

**ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2005  
OF THE CONDITIONS AND AFFAIRS OF  
Andover Contributory Retirement Board**

**Organized under the Laws of the Commonwealth of Massachusetts to the  
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**

Date of Certificate: 07/01/1937  
Effective Date: 07/01/1937

**Administration Office**

Town Offices 36 Bartlet Street

Andover, MA 01810-3882

Telephone Number 978-623-8209

We, the undersigned, members of the Board of Retirement of Andover Contributory Retirement Board certify under the penalties of perjury, that we are the official board members of said retirement system, and that assets were the absolute property of said systems, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge and belief, respectively.

**BOARD OF RETIREMENT**

**Ex-Officio Member**

RODNEY P. SMITH

**Appointed Member**

JOHN C. DOHERTY

**Elected Member**

JAMES A. CUTICCHIA

**Elected Member**

ELENA M. KOTHMAN

**Member Appointed by Other Members**

FRANK G. CASTLE

(signature)  
Term Expires 01/30/2006

(signature)  
Term Expires 12/04/2008

(signature)  
Term Expires 11/05/2007

(signature)  
Term Expires 02/28/2006

Place an asterisk (\*) next to the name of the Board that serves as chairperson

**INVESTMENT ADVISOR(S)** (See attached list of ALL Investment Advisors)

**Name:** HARTFORD INVESTMENT MANAGEMENT **Address:** 55 FARMINGTON AVE, PO BOX 1744, HARTFORD, CT

**Name:** STATE STREET GLOBAL ADVISORS **Address:** 1 LINCOLN ST, BOSTON, MA 02111

**Name:** THE BOSTON COMPANY ASSET **Address:** ONE BOSTON PLACE, BOSTON, MA 02108

MANAGEMENT

**INVESTMENT CONSULTANT**

**Name:** SEGAL ADVISORS **Address:** 116 HUNTINGTON AVE, BOSTON, MA 02116

**CUSTODIAN**

**Name:** STATE STREET **Address:** 200 NEWPORT AVENUE, NORTH QUINCY, MA 02171

## Andover Contributory Retirement Board

### Investment Consultant:

Segal Advisors Inc.  
Rep: Kevin Leonard  
116 Huntington Avenue  
Boston, MA 02116-5744  
617-424-7327 617-424-7390 fax  
[kleonard@segaladvisors.com](mailto:kleonard@segaladvisors.com)

### Investment firms hired:

#### **Large Cap Core:**

40%

PERAC  
Acct code = 1172

State Street Global Advisors (SSgA)  
Reps: Mark Bergin, Peter Melanson  
State Street Financial Center  
One Lincoln Street  
Boston, MA 02111-2900  
617-664-3430 617-664-2024 fax  
[mark\\_bergin@ssga.com](mailto:mark_bergin@ssga.com)

#### **Core Fixed Income:**

30%

PERAC  
Acct code = 1181

Hartford Investment Management Co (HIMCO)  
Reps: John Gallic, Tracy Eccles  
55 Farmington Avenue  
PO Box 1744  
Hartford, CT 06144-1744  
860-297-6724 860-297-8878 fax  
[ronan.burke@thehartford.com](mailto:ronan.burke@thehartford.com)

#### **International Equity:**

10%

PERAC  
Acct code = 1173

The Boston Company Asset Management  
Reps: Mike Palermo, Sean Fitzgibbon  
Mellon Financial Center  
One Boston Place, Suite 024-0131  
Boston, MA 02108-4408  
617-722-7548 617-722-7516 fax  
[Palermo.mp@tbcam.com](mailto:Palermo.mp@tbcam.com)

#### **Small Cap Core/SMID:**

10%

PERAC  
Acct code = 1172

American Century Investment Management  
Reps: Lynne Goodwin, Jeff LaRoche  
666 Third Avenue, 23<sup>rd</sup> flr  
New York, NY 10017  
(646) 658-7736 (646) 658-7771 (fax)  
Main Offices:  
4500 Main Street  
Kansas City, MO 64111-7709  
816-340-4394 816-340-3931 (fax)  
[Lesley\\_nettles@Americancentury.com](mailto:Lesley_nettles@Americancentury.com)

#### **Real Estate:**

10%

PERAC  
Acct code = 1194

PRIT fund  
Rep: Mike Reardon  
Pension Reserves Investment Management Board  
84 State Street, Suite 250  
Boston, MA 02109  
617-946-8421 617-946-8475 fax  
[bmreardon@mapension.com](mailto:bmreardon@mapension.com)

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31,2005  
ANNUAL STATEMENT BALANCE TESTS**

<b>1. ASSET BALANCE</b>	
Assets Previous Year .....	78,754,777.73
Income Current Year .....	12,475,613.52
Disbursements Current Year .....	6,642,597.98
Assets Current Year .....	84,587,793.27
<b>2. ASSET DIFFERENCE</b>	
Assets Current Year .....	84,587,793.27
Assets Previous Year .....	78,754,777.73
Difference .....	5,833,015.54
<b>3. INCOME DIFFERENCE</b>	
Income Current Year .....	12,475,613.52
Disbursements Current Year .....	6,642,597.98
Difference .....	5,833,015.54
<b>4. FUND CHANGE DIFFERENCE</b>	
Total Fund Change Credits Current Year..	12,475,613.52
Total Fund Chage Debits Current Year...	6,642,597.98
Difference .....	5,833,015.54

**NOTE: THE SUMS OF TESTS 2,3, AND 4 SHOULD BE THE SAME.**

**Andover Contributory Retirement Board  
Accounting File  
Interest Posted to the Annuity Reserve**

<u>Month</u>	<u>(Debits) Credits</u>	<u>Balance</u>	<u>Balance X .0025</u>
January 1st	-----	6429459.48	16073.65
January 31st	-64015.95	6365443.53	15913.61
February 28 th	-35023.26	6330420.27	15826.05
March 31st	91634.58	6422054.85	16055.14
April 30 th	16200.75	6438255.60	16095.64
May 31st	-4277.73	6433977.87	16084.94
June 30 th	-46420.64	6387557.23	15968.89
July 31st	53684.98	6441242.21	16103.11
August 31st	30567.16	6471809.37	16179.52
September 30 th	-67715.50	6404093.87	16010.23
October 31st	-46001.16	6358092.71	15895.23
November 30th	-25289.30	6332803.41	15832.01
			<b>192038.02</b>
Interest Posted to Military Reserve Fund	64.86		
Interest Posted to Members Account	139,007.64		

**Annual Statement of the Andover Contributory Retirement Board for  
the year ended December 31, 2005**

**Assets and Liabilities**

	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>End Balance</b>	<b>End Balance</b>	<b>End Balance</b>
1040 - 1049 Cash	388,303.09	2,639,518.18	3,514,593.05
1100 - Short Term Investments	0.00	0.00	0.00
1180 - Fixed Income Sec (book value)	0.00	27,721,586.48	26,801,547.11
1170 - Equities	0.00	43,309,211.70	41,378,854.62
1101 - Pooled Short Term Funds	0.00	0.00	0.00
1172 - Pooled Domestic Equity Funds	41,905,566.49	0.00	0.00
1173 - Pooled International Equity Funds	9,078,638.07	0.00	0.00
1174 - Pooled Global Equity Funds	0.00	0.00	0.00
1181 - Pooled Domestic Fixed Income Funds	24,367,259.07	0.00	0.00
1182 - Pooled International Fixed Income Funds	0.00	0.00	0.00
1183 - Pooled Global Fixed Income Funds	0.00	0.00	0.00
1193 - Pooled Alternative Investments	0.00	0.00	0.00
1194 - Pooled Real Estate Funds	8,675,015.83	4,736,188.73	0.00
1195 - Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196 - Pooled International Balanced Funds	0.00	0.00	0.00
1198 - PRIT Cash	0.00	0.00	0.00
1199 - PRIT Fund	0.00	0.00	0.00
1891 - Principal Adjustment Account	0.00	0.00	0.00
1550 - Interest Due & Accrued Cur Yr	201.67	397,150.63	408,177.06
1398 - Accounts Receivable (A)	212,201.36	3,276.85	1,885,249.00
2020 - Accounts Payable (A)	-39,392.31	-52,154.84	-470,802.85
<b>Total</b>	<b>84,587,793.27</b>	<b>78,754,777.73</b>	<b>73,517,617.99</b>
<b>Funds :</b>			
3293 - Annuity Savings Fund	25,548,059.67	23,496,611.83	21,990,930.37
3294 - Annuity Reserve Fund	6,457,377.22	6,429,459.48	6,047,279.91
3295 - Military Service Fund	10,875.01	10,810.15	0.00
3296 - Pension Fund	4,179,827.05	5,006,215.12	5,924,972.45
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	48,391,654.32	43,811,681.15	39,554,435.26
<b>Total Assets at Market Value</b>	<b>84,587,793.27</b>	<b>78,754,777.73</b>	<b>73,517,617.99</b>

(A) Detail for Accounts Receivable and Accounts Payable are to be placed on Schedule A

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

	<u>Balance December 31 2004</u>	<u>Receipts</u>	<u>Interfund Transfers</u>	<u>Disbursements</u>	<u>Balance December 31 2005</u>
Annuity Savings Fund	23,496,611.83	2,949,967.75	-722,842.30	175,677.61	25,548,059.67
Annuity Reserve Fund	6,429,459.48	192,038.02	724,457.76	888,578.04	6,457,377.22
Pension Fund	5,006,215.12	4,369,942.43	-1,615.46	5,194,715.04	4,179,827.05
Military Service Fund	10,810.15	64.86	0.00	0.00	10,875.01
Expense Fund	0.00	383,627.29	0.00	383,627.29	0.00
Pension Reserve Fund	43,811,681.15	4,579,973.17	0.00	0.00	48,391,654.32
<b>TOTAL ALL FUNDS:</b>	<b><u>78,754,777.73</u></b>	<b><u>12,475,613.52</u></b>	<b><u>0.00</u></b>	<b><u>6,642,597.98</u></b>	<b><u>84,587,793.27</u></b>

