New York City Police Pension Fund

A Pension Trust Fund of the City of New York

Comprehensive Annual Financial Report

Fiscal Year End
June 30, 2002

New York, New York

NEW YORK CITY

POLICE PENSION FUND

COMPREHENSIVE ANNUAL FINANCIAL REPORT
A PENSION TRUST FUND OF THE CITY OF NEW YORK
FOR THE
FISCAL YEAR ENDED JUNE 30, 2002

Prepared By : Accounting Unit under the direction of:
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Board of Trustees

NEW YORK CITY POLICE PENSION FUND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
A PENSION TRUST FUND OF THE CITY OF NEW YORK

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A Pension Trust Fund of the City of New York

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June 30, 2002

New York, New York

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City Police Pension Fund, Subchapter 2

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

NEW YORK CITY POLICE PENSION FUND
233 BROADWAY, 25TH FLOOR
NEW YORK, N.Y. 10279

December 15, 2002

To the Members of the Board of Trustees, New York City Police Pension Fund.

The Comprehensive Annual Financial Report, New York City Police Pension Fund (the Plan) a Pension Trust Fund of the City of New York for the fiscal year ended June 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the fund. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of the operation of the Retirement System. All disclosures necessary to enable the reader to gain an understanding of the Pension System's Financial Activities have been included.

Our independent auditors, Deloitte & Touche have audited our financial statements and have submitted an independent auditor report, which is included in this book. The audit was conducted in accordance with generally accepted auditing standards.

The report has been prepared in accordance with the principles of Governmental Accounting and Reporting promulgated by the Governmental Accounting Standards Board.

GASB Statement No. 34 has been implemented last year and also reflected this year.

It is our objective to present fairly the financial statements, supporting schedules and statistical tables.

This report will be forwarded to the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting. The report consists of five sections:

An Introductory Section, which contains the Executive Director's Letter of Transmittal and the identification of the Administrative Organization and consulting services utilized by the System; a Financial Section, which contains the opinion of the Independent Certified Public Accountants as well as the Financial Statements of the fund; an Investments Section, which includes reports on investments activities and policies; an Actuarial Section which contains the Systems Actuarial Data and the Systems Actuarial Certification Letter; and the last section contains statistical tables of significant data pertaining to the New York City Police Pension Fund.

The New York City Police Pension Fund represents the Finest Police Officers in the world. During 1975, The City of New York experienced a fiscal crisis. The Police Pension Fund as well as the four other actuarial city employee pension funds, New York City Employees' Retirement System, Teacher's Retirement System, Fire Pension Fund Subchapter 2 and Board of Education Retirement System, purchased millions of dollars of bonds from The City, which helped The City avoid bankruptcy.

Background of the Fund

The New York City Police Pension Fund, Subchapter 2 was incorporated on March 1, 1940 and commenced business on March 29,1940. On January 30, 1940 the fund operated on an actuarial basis covering persons appointed to the police force after June 1, 1940. The fund succeeded Subchapter 1 (Article 1) pension fund established for New York City Police prior to 1940.

In 1995, legislation was enacted merging Subchapter 1 with Subchapter 2. In addition, during 1995, legislation was passed allowing the New York City Transit Authority and Housing Authority Police Officers to transfer out of New York City Employees Retirement System (NYCERS) and merge with the fund. Three different police departments became one unified police force under the direct control of the Police Commissioner. Chapter 292 of the laws of 2001 provides Corpus Funding of administrative expenses for the plan commencing July 1, 2001 and allows for the appointment of an executive director. The New York City Police Pension Fund, is organized primarily to provide retirement and disability benefits for all uniformed members of the service of the New York City Police Department. Additionally, death benefits are provided for the dependents of slain police officers. These obligations are sustained through members and employers contributions and returns realized from investment of those contributions.

The New York City Police Pension Fund or The New York City Police Department Subchapter Two Pension Fund is synonymous. We are also referred to as the Pension Plan or the Plan throughout this report.

Economic Condition and Outlook

Real Gross Domestic Product (GDP) rose five percent in the first quarter of 2002 and the loss of jobs declined. Although the national economy began showing signs of strength in the beginning of calendar year 2002, our country has continued to suffer the effect of bad financial news. The September 11 attack on the World Trade Center had a negative impact on our economy. The decline in the stock market, corporate scandals and the threat of war with Iraq has dictated that the recession that started in 2001 has been extended into 2002. As a result of these events consumer confidence diminished. Lower consumer confidence is going to have a negative impact on consumer spending, thus bringing spending to lower levels which is not a good indicator for economic stability. The City's economy showed signs of slowdown before the September 11 attack. The downward trend of the City's economy is due to the loss of jobs from business that were in lower Manhattan and have not fully recovered the cost of demolition and clean up, financial costs for rebuilding and increased security costs in office buildings, utility plants, water systems, highway tunnels and airports. The recent financial data has also affected private investments. Interest rates, profits, technology and the demand for goods and services drive investments. The weak stock market and desire for quality has driven investors to buy conservative investments, such as Treasury Securities, thus driving down yields. This makes it more difficult for companies to raise cash. Profits have faced downward pressure because companies lack pricing power. The City's economy has been in recession through June 30, 2002. Manufacturing, retail trade, insurance, finance, public utilities, real estate, construction, transportation and most private sector jobs have fallen significantly although government jobs are slightly up. The City's average unemployment rate rose to 7.6 percent for most of 2002, compared to about 5.7 percent for most of 2001. There was also a sharp decline in personal income. Interest, dividend and capital gains income was significantly reduced for every one. The inflation rate was about 2.5 percent for most of 2002. The cost of housing, medical care and food increased. The commercial real estate market in the City and the hotel industry also been impacted by the financial decline in our economy.

There are positive signs however, the banking system is healthy, productivity is up, consumer savings is up and our economic fundamentals appear solid. Our debt is manageable and also the Federal Reserve has cut its target interest rates. These signals reflect signs that there is hope for our sluggish economy.

Major Initiatives for the Year

Fiscal year 2002 was a difficult year for the Pension Fund and for the City. The loss to the City is actually incalculable. The City lost billions of dollars in the aftermath of the World Trade Center attack. The loss of buildings, tenant assets, jobs, wages, human life, unknown revenues, tremendous clean up and recovery costs will require a long recovery period. Investments in assets that are expected to produce higher rates of return are also subject to greater volatility, where differences from average returns may also produce negative returns. That was the case in fiscal years 2001 and 2002, which has been a difficult one for investors. Investments in the stock markets have generally lost value. As a result of the slowdown of the national as well as the international economy, our investment portfolio did not perform to desired expectation. The returns of the pension fund have been consistent with these broad market trends. Our above average allocation to US stocks has also meant that in the short-run our pension fund return has been lower than many public funds, which lost an average of 5.8 percent for the past year. Our investment costs remain lower than those of other large public funds. The market was difficult for investors in 2002. The Russell 3000 Index declined 17.25 percent and Europe, Australia and Far East (EAFE) index, the most commonly used measure of performance in developed international markets, declined 9.48 percent. Less developed international markets increased 1.31 percent. Bonds were the brightest in the broad investment area. The index used by the pension fund for these fixed income investments returned over 8 and half percent for the year, while lower-rated bonds declined in value. This is the second year in which our financial statements are presented using an entirely new financial reporting model promulgated by the Government Accounting Standards Board. Having implemented the changes last year, the plan was one of the first large pension plans to report under these new standards, which was one year earlier than required. The changes are described in the financial statements. The vicious attack on the World Trade Center cannot be measured in dollars and cents and the severe blow to our economy but it had a devastating effect on the loss of human life. The terrorists destroyed the Twin Towers, but we refuse to let them destroy our spirit, our City or our economy. We will recover from this attack. Our economy will recover.

Thanks to the efforts of our members, crime continues to decline and the quality of life in our city is constantly improving. Providing safer and better schools with higher academic standards and performance are a priority of New York City. Providing the best service and a maximum rate of return to the members of the Pension System will always be our primary objective.

Financial and Budgetary Controls

The management of the plan is responsible for establishing and maintaining an internal control structure designed to ensure that the funds assets are protected from loss, theft, or misuse and that preparation of financial statements is done in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The plan also maintains budgetary controls. An annual examination of existing Internal Controls is performed in compliance with Directive #1 City Manager Financial Integrity Directive, which is administered by the City Comptroller who is also the Treasurer of the Pension Funds. This study and evaluation disclosed no material weakness. As a further quality control, the Audit Committee for the City of New York, which includes experts in Accounting and Municipal Finance from the private sector, oversees the independent audit process. This process includes the independent auditors' reports and the Auditors' Management Letter, as well as the Retirement's System response. The committee operates independently and issues its own annual report.

Investment Policy

The investment policies are adopted by the Board of Trustees. The Comptroller of the City of New York is the Treasurer and Chief Custodian of the assets of the Police Pension Fund. Investments are made in a variety of securities including Domestic and International Stock as well as short-term Investments as to minimize risks and maintain a high competitive return. Fiscal Year 2002 was not a good year for financial markets. The Pension Funds continued to diversify assets among different types of securities. The security-lending program has been profitable for the plan bringing substantial additional income and has continued to diversify assets. The Police Pension Fund continues to spend less for investment and management fees than most other retirement systems. We continue to increase investments in international stocks and investments in private equity. This diversification has increased investment results and provided greater security for the assets of the retirement system. By increasing the investment returns, the pension plan thus remains more secure. In addition the City's budget appropriation to the Pension System can be reduced, saving the taxpayers millions of dollars. During fiscal year 2002 the pension system has continued to evaluate the comprehensive risk measurement system, which will provide additional data concerning the composition and performance of the investments held by the pension system advisors. This will enable us to measure the risks and results generated by the advisors so that better judgments can be made for evaluation purposes.

The following table reflects increases and decreases in revenues and expenses for fiscal years 2002 and 2001 respectively. Amounts are in thousands.

	In Thousands-Dollars		
Description	Amount 2002	Amount 2001	Net Increase Decrease
Member Contributions	$127,044	$37,862	235.54%
Employer Contributions	534,476	413,156	29.36%
Total Contributions	661,520	451,018	46.67%
Interest Income	336,332	385,138	(12.67%)
Security Lending	50,512	111,101	(54.53%)
Dividend Income	117,928	108,317	8.87%
Net Appreciation in Fair Value of investments	(1,675,050)	(1,951,395)	14.16%
Investment Expenses	21,945	22,013	(0.31%)
Security Lending Fees	41,773	105,104	(60.26%)
Net Investment Income (Loss)	(1,223,996)	(1,473,957)	16.96%
Benefit Payments & Withdrawals	(1,124,395)	(1,031,163)	(9.04%)
Payments from other funds-Net	5,105	5,983	(14.67%)

As a result net assets available for pension benefits decreased from $15,765,300,263 in Fiscal year 2001 to $14,504,868,092 in fiscal year 2002, reflecting a reduction of 8%.

A twelve-member board of trustees administers the fund. The board consists of representatives of the Police Commissioner, the Mayor, the City Comptroller and the Commissioner of Finance each with one and one-half vote, four specified officers of the Patrolmen's Benevolent Association with one vote each, and four presidents of the Police unions, the Detectives Endowment Association, the Sergeants Benevolent Association, the Lieutenant's Benevolent Association and the Captain's Endowment Association, each with one half votes. Meetings are held every month. Special meetings may be called by the chairman or by a request of members of the board with a combined vote of not less than five.

The following are consultants for the various types of investments.

FIXED INCOME ADVISORS

U.S Equity

- American Express
- Fidelity
- Loomis Sayles
- Daruma
- Deutsche Asset Mgmt (Russell 2000)
- Mazama Capital
- Dalton Greiner
- Merrill Lynch (Russell 1000)
- Deutsche Asset Mgmt (Russell 3000)
- Merrill Lynch (Russell 3000)

International Equities

- Capital Guardian
- Delaware
- Putnam
- T. Rowe Price
- Schroders
- Bank of Ireland
- GE Asset Mgmt
- Invista
- Oechsle
- Deutsche
- Barclays Global
- Zurich Scudder
- Genesis Asset Managers
- Pictet

U. S. Fixed Income

Government

- Fischer, Francis
- Lincoln Capital
- Pimco
- Blackrock

Mortgage

- Blackrock
- Lincoln Capital
- Pimco

Corporate

- Blackrock
- Credit Suisse
- T. Rowe Price

Yankee

- Fischer, Francis
- Prudential

Private Equities

- Apollo Investment Fund
- Carlyle Partners
- CVC European Equity Fund
- Cypress Merchant Banking Partners
- FDG Capital
- Lincolnshire Equity Fund
- New Mountain Partners
- Prism Venture Partners
- SCP Private Equity Partners
- VS & A Fund
- Allegra Capital Partners

Enhanced Yield Advisors

- Alliance Capital
- Credit Suisse
- Loomis Sayles
- W.R.Huff

The Comptroller of the City of New York is the custodian of the pension fund assets and provides investment services through independent advisors. Actuarial services are provided to the system by the City's Chief Actuary employed by the Board of Trustees of the City's main pension systems. The City's Corporation Counsel provides legal services to the fund. All financial information is discussed in the financial section.

For the Future

It is the aim of our investment advisors to provide safe and high rates of return for all our investments. Trustees review the performance of the investment advisors periodically to insure that maximum returns can be realized. As Custodian and Investment Manager of the Police Pension Fund, the Comptroller is responsible for the pension fund assets, which are in excess of 17 billion dollars. The investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio. The Comptroller continues to work with the Police Pension Fund to develop an innovative-targeted investment program. The returns of our Pension Fund have been consistent with broad market trends which produced negative results. The markets continued to be rough in the first quarter of fiscal year 2003. The Russell 3000 Index lost 17.2 percent and the EAFE international index lost 19.7 percent. The New York City bond index gained about 5 percent. No prediction can be made as to the returns that will be achieved during the next fiscal year. There will be various factors that will effect the economy for fiscal year 2003. Factors include corporate improvements, the threat of war with Iraq, the war on terrorism, oil prices, and the manner in which the Federal Reserves adjust interest rates. We remain optimistic and hope to achieve positive results for our Pension Plan, for our City and for our Country. Our democracy will serve as a guiding light into the future.

Financial Overview and Fund Structure

This report includes all funds of the Police Pension Fund, which are as follows:

1. The Annuity Saving Fund is composed of contributions received from active members usually through payroll deductions.

2. The Contingent Reserve Fund is employer contributions.

3. The Annuity Reserve Fund is member contributions transferred at retirement to provide the annuity portion retirement allowance.

4. The Pension Reserve Fund is employer contributions transferred at retirement to provide the pension portion at retirement.

5. The Group Life Insurance Fund is employer contributions used to provide death benefits. They are payable to the beneficiary or estate of a member. The portion of the benefits derived from City contributions (not exceeding $50,000) shall be paid as insurance from The Group Life Insurance Fund.

Other Information

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to the New York City Police Pension Fund Subchapter 2 for its Financial Report for the fiscal years ended June 30, 1986 through June 30, 2001. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. This certificate, if awarded, would be the sixteenth consecutive award, a record of which we are quite proud.

Acknowledgements

The compilation of this report reflects the combined effort of the staff of the Pension Plan, the Chief Actuary of the City of New York and the Comptroller's office. It is intended to provide complete and reliable information as a basis for making management decisions, for determining compliance with legal provisions, and as a means of indicating stewardship of the assets of the system. I would like to take this opportunity to thank the staff, the advisors and the many people who have worked so diligently to assure the successful operations of the Fund. I also want to express my appreciation to the Accounting Unit, especially to our Chief Accountant Abraham Papilsky and Deputy Chief Accountant Louis Dory. Their efforts, which have continued to be of primary importance in preparation of all accounting and statistical data for this report, are truly deserving of my gratitude and my admiration.

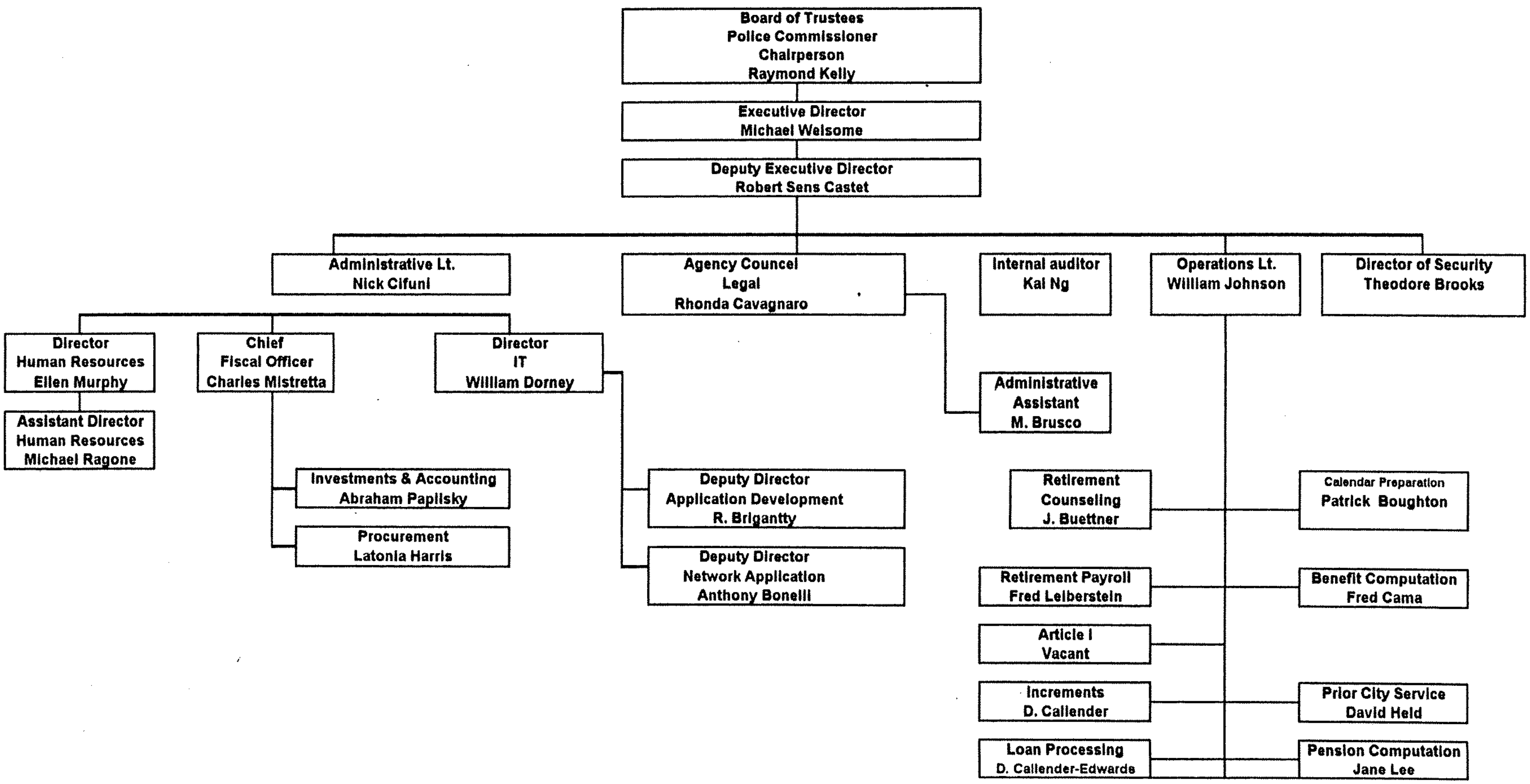
In closing, without the leadership and support of the Board of Trustees, preparation of this report would not have been possible.

