

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, 2004

NEW YORK, NEW YORK

NEW YORK CITY POLICE PENSION FUND
A PENSION TRUST FUND OF THE CITY OF NEW YORK



Comprehensive Annual Financial Report

FISCAL YEAR ENDED

June 30, 2004

New York, New York

**NEW YORK CITY
POLICE PENSION FUND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
A PENSION TRUST FUND OF THE CITY OF NEW YORK
FOR THE
FISCAL YEAR ENDED JUNE 30, 2004**

**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
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Board of Trustees

**Hon. MICHAEL R. BLOOMBERG, Mayor
Hon. RAYMOND W. KELLY, Police Commissioner, Chairman
Hon. WILLIAM C. THOMPSON Jr., Comptroller, Treasurer
Hon. MARTHA E. STARK, Finance Commissioner of the City of New York
P.O. PATRICK J. LYNCH, President of the Patrolmen's Benevolent Association**

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P.O. MUBARAK ABDUL-JABBAR, Second Vice-President of the Patrolmen's Benevolent Assoc.
P.O. JOHN FLYNN, Board of Trustees, Patrolmen's Benevolent association**

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Sgt. EDWARD MULLINS, President of the Sergeants' Benevolent Association
Det. MICHAEL J. PALLADINO, President of the Detectives' Endowment Association**

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

A PENSION TRUST FUND OF THE CITY OF NEW YORK



INTRODUCTORY SECTION

PART I

FISCAL YEAR ENDED

June 30, 2004

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, 2003

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, 2004

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, 2004. 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 Plan. 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 Pension 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 was 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 review in the Certificate of Achievement for Excellence in Financial Reporting Program. This report consists of five sections:

- a) The Introductory Section, which contains the Executive Director's Letter of Transmittal, the Administrative Organization and consulting services utilized by the system.
- b) The Financial Section, which contains the opinion of the Independent Certified Public Accountants as well as the Financial Statements of the Plan. The Management Discussion and Analysis narrative in this section provides an overview of the plan's financial activities for the fiscal year ended June 30, 2004.
- c) The Investment Section, which includes reports on investment activities and policies.
- d) The Actuarial Section, which contains the system's Actuarial Data and the Actuarial Certification Letter.
- e) The Statistical section, which contains statistical tables with 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 the 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, legislation was passed in 1995 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 thus became one

unified police force under the direct control of the Police Commissioner. Chapter 292 of the laws of 2001 provided Corpus Funding of administrative expenses for the Plan as of July 1, 2001 with the Executive Director as the administrator of the Fund. The New York City Police Pension Fund 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 employer's contributions as well as by 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.

Economic Condition and Outlook

The most recent economic news makes it clear that the national economy is moving in a positive direction. Consumer spending, retail sales, industrial production and housing construction and sales have been trending upward. Businesses are moving ahead with increased volume of orders and new outlays for equipment. Mortgage applications remain high, unemployment is down and consumers remain confident. On August 25th 2004, oil prices fell below \$44 per barrel nearly \$6 below their recent peak and gasoline prices also declined.

The fiscal year 2004 GDP growth was the most rapid since fiscal year 2000 at 4.5%. The GDP represents the total dollars spent on goods and service produced in the United States. The four main parts of GDP are consumption, investment, government and net exports. In addition the average unemployment and inflation rates continued to be low in fiscal year 2004 compared to prior years. For example the unemployment rate fell to 5.8% down from 5.9% in fiscal year 2003. The inflation rate in 2004 was a low 2.2% the same as fiscal year 2003.

The city's economy improved along with the national economy during fiscal year 2004. For example the city's unemployment rate fell to 8.1% in Fiscal year 2004 from the previous year. The city and the pension funds outlook for fiscal year 2005 is positive. Leading economic indicators reflect signs of economic growth for the city and in the pension plans. Federal aid is helping the city to recover and rebuild after the September 11th attack on the World Trade Center. "As long as overall corporate profits and the gross domestic product continue to rise, Wall Street will eventually get more business and do hiring", stated James Brown, a leading economist with the New York State Department of Labor.

Consumers are spending more money, individuals are seeking to invest more, industry is investing more of its assets in machinery and technology. Home sale prices are at record levels and coop prices and sales have performed in a like manner. Visitors and tourists are also sparking robust gains at Broadway Theaters, Movies, Hotels and Restaurants. This increased volume of tourism will increase the city's revenue and employment. Accounting firms continue to hire more people to handle changes in its policies which require these public firms to undergo far greater scrutiny of their accounting practices.

We believe that FY 2005 will be a good one for the Fund and that the market value of our investments will continue to grow. Our economy is heading towards growth and prosperity. The Police Pension Fund remains in sound financial and actuarial condition.

Major Initiatives of the year

The Plan's assets are invested for the benefit of the system's participants and beneficiaries. We continue with asset diversification, which is expected to reduce the annual volatility of expected returns. In Fiscal year 2004 the assets of the fund continued to increase in market value.

Since the September 11th attack on the Twin Towers, the city received \$11.3 billion of the promised \$21 billion in federal aid. The president has pledged to continue this help with the clean-up and recovery tasks.

This pension fund and the city's other pension funds filed litigation action against Adelphia Communication Corporation, World Com Inc. and National Century Financial Enterprise Inc, which are now pending before the courts. The Fund entered into a settlement agreement with Citibank to recover a loss the fund sustained from its Security Lending program. The city's other pension funds did the likewise under the direction of the NYC Law Department

In fiscal year 2004 the fund increased its activity in Private Equity and continued its policy to economically targeted investments. This program provides affordable housing for New Yorkers. This has been profitable for the system and has improved living conditions for New Yorkers. The Bank of New York has replaced Citibank as the Global Custodian Bank. We look forward in working with the Bank of New York and the city comptroller's office in achieving our common goal to better serve the members of New York City Police Pension Fund.

The New York City Police Pension Fund (NYCPPF) was given corpus funding in 2001 to improve service to our active and retired members. Corpus funding has enabled NYCPPF to establish a new headquarters and initiate a major upgrade to its computer infrastructure and technological capabilities. Over the past three years, NYCPPF has implemented the following information Technology enhancements:

- **Agency website (www.nyc.gov/nycppf)** : This site contains important information for members about their pension, downloadable pension forms, and an online newsletter. In 2004, an email subscription was added that automatically notifies members about new information on the NYCPPF website.
- **Office automation** : New desktop computers have enabled our staff to become more productive and helped them in managing their daily workload. For example, starting in 2004, our staff can access individual members' electronic blue cards (members' present and historical data) and electronic folders.
- **Business continuity location** : We are in the process of developing an alternative office location within the New York City area. This location will enable mission-critical member functions to continue in the event of an emergency which prevents PPF from using our primary office.
- **Document image management** : We have completed a large imaging scanning project, which converted over 76,000 paper member folders into

digital images. In-house staff is responsible for keeping these electronic folders current. This project increased our disaster recovery capabilities by allowing us to safely store electronic records off-site.

- **Comprehensive Officer Pension System (COPS)** : NYCPPF is in the process of developing a comprehensive computer system that will enable us to take member service to a new level. We are now converting 40,000 paper blue cards into an electronic blue card database to be used by the new COPS application for fast accurate member information access.
- **Web COPS** : We are also developing a self service kiosk to allow our members to personally access their pension data and provide other services on their own without requiring the services of a PPF counselor. Scheduled for release six months after the release of COPS, web COPS is being built in-house.

Financial and Budgetary Controls

The management of the plan is responsible for establishing and maintaining an internal control structure designed to ensure that the Fund's 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, the City Manager Financial Integrity Directive. The fund is 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 Stocks as well as Short-Term Investments which 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 Fund thus remains more secure. In addition, the City's budget appropriation to the System can be reduced, potentially saving the taxpayers millions of dollars.

The following table reflects increases and decreases in revenues and expenses for selected items intended for Fiscal Years 2004 and 2003 respectively. Amounts are in thousands.

In Thousands-Dollars

Description	Amount 2004	Amount 2003	Net increase Decrease
Member Contributions	\$118,565	\$110,839	7.0%
Employer Contributions	811,978	625,379	29.80%
Interest Income	242,050	270,804	(10.60)%
Dividend Income	134,169	125,364	7.0%
Net Appreciation (Depreciation in Fair Value of investments)	1,982,627	(20,349)	9843%
Investment Expenses	29,894	19,823	50.80%
Net Investment Income (Loss)	2,333,744	345,690	575.10%
Benefit Payments & Withdrawals	\$1,393,776	\$1,307,757	6.6%

As a result net assets available for pension benefits increased from \$14,271,631 in fiscal year 2003 to \$16,136,719 in fiscal year 2004, reflecting an increase of 13.1%.

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 Lieutenants Benevolent Association and the Captains 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 follow:

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 allowance.
5. The Group Life Insurance Fund comprised of employer contributions used to provide death benefits 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)
- 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
- Bank of Ireland
- T. Rowe Price
- GE Asset Mgmt
- Oechsle
- Deutsche
- Barclays Global
- Genesis Asset Managers
- Pictet

U. S. Fixed Income

Government

- Fischer, Francis
- Lincoln Capital
- Pimco

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
- Collier Capital
- Canyon – Johnson LP
- OCM Re Opp Fund
- Freeman Spogli V, LP

- City INV Fund
- Silver Lane PTNRS II
- ARES Corp
- FDG Cap Part II
- YUCAIPA
- Markstone Cap
- Paiadin HMED sec.
- Blackstone RE
- Lombard Odier Dheuro

Enhanced Yield Advisors

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

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, 2003. 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.

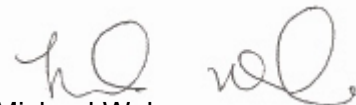
We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. This certificate, if awarded, would be the eighteenth consecutive award, a record of which we are quite 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 Assistant Chief Accountant Louis Dory. Their efforts, which have continued to be of primary importance in preparation of all accounting and statistical data for this report, are truly deserving of my gratitude and my admiration.

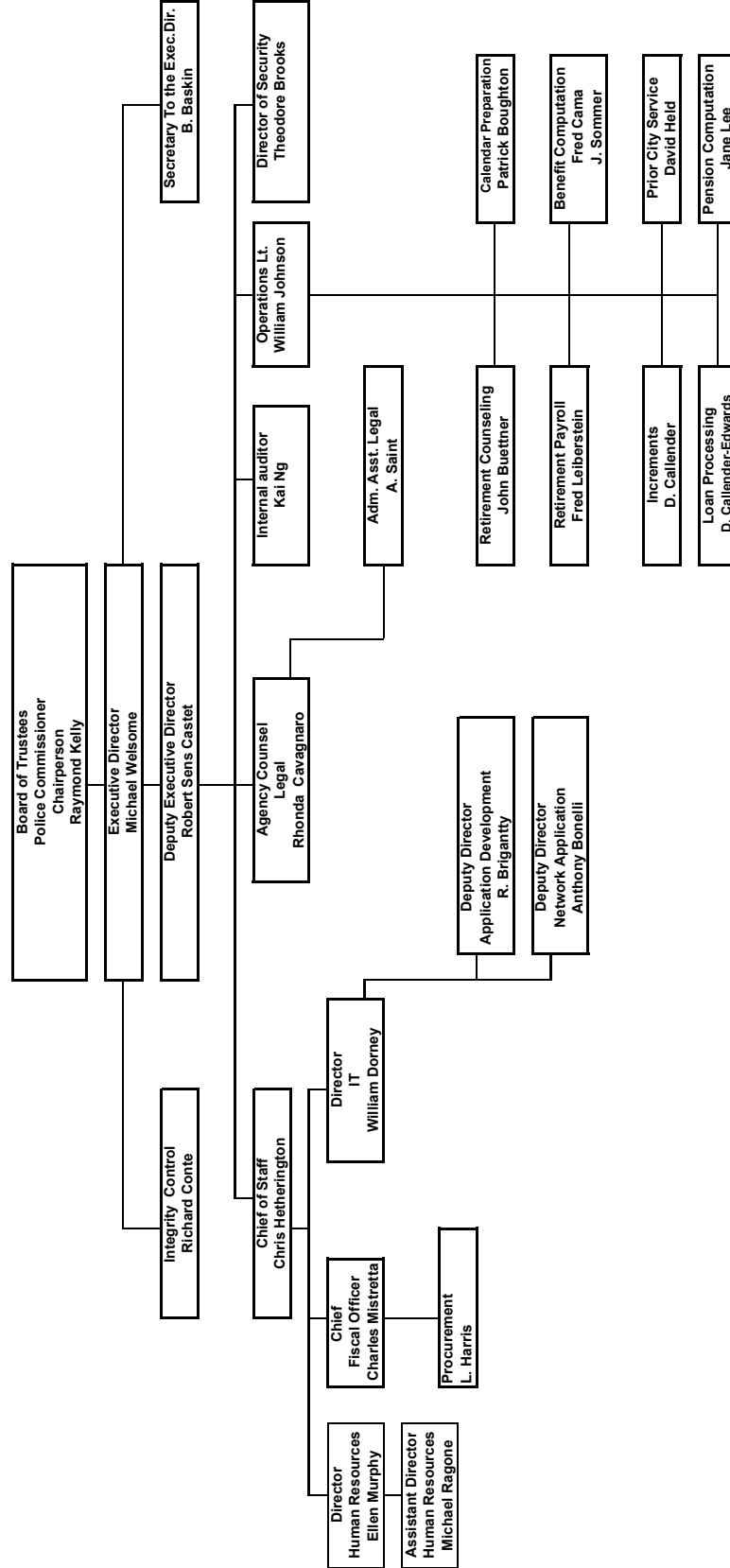
In closing, without the leadership and support of the Board of Trustees, preparation of this report would not have been possible.

Respectfully submitted,



Michael Welsome
Executive Director
New York City
Police Pension Fund

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, 2004

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, 2004 and 2003, 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, 2004 and 2003, 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.

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 audits were 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 2004, 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 and 1999 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 Other Supplementary Information, Introductory, Investment, Actuarial, and Statistical sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Plan. Such additional information has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte + Touche LLP

October 25, 2004

NEW YORK CITY POLICE PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2004 AND 2003

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, 2004 and 2003. 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 begin 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 increased by \$1,865.1 million, or 13% to \$16.1 billion in fiscal year 2004 compared to 2003 and decreased by \$233.2 million, or 2% to \$14.3 billion in fiscal year 2003 compared to 2002. The decrease in the Plan's net assets in fiscal year 2003 was primarily due to a loss of about \$15 million in the security lending program and to the increase in the number of retirees.

Changes in Plan Net Assets
For the Years Ended June 30, 2004, 2003 and 2002
(In thousands)

	2004	2003	2002
Additions:			
Member contributions	\$ 118,565	\$ 110,839	\$ 127,044
Employer contributions	811,978	625,379	534,476
Net investment income	351,117	366,039	441,054
Net appreciation (depreciation) in fair value of investments	1,982,626	(20,349)	(1,675,050)
Net receipts from other retirement systems	<u>6,190</u>	<u>4,007</u>	<u>5,105</u>
 Total	 <u>3,270,476</u>	 <u>1,085,915</u>	 <u>(567,371)</u>
Deductions:			
Benefit payments and withdrawals	1,393,776	1,307,757	1,116,735
Administrative expenses	<u>11,612</u>	<u>11,395</u>	<u>7,660</u>
 Total deductions	 <u>1,405,388</u>	 <u>1,319,152</u>	 <u>1,124,395</u>
 Net increase (decrease)	 <u>1,865,088</u>	 <u>(233,237)</u>	 <u>(1,691,766)</u>
Plan net assets held in trust for pension benefits:			
Beginning of year (2002 as restated)	<u>14,271,631</u>	<u>14,504,868</u>	<u>16,196,634</u>
Plan net assets end of year	<u>\$ 16,136,719</u>	<u>\$ 14,271,631</u>	<u>\$ 14,504,868</u>

During fiscal year 2004 member contributions were \$118.6 million, which is an increase of 7%, over the fiscal year 2003 member contributions of \$110.8 million. The later fiscal year represented a decrease of 13% over fiscal year 2002, members contributions of \$127 million. The increase in member contributions in fiscal year 2004 is primarily due to active members paying optional pension deductions in addition to regular payment. In 2003 members' pension contributions decreased by 2 ½% due to the increased-take home program.

Employer contributions received in fiscal year 2004 were \$812.0 million, an increase of 30% over fiscal year 2003 employer contribution of \$625.4 million, the later fiscal year representing a 17% increase over fiscal year 2002. Employer contributions are statutorily based on the actuarial valuation performed as of June 30, 2003, 2002 and 2001 respectively.

Plan benefits and withdrawals increased from \$1.1 billion to \$1.3 billion to \$1.4 billion for the fiscal years ended June 30, 2002, 2003 and 2004 respectively. The increases are primarily due to the increase in the number of retirees and beneficiaries receiving benefits and to 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 2004, the plan incurred \$11.6 million, and in 2003, \$11.4 million. In fiscal year 2002 the plan incurred \$7.7 million in administrative expenses.

PLAN NET ASSETS

In fiscal year 2004, the plan experienced a 13% upward movement in net assets held in trust of pension benefits due to an increase in fair value of investments. In fiscal years 2003 and 2002 the plan's value was decreased by 2% and 8% respectively due to the decline in investments values and a \$15 million loss in the security lending program for fiscal year 2003.

Member's loans decreased by 8.5% this year and decreased by 1% in fiscal year 2003 because of a slight decline in loan originations.