**List Below all Transfers:**

Transfer from ANN SAV	Fund to the ANN RESERV	Fund in the Amount of	722,842.30	on account of RETIREMENTS
Transfer from PEN FUND	Fund to the RESERVE	Fund in the Amount of	1,615.46	on account of WORKERS COMP
Transfer from ANN SAV	Fund to the PEN RES	Fund in the Amount of	9,000.00	on account of WORKERS COMP CASH REC'PT
Transfer from	Fund to the	Fund in the Amount of		on account of
Transfer from	Fund to the	Fund in the Amount of		on account of
Transfer from	Fund to the	Fund in the Amount of		on account of
Transfer from	Fund to the	Fund in the Amount of		on account of
Transfer from	Fund to the	Fund in the Amount of		on account of
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Transfer from	Fund to the	Fund in the Amount of		on account of

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

**RECEIPTS**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>1. Annuity Savings Fund :</b>			
(a) 4891 - Members Deductions	2,460,822.58	2,445,637.02	2,353,835.85
(b) 4892 - Transfers From Other	265,242.34	149,189.23	78,712.29
(c) 4893 - Make Up and Redeposit Payments	84,895.19	101,199.14	61,512.05
(d) Member Payments from Rollovers	0.00	0.00	0.00
(e) Investment Income Cr to Members A/C	139,007.64	128,237.83	199,243.59
<b>Subtotal</b>	<b>2,949,967.75</b>	<b>2,824,263.22</b>	<b>2,693,303.78</b>
<b>2. Annuity Reserve Fund :</b>			
(a) Investment Income Cr to Annuity Res Fd	192,038.02	181,089.31	172,006.64
<b>Subtotal</b>	<b>192,038.02</b>	<b>181,089.31</b>	<b>172,006.64</b>
<b>3. Pension Fund :</b>			
(a) 4898 - 3(8) (c) Reimburse from Other Sys	107,141.97	97,998.40	91,631.57
(b) 4899 - Rec'd from State for COLA & Surviv	308,970.46	206,372.19	108,044.52
(c) 4889 - Prin Adj Account Amort Gain	0.00	0.00	0.00
(d) 4894 - Pension Fund Appropriation	3,953,830.00	3,591,737.00	3,623,802.00
<b>Subtotal</b>	<b>4,369,942.43</b>	<b>3,896,107.59</b>	<b>3,823,478.09</b>
<b>4. Military Service Fund :</b>			
(a) 4890 - Military Serv Contr from Municipal	0.00	10,810.15	0.00
(b) Invest Inc Credited Military Ser Fd	64.86	0.00	0.00
<b>Subtotal</b>	<b>64.86</b>	<b>10,810.15</b>	<b>0.00</b>
<b>5. Expense Fund :</b>			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	383,627.29	323,503.78	289,876.06
<b>Subtotal</b>	<b>383,627.29</b>	<b>323,503.78</b>	<b>289,876.06</b>
<b>6. Pension Reserve Fund :</b>			
(a) 4897 - Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 - Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 - Interest not Refunded:	2,361.21	2,594.01	3,207.32
(d) 4825 - Misc. Income	9,000.00	0.00	0.00
(e) Excess Investment Income	4,568,611.96	4,254,619.56	8,850,287.35
<b>Subtotal</b>	<b>4,579,973.17</b>	<b>4,257,213.57</b>	<b>8,853,494.67</b>
<b>TOTAL RECEIPTS</b>	<b>12,475,613.52</b>	<b>11,492,987.62</b>	<b>15,832,159.24</b>

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

**Disbursements**

	2005	2004	2003
<b>1. Annuity Savings Fund :</b>			
(a) 5757 - Refunds To Members	160,478.31	232,845.02	184,970.46
(b) 5756 - Transfers To Other Systems :	15,199.30	131,163.31	140,326.58
<b>Subtotal</b>	<b>175,677.61</b>	<b>364,008.33</b>	<b>325,297.04</b>
<b>2. Annuity Reserve Fund :</b>			
(a) 5750 - Annuities Paid	796,802.77	721,352.96	658,067.96
(b) 5759 - Option B Refunds	91,775.27	35,778.13	0.00
<b>Subtotal</b>	<b>888,578.04</b>	<b>757,131.09</b>	<b>658,067.96</b>
<b>3. Pension Fund :</b>			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	3,824,774.49	3,608,585.63	3,313,540.78
Survivorship Payments	288,146.87	255,274.11	216,711.72
Ordinary Disability Payments	87,184.32	96,429.39	97,501.92
Accidental Disability Payments	850,198.49	707,546.12	698,227.92
Accidental Death Payments	64,035.60	62,912.82	62,443.08
Section 101 Benefits	0.00	0.00	0.00
(b) 5755 - 3 (8) (c) Reimb To Other Sys	80,375.27	80,436.61	96,800.59
(c) 5752 - COLA's Paid	0.00	0.00	0.00
(d) 5753 - Chapter 389 Ben Increase Pd	0.00	0.00	0.00
(e) 4885 - Loss on Sales of Investments	0.00	0.00	0.00
(f) 4887 - Decrease in Mkt Value of Equities	0.00	0.00	0.00
(g) 4888 - Princ Adj-Amortization Loss	0.00	0.00	0.00
<b>Subtotal</b>	<b>5,194,715.04</b>	<b>4,811,184.68</b>	<b>4,485,226.01</b>
<b>4. Military Service Fund :</b>			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	0.00	0.00
<b>Subtotal</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5. Expense Fund :</b>			
(a) 5118 Board Member Stipend	0.00	0.00	0.00
(b) 5119 - Salaries	67,268.31	63,936.70	58,614.88
(c) 5304 - Mgt Fees Not Chgd To Inv Inc *	234,331.64	205,716.13	190,913.10
(d) 5305 - Custodial Fees *	14,386.45	20,062.04	20,123.37
(e) 5307 - Investment Consultant Fees *	40,000.00	11,500.00	2,500.00
(f) 5308 - Legal Expenses	7,594.33	4,287.18	439.68
(g) 5309 - Medical Expenses	0.00	0.00	0.00
(h) 5310 Fiduciary Insurance	4,543.32	4,825.08	4,144.38
(i) 5311 Service Contracts	10,574.78	10,168.09	8,917.39
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5589 - Administrative Expenses	2,323.10	2,330.45	3,235.66
(l) 5599 - Furniture and Equipment	0.00	0.00	890.00
(m) 5719 - Travel	2,605.36	678.11	97.60
<b>Subtotal</b>	<b>383,627.29</b>	<b>323,503.78</b>	<b>289,876.06</b>
<b>Total Disbursements:</b>	<b>6,642,597.98</b>	<b>6,255,827.88</b>	<b>5,758,467.07</b>



**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

**Investment Income**

	<b>2005 End Balance</b>	<b>2004 End Balance</b>	<b>2003</b>
<b>Investment Income Received From :</b>			
(a) Cash (from schedules 1A and 1 C)	35,271.89	26,551.22	64,291.74
(b) Short Term Investments (sch 2)	0.00	0.00	0.00
(c) Fixed Inc Sec (from sch 3A and 3C)	561,773.74	1,431,031.57	1,436,254.19
(d) Equities (from sch 4A and 4C)	127,013.41	736,853.74	556,881.26
(e) Pooled Funds (from Schedule 5)	879,221.95	216,954.17	0.00
(f) Commission Recapture	0.00	0.00	0.00
<b>4821 - TOTAL INVESTMENT INCOME</b>	<b>1,603,280.99</b>	<b>2,411,390.70</b>	<b>2,057,427.19</b>
<b>Plus :</b>			
4884 - Realized Gains	4,019,718.80	1,809,144.26	1,871,501.44
4886 - Unrealized Gains	7,537,729.01	5,414,001.13	6,935,485.67
1550 - Interest Due & Accrued Cur Yr	201.67	397,150.63	408,177.06
	<b>11,557,649.48</b>	<b>7,620,296.02</b>	<b>9,215,164.17</b>
<b>Less :</b>			
4823 - Pd Accrued Int - Fixed Inc Securities	0.00	-79,223.04	-116,113.55
4885 - Realized Losses	-2,429,079.80	-3,629,572.01	-1,030,322.02
4887 - Unrealized Losses	-5,051,350.27	-1,027,264.13	-258,006.34
1550 - Inc Due & Accrued Prior Year	-397,150.63	-408,177.06	-356,735.81
	<b>-7,877,580.70</b>	<b>-5,144,236.24</b>	<b>-1,761,177.72</b>
<b>NET INVESTMENT INCOME</b>	<b>5,283,349.77</b>	<b>4,887,450.48</b>	<b>9,511,413.64</b>
<b>Income Required :</b>			
Annuity Savings Fund (Supp Schedule)	139,007.64	128,237.83	199,243.59
Annuity Reserve Fund	192,038.02	181,089.31	172,006.64
Expense Fund	383,627.29	323,503.78	289,876.06
Military Service Fund	64.86	0.00	0.00
	<b>714,737.81</b>	<b>632,830.92</b>	<b>661,126.29</b>
<b>TOTAL INCOME REQUIRED</b>	<b>714,737.81</b>	<b>632,830.92</b>	<b>661,126.29</b>
Net Investment Income	<b>5,283,349.77</b>	<b>4,887,450.48</b>	<b>9,511,413.64</b>
Less : Income Required	<b>-714,737.81</b>	<b>-632,830.92</b>	<b>-661,126.29</b>
<b>EXCESS INCOME TO THE PENSION RESERVE FUND</b>	<b>4,568,611.96</b>	<b>4,254,619.56</b>	<b>8,850,287.35</b>

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

**HEADCOUNT STATISTICS**

	Group 1	Group 2+4	Total
<u>ACTIVE MEMBERS</u>			
Active membership, Dec 31, previous yr	587	136	723
Inactive membership, Dec 31, previous yr	94	6	100
Enrolled during the year	82	5	87
Transfers between groups	0	1	1
Reinstatements of disabled members	0	0	0
Subtotal:	763	148	911
Deduct			
Death	0	0	0
Withdrawn	34	0	34
Retirements	10	3	13
Subtotal:	44	3	47
Active Membership, Dec 31, current year	625	139	764
Inactive Membership, Dec 31, Current Yr	94	6	100
*****			
<u>RETIRED MEMBERS, BENEFICIARIES AND SURVIVORS</u>			
Retired, Beneficiary and Survivor			
Membership, Dec. 31, previous Year	242	81	323
Retirements during the year:			
Superannuation	10	1	11
Ordinary disability	1	0	1
Accidental disability	3	2	5
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	0	0
Survivor ben from active membership	1	1	2
Subtotal:	15	4	19
Deduct			
Deaths of retired members	11	3	14
Termination of Survivor Benefits	0	0	0
Reinstatements of disabled pensions	0	0	0
Subtotal:	11	3	14
Retired Membership, Dec.31, curr year			
Superannuation	206	58	264
Ordinary Disability	4	4	8
Accidental Disability	19	15	34
Termination	0	0	0
Beneficiaries from accidental deaths	1	2	3
Beneficiaries from Section 100	1	0	1
Beneficiaries from Section 101	0	0	0
Beneficiaries under Option (c)	14	5	19
Option (d) Survivor Allowance	20	2	22
Section 12B Survivor Allowance	3	2	5
Total Retired, Beneficiary, and Survivor Membership, Dec 31, current year	268	88	356
<u>TOTAL MEMBERSHIP</u>			
Active, Inact, Retired, Beneficiary, and Survivor, Dec. 31, current year	987	233	1220