Respectfully submitted,

Michael Welsome
Executive Director
New York City Police
Pension Fund

MW: AP: KT

NEW YORK CITY POLICE PENSION FUND



New York City Police Pension Fund

Comprehensive Annual Financial Report

A Pension Trust Fund of the City of New York

Financial Section
Part II

Fiscal Year End
June 30, 2002

New York, New York

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
New York City Police Pension Fund

We have audited the accompanying statement of Plan net assets of the New York City Police Pension Fund (the "Plan") as of June 30, 2002, and the related statement of changes in Plan net assets for the year 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 audit. The financial statements of the Plan for the year ended June 30, 2001 were audited by other auditors whose report, dated October 30, 2001, expressed an unqualified opinion on those statements.

We conducted our audit 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 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 audit provides a reasonable basis for our opinion.

In our opinion, such 2002 financial statements present fairly, in all material respects, the net assets of the Plan as of June 30, 2002, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 6, during 2002, the Plan changed its method of accounting for member loans.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic 2002 financial statements taken as a whole. The supplemental schedules listed in the table of contents are required by the GASB. The required supplemental information is the responsibility of the management of the Plan. Such 2002 information has been subjected to the auditing procedures applied in our audit of the 2002 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2002 financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999, 1998, and 1997 was not subjected to auditing procedures applied in the audit of the basic 2001 financial statements by other auditors whose report dated October 30, 2001, referred to above, stated that they expressed no opinion on it.

Deloitte
Touche

June 30, 20

The supplemental information included in the Introductory, Investment, Actuarial, and Statistical sections is presented for the purpose of additional analysis and is not a required part of the 2002 basic financial statements of the Plan. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

October 28, 2002

NEW YORK CITY POLICE PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2002, 2001, AND 2000

This narrative discussion and analysis of New York City Police Pension Fund ("Police" or the "Plan"), also known as the New York City Police Department Subchapter Two Pension Fund, financial performance provides an overview of the Plan's financial activities for the fiscal year ended June 30, 2002. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the year and the effects of significant changes, as well as a comparison with the prior years' activity and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the Plan's basic financial statements. The basic financial statements are:

- *The Statement of Plan Net Assets* - presents the financial position of the Plan at fiscal year-end. It indicates the assets available for payment of future benefits and any current liabilities that are owed as of the statement date. Investments are shown at fair value. All assets and liabilities are determined on an accrual basis.

- *The Statement of Changes in Plan Net Assets* - presents the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- *The Notes to Financial Statements* - provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Required Supplementary Information - As required by the Governmental Accounting Standards Board (GASB), is presented after the Notes to the Financial Statements.

The financial statements are prepared in accordance with GASB Pronouncements.

FINANCIAL HIGHLIGHTS

The Plan's net assets held in trust for pension benefits decreased by $1.3 billion (8%) to $14.5 billion in fiscal year 2002. In fiscal year 2001 net assets held in trust for pension benefits decreased $2.0 billion (11%) to $15.8 billion from fiscal year 2000. The decrease in the Plan's net assets in fiscal year 2002 and 2001 was primarily due to a decline in the fair value of investments as a result of the downturn in the equities market during this period.

	(In Thousands)		
	2002	2001	2000
Additions:			
Member contributions (net of loans to members in 2001 and 2000)	$ 127,044	$ 37,862	$ 40,761
Employer contributions	534,476	413,156	250,021
Net investment income	441,054	477,439	441,689
Net (depreciation) appreciation in fair value of investments	(1,675,050)	(1,951,395)	1,096,156
Net payments from other retirement systems	5,105	5,983	3,355
Total net additions	(567,371)	(1,016,955)	1,831,982
Deductions:			
Benefit payments and withdrawals	1,116,735	1,031,163	896,329
Administrative expenses	7,660	-	-
Elimination of long-term employer contributions	-	-	454,023
Total deductions	1,124,395	1,031,163	1,350,352
Net (decrease) increase	(1,691,766)	(2,048,118)	481,630
Plan net assets held in trust for pension benefits:			
Beginning of year	15,765,300	17,813,418	17,331,788
Cumulative effect of change in accounting	431,334	-	-
Restated plan net assets, beginning of year	16,196,634	17,813,418	17,813,418
Plan net assets, end of year	$ 14,504,868	$ 15,765,300	$ 17,813,418

During fiscal year 2002, member contributions were $127 million, which is an increase of 12% over the 2001 member contribution amount of $113.1 million. The increase in member contributions is primarily due to increases in the average annual pay of the Plan members and the members increasing the amount of their voluntary pension contributions. $113.1 million represents the $37.9 million reflected in the 2001 financial statements adjusted for net loan activity during 2001 of $75 million. Prior to July 1, 2001, loans issued were recorded as reductions in members' contribution accounts and loan repayments were recorded as additions to such members' contribution accounts and plan net assets. During the current year, the Plan changed its accounting treatment for loans and recorded the amounts as loans receivable in the statement of plan net assets. The balance of member loan receivable at June 30, 2001 of approximately $431 million was recorded in the current year as an adjustment to the July 1, 2001 beginning balance of Plan net assets held for pension benefits.

Employer contribution received in fiscal year 2002 was $534.5 million, an increase of 29% over fiscal year's 2001 employer contribution of $413.1. Fiscal year 2001 employer contribution increased 65% over fiscal year 2000 employer's contribution of $250 million. Employer contributions are made on a statutory basis based on the actuarial valuations performed as of June 30, 2001, 2000 and 1999, respectively. A continued decline in the Plan's net assets may require a higher level of employer contributions in future years.

Plan benefits and withdrawals increased from $.9 billion to $1 billion to $1.1 billion for the years ended June 30, 2000, 2001 and 2002 respectively. The increases are primarily due to the increase in the number of retirees and beneficiaries receiving benefits and a legislatively enacted cost of living increase for certain retirees and beneficiaries.

In fiscal year 2002, Chapter 292 of the New York State Laws of 2001 provided the Plan with Corpus Funding for the administrative expenses of the Plan. In fiscal year 2002, the Plan incurred $7.7 million in administrative expenses. Previously, the Plan's administrative expenses were paid by the City of New York.

In fiscal year 2000, Chapter 85 of the New York State Laws of 2000, as part of a number of changes to actuarial assumptions and methods, eliminated the long-term employer contribution of $454.0 million and accordingly reduced the Plan's net assets.

STATEMENTS OF PLAN NET ASSETS

The Plan experienced a 8% and 11% decline in net assets held in trust for pension benefits in fiscal year 2002 and 2001, primarily due to the decline in the fair value of investments.

The accounting for member loans, as previously discussed, was changed in fiscal year 2002 and is reported in fiscal year 2002 as Member Loans Receivables on the Statement of Plan Net Assets. Outstanding member loans in fiscal years 2002, 2001 and 2000 were $551 million, $431 million, and $365 million, respectively. The increase in member loans may be partially attributed to the change in amounts members may borrow. In fiscal year 2002, Chapter 588 of the New York State Laws of 2001, permitted members to borrow up to 90% of their own contributions, including accumulated interest. Previous to this legislation, the members were permitted to borrow up to 75% of their own contributions, including accumulated interest.

Statements of Plan Net Assets

	2002	June 30 2001 (in thousands)	2000
Assets:			
Cash	$ 593	$ -	$ 5
Receivables	1,048,413	513,275	1,532,132
Investments, at fair value	16,660,571	18,522,754	20,630,109
Other	8,377	7,736	6,668
Total assets	17,717,954	19,043,765	22,168,914
Liabilities:			
Payables	1,286,019	1,289,281	2,274,896
Securities lending transactions	1,927,067	1,989,184	2,080,600
Total liabilities	3,213,086	3,278,465	4,355,496
Plan net assets held in trust for pension benefits	$14,504,868	$15,765,300	$17,813,418

The Plan's receivables and payables are primarily generated through the timing of difference between the trade and settlement dates for investment securities purchased or sold.

Investment Summary

Type of Investment	2002	June 30 2001	2000
Short-term investments	$ 523,015	$ 470,219	$ 1,130,511
U.S. debt securities	4,445,172	5,119,612	4,314,112
Yankee bonds	300,748	364,900	256,502
U.S. equity securities	6,590,857	7,607,616	8,972,393
International equity securities	2,799,837	2,971,223	3,875,991
Security lending transactions	1,927,067	1,989,184	2,080,600
Private equity	73,875	-	-
Total	$16,660,571	$18,522,754	$20,630,109

Due to the long-term nature of the Plan's liabilities, the Plan's assets are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns but are also subject to greater volatility and may produce negative returns. For example, the Russell 3000 Index, a broad measure of the United States stock market declined

17.25% in fiscal year 2002. Overall in fiscal years 2002 and 2001, the Plan's investments declined 10% for both years. For the three year period ended June 30, 2002, the overall rate of return on investments was a negative 2.6%.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the New York City Police Pension Fund's finances. Questions concerning any data provided in this report or requests for additional information should be directed to Chief Accountant, New York City Police Pension Fund, 233 Broadway, 25th Floor, New York, New York 10279.

NEW YORK CITY POLICE PENSION FUND

STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 2002 AND 2001
(In Thousands)

	2002	2001
ASSETS:		
Cash	$ 593	$ -
Receivables:		
Investment securities sold	433,523	438,196
Member loans	551,120	-
Accrued interest and dividends	63,770	75,079
Total receivables	1,048,413	513,275
INVESTMENTS, AT FAIR VALUE:		
Short-term investments:		
Commercial paper	37,503	147,614
Short-term investment fund	403,227	289,244
U.S. treasury bills	48,385	-
U.S. government agency discount notes	33,900	33,361
Debt securities:		
U.S. government	2,457,912	2,968,622
Corporate	1,987,260	2,150,990
Yankee bonds	300,748	364,900
Equities:		
Domestic	6,590,857	7,607,616
International investment funds	2,799,837	2,971,223
Private equity	73,875	-
Collateral from securities lending	1,927,067	1,989,184
Total investments	16,660,571	18,522,754
OTHER ASSETS	8,377	7,736
Total assets	17,717,954	19,043,765
LIABILITIES:		
Accounts payable	129,389	80,812
Payable for investment securities purchased	1,133,864	1,202,686
Accrued benefits payable	22,766	5,783
Securities lending	1,927,067	1,989,184
Total liabilities	3,213,086	3,278,465
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress for the Plan is presented on Schedule 1)	$14,504,868	$15,765,300

The accompanying notes are an integral part of these financial statements.

NEW YORK CITY POLICE PENSION FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001
(In Thousands)

	2002	2001
ADDITIONS:		
Contributions:		
Member contributions (net of loans to members in 2001)	$ 127,044	$ 37,862
Employer contributions	534,476	413,156
Total contributions	661,520	451,018
Investment income (loss):		
Interest income	336,332	385,138
Dividend income	117,928	108,317
Net depreciation in fair value of investments	(1,675,050)	(1,951,395)
Total investment loss	(1,220,790)	(1,457,940)
Less investment expenses	21,945	22,013
Net loss	(1,242,735)	(1,479,953)
Securities lending transactions:		
Securities lending income	50,512	111,101
Securities lending fees	(41,773)	(105,104)
Net securities lending income	8,739	5,997
Net investment loss	(1,233,996)	(1,473,956)
Other-		
Net receipts from other retirement systems	5,105	5,983
Total	(567,371)	(1,016,955)
DEDUCTIONS:		
Benefit payments and withdrawals	1,116,735	1,031,163
Administrative expenses	7,660	-
Total deductions	1,124,395	1,031,163
NET DECREASE	(1,691,766)	(2,048,118)
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	15,765,300	17,813,418
Cumulative effect of change in accounting	431,334	-
Restated beginning of year plan net assets	16,196,634	17,813,418
End of year	$ 14,504,868	$ 15,765,300

The accompanying notes are an integral part of these financial statements.

1. PLAN DESCRIPTION

The City of New York (the "City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five main pension systems are the New York City Police Pension Fund (the "Plan"), the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York Qualified Pension Plan ("TRS"), the New York City Board of Education Retirement System Qualified Pension Plan ("BERS"), and the New York City Fire Department, Subchapter Two Pension Fund ("FIRE"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the others.

Effective July 1, 2001, Chapter 292 of the Laws of 2001 made the two names of the Plan, New York City Police Pension Fund and New York City Police Department, Subchapter Two Pension Fund synonymous.

The Plan is a single-employer PERS. The Plan provides pension benefits for full-time uniformed employees of the New York City Police Department (the "Employer"). All full-time uniformed employees of the New York City Police Department become members of the Plan upon employment.

The Plan functions in accordance with existing State statutes and City laws. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the Employer and the members. Employer contributions and investment income provide all benefits not provided by member contributions.

In June 1991, the Governmental Accounting Standards Board (the "GASB") issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Plan.

The Plan is included in the City's Comprehensive Annual Financial Report ("CAFR") as a pension and other employee benefit trust fund.

At June 30, 2001 and June 30, 2000, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2001	2000
Retirees and beneficiaries receiving benefits	35,245	34,636
Terminated vested members not yet receiving benefits	327	161
Active members receiving salary	38,827	40,451
Total	74,399	75,248

The Plan provides three main types of retirement benefits: service retirements, ordinary disability retirements (nonjob-related disabilities), and accident disability retirements (job-related disabilities):

- A service retirement benefit provides an allowance of one-half of final salary after 20 years or 25 years of service (as elected), with additional benefits equal to a specified percentage per year of service (currently approximately 1.67%) of average salary times the number of years of service in excess of the 20-year or 25-year minimum. These additional benefits are increased, where applicable, by an annuity attributable to member contributions with respect to service over the 20-year or 25-year minimum and by any benefits attributable to the employer's contributions with respect to such service under the Increased-Take-Home-Pay ("ITHP") program. The City has agreed to make contributions to certain members which may, at the member's election, be used in lieu of a portion of those contributions the member would otherwise have to make. At the member's election, these contributions may result in an increase in the member's take home pay and are referred to as ITHP.

- An ordinary disability retirement benefit generally provides a pension equal to 1/40 of final salary times the number of years of service but not less than one-half of final salary if ten or more years of service were completed, or one-third of final salary if less than ten years of service were completed.

- An accident disability retirement benefit provides a pension of three-fourths of final salary plus an increment as described above under service retirement for years of service in excess of the 20-year or 25-year minimum plus an annuity based on the member's contributions with accumulated interest and the amount accumulated under the ITHP program.

Annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

Chapter 659 of the Laws of 1999 reduced the amount of service credit needed for vesting purposes to five years, subject to certain conditions. Previously, members became fully vested as to benefits upon the completion of fifteen years of service. In addition, the Plan includes provisions for death benefits.

During the Spring 2000 session, the State Legislature approved and the State governor ("Governor") of signed laws that provide automatic Cost-of-Living Adjustment ("COLA") benefits for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000), an increase of the ITHP contribution rate to 5.0% from 2.5% for certain Tier 1 and Tier 2 members (Chapter 373 of the Laws of 2000) and a revised definition of salary to be used in the computations of certain Tier 2 benefits (Chapter 372 of the Laws of 2000). Implementation of the ITHP rate increase and the revised definition of salary are dependent upon the completion of certain bargaining agreements.

Finally, certain service retirees also receive supplemental benefits under the New York City Police Department Variable Supplements Funds, which are not included in these financial statements.

The State Constitution provides that the pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, amendments were made to the State Retirement and Social Security Law ("RSSL") to modify certain benefits for employees joining the Plan on or after the effective date of such amendments. These amendments, which affect employees who joined the Plan on and after July 1, 1973, established certain benefit limitations relating to eligibility for retirement, the salary base for benefits, and maximum benefits. Recent laws, Chapter 372 of the Laws of 2000 which provides a revised definition of salary base to be used in the computation of certain benefits for Tier 2 members of the Plan and Chapter 589 of the Laws of 2001 which eliminated the Tier 2 maximum 30 years of service limitation, have lessened these limitations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting - The Plan uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation - Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment Fund (the "STI") (a money market fund), the International Investment funds (the "IIF"), and Private Equity (the "PE"). The IIF and PE are privately traded funds which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers.

Purchases and sales of securities are reflected on the trade date.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

No investment in any one organization represents 5% or more of the Plan net assets held in trust for pension benefits.

Income Taxes - Income earned by the Plan is not subject to Federal income tax.

Accounts Payable - Accounts payable is principally comprised of amounts owed to the Plan's banks for overdrawn bank balances. The Plan's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis, and these balances are routinely settled each day.

Securities Lending Transactions - State statutes and Board policies permit the Plan to lend its investments to broker-dealers and other entities for collateral, for the same securities in the future with a simultaneous agreement to return the collateral in the form of cash, treasury and U.S. Government securities. The Plan's custodian lends the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government agency bonds, asset-backed securities and international equities, and bonds held in collective investment funds. In return, it receives collateral in the form of cash, U.S. Treasury and U.S. Government agency securities at 100 percent to 105 percent of the principal plus accrued interest for reinvestment. At June 30, 2002, management believes, the Plan had no credit risk exposure to borrowers because the amounts the Plan owed the borrowers equaled or exceeded the amounts the borrowers owed the Plan. The contracts with the Plan's custodian require borrowers to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the Plan or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted average maturity of 90 days. The underlying fixed income securities which comprise these pools have an average maturity of ten years.

The securities lending program in which the Plan participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires that securities loaned as assets and related liabilities be reported in the statements of plan net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Plan recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending.

Reclassifications - Reclassifications of certain prior year amounts have been made to conform to the current year presentation.

3. INVESTMENTS AND DEPOSITS

The Comptroller of the City of New York (the "Comptroller") acts as an investment advisor to the Plan. In addition, the Plan employs an independent investment consultant as an investment advisor. The Plan utilizes several investment managers to manage long-term debt and equity portfolios. Managers are reviewed for ongoing performance and adherence to investment guidelines.

