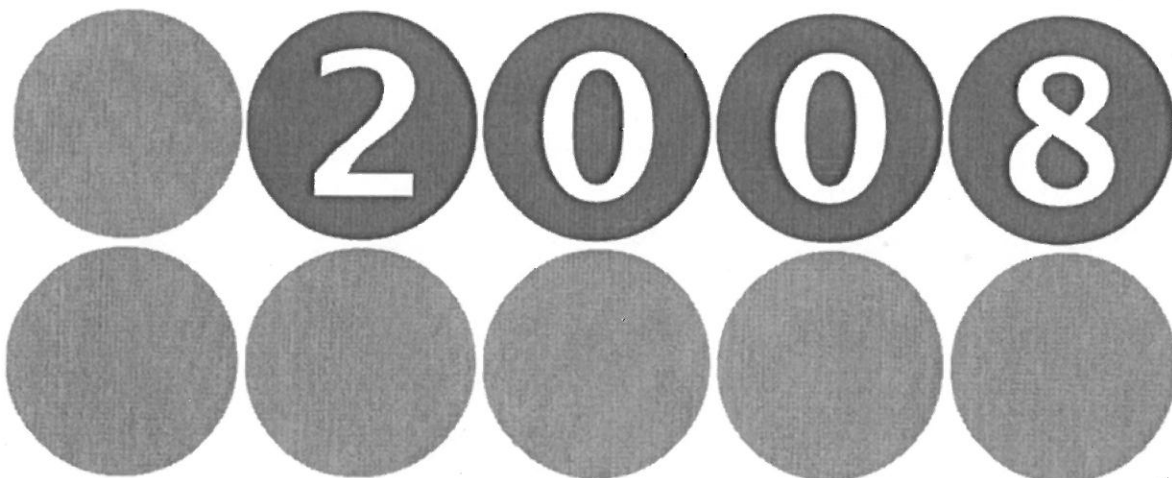


ANNUAL STATEMENT

OF THE FINANCIAL CONDITION OF THE GLOUCESTER RETIREMENT SYSTEM

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
GLOUCESTER RETIREMENT SYSTEM**

**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

11-15 Parker St. P.o. Box 114

Gloucester, MA 01931-0114

Telephone Number(978) 281-9744


We, the undersigned, members of the Board of Retirement of GLOUCESTER RETIREMENT SYSTEM 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 retirement 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

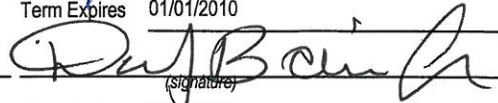
MARICIA MCINNIS


(signature)

Appointed Member

DAVID BAIN

Term Expires 01/01/2010


(signature)

Elected Member

DOUGLAS A. MACARTHUR*

Term Expires 07/31/2011


(signature)

Elected Member

EDWARD HARDY

Term Expires 07/31/2011


(signature)

Member Appointed by Other Members

MELISSA HOBBS

Term Expires 01/05/2009


(signature)

INVESTMENT MANAGERS

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

PRIT FUND

Name _____ Address _____

Name _____ Address _____

Name _____ Address _____

INVESTMENT CONSULTANT

Name _____ Address _____

CUSTODIAN

Name _____ Address _____

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31,2008
ANNUAL STATEMENT BALANCE TESTS**

1. ASSET BALANCE	
Assets Previous Year	73,761,710.44
Income Current Year	-13,307,934.99
Disbursements Current Year	8,886,454.91
Assets Current Year	51,567,320.54
2. ASSET DIFFERENCE	
Assets Current Year	51,567,320.54
Assets Previous Year	73,761,710.44
Difference	-22,194,389.90
3. INCOME DIFFERENCE	
Income Current Year	-13,307,934.99
Disbursements Current Year	8,886,454.91
Difference	-22,194,389.90
4. FUND CHANGE DIFFERENCE	
Total Fund Change Credits Current Year..	-11,267,354.23
Total Fund Chage Debits Current Year...	10,927,035.67
Difference	-22,194,389.90

