

Annual Statement

.....
OF THE FINANCIAL CONDITION
OF THE SAUGUS RETIREMENT BOARD
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2008
.....

Annual Statement for the Year Ended December 31, 2008 of the conditions and Affairs of the Saugus Retirement Board.

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission.

Date of Certificate 12/31/2008

Effective Date 12/31/2008

ADMINISTRATION OFFICE

Town Hall Annex, 25 Main Street
Street & Number

Saugus, MA 01906
City/Town, State and Zip Code

(781) 231-7656
Telephone Number

We, the undersigned, members of the Saugus Retirement Board certify under penalties of perjury, that that we are the official board members of said retirement system, and that on the thirty-first date of December last, all of the herein-described assets were the absolute property of said retirement system, 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 of the assets, liabilities, income and disbursements, changes in fund balances, and the conditions and affairs of said retirement system on the said thirty-first date 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	<p>Ex-Officio Member Joan Regan (Name)</p> <hr/> <p>Appointed Member Eugene Decareau (Name)</p> <hr/> <p>Elected Member Henry E. MacKenzie (Chairperson) (Name)</p> <hr/> <p>Elected Member William E. Cross, III (Name)</p> <hr/> <p>Member Appointed by Other Members Doreen L. DiBari (Name)</p> <hr/>	<p><i>Joan C. Regan</i> (Signature)</p> <hr/> <p>Term Expires _____</p> <p><i>Eugene Decareau</i> (Signature)</p> <hr/> <p>Term Expires <u>12/02/2011</u></p> <p><i>Henry E. MacKenzie</i> (Signature)</p> <hr/> <p>Term Expires <u>12/05/2010</u></p> <p><i>William E. Cross III</i> (Signature)</p> <hr/> <p>Term Expires <u>01/06/2012</u></p> <p><i>Doreen L. DiBari</i> (Signature)</p> <hr/>
Investment Managers	<p>PRIM Board</p> <hr/> <p>N/A</p> <hr/> <p>N/A</p> <hr/>	<p>125 Summer St, 10th Floor, Boston, MA 02110</p> <hr/> <p>N/A</p> <hr/> <p>N/A</p> <hr/>
Investment Consultant	<p>N/A</p> <hr/>	<p>N/A</p> <hr/>
Custodian	<p>N/A</p> <hr/>	<p>N/A</p> <hr/>

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	67,994,495.94
Income Current Year	<u>-13,334,365.88</u>
Disbursements Current Year	<u>6,328,531.42</u>
Assets Current Year	<u>48,331,598.64</u>

2. ASSET DIFFERENCE

Assets Current Year	48,331,598.64
Assets Previous Year	<u>67,994,495.94</u>
Difference	<u>-19,662,897.30</u>

3. INCOME DIFFERENCE

Income Current Year	-13,334,365.88
Disbursements Current Year	<u>6,328,531.42</u>
Difference	<u>-19,662,897.30</u>

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	-12,253,058.24
Total Fund Change Debits Current Year	<u>-7,409,839.06</u>
Difference	<u>-19,662,897.30</u>

Note: The difference as a result of tests 2, 3 and 4 should be the same.

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

ASSETS & LIABILITIES

	2008	2007	2006
1. 1040 Cash	325,380.17	196,029.00	218,695.48
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	0.00	0.00	0.00
4. 1170 Equities	0.00	0.00	0.00
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	0.00	0.00	0.00
7. 1173 Pooled International Equity Funds	0.00	0.00	0.00
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	0.00	0.00	0.00
10. 1182 Pooled International Fixed Income Funds	0.00	0.00	0.00
11. 1183 Pooled Global Fixed Income Funds	0.00	0.00	0.00
12. 1193 Pooled Alternative Investments	0.00	0.00	0.00
13. 1194 Pooled Real Estate Funds	0.00	0.00	0.00
14. 1195 Pooled Domestic Balanced Funds	0.00	0.00	0.00
15. 1196 Pooled International Balanced Funds	0.00	0.00	0.00
16. 1198 PRIT Cash	100,181.70	101,175.68	101,397.25
17. 1199 PRIT Fund	44,642,092.58	65,158,038.24	58,690,078.79
18. 1550 Interest Due and Accrued	0.00	0.00	0.00
19. 1398 Accounts Receivable (A)	3,263,944.19	2,620,053.88	2,834,482.11
20. 2020 Accounts Payable (A)	(0.00)	(-80,800.86)	(-79,222.84)
TOTAL	<u>48,331,598.64</u>	<u>67,994,495.94</u>	<u>61,765,430.79</u>

