

DIME COMMUNITY BANCSHARES INC
Form 11-K
June 28, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the Fiscal Year Ended December 31, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transaction period from

to

Commission file Number 0-27782

The Dime Savings Bank of Williamsburgh 401(k) Plan

(Full Title of the Plan)

Dime Community Bancshares, Inc.

209 Havemeyer Street, Brooklyn, NY 11211

(Name of issuer of the securities held pursuant to the plan

and the address of its principal executive office.)

Registrant's telephone number, including area code: (718) 782-6200

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All other schedules required by Section 2520.103-10 of the Department of Labor's rules and regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
The Dime Savings Bank of Williamsburgh:

We have audited the accompanying statements of net assets available for plan benefits of The Dime Savings Bank of Williamsburgh 401(k) Plan (the Plan) as of December 31, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for plan benefits for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule of assets held at end of year for investment purposes is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

New York, New York

June 25, 2004

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THE DIME SAVINGS BANK OF WILLIAMSBURGH 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS****DECEMBER 31, 2003 AND 2002**

	2003	2002
INVESTMENTS, AT FAIR VALUE (Notes 1(e), and 2(d)):		
Fixed Income Funds:		
RSI Retirement Trust Short Term Investment Fund (b)	-	\$2,362,831
PIMCO Total Return Administrative Fund (b)	\$951,050	910,287
Total fixed income funds	951,050	3,273,118
Equity Funds:		
Alger Mid Cap Growth Retirement Portfolio Fund	346,527	102,572
Alliance Premier Growth A Fund	-	78,217
American Century International Growth Fund	204,538	131,422
American Century Ultra Fund	139,198	-
SSGA S&P 500 Index Fund (a)	1,061,772	-
Neuberger Berman Genesis Fund Trust	803,397	
RSI Retirement Trust Core Equity Fund (b)	-	828,338
RSI Retirement Trust Value Equity Fund	722,201	488,905
RSI Retirement Trust Emerging Growth Equity Fund	-	439,672
Total equity funds	3,277,633	2,069,126
Asset Allocation funds:		
RS Group Trust Co. Aggressive Asset Allocation	102,754	86,269
RS Group Trust Co. Conservative Asset Allocation	5,000	1,727
RS Group Trust Co. Moderate Asset Allocation	138,633	105,090
RS Group Trust Co. Stable Value Fund (a)	3,300,900	606,527
Total asset allocation funds	3,547,287	799,613
Dime Community Bancshares, Inc. Common Stock Fund		
Stock Investment (a) (b)	12,917,262	8,141,986
RS Group Federal Prime Obligation	107,382	110,909
	13,024,644	8,252,895
Participant Loans Receivable	397,452	290,486
TOTAL INVESTMENTS	21,198,066	14,685,238
DUE FROM THE EMPLOYEE STOCK OWNERSHIP PLAN OF DIME COMMUNITY BANCSHARES, INC. AND CERTAIN AFFILIATES	399,150	349,121

CASH	17,261	11,713
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$21,614,477	\$15,046,072

(a) Represents 5% or more of the net assets available for plan benefits at December 31, 2003.

(b) Represents 5% or more of the net assets available for plan benefits at December 31, 2002.

See notes to financial statements.

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THE DIME SAVINGS BANK OF WILLIAMSBURGH 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

YEAR ENDED DECEMBER 31, 2003

ADDITIONS:	2003
Investment income:	
Net appreciation (depreciation) in fair value of investments:	
Fixed income funds	\$57,660
Equity funds	708,243
Asset allocation funds	37,457
Employer stock fund	5,251,306
Total net appreciation (depreciation) in fair value of investments	6,054,666
Interest income	19,397
Investment income (loss), net	6,074,063
Participant contributions	1,194,668
Employer contributions receivable	50,030
Forfeitures	-
Total additions, net	7,318,761
DEDUCTIONS -	
Benefits paid to participants	736,681
Administrative expenses	13,675
Total Deductions	750,356
NET INCREASE	6,568,405
NET ASSETS AVAILABLE FOR PLAN BENEFITS:	
Beginning of year	15,046,072
End of year	\$21,614,477

See notes to financial statements.

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THE DIME SAVINGS BANK OF WILLIAMSBURGH 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

1.

DESCRIPTION OF PLAN

The following is a brief description of The Dime Savings Bank of Williamsburgh 401(k) Plan (the *Plan*). This description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

a.

