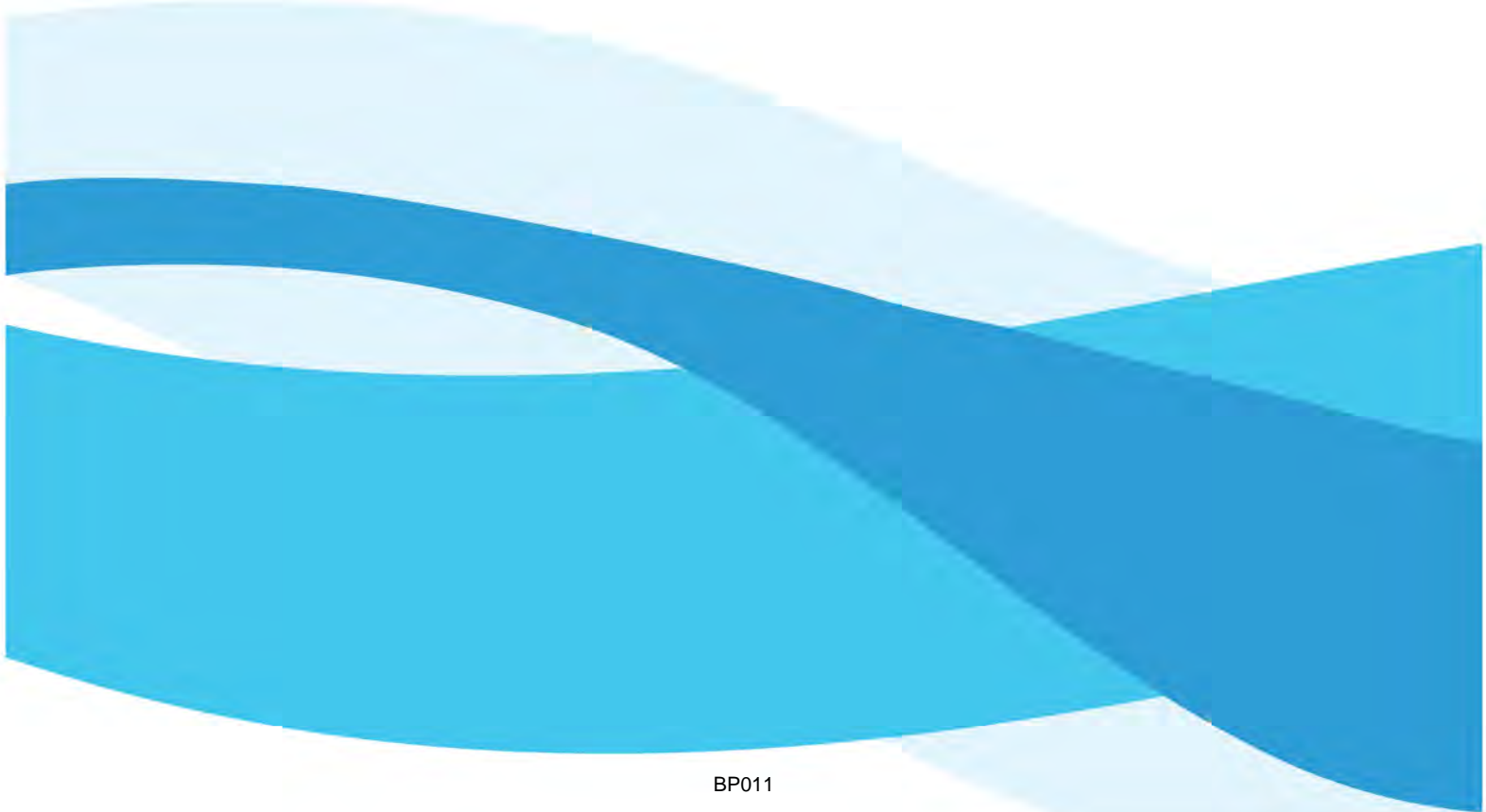


Tab **2**

Consider acceptance of the financial reports



METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of December 31, 2025
50.00% of Budget Completed

