

NEW YORK CITY POLICE PENSION FUND

SUBCHAPTER TWO

A PENSION TRUST FUND OF THE CITY OF NEW YORK



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

June 30, 2003

NEW YORK, NEW YORK

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June 30, 2003

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**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, 2003**

**Prepared By : Accounting Unit under the direction of:
MICHAEL WELSOME - Executive Director
New York City Police Pension Fund**

Actuary

ROBERT C. NORTH JR. Chief Actuary

Custodian of the Fund

WILLIAM C. THOMPSON Jr.- Comptroller of the City of New York

Headquarters Address

**New York City Police Pension Fund
233 Broadway, 25th Floor
New York, N.Y. 10279**

Board of Trustees

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Hon. RAYMOND W. KELLY, Police Commissioner, Chairman
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P.O. SCOTT WILLIAMSON, Board of Trustees, Patrolmen's Benevolent Association**

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Det. THOMAS SCOTTO, President of the Detectives' Endowment Association**

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NEW YORK CITY POLICE PENSION FUND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

A PENSION TRUST FUND OF THE CITY OF NEW YORK



INTRODUCTION SECTION

PART I

FISCAL YEAR ENDED

June 30, 2003

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, 2002

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.



President

Executive Director



New York City Police Pension Fund

233 Broadway
New York, New York 10279
(212) 693 – 5100

Executive Director – Michael D. Welsome

December 15, 2003

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

I am pleased to present the Comprehensive Annual Financial Report, (CAFR) of the 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, 2003. 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. This report has been prepared in accordance with the principles of Governmental Accounting and Reporting promulgated by the Governmental Accounting Standards Board.

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

- a) 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.
- b) A Financial Section, which contains the opinion of the Independent Certified Public Accountants as well as the Financial Statements of the fund. Management Discussion and Analysis narrative in this section provides an overview of the plan's financial activities for the fiscal year ended June 30, 2003.
- c) An Investments Section, which includes reports on investments activities and policies.
- d) An Actuarial Section which contains the systems Actuarial Data and the systems Actuarial Certification Letter.
- e) Lastly the section which contains statistical tables of significant data pertaining to the New York City Police Pension Fund.

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

is organized primarily to provide retirement and disability benefits for all uniform 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 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

September 2003 reflects signs of strong recovery from the 2001 recession. Business investment grew by 11% and the real Gross Domestic Product (GDP) has grown at an average annual rate of 2.7%. Consumer and government spending were the prime factors responsible for the GDP growth. Consumer spending grew at an average rate of 2.9% and government spending grew at a 4.4% rate. Mortgage refinancing and the personal income tax reduction increased consumer spending. Higher National defense and homeland security costs resulted in increased government spending. The unemployment rate increased to 6% in September 2003 from 5.7% at the beginning of the year. The concern over the increasing unemployment rate could result in higher energy costs and slower consuming spending which would reflect lower profits for business and the deficits could make it expensive for private borrowers to raise money.

The City's recession continued to decline for the third quarter although the national economy started to recover. The fiscal problems of State and City government, the scandals on Wall Street, the weak labor market, high commercial vacancy rates, slow business, have all been factors for the decline in the City's economy. New York City never received the full amount of economy aid pledged by the Federal Government in the aftermath of September 11.

The amount and the programs associated with this aid is constantly being reduced and delayed. Our City needs this aid as fast as possible in order to stimulate the economy. October 2003 was a robust month for the stock market. Analysts pointed to strong corporate profits and sizzling economic growth during the period ending 10/31/03 to explain the markets ability to buck the trend of a historically poor month.

The turning economy has perked up consumer confidence, a leading indicator of future growth. Investors had bid up shares 23% during this month. These signals reflect signs that our economy is heading in the right direction towards growth and prosperity.

Major Initiatives for the Year

The Plan assets are invested for the benefit of the system's participants and beneficiaries. During fiscal year 2003 the Fund conducted a review of its asset allocation, with the assistance of its financial consultants and coordinated by the City Comptroller. As a result of this review, the Plan has decided to increase the level of investment in longer term, less liquid securities such as real estate and private equity. The system also decided to invest a part of the fixed-income securities in inflation-linked treasury securities. These new policies are designed to increase the diversification of the assets by reducing the Fund's emphasis of assets in U.S. equity securities. This increase in asset diversification is expected to reduce the annual volatility of the fund returns with no diminution of expected returns. As a result of the volatility of the financial world, the Comptroller has implemented a computerized compliance monitoring system covering the publicly traded debt and equity of the plan. This system compares each position held by the system with applicable investment guidelines and identifies positions held outside of guidelines for review and investigation. The Board of Trustees through the City Comptroller developed programs aimed at restoring investor confidence in the stock markets as well as increasing shareholder activism. During 2003, the Plan continued with its economically targeted investments. This program provides affordable housing to New Yorkers. This has been profitable for the pension system and has improved living conditions for New Yorkers.

To improve service to our active and retired members the Police Pension Fund was created using corpus funding. Together with the establishment of the new headquarters, Police Pension Fund is in the process of upgrading its computer infrastructure and capabilities. Over the past two years we will have implemented the following service enhancements:

- Agency Web site (www.nyc.gov/nycppf) containing important information members need about their pension. This includes an online newsletter and access to various forms needed to make changes to his or her pension
- Office Automation. The staff at the Police Pension Fund is now empowered with desktop computers to improve the efficiency in which they process their daily workload. This includes information services such as agency email, internet email, web access, and office tools (Word and Excel.).
- Document Image Management. Police Pension Fund maintains over 70,000 member folders or approximately 10 million pieces of paper. The Fund is implementing a document image management system to convert all of this paper into electronic images available to authorized Fund staff at their desktops. At this time we have imaged over 18,000 folders and expect to complete this project by the summer of 2004.
- Comprehensive Officer Pension System (COPS). The Fund is in the process of developing a Comprehensive Officer Pension System that will improve services to our members and provide a central location of data estimated completion of COPS – June 2005.
- Web COPS is a secure self service kiosk that will allow our members to access their pension data and provide other services.

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. The fund administered by the City Comptroller who is also the treasurer and custodian of the Fund. 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 System's 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, Chief Custodian and investment manager of the assets of the Fund. It is the aim of our investment advisors to provide safe and high rates of return for all our investments. 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. The Fund continued to diversify assets among different types of securities. The Police Pension Fund continues to spend less for investment and management fees than most other retirement systems. 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.

The following table reflects increases and decreases in revenues and expenses for selected items intended for fiscal years 2003 and 2002 respectively. Amounts are in thousands.

<u>In Thousands-Dollars</u>			
Description	Amount 2003	Amount 2002	Net Increase Decrease
Member Contributions	\$110,839	\$127,044	(12.8%)
Employer Contributions	625,379	534,476	17%
Interest Income	270,804	336,332	(19.5%)
Dividend Income	125,364	117,928	6.3%
Net Appreciation (Deprecation in Fair Value of Investments)	(20,349)	(1,675,050)	99%
Investment Expenses	19,823	21,945	(9.7%)
Net Investment Income (Loss)	345,690	(1,233,996)	128%
Benefit Payments & Withdrawals	1,307,757	1,116,735	17.1%

As a result net assets available for pension benefits decreased from \$14,504,868 in Fiscal year 2002 to \$14,271,631 in fiscal year 2003, reflecting a reduction of 2%.

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 following 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.

Financial Overview and Fund Structure

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

1. The Annuity Saving Fund comprised of contributions received from active members usually through payroll deductions.
2. The Contingent Reserve Fund comprised of employer contributions.
3. The Annuity Reserve Fund comprised of member contributions transferred at retirement to provide the annuity portion retirement allowance.
4. The Pension Reserve Fund comprised of employer contributions transferred at retirement to provide the pension portion at retirement.
5. The Group Life Insurance Fund comprised of 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

The following are consultants for the various types of investments.

FIXED INCOME ADVISORS

U.S Equity

- 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)
- Northern Trust - FKA Bankers TR.(R-30)
- Transition A/C Bankers Trust
- Chicago Equity PTNRS (MC-CORE)
- Ariel Cap MGT (MC-V)
- Forstmann-Leff Assoc (MC-G)
- Invesco (MC-V)
- J & W Seligman (SMID-G)
- Lord Abbett (MC-V)
- Mackay (SMID-G)
- Aronson + PTNRS (LG CAP Value)
- Iridian Asset MGT (LG CAP Value)
- Lord Abbett (LG CAP Value)
- Fail Float Earnings Account

International Equities

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

U. S. Fixed Income

Government

- Fischer, Francis
- Lincoln Capital
- Pimco
- Blackrock

Mortgage

- Blackrock
- Lincoln Capital
- Pimco
- AFL-CIO-Targeted
- Targeted

Corporate

- Blackrock
- T. Rowe Price
- Taplin

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
- Solera Partners LP
- Blackstone Capital Partners IV
- Collier Capital
- Canyon – Johnson LP
- OCM Re Opp Fund
- Freeman Spogli V, LP

Enhanced Yield Advisors

- Alliance Capital
- Credit Suisse
- Loomis Sayles
- Mackay
- Shenkman
- SEIX
- T. Rowe
- 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.

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, 2002. 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 seventeenth consecutive award, a record of which we are quite proud.

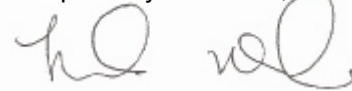
Acknowledgements

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 admiration and my gratitude.

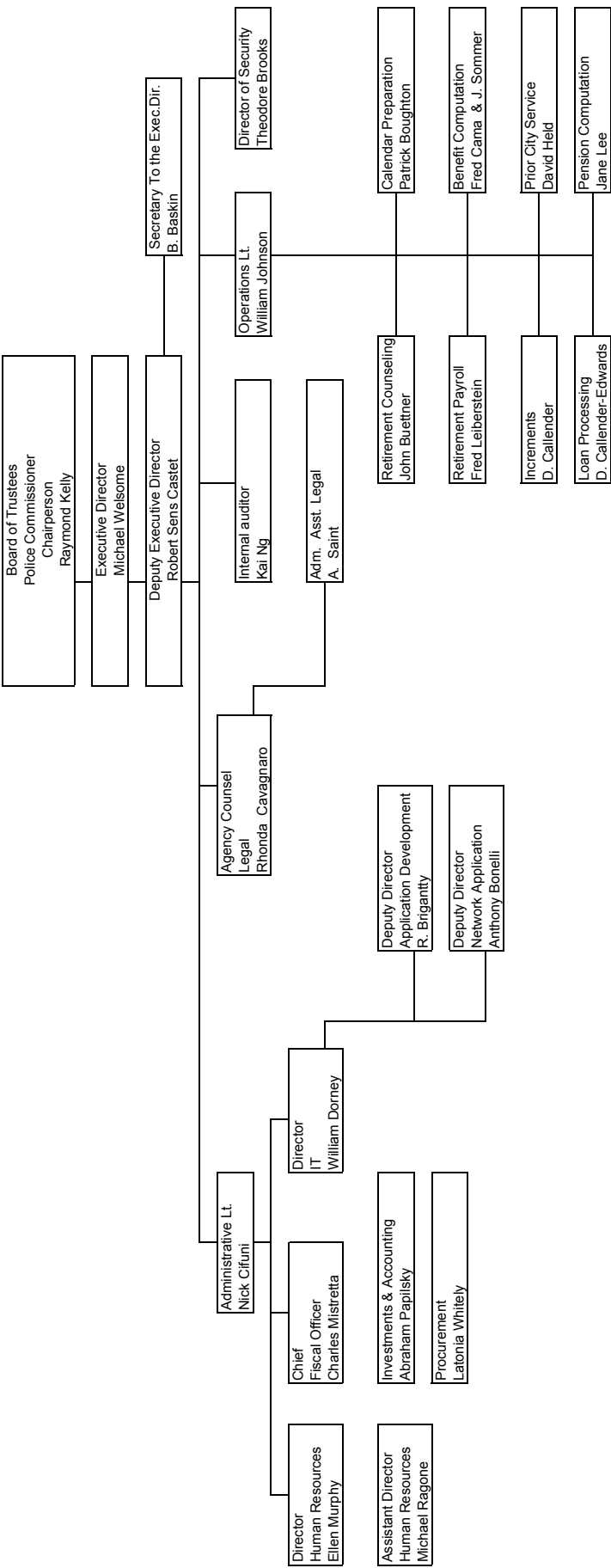
In closing, without the leadership and support of the Board of Trustees, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Michael Welsome', is written over a light gray rectangular background.

Michael Welsome
Executive Director
New York City Police
Pension Fund

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 ENDED

June 30, 2003



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of Plan net assets of New York City Police Pension Fund (the "Plan") as of June 30, 2003 and 2002, and the related statements of changes in Plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets of the Plan as of June 30, 2003 and 2002, and the changes in its net assets for the years 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 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 2003 and 2002 information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999 and 1998 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, stated that they expressed no opinion on it.

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 2003 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.

October 27, 2003

NEW YORK CITY POLICE PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2003 AND 2002

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 years ended June 30, 2003 and 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 years and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements which begins on page 6.

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 \$233.2 million, or 2% to \$14.3 billion in fiscal year 2003. The decrease in the Plan's net assets in fiscal year 2003 was primarily due to a loss of approximately \$15 million in the security lending program and the increase in the number of retirees.

Changes in Plan Net Assets
For the Years Ended June 30, 2003 and 2002
(In thousands)

	2003	2002
Additions:		
Member contributions	\$ 110,839	\$ 127,044
Employer contributions	625,379	534,476
Net investment income	366,039	441,054
Net depreciation in fair value		
of investments	(20,349)	(1,675,050)
Net payment from other retirement system	<u>4,007</u>	<u>5,105</u>
Total net additions	<u>1,085,915</u>	<u>(567,371)</u>
Deductions:		
Benefit payments and withdrawals	1,307,757	1,116,735
Administrative expenses	<u>11,395</u>	<u>7,660</u>
Total deductions	<u>1,319,152</u>	<u>1,124,395</u>
Net (decrease)	<u>(233,237)</u>	<u>(1,691,766)</u>
Plan net assets held in trust for pension benefits:		
Beginning of year	14,504,868	15,765,300
Cumulative effect of a change in accounting	<u>-</u>	<u>431,334</u>
Restated beginning of year plan net assets	<u>14,504,868</u>	<u>16,196,634</u>
Plan net assets end of year	<u><u>\$ 14,271,631</u></u>	<u><u>\$ 14,504,868</u></u>

During fiscal year 2003 member contributions were \$110.8 million, which is a decrease of 13% over the fiscal year 2002 member contribution of \$127 million. The decrease in member contributions is primarily due to members pension contributions that decreased by 2 ½% due to the increase take home pay program.

