refunding bond issues.

Reported premiums on 11 of the 55 competitive sale issues amounted to only \$5,178. Nine of the 11 premiums were for less than \$240 each. The average of premiums on all competitive sales was \$471. None of the competitive sale premiums were paid in connection with a refunding bond issue.

APPENDIX II

Bond underwriters offered more competitive interest rates in competitive sales than private sales

Average interest rates fluctuated widely among the bond issues, even when factors such as credit ratings, sale dates, and average life were similar. Our analysis confirmed that there are significant cost related factors in the transactions for Missouri bond issues that are identified with the practices of some of the primary bond underwriters. For example, of the 41 underwriters who bought general obligation bond issues between 1997 and 2000,

- 23 bought only private sale issues;
- 9 bought only competitive sale issues; and
- 9 bought both competitive and private sale issues.

As shown in the following table, competitive sale interest rates were significantly lower in all comparisons. Underwriters who bought bond issues through competitive sale only had a 0.4160 percent lower average interest rate when compared to underwriters who only bought issues through private sale.

Types Of Sales and Average Interest Rates by Underwriter

	Underwriters who bought:		
	Only private issues	Both types of issues	Only competitive issues
		Private	Competitive
Number of issues	332	128	31
Average interest rate	5.1889%	5.2926%	4.8668%
			4.7729%

Source: SAO analysis of results from our study population

The underwriters that bought both competitive and private sale issues bid lower average interest rates for competitive sale issues than for private sales. As shown in the above table, these underwriters bid more competitively on the publicly bid issues than they were in privately placed issues by 4.8688 percent to 5.2926 percent or a difference of 0.4258 percent. Again, this difference in average interest rate would make a significant reduction in the net interest cost of any bond issue.

Forty-one underwriters purchased the 515 bond issues in our study population. Three of these underwriters bought 323 issues, 314 of them (97 percent) through private (noncompetitive) sales. These three underwriters accounted for 63 percent of the total bond purchases. The following table shows the number of issues and average interest rates for all 41 underwriters who bought the 515 general obligation bonds since 1997.

APPENDIX II

Number of Sales and Average Interest Rates By Bond Underwriters

Buyer Number	Number of Issues	Private Average Interest Rate	Number of Issues	Competitive Average Interest Rate
1	1	5.2500%		
2	24	5.1207%	2	5.1145%
3	1	4.9770%		
4	6	5.3417%		
5	1	5.0000%		
6	1	8.1120%		
7	1	5.2404%		
8	2	5.2890%	2	5.3526%
9	1	6.0000%		
10	1	5.3169%		
11	1	6.2500%		
12	1	5.4534%		
13	1	5.6930%	2	4.3579%
14	1	7.1284%		
15	5	6.0122%	4	4.7471%
16			3	4.9230%
17	6	5.2903%		
18	5	4.7715%		
19	3	4.8354%	6	4.7877%
20			1	4.1333%
21	101	5.1392%		
22			7	4.8629%
23			3	4.5765%
24	15	6.2137%		
25	142	4.8857%		
26	2	5.3225%		
27	36	5.8856%		
28	1	4.7217%		
29			1	5.1759%
30	1	4.8642%		
31	1	4.4753%	1	5.2505%
32	2	4.6466%	1	4.7069%
33			1	4.5235%
34			7	4.6981%
35	1	5.7500%		
36			1	6.1204%
37	9	5.3282%	1	4.4496%
38	5	5.3879%		
39	71	5.3671%	9	5.0296%
40	10	5.0969%	3	4.5808%
41	1	5.5000%		

Source: SAO analysis of results from our study population

Changes in the Missouri bond market are cause for concern

Private sale bond underwriters of Missouri have practically closed the Missouri bond market to out-of-state bidders. The number and percentage of private (noncompetitive) bond sales in Missouri has increased dramatically in recent years. Since 1997, 460 of the 515 issues (89 percent) were sold by private sales. This is an exact reversal of the competitive/private sale ratio in previous studies and substantially above the 49 percent average private sales nationwide. The data also showed a trend toward the participation of fewer bond underwriters in the Missouri bond market as discussed in the previous section.

Historically, Missouri general obligation bonds have attracted a nationwide market but, at the present time, the participation of out-of-state buyers is very limited. With only one apparent exception (a suburban Kansas City company with offices on the Kansas side), 460 of the 515 bond issues were sold to Missouri companies without the benefit of competitive bids. Exclusion of potential buyers reduces the competition for bonds and results in higher interest rates and overall costs to the issuing governmental agencies.

In competitive sales, where notification was given to all interested bidders, out-of-state companies were the successful bidders in 24 of the 55 sales, a success rate of 44 percent. The average interest rate of competitive sale bids by out-of state bidders was 4.8075 percent, a figure slightly lower than the average rate offered for competitive sales by in-state bidders.

Bond Sales from January 1997 - August 2000

Appendix III

	Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
1	Meramac Valley R-III SD	23371	Public	\$ 2,000,000	01/01/1997	\$ -	\$ 1,552,456		5.3983%	8
2	Callaway Co. R-III SD	23372	Private	\$ 825,000	01/08/1997	\$ 10,425	\$ 388,550		5.1015%	25
3	N Callaway Co. R-I SD	23373	Private	\$ 2,950,000	01/15/1997	\$ 35,850	\$ 1,717,582		5.3115%	25
4	Sni-Valley Fire Prot Dist	23374	Private	\$ 720,000	01/01/1997	\$ 7,200	\$ 304,371		5.4498%	8
5	Cooper Co. RSD 4	23379	Private	\$ 710,000	01/01/1997	\$ 14,200	\$ 488,128		5.8157%	27
6	Callaway Co.	23380	Private	\$ 125,000	01/15/1997	\$ 3,576	\$ 42,257		5.4457%	39
7	Eldon Admin Unit SD R-I	23381	Private	\$ 6,850,000	01/29/1997	\$ 95,900	\$ 5,091,662		5.5931%	25
8	City of Woodson Ter	23382	Private	\$ 1,400,000	02/01/1997	\$ 13,300	\$ 559,943		5.1277%	19
9	City of Branson West	23383	Private	\$ 1,163,600	01/01/1997	\$ 50,000	\$ 910,644		6.2831%	27
10	Harrisonville R-IX SD	23384	Private	\$ 999,999	02/01/1997	\$ (9,889)	\$ 548,377		5.8596%	15
11	City of Marshall	23385	Private	\$ 383,214	01/01/1997	\$ -	\$ 314,693		6.4424%	24
12	City of Marshall	23386	Private	\$ 189,474	01/01/1997	\$ -	\$ 154,759		6.4435%	24
13	Sunrise R-IX SD	23387	Private	\$ 1,150,000	02/06/1997	\$ 12,450	\$ 753,434		5.5056%	25
14	Pacific Fire Proct Dist	23388	Private	\$ 2,000,000	02/01/1997	\$ 30,000	\$ 1,332,689		5.3169%	10
15	Laclede Co.	23389	Private	\$ 78,000	02/01/1997	\$ -	\$ 64,117		6.5000%	24
16	Washington SD	23390	Private	\$ 11,400,000	02/01/1997	\$ 199,500	\$ 9,035,990		5.4527%	17
17	City of Chesterfield	23391	Public	\$ 14,230,000	02/15/1997	\$ -	\$ 7,857,550		5.1759%	29
18	Park Hill SD	23392	Private	\$ 35,110,000	01/01/1997	\$ 282,825	\$ 25,330,158		5.4141%	39
19	Wellsville Middletown SD R-I	23393	Private	\$ 545,000	02/20/1997	\$ 5,500	\$ 78,690		4.6516%	25
20	Kirksville SD R-III	23394	Private	\$ 7,850,000	02/15/1997	\$ 86,350	\$ 3,652,199		5.0846%	21
21	City of St. Peters	23395	Public	\$ 7,170,000	02/26/1997	\$ 53,201	\$ 2,092,368		4.5695%	2
22	Ft Zumwalt SD	23396	Public	\$ 5,000,000	02/01/1997	\$ -	\$ 3,518,104		5.3070%	8
23	Community R-VI SD	23397	Private	\$ 1,250,000	03/04/1997	\$ 14,295	\$ 834,464		5.3665%	25
24	City of Kidder	23398	Private	\$ 96,000	03/01/1997	\$ 4,800	\$ 80,925		6.6441%	27
25	Independence SD	23399	Private	\$ 14,700,000	02/15/1997	\$ 170,520	\$ 12,894,189		5.3930%	39
26	Excelsior Springs SD 40	23400	Private	\$ 5,000,000	03/01/1997	\$ 39,347	\$ 3,232,040		5.3067%	39
27	Camden Co.	23401	Private	\$ 130,000	03/01/1997	\$ 4,761	\$ 97,603		5.9587%	39
28	W. Nodaway Co. SD R-I	23403	Private	\$ 915,000	03/01/1997	\$ 14,400	\$ 480,017		5.2843%	25
29	Pleasant Hill	23404	Private	\$ 60,253	03/15/1997	\$ 3,013	\$ 26,323		6.5496%	27
30	Roscoe C-I SD	23405	Private	\$ 398,500	03/01/1997	\$ 7,970	\$ 295,047		5.6718%	21
31	St. Charles SD	23406	Private	\$ 6,999,980	04/01/1997	\$ 60,314	\$ 3,469,917		5.2457%	2
32	Richmond SD R-XVI	23407	Private	\$ 3,775,000	04/15/1997	\$ 46,575	\$ 1,514,250		5.0578%	25
33	Lexington SD R-V	23408	Private	\$ 3,800,000	03/01/1997	\$ 47,512	\$ 2,826,087		5.5582%	21
34	City of Leadwood	23409	Private	\$ 300,000	04/15/1997	\$ (8,043)	\$ 103,599		5.7132%	39
35	City of Trimble	23410	Private	\$ 340,000	04/15/1997	\$ 17,000	\$ 289,225		6.5682%	27
36	Gainsville SD R-V	23411	Private	\$ 1,294,999	04/30/1997	\$ 7,245	\$ 918,421		5.4610%	15
37	Atchison Co. RSD R-III	23412	Private	\$ 500,000	04/15/1997	\$ 10,000	\$ 176,039		5.8312%	27
38	Cape Girardeau SD 63	23414	Private	\$ 13,999,844	04/15/1997	\$ 126,647	\$ 9,526,261		5.6516%	2
39	Callaway Co. R-III SD	23415	Private	\$ 540,000	05/01/1997	\$ 9,100	\$ 383,058		5.6374%	25
40	Kingsville SD R-I	23416	Private	\$ 625,000	04/15/1997	\$ 12,500	\$ 365,759		6.0570%	27
41	Palmyra SD R-I	23417	Private	\$ 5,000,000	05/20/1997	\$ 62,500	\$ 3,785,929		5.6809%	25
42	Bell City SD R-II	23418	Private	\$ 400,000	05/20/1997	\$ 6,000	\$ 89,499		5.2270%	25
43	Weaubleau R-III SD	23419	Private	\$ 1,220,000	05/21/1997	\$ -	\$ 940,546		5.6938%	21
44	Warsaw RSD R-IX	23420	Private	\$ 2,000,000	05/15/1997	\$ 25,000	\$ 1,173,600		5.3494%	21
45	City of Louisiana	23421	Private	\$ 3,000,000	05/22/1997	\$ 15,000	\$ 2,189,874		5.8234%	15
46	Benton Co. R-III SD	23423	Private	\$ 1,200,000	05/15/1997	\$ 14,400	\$ 510,720		5.2634%	21
47	Warrensburg R-VI SD	23424	Private	\$ 3,800,000	05/01/1997	\$ 30,630	\$ 2,063,314		5.3870%	39
48	Pleasant Hope SD R-VI	23426	Private	\$ 1,755,000	05/15/1997	\$ 19,305	\$ 1,373,156		5.6095%	21
49	Ozark RSD 6	23427	Private	\$ 5,000,000	05/15/1997	\$ 60,000	\$ 4,692,543		5.6522%	21
50	Andrew Co.	23428	Private	\$ 195,000	05/01/1997	\$ (510)	\$ 146,101		5.9791%	37
51	Smithville R-II SD	23429	Private	\$ 2,750,000	05/15/1997	\$ 34,375	\$ 967,709		5.1107%	21
52	Bayless CSD	23430	Private	\$ 7,000,000	06/05/1997	\$ 87,500	\$ 4,944,213		5.5916%	25
53	Washington Co. RSD R-III	23431	Private	\$ 4,000,000	06/05/1997	\$ 60,000	\$ 2,782,171		5.6825%	25
54	Liberty SD 53	23432	Private	\$ 13,500,000	05/15/1997	\$ 109,810	\$ 5,804,818		5.2120%	21
55	Hollister RSD R-5	23433	Private	\$ 3,155,000	05/15/1997	\$ 63,100	\$ 3,205,560		5.8865%	27
56	Lamar SD R-I	23434	Private	\$ 5,200,000	06/01/1997	\$ 52,000	\$ 3,522,994		5.4726%	21
57	Monett SD R-I	23435	Public	\$ 3,560,000	06/10/1997	\$ 17,746	\$ 1,749,023		5.0683%	22
58	Monett SD R-I	23436	Public	\$ 695,000	06/10/1997	\$ 3,445	\$ 360,871		5.0585%	22
59	Jackson Co. CSD 4	23437	Private	\$ 10,000,000	06/10/1997	\$ 98,500	\$ 5,725,184		5.4241%	25
60	Humansville SD R-IV	23438	Private	\$ 600,000	06/11/1997	\$ 8,945	\$ 338,822		5.3753%	25