ASSETS	<u>12/31/25</u>	<u>11/30/25</u>	<u>12/31/24</u>
Current Assets:			
1 Accounts Receivable	\$ 7,330,853	\$ 7,467,493	\$ 5,881,120
2 Leases Receivable - Current	64,269	64,269	63,243
3 Bonds Receivable	12,743,000	12,743,000	17,493,000
4 Inventories	372,191	353,461	386,967
5 Prepaid Expenses	575,555	765,878	850,930
Reserve Funds:			
6 Operations & Maintenance Fund	34,449,780	25,988,298	25,487,672
7 Renewal and Replacement Reserve	650,000	650,000	650,000
8 Capital Projects Reserve	10,000,000	10,000,000	10,000,000
9 ASR Reserve	(914,078)	(895,491)	92,792
10 Insurance/Contingency Reserve	2,000,000	2,000,000	2,000,000
11 Jordan Aqueduct Reserve	50,738	50,738	48,437
12 JWWTQ O&M Agreement	20,000	20,000	20,000
13 150th South Pipeline Agreement	41,623	41,623	39,735
14 TOTAL CURRENT ASSETS	67,383,931	59,249,269	63,013,896
Restricted Assets:			
2015 Series Bond			
15 Bond Fund Account 2015A	224,400	188,877	225,500
2016 Series Bond			
16 Bond Fund Account 2016A	4,893,225	4,117,233	4,893,850
2020 Series Bond			
17 Bond Fund Account 2020A	2,238,138	1,883,114	2,228,897
2021 Series Bond			
18 Bond Fund Account 2021A	1,017,425	852,887	1,017,425
19 Bond Fund Account 2021B	1,200,453	1,010,521	1,194,576
2024 Series Bond			
20 Bond Fund Account 2024A	275,398	241,728	260,168
21 Project Fund Account 2024A	2,026,510	2,683,579	2,775,934
22 Bond Fund Account 2024B	1,270,513	1,066,187	1,426,106
23 Project Fund Account 2024B	19,941,663	21,262,438	30,429,246
24 TOTAL RESTRICTED ASSETS	33,087,725	33,306,564	44,451,702
Fixed Assets:			
25 Land & Right-of-Way	22,783,968	22,783,968	22,023,773
26 Buildings & Improvements	292,631,515	292,631,515	292,511,675
27 Machinery & Equipment	21,510,509	21,510,509	20,940,316
28 Furniture & Fixtures	60,173	60,173	60,173
29 Transportation Equipment	1,597,179	1,597,179	1,426,476
30 Aqueduct & Appurtenances	112,190,997	112,190,997	112,074,873
31 Water Rights - PRWUA	18,188,008	18,188,008	18,188,008
32 Investment in Surface Water	135,189,064	135,189,064	135,189,064
Construction in Progress:			
33 CIP - Jordan Aqueduct System	1,960,328	1,960,328	1,151,848
34 CIP - Aquifer Storage & Recovery	10,017,513	9,998,926	8,406,755
35 CIP - Other	27,993,660	25,532,949	13,646,240
36 TOTAL FIXED ASSETS	644,122,914	641,643,616	625,619,201
37 Less: Accumulated Depreciation	<u>(218,529,250)</u>	<u>(217,574,326)</u>	<u>(207,282,807)</u>
38 NET FIXED ASSETS	425,593,664	424,069,290	418,336,394
Other Assets:			
39 Investments	34,965,946	34,766,361	33,282,450
40 Leases Receivable - Long-Term	340,566	340,566	404,835
41 TOTAL OTHER ASSETS	35,306,512	35,106,927	33,687,285
42 TOTAL ASSETS	\$ 561,371,832	\$ 551,732,050	\$ 559,489,277

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of December 31, 2025
50.00% of Budget Completed