Employer contributions received in fiscal year 2003 was \$625.4 million, an increase of 17% over fiscal year 2002 employer contribution of \$534.5. Employer contributions are made on a statutory basis based on the actuarial valuations performed as of June 30, 2002 and 2001 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 \$1.1 billion to \$1.3 billion for the fiscal years ended June 30, 2002 and 2003 respectively. The increase is 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 2003, the Plan incurred \$11.4 million in administrative expenses. In fiscal year 2002 the Plan incurred \$7.7 million in administrative expenses.

STATEMENT OF PLAN NET ASSETS

The Plan experienced a 2% and 8% decline in net assets held in trust for pension benefits in fiscal years 2003 and 2002, respectively, primarily due to the decline in the fair value of investments for fiscal year 2002 and a \$15 million loss in the security lending program for fiscal year 2003, as well as an increase in retirements.

Member's loans decreased by 1% this year due to the fact of a slight downward slack in the disbursement of these loans.

Plan Net Assets For the Years Ended June 30, 2003 and 2002 (In thousands)

	2003	2002
Cash	\$ 1,053	\$ 593
Receivables	1,153,349	1,048,413
Investments, at fair value	16,711,170	16,660,571
Other assets	<u>8,720</u>	<u>8,377</u>
Total assets	<u>17,874,292</u>	<u>17,717,954</u>
Accounts payable	1,432,970	1,286,019
Payables for securities lending transactions	<u>2,169,691</u>	<u>1,927,067</u>
Total liabilities	<u>3,602,661</u>	<u>3,213,086</u>
Plan net assets held in trust for benefits	<u>\$ 14,271,631</u>	<u>\$ 14,504,868</u>

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

Investment Summary
(In thousands)
Fair Value

	June 30 2003	June 30 2002
Type of Investment		
Short-term investments	\$ 821,155	\$ 523,015
U.S. debt securities	3,990,574	4,445,172
Yankee bonds	273,306	300,748
U.S. equity securities	6,701,073	6,590,857
Mutual fund	20,973	-
International equity	2,621,818	2,799,837
Security lending transactions	2,154,691	1,927,067
Private equity	<u>127,580</u>	<u>73,875</u>
 Total	 <u>\$ 16,711,170</u>	 <u>\$ 16,660,571</u>

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 gained .8% in fiscal year 2003. Overall in fiscal years 2003 and 2002, the Plan's investments gained 3% for this fiscal for the three year period ended June 30, 2003, the overall rate of return on investments was a negative 5%.

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 , N.Y.10279.

NEW YORK CITY POLICE PENSION FUND

STATEMENTS OF PLAN NET ASSETS

AS OF JUNE 30, 2003 AND 2002

(In Thousands)

	2003	2002
ASSETS		
Cash	\$ 1,053	\$ 593
Receivables:		
Investment securities sold	556,489	433,523
Member loans (Note 6)	544,668	551,120
Accrued interest and dividends	52,192	63,770
Total receivables	1,153,349	1,048,413
INVESTMENTS, AT FAIR VALUE (Notes 2 and 3):		
Short-term investments:		
Commercial paper	53,068	37,503
Short-term investment fund	541,391	403,227
U.S. treasury bills	47,432	48,385
U.S. government agency discount notes	179,265	33,900
Debt securities:		
U.S. government	2,200,921	2,457,912
Corporate	1,789,652	1,987,260
Yankee bonds	273,306	300,748
Equities:		
Domestic	6,701,073	6,590,857
Private equity	127,580	73,875
Mutual funds:		
International equity	2,621,818	2,799,837
Mortgage	20,973	-
Collateral from securities lending	2,154,691	1,927,067
Total investments	16,711,170	16,660,571
OTHER ASSETS	8,720	8,377
Total assets	17,874,292	17,717,954
LIABILITIES		
Accounts payable	49,731	129,389
Payable for investment securities purchased	1,345,159	1,133,864
Accrued benefits payable (Note 2)	38,080	22,766
Securities lending (Note 2)	2,169,691	1,927,067
Total liabilities	3,602,661	3,213,086
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS		
(A schedule of funding progress for the Plan is presented on Schedule 1)	\$14,271,631	\$14,504,868

See notes to financial statements.

NEW YORK CITY POLICE PENSION FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (In Thousands)

	2003	2002
ADDITIONS		
Contributions:		
Member contributions	\$ 110,839	\$ 127,044
Employer contributions	<u>625,379</u>	<u>534,476</u>
Total contributions	<u>736,218</u>	<u>661,520</u>
Investment income (loss) (Note 2):		
Interest income	270,804	336,332
Dividend income	125,364	117,928
Net depreciation in fair value of investments	<u>(20,349)</u>	<u>(1,675,050)</u>
Total investment income (loss)	375,819	(1,220,790)
Less investment expenses	<u>19,823</u>	<u>21,945</u>
Net income (loss)	<u>355,996</u>	<u>(1,242,735)</u>
Securities lending transactions:		
Securities lending income	17,443	50,512
Securities lending fees	<u>(27,749)</u>	<u>(41,773)</u>
Net securities lending income (loss)	<u>(10,306)</u>	<u>8,739</u>
Net investment income (loss)	<u>345,690</u>	<u>(1,233,996)</u>
Other-		
Net receipts from other retirement systems	<u>4,007</u>	<u>5,105</u>
Total additions	<u>1,085,915</u>	<u>(567,371)</u>
DEDUCTIONS		
Benefit payments and withdrawals (Note 1)	1,307,757	1,116,735
Administrative expenses	<u>11,395</u>	<u>7,660</u>
Total deductions	<u>1,319,152</u>	<u>1,124,395</u>
DECREASE IN PLAN NET ASSETS	<u>(233,237)</u>	<u>(1,691,766)</u>
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS:		
Beginning of year	14,504,868	15,765,300
Cumulative effect of change in accounting (Note 6)	<u>-</u>	<u>431,334</u>
Restated beginning of year plan net assets	<u>14,504,868</u>	<u>16,196,634</u>
End of year	<u>\$ 14,271,631</u>	<u>\$ 14,504,868</u>

See notes to financial statements.

NEW YORK CITY POLICE PENSION FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2003 AND 2002

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 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.

In conjunction with the establishment of an administrative staff separate from the New York City Police Department in accordance with Chapter 292 of the Laws of 2001, the New York City Police Department, Subchapter Two Pension Fund is generally being referred to herein as the New York City Police Pension Fund as set forth in Administrative Code of the City of New York Section 13-214.1.

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, 2002 and June 30, 2001, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2002	2001
Retirees and beneficiaries receiving benefits	37,263	35,245
Terminated vested members not yet receiving benefits	408	327
Active members receiving salary	<u>36,536</u>	<u>38,827</u>
Total	<u>74,207</u>	<u>74,399</u>

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") 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).

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, 2003, 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.

During fiscal year 2003, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the Plan's statement of plan net assets has been reduced by \$15 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions.

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 statement 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.

Pronouncement Issued But Not Yet Effective – In March 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. Statement No. 40 establishes and modifies Note disclosure requirements related to investment risks, which includes credit risk, interest rate risk, and foreign currency risk. The implementation of Statement No. 40 will expand Note disclosure regarding the Plan's investments and their related investment and deposit risks. Statement No. 40 will not impact the Plan's financial statements. Statement No. 40 is effective for financial statement periods beginning after June 15, 2004, which requires the Plan to implement its requirements for the Plan's fiscal year ending June 30, 2005.

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 A1 or P1 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, 2003 and 2002, 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, 2003, 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 \$2,155 million and \$1,927 million at June 30, 2003 and 2002, respectively, are listed according to their investment classification in the following table:

	2003	2002
	(In Thousands)	
Categorized (A):		
Repurchase agreements	\$ 176,090	\$ 92,779
Commercial paper	198,218	247,993
U.S. Government securities	2,200,922	2,458,425
Corporate bonds	1,817,456	2,690,785
Equity securities	6,701,073	6,590,857
Yankee bonds	273,306	300,748
U.S. Government agency	<u>229,105</u>	<u>82,874</u>
Total categorized	<u>11,596,170</u>	<u>12,464,461</u>
Noncategorized (B):		
Short-term investment fund	2,344,629	1,089,890
International investment fund	2,749,398	2,873,712
Mutual funds	20,973	228,158
Guaranteed investment contracts	<u>-</u>	<u>4,350</u>
Total Noncategorized	<u>5,115,000</u>	<u>4,196,110</u>
Total	<u>\$16,711,170</u>	<u>\$16,660,571</u>

(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 2003, there are no estimated earnings of the Plan, and therefore, no transfers will be due from the Plan to the VSFs.

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

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, member ITHP contribution rates increased to 5.0% from 2.5% and, in general, their member contribution rates were reduced in a similar manner.

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, 2002 and 2001 actuarial valuations used to determine fiscal years 2003 and 2002 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 as of June 30, 1999, 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 the 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 increased Supplementation as of September 2000 and with automatic Cost-of-Living Adjustments (“COLA”) beginning September 2001. Chapter 125/00 also provides for a five-year phase-in schedule for funding the additional liabilities created by the benefits provided by Chapter 125/00. Chapter 278 of the Laws of 2002 (“Chapter 278/02”) requires the Actuary to revise the methodology and timing for determining the statutorily-required 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.

Specifically, in accordance with Chapter 125/00 the Actuary in calculating the statutorily-required contributions in each of the following fiscal years, included 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 %

Chapter 278/02 revised the phase-in schedule for fiscal years 2003 and later.

Statutorily-required Employer contributions for fiscal years 2003 and 2002 were equal to the amounts calculated by the Actuary in accordance with Chapter 125/00 and Chapter 278/02. These contributions were less than the annual pension costs computed in accordance with GASB Statement No. 25, due to the phase-in schedule for funding provided by Chapter 125/00 and Chapter 278/02.

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 fiscal year 2002, 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 loans receivable at June 30, 2003 is \$544.7 million and \$551.1 million for fiscal year 2002. The balance of member loan receivable at June 30, 2002 of approximately \$431 million was recorded in the prior year as an adjustment to the July 1, 2001 beginning balance of the 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 \$2,461,666 and \$2,375,898 in fiscal years 2003 and 2002, 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 2003, total non-investment expenses attributable to the Plan were approximately \$13.6 million, of which \$11.4 million were paid from the assets of the Plan and \$2.5 million were paid by the City on behalf of the Plan. In fiscal year 2002, total non-investment expenses paid by the Plan were \$10.1 million, of which \$2.4 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 \$19.8 million in 2003 and \$21.9 million in 2002.

During fiscal year 2002, the Plan entered into a lease agreement to rent office space. The agreement will expire in fiscal year 2012 with an option to renew through fiscal year 2017. The future minimum rental payments required under this operating lease are as follows:

<u>Lease Year</u>	<u>Amount</u>
2004	\$2,023,056
2005	2,023,056
2006	2,023,056
2007	2,060,988
2008	2,191,644
2009-2013	8,804,508
2014 to April 2017	8,909,876

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 fiscal years 2003 and 2002, 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. ("GRS") is preparing a study for fiscal years 1998 through 2001. It is anticipated that the GRS study will be released by Fall 2003.

Revised Actuarial Assumptions and Methods - In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially funded NYCERS 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 NYCERS 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 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 statutorily-required 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.

Because the fiscal years 2002 and 2001 accounting periods are closed and Chapter 278/02 has a retroactive effect, the interest-adjusted difference between Employer contributions actually paid for fiscal years 2002 and 2001 under Chapter 125/00 and the amounts that would be payable under the ten-year phase-in schedule for such fiscal years were deducted from the otherwise required Employer contributions for fiscal year 2003.

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 increased Employer contributions in later years.

Chapter 547 of the Laws of 2002 permits the refund of the cost of certain U.S. Military Service if the member's beneficiary is not benefiting at the member's death.

Chapter 666 of the Laws of 2002 extends the coverage of the Presumptive Death Benefit (“Death Bed Gamble Benefit”) to include the period between the member’s date of retirement but before payment of the first certified retirement allowance.

Schedule 1

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

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date June 30	Actuarial Asset Value	Actuarial Accrual Liability (AAL)*	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(A) & (B)	(C)(2)-(1)	(1)÷(2)		(3)÷(5)
2002	\$ 18,913,634	\$ 18,913,634	\$ -	100.0 %	\$ 2,496,249	0.0 %
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

Notes:

* Frozen Entry Age (1997-1998), Frozen Initial Liability (1999-2002).

(A) 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 1

(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).

- (A) To effectively assess the funding progress of the Plan, it is necessary to compare the AAV and the AAL calculated in a manner consistent with the Plan's funding method over a period of time. The AAL 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.
- (B) The unfunded actuarial accrued liability is the excess of the AAL over the AAV. 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 2****SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)**
(In Thousands)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2003	\$ 821,387	76.1 %
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

The statutorily-required contributions of \$625.4 million, \$534.5 million and \$413.2 million for fiscal years 2003, 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 and Chapter 278/02 which extended the phase-in period for funding these liabilities from five years to ten years.