Bond Sales from January 1997 - August 2000

Appendix III

	Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
61	Everton SD R-III	23439	Private	\$ 545,000	06/12/1997	\$ 9,500	\$ 374,571		5.6735%	25
62	Spring Bluff R-XV SD	23440	Private	\$ 930,000	06/01/1997	\$ 11,160	\$ 759,909		5.6363%	21
63	Bolivar R-I SD	23441	Private	\$ 4,825,000	06/01/1997	\$ 36,742	\$ 3,594,515		5.4621%	39
64	Franklin Co. CSD 2	23442	Private	\$ 3,725,000	06/01/1997	\$ 46,563	\$ 2,532,979		5.4050%	21
65	Maryville SD R-II	23443	Private	\$ 9,485,000	06/01/1997	\$ 85,365	\$ 7,106,604		5.4709%	21
66	Webb City R-VII SD	23444	Private	\$ 4,500,000	06/20/1997	\$ 54,000	\$ 3,851,127		5.5046%	21
67	Ft Osage SD R-I	23445	Private	\$ 9,874,673	06/01/1997	\$ 110,086	\$ 8,677,325		5.9022%	39
68	Spokane SD R-VII	23446	Private	\$ 720,000	06/01/1997	\$ 7,200	\$ 437,475		5.3876%	21
69	City of Olivette	23447	Private	\$ 3,360,000	06/10/1997	\$ 21,840	\$ 1,652,093		5.1282%	8
70	City of Lone Jack	23448	Private	\$ 190,000	06/15/1997	\$ 4,522	\$ 28,990		5.6279%	39
71	Hickory Co. R-I SD	23449	Private	\$ 960,000	06/01/1997	\$ 11,520	\$ 658,998		5.3972%	21
72	Clay/Canton Co. RSD R-I	23450	Private	\$ 3,000,000	06/01/1997	\$ 33,000	\$ 1,841,301		5.2466%	39
73	Jennings SD	23451	Private	\$ 2,300,000	06/01/1997	\$ 40,145	\$ 1,740,688		5.3477%	39
74	Jennings SD	23452	Private	\$ 710,000	06/01/1997	\$ (13,886)	\$ 325,081		5.2923%	39
75	Dora SD R-III	23453	Private	\$ 360,000	06/26/1997	\$ 8,685	\$ 247,959		5.6163%	25
76	East Prairie R-II SD	23454	Private	\$ 1,700,000	06/26/1997	\$ 25,166	\$ 1,120,568		5.3933%	25
77	East Prairie R-II SD	23455	Private	\$ 185,000	06/26/1997	\$ 2,739	\$ 20,265		4.9317%	25
78	City of Raymore	23456	Private	\$ 2,500,085	07/01/1997	\$ (215,346)	\$ 1,610,927		6.1889%	39
79	City of Lee's Summit	23457	Public	\$ 12,000,000	07/01/1997	\$ 64,290	\$ 3,127,940		4.6135%	40
80	Stone Co.	23458	Public	\$ 3,775,000	07/01/1997	\$ 83,407	\$ 2,846,905		6.1204%	36
81	Ste. Genevieve Co. RSD R-2	23459	Public	\$ 1,200,000	07/01/1997	\$ -	\$ 907,029		5.2505%	32
82	Riverview Gardens SD	23460	Private	\$ 12,099,503	07/01/1997	\$ 124,266	\$ 7,395,456		5.1887%	2
83	City of Hamilton	23461	Private	\$ 648,900	07/30/1997	\$ 18,900	\$ 449,646		5.8307%	27
84	Lafayette Co. RSD R-7	23462	Private	\$ 3,210,000	07/01/1997	\$ 55,242	\$ 1,855,738		5.1858%	39
85	Franklin Cnty SD R-II	23463	Private	\$ 800,000	07/29/1997	\$ 10,745	\$ 296,339		5.0217%	25
86	Johnson Co.	23464	Private	\$ 122,000	07/15/1997	\$ 1,220	\$ 24,599		5.2609%	39
87	City of Centralia	23465	Private	\$ 350,000	07/15/1997	\$ 7,700	\$ 261,722		5.6227%	39
88	S. Platte Fire Protect Dist	23466	Private	\$ 200,000	08/01/1997	\$ 1,500	\$ 28,447		4.5759%	40
89	Hurley R-I SD	23467	Private	\$ 530,000	08/01/1997	\$ 10,600	\$ 438,932		5.7837%	21
90	Cassville SD R-IV	23468	Private	\$ 3,085,000	08/26/1997	\$ 60,588	\$ 1,466,446		5.0023%	25
91	Cole Co. R-II SD	23469	Private	\$ 950,000	08/27/1997	\$ 12,284	\$ 586,205		5.1532%	25
92	Camden Co.	23471	Private	\$ 126,000	09/01/1997	\$ 3,150	\$ 85,975		5.7935%	39
93	New Haven SD	23472	Private	\$ 560,000	09/03/1997	\$ 5,686	\$ 99,269		4.7228%	25
94	Troy R-III SD	23473	Private	\$ 7,700,000	09/10/1997	\$ 89,900	\$ 4,342,069		5.1625%	25
95	Locust Creek Township	23474	Private	\$ 100,000	09/01/1997	\$ 1,000	\$ 20,956		5.0551%	40
96	Braymer C-4 SD	23475	Private	\$ 550,000	09/24/1997	\$ (28,636)	\$ 191,928		5.5489%	27
97	Francis Howell SD	23476	Private	\$ 8,275,000	09/15/1997	\$ 80,681	\$ 4,319,456		5.0031%	37
98	Olympian Village	23477	Private	\$ 150,000	09/15/1997	\$ 7,500	\$ 73,146		6.4069%	27
99	City of Sullivan	23478	Private	\$ 1,270,000	09/01/1997	\$ (7,256)	\$ 314,976		5.0023%	39
100	Clayton SD	23479	Public	\$ 21,400,000	09/15/1997	\$ -	\$ 12,400,940		4.8866%	34
101	Jefferson City SD	23480	Private	\$ 7,845,000	09/01/1997	\$ 67,902	\$ 1,932,962		4.7108%	39
102	Norborne SD R-VIII	23481	Private	\$ 765,000	09/15/1997	\$ 9,047	\$ 488,655		5.2926%	39
103	Forsyth R-III SD	23482	Private	\$ 2,674,890	09/30/1997	\$ 26,749	\$ 1,722,692		5.4172%	15
104	Thornfield RSD No. 1	23483	Private	\$ 250,000	09/15/1997	\$ 5,000	\$ 177,884		6.0192%	27
105	Ritenour SD	23484	Private	\$ 9,474,898	10/01/1997	\$ (428,987)	\$ 6,089,777		5.4711%	2
106	City of Warrenton	23485	Private	\$ 162,931	10/17/1997	\$ -	\$ 154,330		7.1284%	14
107	Parkway C-2 SD	23486	Private	\$ 9,170,390	10/16/1997	\$ (602,977)	\$ 5,859,468		5.7977%	2
108	City of Platte City	23487	Private	\$ 656,000	10/01/1997	\$ -	\$ 459,823		7.5000%	15
109	Rolla SD 31	23488	Private	\$ 4,735,000	10/29/1997	\$ 59,320	\$ 2,131,129		4.9945%	25
110	Osage Beach Fire Dist	23489	Private	\$ 2,350,000	10/29/1997	\$ 48,194	\$ 1,166,247		5.4656%	26
111	Clinton SD	23490	Private	\$ 1,250,000	11/01/1997	\$ 18,750	\$ 592,233		4.9761%	21
112	Farmington R-VII SD	23491	Private	\$ 5,620,000	11/05/1997	\$ 64,220	\$ 2,428,897		4.9392%	25
113	City of Camdenton	23492	Private	\$ 735,000	11/01/1997	\$ 11,025	\$ 179,547		4.9960%	39
114	St. James SD R-I	23493	Private	\$ 1,665,000	11/05/1997	\$ 23,780	\$ 705,595		4.9527%	25
115	Kirkwood SD R-7	23494	Public	\$ 5,800,000	11/01/1997	\$ (34)	\$ 3,733,439		4.9515%	22
116	City of Washington	23495	Private	\$ 2,910,000	11/01/1997	\$ 29,100	\$ 1,029,553		5.2981%	24
117	City of Washington	23496	Private	\$ 1,470,000	11/01/1997	\$ 24,756	\$ 509,774		5.1925%	24
118	Fulton SD	23498	Public	\$ 2,600,000	12/03/1997	\$ 10,660	\$ 431,660		4.2172%	19
119	Macks Creek SD R-V	23499	Private	\$ 1,200,000	12/04/1997	\$ 13,100	\$ 632,839		5.0126%	25
120	Jefferson Co. CSD 6	23500	Public	\$ 5,000,000	12/01/1997	\$ (150)	\$ 3,696,061		4.9745%	22