FUNDS

1. 3293 Annuity Savings Fund	13,521,506.15	12,584,874.18	11,885,495.51
2. 3294 Annuity Reserve Fund	4,146,193.62	4,416,808.39	4,532,203.23
3. 3295 Military Service Fund	9,727.46	4,674.37	4,646.49
4. 3296 Pension Fund	-863,075.90	-796,162.86	-530,799.48
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	31,517,247.31	51,784,301.86	45,873,885.04
TOTAL ASSETS AT MARKET VALUE	<u>48,331,598.64</u>	<u>67,994,495.94</u>	<u>61,765,430.79</u>

(A) Specific details for Accounts Receivable and Accounts Payable are to be disclosed on Schedule A

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	12,584,874.18	1,469,686.11	-298,005.34	-235,048.80	13,521,506.15
Annuity Reserve Fund	4,416,808.39	125,688.68	285,144.78	-681,448.23	4,146,193.62
Pension Fund	-796,162.86	4,175,927.88	796,162.86	-5,039,003.78	-863,075.90
Military Service Fund	4,674.37	5,053.09	0.00	0.00	9,727.46
Expense Fund	0.00	373,030.61	0.00	-373,030.61	0.00
Pension Reserve Fund	51,784,301.86	-19,483,752.25	-783,302.30	0.00	31,517,247.31
Total All Funds	67,994,495.94	-13,334,365.88	- 0 -	-6,328,531.42	48,331,598.64

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	285,144.78	on acct of	to record retirements in 2008
	Control Acct						
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	12,860.56	on acct of	to record transfer of inactive accounts
	Control Acct		Control Acct				
Xfer from	Pension Reserve Fund	to	Pension Fund Control	in the amt of	796,162.86	on acct of	Pension Fund Trfr per Approp. Letter
	Control Acct		Account				
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

RECEIPTS

	2008	2007	2006
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	1,269,128.86	1,242,564.45	1,263,241.30
(b) 4892 Transfers from Other Systems	107,570.21	0.00	71,486.95
(c) 4893 Member Make Up Payments and Redeposits	14,585.09	28,882.19	36,260.35
(d) 4900 Member Payments from Rollovers	4,102.61	3,528.98	40,956.36
(e) Investment Income Credited to Members' Accounts	74,299.34	69,436.68	64,030.29
Subtotal	1,469,686.11	1,344,412.30	1,475,975.25
2. Annuity Reserve Fund:			
(a) Investment Income Credited to Annuity Reserve Fund	125,688.68	132,759.41	136,251.54
Subtotal	125,688.68	132,759.41	136,251.54
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	2,053.39	135,495.41	148,867.11
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	202,149.49	196,897.50	218,637.17
(c) 4894 Pension Fund Appropriation	3,971,725.00	3,848,910.00	3,707,403.00
Subtotal	4,175,927.88	4,181,302.91	4,074,907.28
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	5,025.04	0.00	0.00
(b) Investment Income Credited	28.05	27.88	27.71
Subtotal	5,053.09	27.88	27.71
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	373,030.61	431,586.68	410,428.30
Subtotal	373,030.61	431,586.68	410,428.30
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	227.12	700.00	656.61
(d) 4825 Miscellaneous Income	0.02	-0.18	-53.94
(e) 4840 Miscellaneous Income	0.00	0.00	0.00
(f) Excess Investment Income	-19,483,979.39	6,440,516.48	8,022,171.56
Subtotal	-19,483,752.25	6,441,216.30	8,022,774.23
TOTAL RECEIPTS	-13,334,365.88	12,531,305.48	14,120,364.31