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, 2002 and June 30, 2001. These actuarial valuations were used to determine Employer contributions for fiscal years 2003 and 2002, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2002	June 30, 2001
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, 2003

<u>Salaries Paid to Plan Personnel</u>		\$7,961,788
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Professional Services:

Administration	\$	380,302
Trading and Investments		1,018,875
Management Division		34,174
Legal		<u>514,204.00</u>

Total Professional Services		1,947,555
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Communication and General Services:

Printing and Computer Services	\$	65,396
Heat, light and telephone		5,397
Postage		173,462
General Services		62,320

Total Communication and General Services		306,575
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Miscellaneous Expenses:

Office Management and Budget	\$	207,536
Pension overhead expenses		5,662,631

Total Miscellaneous Expenses		5,870,167
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Total Administrative Expenses		<u>\$16,086,085</u>
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NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30, 2003

	Tot. Comm	Shares Traded	Aver/Cost/Shr
ABEL NOSER CORP THRU 100	\$6,046.74	414,160.27	0.0146
ABN AMRO SECURITIES LLCC	1,956.75	39,135.00	0.05
ADAMS HARKNESS & HILL	3,037.91	69,676.83	0.0436
ADVEST,INC	3,211.25	64,225.00	0.05
ALLEN & CO INC	355	7,100.00	0.05
ARCHIPELAGO BCC CAPITAL TH	8,341.70	423,436.55	0.0197
ARNHOLD & S BLEICHROEDER I	425.8	8,516.00	0.05
AUTRANET,INC THRU 0443	11,304.00	275,707.32	0.041
AVALON RESEARCH GROUP INC	305	6,100.00	0.05
BAIRD ROBERT W & CO INC	29,257.50	725,992.56	0.0403
BARRINGTON RES ASSOC/BCC T	510	8,500.00	0.06
BEAR STEARNS & CO INC	107,271.84	2,584,863.61	0.0415
BEAR STEARNS & CO.	34,507.20	728,000.00	0.0474
BEAR, STEARNS SECURITIES C	355	7,100.00	0.05
BEREAN CAPITAL INC #2	9,348.00	191,165.64	0.0489
BERNSTEIN SANFORD C. & CO	23,669.00	465,009.82	0.0509
BHC SECS INC	476.7	9,534.00	0.05
BK OF AMERICA LOAN GRP	4,977.04	142,201.14	0.035
BLAIR WILLIAM & CO	50,839.50	1,016,790.00	0.05
BLAYLOCK PARTNERS L.P. THR	6,432.50	329,871.79	0.0195
BMO NESBITT BURNS INC	40	3,809.52	0.0105
BNY CLEARING SERVICES LLC	149,429.39	7,361,053.69	0.0203
BOSTON INSTITUTIONAL THRU	31,090.76	519,912.37	0.0598
BREAN MURRAY FOSTER THRU 0	1,458.50	31,706.52	0.046
BRIDGE TRADING THRU 573	24,715.00	524,734.61	0.0471
BROAD COURT CORP THRU 0161	2,210.00	55,527.64	0.0398
BROCK HOUSE & COOPER INC T	570	11,400.00	0.05
B-TRADE SERVICES LLC	43,972.97	1,480,571.38	0.0297
BUCKINGHAM RESEARCH GROUP	23,994.00	540,405.41	0.0444
BUNTING WARBURG INC -NSCC	2,499.00	83,300.00	0.03
CANTOR FITZGERALD & CO, IN	38,907.65	831,360.04	0.0468
CAPITAL INSTIT SEC INC THR	58,923.00	1,093,191.09	0.0539
CAPITAL INSTITUTION SER TH	360	7,200.00	0.05
CIBC OPPENHEIMER CORP	27,656.70	696,642.32	0.0397
CITATION GROUP THRU 0161	38,406.50	771,214.86	0.0498
CJS SECURITIES	1,811.00	32,224.20	0.0562
CORRESPONDENT SVCS CORP TH	2,285.00	46,537.68	0.0491
COUGHLIN AND CO INC NSCC	40	800	0.05
COWEN & CO	71,355.89	1,495,930.61	0.0477
CREDIT SUISSE FIRST BOSTON	145,455.37	3,359,246.42	0.0433
CROIX SECURITIES,BBC CLEAR	930	31,000.00	0.03
DAIN RAUSCHER INCORPORATED	\$11,269.80	329,526.32	0.0342

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE 5

BROKER COMMISSIONS REPORT
AS OF JUNE 30, 2003

	Tot. Comm	Shares Traded	Aver/Cost/Shr
DAVENPORT & CO OF VIRGINIA	\$1,010.00	20,200.00	0.05
DAVIDSON (DA)&CO-NSCC	3,379.86	1,024,200.00	0.0033
DAVIS, MENDEL REGERTEIN TH	1,793.00	35,860.00	0.05
DEUTSCHE BANC ALEX BROWN I	121,927.90	3,503,675.29	0.0348
DIRECT BROKERAGE SERV THRU	8,330.00	166,600.00	0.05
EDWARDS (AG) & SONS INC	12,078.25	244,005.05	0.0495
EQUITY SECS TRADING THRU 2	92	2,300.00	0.04
ERNST & CO	1,560.00	43,093.92	0.0362
EXECUTION SERVICES INC	17,783.75	396,074.61	0.0449
FACTSET DATA SYSTEMS INC	23,802.75	466,720.59	0.051
FACTSET DATA SYSTEMS THRU	10,303.00	196,622.14	0.0524
FAHNESTOCK & CO.	2,038.75	40,775.00	0.05
FIDELITY CAP MKTS (NFSC)TH	268	6,700.00	0.04
FIRSERV SECURITIES INC	11,416.00	197,508.65	0.0578
FIRST ALBANY CORP	9,567.80	190,214.71	0.0503
FIRST ANALYSIS SEC CORP TH	1,550.00	31,000.00	0.05
FIRST CLEARING CORPORATION	6,750.00	135,000.00	0.05
FIRST MARATHON SECURITIES	1,797.00	34,557.69	0.052
FIRST OF AMERICA BANK-MICH	680		
FIRST SOUTHWEST CO	2,050.00	41,000.00	0.05
FIRST TENNESSEE SECURITIES	9,167.00		
FIRST UNION CAPITAL MARKET	1,521.65	43,851.59	0.0347
FIRST UNION CAPITAL MKTS T	45,916.50	940,911.89	0.0488
FLEET SECS INC	206	10,300.00	0.02
FOX PITT KELTON INC THRU 0	5,379.00	106,514.85	0.0505
FRIEDMAN BILLNGS & RAMSY T	27,169.00	882,110.39	0.0308
FULCRUM GLOBAL PARTNERS LL	2,323.00	45,638.51	0.0509
GARDNER RECH & CO THRU 079	47,095.00	941,900.00	0.05
GERARD KLAEUR MATTISON THR	5,395.50	337,218.75	0.016
GOLDMAN, SACHS & CO.	213,217.46	6,833,892.95	0.0312
GREEN STREET ADVISORS INC	562	11,217.56	0.0501
GRISWOLD COMPANY	14,268.25	566,200.40	0.0252
GUZMAN & COMPANY	53,011.77	1,060,235.40	0.05
HEFLIN & CO LLC THRU 0352	85	1,700.00	0.05
HENDERSON BROTHERS,INC.	4,697.00	97,650.73	0.0481
HIBERNIA SOUTHCOAST CAPITA	665	13,300.00	0.05
HOEFER & ARNETT, INC.	285	14,108.91	0.0202
HOENIG & COMPANY INC	425	8,500.00	0.05
HOWARD, WEIL, LABOUISSSE TH	2,615.00	46,119.93	0.0567
INSTINET CORP	20,177.45	563,615.92	0.0358
INSTINET CORP THRU 0067	168,694.72	12,589,158.21	0.0134
INSTITUTIONAL SERVICES UNL	77,019.35	1,442,309.93	0.0534
INVEMED ASS THRU 0352	305	6,100.00	0.05
INVESTMENT TECH GRD	\$508,767.20	25,186,495.05	0.0202

SCHEDULE 5

NEW YORK CITY
POLICE PENSION FUND

BROKER COMMISSIONS REPORT
AS OF JUNE 30, 2003

	Tot. Comm	Shares Traded	Aver/Cost/Shr
ISI GROUP INC THRU 0352	\$18,179.75		
ISI GROUP INC THRU 0573	3,246.68	66,123.83	0.0491
JACKSON PARTNERS & ASSOC T	20,385.00	407,700.00	0.05
JACKSON SECURITIES INC	25,329.50		
JANNEY MONTGOMERY SCOTT LL	4,810.00	91,969.41	0.0523
JEFFRIES & CO	119,203.18	3,080,185.53	0.0387
JOHNSON RICE & CO THRU 035	1,215.00	22,010.87	0.0552
JONES & ASSOCS THRU 0226	7,282.00	159,692.98	0.0456
KALB, VOORHIS & CO.	1,062.50	21,165.34	0.0502
KEEFE BRU & WOODS INC THRU	26,435.25	535,126.52	0.0494
KING, CL AND ASSOC	7,833.00	151,216.22	0.0518
KINNARD JOHN G & CO THRU 5	282	6,512.70	0.0433
KNIGHT SECURITIES BROADCOR	8,924.00	281,514.20	0.0317
LAZARD FRERES & CO.	6,580.00	131,600.00	0.05
LEGG MASON	1,054.15	21,083.00	0.05
LEGG MASON WOOD WALKER THR	18,541.50	368,618.29	0.0503
LEHMAN BROS PR INC	253,413.28	25,858,497.96	0.0098
LIQUIDNET INC	44,139.86	2,206,993.00	0.02
LYNCH JONES & RYAN THRU 00	13,247.00	274,834.02	0.0482
MAGNA SECURITIES CORP	32,432.50	635,931.37	0.051
MAPLE PARTNERS-UK	7,786.50	145,814.61	0.0534
MCDONALD & COMPANY SEC INC	8,118.70	211,424.48	0.0384
MERRILL LYNCH PROFESS CLEA	4,586.50	100,361.05	0.0457
MERRILL LYNCH,PIERCE,FENNE	270,759.56	15,833,892.40	0.0171
MESIROW CAPITAL INC	230	4,904.05	0.0469
MILLER TABAK HIRSCH THRU 0	72	1,800.00	0.04
MONNESS, CRESPI, HARDT TH	3,175.00	63,500.00	0.05
MORGAN (JP) SECS INC	141,285.70	3,604,227.04	0.0392
MORGAN KEEGAN & CO INC	10,084.40	340,689.19	0.0296
MORGAN STANLEY & CO INC	146,773.30	3,999,272.48	0.0367
MULTITRADE SECURITIES, LLC	49,121.80	1,832,902.99	0.0268
NATIONAL FINANCE SVCS CORP	5,997.00	133,563.47	0.0449
NATIONSBANK MONTGOMERY SEC	105,030.39	2,580,599.26	0.0407
NEEDHAM & CO INC THRU 0352	9,117.50	772,669.49	0.0118
NEUBERGER & BERMAN, LLC	5,475.75	118,779.83	0.0461
NUTMEG SECS THRU 0443	15,653.00	261,755.85	0.0598
O'NEIL, WILLIAM & CO.,INC.	9,066.00	172,357.41	0.0526
OSCAR GRUSS & SON INC THRU	1,975.00	39,500.00	0.05
PACIFIC GROWTH THRU 0221	1,466.00	190,389.61	0.0077
PAINE WEBBER INC	207	18,157.89	0.0114
PCS SECS INC THRU 0352	2,330.00	49,469.21	0.0471
PERSHING DIV DONALDSON,LUF	32,748.20	647,197.63	0.0506
POLCARI/WEICKER, DIV OF CA	\$140.00	7,000.00	0.02

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE 5

BROKER COMMISSIONS REPORT
AS OF JUNE 30, 2003

	Tot. Comm	Shares Traded	Aver/Cost/Shr
PRUDENTIAL SECS INC	\$62,393.10	1,305,294.98	0.0478
PULSE TRADING LLC	3,549.00	96,178.86	0.0369
PUTNAM LOVELL DE GUARDIOLA	3,169.00	60,592.73	0.0523
RAYMOND JAMES & ASSOCIATES	12,269.80	258,856.54	0.0474
RENAISSANCE CAPITAL CORP	60	1,200.00	0.05
ROBB PECK MCCOOEY & CO	653.8	12,946.53	0.0505
ROBERT VAN SECURITIES, INC	13,897.00	295,680.85	0.047
ROBINSON HUMPHREY THRU 041	420	8,400.00	0.05
ROCHDALE SEC CORP THRU 044	8,257.00	197,064.44	0.0419
SALOMON SMITH BARNEY INC.	185,207.28	4,399,222.80	0.0421
SANDERS MORRIS MUNDY THRU	6,511.00	313,028.85	0.0208
SANDLER O'NEILL & PARTNERS	17,801.00	341,015.33	0.0522
SBC WARBURG, INC	275,635.64	8,667,787.42	0.0318
SCHWAB,CHARLES & CO INC	18,255.70	733,160.64	0.0249
SCOTT AND STRINGFELLOW INC	9,120.75	174,060.11	0.0524
SHIELDS & CO	162	2,700.00	0.06
SIDOTI AND COMPANY LLC THR	1,830.00	30,912.16	0.0592
SIMMONS & COMPANY INTERNAT	5,059.75	111,203.30	0.0455
SK INTL SECS THRU 0573	820	16,400.00	0.05
SOUNDVIEW FINL GROUP THRU	20,232.00	416,296.30	0.0486
SOUTHCOAST CAPITAL CORP TH	445	8,900.00	0.05
SOUTHTRUST BANK IPA THRU 0	7,492.50	418,575.42	0.0179
SOUTHWEST SECS INC THRU 27	10,787.00	327,872.34	0.0329
SPEAR, LEEDS & KELLOGG	1,311.00	29,133.33	0.045
STATE STREET BROKERAGE SVC	907	20,850.57	0.0435
STEPHENS INC	8,143.50	227,472.07	0.0358
STIFEL NICOLAUS AND CO INC	2,829.00	56,921.53	0.0497
THOMAS WEISEL PTNS. LLC TH	120,397.05	2,508,271.88	0.048
THOMSON INSTITUTIONAL SERVI	10,263.00	177,868.28	0.0577
TROSTER SINGER CORP THRU 0	825	16,500.00	0.05
U.S. BANCORP PIPER JAFFRAY	36,913.00	981,728.72	0.0376
UBS PAINWEBBER INC.	844	21,100.00	0.04
UNTERBERG HARRIS THRU 0221	10,284.00	239,720.28	0.0429
US CLEARING INST TRAD	2,784.00	69,600.00	0.04
UTENDAHL CAPITAL PARTNERS	769	18,009.37	0.0427
VAN KASPER & CO THRU 0573	5,293.00	339,294.87	0.0156
WEDBUSH MORGAN SECURITIES	3,393.95	278,192.62	0.0122
WEEDON & CO THRU 0443	154,655.26	3,235,465.69	0.0478
WESTMINSTER RESEARCH ASSOC	18,729.75	578,078.70	0.0324
WEXFORD CLEARING SVCS CORP	5,324.00	108,211.38	0.0492
WILLIAMS CAPITAL GROUP, L.	25,637.50	488,333.33	0.0525
WILSHIRE ASSN NSCC	1,442.00	28,219.18	0.0511
TOTAL COMMISSION	\$4,946,723.65		