General - The Plan is a defined contribution plan covering all eligible employees. It is subject to the provisions of the Employee Retirement Security Act of 1974, as amended (*ERISA*).

b.

Eligibility and Participation - Participation in the Plan is voluntary. An employee shall become an eligible employee if he or she has completed a period of service of at least one year, and is a salaried employee. An employee is not an eligible employee if he or she is compensated principally on an hourly, daily, commission, or retainer basis, or has waived any claim to membership in the Plan.

c.

Contributions - Employee contributions of up to 25% of covered compensation, as defined in the Plan document, are permitted.

Effective July 1, 2000, Dime Community Bancshares, Inc. (the *Company*) or The Dime Savings Bank of Williamsburgh (the *Bank*) makes a required 100% vested cash contribution to participants in the Employee Stock Ownership Plan of Dime Community Bancshares, Inc. and Affiliates (the *ESOP*) in the amount of 3% of covered compensation [defined as total W-2 compensation (including amounts deducted from W-2 compensation for pre-tax benefits such as health insurance premiums and contributions to the Dime Savings Bank of Williamsburgh 401(k) Plan); and, effective March 1, 2004, minus any amount included in W-2 compensation as a result of the grant or vesting of restricted stock, the exercise of stock options or the disqualifying disposition of incentive stock options] up to applicable IRS limits. This contribution is guaranteed through December 31, 2006 (unless the ESOP is terminated before then) and will be discretionary after that date. The contribution is automatically transferred to the Plan, regardless of whether or not the individual otherwise participates in the Plan. Upon transfer of funds to the Plan, the participant has the ability to invest this contribution in any of the investment options currently offered under the Plan. This annual employer contribution is made in the first quarter of each year based upon the total covered compensation through December 31st of the previous year. In March 2003, a contribution of \$349,121 was made to eligible participants based upon covered compensation for the period January 1, 2002 through December 31, 2002. In March 2004, a contribution of \$399,150 was made to eligible participants based upon covered compensation for the period January 1, 2003 through December 31, 2003.

d.

Vesting - All participants are 100% vested in the value of the annual 3% employer contribution to the Plan and any investment income that these funds may earn. Otherwise, participant contributions and earnings thereon are nonforfeitable.

e.

Investment Options - Participants direct the investment of their account balances into various options offered by the Plan. As of December 31, 2003, there were twelve investment options available in the Plan. Investment options include one fixed income fund, six equity funds, three asset allocation funds, one capital preservation fund and one employer stock fund. The asset allocation funds include the RS Group Trust Co. Stable Value Fund, which invests in fully benefit responsive guaranteed investment contracts issued by insurance companies, bank investment contracts, and cash and cash equivalents.

All investment options are participant directed. Retirements Systems Group Inc. (RSI) acts as trustee for all investments in the Plan.

Transfers between investment alternatives and rollover contributions to the Plan are placed in any of the above funds in multiples of 1%, at the election of the participant.

f.

Death, Retirement and Disability Benefits - A participant is eligible for early retirement benefits upon attaining age 60 or a combined aggregate of 30 or more years of vested service with a participating bank. In addition to any one of the two criteria, a participant must complete five years of creditable service.

g.

Withdrawal of Funds - On termination of service, a participant may elect to receive either a lump-sum amount equal to the vested balance of his or her account, or annual installments limited to a ten-year period.

a.

Loans to Participants - Loans are permitted, subject to current IRS statutes and regulations. Participants may borrow up to 50% of their vested account balance up to a maximum of \$50,000. Prior to June 11, 1998, participants were permitted no more than one outstanding loan at any time. The Plan was amended, effective June 11, 1998, whereby participants are now permitted a maximum of two outstanding loans at any time. Interest charged is fixed for the entire term of the loan and is based upon the prime rate as published in the Wall Street Journal on the date the loan is requested, increased by 1% and rounded to the nearest 1/4 of 1%. The maximum loan term for the purchase of a principal residence may not exceed ten years and loans for any other reason may not exceed five years. The loans are secured by the balances in the participant's account. Loan repayments are made by automatic payroll deduction.

b.

Forfeitures - If a participant is not fully vested in previous contributions made by the Bank and terminates his or her employment, the units representing the nonvested portion of his or her account shall constitute forfeitures. Forfeitures are allocated to participants, on a pro rata basis, based upon their before-tax contribution accounts.

c.