Bond Sales from January 1997 - August 2000

Appendix III

	Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
121	Randolph Co Library Dist	23501	Private	\$ 1,225,000	12/01/1997	\$ 15,313	\$ 199,884		4.6579%	21
122	Purdy SD R-II	23502	Private	\$ 970,000	12/17/1997	\$ 12,475	\$ 323,020		4.8001%	25
123	Earth City Levee District	23503	Private	\$ 2,435,000	12/19/1997	\$ 46,505	\$ 847,005		5.3449%	38
124	Excelsior Springs SD 40	23504	Private	\$ 2,600,000	01/01/1998	\$ 19,387	\$ 1,488,232		4.9071%	39
125	Scott Co. R-II SD	23505	Private	\$ 720,000	12/03/1997	\$ 7,725	\$ 143,224		4.6562%	25
126	Gasconade Co. RSD R-2	23506	Private	\$ 5,800,000	01/08/1998	\$ 55,500	\$ 1,669,792		4.5680%	25
127	City of Seligman	23507	Private	\$ 250,000	12/01/1997	\$ 10,000	\$ 188,950		6.3353%	27
128	Jackson Co. CSD 4	23508	Private	\$ 5,000,000	01/07/1998	\$ 46,290	\$ 1,324,454		4.6229%	25
129	SD City of Indep.	23509	Private	\$ 900,000	01/01/1998	\$ 46	\$ 358,877		4.5113%	39
130	Odessa RSD R-7	23510	Private	\$ 3,484,995	01/01/1998	\$ (527,182)	\$ 2,277,692		4.7890%	39
131	Ozark RSD 6	23511	Private	\$ 1,500,000	01/01/1998	\$ 19,500	\$ 637,294		4.6265%	21
132	Portageville SD	23512	Private	\$ 1,000,000	01/01/1998	\$ 13,000	\$ 298,126		4.5643%	21
133	Callaway Co.	23513	Private	\$ 133,000	01/01/1998	\$ 2,660	\$ 42,879		5.2409%	39
134	Lincoln Co. RSD R-IV	23514	Private	\$ 1,460,000	01/29/1998	\$ 19,535	\$ 499,559		4.4684%	25
135	Galena R-II SD	23515	Private	\$ 430,000	01/29/1998	\$ 5,115	\$ 238,334		4.7778%	25
136	Clinton Co. R-III SD	23516	Private	\$ 2,155,000	02/01/1998	\$ 25,860	\$ 694,830		4.5091%	21
137	Francis Howell SD	23517	Private	\$ 5,450,000	02/01/1998	\$ 54,500	\$ 3,090,014		4.7459%	37
138	Windsor CSD C-1	23518	Private	\$ 4,400,000	02/26/1998	\$ 31,000	\$ 1,451,914		4.4450%	25
139	W. St. Francois Co. R-IV SD	23519	Private	\$ 860,000	02/26/1998	\$ 10,785	\$ 409,643		4.6753%	25
140	Pettis Co.	23520	Private	\$ 75,000	02/27/1998	\$ 1,500	\$ 24,392		5.3276%	39
141	Clayton SD	23521	Private	\$ 15,700,396	03/01/1998	\$ (644,614)	\$ 8,777,565		4.9354%	2
142	Jackson Co. RSD 4	23522	Private	\$ 25,000,000	03/04/1998	\$ 238,145	\$ 12,674,258		4.6891%	25
143	Boone Co.	23523	Public	\$ 355,000	03/01/1998	\$ 1,677	\$ 89,604		4.3700%	13
144	Camden Co.	23524	Private	\$ 144,000	03/01/1998	\$ 3,600	\$ 100,046		5.5892%	39
145	City of Fremont Hills	23525	Private	\$ 390,000	03/01/1998	\$ 6,825	\$ 231,410		5.2533%	39
146	City of Grandview	23526	Private	\$ 3,215,000	03/01/1998	\$ 33,758	\$ 1,844,543		4.8669%	39
147	Marshfield RSD R-1	23527	Private	\$ 1,225,000	03/18/1998	\$ 8,000	\$ 104,081		4.2532%	25
148	Cape Girardeau RSD R-II	23528	Private	\$ 6,045,000	03/25/1998	\$ 63,995	\$ 3,727,474		4.8746%	25
149	City of Westboro	23529	Private	\$ 120,000	03/01/1998	\$ 6,000	\$ 72,847		6.4296%	27
150	City of Kirkwood	23530	Public	\$ 2,000,000	04/01/1998	\$ 7,700	\$ 418,436		4.1830%	19
151	Pleasant Hill R-III SD	23531	Private	\$ 5,750,000	03/25/1998	\$ 60,750	\$ 3,121,537		4.7754%	25
152	Lindbergh R-8 SD	23532	Private	\$ 11,900,000	04/15/1998	\$ 68,068	\$ 6,952,515		4.7584%	38
153	Stone Co. RSD R-IV	23533	Private	\$ 6,945,000	04/01/1998	\$ 69,450	\$ 5,151,479		5.0170%	21
154	City of Kirkwood	23534	Private	\$ 4,675,000	04/01/1998	\$ (232,301)	\$ 1,887,295		4.6353%	32
155	Scott Co. Central SD	23535	Private	\$ 450,000	04/22/1998	\$ 7,265	\$ 94,341		4.5220%	25
156	N. St. Francois Co. R-I SD	23536	Private	\$ 5,235,000	04/22/1998	\$ 55,085	\$ 2,892,410		4.8120%	25
157	Ft Osage SD R-I	23537	Private	\$ 4,095,000	04/01/1998	\$ 50,049	\$ 835,122		4.4722%	39
158	City of Chillicothe	23538	Private	\$ 130,683	03/30/1998	\$ -	\$ 72,469		6.2500%	11
159	West Platte R-II SD	23539	Private	\$ 3,825,000	04/01/1998	\$ 45,900	\$ 1,660,054		4.7456%	21
160	Strasburg C-3 SD	23540	Private	\$ 699,999	04/30/1998	\$ (32,636)	\$ 537,616		5.6807%	27
161	Mt. Vernon R-V SD	23541	Private	\$ 1,500,000	04/30/1998	\$ 17,000	\$ 753,567		4.7591%	25
162	Morgan Co.	23542	Private	\$ 96,000	05/01/1998	\$ 1,920	\$ 61,616		5.5510%	39
163	University City SD	23543	Private	\$ 7,792,455	05/01/1998	\$ (583,778)	\$ 4,340,060		5.3590%	2
164	Francis Howell SD	23544	Private	\$ 33,525,000	05/01/1998	\$ 293,344	\$ 23,156,817		5.0652%	37
165	Cass Co. R-V SD	23545	Private	\$ 925,000	05/01/1998	\$ 9,250	\$ 418,848		4.7352%	21
166	Windsor CSD C-1	23546	Private	\$ 4,000,000	05/06/2000	\$ 49,500	\$ 1,974,367		4.7773%	25
167	Clever RSD No. R-V	23547	Private	\$ 1,650,000	04/01/1998	\$ 24,750	\$ 1,263,133		5.0805%	21
168	Clever RSD No. R-V	23548	Private	\$ 50,000	04/01/1998	\$ 750	\$ 5,598		4.8328%	21
169	Jackson Co. RSD 7	23549	Private	\$ 46,300,000	05/12/1998	\$ 57,812	\$ 22,666,582		5.0126%	39
170	Jefferson Co. CSD 7	23550	Public	\$ 5,000,000	05/01/1998	\$ -	\$ 3,445,677		4.7713%	16
171	Troy R-III SD	23551	Private	\$ 3,400,000	05/13/1998	\$ 41,700	\$ 2,041,165		4.9760%	25
172	Otterville RSD R-VI	23552	Private	\$ 980,000	05/15/1998	\$ 19,600	\$ 653,724		5.4123%	27
173	Nodaway Co. SD R-4	23553	Private	\$ 560,000	05/15/1998	\$ 11,200	\$ 317,532		5.4420%	27
174	Camden Co.	23554	Private	\$ 570,000	05/15/1998	\$ 11,400	\$ 392,519		5.6577%	39
175	Raymondville RSD 7	23555	Private	\$ 370,000	05/15/1998	\$ 7,400	\$ 179,545		5.4757%	27
176	City of Chesterfield	23556	Public	\$ 10,215,000	05/19/1998	\$ -	\$ 4,910,315		4.8604%	39
177	Braymer C-4 SD	23557	Private	\$ 760,000	05/01/1998	\$ 7,600	\$ 611,106		5.1082%	40
178	Jackson Co. RSD R-VI	23558	Private	\$ 2,100,000	05/19/1998	\$ 24,800	\$ 1,145,179		4.8845%	25
179	Barton Co. RSD II	23559	Private	\$ 1,000,000	05/01/1998	\$ 17,500	\$ 450,618		4.8075%	18
180	Warren Co. RSD R-III	23560	Private	\$ 8,000,000	05/21/1998	\$ 85,500	\$ 4,907,921		5.0554%	25

