

New York City Police Pension Funds



A Fiduciary Fund of The City of New York

**Combining Financial Statements
and Supplementary Information
(Together with Report of Independent Certified Public
Accountants)**

For the Years Ended June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the combining financial statements of New York City Police Pension Fund, New York City Police Officers' Variable Supplements Fund, and New York City Police Superior Officers' Variable Supplements Fund, which collectively comprise the New York City Police Pension Funds (the "System"), which comprise the combining statements of fiduciary net position as of June 30, 2023 and 2022 and the related combining statements of changes in fiduciary net position for the years then ended, and the related notes to combining financial statements, which collectively comprise the System's basic combining financial statements.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the combining fiduciary net position of the System as of June 30, 2023 and 2022, and the changes in the combining fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the combining financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combining financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combining financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule 1 - schedules of changes in the employer's net pension liability and related ratios for each of the ten years in the period ended June 30, 2023, schedule 2 - schedules of employer contributions for each of the ten years in the period ended June 30, 2023, and schedule 3 - schedule of investment returns for each of the ten years in the period ended June 30, 2023, be presented to supplement the basic combining financial statements. Such information is the responsibility of management and, although not a required part of the basic combining financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic combining financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited



procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combining financial statements, and other knowledge we obtained during our audit of the basic combining financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

New York, New York
October 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023 and 2022

This narrative discussion and analysis of the New York City Police Pension Funds ("POLICE", "Funds" or the "Plan"), provides an overview of the Funds combining financial activities for the Fiscal Years ended June 30, 2023 and 2022. It is meant to assist the reader in understanding the Funds' combining financial statements by providing an overall review of the combining 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 Funds' combining financial statements.

The Funds administer: the New York City Police Pension Funds, Tiers 1, 2, 3, and 6 (Tier 3 Revised), 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 - Qualified Pension Plan ("QPP") – as set forth in the Administrative Code of The City of New York ("ACNY") § 13-214.1; the Police Superior Officers' Variable Supplements Fund ("PSOVSF"), as set forth in ACNY § 13-278; and the Police Officers' Variable Supplements Fund ("POVSF"), as set forth in ACNY § 12-268.

Overview of Combining Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Funds' combining financial statements. The combining financial statements, which include the financial statements of each of the above stated Funds are prepared in accordance with Governmental Accounting Standards Board ("GASB") pronouncements, are as follows:

- **The Combining Statements of Fiduciary Net Position** - presents the financial position of the Funds at fiscal year end. It provides information about the nature and amounts of resources with present service capacity that the Funds presently control (assets), consumption of net assets by the Funds that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Funds have little or no discretion to avoid (liabilities), and acquisition of net assets by the Funds that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Combining Statements of Changes in Fiduciary Net Position** - presents the results of activities during the fiscal year. All changes affecting the assets/deferred outflow and liabilities/deferred inflow of the Funds 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 Combining Financial Statements** - provide additional information that is essential to a full understanding of the data provided in the combining financial statements. The notes present information about the Funds' accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- **Required Supplementary Information (Unaudited)** - includes the management discussion and analysis (this section), and the notes to combining financial statements as required by the GASB.

Financial Highlights

The Funds' net position restricted for benefits increased by \$2.7 billion, or 5.2% to \$54.3 billion in Fiscal Year 2023 compared to Fiscal Year 2022, and decreased by \$5.5 billion, or 9.6% to \$51.6 billion in Fiscal Year 2022 compared to Fiscal Year 2021. Increases and decreases in the Funds' net position are primarily due to the fluctuations of investment returns, contributions, benefit payments and withdrawals.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023 and 2022

Changes in Fiduciary Net Position

Years ended June 30, 2023, 2022, and 2021

(In thousands)

	2023	2022	2021
Additions:			
Member contributions	\$ 267,720	\$ 281,185	\$ 255,789
Employer contributions	2,333,707	2,490,134	2,437,728
Net investment income	4,396,487	(4,405,904)	11,961,703
Litigation income	2,995	3,491	2,470
Net receipts from other retirement systems	1,463	1,810	1,988
Total additions	<u>7,002,372</u>	<u>(1,629,284)</u>	<u>14,659,678</u>
Deductions:			
Benefit payments and withdrawals	4,296,257	3,821,373	3,841,319
Administrative expenses	30,348	24,301	24,925
Total deductions	<u>4,326,605</u>	<u>3,845,674</u>	<u>3,866,244</u>
Net increase (decrease) in net position	2,675,767	(5,474,958)	10,793,434
Net position restricted for benefits			
Beginning of year	<u>51,581,367</u>	<u>57,056,325</u>	<u>46,262,891</u>
End of year	<u>\$ 54,257,134</u>	<u>\$ 51,581,367</u>	<u>\$ 57,056,325</u>

During Fiscal Year 2023, member contributions decreased 4.8% to \$267.7 million as compared to Fiscal Year 2022 contributions of \$281.2 million. During Fiscal Year 2022, member contributions increased 9.9% to \$281.2 million as compared to Fiscal Year 2021 contributions of \$255.8 million. Increases and decreases in member contributions are primarily due to the fluctuations of active members and their voluntary and required contributions. In accordance with the pension plan requirements, certain members, under certain conditions, may elect to increase or decrease their deductions.

Employer contributions in Fiscal Year 2023 were \$2.33 billion, a decrease of 6.3% from Fiscal Year 2022 contributions of \$2.49 billion, primarily due to investment experience gains. Employer contributions in Fiscal Year 2022 were \$2.49 billion, an increase of 2.1% from Fiscal Year 2021 contributions of \$2.44 billion, primarily due to the increase in the amortization payment for the initial unfunded liability and experience gains and losses.

Benefit payments and withdrawals were \$4.30 billion, \$3.82 billion, and \$3.84 billion for the Fiscal Years ended June 30, 2023, 2022, and 2021, respectively. This is primarily due to an increase/decrease in the number of retirees eligible for benefits.

In Fiscal Year 2002, Chapter 292 of the New York State Laws of 2001 provided the Funds with corpus funding for administrative expenses. In Fiscal Years 2023, 2022, and 2021, the administrative expenses were \$30.3 million, \$24.3 million, and \$24.9 million, respectively.

Fiduciary Net Position

In Fiscal Year 2023, the Funds experienced a 5.2% increase in the combined net position restricted for benefits. This is primarily due to an increase in the fair value of investments compared to Fiscal Year 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023 and 2022

Fiduciary Net Position

June 30, 2023, 2022, and 2021

(In thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 20,019	\$ 36,752	\$ 75,551
Receivables	816,369	1,030,178	1,491,493
Investments - at fair value	54,499,984	52,024,933	57,946,124
Collateral from securities lending	4,182,050	5,271,194	5,891,076
Other assets	26,142	9,918	9,062
Total assets	<u>59,544,564</u>	<u>58,372,975</u>	<u>65,413,306</u>
Accounts payable and other liabilities	1,105,380	1,520,414	2,465,905
Securities lending	4,182,050	5,271,194	5,891,076
Total liabilities	<u>5,287,430</u>	<u>6,791,608</u>	<u>8,356,981</u>
Net position restricted for benefits	<u>\$ 54,257,134</u>	<u>\$ 51,581,367</u>	<u>\$ 57,056,325</u>

Receivables and payables related to investment securities are primarily generated through the timing differences between the trade and settlement dates for investment securities purchased or sold.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023 and 2022

Investment Summary

June 30, 2023

(In thousands)

Investments - at fair value:	QPP	PSOVSF	POVSF	Combined
Short-term investments:				
Commercial paper	\$ 45,475	\$ -	\$ -	\$ 45,475
Short-term investment fund	503,210	1,756	776	505,742
U.S. Treasury bills and agencies	167,159	-	7,974	175,133
Fixed income securities:				
Bank loans	216,047	-	-	216,047
Corporate and other	7,031,964	-	-	7,031,964
Mortgage debt securities	1,636,506	-	-	1,636,506
Treasury inflation-protected securities	1,510,859	-	-	1,510,859
U.S. government and agencies	2,339,877	-	-	2,339,877
Equity securities:				
Domestic equity	15,550,270	1,119,299	704,878	17,374,447
International equity	4,799,016	-	-	4,799,016
Collective trust funds:				
Bank loans	60,304	-	-	60,304
Corporate and other	214,147	313,713	188,051	715,911
Domestic equity	50,050	78,147	49,113	177,310
International equity	896,421	777,829	476,578	2,150,828
Mortgage debt securities	77,815	280,593	168,198	526,606
Opportunistic-fixed income	-	-	-	-
U.S. government and agency	-	440,896	264,290	705,186
Alternative investments:				
Infrastructure	1,125,626	-	-	1,125,626
Opportunistic-fixed income	2,028,182	-	-	2,028,182
Private equity	5,093,297	-	-	5,093,297
Private real estate	3,435,292	-	-	3,435,292
Hedge fund investment	2,687,989	-	-	2,687,989
Fixed income investment company	158,387	-	-	158,387
Collateral from securities lending	3,689,545	306,770	185,735	4,182,050
Total investments	\$ 53,317,438	\$ 3,319,003	\$ 2,045,593	\$ 58,682,034

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023 and 2022

Investment Summary

June 30, 2022

(In thousands)

Investments - at fair value:	QPP	PSOVSF	POVSF	Combined
Short-term investments:				
Commercial paper	\$ 280,668	\$ 5,098	\$ 5,542	\$ 291,308
Short-term investment fund	517,680	266	91	518,037
U.S. Treasury bills and agencies	369,797	-	-	369,797
Fixed income securities:				
Bank loans	152,849	-	-	152,849
Corporate and other	6,485,233	-	-	6,485,233
Mortgage debt securities	2,161,766	-	-	2,161,766
Treasury inflation-protected securities	1,589,153	-	-	1,589,153
U.S. government and agencies	2,058,590	-	-	2,058,590
Equity securities:				
Domestic equity	14,537,917	1,040,345	672,741	16,251,003
International equity	4,523,566	-	-	4,523,566
Collective trust funds:				
Bank loans	868	-	-	868
Corporate and other	-	256,431	162,526	418,957
Domestic equity	47,141	82,991	52,806	182,938
International equity	856,180	726,264	468,129	2,050,573
Mortgage debt securities	191,695	277,840	176,095	645,630
Opportunistic-fixed income	148,230	-	-	148,230
U.S. government and agency	-	507,527	321,671	829,198
Alternative investments:				
Infrastructure	856,057	-	-	856,057
Opportunistic-fixed income	1,847,299	-	-	1,847,299
Private equity	4,753,360	-	-	4,753,360
Private real estate	3,316,150	-	-	3,316,150
Hedge fund investment	2,574,371	-	-	2,574,371
Collateral from securities lending	4,697,443	359,969	213,782	5,271,194
Total investments	<u>\$ 51,966,013</u>	<u>\$ 3,256,731</u>	<u>\$ 2,073,383</u>	<u>\$ 57,296,127</u>

Due to the long-term nature of the Funds' liabilities, the Funds' 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 and are also subject to greater volatility. For example, for QPP, the Russell 3000 Index, a broad measure of the United States stock market, increased to 18.95% from (13.87)% in Fiscal Years 2023 and 2022, respectively. In 2023, the World ex-USA Custom BM Index increased to 16.35% from (17.73)% in 2022. In Fiscal Year 2023, the Emerging International Market increased to 1.75% from (25.28)% in 2022. For the three-year period ended June 30, 2023, the overall rate of return on investments for QPP, PSOVSF, and POVSF were 8.69%, 5.89%, and 5.82%, for the five-year period the return was 7.62%, 5.60%, and 5.54% and for the 10-year period was 8.36%, 7.70%, and 7.42%.

New York City Police Pension Funds

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023 and 2022

Assets are invested long term for the benefit of the Funds' participants and their beneficiaries. All investments are managed by registered investment managers and advisors, pursuant to applicable laws and to guidelines issued by The Comptroller of The City of New York (the "Comptroller"). Collectively, the investments utilize 16 domestic equity managers, 17 international equity managers, 18 hedge fund managers, 51 private real estate managers, 14 infrastructure managers, 105 private equity investment managers, 20 public-fixed income managers, and 23 alternative credit managers and one Economically Targeted Investment ("ETI") manager.

Assets are allocated in accordance with policy adopted periodically by the Funds' Board of Trustees. The percentage in each category is determined by a study indicating the probable rates of return and levels of risk for various asset allocations. The actual allocation may vary from this policy mix as fair values shift and as investments are added or terminated.

Contact Information

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

New York City Police Pension Funds

COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023
(In thousands)

	QPP	PSOVSF	POVSF	Eliminations	Total Funds
ASSETS					
Cash	\$ 18,819	\$ 7	\$ 1,193	\$ -	\$ 20,019
Receivables:					
Investments securities sold	507,491	-	-	-	507,491
Member loans	162,151	-	-	-	162,151
Accrued interest and dividends	145,504	761	462	-	146,727
Total receivables	815,146	761	462	-	816,369
Investments - at fair value					
Short-term investments:	45,475	-	-	-	45,475
Commercial paper	-	-	-	-	-
Short-term investment fund	503,210	1,756	776	-	505,742
U.S. Treasury bills and agencies	167,159	-	7,974	-	175,133
Fixed income securities:					
Bank loans	216,047	-	-	-	216,047
Corporate and other	7,031,964	-	-	-	7,031,964
Mortgage debt securities	1,636,506	-	-	-	1,636,506
Treasury inflation-protected securities	1,510,859	-	-	-	1,510,859
U.S. government and agency	2,339,877	-	-	-	2,339,877
Equity securities:					
Domestic equity	15,550,270	1,119,299	704,878	-	17,374,447
International equity	4,799,016	-	-	-	4,799,016
Collective trust funds:					
Bank loans	60,304	-	-	-	60,304
Corporate and other	214,147	313,713	188,051	-	715,911
Domestic equity	50,050	78,147	49,113	-	177,310
International equity	896,421	777,829	476,578	-	2,150,828
Mortgage debt securities	77,815	280,593	168,198	-	526,606
Opportunistic-fixed income	-	-	-	-	-
Treasury inflation-protected securities	-	-	-	-	-
U.S. government and agency	-	440,896	264,290	-	705,186
Alternative investments:					
Infrastructure	1,125,626	-	-	-	1,125,626
Opportunistic-fixed income	2,028,182	-	-	-	2,028,182
Private equity	5,093,297	-	-	-	5,093,297
Private real estate	3,435,292	-	-	-	3,435,292
Hedge fund investment	2,687,989	-	-	-	2,687,989
Fixed Income Investment Company	158,387	-	-	-	158,387
Collateral from securities lending	3,689,545	306,770	185,735	-	4,182,050
Total investments	53,317,438	3,319,003	2,045,593	-	58,682,034
Other assets	26,142	-	-	-	26,142
Total assets	54,177,545	3,319,771	2,047,248	-	59,544,564
LIABILITIES					
Accounts payable	59,873	2,270	111	-	62,254
Payable for investment securities purchased	629,877	-	382	-	630,259
Accrued benefits payable	173,804	136,807	86,325	-	396,936
Collateral from securities lending	3,689,545	306,770	185,735	-	4,182,050
Other Liabilities	15,931	-	-	-	15,931
Total liabilities	4,569,030	445,847	272,553	-	5,287,430
Net position restricted for benefits:					
Benefits to be provided by QPP	49,608,515	-	-	-	49,608,515
Benefits to be provided by VSF	-	2,873,924	1,774,695	-	4,648,619
Total net position restricted for benefits	\$ 49,608,515	\$ 2,873,924	\$ 1,774,695	\$ -	\$ 54,257,134

The accompanying notes are an integral part of this combining financial statement.