SCHEDULE 6

**NEW YORK CITY
POLICE PENSION FUND**

**REPORT ON INVESTMENT MANAGEMENT FEES
June 30, 2003**

INTERNATIONAL

BK OF IRELAND ASSET MGT (US) LTD/CHASE	\$804,079.33	\$804,079.33
CAPITAL GUARDIAN TRUST CO/CHASE	1,042,741.08	1,042,741.08
DELAWARE MGT. CO.	669,051.34	669,051.34
GE INVEST. MGMT, INC./ST. STREET BK&TR	484,401.12	484,401.12
INVISTA CAPITAL MGT.	103,501.97	103,501.97
OECHSLE INT'L ADVISORS	477,020.71	477,020.71
PUTNAM ADVISORY CO.	658,812.87	658,812.87
ROWE PRICE-FLEMING	552,640.02	552,640.02
SCHRODER CAPITAL MGT INT'L/CHASE	519,066.56	519,066.56
SUBTOTAL ACTIVE	5,311,315.01	5,311,315.01

BANKERS TRUST/DEUTSCHE	85,453.21	85,453.21
BARCLAYS GLOBAL INVESTORS, N.A.	80,747.15	80,747.15
SUBTOTAL INDEX	166,200.36	166,200.36

GENESIS ASSET MGRS LTD/BANKERS TRUST	478,061.38	478,061.38
PICTET INT'L MGT LTD/BROWN BROS.	807,510.88	807,510.88
SUBTOTAL EMERGING MARKETS	1,285,572.26	1,285,572.26
TOTAL INTERNAT'L	6,763,087.63	6,763,087.63

EQUITY

BANKERS TRUST COMPANY/INDEX	37,459.89	37,459.89
MERRILL LYNCH ASSET MGT/INDEX	23,583.53	23,583.53
MERRILL -VALUE R 1000	8,474.19	8,474.19
EQUITY INDEX	69,517.61	69,517.61

AMERICAN EXPRESS [IDS]/GROWTH	48,451.01	48,451.01
FIDELITY MGMT. TRUST COMPANY/GROWTH	1,246,829.00	1,246,829.00
LOOMIS SAYLES & CO. L.P. /- GROWTH	492,882.22	492,882.22
ARONSON JOHNSON	171,061.00	171,061.00
IRIDIAN ASSET	246,075.00	246,075.00
LORD ABBETT (LCV)	205,438.09	205,438.09

SUBTOTAL CURRENT ACTIVE	\$2,410,736.33	\$2,410,736.33
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**NEW YORK CITY
POLICE PENSION FUND**

**REPORT ON INVESTMENT MANAGEMENT FEES
June 30, 2003**

ARIEL CAPITAL/MID CAP	\$187,242.95	\$187,242.95
CHICAGO EQUITY PARTNERS	147,300.98	147,300.98
DALTON GREINER HARMAN MAHER, & Co.	662,654.00	662,654.00
DARUMA ASSET MGT, Inc.	227,871.22	227,871.22
DEUTSCHE ASSET MGT	243,861.62	243,861.62
FORSTMANN - LEFF ASSOC. (MID CAP)	106,169.00	106,169.00
INVESCO	126,617.94	126,617.94
J&W SELIGMAN	169,560.00	169,560.00
LORD, ABBETT	205,438.09	205,438.09
MACKAY SHIELDS	160,857.59	160,857.59
MAZAMA CAPITAL MGT, Inc.	445,984.97	445,984.97
TOTAL - Small/Mid Cap	2,683,558.36	2,683,558.36
 SUBTOTAL NEW MGRS	 2,683,558.36	 2,683,558.36
TOTAL US ACTIVE EQUITY	5,094,294.68	5,094,294.68
SUBTOTAL US EQUITY	5,163,812.29	5,163,812.29
 ALTERNATIVE INVESTMENTS		
Apollo Investment Fund	167,400.00	167,400.00
Blackstone IV	46,311.00	46,311.00
Canyon Johnson	41,400.00	41,400.00
Carlyle Partners III, L.P.	221,100.00	221,100.00
Collier	33,600.00	33,600.00
CVC European Equity Fund	121,050.00	121,050.00
Cypress Merchant Banking Partners	299,100.00	299,100.00
FDG Capital	341,850.00	341,850.00
Freeman Spogli V LP	1,800.00	1,800.00
Lincolnshire Equity Fund	132,600.00	132,600.00
New Mountain Partners	83,600.00	83,600.00
OCM Re Opp Fund	75,400.00	75,400.00
Prism Venture Partners	140,175.00	140,175.00
SCP Private Equity Partners	185,800.00	185,800.00
Solera Partners	44,400.00	44,400.00
VS&A Fund	199,400.00	199,400.00
TOTAL ALTERNATIVES	2,134,986.00	2,134,986.00
 TOTAL - EQUITIES	 \$14,061,885.93	 \$14,061,885.93

SCHEDULE 6

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
30-Jun-03

FIXED INCOME

FISCHER, FRANCIS, TREES & WATTS, INC	\$177,750.92		\$177,750.92
LINCOLN CAPITAL MANAGEMENT CO/GOVT	52,287.70		52,287.70
PIMCO	193,152.40		193,152.40
SUBTOTAL GOVERNMENT	423,191.02		423,191.02
BLACKROCK	267,882.44		267,882.44
LINCOLN CAPITAL MANAGEMENT CO/MORT	246,886.41	19,750.91	266,637.32
PACIFIC INVESTMENT MANAGEMENT CO.	471,340.51	296,944.52	768,285.04
SUBTOTAL MORTGAGE	986,109.37	316,695.44	1,302,804.80
BLACKROCK	153,102.35		153,102.35
CREDIT SUISSE/BEA ASSOCIATES	79,547.00		79,547.00
TAPLIN, CANIDA & HABACHT	35,500.00		35,500.00
T. ROWE PRICE ASSOCIATES, INC.	227,150.65		227,150.65
SUBTOTAL CORPORATE	495,299.99		495,299.99
FISCHER, FRANCIS, TREES & WATTS/YANKEE	123,274.85	117,111.11	240,385.95
PRUDENTIAL	100,258.39	20.05	100,278.44
SUBTOTAL YANKEE	223,533.24	117,131.16	340,664.39
SUBTOT FI: STRUCTURED PROG.	2,128,133.61	433,826.59	2,561,960.21
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	207,414.00		207,414.00
CREDIT SUISSE/BEA ASSOCIATES	363,152.69		363,152.69
LOOMIS SAYLES & CO. L.P.	897,383.28		897,383.28
W.R. HUFF ASSET MANAGEMENT CO., LLC	790,101.23		790,101.23
SUBTOTAL- ENH. YLD	2,258,051.21		2,258,051.21
TOTAL-US FIXED INC.	4,386,184.82	433,826.59	4,820,011.42

CONSULTANTS

PACIFIC CORP GROUP	365,427.50		365,427.50
STRATEGIC INVESTMENT SOLUTIONS, INC.	121,666.66		121,666.66
BUCK CONSULTANTS INC.	100,000.00		100,000.00
TOTAL CONSULTANTS	587,094.16		587,094.16
TOTAL -	19,035,164.91	433,826.59	19,468,991.51
INTERNATIONAL	6,763,087.63		6,763,087.63
EQUITY	5,163,812.29		5,163,812.29
ALTERNATIVE INVEST.	2,134,986.00		2,134,986.00
FIXED INCOME	4,386,184.82	433,826.59	4,820,011.42
CONSULTANT	587,094.16		587,094.16
TOTAL COSTS BY SYSTEM FOR FY 2003	19,035,164.91	433,826.59	19,468,991.51
NET CHANGE DUE TO ACCRUED EXPENSES		353,730.49	353,730.49
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	\$19,035,164.91	\$787,557.08	\$19,822,722.00

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 ENDED

June 30, 2003

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, Deputy Comptroller for Pension and his 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 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 is 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 2003 included securities from the following categories: U.S. Equities 45 %, U.S. Fixed Income 25%, International Equities 19%, Emerging Markets 4%, Alternative investments 2%, Enhanced yield 5%.

Investment activities and results for fiscal year 2003 current activities.

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 \$178 millions over the previous year. Investment in the Security Lending Program increased at the end of the year by \$227.6 million. All security on loans is fully collateralized with cash or Treasury Securities.

Results

Fiscal year 2003 was not a good year for the securities industry and also for the pension system. The overall investment return on assets was 3.0%. The Russell 3000 returned 0.8% and Citi-Group returned 11.5%, International Equity 6.3%, International Emerging markets at 7.0%. Total fund performance was below assumed actuarial rate of return at 3.0% which is below the median public fund in America, which returned 4.6%. The total investments during the year increased from \$16,660,571 thousands to \$16,711,170 thousands.

Total assets increased during fiscal year 2003 from \$17,717,954 thousands to \$17,874,292 thousands, net investment income increased from (\$1,233,996) thousands to \$345,690 thousands. This represented a net increase from 2002 of 128%.

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, 2003
CONSOLIDATED PERFORMANCE REPORT

Through June 30, 2003	Assets (\$MM)	% Total	3 Mos Apr-03 Jun-03	YTD Jan-03 Jun-03	1 Yr Jul-03 Jun-03	3 Yrs Jul-00 Jun-03	5 Yrs Jul-00 Jun-03	10 Yrs Jul-93 Jun-03
EQUITY MANAGEMENT								
SMALL CAP								
	79.86	0.58	36.92	33.46	16.69	N/A	N/A	N/A
Mazama Capital			36.92	33.46	16.69	N/A	N/A	N/A
Total Small Cap Growth	79.86	0.58	24.15	19.32	0.67	-16.67	-4.25	N/A
Russell 2000 Growth			21.97	17.73	-1.06	-13.46	-1.04	8.51
Small Cap Growth Median								
DALTON GREINER								
	90.22	0.65	16.44	9.33	-3.03	N/A	N/A	N/A
Total Small Cap Value	90.22	0.65	16.44	9.33	-3.03	N/A	N/A	N/A
Russell 2000 Value			22.72	16.48	-3.80	10.93	4.97	N/A
Small Cap Value Median			20.23	13.96	-1.30	11.26	5.86	N/A
DARUMA								
	38.68	0.28	20.18	14.12	-9.41	N/A	N/A	N/A
Deutsche Asset Mgmt			18.13	4.34	-9.40	N/A	N/A	N/A
Total Small Cap Core	76.83	0.56	19.15	9.05	-9.41	N/A	N/A	N/A
Russell 2000			23.42	17.88	-1.64	-3.30	0.96	8.24
Small Cap Core Median			21.97	16.31	-1.28	0.47	5.64	12.23
Total Small Cap	246.90	1.79	23.28	16.02	0.25	N/A	N/A	N/A
Russell 2000			23.42	17.88	-1.64	-3.30	0.96	8.24
SMALL MID/CAP								
	51.79	0.37	17.10	12.41	N/A	N/A	N/A	N/A
J & W Seligman			20.73	17.79	N/A	N/A	N/A	N/A
Mackay Shields			18.81	14.93	N/A	N/A	N/A	N/A
Total Small/ Mid Cap	99.49	0.72	22.72	18.80	4.11	-16.22	-0.90	N/A
Russell 2500 Growth								
MID CAP								
	47.81	0.35	19.61	21.57	N/A	N/A	N/A	N/A
Forstmann Leff			14.40	15.03	N/A	N/A	N/A	N/A
Invesco			16.99	18.26	N/A	N/A	N/A	N/A
Total Mid Cap Growth	94.10	0.68	18.76	18.74	7.35	-18.49	-0.69	N/A
Russell Mid Cap Growth								
ARIEL CAPITAL MANAGEMENT								
	81.91	0.59	22.07	13.75	N/A	N/A	N/A	N/A
Lord Abbett			16.77	7.09	N/A	N/A	N/A	N/A
Total Mid Cap Value	159.29	1.15	19.43	10.41	N/A	N/A	N/A	N/A
Russell Mid Cap Value			17.89	13.10	-0.65	7.23	3.70	N/A
Mid Cap Value Median			16.37	13.12	-1.14	3.19	4.89	13.49

NEW YORK CITY
POLICE PENSION FUND

YEAR ENDED JUNE 30, 2003
CONSOLIDATED PERFORMANCE REPORT

Through June 30, 2003									
Assets (\$MM)	% Total	3 Mos Apr-03 Jun-03	YTD Jan-03 Jun-03	1 Yr Jul-00 Jun-03	3 Yrs Jul-00 Jun-03	5 Yrs Jul-98 Jun-03	10 Yrs Jul-93 Jun-03		
EQUITY MANAGEMENT									
84.82	0.61	17.37	15.84	N/A	N/A	N/A	N/A	N/A	N/A
84.82	0.61	17.37	15.84	N/A	N/A	N/A	N/A	N/A	N/A
Total Mid Cap Core									
S&P Mid Cap Index 400									
Mid Cap Core Median									
338.21	2.45	17.63	15.71	0.69	-4.29	5.73	11.26	N/A	N/A
Total Mid Cap									
Russell Mid Cap									
18.22 13.85 N/A N/A 3.35 10.75									
18.26 15.47 2.63 -2.02									
LARGE CAP									
444.22	3.21	13.52	11.64	0.55	-15.06	-1.02	9.89	N/A	N/A
230.57	1.67	13.05	14.28	0.35	-18.4	-3.08	N/A	N/A	N/A
674.79	4.88	13.36	12.53	-1.20	-16.76	-3.41	N/A	N/A	N/A
Total Large Cap Growth									
Russell 1000 Growth									
Large Cap Growth Median									
14.30 13.08 2.93 -21.54 -5.04 8.28									
13.11 11.15 -0.49 -15.8 -1.69 10.9									
ARONSON JOHNSON									
219.25	1.59	16.80	N/A	N/A	N/A	N/A	N/A	N/A	N/A
213.21	1.54	15.54	N/A	N/A	N/A	N/A	N/A	N/A	N/A
322.65	2.33	19.04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
755.11	5.46	17.38	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Large Cap Value									
Russell 1000 Value									
Large Cap Value Median									
17.28 11.57 -1.03 -0.19 1.05 10.68									
17.17 11.94 -0.97 0.21 1.97 10.85									
Total Large Cap									
1,429.91	10.35	15.45	12.76	-1.00	-16.7	-3.37	N/A	N/A	N/A
Russell 1000									
15.74 12.34 0.95 -11.00 -1.25 9.93									
RUSSELL 3000									
2,372.36	17.17	16.32	12.76	0.88	-10.22	-1.03	9.73	N/A	N/A
2,273.17	16.45	16.10	12.58	0.84	-10.17	N/A	N/A	N/A	N/A
4,645.53	33.61	16.21	12.67	0.86	-10.19	-1.01	9.74	N/A	N/A
Total Russell 3000									
Russell 3000									
16.25 12.70 0.76 -10.47 -1.14 9.71									