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

DISBURSEMENTS

	2008	2007	2006
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	80,177.43	117,535.37	40,932.90
(b) 5756 Transfers to Other Systems	154,871.37	81,540.79	108,914.57
Subtotal	<u>235,048.80</u>	<u>199,076.16</u>	<u>149,847.47</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	681,448.23	694,111.72	640,024.25
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	<u>681,448.23</u>	<u>694,111.72</u>	<u>640,024.25</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	5,039,003.73	4,896,664.91	4,912,463.55
Regular Pension Payments	3,237,304.75	3,162,575.43	3,050,304.60
Survivorship Payments	164,533.88	162,062.14	154,746.50
Ordinary Disability Payments	40,421.88	50,952.82	57,304.10
Accidental Disability Payments	1,060,618.08	1,001,130.39	1,132,158.88
Accidental Death Payments	498,462.00	483,290.61	487,305.34
Section 101 Benefits	37,663.14	36,653.52	30,644.13
(b) 5755 3(8)(c) Reimbursements To Other Systems	0.05	80,800.86	79,213.74
(c) 5752 COLAs Paid	0.00	0.00	0.00
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	<u>5,039,003.78</u>	<u>4,977,465.77</u>	<u>4,991,677.29</u>
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
5. Expense Fund:			
(a) 5118 Board Member Stipend	4,920.00	4,920.00	0.00
(b) 5119 Salaries	51,500.04	48,362.18	49,889.75
(c) 5304 Management Fees	277,313.74	333,337.07	320,389.62
(d) 5305 Custodial Fees	0.00	0.00	0.00
(e) 5307 Investment Consultant Fees	0.00	0.00	0.00
(f) 5308 Legal Expenses	11,701.00	10,689.00	9,762.37
(g) 5309 Medical Expenses	0.00	25.00	0.00
(h) 5310 Fiduciary Insurance	2,942.00	0.00	0.00
(i) 5311 Service Contracts	18,926.13	0.00	0.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	0.00	0.00	0.00
(l) 5589 Administrative Expenses	3,940.31	5,331.04	19,994.12
(m) 5599 Furniture and Equipment	201.89	28,047.75	10,392.44
(n) 5719 Travel	1,585.50	874.64	0.00
Subtotal	<u>373,030.61</u>	<u>431,586.68</u>	<u>410,428.30</u>
TOTAL DISBURSEMENTS	<u>6,328,531.42</u>	<u>6,302,240.33</u>	<u>6,191,977.31</u>

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

INVESTMENT INCOME

Investment Income received from:	2008	2007	2006
(a) Cash (from Schedule 1)	0.00	0.00	0.00
(b) Short Term Investments (from Schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	0.00	0.00	0.00
(d) Equities (from Schedules 4A and 4C)	0.00	0.00	0.00
(e) Pooled Funds (from Schedule 5)	1,971,577.62	2,093,230.03	1,860,504.23
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	1,971,577.62	2,093,230.03	1,860,504.23
Plus:			
4884 Realized Gains (Profits)	740,168.19	5,036,050.08	3,760,217.09
4886 Unrealized Gains (Increase in Market Value)	3,189,810.33	5,011,596.88	5,087,063.24
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	0.00	0.00
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	3,999,245.52	0.00	0.00
4887 Unrealized Losses (Decrease in Market Value)	20,813,243.33	5,066,549.86	2,074,875.16
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
NET INVESTMENT INCOME	-18,910,932.71	7,074,327.13	8,632,909.40
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	74,299.34	69,436.68	64,030.29
Annuity Reserve Fund	125,688.68	132,759.41	136,251.54
Expense Fund	373,030.61	431,586.68	410,428.30
Military Service Fund	28.05	27.88	27.71
TOTAL INCOME REQUIRED	573,046.68	633,810.65	610,737.84
Net Investment Income	-18,910,932.71	7,074,327.13	8,632,909.40
Less Income Required	573,046.68	633,810.65	610,737.84
EXCESS INCOME TO PENSION RESERVE FUND	-19,483,979.39	6,440,516.48	8,022,171.56

