KPMG

CITY OF KANSAS CITY, MISSOURI FIREFIGHTERS' PENSION SYSTEM

Financial Statements and Schedules

April 30, 2005 and 2004

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Auditors' Report

To the Board of Directors
Firefighters' Pension System
City of Kansas City, Missouri:

We have audited the accompanying statements of plan net assets of the City of Kansas City, Missouri Firefighters' Pension System (the Plan) as of April 30, 2005 and 2004, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the City of Kansas City, Missouri Firefighters' Pension System and are not intended to present fairly the financial position of the City of Kansas City, Missouri, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Kansas City, Missouri Firefighters' Pension System as of April 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2, on May 1, 2004, the Plan adopted the provisions of the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.*

The management's discussion and analysis on pages 3 through 6 and the schedules of funding progress and employer contributions on pages 15 through 17 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. However, we did not audit the information and express no opinion on it.

KPMG LLP

Kansas City, Missouri
October 7, 2005

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Management's Discussion and Analysis

April 30, 2005 and 2004

(Unaudited)

The City of Kansas City, Missouri Firefighters' Pension System (the Plan) is a single-employer defined benefit plan covering fire suppression personnel of the City of Kansas City, Missouri (the City). The Plan was established by City ordinance in 1953 and is administered by a seven-person board of trustees (the Board) to provide retirement, disability, death, and survivor benefits to members and beneficiaries. The discussion and analysis of the financial performance of the Plan provides an overview of financial activities for the fiscal years ending April 30, 2005 and 2004 and should be read along with the financial statements.

The basic financial statements presented by the Plan consist of the: (1) statements of plan net assets, where net assets equal assets less liabilities at fiscal year-end, and (2) statements of changes in plan net assets in which the net change in net assets is equal to additions less deductions.

The notes to the financial statements are an integral part of the financial statements and include information not necessarily discernable in the statements themselves. Following the notes are required supplemental information and other schedules that may be helpful in evaluating the financial condition of the plan.

2005 Compared to 2004

Summary comparative information of plan net assets:

	April 30		Percentage
	2005	**2004**	**change**
Cash and cash equivalents	$ 10,921,226	12,804,003	(14.70)%
Receivables	1,336,653	2,671,024	(49.96)%
Investments at fair value	360,104,072	342,999,918	4.99%
Total assets	372,361,951	358,474,945	3.87%
Due to broker for purchases of investments	1,074,335	1,943,356	(44.72)%
Administrative and investment expenses payable	360,925	765,509	(52.85)%
Total liabilities	1,435,260	2,708,865	(47.02)%
Plan net assets	$ 370,926,691	355,766,080	4.26%

(Continued)

Summary comparative information of changes in plan net assets:

	Year ended April 30 2005	Year ended April 30 2004	Percentage change
Contributions	$ 14,352,279	13,858,274	3.56%
Investment income, net	25,110,721	64,922,785	(61.32)%
Total additions	39,463,000	78,781,059	(49.91)%
Benefits paid to participants	22,710,137	21,038,619	7.94%
Refunds of contributions	1,512,048	2,505,195	(39.64)%
Administrative expenses	80,204	45,772	75.23%
Total deductions	24,302,389	23,589,586	3.02%
Net increase	15,160,611	55,191,473	(72.53)%
Plan net assets—beginning of year	355,766,080	300,574,607	18.36%
Plan net assets—end of year	$ 370,926,691	355,766,080	4.26%

2005 Financial Highlights

Plan net assets of the Plan, as reported in the statements of plan net assets, totaled $370,926,691 at April 30, 2005. This represents an increase of $15,160,611, or approximately 4.26%, from the end of the prior fiscal year, which was due largely to a rebound in the global equity markets. On a market value basis, the Plan's portfolio return was 7.15%, as calculated by the Plan's actuary. Even though this fell slightly below the 8.0% net investment return assumed for actuarial purposes, it still constituted the second highest rate registered in the past five years. By comparison, stocks (measured by the Russell 300 Index) rose 7.0%, while bonds (defined as the Lehman Aggregate Index) returned 5.3%. Exposure to non-U.S. stocks, particularly emerging market issues, and real estate tended to enhance performance, as those areas registered gains.

The statements of changes in plan net assets indicate a $39,318,059 decrease in additions to net assets during the year ended April 30, 2005. A net investment gain of $25,110,721 resulted from appreciation in the fair value of investments, together with interest and dividend income, due to the rebound in global equity markets. In aggregate, City and member contributions were $14,352,279, an increase of approximately 3.6% from the prior period primarily due to an increase in firefighter salaries. Ongoing retirements and cost-of-living adjustments caused total deductions from net assets to rise approximately 3.0%, to $24,302,389, during the year ended April 30, 2005.