NEW YORK CITY
POLICE PENSION FUND

YEAR ENDED JUNE 30, 2003
CONSOLIDATED PERFORMANCE REPORT

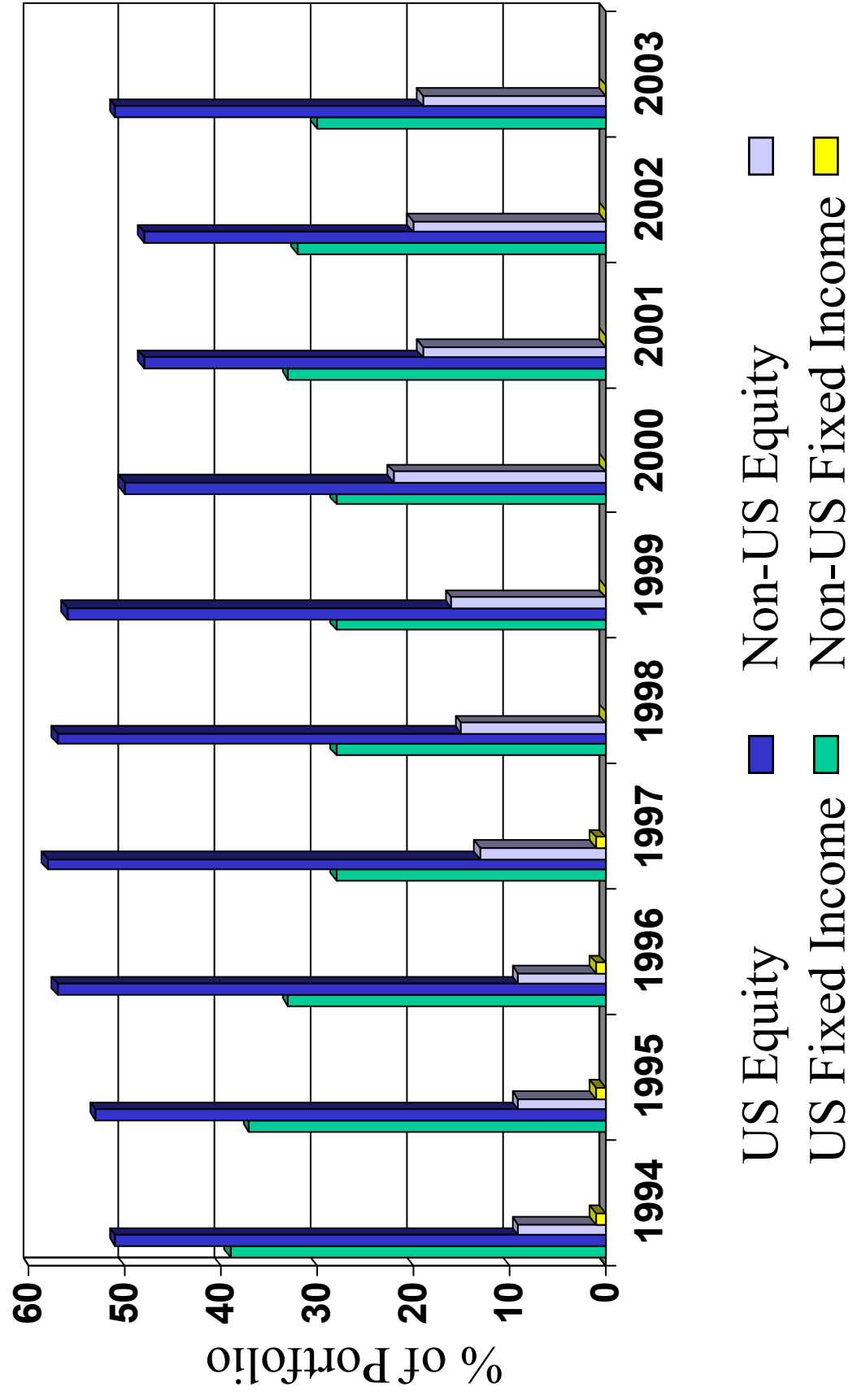
Through June 30, 2003

Assets (\$MM)	% Total	3 Mos Apr-03 Jun-03	YTD Jan-03 Jun-03	1 Yr Jul-03 Jun-03	3 Yrs Jul-00 Jun-03	5 Yrs Jul-98 Jun-03	10 Yrs Jul-93 Jun-03
EQUITY MANAGEMENT							
93.13	0.67	Russell 1000	N/A	N/A	N/A	N/A	N/A
		Russell 1000 Val Transition Account	17.28	11.57	-0.19	1.05	10.68
		Russell 1000 Value					
2,114.51	15.3	Total Active	16.91	12.91	-16.75	-6.63	6.29
4,738.67	34.29	Total Passive-Dom Equity	15.85	12.17	-8.5	-0.08	10.26
6,853.18	49.59	Total Dom Equity	16.18	12.42	-9.79	-1.30	9.48
DEVELOPED MARKETS							
644.89	4.67	Barclays Global	20.69	10.89	-12.89	-3.47	3.11
235.34	1.7	Schroder Investment MGMT	20.85	5.47	-15.13	-3.90	3.90
330.72	2.39	Bank of Ireland	20.30	7.20	-13.00	-2.36	6.77
191.88	1.39	GE Investments	22.03	11.28	-14.33	-3.04	8.28
301.62	2.18	Capital Guardian	19.35	8.58	-14.54	-0.04	10.90
28.47	0.21	Investa	18.00	8.29	-14.00	N/A	N/A
157.57	1.14	Rowe Price-Fleming	19.96	8.31	-14.16	N/A	N/A
235.62	1.7	Delaware	23.09	15.50	-1.24	N/A	N/A
113.52	0.82	Oechsle	19.08	7.19	-17.01	N/A	N/A
238.74	1.73	Putnam	17.19	7.42	-12.63	N/A	N/A
1,833.47	13.27	Total Active	20.15	8.76	-13.69	-2.26	5.85
644.89	4.67	Total Passive	19.28	9.62	-13.22	-3.65	3.05
2,478.36	17.93	Total Developed Markets	19.92	8.98	-13.57	-2.65	4.86
		MSCI EAFE (Net Dividend)	19.27	9.47	-13.52	-4.00	2.78
		International Equity Median	19.42	9.93	-10.97	0.27	6.08
EMERGING MARKETS							
68.71	0.5	Genesis Asset	24.67	18.75	-0.14	3.07	N/A
74.75	0.54	Pictet International	25.77	19.23	-2.23	N/A	N/A
143.46	1.04	Total Emerging	25.24	19.00	-1.24	2.40	N/A
		MSCI Emerging Market Free	23.38	16.13	-7.02	2.52	1.48
		Emerging Market Median	23.09	15.90	-6.05	3.47	4.25
2,624.83	18.97	Total International Equity	20.20	9.49	-13.04	-2.40	4.82

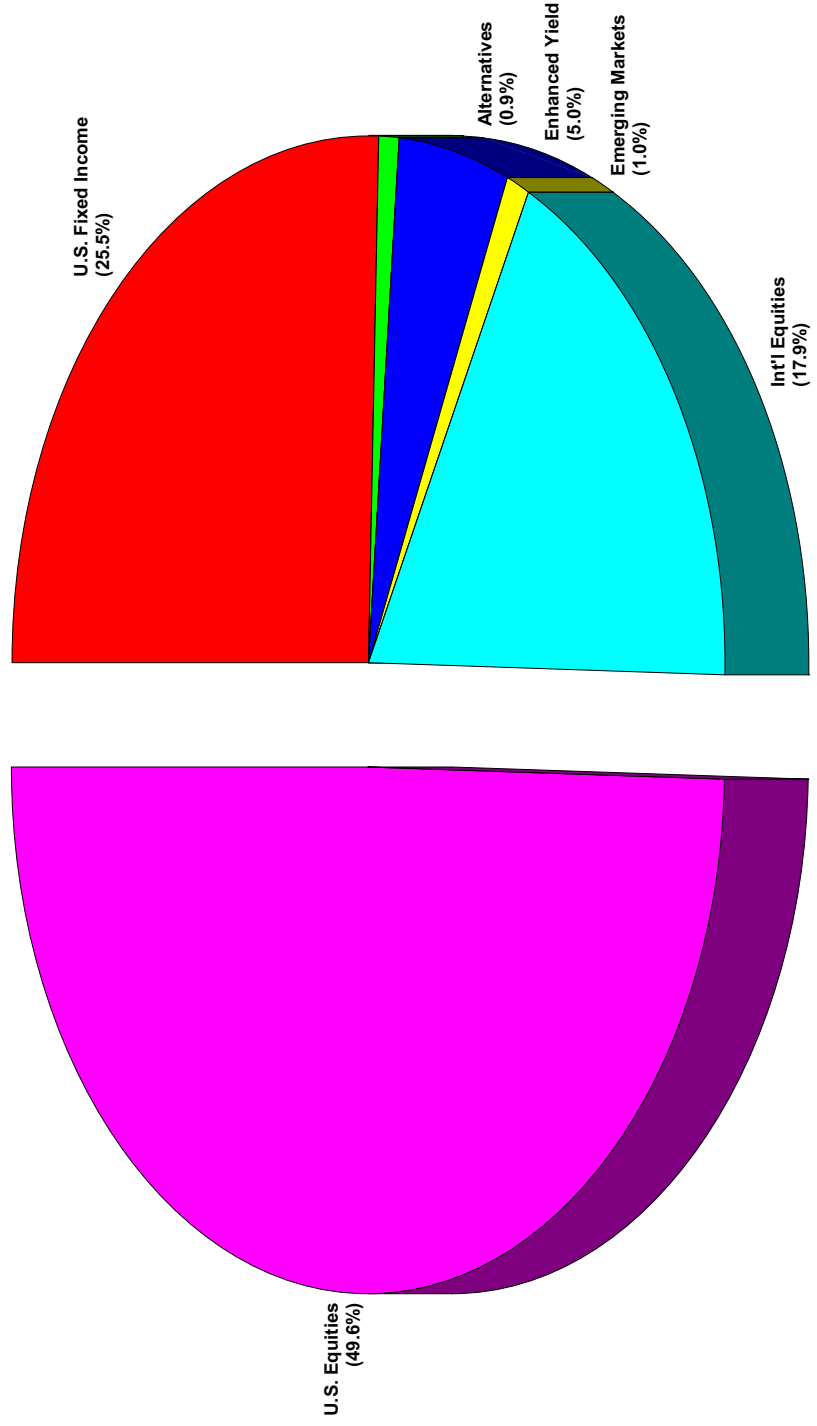
NYC POLICE PENSION FUND

ASSET ALLOCATION

June 30, 1994 - June 30, 2003



NYC Police Department Pension Fund



As of 6/30/03

**NEW YORK CITY
POLICE PENSION FUND**

ASSET ALLOCATION 06/30/93 TO 06/30/03

	<u>U.S Equity</u>	<u>Int'l Equity</u>	<u>Domestic Fixed</u>	<u>Int'l Fixed</u>	<u>Cash</u>	<u>Total</u>
6/30/1993	50.80%	5.70%	41.30%	1.10%	2.70%	100.00%
6/30/1994	51.00%	8.80%	37.00%	1.30%	1.10%	100.00%
6/30/1995	53.00%	9.00%	34.40%	1.40%	1.90%	100.00%
6/30/1996	57.08%	8.77%	30.25%	1.06%	2.20%	100.00%
6/30/1997	57.40%	13.32%	27.82%	0.93%	2.84%	100.00%
6/30/1998	57.24%	15.13%	27.08%	0.00%	0.53%	100.00%
6/30/1999	56.00%	16.00%	27.00%	0.00%	0.55%	100.00%
6/30/2000	61.63%	11.80%	26.57%	0.00%	1.00%	100.00%
6/30/2001	48.30%	18.80%	32.90%	0.00%	0.00%	100.00%
6/30/2002	47.00%	20.00%	31.00%	2.00%	0.00%	100.00%
6/30/2003	46.00%	19.00%	33.00%	2.00%	0.00%	100.00%