New York City Police Pension Funds

COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022
(In thousands)

	<u>QPP</u>	<u>PSOVSF</u>	<u>POVSF</u>	<u>Eliminations</u>	<u>Total Funds</u>
ASSETS					
Cash	\$ 35,684	\$ 15	\$ 1,053	\$ -	\$ 36,752
Receivables:					
Investments securities sold	731,877	1	1	-	731,879
Member loans	162,050	-	-	-	162,050
Accrued interest and dividends	134,866	836	547	-	136,249
Total receivables	<u>1,028,793</u>	<u>837</u>	<u>548</u>	<u>-</u>	<u>1,030,178</u>
Investments - at fair value					
Short-term investments:					
Commercial paper	280,668	5,098	5,542	-	291,308
Short-term investment fund	517,680	266	91	-	518,037
U.S. Treasury bills and agencies	369,797	-	-	-	369,797
Fixed income securities:					
Bank loans	152,849	-	-	-	152,849
Corporate and other	6,485,233	-	-	-	6,485,233
Mortgage debt securities	2,161,766	-	-	-	2,161,766
Treasury inflation-protected securities	1,589,153	-	-	-	1,589,153
U.S. government and agency	2,058,590	-	-	-	2,058,590
Equity securities:					
Domestic equity	14,537,917	1,040,345	672,741	-	16,251,003
International equity	4,523,566	-	-	-	4,523,566
Collective trust funds:					
Bank loans	868	-	-	-	868
Corporate and other	-	256,431	162,526	-	418,957
Domestic equity	47,141	82,991	52,806	-	182,938
International equity	856,180	726,264	468,129	-	2,050,573
Mortgage debt securities	191,695	277,840	176,095	-	645,630
Opportunistic-fixed income	148,230	-	-	-	148,230
Treasury inflation-protected securities	-	-	-	-	-
U.S. government and agency	-	507,527	321,671	-	829,198
Alternative investments:					
Infrastructure	856,057	-	-	-	856,057
Opportunistic-fixed income	1,847,299	-	-	-	1,847,299
Private equity	4,753,360	-	-	-	4,753,360
Private real estate	3,316,150	-	-	-	3,316,150
Hedge fund investment	2,574,371	-	-	-	2,574,371
Collateral from securities lending	4,697,443	359,969	213,782	-	5,271,194
Total investments	<u>51,966,013</u>	<u>3,256,731</u>	<u>2,073,383</u>	<u>-</u>	<u>57,296,127</u>
Other assets	9,918	-	-	-	9,918
Total assets	<u>53,040,408</u>	<u>3,257,583</u>	<u>2,074,984</u>	<u>-</u>	<u>58,372,975</u>
LIABILITIES					
Accounts payable	54,850	2,887	644	-	58,381
Payable for investment securities purchased	1,117,344	-	-	-	1,117,344
Accrued benefits payable	127,384	133,069	84,236	-	344,689
Collateral from securities lending	4,697,443	359,969	213,782	-	5,271,194
Total liabilities	<u>5,997,021</u>	<u>495,925</u>	<u>298,662</u>	<u>-</u>	<u>6,791,608</u>
Net position restricted for benefits:					
Benefits to be provided by QPP	47,043,387	-	-	-	47,043,387
Benefits to be provided by VSF	-	2,761,658	1,776,322	-	4,537,980
Total net position restricted for benefits	<u>\$ 47,043,387</u>	<u>\$ 2,761,658</u>	<u>\$ 1,776,322</u>	<u>\$ -</u>	<u>\$ 51,581,367</u>

The accompanying notes are an integral part of this combining financial statement.

New York City Police Pension Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30, 2023
(In thousands)

	QPP	PSOVSF	POVSF	Eliminations	Total
Additions					
Contributions:					
Member contributions	\$ 267,720	\$ -	\$ -	\$ -	\$ 267,720
Employer contributions	2,333,707	-	-	-	2,333,707
Total contributions	<u>2,601,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,601,427</u>
Investment income (loss) (Note 2):					
Interest income	686,368	28,413	18,305	-	733,086
Dividend income	566,715	44,027	28,398	-	639,140
Net appreciation (depreciation) in fair value of investments	3,081,703	197,069	127,152	-	3,405,924
Total investment income (loss)	<u>4,334,786</u>	<u>269,509</u>	<u>173,855</u>	<u>-</u>	<u>4,778,150</u>
Less investment expenses	395,433	711	459	-	396,603
Net investment income (loss) before securities lending transactions	<u>3,939,353</u>	<u>268,798</u>	<u>173,396</u>	<u>-</u>	<u>4,381,547</u>
Securities lending transactions:					
Securities lending income	14,765	1,049	669	-	16,483
Less securities lending fees	1,388	95	60	-	1,543
Net securities lending income	<u>13,377</u>	<u>954</u>	<u>609</u>	<u>-</u>	<u>14,940</u>
Net investment income (loss)	<u>3,952,730</u>	<u>269,752</u>	<u>174,005</u>	<u>-</u>	<u>4,396,487</u>
Net receipts from other retirement systems	1,463	-	-	-	1,463
Litigation income	2,923	37	35	-	2,995
Transferable earnings FY 21	-	142,326	-	(142,326)	-
Total additions	<u>6,558,543</u>	<u>412,115</u>	<u>174,040</u>	<u>(142,326)</u>	<u>7,002,372</u>
Deductions					
Benefit payments and withdrawals	3,820,741	299,849	175,667	-	4,296,257
Transferable earnings FY 21	142,326	-	-	(142,326)	-
Administrative expenses	30,348	-	-	-	30,348
Total deductions	<u>3,993,415</u>	<u>299,849</u>	<u>175,667</u>	<u>(142,326)</u>	<u>4,326,605</u>
Net increase (decrease) in net position	2,565,128	112,266	(1,627)	-	2,675,767
Net position restricted for benefits					
Beginning of year	<u>47,043,387</u>	<u>2,761,658</u>	<u>1,776,322</u>	<u>-</u>	<u>51,581,367</u>
End of year	<u>\$ 49,608,515</u>	<u>\$ 2,873,924</u>	<u>\$ 1,774,695</u>	<u>\$ -</u>	<u>\$ 54,257,134</u>

The accompanying notes are an integral part of this combining financial statement.

New York City Police Pension Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30, 2022
(In thousands)

	QPP	PSOVSF	POVSF	Eliminations	Total
Additions					
Contributions:					
Member contributions	\$ 281,185	\$ -	\$ -	\$ -	\$ 281,185
Employer contributions	2,490,134	-	-	-	2,490,134
Total contributions	<u>2,771,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,771,319</u>
Investment income (loss) (Note 2):					
Interest income	693,679	46,145	28,506	-	768,330
Dividend income	740,464	49,112	30,022	-	819,598
Net (depreciation) appreciation in fair value of investments	<u>(4,711,781)</u>	<u>(554,771)</u>	<u>(346,712)</u>	<u>-</u>	<u>(5,613,264)</u>
Total investment (loss) income	<u>(3,277,638)</u>	<u>(459,514)</u>	<u>(288,184)</u>	<u>-</u>	<u>(4,025,336)</u>
Less investment expenses					
	393,193	2,078	1,311	-	396,582
Net investment (loss) income before securities lending transactions	<u>(3,670,831)</u>	<u>(461,592)</u>	<u>(289,495)</u>	<u>-</u>	<u>(4,421,918)</u>
Securities lending transactions:					
Securities lending income	16,111	998	621	-	17,730
Less securities lending fees	1,575	87	54	-	1,716
Net securities lending income	<u>14,536</u>	<u>911</u>	<u>567</u>	<u>-</u>	<u>16,014</u>
Net investment (loss) income	<u>(3,656,295)</u>	<u>(460,681)</u>	<u>(288,928)</u>	<u>-</u>	<u>(4,405,904)</u>
Net receipts from other retirement systems					
	1,810	-	-	-	1,810
Litigation income	3,385	39	67	-	3,491
Transferable earnings FY 20	185	1,672	-	(1,857)	-
Total additions	<u>(879,596)</u>	<u>(458,970)</u>	<u>(288,861)</u>	<u>(1,857)</u>	<u>(1,629,284)</u>
Deductions					
Benefit payments and withdrawals	3,344,982	299,966	176,425	-	3,821,373
Transferable earnings FY 20	1,672	-	185	(1,857)	-
Administrative expenses	24,301	-	-	-	24,301
Total deductions	<u>3,370,955</u>	<u>299,966</u>	<u>176,610</u>	<u>(1,857)</u>	<u>3,845,674</u>
Net (decrease) increase in net position	(4,250,551)	(758,936)	(465,471)	-	(5,474,958)
Net position restricted for benefits					
Beginning of year	<u>51,293,938</u>	<u>3,520,594</u>	<u>2,241,793</u>	<u>-</u>	<u>57,056,325</u>
End of year	<u>\$ 47,043,387</u>	<u>\$ 2,761,658</u>	<u>\$ 1,776,322</u>	<u>\$ -</u>	<u>\$ 51,581,367</u>

The accompanying notes are an integral part of this combining financial statement.

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - PLAN DESCRIPTION

The City of New York (“City” or “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 major actuarially-funded pension systems are the New York City Police Pension Funds (“POLICE”, “Funds” or the “Plan”), the New York City Employees’ Retirement System (“NYCERS”), the Teachers’ Retirement System of the City of New York (“TRS”), the New York City Board of Education Retirement System (“BERS”), and the New York City Fire Pension Funds (“FIRE”). Each separate pension fund is a separate Public Employee Retirement System (“PERS”) with a separate oversight body and are financially independent of the others.

POLICE administers the New York City Police Pension Funds, Tiers 1, 2, 3, and Tier 6 (Tier 3 Revised), 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 - Qualified Pension Plan (“QPP”); as set forth in Administrative Code of The City of New York (“ACNY”) § 13-214.1, the Police Superior Officers’ Variable Supplements Fund (“PSOVSF”), as set forth in ACNY § 13-278; and the Police Officers’ Variable Supplements Fund (“POVSF”), as set forth in ACNY § 13-268.

The QPP is a single-employer pension plan. The QPP provides pension benefits for full-time uniformed employees of the New York City Police Department (“NYPD”). All full-time uniformed employees of the NYPD become members of the QPP upon employment. The QPP functions in accordance with existing State statutes and City laws, which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The QPP combines features of a defined-benefit pension plan with those of a defined contribution pension plan but is considered a defined-benefit pension plan for financial reporting purposes.

The PSOVSF and the POVSF (collectively, “VSFs”) operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY and provide supplemental benefits to retired Police Superior Officers (including Detectives, and Sergeants through Deputy Chiefs) and retired Police Officers, respectively. To be eligible to receive benefits from the VSFs, Police Superior Officers or Police Officers must retire on or after October 1, 1968 with 20 or more years of credited service, and be receiving a service retirement benefit from the QPP. Under current law, the VSFs are not to be construed as constituting a pension or retirement system. Instead, they provide defined supplemental payments, other than pension or retirement system allowances, in accordance with applicable statutory provisions. While The City guarantees these payments, the New York State Legislature has reserved to itself and the State the right and power to amend, modify, or repeal the VSFs and the payments they provide. For financial reporting purposes, however, the VSFs are considered single-employer defined-benefit pension plans.

POLICE is a fiduciary fund of The City and is included in the Pension and Other Employee Benefit Trust Funds section of The City’s Annual Comprehensive Financial Report (“ACFR”). GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym ACFR. The new term replaces comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. POLICE has decided to early implement this pronouncement and has applied the change as of the issuance of this report.

Board of Trustees

The QPP Board of Trustees consists of 12 members. The Trustees and their voting rights are as follows: The Police Commissioner, representative of the Mayor, The Comptroller of The City of New York (the “Comptroller”), and the Commissioner of Finance (one and one-half votes each); four specified officers of the Police Benevolent Association (one vote each); and the presidents of the Detectives’ Endowment Association, the Sergeants Benevolent Association, the Lieutenants Benevolent Association, and the Captains Endowment Association (one-half vote each).

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The PSOVSF Board of Trustees consists of seven members. The Trustees and their voting rights are as follows: a representative of the Mayor, the Comptroller and the Commissioner of Finance (two votes each), and four representatives of the Police Superior Officers' Associations who are the four members of the QPP Board of Trustees (one vote each).

The POVSF Board of Trustees consists of five members each with one vote: a representative of the Mayor, Comptroller, and Commissioner of Finance and two of the officers of the Police Benevolent Association that are members of the QPP Board of Trustees.

Membership Data

At June 30, 2023, 2022, and 2021, the QPP's membership consisted of:

	QPP		
	2023*	2022	2021
Retirees and beneficiaries receiving benefits	56,208	53,608	52,837
Terminated vested members not yet receiving benefits	1,521	1,214	851
Terminated non-vested members**	3,028	2,125	1,713
Active members receiving salary	33,546	34,655	35,006
Total	<u>94,303</u>	<u>91,602</u>	<u>90,407</u>

* Estimated figures

** Members that are on leave with insufficient service for vesting and assumed to not return to active service are classified as terminated non-vested members.