The Administrative Code of the City of New York ("ACNY") authorizes the investment of Plan assets (other than equities) subject to the terms, conditions, limitations, and restrictions imposed by law for investment by savings banks.

The criteria for the Plan investments are as follows:

(a) Fixed income investments may be made only in U.S. Government securities, securities of U.S. Government agencies backed by the U.S. Government, securities of companies rated "BBB" or better by both Standard & Poor's Corporation and Moody's Investors Service, and any bond on the Legal Investments for New York Savings Banks list published annually by the State Banking Department.

(b) Equity investments may be made only in those stocks that meet the qualifications of the RSSL.

(c) Short-term investments may be made in the following instruments:

  (i) U.S. Government securities or U.S. Government agency securities fully guaranteed by the U.S. Government.

  (ii) Commercial paper rated Al or Pl by Standard & Poor's Corporation or Moody's Investors Service, respectively.

  (iii) Repurchase agreements collateralized in a range of 100% to 103% of matured value purchased through primary dealers of U.S. Government securities.

(d) Investments in banker's acceptances and certificates of deposit may be made with any of the ten largest banks with either the highest or next to the highest rating categories of the leading independent bank rating firms.

(e) Investments up to 7.5% of total pension fund assets may be made in instruments not specifically covered by the RSSL.

For the years ended June 30, 2002 and 2001, Citibank, N.A. was the primary custodian for significantly all of the securities of the Plan.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to $100,000 per plan member and are, therefore, fully insured.

At June 30, 2002, investments of the Plan are categorized by level of custodial credit risk (the risk that a counter party to an investment transaction will not fulfill its obligations) as defined by GASB Statement No. 3. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the entity's name. Category 3, the highest risk, includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the entity's name. Investments in the short-term investment fund, international investment fund, mutual funds, and guaranteed investment contracts are not categorized.

Investments held by the Plan, including the collateral from securities lending transactions of approximately $1,927 million and $1,989 million at June 30, 2002 and 2001, respectively, are listed according to their investment classification in the following table:

	2002	2001
	(In Thousands)	
Categorized (A):		
Repurchase agreements	$ 92,779	$ 82,821
Commercial paper	247,993	722,300
U.S. Government securities	2,458,425	2,973,609
Corporate bonds	2,690,785	2,742,175
Equity securities	6,590,857	7,565,142
Yankee bonds	300,748	364,900
U.S. Government agency	82,874	33,362
Total categorized	12,464,461	14,484,309
Noncategorized (B):		
Short-term investment fund	1,089,890	867,311
International investment fund	2,873,712	3,013,696
Mutual funds	228,158	157,438
Guaranteed investment contracts	4,350	-
Total Noncategorized	4,196,110	4,038,445
Total	$16,660,571	$18,522,754

(A) All categorized investments are Category 1 risk.

(B) These securities are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

4. DUE TO VARIABLE SUPPLEMENTS FUNDS (VSFs)

The ACNY provides that the Plan transfer to the Police Officers' Variable Supplements Fund ("POVSF") and the Police Superior Officers' Variable Supplements Fund ("PSOVSF") amounts equal to certain excess earnings on equity investments of the Plan, if any. The excess earnings are defined as the amount by which earnings on equity investments of the Plan exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative deficiencies of prior years' excess earnings that fell below the yield of fixed income investments. In addition, such transfers from the Plan to the POVSF and PSOVSF are limited to the unfunded accumulated benefit obligation ("ABO") of these VSFs.

For fiscal year 2002, there were no excess earnings of the Plan, and therefore, no transfers were due from the Plan to PSOVSF.

For fiscal years 2002 and 2001, the ABO of POVSF was overfunded and therefore no transfer was due from the Plan.

5. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the Plan is to fund members' retirement benefits during their active service and to establish Employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year and, together with member contributions, will be sufficient to accumulate assets to pay benefits when due.

Member Contributions - Members contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the Plan at membership. This member normal rate, which is dependent upon age and actuarial tables in effect at the time of membership, is determined so as to provide approximately one-third of the service retirement allowance at the earliest age for service retirement. For Tier 1, the average member normal rate is approximately 7.6%. For Tier 2, the average member normal rate is approximately 7.2%.

In recent years prior to October 1, 2000, these member contribution rates were reduced by 2.5% under the ITHP program. Effective as of October 1, 2000, these members will have the ITHP contribution rate increase to 5.0% from 2.5% and, in general, their member contribution rates will be reduced on a similar manner. Implementation of the ITHP rate increase and the revised definition of salary are dependent upon the completion of certain bargaining agreements.

Members may voluntarily increase their rates of contribution by 50% for the purpose of purchasing an additional annuity. Members are permitted to borrow up to 90% (increased from 75% with the passage of Chapter 588 of the laws of 2001) of their own contributions including accumulated interest.

Employer Contributions - The Employer is required to contribute the remaining amounts sufficient to accumulate assets to pay benefits when due through periodic contributions.

The June 30, 2001 and 2000 actuarial valuations used to determine fiscal years 2002 and 2001 Employer contributions were, in general, based on actuarial assumptions and methods recommended by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary"). Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions and methods that required Board approval and the State Legislature and Governor enacted Chapter 85 of the Laws of 2000 (Chapter 85/00) to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contributions from the City. Under this actuarial cost method, the initial liability was reestablished by the Entry Age Actuarial Cost Method but with the unfunded actuarial accrued liability ("UAAL") not less than zero. The excess of the actuarial present value of projected benefits of members as of the valuation date, over the sum of the actuarial value of assets plus UAAL, if any, and the present value of future employee contributions is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the Employer normal contribution rate.

Chapter 85/00 reestablished a UAAL and eliminated the Balance Sheet Liability ("BSL") for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning fiscal year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

Additionally, the actuarial Asset Valuation Method ("AAVM") was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan. This AAVM recognizes expected investment returns immediately and phases in investment returns greater or less than expected (i.e., unexpected investment returns ("UIR")).

Under this AAVM, any UIR for fiscal years 2000 and later are phased into the actuarial asset value ("AAV") beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years).

Chapter 125/00 provides eligible retirees and eligible beneficiaries with an automatic COLA beginning September 2000 and, also, provides for a phase-in schedule for funding the additional liabilities created by the benefits provided by Chapter 125/00.

Specifically, the Actuary, in calculating the actual statutory contributions in each of the following fiscal years, includes the following percentage of the increase in actuarial liabilities attributable to Chapter 125/00 COLA benefits:

Fiscal Year	Phase-In Percent
2001	20 %
2002	40 %
2003	60 %
2004	80 %
2005 and later	100 %

Actual statutory Employer contributions for fiscal years 2002 and 2001 were equal to the amounts calculated by the Actuary in accordance with Chapter 125/00. These contributions were less than the annual required contributions computed in accordance with GASB Statement No. 25, due to the phase-in schedule for funding provided by Chapter 125/00.

6. MEMBER LOANS AND CHANGE IN ACCOUNTING

Members are permitted to borrow up to 90% of their own contributions, including accumulated interest. Prior to July 1, 2001, loans issued were recorded as reductions in members' contribution accounts and loan repayments were recorded as additions to such members' contribution accounts and plan net assets. During the current year, the Plan changed its accounting treatment for loans and recorded the amounts as loans receivable in the statement of plan net assets. The balance of member loan receivable at June 30, 2001 of approximately $431 million was recorded in the current year as an adjustment to the July 1, 2001 beginning balance of Plan net assets held for pension benefits. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any loans outstanding.

7. RELATED PARTIES

The Comptroller has been appointed by law as custodian for the assets of the Plan. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Plan. Actuarial services are provided to the Plan by the Office of the Actuary employed by the Boards of Trustees of the City's main pension systems. The City's Corporation Counsel provides legal services to the Plan. Other administrative services are also provided by the City. The aforementioned services may be provided by employees or officers of the City who may also be participants in the Plan. The cost of providing such services amounted to $2,375,898 and $2,322,926 in fiscal years 2002 and 2001, respectively.

8. ADMINISTRATIVE AND INVESTMENT EXPENSES

Chapter 292 of the Laws of 2001 provides Corpus Funding of administrative expenses for the Plan commencing July 1, 2001 and allows for the appointment of an executive director for the Plan. In fiscal year 2002, total non investment expenses attributable to the Plan were approximately $10.1 million, of which $7.7 million were paid from the assets of the Plan and $2.4 million were paid by the City on behalf of the Plan. In fiscal year 2001, there were no noninvestment expenses paid by the Plan; $2.3 million were incurred on behalf of the Plan by other City agencies, primarily the Comptroller's Office. Investment expenses charged to the investment earnings of the Plan, exclusive of expenses relating to securities-lending transactions amounted to approximately $21.9 million in 2002 and $22 million in 2001.

9. CONTINGENT LIABILITIES AND OTHER MATTERS

Contingent Liabilities - The Plan has claims pending against it and has been named as defendant in lawsuits and also has certain other contingent liabilities. Management of the Plan, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the Plan's net assets or changes in the Plan's net assets. Under the State statutes and City laws that govern the functioning of the Plan, increases in the obligation of the Plan to members and beneficiaries ordinarily result in increases in the obligations of the City to the Plan.

Other Matters - During 2002 and 2001, certain events described below took place which, in the opinion of Plan management, could have the effect of increasing benefits to members and/or their beneficiaries and therefore would increase the obligations of the Plan. The effect of such events has not been fully quantified; however, it is the opinion of Plan management that such developments would not have a material effect on the Plan's net assets or changes in the Plan's net assets.

Actuarial Audit - Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially funded New York City Retirement Systems ("NYCRS") are conducted every two years. The most recent study was completed in October 1999. Currently, Gabriel Roeder Smith & Co. is preparing a study for fiscal years 1998 through 2001.

Revised Actuarial Assumptions and Methods - In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially funded NYCRS are to periodically review and adopt actuarial assumptions as recommended by the Actuary for use in the determination of Employer contributions.

Based upon a review of the October 1999 independent actuarial study, the Actuary proposed changes to certain actuarial assumptions and methods to be used by the NYCRS for fiscal years beginning on and after July 1, 1999 (i.e., fiscal years beginning 2000). Where required, the Board of Trustees of the Plan has adopted those changes to actuarial assumptions and methods that required Board approval and the State Legislature and Governor have enacted Chapter 85/00 to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

New York State Legislation - Chapter 292 of the Laws of 2001 provides Corpus Funding of administrative expenses for the Plan commencing July 1, 2001 and allows for the appointment of an executive director for the Plan.

Chapter 444 of the Laws of 2001 provides that Police Superior Officers who become members on and after July 1, 1988 will receive the maximum $12,000 PSOVSF benefit beginning calendar year 2008.

Chapter 588 of the Laws of 2001 allows members to take loans of up to 90% (increased from 75%) of the members' accumulated employee contributions.

Chapter 589 of the Laws of 2001 eliminated the Tier 2 maximum 30 years of service limitation for all Tier 2 members who retire after February 7, 2002.

10. SUBSEQUENT EVENTS

Chapter 278 of the Laws of 2002 ("Chapter 278/02") revises the phase-in schedule of Chapter 125 of the Laws of 2000 ("Chapter 125/00") for fiscal years 2003 and later.

Chapter 278/02 requires the Actuary to revise the methodology and timing for determining the actual statutory contributions on account of the liabilities created by the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

Chapter 278/02 provides that, for the June 30, 2000 actuarial valuation, the Actuary is required to recognize, on a theoretical basis, only 10% of the additional liabilities created by the benefits provided by Chapter 125/00 for determining fiscal year 2001 Employer contributions.

For each of the next eight June 30 Actuarial Valuations (i.e., June 30, 2001 to June 30, 2008), the Actuary is required to recognize progressively increasing percentages (i.e., 20% to 90%) of the additional Actuarial Present Value of Benefits ("APVB") attributable to Chapter 125/00 for determining the fiscal year 2002 to fiscal year 2009 Employer contributions.

For the June 30, 2009 and later actuarial valuations, the Actuary is required to recognize the full amount of the additional APVB attributable to Chapter 125/00 for determining fiscal year 2010 and later Employer contributions.

The impact of the ten-year phase-in of Chapter 278/02 is to postpone funding of the additional liabilities attributable to Chapter 125/00, resulting in greater Employer contributions in later years.

Chapter 278/02 has a retroactive effect and the interest-adjusted difference between Employer contributions actually paid for fiscal years 2002 and 2001 under current law and the amounts that would be payable under the ten-year phase-in schedule for such fiscal years is to be deducted from the otherwise required Employer contributions for fiscal year 2003.

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NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
(IN CONFORMITY WITH THE PLAN'S FUNDING METHOD)
(in Thousands)

Actuarial Valuation Date June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrual Liability (AAL)*	(3) Unfunded AAL (UAAL)	(4) Funded Ratio	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
	(A)	(A) & (B)	(C)(2)-(1)	(1)÷(2)		(3)÷(5)
2001	$ 18,141,670	$ 18,141,670	$ -	100.0 %	$ 2,500,130	0.0 %
2000	17,601,913	17,601,913	-	100.0	2,465,682	0.0
1999	16,877,765	16,877,765	-	100.0	2,331,957	0.0
1998	12,397,792	13,812,459	1,414,667	89.8	2,091,063	67.7
1997	11,237,636	12,475,679	1,238,043	90.1	2,036,450	60.8
1996	10,342,907	11,603,367	1,260,460	89.1	1,919,993	65.6

Notes:

* Frozen Entry Age (1996-1998), Frozen Initial Liability (1999-2001)

- As of June 30, 1995 and June 30, 1999, the economic and noneconomic assumptions were revised due to experience review.

  The Actuarial Asset Valuation Method (AAVM) was changed as of June 30, 1995 and June 30, 1999 to reflect a market basis for investments held by the Plan and was made as one component of an overall revision of actuarial assumptions and methods as of June 30, 1995 and June 30, 1999.

  Under the AAVM used as of June 30, 1995, the AAV was reset to Market Value (i.e., Market Value Restart) as of June 30, 1995. Prior to June 30, 1995, this AAVM recognized expected investment returns immediately and phased in investment returns greater or less than expected (i.e., UIR) over five years at a rate of 20% per year (or at a cumulative rate of 20%, 40%, 60%, 80%, and 100% over five years).

  The AAVM used as of June 30, 1996 was a modified version of that used prior to June 30, 1995.

  Under this modified AAVM, any UIR for fiscal years 1997 or later was being phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years). The UIR for fiscal year 1996 was being phased in beginning June 30, 1996 at a cumulative rate of 20%, 35%, 45%, 70%, and 100% over five years.

(Schedule of Funding Progress is continued to the next page)

(Schedule of Funding Progress continued from the previous page)

Under the AAVM used as of June 30, 1999, any UIR for fiscal years 2000 or later are phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years).

- To effectively assess the funding progress of the Plan, it is necessary to compare the actuarial value of assets and the actuarial accrued liability calculated in a manner consistent with the Plan's funding method over a period of time. The actuarial accrued liability is the portion of the actuarial present value of pension plan benefits and expenses which is not provided for by future normal costs and future member contributions.
- The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets. This is the same as the unfunded frozen actuarial accrued liability, which is not adjusted from one actuarial valuation to the next to reflect actuarial gains and losses.

(Schedule of Funding Progress concluded)

NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
(In Thousands)

Annual Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$636,481	84.0 %
2001	543,758	76.0
2000	250,021	100.0
1999	486,780	100.0
1998	531,657	100.0
1997	529,777	100.0

The actual contributions of $534,476 and $413,156 for fiscal years 2002 and 2001, respectively, were computed in accordance with Chapter 125/00, which provides for a five-year phase-in of the liabilities attributable to Chapter 125/00.

NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of June 30, 2001 and June 30, 2000. These actuarial valuations were used to determine Employer contributions for fiscal years 2002 and 2001, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2001	June 30, 2000
Actuarial cost method	Frozen Initial Liability[1].	Frozen Initial Liability[1].
Amortization method for Unfunded Actuarial Accrued Liabilities	Not applicable.[2]	Not applicable.[2]
Remaining amortization period	Not applicable.[2]	Not applicable.[2]
Actuarial asset valuation method	Modified five-year moving average of market values with market value restart as of June 30, 1999.	Modified five-year moving average of market values with market value restart as of June 30, 1999.
Actuarial assumptions:		
Investment assumed rate of return	8.0% per annum.[3]	8.0% per annum.[3]
Postretirement mortality	Tables based on recent experience.	Tables based on recent experience.
Active service withdrawal, death, disability, service retirement	Tables based on recent experience.	Tables based on recent experience.
Salary increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed general wage increases of 3.0% per year.[3]
Cost-of-Living Adjustments	1.3% per annum.[3]	1.3% per annum.[3]

1 Under this Actuarial Cost Method, the Initial Liability was reestablished as of June 30, 1999 by the Entry Age Actuarial Cost Method but with the UAAL not less than $0.

2 In conjunction with Chapter 85/00, there is an amortization method. However, the UAAL for the Plan equals $0 and no amortization period is required.