Bond Sales from January 1997 - August 2000

Appendix III

	Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
181	Moberly SD No. 81	23561	Private	\$ 8,100,000	05/21/1998	\$ 86,600	\$ 5,624,575		5.0901%	25
182	City of Sweet Springs	23562	Private	\$ 200,000	05/15/1998	\$ 10,000	\$ 147,714		5.8994%	27
183	City of Farmington	23563	Private	\$ 900,000	05/01/1998	\$ 9,000	\$ 286,083		4.6068%	17
184	Wellington-Napoleon R-IX SD	23564	Private	\$ 1,625,000	05/27/1998	\$ 18,625	\$ 1,003,614		5.0992%	25
185	Arcadia Valley R-II SD	23565	Public	\$ 2,160,000	05/15/1998	\$ 13,198	\$ 1,239,113		4.7702%	39
186	Ritenour SD	23566	Private	\$ 9,000,000	05/29/1998	\$ 102,395	\$ 3,535,629		4.6320%	2
187	Normandy SD	23567	Private	\$ 17,000,000	05/28/1998	\$ 175,145	\$ 13,758,064		5.3102%	25
188	Gasconade Co. R-I SD	23568	Private	\$ 8,400,000	05/15/1998	\$ 92,400	\$ 5,505,232		4.9271%	21
189	City of O'Fallon	23569	Public	\$ 19,500,000	06/01/1998	\$ 206,980	\$ 14,725,802		4.9855%	16
190	Wayne Co. RSD II	23570	Private	\$ 1,250,000	06/02/1998	\$ 13,750	\$ 763,722		5.0682%	25
191	Schuyler R-I SD	23571	Private	\$ 3,125,000	06/03/1998	\$ 38,125	\$ 1,928,504		5.0808%	25
192	Slater SD	23572	Private	\$ 800,000	06/03/1998	\$ 9,745	\$ 272,134		4.7530%	25
193	Brookfield R-III SD	23573	Private	\$ 2,080,000	06/04/1998	\$ 24,560	\$ 1,293,607		5.1227%	25
194	Osage Co. R-III SD	23574	Private	\$ 2,135,000	06/09/1998	\$ 25,255	\$ 659,192		4.6574%	25
195	Belton SD 124	23575	Private	\$ 7,897,541	06/01/1998	\$ (502,605)	\$ 6,118,168		5.2144%	39
196	Scott Co. R-II SD	23576	Private	\$ 1,450,000	06/11/1998	\$ 16,350	\$ 793,201		4.7434%	25
197	Benton Co. R-I SD	23577	Private	\$ 2,720,000	06/01/1998	\$ 34,000	\$ 1,785,529		4.9297%	21
198	Cole Co. R-V SD	23578	Private	\$ 2,600,000	06/10/1998	\$ 28,945	\$ 1,108,348		4.7518%	25
199	City of Piedmont	23579	Private	\$ 125,000	06/01/1998	\$ 2,500	\$ 130,902		5.6071%	27
200	City of Springfield	23581	Public	\$ 5,000,000	06/01/1998	\$ 11,206	\$ 549,206		4.0833%	23
201	New Franklin R-I SD	23582	Private	\$ 900,000	06/23/1998	\$ 11,145	\$ 588,423		4.9510%	25
202	Canton R-V SD	23583	Private	\$ 710,000	06/25/1998	\$ 6,585	\$ 152,092		4.4469%	25
203	Aurora RSD R-VIII	23584	Private	\$ 6,650,000	06/01/1998	\$ 73,150	\$ 4,464,328		4.8998%	21
204	Columbia SD	23587	Public	\$ 10,000,000	06/01/1998	\$ 100,000	\$ 4,091,881		4.5139%	34
205	King City R-I SD	23588	Private	\$ 1,180,000	06/24/1998	\$ 12,840	\$ 713,535		5.0250%	25
206	Sarcoxic R-II SD	23589	Private	\$ 1,595,000	06/01/1998	\$ 20,735	\$ 712,116		4.7250%	21
207	Ft. Zumwalt SD	23590	Public	\$ 10,000,000	06/01/1998	\$ (100)	\$ 6,004,444		4.6864%	22
208	City of Ownesville	23591	Private	\$ 1,335,000	06/01/1998	\$ 48,060	\$ 699,141		5.4024%	27
209	Orchard Farm R-V SD	23592	Public	\$ 2,000,000	06/01/1998	\$ 15,800	\$ 1,350,820		4.7240%	39
210	Lincoln Co. RSD R-IV	23593	Private	\$ 2,400,000	06/25/1998	\$ 28,700	\$ 1,530,327		4.8367%	25
211	Wentzville R-IV SD	23594	Public	\$ 16,000,000	06/01/1998	\$ 115,200	\$ 13,449,925		5.0121%	16
212	Lawson RSD R-XIV	23595	Private	\$ 950,000	06/15/1998	\$ 14,250	\$ 513,207		4.8758%	21
213	Cass Co.RSD R-II	23596	Private	\$ 8,400,000	06/15/1998	\$ 92,400	\$ 3,187,361		4.5720%	21
214	Grain Valley R-V SD	23597	Private	\$ 2,000,000	06/15/1998	\$ 26,000	\$ 1,239,778		4.8105%	21
215	Jackson Township	23598	Private	\$ 125,000	06/15/1998	\$ -	\$ 11,239		5.4000%	4
216	City of Baldwin	23599	Private	\$ 10,340,000	07/01/1998	\$ 94,541	\$ 3,995,423		4.5154%	2
217	Pulaski Co.	23600	Private	\$ 140,000	07/01/1998	\$ 2,305	\$ 42,681		5.1798%	24
218	Morgan Co.	23601	Private	\$ 1,480,000	07/01/1998	\$ 29,070	\$ 1,053,008		5.6196%	24
219	Morgan Co.	23602	Private	\$ 104,000	07/01/1998	\$ -	\$ 30,081		5.0000%	24
220	Blue Eye R-V SD	23603	Private	\$ 1,650,000	07/09/1998	\$ 24,000	\$ 586,260		4.7115%	25
221	Crawford Co. RSD R-II	23604	Private	\$ 2,375,000	06/15/1998	\$ 28,500	\$ 920,924		4.5957%	21
222	Greenfield R-IV SD	23605	Private	\$ 1,225,000	07/08/1998	\$ 11,425	\$ 390,055		4.5052%	25
223	City of Shrewsbury	23606	Public	\$ 7,005,000	07/01/1998	\$ 55,339	\$ 3,479,700		4.6282%	22
224	Oak Ridge R-VI SD	23607	Private	\$ 230,000	07/15/1998	\$ 5,000	\$ 30,866		4.9435%	25
225	Valley Park SD	23608	Private	\$ 9,259,991	07/01/1998	\$ 86,651	\$ 6,699,444		5.1405%	17
226	Cape Girardeau RSD 5	23609	Private	\$ 200,000	07/15/1998	\$ 4,000	\$ 133,967		5.4116%	27
227	Barton Co. RSD R-III	23610	Private	\$ 285,000	07/15/1998	\$ 2,700	\$ 123,383		4.6579%	32
228	Cole Co. R-I SD	23611	Private	\$ 810,000	07/22/1998	\$ 8,435	\$ 178,420		4.4968%	25
229	Union Township	23612	Private	\$ 75,000	07/15/1998	\$ -	\$ 5,492		4.7500%	40
230	Pettis Co. RSD R-3	23613	Private	\$ 4,035,000	07/15/1998	\$ 33,333	\$ 2,568,945		4.8395%	21
231	Central Jackson Co. Fire Prot. Dist.	23614	Private	\$ 2,500,000	08/01/1998	\$ (18,434)	\$ 691,290		4.5756%	21
232	Monroe Township	23615	Private	\$ 100,000	08/01/1998	\$ -	\$ 8,060		5.2000%	40
233	Jackson Co. CSD 1	23616	Private	\$ 17,910,000	08/01/1998	\$ 152,235	\$ 10,602,823		5.0114%	21
234	St. Charles Co. Comm. Coll.	23617	Public	\$ 13,750,000	08/01/1998	\$ 187,509	\$ 12,156,745		5.0783%	23
235	Newton Co. RSD R-VII	23618	Private	\$ 400,000	08/11/1998	\$ 4,745	\$ 93,470		4.4782%	25
236	Pattonsburg RSD R-II	23619	Private	\$ 600,000	08/01/1998	\$ 24,000	\$ 394,125		5.5904%	27
237	City of Grain Valley	23620	Private	\$ 1,640,000	08/21/1998	\$ -	\$ 748,454		5.1794%	26
238	City of Lowry City	23621	Private	\$ 58,000	08/01/1998	\$ -	\$ 20,833		5.7500%	35
239	Francis Howell SD	23622	Private	\$ 35,682,411	08/27/1998	\$ 367,351	\$ 33,738,993		5.8803%	37
240	Jackson Co. RSD 4	23623	Private	\$ 9,000,000	08/26/1998	\$ 8,550	\$ 3,374,826		4.4596%	25