At June 30, 2023, 2022, and 2021, the PSOVSF and POVSF membership consisted of:

	PSOVSF			POVSF		
	2023*	2022	2021	2023*	2022	2021
Retirees currently receiving payments	21,870	21,618	21,101	13,883	13,693	13,378
Active members***	11,688	12,132	11,874	21,858	22,523	23,132
Total	<u>33,558</u>	<u>33,750</u>	<u>32,975</u>	<u>35,741</u>	<u>36,216</u>	<u>36,510</u>

* Estimated figures

*** Represents the number of actively employed Police Superior Officers and Police Officers, respectively, as of the June 30 valuation dates.

Summary of Benefits

QPP

The New York 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 New York State Retirement and Social Security Law ("RSSL") to modify certain benefits for employees joining the QPP on or after the effective date of such amendments. These amendments, which affect employees who joined the QPP on and after July 1, 1973, established certain benefit limitations relating to eligibility for retirement, the salary

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

base for benefits and maximum benefits. Recent laws, including but not limited to 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 QPP and Chapter 589 of the Laws of 2001, which eliminated the Tier 2 maximum 30 years of service limitation, have lessened these limitations.

The QPP currently administers the following pension tiers: Tier 1, Tier 2, Tier 3, Tier 3 Revised, and Tier 3 Enhanced. Membership is mandatory for uniformed employees of the New York City Police Department.

The QPP provides four main types of retirement benefits for all tiers: Vested Retirements, Service Retirements, Ordinary Disability Retirements ("ODR") (non-job-related disabilities), and Accident Disability Retirements ("ADR") (job-related disabilities). Additionally, the QPP provides death benefits for all tiers.

Tier 1 is applicable to members appointed to the NYPD prior to July 1, 1973. Tier 2 is applicable to members appointed between July 1, 1973 and June 30, 2009. Benefits are generally the same for Tier 1 and Tier 2.

For Tier 1 and Tier 2 members, the QPP generally provides the following:

- A Vested Retirement Benefit is payable to Tier 1 and 2 members with at least five years of uniformed service. Tier 1 and 2 members who commenced their membership with the QPP prior to February 4, 2000 must have 15 years of uniformed service to be eligible for a Vested Retirement Benefit. This benefit is generally comprised of a pension equal to 1/40 of their final average salary for every year of uniformed service and is reduced or increased based on the actuarial value of an account shortage or excess. The benefit can be increased for any purchased non-uniformed service.
- A Service Retirement Benefit provides an allowance of one-half of final average salary after 20 years or 25 years of credited service (as elected), with additional benefits equal to a specified percentage per year of service (currently approximately 1.67%) of actual earnings 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 in excess of the required amount and by any benefits attributable to the Increased-Take-Home-Pay ("ITHP") contributions accumulated after eligibility for service retirement. ITHP represents amounts assumed by The City in lieu of members' own contributions. These amounts reduce the contributions that members would have to make to the QPP during their service and thereby increase their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but increase pension contributions made to the QPP.
- ODR benefits are contingent on the member's amount of credited service. Members with less than 10 years of credited service are entitled to a pension equal to 1/3 of their final average salary, members with 10-20 years of credited service are entitled to a pension equal to 50% of their final average salary; and members with 20 or more years of credited service are entitled to a pension equal to 1/40 of their final average salary for every year of credited service. All ODR benefits are either reduced for the annuity value of an account deficit or increased for the annuity value of an account excess.
- An ADR benefit provides a pension of three-fourths of final salary plus an increment as described above based on 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.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Tier 1 and Tier 2 members have the right to make voluntary member contributions (“Voluntary Contributions”) in excess of their required member contributions (“Required Contributions”). Both the Voluntary Contributions and the Required Contributions are credited with interest at a statutory rate (currently 8.25% Annual Percentage Rate (“APR”). At the time of retirement or refund of contributions, a member’s aggregate balance of actual Required Contributions and Voluntary Contributions, including statutory interest (“Actual Balance”), less the outstanding balance of any member loans (“Net Actual Contributions”), may exceed (“Excess of Contributions”) or fall short of (“Deficiency of Contributions”) the member’s Required Amount. The Required Amount is the sum of the Required Contributions which a member should have made during his or her first 20 years of credited service, plus statutory interest earnings thereon. The amount of the member’s retirement annuity or the refund of contributions that he or she is entitled to is increased by the actuarial value of any Excess of Contributions or reduced by any Deficiency of Contributions. Annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

Cost of Living Adjustments (“COLA”) are automatically payable to members who are either: (1) at least age 62 and have been retired for at least five years; or (2) at least age 55 and have been retired for at least 10 years. Additionally, COLA are payable to members who retired for disability after being retired for five or more years and to beneficiaries receiving accidental death benefits who have been receiving them for at least five years. Beginning September 2001, COLA benefits equal 50% of the increase in the Consumer Price Index for All Urban Consumers (“CPI-U”) based on the year ending March 31, rounded to the next higher 0.1% not less than 1% nor greater than 3% of the first \$18,000 of the sum of maximum pension allowance and prior COLA.

In June of 2009, the Governor vetoed legislation that would have extended Tier 2 to members hired after June 30, 2009. As a result of the Governor’s veto, QPP members hired on and after July 1, 2009 are covered under Tier 3, as governed by Article 14 of the RSSL. As a result of Chapter 18 of the Laws of 2012, there are certain limitations on Tier 3 benefits available to participants hired on and after April 1, 2012. In most New York State PERS, including the QPP, these changes are sometimes referred to as Tier 3 Revised.

For Tier 3/Tier 3 Revised/Tier 3 Enhanced members, the QPP generally provides the following:

- A Normal Service Retirement Benefit is earned after completion of 22 years of uniformed service.
- An Early Service Retirement Benefit is payable upon completion of 20 years or age 62 for Tier 3 or upon completion of 20 years for Tier 3 Revised and is payable as a pension equal to 2.1% of Final Average Salary plus 1/3% of Final Average Salary for each month in excess of 20 years of uniformed service, such benefit not to exceed 50% of Final Average Salary.
- A Vested Benefit payable to members with at least five years of uniformed service. The benefit is equal to 2.1% of final average salary for every year of uniformed service, payable upon attainment of eligibility for early age, or 55.
- An ODR retirement allowance is payable to member who has at least five years of service and is in receipt of Social Security Disability Benefits (non-Enhanced members only). An ODR benefit is 1/3 of Final Average Salary or 2% of Final Average Salary for each year of credited service, whichever is greater and does not exceed 50% of Final Average Salary.
- An ADR retirement allowance is payable to a member who was disabled as the result of a line-of-duty accident not attributable to his own willful negligence. An ADR pension for a non-Enhanced member is 50% of a member’s Final Average Salary. An ADR pension for an Enhanced member is 75% of a member’s Final Average Salary.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

All of the above retirement allowances, except for Enhanced Plan ODR/ADR retirement allowances, are reduced by one-half of the member's Social Security Benefit attributable to New York State public earnings at age 62, regardless of eligibility for Social Security, except for ODR retirees, in which case the Social Security Offset occurs immediately.

Tier 3/Tier 3 Revised members are eligible for annual Escalation on the retirement allowance: (1) in full, if they have retired for service completing 25 or more years of police service (or elected to defer commencement of their benefit to that 25-year date) or on a reduced basis, by 1/36 for each month that their retirement precedes 25 years; or (2) in full, if they have retired for disability and are Non-Enhanced members; or (3) in full, to their beneficiary for accidental death benefits. Escalation is determined from the change in the CPI-U based on the prior year ending December 31, not greater than 3% nor less than -3% in the event of a decrease. Tier 3/Tier 3 Revised members, when eligible, receive the greater of the applicable increase from COLA or Escalation. Tier 3 Enhanced members who retire for disability are not entitled to Escalation.

Tier 3 Enhanced Members contribute 3% of pensionable earnings plus an additional contribution rate to help fund the enhanced disability benefit. Currently, the additional contribution rate is 1% that can be raised to 3% based on a financial analysis by the Office of the Actuary every three years. At no time can the total contribution rate exceed 6%.

VSFs

VSF benefits are payable to members who retire for a Service pension, regardless of tier.

The PSOVSF provides a guaranteed schedule of supplemental benefits for Police Superior Officers who retire (or have retired) as Police Superior Officers on Service Retirement with at least 20 years of credited service as follows:

- For a Police Superior Officer hired before July 1, 1988, who retires from service as a Police Superior Officer on or after October 1, 1988, the annual benefit was \$5,000 in Calendar Year 1993. For those who retired during the Calendar 1993, the annual \$5,000 benefit was prorated.

The annual benefit increases \$500 each year thereafter to a maximum of \$12,000 in Calendar Year 2007 and thereafter.

- For those who were members of the QPP prior to July 1, 1988, and who retire after Calendar Year 1993, the annual benefit payment is the scheduled amount described above prorated in the year of retirement and the full amount thereafter.
- For those who become members of the QPP on or after July 1, 1988, the annual supplemental benefit is \$2,500 for the first 12 months of retirement, which increases by \$500 each year until a maximum of \$12,000 is payable in the 20th and later years of retirement. This was later modified by Chapter 444 of the Laws of 2001 ("Chapter 444/01") such that these members will receive the maximum \$12,000 benefit beginning Calendar Year 2008.

The POVSF provides a guaranteed schedule of supplemental benefits for Police Officers who retire (or have retired) as Police Officers on Service Retirement with at least 20 years of credited service as follows:

- For those who retired prior to July 1, 1988, the annual benefit was \$2,500 in Calendar Year 1988. For those who retired during Calendar Year 1988, the annual \$2,500 benefit payment was prorated. The annual benefit increases \$500 each year thereafter to a maximum of \$12,000 in Calendar Year 2007 and thereafter.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

For those who were members of the QPP prior to July 1, 1988 and who retire after Calendar Year 1988, the annual benefit payment is the scheduled amount described above prorated in the year of retirement and the full amount thereafter.

- For those who become members of the QPP on or after July 1, 1988, the annual supplemental benefit is \$2,500 for the first 12 months of retirement, which increases by \$500 each year until a maximum of \$12,000 is payable in the 20th and later years of retirement. This was modified by Chapter 503 of the Laws of 1995 ("Chapter 503/95") such that these members will receive the maximum \$12,000 benefit beginning Calendar Year 2008 and thereafter.

Chapter 503 of the Laws of 1995 ("Chapter 503/95") amended the ACNY in relation to the transfer of assets, liabilities and administration of certain pension funds in the New York City Police Department. In addition, this law permits certain active employees with prior service credit before entering the QPP to utilize their original dates of hire for determining eligibility for benefits from the PSOVSF and POVSF.

In addition to the VSF benefits discussed earlier, Chapter 216 of the Laws of 2002 ("Chapter 216/02") provides that all participants of the PSOVSF and POVSF who retire for service from the QPP on and after January 1, 2002, with more than 20 years of credited service are entitled to the Deferred Retirement Option Plan ("DROP"). The DROP, also known as "Banked Variable," represents the VSF payments that the member would have received had he retired for service upon reaching eligibility. The DROP payment is an eligible distribution that may be rolled over pursuant to Internal Revenue Service regulations. Members who retired for a disability or die in active service are not eligible for the VSF DROP.

Any increase in the amount of ad-hoc cost-of-living increases ("Supplementation") or automatic COLA payable from the QPP to a retiree of the PSOVSF under legislation enacted on or after January 1, 1993 or to a retiree of the POVSF under legislation enacted on or after January 1, 1988, will reduce benefits payable from the PSOVSF or POVSF to such retiree by an amount equal to such increase until the following date:

- For a retiree with a date of membership before July 1, 1988, the later of: (a) the first day of the month following the month such retiree attains age 62; and (b) January 1, 2007.
- For a retiree with a date of membership on or after July 1, 1988, the later of: (a) the first day of the month following the month such retiree attains age 62; and (b) the earlier of: (1) the first day of the month following the 19th anniversary of such retiree's date of retirement; and (2) January 1, 2008.

Chapter 3 of the Laws of 2013 ("Chapter 3/13") provides for the transfer of assets from the QPP to the PSOVSF and POVSF if assets of the PSOVSF and POVSF are insufficient to pay scheduled benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Funds use 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 by the QPP when the employer makes payroll deductions from QPP members. Employer contributions are recognized when due and the employer has a legal obligation to provide the contributions. Benefit payments and withdrawals are recognized when due and payable in accordance with the terms of the Funds.

Use of Estimates - The preparation of combining financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combining financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Cash and Cash Equivalents - Cash equivalents consist of financial instruments with original maturity dates of three months or less.

Investment Valuation - Investments are reported at fair value. Fair value is defined as the quoted market price at the end of the last trading day for the specified period, except for alternative investments which are considered long term and illiquid in nature. Alternative investments consist of limited partnership structures invested in privately held investments for which exchange quotations are not readily available and are valued at estimated fair value. Fair value at fiscal year-end is based on the fair value of net assets reported in the most recently available partnership's capital account statements from the general partner, adjusted for any subsequent contributions, distributions, management fees and changes in values of foreign currency. They include investments held within Hedge Funds, Private Equity, Real Estate, Opportunistic-Fixed Income, and Infrastructure.

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.

Income Taxes - Income earned by the Funds is not subject to federal income tax.

Accounts Payable - Accounts payable is principally comprised of amounts owed to the Funds' banks for overdrawn bank balances. The Funds' 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.

Accrued Benefits Payable - Accrued benefits payable represents either:(1) benefits due and unpaid by the Funds as of the fiscal year- end or (2) related to the VSFs, benefits deemed incurred and unpaid (an accrual for a portion of the current calendar year benefit) for the fiscal year end of June 30.

Inter-Plan Eliminations - Included on the Combining Statements of Fiduciary Net Position and the Combining Statements of Changes in Fiduciary Net Position is an elimination column, the purpose of which is to remove from the statement any transactions involving dealings between reported entities.