3 Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 2002

Salaries Paid to Plan Personnel		$ 5,191,705
Professional Services:		
Administration	$ 353,787	
Trading and Investments	980,493	
Management Division	23,762	
Legal	$ 533,314	
Total Professional Services		$ 1,891,356
Communication and General Services:		
Printing and Computer Services	$ 66,537	
Heat, light and telephone	5,295	
Postage	153,531	
General Services	$ 57,227	
Total Communication and General Services		$ 282,590
Miscellaneous Expenses:		
Office Management and Budget	$ 201,952	
Department of Financial Management	4,972,204	
Total Miscellaneous Expenses		$ 5,174,156
Total Administrative Expenses		$ 12,539,807

NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30,2002

Schedule 5

Broker	Total Commission	Average Cost/Shr	# shares
MERRILL LYNCH & CO DEBT SE	$ 222,710.10	0.0164	13,540,703
MORGAN STANLEY & CO INC	201,157.12	0.0105	19,157,821
GOLDMAN, SACHS & CO.	158,565.02	0.0328	4,834,299
NATIONSBANK MONTGOMERY SEC	156,773.48	0.0188	8,339,015
SBC WARBURG, INC	152,420.21	0.0367	4,153,139
SALOMON SMITH BARNEY INC.	152,127.85	0.0370	4,111,564
CREDIT SUISSE FIRST BOSTON	141,395.95	0.0312	4,531,921
LEHMAN BROS PR INC	126,589.28	0.0194	6,525,221
INVESTMENT TECH GRD	101,997.88	0.0195	5,230,661
CAPITAL INSTIT SEC INC THR	90,341.00	0.0507	1,781,874
GUZMAN & COMPANY	82,289.31	0.0300	2,742,977
PRUDENTIAL SECS INC	66,799.00	0.0313	2,134,153
DEUTSCHE BANC ALEX BROWN I	55,830.00	0.0350	1,595,143
MORGAN (JP) SECS INC	54,303.50	0.0117	4,641,325
BEAR STEARNS & CO INC	51,911.36	0.0216	2,407,492
WEEDON & CO THRU 0443	48,679.00	0.0369	1,319,214
CITATION GROUP THRU 0161	43,745.00	0.0502	871,414
INSTINET CORP	41,691.97	0.0154	2,707,271
COWEN & CO	38,159.00	0.0447	853,669
BRIDGE TRADING THRU 573	38,122.00	0.0499	763,968
FIRST UNION CAPITAL MARKET	37,722.00	0.0296	1,274,583
FACTSET DATA SYSTEMS INC	26,405.00	0.0509	518,346
GARDNER RECH & CO THRU 079	24,746.40	0.0292	847,479
O'NEIL, WILLIAM & CO.,INC.	23,385.00	0.0500	467,700
BARING SECURITIES INC THRU	22,976.00	0.0477	481,677
BAIRD ROBERT W & CO INC	20,070.00	0.0231	868,831
FRIEDMAN BILLNGS & RAMSY T	19,270.00	0.0430	448,140
BUCKINGHAM RESEARCH GROUP	18,510.25	0.0424	436,563
FLEET SECS INC	$ 17,836.00	0.0313	569,840

NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30,2002

Schedule 5

ROBERTSON STEPHENS	$	16,941.50	0.0257	659,202
GERARD KLAEUR MATTISON THR		16,770.00	0.0239	701,674
JEFFRIES & CO		14,135.00	0.0122	1,158,607
ABEL NOSER CORP THRU 100		14,081.44	0.0157	896,907
NUTMEG SECS THRU 0443		13,938.00	0.0600	232,300
MAGNA SECURITIES CORP		12,642.00	0.0600	210,700
SK INTL SECS THRU 0573		12,552.00	0.0600	209,200
BLAIR WILLIAM & CO		12,429.00	0.0541	229,741
THOMAS WEISEL PTNS. LLC TH		12,329.00	0.0075	1,643,867
CIBC OPPENNHEIMER CORP		11,929.00	0.0169	705,858
BERNSTEIN SANFORD C. & CO		11,579.00	0.0575	201,374
B-TRADE SERVICES LLC		11,510.70	0.0256	449,637
ROBINSON HUMPHREY THRU 041		11,280.75	0.0594	189,912
THOMSON INSTITUTINAL SERVI		10,962.00	0.0600	182,700
LEGG MASON WOOD WALKER THR		10,920.00	0.0400	273,000
LAZARD FRERES & CO.		10,225.00	0.0500	204,500
GRISWOLD COMPANY		9,789.00	0.0300	326,300
KING, CL AND ASSOC		9,371.00	0.0597	156,968
MAPLE PARTNERS-UK		9,020.00	0.0532	169,549
DIRECT BROKERAGE SERV THRU		8,800.00	0.0500	176,000
US CLEARING INST TRAD		7,554.00	0.0497	151,992
SOUNDVIEW FINL GROUP THRU		7,223.00	0.0161	448,634
SCHWAB,CHARLES & CO INC		6,827.50	0.0217	314,631
U.S. BANCORP PIPER JAFFRAY		6,336.50	0.0247	256,538
DAVIS, MENDEL REGERTEIN TH		6,170.00	0.0500	123,400
SOUTHTRUST BANK IPA THRU 0		5,850.00	0.0121	483,471
SANDERS MORRIS MUNDY THRU		5,805.00	0.0184	315,489
RAYMOND JAMES & ASSOCIATES		5,784.00	0.0303	190,891
DAIN RAUSCHER INCORPORATED		5,710.00	0.0160	356,875
ARCHIPELAGO BCC CAPITAL TH	$	5,215.94	0.0200	260,797

NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30,2002

Schedule 5

FOX PITT KELTON INC THRU 0	$	4,425.00	0.0506	87,451
FECHTOR,DETWILER AND CO IN		4,285.00	0.0500	85,700
MILLER TABAK HIRSCH THRU 0		4,242.00	0.0588	72,143
MCDONALD & COMPANY SEC INC		4,123.65	0.0339	121,642
NEEDHAM & CO INC THRU 0352		3,961.00	0.0065	609,385
ISI GROUP INC THRU 0352		3,945.00	0.0000	0
PAULSEN DOWLING SECS THRU		3,929.00	0.0558	70,412
SHIELDS & CO		3,912.00	0.0600	65,200
FIRST TENNESSEE SECURITIES		3,858.00	0.0600	64,300
LYNCH JONES & RYAN THRU 00		3,817.00	0.0538	70,948
LIQUIDNET INC		3,750.00	0.0200	187,500
WILSHIRE ASSN NSCC		3,210.00	0.0600	53,500
SPEAR, LEEDS & KELLOGG		3,150.00	0.0180	175,000
STEPHENS INC		3,115.00	0.0244	127,664
MORGAN KEEGAN & CO INC		2,955.00	0.0103	286,893
ABN AMRO INC		2,814.00	0.0600	46,900
LEERINK SWANN & CO/IPO THR		2,683.75	0.0500	53,675
FIDELITY CAP MKTS (NFSC)TH		2,650.00	0.0500	53,000
PCS SECS INC THRU 0352		2,600.00	0.0452	57,522
SCOTT AND STRINGFELLOW INC		2,294.00	0.0319	71,912
FIRST OPTIONS OF CHICAGO T		2,217.50	0.0250	88,700
BROAD COURT CORP THRU 0161		2,100.00	0.0300	70,000
PERSHING DIV DONALDSON,LUF		2,044.00	0.0090	227,111
CORRESPONDENT SVCS CORP TH		2,043.00	0.0597	34,221
BREAN MURRAY FOSTER THRU 0		1,985.00	0.0500	39,700
WESTMINISTER RES ASOC/ BRO		1,940.00	0.0500	38,800
UNTERBERG HARRIS THRU 0221		1,715.00	0.0383	44,778
PAINE WEBBER INC		1,626.00	0.0401	40,549
KEEFE BRU & WOODS INC THRU	$	1,620.00	0.0500	32,400

NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30,2002

Schedule 5

HIBERNIA SOUTHCOAST CAPITA	$ 1,525.00	0.0500	30,500
CJS SECURITIES	1,476.00	0.0600	24,600
DAVIDSON (DA)&CO-NSCC	1,470.00	0.0014	1,050,000
KNIGHT SECURITIES BROADCOR	1,400.00	0.0387	36,176
CANTOR FITZGERALD & CO, IN	1,075.00	0.0366	29,372
MULTITRADE SECURITIES, LLC	1,050.00	0.0500	21,000
SIMMONS & COMPANY INTERNAT	1,015.00	0.0500	20,300
RBC DOMINION SECURITIES CO	925.00	0.0500	18,500
PACIFIC GROWTH THRU 0221	860.00	0.0022	390,909
STIFEL NICOLAUS AND CO INC	825.00	0.0500	16,500
JANNEY MONTGOMERY SCOTT LL	805.00	0.0500	16,100
ERNST & CO	732.00	0.0200	36,600
CREDIT LYONNAIS SECURITIES	720.00	0.0500	14,400
HOENIG & COMPANY INC	712.00	0.0543	13,112
TROSTER SINGER CORP THRU 0	674.00	0.0074	91,081
POLCARI/WEICKER, DIV OF CA	638.00	0.0200	31,900
GRUNTAL & CO INC THRU 0443	579.00	0.0300	19,300
EDWARDS (AG) & SONS INC	526.00	0.0330	15,939
NEUBERGER & BERMAN, LLC	522.50	0.0250	20,900
SANDLER O'NEILL & PARTNERS	520.00	0.0164	31,707
FULCRUM GLOBAL PARTNERS LL	480.00	0.0160	30,000
FERRIS, BAKER WATTS THRU 0	468.00	0.0433	10,808
WACHOVIA SECURITIES INC	425.00	0.0500	8,500
DRESDNER SECS (USA) INC	384.00	0.0600	6,400
VAN KASPER & CO THRU 0573	375.00	0.0004	937,500
SOUTHWEST SECS INC THRU 27	335.00	0.0248	13,508
JONES & ASSOCS THRU 0226	321.00	0.0300	10,700
ADAMS HARKNESS & HILL	250.00	0.0025	100,000
JOHNSON RICE & CO THRU 035	245.00	0.0500	4,900
W.R. HAMBRECHT & CO LLC	235.00	0.0500	4,700
FROST SECURITIES	216.00	0.0400	5,400
BNP SECS PENN (USA)	210.00	0.0032	65,625
FIRST ALBANY CORP	180.00	0.0500	3,600
SIDOTI AND COMPANY LLC THR	100.00	0.0500	2,000
Totals	$2,649,492	0.0228	116,146,259

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NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

INTERNATIONAL			
BK OF IRELAND ASSET MGT (US) LTD/CHASE	$ 967,608.00	-	$ 967,608.00
CAPITAL GUARDIAN TRUST CO/CHASE	1,580,802.00	-	1,580,802.00
DELAWARE MGT. CO.	469,452.00	-	469,452.00
GE INVEST. MGMT, INC./ST. STREET BK&TR	605,403.00	-	605,403.00
INVISTA CAPITAL MGT.	121,805.00	-	121,805.00
OECHSLE INT'L ADVISORS	511,000.00	-	511,000.00
PUTNAM ADVISORY CO.	483,000.00	-	483,000.00
ROWE PRICE-FLEMING	641,400.00	-	641,400.00
SCHRODER CAPITAL MGT INT'L/CHASE	648,300.00	-	648,300.00
SCUDDER TRUST COMPANY/BROWN BROS	489,300.00	-	489,300.00
SUBTOTAL ACTIVE	6,518,070.00		6,518,070.00
BANKERS TRUST/DEUTSCHE	178,300.00	-	178,300.00
BARCLAYS GLOBAL INVESTORS, N.A.	91,605.00	-	91,605.00
SUBTOTAL INDEX	$ 269,905.00	-	$ 269,905.00
GENESIS ASSET MGRS LTD/BANKERS TRUST	559,600.00	-	559,600.00
PICTET INT'L MGT LTD/BROWN BROS.	821,600.00	-	821,600.00
SUBTOTAL EMERGING MARKETS	1,381,200.00		1,381,200.00
TOTAL INTERNAT'L	$ 8,169,175.00		$ 8,169,175.00
active international (emg & EAFE)			
EQUITY			
BANKERS TRUST COMPANY/INDEX	$ 45,700.00	-	$ 45,700.00
MERRILL LYNCH ASSET MGT/INDEX	32,500.00	-	32,500.00
MERRILL -VALUE R 1000	15,900.00	-	15,900.00
EQUITY INDEX	$ 94,100.00	-	$ 94,100.00

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

AMERICAN EXPRESS [IDS]/GROWTH	$ 401,800.00	-	$ 401,800.00
DALTON GREINER (Value)	224,800.00	-	224,800.00
DARMUA ASSET MGMT(Core)	95,700.00	-	95,700.00
DEUTSCHE ASSET MGMT(Core)	86,300.00	-	86,300.00
FIDELITY MGMT. TRUST COMPANY/GROWTH	1,559,200.00	-	1,559,200.00
LOOMIS SAYLES & CO. L.P. /- GROWTH	484,200.00	-	484,200.00
MAZAMA CAPITAL (Growth)	162,500.00	-	162,500.00
SUBTOTAL CURRENT ACTIVE	3,108,600.00		3,108,600.00
TOTAL US ACTIVE EQUITY	$ 3,108,600.00	-	$ 3,108,600.00
TOTAL US EQUITY	$ 3,108,600.00		$ 3,108,600.00
ALTERNATIVE INVESTMENTS			
ALLEGRA CAPITAL PARTNERS			
APOLLO INVESTMENT FUND	$ 393,750.00	-	$ 393,750.00
CARLYLE PARTNERS III, L.P.	290,000.00	-	290,000.00
CVC EUROPEAN EQUITY FUND	399,660.00	-	399,660.00
CYPRESS MERCHANT BANKING PARTNERS	25,000.00	-	25,000.00
FDG CAPITAL	696,310.00	-	696,310.00
LINCOLNSHIRE EQUITY FUND	300,000.00	-	300,000.00
NEW MOUNTAIN PARTNERS	644,750.00	-	644,750.00
PRISM VENTURE PARTNERS	200,000.00	-	200,000.00
RRE VENTURES		-	
SCP PRIVATE EQUITY PARTNERS	500,000.00	-	500,000.00
VS&A FUND	350,000.00	-	350,000.00
TOTAL ALTERNATIVE INVESTMENTS	$ 3,799,470.00	-	$ 3,799,470.00
FIXED INCOME			
FISCHER, FRANCIS, TREES & WATTS, INC	270,200.00	-	270,200.00
LINCOLN CAPITAL MANAGEMENT CO/GOVT	54,400.00	-	54,400.00
PIMCO	308,000.00	-	308,000.00
SUBTOTAL GOVERNMENT	$ 632,600.00		$ 632,600.00

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

BLACKROCK	$ 300,100.00	-	$ 300,100.00
LINCOLN CAPITAL MANAGEMENT CO/MORT	303,200.00	-	303,200.00
PACIFIC INVESTMENT MANAGEMENT CO.	1,010,300.00		1,010,300.00
SUBTOTAL MORTGAGE	1,613,600.00		1,613,600.00
BLACKROCK	$ 122,300.00	-	$ 122,300.00
CREDIT SUISSE/BEA ASSOCIATES	97,100.00	-	97,100.00
T. ROWE PRICE ASSOCIATES, INC.	234,500.00	-	234,500.00
SUBTOTAL CORPORATE	453,900.00		453,900.00
FISCHER, FRANCIS, TREES & WATTS/YANKEE	248,000.00	-	248,000.00
PRUDENTIAL	121,500.00	-	121,500.00
SUBTOTAL YANKEE	369,500.00		369,500.00
SUBTOT FI: STRUCTURED PROG.	$ 3,069,600.00	-	$ 3,069,600.00
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	235,000.00	-	235,000.00
CREDIT SUISSE/BEA ASSOCIATES	414,200.00	-	414,200.00
LOOMIS SAYLES & CO. L.P.	1,038,100.00	-	1,038,100.00
W.R. HUFF ASSET MANAGEMENT CO., LLC	891,500.00	-	891,500.00
SUBTOTAL- ENH. YLD	2,578,800.00	-	2,578,800.00
TOTAL-US FIXED INC.	$ 5,648,400.00		$ 5,648,400.00
CONSULTANTS			
PACIFIC CORP GROUP	475,600.00	-	475,600.00
STRATEGIC INVESTMENT SOLUTIONS, INC.	182,500.00	-	182,500.00
BUCK CONSULTANTS INC.	100,000.00	-	100,000.00
TOTAL CONSULTANTS	$ 758,100.00	-	$ 758,100.00
INTERNAL MANAGEMENT			
SECURITIES LENDING			
TOTAL - ASSET MANAGERS	$21,483,745.00	-	$ 21,483,745.00
INTERNATIONAL	$ 8,169,175.00	-	$ 8,169,175.00
EQUITY	3,108,600.00	-	3,108,600.00
ALTERNATIVE INVEST.	3,799,470.00	-	3,799,470.00
FIXED INCOME	5,648,400.00	-	5,648,400.00
CONSULTANT	758,100.00	-	758,100.00
INTERNAL MANAGEMENT			
SECURITIES LENDING			
TOTAL COSTS BY SYSTEM FOR FY 2002	$21,483,745.00	-	$ 21,483,745.00
NET CHANGE DUE TO ACCRUED EXPENSES		$ 461,715.00	461,715.00
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	$21,483,745.00	$ 461,715.00	$ 21,945,460.00

* Adjusted for major planned or actual contributions.
** Excluding performance fees.

New York City Police Pension Fund

Comprehensive Annual Financial Report

A Pension Trust Fund of the City of New York

Investment Section
Part III

Fiscal Year End
June 30, 2002

New York, New York

Investment Section

This section is prepared from data provided by the investment advisors of the Police Pension Fund, and the Comptroller of the City of New York. We wish to express our thanks to Horatio Sparkes, Assistant Comptroller for pension and her staff for providing assistance in the preparation of this section. The information contained herein was prepared in conformance with presentation standards of the association for Investment Management & Research. The Comptroller administers the funds investments subject to the management and control of the Board of Trustees. The investment advisors seek to increase investment returns and provide greater safety for the assets of the fund. The Board of Trustees have the ultimate responsibility of ensuring that all the assets of the fund are managed prudently in compliance with the administrative code of the City of New York and the State Retirement Social Security Laws. The Board monitors and measures market and various other risk factors associated with investments. The performance of investment advisors is reviewed frequently to insure that their activities in securities are consistent with the best practices in the industry.

Investment Policy

Investment Policy is approved by the Board of Trustees. The New York City Comptroller is the Treasurer and Chief Custodian and Investment Advisor to the Board. The primary objective of the Board is to provide retirement and other benefits for its members.

The Board realizes that increasing investment returns will strengthen the fund and significantly enhance benefits enjoyed by members. Increased returns will further assure the safety of assets held in trust for pension benefits. The investment policy adopted by the Board of Trustees is the one that minimizes credit and market risks, while maintaining a competitive yield on the funds' portfolio.

Investment Philosophy

The investment philosophy of the Board is influenced by key factors that affect investment and strategy, i.e. Risk Tolerance, Returns, Diversification and Liquidity.

1-Risk Tolerance

The Board shall always act to assure that the level of investment risk in the portfolio will be prudent and not exceed levels that may jeopardize the primary objective.

2-Returns

The Board believes that over the long term there is a relationship between the level of investment risk taken and the rate of investment return realized. In order to enhance the level of returns the assumption of a moderate level of risks is therefore reasonable and justified.

3-Diversification

The Board seeks diversification through investing in a broad array of instruments in order to reduce overall portfolio risks.

Liquidity Requirements

The system anticipates positive cash flow over the near and intermediate term. Liquidity requirements for payment of current and intermediate benefits will therefore not be an issue for the future.

Investment Objectives

The Board has adopted the following general investment objectives in order to enhance returns, providing greater benefits and ensuring the safety of assets held in trust for benefits.