Plan Net Assets As of June 30, 2004, 2003 and 2002 (In thousands)

	2004	2003	2002
Cash	\$ 460	\$ 1,053	\$ 593
Receivables	896,833	1,153,349	1,048,413
Investments, at fair value	19,146,283	16,711,170	16,660,571
Other assets	<u>10,222</u>	<u>8,720</u>	<u>8,377</u>
Total assets	<u>20,053,798</u>	<u>17,874,292</u>	<u>17,717,954</u>
Accounts payable	1,030,386	1,432,970	1,286,019
Payables for securities lending transactions	<u>2,886,693</u>	<u>2,169,691</u>	<u>1,927,067</u>
Total liabilities	<u>3,917,079</u>	<u>3,602,661</u>	<u>3,213,086</u>
Plan net assets held in trust for benefits	<u>\$ 16,136,719</u>	<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	June 30	June 30
	2004	2003	2002
Type of Investment			
Short-term investments	\$ 515,400	\$ 821,156	\$ 523,015
U.S. debt securities	4,283,805	3,990,573	4,445,172
Yankee bonds	86,241	273,306	300,748
U.S. equity securities	7,771,167	6,701,073	6,590,857
Mutual fund	20,968	20,973	-
International equity	3,385,387	2,621,818	2,799,837
Security lending transactions	2,872,785	2,154,691	1,927,067
Private equity	<u>210,530</u>	<u>127,580</u>	<u>73,875</u>
Total	<u>\$ 19,146,283</u>	<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 20% in fiscal year 2004. Overall in fiscal years 2004 and 2003, the Plan's investments gained 9.84%. For the three year period ended June 30, 2004, the overall rate of return on investments was a gain of 0.14%.

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

JUNE 30, 2004 AND 2003

(In Thousands)

	2004	2003
ASSETS		
Cash	\$ 460	\$ 1,053
Receivables:		
Investment securities sold	299,799	556,489
Member loans (Note 6)	542,314	544,668
Accrued interest and dividends	54,720	52,192
Total receivables	<u>896,833</u>	<u>1,153,349</u>
INVESTMENTS, AT FAIR VALUE (Notes 2 and 3):		
Short-term investments:		
Commercial paper	24,827	53,068
Short-term investment fund	312,680	541,391
U.S. Treasury bills	47,559	47,432
U.S. Government agency discount notes	130,334	179,265
Debt securities:		
U.S. Government	2,926,938	2,200,921
Corporate	1,356,867	1,789,652
Yankee bonds	86,241	273,306
Equities:		
Domestic	7,771,167	6,701,073
Private equity	210,530	127,580
Mutual funds:		
International equity	3,385,387	2,621,818
Mortgage	20,968	20,973
Collateral from securities lending	<u>2,872,785</u>	<u>2,154,691</u>
Total investments	<u>19,146,283</u>	<u>16,711,170</u>
OTHER ASSETS	<u>10,222</u>	<u>8,720</u>
Total assets	<u>20,053,798</u>	<u>17,874,292</u>
LIABILITIES		
Accounts payable	50,068	49,731
Payable for investment securities purchased	936,720	1,345,159
Accrued benefits payable	43,598	38,080
Securities lending (Note 2)	<u>2,886,693</u>	<u>2,169,691</u>
Total liabilities	<u>3,917,079</u>	<u>3,602,661</u>
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS		
(A schedule of funding progress for the Plan is presented on Schedule 1)	<u>\$16,136,719</u>	<u>\$14,271,631</u>

See notes to financial statements.

NEW YORK CITY POLICE PENSION FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS YEARS ENDED JUNE 30, 2004 AND 2003 (In Thousands)

	2004	2003
ADDITIONS		
Contributions:		
Member contributions	\$ 118,565	\$ 110,839
Employer contributions	<u>811,978</u>	<u>625,379</u>
Total contributions	<u>930,543</u>	<u>736,218</u>
Investment income (Note 2):		
Interest income	242,050	270,804
Dividend income	134,169	125,364
Net appreciation (depreciation) in fair value of investments	<u>1,982,626</u>	<u>(20,349)</u>
Total investment income	2,358,845	375,819
Less investment expenses	<u>29,894</u>	<u>19,823</u>
Net income	<u>2,328,951</u>	<u>355,996</u>
Securities lending transactions:		
Securities lending income	22,700	17,443
Securities lending fees	<u>(17,908)</u>	<u>(27,749)</u>
Net securities lending income (loss)	<u>4,792</u>	<u>(10,306)</u>
Net investment income	<u>2,333,743</u>	<u>345,690</u>
Other-		
Net receipts from other retirement systems	<u>6,190</u>	<u>4,007</u>
Total additions	<u>3,270,476</u>	<u>1,085,915</u>
DEDUCTIONS		
Benefit payments and withdrawals (Note 1)	1,393,776	1,307,757
Administrative expenses	<u>11,612</u>	<u>11,395</u>
Total deductions	<u>1,405,388</u>	<u>1,319,152</u>
INCREASE (DECREASE) IN PLAN NET ASSETS	<u>1,865,088</u>	<u>(233,237)</u>
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS:		
Beginning of year	<u>14,271,631</u>	<u>14,504,868</u>
End of year	<u>\$ 16,136,719</u>	<u>\$ 14,271,631</u>

See notes to financial statements.

NEW YORK CITY POLICE PENSION FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003

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.

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 Pension and Other Employee Benefit Trust Funds section of the City’s Comprehensive Annual Financial Report (“CAFR”).

At June 30, 2003 and 2002, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2003	2002
Retirees and beneficiaries receiving benefits	38,260	37,263
Terminated vested members not yet receiving benefits	490	408
Active members receiving salary	<u>35,841</u>	<u>36,536</u>
Total	<u>74,591</u>	<u>74,207</u>

The Plan provides three main types of retirement benefits: service retirements, ordinary disability retirements (non job-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 Increased-Take-Home-Pay ("ITHP") contributions accumulated after such qualifying service. ITHP contributions provide members a means of reducing member contributions. The reduced member contributions allow the member to increase the member take home pay. The member may elect to waive the ITHP reduction and contribute the member normal rate of contribution which results in additional benefits attributable to the ITHP contributions.
- 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 “STIF”) (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 security represents 5% or more of the Plan net assets held in trust for 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, 2004, 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 statements of plan net assets for FY 2003 was reduced by \$15 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In May 2004, the Plan received \$1.1 million from a distribution in bankruptcy proceeds from the defaulted issuer. In August 2004, the Plan received \$2.8 million as partial settlement from parties involved in the initial purchase of the impaired security.

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.

New Accounting Standards Adopted

In fiscal year 2004, the Plan adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

— Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*

— Statement No. 44 *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA Statement 1

Statement No. 42 establishes accounting and reporting standards for the impairment of capital assets as its primary objective since current standards do not have a specific requirement to reduce the carrying value of a capital asset other than through the application of depreciation. The Statement improves financial reporting because it requires the Plan to report the effects of capital asset impairments in its financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. Users of the Plan’s financial statements will better understand when impairments have occurred and what their financial impact is on the Plan. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Another objective of Statement No. 42 is to establish and clarify guidance for accounting for insurance recoveries which applies to all such recoveries, not just those associated with impairment of capital assets. The Statement also enhances comparability of the Plan’s financial statements with other pension plans by requiring all the entities to account for insurance recoveries in the same manner.

There was no impact on the Plan’s financial statements as a result of the implementation of Statement No. 42.

Statement No. 44 amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles* that guide the preparation of the statistical section whose objectives are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to the financial statements, and required supplementary information to understand and assess the Plan’s economic condition. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

Statement No. 44 requires the following information be included in the statistical section of a separately issued pension plan report:

- Retired members by type of benefit for the current year.
- Average benefit payments for the last ten years including monthly benefit, average final salary and number of retired members organized by years of credited service in five year increments.
- Principal participating employers for multiple-employer plans for the last ten years.

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.

Citibank, N.A. was the primary custodian for substantially all of the securities of the Plan for the periods prior to March 31, 2004. Bank of New York (“BONY”) became custodian on April 1, 2004 to present.

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, 2004, 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 \$2,873 and \$2,155 million at June 30, 2004 and 2003, respectively, are listed according to their investment classification in the following table:

	2004	2003
	(In Thousands)	
Categorized (A):		
Repurchase agreements	\$ 492,048	\$ 176,090
Commercial paper	186,310	198,218
U.S. Government securities	2,926,938	2,200,922
Corporate bonds	1,356,867	1,817,456
Equity securities	7,981,697	6,701,073
Yankee bonds	86,241	273,306
U.S. Government agency	<u>180,483</u>	<u>229,105</u>
Total categorized	<u>13,210,584</u>	<u>11,596,170</u>
Noncategorized (B):		
Short-term investment fund	2,318,815	2,344,629
International investment fund	3,595,917	2,749,398
Mutual funds	<u>20,967</u>	<u>20,973</u>
Total Noncategorized	<u>5,935,699</u>	<u>5,115,000</u>
Total	<u>\$ 19,146,283</u>	<u>\$ 16,711,170</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 2004, the expected excess earnings of the Plan are estimated to be equal to zero and therefore, no transfers will be due from the Plan to the VSFs as of June 30, 2004.

For Fiscal year 2003, there were no excess earnings of the Plan and therefore, no transfers were due from the Plan to the VSFs as of June 30, 2003.

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. Under current law, the employer contributes statutorily-required contributions ("statutory contributions") that together with member contributions and investment income would ultimately 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 - Statutory contributions to the Plan, determined by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary") in accordance with State statutes and City laws, are generally funded by the Employer within the appropriate fiscal year.

The June 30, 2003 and 2002 actuarial valuations used to determine Fiscal Years 2004 and 2003 Employer contributions, respectively, were, in general, based on actuarial assumptions and methods recommended by 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 the 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 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 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 provided 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 provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278 of the Laws of 2002 (“Chapter 278/02”) required the Actuary to revise the methodology and timing for determining the statutory contributions on account of the additional actuarial liabilities attributable to 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 statutory contributions for Fiscal Years 2001 and 2002 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.

Chapter 278/02 provided that, for the June 30, 2000 actuarial valuation, the Actuary is required to recognize, on a theoretical basis, only 10% of the additional actuarial 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 liabilities 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 actuarial liabilities attributable to Chapter 125/00 for determining Fiscal Years 2010 and later Employer contributions.

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

Statutory Employer contributions for Fiscal Years 2004 and 2003 were equal to the amounts calculated by the Actuary and reflect the impact of 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

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. The balance of member loans receivable at June 30, 2004 and 2003 is \$542.3 million and \$544.7 million, respectively. 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 \$2,214,071 and \$2,461,666 in Fiscal Years 2004 and 2003, 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 2004, total non-investment expenses attributable to the Plan were approximately \$13.4 million, of which \$11.2 million were paid from the assets of the Plan and \$2.2 million were paid by the City on behalf of the Plan. In Fiscal Year 2003, total non-investment expenses paid by the Plan were \$11.4 million, of which \$2.5 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 \$29.9 million in 2004 and \$19.8 million in 2003.

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>
2005	\$ 2,023,056
2006	2,023,056
2007	2,060,988
2008	2,191,644
2009	2,191,644
2010-2014 (5 years)	11,333,328
2015 to April 2017 (2 years)	4,189,412

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 2004 and 2003, 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 net held in trust for pension benefit or cause changes in Plan net assets held in trust for pension benefits.

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 published by Gabriel Roeder Smith & Company ("GRS") dated October 2003 and analyzed experience for Fiscal Years 1998 through 2001. The Actuary is currently reviewing this study and may recommend changes to the actuarial assumptions and methods applicable to the determination of the Fiscal Year 2005 Employer contribution.

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

Based upon a review of the October 1999 independent actuarial study, the Actuary proposed changes to certain actuarial assumptions and methods to be used by the NYCRS for Fiscal Years beginning on and after July 1, 1999 (i.e., Fiscal Years beginning 2000). Where required, the Board of Trustees of the Plan has adopted those changes to actuarial assumptions and methods that required Board approval and the State Legislature and the 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 133 of the Laws of 2004 extends certain provisions of Chapter 85/00 through Fiscal Years 2005. Thus, for Fiscal Year 2005, the interest rate to use for Tier 1 and Tier 2 member contributions and ITHP Reserves remains at 8.25% per annum. The investment rate of return assumption for determining Employer Contributions for Fiscal Year 2005 remains at 8.0% per annum until and unless changed following the recommendation of the Actuary and the actions by the Board of Trustees, the State Legislature and the Governor.

NEW YORK CITY POLICE PENSION FUND

Schedule 1

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

Actuarial Valuation Date June 30	(1) Actuarial Asset Value (AAV)	(2) Actuarial Accrued Liability (AAL)*	(3) Unfunded AAL (UAAL)	(4) Funded Ratio	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
	(A)	(A) & (B)	(C)(2)-(1)	(1)÷(2)		(3)÷(5)
2003	\$ 18,781,359	\$ 18,781,359	\$ -	100.0 %	\$ 2,433,897	0.0 %
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

Notes:

* Frozen Entry Age (1998), Frozen Initial Liability (2003).

(A) As of June 30, 1995 and June 30, 1999, the economic and noneconomic assumptions were revised due to experience review. The 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) 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 and later were 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 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 and 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).

- (B) 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.
- (C) 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
2004	\$ 917,731	88.5 %
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

The statutorily-required contributions of \$812.0 million, \$625.4 million, \$534.5 million and \$413.2 million for Fiscal Years 2004, 2003, 2002 and 2001, respectively, were computed in accordance with Chapter 125/00, which provides for a five-year phase-in of the additional actuarial 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, 2003 and June 30, 2002. These actuarial valuations were used to determine Employer Contributions for Fiscal Years 2004 and 2003, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2003	June 30, 2002
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
Post-retirement 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 equaled \$0 and no amortization period was 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, 2004

<u>Salaries Paid to Plan Personnel</u>		\$8,253,325
<u>Professional Services:</u>		
Administration	367,555	
Trading and Investments	771,225	
Management Division	35,071	
Legal	498,540	
Total Professional Services		1,672,391
<u>Communication and General Services:</u>		
Printing and Computer Services	61,797	
Heat, light and telephone	5,945	
Postage	195,285	
General Services	61,556	
Total Communication and General Services		324,583
<u>Miscellaneous Expenses:</u>		
Office Management and Budget	217,097	
Pension overhead expenses	5,101,589	
Total Miscellaneous Expenses		5,318,686
Total Administrative Expenses		\$15,568,985 *

* This amount represents expenses incurred by the Fund and also by other City agencies. From these expenses, \$ 11,612,000 are incurred and paid by NYCPF and the balance is incurred by other city agencies and paid by the City of New York on behalf of the Fund.

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share
ABEL NOSER CORP THRU 100	166,700.00	6,516.00	0.04 CB
ABEL NOSER CORPORATION	340,400.00	7,146.00	0.02 BNY
ABN AMRO SECURITIES LLC	12,000.00	600	0.05 BNY
ADAMS, HARKNESS & HILL IN	194,142.00	4,981.10	0.03 CB
ADAMS, HARKNESS & HILL IN	25,100.00	447	0.02 BNY
ADVEST,INC	2,800.00	112	0.04 BNY
ADVEST,INC	4,300.00	172	0.04 CB
ALLEN & COMPANY LLC	268,400.00	13,277.00	0.05 CB
ALLEN & COMPANY LLC	43,100.00	2,155.00	0.05 BNY
AMERICAN TECHNOLOGY RESEARCH INC	9,200.00	460	0.05 BNY
AMERICAN TECHNOLOGY RESEARCH INC	23,200.00	1,160.00	0.05 CB
ARNHOLD & S BLEICHROEDER INC	9,800.00	294	0.03 BNY
ARNHOLD & S BLEICHROEDER INC	18,200.00	827	0.05 CB
AUTRANET,INC THRU 0443	76,700.00	3,068.00	0.04 CB
AVALON RESEARCH GROUP INC	102,900.00	5,145.00	0.05 CB
BAIRD ROBERT W & CO INC	485,708.00	21,736.40	0.04 CB
BAIRD ROBERT W & CO INC	324,220.00	13,921.00	0.04 BNY
BANC AMERICA SECUR LLC	1,297,692.00	59,028.00	0.05 BNY
BEAR STEARNS & CO	1,597,059.00	53,602.01	0.03 CB
BEAR STEARNS & CO INC	2,815,145.00	95,291.73	0.03 CB
BEAR STEARNS & CO INC	1,112,005.00	39,527.50	0.04 BNY
BEARS STEARNS & COMPANY	586,997.00	19,493.71	0.03 BNY
BEARS STEARNS & COMPANY	19,100.00	783	0.04 BNY
BEREAN CAPITAL, INC. #2	19,900.00	964	0.05 CB
BEREAN CAPITAL, INC. #2	14,900.00	596	0.04 BNY
BERNSTEIN SANFORD C. & CO INC	1,382,431.00	61,731.30	0.04 CB
BERNSTEIN, SANFORD C., &	15,800.00	632	0.04 BNY
BHC SECS INC	2,000.00	100	0.05 CB
BHF SECURITIES CORP	93,500.00	4,440.00	0.05 CB
BISHOP ROSEN	8,800.00	440	0.05 CB
BISHOP ROSEN	3,300.00	132	0.04 BNY
BK OF AMERICA LOAN GRP	37,199.00	1,301.99	0.04 CB
BLACKBURN & CO THRU 0011	35,100.00	1,554.00	0.04 CB
BLACKWATCH BROKERAGE INC.	28,000.00	1,267.00	0.05 CB
BLAIR WILLIAM & CO	699,985.00	30,522.00	0.04 CB
BLAIR WILLIAM & COMPANY L	146,100.00	7,305.00	0.05 BNY
BLAYLOCK & PARTNERS, L.P.	346,900.00	13,214.00	0.04 CB
BLAYLOCK & PARTNERS, L.P.	23,500.00	940	0.04 BNY
BMO NESBITT BURNS CORP	117,900.00	3,459.00	0.03 BNY
BNP PARIBAS SECURITIES CORP IB	216,600.00	4,332.00	0.02 BNY
BNP PARIBAS SECURITIES CORP IB	205,600.00	4,112.00	0.02 CB
BNY BROKERAGE INC	147,881.00	4,458.85	0.03 BNY
BOSTON INSTITUTIONAL SVCS	21,800.00	1,090.00	0.05 BNY
BOSTON INSTITUTIONAL THRU 0551	411,050.00	20,552.50	0.05 CB
BREAN MURRAY FOSTER THRU 0352	23,400.00	936	0.04 CB
BRIDGE TRADING CO.	97,954.00	4,668.66	0.05 BNY