Securities Lending Transactions - State statutes and Board policies permit the Funds 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, U.S. Treasury and U.S. Government securities. The Funds' agent lends the following types of securities: short-term securities, common stocks, 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, the Funds receive collateral in the form of cash, U.S. Treasury and U.S. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At June 30, 2023 and 2022, management believes that the Funds had no credit risk exposure because the fair value of collateral held by the Funds equaled or exceeded the fair value of securities lent to the borrowers. The contracts with the Funds' Securities Lending Agent (the "Agent") require the Agent to indemnify the Funds. In the situation when a borrower goes into default, the Agent will liquidate the collateral to purchase replacement securities. Any shortfall before the replacement securities cost and the collateral value is covered by the Agent. All securities loans can be terminated on demand within a period specified in each agreement by either the Funds or the borrowers. Cash collateral is invested by the securities lending agent using approved Lender's Investment guidelines. The weighted-average maturity is 96.39 days for Collateral Investments. The securities lending program in which the Funds participate only allows pledging or selling securities in the case of borrower default.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 fiduciary net position. 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 Funds recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending. Securities on loan are carried at fair value and the value as of June 30, 2023 and 2022, was \$3.6 billion and \$4.6 billion, respectively, for the QPP, \$302.2 million and \$355.5 million, respectively, for the PSOVSF, and \$183.0 million and \$211.1 million, respectively, for the POVSF. Cash collateral received related to securities lending as of June 30, 2023 and 2022, was \$3.7 billion and \$4.7 billion, respectively, for the QPP, \$306.8 million and \$360.0 million, respectively, for the PSOVSF, and \$185.7 and \$213.8 million, respectively, for the POVSF.

Implementation of Governmental Accounting Standards Board (GASB) Statements - GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), describes fair value as an exit price, requiring investments to be categorized under a fair value hierarchy prescribed by GASB. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels based on market price observability. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

GASB Statement No. 87, *Leases* ("GASB 87"), established standards of accounting and financial reporting for leases by lessees and lessors. This statement increases the usefulness of governments financials statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* ("GASB 97"), clarifies component unit criteria for a potential component unit in the absence of a governing board in determining financial accountability; limits the applicability of financial burden criteria in paragraph 7 of GASB Statement No. 84; and classifies Section 457 Deferred Compensation plans as either a pension plan or other employee benefit plan. Police is financially accountable for the VSF's. Management has determined there was no material impact as a result of the adoption of GASB 97.

New Accounting Standards Adopted - GASB Statement No. 96, *SBITAs* ("GASB 96") established uniform accounting and financial reporting for subscription-based information technology arrangements (SBITAs) in effort to improve the comparability of financial statements among governments that enter SBITAs and enhance the understandability, reliability, relevance, and consistency of information about SBITAs. SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period in an exchange or exchange-like transactions. Management has determined there was no material impact as a result of the adoption of GASB 96.

Reclassifications - Certain prior year investment amounts have been reclassified to conform to the current year presentation. Alternative investments totaling approximately \$13,347,000 previously reported as level 3 in the Fair Value hierarchy as of June 30, 2022 have been reclassified as Net Asset Value Practical Expedient to conform with the June 30, 2023 presentation. Certain investments previously reported as U.S. government & agency type investments in the credit risk and interest rate risk disclosures as of June 30, 2022 have been reclassified to mortgage debt securities type investments to conform with the June 30, 2023 presentation.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 3 - INVESTMENTS AND DEPOSITS

The Comptroller acts as an investment advisor to the Funds. In addition, the Funds employ several independent investment consultants as investment advisors. The Funds utilize several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

The Funds' investment policy is approved by the respective Boards of Trustees of the Funds. The Funds' investment policy is implemented using a strategic allocation of assets that meets their objectives, while working within the confines of the ACNY and the RSSL. The ACNY authorizes the investment in assets, except equities, subject to the terms, conditions, limitations, and restrictions imposed by law for investment by savings banks. Equity investments may be made only in stocks that meet the qualifications of the State RSSL. Short-term investments may be made in U.S. Government securities or other securities fully guaranteed by the U.S. Government, commercial paper rated A1 or P1 or fully collateralized repurchase agreements. Investments up to 35% of total assets held by the Funds may be made in instruments not expressly permitted by the RSSL.

The Funds do not possess an investment risk policy statement, nor do they actively manage assets to specified risk targets. Rather, investment risk management is an inherent function of the asset allocation process. Assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk. The policy asset allocation targeted for the Funds in Fiscal Years 2023 and 2022 included securities in the following categories:

	<u>2023</u>	<u>2022</u>
U.S. equity	30%	30%
Core U.S. fixed	12	12
EAFE markets	8	8
Private equities	8	8
Emerging market	5	5
High yield	7	7
Real estate	7	7
Infrastructure	3	3
Hedge funds	6	6
TIPS	3	3
Opportunistic fixed income	5	5
Convertible bonds	2	2
U.S. Treasuries	2	2
ETI	<u>2</u>	<u>2</u>
Total	<u>100%</u>	<u>100%</u>

State Street Bank and Trust Company is the primary custodian for substantially all the securities of the Funds.

Concentrations - In accordance with RSSL section 177, no investment in any individual company may represent more than 2% of the Plan's total net assets or 5% of the company's total outstanding shares. Exclusions apply for obligations of the United States, or those for which the faith of the United States is pledged to provide payment of the interest and principal.

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Credit Risk - The possibility of a loss or default resulting from a borrower's inability to repay a loan or fulfill its contractual debt obligations. Portfolios other than U.S. Government and related portfolios, have credit rating limitations. Investment Grade portfolios are limited to mostly ratings, of BBB/Baa2 and above, except that they are also permitted a 10% maximum exposure to BB & B/Ba2 & B2 rated securities. While high yield non-investment grade managers primarily invest in BB & B / Ba2 & B2 rated securities, they can also invest up to 10% of their portfolio in securities rated CCC/Caa2. The quality ratings of the Funds' investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, at June 30, 2023 and 2022 are as follows:

Investment type and fair value June 30, 2023	Moody's Quality Ratings																Caa & Below	Not Rated	Total	
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3				
U.S. government & agency	28.83%	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.54%	29.39%	
Mortgage debt securities	13.94%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.94%	
Corporate bonds	1.11%	0.04%	0.21%	0.37%	3.33%	1.72%	3.11%	4.15%	4.63%	4.08%	2.46%	2.30%	3.72%	3.91%	3.27%	3.43%	2.96%	6.96%	51.76%	
Short term																				
Commercial paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.29%	0.29%
Pooled fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.49%	3.49%
Discount notes and T-bills	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.13%	1.13%
Percent of rated portfolio	<u>43.88%</u>	<u>0.05%</u>	<u>0.22%</u>	<u>0.37%</u>	<u>3.33%</u>	<u>1.72%</u>	<u>3.11%</u>	<u>4.15%</u>	<u>4.63%</u>	<u>4.08%</u>	<u>2.46%</u>	<u>2.30%</u>	<u>3.72%</u>	<u>3.91%</u>	<u>3.27%</u>	<u>3.43%</u>	<u>2.96%</u>	<u>12.41%</u>	<u>100.00%</u>	

Investment type and fair value June 30, 2022	Moody's Quality Ratings																Caa & Below	Not Rated	Total	
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3				
U.S. government & agency	28.57%	0.02%	0.02%	0.02%	0.04%	-	-	0.01%	0.07%	0.01%	-	-	-	-	-	-	-	0.42%	29.18%	
Mortgage debt securities	14.16%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.16%	
Corporate bonds	1.29%	0.02%	0.22%	0.25%	1.64%	2.83%	2.38%	3.54%	3.93%	4.37%	2.11%	2.89%	3.21%	3.25%	3.15%	2.62%	2.48%	7.81%	47.99%	
Short term																				
Commercial paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.17%	1.17%
Pooled fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.38%	2.38%
Discount notes and T-bills	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.12%	5.12%
Percent of rated portfolio	<u>44.02%</u>	<u>0.04%</u>	<u>0.24%</u>	<u>0.27%</u>	<u>1.68%</u>	<u>2.83%</u>	<u>2.38%</u>	<u>3.55%</u>	<u>4.00%</u>	<u>4.38%</u>	<u>2.11%</u>	<u>2.89%</u>	<u>3.21%</u>	<u>3.25%</u>	<u>3.15%</u>	<u>2.62%</u>	<u>2.48%</u>	<u>16.90%</u>	<u>100.00%</u>	

Custodial Credit Risk - is the risk that in the event of a failure of the counterparty or depository financial institution, the Funds will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the Funds and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Funds.

Consistent with the Funds' investment policy, the investments are held by the Funds' custodian and registered in the name of the Funds. All of the Funds' deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250K per plan per member) and/or collateralized by securities held by a financial institution separate from the Funds' depository financial institution. However, the Plan's cash balances can exceed FDIC insured limits. Non-invested cash is swept into a State Street Short-Term investment intraday account, which is not FDIC insured.

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Interest Rate Risk - The risk that the value of debt securities will be affected by fluctuations in market interest rates. Although there is no formal interest rate risk management policy, the duration of the portfolio, relative to the duration of the portfolio's benchmark, is monitored by the Comptroller's Bureau of Asset Management. The lengths of investment maturities (in years) of the Funds' investments, as shown by the percent of the rated portfolio, at June 30, 2023 and 2022, are as follows:

Years to Maturity Investment Type June 30, 2023	Investment Maturities (in Years)				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government & agency	29.39%	0.01%	13.42%	4.65%	11.31%
Mortgage debt securities	13.94	-	0.10	0.23	13.61
Corporate bonds	51.76	1.15	28.25	11.46	10.90
Short term:					
Commercial paper	0.29	0.29	-	-	-
Pooled fund	3.49	3.49	-	-	-
Discount notes	1.13	1.13	-	-	-
Percent of rated portfolio	<u>100.00%</u>	<u>6.07%</u>	<u>41.77%</u>	<u>16.34%</u>	<u>35.82%</u>

Years to Maturity Investment Type June 30, 2022	Investment Maturities (in Years)				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government & agency	29.18%	0.01%	12.79%	5.26%	11.12%
Mortgage debt securities	14.16	-	0.06	0.33	13.77
Corporate bonds	47.99	0.75	22.23	14.33	10.68
Short term:					
Commercial paper	1.17	1.17	-	-	-
Pooled fund	5.12	5.12	-	-	-
Discount notes	2.38	2.38	-	-	-
Percent of rated portfolio	<u>100.00%</u>	<u>9.43%</u>	<u>35.08%</u>	<u>19.92%</u>	<u>35.57%</u>

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Foreign Currency Risk - Foreign currency risk is the risk that changes in the exchange rates will adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign stock and/or bonds. The currency markets are effective diversifiers in a total portfolio context; therefore, the Funds have numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. Foreign currency exposures of the Funds' investments as of June 30, 2023 and 2022, are as follows:

Trade Currency	(in USD, in thousands)	
	June 30, 2023 Fair Value	June 30, 2022 Fair Value
Euro Currency	\$ 2,369,047	\$ 2,165,438
Hong Kong Dollar	767,378	897,925
Japanese Yen	774,250	749,106
Pound Sterling	681,876	655,193
Indian Rupee	451,512	382,837
New Taiwan Dollar	413,875	353,870
Swiss Franc	352,907	351,530
South Korean Won	392,493	328,821
Canadian Dollar	330,744	313,755
Australian Dollar	208,202	192,471
Danish Krona	146,254	153,426
Brazilian Real	160,737	118,043
Swedish Krona	117,666	98,107
Singapore Dollar	85,190	88,921
Chinese Yuan Renminbi	74,335	82,833
South African Rand	67,777	70,972
Indonesian Rupiah	82,342	69,495
China Yuan (Offshore)	63,221	58,302
Thailand Baht	65,161	50,987
Mexican Peso (New)	56,906	41,122
Norwegian Krone	32,674	31,954
UAE Dirham	31,719	23,384
Polish Zloty	25,595	23,247
Malaysian Ringgit	20,022	22,208
New Israeli Sheqel	13,552	21,632
Qatari Rial	19,196	19,760
Hungarian Forint	17,313	12,540
Kuwaiti Dinar	10,214	10,032
Czech Koruna	2,689	9,232
Philippine Peso	9,286	9,089
Turkish Lira	11,339	8,976
New Zealand Dollar	4,790	6,856
Chilean Peso	7,876	6,193
Nigerian Naira	822	2,154
Colombian Peso	1,752	2,122
Romanian Leu	1,222	1,946
Egyptian Pound	917	720
Russian Ruble	-	375
Peruvian Nouveau Sol	2	41
Tunisian Dinar	42	40
Pakistan Rupee	3	4
	<u>\$ 7,872,898</u>	<u>\$ 7,435,659</u>

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Securities Lending Transactions: Credit Risk - The quality ratings of investments held as collateral for Securities Lending by the Funds at June 30, 2023 and 2022, are as follows:

Securities lending Credit quality June 30, 2023 (in thousands)	Moody's Quality Ratings											
	Aaa & Below	Aa & Below	A1	A2	A3	Baa & Below	Ba & Below	B & Below	Caa & Below	Ca & Below	Not Rated	Total
Short term:												
Reverse repurchase agreements	\$ -	\$ 1,868,958	\$ 558,289	\$ 177,019	\$ -	\$ 27,234	\$ -	\$ -	\$ -	\$ -	\$ 886,847	\$3,518,347
Money market	151,096	-	-	-	-	-	-	-	-	-	2,728	153,824
US agency	-	-	-	-	-	-	-	-	-	-	92,128	92,128
Cash or cash equivalent	-	418,234	-	-	-	-	-	-	-	-	-	418,234
Under/Over invested cash collateral	-	-	-	-	-	-	-	-	-	-	(483)	(483)
Total	\$ 151,096	\$2,287,192	\$ 558,289	\$ 177,019	\$ -	\$ 27,234	\$ -	\$ -	\$ -	\$ -	\$ 981,220	\$4,182,050