**Annual Statement of the Andover Contributory Retirement Board  
for the year ended December 31, 2005**

**Schedule A**

**Detail of Accounts Receivable and Accounts Payable**

**Accounts Receivable**

4891 - Members Deductions	100,447.68
4892 - Transfers From Other Systems	14,614.48
4893 - Member Make Up Payments and Redeposits	275.00
4900 - Member Payments from Rollovers	0.00
4898 - 3-(8)(c) Reimbursements From Other Systems	0.00
4899 - Received from Commonwealth for COLA and Survivor Bene	90,864.20
4884 - Profit on Sale of Investments	0.00
4894 - Pension Fund Appropriation - Town	0.00
4894 - Pension Fund Appropriation - AHA	0.00
4890 - Contr Rec'd from municipality on a/c of mil serv	0.00
4897 - Federal Grant Reimbursement	0.00
4895 - Pension Reserve Appropriation	0.00

**Investments Sold but funds not received (list individually)**

4901 - CHECK REC'D FOR WORKERS COMP SETTLEMENT - 4825 MISC I	6,000.00
4902 -	0.00
4903 -	0.00
4904 -	0.00
4905 -	0.00

**Total Receivables**

**212,201.36**

**Accounts Payable**

5757 - Refunds to Members	0.00
5756 - Transfers to Other Systems	0.00
5750 - Annuities Paid	0.00
5759 - Option B Refunds	0.00
5751 - Pensions Paid	0.00
5755 - 3(8)(c) Reimbursements To Other Systems	0.00
5752 - COLA's Paid	0.00
5753 - Chapter 389 Beneficiary Increase Paid	0.00
4885 - Loss on Sale of Investments	0.00
4890 - Return to Municipality For Members who withdrew funds	0.00
5118 - Board Member Stipend	0.00
5119 - Salaries	0.00
5304 - Management Fees	37,147.51
5305 - Custodial Fees	1,647.34
5307 - Consultant Fees	0.00
5308 - Legal Expenses	555.50
5309 - Medical Expenses	0.00
5589 - Administrative Expenses	41.96
5599 - Furniture and Equipment	0.00
5719 - Travel	0.00

**Investments Purchased but not paid for (list individually)**

5901 -	0.00
5902 -	0.00
5903 -	0.00
5904 -	0.00

**Accounts Payable**

5310 - Fiduciary Insurance	0.00
5311 - Service Contracts	0.00
5312 - Rent Expense	0.00

**Total Payables**

**39,392.31**

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

**SCHEDULE 1**  
**CASH ACCOUNT ACTIVITY DURING YEAR**

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	BOOK VALUE AT END OF <u>PREVIOUS YEAR</u>	TOTAL DEPOSITS/WITHDRAWALS <u>THIS YEAR</u>	BOOK VALUE AT END OF YEAR	INCOME RECEIVED <u>THIS YEAR</u>	INCOME DUE AND ACCRUED <u>AT YEAR END</u>
3Q01	8611249M9	STATE STREET BANK STIF	2,299,627.83	(2,241,123.22)	58,504.61	12,529.09	201.67
1040		BANK OF AMERICA	35,280.14	186,289.62	221,569.76	19,124.29	0.00
1042	111111111	MMDT	304,610.21	(196,381.49)	108,228.72	3,618.51	0.00
SCHEDULE TOTALS			2,639,518.18	(2,251,215.09)	388,303.09	35,271.89	201.67

**ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005**SCHEDULE 2A  
SHORT TERM SECURITIES OWNED AT END OF YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>PRICE</u>	<u>MARKET VALUE AT END OF YEAR</u>	<u>CHANGE IN MARKET VALUE INCR/DECR</u>	<u>INTEREST RECEIVED DURING YEAR</u>	<u>INTEREST DUE AND ACCRUED AT YEAR END</u>
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## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 28  
SHORT TERM SECURITIES PURCHASED DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>PAR VALUE</u>	<u>TRADE</u> <u>DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>ACCRUED</u> <u>INT PAID</u>	<u>COST INCLUDING</u> <u>COMMISSION BUT</u> <u>EXCLUDING INT</u>
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ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 2C  
SHORT TERM SECURITIES SOLD DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>TRADE DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>PROCEEDS FROM SALE</u>	<u>BOOK VALUE</u>	<u>PROFIT/LOSS ON SALE</u>	<u>INTEREST RECEIVED DURING YEAR</u>
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## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 3A  
FIXED INCOME SECURITIES OWNED AT END OF YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>PRICE</u>	<u>MARKET VALUE AT END OF YEAR</u>	<u>CHANGE IN MARKET VALUE INCR/DECR</u>	<u>INTEREST RECEIVED DURING YEAR</u>	<u>INTEREST DUE AND ACCRUED AT YEAR END</u>
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**ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005**

SCHEDULE 3B  
FIXED INCOME SECURITIES PURCHASED DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>TRADE DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>ACCRUED INT. PAID</u>	<u>COST INCLUDING COMMISSION BUT EXCLUDING INT</u>
3Q01	125581AQ1	CIT GROUP INC NEW	4.250	02/01/10	200,000.000	01/25/05	DEUTSCHE BANK SECURITIES INC	0.00	0.00	199,084.00

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 3C  
FIXED INCOME SECURITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	INTEREST RECEIVED DURING YEAR
3Q01	00209AAD8	AT + T WIRELESS SVCS INC	7.350	03/01/06	400,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	415,359.99	419,631.04	(4,271.05)	13,638.33
3Q01	002824AM2	ABBOTT LABS	5.625	07/01/06	200,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	205,464.00	207,256.02	(1,792.02)	7,062.50
3Q01	013817AF8	ALCOA INC	6.000	01/15/12	300,000.000	02/14/05	SSCM LLC	0.00	327,837.00	327,641.46	195.54	10,600.00
3Q01	057224AJ6	BAKER HUGHES INC	6.250	01/15/09	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	323,094.22	325,466.22	(2,372.00)	11,093.75
3Q01	060505AG9	BANK AMER CORP	7.400	01/15/11	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	230,647.30	232,744.32	(2,097.02)	8,756.67
3Q01	06423AAR4	BANK ONE CORP	4.125	09/01/07	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	301,600.06	303,003.48	(1,403.42)	5,740.63
3Q01	097014AE4	BOEING CAP CORP	5.650	05/15/06	100,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	102,595.74	103,239.96	(644.22)	1,459.58
3Q01	097023AU9	BOEING CO	6.125	02/15/33	150,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	168,638.24	162,525.29	6,112.95	4,670.31
3Q01	12189TAV6	BURLINGTON NORTHN SANTA FE	4.300	07/01/13	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	194,463.99	193,550.66	913.33	5,422.78
3Q01	125581AK4	CIT GROUP INC NEW	5.125	09/30/14	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	303,199.59	300,922.47	2,277.12	6,320.83
3Q01	125581AQ1	CIT GROUP INC NEW	4.250	02/01/10	200,000.000	02/23/05	SSCM LLC	0.00	198,000.00	199,084.00	(1,084.00)	566.67
3Q01	158525AR6	CHAMPION INTL CORP	7.350	11/01/25	200,000.000	02/14/05	SSCM LLC	0.00	239,012.00	223,127.88	15,884.12	4,328.33
3Q01	168863AS7	CHILE REP	5.500	01/15/13	150,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	157,406.52	157,665.51	(258.99)	4,881.25
3Q01	172967BU4	CITIGROUP INC	5.875	02/22/33	400,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	420,657.10	406,777.84	13,879.26	11,488.89
3Q01	20030NAA9	COMCAST CORP	5.850	01/15/10	375,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	398,802.68	400,831.24	(2,028.56)	12,979.69
3Q01	208251AE8	CONOCO INC	6.950	04/15/29	200,000.000	02/14/05	SSCM LLC	0.00	249,512.00	236,921.94	12,590.06	4,710.56
3Q01	21867VAA7	CORE INVT GRADE BD TR I	4.727	11/30/07	400,000.000	02/14/05	SSCM LLC	0.00	406,432.00	409,264.00	(2,832.00)	4,044.21
3Q01	22541LAF0	CREDIT SUISSE FIRST BOSTON USA	4.625	01/15/08	250,000.000	02/14/05	SSCM LLC	0.00	254,387.50	256,317.83	(1,930.33)	6,809.03
3Q01	233835AU1	DAIMLER CHRYSLER NORTH AMER	4.750	01/15/08	450,000.000	02/14/05	SSCM LLC	0.00	455,868.00	460,242.90	(4,374.90)	12,587.50
3Q01	25243YAA7	DIAGEO CAP PLC	6.125	08/15/05	300,000.000	02/14/05	SSCM LLC	0.00	304,164.00	305,839.32	(1,675.32)	9,289.58
3Q01	25746UAJ8	DOMINION RES INC VA NEW	6.250	06/30/12	250,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	272,525.26	272,434.65	90.61	2,083.33
3Q01	268766BF8	EOP OPER LTD PARTNERSHIP	6.800	01/15/09	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	217,299.43	218,783.44	(1,484.01)	8,046.67
3Q01	3128X2WN1	FEDERAL HOME LOAN MTG CORP	2.850	02/23/07	700,000.000	01/06/05	FIDELITY CAPITAL MARKETS	0.00	689,937.50	692,082.65	(2,145.15)	11,582.08
3Q01	3128X2WN1	FEDERAL HOME LOAN MTG CORP	2.850	02/23/07	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	294,775.29	296,606.85	(1,831.56)	0.00
3Q01	3133MEUC3	FEDERAL HOME LN BKS	5.750	05/15/08	900,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	947,337.66	956,450.70	(9,113.04)	13,368.75
3Q01	3133MYCH8	FEDERAL HOME LN BKS	2.250	05/15/06	1,000,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	986,819.90	988,307.50	(1,487.60)	5,812.50
3Q01	3133X1XC6	FEDERAL HOME LN BKS	3.625	11/14/08	750,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	744,052.50	747,955.28	(3,902.78)	6,872.40
3Q01	3133X2UX1	FEDERAL HOME LN BKS	2.250	12/15/05	600,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	594,960.00	595,898.46	(938.46)	2,250.00
3Q01	3134A33L8	FEDERAL HOME LN MTG CORP	7.000	03/15/10	500,000.000	01/06/05	FIDELITY CAPITAL MARKETS	0.00	568,115.00	570,616.05	(2,501.05)	10,888.89
3Q01	3134A4UQ5	FEDERAL HOME LN MTG CORP	3.375	04/15/09	550,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	540,817.58	542,287.24	(1,469.66)	6,342.19
3Q01	31359MEV1	FEDERAL NATL MTG ASSN	6.375	06/15/09	400,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	437,892.00	441,143.28	(3,251.28)	4,250.00
3Q01	31359MGM9	FEDERAL NATL MTG ASSN	6.000	12/15/05	300,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	306,603.00	308,513.79	(1,910.79)	3,000.00
3Q01	31359MJX2	FEDERAL NATL MTG ASSN	5.250	06/15/06	500,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	511,640.00	514,613.90	(2,973.90)	4,375.00
3Q01	31359MRL9	FEDERAL NATL MTG ASSN	2.250	05/15/06	1,000,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	985,810.00	988,148.80	(2,338.80)	5,625.00
3Q01	345397TZ6	FORD MTR CR CO	7.000	10/01/13	450,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	472,657.50	474,598.26	(1,940.76)	11,900.00
3Q01	35177PAL1	FRANCE TELECOM SA	1.000	03/01/31	250,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	350,072.50	336,408.33	13,664.17	10,663.19
3Q01	362320AZ6	GTE CORP	6.840	04/15/18	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	338,073.35	337,021.74	1,051.61	7,011.00
3Q01	369604AY9	GENERAL ELEC CO	5.000	02/01/13	250,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	258,397.50	256,972.08	1,425.42	6,805.56
3Q01	36962GUL6	GENERAL ELEC CAP CORP MTN	7.375	01/19/10	300,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	342,075.00	344,028.03	(1,953.03)	12,783.33
3Q01	370425RP7	GENERAL MTRS ACCEP CORP	7.750	01/19/10	250,000.000	01/25/05	CHASE SECURITIES INC	0.00	262,805.00	267,960.80	(5,155.80)	10,171.88
3Q01	370425RT9	GENERAL MTRS ACCEP CORP	6.750	01/15/06	300,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	306,261.00	308,487.15	(2,226.15)	11,925.00
3Q01	38141GDK7	GOLDMAN SACHS GROUP INC	4.750	07/15/13	250,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	250,272.50	248,724.73	1,547.77	6,993.06
3Q01	441812KA1	HOUSEHOLD FIN CORP	6.375	11/27/12	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	331,701.80	330,942.45	759.35	4,303.13
3Q01	4581X0AA6	INTER AMERN DEV BK GLOBAL MTN	5.375	01/18/06	700,000.000	02/14/05	SSCM LLC	0.00	712,285.00	718,274.69	(5,989.69)	21,843.40
3Q01	459056QK6	INTL BK FOR RECON + DEV	4.375	09/28/06	150,000.000	02/14/05	SSCM LLC	0.00	152,007.07	153,140.76	(1,133.69)	2,533.78

