

**ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007
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

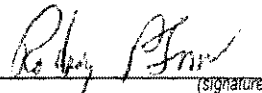
We, the undersigned, members of the Board of Retirement of Andover Contributory Retirement Board certify under the penalties of perjury, that we are the official board members of said retirement system, and that assets were the absolute property of said systems, free and clear from any liens or claims 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

*Please Identify the
Name of the Board
Member who serves
as Chairperson by
Inserting the title
next to his/her name.*

Ex-Officio Member

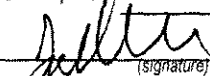
RODNEY P. SMITH


(signature)

Appointed Member

Term Expires 06/30/2009

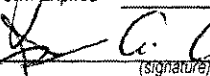
JOHN C. DOHERTY


(signature)

Elected Member

Term Expires 12/04/2008

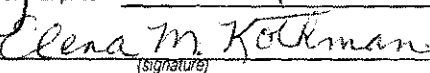
JAMES A. CUTICCHIA, CHAIRPERSON


(signature)

Elected Member

Term Expires 11/05/2010

ELENA M. KOTHMAN


(signature)

Member Appointed by Other Members

Term Expires 11

VACANT

(signature)

INVESTMENT MANAGERS

*Please compile/submit
a complete list. Attach
the list to this page.*

PRIT FUND

84 STATE ST, STE 250, BOSTON, MA 02109

Name

Address

Name

Address

Name

Address

INVESTMENT CONSULTANT

Name

Address

CUSTODIAN

Name

Address

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007
ANNUAL STATEMENT BALANCE TESTS**

1. ASSET BALANCE	
Assets Previous Year	96,348,279.39
Income Current Year	10,066,441.44
Disbursements Current Year	8,380,572.90
Assets Current Year	98,034,147.93
2. ASSET DIFFERENCE	
Assets Current Year	98,034,147.93
Assets Previous Year	96,348,279.39
Difference	1,685,868.54
3. INCOME DIFFERENCE	
Income Current Year	10,066,441.44
Disbursements Current Year	8,380,572.90
Difference	1,685,868.54
4. FUND CHANGE DIFFERENCE	
Total Fund Change Credits Current Year	11,297,378.95
Total Fund Chage Debits Current Year	9,611,510.41
Difference	1,685,868.54

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	-----	7077091.77	17692.73
January 31st	66698.98	7143790.75	17859.48
February 28 th	-78040.36	7065750.39	17664.38
March 31st	-49829.08	7015921.31	17539.80
April 30 th	59408.39	7075777.12	17688.32
May 31st	447.42	7031007.56	17689.44
June 30 th	-44769.56	7364570.89	17577.52
July 31st	333563.33	7331306.37	18411.43
August 31st	-33264.52	7250011.62	18328.27
September 30 th	-81296.99	7167804.32	18125.03
October 31st	-82207.30	7213361.25	17919.51
November 30th	45556.93	7342521.74	18033.40
			214529.31
Interest Posted to Military Reserve Fund	8.85		
Interest Posted to Members Account	155,806.09		