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share	
BRIDGE TRADING THRU 573	196,900.00	9,392.00	0.05	CB
BROAD COURT CORP THRU 0161	83,300.00	3,914.00	0.05	CB
BROADCORT CAPITAL CORP-SU	85,000.00	2,550.00	0.03	BNY
BROCK HOUSE & COOPER INC THRU 044:	19,950.00	997.5	0.05	CB
BT ALEX BROWN INC	6,140,104.00	164,064.41	0.03	CB
B-TRADE SERVICES LLC	2,436,295.00	61,174.15	0.03	CB
B-TRADE SERVICES LLC	1,168,775.00	23,961.00	0.02	BNY
BUCKINGHAM RESEARCH GROUP INC	579,900.00	28,860.00	0.05	CB
BUCKINGHAM RESEARCH GROUP	152,000.00	7,204.00	0.05	BNY
BUNTING WARBURG INC -NSCC	3,800.00	121.6	0.03	CB
BUNTING WARBURG INCORPORA	109,800.00	3,513.60	0.03	BNY
BURNS FRY HOARE GOVETT INC	230,988.00	7,111.54	0.03	CB
C.E. UNTERBERG, TOWBIN	23,700.00	1,185.00	0.05	BNY
CAIN BROTHERS THRU 0443	18,697.43	-	-	CB
CANTOR, FITZGERALD & CO.,	1,421,370.00	50,023.75	0.04	CB
CANTOR, FITZGERALD & CO.,	453,850.00	14,771.50	0.03	BNY
CAP INSTITUTIONAL SERV INC-EQUITI	260,804.00	9,861.58	0.04	CB
CAP INSTL SVCS INC-EQUITI	278,100.00	6,762.00	0.02	BNY
CAPITAL INSTIT SEC INC THRU 0030	475,300.00	19,232.00	0.04	CB
CHARLES, SCHWAB & CO., IN	169,275.00	7,486.75	0.04	BNY
CIBC OPPENHEIMER CORP	862,028.00	40,893.69	0.05	CB
CIBC WORLD MARKETS CORP	207,552.00	9,920.31	0.05	BNY
CITATION GROUP THRU 0161	414,700.00	20,679.00	0.05	CB
CITIGROUP GLOBAL MARKETS	635,892.00	28,401.60	0.04	BNY
CJS SECURITIES	19,700.00	985	0.05	CB
CJS SECURITIES	21,500.00	1,075.00	0.05	BNY
CORRESPONDENT SVCS CORP THRU 022	3,900.00	-	-	CB
COWEN & CO	1,492,398.00	69,875.90	0.05	CB
CREDIT SUISSE FIRST BOSTON	2,070,779.00	69,640.97	0.03	BNY
CREDIT SUISSE FIRST BOSTON	3,098,347.00	133,262.04	0.04	CB
DAIN RAUSCHER INCORPORATED	486,561.00	20,220.35	0.04	CB
DAVENPORT & COMPANY LLC	13,900.00	695	0.05	BNY
DAVIDSON D.A & CO INC NSC	803,366.00	7,093.30	0.01	CB
DAVIDSON D.A & CO INC NSC	137,900.00	-	-	BNY
DAVIS, MENDEL & REGENSTEIN	167,525.00	8,376.25	0.05	BNY
DEUTSCHE BANC/ALEX BROWN	5,115,757.00	8,755.25	0	BNY
DICKINSON, RG THRU 0942	11,600.00	232	0.02	CB
DIRECT BROKERAGE SERV THRU 0443	13,400.00	670	0.05	CB
DONALDSON, LUFKIN AND JENRETTE SEC	67,317.00	1,424.34	0.02	CB
DOWLING & PARTNERS SECS,	8,200.00	328	0.04	BNY
EDWARDS, A.G., & SONS, IN	200,260.00	9,840.00	0.05	CB
EDWARDS, A.G., & SONS, IN	26,200.00	817	0.03	BNY
EMERGING GROWTH EQUITIES LTD	200	-	-	CB
EMPIRICAL RES PARTNERS LL	21,300.00	1,065.00	0.05	BNY

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share	
ENTIRE CALL FOR REDEMPTIO	3,750.00	-	-	BNY
EXECUTION SERVICES INC	445,687.00	16,579.08	0.04	CB
FACTSET DATA SYSTEMS INC	678,830.00	32,867.50	0.05	CB
FACTSET DATA SYSTEMS THRU 0352	238,133.00	11,686.65	0.05	CB
FACTSET DATA SYSTMES INC.	19,800.00	990	0.05	BNY
FACTSET DATA SYSTMES INC.	117,325.00	5,866.25	0.05	BNY
FAHNESTOCK & CO	195,660.00	3,781.00	0.02	CB
FERRIS, BAKER WATTS THRU 0039	1,000.00	50	0.05	CB
FERRIS, BAKER WATTS, INC	4,600.00	-	-	BNY
FIDELITY CAP MKTS (NFSC)THRU 0226	4,200.00	188	0.04	CB
FIRSERV SECURITIES INC	21,200.00	1,060.00	0.05	CB
FIRST ALBANY CORP	767,476.00	35,538.20	0.05	CB
FIRST ALBANY CORP	243,690.00	10,975.50	0.05	BNY
FIRST CLEARING, LLC	92,700.00	4,635.00	0.05	CB
FIRST CLEARING, LLC	27,600.00	1,380.00	0.05	BNY
FIRST MARATHON SECURITIES	29,000.00	1,274.00	0.04	CB
FIRST OF AMERICA BANK-MICH - IPA	26,800.00	1,340.00	0.05	CB
FIRST SOUTHWEST CO	211,558.00	10,430.90	0.05	CB
FIRST SOUTHWEST CO	33,000.00	1,566.00	0.05	BNY
FIRST UNION CAPITAL MARKETS CORP	299,141.00	14,089.25	0.05	CB
FIRST UNION CAPITAL MKTS THRU 0250	423,725.00	18,832.25	0.04	CB
FISERV SECURITIES INC	13,600.00	680	0.05	BNY
FLEET SECS INC	2,300.00	46	0.02	CB
FOX PITT KELTON INC THRU 0221	70,700.00	3,646.00	0.05	CB
FOX-PITT KELTON INC.	53,075.00	2,653.75	0.05	BNY
FRIEDMAN BILLINGS & RAMSY THRU 0352	792,200.00	25,457.00	0.03	CB
FRIEDMAN, BILLINGS & RAMS	131,500.00	1,955.00	0.01	BNY
FULCRUM GLOBAL PARTNERS LLC	53,900.00	2,591.00	0.05	BNY
FULCRUM GLOBAL PARTNERS LLC	110,100.00	5,341.00	0.05	CB
G.G.E.T. LLC	21,400.00	781	0.04	CB
GABELLI & CO	12,900.00	645	0.05	BNY
GARDNER RECH & CO THRU 0792	245,600.00	11,983.00	0.05	CB
GARDNER RICH & COMPANY	37,100.00	1,500.00	0.04	BNY
GENESIS MERCHANT GRP SEC THRU 079	67,800.00	3,283.00	0.05	CB
GERARD KLAEUR MATTISON THRU 0352	144,094.00	4,834.70	0.03	CB
GOLDMAN,SACHS & CO	6,448,206.00	38,187.49	0.01	BNY
GOLDMAN,SACHS & CO	4,592,446.00	169,526.67	0.04	CB
GREEN STREET ADVISORS INC	66,600.00	2,852.00	0.04	CB
GREENTREE BROKERAGE SERVICES	8,800.00	352	0.04	BNY
GREENTREE BROKERAGE SERVICES	11,126.00	556.3	0.05	CB
GRISWOLD COMPANY	384,250.00	12,218.50	0.03	CB
GRISWOLD COMPANY	65,900.00	2,306.50	0.04	BNY
GUZMAN & COMPANY	1,016,400.00	30,492.00	0.03	CB
GUZMAN & COMPANY	534,600.00	15,121.00	0.03	BNY

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share
HARBORSIDE SECURITIES	16,870.00	506.1	0.03 CB
HARBORSIDE SECURITIES	50,600.00	1,450.50	0.03 BNY
HENDERSON BROTHERS, INC	613,800.00	12,682.00	0.02 CB
HIBERNIA SOUTHCOAST CAPITAL INC.	44,300.00	1,799.00	0.04 CB
HOEFER AND ARNETT INC.	3,600.00	-	BNY
HOENIG & COMPANY INC	7,900.00	395	0.05 CB
HOWARD, WEIL, LABOUISSSE THRU 0443	86,640.00	4,332.00	0.05 CB
ING BARING (US) SECS INC	58,713.00	2,935.65	0.05 CB
INSTINET CLEARING SERVICE	36,504.00	1,006.62	0.03 BNY
INSTINET CORP	494,083.00	16,458.56	0.03 CB
INSTINET CORP THRU 0067	4,229,004.00	84,722.47	0.02 CB
INSTINET CORPORATION	1,213,802.00	22,798.77	0.02 BNY
INSTITUTIONAL SERVICES UNLIMITED	287,075.00	14,209.75	0.05 BNY
INSTITUTIONAL SERVICES UNLIMITED	1,536,025.00	76,801.25	0.05 CB
INVEMED ASS THRU 0352	3,600.00	180	0.05 CB
INVESTMENT TECH GRD THRU 0019	1,697,656.00	42,278.06	0.02 CB
INVESTMENT TECHNOLOGY GRO	1,078,600.00	22,724.40	0.02 BNY
ISI GROUP INC THRU 0352	279,575.00	13,873.75	0.05 CB
ISI GROUP, INC.	59,990.00	2,638.50	0.04 BNY
J P MORGAN SECURITIES INC	3,259,357.00	92,909.35	0.03 BNY
JACKSON PARTNERS & ASSOC THRU 010	35,900.00	1,557.00	0.04 CB
JACKSON SECURITIES INC	331,770.00	16,588.50	0.05 CB
JANNEY MONTGOMERY SCOTT INC	79,200.00	3,351.00	0.04 BNY
JANNEY MONTGOMERY SCOTT INC	37,900.00	1,810.00	0.05 CB
JEFFERIES & COMPANY, INC.	739,163.00	26,912.76	0.04 BNY
JEFFERIES & COMPANY, INC.	3,415,764.00	105,635.87	0.03 CB
JMP SECURITIES	71,500.00	1,425.00	0.02 CB
JMP SECURITIES	60,800.00	2,601.00	0.04 BNY
JNK SECURITIES INC	103,100.00	2,062.00	0.02 CB
JNK SECURITIES INC	37,100.00	742	0.02 BNY
JOHNSON RICE & CO THRU 0352	17,100.00	855	0.05 CB
JOHNSON RICE & CO	3,300.00	165	0.05 BNY
JONES & ASSOC, INC. NEUBERGER & BERI	49,900.00	2,113.00	0.04 CB
JONES & ASSOCIATES, INC	4,300.00	215	0.05 BNY
JPM SECURITIES	64,965.00	1,082.75	0.02 BNY
KALB, VOORHIS & CO	3,100.00	155	0.05 CB
KEEFE BRU & WOODS INC THRU 0443	371,743.00	14,670.22	0.04 CB
KEEFE BRUYETTE & WOODS IN	91,150.00	3,377.50	0.04 BNY
KING, CL, & ASSOCIATES	660,240.00	33,012.00	0.05 CB
KING, CL, & ASSOCIATES	37,300.00	1,865.00	0.05 BNY
KINNARD JOHN G & CO THRU 573	22,800.00	176	0.01 CB
KNIGHT SECURITIES BROADCORT CAP C	358,100.00	8,358.00	0.02 CB
KNIGHT SECURITIES	81,100.00	686	0.01 BNY
KV EXECUTION SERVICES LLC	800	24	0.03 BNY

**NEW YORK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share
LABRANCHE FINC'L SVC INC/	205,500.00	4,132.00	0.02 BNY
LAZARD FRERES & COMPANY	39,900.00	1,995.00	0.05 CB
LAZARD FRERES & COMPANY	11,550.00	375	0.03 BNY
LEERINK SWANN AND COMPANY	229,300.00	11,465.00	0.05 CB
LEERINK SWANN AND COMPANY	56,100.00	2,805.00	0.05 BNY
LEGG MASON	72,601.00	3,313.42	0.05 CB
LEGG MASON WOOD WALKER BK	10,142.00	497.1	0.05 BNY
LEGG MASON WOOD WALKER THRU 0740	48,100.00	2,358.00	0.05 CB
LEGG MASON WOOD WALKER, I	84,500.00	4,088.00	0.05 BNY
LEHMAN BROS PR INC	3,381,986.00	136,508.67	0.04 CB
LEHMAN BROTHERS INC, USA	971,694.00	45,469.31	0.05 BNY
LIQUIDNET INC	2,952,881.00	63,069.12	0.02 CB
LIQUIDNET INC	924,445.00	23,424.90	0.03 BNY
LOOP CAPITAL MKTS,LLC	98,300.00	4,687.00	0.05 BNY
LOOP CAPTIAL MKT LLC BCC CAP CLEA	34,400.00	1,720.00	0.05 CB
LYNCH JONES & RYAN INC	7,500.00	225	0.03 BNY
LYNCH JONES & RYAN THRU 0019	107,100.00	4,445.00	0.04 CB
MAGNA SECURITIES CORPORAT	169,534.00	8,347.70	0.05 CB
MAGNA SECURITIES CORPORAT	6,700.00	335	0.05 BNY
MCDONALD & COMPANY SEC INC	215,741.00	6,774.05	0.03 CB
MCDONALD INVESTMENTS INC	56,356.00	637.8	0.01 BNY
MERRILL LYNCH PIERCE FENN	5,640,225.00	61,747.45	0.01 BNY
MERRILL LYNCH PROFESS CLEARING	689,711.00	18,178.22	0.03 CB
MERRILL LYNCH PROFESSIONA	362,758.00	7,060.66	0.02 BNY
MERRILL LYNCH,PIERCE,FENNER&SMITH	524,329.00	8,063.99	0.02 CB
MERRILL LYNCH,PIERCE,FENNER,SMITH	4,774,809.00	202,264.02	0.04 CB
MESIROW CAPITAL INC	2,100.00	70	0.03 CB
MIDWEST RESEARCH SECURITI	13,100.00	530	0.04 BNY
MIDWEST RESEARCH SECURITIES	93,700.00	4,379.00	0.05 CB
MILLER TABAK HIRSCH THRU 0352	81,600.00	2,933.00	0.04 CB
MOGAVERO LEE & CO.,INC	8,700.00	348	0.04 BNY
MONNESS, CRESPI, HARDT THRU 0573	148,300.00	7,415.00	0.05 CB
MONNESS,CRESPI,HARDT & CO	15,900.00	795	0.05 BNY
MONTROSE SECURITIES EQUIT	18,000.00	900	0.05 BNY
MOORS & CABOT, INC.	17,400.00	870	0.05 CB
MORGAN (JP) SECS INC	4,241,850.00	194,994.75	0.05 CB
MORGAN KEEGAN & CO INC	276,593.00	7,031.65	0.03 CB
MORGAN KEEGAN & COMPANY,	21,600.00	80	0 BNY
MORGAN STANLEY	3,091,819.00	128,164.25	0.04 CB
MORGAN STANLEY & CO	942,055.00	62,617.21	0.07 BNY
NATIONAL FINANCE SVCS CORP	68,470.00	3,324.50	0.05 CB
NATIONSBANK MONTGOMERY SECS	2,730,779.00	128,718.95	0.05 CB
NATIONSBANK NC/INV	5,700.00	285	0.05 CB
NATL FINANCIAL SERVICES C	108,050.00	3,592.50	0.03 BNY