Bond Sales from January 1997 - August 2000

Appendix III

Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
241 Lakeland R-III SD	23624	Private	\$ 995,000	08/27/1998	\$ 12,615	\$ 539,796		4.7818%	25
242 Rockwood R-6 SD	23625	Public	\$ 21,700,000	08/01/1998	\$ -	\$ 8,936,024		4.5134%	34
243 Taneyville RSD No. 2	23626	Private	\$ 411,999	08/01/1998	\$ (23,812)	\$ 244,764		6.5586%	27
244 Clark Co. SD R-I	23627	Private	\$ 2,925,000	08/15/1998	\$ 29,250	\$ 1,710,679		4.7039%	21
245 Union RSD R-XI	23628	Private	\$ 4,000,000	08/02/1998	\$ 33,000	\$ 2,230,138		4.6535%	25
246 Moniteau Co. RSD 1	23629	Private	\$ 2,140,000	08/15/1998	\$ 26,750	\$ 462,059		4.5321%	21
247 Cape Girardeau SD 63	23631	Private	\$ 8,759,033	09/15/1998	\$ (289,780)	\$ 6,553,189		5.5810%	2
248 City of Lathrop	23632	Private	\$ 500,000	09/01/1998	\$ 7,500	\$ 143,493		4.8642%	30
249 Franklin Co. RSD R-XIII	23634	Private	\$ 2,075,000	09/22/1998	\$ 12,600	\$ 230,557		4.3003%	25
250 Newton Co. RSD R-4	23635	Private	\$ 960,000	09/01/1998	\$ 11,520	\$ 272,071		4.3358%	21
251 Greene Co. RSD No. 3	23636	Private	\$ 5,280,000	10/01/1998	\$ 68,640	\$ 3,908,715		4.6494%	21
252 Avenue City SD R-IX	23637	Private	\$ 900,000	10/01/1998	\$ 11,145	\$ 490,511		4.6760%	25
253 Eldon Admin Unit, SD R-I	23638	Private	\$ 6,850,000	10/01/1998	\$ 72,850	\$ 2,797,783		4.3891%	25
254 N. Kansas City SD	23639	Private	\$ 12,500,000	09/15/1998	\$ 71,003	\$ 5,580,507		4.6180%	18
255 Fair Play R-II SD	23640	Private	\$ 1,300,000	10/13/1998	\$ 14,400	\$ 729,372		4.6685%	25
256 Nixa R-SD R-2	23641	Private	\$ 14,035,000	10/01/1998	\$ (51,165)	\$ 9,979,360		4.8274%	21
257 City of Parkville	23642	Private	\$ 325,000	10/01/1998	\$ (35,557)	\$ 139,153		5.3782%	39
258 Boone Co Fire District	23643	Public	\$ 7,000,000	10/01/1998	\$ -	\$ 1,803,271		3.8204%	34
259 Branson RSD No. 4	23644	Private	\$ 36,700,000	10/01/1998	\$ 331,175	\$ 21,730,229		4.5519%	21
260 Malta Bend SD R-V	23645	Private	\$ 940,000	10/22/1998	\$ 11,905	\$ 505,688		4.6471%	25
261 S Metro Fire Prot District	23646	Private	\$ 834,999	10/01/1998	\$ (135,223)	\$ 218,978		6.3494%	39
262 Lincon Co. RSD II	23647	Private	\$ 3,000,000	10/22/1998	\$ 36,500	\$ 2,166,306		4.7094%	25
263 Christian Co. RSD III	23648	Private	\$ 870,000	10/01/1998	\$ 10,440	\$ 496,885		4.3462%	21
264 Springfield R-12 SD	23649	Private	\$ 7,000,000	10/15/1998	\$ 77,139	\$ 5,264,636		4.5802%	21
265 Hillsboro R-III SD	23650	Private	\$ 7,385,000	10/28/1998	\$ 78,735	\$ 3,893,388		4.5932%	25
266 Drexel SD R-IV	23651	Private	\$ 945,000	10/29/1998	\$ 9,788	\$ 311,337		4.1303%	25
267 Willard RSD No. 2	23652	Private	\$ 3,410,000	10/01/1998	\$ 44,330	\$ 1,956,435		4.4093%	21
268 Fayette R-III SD	23653	Private	\$ 970,000	11/05/1998	\$ 10,110	\$ 262,064		4.1515%	25
269 Bayless CSD	23654	Private	\$ 430,000	11/10/1998	\$ 5,250	\$ 56,854		4.0680%	25
270 Bayless CSD	23655	Private	\$ 6,400,000	11/10/1998	\$ 67,900	\$ 3,400,914		4.4097%	25
271 Macks Creek SD R-V	23656	Private	\$ 370,000	11/18/1998	\$ 8,675	\$ 148,353		4.6951%	25
272 Centralia R-VI SD	23657	Private	\$ 2,180,000	11/01/1998	\$ 27,250	\$ 882,067		4.3384%	21
273 Mid-Buchanan SD R-V	23658	Private	\$ 1,190,000	11/01/1998	\$ -	\$ 594,441		4.3070%	40
274 City of Platte City	23659	Private	\$ 2,200,000	11/15/1998	\$ 25,300	\$ 1,424,844		4.9455%	39
275 Washongton Co. RSD R-III	23660	Private	\$ 3,435,000	11/25/1998	\$ 42,155	\$ 1,429,482		4.3349%	25
276 Maplewood-Richmond Heights SD	23661	Private	\$ 1,500,000	11/01/1998	\$ 14,265	\$ 782,087		4.6497%	2
277 SW Barry Co. SD R-V	23662	Private	\$ 480,000	12/01/1998	\$ 6,500	\$ 136,963		4.1007%	25
278 Marceline SD R-V	23663	Private	\$ 1,280,000	12/01/1998	\$ 14,140	\$ 344,869		4.0288%	25
279 Harrisburg R-VIII SD	23664	Private	\$ 720,000	12/01/1998	\$ 8,225	\$ 209,932		4.0962%	25
280 St. Charles Co.	23666	Private	\$ 162,000	12/01/1998	\$ 1,620	\$ 46,686		5.0448%	39
281 Jr. Coll. Dist. of E. Central Mo	23667	Private	\$ 6,964,004	12/03/1998	\$ (440,560)	\$ 4,323,587		5.1454%	2
282 Callaway Co.	23668	Private	\$ 96,000	12/01/1998	\$ 2,719	\$ 31,705		5.2492%	39
283 Kingsville SD R-I	23669	Private	\$ 415,000	12/09/1998	\$ -	\$ 122,348		4.0319%	25
284 Kingsville SD R-I	23670	Private	\$ 460,000	12/09/1998	\$ 3,000	\$ 183,098		4.2288%	25
285 Cape Girardeau RSD 5	23671	Private	\$ 939,997	12/10/1998	\$ (107,387)	\$ 405,231		6.0625%	27
286 Mehlville SD R-9	23672	Private	\$ 12,355,629	12/15/1998	\$ (917,111)	\$ 4,926,530		4.9936%	2
287 Strafford SD R-VI	23673	Private	\$ 3,300,000	12/15/1998	\$ 30,245	\$ 1,590,298		4.3814%	25
288 Kingston SD K-14	23674	Private	\$ 2,000,000	12/15/1998	\$ 23,500	\$ 1,536,136		4.7089%	25
289 City of Brentwood	23675	Private	\$ 3,215,000	12/17/1998	\$ (135,845)	\$ 1,255,996		4.5519%	38
290 Kirbyville SD R-VI	23676	Private	\$ 2,225,000	12/01/1998	\$ 19,443	\$ 1,077,326		4.5676%	39
291 Ferguson RSD R-2	23677	Public	\$ 9,500,000	12/01/1998	\$ (16)	\$ 1,838,789		3.7946%	40
292 Hancock Place SD	23678	Private	\$ 3,130,000	12/15/1998	\$ 31,098	\$ 1,383,311		4.4229%	19
293 Cole Co SD R-II	23679	Private	\$ 680,000	12/22/1998	\$ 7,065	\$ 117,678		4.0856%	25
294 Palmyra SD R-I	23680	Private	\$ 4,785,000	12/22/1998	\$ 55,000	\$ 2,003,212		4.3565%	25
295 Shelby Co. SD C-1	23681	Private	\$ 975,000	12/23/1998	\$ 12,125	\$ 541,982		4.7112%	25
296 City of Grain Valley	23682	Private	\$ 4,000,000	12/01/1998	\$ 30,000	\$ 2,460,252		4.6424%	39
297 Camden RSD R-3	23683	Private	\$ 10,000,000	12/15/1998	\$ 85,083	\$ 6,872,019		4.6626%	21
298 W. St. Francois Co. R-IV SD	23684	Private	\$ 3,100,000	12/29/1998	\$ 37,800	\$ 2,174,451		4.8071%	25
299 Ozark RSD 6	23685	Private	\$ 5,710,000	12/15/1998	\$ 62,810	\$ 62,810		4.7084%	21
300 St. Charles Co.	23686	Private	\$ 87,900	12/15/1998	\$ 1,099	\$ 41,078		5.0368%	39

