EAST NORRITON TOWNSHIP

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2009

INTRODUCTORY SECTION

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EAST NORRITON TOWNSHIP
2501 Stanbridge Street
East Norriton, PA 19401-1616

March 19, 2010

To the Citizens of East Norriton Township:

State law requires that all general-purpose local governments publish a complete set of financial statements. Pursuant to that requirement, we hereby issue the annual financial report of East Norriton Township for the year ended December 31, 2009.

This report consists of management's representations concerning the finances of East Norriton Township. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of East Norriton Township has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of East Norriton Township's financial statements. Because the cost of internal controls should not outweigh their benefits, East Norriton Township's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

East Norriton Township's financial statements have been audited by Maillie, Falconiero & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of East Norriton Township for the year ended December 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that East Norriton Township's financial statements for the year ended December 31, 2009, are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. East Norriton Township's MD&A can be found immediately following the report of the independent auditors.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which East Norriton Township operates.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of East Norriton Township's finances.

Respectfully submitted,

Donald D. Delamater Township Manager	William Scurry Finance Director
(Date)	(Date)

FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
East Norriton Township
East Norriton, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Norriton Township, East Norriton, Pennsylvania, as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of East Norriton Township, East Norriton, Pennsylvania's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Norriton Township, East Norriton, Pennsylvania, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 6 through 16, budgetary comparison schedule on page 52, pension plan funding progress on pages 53 and 54 and postemployment benefits other than pension funding progress on page 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Maillie Falconiero + Company, LLP

Oaks, Pennsylvania
March 19, 2010

Counselors to the Closely Held Business Since 1946

This section of East Norriton Township's annual financial report presents its discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2009. Please read it in conjunction with the Township's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

East Norriton Township consistently receives a significant amount of revenues each year in the form of Pennsylvania State grants. These annual revenues are Liquid Fuels Grant, Pension State Aid Grant, Recycling Performance Grant and the Fireman's Relief Fund Grant.

The Township experienced significant reductions in revenues which fund the General Fund budget. The three primary revenue sources negatively impacted were the Earned Income Tax (about -1.5%), the Business Privilege Tax (about -9.5%) and the Real Estate Transfer Tax (about -42%). The three decreases together equated to about a $300,000 reduction of General Fund revenues in 2009 compared to 2008. In order to make up those revenue reductions, the Township deferred several capital projects/expenditures in 2009 so that money could be transferred from the Capital Reserve Fund to the General Fund in order to pay for the operating costs of the Township.

Under the regulations of Act 209, the Township continues to receive funds from the Traffic Impact Fees which are assessed to new developments in the Township. These funds are used to upgrade/improve the various intersections and roadways throughout the Township to accommodate the increasing volume of traffic which these new developments generate.

Under the Township's Subdivision and Land Development Code, a Parks and Recreation Fee is required from developers. When a property goes through the development process, the developer is required to provide to the Township 10% of usable land for Parks and Recreation purposes. If the developer is not able to provide the land or the Township is agreeable to a fee in lieu of land, the Code requires that 10% of the raw value of the entire property be funded to the Township. These funds may only be used for Parks and Recreation capital purposes such as the purchase or development of open space properties.

Also under the Township's Subdivision and Land Development Code, a Sanitary Sewer Connection Fee ($920 for residential developments and $1,107 for non-residential developments) is required for all new connections to the Township's public sanitary sewer system. These funds are authorized by State legislation and may only be used for capital improvements to the sanitary sewer system. The fee was amended in 2005 because of recent legislation which required a less favorable calculation for municipalities.

The Township continued to provide health insurance coverage to our employees from the Delaware Valley Health Insurance Trust (DVHIT). The Township employees have a choice of coverages, which include an HMO or two different PPO health insurance plans. However, the Township instituted a health insurance coverage change for all employees. Effective September 1, 2008, for all non-uniformed employees, and January 1, 2009, for all police employees, those employees who choose to be covered under the lower deductable PPO plan now pay the difference between the HMO and PPO premium rates. This coverage change is estimated to save the Township about $90,000 per year.

Also, the Township continued its program to reimburse in lieu of an employee and family being covered under the Township's health and dental insurance coverage. In 2009, the Township saved about $130,000 (reimbursement costs vs. potential insurance premium costs).

Through attrition in 2009, the Township eliminated two positions within the police department. A Lieutenant retired in October 2009, and one police officer resigned in March 2009.

East Norriton Township provided all non-uniformed employees with a 3% wage increase in 2009. As part of the police contract, all sworn police personnel also received a 4% increase in 2009. The police employee contributions to the Police Pension Plan were 5% for 2009, and the non-uniformed employees' contributions to the Employee Pension Plan were 1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide statements.

- The Governmental Funds statements tell how basic services, such as public safety and highways and streets, were financed in the short term as well as what remains for future spending.

- Proprietary Fund statements offer short- and long-term financial information about the activities the Township operates like businesses, such as sewer operations.
- Fiduciary Funds statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Township's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the East Norriton Township Annual Financial Report