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 3C  
FIXED INCOME SECURITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	INTEREST RECEIVED DURING YEAR
3Q01	46625HAT7	J P MORGAN CHASE + CO	5.750	01/02/13	350,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	375,060.00	373,925.23	1,134.77	12,578.13
3Q01	500630BH0	KOREA DEV BK	3.875	03/02/09	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	294,215.99	295,627.50	(1,411.51)	5,360.42
3Q01	524908DD9	LEHMAN BROS HLDGS INC	6.250	05/15/06	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	309,879.96	312,373.17	(2,493.21)	4,843.75
3Q01	539830AF6	LOCKHEED MARTIN CORP	7.750	05/01/26	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	384,694.51	373,390.62	11,303.89	6,910.42
3Q01	59018YTZ4	MERRILL LYNCH + CO INC	5.450	07/15/14	300,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	314,475.00	311,668.32	2,806.68	9,446.66
3Q01	61744AAN0	MORGAN STANLEY + CO INC	4.250	05/15/10	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	298,214.63	299,430.24	(1,215.61)	3,293.75
3Q01	637432CQ6	NATIONAL RURAL UTILS COOP FIN	6.000	05/15/06	400,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	411,400.00	414,666.08	(3,266.08)	6,133.33
3Q01	652478BW7	NEWS AMER HLDGS INC	7.375	10/17/08	200,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	220,862.00	222,716.82	(1,854.82)	4,916.67
3Q01	655844AP3	NORFOLK SOUTHN CORP	6.750	02/15/11	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	335,705.05	337,543.41	(1,838.36)	10,293.75
3Q01	713409AC4	PEPSI BOTTLING GROUP INC	7.000	03/01/29	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	372,598.89	359,946.78	12,652.11	9,741.67
3Q01	718507BQ8	PHILLIPS PETE CO	8.750	05/25/10	400,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	483,820.00	485,245.76	(1,425.76)	7,972.22
3Q01	78387GAF0	SBC COMMUNICATIONS INC	5.750	05/02/06	200,000.000	02/14/05	SSB BANK PORTFOLIO	0.00	204,662.00	206,672.50	(2,010.50)	3,354.17
3Q01	844741AV0	SOUTHWEST AIRLS CO	6.500	03/01/12	250,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	273,819.36	273,644.73	174.63	7,538.19
3Q01	857477AB9	STATE STR CORP	7.650	06/15/10	300,000.000	02/22/05	SSCM LLC	0.00	344,715.00	346,559.58	(1,844.58)	4,462.50
3Q01	87612EAD8	TARGET CORP	5.500	04/01/07	400,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	414,103.79	417,611.44	(3,507.65)	8,372.22
3Q01	887315BN8	TIME WARNER INC	6.625	05/15/29	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	221,842.31	215,340.52	6,501.79	3,422.92
3Q01	91086QAK4	UNITED MEXICAN STATES	6.375	01/16/13	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	321,900.04	319,500.00	2,400.04	11,262.50
3Q01	912810ED6	UNITED STATES TREAS BDS	8.125	08/15/19	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	276,918.00	273,281.24	3,636.76	8,259.67
3Q01	912810EP9	UNITED STATES TREAS BDS	7.125	02/15/23	200,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	260,764.01	254,937.50	5,826.51	7,243.09
3Q01	912810EQ7	UNITED STATES TREAS BDS	6.250	08/15/23	200,000.000	01/06/05	FIDELITY CAPITAL MARKETS	0.00	232,906.20	233,937.50	(1,031.30)	4,925.27
3Q01	912810EV6	UNITED STATES TREAS BDS	6.875	08/15/25	300,000.000	02/14/05	STATE STREET BANK + TRUST IPA	0.00	393,703.13	377,578.14	16,124.99	10,312.50
3Q01	912810FP8	UNITED STATES TREAS BDS	5.375	02/15/31	950,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	1,065,481.98	1,026,890.63	38,591.35	25,954.42
3Q01	912828BY5	UNITED STATES TREAS NTS	2.250	02/15/07	500,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	489,269.98	491,523.45	(2,253.47)	5,718.23
3Q01	912828CJ7	UNITED STATES TREAS NTS	4.750	05/15/14	900,000.000	01/06/05	FIDELITY CAPITAL MARKETS	0.00	933,187.50	937,687.50	(4,500.00)	6,258.98
3Q01	92976FAA1	WACHOVIA BK NATL ASSN	4.850	07/30/07	400,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	409,338.65	412,360.40	(3,021.75)	10,670.00
3Q01	931142BF9	WAL MART STORES INC	7.550	02/15/30	300,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	400,004.61	388,338.27	11,666.34	11,513.75
3Q01	962166AX2	WEYERHAEUSER CO	6.000	08/01/06	400,000.000	02/17/05	SSB BANK PORTFOLIO	0.00	413,515.42	415,818.16	(2,302.74)	13,133.33
SCHEDULE TOTALS								0.00	27,989,393.28	27,920,670.48	68,722.80	561,773.74
											TOTAL PROFIT	183,211.17
											TOTAL LOSS	114,488.37

**ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005**SCHEDULE 4A  
EQUITIES OWNED AT END OF YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>SHARES</u>	<u>PRICE PER SHARE</u>	<u>MARKET VALUE AT END OF YEAR</u>	<u>CHANGE IN MARKET VALUE INCR/DECR</u>	<u>DIVIDENDS RECEIVED DURING YEAR</u>
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## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4B  
EQUITIES PURCHASED DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	COST INCLUDING COMMISSION
3Q01	002824100	ABBOTT LABS	1,500.000	02/11/05	INTERNAL SWAP DVP	0.00	69,300.00
3Q01	002824100	ABBOTT LABS	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	13,607.46
3Q01	00724F101	ADOBE SYS INC	650.000	01/05/05	LEHMAN BROTHERS INC	13.00	39,041.80
3Q01	00817Y108	AETNA INC	230.000	01/05/05	LEHMAN BROTHERS INC	4.60	28,150.28
3Q01	013817101	ALCOA INC	2,110.000	01/05/05	LEHMAN BROTHERS INC	42.20	63,359.71
3Q01	02209S103	ALTRIA GROUP INC	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	26,564.60
3Q01	02209S103	ALTRIA GROUP INC	2,000.000	02/11/05	INTERNAL SWAP DVP	0.00	132,400.00
3Q01	023139108	AMBAC FINL GROUP INC	540.000	01/05/05	LEHMAN BROTHERS INC	10.80	44,465.49
3Q01	025816109	AMERICAN EXPRESS CO	1,300.000	01/05/05	LEHMAN BROTHERS INC	26.00	71,133.27
3Q01	026874107	AMERICAN INTL GROUP INC	1,520.000	01/05/05	LEHMAN BROTHERS INC	30.40	102,152.51
3Q01	031162100	AMGEN INC	1,300.000	02/11/05	EXTERNAL SWAP	0.00	82,446.00
3Q01	031162100	AMGEN INC	200.000	02/11/05	STATE STREET BROKERAGE SER'	4.00	12,598.20
3Q01	032654105	ANALOG DEVICES INC	640.000	01/05/05	LEHMAN BROTHERS INC	12.80	22,631.81
3Q01	054303102	AVON PRODS INC	1,220.000	01/05/05	LEHMAN BROTHERS INC	24.40	45,724.50
3Q01	057224107	BAKER HUGHES INC	610.000	01/05/05	LEHMAN BROTHERS INC	12.20	25,214.17
3Q01	060505104	BANK AMER CORP	2,350.000	01/05/05	LEHMAN BROTHERS INC	47.00	107,296.07
3Q01	067774109	BARNES + NOBLE INC	3,960.000	01/14/05	LEHMAN BROTHERS INC	198.00	125,227.87
3Q01	067774109	BARNES + NOBLE INC	2,630.000	01/18/05	LEHMAN BROTHERS INC	131.50	84,574.75
3Q01	067774109	BARNES + NOBLE INC	1,010.000	01/19/05	LEHMAN BROTHERS INC	50.50	33,159.21
3Q01	067774109	BARNES + NOBLE INC	3,500.000	01/20/05	LEHMAN BROTHERS INC	175.00	113,287.65
3Q01	067774109	BARNES + NOBLE INC	3,460.000	01/21/05	LEHMAN BROTHERS INC	173.00	110,098.24
3Q01	110122108	BRISTOL MYERS SQUIBB CO	770.000	01/05/05	LEHMAN BROTHERS INC	15.40	19,210.65
3Q01	126650100	CVS CORP	1,060.000	01/05/05	LEHMAN BROTHERS INC	21.20	47,635.87
3Q01	14040H105	CAPITAL ONE FINL CORP	6,120.000	01/13/05	CITATION GROUP	306.00	505,151.53
3Q01	14040H105	CAPITAL ONE FINL CORP	1,440.000	01/21/05	CREDIT SUISSE FIRST BOSTON CI	72.00	113,824.94
3Q01	143658300	CARNIVAL CORP	1,070.000	01/05/05	LEHMAN BROTHERS INC	21.40	61,128.14
3Q01	149123101	CATERPILLAR INC	300.000	01/05/05	LEHMAN BROTHERS INC	6.00	28,040.34
3Q01	149123101	CATERPILLAR INC	3,010.000	01/19/05	GOLDMAN SACHS + CO	150.50	277,767.62
3Q01	159864107	CHARLES RIV LABORATORIES INTL	2,270.000	01/24/05	BANC/AMERICA SECUR.LLC MONT	113.50	101,651.74
3Q01	159864107	CHARLES RIV LABORATORIES INTL	520.000	01/25/05	LIQUIDNETINC	10.40	23,353.20
3Q01	159864107	CHARLES RIV LABORATORIES INTL	3,300.000	01/25/05	BANC/AMERICA SECUR.LLC MONT	165.00	148,471.95
3Q01	159864107	CHARLES RIV LABORATORIES INTL	560.000	01/27/05	BANC/AMERICA SECUR.LLC MONT	28.00	26,322.97
3Q01	159864107	CHARLES RIV LABORATORIES INTL	2,450.000	01/28/05	BANC/AMERICA SECUR.LLC MONT	122.50	115,083.61
3Q01	159864107	CHARLES RIV LABORATORIES INTL	590.000	01/31/05	BANC/AMERICA SECUR.LLC MONT	29.50	27,709.06
3Q01	159864107	CHARLES RIV LABORATORIES INTL	420.000	02/01/05	BANC/AMERICA SECUR.LLC MONT	21.00	20,039.04
3Q01	166764100	CHEVRONTXACO CORP	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	23,154.08
3Q01	166764100	CHEVRONTXACO CORP	2,000.000	02/11/05	INTERNAL SWAP DVP	0.00	116,320.00

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4B  
EQUITIES PURCHASED DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>SHARES</u>	<u>TRADE DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>COST INCLUDING COMMISSION</u>
3Q01	17275R102	CISCO SYS INC	4,000.000	01/05/05	LEHMAN BROTHERS INC	80.00	74,651.60
3Q01	172967101	CITIGROUP INC	2,620.000	01/05/05	LEHMAN BROTHERS INC	52.40	127,173.75
3Q01	189754104	COACH INC	1,100.000	01/05/05	LEHMAN BROTHERS INC	22.00	59,877.51
3Q01	191216100	COCA COLA CO	2,200.000	02/11/05	INTERNAL SWAP DVP	0.00	94,072.00
3Q01	191216100	COCA COLA CO	600.000	02/11/05	STATE STREET BROKERAGE SER'	12.00	25,603.62
3Q01	20030N101	COMCAST CORP NEW	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	12,665.00
3Q01	20030N101	COMCAST CORP NEW	2,100.000	02/11/05	EXTERNAL SWAP	0.00	66,213.00
3Q01	20825C104	CONOCOPHILLIPS	440.000	01/05/05	LEHMAN BROTHERS INC	8.80	36,748.27
3Q01	228227104	CROWN CASTLE INTL CORP	2,570.000	01/05/05	LEHMAN BROTHERS INC	51.40	42,256.45
3Q01	244199105	DEERE + CO	680.000	01/05/05	LEHMAN BROTHERS INC	13.60	48,540.30
3Q01	24702R101	DELL INC	2,050.000	01/05/05	LEHMAN BROTHERS INC	41.00	83,239.84
3Q01	254687106	DISNEY WALT CO	2,000.000	02/11/05	INTERNAL SWAP DVP	0.00	58,680.00
3Q01	254687106	DISNEY WALT CO	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	11,681.16
3Q01	260543103	DOW CHEM CO	1,220.000	01/05/05	LEHMAN BROTHERS INC	24.40	58,746.90
3Q01	268648102	EMC CORP	3,600.000	01/05/05	LEHMAN BROTHERS INC	72.00	50,900.04
3Q01	26874Q100	ENSCO INTL INC	5,360.000	01/21/05	CITATION GROUP	268.00	180,786.90
3Q01	26874Q100	ENSCO INTL INC	4,700.000	01/28/05	LEHMAN BROTHERS INC	235.00	158,359.45
3Q01	278058102	EATON CORP	630.000	01/05/05	LEHMAN BROTHERS INC	12.60	43,444.74
3Q01	278642103	EBAY INC	330.000	01/05/05	LEHMAN BROTHERS INC	6.60	36,768.20
3Q01	278642103	EBAY INC	1,340.000	01/24/05	GOLDMAN SACHS + CO	67.00	112,367.44
3Q01	278642103	EBAY INC	2,500.000	01/31/05	UBS SECURITIES LLC	125.00	205,197.50
3Q01	30231G102	EXXON MOBIL CORP	2,190.000	01/05/05	LEHMAN BROTHERS INC	43.80	108,800.73
3Q01	313586109	FEDERAL NATL MTG ASSN	700.000	02/11/05	EXTERNAL SWAP	0.00	43,694.00
3Q01	313586109	FEDERAL NATL MTG ASSN	200.000	02/11/05	STATE STREET BROKERAGE SER'	4.00	12,315.40
3Q01	313586109	FEDERAL NATL MTG ASSN	200.000	02/11/05	EXTERNAL SWAP	0.00	12,484.00
3Q01	354613101	FRANKLIN RES INC	740.000	01/05/05	LEHMAN BROTHERS INC	14.80	50,912.67
3Q01	369604103	GENERAL ELEC CO	3,580.000	01/05/05	LEHMAN BROTHERS INC	71.60	129,375.83
3Q01	375766102	GILLETTE CO	1,330.000	01/05/05	LEHMAN BROTHERS INC	26.60	58,511.36
3Q01	38141G104	GOLDMAN SACHS GROUP INC	370.000	01/05/05	LEHMAN BROTHERS INC	7.40	38,588.93
3Q01	406216101	HALLIBURTON CO	1,500.000	01/05/05	LEHMAN BROTHERS INC	30.00	56,131.65
3Q01	412822108	HARLEY DAVIDSON INC	860.000	01/05/05	LEHMAN BROTHERS INC	17.20	51,372.70
3Q01	428236103	HEWLETT PACKARD CO	500.000	02/11/05	STATE STREET BROKERAGE SER'	10.00	10,631.75
3Q01	428236103	HEWLETT PACKARD CO	3,000.000	02/11/05	INTERNAL SWAP DVP	0.00	63,900.00
3Q01	437076102	HOME DEPOT INC	2,100.000	02/11/05	INTERNAL SWAP DVP	0.00	89,901.00
3Q01	437076102	HOME DEPOT INC	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	16,914.24
3Q01	458140100	INTEL CORP	1,100.000	02/11/05	STATE STREET BROKERAGE SER'	22.00	25,894.33
3Q01	458140100	INTEL CORP	6,100.000	02/11/05	INTERNAL SWAP DVP	0.00	147,437.00