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

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM for
the year ended December 31, 2008**

Assets and Liabilities

	<u>2008</u> End Balance	<u>2007</u> End Balance	<u>2006</u> End Balance
1040 - 1049 Cash	363,017.36	1,050,445.74	8,430,336.64
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	16,569,249.77	16,913,609.58
1173 - Pooled International Equity Funds	0.00	8,309,935.56	8,964,453.52
1174 - Pooled Global Equity Funds	0.00	7,939,962.97	7,088,397.15
1181 - Pooled Domestic Fixed Income Funds	0.00	15,055,613.57	11,663,269.94
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	5,060,365.77	3,310,559.27
1194 - Pooled Real Estate Funds	0.00	2,970,105.30	2,751,229.82
1195 - Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196 - Pooled International Balanced Funds	0.00	8,973,345.53	8,829,246.49
1198 - PRIT Cash	75,292.84	0.00	0.00
1199 - PRIT Fund	51,129,093.31	7,803,309.37	0.00
1891 - Principal Adjustment Account	0.00	0.00	0.00
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	0.00	2,617.61	4,909.94
1398 - Accounts Receivable (A)	0.00	58,846.23	10,535.05
2020 - Accounts Payable (A)	-82.97	-32,086.98	-46,018.32
Total	51,567,320.54	73,761,710.44	67,920,529.08
Funds :			
3293 - Annuity Savings Fund	22,313,718.17	21,498,888.42	20,193,201.51
3294 - Annuity Reserve Fund	6,808,695.12	6,763,959.87	6,617,616.96
3295 - Military Service Fund	14,294.90	14,209.64	14,124.84
3296 - Pension Fund	3,026,365.87	2,440,964.11	-320,647.23
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	19,404,246.48	43,043,688.40	41,416,233.00
Total Assets at Market Value	51,567,320.54	73,761,710.44	67,920,529.08

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

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31, 2008**

	<u>Balance December 31 2007</u>	<u>Receipts</u>	<u>Interfund Transfers</u>	<u>Disbursements</u>	<u>Balance December 31 2008</u>
Annuity Savings Fund	21,498,888.42	2,277,006.68	-887,389.79	574,787.14	22,313,718.17
Annuity Reserve Fund	6,763,959.87	203,676.20	839,995.76	998,936.71	6,808,695.12
Pension Fund	2,440,964.11	6,132,744.18	1,200,585.00	6,747,927.42	3,026,365.87
Military Service Fund	14,209.64	85.26	0.00	0.00	14,294.90
Expense Fund	0.00	564,803.64	0.00	564,803.64	0.00
Pension Reserve Fund	43,043,688.40	-22,486,250.95	-1,153,190.97	0.00	19,404,246.48
TOTAL ALL FUNDS:	<u>73,761,710.44</u>	<u>-13,307,934.99</u>	<u>0.00</u>	<u>8,886,454.91</u>	<u>51,567,320.54</u>

List Below all Transfers:

Transfer from 3293	Fund to the 3294	Fund in the Amount of	839,995.76	on account of	Retirements
Transfer from 3293	Fund to the 3297	Fund in the Amount of	47,394.03	on account of	over 10 years inactive
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 3297	Fund to the 3296	Fund in the Amount of	1,200,585.00	on account of	transfer per PERAC approp letter
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 GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31, 2008**