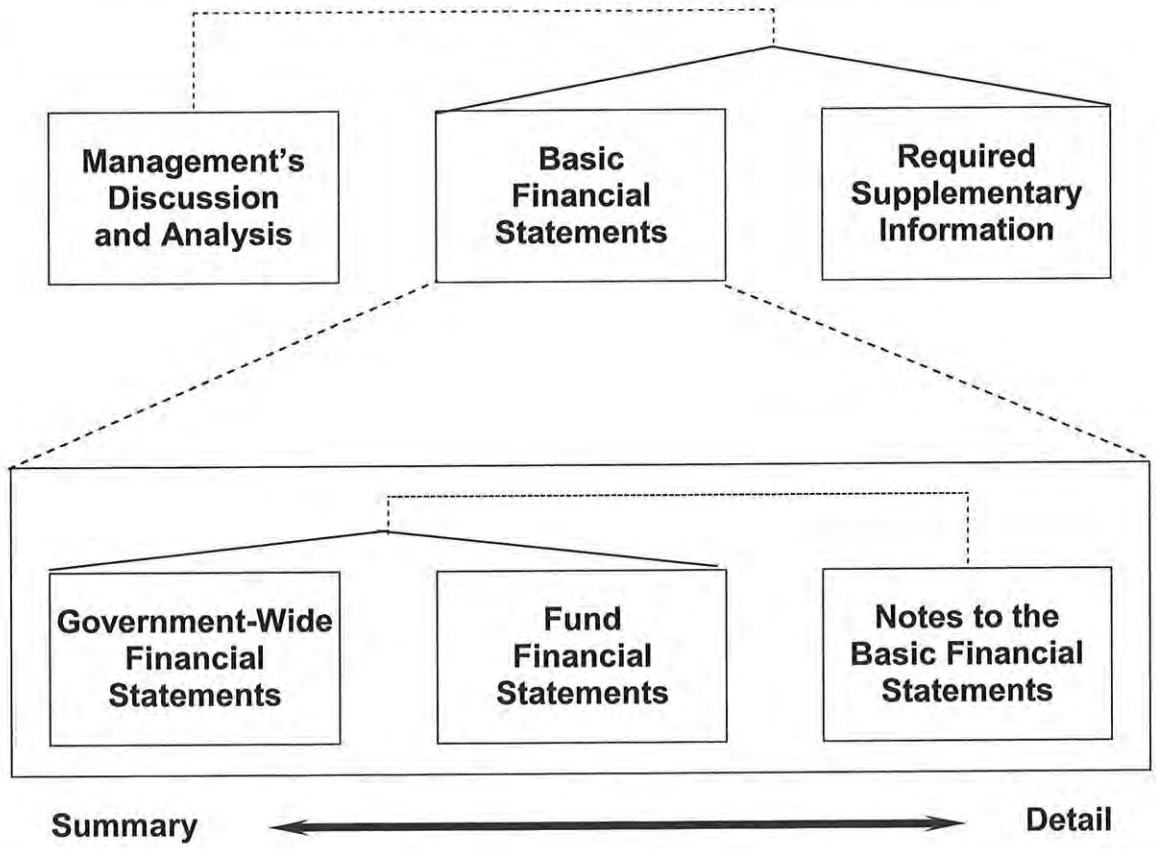

Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire Township (except Fiduciary Funds)	The activities of the Township that are not proprietary or fiduciary	Activities the Township operates similar to private businesses: Sewer Revenue Account	Instances in which the Township administers resources on behalf of someone else, such as pension plans
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances (deficit)	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets--the difference between the Township's assets and liabilities--is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the Township's overall health, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of highways and other infrastructures.

In the government-wide financial statements, the Township's activities are divided into two categories:

- ***Governmental Activities***: Most of the Township's basic services are included here, such as general government, public safety and public services.

- ***Business-Type Activities***: The Township charges fees to help it cover the costs of certain services it provides. The Township's Sewer Revenue Account is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds--not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The Township establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The Township has three kinds of funds:

- ***Governmental Funds***: Most of the Township's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information explains the relationship (or differences) between them.
- ***Proprietary Fund***: Services for which the Township charges a fee are generally reported in the Proprietary Fund. The Proprietary Fund is reported in the same way as the government-wide statements. The Township's Enterprise Fund (one type of Proprietary Fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
- ***Fiduciary Funds***: The Township is the trustee, or fiduciary, for assets that belong to others, such as the pension plans. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Township excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's overall Assessed Valuation has slightly increased each year over the past several years therefore keeping the Real Estate Tax revenues relatively stable. In addition, as in prior years, the Township again achieved about a 98% collection rate of Real Estate Taxes levied in 2009.

Figure A-3
Condensed Statements of Net Assets (In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total Township		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008 - 2009
Current and other assets	$ 4,561	$ 4,679	$ 2,096	$ 1,933	$ 6,657	$ 6,612	(.68)%
Capital assets, net	8,712	9,606	1,346	1,243	10,058	10,849	7.86
TOTAL ASSETS	13,273	14,285	3,442	3,176	16,715	17,461	4.46
Long-term debt outstanding	4,612	4,139	456	354	5,068	4,493	(11.35)
Other liabilities	369	349	185	39	554	388	(29.96)
TOTAL LIABILITIES	4,981	4,488	641	393	5,622	4,881	(13.18)
Net assets							
Invested in capital assets, net of related debt	4,156	5,601	891	889	5,047	6,490	28.59
Restricted	179	194	-	-	179	194	8.38
Unrestricted	3,957	4,002	1,910	1,894	5,867	5,896	.49
TOTAL NET ASSETS	$ 8,292	$ 9,797	$ 2,801	$ 2,783	$ 11,093	$ 12,580	13.40%

Figure A-4
Changes in Net Assets from Operating Results (In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total Township		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008 - 2009
REVENUES							
Program revenues							
Charges for services	$ 58	$ 71	$ 3,097	$ 2,815	$ 3,155	$ 2,886	(8.53)%
Operating grants and contributions	52	958	-	-	52	958	1742.31
General revenues							
Taxes	5,881	5,584	-	-	5,881	5,584	(5.05)
Other	2,115	1,827	36	9	2,151	1,836	(14.64)
TOTAL REVENUES	8,106	8,440	3,133	2,824	11,239	11,264	.22
EXPENSES							
General government	1,120	1,078	-	-	1,120	1,078	(3.75)
Public safety	3,369	2,779	-	-	3,369	2,779	(17.51)
Health and sanitation	2	1	-	-	2	1	(50.00)
Highways and streets	1,109	1,254	-	-	1,109	1,254	13.07
Culture and recreation	525	516	-	-	525	516	(1.71)
Miscellaneous	1,745	1,612	-	-	1,745	1,612	(7.62)
Interest expense	164	151	16	13	180	164	(8.89)
Depreciation	179	188	265	280	444	468	5.41
Operating expenses	-	-	2,198	1,905	2,198	1,905	(13.33)
Transfers	(643)	(644)	643	644	-	-	-
TOTAL EXPENSES	7,570	6,935	3,122	2,842	10,692	9,777	(8.56)
CHANGE IN NET ASSETS	$ 536	$ 1,505	$ 11	$ (18)	$ 547	$ 1,487	171.85%

Business-Type Activities

East Norriton Township continues to be the operator of the sanitary sewer collection system. In 2006, the Township had negotiated a Consent Order and Agreement with the Pennsylvania Department of Environmental Protection (PADEP). This agreement specified the methodology the Township employed to reduce Infiltration and Inflow (I/I) within the sanitary sewer system in the Germantown Pike pump station watershed and established milestone dates for the completion of each task. At the beginning of 2009, the Township met all of the milestones outlined in the Agreement. By meeting these milestones, the Consent Order and Agreement was lifted by PADEP in 2009. The Township has implemented an ongoing I&I program. The Township has been and will continue to inspect sewer laterals whenever a house is sold in the Township. The Township has also begun inspecting and televising the private sewer laterals for residential properties in other areas of the Township.

East Norriton Township continued its Road Improvement Program utilizing Liquid Fuels Grant revenues. In 2009, the Township resurfaced all or a portion of four roads: Independence Road, Eisenhower Drive, Kennedy Road and Senator Road. The Road Improvement Program will continue in the future utilizing the annual Liquid Fuels funds from the Commonwealth of Pennsylvania.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At the completion of each calendar year, an audit is performed on the financial statements of the Township to provide reasonable assurance that the financial statements do not contain any material misstatements. East Norriton Township provides the appropriate funding within the annual budget for various projects. The Board of Supervisors, which is the legislative body of local government, approved the 2009 Budget on December 23, 2008. The Board of Supervisors reviewed the revenues and expenditures throughout the year and approved the Township's Statements of Expenditures and the Treasurer's Report at each monthly public meeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

East Norriton Township continued its Road Improvement Program utilizing Liquid Fuels Grant revenues.