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	216	91	307
Inactive Membership, Dec. 31st, Previous Year	62	7	69
Enrolled During Current Year	12	4	16
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	12	4	16
Deduct:			
Death	1	0	1
Withdrawals	18	1	19
Retirements	2	2	4
SUBTOTAL	21	3	24
Active Membership, Dec. 31st, Current Year	215	92	307
Inactive Membership, Dec. 31st, Current Year	54	7	61

RETIREED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	173	117	290
Retirements During the Year			
Superannuation	2	1	3
Ordinary Disability	0	0	0
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	0	0
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	2	2	4
Deduct:			
Deaths of Retired Members	4	1	5
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	4	1	5
Retired Membership, Dec. 31st, Current Year			
Superannuation	153	56	209
Ordinary Disability	4	1	5
Accidental Disability	8	34	42
Termination	0	0	0
Beneficiaries from Accidental Deaths	2	16	18
Beneficiaries from Section 100	0	2	2
Beneficiaries from Section 101	3	2	5
Beneficiaries under Option C	8	3	11
Option (D) Survivor Allowance	14	2	16
Section 12B Survivor Allowance	0	0	0
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	171	118	289
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	440	217	657

Annual Statement of the Saugus Retirement Board for the Year Ended December 31, 2008.

Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4891 Members Deductions	0.00	
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 Benefits	0.00	
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	3,263,944.19	12/31/2008
4894 Pension Fund Appropriation (Previous Fiscal Year)	0.00	
4890 Contributions Received from Municipality on Account of Military Service	0.00	
4897 Federal Grant Reimbursement	0.00	
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	3,263,944.19	
Accounts Payable		
5757 Refunds to Members	0.00	
5756 Transfers to Other Systems	0.00	
5750 Annuities Paid	0.00	
5759 Option B Refund	0.00	
5751 Pensions Paid	0.00	
5755 3(8)(c) Reimbursements to Other Systems	0.00	
5752 COLAs Paid	0.00	
5753 Chapter 389 Beneficiary Increase Paid	0.00	
4885 Realized Loss on Sale of Investments	0.00	
4890 Return to Municipality for Members Who Withdrew Their Funds	0.00	
5118 Board Members' Stipend	0.00	
5119 Salaries	0.00	
5304 Management Fees	0.00	
5305 Custodial Fees	0.00	
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	
5315 Professional Services 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)	0.00	
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	0.00	

Schedule No. 1

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Cash Account Activity During Year

*Cash defined in ledger #1040 as Savings or Checking

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Type of Account, Account Number, Interest Rate (List alphabetically)	Book Value at End of Previous Year	Total Deposits this Year	Income Reinvested/ Redeposited into Account	Withdrawals during Year	=A+B+C-D Total Book Value Dec 31st This Year	Cash Income Paid to System Not Reinvested or Redeposited	Interest Due and Accrued December 31st
Eastern Bank (1040)	196,029.00	6,261,742.59		6,132,391.42	325,380.17		

Schedule No. 2

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Short Term Securities* Bought and Sold or Matured During the Year as well as Still Held on December 31st

*Short Term defined in ledger #1100 as U.S. Treasury Bills, Commercial Paper, Repurchase Agreements, CDs, Term Deposits, Money Market, Cooperative Shares, Savings and Loan Shares

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Including CUSIP or Account No., Interest Rate, Maturity Date, (List alphabetically. Rolled over securities must be listed as <u>sold and then repurchased.</u>)	Date Acquired	Par Value*	Cost Including Commissions	Amount Received at Maturity (Expiration or Upon Liquidation) Less Commissions and <u>Excluding Interest</u>	Market Value Dec. 31st Current Year	Interest Received During Year	Due and Accrued Dec. 31st