NEW YORK CITY
POLICE PENSION FUND

FIXED INCOME HOLDINGS
AS OF JUNE 30, 2003

CUSIP	TITLE	RATE	MATURITY	UNITS	PRICE	MARKET	COST
990002AD9	NEW YORK CITY RETIREMENT SYSTEMS SHORT TERM INVESTMENT FUND	0.06	0	280,666,048.00	100	280,666,048.00	280,666,048.80
01F060675	FNMA SINGLE FAMILY MORTGAGE T/B/A - 6.00% MAT 30 YEARS SETTLES JULY	6	7/15/1933	99,675,000.00	103.7	103,366,089.85	103,235,774.71
02R082677	FHLMC GOLD SINGLE FAMILY T/B/A - 5.50% MAT 30 YEARS SETTLES JULY	5.5	7/15/1933	69,425,000.00	103.17	71,627,039.51	71,652,369.96
01F062671	FNMA SINGLE FAMILY MORTGAGE T/B/A - 6.50% MAT 30 YEARS SETTLES JULY	6.5	7/15/1933	63,885,000.00	104.33	66,650,022.66	66,620,942.60
01F052672	FNMA SINGLE FAMILY MORTGAGE T/B/A - 5.50% MAT 30 YEARS SETTLES JULY	5.5	7/15/1933	62,165,000.00	103.36	64,253,355.47	64,235,977.26
01F042475	FNMA SINGLE FAMILY MORTGAGE T/B/A - 4.50% MAT 15 YEARS SETTLES JULY	4.5	7/15/2018	51,285,000.00	102.06	52,342,753.13	52,399,897.65
3133844Z5	FEDERAL HOME LN BK CONS DISC NTS	0	7/1/2003	50,000,000.00	99.97	49,985,000.00	49,970,972.22
01F052474	FNMA SINGLE FAMILY MORTGAGE T/B/A - 5.50% MAT 15 YEARS SETTLES JULY	5.5	7/15/2018	46,825,000.00	103.83	48,617,519.54	48,640,949.22
912810EK0	UNITED STATES TREASURY BOND	8.13	8/15/2021	31,430,000.00	146.22	45,956,631.70	41,493,990.51
912810FA1	UNITED STATES TREASURY BDS	6.38	8/15/2027	30,755,000.00	125.28	38,530,171.55	33,353,193.11
9128276J6	UNITED STATES TREAS NTS	5.75	8/15/2010	32,574,000.00	117.09	38,142,118.12	38,125,449.28
31385WZT9	FEDERAL NAT MTG ASSN GTD PASS THRUCTF POOL #CL-555254 REG	6.5	1/1/1933	33,436,129.29	104.28	34,868,198.71	34,849,129.61
01F062689	FNMA SINGLE FAMILY MORTGAGE T/B/A - 6.50% MAT 30 YEARS SETTLES AUGUST	6.5	8/15/1933	33,000,000.00	104.27	34,407,656.25	34,412,812.50
02R060688	FHLMC GOLD SINGLE FAMILY T/B/A - 6.00% MAT 30 YEARS SETTLES AUGUST	6	8/15/1933	33,000,000.00	103.67	34,211,718.75	34,219,374.97
01F050676	FNMA SINGLE FAMILY MORTGAGE T/B/A - 5.00% MAT 30 YEARS SETTLES JULY	5	7/15/1933	29,060,000.00	101.61	29,527,684.38	32,602,041.85
01F050478	FNMA SINGLE FAMILY MORTGAGE T/B/A - 5.00% MAT 15 YEARS SETTLES JULY	5	7/15/2018	28,065,000.00	103.3	28,990,267.97	29,023,740.64
02R050481	FHLMC GOLD SINGLE FAMILY T/B/A - 5.00% MAT 15 YEARS SETTLES AUGUST	5	8/15/2018	27,000,000.00	102.98	27,805,781.25	27,875,390.63
02R052479	FHLMC GOLD SINGLE FAMILY T/B/A - 5.50% MAT 15 YEARS SETTLES JULY	5.5	7/15/2018	26,600,000.00	103.66	27,572,496.00	27,611,625.00
313384HP7	FEDERAL HOME LN BK CONS DISC NTS	0	7/1/2003	26,600,000.00	100	26,600,000.00	26,599,298.06
912795NP2	UNITED STATES TREAS BILLS PREASSIGN # 075	0.91	9/25/2003	26,210,000.00	99.8	26,156,269.50	26,151,689.50
01N062672	GNMA I SINGLE FAMILY MORTGAGE T/B/A - 6.50% MAT 30 YEARS SETTLES JULY	6.5	7/15/1933	24,360,000.00	105	25,578,000.00	25,577,968.75
01N060676	GNMA I SINGLE FAMILY MORTGAGE T/B/A - 6.00% MAT 30 YEARS SETTLES JULY	6	7/15/1933	22,895,000.00	104.75	23,773,012.50	23,760,859.38
912810EC7	UNITED STATES TREAS BDS	6.25	8/15/2023	21,400,000.00	122.5	26,215,000.00	24,843,166.79
31385JUF6	FDG CAPITAL PARTNERS DOMESTIC ALTERNATIVE INVESTMENT HELD ELSEWHERE-POLK	0	0	1	22,351,762.90	22,351,762.90	33,344,507.84
01F050486	FEDERAL NAT MTG ASSN GTD PASS THRUCTF POOL #CL-545762 REG	6.5	7/1/1932	20,021,128.74	104.28	20,878,633.68	20,659,302.23
	FNMA SINGLE FAMILY MORTGAGE T/B/A - 5.00% MAT 15 YEARS SETTLES AUGUST	5	8/15/2018	19,500,000.00	103.47	20,176,406.25	20,141,367.19
	CYPRESS MERCHANT BANK DOMESTIC ALTERNATIVE INVESTMENT HELD ELSEWHERE-PO	0	0	1	19,940,923.09	19,940,923.09	23,498,670.89
	AFL-CIO HOUSING INV TRUST	0	0	17,941.81	1,168.94	20,972,945.99	20,655,101.97
01F060477	FNMA SINGLE FAMILY MORTGAGE T/B/A - 6.00% MAT 15 YEARS SETTLES JULY	6	7/15/2018	18,090,000.00	104.33	18,872,957.82	18,862,920.41
912795NE7	UNITED STATES TREAS BILLS PREASSIGN # 066	0	7/24/2003	17,310,000.00	99.93	17,297,999.25	17,297,999.25
01F060683	FNMA SINGLE FAMILY MORTGAGE T/B/A - 6.00% MAT 30 YEARS SETTLES AUGUST	6	8/15/1933	16,000,000.00	103.83	16,612,500.00	16,642,013.89
9128100Z8	UNITED STATES TRY BONDS DTD 8-15-87	8.88	8/15/2017	12,250,000.00	151.28	18,531,922.50	16,534,718.88
912810DB1	UNITED STATES TREASURY BONDS DTD 11/15/82	10.38	11/15/2012	12,120,000.00	133.22	16,146,142.80	16,345,369.91
912810EX2	UNITED STATES TREASURY BDS	6.75	8/15/2026	13,502,000.00	130.31	17,594,861.26	15,405,961.98
	CARLYLE PARTNERS III	0	0	1	14,738,394.00	14,738,394.00	15,109,403.00
313921BW3	FEDERAL NAT MTG ASSN REMIC PASS THRU CTF TR 2001-T009	2.28	2/25/1932	15,057,793.38	100.07	15,068,484.41	15,057,793.38
313568MC6	FEDERAL NAT MTG ASSN DISC NTS	1.01	9/24/2003	15,000,000.00	99.77	14,965,500.00	14,963,658.33
02R060670	FHLMC GOLD SINGLE FAMILY T/B/A - 6.00% MAT 30 YEARS SETTLES JULY	6	7/15/1933	14,385,000.00	103.92	14,949,161.72	14,915,963.21
313384JG5	SCP PRIVATE EQUITY PARTNERS	0	0	1	9,286,073.00	9,286,073.00	14,804,364.00
	FEDERAL HOME LN BK CONS DISC NTS	0	7/18/2003	14,670,000.00	99.96	14,664,132.00	14,656,109.81
	VS AND A MANAGEMENT CORP DOMESTIC ALTERNATIVE INVESTMENT HELD ELSEWHERE-P	0	0	1	9,974,915.00	9,974,915.00	14,426,496.00
912828AZ3	UNITED STATES TREAS NTS	2.63	5/15/2008	13,943,000.00	100.94	14,073,715.63	14,200,701.11
912810EC8	UNITED STATES TREAS BD	8.88	2/15/2019	10,490,000.00	153.16	16,066,064.40	14,098,738.37
86956UVF8	SVENSKA HANDELSBANKEN INC S DISC COML PAPER 3/A3 YRS 3&4	1.23	8/15/2003	14,000,000.00	99.69	13,957,179.44	13,957,179.44

NEW YORK CITY
POLICE PENSION FUND

EQUITY HOLDINGS
AS OF JUNE 30, 2003

CUSIP	TITLE	RATE	MATURITY	UNITS	PRICE	MARKET	COST
0 NY SAF EAFE INDEX FUND		0	0	43,206,183.27	14.92	644,706,766.88	595,786,535.87
0 BIAM GROUP TRUST FUND		0	0	13,955,262.60	23.7	330,717,395.20	209,000,000.00
99F521AA8	NEW YORK CITY EMPLOYEE'S INT'L COMMINGLED FUND	0	0	11,098,098.03	25.98	288,328,586.82	211,886,910.09
0 GE INVESTMENT INTL FUND		0	0	9,289,076.87	20.66	191,882,697.19	196,723,589.99
0 SCHROEDERS INTERNATIONAL ESA FUND		0	0	143,718.66	1,637.49	235,338,069.77	180,300,000.00
990002AD9	NEW YORK CITY RETIREMENT SYSTEMS SHORT TERM INVESTMENT FUND	0.06	0	160,848,648.00	100	160,848,648.00	160,848,648.00
0 PICTET INTERNATIONAL EMERGING EQUITY MARKETS TRUST		0	0	7,500,000.00	9.97	74,744,729.63	75,000,000.00
0 GENESIS GROUP TRUST EMERGING MARKETS FUND		0	0	417,024.31	164.76	68,708,453.00	73,877,671.00
594918104	MICROSOFT CORP COM (WA)	0.08	0	5,155,241.00	25.64	132,180,379.24	73,825,468.07
172967101	CITIGROUP INC COM	1.4	0	3,472,083.00	42.8	148,605,152.40	69,149,028.40
30231G102	EXXON MOBIL CORP COM	1	0	3,821,854.00	35.91	137,242,777.14	56,596,683.16
369604103	GENERAL ELEC CO COM	0.76	0	5,523,250.00	28.68	158,406,810.00	51,261,876.79
717081103	PFIZER INC COM	0.6	0	4,412,029.00	34.15	150,670,790.35	51,159,319.09
26874107	AMERICAN INTL GROUP INC COM	0.26	0	1,476,450.00	55.18	81,470,511.00	46,254,253.18
17279R102	CISCO SYS INC COM	0	0	4,188,077.00	16.79	70,317,812.83	44,620,221.87
00184A105	AOL TIME WARNER INC COM	0	0	2,291,544.00	16.09	36,870,942.96	42,379,387.62
92343V104	VERIZON COMMUNICATIONS COM	1.54	0	1,625,810.00	39.45	64,138,204.50	38,655,465.24
459200101	INTERNATIONAL BUSINESS MACHS CORP COM	0.64	0	871,100.00	82.5	71,865,750.00	33,640,030.19
925524308	VIACOM INC COM STK CL B	0.24	0	1,001,976.00	43.66	43,746,272.16	33,129,964.09
931142103	WAL MART STORES INC COM	0.96	0	1,644,721.00	51.7	85,032,075.70	32,335,589.09
46625H100	J P MORGAN CHASE & CO COM	1.36	0	1,495,683.00	34.18	51,122,444.94	31,983,336.92
589331107	ROCK & CO COMMON	1.48	0	1,287,800.00	60.55	77,976,290.00	31,442,884.53
458140100	INTEL CORP. COM	0.08	0	3,635,293.00	20.81	75,650,447.33	28,047,309.23
78387G103	SBC COMMUNICATIONS INC	1.13	0	1,770,135.00	25.55	45,226,949.25	25,427,834.19
60505104	BK AMER CORP. COM F/K/A BANKAMERICA CORP	3.2	0	904,538.00	79.03	71,485,638.14	24,308,781.12
191216100	COCA COLA CO COM	0.88	0	1,138,768.00	46.41	52,850,222.88	24,274,353.17
166764100	CHEVRONTXACO CORP COM	2.92	0	601,206.00	72.2	43,407,073.20	23,518,328.45
931142103	WALMART STORES INC. COM	0.36	0	1,522,510.00	53.67	81,713,111.70	22,956,915.78
254687106	DISNEY (WALT) HLDG COMPANY	0.21	0	1,398,025.00	19.75	27,610,993.75	22,745,085.97
20030N101	COMCAST CORP NEW CL A	0	0	928,218.00	30.18	28,013,619.24	22,703,902.10
31162100	AMGEN INC COM US\$0.0001	0	0	803,453.00	65.94	52,979,690.82	22,177,179.38
929903102	WACHOVIA CORP 2ND NEW COM	1.4	0	807,046.00	39.96	32,249,558.16	21,289,915.06
949746101	WELLS FARGO & CO NEW COM	1.8	0	972,676.00	50.4	49,022,870.40	19,734,826.34
268648102	EMC CORP MASS COM	0	0	1,941,361.00	10.47	20,326,049.67	19,091,393.22
742718109	PROCTER & GAMBLE CO COM	1.82	0	682,827.00	89.18	60,894,511.86	18,474,501.47
184502102	CLEAR CHANNEL COMMUNICATOIONS INC COM	0.4	0	400,659.00	42.39	16,983,935.01	18,222,013.16
590188108	MERRILL LYNCH & CO INC COM	0.64	0	633,600.00	46.68	29,576,448.00	18,165,038.83
437076102	HOME DEPOT INC COM	0.24	0	1,411,897.00	33.12	46,762,028.64	17,946,274.17
983024100	WYETH COM	0.92	0	1,220,400.00	45.55	37,460,320.00	17,919,796.89
620076109	MOTOROLA INC COMMON	0.16	0	1,640,773.00	9.43	15,472,489.39	17,193,789.62
94106L109	WASTE MGMT INC DEL COM	0.01	0	729,515.00	24.09	17,574,016.35	17,099,732.59
375766102	GILLETTE CO COM	0.65	0	804,784.00	31.86	25,640,418.24	16,985,571.38
263534109	DU PONT E I DE NEMOURS & CO COM	1.4	0	667,157.00	41.64	27,780,417.48	16,858,842.78
617446448	MORGAN STANLEY	0.92	0	666,394.00	42.75	28,488,343.50	16,660,645.82
02208S103	ALTRIA GROUP INC COM	2.56	0	1,062,656.00	45.44	48,287,088.64	16,111,962.35