NEW YORK CITY
POLICE PENSION FUND
BROKER COMMISSIONS REPORT
YEAR ENDED JUNE 30, 2004

Broker Name	Total Shares	Commissions	Commissions per share	
NBC CLEARING SERVICES	1,735.00	86.75	0.05	BNY
NBC CLEARING SERVICES	1,735.00 -	-		BNY
NEEDHAM & CO INC THRU 0352	885,950.00	8,766.50	0.01	CB
NEEDHAM & CO	204,300.00	4,200.00	0.02	BNY
NESBITT THOMPSON DEACON INC	33,445.00	1,680.89	0.05	CB
NEUBERGER & BERMAN, LLC	5,200.00	260	0.05	BNY
NEUBERGER & BERMAN, LLC	117,518.00	4,834.90	0.04	CB
NEW VERNON SECURITIES LLC	25,100.00	1,053.00	0.04	BNY
NIKKO SECURITIES INTL	60,000.00	1,200.00	0.02	CB
NOT AVAILABLE	2,612,020.26 -	-		BNY
NUTMEG SECS THRU 0443	71,500.00	3,575.00	0.05	CB
NUTMEG SECURITIES	70,300.00	3,515.00	0.05	BNY
NYFIX TRANSACTION SERVICE	10,500.00	420	0.04	BNY
O'NEIL, WILLIAM & CO.,INC./BCG CL	134,550.00	6,727.50	0.05	CB
OSCAR GRUSS & SON INC THRU 0019	88,200.00	4,410.00	0.05	CB
PACIFIC CREST SECS	670,125.00	30,466.25	0.05	BNY
PACIFIC GROWTH EQUITIES	30,000.00 -	-		BNY
PACIFIC GROWTH THRU 0158	354,500.00 -	-		CB
PAINE WEBBER INC	90,829.00	4,467.45	0.05	CB
PAULSEN DOWLING SECS THRU 0352	36,000.00	1,800.00	0.05	CB
PCS SECS INC THRU 0352	334,560.00	16,728.00	0.05	CB
PELLINOR SECURITIES CORP	10,900.00	545	0.05	CB
PENSON FINANCIAL SERVICES, INC.	54,300.00	2,592.00	0.05	BNY
PENSON FINANCIAL SERVICES, INC.	147,300.00	6,257.00	0.04	CB
PERSHING & COMPANY	171,267.00	6,340.30	0.04	BNY
PERSHING DIV DONALDSON LUFKIN JENF	720,901.00	34,933.73	0.05	CB
PERSHING DIV OF DONALDSON	42,300.00	925	0.02	BNY
PETRIE PARKMAN & CO	48,400.00	2,420.00	0.05	CB
PRUDENTIAL EQUITY GROUP	958,668.00	46,072.40	0.05	CB
PRUDENTIAL EQUITY GROUP	389,800.00	17,807.00	0.05	BNY
PRUDENTIAL SECS INC	290,861.00	13,532.05	0.05	CB
PULSE TRADING LLC	117,300.00	4,430.00	0.04	CB
PULSE TRADING LLC	5,700.00	228	0.04	BNY
QUAKER SECS INC THRU 0501	50,700.00	1,032.00	0.02	CB
QUAKER SECURITIES INC	21,400.00	428	0.02	BNY
RAYMOND JAMES & ASSOCIATES INC	486,681.00	22,768.05	0.05	CB
RAYMOND JAMES & ASSOCIATES INC	1,800.00	90	0.05	BNY
RAYMOND, JAMES & ASSOC.,	127,000.00	6,004.00	0.05	BNY
RBC DOMINION SECURITIES CORP	123,040.00	4,618.00	0.04	CB
RBC DOMINION SECURITIES,C	100	5	0.05	BNY
RBC DOMINION SECURITIES,C	157,330.00	5,626.50	0.04	BNY
ROCHDALE SEC CORP THRU 0443	68,833.00	2,753.32	0.04	CB
ROCHDALE SECURITIES CORP	68,200.00	2,728.00	0.04	BNY
ROSENBLATT SECURITIES INC	170,500.00	3,410.00	0.02	BNY

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share
ROTH CAPITAL PARTNERS, LL	600 -	-	BNY
RYAN BECK & CO. THRU 0443	16,200.00	810	0.05 CB
S.G. COWEN & CO., LLC	41,400.00	1,820.00	0.04 BNY
SANDERS MORRIS MUNDY THRU 0443	112,400.00	4,982.00	0.04 CB
SANDERS MORRIS MUNDY	37,400.00	1,750.00	0.05 BNY
SANDLER O'NEILL & PARTNERS, LP	61,800.00	2,850.00	0.05 BNY
SANDLER O'NEILL & PARTNERS, LP	284,700.00	13,712.00	0.05 CB
SANFORD C BERNSTEIN & CO.	420,275.00	20,884.75	0.05 BNY
SBC WARBURG, INC	4,940,408.00	150,234.37	0.03 CB
SCHWAB, CHARLES & CO INC	346,157.00	14,780.46	0.04 CB
SCOTT & STRINGFELLOW, INC.	29,400.00	1,470.00	0.05 BNY
SCOTT & STRINGFELLOW, INC.	4,600.00	230	0.05 BNY
SCOTT AND STRINGFELLOW INC	45,850.00	2,188.00	0.05 CB
SG AMERICAS SECURITIES LL	237,652.00	10,696.10	0.05 BNY
SIDOTI & CO. INC	58,200.00	2,618.00	0.04 BNY
SIDOTI & CO. INC	91,200.00	4,560.00	0.05 CB
SIMMONS & CO	141,225.00	7,061.25	0.05 BNY
SIMMONS AND COMPANY INTERNATIONA	16,200.00	380	0.02 CB
SOLOMON SMITH BARNEY INC.	4,517,333.00	181,951.68	0.04 CB
SOUNDVIEW FINL GROUP THRU 0573	151,050.00	7,344.50	0.05 CB
SOURCE CAPITAL GROUP, INC	67,000.00	3,083.00	0.05 BNY
SOUTHCOAST CAPITAL CORP THRU 0352	54,500.00	2,725.00	0.05 CB
SOUTHTRUST BANK IPA	600,547.00	12,717.85	0.02 CB
SOUTHWEST SECS INC THRU 279	547,986.00	15,481.48	0.03 CB
SOUTHWEST SECURITIES, INC.	1,400.00 -	-	CB
SOUTHWEST SECURITIES, INC.	277,210.00	6,775.20	0.02 BNY
SOUTHWEST SECURITIES, INC.	8,000.00 -	-	CB
SPEAR, LEEDS & KELLOGG	51,100.00	1,460.00	0.03 BNY
SPEAR, LEEDS & KELLOGG	730,548.00	29,659.70	0.04 CB
SSB INC./SB INC	1,000.00	50	0.05 CB
STANDARD & POORS SECURITIES INC	52,000.00	2,600.00	0.05 CB
STANDARD & POORS SECURITIES INC	23,700.00	1,125.00	0.05 BNY
STANDARD & POORS SECURITIES INC	87,900.00	4,348.00	0.05 CB
STATE STREET BROKERAGE SVCS INC.	6,700.00	335	0.05 CB
STEPHENS, INC.	243,610.00	5,463.00	0.02 CB
STEPHENS, INC.	73,400.00	1,149.00	0.02 BNY
STERLING FINANCIAL INVMT GRP INC	57,500.00	2,387.00	0.04 CB
STERNE AGEE & LEACH INC	13,558.00	677.9	0.05 CB
STERNE AGEE & LEACH INC	15,375.00	768.75	0.05 BNY
STIFEL NICOLAUS AND CO INC	24,790.00	1,129.50	0.05 CB
STOCK ELECTION	748 -	-	BNY
SUNGARD GLOBAL EXE SVS LL	4,600.00	216	0.05 BNY
SUNTRUST CAPITAL MARKETS,	99,750.00	4,241.50	0.04 CB
SUNTRUST CAPITAL MARKETS,	3,200.00	128	0.04 BNY
THE BENCHMARK CO LLC	43,685.00	2,184.25	0.05 BNY
THE WILLIAMS CAPITAL GROU	66,700.00	2,668.00	0.04 BNY

**NEW YORKK CITY
POLICE PENSION FUND**

**BROKER COMMISSIONS REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Broker Name	Total Shares	Commissions	Commissions per share
THOMAS WEISEL PARTNERS LL	206,575.00	9,124.75	0.04 BNY
THOMAS WEISEL PTNS. LLC THRU 352	1,140,988.00	53,383.40	0.05 CB
THOMSON INSTITUTINAL SERVICES INC	56,000.00	2,800.00	0.05 CB
U.S. BANCORP PIPER JAFFRAY INC	167,510.00	5,585.50	0.03 BNY
U.S. BANCORP PIPER JAFFRAY INC	564,283.00	21,027.00	0.04 CB
UBS FINANCIAL SERVICES IN	2,600.00	130	0.05 BNY
UBS SECURITIES LLC	857,184.00	28,402.94	0.03 BNY
UNTERBERG HARRIS THRU 0221	101,100.00	3,716.00	0.04 CB
US CLEARING CORP	1,600.00	-	BNY
US CLEARING INSTITUTIONAL	42,000.00	1,680.00	0.04 CB
US CLEARING INSTITUTIONAL	1,300.00	52	0.04 BNY
UTTENDAHL CAPITAL PARTNERS	5,100.00	204	0.04 BNY
UTTENDAHL CAPITAL PARTNERS	17,200.00	721	0.04 CB
VIANET DIRECT, INC.	9,300.00	186	0.02 BNY
WACHOVIA SECS CAPITAL MAR	57,205.00	2,489.25	0.04 BNY
WACHOVIA SECURITIES,LLC	192,236.00	8,251.80	0.04 BNY
WACHOVIA SECURITIES,LLC	23,300.00	1,165.00	0.05 BNY
WAVE SECURITIES LLC	36,032.00	540.48	0.02 BNY
WEDBUSH MORGAN SECURITIES	206,206.00	7,040.30	0.03 CB
WEDBUSH MORGAN SECURITIES	9,683.00	99.15	0.01 BNY
WEEDEN & CO	231,195.00	9,468.95	0.04 BNY
WEEDON & CO THRU 0443	1,012,879.00	44,516.55	0.04 CB
WELLS FARGO SECURITIES LLC	112,800.00	875	0.01 BNY
WELLS FARGO SECURITIES LLC	769,700.00	7,026.00	0.01 CB
WESTMINSTER RESEARCH ASS	313,700.00	14,549.00	0.05 BNY
WESTMINSTER RES ASSOC/BROADCORT	231,800.00	11,590.00	0.05 CB
WESTMINSTER RESEARCH ASSOCIATION	1,286,700.00	63,540.00	0.05 CB
WESTMINSTER RESEARCH ASSOCIATION	126,400.00	3,845.00	0.03 BNY
WEXFORD CLEARING SVCS CORP/IPO TR	74,900.00	2,552.00	0.03 CB
WHITE CAP TRADING LLC	44,500.00	890	0.02 BNY
WILLIAMS CAPITAL GROUP, L. P.	376,600.00	13,977.00	0.04 CB
WILLIAMS CAPITAL GROUP, L. P.	447,400.00	22,224.00	0.05 CB
WILSHIRE ASSN - NSCC	52,700.00	1,929.00	0.04 CB
WR HAMBRECHT & CO	18,500.00	925	0.05 CB
	<u>151,488,878.69</u>	<u>4,856,182.07</u>	<u>0.03</u>

**NEW YORK CITY
POLICE PENSION FUND
REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004**

INTERNATIONAL	Estimated Fees 2004	Performance Fee Max	Total Fee
BK OF IRELAND ASSET MGT (US) LTD/CHASE	\$987,420		\$987,420
CAPITAL GUARDIAN TRUST CO/CHASE	958,884		958,884
DELAWARE MGT. CO.	1,124,194		1,124,194
GE INVEST. MGMT, INC./ST. STREET BK&TR	543,806		543,806
INVISTA CAPITAL MGT.	83,904		83,904
OECHSLE INT'L ADVISORS	766,755		766,755
PUTNAM ADVISORY CO.	330,953		330,953
ROWE PRICE-FLEMING	722,760		722,760
SCHRODER CAPITAL MGT INT'L/CHASE	289,658		289,658
SUBTOTAL ACTIVE	<u>\$5,808,334</u>		<u>\$5,808,334</u>
BARCLAYS GLOBAL INVESTORS, N.A.	\$53,879		\$53,879
SUBTOTAL INDEX	<u>\$53,879</u>		<u>\$53,879</u>
GENESIS ASSET MGRS LTD/BANKERS TRUST	\$627,549		\$627,549
PICTET INT'L MGT LTD/BROWN BROS.	958,567		958,567
SUBTOTAL EMERGING MARKETS	<u>\$1,586,116</u>		<u>\$1,586,116</u>
TOTAL INTERNAT'L	<u>\$7,394,450</u>		<u>\$7,394,450</u>
NORTHERN ASSET MGRS LTD/BANKERS TRUST	\$47,857		\$47,857
MERRILL LYNCH ASSET MGT/INDEX	34,705		34,705
MERRILL -VALUE R 1000	0		
EQUITY INDEX	<u>\$82,562</u>		<u>\$82,562</u>
FIDELITY MGMT. TRUST COMPANY/GROWTH	\$1,322,491		\$1,322,491
LOOMIS SAYLES & CO. L.P. /- GROWTH	649,623		649,623
ARONSON JOHNSON	666,006		666,006
IRIDIAN ASSET	955,184		955,184
LORD ABBETT (LCV)	945,833		945,833
SUBTOTAL CURRENT ACTIVE	<u>\$4,539,137</u>		<u>\$4,539,137</u>

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004

	Estimated Fees	Performance Fee Max	Total Fee
ARIEL CAPITAL/MID CAP	\$319,307		\$319,307
CHICAGO EQUITY PARTNERS	248,972		248,972
DALTON GREINER HARMAN MAHER, & Co.	792,693		792,693
DARUMA ASSET MGT, Inc.	298,843		298,843
DEUTSCHE ASSET MGT	332,027		332,027
FORSTMANN - LEFF ASSOC. (MID CAP)	167,706		167,706
INVESCO	183,773		183,773
J&W SELIGMAN	257,812		257,812
LORD, ABBETT	381,859		381,859
MACKAY SHIELDS	216,566		216,566
MAZAMA CAPITAL MGT, Inc.	589,550		589,550
TOTAL - Small/Mid Cap	<u>\$3,789,108</u>		<u>\$3,789,108</u>
SUBTOTAL NEW MGRS	\$4,539,137		\$4,539,137
TOTAL US ACTIVE EQUITY	<u>3,789,108</u>		<u>3,789,108</u>
SUBTOTAL US EQUITY	<u><u>\$8,328,245</u></u>		<u><u>\$8,328,245</u></u>
ALTERNATIVE INVESTMENTS			
APPOLO INVESTMENT FUND	\$525,000		\$525,000
ARES CORP.	612,500		612,500
BLACKSTONE IV	750,000		750,000
BLACKSTONE RE	0		0
CANYON JOHNSON	175,000		175,000
CARLYLE PARTNERS III, L.P.	375,000		375,000
CITY INVESTMENT FUND	437,500		437,500
COLLER	315,000		315,000
CVC EUROPEAN EQUITY FUND	375,000		375,000
CYPRESS MRECHANT BANKING PARTNERS	750,000		750,000
FDG CAPITAL	875,000		875,000
FREEMAN SPOGLI V LP	225,000		225,000
LINCOLNSHIRE EQUITY FUND	240,000		240,000
NEW MOUNTAIN PARTNERS	300,000		300,000
OCM RE OPP FUND	187,500		187,500
PRISM VENTURE PARTNERS	562,500		562,500
SCP PRIVATE EQUITY PARTNERS	500,000		500,000
SOLERA PARTNERS	250,000		250,000
VS&A FUND	400,000		400,000
TOTAL ALTERNATIVES	<u>\$7,855,000</u>		<u>\$7,855,000</u>
TOTAL - EQUITIES	<u><u>\$23,714,136</u></u>		<u><u>\$23,714,136</u></u>

**NEW YORK CITY
POLICE PENSION FUND
REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004**

	Estimated Fees	Performance Fee Max	Total Fee
FIXED INCOME			
FISCHER, FRANCIS, TREES & WATTS, INC.	\$129,936		\$129,936
LINCOLN CAPITAL MANAGEMENT CO/GOVT	53,338		53,338
PIMCO	<u>265,082</u>		<u>265,082</u>
SUBTOTAL GOVERNMENT	<u>\$448,356</u>		<u>\$448,356</u>
BLACKROCK	\$229,476		\$229,476
LINCOLN CAPITAL MANAGEMENT CO/MORT	386,913		386,913
PACIFIC INVESTMENT MANAGEMENT CO.	<u>481,602</u>		<u>481,602</u>
SUBTOTAL MORTGAGE	<u>\$1,097,991</u>		<u>\$1,097,991</u>
BLACKROCK	\$193,871		\$193,871
TAPLIN, CANIDA & HABACHT	74,239		74,239
T. ROWE PRICE ASSOCIATES, INC.	<u>241,962</u>		<u>241,962</u>
SUBTOTAL CORPORATE	<u>\$510,072</u>		<u>\$510,072</u>
FISCHER, FRANCIS, TREES & WATTS/YANKEE	\$88,659		\$88,659
PRUDENTIAL	<u>57,414</u>		<u>57,414</u>
SUBTOTAL YANKEE	<u>146,073</u>		<u>146,073</u>
SUBTOTAL: STRUCTURED PROG.	<u>\$2,202,492</u>		<u>\$2,202,492</u>
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	\$235,895		\$235,895
LOOMIS SAYLES & CO. L.P.	614,875		614,875
MACKAY	544,762		544,762
SEIX	299,735		299,735
SHENKMAN	359,398		359,398
T. ROWE PRICE	<u>329,383</u>		<u>329,383</u>
SUBTOTAL- ENH. YLD	<u>\$2,384,048</u>		<u>\$2,384,048</u>
TOTAL-US FIXED INC.	<u>\$4,586,540</u>		<u>\$4,586,540</u>
CONSULTANTS			
PACIFIC CORP GROUP	<u>\$319,335</u>		<u>\$319,335</u>
STRATEGIC INVESTMENT SOLUTIONS, INC.	\$182,500		\$182,500
BUCK CONSULTANTS INC.	<u>100,000</u>		<u>100,000</u>
TOTAL GENERAL CONSULTANTS	<u>\$282,500</u>		<u>\$282,500</u>
TOTAL COSTS BY SYSTEM FOR FY 2004	\$28,902,511		\$28,902,511
NET CHANGE DUE TO ACCRUED EXPENSES		991,393	991,393
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	<u>\$28,902,511</u>	<u>\$991,393</u>	<u>\$29,893,904</u>

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, 2004

Investment Section

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

Investment Policy

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

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

Investment Philosophy

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

1-Risk Tolerance

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

2>Returns

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

3-Diversification

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

Liquidity Requirements

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

Investment Objectives

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

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

Asset Allocation

The Board's investment policy is implemented using a strategic allocation of assets that meet their objectives, while working within the confines of the Administrative Code of New York City and the State Retirement and Social Security Laws. The code authorizes the investment of Plan Assets, except equities, subject to the terms, conditions, limitations and restrictions imposed by law for investment by Savings Banks. The code imposes specific criteria for plan investments. Fixed income investments may be made mostly in U.S. Government securities or agencies backed by the U.S Government, companies rated BBB or better by the Standard and Poor's Corporation or Moody's Investors Services 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 New York 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 2004 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 2004 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 increased over the previous year. Investment in the Security Lending Program also shows an increase at the end of the year. All security on loans is fully collateralized with cash or Treasury Securities.