N/A

*Optional Entry

Schedule No. 3A

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Domestic Fixed Income Securities Owned at End of Year
(Foreign Fixed Income Securities must be listed on Schedule 5)

Description: Including Maturity Date and Interest Rate (List alphabetically)	(A) CUSIP Number	(B) Cost or Market Value at End of Prior Year	(C) Unrealized Gain	(D) Unrealized Loss	(E) Market Value	(F) Interest Received During Year	(G) Interest Due and Accrued Dec. 31st
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N/A

Schedule No. 3B

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Domestic Fixed Income Securities Purchased During Year
 (Foreign Fixed Income Securities must be listed on Schedule 5)

Description: Including Date of Maturity and Interest Rate (List alphabetically)	(A) CUSIP Number	(B) Par Value*	(C) Date Acquired (Trade Date)	(D) Name of Broker	(E) Commissions Paid	(F) Paid Accrued Interest	(G) Cost Excluding Accrued Interest, but Including Commissions
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N/A

*Optional Entry

Schedule No. 3C

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Domestic Fixed Income Securities Sold During Year
 (Foreign Fixed Income Securities must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Including Date of Maturity and Interest Rate (List alphabetically)	CUSIP Number	Par Value*	Date Sold or Matured (Trade Date)	Name of Broker	Commissions	Market Value Previous Dec 31st	Amount Received on Sale Less Commissions Excluding Accrued Interest	= G - F Realized Gain	= G - F Realized Loss	Interest Received During Year Including Interest Sold

N/A

*Optional Entry

Schedule No. 4A

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Equities Owned at End of Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Give Complete Description (List alphabetically)	CUSIP Number	Number of Shares	Rate Per Share Used to Obtain Current Market Value	Market Value at End of Previous Year	Net Purchases and (Sales) at Book Value Current Year	Market Value at End of Current Year	= F - D - E Unrealized Gain	= F - D - E Unrealized Loss	Dividends Received During Year

N/A

Schedule No. 4B

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Equities Purchased During Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description: Give Complete Description (List alphabetically)	(A) CUSIP Number	(B) Number of Shares	(C) Date Acquired (Trade Date)	(D) Name of Broker	(E) Commissions and Fees Paid	(F) Cost to System Including Commissions and Fees
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N/A

Schedule No. 4C

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Equities Sold During Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Give Complete Description (List alphabetically)	CUSIP Number	Number of Shares	Name of Broker	Date Sold	Commissions Paid	Proceeds from Sale	Market Value at Prior Year-end or Cost if Purchased in Current Year	= F - G Realized Gain	= F - G Realized Loss	Dividends Received During Year

N/A

Schedule No. 5

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Schedule of Pooled Funds

This schedule is to be used for the PRIT Fund and Pooled Funds (e.g., Venture Capital, Real Estate, Commingled Funds).

PERAC Ledger Number	Description: Give Complete Description (List alphabetically by category)	(A) Market Value at End of Previous Year	(B) Total Purchases This Year at Cost	(C) Reinvested Income	(D) Realized Gain*	(E) Realized Loss*	(F) Unrealized Gain*	(G) Unrealized Loss*	(H) Total Sales/Redemptions this Year - Amount Received	(I) Cash Dividends/Distributions to System this Year	(J) Fees Paid	(K) =A+B+C+D-E+F-G+H+J Market Value at End of Year**
1198	Prit Cash	101,175.68	3,121,306.81	1,327,699.21					4,450,000.00			100,181.70
1199	Prit Fund	65,158,038.24	643,878.41	740,168.19	3,999,245.52	3,189,810.33	20,813,243.33				277,313.74	44,642,092.58

* If available.