1. In recognition that obligations of the fund will increase as a result of inflation, the Board seeks to maximize the total return on assets held in trust for pension benefits, while operating within the bounds of regulatory restrictions and prudent parameters of risk.
2. The board also aims to protect the system from depreciation of assets during adverse market conditions, and to attain a level of return competitive not only with similar funds but also with the wider market. These results are attained through broad diversification, careful review of risks and emphasis on Long Term results.
3. The Board of Trustees, where possible and not in conflict with other provisions was interested in increased economic activity in local communities. The Comptroller's Office has made substantial efforts to broaden the Pension Fund's activity in economically targeted investments in the City of New York. This will promote growth in communities, while increasing returns. All existing targeted investments are guaranteed by government agencies and earn a rate of return commensurate with risk.

Asset Allocation

The Board's investment policy is implemented using a strategic allocation of assets that meet their objectives, while working within the confines of the Administrative Code of New York City and the State Retirement and Social Security Laws. The code authorizes the investment of Plan Assets, except equities, subject to the terms, conditions, limitations and restrictions imposed by law for investment by Savings Banks. The code imposes specific criteria for plan investments. Fixed income investments may be made mostly in U.S. Government securities or agencies backed by the U.S Government, companies rated BBB or better by the Standard and Poor's Corporation or Moody's investment service or in companies on the Legal Investments lists published by the New York Banking Department.

Equity investments may be made only in stocks that meet the qualifications of the State Retirement and Social Security Law. Short Term Investments may be made in U.S. Government Securities or other securities fully guaranteed by the Government, commercial paper rated AI or PI or fully collateralized repurchase agreements. Investments are made in a broad array of financial instruments including domestic stocks, bonds and in international securities through a collective fund investment vehicle. Diversification of Investments provides greater security for the assets held in trust enabling the fund to become stronger and to meet its obligation.

The policy mix targeted for the fund in fiscal year 2002 included securities from the following categories: U.S. Equities 47.1 %, U.S. Fixed Income 27.4%, International Equities 19.0%, Emerging Markets 0.9%, Alternative investments 0.5%, Enhanced yield 5.2%.

<u>Investments activities and results for fiscal year 2002 current activities.</u>

During the year several initiatives were taken to increase investment returns and provide greater safety for the funds assets. The Pension Fund continued to diversify assets across different security classes. Exposure to International Equities decreased by $239.6 millions over the previous year. Investment in the Security Lending Program decreased at the end of the year by $62.1 million. All security on loans is fully collateralized with cash or Treasury Securities.

<u>Results</u>

Fiscal year 2002 was not a good year for the securities industry and also for the pension system. The overall investment return on assets was (7.9%). The Russell 3000 index lost 17.2% and the Lehman Brothers NYC Fixed Income Index returned 8.7%, International Equity (8.5%), International Emerging markets at 1.3%. Total fund performance was above assumed actuarial rate of return at (7.9%) which is below the median public fund in America, which returned (4.7%). The total investments during the year decreased from $18,522,755 thousands to $16,660,571 thousands. Assets decreased during fiscal year 2002 from $19,043,766 thousands to $17,717,954 thousands, net investment income increased from ($1,473,957) thousands to ($1,233,996) thousands. This represented a net increase from 2001 of 16.96%.

The investment section has included a list of the portfolio's largest holdings. The complete list of the portfolio's holdings can be obtained by writing to Michael Welsome, Executive Director of the Police Pension Fund at 233 Broadway, New York, NY 10279.

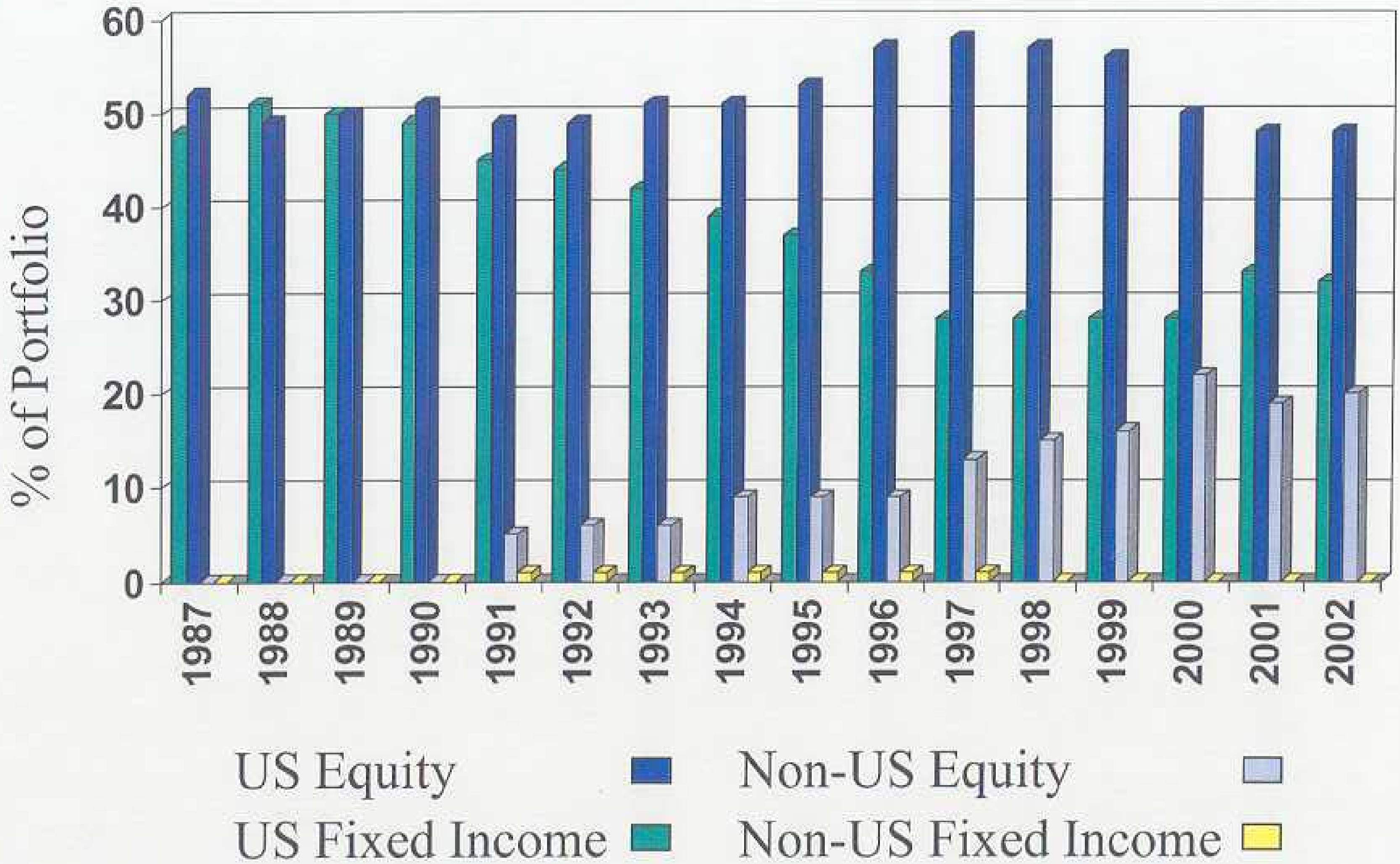
NEW YORK CITY
POLICE PENSION FUND

YEAR ENDED JUNE 30, 2002
CONSOLIDATED PERFORMANCE REPORT

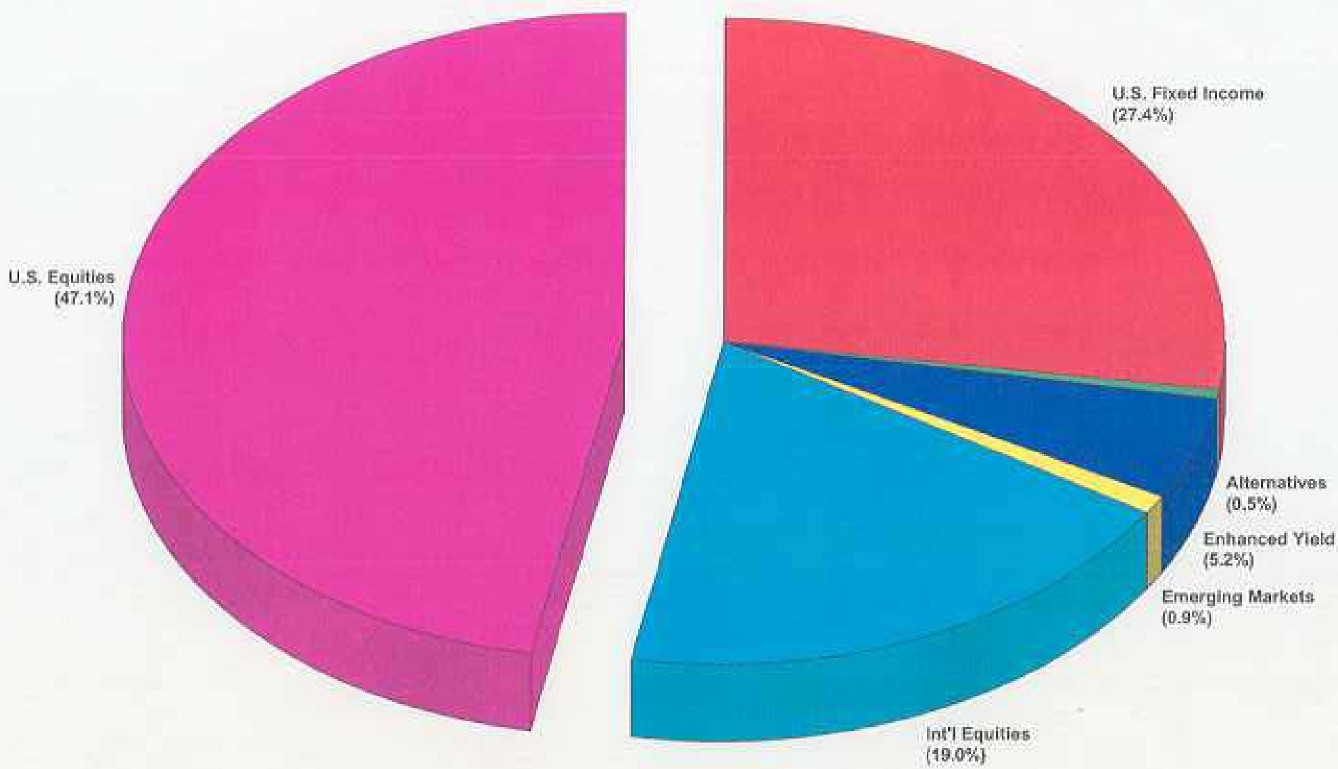
Through June 30, 2002

Assets ($MM)	% Total		3 Mos Apr-02 Jun-02	YTD Jan-02 Jun-02	1 Yr Jul-02 Jun-02	3 Yrs Jul-99 Jun-02	5 Yrs Jul-97 Jun-02	7 Yrs Jul-95 Jun-02	10 Yrs Jul-92 Jun-02
6,628.79	47.06	**U.S Equities**	(12.52)	(11.59)	(16.29)	(7.60)	3.68	10.15	11.05
		Russell 3000 Index	(13.09)	(12.26)	(17.25)	(7.93)	3.84	10.31	11.27
2,799.39	19.98	**International Equities**	(3.06)	(1.49)	(8.50)	(4.61)	(0.06)	4.76	6.90
2,669.32	18.95	**International Equities Developed Markets**	(2.88)	(1.83)	(9.16)	(4.72)	0.22	4.94	7.03
1,980.24	14.06	**Active Equities**	(3.17)	(2.02)	(9.19)	(4.02)	0.72	5.92	7.57
689.07	4.89	**Passive Equities**	(2.06)	(1.27)	(9.13)	(6.56)	(1.26)	2.73	5.62
		EAFE	(2.12)	(1.62)	(9.48)	(6.79)	(1.59)	2.40	5.40
		TUCS International Equity Median	(2.49)	(0.27)	(6.48)	(3.22)	1.14	5.06	7.17
130.07	0.92	**Emerging Markets**	(6.52)	6.12	7.68	(2.53)	(7.31)	n/a	n/a
		MSCI Emerging Markets Free	(8.39)	2.07	1.31	(6.30)	(8.40)	n/a	n/a
		SIS Emerging Markets Median	(7.63)	4.34	2.42	(4.01)	(5.52)	n/a	n/a
67.51	0.48	**Alternative Investments**	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9,465.69	67.42	**Total Equities**	(9.91)	(8.81)	(14.12)	(6.91)	3.06	9.29	10.33
4,585.38	32.56	**U.S Fixed Income**	1.42	1.46	5.74	6.49	6.70	7.02	7.28
3,604.71	25.59	**Structured Managed Program**	3.29	3.18	8.31	8.21	7.81	7.65	7.73
		NYC Index	3.61	3.71	8.65	8.22	7.76	7.50	7.70
		SIS Fixed Income Median	3.08	3.20	7.88	7.87	7.44	7.29	7.49
726.23	5.16	**Enhanced Yield**	(7.15)	(6.68)	(5.72)	(1.42)	1.23	5.17	n/a
		Salomon Bros BB&B Rated Index	(7.58)	(5.62)	(3.71)	(1.46)	1.58	4.47	n/a
		TUCS Enhanced Yield Median	(6.04)	(6.51)	(4.82)	(1.29)	1.36	5.56	n/a
14,084.37	**100.00**	**Total Portfolio**	**-6.39**	**-5.72**	**-7.87**	**(2.60)**	**4.56**	**8.75**	**9.37**
		SIS Public Fund Median	-4.94	-3.92	-4.74	0.60	5.95	8.90	9.43

NYC POLICE PENSION FUND
ASSET ALLOCATION
June 30, 1987 - June 30, 2002



NYC Police Department Pension Fund
Asset Allocation

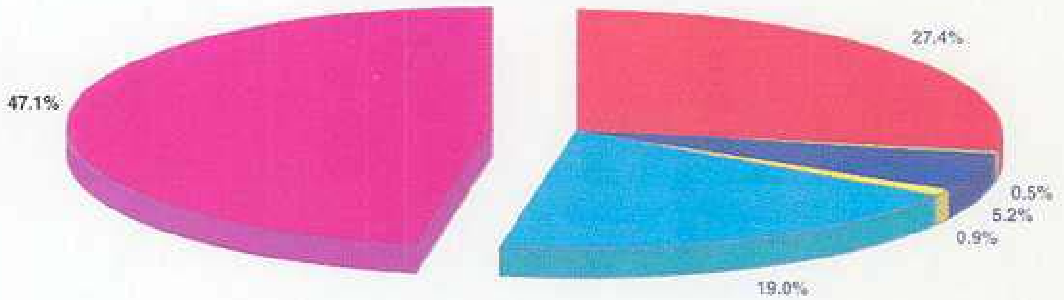


As of 6/30/2002

NYC Police Department Pension Fund

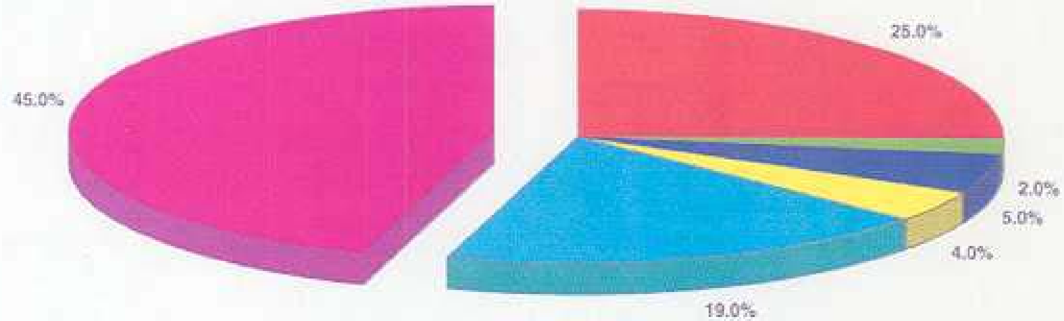
Asset Allocation and Policy Mix

Asset Mix



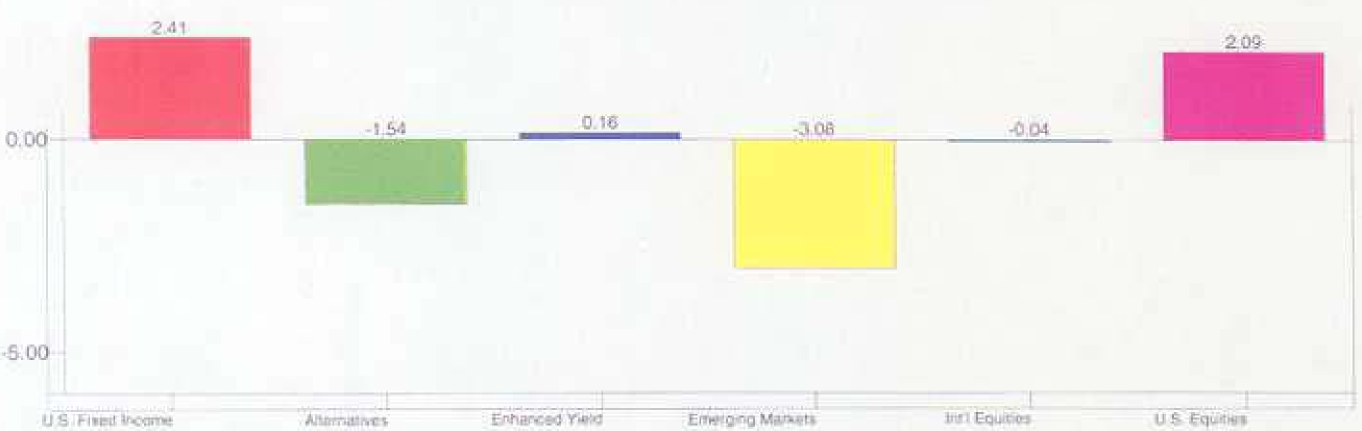
As of 6/30/02

Policy Mix



As of 6/30/02

Asset Mix Relative to Policy Mix



NEW YORK CITY

POLICE PENSION FUND

ASSET ALLOCATION 06/30/92 TO 06/30/02

	U.S Equity	Int'l Equity	Domestic Fixed	Int'l Fixed	Cash	Total
06/30/92	48.80%	5.60%	41.80%	1.10%	2.70%	100.00%
06/30/93	50.80%	5.70%	41.30%	1.10%	2.70%	100.00%
06/30/94	51.00%	8.80%	37.00%	1.30%	1.10%	100.00%
06/30/95	53.00%	9.00%	34.40%	1.40%	1.90%	100.00%
06/30/96	57.08%	8.77%	30.25%	1.06%	2.20%	100.00%
06/30/97	57.40%	13.32%	27.82%	0.93%	2.84%	100.00%
06/30/98	57.24%	15.13%	27.08%	0.00%	0.53%	100.00%
06/30/99	56.00%	16.00%	27.00%	0.00%	0.55%	100.00%
06/30/00	61.63%	11.80%	26.57%	0.00%	1.00%	100.00%
06/30/01	48.30%	18.80%	32.90%	0.00%	0.00%	100.00%
06/30/02	47.00%	20.00%	31.00%	2.00%	0.00%	100.00%