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4B  
EQUITIES PURCHASED DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	COST INCLUDING COMMISSION
3Q01	459200101	INTERNATIONAL BUSINESS MACHS	1,600.000	02/11/05	INTERNAL SWAP DVP	0.00	149,280.00
3Q01	459200101	INTERNATIONAL BUSINESS MACHS	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	27,874.29
3Q01	46625H100	JPMORGAN CHASE + CO	2,900.000	02/11/05	EXTERNAL SWAP	0.00	108,692.00
3Q01	46625H100	JPMORGAN CHASE + CO	600.000	02/11/05	STATE STREET BROKERAGE SER'	12.00	22,390.02
3Q01	46625H100	JPMORGAN CHASE + CO	600.000	02/11/05	INTERNAL SWAP DVP	0.00	22,488.00
3Q01	478160104	JOHNSON + JOHNSON	1,870.000	01/05/05	LEHMAN BROTHERS INC	37.40	117,711.83
3Q01	500255104	KOHL'S CORP	930.000	01/05/05	LEHMAN BROTHERS INC	18.60	44,408.62
3Q01	502424104	L 3 COMMUNICATIONS HLDG CORP	630.000	01/05/05	LEHMAN BROTHERS INC	12.60	43,255.61
3Q01	532457108	LILLY ELI + CO	800.000	02/11/05	STATE STREET BROKERAGE SER'	16.00	44,408.24
3Q01	532457108	LILLY ELI + CO	500.000	02/11/05	INTERNAL SWAP DVP	0.00	27,750.00
3Q01	579780206	MCCORMICK + CO INC	1,350.000	01/05/05	LEHMAN BROTHERS INC	27.00	50,912.15
3Q01	585055106	MEDTRONIC INC	1,200.000	02/11/05	INTERNAL SWAP DVP	0.00	64,104.00
3Q01	585055106	MEDTRONIC INC	200.000	02/11/05	STATE STREET BROKERAGE SER'	4.00	10,615.48
3Q01	589331107	MERCK + CO INC	400.000	02/11/05	STATE STREET BROKERAGE SER'	8.00	11,547.00
3Q01	589331107	MERCK + CO INC	2,100.000	02/11/05	EXTERNAL SWAP	0.00	61,341.00
3Q01	590188108	MERRILL LYNCH + CO INC	1,050.000	01/05/05	LEHMAN BROTHERS INC	21.00	61,318.32
3Q01	594918104	MICROSOFT CORP	5,400.000	01/05/05	LEHMAN BROTHERS INC	108.00	145,720.08
3Q01	617446448	MORGAN STANLEY	1,000.000	02/11/05	INTERNAL SWAP DVP	0.00	60,320.00
3Q01	617446448	MORGAN STANLEY	200.000	02/11/05	STATE STREET BROKERAGE SER'	4.00	11,821.52
3Q01	620076109	MOTOROLA INC	2,650.000	01/05/05	LEHMAN BROTHERS INC	53.00	44,114.55
3Q01	65248E104	NEWS CORP	2,440.000	01/05/05	LEHMAN BROTHERS INC	48.80	44,622.48
3Q01	65332V103	NEXTEL COMMUNICATIONS INC	2,490.000	01/05/05	LEHMAN BROTHERS INC	49.80	73,855.64
3Q01	654106103	NIKE INC	870.000	01/05/05	LEHMAN BROTHERS INC	17.40	77,836.03
3Q01	67066G104	NVIDIA CORP	1,990.000	01/05/05	LEHMAN BROTHERS INC	39.80	44,734.01
3Q01	674599105	OCCIDENTAL PETE CORP	450.000	01/05/05	LEHMAN BROTHERS INC	9.00	25,048.31
3Q01	68389X105	ORACLE CORP	800.000	02/11/05	STATE STREET BROKERAGE SER'	16.00	10,543.68
3Q01	68389X105	ORACLE CORP	5,100.000	02/11/05	INTERNAL SWAP DVP	0.00	67,881.00
3Q01	713448108	PEPSICO INC	1,600.000	02/11/05	INTERNAL SWAP DVP	0.00	88,160.00
3Q01	713448108	PEPSICO INC	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	16,525.47
3Q01	716768106	PETSMART INC	960.000	01/05/05	LEHMAN BROTHERS INC	19.20	32,796.29
3Q01	717081103	PFIZER INC	2,520.000	01/05/05	LEHMAN BROTHERS INC	50.40	66,531.02
3Q01	74005P104	PRAXAIR INC	570.000	01/05/05	LEHMAN BROTHERS INC	11.40	24,434.53
3Q01	742718109	PROCTER AND GAMBLE CO	2,040.000	01/05/05	LEHMAN BROTHERS INC	40.80	113,506.82
3Q01	747525103	QUALCOMM INC	1,550.000	01/05/05	LEHMAN BROTHERS INC	31.00	65,786.19
3Q01	747525103	QUALCOMM INC	2,500.000	01/31/05	BEAR STEARNS + CO INC	125.00	93,247.50
3Q01	78387G103	SBC COMMUNICATIONS INC	500.000	02/11/05	STATE STREET BROKERAGE SER'	10.00	12,044.55
3Q01	78387G103	SBC COMMUNICATIONS INC	3,300.000	02/11/05	EXTERNAL SWAP	0.00	80,058.00

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4B  
EQUITIES PURCHASED DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>SHARES</u>	<u>TRADE DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>COST INCLUDING COMMISSION</u>
3Q01	873168108	TXU CORP	920.000	01/05/05	LEHMAN BROTHERS INC	18.40	57,953.65
3Q01	882508104	TEXAS INSTRS INC	1,570.000	01/05/05	LEHMAN BROTHERS INC	31.40	36,245.96
3Q01	88579Y101	3M CO	800.000	01/05/05	LEHMAN BROTHERS INC	16.00	65,217.28
3Q01	887317105	TIME WARNER INC NEW	2,850.000	01/05/05	LEHMAN BROTHERS INC	57.00	54,333.54
3Q01	902124106	TYCO INTL LTD	2,350.000	01/05/05	LEHMAN BROTHERS INC	47.00	83,548.38
3Q01	902973304	US BANCORP DEL	1,800.000	02/11/05	INTERNAL SWAP DVP	0.00	54,540.00
3Q01	902973304	US BANCORP DEL	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	9,058.23
3Q01	911312106	UNITED PARCEL SVC INC	600.000	02/11/05	STATE STREET BROKERAGE SER'	12.00	45,143.64
3Q01	911312106	UNITED PARCEL SVC INC	700.000	02/11/05	INTERNAL SWAP DVP	0.00	52,640.00
3Q01	91324P102	UNITEDHEALTH GROUP INC	560.000	01/05/05	LEHMAN BROTHERS INC	11.20	48,607.22
3Q01	92343V104	VERIZON COMMUNICATIONS	3,200.000	02/11/05	STATE STREET BROKERAGE SER'	64.00	115,328.00
3Q01	925524308	VIACOM INC	1,700.000	02/11/05	EXTERNAL SWAP	0.00	63,648.00
3Q01	925524308	VIACOM INC	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	11,162.19
3Q01	929903102	WACHOVIA CORP 2ND NEW	1,500.000	01/05/05	LEHMAN BROTHERS INC	30.00	78,123.30
3Q01	931142103	WAL MART STORES INC	760.000	01/05/05	LEHMAN BROTHERS INC	15.20	40,576.17
3Q01	931142103	WAL MART STORES INC	300.000	02/11/05	STATE STREET BROKERAGE SER'	6.00	15,667.98
3Q01	931142103	WAL MART STORES INC	1,800.000	02/11/05	INTERNAL SWAP DVP	0.00	93,780.00
3Q01	941848103	WATERS CORP	2,080.000	01/11/05	LEERINK SWANN AND COMPANY	104.00	97,839.87
3Q01	941848103	WATERS CORP	5,550.000	01/12/05	LEERINK SWANN AND COMPANY	277.50	266,695.26
3Q01	941848103	WATERS CORP	2,230.000	01/13/05	LEERINK SWANN AND COMPANY	111.50	108,884.66
3Q01	949746101	WELLS FARGO + CO NEW	1,390.000	01/05/05	LEHMAN BROTHERS INC	27.80	86,747.82
3Q01	983024100	WYETH	460.000	01/05/05	LEHMAN BROTHERS INC	9.20	19,239.64
SCHEDULE TOTALS						5,075.40	9,084,802.61



## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4C  
EQUITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	DIVIDENDS RECEIVED DURING YEAR
3Q01	002824100	ABBOTT LABS	1,800.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	84,294.00	82,907.46	1,386.54	0.00
3Q01	00724F101	ADOBE SYS INC	8,550.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	552,330.00	534,687.80	17,642.20	98.75
3Q01	00817Y108	AETNA INC	3,000.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	421,650.00	373,707.78	47,942.22	0.00
3Q01	013817101	ALCOA INC	9,340.000	01/19/05	UBS SECURITIES LLC	467.00	273,972.40	292,470.87	(18,498.47)	2,746.50
3Q01	013817101	ALCOA INC	18,310.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	560,286.00	573,355.64	(13,069.64)	0.00
3Q01	02209S103	ALTRIA GROUP INC	2,400.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	157,224.00	158,964.60	(1,740.60)	0.00
3Q01	023139108	AMBAC FINL GROUP INC	3,280.000	01/13/05	MORGAN STANLEY CO INCORPOR	164.00	262,821.68	269,439.89	(6,618.21)	0.00
3Q01	023139108	AMBAC FINL GROUP INC	3,790.000	01/14/05	MORGAN STANLEY CO INCORPOR	189.50	302,528.31	311,334.50	(8,806.19)	0.00
3Q01	025816109	AMERICAN EXPRESS CO	17,030.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	930,178.60	957,833.37	(27,654.77)	1,887.60
3Q01	026874107	AMERICAN INTL GROUP INC	19,950.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,408,470.00	1,312,450.61	96,019.39	0.00
3Q01	031162100	AMGEN INC	1,500.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	95,145.00	95,044.20	100.80	0.00
3Q01	032654105	ANALOG DEVICES INC	8,380.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	311,149.40	308,392.61	2,756.79	0.00
3Q01	054303102	AVON PRODS INC	16,040.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	714,421.60	619,258.50	95,163.10	2,646.60
3Q01	057224107	BAKER HUGHES INC	4,320.000	01/21/05	CITIGROUPGLOBAL MARKETS INC	216.00	184,384.05	183,895.10	488.95	0.00
3Q01	057224107	BAKER HUGHES INC	3,690.000	01/28/05	GOLDMAN SACHS + CO	184.50	156,804.33	157,077.07	(272.74)	0.00
3Q01	060505104	BANK AMER CORP	30,870.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,443,789.90	1,447,450.87	(3,660.97)	0.00
3Q01	067774109	BARNES + NOBLE INC	14,560.000	02/11/05	STATE STREET BROKERAGE SER'	291.20	499,684.21	466,347.72	33,336.49	0.00
3Q01	110122108	BRISTOL MYERS SQUIBB CO	10,140.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	243,461.40	259,270.05	(15,808.65)	2,623.60
3Q01	126650100	CVS CORP	13,880.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	678,038.00	625,433.27	52,604.73	1,006.30
3Q01	14040H105	CAPITAL ONE FINL CORP	7,560.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	594,442.80	618,976.47	(24,533.67)	201.60
3Q01	143658300	CARNIVAL CORP	14,100.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	794,535.00	812,047.04	(17,512.04)	2,115.00
3Q01	149123101	CATERPILLAR INC	6,980.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	645,929.20	663,669.66	(17,740.46)	1,627.70
3Q01	159864107	CHARLES RIV LABORATORIES INTL	10,110.000	02/11/05	STATE STREET BROKERAGE SER'	202.20	480,769.26	462,631.57	18,137.69	0.00
3Q01	166764100	CHEVRONTXACO CORP	2,400.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	142,800.00	139,474.08	3,325.92	960.00
3Q01	17275R102	CISCO SYS INC	52,460.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	929,591.20	1,009,929.60	(80,338.40)	0.00
3Q01	172967101	CITIGROUP INC	34,413.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,692,431.34	1,658,960.49	33,470.85	15,141.72
3Q01	189754104	COACH INC	14,430.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	784,992.00	811,689.51	(26,697.51)	0.00
3Q01	191216100	COCA COLA CO	2,800.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	121,240.00	119,675.62	1,564.38	0.00
3Q01	20030N101	COMCAST CORP NEW	2,500.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	82,300.00	78,878.00	3,422.00	0.00
3Q01	20825C104	CONOCOPHILLIPS	5,770.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	601,868.70	499,552.17	102,316.53	2,885.00
3Q01	228227104	CROWN CASTLE INTL CORP	31,050.000	02/11/05	STATE STREET BROKERAGE SER'	621.00	503,651.66	516,204.32	(12,552.66)	0.00
3Q01	228227104	CROWN CASTLE INTL CORP	2,700.000	02/11/05	INTERNAL SWAP DVP	0.00	43,875.00	44,887.33	(1,012.33)	0.00
3Q01	244199105	DEERE + CO	8,880.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	592,296.00	658,620.30	(66,324.30)	2,296.00
3Q01	24702R101	DELL INC	26,960.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,095,924.00	1,132,947.24	(37,023.24)	0.00
3Q01	254687106	DISNEY WALT CO	2,400.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	70,392.00	70,361.16	30.84	0.00
3Q01	260543103	DOW CHEM CO	16,030.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	863,536.10	791,990.00	71,546.10	4,961.35
3Q01	268648102	EMC CORP	47,290.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	622,336.40	700,570.34	(78,233.94)	0.00
3Q01	26874Q100	ENSCO INTL INC	8,960.000	02/11/05	STATE STREET BROKERAGE SER'	179.20	334,915.56	302,062.75	32,852.81	0.00
3Q01	26874Q100	ENSCO INTL INC	1,100.000	02/11/05	INTERNAL SWAP DVP	0.00	41,228.00	37,083.60	4,144.40	0.00
3Q01	278058102	EATON CORP	8,230.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	572,149.60	593,380.74	(21,231.14)	2,551.30
3Q01	278642103	EBAY INC	8,190.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	704,995.20	821,778.74	(116,783.54)	0.00
3Q01	30231G102	EXXON MOBIL CORP	28,700.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,678,376.00	1,467,703.33	210,672.67	7,749.00