Bond Sales from January 1997 - August 2000

Appendix III

	Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
301	Carl Junction R-I SD	23687	Private	\$ 9,500,000	12/30/1998	\$ 102,000	\$ 6,416,092		4.7581%	25
302	Riverview Gardens SD	23688	Private	\$ 10,000,000	12/01/1998	\$ 80,761	\$ 2,133,290		4.0370%	2
303	Jackson Co. CSD 4	23689	Private	\$ 8,700,000	12/30/1998	\$ 84,195	\$ 3,778,586		4.3133%	25
304	City of Lewistown	23690	Private	\$ 100,000	12/01/1998	\$ 5,000	\$ 65,060		5.6329%	27
305	Ralls Co. R-2 SD	23691	Private	\$ 1,690,000	01/01/1999	\$ 20,280	\$ 698,663		4.4382%	21
306	Phelps Co. RSD R-3	23692	Private	\$ 260,000	01/15/1999	\$ 5,200	\$ 83,491		5.0677%	27
307	Strasburg C-3 SD	23693	Private	\$ 620,000	01/01/1999	\$ -	\$ 462,917		5.2182%	27
308	Carl Junction R-I SD	23694	Private	\$ 2,440,000	01/28/1999	\$ 29,220	\$ 424,071		4.0456%	25
309	Crawford Co. RSD 1	23695	Private	\$ 1,400,000	01/01/1999	\$ 16,100	\$ 400,240		4.2269%	21
310	Jackson Township	23696	Private	\$ 100,000	02/01/1999	\$ -	\$ 21,815		5.0000%	5
311	Community R-VI SD	23697	Private	\$ 1,070,000	02/01/1999	\$ 11,410	\$ 397,205		4.3768%	25
312	Columbia SD	23698	Public	\$ 1,800,000	02/01/1999	\$ 8,334	\$ 560,039		4.1333%	20
313	City of Maryville	23699	Public	\$ 1,425,000	02/01/1999	\$ 10,688	\$ 505,089		4.1305%	15
314	Bolivar R-I SD	23700	Private	\$ 3,830,000	02/01/1999	\$ 30,640	\$ 2,343,229		4.5952%	21
315	Kirkwood SD R-7	23701	Private	\$ 18,420,000	01/15/1999	\$ (167,536)	\$ 8,341,734		4.4753%	31
316	Poplar Bluff R-I SD	23702	Private	\$ 2,500,000	02/12/1999	\$ 31,250	\$ 1,184,216		4.3941%	21
317	Riverview Gardens SD	23703	Private	\$ 4,395,000	02/01/1999	\$ 44,733	\$ 1,126,777		4.1634%	2
318	New Bloomfield R-III SD	23704	Private	\$ 540,000	02/18/1999	\$ 5,655	\$ 234,977		4.3734%	25
319	Wheaton RSD #III	23705	Private	\$ 360,000	02/18/1999	\$ 4,620	\$ 61,957		4.1810%	25
320	Nixa R-SD R-2	23706	Private	\$ 3,850,000	03/01/1999	\$ 38,500	\$ 643,190		4.0363%	21
321	Jefferson Co. RSD R-6	23707	Private	\$ 2,475,000	02/01/1999	\$ 13,613	\$ 651,134		4.1539%	18
322	Boonville RSD R-1	23708	Private	\$ 7,624,998	03/01/1999	\$ 129,174	\$ 4,746,390		4.9303%	17
323	Grundy Co. R-V SD	23709	Private	\$ 975,000	02/20/1999	\$ 11,945	\$ 485,530		4.5219%	39
324	Lafayette Co. C-1 SD	23710	Private	\$ 2,000,000	02/15/1999	\$ 25,000	\$ 1,160,407		4.5357%	21
325	White Cloud Township	23711	Private	\$ 150,000	03/01/1999	\$ -	\$ 19,726		5.1000%	4
326	Franklin Co. CSD 4	23712	Private	\$ 2,000,000	03/01/1999	\$ 25,000	\$ 1,386,500		4.6063%	21
327	Pettis Co. RSD R-IV	23713	Private	\$ 1,650,000	03/01/1999	\$ 21,450	\$ 1,051,200		4.7298%	21
328	Platte Co. RSD R-3	23714	Private	\$ 8,120,000	03/01/1999	\$ 56,331	\$ 5,930,748		4.7507%	21
329	Platte Co. RSD R-3	23715	Private	\$ 1,855,000	03/01/1999	\$ 18,550	\$ 1,310,490		4.6921%	21
330	Fair Grove R-X SD	23716	Private	\$ 1,800,000	03/01/1999	\$ 21,600	\$ 959,283		4.5132%	21
331	Fort Zumwalt SD	23717	Public	\$ 10,000,000	03/01/1999	\$ -	\$ 5,505,525		4.4274%	34
332	Crystal City SD	23718	Public	\$ 1,700,000	03/01/1999	\$ -	\$ 963,685		4.5569%	19
333	Carthage R-IX SD	23719	Private	\$ 9,810,000	03/01/1999	\$ 63,561	\$ 4,179,694		4.3934%	21
334	Sunrise R-IX SD	23720	Private	\$ 740,000	03/24/1999	\$ 13,004	\$ 189,961		4.4068%	25
335	Sweet Springs R-VII SD	23721	Private	\$ 1,275,000	03/24/1999	\$ 14,075	\$ 532,514		4.4788%	25
336	Green Township	23722	Private	\$ 120,000	03/01/1999	\$ -	\$ 11,730		5.1000%	4
337	East Prairie R-II SD	23723	Private	\$ 1,565,000	03/24/1999	\$ 17,845	\$ 652,666		4.4516%	25
338	Dunklin R-V S.D	23724	Private	\$ 1,500,000	03/25/1999	\$ 3,900	\$ 295,227		4.0104%	25
339	City of Richmond	23725	Private	\$ 1,360,000	03/30/1999	\$ 13,600	\$ 167,203		4.3317%	39
340	Grain Valley R-V SD	23726	Private	\$ 2,800,000	04/01/1999	\$ 35,000	\$ 2,431,988		4.6530%	21
341	City of St. Peters	23727	Private	\$ 16,035,000	04/20/1999	\$ (556,363)	\$ 7,184,780		4.7217%	28
342	Moberly SD No. 81	23728	Private	\$ 1,795,000	04/20/1999	\$ 9,000	\$ 154,501		4.0332%	25
343	Meramac Valley R-III SD	23729	Public	\$ 6,500,000	04/01/1999	\$ 69,061	\$ 4,596,468		4.6732%	22
344	City of Raymore	23730	Private	\$ 2,975,000	04/01/1999	\$ 37,188	\$ 1,884,238		4.7310%	39
345	Lincoln Township	23731	Private	\$ 170,000	04/01/1999	\$ -	\$ 22,164		5.4500%	4
346	Pleasant Hill R-III SD	23732	Private	\$ 2,800,000	04/29/1999	\$ 33,900	\$ 2,456,623		5.0209%	25
347	City of Chesterfield	23733	Public	\$ 15,125,000	05/01/1999	\$ -	\$ 9,214,396		4.7069%	31
348	Francis Howell SD	23734	Private	\$ 14,998,340	05/06/1999	\$ 142,484	\$ 12,782,281		5.0495%	37
349	Grandview R-II SD	23735	Private	\$ 4,975,000	05/06/1999	\$ 62,175	\$ 3,085,709		4.8193%	25
350	University City SD	23736	Private	\$ 8,150,000	05/01/1999	\$ 99,096	\$ 4,435,212		4.5803%	2
351	Hancock Place SD	23737	Private	\$ 1,100,000	05/05/1999	\$ 11,340	\$ 1,001,843		4.9556%	19
352	Warrensburg R-VI SD	23738	Private	\$ 1,750,000	05/01/1999	\$ 14,000	\$ 992,255		4.6854%	39
353	Independence SD	23739	Private	\$ 34,700,000	05/01/1999	\$ (85,128)	\$ 23,135,276		4.9212%	39
354	Prairie Home R-5 SD	23740	Private	\$ 540,000	05/01/1999	\$ 10,800	\$ 375,758		5.4379%	27
355	St. Elizabeth R-IV SD	23741	Private	\$ 600,000	05/18/1999	\$ 9,500	\$ 178,943		4.4624%	25
356	Union RSD R-XI	23742	Private	\$ 10,000,000	05/19/1999	\$ 97,500	\$ 8,602,183		4.9995%	25
357	Galena R-II SD	23743	Private	\$ 100,000	05/19/1999	\$ 3,500	\$ 18,633		4.9281%	25
358	Smithville R-II SD	23744	Private	\$ 6,600,000	05/01/1999	\$ 72,600	\$ 5,241,038		4.9123%	21
359	Harrisburg R-VIII SD	23745	Private	\$ 1,900,000	05/20/1999	\$ 22,200	\$ 1,438,151		4.9750%	25
360	Green City R-I SD	23746	Private	\$ 1,200,000	05/25/1999	\$ 13,100	\$ 699,580		4.8374%	25