**Annual Statement of the Andover Contributory Retirement Board for
the year ended December 31, 2007**

Assets and Liabilities

	<u>2007</u> <u>End Balance</u>	<u>2006</u> <u>End Balance</u>	<u>2005</u> <u>End Balance</u>
1040 - 1049 Cash	503,235.62	2,701,182.03	388,303.09
1100 - Short Term Investments	0.00	0.00	0.00
1180 - Fixed Income Sec (book value)	0.00	0.00	0.00
1170 - Equities	0.00	0.00	0.00
1101 - Pooled Short Term Funds	0.00	0.00	0.00
1172 - Pooled Domestic Equity Funds	0.00	41,758,104.21	41,905,566.49
1173 - Pooled International Equity Funds	0.00	14,847,471.87	9,078,638.07
1174 - Pooled Global Equity Funds	0.00	0.00	0.00
1181 - Pooled Domestic Fixed Income Funds	0.00	21,853,361.70	24,367,259.07
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	0.00	10,716,571.30	8,675,015.83
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	95,199,050.79	0.00	0.00
1199 - PRIT Fund	0.00	4,514,464.21	0.00
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	0.00	11,177.94	201.67
1398 - Accounts Receivable (A)	2,345,853.28	6,402.17	212,201.36
2020 - Accounts Payable (A)	-13,991.76	-60,456.04	-39,392.31
Total	98,034,147.93	96,348,279.39	84,587,793.27
Funds :			
3293 - Annuity Savings Fund	27,889,053.24	26,745,220.34	25,548,059.67
3294 - Annuity Reserve Fund	7,559,767.09	7,077,091.77	6,457,377.22
3295 - Military Service Fund	1,483.97	1,475.12	10,875.01
3296 - Pension Fund	1,409,941.75	2,865,063.95	4,179,827.05
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	61,173,901.88	59,659,428.21	48,391,654.32
Total Assets at Market Value	98,034,147.93	96,348,279.39	84,587,793.27

(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, 2007**

	Balance December 31 2006	Receipts	Interfund Transfers	Disbursements	Balance December 31 2007
Annuity Savings Fund	26,745,220.34	3,067,652.28	-1,228,221.47	695,597.91	27,889,053.24
Annuity Reserve Fund	7,077,091.77	214,529.31	1,230,937.51	962,791.50	7,559,767.09
Pension Fund	2,865,063.95	4,663,892.35	0.00	6,119,014.55	1,409,941.75
Military Service Fund	1,475.12	8.85	0.00	0.00	1,483.97
Expense Fund	0.00	603,168.94	0.00	603,168.94	0.00
Pension Reserve Fund	59,659,428.21	1,517,189.71	-2,716.04	0.00	61,173,901.88
TOTAL ALL FUNDS:	96,348,279.39	10,066,441.44	0.00	8,380,572.90	98,034,147.93

List Below all Transfers:

Transfer from 3293	Fund to the 3294	Fund in the Amount of	1,228,221.47	on account of	RETIREMENTS
Transfer from 3297	Fund to the 3294	Fund in the Amount of	2,716.04	on account of	06 ANN RES CALC INCORRECT
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	
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	
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	

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007**

RECEIPTS

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1. Annuity Savings Fund :			
(a) 4891 - Members Deductions	2,774,371.27	2,657,366.47	2,460,822.58
(b) 4892 - Transfers From Other	71,210.22	261,078.34	265,242.34
(c) 4893 - Make Up and Redeposit Payments	54,302.77	83,308.51	84,895.19
(d) 4900 - Member Payments from Rollovers	11,961.93	0.00	0.00
(e) Investment Income Cr to Members A/C	155,806.09	147,963.61	139,007.64
Subtotal	3,067,652.28	3,149,716.93	2,949,967.75
2. Annuity Reserve Fund :			
(a) Investment Income Cr to Annuity Res Fd	214,529.31	194,629.92	192,038.02
Subtotal	214,529.31	194,629.92	192,038.02
3. Pension Fund :			
(a) 4898 - 3(8) (c) Reimburse from Other Sys	123,082.16	129,787.03	107,141.97
(b) 4899 - Rec'd from State for COLA & Surviv	156,758.19	130,628.55	308,970.46
(c) 4894 - Pension Fund Appropriation	4,384,052.00	4,100,686.00	3,953,830.00
Subtotal	4,663,892.35	4,361,101.58	4,369,942.43
4. Military Service Fund :			
(a) 4890 - Military Serv Contr from Municipal	0.00	0.00	0.00
(b) Invest Inc Credited Military Ser Fd	8.85	8.80	64.86
Subtotal	8.85	8.80	64.86
5. Expense Fund :			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	603,168.94	533,790.93	383,627.29
Subtotal	603,168.94	533,790.93	383,627.29
6. Pension Reserve Fund :			
(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:	2,508.89	4,027.31	2,361.21
(d) 4825 - Misc. Income	3,574.18	0.00	9,000.00
(e) Excess Investment Income	1,511,106.64	11,252,960.13	4,568,611.96
Subtotal	1,517,189.71	11,256,987.44	4,579,973.17
TOTAL RECEIPTS	10,066,441.44	19,496,235.60	12,475,613.52