NEW YORK CITY
POLICE PENSION FUND

FIXED INCOME HOLDINGS
AS OF JUNE 30, 2002

CUSIP	TITLE	RATE	MATURITY	UNITS	PRICE	MARKET
912810FA1	UNITED STATES TREASURY BDS DTD 08/15/97	6.38	81527	35,775,000.00	$ 109.06	$ 39,017,288.25
912810EK0	UNITED STATES TREASURY BOND	8.13	81521	30,095,000.00	129.03	38,831,879.45
912810DP0	UNITED STATE TREASURY BOND DTD 2/15/85	11.25	21515	23,500,000.00	155.38	36,513,125.00
313385YU4	FEDERAL HOME LN BK CONS DISC NTS	0	70102	33,900,000.00	100	33,900,000.00
912810DB1	UNITED STATES TREASURY BONDS DTD 11/15/82	10.38	111512	24,450,000.00	128.53	31,425,829.50
912810EV6	UNITED STATES TREASURY BONDS	6.88	81525	24,275,000.00	115.25	27,976,937.50
912810FE3	UNITED STATES TREASURY BONDS	5.5	81528	26,350,000.00	97.38	25,658,312.50
9128276J6	UNITED STATES TREAS NTS DTD 00874	5.75	81510	23,760,000.00	106.97	25,415,834.40
912795KS9	UNITED STATES TREASURY BILLS	0	71802	23,700,000.00	99.88	23,670,483.04
912810ED6	UNITED STATES TREASURY BONDS	8.13	81519	18,360,000.00	128.09	23,518,058.40
912810CS5	UNITED STATES TREASURY BONDS DTD 11/17/80	12.75	111510	17,535,000.00	128.38	22,510,556.25
912810DZ8	UNITED STATES TRY BONDS DTD 8-15-87	8.88	81517	14,950,000.00	134.88	20,163,812.50
912810EC8	UNITED STATES TREAS BD	8.88	21519	14,780,000.00	136	20,100,800.00
9128277L0	UNITED STATES TREAS NTS DTD 00900	4.88	21512	18,245,000.00	100.38	18,313,418.70
912810EX2	UNITED STATES TREASURY BDS	6.75	81526	13,502,000.00	113.84	15,371,216.80
912810DS4	UNITED STATES TREASURY BOND DTD 8/15/85	10.63	81515	10,125,000.00	150.31	15,219,191.25
912795KR1	UNITED STATES TREASURY BILL	0	71102	15,000,000.00	99.87	14,980,341.66
9128276T4	UNITED STATES TREAS NTS DTD 00883	5	21511	14,505,000.00	101.69	14,749,844.40
912810EJ3	UNITED STATES TREAS BDS	8.13	51521	9,080,000.00	128.94	11,707,570.40
912810EZ7	UNITED STATES TREASURY BOND	6.63	21527	10,325,000.00	112.28	11,593,013.20
9128275Z1	UNITED STATES TREAS NTS	6.5	21510	10,340,000.00	111.81	11,561,412.50
912828AC4	UNITED STATES TREAS NTS DTD 00003	4.38	51507	10,040,000.00	101.38	10,178,050.00
912810DY1	UNITED STATES TREAS BDS DTD 5-15-87	8.75	51517	6,750,000.00	133.44	9,007,065.00
912810DW5	UNITED STATES TREASURY BONDS DTD 5/15/86	7.25	51516	7,400,000.00	117.84	8,720,456.00
912810EB0	UNITED STATES TREASURY BOND	9	111518	5,500,000.00	137.31	7,552,215.00
912810FP8	UNITES STATES TREASURY NOTES/BDS	5.38	21531	7,551,000.00	$ 97.94	$ 7,395,298.30

NEW YORK CITY
POLICE PENSION FUND

FIXED INCOME HOLDINGS
AS OF JUNE 30, 2002

CUSIP	TITLE	RATE	MATURITY	UNITS	PRICE	MARKET
694606AA2	PACIFIC MUTT LIFE INS CO SURPLUS NT 144A	7.9	123023	5,625,000.00	$ 108.00	$ 7,559,720.00
9128277B2	UNITED STATES TREAS NTS DTD 00891	5	81511	6,860,000.00	101.41	6,956,468.75
912810EF1	UNITED STATES TREASURY BONDS	8.75	51520	5,000,000.00	135.59	6,779,700.00
912810FB9	UNITED STATES TREAS BDS DTD 11/15/1997	6.13	111527	5,900,000.00	105.75	6,239,250.00
912810EL8	UNITED STATES TREASURY BONDS	8	111521	4,800,000.00	127.91	6,139,488.00
36225CPL4	GOVT NAT MTG ASSN II POOL #080426	5.5	72030	5,991,879.77	101.38	6,074,268.12
9128273E0	UNITED STATES TREASURY NOTES DTD 08/15/97	6.13	81507	5,510,000.00	109	6,005,900.00
69332HGX8	PHH CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00166 REG	8.13	20303	2,260,000.00	102.29	5,830,701.00
912827J78	UNITED STATES TREAS NTS	6.25	21503	5,600,000.00	102.72	5,752,264.00
912810EQ7	UNITED STATES TREAS BDS	6.25	81523	5,200,000.00	107.16	5,572,112.00
87943HAS8	TELEPHONE & DATA SYS INC MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00017	8.2	40123	2,200,000.00	105.94	4,555,463.00
912810DL9	UNITED STATES TREASURY BONDS DTD 8/15/84	12.5	81514	2,990,000.00	147.09	4,398,110.60
36225CPN0	GOVT NAT MTG ASSN REG POOL #080428	6	72030	4,238,918.06	102.34	4,338,278.30
87971MAB9	TELUS CORPORATION NOTES	7.5	60107	2,405,000.00	110.25	3,969,000.00
71654YAB1	PETROLEOS MEXICANOS MEDIUM TERM NTS BOOK ENTRY REG S TRANCHE # TR 00002	8.63	120123	750,000.00	99.96	3,950,612.03
9128276X5	UNITED STATES TREAS NTS DTD 00887	4.63	51506	3,760,000.00	103	3,872,800.00
912828AD2	UNITED STATES TREAS NTS DTD 00004	3.25	53104	3,700,000.00	101.06	3,739,312.50
743315AK9	PROGRESSIVE CORP	6.38	11512	1,520,000.00	55	3,610,750.00
9128275W8	UNITED STATES TREAS NTS DTD 00862	4.25	11510	3,100,000.00	108.53	3,364,461.00
9128275S7	UNITED STATES TREAS NTS DTD 11/15/1999	5.88	111504	3,150,000.00	106.28	3,347,851.50
730450AD5	POHANG IR & STL	7.13	110106	642,000.00	102.63	3,265,622.96
87910PAF7	TEKNI-PLEX INC SR SUB NT SER B REG	12.75	61510	400,000.00	109.93	3,149,523.15
71646FAC1	PETROBRAS INTL FIN CO LTD SR NT 144A REG	9.13	20107	500,000.00	109	3,041,016.30
892323AC0	TOYOTA AUTO RECEIVABLES 2002-A OWNER TR FLTG RATE NT CL A-3 REG	1.77	11606	3,060,000.00	97.35	3,455,925.00
893830AJ8	TRANSOCEAN SEDCO FOREX	6.95	41508	800,000.00	$ 104.12	$ 3,384,030.00

NEW YORK CITY
POLICE PENSION FUND

EQUITY HOLDINGS
AS JUNE 30, 2002

CUSIP	DESCRIPTION	RATE	MATURITY	UNITS	PRICE	MARKET
000000000	BIAM GROUP TRUST FUND	0	0	13,955,262.60	26.12	$ 364,477,966.48
000000000	NY SAF EAFE INDEX FUND	0	0	21,686,776.22	15.89	344,602,874.14
	BANKERS TRUST PYRAMID S & P MIDCAP EQUITY INDEX FUND	0	0	4,140,873.15	83.18	344,433,687.16
99F521AA8	NEW YORK CITY EMPOLYEE'S INT'L COMMINGLED FUND	0	0	11,218,273.42	27.64	310,073,077.33
000000000	SCHRODERS INTERNATIONAL ESA FUND	0	0	143,718.66	1,851.45	266,087,280.69
000000000	GE INVESTMENT INTL FUND	0	0	9,289,077.88	22.68	210,684,844.90
30231G102	EXXON MOBIL CORP COM F/K/A EXXON CORP SEE SN E234794	0.92	0	4,776,832.00	40.92	195,467,965.36
369604103	GENERAL ELEC CO COM	0.72	0	5,396,225.00	29.05	156,760,336.20
594918104	MICROSOFT CORP COM (WA)	0	0	2,597,658.00	54.7	142,091,892.60
172967101	CITIGROUP INC COM	0.72	0	3,661,742.00	38.75	141,892,502.40
717081103	PFIZER INC COM	0.52	0	3,471,691.00	35	121,509,185.00
026874107	AMERICAN INTL GROUP INC COM	0.19	0	1,553,038.00	68.23	105,963,782.52
478160104	JOHNSON & JOHNSON COM	0.82	0	1,624,196.00	52.26	84,880,482.86
060505104	BANK AMER CORP COM F/K/A BANKAMERICA CORP	2.4	0	1,122,065.00	70.36	78,948,493.34
459200101	INTERNATIONAL BUSINESS MACHS CORP COM	0.6	0	1,050,500.00	72	75,636,000.00
458140100	INTEL CORP COM	0.08	0	3,878,618.00	18.27	70,862,350.80
589331107	MERCK & CO COMMON	1.44	0	1,380,600.00	50.64	69,913,584.00
166764100	CHEVRONTEXACO CORP COM	2.8	0	780,049.00	88.5	69,034,336.50
	PICTET INTERNATIONAL EMERGING EQUITY MARKETS TRUST	0	0	7,500,000.00	9.1	68,239,684.53
191216100	COCA COLA CO COM	0.8	0	1,201,868.00	56	67,304,608.00
000000000	GENESIS GROUP TRUST EMERGING MARKETS FUND	0	0	417,024.31	148.26	61,826,899.00
17275R102	CISCO SYS INC COM	0	0	4,292,952.00	13.95	59,886,680.40
718154107	PHILIP MORRIS COMPANIES INC COM F/K/A PHILIP MORRIS INC	2.32	0	1,354,756.00	43.68	59,175,742.04
713448108	PEPSICO INC COM US$0.01 2/3	0.6	0	1,028,770.00	48.2	49,586,714.00
437076102	HOME DEPOT INC COM	0.2	0	1,343,897.00	36.73	$ 49,361,336.72

NEW YORK CITY
POLICE PENSION FUND

EQUITY HOLDINGS
AS JUNE 30, 2002

CUSIP	DESCRIPTION	RATE	MATURITY	UNITS	PRICE	MARKET
46625H100	J P MORGAN CHASE & CO COM	1.36	0	1,422,276.00	33.92 $	48,243,601.78
990002AD9	NEW YORK CITY RETIREMENT SYSTEMS SHORT TERM INVESTMENT FUND	0.06	0	47,152,564.28	100	47,152,563.74
00184A105	AOL TIME WARNER INC COM	0	0	2,786,644.00	14.71	40,991,533.22
079860102	BELLSOUTH CORP COM	0.8	0	1,280,648.00	31.5	40,340,412.00
313586109	FANNIE MAE	1.32	0	519,900.00	73.75	38,342,625.00
06423A103	BANK ONE CORPORATION NEW COM F/K/A BANC ONE CORP COM SEE SN B036494	0.84	0	957,111.00	38.48	36,829,631.28
247025109	DELL COMPUTER CORP COM	0	0	1,371,000.00	26.14	35,837,940.00
110122108	BRISTOL MYERS SQUIBB CO COM	1.12	0	1,249,060.00	25.7	32,100,842.00
88579Y101	3M CO COM	2.48	0	260,200.00	123	32,004,600.00
263534109	DU PONT E I DE NEMOURS & CO COM	1.4	0	689,280.00	44.4	30,604,032.00
002824100	ABBOTT LABORATORIES COM.	0.94	0	803,300.00	37.65	30,244,245.00
428236103	HEWLETT PACKARD CO COM	0.32	0	1,834,074.02	15.28	28,024,650.84
254687106	DISNEY (WALT) HLDG COMPANY F/K/A DISNEY WALT CO COM	0.21	0	1,448,221.00	18.9	27,371,376.90
375766102	GILLETTE CO COM	0.65	0	776,984.00	33.87	26,316,448.04
590188108	MERRILL LYNCH & CO INC COM	0.64	0	642,000.00	40.5	26,001,000.00
339030108	FLEETBOSTON FINL CORP COM F/K/A FLEET BOSTON CORP	1.4	0	795,949.00	32.35	25,748,950.10
313400301	FREDDIE MAC	0.88	0	416,900.00	61.2	25,514,280.00
71713U102	PHARMACIA CORP F/K/A: MONSANTO CO SEE SN: M410194	0.54	0	641,906.00	37.45	24,039,379.65
260543103	DOW CHEM CO COM	1.34	0	654,160.00	34.38	22,490,020.72
097023105	BOEING CO COM	0.68	0	492,192.00	45	22,148,640.00
013817101	ALCOA INC COM	0.6	0	642,624.00	33.15	21,302,985.60
370442105	GENERAL MOTORS CORP COM	2	0	381,567.00	53.45	20,394,756.10
345370860	FORD MTR CO DEL COM PAR $0.01	0.4	0	1,233,645.00	16	19,738,320.00
438516106	HONEYWELL INTL INC COM F/K/A ALLIEDSIGNAL INC SEE SN A164094	0.75	0	539,285.00	35.23	18,999,010.49
316773100	FIFTH THIRD BANCORP COM	0.92	0	284,667.00	66.65 $	18,973,055.55

June 30, 20

NEW YORK CITY POLICE PENSION FUND

SUBCHAPTER TWO

INVESTMENT SUMMARY

YEAR ENDED JUNE 30, 2002

(In Thousand)

Type of Investment:	Market Value	Percentage of Total Market Value
Fixed Income:		
Corporate Bonds	$ 1,987,260	13%
U.S Government Securities	2,457,912	16%
Yankee Bonds	300,748	2%
Total Fixed Income	$ 4,745,920	31%
Domestic Equities:	$ 6,590,857	45%
International Equities:	$ 2,799,837	19%
Private Equity-Other	$ 73,875	1%
Short-term Investments:		
Short-term Investments	$ 403,227	3%
Commercial Paper	37,503	0.29%
Discount Notes	33,900	0.26%
Treasury Bills	48,385	0.45%
Total Short-term	$ 523,015	4%
Total Market Value*	$ 14,733,504	100%

*Security lending transactions of $1,927,067 not included in total.

SCHEDULE 6

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

INTERNATIONAL			
BK OF IRELAND ASSET MGT (US) LTD/CHASE	$ 967,608.00	-	$ 967,608.00
CAPITAL GUARDIAN TRUST CO/CHASE	1,580,802.00	-	1,580,802.00
DELAWARE MGT. CO.	469,452.00	-	469,452.00
GE INVEST. MGMT, INC./ST. STREET BK&TR	605,403.00	-	605,403.00
INVISTA CAPITAL MGT.	121,805.00	-	121,805.00
OECHSLE INT'L ADVISORS	511,000.00	-	511,000.00
PUTNAM ADVISORY CO.	483,000.00	-	483,000.00
ROWE PRICE-FLEMING	641,400.00	-	641,400.00
SCHRODER CAPITAL MGT INT'L/CHASE	648,300.00	-	648,300.00
SCUDDER TRUST COMPANY/BROWN BROS	489,300.00	-	489,300.00
SUBTOTAL ACTIVE	6,518,070.00		6,518,070.00
BANKERS TRUST/DEUTSCHE	178,300.00	-	178,300.00
BARCLAYS GLOBAL INVESTORS, N.A.	91,605.00	-	91,605.00
SUBTOTAL INDEX	$ 269,905.00	-	$ 269,905.00
GENESIS ASSET MGRS LTD/BANKERS TRUST	559,600.00	-	559,600.00
PICTET INT'L MGT LTD/BROWN BROS.	821,600.00	-	821,600.00
SUBTOTAL EMERGING MARKETS	1,381,200.00		1,381,200.00
TOTAL INTERNAT'L	$ 8,169,175.00		$ 8,169,175.00
active international (emg & EAFE)			
EQUITY			
BANKERS TRUST COMPANY/INDEX	$ 45,700.00	-	$ 45,700.00
MERRILL LYNCH ASSET MGT/INDEX	32,500.00	-	32,500.00
MERRILL -VALUE R 1000	15,900.00	-	15,900.00
EQUITY INDEX	$ 94,100.00	-	$ 94,100.00

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

AMERICAN EXPRESS [IDS]/GROWTH	$ 401,800.00	-	$ 401,800.00
DALTON GREINER (Value)	224,800.00	-	224,800.00
DARMUA ASSET MGMT(Core)	95,700.00	-	95,700.00
DEUTSCHE ASSET MGMT(Core)	86,300.00	-	86,300.00
FIDELITY MGMT. TRUST COMPANY/GROWTH	1,559,200.00	-	1,559,200.00
LOOMIS SAYLES & CO. L.P. /- GROWTH	484,200.00	-	484,200.00
MAZAMA CAPITAL (Growth)	162,500.00	-	162,500.00
SUBTOTAL CURRENT ACTIVE	3,108,600.00		3,108,600.00
TOTAL US ACTIVE EQUITY	$ 3,108,600.00	-	$ 3,108,600.00
TOTAL US EQUITY	$ 3,108,600.00		$ 3,108,600.00
ALTERNATIVE INVESTMENTS			
ALLEGRA CAPITAL PARTNERS			
APOLLO INVESTMENT FUND	$ 393,750.00	-	$ 393,750.00
CARLYLE PARTNERS III, L.P.	290,000.00	-	290,000.00
CVC EUROPEAN EQUITY FUND	399,660.00	-	399,660.00
CYPRESS MERCHANT BANKING PARTNERS	25,000.00	-	25,000.00
FDG CAPITAL	696,310.00	-	696,310.00
LINCOLNSHIRE EQUITY FUND	300,000.00	-	300,000.00
NEW MOUNTAIN PARTNERS	644,750.00	-	644,750.00
PRISM VENTURE PARTNERS	200,000.00	-	200,000.00
RRE VENTURES		-	
SCP PRIVATE EQUITY PARTNERS	500,000.00	-	500,000.00
VS&A FUND	350,000.00	-	350,000.00
TOTAL ALTERNATIVE INVESTMENTS	$ 3,799,470.00	-	$ 3,799,470.00
FIXED INCOME			
FISCHER, FRANCIS, TREES & WATTS, INC	270,200.00	-	270,200.00
LINCOLN CAPITAL MANAGEMENT CO/GOVT	54,400.00	-	54,400.00
PIMCO	308,000.00	-	308,000.00
SUBTOTAL GOVERNMENT	$ 632,600.00		$ 632,600.00