Results

Fiscal year 2004 was a good year for the securities industry and also for the pension system. The overall investment return on assets was 17.1%. The Russell 3000 returned 20.5% and Citigroup core +5 returned 0.4%, International Equity 32.4%, International Emerging markets at 33.5%. Total fund performance was above assumed actuarial rate of return at 8.0% which is above the median public fund in America, which returned 16.2%. The total investments during the year increased from \$16,711,170 thousands to 19,146,283 thousands.

Total assets increased during fiscal year 2004 from \$17,874,292 thousands to 20,053,798 thousands, net investment income increased from \$345,690 thousands to 2,333,743 thousands. This represented a solid increase in investment income compared to fiscal year 2003.

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, 2004
CONSOLIDATED PERFORMANCE REPORT

Through June 30, 2004											
Assets (\$MM)	% Total	3 Mos Apr-04 Jun-04	YTD Jan-04 Jun-04	1 Yr Jul-04 Jun-04	3 Yrs Jul-01 Jun-04	5 Yrs Jul-99 Jun-04	10 Yrs Jul-94 Jun-04	15 Yrs Jul-89 Jun-04			
EQUITY MANAGEMENT											
SMALL CAP											
81.46	0.52	-7.72	-1.37	31.93	****	****	****	****	****	****	
81.46	0.52	-7.72	-1.37	31.93	****	****	****	****	****	****	
		0.10	5.69	31.56	****	****	****	****	****	****	
		0.26	2.89	23.89	****	****	****	****	****	****	
		5.75	11.64	41.02	****	****	****	****	****	****	
110.12	0.70	5.75	11.64	41.02	****	****	****	****	****	****	
		0.85	7.83	35.18	****	****	****	****	****	****	
		1.26	7.99	34.18	****	****	****	****	****	****	
		4.77	12.90	36.56	****	****	****	****	****	****	
55.16	0.35	0.58	5.01	24.69	****	****	****	****	****	****	
39.61	0.25	2.75	9.02	30.67	****	****	****	****	****	****	
94.78	0.60	0.47	6.77	33.37	****	****	****	****	****	****	
		0.50	6.69	31.60	****	****	****	****	****	****	
286.36	1.83	0.67	6.89	35.35	****	****	****	****	****	****	
		0.47	6.77	33.37	****	****	****	****	****	****	
		1.17	6.91	26.64	****	****	****	****	****	****	
50.11	0.32	0.46	4.94	27.01	****	****	****	****	****	****	
50.30	0.32	0.82	5.95	26.81	****	****	****	****	****	****	
100.41	0.64	0.14	5.65	30.12	****	****	****	****	****	****	

NEW YORK CITY
POLICE PENSION FUND

YEAR ENDED JUNE 30, 2004
CONSOLIDATED PERFORMANCE REPORT

Through June 30, 2004		3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	
Assets	%	Apr-04	Jan-04	Jul-04	Jul-01	Jul-99	Jul-94	Jul-89	
(\$MM)	Total	Jun-04	Jun-04	Jun-04	Jun-04	Jun-04	Jun-04	Jun-04	
60.48	0.39	4.74	1.96	21.85	****	****	****	****	
55.87	0.36	1.22	4.39	20.98	****	****	****	****	
116.35	0.74	3.02	3.11	21.42	****	****	****	****	
		1.06	5.94	27.33	****	****	****	****	
		2.61	5.84	25.76	****	****	****	****	
MID CAP									
		-0.16	3.90	21.13	****	****	****	****	
		2.77	10.05	31.04	****	****	****	****	
		1.40	7.11	26.26	****	****	****	****	
		1.73	7.16	30.81	****	****	****	****	
		2.14	7.67	31.00	****	****	****	****	
ARIEL CAPITAL MANAGEMENT									
		1.07	8.47	30.30	****	****	****	****	
		1.07	8.47	30.30	****	****	****	****	
		0.97	6.09	28.00	****	****	****	****	
		1.32	4.70	22.70	****	****	****	****	
		1.72	6.44	25.95	****	****	****	****	
		1.45	6.67	29.40	****	****	****	****	
CHICAGO EQUITY									
		1.72	2.82	15.50	-3.31	-3.31	11.22	****	
		3.10	6.15	24.07	1.49	-2.35	****	****	
		2.27	4.12	18.48	-2.96	-3.98	10.18	****	
		1.94	2.74	17.89	-3.74	-6.48	10.11	****	
		1.66	2.89	15.95	-2.75	-2.44	12.24	****	
LARGE CAP									
		1.72	2.82	15.50	-3.31	-3.31	11.22	****	
		3.10	6.15	24.07	1.49	-2.35	****	****	
		2.27	4.12	18.48	-2.96	-3.98	10.18	****	
		1.94	2.74	17.89	-3.74	-6.48	10.11	****	
		1.66	2.89	15.95	-2.75	-2.44	12.24	****	

NEW YORK CITY
POLICE PENSION FUND

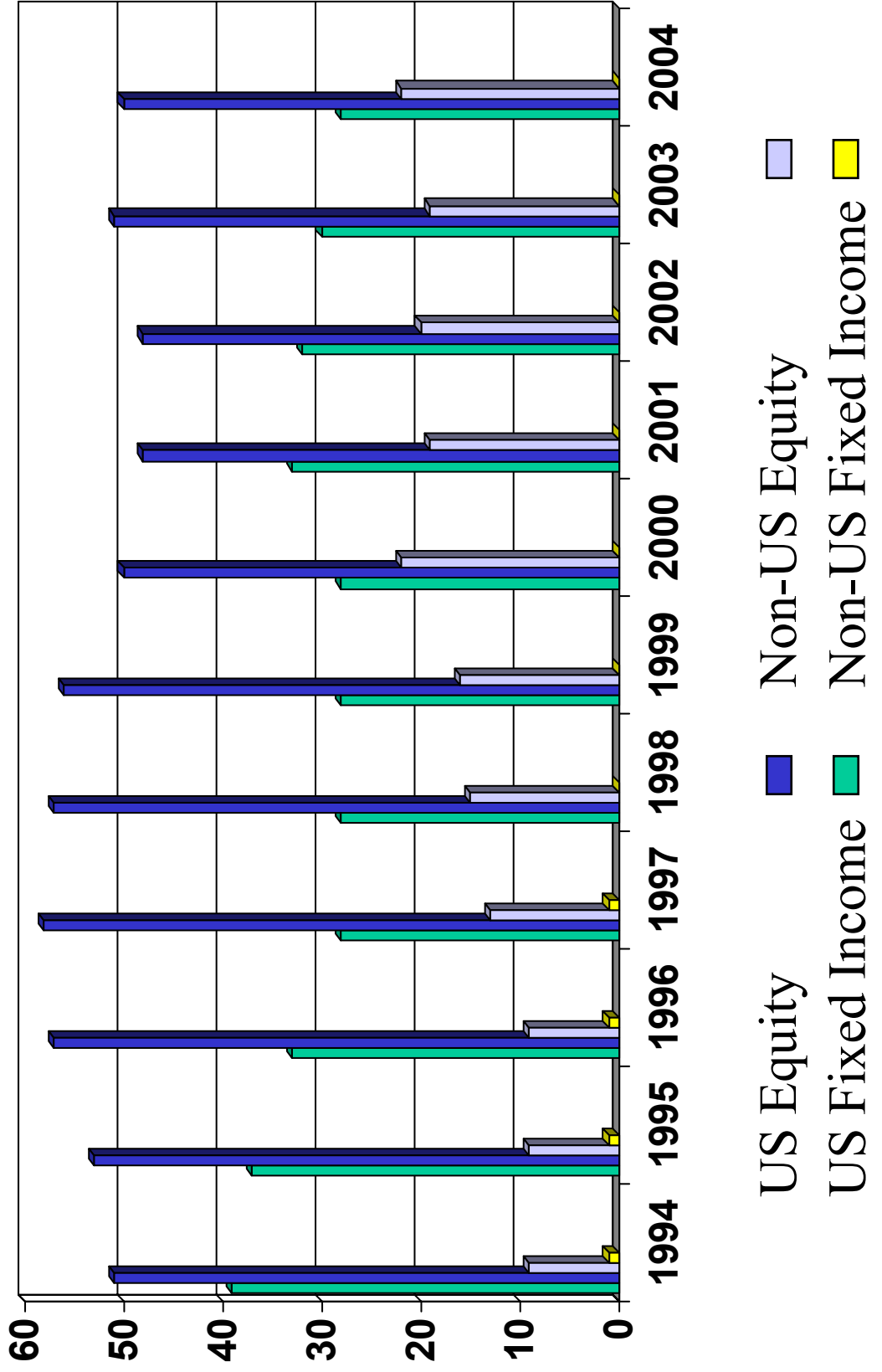
YEAR ENDED JUNE 30, 2004
CONSOLIDATED PERFORMANCE REPORT

Through June 30, 2004		3 Mos		1 Yr		3 Yrs		5 Yrs		10 Yrs		15 Yrs	
Assets (\$MM)	% Total	Apr-04	Jun-04	Jul-04	Jun-04	Jul-01	Jun-04	Jul-99	Jun-04	Jul-94	Jun-04	Jul-89	Jun-04
243.95	1.56	0.23	5.94	24.09	****	****	****	****	****	****	****	****	****
239.90	1.53	0.55	7.74	28.50	****	****	****	****	****	****	****	****	****
362.50	2.31	1.53	4.58	23.11	****	****	****	****	****	****	****	****	****
846.35	5.40	0.88	5.89	24.95	****	****	****	****	****	****	****	****	****
		0.88	3.93	21.13	****	****	****	****	****	****	****	****	****
		1.86	4.36	22.57	****	****	****	****	****	****	****	****	****
1,564.74	9.97	1.51	5.08	21.94	****	****	****	****	****	****	****	****	****
		1.40	3.32	19.47	****	****	****	****	****	****	****	****	****
		1.30	3.65	20.38	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21
2,624.57	16.73	1.40	3.63	20.40	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
2,811.68	17.92	1.35	3.64	20.39	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
5,436.25	34.65	1.33	3.59	20.45	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
		1.42	5.60	24.42	-1.36	-1.36	-1.36	-1.36	-1.36	-1.36	-1.36	-1.36	-1.36
2,399.73	15.30	1.35	3.64	20.36	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
5,436.26	34.65	1.37	4.24	21.62	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56
7,835.99	49.95												

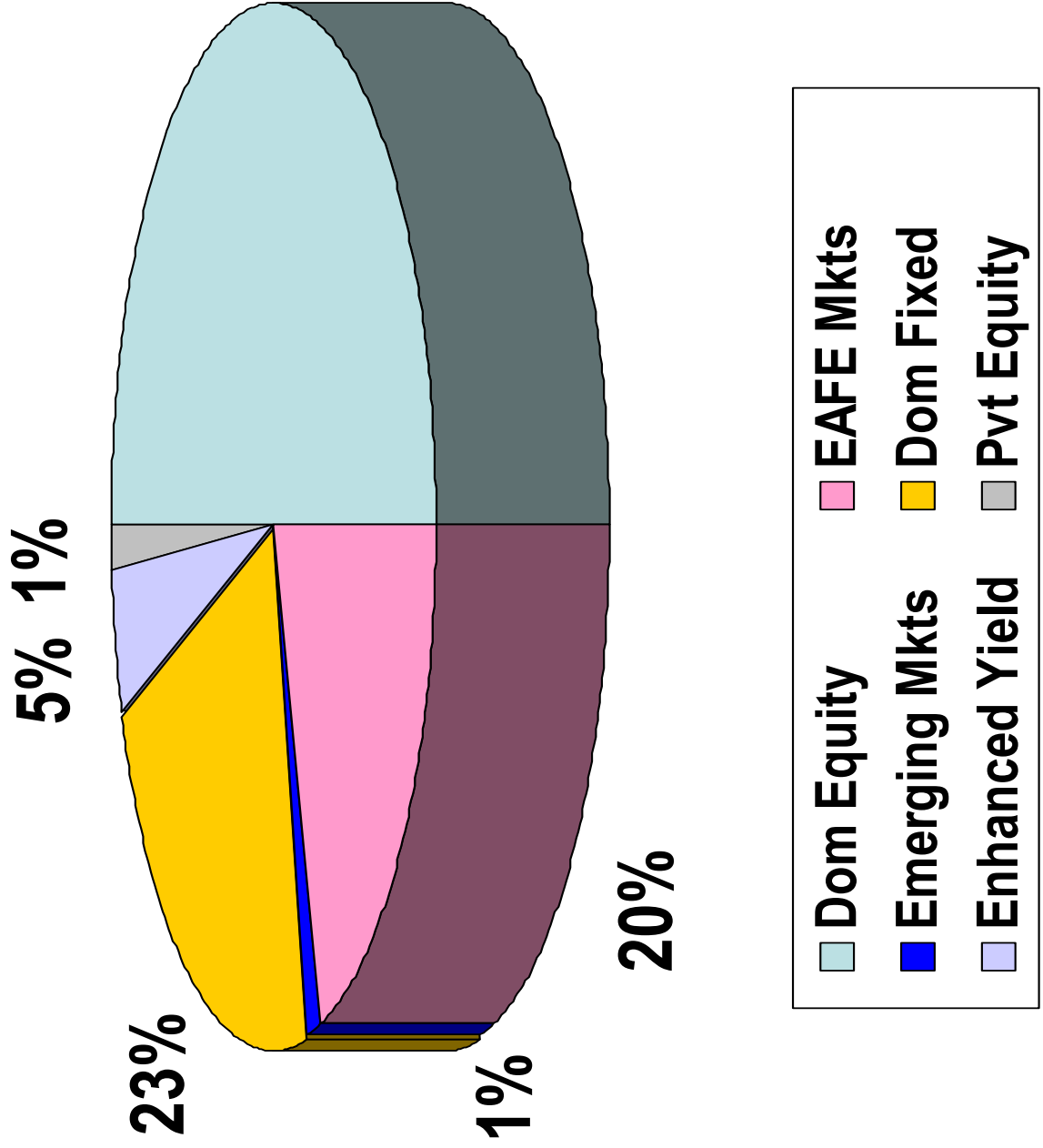
Note: Large Cap composite effective with program inception of 3/31/03

NYC POLICE PENSION FUND ASSET ALLOCATION

June 30, 1994 - June 30, 2004



Asset Allocation - NYCPFF



**NEW YORK CITY
POLICE PENSION FUND**

ASSET ALLOCATION 06/30/94 TO 06/30/04

	<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>
6/30/1994	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%
6/30/2004	50.65%	21.48%	27.32%	0.55%	0.00%	100.00%

NEW YORK CITY
POLICE PENSION FUND
FIXED INCOME HOLDINGS
YEAR ENDED JUNE 30, 2004

DESCRIPTION	SHARES	MKT VALUE
U S TREASURY BONDS	236,271,000.00	\$300,898,704.70
NYC CUSTOM STIF	152,546,028.72	152,546,028.72
FNMA TBA 30YR 5.00% JUL	112,355,000.00	108,492,796.88
UNITED STATES TREAS NTS	101,712,000.00	102,528,367.53
FNMA TBA 30YR 6.00% JUL	74,115,000.00	75,643,621.88
FEDERAL HOME LN MTG CORP	69,395,936.45	72,012,657.89
FHLMC TBA 30YR GOLD SFM 05.50% JUL	70,610,000.00	70,279,015.63
FEDERAL NATL MTGE ASSN DISCOUNT NT	61,400,000.00	61,249,023.61
U S TREASURY BILLS	47,600,000.00	47,559,430.87
FEDERAL HOME LOAN BANK DISCOUNT	47,100,000.00	47,083,400.39
FHLMC TBA 30YR GOLD SFM 05.00% JUL	44,085,000.00	42,542,025.00
GNMA I TBA 30YR SFM 05.50% JUL	41,375,000.00	41,297,421.88
FEDERAL NATL MTG ASSN	39,679,000.00	39,229,795.63
FNMA TBA 15YR SFM 05.00% AUG	39,300,000.00	39,201,750.00
FNMA TBA 15YR SFM 05.00% JUL	37,145,000.00	37,179,823.44
FEDERAL NAT'L MTGE ASSN POOL # 725232	37,976,227.81	36,804,661.18
FNMA TBA 15YR SFM 05.50% JUL	27,905,000.00	28,532,862.50
FEDERAL HOME LN BKS	23,620,000.00	23,165,412.50
FEDERAL HOME LN MTG CORP DISC NTS	22,100,000.00	22,001,401.45
AFL-CIO HOUSING INV TRUST	19,012.22	20,967,249.90
FEDERAL NATL MTG ASSN REMIC TR	28,352,888.58	19,814,970.04
FHLMC TBA 15YR GOLD SFM 05.00% JUL	19,000,000.00	19,005,937.50
FHLMC GOLD TBA 30 YR TBA 6.00%	18,595,000.00	18,984,332.81
J P MORGAN CHASE & CO	17,930,000.00	18,647,865.50
FEDERAL HOME LN MTG CORP REMIC TR	16,763,781.74	16,971,645.25
FNMA TBA 30YR 6.50%	16,050,000.00	16,707,046.88
CITIGROUP INC	16,525,000.00	16,602,254.05
U S TREASURY NOTES	15,190,000.00	16,191,844.39
FEDERAL NAT'L MTGE ASSN POOL # 757460	15,737,620.29	15,707,718.81
RESIDENTIAL ACCREDIT LNS INC	16,839,535.18	15,424,637.82
GNMA TBA 30 YR 6.00% JUL	15,030,000.00	15,386,962.50
FED'L HOME LOAN MTGE CORP GRP # B10422	15,094,246.43	15,143,000.84
FEDERAL NAT'L MTGE ASSN POOL # 255077	14,922,702.44	14,975,827.26
CITIBANK CR CARD ISSUANCE TR	13,640,000.00	13,727,313.40
MORGAN STANLEY	14,065,000.00	13,474,140.60
FNMA TBA 30YR SFM 04.50% JUL	14,405,000.00	\$13,468,675.00