Figure A-5
Capital Assets (Net of Depreciation, In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total Township		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008 - 2009
Infrastructure	$ 4,922	$ 4,922	$ -	$ -	$ 4,922	$ 4,922	-%
Land and improvements	4,279	5,480	-	-	4,279	5,480	28.07
Construction in progress	68	-	-	-	68	-	(100.00)
Buildings and building improvements	2,419	2,425	206	206	2,625	2,631	.23
Equipment and machinery	2,051	2,118	6,757	6,934	8,808	9,052	2.77
Automobiles and trucks	1,209	1,087	172	171	1,381	1,258	(8.91)
Accumulated depreciation	(6,236)	(6,425)	(5,788)	(6,068)	(12,024)	(12,493)	3.90
TOTAL	$ 8,712	$ 9,607	$ 1,347	$ 1,243	$ 10,059	$ 10,850	7.86%

Long-Term Debt

Real Estate Tax and sewer utility billing revenues are utilized for repayment of long-term debt. In 2009, East Norriton Township did not incur any additional long-term debt and made the appropriate payments to its current long-term debt. In 2005, the East Norriton-Plymouth-Whitpain Joint Sewer Authority issued an approximate $15 million Bond Issue for the upgrade and capital improvements of the Authority's treatment system. East Norriton Township is obligated to fund 1/3 of the annual bond payments to the Joint Sewer Authority, which is about $365,000 per year for the next 18 years.

Figure A-6
Outstanding Long-Term Debt (In Thousands of Dollars)

	Total Township		Total Percentage Change
	2008	2009	2008 - 2009
General obligation bonds	$ 4,483	$ 4,017	(10.39)%
Sewer revenue notes	456	354	(22.37)
Capital leases	73	50	(31.51)
Compensated absences	55	71	29.09
	$ 5,067	$ 4,492	(11.35)%

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

The Township relies mainly on the revenues generated from the Act 511 (Earned Income, Business Privilege, Local Services, Amusement, Cable T.V. Franchise and Real Estate Transfer Taxes) and Real Estate Taxes to fund its general operations. Overall, the Act 511 tax revenues have decreased. Because of this, the Township must now rely more on the Real Estate Taxes to fund any increases in operating costs. The Township is also aware of another circumstance that could affect its financial health in the future. Starting in 2009, new accounting standards will require that the Township carry the retiree health insurance benefits liability on our financial statements. It should be noted that the minimum annual allocation of about $267,000 is not required, but if it is not funded, the Township must show this liability on its financial statements, which could have an impact on the Township's borrowing capabilities. The 2009 allocation was deferred.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Township's citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at 2501 Stanbridge Street, East Norriton, PA 19401-1616.

EAST NORRITON TOWNSHIP
STATEMENT OF NET ASSETS
December 31, 2009

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 3,750,274	$ 878,144	$ 4,628,418
Accounts receivable	26,650	1,051,195	1,077,845
Taxes receivable	12,302	-	12,302
Restricted assets	194,637	-	194,637
Prepaid expenses	26,715	-	26,715
Net OPEB asset	606,693	-	606,693
Debt issuance costs, net	61,488	3,600	65,088
Capital assets			
Infrastructure (highways)	4,921,823	-	4,921,823
Land and improvements	5,480,140	-	5,480,140
Buildings and building improvements	2,424,607	205,826	2,630,433
Equipment and machinery	2,118,232	6,933,767	9,051,999
Automobiles and trucks	1,086,755	171,747	1,258,502
Accumulated depreciation	(6,425,427)	(6,068,212)	(12,493,639)
TOTAL ASSETS	$ 14,284,889	$ 3,176,067	$ 17,460,956

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	$ 142,628	$ 37,430	$ 180,058
Payroll and withholding taxes payable	40,102	1,900	42,002
Escrow deposits	166,569	-	166,569
Long-term obligations			
Portion due or payable within one year			
Guaranteed Sewer Revenue Notes	-	104,000	104,000
Bonds payable	477,000	-	477,000
Capital leases	24,424	-	24,424
Portion due or payable after one year			
Guaranteed Sewer Revenue Notes	-	250,000	250,000
Bonds payable	3,540,000	-	3,540,000
Capital leases	25,628	-	25,628
Compensated absences	71,384	-	71,384
TOTAL LIABILITIES	4,487,735	393,330	4,881,065
NET ASSETS			
Invested in capital assets, net of related debt	5,600,566	889,128	6,489,694
Restricted	194,637	-	194,637
Unrestricted	4,001,951	1,893,609	5,895,560
TOTAL NET ASSETS	9,797,154	2,782,737	12,579,891
TOTAL LIABILITIES AND NET ASSETS	$ 14,284,889	$ 3,176,067	$ 17,460,956

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Totals
GOVERNMENTAL ACTIVITIES							
General government	$ 1,077,965	$ 37,470	$ 76,917	$ -	$ (963,578)	$ -	$ (963,578)
Public safety	2,778,715	33,918	-	-	(2,744,797)	-	(2,744,797)
Health and sanitation	1,000	-	-	-	(1,000)	-	(1,000)
Highways and streets	1,253,627	-	-	-	(1,253,627)	-	(1,253,627)
Culture and recreation	516,323	-	-	880,000	363,677	-	363,677
Payroll taxes, employee benefits, insurance and other	1,611,827	-	-	-	(1,611,827)	-	(1,611,827)
Interest on long-term debt	151,063	-	-	-	(151,063)	-	(151,063)
Depreciation, unallocated	188,233	-	-	-	(188,233)	-	(188,233)
TOTAL GOVERNMENTAL ACTIVITIES	7,578,753	71,388	76,917	880,000	(6,550,448)	-	(6,550,448)
BUSINESS-TYPE ACTIVITIES							
Sewer Revenue Account	2,184,782	2,814,594	-	-	-	629,812	629,812
TOTAL TOWNSHIP ACTIVITIES	$ 9,763,535	$ 2,885,982	$ 76,917	$ 880,000	(6,550,448)	629,812	(5,920,636)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,166,643	-	2,166,643
Other taxes					3,417,519	-	3,417,519
Investment earnings					22,535	8,721	31,256
Interest on long-term debt					-	(12,689)	(12,689)
Miscellaneous					1,804,848	-	1,804,848
TRANSFERS					644,275	(644,275)	-
TOTAL GENERAL REVENUES AND TRANSFERS					8,055,820	(648,243)	7,407,577
CHANGE IN NET ASSETS					1,505,372	(18,431)	1,486,941
NET ASSETS AT BEGINNING OF YEAR					8,291,782	2,801,168	11,092,950
NET ASSETS AT END OF YEAR					$ 9,797,154	$ 2,782,737	$ 12,579,891