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007**

Disbursements

	2007	2006	2005
1. Annuity Savings Fund :			
(a) 5757 - Refunds To Members	289,731.84	435,637.50	160,478.31
(b) 5756 - Transfers To Other Systems :	405,866.07	195,170.67	15,199.30
Subtotal	695,597.91	630,808.17	175,677.61
2. Annuity Reserve Fund :			
(a) 5750 - Annuities Paid	962,791.50	865,607.46	796,802.77
(b) 5759 - Option B Refunds	0.00	20,269.55	91,775.27
Subtotal	962,791.50	885,877.01	888,578.04
3. Pension Fund :			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	4,520,162.01	4,075,576.09	3,824,774.49
Survivorship Payments	349,498.07	316,973.51	288,146.87
Ordinary Disability Payments	95,314.80	94,349.10	87,184.32
Accidental Disability Payments	901,830.98	944,410.55	850,198.49
Accidental Death Payments	136,575.36	116,483.20	64,035.60
Section 101 Benefits	0.00	0.00	0.00
(b) 5755 - 3 (8) (c) Reimb To Other Sys	115,633.33	128,072.23	80,375.27
(c) 5752 - COLA's Paid	0.00	0.00	0.00
(d) 5753 - Chapter 389 Ben Increase Pd	0.00	0.00	0.00
Subtotal	6,119,014.55	5,675,864.68	5,194,715.04
4. Military Service Fund :			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	9,408.69	0.00
Subtotal	0.00	9,408.69	0.00
5. Expense Fund :			
(a) 5118 Board Member Stipend	6,000.00	0.00	0.00
(b) 5119 - Salaries	72,117.95	71,454.87	67,268.31
(c) 5304 - Management Fees	432,415.18	378,588.87	234,331.64
(d) 5305 - Custodial Fees	10,031.51	9,940.04	14,386.45
(e) 5307 - Investment Consultant Fees	38,050.00	40,000.00	40,000.00
(f) 5308 - Legal Expenses	5,313.00	2,794.00	7,594.33
(g) 5309 - Medical Expenses	0.00	0.00	0.00
(h) 5310 - Fiduciary Insurance	5,163.00	4,711.92	4,543.32
(i) 5311- Service Contracts	27,900.00	21,499.94	10,574.78
(j) 5312 - Rent Expense	0.00	0.00	0.00
(k) 5589 - Administrative Expenses	2,828.52	1,812.82	2,323.10
(l) 5599 - Furniture and Equipment	1,133.00	0.00	0.00
(m) 5719 - Travel	2,216.78	2,988.47	2,605.36
Subtotal	603,168.94	533,790.93	383,627.29
Total Disbursements:	8,380,572.90	7,735,749.48	6,642,597.98