NEW YORK CITY
POLICE PENSION FUND
FIXED INCOME HOLDINGS
YEAR ENDED JUNE 30, 2004

DESCRIPTION	SHARES	MKT VALUE
FNMA TBA 15YR SFM 04.00% JUL	14,060,000.00	\$13,387,756.25
FEDERAL NATL MTG ASSN GTD	20,772,938.94	13,374,119.69
BANC AMER ALTERNATIVE LN TR	13,160,095.66	13,333,959.27
UNITED MEXICAN STS M/T/N	12,718,000.00	13,011,536.50
U S TREASURY BOND	11,855,000.00	12,992,339.06
U S TREASURY BD STRIPPED	25,400,000.00	12,921,488.00
FEDERAL NAT'L MTGE ASSN POOL # 555272	12,499,999.72	12,783,749.71
SLM STUDENT LN TR V/R	12,254,863.45	12,297,792.14
FORD MTR CR CO	11,505,000.00	12,085,751.85
FED'L HOME LOAN MTGE CORP GRP # C01622	12,449,679.26	12,056,269.39
CHASE CR CARD OWNER TR	12,020,000.00	12,037,123.69
FEDERAL NAT'L MTGE ASSN POOL # 753794	12,015,340.60	11,992,511.45
FHLMC TBA 30YR GOLD SFM 06.50% JUL	11,500,000.00	11,981,562.50
MBNA CR CARD MASTER NT TR	11,730,000.00	11,886,508.41
SPRINT CAP CORP	10,940,000.00	11,437,914.70
FEDERAL NAT'L MTGE ASSN POOL # 725205	11,774,554.14	11,411,309.15
GOV'T NAT'L MTGE ASSN II POOL # 3488	11,255,734.53	11,252,582.93
FEDERAL NAT'L MTGE ASSN POOL # 750377	11,025,302.20	11,064,552.28
CAPITAL AUTO RECEIVABLES ASSET	10,746,260.72	10,748,067.41
FEDERAL NAT'L MTGE ASSN	22,550,000.00	10,624,432.50
AMERICAN EXPRESS MASTER TR	10,465,000.00	10,468,442.43
GNMA I TBA 30YR SFM 05.00% JUL	10,760,000.00	10,423,750.00
FEDERAL HOME LN BKS DEB	11,050,000.00	10,377,568.13
U S TREAS NTS	10,400,000.00	10,302,500.00
CWABS INC	9,897,823.89	9,952,610.11
FEDERAL NAT'L MTGE ASSN POOL # 357457	9,836,040.22	9,817,351.74
FEDERAL FARM CR BKS CONS	9,800,000.00	9,712,687.50
KRAFT FOODS INC	9,340,000.00	9,590,057.60
FEDERAL NAT'L MTGE ASSN POOL # 555549	9,503,703.15	9,537,536.34
RESOLUTION FDG CORP FED BOOK	16,455,000.00	9,477,024.30
FORD MOTOR CREDIT CO	9,365,000.00	9,453,031.00
LEHMAN BROTHERS HLDGS INC	9,450,000.00	9,354,772.05
GENERAL ELEC CAP CORP M/T/N	8,900,000.00	9,299,104.00
GENERAL MTRS CORP	8,815,000.00	9,232,942.15
TENNESSEE VALLEY AUTHORITY PWR	8,700,000.00	9,084,018.00
GEORGIA PAC CORP	8,420,000.00	\$8,951,087.50

NEW YORK CITY
POLICE PENSION FUND
EQUITY HOLDINGS
YEAR ENDED JUNE 30, 2004

DESCRIPTION	SHARES	MARKET VALUE
NY SAF EAFE INDEX FUND	30,953,090.18	\$612,714,408.16
BIAM GROUP TRUST FUND	18,228,171.05	541,272,779.61
NYC EMPLOYEES INT'L	15,508,067.66	523,242,202.81
GE INVESTMENT INT'L FUND	9,842,854.48	261,716,314.42
GENERAL ELECTRIC CO	5,595,200.00	181,284,480.00
EXXON MOBIL CORP	3,448,074.00	153,128,966.34
MICROSOFT CORP COM	5,221,466.00	149,125,068.96
PFIZER INC COM	4,103,129.00	140,655,262.12
CITIGROUP INC	3,009,208.00	139,928,172.00
FIFTH THIRD BANK LOC #10043	7,500,000.00	103,775,880.00
BANK AMER CORP	1,165,155.00	98,595,416.10
AMERICAN INTERNATIONAL GROUP INC COM	1,365,625.00	97,341,750.00
GENESIS GROUP TRUST EMERG	417,024.31	95,770,101.94
CISCO SYS INC	3,966,052.00	93,995,432.40
INTEL CORPORATION	3,372,318.00	93,075,976.80
JOHNSON & JOHNSON COM	1,623,621.00	90,435,689.70
PROCTER & GAMBLE CO COM	1,423,054.00	77,471,059.76
INTERNATIONAL BUSINESS MACHINES CORP	853,700.00	75,253,655.00
NYC CUSTOM STIF	74,483,511.24	74,483,511.24
WAL MART STORES INC	1,277,860.00	67,419,893.60
MERCK & CO INC	1,223,600.00	58,121,000.00
VERIZON COMMUNICATIONS INC	1,592,810.00	57,643,793.90
CHEVRONTEXACO CORP	606,606.00	57,087,690.66
DELL INC	1,502,225.00	53,809,699.50
PEPSICO INC COM	981,370.00	52,876,215.60
COCA-COLA CO USD	1,043,668.00	52,684,360.64
WELLS FARGO & CO NEW	867,328.00	49,637,181.44
ALTRIA GROUP INC	972,756.00	48,686,437.80
JPMORGAN CHASE & CO	1,222,183.00	47,384,034.91
HOME DEPOT INC USD 0.05	1,292,497.00	45,495,894.40
AMGEN INC	821,128.00	44,808,954.96
3M CO	468,425.00	42,162,934.25
SBC COMMUNICATIONS INC	1,707,835.00	41,414,998.75
FEDERAL NATL MTG ASSN COMMON STOCK	578,400.00	41,274,624.00
TIME WARNER INC NEW	2,193,944.00	38,569,535.52
GILLETTE COMPANY COMMON	828,034.00	\$35,108,641.60

NEW YORK CITY
POLICE PENSION FUND
EQUITY HOLDINGS
YEAR ENDED JUNE 30, 2004

DESCRIPTION	SHARES	MARKET VALUE
WACHOVIA CORP	786,746.00	\$35,010,197.00
US BANCORP DEL	1,267,066.00	34,920,338.96
HEWLETT PACKARD COMPANY	1,641,446.00	34,634,510.60
BANK ONE CORP	678,181.00	34,587,231.00
ABBOTT LABORATORIES	847,200.00	34,531,872.00
MOTOROLA INC COM	1,874,293.00	34,205,847.25
DISNEY (WALT) COMPANY .	1,319,625.00	33,637,241.25
MBNA CORP	1,299,212.00	33,506,677.48
QUALCOMM INC	456,000.00	33,278,880.00
ELI LILLY & CO COM	465,424.00	32,537,791.84
UNITED HEALTH GROUP INC	518,597.00	32,282,663.25
CYPRESS MERCHANT BANKING PARTNERS II,LP	1	32,209,674.00
WYETH	888,600.00	32,131,776.00
MERRILL LYNCH & CO INC	589,700.00	31,832,006.00
EBAY INC	340,420.00	31,301,619.00
AMERICAN EXPRESS COMPANY	600,346.00	30,845,777.48
MEDTRONIC INC	629,396.00	30,664,173.12
CG PUBLIC INT NON _US	1,196,627.95	30,621,709.11
YAHOO INC	835,044.00	30,337,148.52
VIACOM INC CL B	843,251.00	30,120,925.72
MORGAN STANLEY GROUP INC	559,594.00	29,529,775.38
FIRST DATA CORP COM	651,159.00	28,989,598.68
CONOCOPHILLIPS	374,420.00	28,564,501.80
UNITED TECHNOLOGIES CORP	287,177.00	26,270,951.96
FDG CAPITAL PARTNERS ,LP	1	26,221,269.00
BELLSOUTH CORPORATION	988,828.00	25,927,070.16
FEDERAL HOME LN MTG CORP	405,300.00	25,655,490.00
BIOGEN IDEC INC	390,880.00	24,723,160.00
ALLSTATE CORP COM	526,305.00	24,499,497.75
NEXTEL COMMUNICATIONS INC CL A	886,665.00	23,638,488.90
ZIMMER HLDGS INC	267,051.00	23,553,898.20
UNITED PARCEL SVC INC CL B	311,538.00	23,418,311.46
COMCAST CORP NEW CL A	833,218.00	23,355,100.54
E I DU PONT DE NEMOURS & CO COMM	525,657.00	23,349,683.94
BRISTOL MYERS SQUIBB CO COM	947,460.00	23,212,770.00
LOWES COMPANIES INC COM	437,541.00	22,992,779.55
MC DONALDS CORPORATION COMMON	857,900.00	22,305,400.00
KIMBERLY-CLARK CORP COM	338,445.00	22,296,756.60
BOEING COMPANY	435,192.00	22,233,959.28
CARDINAL HEALTH INC COM	316,412.00	\$22,164,660.60

**NEW YORK CITY
POLICE PENSION FUND**

**INVESTMENT SUMMARY
YEAR ENDED JUNE 30, 2004**

(In Thousands)

Type of Investments:	Market Value	<u>Percentage of Total Market Value</u>
Fixed Income:		
Corporate Bonds	\$ 1,356,866,996	8%
U.S Government Securities	2,926,937,716	18%
Yankee Bonds	86,241,101	1%
Mortgages	20,967,250	0%
Total Fixed Income	<u>4,391,013,063</u>	<u>27%</u>
Domestic Equities:	7,771,166,919	48%
International Equities:	3,385,387,398	21%
Private Equity-Other	210,530,000	1%
Short-term Investments:		
Short-term Investments	312,680,129	2%
Commercial Paper	24,826,890	0.18%
Discount Notes	130,333,825	0.76%
Treasury Bills	47,559,431	0.06%
Total Short-term	<u>515,400,275</u>	<u>3%</u>
Total Market Value*	<u>\$ 16,273,497,655</u>	<u>100%</u>

*Security lending transactions of \$2,872,785,022 not included in total.

**NEW YORK CITY
POLICE PENSION FUND
REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004**

INTERNATIONAL	Estimated Fees 2004	Performance Fee Max	Total Fee
BK OF IRELAND ASSET MGT (US) LTD/CHASE	\$987,420		\$987,420
CAPITAL GUARDIAN TRUST CO/CHASE	958,884		958,884
DELAWARE MGT. CO.	1,124,194		1,124,194
GE INVEST. MGMT, INC./ST. STREET BK&TR	543,806		543,806
INVISTA CAPITAL MGT.	83,904		83,904
OECHSLE INT'L ADVISORS	766,755		766,755
PUTNAM ADVISORY CO.	330,953		330,953
ROWE PRICE-FLEMING	722,760		722,760
SCHRODER CAPITAL MGT INT'L/CHASE	289,658		289,658
SUBTOTAL ACTIVE	<u>\$5,808,334</u>		<u>\$5,808,334</u>
BARCLAYS GLOBAL INVESTORS, N.A.	\$53,879		\$53,879
SUBTOTAL INDEX	<u>\$53,879</u>		<u>\$53,879</u>
GENESIS ASSET MGRS LTD/BANKERS TRUST	\$627,549		\$627,549
PICTET INT'L MGT LTD/BROWN BROS.	958,567		958,567
SUBTOTAL EMERGING MARKETS	<u>\$1,586,116</u>		<u>\$1,586,116</u>
TOTAL INTERNAT'L	<u>\$7,394,450</u>		<u>\$7,394,450</u>
NORTHERN ASSET MGRS LTD/BANKERS TRUST	\$47,857		\$47,857
MERRILL LYNCH ASSET MGT/INDEX	34,705		34,705
MERRILL -VALUE R 1000	0		
EQUITY INDEX	<u>\$82,562</u>		<u>\$82,562</u>
FIDELITY MGMT. TRUST COMPANY/GROWTH	\$1,322,491		\$1,322,491
LOOMIS SAYLES & CO. L.P. /- GROWTH	649,623		649,623
ARONSON JOHNSON	666,006		666,006
IRIDIAN ASSET	955,184		955,184
LORD ABBETT (LCV)	945,833		945,833
SUBTOTAL CURRENT ACTIVE	<u>\$4,539,137</u>		<u>\$4,539,137</u>

NEW YORK CITY
POLICE PENSION FUND

REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004

	Estimated Fees	Performance Fee Max	Total Fee
ARIEL CAPITAL/MID CAP	\$319,307		\$319,307
CHICAGO EQUITY PARTNERS	248,972		248,972
DALTON GREINER HARMAN MAHER, & Co.	792,693		792,693
DARUMA ASSET MGT, Inc.	298,843		298,843
DEUTSCHE ASSET MGT	332,027		332,027
FORSTMANN - LEFF ASSOC. (MID CAP)	167,706		167,706
INVESCO	183,773		183,773
J&W SELIGMAN	257,812		257,812
LORD, ABBETT	381,859		381,859
MACKAY SHIELDS	216,566		216,566
MAZAMA CAPITAL MGT, Inc.	589,550		589,550
TOTAL - Small/Mid Cap	<u>\$3,789,108</u>		<u>\$3,789,108</u>
SUBTOTAL NEW MGRS	\$4,539,137		\$4,539,137
TOTAL US ACTIVE EQUITY	<u>3,789,108</u>		<u>3,789,108</u>
SUBTOTAL US EQUITY	<u><u>\$8,328,245</u></u>		<u><u>\$8,328,245</u></u>
ALTERNATIVE INVESTMENTS			
APPOLO INVESTMENT FUND	\$525,000		\$525,000
ARES CORP.	612,500		612,500
BLACKSTONE IV	750,000		750,000
BLACKSTONE RE	0		0
CANYON JOHNSON	175,000		175,000
CARLYLE PARTNERS III, L.P.	375,000		375,000
CITY INVESTMENT FUND	437,500		437,500
COLLER	315,000		315,000
CVC EUROPEAN EQUITY FUND	375,000		375,000
CYPRESS MRECHANT BANKING PARTNERS	750,000		750,000
FDG CAPITAL	875,000		875,000
FREEMAN SPOGLI V LP	225,000		225,000
LINCOLNSHIRE EQUITY FUND	240,000		240,000
NEW MOUNTAIN PARTNERS	300,000		300,000
OCM RE OPP FUND	187,500		187,500
PRISM VENTURE PARTNERS	562,500		562,500
SCP PRIVATE EQUITY PARTNERS	500,000		500,000
SOLERA PARTNERS	250,000		250,000
VS&A FUND	400,000		400,000
TOTAL ALTERNATIVES	<u>\$7,855,000</u>		<u>\$7,855,000</u>
TOTAL - EQUITIES	<u><u>\$23,714,136</u></u>		<u><u>\$23,714,136</u></u>