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,010,939	$ 1,574,537	$ 1,010	$ 1,163,788	$ 3,750,274
Accounts receivable	24,872	1,403	-	375	26,650
Taxes receivable	9,225	1,879	-	1,198	12,302
Restricted assets	173,399	-	-	21,238	194,637
Prepaid expenses	-	26,715	-	-	26,715
TOTAL ASSETS	$ 1,218,435	$ 1,604,534	$ 1,010	$ 1,186,599	$ 4,010,578
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable	$ 48,796	$ 10,153	$ 40,476	$ 43,203	$ 142,628
Payroll and withholding taxes payable	39,005	1,097	-	-	40,102
Escrow deposits	166,569	-	-	-	166,569
Deferred revenue	178,507	-	-	-	178,507
TOTAL LIABILITIES	432,877	11,250	40,476	43,203	527,806
FUND BALANCES (DEFICIT)					
Unreserved	785,558	1,593,284	(39,466)	1,143,396	3,482,772
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	$ 1,218,435	$ 1,604,534	$ 1,010	$ 1,186,599	$ 4,010,578

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2009

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 3,482,772
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Infrastructure (highways)	4,921,823
Land and improvements	5,480,140
Buildings and building improvements	2,424,607
Equipment and machinery	2,118,232
Automobiles and trucks	1,086,755
Accumulated depreciation	(6,425,427)
TOTAL CAPITAL ASSETS	9,606,130
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	178,507
Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets. Balances at December 31, 2009, are:	
Debt issuance costs, net	61,488
Bonds payable	(4,017,000)
Capital leases	(50,052)
Net OPEB asset	606,693
Compensated absences	(71,384)
TOTAL LONG-TERM LIABILITIES	(3,470,255)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 9,797,154

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
Year Ended December 31, 2009

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
REVENUES AND OTHER FINANCING SOURCES					
Revenues					
Real estate taxes	$ 1,286,714	$ 515,609	$ -	$ 328,642	$ 2,130,965
Other taxes	3,417,519	-	-	-	3,417,519
Licenses and permits	423,407	-	-	-	423,407
Fines	109,678	-	-	-	109,678
Charges for services	75,278	-	-	-	75,278
Intergovernmental revenue	76,917	1,283,706	-	-	1,360,623
Interest income	7,377	8,586	5	6,567	22,535
Other	190,771	589,764	-	83,632	864,167
TOTAL REVENUES	5,587,661	2,397,665	5	418,841	8,404,172
Other financing sources					
Transfers from other funds	542,700	-	620,018	-	1,162,718
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,130,361	2,397,665	620,023	418,841	9,566,890
EXPENDITURES AND OTHER FINANCING USES					
Expenditures					
General government	947,402	140,752	-	-	1,088,154
Public safety	3,222,649	154,305	-	147,608	3,524,562
Health and sanitation	1,000	-	-	-	1,000
Highways and streets	686,687	396,996	-	8,299	1,091,982
Culture and recreation	6,500	1,592,201	-	-	1,598,701
Miscellaneous					
Payroll taxes	346,288	-	-	-	346,288
Employee benefits	1,153,739	-	-	-	1,153,739
Insurance	95,641	-	-	-	95,641
Capital outlay	-	-	-	26,791	26,791
Principal	-	-	466,000	-	466,000
Interest	-	-	151,063	-	151,063
TOTAL EXPENDITURES	6,459,906	2,284,254	617,063	182,698	9,543,921
Other financing uses					
Transfers to other funds	257,799	23,944	-	236,700	518,443
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,717,705	2,308,198	617,063	419,398	10,062,364
NET CHANGE IN FUND BALANCES	(587,344)	89,467	2,960	(557)	(495,474)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	1,372,902	1,503,817	(42,426)	1,143,953	3,978,246
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 1,372,902	$ 1,503,817	$ (42,426)	$ 1,143,953	$ 3,978,246

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (495,474)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($1,336,294) exceed depreciation ($379,837) in the current period.	956,457
Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.	(35,678)
Bond proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balances. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the statement of net assets.	
Bond issue costs	(4,409)
Bond discount	(2,453)
Original issue discount	(1,923)
Principal repayments	466,000
The net change in the net OPEB asset is reported in the government-wide statements but not in the Governmental Funds statements.	606,693
In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	16,159
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 1,505,372

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUND
December 31, 2009

	Enterprise Fund Sewer Revenue Account
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 878,144
Accounts receivable	1,051,195
TOTAL CURRENT ASSETS	1,929,339
PROPERTY AND EQUIPMENT	7,311,340
Accumulated depreciation	(6,068,212)
	1,243,128
DEBT ISSUANCE COSTS, net	3,600
TOTAL ASSETS	$ 3,176,067
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 37,430
Accrued payroll	1,900
Notes payable, current portion	104,000
TOTAL CURRENT LIABILITIES	143,330
NONCURRENT LIABILITIES	
Notes payable, net of current portion	250,000
NET ASSETS	
Invested in capital assets, net of related debt	889,128
Unrestricted	1,893,609
TOTAL NET ASSETS	2,782,737
TOTAL LIABILITIES AND NET ASSETS	$ 3,176,067

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended December 31, 2009

	Enterprise Fund Sewer Revenue Account
OPERATING REVENUES	
Current use charges	$ 2,786,417
Other	28,177
TOTAL OPERATING REVENUES	2,814,594
OPERATING EXPENSES	
Personnel services	357,449
Contracted services	1,138,605
Repairs and maintenance	408,941
Depreciation and amortization	279,787
TOTAL OPERATING EXPENSES	2,184,782
OPERATING INCOME	629,812
NONOPERATING REVENUES (EXPENSES)	
Investment income	8,721
Interest on long-term debt	(12,689)
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,968)
INCOME BEFORE OTHER USES	625,844
OTHER USES	
Operating transfers out	(644,275)
CHANGE IN NET ASSETS	(18,431)
NET ASSETS AT BEGINNING OF YEAR	2,801,168
NET ASSETS AT END OF YEAR	$ 2,782,737

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2009

	Enterprise Fund Sewer Revenue Account
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 2,760,394
Payments to suppliers	(1,540,878)
Payments to employees	(355,549)
Other receipts	28,177
NET CASH PROVIDED BY OPERATING ACTIVITIES	892,144
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances to other funds	(644,275)
Advances from component units and state sources	(154,242)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(798,517)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Facilities acquisition/construction/improvements	(176,319)
Principal payments on debt	(102,000)
Interest paid on debt	(12,689)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(291,008)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	8,721
NET DECREASE IN CASH AND CASH EQUIVALENTS	(188,660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,066,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 878,144

EAST NORRITON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2009

	Enterprise Fund Sewer Revenue Account
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 629,812
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	279,787
Increase in accounts receivable	(26,022)
Increase in	
Accounts payable	6,667
Accrued payroll	1,900
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 892,144

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009

	Pension Trust Funds	Health Benefits Fund
ASSETS		
Cash	$ 202,506	$ 875,621
Investments	10,458,733	-
TOTAL ASSETS	10,661,239	875,621
LIABILITIES		
Annuities payable	40,057	-
NET ASSETS		
Reserved for trust	$ 10,621,182	$ 875,621

See accompanying notes to the basic financial statements.