Bond Sales from January 1997 - August 2000

Appendix III

Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
361 Fulton S.D 58	23747	Private	\$ 5,600,000	05/26/1999	\$ 59,100	\$ 2,891,295		4.6628%	25
362 Lincoln Co. R-III RSD	23748	Private	\$ 7,350,000	05/26/1999	\$ 78,350	\$ 5,674,676		4.9179%	25
363 Miller Co. R-III SD	23749	Private	\$ 775,000	05/26/1999	\$ 10,000	\$ 453,787		4.8743%	25
364 Osage Co. R-II SD	23750	Private	\$ 3,600,000	05/27/1999	\$ 44,300	\$ 2,108,933		4.8503%	25
365 East Lynne, MO	23751	Private	\$ 224,000	05/01/1999	\$ 11,200	\$ 131,855		5.6916%	27
366 S. Boone Co. R-I SD	23752	Private	\$ 6,264,999	05/01/1999	\$ (231)	\$ 4,509,346		4.9490%	39
367 Columbia SD	23753	Public	\$ 9,900,000	06/01/1999	\$ 49,500	\$ 4,103,641		4.4496%	37
368 City of Clayton	23754	Public	\$ 8,410,000	06/01/1999	\$ 30,167	\$ 3,468,562		4.3219%	15
369 Clay Co. RSD R-1	23755	Private	\$ 8,000,000	05/15/1999	\$ 93,224	\$ 4,716,231		4.6733%	39
370 Cole Co. R-I SD	23756	Private	\$ 3,900,000	06/02/1999	\$ 48,200	\$ 2,929,339		4.9733%	25
371 Hardeman R-X SD	23757	Private	\$ 665,000	06/01/1999	\$ 19,950	\$ 417,789		4.9626%	18
372 Richland R-I SD	23760	Private	\$ 900,000	06/03/1999	\$ 10,645	\$ 524,145		4.8700%	25
373 Fordland SD R-3	23761	Private	\$ 2,255,000	06/01/1999	\$ 29,315	\$ 1,251,781		4.7567%	21
374 Eureka Fire Protection Dist.	23762	Private	\$ 3,500,000	06/01/1999	\$ 50,909	\$ 1,993,798		4.8653%	2
375 Atchison Township	23763	Private	\$ 160,000	06/01/1999	\$ -	\$ 23,853		5.4005%	4
376 Hannibal 60 SD	23764	Private	\$ 14,600,000	06/01/1999	\$ 136,821	\$ 10,244,746		5.0868%	21
377 Joplin R-VIII SD	23765	Private	\$ 6,750,000	06/01/1999	\$ 74,250	\$ 5,743,544		5.0266%	21
378 Central SD R-III	23766	Private	\$ 6,495,000	06/01/1999	\$ 48,713	\$ 3,553,983		4.8349%	37
379 City of Perryville	23767	Public	\$ 750,000	06/15/1999	\$ 5,625	\$ 131,177		4.3457%	13
380 Scott Co. RSD R-6	23768	Private	\$ 3,615,000	06/15/1999	\$ 28,920	\$ 414,817		4.2534%	27
381 Green Co. RSD R-IV	23769	Private	\$ 645,000	06/15/1999	\$ 15,425	\$ 617,108		5.1290%	2
382 Green Co. RSD R-IV	23770	Private	\$ 1,010,000	06/15/1999	\$ 19,569	\$ 655,827		4.9478%	2
383 Pulaski Co.	23771	Private	\$ 53,000	06/17/1999	\$ 1,942	\$ 29,339		6.1197%	24
384 Pulaski Co.	23773	Private	\$ 55,000	06/17/1999	\$ 2,443	\$ 30,405		6.4086%	24
385 Pulaski Co.	23774	Private	\$ 90,000	06/17/1999	\$ 4,131	\$ 32,505		6.1241%	24
386 Sheldon R-VIII SD	23775	Private	\$ 285,000	06/01/1999	\$ 4,275	\$ 154,541		4.9236%	40
387 City of Ironton	23776	Private	\$ 320,000	06/22/1999	\$ 8,000	\$ 73,498		5.2481%	38
388 Green Ridge R-VIII SD	23777	Private	\$ 680,000	06/22/1999	\$ 10,995	\$ 606,054		5.2753%	25
389 Trenton R-IX SD	23778	Private	\$ 5,000,000	06/01/1999	\$ 55,000	\$ 3,313,047		4.9764%	21
390 Higbee R-VIII SD	23779	Private	\$ 875,000	06/01/1999	\$ 13,125	\$ 516,626		5.0520%	21
391 Lawrence Co. RSD R-IX	23780	Private	\$ 1,035,000	06/01/1999	\$ 12,420	\$ 343,350		4.6111%	21
392 Camden Co.	23781	Private	\$ 211,000	06/15/1999	\$ 5,275	\$ 150,505		6.0001%	39
393 Polo R-VII SD	23782	Private	\$ 1,490,000	06/01/1999	\$ 19,370	\$ 1,149,881		5.1328%	21
394 Jefferson Co. NW R-I SD	23783	Private	\$ 17,125,000	06/01/1999	\$ 104,347	\$ 10,418,375		5.1214%	39
395 Lone Jack C-6 SD	23784	Private	\$ 2,000,000	06/01/1999	\$ 26,000	\$ 1,779,809		5.3049%	21
396 Marshfield RSD R-1	23785	Private	\$ 4,000,000	06/01/1999	\$ 48,000	\$ 2,184,188		5.0039%	21
397 Park Hill SD	23786	Private	\$ 21,000,000	06/01/1999	\$ 169,174	\$ 13,260,573		5.2074%	39
398 Camden Co.	23787	Private	\$ 290,000	06/15/1999	\$ 4,350	\$ 198,577		5.8832%	39
399 Green Ridge R-VIII SD	23788	Private	\$ 380,000	07/01/1999	\$ 5,000	\$ 169,813		4.9315%	25
400 Davies Co. Special Road Dist. #1	23789	Private	\$ 370,000	07/12/1999	\$ -	\$ 107,654		5.2404%	7
401 Jefferson Township	23790	Private	\$ 125,000	07/01/1999	\$ -	\$ 18,829		5.5000%	41
402 Parkway C-2 SD	23791	Public	\$ 10,000,000	07/01/1999	\$ (2,658)	\$ 5,906,252		5.0984%	39
403 Jefferson City SD	23792	Private	\$ 5,998,940	07/01/1999	\$ 60,046	\$ 3,224,467		5.1385%	39
404 Marion Co. R-II SD	23793	Private	\$ 280,000	07/28/1999	\$ 4,615	\$ 124,481		5.1318%	25
405 Rockwood R-6 SD	23794	Public	\$ 24,000,000	07/01/1999	\$ (139)	\$ 9,419,013		4.7619%	39
406 City of Waynesville	23796	Private	\$ 515,000	07/29/1999	\$ 8,115	\$ 250,723		5.7893%	37
407 Southern Platte Fire District	23797	Private	\$ 4,075,000	08/01/1999	\$ 36,675	\$ 3,113,992		5.3093%	40
408 Weaubleau R-III SD	23798	Private	\$ 550,000	08/01/1999	\$ 6,050	\$ 472,107		5.3371%	21
409 Columbia Library District	23799	Public	\$ 22,000,000	08/01/1999	\$ 214,365	\$ 13,098,311		5.0547%	39
410 City of Avondale	23800	Private	\$ 260,000	08/01/1999	\$ 13,000	\$ 125,968		6.2111%	27
411 Lafayette Co. RSD R-7	23801	Private	\$ 3,100,000	08/01/1999	\$ 38,750	\$ 2,082,460		5.2306%	39
412 Pattonville-Bridgeton Terr Fire Dist.	23802	Public	\$ 1,000,000	08/15/1999	\$ (28)	\$ 527,004		4.9024%	19
413 Jackson Co. RSD 7	23803	Private	\$ 15,000,000	08/01/1999	\$ 117,197	\$ 8,349,835		5.3072%	39
414 City of Oregon	23804	Private	\$ 500,000	08/30/1999	\$ -	\$ 304,845		5.4534%	12
415 City of Cainsville	23805	Private	\$ 58,000	09/01/1999	\$ -	\$ 30,450		5.2500%	1
416 Marion C. Early R-V SD	23807	Private	\$ 1,600,000	09/01/1999	\$ 19,200	\$ 1,228,363		5.6502%	21
417 City of Lawson	23808	Private	\$ 375,000	09/01/1999	\$ 5,625	\$ 212,124		5.4426%	39
418 Bismark R-V SD	23809	Private	\$ 750,000	09/15/1999	\$ 8,645	\$ 180,996		4.9001%	25
419 City of Rolla	23810	Private	\$ 11,700,000	09/01/1999	\$ 53,703	\$ 5,040,309		5.1236%	21
420 N.Kansas City SD	23811	Private	\$ 9,000,000	09/01/1999	\$ 65,046	\$ 5,818,165		5.3158%	18

Bond Sales from January 1997 - August 2000

Appendix III

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421	Howard Co. R-II SD	23814	Private	\$ 440,000	10/06/1999	\$ 4,455	\$ 56,028		4.6458%	25
422	Good Shepherd Nursing Home	23815	Private	\$ 880,000	10/01/1999	\$ 11,880	\$ 672,391		5.8895%	39
423	Millersburg Fire Dist	23816	Private	\$ 375,000	10/01/1999	\$ 5,625	\$ 257,150		5.8693%	39
424	Johnson Co.	23817	Private	\$ 50,000	10/15/1999	\$ 1,750	\$ 11,512		6.4042%	39
425	Fulton S.D 58	23818	Public	\$ 1,670,000	11/04/1999	\$ 4,325	\$ 336,050		4.5235%	33
426	Callaway Co.	23819	Private	\$ 143,000	11/01/1999	\$ 2,860	\$ 46,780		6.2820%	39
427	Hurley R-I SD	23820	Private	\$ 60,000	11/01/1999	\$ 600	\$ 37,799		6.0968%	21
428	Blue Eye R-V SD	23821	Private	\$ 2,460,000	11/18/1999	\$ 29,335	\$ 952,698		5.0785%	25
429	Ferguson RSD	23823	Public	\$ 6,500,000	11/01/1999	\$ (1,790)	\$ 1,011,810		4.5680%	23
430	Morgan Co.	23824	Private	\$ 376,000	12/01/1999	\$ 19,292	\$ 289,887		6.9634%	24
431	Clearwater R-I SD	23826	Private	\$ 1,260,000	12/08/1999	\$ 13,880	\$ 388,851		5.0354%	25
432	Mt. Vernon R-V SD	23827	Private	\$ 3,315,000	12/08/1999	\$ 40,595	\$ 1,533,060		5.2064%	25
433	Normandy SD	23828	Private	\$ 1,520,000	12/08/1999	\$ 17,260	\$ 435,418		4.9595%	25
434	City of Excelsior Springs	23829	Private	\$ 565,000	12/01/1999	\$ 14,125	\$ 300,998		6.2934%	24
435	City of Excelsior Springs	23830	Private	\$ 180,000	12/01/1999	\$ 4,500	\$ 42,654		8.7952%	24
436	Mexico SD #59	23831	Private	\$ 5,300,000	12/01/1999	\$ -	\$ 1,909,650		4.9770%	3
437	Pleasant Hill R-III SD	23832	Private	\$ 990,000	12/15/1999	\$ 6,700	\$ 110,628		4.6166%	25
438	Hillsboro R-III SD	23833	Private	\$ 1,985,000	12/15/1999	\$ 23,305	\$ 328,848		4.8229%	25
439	City of Lee's Summit	23834	Public	\$ 3,000,000	12/01/1999	\$ 18,122	\$ 737,506		4.7231%	39
440	Spickard R-II SD	23835	Private	\$ 120,000	12/01/1999	\$ 2,400	\$ 47,400		6.3200%	27
441	Miller Co.	23836	Private	\$ 135,000	12/01/1999	\$ 6,750	\$ 110,994		6.9209%	27
442	St. Charles Co.	23837	Private	\$ 102,000	12/15/1999	\$ 1,020	\$ 36,962		5.8276%	39
443	Pierce City R-VI SD	23838	Private	\$ 605,000	12/28/1999	\$ 7,500	\$ 268,687		5.2848%	25
444	Shell Knob SD 78	23840	Private	\$ 515,000	02/01/2000	\$ 6,000	\$ 90,183		5.0866%	25
445	Cole Co.	23841	Private	\$ 267,000	02/15/2000	\$ 4,005	\$ 226,349		6.5478%	39
446	Robertson Fire District	23842	Public	\$ 3,500,000	02/15/2000	\$ (236)	\$ 1,727,914		5.3372%	39
447	Trenton R-IX SD	23843	Private	\$ 2,400,000	03/01/2000	\$ 31,200	\$ 2,314,463		5.9383%	21
448	Pulaski Co.	23844	Private	\$ 51,000	03/01/2000	\$ 2,492	\$ 20,597		6.8258%	24
449	Fort Zumwalt SD	23845	Public	\$ 950,000	03/01/2000	\$ (15)	\$ 512,472		5.3522%	19
450	Marchfield RSD R-I	23846	Private	\$ 7,200,000	04/01/2000	\$ 79,200	\$ 7,527,288		5.8216%	21
451	Jackson Co. RSD 7	23849	Private	\$ 9,900,000	04/01/2000	\$ 865	\$ 5,101,572		5.1440%	39
452	Parkway C-2 SD	23850	Public	\$ 10,000,000	04/01/2000	\$ 56,009	\$ 6,172,620		5.3567%	34
453	Dixon R-I SD	23851	Private	\$ 630,000	04/15/2000	\$ 5,347	\$ 153,657		6.0306%	40
454	Ste. Genevieve Co.RSD R-2	23852	Public	\$ 2,000,000	03/01/2000	\$ (12)	\$ 1,651,651		5.5147%	19
455	Cape Girardeau SD 62	23853	Private	\$ 18,000,000	05/01/2000	\$ 136,177	\$ 15,127,337		5.5950%	2
456	Nixa R.SD R-2	23854	Private	\$ 5,400,000	04/15/2000	\$ 58,050	\$ 4,310,905		5.5747%	21
457	Lebanon R-3 SD	23855	Private	\$ 14,456,632	05/09/2000	\$ 132,943	\$ 10,683,938		5.6068%	37
458	Paris R-II SD	23856	Private	\$ 1,615,000	05/11/2000	\$ 20,995	\$ 794,878		5.4254%	25
459	Jefferson Co. RSD R-6	23857	Public	\$ 14,200,000	05/01/2000	\$ -	\$ 10,825,702		5.6595%	2
460	Boone Co.	23858	Public	\$ 280,000	05/15/2000	\$ 1,899	\$ 85,746		5.3343%	40
461	Crawford Co. RSD 1	23859	Private	\$ 2,250,000	05/01/2000	\$ 28,125	\$ 1,704,844		5.5759%	21
462	Grain Valley R-V SD	23860	Private	\$ 3,200,000	05/01/2000	\$ 40,000	\$ 2,871,335		5.7009%	21
463	Springfield R-12 SD	23861	Private	\$ 30,000,000	05/15/2000	\$ 326,680	\$ 30,170,994		5.8264%	21
464	Lakeland R-III SD	23862	Private	\$ 1,700,000	05/17/2000	\$ 19,600	\$ 1,650,484		5.9123%	25
465	Brunswick R-II SD	23863	Private	\$ 750,000	05/18/2000	\$ 8,795	\$ 691,713		6.0047%	25
466	Silex R-I SD	23864	Private	\$ 1,500,000	05/18/2000	\$ 20,395	\$ 1,056,284		5.7723%	25
467	Central Platte Fire District	23865	Private	\$ 1,500,000	05/01/2000	\$ 22,500	\$ 1,019,120		6.0843%	39
468	Monroe Township	23866	Private	\$ 75,000	05/22/2000	\$ -	\$ 18,878		6.0000%	9
469	Webb City R-VII SD	23867	Private	\$ 2,500,000	05/15/2000	\$ 31,250	\$ 2,617,046		6.0285%	21
470	Village of Lohman	23868	Private	\$ 50,000	05/01/2000	\$ -	\$ 41,773		6.5000%	27
471	Sturgeon R-V SD	23869	Private	\$ 2,300,000	05/23/2000	\$ 27,400	\$ 2,257,613		6.0842%	25
472	Smithton R-VI SD	23870	Private	\$ 1,500,000	05/24/2000	\$ 17,325	\$ 1,212,378		6.0007%	25
473	Clark Country R-I SD	23871	Private	\$ 1,500,000	05/15/2000	\$ 19,500	\$ 1,649,471		6.1224%	21
474	Dunklin R-V SD	23872	Private	\$ 6,000,000	05/25/2000	\$ 63,500	\$ 4,899,325		5.9497%	25
475	Farmington R-VII SD	23873	Private	\$ 8,890,000	05/25/2000	\$ 95,290	\$ 8,224,777		5.9866%	25
476	Lawson RSD R-XIV	23874	Private	\$ 2,900,000	06/01/2000	\$ 15,374	\$ 3,113,308		6.1286%	21
477	St Joseph SD	23875	Private	\$ 36,000,000	06/01/2000	\$ 324,000	\$ 29,579,090		5.8933%	2
478	Hickory Co. R-I SD	23876	Private	\$ 2,200,000	05/15/2000	\$ 26,400	\$ 2,110,856		6.0574%	21
479	Bismark R-V SD	23877	Private	\$ 500,000	06/01/2000	\$ 8,895	\$ 313,283		5.8285%	25
480	Lindbergh R-8 SD	23878	Private	\$ 9,499,874	06/05/2000	\$ 161,498	\$ 12,371,492		7.0362%	38