RECEIPTS

	<u>2008</u>	<u>2007</u>	<u>2006</u>
1. Annuity Savings Fund :			
(a) 4891 - Members Deductions	2,037,781.34	2,061,474.12	1,899,274.83
(b) 4892 - Transfers From Other	59,635.04	240,575.76	93,083.60
(c) 4893 - Make Up and Redeposit Payments	40,437.11	59,774.44	53,899.21
(d) 4900 - Member Payments from Rollovers	15,109.37	27,590.16	6,742.62
(e) Investment Income Cr to Members A/C	124,043.82	118,205.57	111,688.73
Subtotal	2,277,006.68	2,507,620.05	2,164,688.99
2. Annuity Reserve Fund :			
(a) Investment Income Cr to Annuity Res Fd	203,676.20	191,984.65	195,854.45
Subtotal	203,676.20	191,984.65	195,854.45
3. Pension Fund :			
(a) 4898 - 3(8) (c) Reimburse from Other Sys	63,819.32	42,946.10	49,862.18
(b) 4899 - Rec'd from State for COLA & Surviv	260,858.86	267,516.74	289,629.74
(c) 4894 - Pension Fund Appropriation	5,808,066.00	5,512,525.00	5,155,891.00
Subtotal	6,132,744.18	5,822,987.84	5,495,382.92
4. Military Service Fund :			
(a) 4890 - Military Serv Contr from Municipal	0.00	0.00	4,990.45
(b) Invest Inc Credited Military Ser Fd	85.26	84.80	84.32
Subtotal	85.26	84.80	5,074.77
5. Expense Fund :			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	564,803.64	597,028.10	571,753.40
Subtotal	564,803.64	597,028.10	571,753.40
6. Pension Reserve Fund :			
(a) 4897 - Federal Grant Reimbursement	14,945.81	22,567.48	20,541.26
(b) 4895 - Pension Reserve Appropriation	0.00	47,937.00	0.00
(c) 4822 - Interest not Refunded:	4,989.73	1,740.26	2,352.77
(d) 4825 - Misc. Income	1,972.86	431.02	3,143.58
(e) Excess Investment Income	-22,508,159.35	5,018,763.64	7,796,374.94
Subtotal	-22,486,250.95	5,091,439.40	7,822,412.55
TOTAL RECEIPTS	-13,307,934.99	14,211,144.84	16,255,167.08

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31, 2008**

Disbursements

	<u>2008</u>	<u>2007</u>	<u>2006</u>
1. Annuity Savings Fund :			
(a) 5757 - Refunds To Members	164,960.73	114,887.11	103,966.59
(b) 5756 - Transfers To Other Systems :	409,826.41	123,005.51	256,565.05
Subtotal	574,787.14	237,892.62	360,531.64
2. Annuity Reserve Fund :			
(a) 5750 - Annuities Paid	998,936.71	930,440.18	894,341.21
(b) 5759 - Option B Refunds	0.00	84,528.66	17,356.01
Subtotal	998,936.71	1,014,968.84	911,697.22
3. Pension Fund :			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	4,367,024.69	4,213,769.87	-4,173,895.00
Survivorship Payments	380,544.00	348,927.35	-299,620.90
Ordinary Disability Payments	216,670.56	221,448.57	-233,424.78
Accidental Disability Payments	1,326,876.24	1,258,206.02	-1,382,273.02
Accidental Death Payments	207,436.56	206,345.31	-222,231.97
Section 101 Benefits	107,983.75	99,197.40	-89,098.96
(b) 5755 - 3 (8) (c) Reimb To Other Sys	141,391.62	172,179.40	154,131.14
(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	6,747,927.42	6,520,073.92	-6,246,413.49
4. Military Service Fund :			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	0.00	4,990.45
Subtotal	0.00	0.00	4,990.45
5. Expense Fund :			
(a) 5118 Board Member Stipend	15,625.00	16,125.00	15,625.00
(b) 5119 - Salaries	133,975.09	104,591.44	86,759.38
(c) 5304 - Management Fees	293,929.58	348,695.02	327,649.32
(d) 5305 - Custodial Fees	0.00	18,599.71	33,230.83
(e) 5307 - Investment Consultant Fees	7,375.00	40,000.00	35,000.00
(f) 5308 - Legal Expenses	8,735.25	4,919.99	7,087.50
(g) 5309 - Medical Expenses	0.00	48.96	0.00
(h) 5310 - Fiduciary Insurance	5,293.00	5,133.00	4,684.12
(i) 5311- Service Contracts	16,257.97	26,231.00	29,630.05
(j) 5312 - Rent Expense	17,554.49	15,000.00	15,000.00
(k) 5589 - Administrative Expenses	59,145.06	9,043.36	8,610.30
(l) 5599 - Furniture and Equipment	4,459.66	8,141.04	5,347.92
(m) 5719 - Travel	2,453.54	499.58	3,128.98
Subtotal	564,803.64	597,028.10	571,753.40
Total Disbursements:	8,886,454.91	8,369,963.48	-4,397,440.78