EAST NORRITON TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended December 31, 2009

	Pension Trust Funds	Health Benefits Fund
ADDITIONS		
Contributions	$ 550,482	$ -
Investment income	1,670,943	4,716
TOTAL ADDITIONS	2,221,425	4,716
DEDUCTIONS		
Contracted services	58,352	-
Other	772,392	23,718
TOTAL DEDUCTIONS	830,744	23,718
CHANGE IN NET ASSETS	1,390,681	(19,002)
NET ASSETS AT BEGINNING OF YEAR	9,230,501	894,623
NET ASSETS AT END OF YEAR	$ 10,621,182	$ 875,621

See accompanying notes to the basic financial statements.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Reporting Entity

The financial statements of East Norriton Township (the "Township") include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility, including general government, police protection, parks and recreation, public works and the Norris City Cemetery.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The fire department receives a contribution from the Township. However, the majority of revenues generated is through private fund-raisers under the direction of a separate independent board not appointed by the Supervisors. The departments are organized under a separate charter and, therefore, are not included in the financial statements.

- The East Norriton-Plymouth-Whitpain Joint Sewer Authority is not included in the financial statements, as this entity is operated independently of the Township.

- The tax collector is an elected officer who is responsible for the collection of real estate taxes in Montgomery County, the Norristown Area School District and the Township. The Township regards the tax collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.

Basis of Presentation

Government-Wide Financial Statements - The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for Fiduciary Funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Township does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Revenue Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental, proprietary and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories.

Governmental Funds - Governmental Funds are those funds through which most governmental functions of the Township are financed. The acquisition, use and balance of the Township's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the Township's Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety and public services. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. These funds account principally for the street lighting tax and fire protection tax activity and disposition of state liquid fuels highway aid funding. Included in these funds are the State Highway Aid, Street Lighting Tax, Fire Protection Tax and Park and Recreation Funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds - Capital Project Funds include the accounts of the General Obligation Series of 2002 and 2004 Bond Funds, developer improvements and parks and recreation improvements.

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income and cash flows. The generally accepted accounting principles applicable are similar to those used by businesses in the private sector.

The Proprietary Fund includes the accounts of the Township's Sewer Revenue Account. The Township establishes sewer rates, collects sewer revenues, operates the sewer system, employs personnel to operate the sewer system and send sewer bills and handles fiscal management for the sewer system.

Fiduciary Funds - Fiduciary Funds include the Police and Non-Uniformed Pension Trust, along with the Police Post-Retirement Health Insurance Trust. The measurement focus of the Pension Trust Funds and the Police Post-Retirement Health Insurance Trust is similar to that of the Proprietary Fund.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

The Township reports deferred revenues on its statement of net assets and its Governmental Funds balance sheet. For government-wide financial statements, deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For Governmental Funds financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The Proprietary Fund is accounted for on the accrual basis. Revenues are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred.

The Proprietary Fund has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board (GASB).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Investments

The Township has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires the Township to record investments at fair value.

Real Estate Taxes

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1.

Budget Policy

The Board of Supervisors annually adopts the budget for the General, Capital Project and Special Revenue Funds of the Township. Budgetary control is legally maintained at the fund level. The Township's budget policy provides transfer authority to the Supervisors within and between categories as long as the total budget of the Township (net of interfund transfers) is not increased.

All budget amounts presented in the accompanying financial statements and required supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in Governmental Fund operations or Proprietary Fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Prior to January 2000, Governmental Funds' capital assets were accounted for in the General Fixed Assets Account Group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of Governmental Funds was not previously capitalized. Upon implementing GASB Statement No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	Years
Buildings	20-50
Improvements	10-50
Machinery and equipment	5-50

Infrastructure

The Township has adopted the modified approach for valuing its infrastructure, which consists of 50.04 miles of roads. The Township completes an annual assessment of pavement conditions and maintains all roads at an overall good or better condition level. As a result, infrastructure costs have been estimated for the entire roadway system. If the yearly assessment maintains this overall condition level, no depreciation will be recorded. Annual maintenance costs for the roads will be expensed.

Interfund Transactions

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

NOTE B DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2009, $5,606,606 of the Township's bank balance of $6,079,891 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Township's name	$ 5,606,606

Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Investments

Investments in the Fiduciary Funds are reported at fair value.

At December 31, 2009, the Township's Pension Trust Funds and Police Post-Retirement Health Insurance Trust had the following investment portfolio:

	Fair Value
PENSION TRUST FUNDS	
Schwab Retirement Advantage Money Fund	$ 526,898
DFA Emerging Markets Core Equity	318,285
DFA International Value Portfolio	721,138
DFA Inter Government Fixed Income	1,211,646
DFA Intl Small Cap Value Portfolio	733,876
DFA Real Estate Securities Portfolio	120,944
DFA Intl Real Estate Securities Portfolio	205,145
DFA US Small Cap Value Portfolio	606,859
Vanguard GNMA Fund Admiral Shares	1,226,181
Vanguard Mid Cap Index Signal	895,500
Vanguard Value Index Fund	1,325,388
Vanguard Short Term Treasury Admiral Shares	1,220,762
Vanguard 500 Index Signal	1,346,111
	$ 10,458,733

Interest Rate Risk - The Township meets with its advisors on a regular basis as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE C ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	Governmental Funds			
	General Fund	Special Revenue Funds	Capital Project Funds	Proprietary Fund
Other taxes and fees	$ 24,872	$ -	$ -	$ -
Sewer receivables	-	-	-	1,051,195
Other	-	1,403	375	-
	$ 24,872	$ 1,403	$ 375	$ 1,051,195

The Proprietary Fund has filed liens against homeowners on approximately $157,490 of sewer receivables at December 31, 2009.