By percent	3.61%	54.69%	13.35%	4.23%	0.00%	0.65%	0.00%	0.00%	0.00%	0.00%	23.47%	100.00%
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Securities lending Credit quality June 30, 2022 (in thousands)	Moody's Quality Ratings											
	Aaa & Below	Aa & Below	A1	A2	A3	Baa & Below	Ba & Below	B & Below	Caa & Below	Ca & Below	Not Rated	Total
Short term:												
Reverse repurchase agreements	\$ -	\$ -	\$ -	\$ 275,277	\$2,031,369	\$ 38,752	\$ -	\$ -	\$ -	\$ -	\$1,706,007	\$4,051,405
Money market	244,347	-	-	-	-	-	-	-	-	-	449,240	693,587
Cash or cash equivalent	-	-	527,221	-	-	-	-	-	-	-	-	527,221
Uninvested	-	-	-	-	-	-	-	-	-	-	(1,019)	(1,019)
Total	\$ 244,347	\$ -	\$ 527,221	\$ 275,277	\$2,031,369	\$ 38,752	\$ -	\$ -	\$ -	\$ -	\$2,154,228	\$5,271,194

By percent	4.64%	0.00%	10.00%	5.22%	38.54%	0.74%	0.00%	0.00%	0.00%	0.00%	40.86%	100.00%
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NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Interest Rate Risk - The lengths of investment maturities (in years) of the collateral for Securities Lending held by the Funds at June 30, 2023 and 2022, are as follows:

Investment Type June 30, 2023 (In thousands)	Investment Maturities (in Years)				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Short term:					
Reverse repurchase agreements	\$ 3,518,347	\$ 3,518,347	\$ -	\$ -	\$ -
Money market funds	153,824	153,824	-	-	-
US Agency	92,128	2,361	89,767	-	-
Cash or cash equivalent	418,234	418,234	-	-	-
Under/Over invested Cash Collateral	(483)	(483)	-	-	-
Total	\$ 4,182,050	\$ 4,092,283	\$ 89,767	\$ -	\$ -
Percent of securities lending portfolio	100%	97.85%	2.15%	0.00%	0.00%

Investment Type June 30, 2022 (In thousands)	Investment Maturities (in Years)				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Short term:					
Reverse repurchase agreements	\$ 4,051,405	\$ 4,051,405	\$ -	\$ -	\$ -
Money market funds	693,587	693,587	-	-	-
Cash or cash equivalent	527,221	527,221	-	-	-
Under/Over invested Cash Collateral	(1,019)	(1,019)	-	-	-
Total	\$ 5,271,194	\$ 5,271,194	\$ -	\$ -	\$ -
Percent of securities lending portfolio	100.00%	100.00%	0.00%	0.00%	0.00%

Rate of Return - For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on investments, net of investment expense, for the Funds was as follows:

	2023	2022
QPP	8.06%	(7.12)%
PSOVSF	9.76%	(13.31)%
POVSF	9.81%	(13.48)%

The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

In Fiscal Year 2015, the Funds adopted GASB 72. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

GASB 72 - Level Inputs

The Funds categorize fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Funds have the following recurring fair value measurements as of June 30, 2023 and 2022:

GASB 72 - Disclosure (In thousands)	2023			Total
	Level 1	Level 2	Level 3	
Investments - at fair value				
Short-term investments:				
Commercial paper	\$ -	\$ 45,475	\$ -	\$ 45,475
Short-term investment fund	-	505,742	-	505,742
U.S. Treasury bills and agencies	-	175,133	-	175,133
Fixed income securities:				
Bank loans	-	213,915	2,132	216,047
Corporate and other	-	6,965,837	66,127	7,031,964
Mortgage debt securities	-	1,636,506	-	1,636,506
Treasury inflation-protected securities	-	1,510,859	-	1,510,859
U.S. government and agency	-	2,339,877	-	2,339,877
Equity securities:				
Domestic equity	17,368,032	-	6,415	17,374,447
International equity	4,797,109	-	1,907	4,799,016
Collective trust funds:				
Bank loans	-	53,048	7,256	60,304
Corporate and other	-	606,880	109,031	715,911
Domestic equity	176,370	-	940	177,310
International equity	2,150,422	-	406	2,150,828
Mortgage debt securities	-	526,606	-	526,606
Opportunistic-fixed income	-	-	-	-
U.S. government and agency	-	705,186	-	705,186
Total investments in the fair value hierarchy	<u>\$ 24,491,933</u>	<u>\$ 15,285,064</u>	<u>\$ 194,214</u>	39,971,211
Alternative investments measured at NAV				<u>14,528,773</u>
Total investments				<u>\$ 54,499,984</u>

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

GASB 72 - Disclosure (In thousands)	2022			
	Level 1	Level 2	Level 3	Total
Investments - at fair value				
Short-term investments:				
Commercial paper	\$ -	\$ 291,308	\$ -	\$ 291,308
Short-term investment fund	-	518,037	-	518,037
U.S. Treasury bills and agencies	-	369,797	-	369,797
Fixed income securities:				
Bank loans	-	152,849	-	152,849
Corporate and other	-	6,440,277	44,956	6,485,233
Mortgage debt securities	-	2,161,766	-	2,161,766
Treasury inflation-protected securities	-	1,589,153	-	1,589,153
U.S. government and agency	-	2,058,590	-	2,058,590
Equity securities:				
Domestic equity	16,247,012	(208)	4,199	16,251,003
International equity	4,512,163	-	11,403	4,523,566
Collective trust funds:				
Bank loans	-	868	-	868
Corporate and other	-	418,957	-	418,957
Domestic equity	182,622	-	316	182,938
International equity	2,050,114	-	458	2,050,572
Mortgage debt securities	-	538,791	106,839	645,630
Opportunistic-fixed income	285	144,665	3,280	148,230
U.S. government and agency	-	829,198	-	829,198
Total investments in the fair value hierarchy	<u>\$ 22,992,196</u>	<u>\$ 15,514,048</u>	<u>\$ 171,451</u>	<u>38,677,695</u>
Alternative investments measured at NAV				<u>13,347,237</u>
Total investments				<u>\$ 52,024,932</u>

Equity, Fixed Income Securities and Short-Term Investments

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt, equity securities, and short-term investments classified in Level 2 of the fair value hierarchy are valued using prices determined using matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 of the fair value hierarchy are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Fund's custodian bank.

Collective Trust Funds

Collective trust funds are separately managed accounts which are owned 100% by The City's pension systems. The investments underlying the collective trust funds are presented as Level 1, Level 2 or Level 3 based on their respective fair value hierarchy classifications.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Alternative Investments

Alternative investments include Private Equity, Real Estate, Opportunistic Fixed Income, Infrastructure Investments, and Hedge Funds. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the GP.

Investments in non-public equity securities should be valued by the GP or the fund administrator using one or more valuation methodologies outlined in GASB 72, depending upon the availability of data required by each methodology. In some cases, the GP may use multiple approaches to estimate a valuation range.

Because of the subjective nature of estimated fair value of the private investments, such value may differ significantly from the values that would have been used had a ready market existed for these investments. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will generally be liquidated within 10 years but in some cases can take longer.

Alternative investments that are measured at fair value using the net asset value (“NAV”) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value quantities presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the entity’s financial statements.

Alternative investments are not fully funded upon subscribing to the investment. The GP can draw down or call for capital as the fund goes into more investments or when the need arises such as expenses associated with the partnership. The residual balance of uncalled capital is also known as unfunded commitments which are restricted to the maximum amount of the limited partners total committed amount. The total unfunded commitments for the alternative investments as of June 30, 2023 and 2022 amounted to \$4.8 billion and \$6.3 billion, respectively.

NAV Practical Expedient (dollars in thousands)

<u>Asset</u>	As of June 30, 2023		<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
	<u>Fair Value</u>	<u>Unfunded Commitments</u>		
Infrastructure	\$ 1,125,626	\$ 577,434	N/A	N/A
Private equity	5,093,297	2,327,782	N/A	N/A
Private real estate	3,435,292	1,256,540	Quarterly	30 - 90 days
Opportunistic fixed income	2,028,182	619,101	N/A	N/A
Hedge funds	2,687,989	-	Monthly, Quarterly, Semiannually	3-90 days
Fixed income investment company	158,387	-	Monthly	15 days
	<u>\$ 14,528,773</u>	<u>\$ 4,780,857</u>		

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Asset	As of June 30, 2022		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitments		
Infrastructure	\$ 856,057	\$ 662,397	N/A	N/A
Private equity	4,753,360	2,555,743	N/A	N/A
Private real estate	3,316,150	1,556,928	Quarterly	30 - 90 days
Opportunistic fixed income	1,847,299	1,539,447	N/A	N/A
Hedge funds	2,574,371	-	Monthly, Quarterly, Semiannually	3-90 days
	<u>\$ 13,347,237</u>	<u>\$ 6,314,515</u>		

NOTE 4 - TRANSFER TO VARIABLE SUPPLEMENTS FUNDS

The ACNY provides that the QPP transfer to the VSFs an amount equal to certain excess earnings on equity investments, limited to the unfunded actuarial present value (“APV”) of accumulated plan benefits for each VSF. Excess earnings are defined as the amount by which earnings on equity investments of the QPP exceed what those earnings would have been had such funds been invested at a yield comparable to that available from fixed-income securities (“Hypothetical Fixed Income Security Earnings” or “HFISE”), less any cumulative deficiencies of prior years’ excess earnings that fell below the yield of fixed income investments. The VSFs also receive credit for investment earnings on VSF assets.

The calculation of the HFISE requires the determination of the Hypothetical Interest Rate (“HIR”), which is computed by the Comptroller.

For Fiscal Year 2023, the excess earnings of the QPP are reported on the combining financial statements for the year ended June 30, 2023 to be equal to \$0, where \$0 was reported as a liability from the QPP to the POVSF and \$0 was reported as a liability from the QPP to the PSOVSF.

For Fiscal Year 2022, the excess earnings of the QPP are reported on the combining financial statements for the year ended June 30, 2022 to be equal to \$0, where \$0 was reported as a liability from the QPP to the POVSF and \$0 was reported as a liability from the QPP to the PSOVSF.

In addition, under Chapter 3 of the Laws of 2013, if the assets of the POVSF or PSOVSF are less than the amount required to pay the retirees’ guaranteed supplemental benefit payments, then an amount sufficient to pay such benefits shall be appropriated from the Contingent Reserve Fund of the QPP.

The amounts shown for the APV of accumulated plan benefits, are the measure of the present value of scheduled supplemental benefits estimated to be payable in the future as a result of employee service to date. It is calculated as the actuarial present value of credited projected benefits, prorated on service, and is intended to help users assess the funded status of the VSFs on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make a comparison among VSFs.

Actuarial valuations of the VSFs are performed annually as of June 30.

New York City Police Pension Funds

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

A comparison of the APV of accumulated plan benefits as calculated by the Funds' Chief Actuary (the "Actuary") with the net position restricted for benefits for the POVSF and the PSOVSF as of June 30, 2022 and 2021, is as follows:

(In millions)	POVSF		PSOVSF	
	2022	2021	2022	2021
APV of accumulated plan benefits for:				
Retirees currently receiving benefits	\$ 1,717.4	\$ 1,675.8	\$ 2,726.9	\$ 2,670.9
Active members	336.5	357.1	1,101.5	1,120.3
Total APV of accumulated plan benefits	2,053.9	2,032.9	3,828.4	3,791.2
Net position held in trust for benefits ¹	1,860.6	2,323.1	2,894.7	3,648.9
(Overfunded) Unfunded APV of accumulated plan benefits	\$ 193.3	\$ (290.2)	\$ 933.7	\$ 142.3

¹ See Note 2 for valuation of investments in the calculation of net position restricted for benefits. Reflects net position not inclusive of the SKIM amounts payable for the respective year and includes an adjustment made for accrued benefits payable for the respective year.

For purposes of the June 30, 2022 and 2021 actuarial valuations of the VSFs, Chapter 125/00 has been taken into account in the determination of the unfunded APV of accumulated plan benefits relative to the Supplementation benefit increases that began Fiscal Year 2001 and the automatic COLA that began Fiscal Year 2002 (see Note 1).

Sections 13-270 and 13-280 of the ACNY provide that the Boards of Trustees of the POVSF and the PSOVSF shall adopt, upon the recommendation of the Actuary, actuarial assumptions as to interest rate, mortality of retirees and estimated number of active members of the QPP in service as of each June 30 who will retire for service with 20 or more years of service as Police Officers and Police Superior Officers, for use in making annual valuations of liabilities.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following actuarial assumptions represent the recommendations of the Actuary and were used in the actuarial calculations to determine the preceding APV of accumulated plan benefits as of June 30, 2022 and 2021:

	June 30, 2022 ¹	June 30, 2021
Investment rate of return	7.00% per annum. ²	7.00% per annum. ²
Post-retirement mortality	Tables adopted by the Board of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Board of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.
Active service: withdrawal, death, and disability	Tables adopted by the Board of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.	Tables adopted by the Board of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.
Service retirement	Tables adopted by the Board of Trustees during Fiscal Year 2019.	Tables adopted by the Board of Trustees during Fiscal Year 2019.
Percentage of all active POLICE members estimated to retire for service with 20 or more years of service as Police Officers	40%	40%
Percentage of all active POLICE Superior Officers estimated to retire for service with 20 or more years of service as POLICE Superior Officers	100%	100%
Cost-of-Living Adjustments ²	1.5% per annum AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum AutoCOLA. 2.5% per annum for Escalation.

¹ Preliminary.

² Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

NOTE 5 - QPP CONTRIBUTIONS

The financial objective of the QPP 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. The employer contributes amounts that, together with Member Contributions and investment income are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Member Contributions - Tier 1 and Tier 2 members contribute by salary deductions on the basis of a normal rate of contribution, based on age and actuarial tables in effect at the time of membership. Member contribution rates are reduced by 5.0% under the ITHP program as defined earlier. Additionally, 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% of their own contributions including accumulated interest.

Tier 3 Original/Tier 3 Revised/Tier 3 Enhanced members contribute 3.0% of pensionable earnings pre-tax until attainment of 25 years of credited service. Tier 3 Enhanced members contribute an additional 1.0% (currently 1.0%, to be updated every three years) of pensionable earnings after tax until attainment of 25 years of credited service.