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
JUNE 30,2002

BLACKROCK	$ 300,100.00	-	$ 300,100.00
LINCOLN CAPITAL MANAGEMENT CO/MORT	303,200.00	-	303,200.00
PACIFIC INVESTMENT MANAGEMENT CO.	1,010,300.00	-	1,010,300.00
SUBTOTAL MORTGAGE	1,613,600.00		1,613,600.00
BLACKROCK	$ 122,300.00	-	$ 122,300.00
CREDIT SUISSE/BEA ASSOCIATES	97,100.00	-	97,100.00
T. ROWE PRICE ASSOCIATES, INC.	234,500.00	-	234,500.00
SUBTOTAL CORPORATE	453,900.00		453,900.00
FISCHER, FRANCIS, TREES & WATTS/YANKEE	248,000.00	-	248,000.00
PRUDENTIAL	121,500.00	-	121,500.00
SUBTOTAL YANKEE	369,500.00		369,500.00
SUBTOT FI: STRUCTURED PROG.	$ 3,069,600.00	-	$ 3,069,600.00
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	235,000.00	-	235,000.00
CREDIT SUISSE/BEA ASSOCIATES	414,200.00	-	414,200.00
LOOMIS SAYLES & CO. L.P.	1,038,100.00	-	1,038,100.00
W.R. HUFF ASSET MANAGEMENT CO., LLC	891,500.00	-	891,500.00
SUBTOTAL- ENH. YLD	2,578,800.00	-	2,578,800.00
TOTAL-US FIXED INC.	$ 5,648,400.00		$ 5,648,400.00
CONSULTANTS			
PACIFIC CORP GROUP	475,600.00	-	475,600.00
STRATEGIC INVESTMENT SOLUTIONS, INC.	182,500.00	-	182,500.00
BUCK CONSULTANTS INC.	100,000.00	-	100,000.00
TOTAL CONSULTANTS	$ 758,100.00	-	$ 758,100.00
INTERNAL MANAGEMENT			
SECURITIES LENDING			
TOTAL - ASSET MANAGERS	$21,483,745.00	-	$ 21,483,745.00
INTERNATIONAL	$ 8,169,175.00	-	$ 8,169,175.00
EQUITY	3,108,600.00	-	3,108,600.00
ALTERNATIVE INVEST.	3,799,470.00	-	3,799,470.00
FIXED INCOME	5,648,400.00	-	5,648,400.00
CONSULTANT	758,100.00	-	758,100.00
INTERNAL MANAGEMENT			
SECURITIES LENDING			
TOTAL COSTS BY SYSTEM FOR FY 2002	$21,483,745.00	-	$ 21,483,745.00
NET CHANGE DUE TO ACCRUED EXPENSES		$ 461,715.00	461,715.00
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	$21,483,745.00	$ 461,715.00	$ 21,945,460.00

* Adjusted for major planned or actual contributions.
** Excluding performance fees.

New York City Police Pension Fund

Comprehensive Annual Financial Report

A Pension Trust Fund of the City of New York

Actuarial Section
Part IV

Fiscal Year End
June 30, 2002

New York, New York

OFFICE OF THE ACTUARY

220 CHURCH STREET • ROOM 1205
NEW YORK, NY. 10013-6301
(212) 442-5775 • FAX: (212) 442-5777

ROBERT C. NORTH, JR.
CHIEF ACTUARY

November 27, 2002

Board of Trustees
New York City Police Department,
Subchapter Two Pension Fund
233 Broadway
New York, NY 10038

Re: Actuarial Information for the Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year ended June 30, 2002

Dear Members:

The financial objective of the New York City Police Department, Subchapter Two Pension Fund (the "Plan") is to fund members' retirement benefits during their active service and to establish employer normal contribution rates which, expressed as a percentage of active member annualized covered payroll, will remain approximately level over the future working lifetimes of those active members that, together with member contributions, will be sufficient to accumulate assets to pay benefits when due.

Employer contributions to the Plan are made on a statutory basis based on actuarial valuations performed annually as of June 30.

Actual statutory contributions for Fiscal Year 2002 were less than the annual pension costs. This relationship occurs because Chapter 125 of the Laws of 2000 ("Chapter 125/00"), which provides eligible retirees and eligible beneficiaries with automatic Cost-of-Living Adjustments ("COLA") beginning September 2000, also provides for a phase-in schedule for funding the additional liabilities created by the benefits provided by Chapter 125/00.

The annual pension costs were computed in accordance with Governmental Accounting Standards Board Statement Number 25 ("GASB 25") and consistent with generally accepted actuarial principles.

Actuarial Assumptions and Methods in effect June 30, 2001

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2001." These actuarial assumptions and methods were employed in the June 30, 2001 actuarial valuation that was used to determine Fiscal Year 2002 employer contributions to the Plan.

These actuarial assumptions and methods are generally the same as those employed in the June 30, 2000 actuarial valuation that was used to determine Fiscal Year 2001 employer contributions to the Plan.

Benefits and Census Data

A summary of the benefits available under the Plan is shown later in this Actuarial Section of the CAFR.

Census data are submitted by the Plan's administrative staff, by the employer's payroll facilities and by the Comptroller of the City of New York, and are reviewed by the Office of the Actuary for consistency and reasonability.

A summary of the census data as of June 30, 2001 is included in this CAFR. A summary of the census data used in the June 30, 2000 actuarial valuation of the Plan is available in the June 30, 2001 CAFR.

Funded Status

With respect to the funded status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association ("GFOA"). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and with GASB 25 which was adopted for financial reporting purposes beginning Fiscal Year 1995.

As prescribed by GASB 25, included in the Financial Section of the CAFR are the following schedules:

- Schedule of Funding Progress - prepared by the Office of the Actuary.
- Schedule of Employer Contributions - prepared by the Plan's Administrative Staff.
- Actuarial Methods and Assumptions - prepared by the Office of the Actuary.

The following supporting schedules in the Actuarial Section of the CAFR were prepared by the Office of the Actuary.

- Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2001.

- Schedule of Active Member Valuation Data.
- Schedule of Retirants and Beneficiaries Added to and Removed from Rolls.
- Schedule of Actual vs. Required Contributions.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets - Solvency Test.

Impact of the World Trade Center ("WTC") Attack

Note: The census data, actuarial assumptions and methods used in the June 30, 2001 actuarial valuation do not reflect the impact of the WTC Attack on September 11, 2001.

The impact of the WTC Attack on the funding of the Plan will first be recognized in the June 30, 2002 actuarial valuation (used to compute Fiscal Year 2003 employer contributions).

Respectfully Submitted,

Robert C. North Jr.

Robert C. North, Jr., F.S.A.
Chief Actuary

RCN/aw

cc: Mr. M.D. Welsome

2201R-2002:PCA/aw

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT AS OF JUNE 30, 2001

(1) The investment rate of return assumption is 8.0% per annum.

(2) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's and the predecessor Plan's pensioners. Sample probabilities are shown in Table 1.

(3) Active Service tables are used to predict various withdrawals from active service. Sample probabilities are shown in Table 2 for members eligible for Service Retirement and in Table 3 for members not eligible for Service Retirement.

(4) A Salary Scale is used to estimate salaries at retirement or death. Sample percentage increases are shown in Table 4. The Salary Scale includes an assumed General Wage Increase rate of 3.0% per annum.

(5) The economic assumptions (i.e., the assumed investment return rate, the General Wage Increase rate and cost-of-living adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year. The COLA assumption is 1.3% per annum.

(6) The valuation method assumes a closed group. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.

(7) The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contribution from the employer. Under this Actuarial Cost Method, the Initial Liability was reestablished by the Entry Age Actuarial Cost Method but with the Unfunded Actuarial Accrued Liability ("UAAL") not less than $0.

Under this method, the excess of the actuarial present value of projected benefits of members as of the valuation date, over the sum of the Actuarial Value of Assets plus UAAL, if any, and present value of future employee contributions is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

All outstanding components of the UAAL are being amortized over closed periods.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first annual payment equals 103% of its preceding annual payment.

(8) The Actuarial Asset Valuation Method ("AAVM") was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan and was made as one component of an overall revision of actuarial assumptions and methods as of June 30, 1999.

This AAVM recognizes expected investment returns immediately and phases in investment returns greater or less than expected (i.e., Unexpected Investment Returns ("UIR")).

Under this AAVM, any UIR for Fiscal Years 2000 and later will be phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70% and 100% over five years).

(9) The obligations of the Plan to the Police Officers' Variable Supplements Fund ("POVSF") and the Police Superior Officers' Variable Supplements Fund ("PSOVSF") are recognized through the use of the Liability Valuation Method.

Under this methodology the Present Value of the potential excess earnings transfers from the Plan to the POVSF and PSOVSF are included directly as an actuarial liability of the Plan. This amount is computed as the excess, if any, of the Actuarial Present Value of Benefits of the POVSF and PSOVSF offset by the Actuarial Value of Assets of the POVSF and PSOVSF, respectively.

(10) Based upon a review of the latest actuarial study, the Actuary proposed changes to certain actuarial assumptions and methods to be used by the Plan for Fiscal Years beginning on and after July 1, 1999 (i.e., Fiscal Years beginning 2000). These proposed changes in actuarial assumptions and methods are generally based upon recommendations made by the Actuary in a Report dated December 27, 1999. The Actuary's Report took into account an actuarial experience study and recommendations made by the independent actuarial auditor, Watson Wyatt and Company, in a report entitled Report on the Experience Study of the New York City Retirement Systems for the Four Years ended June 30, 1997 dated October 1999. Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions and methods that required Board approval and the New York State Legislature and Governor enacted Chapter 85/00 to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

(11) Distinct male and female probabilities for mortality are used effective June 30, 1995.

(12) A dual overtime assumption (i.e., a baseline overtime assumption for most years and a separate overtime assumption for the years included in the calculation of Final Average Salary) was introduced as of June 30, 1995. Baseline overtime of 6% is assumed together with overtime assumptions used in Final Average Salary of:

- 12% for all Service Retirements
- 2% for all Accidental Disability Retirements
- 2% for Tier I Ordinary Disability Retirements
- 2% for Tier II Ordinary Disability Retirements with respect to the first 20 Years of Service and 4% thereafter
- 6% for all other benefits.

(13) The salary data as of June 30, 2001 presented herein was adjusted to reflect overtime earnings by an assumed baseline overtime rate of 6%.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT AS OF JUNE 30, 2001
(Continued)

Table 1

Deaths among Service and Disability Pensioners

Percentage of Pensioners Dying within Next Year

Age	Service Pensioners		Disability Pensioners	
	Males	Females	Males	Females
40	.1151%	.0677%	.1477%	.0817%
50	.2781	.2205	.4574	.2788
60	1.0416	.7143	1.2209	.8895
70	2.2892	1.7416	2.7024	2.1653
80	5.1995	4.6138	6.0431	5.6527
90	13.7899	12.2729	16.4676	15.1220
100	30.1977	28.6331	36.7152	34.8130
110	100.0000	100.0000	100.0000	100.0000

Table 2

Retirements and Deaths after Eligibility for Service Benefits

**Percentage of Eligible Active Members Retiring
Or Dying within Next Year**

Age	Service Retirement Years Of Service Since Eligibility			Accident Disability Retirement	Ordinary Disability Retirement	Ordinary Death		Accidental Death
	0-1	1-2	2+			Males	Females	
40	40.00%	20.00%	12.00%	1.60%	.30%	.1151%	.0645%	.02%
45	40.00	20.00	12.00	1.80	.40	.2030	.0980	.02
50	40.00	20.00	12.00	2.00	.50	.3635	.1598	.02
55	40.00	20.00	12.00	2.50	1.00	.5702	.2465	.01
60	40.00	20.00	12.00	4.00	6.00	.8517	.4114	.00
63	100.00	100.00	100.00	N/A	N/A	N/A	N/A	N/A

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT AS OF JUNE 30, 2001
(Continued)

Table 3

Withdrawals from Active Service before Eligibility for Service Benefits

Percentage of Active Members Separating within Next Year

Age	Withdrawal	Accidental Disability	Ordinary Disability	Ordinary Death Males	Ordinary Death Females	Accidental Death
20	3.00%	.20%	.01%	.0351%	.0183%	.02%
25	2.50	.35	.05	.0432	.0245	.02
30	1.50	.70	.10	.0565	.0332	.02
35	0.75	1.40	.20	.0800	.0462	.02
40	0.50	1.60	.30	.1151	.0645	.02
45	0.50	1.80	.40	.2030	.0980	.02
50	0.50	2.00	.50	.3635	.1598	.02
55	0.50	2.50	1.00	.5702	.2465	.01
60	0.50	4.00	6.00	.8517	.4114	.00

Table 4

Salary Scale

Years Of Service	Assumed Annual Percentage Increases Within Next Year*
0	9.50%
5	4.00
10	4.30
15	4.50
20	4.00
25	4.00
30	4.00
35	4.00
40	4.00

* Salary Scale includes an assumed General Wage Increase rate of 3.0% per annum.

NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number	Annual Payroll*	Annual Average Pay	Percentage (Decrease) in Average Pay
6/30/96	36,778	$1,919,993,340	$52,205	2.4%
6/30/97	38,217	2,036,450,133	53,286	2.1
6/30/98	38,133	2,091,062,671	54,836	2.9
6/30/99	39,107	2,331,956,949	59,630	8.7
6/30/00	40,451	2,465,690,705	60,955	2.2
6/30/01	38,827	2,500,130,264	64,392	5.6

* Annual Payroll was increased by a percentage to reflect overtime earnings, and, where applicable adjusted to be consistent with collective bargaining agreements estimated to be achieved.

The percentage for overtime changed from 4% to 6% beginning June 30, 1995.

NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

	Added to Rolls		Removed from Rolls		Rolls end of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase In Annual Allowances	Average Annual Allowances
6/30/96*	4,875	$ 64,254,160	895	$10,156,142	35,435	$ 735,445,458	7.9%	$20,755
6/30/97	853	66,419,315	1,008	12,070,279	35,280	789,794,494	7.4	22,386
6/30/98	736	38,976,977	969	13,305,136	35,047	810,425,042	2.6	23,124
6/30/99	682	60,850,228	990	14,695,539	34,739	856,579,731	5.7	24,658
6/30/00	832	41,398,525	935	15,698,156	34,636	882,280,100	3.0	25,473
6/30/01	1,582	169,140,021	973	16,481,363	35,245	1,034,938,758	17.3	29,364

* Beginning June 30, 1996 figures reflect the inclusion of the former Police Department, Subchapter One Pension Fund members that were merged into the Plan. As of June 30, 1996 there were 3,455 such members.

NEW YORK CITY POLICE PENSION FUND

SCHEDULE OF ACTUAL VS. REQUIRED CONTRIBUTIONS

(Dollar amounts in thousands)

Fiscal Year Ended	Actual Employer Contribution*	Required Employer Contribution	Employer Rate of Contribution**
6/30/97	$539,844 (1)	$539,844	28.117%
6/30/98	544,199 (2)	544,199	26.723
6/30/99	502,060	502,060	24.010
6/30/00	250,021 (3)	250,021	10.722
6/30/01	413,156 (4)	543,758	16.756
6/30/02	534,476 (5)	636,481	21.378

* Represents total employer contributions accrued for fiscal year.

** The employer rates of contribution represent a percentage of the salaries of members who were on payroll as of the preceding June 30th increased to reflect overtime earnings and, where applicable, adjusted to be consistent with collective bargaining agreements estimated to be achieved.

(1) Represents total employer contributions made during Fiscal Year 1997 net of $42,316 thousand deferred to Fiscal Year 1998 and adjustments for delayed payments.

(2) Represents total employer contributions made during Fiscal Year 1998 plus $42,316 thousand deferred from Fiscal Year 1997 and adjustments for delayed payments.

(3) Represents total employer contributions made during Fiscal Year 2000 net of $189,225 thousand deferred to Fiscal Year 2001 and adjustments for delayed payments.

(4) Represents the total statutory contributions of $413,156 thousand for Fiscal Year 2001 computed in accordance with Chapter 125/00 which provides for a five year phase-in of the liabilities attributable to Chapter 125/00.

(5) Represents the total statutory contributions of $534,476 thousand for Fiscal Year 2002 computed in accordance with Chapter 125/00 which provides for a five year phase-in of the liabilities attributable to Chapter 125/00.

NEW YORK CITY POLICE PENSION FUND

COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES
COVERED BY ACTUARIAL VALUE OF ASSETS

SOLVENCY TEST
(Dollar amounts in thousands)

	Aggregate Accrued Liabilities for						
As of June 30	**Accumulated Employee Contributions (A)**	**Current Retirants and Beneficiaries (B)**	**Active Members' Employer Financed Portion (C)**	**Actuarial Value of Assets (D)**	**Percentage of Actuarial Values Covered by Actuarial Value of Assets (A)**	**(B)**	**(C)**
1996	$ 687,266	$ 6,845,419	$3,875,443	$10,342,907	100%	100%	73%
1997	766,395	7,021,580	4,145,516	11,237,636	100	100	83
1998	850,917	7,333,829	4,453,381	12,397,792	100	100	95
1999*	947,614	8,121,653	5,421,075	16,877,765	100	100	100
2000	1,051,312	9,733,708	6,290,250	17,601,913	100	100	100
2001	1,163,665	10,245,495	6,688,974	18,141,670	100	100	100

* As of June 30 1999, economic and non-economic assumptions were revised due to experience review and the Actuarial Values of Assets were reset to Market Value.

Also, see following "SOLVENCY TEST - NOTES".

NEW YORK CITY POLICE PENSION FUND

COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

SOLVENCY TEST - NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Valuation Assets of the retirement system with the Aggregate Accrued Liabilities for:

(A) Accumulated Member Contributions;
(B) Current Retirants and Beneficiaries; and
(C) Active Members' Employer-Financed Portion.

The Aggregate Accrued Liabilities are the actuarial present value of credited projected benefits produced by the credited projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with previously issued Governmental Accounting Standards Board Statement No. 25.