SEE SN U004J94

F/K/A MORGAN STANLEY DEAN WITTER AND CO COM

EQUITY HOLDINGS
AS OF JUNE 30, 2003

CUSIP	TITLE	RATE	MATURITY	UNITS	PRICE	MARKET	COST
911312106	UNITED PARCEL SVC INC CL B	0.84	0	264,238.00	63.7	16,831,960.60	16,081,186.31
428236103	HEWLETT PACKARD CO COM	0.32	0	1,464,446.00	21.3	31,192,699.80	15,622,181.94
68389X105	ORACLE CORPORATION	0	0	2,585,470.00	12.01	31,051,494.70	15,529,385.04
247025109	DELL COMPUTER CORP COM	0	0	1,445,025.00	31.84	46,009,596.00	15,436,338.75
00209A106	AT&T WIRELESS SVCS INC COM	0	0	1,196,984.00	8.21	9,827,238.64	15,309,081.40
55262L100	MBNA CORP COM US\$0.01	0.4	0	1,293,037.00	20.84	26,946,891.08	15,157,886.31
339030108	FLEETBOSTON FINL CORP COM	1.4	0	747,323.00	29.71	22,202,966.33	15,144,446.03
06423A103	BANK ONE CORPORATION NEW COM	SEE SN B036494	0	734,311.00	37.18	27,301,682.98	15,086,997.00
319963104	FIRST DATA CORP. COM US. 0.01	1	0	671,102.00	41.44	27,810,466.88	14,994,090.65
713448108	PEPSICO INC COM US\$0.01 2/3	0.64	0	967,470.00	44.5	43,052,415.00	14,914,206.67
79860102	BELLSOUTH CORP COM	0.92	0	999,428.00	26.63	26,614,767.64	14,869,979.73
923436109	VERITAS SOFTWARE CO COM	0	0	509,916.00	28.82	14,695,779.12	14,805,979.31
460146103	INTERNATIONAL PAPER CO COM	1	0	476,331.00	35.73	17,019,306.63	14,476,174.90
902973304	US BANCORP DEL COM NEW	0.82	0	1,180,806.00	24.5	28,929,747.00	14,429,292.86
38141G104	CG PUBLIC INT NON-US	0	0	787,215.27	16.88	13,288,193.76	14,386,049.17
110122108	GOLDMAN SACHS GROUP INC COM	1	0	169,025.00	83.75	14,155,843.75	14,003,463.67
747525103	BRISTOL MYERS SQUIBB CO COM	1.12	0	940,960.00	27.15	25,547,064.00	13,887,655.63
20825C104	QUALCOMM INC COM	0.28	0	431,450.00	35.94	15,506,313.00	13,745,396.72
984332106	YAHOO INC COM	1.6	0	419,620.00	54.8	22,995,176.00	13,705,138.94
806605101	SCHERING PLOUGH CORP COM	0	0	465,875.00	32.7	15,234,112.50	13,134,355.48
718131109	BAXTER TRAVENOL LABS INC	0.68	0	1,065,100.00	18.6	19,810,860.00	12,960,048.98
2824100	ABBOTT LABORATORIES COM.	0.58	0	556,328.00	26	14,464,528.00	12,616,084.45
585055106	MEDTRONIC INC COMMON	0.98	0	846,500.00	43.76	37,042,840.00	12,548,089.51
91324P102	UNITEDHEALTH GROUP INC	0.29	0	725,821.00	47.97	34,817,633.37	12,426,040.34
25816109	AMERICAN EXPRESS CO COM	0.02	0	481,040.00	50.25	24,172,260.00	11,929,699.17
244199105	DEERE & CO COM	0.4	0	763,371.00	41.81	31,916,541.51	11,718,658.09
902124106	TYCO INTL LTD NEW COM	0.88	0	351,100.00	45.7	16,045,270.00	11,690,841.75
37833100	APPLE COMPUTER INC COM	0.05	0	730,900.00	18.98	13,872,482.00	11,648,095.74
13817101	ALCOA INC COM	0	0	705,000.00	19.06	13,437,300.00	11,554,193.41
58551A108	MELLON FINL CORP COM	0.6	0	166,525.00	72.12	12,009,783.00	11,534,967.45
65332V103	NEXTEL COMMUNICATIONS INC CL A	0.56	0	658,524.00	25.5	16,792,362.00	11,195,665.70
962166104	WEYERHAEUSER CO COM	1.04	0	621,518.00	27.75	17,247,124.50	11,153,230.83
313400301	FREDDIE MAC	0	0	443,800.00	50.77	22,531,726.00	10,944,184.10
278642103	EBAY INC COM	1.8	0	518,540.00	18.07	9,370,017.80	10,990,154.78
792860108	ST PAUL COS INC COM	0	0	262,150.00	54	14,156,100.00	10,854,798.48
260543103	DOW CHEM CO COM	1.8	0	541,000.00	67.44	36,485,040.00	10,835,782.87
524908100	LEHMAN BROS HLDGS INC	0	0	158,560.00	104	16,490,240.00	10,809,887.51
882508104	TEXAS INSTRUMENTS INC COM	1.16	0	358,742.00	36.51	13,097,670.42	10,608,499.40
66807102	NORTHROP GRUMMAN CORP	1.34	0	563,407.00	30.96	17,443,080.72	10,566,254.76
88579Y101	3M CO COM	0.48	0	276,482.00	66.48	18,380,523.36	10,493,323.95
530718105	LIBERTY MEDIA CORP NEW COM SER A	0.08	0	968,378.00	17.6	17,043,452.80	10,412,908.02
66807102	NORTHROP GRUMMAN CORP	1.6	0	151,448.00	86.29	13,068,447.92	10,294,003.03
530718105	LIBERTY MEDIA CORP NEW COM SER A	2.64	0	213,700.00	128.98	27,563,026.00	10,082,674.02
530718105	LIBERTY MEDIA CORP NEW COM SER A	0	0	1,221,944.00	11.56	14,171,479.86	10,071,479.86

**NEW YORK CITY
POLICE PENSION FUND**

**INVESTMENT SUMMARY
YEAR ENDED JUNE 30, 2003
(In Thousand)**

Type of Investment:	Market Value	Percentage of Total Market Value
Fixed Income:		
Corporate Bonds	\$ 1,789,652,547	12%
U.S Government Securities	2,200,921,566	15%
Yankee Bonds	273,305,842	2%
Mortgages	20,972,946	0%
Total Fixed Income	\$ 4,284,852,901	29%
Domestic Equities:	\$ 6,701,073,319	46%
International Equities:	\$ 2,621,817,852	18%
Private Equity-Other	\$ 127,579,726	1%
Short-term Investments:		
Short-term Investments	\$ 541,390,865	4.00%
Commercial Paper	53,068,152	0.68%
Discount Notes	179,264,867	1.00%
Treasury Bills	47,431,607	0.32%
Total Short-term	\$ 821,155,491	6%
Total Market Value*	\$ 14,556,479,289	100%

*Security lending transactions of \$2,154,690,692 not included in total.

SCHEDULE 6

**NEW YORK CITY
POLICE PENSION FUND**

**REPORT ON INVESTMENT MANAGEMENT FEES
June 30, 2003**

INTERNATIONAL

BK OF IRELAND ASSET MGT (US) LTD/CHASE	\$804,079.33	\$804,079.33
CAPITAL GUARDIAN TRUST CO/CHASE	1,042,741.08	1,042,741.08
DELAWARE MGT. CO.	669,051.34	669,051.34
GE INVEST. MGMT, INC./ST. STREET BK&TR	484,401.12	484,401.12
INVISTA CAPITAL MGT.	103,501.97	103,501.97
OECHSLE INT'L ADVISORS	477,020.71	477,020.71
PUTNAM ADVISORY CO.	658,812.87	658,812.87
ROWE PRICE-FLEMING	552,640.02	552,640.02
SCHRODER CAPITAL MGT INT'L/CHASE	519,066.56	519,066.56
SUBTOTAL ACTIVE	5,311,315.01	5,311,315.01

BANKERS TRUST/DEUTSCHE	85,453.21	85,453.21
BARCLAYS GLOBAL INVESTORS, N.A.	80,747.15	80,747.15
SUBTOTAL INDEX	166,200.36	166,200.36

GENESIS ASSET MGRS LTD/BANKERS TRUST	478,061.38	478,061.38
PICTET INT'L MGT LTD/BROWN BROS.	807,510.88	807,510.88
SUBTOTAL EMERGING MARKETS	1,285,572.26	1,285,572.26
TOTAL INTERNAT'L	6,763,087.63	6,763,087.63

EQUITY

BANKERS TRUST COMPANY/INDEX	37,459.89	37,459.89
MERRILL LYNCH ASSET MGT/INDEX	23,583.53	23,583.53
MERRILL -VALUE R 1000	8,474.19	8,474.19
EQUITY INDEX	69,517.61	69,517.61

AMERICAN EXPRESS [IDS]/GROWTH	48,451.01	48,451.01
FIDELITY MGMT. TRUST COMPANY/GROWTH	1,246,829.00	1,246,829.00
LOOMIS SAYLES & CO. L.P. /- GROWTH	492,882.22	492,882.22
ARONSON JOHNSON	171,061.00	171,061.00
IRIDIAN ASSET	246,075.00	246,075.00
LORD ABBETT (LCV)	205,438.09	205,438.09

SUBTOTAL CURRENT ACTIVE	\$2,410,736.33	\$2,410,736.33
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**NEW YORK CITY
POLICE PENSION FUND**

**REPORT ON INVESTMENT MANAGEMENT FEES
June 30, 2003**

ARIEL CAPITAL/MID CAP	\$187,242.95	\$187,242.95
CHICAGO EQUITY PARTNERS	147,300.98	147,300.98
DALTON GREINER HARMAN MAHER, & Co.	662,654.00	662,654.00
DARUMA ASSET MGT, Inc.	227,871.22	227,871.22
DEUTSCHE ASSET MGT	243,861.62	243,861.62
FORSTMANN - LEFF ASSOC. (MID CAP)	106,169.00	106,169.00
INVESCO	126,617.94	126,617.94
J&W SELIGMAN	169,560.00	169,560.00
LORD, ABBETT	205,438.09	205,438.09
MACKAY SHIELDS	160,857.59	160,857.59
MAZAMA CAPITAL MGT, Inc.	445,984.97	445,984.97
TOTAL - Small/Mid Cap	2,683,558.36	2,683,558.36
 SUBTOTAL NEW MGRS	 2,683,558.36	 2,683,558.36
TOTAL US ACTIVE EQUITY	5,094,294.68	5,094,294.68
SUBTOTAL US EQUITY	5,163,812.29	5,163,812.29
ALTERNATIVE INVESTMENTS		
Apollo Investment Fund	167,400.00	167,400.00
Blackstone IV	46,311.00	46,311.00
Canyon Johnson	41,400.00	41,400.00
Carlyle Partners III, L.P.	221,100.00	221,100.00
Collier	33,600.00	33,600.00
CVC European Equity Fund	121,050.00	121,050.00
Cypress Merchant Banking Partners	299,100.00	299,100.00
FDG Capital	341,850.00	341,850.00
Freeman Spogli V LP	1,800.00	1,800.00
Lincolnshire Equity Fund	132,600.00	132,600.00
New Mountain Partners	83,600.00	83,600.00
OCM Re Opp Fund	75,400.00	75,400.00
Prism Venture Partners	140,175.00	140,175.00
SCP Private Equity Partners	185,800.00	185,800.00
Solera Partners	44,400.00	44,400.00
VS&A Fund	199,400.00	199,400.00
TOTAL ALTERNATIVES	2,134,986.00	2,134,986.00
 TOTAL - EQUITIES	 \$14,061,885.93	 \$14,061,885.93

SCHEDULE 6

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
30-Jun-03

FIXED INCOME

FISCHER, FRANCIS, TREES & WATTS, INC	\$177,750.92		\$177,750.92
LINCOLN CAPITAL MANAGEMENT CO/GOVT	52,287.70		52,287.70
PIMCO	193,152.40		193,152.40
SUBTOTAL GOVERNMENT	423,191.02		423,191.02
BLACKROCK	267,882.44		267,882.44
LINCOLN CAPITAL MANAGEMENT CO/MORT	246,886.41	19,750.91	266,637.32
PACIFIC INVESTMENT MANAGEMENT CO.	471,340.51	296,944.52	768,285.04
SUBTOTAL MORTGAGE	986,109.37	316,695.44	1,302,804.80
BLACKROCK	153,102.35		153,102.35
CREDIT SUISSE/BEA ASSOCIATES	79,547.00		79,547.00
TAPLIN, CANIDA & HABACHT	35,500.00		35,500.00
T. ROWE PRICE ASSOCIATES, INC.	227,150.65		227,150.65
SUBTOTAL CORPORATE	495,299.99		495,299.99
FISCHER, FRANCIS, TREES & WATTS/YANKEE	123,274.85	117,111.11	240,385.95
PRUDENTIAL	100,258.39	20.05	100,278.44
SUBTOTAL YANKEE	223,533.24	117,131.16	340,664.39
SUBTOT FI: STRUCTURED PROG.	2,128,133.61	433,826.59	2,561,960.21
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	207,414.00		207,414.00
CREDIT SUISSE/BEA ASSOCIATES	363,152.69		363,152.69
LOOMIS SAYLES & CO. L.P.	897,383.28		897,383.28
W.R. HUFF ASSET MANAGEMENT CO., LLC	790,101.23		790,101.23
SUBTOTAL- ENH. YLD	2,258,051.21		2,258,051.21
TOTAL-US FIXED INC.	4,386,184.82	433,826.59	4,820,011.42

CONSULTANTS

PACIFIC CORP GROUP	365,427.50		365,427.50
STRATEGIC INVESTMENT SOLUTIONS, INC.	121,666.66		121,666.66
BUCK CONSULTANTS INC.	100,000.00		100,000.00
TOTAL CONSULTANTS	587,094.16		587,094.16
TOTAL -	19,035,164.91	433,826.59	19,468,991.51
INTERNATIONAL	6,763,087.63		6,763,087.63
EQUITY	5,163,812.29		5,163,812.29
ALTERNATIVE INVEST.	2,134,986.00		2,134,986.00
FIXED INCOME	4,386,184.82	433,826.59	4,820,011.42
CONSULTANT	587,094.16		587,094.16
TOTAL COSTS BY SYSTEM FOR FY 2003	19,035,164.91	433,826.59	19,468,991.51
NET CHANGE DUE TO ACCRUED EXPENSES		353,730.49	353,730.49
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	\$19,035,164.91	\$787,557.08	\$19,822,722.00

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 ENDED

June 30, 2003

OFFICE OF THE ACTUARY

75 PARK PLACE • 9TH FLOOR
NEW YORK, NY 10007
(212) 442-5775 • FAX: (212) 442-5777

ROBERT C. NORTH, JR.
CHIEF ACTUARY

November 20, 2003

Board of Trustees
New York City Police 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, 2003

Dear Members:

The financial objective of the New York City Police 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 and, together with member contributions, will be sufficient to accumulate assets to pay benefits when due.

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

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, 2002 is included in this CAFR. A summary of the census data used in the June 30, 2001 actuarial valuation of the Plan is available in the June 30, 2002 CAFR.

Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

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.

In addition to the Schedule of Funding Progress and the Solvency Test, included in the Actuarial Section of the CAFR (following the Solvency Test) are two Other Measures of Funded Status which provide different representations of the Assets and Liabilities of the Plan.

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, where applicable, 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 Office of the Actuary.
- Actuarial Assumptions and Methods - prepared by the Office of the Actuary.

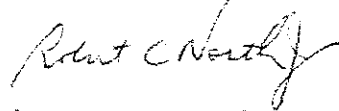
The following supporting schedules in the Actuarial Section of the CAFR were prepared by the Office of the Actuary:

- Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2002.
- Active Member Valuation Data.
- Retirants and Beneficiaries Added to and Removed from Rolls.
- Actual vs. Required Contributions.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets - Solvency Test.
- Other Measures of Funded Status.

Board of Trustees
New York City Police Pension Fund
November 20, 2003
Page 5

If you have any questions about any of the actuarial information in this Actuarial Section or elsewhere in this CAFR, please do not hesitate to contact Mr. Martin A. Einhorn or me.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Robert C. North, Jr.", with a stylized flourish at the end.

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

RCN/aw

cc: Mr. M.D. Welsome

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002

- (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 as of June 30, 1999 but with the Unfunded Actuarial Accrued Liability ("UAAL") not less than \$0.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

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 the Actuarial Present Value of future employee contributions is allocated on a level basis over the Actuarial Present Value of 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") 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 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 is 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).