NOTE D **CAPITAL ASSETS**

Capital asset activity is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Infrastructure	$ 4,921,823	$ -	$ -	$ 4,921,823
Capital assets being depreciated				
Land and improvements	4,279,073	1,201,067	-	5,480,140
Construction in progress	68,061	-	(68,061)	-
Buildings and building improvements	2,419,002	5,605	-	2,424,607
Equipment and machinery	2,051,192	67,040	-	2,118,232
Automobiles and trucks	1,209,155	68,332	(190,732)	1,086,755
TOTAL CAPITAL ASSETS BEING DEPRECIATED	10,026,483	1,342,044	(258,793)	11,109,734
Accumulated depreciation				
Land and improvements	(2,043,157)	(94,130)	-	(2,137,287)
Buildings and building improvements	(1,663,137)	(63,550)	-	(1,726,687)
Equipment and machinery	(1,652,286)	(113,436)	-	(1,765,722)
Automobiles and trucks	(877,742)	(108,721)	190,732	(795,731)
TOTAL ACCUMULATED DEPRECIATION	(6,236,322)	(379,837)	190,732	(6,425,427)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	3,790,161	962,207	(68,061)	4,684,307
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 8,711,984	$ 962,207	$ (68,061)	$ 9,606,130
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Plant costs financed by the East Norriton Township Municipal Authority	$ 2,196,513	$ -	$ -	$ 2,196,513
Sewer garage	52,106	-	-	52,106
Sewer systems	3,843,662	106,519	-	3,950,181
Municipal building improvements	153,720	-	-	153,720
Automobiles and trucks	171,747	-	-	171,747
Other property, plant and equipment	717,273	69,800	-	787,073
TOTAL CAPITAL ASSETS BEING DEPRECIATED	7,135,021	176,319	-	7,311,340
Accumulated depreciation	(5,788,425)	(279,787)	-	(6,068,212)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 1,346,596	$ (103,468)	$ -	$ 1,243,128

Depreciation for business-type activities is calculated using the straight-line method over the useful life (ranging from 3 to 31.5 years) of the asset.

Depreciation expense was charged to functions/programs for governmental activities as follows:

General government	$ 5,850
Highways and streets	153,679
Culture and recreation	32,075
	$ 191,604

NOTE E RESTRICTED ASSETS

During 1990, proceeds of the Norris City Cemetery Trust were transferred to the Township. These monies are to be used solely for the maintenance, upkeep and repair of the Norris City Cemetery. As of December 31, 2009, General Fund assets of $9,973 have been restricted for this purpose.

Capital Project Funds assets of $21,238 have been restricted for specific capital improvements.

NOTE F ESCROW DEPOSITS

The Township specifies building and land improvement requirements as a condition to the issuance of building permits. These escrows represent funds from independent builders that are returned upon the completion of required improvements to various properties within the Township. The escrow balance of $163,426 is maintained in the cash accounts of the Township.

NOTE G LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2009, are as follows:

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	$ 4,483,000	$ -	$ (466,000)	$ 4,017,000	$ 477,000
Capital leases	73,325	-	(23,273)	50,052	24,424
Compensated absences	55,225	16,159	-	71,384	-
	$ 4,611,550	$ 16,159	$ (489,273)	$ 4,138,436	$ 501,424
BUSINESS-TYPE ACTIVITIES					
Guaranteed Sewer Revenue Notes					
Series A of 2003	$ 164,000	$ -	$ (51,000)	$ 113,000	$ 52,000
Series B of 2003	292,000	-	(51,000)	241,000	52,000
	$ 456,000	$ -	$ (102,000)	$ 354,000	$ 104,000

On December 1, 1998, the Township issued $5,970,000 of General Obligation Bonds, Series of 1998. The bonds were issued pursuant to an ordinance of the Board of Township Supervisors enacted November 9, 1998, in accordance with the Local Government Unit Debt Act. The proceeds of the issuance are to be used to partially advance refund the Township's General Obligation Bonds, Series of 1996, currently refund all of the Township's General Obligation Bonds, Series of 1993, finance capital improvements and pay the costs of issuing the bonds.

In January 2002, the Township issued $1,552,000 of General Obligation Bonds, Series of 2002. The net proceeds were transferred to an escrow agent for the advance refunding of the 1996 Bonds. As a result, the 1996 Bonds are considered to be defeased, and the liability is not included in the financial statements.

In March 2004, the Township issued $4,905,000 of General Obligation Bonds, Series of 2004. The net proceeds were transferred to an escrow agent for the advance refunding of the 1998 Bonds. As a result, the 1998 Bonds are considered to be defeased, and the liability is not included in the financial statements.

The maturity schedules of the bonds follow:

$1,552,000 General Obligation Bonds, Series of 2002

August 15,	Interest Rate	Principal	Interest	Totals
2010	4.27%	$ 132,000	$ 30,616	$ 162,616
2011	4.27	138,000	24,873	162,873
2012	4.27	144,000	18,873	162,873
2013	4.27	148,000	12,653	160,653
2014	4.27	210,000	5,231	215,231
		$ 772,000	$ 92,246	$ 864,246

$4,905,000 General Obligation Bonds, Series of 2004

August 15,	Interest Rate	Principal	Interest	Totals
2010	2.50%	$ 345,000	$ 106,517	$ 451,517
2011	2.80	355,000	97,892	452,892
2012	3.00	365,000	87,952	452,952
2013	3.25	375,000	77,002	452,002
2014	3.40	335,000	64,815	399,815
2015	3.55	560,000	53,425	613,425
2016	3.65	580,000	33,545	613,545
2017	3.75	330,000	12,375	342,375
		$ 3,245,000	$ 533,523	$ 3,778,523

Aggregate maturities of long-term debt for governmental activities at December 31, 2009, are as follows:

	Principal	Interest	Totals
2010	$ 477,000	$ 137,133	$ 614,133
2011	493,000	122,765	615,765
2012	509,000	106,825	615,825
2013	523,000	89,655	612,655
2014	545,000	70,046	615,046
2015 to 2017	1,470,000	99,345	1,569,345
	$ 4,017,000	$ 625,769	$ 4,642,769

On April 25, 2003, the Township issued a $500,000 Guaranteed Sewer Revenue Note, Series A of 2003. The proceeds of the issuance are to be used to fund certain capital projects consisting of required capital contributions to the East Norriton-Plymouth-Whitpain Joint Sewer Authority, which is the sanitary sewer treatment plant for the Township, and to pay the costs incurred to issue the note.

On January 15, 2004, the Township issued a $500,000 Guaranteed Sewer Revenue Note, Series B of 2003. The proceeds of the issuance are to be used to fund certain capital projects consisting of required capital contributions to the East Norriton-Plymouth-Whitpain Joint Sewer Authority, which is the sanitary sewer treatment plant for the Township.

Maturities of long-term debt for business-type activities at December 31, 2009, are as follows:

	Principal		
	Series A of 2003	Series B of 2003	Totals
2010	$ 52,000	$ 52,000	$ 104,000
2011	54,000	54,000	108,000
2012	7,000	81,000	88,000
2013	-	54,000	54,000
	$ 113,000	$ 241,000	$ 354,000

Interest is paid monthly on a variable rate basis with a maximum rate of 15.00%.