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31, 2008**

Investment Income

	2008 End Balance	2007 End Balance	2006
Investment Income Received From :			
(a) Cash (from schedules 1)	9,458.76	45,780.30	25,309.65
(b) Short Term Investments (sch 2)	0.00	0.00	0.00
(c) Fixed Inc Sec (from sch 3A and 3C)	0.00	0.00	0.00
(d) Equities (from sch 4A and 4C)	11,859.04	13,599.59	165,706.64
(e) Pooled Funds (from Schedule 5)	2,123,844.58	104.00	1,140,915.88
(f) Commission Recapture	0.00	1,685,885.36	2,439.00
4821 - TOTAL INVESTMENT INCOME	2,145,162.38	1,745,369.25	1,334,371.17
Plus :			
4884 - Realized Gains	1,262,047.31	1,879,374.48	2,136,953.00
4886 - Unrealized Gains	3,558,366.91	8,236,359.84	8,289,436.72
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	0.00	2,617.61	4,909.94
	4,820,414.22	10,118,351.93	10,431,299.66
Less :			
4823 - Pd Accrued Int - Fixed Inc Securities	0.00	0.00	0.00
4885 - Realized Losses	-7,121,836.89	0.00	-264,893.56
4887 - Unrealized Losses	-21,443,987.93	-5,932,744.48	-2,823,876.35
1550 - Inc Due & Accrued Prior Year	-2,617.61	-4,909.94	-1,145.08
	-28,568,442.43	-5,937,654.42	-3,089,914.99
NET INVESTMENT INCOME	-21,602,865.83	5,926,066.76	8,675,755.84
Income Required :			
Annuity Savings Fund (Supp Schedule)	124,043.82	118,205.57	111,688.73
Annuity Reserve Fund	203,676.20	191,984.65	195,854.45
Expense Fund	564,803.64	597,028.10	571,753.40
Military Service Fund	85.26	84.80	84.32
	892,608.92	907,303.12	879,380.90
TOTAL INCOME REQUIRED	892,608.92	907,303.12	879,380.90
Net Investment Income	-21,602,865.83	5,926,066.76	8,675,755.84
Less : Income Required	-892,608.92	-907,303.12	-879,380.90
EXCESS INCOME TO THE PENSION RESERVE FUND	-22,495,474.75	5,018,763.64	7,796,374.94

Annual Statement of the Gloucester Retirement System for the year ended December 31, 2008

MEMBERSHIP FOR CURRENT YEAR	Group 1	Group 2 & 4	Total
Active Membership, Dec 31, previous year	409	149	558
Inactive Membership, Dec 31, previous year	82	13	95
Enrolled during current year	34	0	34
Transfers between groups	0	0	0
Returned from PENSION RESERVE FUND	0	0	0
SUBTOTAL	116	13	129
Deduct:			
Deaths	0	0	0
Withdrawals & Transfers to PENSION RESERVE FUND	-31	-1	-32
Retirements	-17	-1	-18
SUBTOTAL	-48	-2	-50
Active Membership, Dec 31, current year	395	147	542
Inactive Membership, Dec 31, current year	63	8	71

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS			
Retired, Beneficiary and Survivor Membership, Dec 31, previous year	267	138	405
Retirements during the year:			
Superannuation	16	1	17
Ordinary disability	0	0	0
Accidental disability	2	0	2
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	1	2
Survivor benefits from active membership	0	0	0
SUBTOTAL	19	2	21
Deduct:			
Death of retired members	-10	-2	-12
Termination of Survivor Benefits	-1	0	-1
Reinstatments of disabled pensions	0	0	0
SUBTOTAL	-11	-2	-13
Retired Membership, Dec 31, current year			
Superannuation	204	71	275
Ordinary disability	13	2	15
Accidental disability	16	36	52
Termination	0	0	0
Beneficiaries from Accidental Deaths	1	7	8
Beneficiaries from Section 100	0	1	1
Beneficiaries from Section 101	5	10	15
Beneficiaries under Option (c)	14	8	22
Option (d) Survivor Allowance	19	1	20
Section 12b Survivor Allowance	3	2	5
Total Retired, Beneficiary and Survivor Membership, Dec 31, current year	275	138	413