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007**

Investment Income

	2007 End Balance	2006 End Balance	2005
Investment Income Received From :			
(a) Cash (from schedules 1)	268,442.64	67,780.15	35,271.89
(b) Short Term Investments (sch 2)	0.00	0.00	0.00
(c) Fixed Inc Sec (from sch 3A and 3C)	1,083,267.45	0.00	561,773.74
(d) Equities (from sch 4A and 4C)	50,405.97	24,930.31	127,013.41
(e) Pooled Funds (from Schedule 5)	825,332.95	1,850,233.72	879,221.95
(f) Commission Recapture	0.00	0.00	0.00
4821 - TOTAL INVESTMENT INCOME	2,227,449.01	1,942,944.18	1,603,280.99
Plus :			
4884 - Realized Gains	1,770,231.98	1,559,554.21	4,019,718.80
4886 - Unrealized Gains	10,485,213.43	12,693,763.51	7,537,729.01
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	0.00	11,177.94	201.67
	12,255,445.41	14,264,495.66	11,557,649.48
Less :			
4823 - Pd Accrued Int - Fixed Inc Securities	0.00	0.00	0.00
4885 - Realized Losses	-1,891,566.09	-669,153.21	-2,429,079.80
4887 - Unrealized Losses	-10,095,530.56	-3,408,731.57	-5,051,350.27
1550 - Inc Due & Accrued Prior Year	-11,177.94	-201.67	-397,150.63
	-11,998,274.59	-4,078,086.45	-7,877,580.70
NET INVESTMENT INCOME	2,484,619.83	12,129,353.39	5,283,349.77
Income Required :			
Annuity Savings Fund (Supp Schedule)	155,806.09	147,963.61	139,007.64
Annuity Reserve Fund	214,529.31	194,629.92	192,038.02
Expense Fund	603,168.94	533,790.93	383,627.29
Military Service Fund	8.85	8.80	64.86
	973,513.19	876,393.26	714,737.81
TOTAL INCOME REQUIRED	973,513.19	876,393.26	714,737.81
Net Investment Income	2,484,619.83	12,129,353.39	5,283,349.77
Less : Income Required	-973,513.19	-876,393.26	-714,737.81
EXCESS INCOME TO THE PENSION RESERVE FUND	1,511,106.64	11,252,960.13	4,568,611.96

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007
HEADCOUNT STATISTICS**

	Group 1	Group 2+4	Total
<u>ACTIVE MEMBERS</u>			
Active membership, Dec 31, previous yr	613	141	754
Inactive membership, Dec 31, previous yr	102	11	113
Enrolled during the year	85	4	89
Transfers between groups	0	0	0
Reinstatements of disabled members	0	0	0
Subtotal:	<u>800</u>	<u>156</u>	<u>956</u>
Deduct			
Death	0	0	0
Withdrawn	60	4	64
Retirements	12	11	23
Subtotal:	<u>72</u>	<u>15</u>	<u>87</u>
Active Membership, Dec 31, current year	626	130	756
Inactive Membership, Dec 31, Current Yr	102	11	113

<u>RETIRED MEMBERS, BENEFICIARIES AND SURVIVORS</u>			
Retired, Beneficiary and Survivor Membership, Dec. 31, previous Year	257	85	342
Retirements during the year:			
Superannuation	12	5	17
Ordinary disability	0	0	0
Accidental disability	0	0	0
Termination Retirement Allowance	1	0	1
Beneficiary of Deceased Retiree	0	0	0
Survivor ben from active membership	0	0	0
Subtotal:	<u>13</u>	<u>5</u>	<u>18</u>
Deduct			
Deaths of retired members	10	1	11
Termination of Survivor Benefits	0	0	0
Reinstatements of disabled pensions	0	0	0
Subtotal:	<u>10</u>	<u>1</u>	<u>11</u>
Retired Membership, Dec.31, curr year			
Superannuation	221	61	282
Ordinary Disability	4	3	7
Accidental Disability	16	15	31
Termination	0	0	0
Beneficiaries from accidental deaths	2	2	4
Beneficiaries from Section 100	1	0	1
Beneficiaries from Section 101	0	0	0
Beneficiaries under Option (c)	15	5	20
Option (d) Survivor Allowance	19	3	22
Section 12B Survivor Allowance	2	2	4
	<u>280</u>	<u>91</u>	<u>371</u>
Total Retired, Beneficiary, and Survivor Membership, Dec 31, current year			
<u>TOTAL MEMBERSHIP</u>			
Active, Inact, Retired, Beneficiary, and Survivor, Dec. 31, current year	1008	232	1240