Capital Leases

The Township leases certain equipment under capital lease arrangements. Future minimum lease payments are as follows:

2010	$ 24,424
2011	25,628
	$ 50,052

Equipment under capital leases at December 31, 2009, is summarized as follows:

Automobiles and trucks	$ 232,073
Accumulated depreciation	(182,021)
	$ 50,052

NOTE H CONTRIBUTED CAPITAL

Contributed capital represents contributions by various developers restricted for capital improvements. Funds contributed for specific projects are restricted. Funds contributed for general improvements are unrestricted.

NOTE I OTHER TAXES

Other taxes by source are summarized as follows:

Earned income	$ 1,960,813
Business privilege	880,522
Real estate transfer	245,011
Amusement	33,653
Emergency and municipal services tax	297,520
	$ 3,417,519

NOTE J INTERGOVERNMENTAL REVENUE AND GRANTS

Intergovernmental revenue and grants by source are summarized as follows:

	Governmental Funds		
	General Fund	Special Revenue Funds	Totals
COMMONWEALTH OF PENNSYLVANIA			
Open Space Grant	$ -	$ 880,000	$ 880,000
Foreign Fire and Casualty Insurance Tax Grant	-	110,949	110,949
Public Utility Realty	8,373	-	8,373
State Highway Aid Grant	-	269,517	269,517
Road Turnback Grant	-	23,240	23,240
Recycling Grant	68,544	-	68,544
	$ 76,917	$ 1,283,706	$ 1,360,623

Intergovernmental revenue accounts for approximately 14% of all Township receipts.

NOTE K PENSION PLANS

The Township sponsors a single employer defined benefit police pension plan for police officers and a single employer defined benefit non-uniformed pension plan for municipal employees of the Township. These plans are included in the Pension Trust Funds of East Norriton Township and are controlled by various ordinances adopted pursuant to Pennsylvania Act 205.

Police Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide pension benefits for police officers of the Township. The assets of the pension plan are administered in part by Conrad Siegel Investment Advisors. The normal retirement benefit of the police pension plan is equal to 50% of the average monthly compensation for the 36 months immediately preceding retirement date. Normal retirement is age 50 or completion of 25 years of service, whichever is later, with full vesting after 12 years of service.

Covered employees are required by statute to contribute up to 5% of their salary to the pension plan. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 79.7% funded. The actuarial liability for benefits was $9,648,978, and the actuarial value of assets was $7,690,868 resulting in an unfunded actuarial accrued liability (UAAL) of $1,958,110. The covered payroll (annual payroll of active employees covered by the plan) was $2,267,943, and the ratio of the UAAL to the covered payroll was 86.3%.

Non-Uniformed Employee Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide pension benefits for non-uniformed employees of the Township. The assets of the pension plan are administered in part by the ICMA Retirement Corporation. The normal retirement benefit of the employees' pension plan is 1% of the final five-year average monthly pay (up to $750) plus 1.5% of any excess of average monthly pay over $750 multiplied by total credited service.

The normal retirement date of each participant shall be the earlier of the day on which the member satisfies the following requirements:

- The member attains age 58 and completes 10 years of vesting service, or
- The member attains age 55 and completes 25 years of vesting service.

Full vesting is attained upon the normal retirement date, notwithstanding the plan's vesting schedule.

Covered employees are not required to contribute to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the amount necessary to finance the plan. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 82.5% funded. The actuarial liability for benefits was $5,224,547, and the actuarial value of assets was $4,308,786 resulting in an unfunded actuarial accrued liability (UAAL) of $915,761. The covered payroll (annual payroll of active employees covered by the plan) was $1,672,191, and the ratio of the UAAL to the covered payroll was 54.8%.

At January 1, 2009, the latest valuation date, the Township's pension plans' membership consisted of:

	Police Pension	Non-Uniformed Employee Pension
Retirees and beneficiaries currently receiving benefits	14	17
Terminated employees entitled to deferred benefits	2	5
TOTAL	16	22
Active employees	28	31
TOTAL MEMBERSHIP	44	53

Basis of Accounting

Pension plan financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Financial Reporting

A separate financial statement is not issued on the pension plans.

Method Used to Value Investments

Pension plan equity securities are reported at fair value. Investment income is recognized as earned. The list of investments for the Pension Trust Funds can be found in Note B.

Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plans' governing ordinances, employees are required to contribute to the plan (police - 5%; non-uniformed - 1%). The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings.

Administrative expenses, including actuarial and consultant services, are funded through investment earnings and contributions.

Concentration

Concentration of investments includes mutual funds, which do not require disclosure per GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Schedule of Contributions from the Employer and Other Contributing Entities

Police Pension Plan

Year	Annual Required Contribution	Contributions from Employer (1)	Percentage Contributed
2007	$ 183,019	$ 183,019	100%
2008	198,579	198,579	100
2009	259,645	259,645	100

(1) Includes General Municipal Pension System State Aid.

Non-Uniformed Employee Pension Plan

Year	Annual Required Contribution	Contributions from Employer (1)	Percentage Contributed
2007	$ 132,012	$ 132,012	100%
2008	138,690	138,690	100
2009	155,818	155,818	100

(1) Includes General Municipal Pension System State Aid.

The information presented in the required supplementary information was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows.

Police Pension Plan

Actuarial valuation date.....January 1, 2009

Actuarial cost method.....Entry age normal

Amortization method.....Level dollar closed

Remaining amortization period.....18 years

Asset valuation method.....Fair market value

Actuarial assumptions

Investment rate of return* 7.5%

Projected salary increases* 5%

*Includes inflation based on long-term historical average rates.

Non-Uniformed Employee Pension Plan

Actuarial valuation date.....January 1, 2009

Actuarial cost method.....Entry age normal

Amortization method .....Level dollar closed

Remaining amortization period.....15 years

Asset valuation method.....Fair market value

Actuarial assumptions

Investment rate of return* 7.5%

Projected salary increases* 5%

*Includes inflation based on long-term historical average rates.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE L OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Township provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the Township Supervisors and can be amended by the Township through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through union contracts and personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township's net OPEB obligation to the plan:

Normal cost	$ 124,646
Amortization of unfunded actuarial accrued liability	138,673
Interest	5,609
ANNUAL REQUIRED CONTRIBUTION (ARC)	268,928
Net OPEB contributions during the year	(875,621)
NET OPEB ASSET AT END OF YEAR	$ (606,693)

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 268,928	325.60%	$ (606,693)

2009 was the year of implementation of GASB Statement No. 45, and the Township has elected to implement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

Funded Status and Funding Progress

As of December 31, 2009, the actuarial accrued liability for benefits was $2,258,834, and the actuarial value of assets was $0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $2,151,919, and the ratio of the UAAL to the covered payroll was 104.97%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.0% after seven years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

NOTE M COMMITMENTS AND CONTINGENCIES

Compensated Absences

The Township provides vacation for all full-time employees. Personnel covered by the police contract can carry up to ten days of unused vacation time into the next year. Non-uniform personnel can also carry up to ten days of unused vacation time into the next year when requested in advance. All employees can be compensated for up to ten days of unused vacation provided the employee used at least five days of vacation.