Total Membership:			
Active, Inactive, Retired, Beneficiary and Survivor, Dec 31, current year	733	293	1,026

**Annual Statement of the GLOUCESTER RETIREMENT SYSTEM
for the year ended December 31, 2008**

Schedule A

Detail of Accounts Receivable and Accounts Payable

Accounts Receivable

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 Bene	0.00
4884 - Realized Gain on Sale of Investments	0.00
4894 - Pension Fund Appropriation (Current Fiscal Year)	0.00
4894 - Pension Fund Appropriation (Previous Fiscal Year)	0.00
4890 -	0.00
4897 - Federal Grant Reimbursement	0.00
4895 - Pension Reserve Appropriation	0.00

Investments Sold but funds not received (list individually)

4901 -	0.00
4902 -	0.00
4903 -	0.00
4904 -	0.00
4905 -	0.00
Total Receivables	0.00

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 as offset to Expense Fund	0.00
5305 - Custodial Fees as offset to Expense Fund	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
5589 - Administrative Expenses	82.97
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	82.97

Schedule No. 1

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

Cash Account Activity During Year

Description: Type of Account, Account Number, Interest Rate (List alphabetically)	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Book Value at End of <u>Previous Year</u>	Total Deposits <u>This Year</u>	Inc Reinvest Redeposited <u>Into Account</u>	Withdrawals <u>During Year</u>	=A+B+C-D Total Book Value December 31st <u>This Year</u>	Cash Income Paid to System Not Reinvested or <u>Redeposited</u>	Interest Due and Accrued <u>December 31st</u>
Summary by Manager							
1043 TD Banknorth	238,587.43	20,987,478.77		20,863,266.31	362,799.89	0.00	0.00
1044 TD Banknorth	70.34	6,976,786.67		6,976,639.54	217.47	0.00	0.00
1042 SSGA Inst Treas Plus MM Inv Cl FD	811,787.97	108,957,510.28		109,769,298.25	0.00	9,458.76	0.00
Summary Totals	1,050,445.74	136,921,775.72		137,609,204.10	363,017.36	9,458.76	0.00

Schedule No. 2
 Annual Statement of the GLOUCESTER 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 31, 2008
 *Short Term defined in ledger #100 as U.S. Treasury Bills, Commercial Paper, Repurchase Agreements

Description Account	CUSIP	Date Acquired	(B) Par Value	(C) Cost (incl. Commissions)	(D) Amount Rec'd at Maturity less Commissions	(E) Book Value Dec. 31st Current Year	(F) Interest Received During Year	(G) Due and Accrued Dec. 31st

Schedule No. 3A
 Annual Statement of the GLOUCESTER Retirement System for the Year Ended December 31, 2008
 Fixed Income Securities Owned at End of Year

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Description Account	Par Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Interest Received During Year	Due and Accrued Dec. 31st
CUSIP							
None							

Schedule No. 3B
 Annual Statement of the GLOUCESTER Retirement System for the Year Ended December 31, 2008
 Fixed Income Securities Purchased During Year

Description Account	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	CUSIP	Par Value	Date Acquired	Name of Broker	Commissions Paid	Paid Accrued Interest	Cost excl. Interest incl. Commissions

None

Schedule No. 3C
 Annual Statement of the GLoucester Retirement System for the Year Ended December 31, 2008

Fixed Income Securities Sold During Year

Description Account	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	CUSIP	Par Value	Date Sold or Matured (Trade Date)	Name of Broker	Commissions	Market Value or Cost	Amount Rec'd Less Commissions Excl. Acc. Interest	Realized Gain	Realized Loss	Interest Received During Year Inc. Interest Sold