This comparative summary allocates assets as if they were priority groups, somewhat similar to (but not identical with) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974.

The values in the table are dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. The economic assumptions used in the actuarial calculations are as follows:

Valuation Date June 30	Assumed Annual Rate of Return On Investments	Merit and Promotion Increases Plus an Assumed General Wage Increase Per Year of
1996	8.75%	4.0%
1997	8.75	4.0
1998	8.75	4.0
1999	8.00	3.0
2000	8.00	3.0
2001	8.00	3.0

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2001

DEFINITIONS

Accumulated Deductions - The total contributions made by a member to his annuity savings account, with regular and special interest thereon.

Reserve for Increased Take Home Pay ("ITHP") - A reserve consisting of 2.5% or 5.0% of the member's salary, pursuant to the provisions of Section 13-226 of the Code, accumulated with regular and additional interest.

Chapter 373 of the Laws of 2000 increased the ITHP contribution rate to 5.0% from 2.5% for certain members. Implementation of the ITHP rate increase is dependent upon the completion of certain bargaining agreements.

Minimum Accumulation - The amount of normal contributions accumulated with interest to the earliest date for service retirement less the amount of the reserve for ITHP on such date.

Final Salary - For a member who joined prior to July 1, 1973, Final Salary equals the annual rate of salary earnable on the date of retirement. For a member who joined after June 30, 1973, Final Salary equals the salary earned during the one-year period prior to retirement. However, if the salary earned during the one-year period prior to retirement exceeds the previous one-year period prior to retirement by more than twenty percent, the amount in excess of twenty percent is excluded from the computation. (Implementation of the revised definition of Final Salary used in the computation of certain benefits for members who joined after June 30, 1973 is dependent upon the completion of certain bargaining agreements.)

Variable Supplements Funds - The New York City Police Department maintains the Police Officers' Variable Supplements Funds ("POVSF") and the Police Superior Officers' Variable Supplements Funds ("PSOVSF"). These funds operate pursuant to the provisions of Title 13, Chapter 2 of the Administrative Code of the City of New York.

NEW YORK CITY POLICE PENSION FUND

BENEFITS

Briefly stated, the benefit provisions and the contribution provisions, of which account was taken in the valuation, are as follows:

I. SERVICE RETIREMENT

The service retirement allowance consists of two parts, a pension payable from City contributions and an annuity from member's contributions.

According to his election when he joined the Pension Fund, a member may retire from service after having completed 20 years of police service, or after having completed 25 years of police service, or at the attainment of age 55 regardless of years of service.

Upon retirement after having become eligible for service retirement the member receives an allowance which is the sum of (a) 50% of final salary, reduced by an annuity which is the actuarial equivalent of the minimum accumulation, (b) an annuity which is the actuarial equivalent of the accumulated deduction and (c) for all years of service other than the minimum required service:

(i) for a member who joined prior to July 1, 1973, 1/60 of average salary for the period of service after the completion of his minimum required service for each year of such service; for a member who joined after June 30, 1973, 1/60 of average salary for the period of service after the completion of his minimum required service but for not more than the last ten years of such service, and

(ii) a pension for ITHP which is the actuarial equivalent of the reserve for ITHP less the reserve for ITHP at the minimum service date with interest to the date of retirement.

II. ORDINARY DISABILITY RETIREMENT

An ordinary disability retirement allowance is paid upon the disablement of a member from causes other than accident in the actual performance of duty.

For a member who elected the 20 year plan, the ordinary disability retirement allowance is equal to 1/40 (1/50 for members who elected the 25 year plan; 1/60 for members who elected to retire at the attainment of age 55) of final salary multiplied by the number of years of service, but not less than 1/2 of his final salary if he completed 10 or more years of City service, or 1/3 of his final salary if less than 10 years of City service.

III. ACCIDENT DISABILITY RETIREMENT

Upon the occurrence of disability caused by an accident in the actual performance of duty, a member is granted a retirement allowance. The allowance consists of a pension equal to three-fourths of his final salary and, if he is eligible for service retirement, an additional increment of 1/60 of average salary from date of eligibility for service retirement to date of retirement for each year of service after the completion of the required minimum for a member who joined before July 1, 1973, and for each of the years of service not exceeding 10 years after the completion of the required minimum for a member who joined after June 30, 1973. An additional pension is paid which is the actuarial equivalent of the reserve for ITHP, as well as an annuity which is the amount which can be purchased with the member's accumulated deductions.

IV. ORDINARY DEATH BENEFIT

Upon the death of a member in active service from causes other than accident in the actual performance of duty, a benefit is paid to his estate or to such person as he shall have nominated.

With respect to a member who joined before July 1, 1973, the benefit is equal to the compensation earnable by the member in the six months immediately preceding his death and, if the total number of years of allowable service exceeds ten, then the benefit is equal to the compensation earnable by him during the twelve months immediately preceding death. In addition, the member's accumulated deductions, the reserve for ITHP, and the City's obligation on account of military service, if any, are paid to his estate or to his designated beneficiary.

A member who joins after June 30, 1973 is covered for a death benefit upon completion of 90 days of service. The amount of the death benefit is equal to three times member's salary raised to the next higher multiple of $1,000. In addition, the member's accumulated deductions are payable.

The benefit payable on account of a member who at the time of his death, would have been eligible for service retirement is either the benefit described above or an amount equal to the reserve on the retirement allowance which would have been payable if he had retired on the day before his death, whichever is larger.

The Rules and Regulations adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970 provide that the first $50,000 of each benefit on account of death in active service is payable from the group term life insurance plan. Only the amount in excess of $50,000, if any, is payable by the Pension Fund.

V. ACCIDENTAL DEATH BENEFIT

The benefit is payable upon the death of a member which occurs as the result of an accident sustained in the performance of duty.

The accidental death benefit is a lump sum payment of the reserve for ITHP and a pension equal to one-half of the average salary in the five years immediately preceding death but not less than one-half the full salary of a first grade patrolman, payable to the widow for life, or if there is no widow, to a child, or children until the attainment of age 18 or age 23 if a full-time student, or if there is no widow or child, to the dependent parents. In addition, the member's accumulated deductions and ITHP reserve are paid to member's estate or designated beneficiary.

VI. TERMINATION OF EMPLOYMENT

A member who either resigns or is dismissed receives a benefit equal to his accumulated deductions. At resignation with at least 5 years of service, the member may elect, in lieu of a return of his accumulated deductions, to receive a service retirement allowance reduced in proportion to his years of service. The allowance is deferred to the earliest date on which the member would have been eligible for service retirement had the member not resigned. Should a member with less than 10 years of service who elected to receive a vested retirement allowance die during the period of deferment, the benefit is the accumulated deductions. A member who at resignation with at least 10 years of service who elected to receive a deferred retirement allowance and dies before the attainment of his service retirement date, the benefit is one-half of the ordinary death benefit.

VII. DEPENDENT BENEFIT

Upon the death of such a member during active service or after retirement, a pension of $600 per annum is payable to the widow until remarriage, to a child, or to the dependent parents provided that upon becoming a member, he had elected to make the additional contributions required for this benefit.

VIII. AUTOMATIC COST-OF-LIVING ADJUSTMENTS ("COLA")

COLA benefits are payable to members who either are at least age 62 and have been retired for at least 5 years or who are at least age 55 and have been retired for at least 10 years. Additionally, COLA benefits are payable to members who retired for disability after being retired for 5 or more years and beneficiaries receiving accidental death benefits who have been receiving them for at least 5 years.

Starting with benefits for September 2001, COLA benefit is 50% of the increase in the CPI-U based on the year ending March 31, rounding to the next higher .1%, not less than 1% nor greater than 3% of the first $18,000 of maximum pension.

The COLA benefit is payable during the life of the retired member. One half of the amount is also payable after the member's death and during the life of the spouse beneficiary if such retired member had elected one of the options under the Administrative Code which provides that benefits are to be continued for the life of such spouse after the death of the retired member, and where the death of such retired member occurred or occurs more than thirty days after the effective date of the retirement of such member.

IX. OPTIONS ON RETIREMENT

A member upon retirement may elect to receive his basic retirement allowance payable in monthly installments throughout life with all payments ending at death, or may elect to receive the actuarial equivalent in any one of the following optional forms:

(a) With respect to members who joined prior to July 1, 1973, a cash refund allowance under which reduced payments will be made for the life of the member with a provision that, in case of death before such payments have equaled the present value of the retirement allowance at date of retirement, the balance shall be paid to the designated beneficiary or estate in a lump sum. With respect to members who joined after June 30, 1973, this option is only available with respect to the annuity benefit derived from the member's accumulated deductions.

(b) With respect to members who join or joined after June 30, 1973, a five-year or ten-year certain and life thereafter allowance under which reduced payments will be made for the life of the member with a provision that, in case of death within the guarantee period, the benefit that would have been payable had the member survived shall continue to the designated beneficiary or estate for the balance of the guarantee period.

(c) A joint and survivor allowance under which reduced payments will be made for the life of the member with a provision that at the death of the member the same payments or one-half of such payments shall be continued for the life of such other person as the member shall have designated.

(d) Such other form of benefit which is the actuarial equivalent of the basic benefit as may be certified by the actuary and approved by the Board of Trustees. By resolution, the Board of Trustees has approved an option under which reduced payments will be made for the life of the member with a provision that upon his death, a sum specified by the member at the time of retirement shall be paid to his designated beneficiary or estate.

CONTRIBUTIONS

The benefits of the Fund are financed by employee and employer contributions and from the earnings on the invested funds.

I. MEMBER CONTRIBUTIONS

Member contributions are made on the basis of a normal rate of contribution that is assigned by the Plan at the time of membership. The normal rate, which is dependent upon the member's age at membership and plan, as well as the tables in effect for such purpose, is determined so as to provide an annuity of approximately one-quarter of the service retirement allowance at the earliest date for service retirement. Members may voluntarily increase their rates of contribution by 50% for the purpose of purchasing an additional annuity.

Contributions from members are recorded when the employer makes payroll deductions from Plan members. Members are permitted to borrow up to 75% of their own contributions including accumulated interest. These loans are accounted for as reductions in such member's contribution accounts.

II. EMPLOYER CONTRIBUTIONS

The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the annual required contributions.

Actual employer contributions are accrued by the Plan and are funded by the employer on a current basis. The actual statutory contribution amounted to $534,475,649 for the Fiscal Year ended June 30, 2002 and was computed in accordance with Chapter 125/00 which provides for a five year phase-in of the liabilities attributable to Chapter 125/00.

The annual required contribution amounted to $636,480,964 for the Fiscal Year ended June 30, 2002.

New York City Police Pension Fund

Comprehensive Annual Financial Report

A Pension Trust Fund of the City of New York

Statistical Section
Part V

Fiscal Year End
June 30, 2002

New York, New York

NEW YORK CITY POLICE DEPARTMENT, SUBCHAPTER TWO PENSION FUND

SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENT AMOUNTS

	Service Retirement Benefits		Ordinary (Non-Duty) Disability Benefits		Accidental (Duty) Disability Benefits	
Date	Number	Average Annual Allowance	Number	Average Annual Allowance	Number	Average Annual Allowance
6/30/96*	19,011	$19,148	4,200	$21,696	8,969	$29,559
6/30/97	18,929	20,832	4,178	22,833	9,175	31,050
6/30/98	18,793	21,446	4,141	23,110	9,322	31,835
6/30/99	18,622	22,971	4,109	24,159	9,403	33,365
6/30/00	18,689	23,821	4,056	24,249	9,478	34,069
6/30/01	19,423	27,489	4,021	28,155	9,611	38,308

* Prior to June 30, 1996, Number and Average Annual Allowance exclude former members of the Police Department, Subchapter One Pension Fund. Beginning June 30, 1996, Number and Average Annual Allowance include former members of the Police Department, Subchapter One Pension Fund.

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF BENEFIT EXPENSESS BY TYPE

(In Thousands)

BENEFIT PAYMENTS

Fiscal Year	Service & Disability Retirement	Ordinary Death in Service	Payments for Death After Retirement	Line of Duty Deaths	Total
06/30/93	$ 608,515	$ 2,962	$ 4,008	$ 2,818	$ 618,303
06/30/94	645,751	3,774	2,905	3,116	655,546
06/30/95	675,120	6,203	2,070	4,828	688,221
06/30/96	729,956	9,503	3,528	459	743,446
06/30/97	777,973	8,313	992	3,650	790,928
06/30/98	827,670	5,901	1,319	3,913	838,803
06/30/99	871,621	2,491	7,867	8,609	890,588
06/30/00	883,069	3,537	4,137	5,586	896,329
06/30/01	1,017,966	1,831	7,001	4,365	1,031,163
06/30/02	$ 1,101,569	$ 5,143	$ 1,574	$ 8,449	$ 1,116,735

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2002

SERVICE RETIREMENT

	MEN		WOMEN	
AGE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE
UNDER 30	0	$ -	-	$ -
30 to 34	0	0	0	0
35 to 39	0	0	0	0
40 to 44	318	29,048	72	27,307
45 to 49	749	30,972	92	29,114
50 to 54	2,325	33,360	66	31,260
55 to 59	3,859	31,560	75	31,754
60 to 64	3,395	28,464	58	30,302
65 to 69	2,280	25,374	42	30,585
70 to 74	2,194	23,662	28	18,972
75 to 79	1,914	21,725	33	19,930
80 to 84	1,310	20,726	16	19,453
85 to 89	397	21,893	7	21,825
90 & up	191	$ 23,389	2	$ 23,061

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2002

ORDINARY DISABILITY (NON-DUTY) RETIREMENT

	MEN		WOMEN	
AGE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE
UNDER 30	2	$ 13,945	0	$ -
30 to 34	30	16,484	16	16,905
35 to 39	97	20,219	58	19,239
40 to 44	130	21,012	59	21,091
45 to 49	93	20,662	35	21,669
50 to 54	297	17,817	18	19,743
55 to 59	571	18,478	20	17,589
60 to 64	496	24,513	6	16,404
65 to 69	407	34,546	20	19,558
70 to 74	697	37,383	4	37,748
75 to 79	566	34,911	15	27,203
80 to 84	299	34,130	9	26,014
85 to 89	64	35,938	1	51,090
90 & up	11	$ 23,914	0	$ -

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2002

ACCIDENT DISABILITY RETIREMENT

	MEN		WOMEN	
AGE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE
UNDER 30	6	$ 32,514	1	$ 29,546
30 to 34	149	35,881	31	34,677
35 to 39	637	40,083	116	38,363
40 to 44	888	40,965	140	38,901
45 to 49	567	40,716	67	38,776
50 to 54	1,297	37,545	41	32,514
55 to 59	2,027	36,945	47	36,418
60 to 64	1,333	38,070	14	37,745
65 to 69	744	40,504	6	34,533
70 to 74	705	39,714	8	36,444
75 to 79	484	36,186	3	34,076
80 to 84	231	33,065	1	28,697
85 to 89	53	33,090	2	34,794
90 & up	13	$ 30,582	0	$ -

NEW YORK CITY

POLICE PENSION FUND

SERVICE OR DISABILITY
SURVIVORS (OF DECEASED PENSIONERS UNDER SELECTED OPTIONS)

June 30, 2002

	MEN		WOMEN	
AGE	NUMBER OF BENEFICIARIES	AVERAGE ANNUAL ALLOWANCE	NUMBER OF BENEFICIARIES	AVERAGE ANNUAL ALLOWANCE
UNDER 30	2	$ 17,473	6	$ 18,561
30 to 34	0	0	5	16,586
35 to 39	0	0	11	25,261
40 to 44	0	0	9	19,693
45 to 49	1	21,299	16	25,542
50 to 54	0	0	12	23,900
55 to 59	2	19,321	24	20,301
60 to 64	0	0	26	18,232
65 to 69	0	0	43	14,108
70 to 74	0	0	101	15,257
75 to 79	0	0	162	10,104
80 to 84	0	0	254	6,291
85 to 89	0	0	502	4,264
90 & up	17	$ 33,580	697	$ 3,792

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2002

BENEFICIARIES OF PENSIONERS KILLED IN ACTUAL PERFORMANCE OF DUTY

	MEN		WOMEN	
AGE	NUMBER OF BENEFICIARIES	AVERAGE ANNUAL ALLOWANCE	NUMBER OF BENEFICIARIES	AVERAGE ANNUAL ALLOWANCE
UNDER 30	0	$ -	9	$ 27,486
30 to 34	0	0	4	26,885
35 to 39	0	0	7	27,591
40 to 44	0	0	17	27,006
45 to 49	0	0	16	25,938
50 to 54	0	0	42	21,386
55 to 59	0	0	58	21,881
60 to 64	1	25,202	32	19,221
65 to 69	2	23,356	31	18,908
70 to 74	1	26,774	41	18,504
75 to 79	1	25,593	18	18,869
80 to 84	0	0	14	19,778
85 to 89	0	0	4	27,655
90 & up	0	$ -	2	$ 50,698

NEW YORK CITY

POLICE PENSION FUND

EXPENSE BY TYPE

(In Thousands)

Fiscal Year Ended June 30, 2002	Benefit Payments (1)	Refund	Total	Employer Contributions as a Percentage of Annual Ccovered Payroll
1995	$ 688,223	$ 321	$ 688,544	22.5
1996	743,118	328	743,446	30.1
1997	790,230	698	790,928	27.6
1998	837,802	1001	838,803	26.1
1999	889,961	627	890,588	23.3
2000	895,853	476	896,329 *	10.7
2001	1,030,239	924	1,031,163	16.8
2002	$ 1,116,411	$ 324	$ 1,116,735	21.4

* Number does not include Balance Liability write-off of $454,023

NEW YORK CITY

POLICE PENSION FUND

REVENUE BY SOURCE

(In Thousands)

Fiscal Year Ended 6/30	Member Contributions	Employer Contributions	Net Investment Income	Other	Total	Employer Contributions as A Percentage of Annuel Covered Payroll
1995	$ 57,697	$ 414,928	$ 1,440,440	-	$ 1,913,065	22.5
1996	43,791	554,961	1,394,090	-	1,992,842	30.1
1997	31,954	529,777	2,691,569	-	3,253,300	27.6
1998	36,945	531,657	2,623,086	-	3,191,688	26.1
1999	43,091	486,780	1,868,386	-	2,398,257	23.3
2000	40,761	250,021	1,537,845	3,355	1,831,982	10.7
2001	37,862	413,156	(1,473,957)	5,983	(1,016,956)	16.8
2002	$ 127,044	$ 534,476	$ (1,233,996)	$ 5,105	$ (567,371)	21.4