Township employees are entitled to unlimited sick leave for justified illness. Non-uniform personnel with up to three sick days used are compensated for perfect attendance with the equivalent of up to four days in wages.

NOTE N OPERATING LEASES

The Township has six operating leases. The minimum rental commitment of these noncancelable leases for 2010 is $1,481.

NOTE O RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

EAST NORRITON TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2009

	General	
	Budgeted Amount	
	Original	Final
REVENUES AND OTHER FINANCING SOURCES		
Revenues		
Real estate taxes	$ 1,238,000	$ 1,238,000
Other taxes	3,475,000	3,475,000
Licenses and permits	457,900	457,900
Fines	99,000	99,000
Charges for services	49,000	69,000
Intergovernmental revenue	68,000	68,000
Interest income	33,000	33,000
Other	146,000	146,000
TOTAL REVENUES	5,565,900	5,585,900
Other financing sources		
Transfers from other funds	1,904,700	2,027,894
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,470,600	7,613,794
EXPENDITURES AND OTHER FINANCING USES		
Expenditures		
General government	918,180	983,178
Public safety	3,482,088	3,576,388
Health and sanitation	8,000	8,000
Highways and streets	649,076	697,386
Culture and recreation	6,500	6,500
Miscellaneous		
Payroll taxes	310,000	347,600
Employee benefits	1,477,707	1,503,366
Insurance	122,000	97,600
Capital outlay	-	-
TOTAL EXPENDITURES	6,973,551	7,220,018
Other financing uses		
Transfers to other funds	497,049	393,776
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,470,600	7,613,794
NET CHANGE IN FUND BALANCES	$ -	$ -
FUND BALANCES AT BEGINNING OF YEAR		
FUND BALANCES AT END OF YEAR		

Fund		Special Revenue Funds				Capital Project Funds			
		Budgeted Amount				Budgeted Amount			
Actual	Over (Under) Budget	Original	Final	Actual	Over (Under) Budget	Original	Final	Actual	Over (Under) Budget
$ 1,286,714	$ 48,714	$ 505,000	$ 505,000	$ 515,609	$ 10,609	$ 323,000	$ 323,000	$ 328,642	$ 5,642
3,417,519	(57,481)	-	-	-	-	-	-	-	-
423,407	(34,493)	-	-	-	-	-	-	-	-
109,678	10,678	-	-	-	-	-	-	-	-
75,278	6,278	-	-	-	-	-	-	-	-
76,917	8,917	-	-	1,283,706	1,283,706	-	-	-	-
7,377	(25,623)	14,700	15,700	8,586	(7,114)	3,000	3,000	6,567	3,567
190,771	44,771	1,836,634	1,850,084	589,764	(1,260,320)	985,000	991,000	83,632	(907,368)
5,587,661	1,761	2,356,334	2,370,784	2,397,665	26,881	1,311,000	1,317,000	418,841	(898,159)
542,700	(1,485,194)	-	-	-	-	-	-	-	-
6,130,361	(1,483,433)	2,356,334	2,370,784	2,397,665	26,881	1,311,000	1,317,000	418,841	(898,159)
947,402	(35,776)	183,823	191,487	140,752	(50,735)	100,400	62,400	-	(62,400)
3,222,649	(353,739)	647,364	640,200	154,305	(485,895)	968,900	994,400	147,608	(846,792)
1,000	(7,000)	-	-	-	-	-	-	-	-
686,687	(10,699)	320,500	320,500	396,996	76,496	-	-	8,299	8,299
6,500	-	955,802	1,046,897	1,592,201	545,304	-	-	-	-
346,288	(1,312)	-	-	-	-	-	-	-	-
1,153,739	(349,627)	141,200	141,700	-	(141,700)	-	-	-	-
95,641	(1,959)	30,000	30,000	-	(30,000)	-	-	-	-
-	-	-	-	-	-	5,000	23,500	26,791	3,291
6,459,906	(760,112)	2,278,689	2,370,784	2,284,254	(86,530)	1,074,300	1,080,300	182,698	(897,602)
257,799	(135,977)	77,645	-	23,944	23,944	236,700	236,700	236,700	-
6,717,705	(896,089)	2,356,334	2,370,784	2,308,198	(62,586)	1,311,000	1,317,000	419,398	(897,602)
(587,344)	$ (587,344)	$ -	$ -	89,467	$ (35,705)	$ -	$ -	(557)	$ (557)
1,372,902				1,503,817				1,143,953	
$ 785,558				$ 1,593,284				$ 1,143,396	

EAST NORRITON TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2009

FUNDING STATUS AND PROGRESS

Historical trend information about the plans is presented herewith as required supplementary information. It is intended to help users assess the plans' funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 2009, is shown below.

Schedule of Funding Progress

Police Pension Plan

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a Percentage of Payroll [(b)-(a)]/(c)
2005	$ 6,227,264	$ 6,881,033	$ 653,769	90.5%	$ 1,778,844	36.8%
2007	7,346,375	8,563,334	1,216,959	85.8	1,958,848	62.1
2009	7,690,868	9,648,978	1,958,110	79.7	2,267,943	86.3

Non-Uniformed Employee Pension Plan

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a Percentage of Payroll [(b)-(a)]/(c)
2005	$ 3,276,373	$ 3,967,654	$ 691,281	82.6%	$ 1,598,237	43.3%
2007	3,932,829	4,436,737	503,908	88.6	1,375,733	36.6
2009	4,308,786	5,224,547	915,761	82.5	1,672,191	54.8

EAST NORRITON TOWNSHIP

PENSION PLAN FUNDING PROGRESS

Year Ended December 31, 2009

TREND INFORMATION

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll (column 6) approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

EAST NORRITON TOWNSHIP

POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
Year Ended December 31, 2009

SCHEDULE OF FUNDING PROGRESS

Valuation Date	(a) Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
1/1/2008	$ -	$ 2,258,834	$ 2,258,834	0.00%	$ 2,151,919	104.97%

SCHEDULE OF EMPLOYER AND OTHER ENTITY CONTRIBUTIONS

Fiscal Year	Annual OPEB Cost	Contributions	Percentage Contributed	Net OPEB Asset
2009	$ 268,928	$ 875,621	325.60%	$ (606,693)