None

Schedule No. 4A
Annual Statement of the GLOUCESTER Retirement System for the Year Ended December 31, 2008

Equities Owned at End of year

(A) Description Account	(B) CUSIP	(C) Number of Shares	(D) Rate Per Share Used to Obtain Current Market Value	(E) Market Value at End of Previous Year	(F) Net Purchases and (Sales) at Book Value Current Year	(G) Market Value at End of Current Year	(H) Unrealized Gain	(I) Unrealized Loss	(J) Dividends Received During Year
BELL SOUTH 020703260004	079860102	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	35.36
BRISTOL MYERS SQUIBB 020703260004	110122108	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	61.56
CIGNA CORP 020703260004	125509109	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	384.42
FED HOME LOAN 020703260004	313400301	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	317.03
NORTEL NETWORKS 020703260004	656668102	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	712.01
SEARS 020703260014	812387108	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	9,190.99
WILLIAMS 020703260004	969457100	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	403.56
XEROX 020703260004	984121103	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	255.68
WORLDCOM 020703260004	999WORLD9	0.0000	0.0000	0.00	0.00	0.00	0.00	0.00	498.43
Total		0.0000		0.00	0.00	0.00	0.00	0.00	11,859.04

* the \$11,859.04 is all attributable to "class action settlements" received after the Manager assets were transferred to the PRIT fund.

Schedule No. 4B
 Annual Statement of the GLOUCESTER Retirement System for the Year Ended December 31, 2008

Equities Purchased During Year					
(A)	(B)	(C)	(D)	(E)	(F)
Description Account	Number of Shares	Date Acquired	Name of Broker	Commissions	Cost to System incl. Commissions
<u>CUSIP</u>					
None					

Schedule No. 4C
 Annual Statement of the GLOUCESTER Retirement System for the Year Ended December 31, 2008
 Equities Sold During Year

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
<u>Description</u> <u>Account</u>	<u>Par Value</u>	<u>Name of Broker</u>	<u>Date Sold</u> <u>(Trade Date)</u>	<u>Commissions</u>	<u>Proceeds</u> <u>From Sale</u>	<u>Book Value</u> <u>on Date of Sale</u>	<u>Realized</u> <u>Gain</u>	<u>Realized</u> <u>Loss</u>	<u>Dividends</u> <u>Received</u> <u>During Year</u>

None

**Schedule No.5
Annual Statement Of The Gloucester Retirement System for the Year Ended December 31, 2008**

PERAC Ledger #	Description: list alpha by category	(A) Market Value at end of Previous Year	(B) Total Purchases this year at Cost	(C) Reinvested Investment Income	(D)&(E) Realized / Gains Loss	(F)&(G) Unrealized Gains Loss	(H) Total Sales/Redemp this year amt Rec'd	(I) Cash Div/Dist to System this Year	(J) Fees Paid	(K) Market Value at End of Year
1172	Intech	9,642,101.71	0.00	0.00	(1,054,538.06)		(8,571,401.21)		(16,162.44)	0.00
1172	Wellington	6,927,148.06	0.00	1,061.21	0.06	(605,221.60)	(6,322,987.67)		(0.06)	0.00
1172	Invesco	8,309,935.56	0.00	0.00	(741,661.75)		(7,563,033.28)		(5,240.53)	0.00
1172	Pimco All Asset	7,939,962.97	0.00	0.00	81,339.25		(8,021,302.22)			0.00
1172	Pimco Total Ret	15,055,613.52	0.00	59,977.89	458,922.34		(15,574,513.75)			0.00
1173	PRIT Absolute Return	5,060,365.77	0.00	2.44	(119,094.38)		(4,941,149.85)		(123.98)	0.00
1173	PRIT Core Real Estate	2,970,105.30	0.00	10,095.77	(10,696.67)	(847.82)	(2,958,573.32)		(10,083.26)	0.00
1181	Mellon (EB Temp Inv)	0.58	0.00	0.00	(0.58)					0.00
1181	Mellon (EB Global)	8,973,344.95	0.00	0.00	(559,561.21)		(8,413,783.74)			0.00
1194	PRIT Cash	0.00	59,991,644.25	8,166.26			(54,829,517.67)	(5,095,000.00)		75,292.84
1194	PRIT General Allocation	7,803,309.37	62,729,240.84	2,044,541.01	(3,914,499.05)	(17,279,551.60)	(54,829,517.67)	(5,095,000.00)	(253,947.26)	51,129,093.31
	adjustment to G/L				0.53					
	* Wellington								(4,038.72) *	
	* Mellon								(4,333.33) *	
	* to balance out fund									
	TOTAL	72,661,887.79	122,720,885.09	2,123,844.58	(5,859,789.52)	(17,885,621.02)	(117,196,262.71)	(5,095,000.00)	(293,929.58)	51,204,386.15