**Annual Statement of the Andover Contributory Retirement Board
for the year ended December 31, 2007**

Schedule A

Detail of Accounts Receivable and Accounts Payable

Accounts Receivable

4891 - Members Deductions	2,456.36
4892 - Transfers From Other Systems	0.00
4893 - Member Make Up Payments and Redeposits	0.00
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	0.00
4884 - Realized Gain on Sale of Investments	0.00
4894 - Pension Fund Appropriation (Current Fiscal Year)	2,341,568.00
4894 - Pension Fund Appropriation (Previous Fiscal Year)	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 - 4825 - MISCELLANEOUS INCOME - HIMCO - RESIDUAL INCOME	167.58
4902 -	0.00
4903 -	0.00
4904 -	0.00
4905 -	0.00
Total Receivables	2,344,191.94

Accounts Payable

5757 -	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	11,394.28
5305 - Custodial Fees	2,597.48
5307 - Investment Consultant Fees	0.00
5308 - Legal Expenses	0.00
5309 - Medical Expenses	0.00
5310 - Fiduciary Insurance	0.00
5311 - Service Contracts	0.00
5312 - Rent Expense	0.00
5589 - Administrative Expenses	0.00
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
Total Payables	13,991.76

ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 1

CASH ACCOUNT ACTIVITY DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>BOOK VALUE AT END OF PREVIOUS YEAR</u>	<u>TOTAL DEPOSITS/WITHDRAWALS THIS YEAR</u>	<u>BOOK VALUE AT END OF YEAR</u>	<u>INCOME RECEIVED THIS YEAR</u>	<u>INCOME DUE AND ACCRUED AT YEAR END</u>
3Q01	8611249M9	STATE STREET BANK STIF	2,304,872.67	(2,304,872.67)	0.00	245,501.20	0.00
3Q01		CASH BALANCE	14,036.43	(14,036.43)	0.00	0.00	0.00
1040		BANK OF AMERICA	268,520.29	234,715.33	503,235.62	17,137.89	0.00
1042	111111111	MMDT	113,752.64	(119,556.19)	0.00	5,803.55	0.00
SCHEDULE TOTALS			2,701,182.03	(2,203,749.96)	503,235.62	268,442.64	0.00

ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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 ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 2B

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 ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 2C

SHORT TERM SECURITIES SOLD 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>PROCEEDS</u> <u>FROM SALE</u>	<u>BOOK</u> <u>VALUE</u>	<u>PROFIT/LOSS</u> <u>ON SALE</u>	<u>INTEREST</u> <u>RECEIVED</u> <u>DURING YEAR</u>
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ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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 INCOR/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 ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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>
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ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 3C

FIXED INCOME 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 ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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 ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 4B

EQUITIES PURCHASED DURING YEAR

<u>FUND</u>	<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>SHARES</u>	<u>TRADE</u> <u>DATE</u>	<u>NAME OF BROKER</u>	<u>COMM</u>	<u>COST</u> <u>INCLUDING</u> <u>COMMISSION</u>
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ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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		SECURITIES LITIGATION INCOME - AOL TIME WARNER				0.00	0.00	0.00	0.00	33,322.81
3Q01		SECURITIES LITIGATION INCOME - CISCO				0.00	0.00	0.00	0.00	16.38
3Q01		SECURITIES LITIGATION INCOME - CONCORD EFS				0.00	0.00	0.00	0.00	302.53
3Q01		SECURITIES LITIGATION INCOME - QWEST COMMUNICATIONS				0.00	0.00	0.00	0.00	3,853.15
3Q01		SECURITIES LITIGATION INCOME - RITE AID				0.00	0.00	0.00	0.00	169.52
SCHEDULE TOTALS						0.00	0.00	0.00	0.00	37,664.39