(Continued)

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Management's Discussion and Analysis

April 30, 2005 and 2004

(Unaudited)

2005 Operational Highlights

During the fiscal year ending April 30, 2005, the Board funded large cap growth manager Essex Investment Management to replace Goldman Sachs Asset Management. American Century Investment Management was hired as a replacement for High Rock Capital, who had announced that they intended to cease business operations.

2004 Compared to 2003

Summary comparative information of plan net assets:

	April 30 2004	April 30 2003	Percentage change
Cash and cash equivalents	$ 12,804,003	7,953,145	60.99%
Receivables	2,671,024	1,155,330	131.19%
Investments at fair value	342,999,918	292,722,520	17.18%
Total assets	358,474,945	301,830,995	18.77%
Due to broker for purchases of investments	1,943,356	734,956	164.42%
Administrative and investment expenses payable	765,509	521,432	46.81%
Total liabilities	2,708,865	1,256,388	115.61%
Plan net assets	$ 355,766,080	300,574,607	18.36%

Summary comparative information of changes in plan net assets:

	Year ended April 30 2004	Year ended April 30 2003	Percentage change
Contributions	$ 13,858,274	13,522,644	2.48%
Investment income (loss), net	64,922,785	(21,313,856)	(404.60)%
Total additions (losses)	78,781,059	(7,791,212)	(1,111.15)%
Benefits paid to participants	21,038,619	19,217,629	9.48%
Refunds of contributions	2,505,195	1,838,523	36.26%
Administrative expenses	45,772	34,054	34.41%
Total deductions	23,589,586	21,090,206	11.85%
Net increase (decrease)	55,191,473	(28,881,418)	(291.10)%
Plan net assets—beginning of year	300,574,607	329,456,025	(8.77)%
Plan net assets—end of year	$ 355,766,080	300,574,607	18.36%

(Continued)

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Management's Discussion and Analysis

April 30, 2005 and 2004

(Unaudited)

2004 Financial Highlights

Plan net assets of the Plan, as reported in the statements of plan net assets, totaled $355,766,080 at April 30, 2004. This represents an increase of $55,191,473, or approximately 18.4%, from the end of the prior fiscal year, which was due largely to a rebound in the global equity markets. No investment structure changes occurred during the period.

The statements of changes in plan net assets indicate a $86,572,271 increase in additions to net assets during the year ended April 30, 2004. A net investment gain of $64,922,785 resulted from appreciation in the fair value of investments, together with interest and dividend income, due to the rebound in global equity markets. In aggregate, City and member contributions were $13,858,274, an increase of approximately 2.5% from the prior period primarily due to an increase in firefighter salaries. The number of retirees increased approximately 7% and salaries increased approximately 3%, which caused total deductions from net assets to rise approximately 11.9%, to $23,589,586, during the year ended April 30, 2004.

During the fiscal year ending April 30, 2004, the Board replaced large cap growth manager, Goldman Sachs Asset Management with Essex Investment Management (Essex), with the expectation that Essex would generate a higher risk-adjusted rate of return over time. At the end of the period, negotiation of an investment management agreement with Essex was in progress.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Statements of Plan Net Assets

April 30, 2005 and 2004

		2005	2004
Assets:			
Cash and cash equivalents	$	10,921,226	12,804,003
Investments at fair value:			
Collective trusts—equities		137,143,870	158,441,478
Collective trusts—fixed income		103,138,062	97,138,454
Domestic common stocks		119,822,140	87,419,986
Total investments at fair value		360,104,072	342,999,918
Receivables:			
Contributions		566,777	502,422
Investment income		131,474	67,554
Due from broker for sales of investments		638,402	2,101,048
Total receivables		1,336,653	2,671,024
Total assets		372,361,951	358,474,945
Liabilities:			
Due to broker for purchases of investments		1,074,335	1,943,356
Administrative and investment expenses payable		360,925	765,509
Total liabilities		1,435,260	2,708,865
Net assets held in trust for pension benefits (an unaudited schedule of funding progress is presented in schedule 1)	$	370,926,691	355,766,080

See accompanying notes to financial statements.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Statements of Changes in Plan Net Assets