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

- (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 Actuarial 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) In a report dated October 1999 entitled Report on the Experience Study of the New York City Retirement Systems for the Four Years ended June 30, 1997, Watson Wyatt and Company, an independent actuarial auditor, presented an actuarial study and made recommendations for changes in certain actuarial assumptions and methods. Based upon a review of that study, the Actuary, in a Report dated December 27, 1999, 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).

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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

(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. For actuarial valuations from June 30, 1995 to June 30, 1999 the following overtime assumptions were used in Final Average Salary ("FAS"):

- 12% for Tier I Service Retirements
- 9% for Tier II Service Retirements
- 2% for Tier I Disability Retirements
- 4% for Tier II Disability Retirements
- 6% for all other benefits.

For actuarial valuations on and after June 30, 2000, in recognition of Chapter 372 of the Laws of 2000 that provides for the use of one-year FAS for Tier II members of the Plan, the following overtime assumptions are used in FAS:

- 12% for Service Retirements
- 2% for Disability Retirements except 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, 2002 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, 2002 (Cont'd)

Table 1

Deaths among Service and Disability Pensioners

Percentage of Pensioners Dying within Next Year

<u>Age</u>	<u>Service Pensioners</u>		<u>Disability Pensioners</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
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

<u>Service Retirement Years of Service Since Eligibility</u>			<u>Accident Disability Retirement</u>	<u>Ordinary Disability Retirement</u>	<u>Ordinary Death</u>		<u>Accidental Death</u>
<u>0-1</u>	<u>1-2</u>	<u>2+</u>			<u>Males</u>	<u>Females</u>	
40.00%	20.00%	12.00%	1.60%	.30%	1151%	0645%	.02%
40.00	20.00	12.00	1.80	.40	2030	0980	.02
40.00	20.00	12.00	2.00	.50	3635	1598	.02
40.00	20.00	12.00	2.50	1.00	5702	2465	.01
40.00	20.00	12.00	4.00	6.00	8517	4114	.00
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, 2002 (Cont'd)

Table 3

Withdrawals from Active Service (Other than for Service Retirement)

Percentage of Active Members Separating within Next Year

<u>Age</u>	<u>Withdrawal</u>	<u>Accidental Disability</u>	<u>Ordinary Disability</u>	<u>Ordinary Death</u>		<u>Accidenta Death</u>
				<u>Males</u>	<u>Females</u>	
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

<u>Years Of Service</u>	<u>Assumed Annual Percentage Increases Within Next Year*</u>
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

ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll*</u>	<u>Annual Average Pay</u>	<u>Percentage Increase in Average Pay</u>
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
6/30/02	36,536	2,496,249,037	68,323	6.1

* 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.

NEW YORK CITY POLICE PENSION FUND

RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls end of Year</u>		<u>% Increase In Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
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
6/30/02	2,916	108,830,413	898	19,684,195	37,263	1,124,084,976	8.6	30,166

NEW YORK CITY POLICE PENSION FUND

ACTUAL VS. REQUIRED CONTRIBUTIONS

(Dollar amounts in thousands)

<u>Fiscal Year Ended</u>	<u>Actual Employer Contribution*</u>	<u>Required Employer Contribution</u>	<u>Employer Rate of Contribution**</u>
6/30/98	\$544,199 ⁽¹⁾	\$544,199	26.723%
6/30/99	502,060	502,060	24.010
6/30/00	250,021 ⁽²⁾	250,021	10.722
6/30/01	413,156 ⁽³⁾	543,758	16.756
6/30/02	534,476 ⁽⁴⁾	636,481	21.378
6/30/03	625,379 ⁽⁵⁾	821,387	25.053

* Represents total employer contributions accrued for fiscal year.

** The employer rates of contribution equal the actual employer contributions as percentages 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 1998 plus \$42,316 thousand deferred from Fiscal Year 1997 and adjustments for delayed payments.
- (2) Represents total employer contributions made during Fiscal Year 2000 net of \$189,225 thousand deferred to Fiscal Year 2001 and adjustments for delayed payments.
- (3) Represents the statutorily-required 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.
- (4) Represents the statutorily-required 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.
- (5) Represents the statutorily-required contributions of \$625,379 thousand for Fiscal Year 2003 computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the liabilities attributable to Chapter 125/00 and Chapter 278/02 which extend the phase-in period for funding these liabilities from five years to ten years.

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)

As of June 30	Aggregate Accrued Liabilities for				Percentage of Actuarial Values Covered by	
	Accumulated Employee Contributions (A)	Current Retirees and Beneficiaries (B)	Active Members' Employer Financed Portion (C)	Actuarial Value of Assets (D)	Actuarial Value of Assets (A)	(C)
1997	\$ 766,395	\$ 7,021,580	\$4,145,516	\$11,237,636	100%	83%
1998	850,917	7,333,829	4,453,381	12,397,792	100	95
1999*	947,614	8,121,653	5,421,075	16,877,765	100	100
2000	1,051,312	9,733,708	6,290,250	17,601,913	100	100
2001	1,163,665	10,245,495	6,688,974	18,141,670	100	100
2002	1,715,036	11,294,438	6,645,998	18,913,634	100	89

*As of June 30 1999, economic and non-economic assumptions were revised due to experience review and the Actuarial Value of Assets was 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 ("ERISA").

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:

<u>Valuation Date June 30</u>	<u>Assumed Annual Rate of Return On Investments</u>	<u>Merit and Promotion Increases Plus an Assumed General Wage Increase Per Year of</u>
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
2002	8.00	3.0

NEW YORK CITY POLICE PENSION FUND

OTHER MEASURES OF FUNDED STATUS

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

Furthermore, there are multiple, possible definitions of the Plan's Assets and Liabilities. For example, with respect to the Liabilities, the Projected Benefit Obligation ("PBO") is defined as the Actuarial Present Value of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date, assuming future salary levels calculated using the actuarial assumptions. In contrast, the Accumulated Benefit Obligation ("ABO") is determined in the same manner as the PBO but without assuming future salary increases.

The following table presents two Other Measures of Funded Status comparing (1) the Actuarial Asset Value ("AAV") with the PBO calculated using the actuarial assumptions in effect as of June 30, 2002 and (2) the Market Value of Assets ("MVA") with the Market Value Accumulated Benefit Obligation ("MVABO") calculated using the same actuarial assumptions in effect as of June 30, 2002 except for an investment rate of return assumption equal to the yield on U.S. Treasury securities where durations are consistent with those of the expected payments from the funds.

Other Measures of Funded Status						
(Dollar Amounts in millions)						
Valuation Date	Actuarial Asset Value (AAV)	Market Value of Assets (MVA)	Projected Benefit Obligation (PBO) *	Market Value Accumulated Benefit Obligation (MVABO) **	AAV/PBO	MVA/MVABO
6/30/99	\$16,877.8	\$16,877.8	\$14,490.3	\$15,570.2	116%	108%
6/30/00	17,601.9	17,813.4	17,075.3	18,772.2	103	95
6/30/01	18,141.7	15,765.3	18,098.1	20,971.4	100	75
6/30/02	18,913.6	14,504.9	19,655.5	23,738.9	96	61

* Calculated based on actuarial assumptions used for determining employer contributions.

** Calculated based on actuarial assumptions used for determining employer contributions except that projected benefit payments are discounted using the expected yields on U.S. Treasury securities of like duration (estimated average yields of approximately 6.0%, 6.1%, 5.6% and 5.3% for June 30, 1999, 2000, 2001 and 2002, respectively).

NEW YORK CITY POLICE PENSION FUND

OTHER MEASURES OF FUNDED STATUS (Cont'd)

These Other Measures of Funded Status provide different representations of the Assets and Liabilities of the Plan and are designed solely to offer additional insight into the Funded Status of the Plan that the Actuary believes may prove interesting to some readers.

In addition, it should be noted that any measures of funded status should generally be examined with more consideration of their trends over time than their values at any given point in time.

Note, the ratios of AAV to PBO present a comparable but a somewhat different representation of the information shown in the Solvency Test.

The ratios of MVA to MVABO provide a different measure of funded status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002

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 Administrative Code of the City of New York ("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.

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.

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

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

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 annual 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 Deductions 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) an annual 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

II. ORDINARY DISABILITY RETIREMENT

An annual 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 annual ordinary disability retirement allowance is equal to $\frac{1}{40}$ ($\frac{1}{50}$ for members who elected the 25 year plan; $\frac{1}{60}$ 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 $\frac{1}{2}$ of his Final Salary if he completed 10 or more years of City service, or $\frac{1}{3}$ 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 $\frac{1}{60}$ 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

The accidental death benefit is a lump sum payment of the reserve for ITHP and an annual 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. For 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

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 to 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, rounded 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 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

- (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 90% 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

Actual employer contributions are accrued by the Plan and are funded by the employer on a current basis. The statutorily-required contribution amounted to \$625,379,069 for the Fiscal Year ended June 30, 2003 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 and Chapter 278/02 which extend the phase-in period for funding these liabilities from five years to ten years.

The annual required contribution amounted to \$821,387,195 for the Fiscal Year ended June 30, 2003.

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 ENDED

June 30, 2003

NEW YORK CITY POLICE PENSION FUND

AVERAGE ANNUAL BENEFIT PAYMENT AMOUNTS

<u>Date</u>	<u>Service Retirement Benefits</u>		<u>Ordinary (Non-Duty) Disability Benefits</u>		<u>Accidental (Duty) Disability Benefits</u>	
	<u>Number</u>	<u>Average Annual Allowance</u>	<u>Number</u>	<u>Average Annual Allowance</u>	<u>Number</u>	<u>Average Annual Allowance</u>
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
6/30/02	21,394	28,346	3,986	28,466	9,837	39,019

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE OF BENEFIT EXPENSES BY TYPE

(In Thousands)

June 30, 2003

BENEFIT PAYMENTS

Fiscal Year	Service & Disability Retirement	Ordinary Death in Service	Payments for Death After Retirement	Line of Duty Deaths	Total
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
06/30/03	\$ 1,303,153	\$ 4,374	\$ 4,265	\$ 7,360	\$ 1,319,152

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2003

SERVICE RETIREMENT

<u>AGE</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	0	\$ -	-	\$ -
30 to 34	0	0	0	0
35 to 39	4	30,180	1	21,600
40 to 44	1,103	30,238	188	26,673
45 to 49	1,422	30,300	271	28,048
50 to 54	2,174	33,784	118	30,083
55 to 59	3,561	33,056	79	32,134
60 to 64	3,872	29,924	67	30,546
65 to 69	2,347	26,155	38	31,342
70 to 74	2,133	24,165	29	21,984
75 to 79	1,850	22,530	34	19,700
80 to 84	1,375	20,805	19	20,993
85 to 89	511	22,090	9	20,802
90 & up	186	\$ 23,855	3	\$ 21,244

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2003

ORDINARY DISABILITY (NON-DUTY) RETIREMENT

AGE	MEN		WOMEN	
	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE
UNDER 30	-	\$ -	0	\$ -
30 to 34	33	16,835	20	17,955
35 to 39	97	20,296	62	19,050
40 to 44	135	21,128	63	20,884
45 to 49	108	21,477	46	21,801
50 to 54	231	18,009	21	20,250
55 to 59	518	19,632	18	18,255
60 to 64	530	22,842	8	17,593
65 to 69	394	34,044	19	19,860
70 to 74	622	38,384	4	27,565
75 to 79	599	34,921	15	28,623
80 to 84	328	35,168	11	26,803
85 to 89	91	36,239	1	51,360
90 & up	12	\$ 23,051	0	\$ -

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2003

ACCIDENT DISABILITY RETIREMENT

<u>AGE</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	3	\$ 34,442	1	\$ 24,600
30 to 34	156	36,550	30	34,886
35 to 39	583	40,527	117	39,365
40 to 44	1,004	41,833	158	39,190
45 to 49	630	42,473	83	39,169
50 to 54	1,103	38,600	38	34,623
55 to 59	1,903	37,509	43	35,023
60 to 64	1,585	38,368	22	37,964
65 to 69	811	40,332	9	38,012
70 to 74	673	40,627	6	36,169
75 to 79	524	37,178	5	35,947
80 to 84	265	33,984	1	28,967
85 to 89	68	33,463	1	26,208
90 & up	15	\$ 32,070	0	\$ -

**NEW YORK CITY
POLICE PENSION FUND**

**SERVICE OR DISABILITY
SURVIVORS OF DECEASED PENSIONERS UNDER SELECTED OPTIONS**

June 30, 2003

<u>AGE</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	2	\$ 17,473	7	\$ 18,681
30 to 34	0	0	2	19,350
35 to 39	0	0	14	22,887
40 to 44	0	0	10	20,559
45 to 49	2	24,330	14	27,230
50 to 54	0	0	13	23,295
55 to 59	2	19,321	23	19,900
60 to 64	0	0	34	21,096
65 to 69	0	0	46	16,243
70 to 74	0	0	91	15,116
75 to 79	0	0	138	11,821
80 to 84	0	0	328	7,221
85 to 89	0	0	429	4,539
90 & up	17	\$ 34,649	655	\$ 3,875

**NEW YORK CITY
POLICE PENSION FUND**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2003

**BENEFICIARIES OF PENSIONERS KILLED IN
ACTUAL PERFORMANCE OF DUTY**

<u>AGE</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	0	\$ -	10	\$ 28,376
30 to 34	0	0	4	26,379
35 to 39	0	0	14	30,601
40 to 44	0	0	21	29,135
45 to 49	0	0	16	29,478
50 to 54	0	0	38	22,438
55 to 59	0	0	53	22,211
60 to 64	2	29,061	45	20,449
65 to 69	3	25,455	29	19,268
70 to 74	1	26,774	37	19,057
75 to 79	1	25,863	22	18,788
80 to 84	0	0	16	20,666
85 to 89	0	0	6	25,026
90 & up	0	\$ -	1	\$ 5,132

NEW YORK CITY
POLICE PENSION FUND

EXPENSE BY TYPE

(In Thousands)

Fiscal Year Ended June 30, 2003	Benefit Payments (1)	Administrative Expense	Refund	Total	Employer Contributions as a Percentage of Annual Covered Payroll
1996	\$743,118.00	—	\$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
2003	\$1,306,299	\$11,395 **	\$1,458	\$1,319,152	25.1

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

** This amount represents expenses incurred and paid by the Fund for its overhead expenses. The schedule of Administrative expenses also includes certain expenses incurred by other City agencies but paid by the City on behalf of the Fund.

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 Annual Covered Payroll
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
2003	\$110,839	\$625,379	\$345,690	\$4,007	\$1,085,915	25.10