Employer Contributions - Statutory Contributions to the QPP, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employer within the appropriate fiscal year. The Statutory Contribution for the year ended June 30, 2023, based on an actuarial valuation as of June 30, 2021 was \$2.3 billion and the Statutory Contribution for the year ended June 30, 2022, based on an actuarial valuation as of June 30, 2020 was \$2.5 billion. The Statutory Contributions for Fiscal Years 2023 and 2022 were equal to the Actuarial Contributions. Refer to the Schedule of Employer Contributions in the accompanying required supplementary information for more information on the actuarial methods and assumptions applied by the Actuary to determine the Statutory Contributions.

NOTE 6 - NET PENSION LIABILITY

The components of the net pension liability of the employer at June 30, 2023 and 2022 for the Funds were as follows:

June 30, 2023 (In thousands)	QPP	POVSF	PSOVSF	TOTAL
Total pension liability*	\$ 57,837,380	\$ 2,021,231	\$ 3,668,438	\$ 63,527,049
Fiduciary net position**	49,608,515	1,861,020	3,010,731	54,480,266
Employers' net pension liability	<u>\$ 8,228,865</u>	<u>\$ 160,211</u>	<u>\$ 657,707</u>	<u>\$ 9,046,783</u>
Fiduciary net position as a percentage of the total pension liability	85.77%	92.07%	82.07%	85.76%
June 30, 2022 (In thousands)	QPP	POVSF	PSOVSF	TOTAL
Total pension liability*	\$ 55,448,119	\$ 2,094,495	\$ 3,972,189	\$ 61,514,803
Fiduciary net position**	47,043,387	1,860,558	2,894,727	51,798,672
Employers' net pension liability	<u>\$ 8,404,732</u>	<u>\$ 233,937</u>	<u>\$ 1,077,462</u>	<u>\$ 9,716,131</u>
Fiduciary net position as a percentage of the total pension liability	84.84%	88.83%	72.87%	84.21%

* Includes liabilities from Special Accidental Death Benefits pursuant to Section 208-F of the General Municipal Law.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

** Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

Actuarial Methods and Assumptions

The total pension liability as of June 30, 2023 and 2022 was calculated from the actuarial valuations as of June 30, 2022 (Preliminary) and June 30, 2021 (Preliminary), respectively, that were rolled forward to develop the total pension liability to the respective fiscal year end. The following actuarial assumptions were applied to all periods included in the measurement:

Projected Salary Increases	In general, merit and promotion increase plus assumed General Wage Increases of 3.0% per annum.
Investment Rate of Return	7.0% per annum, net of Investment Expenses.
COLAs	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.

The above assumptions were developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded NYCPS are conducted every two years. The most recent of these studies was performed by Bolton, Inc. and included experience through June 30, 2017. Milliman is performing the current experience study that covers the period through June 30, 2021.

On January 2, 2019, the Actuary issued a Report titled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and after July 1, 2018 for the New York City Police Pension Fund." The actuarial assumptions and methods described in that report are referred to as the "2019 A&M."

On July 28, 2021, the Actuary issued a memorandum titled "Proposed Changes to Actuarial Assumptions and Methods." The actuarial assumptions and methods described in that memorandum amend certain assumptions and methods from the 2019 A&M. This revised set of actuarial assumptions and methods are referred to as the "Revised 2021 A&M."

The June 30, 2022 total pension liability was calculated from the Preliminary June 30, 2021 actuarial valuation, which was based on the Revised 2021 A&M.

The June 30, 2023 total pension liability was calculated from the Preliminary June 30, 2022 actuarial valuation, which was based on the Revised 2021 A&M.

The Entry Age Normal ("EAN") cost method of funding is utilized by the Funds' Actuary to calculate the contribution required of the employer.

Under this method, the Present Value ("PV") of Future Benefits ("PVFB") of each individual included in the actuarial valuation is allocated on a level basis over the expected earnings (or service) of the individual between entry age and the assumed exit age(s). The employer portion of this PVFB allocated to a valuation year is the Normal Cost. The portion of this PVFB not provided for at a valuation date by the PV of Future Normal Costs or future member contributions is the Accrued Liability ("AL").

The excess, if any, of the AL over the Actuarial Value of Asset is the Unfunded Accrued Liability ("UAL").

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Under this method, actuarial gains and losses, as they occur, reduce and increase the UAL, respectively, and are explicitly identified and amortized. Increases or decreases in obligations due to benefit changes, actuarial assumption changes, and actuarial method changes are also explicitly identified and amortized.

The obligations of POLICE to the POVSF and the PSOVSF are recognized through a methodology where the PV of future VSF transfers from POLICE to the POVSF and PSOVSF is included directly as an actuarial liability of POLICE. This amount is computed as the excess, if any, of the PV of benefits of the POVSF and PSOVSF over the AVA of the POVSF and PSOVSF, respectively. Under EAN, a portion of the PV of future VSF transfers is reflected in the PV of future normal costs and a portion is reflected in the UAL.

Expected Rate of Return on Investments

The long-term expected rate of return on the Funds' investments was determined using a building-block method in which best-estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as of June 30, 2023 and 2022:

Asset Class	As of June 30, 2023		As of June 30, 2022	
	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public Markets				
U.S. public market equities	30.0%	5.5%	30.0%	5.7%
Developed public market equities	8.0%	6.1%	8.0%	6.4%
Emerging public market equities	5.0%	7.7%	5.0%	7.8%
Fixed income	28.0%	3.2%	28.0%	3.2%
Private Markets (Alternative Investments)				
Private equity	8.0%	10.9%	8.0%	11.0%
Private real estate	7.0%	5.3%	7.0%	7.4%
Infrastructure	3.0%	7.8%	3.0%	4.7%
Hedge Funds	6.0%	4.6%	6.0%	4.5%
Opportunistic-fixed income	5.0%	6.0%	5.0%	5.9%
Total	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates applicable to the current Tier for each member and that Employer contributions will be made at rates as determined by the Actuary. Based on those assumptions, the Funds' fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Funds' investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following presents the net pension liability of the employer for the Funds, calculated using the discount rate of 7.0%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate as of June 30, 2023 and 2022:

Net Pension Liability - June 30, 2023 (In thousands)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
QPP	\$ 14,487,685	\$ 8,228,865	\$ 2,211,573
POVSF	473,792	160,211	69,120
PSOVSF	1,413,522	657,707	659,552
Total	<u>\$ 16,374,999</u>	<u>\$ 9,046,783</u>	<u>\$ 2,940,245</u>
Net Pension Liability - June 30, 2022 (In thousands)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
QPP	\$ 14,892,471	\$ 8,404,732	\$ 3,009,221
POVSF	452,183	233,937	49,705
PSOVSF	1,482,870	1,077,462	734,585
Total	<u>\$ 16,827,524</u>	<u>\$ 9,716,131</u>	<u>\$ 3,793,511</u>

NOTE 7 - MEMBER LOANS

Tiers 1 and 2 members are permitted to borrow up to 90% of their own contributions, including accumulated interest. Loans are repaid at the statutory interest rate of 4%. The balance of QPP member loans receivable at June 30, 2023 and 2022, is \$162.2 and \$162.1 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. As a result of a review of all member accounts, there were no prior year loans due from retired or inactive employees that were deemed uncollectible in Fiscal Years 2021 and 2020.

NOTE 8 - RELATED PARTIES

Pursuant to statute and resolutions, the Comptroller has been appointed as custodian for the assets of the Funds. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller, the Financial Information Services Agency ("FISA"), and the Office of Payroll Administration ("OPA") also provide cash receipt and cash disbursement services to the Funds. Actuarial services are provided to the Funds by the New York City Office of the Actuary. The City's Corporation Counsel provides legal services to the Funds. 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 Funds. The cost of providing such services amounted to \$8.8 million and \$7.8 million in Fiscal Years 2023 and 2022, respectively.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 9 - ADMINISTRATIVE AND INVESTMENT EXPENSES

Chapter 292 of the Laws of 2001 provides Corpus funding of administrative expenses for the Funds commencing July 1, 2001 and allows for the appointment of an executive director for the Funds. In Fiscal Year 2023 and Fiscal Year 2022, total administrative expenses of \$30.3 million and \$24.3 million were paid from the assets of the QPP, respectively. Investment expenses charged to the investment earnings of the QPP, exclusive of expenses relating to securities-lending transactions, amounted to approximately \$397 million in 2023 and \$397 million in 2022.

In July 2010, the Funds renegotiated their lease agreement to rent office space. The agreement will expire in Fiscal Year 2030.

Additionally, the Funds renegotiated their lease agreement to rent additional colocation space in 2019 pursuant to its Disaster Recovery and Business Continuity Plan. The original agreement was signed in February 2010 and terminates on July 14, 2024.

Future minimum rental payments for the next four years and thereafter is approximately (In thousands):

Fiscal Year Ending June 30th,	Beginning Balance	Annual Year- End Interest Accrual	Total Annual Payment	Ending Balance
2024	\$ 15,932	\$ 358	\$ 2,684	\$ 13,606
2025	13,606	308	2,239	11,675
2026	11,675	258	2,426	9,507
2027	9,507	204	2,445	7,266
Thereafter	7,266	271	7,537	-

Rent expense under the lease agreements for each of the Fiscal Years ended June 30, 2023, was approximately \$2.7 million.

NOTE 10 - CONTINGENT LIABILITIES AND OTHER MATTERS

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

Other Matters - During Fiscal Years 2023 and 2022, certain events described below took place which, in the opinion of POLICE management, could have the effect of increasing benefits to members and/or their beneficiaries and therefore would increase the obligations of the Funds. The effect of such events has not been fully quantified. However, it is the opinion of POLICE management that such developments would not have a material effect on the Funds' combined net position restricted for benefits or cause changes in the Funds' net position restricted for 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 NYCERS are conducted every two years. Refer to Note 6 for the results of the most recent actuarial studies for POLICE.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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

The most recently completed study was published by Bolton, Inc. dated June 2019. Bolton analyzed experience for the four- and 10-year periods ended June 30, 2017 and made recommendations with respect to the actuarial assumptions and methods based on their analysis. Based, in part, on these, recommendations, the Actuary proposed new assumptions and methods for use in determining Employer Contributions for Fiscal Years beginning on and after July 1, 2018. These assumptions and methods have been adopted by the Board of Trustees during Fiscal Year 2019.

Previously, Gabriel, Roeder, Smith & Company published their study in October 2015.

New York State Legislation (only significant laws since Fiscal Year 2018 included)

Chapter 266 of the Laws of 2018 extended the Notice of Participation filing deadline to September 11, 2022 for vested members to file a sworn statement indicating participation in the Rescue, Recovery, and Clean-up Operations.

Chapter 589 of the Laws of 2019 amended Retirement and Social Security Law § 212, increased the amount of money a Service or Vested retiree may earn in retirement without diminution of their benefit from \$30,000 to \$35,000.

Chapter 89 of the Laws of 2020 provided a death benefit to statutory beneficiaries of members whose death was a result of or was contributed to by SARS-CoV-2 (also known as the coronavirus or "COVID-19").

The CARES Act of March 2020 suspended Required Minimum Distributions due in 2020. It also authorized more advantageous loans and distributions to members who certify that COVID-19 adversely affected themselves or their household. These special rules sunset on or before December 31, 2020.

Chapter 782 of the Laws of 2022 permits parents of a member to collect Special Accidental Death Benefit if the member has no spouse or child under the age of 18 (or 23 if the child is a student).

Chapter 775 of the Laws of 2022 amends the section of law colloquially referred to as the "Basket Clause" and raises the permissible limit on the allocation of certain investments from 25% of assets to 35%.

Chapter 55 of the Laws of 2023, Part JJ, permits Tier 3, Tier 3 Revised, and Tier 3 Enhanced members to borrow from their accumulated total member contributions.

COVID-19 and Related Legislation

Following the declaration of COVID-19, a pandemic, then Governor Cuomo enacted Executive Order 202, and its progeny, declared a state of emergency and temporarily suspended and modified laws. The suspensions, as related to the Funds, included a declare a state of emergency for the entire State of New York. Through a series of further executive orders, the Governor temporarily suspended and modified laws as it related to the disaster emergency, which included as they relate to the Police Pension Fund, a suspension of New York State Retirement and Social Security Law § 212 earnings limitations, portions of the Open Meetings Law, allowing the Board of Trustees to conduct business virtually, electronic notarization of documents, and tolled the filing deadlines and statutes of limitations for all civil actions. This series of Executive Orders expired on June 29, 2021.

NOTES TO COMBINING FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

On September 27, 2021, Governor Hocu signed Executive Order 4, which partially mirrored the Executive Order 202 series. As the result of this Executive Order, and its subsequent extensions, RSSL § 212 earnings limitations remain suspended through June 22, 2023. Upon the expiration of Executive Order 4.22, earnings limitations are reinstated for all Fund retirees.

Litigation

The Funds have previously reported a case brought by former Police Benevolent Association (“PBA”) president, Patrick Lynch against the Police Pension Fund challenging Tier 3 officers not receiving the same service credit purchase and transfer rights as Tier 2 officers, alleging that the Funds’ interpretation of the statutory provisions is in error and the Funds failed to apply a previous settlement agreement between the City and PBA to Tier 3. On May 23, 2023, the New York State Court of Appeals ruled in favor of the City. There are no further appeals permitted on this case; thus, the nature of crediting service for retirement eligibility in Tier 3 remains unchanged.

Legislation

New York City Local Law 12 of 2023: This law adds NYC Administrative Code § 23-1004, which requires agencies to post a website accessibility statement, develop and implement a five-year accessibility plan, provide annual progress reports with regards to the five-year plan and provide updates to the plan every three years.

Chapter 55 of the Laws of 2023: The Article VII Language Bills of the State’s budget are contained within this bill. Part JJ allows Tier 3 members to take pension loans. The Funds anticipate operationalizing Tier 3 loans with the 2024 tax year. Part X allows for flexibility for members of public bodies who need to participate in a public meeting virtually because of a disability.

Chapter 184 of the Laws of 2023: This law extends the 7% actuarial rate used in valuing retirement system liabilities, for the purpose of computing the amount of employer contributions, for an additional two fiscal years.

Chapter 213 of the Laws of 2023: This law escalates the benefits of beneficiaries receiving the Special Accidental Death Benefit, payable to eligible beneficiaries of members who die in the line-of-duty.