** If using most recent period prior to year-end, please list date.

Supplementary Schedule

Annual Statement of the SAUGUS Retirement System for the Year Ended December 31, 2008

Members' Balances in the Annuity Savings Account

<u>Member's Name</u>	<u>Previous Balance</u>	<u>Total Additions Current Year</u>	<u>Total Interest Current Year</u>	<u>Reductions</u>	<u>Transfer to Annuity Reserves</u>	<u>Transfer to Pension Reserve Fund</u>	<u>Balance Current Year</u>
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APPENDIX PAGE 1

PLAN DESCRIPTION

The plan is a contributory defined benefit plan covering all SAUGUS 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___, 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 difference 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. In the past, 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 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 that 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 PERAC as of January 1, 2007

The Normal Cost for Employees on that date was \$ _____ % of Payroll
 The Normal Cost for the Employer was \$ _____ % of Payroll

The Actuarial Liability for Active Members was	\$	<u>36,265,703.00</u>
The Actuarial Liability for Retired Members was	\$	<u>48,006,607.00</u>
Total Actuarial Accrued Liability	\$	<u>84,272,310.00</u>
System Assets as of that Date	\$	<u>55,897,335.00</u>
Unfunded Actuarial Accrued Liability	\$	<u>28,374,975.00</u>

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

Investment Return: 8.25% per annum
 Rate of Salary Increase: * % per annum

Service based table with ultimate rates 4.75%, 5.00% and 5.25% for Groups 1, 2 and 4 respectively

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)
1/1/07	55,897,335.00	84,272,310.00	28,374,975.00	66.3%	14,220,109.00	199.5%

2. EXECUTIVE SUMMARY

PART A | COSTS UNDER CURRENT VALUATION

The principal results of the January 1, 2007 actuarial valuation are shown below.

Present Value of Future Benefits

Actives	\$55,702,988
Retirees, Survivors, and Inactives	<u>48,006,607</u>
Total	\$103,709,595

Normal Cost

Total Normal Cost	\$2,054,222
Expected Employee Contributions	<u>1,182,874</u>
Net Normal Cost	<u>\$871,348</u>

Actuarial Liability and Development of Unfunded Actuarial Liability

Actives	\$36,265,703
Retirees, Survivors, and Inactives	<u>48,006,607</u>
Total	\$84,272,310
Assets	<u>55,897,335</u>
Unfunded Actuarial Liability	<u>\$28,374,975</u>

The Board recently adopted a funding schedule effective in FY08. The appropriation for FY08 under this schedule is shown on page 7.

2. EXECUTIVE SUMMARY *(continued)*

PART B | COMPARISON WITH PRIOR VALUATION

The last full valuation was performed by PERAC as of January 1, 2005, although a full report was not issued for that valuation. Our Local Experience Study Analysis (issued in March, 2002) forms the basis for the actuarial assumptions (other than the investment return assumption) used in this valuation. Below we have shown the comparison between the two valuations.

	PERAC 1/1/07	PERAC 1/1/05	Increase (Decrease)	% Increase (Decrease)
Total Normal Cost	\$2,054,222	\$1,790,792	\$263,430	14.7%
Expected Employee Contributions	<u>1,182,874</u>	<u>984,825</u>	<u>198,049</u>	20.1%
Net Normal Cost	<u>\$871,348</u>	<u>\$805,967</u>	<u>\$65,381</u>	8.1%
Actuarial Liability				
Actives	\$36,265,703	\$30,463,771	\$5,801,932	19.0%
Retirees and Inactives	<u>48,006,607</u>	<u>46,345,456</u>	<u>1,661,151</u>	3.6%
Total	\$84,272,310	\$76,809,227	\$7,463,083	9.7%
Assets	<u>55,897,335</u>	<u>47,649,125</u>	<u>8,248,210</u>	17.3%
Unfunded Actuarial Liability	<u>\$28,374,975</u>	<u>\$29,160,102</u>	<u>(\$785,127)</u>	(2.7%)
Funded Ratio	66.3%	62.0%	4.3%	