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4C  
EQUITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	DIVIDENDS RECEIVED DURING YEAR
3Q01	313586109	FEDERAL NATL MTG ASSN	1,100.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	68,222.00	68,493.40	(271.40)	0.00
3Q01	354613101	FRANKLIN RES INC	2,220.000	01/07/05	LEHMAN BROTHERS INC	111.00	150,628.92	154,478.90	(3,849.98)	894.00
3Q01	354613101	FRANKLIN RES INC	2,740.000	01/10/05	LEHMAN BROTHERS INC	137.00	186,585.11	190,663.15	(4,078.04)	0.00
3Q01	354613101	FRANKLIN RES INC	4,720.000	01/26/05	LEGG MASON WOOD WALKER INC	236.00	307,989.67	328,441.62	(20,451.95)	0.00
3Q01	369604103	GENERAL ELEC CO	46,940.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,700,166.80	1,712,015.83	(11,849.03)	9,539.20
3Q01	375766102	GILLETTE CO	17,410.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	879,379.10	778,573.76	100,805.34	2,829.13
3Q01	38141G104	GOLDMAN SACHS GROUP INC	4,840.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	543,386.80	503,647.73	39,739.07	1,210.00
3Q01	406216101	HALLIBURTON CO	19,650.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	834,339.00	768,337.65	66,001.35	0.00
3Q01	412822108	HARLEY DAVIDSON INC	11,300.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	701,391.00	685,602.70	15,788.30	0.00
3Q01	428236103	HEWLETT PACKARD CO	3,500.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	73,710.00	74,531.75	(821.75)	0.00
3Q01	437076102	HOME DEPOT INC	2,500.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	105,925.00	106,815.24	(890.24)	0.00
3Q01	458140100	INTEL CORP	7,200.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	174,096.00	173,331.33	764.67	0.00
3Q01	459200101	INTERNATIONAL BUSINESS MACHS	1,900.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	179,778.00	177,154.29	2,623.71	0.00
3Q01	46625H100	JPMORGAN CHASE + CO	4,100.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	153,053.00	153,570.02	(517.02)	0.00
3Q01	478160104	JOHNSON + JOHNSON	24,560.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,614,574.40	1,556,711.63	57,862.77	6,999.60
3Q01	500255104	KOHL'S CORP	12,150.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	582,957.00	596,096.02	(13,139.02)	0.00
3Q01	502424104	L 3 COMMUNICATIONS HLDG CORP	8,230.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	603,259.00	599,879.61	3,379.39	0.00
3Q01	532457108	LILLY ELI + CO	1,300.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	72,059.00	72,158.24	(99.24)	0.00
3Q01	579780206	MCCORMICK + CO INC	17,760.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	676,478.40	684,338.15	(7,859.75)	2,625.60
3Q01	585055106	MEDTRONIC INC	1,400.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	72,520.00	74,719.48	(2,199.48)	0.00
3Q01	589331107	MERCK + CO INC	2,500.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	72,550.00	72,888.00	(338.00)	0.00
3Q01	590188108	MERRILL LYNCH + CO INC	13,740.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	828,109.80	819,799.62	8,310.18	2,198.40
3Q01	594918104	MICROSOFT CORP	70,830.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,825,997.40	1,893,355.38	(67,357.98)	5,666.40
3Q01	617446448	MORGAN STANLEY	1,200.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	71,676.00	72,141.52	(465.52)	0.00
3Q01	620076109	MOTOROLA INC	34,740.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	546,460.20	596,062.55	(49,602.35)	1,283.60
3Q01	65248E104	NEWS CORP	32,086.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	543,857.70	597,816.84	(53,959.14)	0.00
3Q01	65332V103	NEXTEL COMMUNICATIONS INC	18,000.000	01/24/05	CITATION GROUP	900.00	511,076.95	539,535.07	(28,458.12)	0.00
3Q01	65332V103	NEXTEL COMMUNICATIONS INC	14,690.000	01/31/05	BEAR STEARNS + CO INC	734.50	422,698.16	440,320.57	(17,622.41)	0.00
3Q01	654106103	NIKE INC	2,510.000	01/07/05	MORGAN STANLEY CO INCORPOR	125.50	220,052.48	227,397.16	(7,344.68)	2,627.50
3Q01	654106103	NIKE INC	8,870.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	757,764.10	803,590.77	(45,826.67)	0.00
3Q01	67066G104	NVIDIA CORP	26,100.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	671,814.00	612,765.61	59,048.39	0.00
3Q01	674599105	OCCIDENTAL PETE CORP	5,940.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	395,604.00	345,444.71	50,159.29	1,509.75
3Q01	68389X105	ORACLE CORP	5,900.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	78,529.00	78,424.68	104.32	0.00
3Q01	713448108	PEPSICO INC	1,900.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	103,626.00	104,685.47	(1,059.47)	0.00
3Q01	716768106	PETSMART INC	12,620.000	02/11/05	STATE STREET BROKERAGE SER	252.40	401,683.89	447,076.09	(45,392.20)	378.60
3Q01	717081103	PFIZER INC	33,020.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	823,849.00	886,676.02	(62,827.02)	6,273.80
3Q01	74005P104	PRAXAIR INC	7,520.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	339,603.20	331,277.03	8,326.17	0.00
3Q01	742718109	PROCTER AND GAMBLE CO	26,810.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,429,241.10	1,477,838.42	(48,597.32)	6,702.50
3Q01	747525103	QUALCOMM INC	22,810.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	822,300.50	954,457.69	(132,157.19)	1,313.20
3Q01	78387G103	SBC COMMUNICATIONS INC	3,800.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	93,138.00	92,102.55	1,035.45	0.00
3Q01	816851109	SEMPRA ENERGY	0.000	00/00/00		0.00	0.00	0.00	0.00	1,580.00
3Q01	873168108	TXU CORP	12,070.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	940,977.20	777,797.65	163,179.55	5,956.88

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4C  
EQUITIES SOLD DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>SHARES</u>	<u>TRADE DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>PROCEEDS FROM SALE</u>	<u>BOOK VALUE</u>	<u>PROFIT/LOSS ON SALE</u>	<u>DIVIDENDS RECEIVED DURING YEAR</u>
3Q01	882508104	TEXAS INSTRS INC	20,550.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	536,149.50	503,533.56	32,615.94	513.75
3Q01	88579Y101	3M CO	3,390.000	01/19/05	GOLDMAN SACHS + CO	169.50	279,085.44	278,075.66	1,009.78	0.00
3Q01	88579Y101	3M CO	7,110.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	617,148.00	583,220.62	33,927.38	0.00
3Q01	887317105	TIME WARNER INC NEW	37,400.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	675,444.00	725,985.54	(50,541.54)	0.00
3Q01	902124106	TYCO INTL LTD	30,870.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,040,627.70	1,102,853.18	(62,225.48)	2,852.00
3Q01	902973304	US BANCORP DEL	2,100.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	62,895.00	63,598.23	(703.23)	0.00
3Q01	911312106	UNITED PARCEL SVC INC	1,300.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	102,531.00	97,783.64	4,747.36	0.00
3Q01	91324P102	UNITEDHEALTH GROUP INC	7,290.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	655,152.30	641,049.12	14,103.18	0.00
3Q01	92343V104	VERIZON COMMUNICATIONS	3,200.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	115,584.00	115,328.00	256.00	0.00
3Q01	925524308	VIACOM INC	2,000.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	74,120.00	74,810.19	(690.19)	0.00
3Q01	929903102	WACHOVIA CORP 2ND NEW	19,720.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,075,528.80	1,036,495.30	39,033.50	0.00
3Q01	931142103	WAL MART STORES INC	12,070.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	634,882.00	636,496.35	(1,614.35)	1,197.30
3Q01	941848103	WATERS CORP	9,860.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	485,506.40	473,419.79	12,086.61	0.00
3Q01	949746101	WELLS FARGO + CO NEW	18,200.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	1,105,832.00	1,131,489.32	(25,657.32)	8,736.00
3Q01	983024100	WYETH	6,030.000	02/16/05	INTERNAL REDEMPTION IN KIND N	0.00	236,376.00	256,465.94	(20,089.94)	1,386.90
3Q01	983024100	SECURITIES LITIGATION INCOME - COLUMBIA/HCA HEALTHCARE				0.00	0.00	0.00	0.00	9.52
3Q01	983024100	SECURITIES LITIGATION INCOME - FRG INFORMATION SYSTEMS				0.00	0.00	0.00	0.00	1,136.90
3Q01	983024100	SECURITIES LITIGATION INCOME - SOFTWARE ASSOCIATES				0.00	0.00	0.00	0.00	94.86
SCHEDULE TOTALS						5,180.50	52,553,176.92	52,394,014.31	159,162.61	127,013.41
									TOTAL PROFIT	1,543,833.10
									TOTAL LOSS	1,384,670.49