Board Resolutions

Audit Committee: At its July 2022 meeting, the Board of Trustees enacted a resolution establishing an Audit Committee. This Committee of the Board is comprised of a representative of the Mayor, the Police Commissioner, the Comptroller, the Second Vice President of the Police Benevolent Association, and the President of the Captains’ Endowment Association. As empowered by this resolution, the Audit Committee meets quarterly and directs the work of the Fund’s newly established Internal Audit department, which includes oversight of their work and audit plans. In furtherance of this work, by resolution at its February 2023 meeting, the Board approved the Audit Committee’s charter.

Rules and Regulations: At its August 2022 meeting, the Board of Trustees passed the Rules and Regulations of the New York City Police Pension Fund Board of Trustees, which rescinded and replaced the 1940 version, as amended.

Group Life Insurance: At its June 2023 meeting, the Board of Trustees extended the provisions of the Group Life Insurance Plan, as described in the Rules and Regulations of the Board, through June 30, 2024.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2023
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,337,355	\$ 24,793	\$ 56,573	\$ 1,418,721
Interest	3,843,512	142,377	271,824	4,257,713
Changes of benefit terms	62,622	-	-	62,622
Differences between expected and actual experience	966,513	(66,856)	(336,037)	563,620
Changes of assumptions	-	-	-	-
Benefit payments and withdrawals	(3,820,741)	(173,578)	(296,111)	(4,290,430)
Net change in total pension liability	2,389,261	(73,264)	(303,751)	2,012,246
Total pension liability - beginning	55,448,119	2,094,495	3,972,189	61,514,803
Total pension liability - ending (a)	57,837,380	2,021,231	3,668,438	63,527,049
Plan fiduciary net position:				
Employer contributions	2,333,707	-	-	2,333,707
Member contributions	267,720	-	-	267,720
Net investment income	3,952,730	174,005	269,752	4,396,487
Benefit payments and withdrawals	(3,820,741)	(173,578)	(296,111)	(4,290,430)
Administrative expenses	(30,348)	-	-	(30,348)
Other	4,386	35	37	4,458
Net change in plan fiduciary net position	2,707,454	462	(26,322)	2,681,594
Accrued transfers from POLICE to POVSF and PSOVSF	(142,326)	-	142,326	-
Plan fiduciary net position - beginning	47,043,387	1,860,558	2,894,727	51,798,672
Plan fiduciary net position - ending (b) **	49,608,515	1,861,020	3,010,731	54,480,266
Employer's net pension liability - ending (a)-(b)	\$ 8,228,865	\$ 160,211	\$ 657,707	\$ 9,046,783
Plan fiduciary net position as a percentage of the total pension liability	85.77%	92.07%	82.07%	85.76%
Covered payroll	\$ 4,316,368	n/a	n/a	\$ 4,316,368
Employer's net pension liability as a percentage of covered payroll	190.64%	n/a	n/a	209.59%

* Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2022
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,330,168	\$ 32,615	\$ 68,938	\$ 1,431,721
Interest	3,709,703	142,186	268,340	4,120,229
Differences between expected and actual experience	443,332	9,306	20,503	473,141
Changes of assumptions	-	-	-	-
Benefit payments and withdrawals	(3,344,982)	(173,525)	(295,206)	(3,813,713)
Net change in total pension liability	2,138,221	10,582	62,575	2,211,378
Total pension liability - beginning	53,309,898	2,083,913	3,909,614	59,303,425
Total pension liability - ending (a)	55,448,119	2,094,495	3,972,189	61,514,803
Plan fiduciary net position:				
Employer contributions	2,490,134	-	-	2,490,134
Member contributions	281,185	-	-	281,185
Net investment income	(3,656,295)	(288,928)	(460,681)	(4,405,904)
Benefit payments and withdrawals	(3,344,982)	(173,525)	(295,206)	(3,813,713)
Administrative expenses	(24,301)	-	-	(24,301)
Other	5,195	67	39	5,301
Net change in plan fiduciary net position	(4,249,064)	(462,386)	(755,848)	(5,467,298)
Accrued transfers from POLICE to POVSF and PSOVSF	(1,487)	(185)	1,672	-
Plan fiduciary net position - beginning	51,293,938	2,323,129	3,648,903	57,265,970
Plan fiduciary net position - ending (b) **	47,043,387	1,860,558	2,894,727	51,798,672
Employer's net pension liability - ending (a)-(b)	\$ 8,404,732	\$ 233,937	\$ 1,077,462	\$ 9,716,131
Plan fiduciary net position as a percentage of the total pension liability	84.84%	88.83%	72.87%	84.21%
Covered payroll	\$ 4,262,626	n/a	n/a	\$ 4,262,626
Employer's net pension liability as a percentage of covered payroll	197.17%	n/a	n/a	227.94%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2021
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,367,875	\$ 34,049	\$ 71,892	\$ 1,473,816
Interest	3,573,966	140,053	266,091	3,980,110
Differences between expected and actual experience	207,282	41,669	26,999	275,950
Changes of assumptions	156,581	(7,124)	(12,698)	136,759
Benefit payments and withdrawals	(3,313,298)	(179,870)	(338,471)	(3,831,639)
Net change in total pension liability	1,992,406	28,777	13,813	2,034,996
Total pension liability - beginning	51,317,492	2,055,136	3,895,801	57,268,429
Total pension liability - ending (a)	53,309,898	2,083,913	3,909,614	59,303,425
Plan fiduciary net position:				
Employer contributions	2,437,728	-	-	2,437,728
Member contributions	255,789	-	-	255,789
Net investment income	10,747,961	447,619	766,123	11,961,703
Benefit payments and withdrawals	(3,313,298)	(179,870)	(338,471)	(3,831,639)
Administrative expenses	(24,925)	-	-	(24,925)
Other	4,389	37	32	4,458
Net change in plan fiduciary net position	10,107,644	267,786	427,684	10,803,114
Accrued transfers from POLICE to POVSF and PSOVSF	(106,720)	103,236	3,484	-
Plan fiduciary net position - beginning	41,293,014	1,952,107	3,217,735	46,462,856
Plan fiduciary net position - ending (b) **	51,293,938	2,323,129	3,648,903	57,265,970
Employer's net pension liability - ending (a)-(b)	\$ 2,015,960	\$ (239,216)	\$ 260,711	\$ 2,037,455
Plan fiduciary net position as a percentage of the total pension liability	96.22%	111.48%	93.33%	96.56%
Covered payroll	\$ 4,299,649	n/a	n/a	\$ 4,299,649
Employer's net pension liability as a percentage of covered payroll	46.89%	n/a	n/a	47.39%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2020
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,375,436	\$ 34,291	\$ 73,382	\$ 1,483,109
Interest	3,427,980	139,164	266,493	3,833,637
Differences between expected and actual experience	463,894	11,750	(33,990)	441,654
Benefit payments and withdrawals	(3,039,785)	(164,908)	(282,709)	(3,487,402)
Net change in total pension liability	2,227,525	20,297	23,176	2,270,998
Total pension liability - beginning	49,089,967	2,034,839	3,872,625	54,997,431
Total pension liability - ending (a)	51,317,492	2,055,136	3,895,801	57,268,429
Plan fiduciary net position:				
Employer contributions	2,458,907	-	-	2,458,907
Member contributions	280,129	-	-	280,129
Net investment income	1,896,012	(4,221)	146,514	2,038,305
Benefit payments and withdrawals	(3,039,785)	(164,908)	(282,709)	(3,487,402)
Administrative expenses	(26,803)	-	-	(26,803)
Other	6,488	29	24	6,541
Net change in plan fiduciary net position	1,574,948	(169,100)	(136,171)	1,269,677
Accrued transfers from POLICE to POVSF and PSOVSF	(401,358)	144,808	256,550	-
Plan fiduciary net position - beginning	40,119,424	1,976,399	3,097,356	45,193,179
Plan fiduciary net position - ending (b) **	41,293,014	1,952,107	3,217,735	46,462,856
Employer's net pension liability - ending (a)-(b)	\$ 10,024,478	\$ 103,029	\$ 678,066	\$ 10,805,573
Plan fiduciary net position as a percentage of the total pension liability	80.47%	94.99%	82.59%	81.13%
Covered payroll	\$ 4,244,806	n/a	n/a	\$ 4,244,806
Employer's net pension liability as a percentage of covered payroll	236.16%	n/a	n/a	254.56%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2019
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,396,466	\$ 41,454	\$ 60,989	\$ 1,498,909
Interest	3,386,097	138,805	258,094	3,782,996
Differences between expected and actual experience	(868,163)	133,399	(84,202)	(818,966)
Changes of assumptions	(349,830)	(136,776)	144,204	(342,402)
Benefit payments and withdrawals	(2,853,799)	(164,281)	(260,665)	(3,278,745)
Net change in total pension liability	710,771	12,601	118,420	841,792
Total pension liability - beginning	48,379,196	2,022,237	3,754,205	54,155,638
Total pension liability - ending (a)	49,089,967	2,034,838	3,872,625	54,997,430
Plan fiduciary net position:				
Employer contributions	2,558,256	-	-	2,558,256
Member contributions	278,087	-	-	278,087
Net investment income	2,581,702	103,694	176,148	2,861,544
Benefit payments and withdrawals	(2,853,799)	(164,281)	(260,665)	(3,278,745)
Administrative expenses	(29,005)	-	-	(29,005)
Other	4,108	40	35	4,183
Net change in plan fiduciary net position	2,539,349	(60,547)	(84,482)	2,394,320
Accrued transfers from POLICE to POVSF and PSOVSF	(378,792)	(31,836)	410,628	-
Plan fiduciary net position - beginning	37,958,867	2,068,782	2,771,210	42,798,859
Plan fiduciary net position - ending (b) **	40,119,424	1,976,399	3,097,356	45,193,179
Employer's net pension liability - ending (a)-(b)	\$ 8,970,543	\$ 58,439	\$ 775,269	\$ 9,804,251
Plan fiduciary net position as a percentage of the total pension liability	81.73%	97.13%	79.98%	82.17%
Covered payroll	\$ 4,047,772	n/a	n/a	\$ 4,047,772
Employer's net pension liability as a percentage of covered payroll	221.62%	n/a	n/a	242.21%

* Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2018
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,281,545	\$ 57,875	\$ 46,859	\$ 1,386,279
Interest	3,257,275	137,689	254,151	3,649,115
Changes of benefit terms	90,363	10,231	4,077	104,671
Differences between expected and actual experience	(138,508)	(45,327)	39,715	(144,120)
Benefit payments and withdrawals	(2,774,387)	(162,149)	(257,017)	(3,193,553)
Net change in total pension liability	1,716,288	(1,681)	87,785	1,802,392
Total pension liability - beginning	46,662,909	2,023,917	3,666,420	52,353,246
Total pension liability - ending (a)	48,379,197	2,022,236	3,754,205	54,155,638
Plan fiduciary net position:				
Employer contributions	2,415,153	-	-	2,415,153
Member contributions	267,031	-	-	267,031
Net investment income	3,925,283	294	38,433	3,964,010
Benefit payments and withdrawals	(2,774,387)	(162,149)	(257,017)	(3,193,553)
Administrative expenses	(21,146)	-	-	(21,146)
Other	3,408	31	26	3,465
Net change in plan fiduciary net position	3,815,342	(161,824)	(218,558)	3,434,960
Accrued transfers from POLICE to POVSF and PSOVSF	(1,280,000)	130,000	1,150,000	-
Plan fiduciary net position - beginning	35,423,525	2,100,606	1,839,768	39,363,899
Plan fiduciary net position - ending (b) **	37,958,867	2,068,782	2,771,210	42,798,859
Employer's net pension liability - ending (a)-(b)	\$ 10,420,330	\$ (46,546)	\$ 982,995	\$ 11,356,779
Plan fiduciary net position as a percentage of the total pension liability	78.46%	102.30%	73.82%	79.03%
Covered payroll	\$ 3,673,054	n/a	n/a	\$ 3,673,054
Employer's net pension liability as a percentage of covered payroll	283.70%	n/a	n/a	309.19%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2017
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,221,506	\$ 52,848	\$ 46,062	\$ 1,320,416
Interest	3,138,263	137,697	248,372	3,524,332
Differences between expected and actual experience	(632,751)	(16,264)	3,767	(645,248)
Benefit payments and withdrawals	(2,571,999)	(159,063)	(255,938)	(2,987,000)
Net change in total pension liability	1,155,019	15,218	42,263	1,212,500
Total pension liability - beginning	45,507,890	2,008,699	3,624,157	51,140,746
Total pension liability - ending (a)	46,662,909	2,023,917	3,666,420	52,353,246
Plan fiduciary net position:				
Employer contributions	2,293,840	-	-	2,293,840
Member contributions	276,301	-	-	276,301
Net investment income	4,079,747	166,755	40,392	4,286,894
Benefit payments and withdrawals	(2,571,999)	(159,063)	(255,938)	(2,987,000)
Administrative expenses	(18,917)	-	-	(18,917)
Other	10,381	74	52	10,507
Net change in plan fiduciary net position	4,069,353	7,766	(215,494)	3,861,625
Accrued transfers from POLICE to POVSF and PSOVSF	(2,128,438)	708,636	1,419,802	-
Plan fiduciary net position - beginning	33,482,610	1,384,204	635,460	35,502,274
Plan fiduciary net position - ending (b) **	35,423,525	2,100,606	1,839,768	39,363,899
Employer's net pension liability - ending (a)-(b)	\$ 11,239,384	\$ (76,689)	\$ 1,826,652	\$ 12,989,347
Plan fiduciary net position as a percentage of the total pension liability	75.91%	103.79%	50.18%	75.19%
Covered payroll	\$ 3,509,985	n/a	n/a	\$ 3,509,985
Employer's net pension liability as a percentage of covered payroll	320.21%	n/a	n/a	370.07%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2016
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,241,707	\$ 53,625	\$ 45,283	\$ 1,340,615
Interest	3,059,499	136,591	245,309	3,441,399
Differences between expected and actual experience	216,334	13,273	3,854	233,461
Changes of assumptions	709,886	32,650	52,144	794,680
Benefit payments and withdrawals	(2,475,738)	(155,754)	(246,959)	(2,878,451)
Net change in total pension liability	2,751,688	80,385	99,631	2,931,704
Total pension liability - beginning	42,756,202	1,928,314	3,524,526	48,209,042
Total pension liability - ending (a)	45,507,890	2,008,699	3,624,157	51,140,746
Plan fiduciary net position:				
Employer contributions	2,393,940	-	-	2,393,940
Member contributions	249,921	-	-	249,921
Net investment income	644,318	(133,017)	(107,767)	403,534
Benefit payments and withdrawals	(2,475,738)	(155,754)	(246,959)	(2,878,451)
Administrative expenses	(18,478)	-	-	(18,478)
Other	6,479	147	130	6,756
Net change in plan fiduciary net position	800,442	(288,624)	(354,596)	157,222
Accrued transfers from POLICE to POVSF and PSOVSF	326,195	(250,751)	(75,444)	-
Plan fiduciary net position - beginning	32,355,973	1,923,579	1,065,500	35,345,052
Plan fiduciary net position - ending (b) **	33,482,610	1,384,204	635,460	35,502,274
Employer's net pension liability - ending (a)-(b)	\$ 12,025,280	\$ 624,495	\$ 2,988,697	\$ 15,638,472
Plan fiduciary net position as a percentage of the total pension liability	73.58%	68.91%	17.53%	69.42%
Covered payroll	\$ 3,540,326	n/a	n/a	\$ 3,540,326
Employer's net pension liability as a percentage of covered payroll	339.67%	n/a	n/a	441.72%

* Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2015
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,227,570	\$ 54,502	\$ 43,736	\$ 1,325,808
Interest	2,875,649	131,185	238,391	3,245,225
Differences between expected and actual experience	(213,409)	(13,154)	11,145	(215,418)
Benefit payments and withdrawals	(2,360,484)	(151,333)	(234,967)	(2,746,784)
Net change in total pension liability	1,529,326	21,200	58,305	1,608,831
Total pension liability - beginning	41,226,876	1,907,114	3,466,221	46,600,211
Total pension liability - ending (a)	42,756,202	1,928,314	3,524,526	48,209,042
Plan fiduciary net position:				
Employer contributions	2,309,619	-	-	2,309,619
Member contributions	241,102	-	-	241,102
Net investment income	1,018,506	61,019	18,695	1,098,220
Benefit payments and withdrawals	(2,360,484)	(151,333)	(234,967)	(2,746,784)
Administrative expenses	(17,903)	-	-	(17,903)
Reimbursement of benefit payments to PSOVSF from QPP	(313)	-	313	-
Other	4,554	25	37	4,616
Net change in plan fiduciary net position	1,195,081	(90,289)	(215,922)	888,870
Accrued transfers from POLICE to POVSF and PSOVSF	(590,000)	330,000	260,000	-
Plan fiduciary net position - beginning	31,750,892	1,683,868	1,021,422	34,456,182
Plan fiduciary net position - ending (b) **	32,355,973	1,923,579	1,065,500	35,345,052
Employer's net pension liability - ending (a)-(b)	\$ 10,400,229	\$ 4,735	\$ 2,459,026	\$ 12,863,990
Plan fiduciary net position as a percentage of the total pension liability	75.68%	99.75%	30.23%	73.32%
Covered payroll	\$ 3,512,778	n/a	n/a	\$ 3,512,778
Employer's net pension liability as a percentage of covered payroll	296.07%	n/a	n/a	366.21%

* Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

** The beginning total pension liability does not agree to the prior year ending total pension liability because amounts were revised to include costs and liabilities associated with the Special Accidental Death Benefits payable under Section 208-F of the General Municipal Law.

*** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2014
(In thousands)

	QPP*	POVSF	PSOVSF	TOTAL
Total pension liability:				
Service cost	\$ 1,206,036	\$ 52,629	\$ 43,088	\$ 1,301,753
Interest	2,753,264	129,659	234,394	3,117,317
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes of assumptions	-	-	-	-
Benefit payments and withdrawals	(2,305,609)	(147,153)	(229,461)	(2,682,223)
Net change in total pension liability	1,653,691	35,135	48,021	1,736,847
Total pension liability - beginning	39,259,678	1,871,979	3,418,199	44,549,856
Total pension liability - ending (a)	40,913,369	1,907,114	3,466,220	46,286,703
Plan fiduciary net position:				
Employer contributions	2,320,910	-	-	2,320,910
Member contributions	228,783	-	-	228,783
Net investment income	5,071,530	76,054	(101)	5,147,483
Benefit payments and withdrawals	(2,305,609)	(147,153)	(229,461)	(2,682,223)
Administrative expenses	(17,450)	-	-	(17,450)
Reimbursement of benefit payments to PSOVSF from QPP	(231,024)	-	231,024	-
Other	6,811	80	20	6,911
Net change in plan fiduciary net position	5,073,951	(71,019)	1,482	5,004,414
Accrued transfers from POLICE to POVSF and PSOVSF	(2,310,000)	1,290,000	1,020,000	-
Plan fiduciary net position - beginning	28,986,941	464,887	(60)	29,451,768
Plan fiduciary net position - ending (b) **	31,750,892	1,683,868	1,021,422	34,456,182
Employer's net pension liability - ending (a)-(b)	\$ 9,162,477	\$ 223,246	\$ 2,444,798	\$ 11,830,521
Plan fiduciary net position as a percentage of the total pension liability	77.61%	88.29%	29.47%	74.44%
Covered payroll	\$ 3,420,312	n/a	n/a	\$ 3,420,312
Employer's net pension liability as a percentage of covered payroll	267.88%	n/a	n/a	345.89%

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** Includes liabilities from Special Accidental death benefits pursuant to Section 208-F of the General Municipal Law.

See Report of Independent Certified Public Accountants.

SCHEDULE 2

New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,333,707	\$ 2,490,134	\$ 2,437,728	\$ 2,458,907	\$ 2,558,256	\$ 2,415,153	\$ 2,293,840	\$ 2,393,940	\$ 2,309,619	\$ 2,320,910
Contributions in relation to the actuarially determined contribution	<u>2,333,707</u>	<u>2,490,134</u>	<u>2,437,728</u>	<u>2,458,907</u>	<u>2,558,256</u>	<u>2,415,153</u>	<u>2,293,840</u>	<u>2,393,940</u>	<u>2,309,619</u>	<u>2,320,910</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,316,368	\$ 4,262,626	\$ 4,299,649	\$ 4,244,806	\$ 4,047,772	\$ 3,673,054	\$ 3,509,985	\$ 3,540,326	\$ 3,512,778	\$ 3,420,312
Contributions as a percentage of covered payroll*	54.066%	58.418%	56.696%	57.927%	63.202%	65.753%	65.352%	67.619%	65.749%	67.857%

* Projected payroll at time 1.0 under previous roll-forward methodology through 2018. Actual payroll at valuation date (time = 0) beginning in 2019.

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New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule:

The above actuarially determined contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g., fiscal year 2023 contributions were determined using an actuarial valuation as of June 30, 2021). The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Dates	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method for unfunded actuarial accrued liabilities:					
Initial unfunded	Increasing dollar	Increasing dollar	Increasing dollar	Increasing dollar	Increasing dollar
Post-2010 unfunded	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period:					
Initial unfunded	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)
2011 Actuarial gain/loss	5 years (closed)	6 years (closed)	7 years (closed)	8 years (closed)	9 years (closed)
2012 Actuarial gain/loss	6 years (closed)	7 years (closed)	8 years (closed)	9 years (closed)	10 years (closed)
2013 Actuarial gain/loss	7 years (closed)	8 years (closed)	9 years (closed)	10 years (closed)	11 years (closed)
2014 Actuarial gain/loss	8 years (closed)	9 years (closed)	10 years (closed)	11 years (closed)	12 years (closed)
2014 Assumption change	13 years (closed)	14 years (closed)	15 years (closed)	16 years (closed)	17 years (closed)
2015 Actuarial gain/loss	9 years (closed)	10 years (closed)	11 years (closed)	12 years (closed)	13 years (closed)
2016 Actuarial gain/loss	10 years (closed)	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)
2016 SADB	10 years (closed)	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)
2016 Enhanced ADR	13 years (closed)	14 years (closed)	15 years (closed)	16 years (closed)	17 years (closed)
2017 Actuarial gain/loss	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)
2017 VSF Escalation offset	14 years (closed)	15 years (closed)	16 years (closed)	17 years (closed)	18 years (closed)
2017 Non-uniformed service	16 years (closed)	17 years (closed)	18 years (closed)	19 years (closed)	20 years (closed)
2017 Assumptions/methods	16 years (closed)	17 years (closed)	18 years (closed)	19 years (closed)	20 years (closed)
2018 Actuarial gain/loss	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)	NA
2019 Actuarial gain/loss	13 years (closed)	14 years (closed)	15 years (closed)	NA	NA
2019 Assumptions/methods	18 years (closed)	19 years (closed)	20 years (closed)	NA	NA
2020 Actuarial gain/loss	14 years (closed)	15 years (closed)	NA	NA	NA
2021 Actuarial gain/loss	15 years (closed)	NA	NA	NA	NA
2021 415 Limit	2 Years (closed)	NA	NA	NA	NA
2021 SADB for Parents	15 years (closed)	NA	NA	NA	NA
Actuarial asset valuation method ¹	Five-year moving average of fair values with a "Market Value Restart" as of June 30, 2019.	Five-year moving average of fair values with a "Market Value Restart" as of June 30, 2019.	Five-year moving average of fair values with a "Market Value Restart" as of June 30, 2019.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.

¹ As of June 30, 2014 valuation, the AVA is constrained to be within a corridor of 80% to 120% of the fair value.

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New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule:

The above actuarially determined contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g., fiscal year 2023 contributions were determined using an actuarial valuation as of June 30, 2021). The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Dates	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method for unfunded actuarial accrued liabilities:					
Initial unfunded	Increasing dollar	Increasing dollar	Increasing dollar	Increasing dollar	Increasing dollar
Post-2010 unfunded	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period:					
Initial unfunded	16 years (closed)	17 years (closed)	18 years (closed)	19 years (closed)	20 years (closed)
2011 Actuarial gain/loss	10 years (closed)	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)
2012 Actuarial gain/loss	11 years (closed)	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)
2013 Actuarial gain/loss	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)	NA
2014 Actuarial gain/loss	13 years (closed)	14 years (closed)	15 years (closed)	NA	NA
2014 Assumption change	18 years (closed)	19 years (closed)	20 years (closed)	NA	NA
2015 Actuarial gain/loss	14 years (closed)	15 years (closed)	NA	NA	NA
2016 Actuarial gain/loss	15 years (closed)	NA	NA	NA	NA
2016 SADB	15 years (closed)	NA	NA	NA	NA
2016 Enhanced ADR	18 years (closed)	NA	NA	NA	NA
2017 Actuarial gain/loss	NA	NA	NA	NA	NA
2017 VSF Escalation offset	NA	NA	NA	NA	NA
2017 Non-uniformed service	NA	NA	NA	NA	NA
2017 Assumptions/methods	NA	NA	NA	NA	NA
2018 Actuarial gain/loss	NA	NA	NA	NA	NA
2019 Actuarial gain/loss	NA	NA	NA	NA	NA
2019 Assumptions/methods	NA	NA	NA	NA	NA
2020 Actuarial gain/loss	NA	NA	NA	NA	NA
2021 Actuarial gain/loss	NA	NA	NA	NA	NA
2021 415 Limit	NA	NA	NA	NA	NA
2021 SADB for Parents	NA	NA	NA	NA	NA
Actuarial asset valuation method ¹	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of fair values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AVA is defined to recognize Fiscal Year 2011 investment performance.

¹ As of June 30, 2014 valuation, the AVA is constrained to be within a corridor of 80% to 120% of the fair value.

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New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Dates	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial assumptions:					
Assumed rate of return ²	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.
Post-retirement mortality ³	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019
Active service: withdrawal, death, disability, service retirement ³	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019	Tables adopted by Board of Trustees during Fiscal Year 2019
Salary increases ²	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.
Cost-of-living adjustments ²	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.

² Developed using a long-term Consumer Price Inflation assumption of 2.5% per year.

³ As of June 30, 2019, applies mortality improvement scale MP-2020 published by the Society of Actuaries to post-retirement mortality, active ordinary death mortality rates, and pre-commencement mortality for terminated vesteds. Prior to June 30, 2019, MP-2018 was applied to post-retirement mortality. Prior to June 30, 2017, MP-2015 was applied to post-retirement mortality. Prior to June 30, 2014, Scale AA was applied to post-retirement mortality.

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New York City Police Pension Funds

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Dates	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Actuarial assumptions:					
Assumed rate of return ²	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.	7.0% per annum, net of investment expenses.
Post-retirement mortality ³	Tables adopted by Board of Trustees during Fiscal Year 2016	Tables adopted by Board of Trustees during Fiscal Year 2016	Tables adopted by Board of Trustees during Fiscal Year 2016	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012
Active service: withdrawal, death, disability, service retirement ³	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012
Salary increases ²	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.
Cost-of-living adjustments ²	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.	1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.

² Developed using a long-term Consumer Price Inflation assumption of 2.5% per year.

³ As of June 30, 2019, applies mortality improvement scale MP-2020 published by the Society of Actuaries to post-retirement mortality, active ordinary death mortality rates, and pre-commencement mortality rates for terminated vesteds. Prior to June 30, 2019, MP-2018 was applied to post-retirement mortality. Prior to June 30, 2017, MP-2015 was applied to post-retirement mortality. Prior to June 30, 2014, Scale AA was applied to post-retirement mortality.

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**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS**

The following table displays annual money-weighted rate of return, net of investment expense, for each of the Funds for each of the past ten fiscal years:

<u>Fiscal Years Ended</u>	<u>QPP</u>	<u>PSOVSF</u>	<u>POVSF</u>
June 30, 2023	8.06%	9.76%	9.81%
June 30, 2022	-7.12%	-13.31%	-13.48%
June 30, 2021	26.37%	25.95%	25.40%
June 30, 2020	4.74%	4.07%	4.33%
June 30, 2019	6.81%	9.27%	5.77%
June 30, 2018	9.60%	4.42%	6.71%
June 30, 2017	13.19%	12.85%	13.80%
June 30, 2016	1.18%	-1.06%	-0.33%
June 30, 2015	3.83%	5.16%	6.34%
June 30, 2014	17.69%	16.16%	19.44%

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