Bond Sales from January 1997 - August 2000

Appendix III

Bond Issued By	Bond Reg. Number	Type of Sale	Amount of Issue	Date of Issue	Discount or (Premium)	Net Interest	Cost	Average Interest Rate	Underwriter
481 City of Glasgow	23879	Private	\$ 95,000	06/01/2000	\$ 1,425	\$ 8,318		6.1051%	39
482 City of Wentzville	23880	Private	\$ 1,925,000	06/01/2000	\$ 42,350	\$ 1,489,601		6.2671%	17
483 Pattonville R- III SD	23881	Private	\$ 37,000,000	06/01/2000	\$ 194,933	\$ 30,784,296		5.8913%	2
484 Springdale Fire District	23882	Private	\$ 2,500,000	06/01/2000	\$ 32,198	\$ 893,963		5.4284%	2
485 Green Co. RSD 2	23883	Private	\$ 6,000,000	05/15/2000	\$ (66,000)	\$ 6,107,667		5.9606%	21
486 Liberty SD 53	23884	Private	\$ 18,000,000	06/01/2000	\$ 85,560	\$ 17,453,779		6.0185%	21
487 Franklin Co. CSD 3	23885	Private	\$ 2,000,000	06/01/2000	\$ 25,000	\$ 2,196,950		6.1196%	21
488 Newton Co. RSD R-4	23886	Private	\$ 5,000,000	06/01/2000	\$ 55,000	\$ 4,633,963		6.0045%	21
489 Spanish Lake Fire District	23887	Private	\$ 3,000,000	06/01/2000	\$ 45,466	\$ 1,534,465		5.7363%	39
490 Meadville R- IV SD	23888	Private	\$ 1,467,240	06/14/2000	\$ 16,444	\$ 1,102,853		5.8508%	25
491 City of Woodson Terrace	23889	Private	\$ 600,000	06/01/2000	\$ 9,000	\$ 190,148		5.6930%	13
492 City of Woodson Terrace	23890	Private	\$ 755,000	06/01/2000	\$ 11,325	\$ 351,317		8.1120%	6
493 Canton R-V SD	23891	Private	\$ 1,250,000	06/20/2000	\$ 13,750	\$ 757,416		5.6644%	25
494 Cole Co. R-II SD	23892	Private	\$ 2,650,000	06/21/2000	\$ 31,950	\$ 2,532,371		5.9508%	25
495 Centralia R-VI SD	23893	Private	\$ 2,600,000	06/15/2000	\$ 33,800	\$ 2,671,940		6.0248%	21
496 Spring Bluff R-XV SD	23894	Private	\$ 615,000	06/01/2000	\$ 12,300	\$ 691,875		6.1086%	21
497 City of Viburum	23895	Private	\$ 520,000	06/01/2000	\$ 4,910	\$ 97,437		5.7091%	40
498 El Dorado Springs R- 2 SD	23896	Private	\$ 3,750,000	06/15/2000	\$ 44,203	\$ 3,004,469		5.8067%	21
499 Wright Co. RSD R-IV	23897	Private	\$ 2,800,000	06/01/2000	\$ 33,600	\$ 2,408,294		5.7892%	21
500 Columbia SD	23898	Public	\$ 10,000,000	06/01/2000	\$ 100,000	\$ 6,576,413		5.3685%	34
501 Forsyth R-III SD	23899	Private	\$ 1,600,000	06/01/2000	\$ 22,400	\$ 1,586,137		5.8550%	21
502 Winston R-VI SD	23900	Private	\$ 225,000	06/01/2000	\$ 3,375	\$ 174,858		5.8999%	39
503 Hartville R- 2 SD	23901	Private	\$ 1,000,000	06/01/2000	\$ 12,000	\$ 529,400		5.5493%	21
504 Fort Zumwalt SD	23902	Public	\$ 9,050,000	06/01/2000	\$ 68,628	\$ 7,180,760		5.9364%	39
505 Stone Co.	23903	Private	\$ 2,973,000	06/15/2000	\$ 29,730	\$ 2,267,887		6.2033%	39
506 Houston Reorg SD R-I	23904	Private	\$ 2,695,000	07/01/2000	\$ 53,900	\$ 2,229,023		5.8803%	27
507 Nodaway Township	23905	Private	\$ 135,000	07/01/2000	\$ -	\$ 11,970		5.6000%	4
508 Orchard Farm R-V SD	23906	Public	\$ 4,000,000	07/01/2000	\$ 30,420	\$ 2,469,613		5.2909%	15
509 Bolivar R-I SD	23907	Private	\$ 3,700,000	07/01/2000	\$ 44,400	\$ 3,696,179		5.7091%	21
510 Webster Groves SD	23909	Public	\$ 7,000,000	08/01/2000	\$ -	\$ 4,323,575		5.2452%	15
511 Harrisonville R-IX SD	23910	Private	\$ 1,665,000	08/01/2000	\$ 24,975	\$ 225,460		5.8239%	21
512 City of Popular Bluff	23914	Private	\$ 9,020,000	08/01/2000	\$ 117,347	\$ 6,775,095		5.4607%	21
513 City of St. Peters	23915	Private	\$ 10,000,000	08/01/2000	\$ 160,000	\$ 6,448,501		5.3447%	17
514 Camden Co.	23916	Private	\$ 1,120,000	08/15/2000	\$ 14,944	\$ 763,185		5.7665%	39
515 Maplewood-Richmond Heights SD	23917	Private	\$ 1,500,000	08/01/2000	\$ 19,309	\$ 909,974		5.1998%	2

NOTE: The following issues had both discounts and premiums:

	Discount	Premium
Kirkwood SD R-7	\$ 128,940	\$ 296,476
Platte Co. RSD R-3	\$ 115,708	\$ 59,377
Mehlville SD R-9	\$ 114,069	\$ 1,031,180
City of St. Peters	\$ 73,120	\$ 629,482
City of Raymore	\$ 33,974	\$ 249,320
City of Kirkwood	\$ 30,404	\$ 262,705
Parkway SD C-2	\$ 28,335	\$ 631,311
Cape Girardeau Co. RSD 5	\$ 20,000	\$ 127,387

Legend:

CSD = Consolidated School District

RSD = Reorganized School District

SD = School District