Plan Termination - Although the Bank has not expressed any intent to terminate the Plan, it has the right to terminate the Plan subject to the provisions of ERISA. In the event of termination, all participants would become 100% vested in their individual account balances (including the Bank's contributions) at the termination date.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a.

Basis of Accounting - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

a.

Use of Estimates - The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits as well as the reported amounts of changes in net assets available for plan benefits. Actual results could differ from those estimates.

b.

Risks and Uncertainties - The Plan provides for various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

d.

Investments - The Plan's pooled investment funds are carried at fair value based on the Plan's proportionate share of units of beneficial interest in the respective funds, except for the RS Group Trust Co. Stable Value Fund, which primarily consists of investment contracts that are carried at the contract value. The securities in the pooled investment funds, other than the RS Group Trust Co. Stable Value Fund, are traded on national securities exchanges and are valued at their quoted market prices at the end of the year. The common stock of the Company is carried at fair value based upon the quoted market price at the end of the year. Short-term investments are carried at cost, which approximate fair value. Loans to participants are carried at the principal amount of the loans outstanding, which approximates fair value.

Net investment income consists of gains and losses realized from the sales of investments, the net change in the unrealized appreciation or depreciation on investments, and interest and dividends earned.

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Realized gains and losses from securities transactions are recorded on the average cost basis.

e.

Allocated Expenses - The Bank will pay the ordinary expenses of the Plan and compensation of the Trustees to the extent required, except that any expenses directly related to the Plan, such as transfer taxes, brokers' commissions, registration charges, or administrative expenses of the Trustee, shall be paid from the Plan or from such investment account to which such expenses directly relate. The Bank may charge employees all or part of the reasonable expenses associated with withdrawals and other distributions, loans or account transfers.

f.

Reclassifications - Certain reclassifications have been made in the prior year financial statements to conform to reporting practices followed in the current year.

3.

RELATED PARTY TRANSACTIONS

Certain Plan investments are shares in pooled investment funds managed by RSI. RSI is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions are performed by officers and employees of the Company or Bank. No such officer or employee receives compensation from the Plan for the administrative functions he or she performs.

At December 31, 2003 and 2002, the Plan held 419,937 and 425,169 shares, respectively, of common stock of Dime Community Bancshares, Inc., the Plan sponsor, with a cost basis of \$ 2,647,143 and \$ 2,426,217, respectively. During the year ended December 31, 2003, the Plan recorded dividend income of \$ 266,835.

1.

FEDERAL INCOME TAXES

The Plan is intended to be qualified under Section 401(a) of the Internal Revenue Code (the Code) and is intended to be exempt from taxation under Section 501(a) of the Code. The Plan received a favorable IRS determination letter dated August 27, 2002. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan and its underlying trust are currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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THE DIME SAVINGS BANK OF WILLIAMSBURGH 401(K) PLAN**FORM 5500, PART IV, SCHEDULE H, ITEM 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2003**

Party In Interest	Identity of Issuer	Description of Investments	Current Value
*	RSI Retirement Trust	Value Equity Fund	722,201
*	RS Group Trust Co.	Conservative Asset Allocation	5,000
*	RS Group Trust Co.	Moderate Asset Allocation	138,633
*	RS Group Trust Co.	Aggressive Asset Allocation	102,754
*	RS Group Trust Co.	Stable Value Fund	3,300,900
	Alger	Mid Cap Growth Retirement Portfolio Fund	346,527
	PIMCO	Total Return Administrative Fund	951,050
	American Century	International Growth Fund	204,538
	American Century	Ultra Fund	139,198
	SSGA	S&P 500 Index Fund	1,061,772
	Neuberger Berman	Genesis Fund Trust	803,397
*	Dime Community Bancshares, Inc.	Common Stock Fund - Common stock investment	12,917,262
*	RSI Group Trust	Fed Prime Obligation	107,382
*		Employee Loans Receivable	

(53 loans with interest rates ranging from
5.00% to 10.50%, and maturities ranging
from January 2004 to January 2009.

397,452

Total

\$21,198,066

*Party-in-interest.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Dime Savings Bank of Williamsburgh (the Plan Administrator) duly caused this report to be signed on their behalf by the undersigned thereunder duly authorized.

Dated: June 28, 2004

/s/ VINCENT F. PALAGIANO

Vincent F. Palagiano

Chairman of the Board and Chief Executive Officer

Dated: June 28, 2004

/s/ KENNETH J. MAHON

Kenneth J. Mahon

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

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Consent of Independent Registered Public Accounting Firm

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