NEW YORK CITY
POLICE PENSION FUND
REPORT ON INVESTMENT MANAGEMENT FEES
YEAR ENDED JUNE 30, 2004

	Estimated Fees	Performance Fee Max	Total Fee
FIXED INCOME			
FISCHER, FRANCIS, TREES & WATTS, INC.	\$129,936		\$129,936
LINCOLN CAPITAL MANAGEMENT CO/GOVT	53,338		53,338
PIMCO	<u>265,082</u>		<u>265,082</u>
SUBTOTAL GOVERNMENT	<u>\$448,356</u>		<u>\$448,356</u>
BLACKROCK	\$229,476		\$229,476
LINCOLN CAPITAL MANAGEMENT CO/MORT	386,913		386,913
PACIFIC INVESTMENT MANAGEMENT CO.	<u>481,602</u>		<u>481,602</u>
SUBTOTAL MORTGAGE	<u>\$1,097,991</u>		<u>\$1,097,991</u>
BLACKROCK	\$193,871		\$193,871
TAPLIN, CANIDA & HABACHT	74,239		74,239
T. ROWE PRICE ASSOCIATES, INC.	<u>241,962</u>		<u>241,962</u>
SUBTOTAL CORPORATE	<u>\$510,072</u>		<u>\$510,072</u>
FISCHER, FRANCIS, TREES & WATTS/YANKEE	\$88,659		\$88,659
PRUDENTIAL	<u>57,414</u>		<u>57,414</u>
SUBTOTAL YANKEE	<u>146,073</u>		<u>146,073</u>
SUBTOTAL: STRUCTURED PROG.	<u>\$2,202,492</u>		<u>\$2,202,492</u>
ENHANCED YIELD			
ALLIANCE CAPITAL MANAGEMENT L.P.	\$235,895		\$235,895
LOOMIS SAYLES & CO. L.P.	614,875		614,875
MACKAY	544,762		544,762
SEIX	299,735		299,735
SHENKMAN	359,398		359,398
T. ROWE PRICE	<u>329,383</u>		<u>329,383</u>
SUBTOTAL- ENH. YLD	<u>\$2,384,048</u>		<u>\$2,384,048</u>
TOTAL-US FIXED INC.	<u>\$4,586,540</u>		<u>\$4,586,540</u>
CONSULTANTS			
PACIFIC CORP GROUP	<u>\$319,335</u>		<u>\$319,335</u>
STRATEGIC INVESTMENT SOLUTIONS, INC.	\$182,500		\$182,500
BUCK CONSULTANTS INC.	<u>100,000</u>		<u>100,000</u>
TOTAL GENERAL CONSULTANTS	<u>\$282,500</u>		<u>\$282,500</u>
TOTAL COSTS BY SYSTEM FOR FY 2004	\$28,902,511		\$28,902,511
NET CHANGE DUE TO ACCRUED EXPENSES		991,393	991,393
TOTAL INVESTMENT EXPENSES INCURRED BY SYSTEM	<u>\$28,902,511</u>	<u>\$991,393</u>	<u>\$29,893,904</u>

NEW YORK CITY POLICE PENSION FUND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

A PENSION TRUST FUND OF THE CITY OF NEW YORK

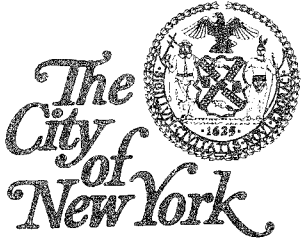


ACTUARIAL SECTION

PART IV

FISCAL YEAR ENDED

June 30, 2004



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 24, 2004

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, 2004

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 that, expressed as a percentage of active member annualized covered payroll, would remain approximately level over the future working lifetimes of those active members and, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of June 30 preceding each fiscal year to determine the employer contributions to be paid for that fiscal year.

Under current law, employers are required to contribute statutorily-required contributions ("Statutory Contributions") and these contributions are generally funded by employers within the appropriate fiscal year.

Statutory Contributions for Fiscal Year 2004 were less than the Annual Required Contributions as defined under Governmental Accounting Standards Board Statement Number 25 ("GASB 25"). This relationship occurs because Chapter 125 of the Laws of 2000 ("Chapter 125/00"), which provides eligible retirees and eligible beneficiaries with Supplementation benefits effective September 2000 and with automatic Cost-of-Living Adjustments ("COLA") beginning September 2001, also provides for a phase-in schedule, later modified by Chapter 278 of the Laws of 2002 ("Chapter 278/02"), for funding the additional actuarial liabilities attributable to the benefits provided by Chapter 125/00.

The Annual Required Contributions were computed in accordance with GASB 25 and are consistent with generally accepted actuarial principles.

Actuarial Assumptions and Methods

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2003." These actuarial assumptions and methods were employed in the June 30, 2003 actuarial valuation that was used to determine Fiscal Year 2004 employer contributions to the Plan.

These actuarial assumptions and methods are generally the same as those employed in the June 30, 2002 actuarial valuation that was used to determine Fiscal Year 2003 employer contributions to the Plan.

Note, the Actuary is currently reviewing the results of an independent actuarial study dated October 2003 prepared by Gabriel, Roeder, Smith & Company in accordance with Section 96 of the New York City Charter and may recommend changes to the actuarial assumptions and methods applicable to the determination of Fiscal Year 2005 employer contributions.

Benefits and Census Data

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

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

A summary of the census data as of June 30, 2003 is included in this CAFR. A summary of the census data used in the June 30, 2002 actuarial valuation of the Plan is available in the June 30, 2003 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 comparisons 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 prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2003.
- 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.
- Summary of Plan Provisions.

Board of Trustees
New York City Police Pension Fund
November 24, 2004
Page 5

The Summary of Plan Membership in the Financial Section of the CAFR was prepared by the OA.

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

Respectfully submitted,



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

RCN/aw

cc: Mr. M.A. Einhorn
Mr. J.R. Gibney
Mr. M.D. Welsome

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2003

- (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 estimate 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 termination, retirement or death. Sample percentage increases are shown in Table 4. The Salary Scale includes an assumed General Wage Increase ("GWI") rate of 3.0% per annum.
- (5) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum. 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, 2003 (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 the UAAL, if any, and the Actuarial Present Value of future employee contributions, is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

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

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") 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")) over a period of five years.

Under this AAVM, any UIR for Fiscal Years 2000 and later is phased into the Actuarial Asset Value ("AAV") beginning the following June 30 at rates of 10%, 15%, 20%, 25% and 30% per year (or cumulative rates 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, 2003 (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 over 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 the 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT AS OF JUNE 30, 2003
(Cont'd)

The most recent actuarial experience study was published by Gabriel, Roeder, Smith & Company ("GRS") dated October 2003 and analyzed experience for Fiscal Years 1998 through 2001. The Actuary is currently reviewing this study and may recommend changes to the actuarial assumptions and methods applicable to the determination of the Fiscal Year 2005 employer contributions.

- (11) Chapter 125 of the Laws of 2000 ("Chapter 125/00") provided 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 provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278 of the Laws of 2002 ("Chapter 278/02") required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to 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 Statutory Contributions for Fiscal Years 2001 and 2002, included the following percentages of the increase in actuarial liabilities attributable to Chapter 125/00 COLA benefits:

<u>Fiscal Year</u>	<u>Phase-In Percent</u>
2001	20%
2002	40%

Chapter 278/02 revised the phase-in schedule for Fiscal Years 2003 and later.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2003 (Cont'd)

Chapter 278/02 provided that, for the June 30, 2000 actuarial valuation, the Actuary is required to recognize, on a theoretical basis, only 10% of the additional actuarial liabilities attributable to 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 liabilities attributable to Chapter 125/00 for determining 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 actuarial liabilities attributable to Chapter 125/00 for determining Fiscal Years 2010 and later employer contributions.

- (12) Distinct male and female probabilities for mortality are used effective June 30, 1995.
- (13) 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2003 (Cont'd)

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.

(14) The salary data as of June 30, 2003 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, 2003
(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>Age</u>	<u>Service Retirement Years of Service Since First Eligible</u>			<u>Accident Disability Retirement</u>	<u>Ordinary Disability Retirement</u>	<u>Ordinary Death</u>		<u>Accidental Death</u>
	<u>1</u>	<u>2</u>	<u>Ultimate</u>			<u>Males</u>	<u>Females</u>	
40	40.00%	20.00%	12.00%	1.60%	.30%	.1151%	.0645%	.02%
45	40.00	20.00	12.00	1.80	.40	.2030	.0980	.02
50	40.00	20.00	12.00	2.00	.50	.3635	.1598	.02
55	40.00	20.00	12.00	2.50	1.00	.5702	.2465	.01
60	40.00	20.00	12.00	4.00	6.00	.8517	.4114	.00
63	100.00	100.00	100.00	N/A	N/A	N/A	N/A	N/A

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT AS OF JUNE 30, 2003
(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>Accidental 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>
6/30/98	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	2,465,681,677	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
6/30/03	35,841	2,433,897,222	67,908	-0.6

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

NEW YORK CITY POLICE PENSION FUND

RETIREDANTS 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>		
6/30/98	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
6/30/03	1,942	86,819,507	945	21,085,545	38,260	1,189,818,938	5.8	31,098

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>Annual Required Contribution</u>	<u>Employer Rate of Contribution**</u>
6/30/99	\$502,060	\$502,060	24.010%
6/30/00	250,021 ⁽¹⁾	250,021	10.722
6/30/01	413,156 ⁽²⁾	543,758	16.756
6/30/02	534,476 ⁽³⁾	636,481	21.378
6/30/03	625,379 ⁽⁴⁾	821,387	25.053
6/30/04	811,978 ⁽⁵⁾	917,731	33.361

* 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 2000 net of \$189,225 thousand deferred to Fiscal Year 2001 and adjustments for delayed payments.
- (2) The Statutory Contribution of \$413,156 thousand for Fiscal Year 2001 was computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.
- (3) The Statutory Contribution of \$534,476 thousand for Fiscal Year 2002 was computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.
- (4) The Statutory Contribution of \$625,379 thousand for Fiscal Year 2003 was computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00 and Chapter 278/02 which extends the phase-in period for funding these liabilities from five years to ten years.
- (5) The Statutory Contribution of \$811,978 thousand for Fiscal Year 2004 was computed in accordance with Chapter 278/02 which provides for a ten-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.

NEW YORK CITY POLICE PENSION FUND

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

SOLVENCY TEST
(Dollar amounts in thousands)

<u>As of June 30</u>	<u>Aggregate Accrued Liabilities for</u>				<u>Actuarial Value of Assets</u> (D)	<u>Percentage of Actuarial Values Covered by</u> <u>Actuarial Value of Assets</u>	
	<u>Accumulated Employee Contributions</u> (A)	<u>Current Retirees and Beneficiaries</u> (B)	<u>Active Members' Employer Financed Portion</u> (C)	<u>Actuarial Value of Assets</u> (D)		<u>(A)</u>	<u>(B)</u>
1998	\$ 850,917	\$ 7,333,829	\$4,453,381	\$12,397,792	100%	100%	95%
1999*	947,614	8,121,653	5,421,075	16,877,765	100	100	100
2000	1,051,312	9,733,708	6,290,250	17,601,913	100	100	100
2001	1,163,665	10,245,495	6,688,974	18,141,670	100	100	100
2002	1,715,036	11,294,438	6,645,998	18,913,634	100	100	89
2003	1,805,279	12,020,762	6,512,726	18,781,359	100	100	76

*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</u> <u>June 30</u>	<u>Assumed Annual Rate of Return</u> <u>On Investments</u>	<u>Merit and Promotion</u> <u>Increases Plus an</u> <u>Assumed General Wage</u> <u>Increase Per Year of</u>
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
2003	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. 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, 2003 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, 2003 except for an investment rate of return assumption equal to the yields 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
6/30/03	18,781.4	14,271.6	20,338.8	29,086.2	92	49

* 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

NEW YORK CITY POLICE PENSION FUND

OTHER MEASURES OF FUNDED STATUS (Cont'd)

These Other Measures of Funded Status provide different relationships between 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 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

DEFINITIONS

Accumulated Deductions - The total contributions made by a member to his/her 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 Fund ("POVSF") and the Police Superior Officers' Variable Supplements Fund ("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 (Cont'd)

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 and the Plan at the time of membership, 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.

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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

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.

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 1/40 (1/50 for members who elected the 25 year plan; 1/60 for members who elected to retire at the attainment of age 55) of Final Salary multiplied by the number of years of service, but not less than 1/2 of his Final Salary if he completed 10 or more years of City service, or 1/3 of his Final Salary if less than 10 years of City service.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

III. ACCIDENT DISABILITY RETIREMENT

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

IV. ORDINARY DEATH BENEFIT

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

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

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

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

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

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

V. ACCIDENTAL DEATH BENEFIT

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

The accidental death benefit is a lump sum payment of the member's accumulated deductions and ITHP reserve plus 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

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

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

COLA benefits are payable to members who are either (1) at least age 62 and have been retired for at least 5 years or (2) 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

Beginning September 2001, COLA benefits equal 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 the maximum pension allowance.

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.

IX. OPTIONS ON RETIREMENT

Upon retirement a member may elect to receive his basic retirement allowance payable in monthly installments throughout life with all payments ending at death. Alternatively, the member 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.

NEW YORK CITY POLICE PENSION FUND

SUMMARY OF PLAN PROVISIONS (Cont'd)

- (b) With respect to members who join or joined after June 30, 1973, a five-year or ten-year certain and life thereafter allowance under which reduced payments will be made for the life of the member with a provision that, in case of death within the guarantee period, the benefit that would have been payable had the member survived shall continue to the designated beneficiary or estate for the balance of the guarantee period.
- (c) A joint and survivor allowance under which reduced payments will be made for the life of the member with a provision that at the death of the member the same payments or one-half of such payments shall be continued for the life of such other person as the member shall have designated.
- (d) Such other form of benefit which is the actuarial equivalent of the basic benefit as may be certified by the Actuary and approved by the Board of Trustees. By resolution, the Board of Trustees has approved an option under which reduced payments will be made for the life of the member with a provision that upon his death, a sum specified by the member at the time of retirement shall be paid to his designated beneficiary or estate.

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, 2004

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>
6/30/98	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
6/30/03	22,416	29,324	3,943	28,571	10,021	39,852

**NEW YORK CITY
POLICE PENSION FUND**

SCHEDULE OF BENEFIT EXPENSES BY TYPE

(In Thousands)

June 30, 2004

BENEFIT PAYMENTS

<u>Fiscal Year 6/30</u>	<u>Service & Disability Retirement</u>	<u>Ordinary Death in Service</u>	<u>Payments for Death After Retirement</u>	<u>Line of Duty Deaths</u>	<u>Total</u>
1995	\$675,120	\$6,203	\$2,070	\$4,828	\$688,221
1996	729,956	9,503	3,528	459	743,446
1997	777,973	8,313	992	3,650	790,928
1998	827,670	5,901	1,319	3,913	838,803
1999	871,621	2,491	7,867	8,609	890,588
2000	883,069	3,537	4,137	5,586	896,329
2001	1,017,966	1,831	7,001	4,365	1,031,163
2002	1,101,569	5,143	1,574	8,449	1,116,735
2003	1,303,153	4,374	4,265	7,360	1,319,152
2004	\$1,386,332	\$5,317	\$5,771	\$7,968	\$1,405,388

**NEW YORK CITY
POLICE PENSION FUND**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2004

SERVICE RETIREMENT

<u>AGE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER OF RETIRED</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF RETIRED</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	0	\$0	0	\$0
30 to 34	0	0	0	0
35 to 39	2	31,740	0	0
40 to 44	1,331	32,067	225	28,006
45 to 49	1,956	32,170	363	28,855
50 to 54	2,047	34,397	177	30,403
55 to 59	3,252	34,504	84	34,436
60 to 64	4,134	31,103	72	31,794
65 to 69	2,547	27,100	42	31,281
70 to 74	2,028	24,667	29	24,161
75 to 79	1,865	23,239	29	19,316
80 to 84	1,379	21,178	24	21,600
85 to 89	644	21,953	10	17,336
90 & up	173	\$23,452	3	\$21,421

NEW YORK CITY

POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2004

ORDINARY DISABILITY (NON-DUTY) RETIREMENT

AGE	MALE		FEMALE	
	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE	NUMBER OF RETIRANTS	AVERAGE ANNUAL ALLOWANCE
UNDER 30	1	\$9,720	1	\$13,080
30 to 34	36	17,602	17	17,764
35 to 39	91	21,315	61	19,151
40 to 44	165	21,493	77	20,668
45 to 49	114	21,993	50	22,430
50 to 54	167	19,188	28	21,249
55 to 59	458	19,268	14	18,164
60 to 64	592	23,093	12	18,371
65 to 69	372	31,666	16	18,377
70 to 74	531	38,318	8	26,713
75 to 79	633	36,203	8	31,170
80 to 84	344	35,475	13	22,979
85 to 89	113	35,924	5	40,644
90 & up	16	\$30,482	0	\$0

**NEW YORK CITY
POLICE PENSION FUND**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2004

ACCIDENT DISABILITY RETIREMENT

<u>AGE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF RETIRANTS</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	3	\$34,869	0	\$0
30 to 34	160	39,102	26	36,035
35 to 39	530	41,553	109	39,731
40 to 44	1,081	42,798	171	40,061
45 to 49	785	43,769	105	40,402
50 to 54	894	39,957	47	36,088
55 to 59	1,774	38,200	44	35,198
60 to 64	1,807	38,749	25	37,758
65 to 69	851	40,418	11	38,199
70 to 74	645	40,868	3	28,896
75 to 79	563	38,612	8	39,005
80 to 84	269	34,575	0	0
85 to 89	90	33,547	2	27,768
90 & up	18	\$33,469	0	\$0

**NEW YORK CITY
POLICE PENSION FUND**

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

June 30, 2004

<u>AGE</u>	<u>MALE</u>		<u>FEMALE</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	11	19,424
40 to 44	0	0	15	25,357
45 to 49	1	27,360	11	21,141
50 to 54	1	21,299	13	25,048
55 to 59	1	19,095	29	21,928
60 to 64	1	19,546	36	22,670
65 to 69	0	0	45	18,882
70 to 74	0	0	88	16,142
75 to 79	0	0	124	12,188
80 to 84	0	0	194	8,190
85 to 89	1	14,384	357	5,468
90 & up	18	\$34,678	607	\$3,966