Years ended April 30, 2005 and 2004

		2005	2004
Additions:			
Contributions:			
Contributions from the City of Kansas City, Missouri	$	9,648,388	9,312,272
Contributions from firefighters		4,703,891	4,546,002
Total contributions		14,352,279	13,858,274
Investment income:			
Interest income		238,420	682,793
Dividend income		1,830,713	1,196,954
Net appreciation in fair value of investments		25,128,517	64,857,895
Less investment expense		(2,086,929)	(1,814,857)
Total investment income, net		25,110,721	64,922,785
Total additions		39,463,000	78,781,059
Deductions:			
Benefits paid to participants		22,678,137	21,012,619
Funeral benefits		32,000	26,000
Refunds:			
Termination		87,537	84,958
Retirement		1,424,511	2,420,237
Administrative expenses		80,204	45,772
Total deductions		24,302,389	23,589,586
Net increase		15,160,611	55,191,473
Net assets held in trust for pension benefits:			
Beginning of year		355,766,080	300,574,607
End of year	$	370,926,691	355,766,080

See accompanying notes to financial statements.

(1) Description of the Plan

(a) *General*

The City of Kansas City, Missouri Firefighters' Pension System (the Plan) is a contributory, single-employer, defined benefit, public employee retirement system covering all employees of the Firefighting Division of the City of Kansas City, Missouri (the City). The Plan is considered part of the City's financial reporting entity and is included in the City's comprehensive annual financial report as a pension trust fund. Employees should refer to the plan agreement for more complete information.

At May 1, 2005 and 2004, the Plan's membership consisted of the following:

	2005	2004
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	893	880
Current employees:		
Vested	457	447
Nonvested	445	421
Total	1,795	1,748

(b) *Retirement Benefits*

Employees with 10 or more years of service are entitled to retirement benefits based on an average of 2.5% of final compensation per year of service up to 80%. If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service. Members terminating prior to retirement with 10 or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An annual cost-of-living adjustment of 3% per year is provided in the Plan. The Plan also provides for a minimum monthly payment of $600 to all current and future service and disability retirees.

(c) ***Death Benefits***

If an active member dies, the following benefits shall be paid:

- A funeral benefit of $2,000 to the spouse or named beneficiary.
- To the member's spouse until death, a pension equal to one-half of the member's accrued pension, but not less than 25% of the member's average final compensation. The minimum monthly benefit is $275 to all spouses. Certain benefit provisions have been established for deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.
- To the member's children, an allowance of $100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.
- To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits shall be paid:

- To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.
- To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

(d) ***Disability Benefits***

Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of $600 to all current and future disability retirees.

(e) ***Health Insurance***

Effective May 1, 1991, the Plan established a health insurance subsidy fund (subsidy). The City and active firefighters each contribute 2% and 1% of salary, respectively. Prior to April 1 of each year, the board of trustees of the Plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the years ended April 30, 2005 and 2004 was $190 and $180, respectively.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled approximately $1,576,405 and $1,535,520 at April 30, 2005 and 2004, respectively.

The May 1, 2005 and 2004 actuarial valuations do not consider the subsidy's plan net assets, which at April 30, 2005 and 2004 were approximately $1,575,901 and $1,497,679, respectively. According to the City ordinance that established the subsidy, if the net assets available for the subsidy are zero, the subsidy will no longer be available.

(Continued)

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid in accordance with the terms of each plan. Certain amounts in the prior year's financial statements have been reclassified for consistent presentation.

(b) Adoption of New Accounting Standard

On May 1, 2004, the Plan adopted the disclosures required by the Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.* This pronouncement requires additional disclosures presented in these notes but has no impact on the Plan's net assets. These disclosures address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Included as an element of interest rate risk, GASB Statement No. 40 requires disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Data related to the above disclosures for the year ended April 30, 2004 was unavailable.

(c) Investments

Investments owned are valued at fair value as follows:

(1) Common and preferred stock:

- Listed—closing prices as reported on the composite summary of national securities exchanges
- Over-the-counter—bid prices

(2) Collective trusts—the Plan's investments in collective trust accounts have been reported to the Plan by the trustee at fair value, which represents the quoted redemption value determined principally based on quoted market prices of the underlying investments.

The cost of investments is stated at average cost, which includes discounts and/or premiums at the date of purchase. Investment transactions are accounted for on a trade date (date order to buy or sell is executed) and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. Realized gains and losses from investments are determined on an average cost basis.

(d) Administrative Expenses

Plan administrative salary, duplicating, telecommunications, and travel expenses are included in the Plan's administrative expenses when incurred. The City provides office space, administrative and clerical services of the Human Resources Department, and accounting services of the Finance Department without any direct charge to the Plan.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(f) Reclassifications

Certain 2004 amounts have been reclassified to conform to the 2005 presentation.