**ANNUAL STATEMENT OF THE TOWN OF ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005**

SCHEDULE 5  
POOLED FUND ACTIVITY DURING YEAR

PERAC LEDGER NUMBER	FUND	CUSIP	SECURITY DESCRIPTION	MARKET VALUE AT END OF PREVIOUS YEAR	TOTAL PURCHASES THIS YEAR	REINVESTED INVESTMENT INCOME	REALIZED GAIN	REALIZED LOSS	UNREALIZED GAIN	UNREALIZED LOSS	TOTAL SALES/REDEM THIS YEAR	CASH DISTRIBUTIONS THIS YEAR	FEES PAID	MARKET VALUE AT END OF YEAR
1172	3Q01	02599B918	AMERICAN CENTURY SMALL CO FD	0.00	8,050,000.00	0.00	735,067.31	(754,432.87)	751,221.47	(731,038.02)	0.00	0.00	0.00	8,050,818.09
1181	3Q01	097982960	SSGA BOND MARKET INDEX SL FD	0.00	25,685,088.63	0.00	207,302.63	0.00	0.01	0.00	(24,892,391.27)	(1,000,000.00)	(2,122.84)	0.00
1181	3Q01	433989843	HIT CORE FIXED INCOME FUND	0.00	24,211,082.38	511,592.71	0.00	(170,025.06)	394,691.21	(580,870.65)	0.00	0.00	(37,598.14)	24,367,259.07
1172	3Q01	576990923	SSGA INDEX PLUS SL FUND	0.00	32,926,700.80	0.00	0.00	0.00	1,872,770.08	(944,722.48)	0.00	0.00	(36,999.38)	33,854,748.40
1194	3Q01	74299C991	PRIT CORE REAL ESTATE FUND	4,736,188.73	2,742,922.27	367,629.24	339,638.21	(5,463.21)	1,093,733.82	(498,044.77)	0.00	0.00	(101,588.46)	8,675,015.83
1172	3Q01	78499E970	SSGA S + P FLAGSHIP FUND	0.00	47,516,034.42	0.00	1,010,666.38	0.00	1,946,761.16	(1,946,761.16)	(48,526,700.80)	0.00	(7,490.34)	0.00
1173	3Q01	87399B945	TBC INTL CORE EQUITY FUND	0.00	7,950,000.00	0.00	0.00	0.00	1,478,551.26	(349,913.19)	0.00	0.00	(29,975.25)	9,078,638.07
SCHEDULE TOTALS				4,736,188.73	149,081,828.50	879,221.95	2,292,674.53	(929,920.94)	7,537,729.01	(5,051,350.27)	(73,419,092.07)	(1,000,000.00)	(215,775.41)	64,026,479.46

## ANNUAL STATEMENT OF THE TOWN OF ANDOVER RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2005

## SCHEDULE 6

Category of Investment	Market Value	Interest Due and Accrued	Paid Accrued Interest on Purchases in Current Year	Commissions Paid During Current Year	Unrealized Gains	Unrealized Losses	Realized Gains	Realized Losses	Investment Income Received During Year
1 Cash									
1040 Bank Of America	221,569.76								19,124.29
1042 MMDT	108,228.72								3,618.51
1041 State Street Bank STIF	58,504.61	201.67							12,529.09
2 1100 Short Term Securities									
3 1180 Fixed Income Securities			0.00	0.00	0.00	0.00	183,211.17	(114,488.37)	561,773.74
4 1170 Equities				5,075.40			1,543,833.10	(1,384,670.49)	127,013.41
5a 1101 Pooled Short Term Funds									
5b 1172 Pooled Domestic Equity Funds - SSgA	33,854,748.40				1,872,770.08	(944,722.48)			
1172 Pooled Dom Equity Funds - American Century	8,050,818.09				751,221.47	(731,038.02)	735,067.31	(754,432.67)	
1172 Pooled Dom Eq Funds - SSgA Flagship Fund	0.00				1,946,761.16	(1,946,761.16)	1,010,666.38		
5c 1173 Pooled International Equity Funds TBC Asset Mgmt	9,078,638.07				1,478,551.26	(349,913.19)			
5d 1174 Pooled Global Equity Funds									
5e 1181 Pooled Domestic Fixed Income Funds HIMCO	24,367,259.07				394,691.21	(580,870.65)		(170,025.06)	511,592.71
1181 Pooled Domestic Fixed Inc - SSgA Passive Bonds	0.00				0.01		207,302.63		
5f 1182 Pooled International Fixed Income Funds									
5g 1183 Pooled Global Fixed Income Funds									
5h 1193 Pooled Alternative Investments/Private Equity									
5i 1194 Pooled Real Estate Funds	8,675,015.83				1,093,733.82	(498,044.77)	339,638.21	(5,463.21)	367,629.24
5j 1195 Pooled Domestic Balanced Funds									
5k 1196 Pooled International Balanced Funds									
5l 1198 PRIT Cash									
5m 1199 Prit Capital Fund									
<b>Total</b>	<b>84,414,782.55</b>	<b>201.67</b>	<b>0.00</b>	<b>5,075.40</b>	<b>7,537,729.01</b>	<b>(5,051,350.27)</b>	<b>4,019,718.80</b>	<b>(2,429,079.80)</b>	<b>1,603,280.99</b>

## APPENDIX PAGE 1

### PLAN DESCRIPTION

The plan is a contributory defined benefit plan covering all Andover Contributory Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Teachers' Retirement Board.

Instituted in 19<sup>37</sup>, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80 - 85% pension and 15 - 20% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Cost-of-living adjustments and any other increase in benefits imposed by state law granted between 1981 and 1996 are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as determined by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually reduced such liability.

Administrative expenses are funded through excess investment income.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

## **APPENDIX PAGE 2**

### **SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission. All investments are stated at market value at the end of the year.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8 or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, a members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income or appropriated by the governmental units for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited all income derived from invested funds. At the end of the year the income credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

## APPENDIX PAGE 3

### ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by The Segal Company as of January 1, 2004.

The Normal Cost for Employees on that date was	<u>\$2,472,920</u>	<u>8.4%</u>	of Payroll
The Normal Cost for the Employer was	<u>\$1,825,399</u>	<u>6.2%</u>	of Payroll

The Actuarial Liability for Active Members was	<u>\$58,967,646</u>
The Actuarial Liability for Retired Members was	<u>\$45,264,252</u>
Total Actuarial Accrued Liability	<u>\$104,231,898</u>
System Assets as of that Date	<u>\$81,431,072</u>
Unfunded Actuarial Accrued Liability	<u>\$22,800,826</u>

The principal actuarial assumptions used in the valuation are as follows:

**Investment Return:** 8.5% per annum

**Rate of Salary Increases:** 6.0% per annum

### SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL)* (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A % OF COVERED PAYROLL ((b-a)/c)
1/1/2004	81,431,072	104,231,898	22,800,826	78.12%	29,155,715	78.20%



Andover Contributory Retirement  
Town Offices  
36 Bartlet Street  
Andover, MA 01810

10/25/04  
Approved  
JP mol 4-0

Funding Schedule – 20 year increasing (3.00%) amortization of remaining UAL

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of ERI Liability	(4) Amortization of Remaining Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Unfunded Actuarial Accrued Liability
2005	\$1,885,145	\$43,625	\$1,662,967	\$3,591,737	\$23,750,100
2006	1,969,976	43,625	1,940,229	3,953,830	23,906,290
2007	2,058,625	43,625	1,998,436	4,100,686	23,807,682
2008	2,218,093	44,980	2,122,333	4,385,406	23,638,178
2009	2,317,907	-	2,186,003	4,503,910	23,389,877
2010	2,422,213	-	2,251,584	4,673,797	23,101,003
2011	2,531,213	-	2,319,131	4,850,344	22,719,264
2012	2,645,118	-	2,388,705	5,033,823	22,234,717
2013	2,764,148	-	2,460,366	5,224,514	21,636,513
2014	2,888,535	-	2,534,177	5,422,712	20,912,817
2015	3,018,519	-	2,610,202	5,628,721	20,050,723
2016	3,154,352	-	2,688,508	5,842,860	19,036,161
2017	3,296,298	-	2,769,164	6,065,462	17,853,795
2018	3,444,631	-	2,852,239	6,296,870	16,486,914
2019	3,599,639	-	2,937,806	6,537,445	14,917,315
2020	3,761,623	-	3,025,940	6,787,563	13,125,170
2021	3,930,896	-	3,116,718	7,047,614	11,088,890
2022	4,107,786	-	3,210,220	7,318,006	8,784,968
2023	4,292,636	-	3,306,526	7,599,162	6,187,818
2024	4,485,805	-	3,405,722	7,891,527	3,269,595
2025	4,687,666	-	-	4,687,666	-
2026	4,898,611	-	-	4,898,611	-
2027	5,119,048	-	-	5,119,048	-
2028	5,349,405	-	-	5,349,405	-

Notes: Fiscal year 2005 appropriation assumed to be paid on August 1, 2004 as reported by PERAC.  
Payments for fiscal year 2006 and 2007 are assumed to be paid on August 15.  
Payments for fiscal year 2008 and thereafter are assumed to be paid on December 31.

\*SEGAL