**NEW YORK CITY
POLICE PENSION FUND**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2004

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

<u>AGE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF BENEFICIARIES</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	0	\$0	10	\$28,466
30 to 34	0	0	6	28,241
35 to 39	0	0	9	30,775
40 to 44	0	0	21	29,856
45 to 49	0	0	19	30,692
50 to 54	0	0	33	23,640
55 to 59	0	0	48	22,566
60 to 64	2	29,151	50	20,462
65 to 69	1	29,112	28	19,829
70 to 74	2	23,806	40	19,212
75 to 79	1	26,774	21	18,844
80 to 84	1	26,043	17	20,785
85 to 89	0	0	6	21,449
90 & up	0	\$0	1	\$5,132

NEW YORK CITY
POLICE PENSION FUND

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

June 30, 2004

ALL PENSIONERS AND BENEFICIARIES

<u>AGE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER OF RETIRED</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>	<u>NUMBER OF RETIRED</u>	<u>AVERAGE ANNUAL ALLOWANCE</u>
UNDER 30	6	\$24,879	18	\$23,806
30 to 34	196	35,153	51	28,374
35 to 39	623	38,566	190	31,524
40 to 44	2,577	35,891	509	30,944
45 to 49	2,856	34,950	548	30,390
50 to 54	3,109	35,175	298	29,457
55 to 59	5,485	34,424	219	29,291
60 to 64	6,536	32,489	195	27,143
65 to 69	3,771	30,557	142	24,175
70 to 74	3,206	30,187	168	18,988
75 to 79	3,062	28,747	190	15,940
80 to 84	1,993	25,456	248	11,126
85 to 89	848	25,036	380	6,613
90 & up	225	\$25,651	611	\$4,053

**NEW YORK CITY
POLICE PENSION FUND**

June 30, 2004

EXPENSE BY TYPE

(In Thousands)

Fiscal Year Ended <u>6/30</u>	<u>Benefit Payments (1)</u>	<u>Administrative Expense</u>	<u>Refund</u>	<u>Total</u>	Employer Contributions as a Percentage of Annual Covered <u>Payroll</u>
1996	\$743,118	—	\$328	\$743,446	30.1
1997	790,230	—	698	790,928	27.6
1998	837,802	—	1,001	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
2004	\$1,393,470	\$11,612 **	\$306	\$1,405,388	33.3

* 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**

June 30, 2004

REVENUE BY SOURCE

(In Thousands)

<u>Fiscal Year Ended 6/30</u>	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Net Investment Income</u>	<u>Other</u>	<u>Total</u>	<u>Employer Contributions as A Percentage of Annual Covered Payroll</u>
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	25.0
2004	\$118,565	\$811,978	\$2,333,744	\$6,190	\$3,270,477	33.3

**NEW YORK CITY
POLICE PENSION FUND**

PENSIONER VALUATION AS OF

June 30, 2004

BY CAUSE, FUND AND GENDER

<u>CAUSE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>
<u>REGULAR BENEFITS (PENSIONER FILE) :</u>				
ACC. DIS	8,858	\$32,766	467	\$35,610
ORD.DIS	3,509	22,850	247	18,478
SERVICE	17,674	23,155	452	26,966
ACC DEATH	7	25,341	299	15,659
BENEFY	23	\$30,868	443	\$14,428
.....				
<u>REGULAR BENEFITS (UNPROCESSED FILE) :</u>				
ACC. DIS	607	\$50,455	84	\$42,754
ORD.DIS	116	28,976	63	20,229
SERVICE	3,552	33,909	606	28,519
ACC DEATH	0	0	9	23,095
BENEFY	2	\$24,360	6	\$21,303
.....				
<u>REGULAR BENEFITS (CLOSED FILE) :</u>				
ACC. DIS	5	\$4,083	0	\$0
ORD.DIS	8	5,234	0	0
SERVICE	132	6,071	0	0
ACC DEATH	0	0	1	4,420
BENEFY	0	\$0	1,090	\$1,280
.....				
<u>REGULAR BENEFITS (ALL FILES) :</u>				
ACC. DIS	9,470	\$33,885	551	\$36,699
ORD.DIS	3,633	23,007	310	18,834
SERVICE	21,358	24,838	1,058	27,855
ACC DEATH	7	25,341	309	15,839
BENEFY	25	\$30,347	1,539	\$5,143
.....				

**NEW YORK CITY
POLICE PENSION FUND**

**PENSIONER VALUATION AS OF
June 30, 2004**

BY CAUSE, FUND AND GENDER

<u>CAUSE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>
<u>SUPPLEMENTATION BENEFITS (PENSIONER FILE) :</u>				
ACC. DIS	8,270	\$6,885	394	\$3,051
ORD.DIS	3,370	6,656	192	3,575
SERVICE	13,501	6,955	191	6,276
ACC DEATH	4	2,615	262	7,930
BENEFY	1	\$2,151	382	\$4,993
.....				
<u>SUPPLEMENTATION BENEFITS (UNPROCESSED FILE) :</u>				
ACC. DIS	1	\$702	0	\$0
ORD.DIS	0	0	0	0
SERVICE	0	0	0	0
ACC DEATH	0	0	5	12,297
BENEFY	0	\$0	0	\$0
.....				
<u>SUPPLEMENTATION BENEFITS (CLOSED FILE) :</u>				
ACC. DIS	5	\$21,029	0	\$0
ORD.DIS	8	14,379	0	0
SERVICE	132	17,248	0	0
ACC DEATH	0	0	1	712
BENEFY	0	\$0	1,090	\$2,460
.....				
<u>SUPPLEMENTATION BENEFITS (ALL FILES) :</u>				
ACC. DIS	8,276	\$6,893	394	\$3,051
ORD.DIS	3,378	6,675	192	3,575
SERVICE	13,633	7,054	191	6,276
ACC DEATH	4	2,615	268	7,984
BENEFY	1	\$2,151	1,472	\$3,117
.....				

**NEW YORK CITY
POLICE PENSION FUND**

PENSIONER VALUATION AS OF

June 30, 2004

BY CAUSE, FUND AND GENDER

<u>CAUSE</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>	<u>NUMBER</u>	<u>AVERAGE ANNUAL BENEFITS</u>
<u>TOTAL BENEFITS (PENSIONER FILE) :</u>				
ACC. DIS	8,858	\$39,194	467	\$38,184
ORD.DIS	3,509	29,243	247	21,257
SERVICE	17,674	28,467	452	29,618
ACC DEATH	7	26,835	299	22,608
BENEFY	23	\$30,961	443	\$18,733
.....				
<u>TOTAL BENEFITS (UNPROCESSED FILE) :</u>				
ACC. DIS	607	\$50,456	84	\$42,754
ORD.DIS	116	28,976	63	20,229
SERVICE	3,552	33,909	606	28,519
ACC DEATH	0	0	9	29,927
BENEFY	2	\$24,360	6	\$21,303
.....				
<u>TOTAL BENEFITS (CLOSED FILE) :</u>				
ACC. DIS	5	\$25,112	0	\$0
ORD.DIS	8	19,613	0	0
SERVICE	132	23,319	0	0
ACC DEATH	0	0	1	5,132
BENEFY	0	\$0	1,090	\$3,740
.....				
<u>TOTAL BENEFITS (ALL FILES) :</u>				
ACC. DIS	9,470	\$39,908	551	\$38,881
ORD.DIS	3,633	29,213	310	21,048
SERVICE	21,358	29,340	1,058	28,988
ACC DEATH	7	26,835	309	22,764
BENEFY	25	\$30,433	1,539	\$8,124
.....				

**NEW YORK CITY
POLICE PENSION FUND
ACTIVE VALUATION AS OF
June 30, 2004**

TIER: ALL GENDER: F

AGE	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	UNKNOWN	ALL YEARS
NUMBERS:											
UNDER 20	0	0	0	0	0	0	0	0	0	0	0
20 to 24	721	0	0	0	0	0	0	0	0	0	721
25 to 29	2,693	1,027	0	0	0	0	0	0	0	0	3,720
30 to 34	1,434	3,332	2,577	5	0	0	0	0	0	0	7,348
35 to 39	571	1,782	3,864	2,844	5	0	0	0	0	0	9,066
40 to 44	72	499	1,104	3,956	624	1	0	0	0	0	6,256
45 to 49	16	47	81	1,413	644	9	1	0	0	0	2,211
50 to 54	8	1	3	100	156	42	71	14	0	0	395
55 to 59	1	1	0	0	4	17	63	56	0	0	142
60 to 64	0	0	2	1	0	0	13	49	10	0	75
65 to 69	0	1	0	1	0	0	0	0	0	0	2
70 & UP	0	0	2	0	2	0	0	0	1	0	5
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	5,516	6,690	7,633	8,320	1,435	69	148	119	11	0	29,941

SALARIES IN (THOUSANDS) :											
UNDER 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	30,550	0	0	0	0	0	0	0	0	0	30,550
25 to 29	121,923	62,075	0	0	0	0	0	0	0	0	183,998
30 to 34	65,252	218,702	188,345	393	0	0	0	0	0	0	472,694
35 to 39	26,271	117,957	280,783	224,997	374	0	0	0	0	0	650,383
40 to 44	3,527	33,114	78,513	308,482	56,693	95	0	0	0	0	480,426
45 to 49	938	3,223	5,878	107,244	59,356	911	75	0	0	0	177,630
50 to 54	495	105	298	7,395	13,727	4,265	7,864	1,571	0	0	35,723
55 to 59	84	97	0	0	344	1,607	6,643	6,217	0	0	14,994
60 to 64	0	0	196	70	0	0	1,271	5,128	1,079	0	7,746
65 to 69	0	97	0	99	0	0	0	0	0	0	196
70 & UP	0	0	197	0	200	0	0	0	107	0	506
UNKNOWN	\$0	\$0	0	0	0	0	0	0	0	0	0
TOTAL	\$249,042	\$435,375	\$554,213	\$648,684	\$130,697	\$6,878	\$15,855	\$12,918	\$1,187	\$0	\$2,054,852

AVERAGE SALARIES :											
UNDER 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	42,372	0	0	0	0	0	0	0	0	0	42,372
25 to 29	45,274	60,444	0	0	0	0	0	0	0	0	49,462
30 to 34	45,504	65,637	73,087	78,710	0	0	0	0	0	0	64,330
35 to 39	46,009	66,194	72,666	79,113	74,881	0	0	0	0	0	71,739
40 to 44	48,989	66,362	71,117	77,978	90,855	95,548	0	0	0	0	76,795
45 to 49	58,663	68,595	72,578	75,899	92,169	101,230	75,925	0	0	0	80,339
50 to 54	61,895	105,643	99,354	73,959	87,999	101,550	110,762	112,278	0	0	90,440
55 to 59	84,591	97,273	0	0	86,066	94,532	105,460	111,033	0	0	105,599
60 to 64	0	0	98,299	70,682	0	0	97,807	104,662	107,930	0	103,287
65 to 69	0	97,273	0	99,357	0	0	0	0	0	0	98,315
70 & UP	0	0	98,820	0	100,400	0	0	0	107,897	0	101,267
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$45,149	\$65,078	\$72,608	\$77,967	\$91,078	\$99,692	\$107,132	\$108,556	\$107,927	\$0	\$68,630

INCL. MISSING AGE AND SERVICE

OFFICE OF THE ACTUARY 09/17/03

NEW YORK CITY
POLICE PENSION FUND
ACTIVE VALUATION AS OF
June 30, 2004

TIER: ALL GENDER: F

AGE	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	UNKNOWN	ALL YEARS
NUMBERS:											
UNDER 20	0	0	0	0	0	0	0	0	0	0	0
20 to 24	146	0	0	0	0	0	0	0	0	0	146
25 to 29	609	181	0	0	0	0	0	0	0	0	790
30 to 34	417	602	409	1	0	0	0	0	0	0	1,429
35 to 39	184	341	773	445	1	0	0	0	0	0	1,744
40 to 44	6	119	412	755	52	0	0	0	0	0	1,344
45 to 49	4	14	26	292	58	2	0	0	0	0	396
50 to 54	0	0	2	22	27	0	0	0	0	0	51
55 to 59	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0	0
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,366	1,257	1,622	1,515	138	2	0	0	0	0	5,900

SALARIES IN (THOUSANDS) :											
UNDER 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	6,144	0	0	0	0	0	0	0	0	0	6,144
25 to 29	27,404	10,798	0	0	0	0	0	0	0	0	38,203
30 to 34	18,669	38,209	28,546	66	0	0	0	0	0	0	85,492
35 to 39	8,215	22,054	53,787	33,384	64	0	0	0	0	0	117,506
40 to 44	271	7,834	28,220	56,543	4,396	0	0	0	0	0	97,267
45 to 49	190	950	1,796	21,851	5,298	149	0	0	0	0	30,236
50 to 54	0	0	197	1,603	2,393	0	0	0	0	0	4,193
55 to 59	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0	0
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$60,896	\$79,847	\$112,548	\$113,449	\$12,153	\$149	\$0	\$0	\$0	\$0	\$379,044

AVERAGE SALARIES:											
UNDER 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	42,087	0	0	0	0	0	0	0	0	0	42,087
25 to 29	45,000	59,660	0	0	0	0	0	0	0	0	48,359
30 to 34	44,772	63,472	69,795	66,021	0	0	0	0	0	0	59,826
35 to 39	44,647	64,675	69,583	75,022	64,950	0	0	0	0	0	67,377
40 to 44	45,327	65,835	68,497	74,892	84,549	0	0	0	0	0	72,372
45 to 49	47,510	67,899	69,086	74,835	91,353	74,841	0	0	0	0	76,356
50 to 54	0	0	98,836	72,869	88,636	0	0	0	0	0	82,234
55 to 59	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0	0
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$44,580	\$63,522	\$69,388	\$74,884	\$88,066	\$74,841	\$0	\$0	\$0	\$0	\$64,245

INCL. MISSING AGE AND SERVICE

OFFICE OF THE ACTUARY 09/17/03

**NEW YORK CITY
POLICE PENSION FUND
ACTIVE VALUATION AS OF
June 30, 2004**

TIER: ALL GENDER: F

AGE	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	UNKNOWN	ALL YEARS
NUMBERS:											
UNDER 20	0	0	0	0	0	0	0	0	0	0	0
20 to 24	867	0	0	0	0	0	0	0	0	0	867
25 to 29	3,302	1,208	0	0	0	0	0	0	0	0	4,510
30 to 34	1,851	3,934	2,986	0	0	0	0	0	0	0	8,777
35 to 39	755	2,123	4,637	3,289	6	0	0	0	0	0	10,810
40 to 44	78	618	1,516	4,711	676	1	0	0	0	0	7,600
45 to 49	20	61	107	1,705	702	11	1	0	0	0	2,607
50 to 54	8	1	5	122	183	42	71	14	0	0	446
55 to 59	1	1	0	0	4	17	63	56	0	0	142
60 to 64	0	0	2	1	0	0	13	49	10	0	75
65 to 69	0	1	0	1	0	0	0	0	0	0	2
70 & UP	0	0	2	0	2	0	0	0	1	0	5
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	6,882	7,947	9,255	9,835	1,573	71	148	119	11	0	35,841

SALARIES IN (THOUSANDS):											
UNDER 20	\$0	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	36,694	0	0	0	0	0	0	0	0	0	36,694
25 to 29	149,327	72,874	0	0	0	0	0	0	0	0	222,202
30 to 34	83,922	256,912	216,892	459	0	0	0	0	0	0	558,186
35 to 39	34,486	140,012	334,570	258,382	439	0	0	0	0	0	767,890
40 to 44	3,799	40,949	106,734	365,026	61,089	95	0	0	0	0	577,694
45 to 49	1,128	4,174	7,675	129,096	64,655	1,060	75	0	0	0	207,867
50 to 54	495	105	495	8,999	16,120	4,265	7,864	1,571	0	0	39,917
55 to 59	84	97	0	0	344	1,607	6,643	6,217	0	0	14,994
60 to 64	0	0	196	70	0	0	1,271	5,128	1,079	0	7,746
65 to 69	0	97	0	99	0	0	0	0	0	0	196
70 & UP	0	0	197	0	200	0	0	0	107	0	506
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$309,938	\$515,222	\$666,761	\$762,133	\$142,850	\$7,028	\$15,855	\$12,918	\$1,187	\$0	\$2,433,897

AVERAGE SALARIES:											
UNDER 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	42,324	0	0	0	0	0	0	0	0	0	42,324
25 to 29	45,223	60,326	0	0	0	0	0	0	0	0	49,269
30 to 34	45,339	65,306	72,636	76,596	0	0	0	0	0	0	63,597
35 to 39	45,677	65,950	72,152	78,559	73,226	0	0	0	0	0	71,035
40 to 44	48,707	66,261	70,405	77,484	90,370	95,548	0	0	0	0	76,012
45 to 49	56,432	68,435	71,729	75,717	92,102	96,432	75,925	0	0	0	79,734
50 to 54	61,894	105,643	99,147	73,763	88,093	101,550	110,762	112,278	0	0	89,502
55 to 59	84,591	97,273	0	0	86,066	94,532	105,460	111,033	0	0	105,599
60 to 64	0	0	98,299	70,682	0	0	97,807	104,662	107,930	0	103,287
65 to 69	0	97,273	0	99,357	0	0	0	0	0	0	98,315
70 & UP	0	0	98,820	0	100,400	0	0	0	107,897	0	101,267
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$45,036	\$64,832	\$72,043	\$77,492	\$90,814	\$98,992	\$107,132	\$108,556	\$107,927	\$0	\$67,908

INCL. MISSING AGE AND SERVICE

OFFICE OF THE ACTUARY