(3) Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the United States Government, state of Missouri, and municipal corporations, including school districts, corporate bonds, real estate mortgages, and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in United States Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

(a) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Plan's deposits may not be returned. The deposits are held in multiple financial institutions with a balance of up to $100,000 insured by the Federal Deposit Insurance Corporation (FDIC). At April 30, 2005 and 2004, all deposits were insured. Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian. The Plan has not established a policy in regards to custodial credit risk.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. As of April 30, 2005 and 2004, the Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Plan has not established a policy in regards to credit risk. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2005:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

Fixed income security type		Fair value 30-Apr-05	Percentage of all fixed income assets	Weighted average credit quality	Ratings dispersion requiring further exposure
Collective trusts	$	103,138,062	100.00%	Not rated	None

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios.

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios. As of April 30, 2005, there were no investments in any corporate entity greater than 5%,

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy in regards to interest rate risk.

Effective Duration of Fixed Income Assets by Security Type at April 30, 2005

Fixed income security type		Fair value April 30, 2005	Percentage all fixed income assets	Weighted avg. effective duration (yrs)	Interest rate risk requiring further exposure
Collective trusts	$	103,138,062	100.0%	NA	None

** A common or commingled collective trust (CCT) is a vehicle that provides for collective investment and reinvestment of assets contributed from the Plan. The trust is maintained by a bank, trust company, or similar institution that is regulated, supervised, and subject to periodic examination by a state or federal agency. The Plan actually owns an interest in the underlying assets of the CCT. The unit value for a CCT is determined by the manager of the CCT based on the fair value of the CCT's underlying assets. The CCT does not have a maturity date, even though its underlying assets do have maturity dates. Therefore, the effective duration of the asset is not applicable.

(4) Funding Policy

Funding is provided by contributions from the Plan's members, the City, and earnings on investments. Firefighters contribute 9.55% of their base salary and an additional 1% to fund the health insurance subsidy. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on information provided by the Plan's consulting actuary and board of trustees.

The recommended contribution rate is determined by the Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the May 1, 2003 actuarial valuations, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2005, the actuary recommended a City contribution rate of 22.76%. The board of trustees certified a scheduled City contribution rate of 19.60% for 2005. The City Council approved a City contribution rate of 19.60% (and 2% to fund the health insurance subsidy) for the year ended April 30, 2005. The May 1, 2004 actuarial valuation, which calculated the 2005 annual required contribution, recommended a City contribution rate of 22.33%.

The City's contribution rate of 19.6% of salary and firefighters' contributions of 9.55% is not expected to fund the normal cost and amortize the unfunded actuarial accrued liability over 30 years.

(5) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of Plan net assets.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Required Supplementary Information (Unaudited)

Schedule of Funding Progress

Last Six Fiscal Years

Actuarial valuation date	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio	(c) Covered payroll	[(b)-(a)]/(c) UAAL as a percentage of covered payroll
05/01/00	$ 310,012,200	326,277,600	16,265,400	95.01%	$ 33,712,200	48.25%
05/01/01	314,419,934	334,755,464	20,335,530	93.93%	36,046,956	56.41%
05/01/02	313,619,727	358,688,291	45,068,564	87.44%	41,698,908	108.08%
05/01/03	306,204,360	371,993,884	65,789,524	82.31%	42,315,396	155.47%
05/01/04	318,841,561	384,247,836	65,406,275	82.98%	43,920,060	148.92%
05/01/05	332,415,711	392,856,425	60,440,714	84.62%	45,700,578	132.25%

See accompanying independent auditors' report and notes to required supplementary information.

Schedule 2

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

Last Six Fiscal Years

	Annual required contributions	Percentage contributed
Year ended April 30:		
2000	$ 6,798,148	100.00%
2001	6,990,611	100.00%
2002	7,709,082	100.00%
2003	8,215,224	100.00%
2004	9,632,622	87.78%
2005	9,808,923	89.14%

See accompanying independent auditors' report and notes to required supplementary information.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Notes to Required Supplementary Information

April 30, 2005 and 2004

(Unaudited)

The information presented in the required supplementary schedules 1 and 2 was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	May 1, 2005
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	8.0% per annum
Projected salary increases*	3.0% to 8.0% per annum, depending on age
Cost-of-living adjustments*	3.0%, simple per annum

* Includes inflation rate of 3%.

Actuarial Value of Assets

The City has adopted the five-year, smoothed market method of valuing assets that recognizes the fair market value of assets. The following represents the components of the asset valuation:

a. The actuarial value of the beginning of the year; plus

b. The increase in cost value during the year excluding realized capital gains and losses; plus

c. Interest at the assumed net rate of investment return for those invested assets for which accounting does not reflect investment income; plus

d. 20% of the difference between market value and the sum of a, b, and c.

e. If the actuarial value of assets is less than 90% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this corridor.