* management fees were paid after funds were transferred to PRIT fund.

Schedule No. 6
Annual Statement of The Gloucester Retirement System for the Year Ended December 31, 2008

Summary of Investments Owned

Category of Investment	Market Value	Interest Due and Accrued	Paid Accrued Interest on Purchases in Current Year	Commissions Paid During Current Year	Realized Unrealized Gains Losses	Gains Losses	Investment Income Received During Year
1 1040 Cash	363,017.36						9,458.76
2. 1100-Short Term Securities							
3. 1180-Fixed Inc. Securities							
4. 1170-Equities							
5a. 1101-Pooled Short Term Funds							
5b. 1172-Pooled Domestic Equity Funds							11,859.04
5c. 1173-Pooled International Equity Funds							
5d. 1174-Pooled Global Equity Funds							71,137.31
5e. 1181-Pooled Domestic Fixed Income Funds							
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							
5j. 1195-Pooled Domestic Balanced Funds							
5k. 1196-Pooled International Balanced Funds							
5l. 1198-PRIT Cash	75,292.84						8,166.26
5m. 1199-PRIT Fund	51,129,093.31						2,044,541.01
TOTAL	51,567,403.51	0.00	0.00	0.00	(17,279,551.60)	(3,914,499.05)	2,145,162.38

PLAN DESCRIPTION

The plan is a contributory defined benefit plan covering all Gloucester Contrib. 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.

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.



GLOUCESTER RETIREMENT SYSTEM

PERAC INFORMATION DISCLOSURE

The most recent actuarial valuation of the System was prepared by Stone Consulting, Inc. as of January 1, 2008
 The normal cost for employees on that date was: \$1,979,340 8.7% of payroll
 The normal cost for the employer was: \$1,162,330 5.1% of payroll

The actuarial liability for active members was: \$61,788,806
 The actuarial liability for retired members was (includes inactive): \$67,022,309
 Total actuarial accrued liability: \$128,811,115
 System assets as of that date: 71,938,829
 Unfunded actuarial accrued liability: \$56,872,286

The ratio of system's assets to total actuarial liability was: 56%

As of that date the total covered employee payroll was: \$22,787,184

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

Investment Return: 7.875% per annum
 Rate of Salary Increase: 4.50% per annum

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2008	\$71,939	\$128,811	\$56,872	56%	\$22,787	250%
1/1/2006	\$58,165	\$117,403	\$59,238	50%	\$20,903	283%
1/1/2004	\$52,051	\$105,752	\$53,701	49%	\$20,532	262%
1/1/2003	\$46,649	\$99,626	\$52,977	47%	\$20,985	252%

GLOUCESTER RETIREMENT SYSTEM

Supplementary Schedule Totals

Printed: 12/31/2008

Previous Balance	21,498,888.42
Current Deductions	2,037,781.34
Current Interest	124,043.82
Refunds (Refund Int+Refund Ded)	569,797.41
Transfer to Annuity Reserve	839,995.76
Transfer to Pension Fund	0.00
Adjust Interest Credit	0.00
Make-ups and Transfers In	115,181.52
Transfer to Pension Reserve	52,383.76
Accumulated Deductions	22,313,718.17