ANNUAL STATEMENT OF THE ANDOVER CONTRIBUTORY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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
1172-0001	3Q01	02599B918	AMERICAN CENTURY SMALL CO FD	8,569,106.97	0.00	12,741.58	0.00	0.00	779,009.72	(558,631.49)	(8,801,226.78)	0.00	0.00	0.00
1181	3Q01	433999943	HIT CORE FIXED INCOME FUND	21,853,361.70	0.00	1,083,267.45	123,501.63	(1,891,566.09)	1,892,255.42	(213,556.12)	(22,782,330.76)	0.00	(60,340.63)	0.00
1198	3Q01	47099K983	PRIT ABSOLUTE RETURN FUND	4,514,464.21	2,500,000.00	38,035.46	0.00	0.00	742,409.04	(221,080.38)	(7,534,156.89)	0.00	(39,671.44)	0.00
1172-0002	3Q01	576990923	SSGA INDEX PLUS SL FUND	33,188,997.24	0.00	0.00	0.00	0.00	5,182,441.14	(5,888,226.84)	(32,483,211.54)	0.00	(77,004.35)	0.00
1198	3Q01	69499F935	PRIT GENERAL ALLOCATION FUND	0.00	95,297,333.97	328,017.62	836,877.51	0.00	0.00	(1,201,627.71)	0.00	0.00	(61,550.80)	95,199,050.79
1194	3Q01	74299C991	PRIT CORE REAL ESTATE FUND	10,716,571.30	0.00	459,279.87	809,852.84	0.00	283,260.84	(872,561.42)	(11,280,765.69)	0.00	(115,637.74)	0.00
SCHEDULE TOT	3Q01	87399B945	TBC INTL CORE EQUITY FUND	14,847,471.87	0.00	0.00	0.00	0.00	1,605,837.29	(1,138,846.60)	(15,314,462.56)	0.00	(78,210.42)	0.00
				93,689,973.29	97,797,333.97	1,921,341.98	1,770,231.98	(1,891,566.09)	10,485,213.45	(10,095,530.56)	(98,196,154.22)	0.00	(432,415.18)	95,199,050.79

ANNUAL STATEMENT OF THE TOWN OF ANDOVER RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2007

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		Realized		Investment Income Received During Year
						Gains	Losses	Gains	Losses	
1	Cash									
	1040 Bank Of America	503,235.62								17,137.89
	1041 State Street Bank	0.00								245,501.20
	1042 MMDT	0.00								5,803.55
	1043 State Street Bank STIF	0.00	0.00							0.00
2	1100 Short Term Securities	0.00								0.00
3	1180 Fixed Income Securities	0.00								0.00
4	1170 Equities	0.00								37,664.39
5a	1101 Pooled Short Term Funds	0.00								0.00
5b	1172 Pooled Domestic Equity Funds - SSgA	0.00				5,182,441.14	(5,888,226.84)	0.00	0.00	0.00
	1172 Pooled Dom Equity Funds - American Century	0.00				779,009.72	(559,631.49)	0.00	0.00	12,741.58
5c	1173 Pooled International Equity Funds TBC Asset Mgmt	0.00				1,605,837.29	(1,138,846.60)	0.00	0.00	0.00
5d	1174 Pooled Global Equity Funds	0.00								
5e	1181 Pooled Domestic Fixed Income Funds HIMCO	0.00				1,892,255.42	(213,556.12)	123,501.63	(1,891,566.09)	1,083,267.45
5f	1182 Pooled International Fixed Income Funds	0.00								
5g	1183 Pooled Global Fixed Income Funds	0.00								
5h	1193 Pooled Alternative Investments/Private Equity	0.00								
5i	1194 Pooled Real Estate Funds	0.00				283,260.84	(872,561.42)	809,852.84	0.00	459,279.87
5j	1195 Pooled Domestic Balanced Funds	0.00								
5k	1196 Pooled International Balanced Funds	0.00								
5l	1198 PRIT General Allocation Fund	95,199,050.79				0.00	(1,201,627.71)	836,877.51	0.00	328,017.62
5m	1199 PRIT Capital Fund HEDGE FUNDS	0.00				742,409.04	(221,080.38)	0.00	0.00	38,035.46
	Total	95,702,286.41	0.00	0.00	0.00	10,485,213.45	(10,095,530.56)	1,770,231.98	(1,891,566.09)	2,227,449.01

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 19³⁷, 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.

ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Stone Consulting, Inc. as of January 1, 2007

The normal cost for employees on that date was: \$2,628,295 8.6% of payroll

The normal cost for the employer was: \$863,049 2.8% of payroll

The actuarial liability for active members was: \$74,856,475

The actuarial liability for retired members was (includes inactives): \$62,042,835

Total actuarial accrued liability: \$136,899,310

System assets as of that date: 99,952,824

Unfunded actuarial accrued liability: \$36,946,486

The ratio of system's assets to total actuarial liability was: 73%

As of that date the total covered employee payroll was: \$30,468,282

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

Investment Return: 8.00% per annum

Rate of Salary Increase: 4.75% per annum

SCHEDULE OF FUNDING PROGRESS (Dollars in \$000's)

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)
1/1/2007	\$99,953	\$136,899	\$36,946	73%	\$30,468	121%
1/1/2004	\$81,431	\$104,232	\$22,801	78%	\$27,551	83%
1/1/2001	\$69,752	\$86,928	\$17,176	80%	\$24,596	70%
1/1/1999	\$59,350	\$76,915	\$17,566	77%	\$21,631	81%
1/1/1998	\$48,768	\$71,164	\$22,396	69%	\$20,700	108%



ANDOVER RETIREMENT SYSTEM FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAL	Schedule Contribution	Adjusted for January 1 Payments
2009	1,073,766	38,485,961	3,259,416	4,333,182	4,503,175
2010	1,124,770	38,044,668	3,334,383	4,459,153	4,634,088
2011	1,178,196	37,487,108	3,411,074	4,589,270	4,769,310
2012	1,234,161	36,802,117	3,489,528	4,723,689	4,909,002
2013	1,292,783	35,977,596	3,569,788	4,862,571	5,053,332
2014	1,354,191	35,000,433	3,651,893	5,006,083	5,202,474
2015	1,418,515	33,856,423	3,735,886	5,154,401	5,356,611
2016	1,485,894	32,530,180	3,821,812	5,307,706	5,515,930
2017	1,556,474	31,005,037	3,909,713	5,466,187	5,680,629
2018	1,630,407	29,262,950	3,999,637	5,630,043	5,850,913
2019	1,707,851	27,284,378	4,091,628	5,799,479	6,026,996
2020	1,788,974	25,048,170	4,185,736	5,974,710	6,209,100
2021	1,873,950	22,531,429	4,282,008	6,155,958	6,397,459
2022	1,962,963	19,709,375	4,380,494	6,343,457	6,592,314
2023	2,056,203	16,555,191	4,481,245	6,537,449	6,793,916
2024	2,153,873	13,039,862	4,584,314	6,738,187	7,002,529
2025	2,256,182	9,131,992	4,689,753	6,945,935	7,218,428
2026	2,363,351	4,797,617	4,797,617	7,160,968	7,441,897
2027	2,475,610	-	-	2,475,610	2,572,729
2028	2,593,201	-	-	2,593,201	2,694,934

Amortization of Unfunded Liability as of July 1, 2008

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2009	Fresh Start	3,259,416	2.30%	18	3,259,416	18

Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established.

Type is the reason for the creation of the base. Examples are Gain/(Loss) or Fresh Start.

Original Amortization Amount is the annual amortization amount when the base was established.

Percentage Increasing is the percentage that the Original Amortization Amount increases per year.

Original # of Years is the number of years over which the base is being amortized.

Current Amortization Amount is the amortization payment amount for this year.

Years Remaining is the number of years left to amortize the base.