	12/31/25	11/30/25	12/31/24
Deferred Outflow of Resources:			
43 Refinance Term Costs - 2021A	\$ 390,191	\$ 393,264	\$ 427,060
44 Refinance Term Costs - 2021B	6,124,827	6,236,188	7,461,153
45 Deferred Amount on Refunding - 2009A	2,298,219	2,332,521	2,709,841
46 Deferred Bond Refunding - 2021A	1,467,047	1,478,599	1,605,666
47 Deferred Bond Refunding - 2021B	297,953	303,370	362,961
48 Deferred Outflows Relating to Pensions	1,955,311	1,955,311	1,978,898
49 TOTAL DEFERRED OUTFLOW OF RESOURCES	12,533,548	12,699,253	14,545,579
50 TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 573,905,380	\$ 564,431,303	\$ 574,034,856
LIABILITIES AND NET ASSETS			
Current Liabilities:			
51 Accounts Payable	\$ 7,150,020	\$ 2,729,080	\$ 5,645,920
52 Interest Payable - Bonds	2,929,052	2,440,876	3,499,689
53 Vacation Payable	548,648	554,776	527,851
54 Sick Leave Payable	310,273	310,273	93,069
55 Deferred Revenue	1,000,287	1,000,287	999,261
56 Bonds Payable, Current	15,549,000	15,549,000	11,865,000
57 CUP Water Supply Payable-CP	2,971,200	2,971,200	2,971,200
58 TOTAL CURRENT LIABILITIES	30,458,480	25,555,492	25,601,990
Long-Term Liabilities:			
59 Bonds Payable - Series 2015A	3,345,000	3,345,000	3,650,000
60 Bonds Payable - Series 2016A	47,250,000	47,250,000	55,275,000
61 Bonds Payable - Series 2020A	43,210,000	43,210,000	46,875,000
62 Bonds Payable - Series 2021A	43,340,000	43,340,000	43,340,000
63 Bonds Payable - Series 2021B	10,015,000	10,015,000	12,240,000
64 Bonds Payable - Series 2024A	21,535,000	21,535,000	22,000,000
65 Bonds Payable - Series 2024B	32,136,000	32,136,000	33,000,000
66 Reoffering Premium - 2015A	345,261	348,613	385,486
67 Reoffering Premium - 2016A	2,147,846	2,179,903	2,532,534
68 Reoffering Premium - 2021A	11,476,056	11,566,418	12,560,408
69 Net Pension Liability	1,482,013	1,482,013	1,094,592
70 CUP Water Supply Payable	59,424,000	59,424,000	62,395,200
71 Less Bonds Payable, Current	(15,549,000)	(15,549,000)	(11,865,000)
72 TOTAL LONG-TERM LIABILITIES	260,157,176	260,282,947	283,483,220
73 TOTAL LIABILITIES	290,615,656	285,838,439	309,085,210
Deferred Inflow of Resources:			
74 Deferred Revenue - Long-Term	340,566	340,566	404,835
75 Deferred Bond Refunding - 2012A (2019)	-	-	439,620
76 Deferred Bond Refunding - 2012A (2020)	-	-	429,333
77 Deferred Inflows Relating to Pensions	3,960	3,960	5,033
78 TOTAL DEFERRED INFLOW OF RESOURCES	344,526	344,526	1,278,821
79 TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	290,960,182	286,182,965	310,364,031
Net Assets:			
80 Invested in Capital Assets, Net of Related Debt	221,371,739	219,887,298	198,175,694
Restricted Assets:			
81 Future Debt Service	33,087,725	33,306,564	44,451,702
82 Operations & Maintenance Restriction	7,903,654	7,903,654	7,123,302
83 Renewal and Replacement	650,000	650,000	650,000
84 150th South Pipeline Agreement	41,623	41,623	39,735
85 JVVTP O&M Agreement	20,000	20,000	20,000
86 Jordan Aqueduct Reserve	50,738	50,738	48,437
87 Unrestricted	19,819,719	16,388,461	13,161,955
88 TOTAL NET ASSETS	282,945,198	278,248,338	263,670,825
89 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET ASSETS	\$ 573,905,380	\$ 564,431,303	\$ 574,034,856

METROPOLITAN WATER DISTRICT
Capital Report
For the Month Ending December 31, 2025
50.00% of Budget Complete

	Account Name	Account Number	Current Month	Year to Date	Total Budget	Amount Remaining	% of Budget Used
CAPACITY IMPROVEMENT PROJECTS							
1	Managed Aquifer Recharge	1865	\$ 18,587.00	\$ 174,045.37	\$ 180,000.00	\$ 5,954.63	96.69 %
2	Capacity Improvement Projects		18,587.00	174,045.37	180,000.00	5,954.63	96.69%
NON-CAPACITY IMPROVEMENT PROJECTS							
3	Salt Lake Aqueduct Replacement Reach 1 - Cottonwood Conduits		2,339,875.30	8,265,711.81	23,300,000.00	15,034,288.19	35.48%
4	Salt Lake Aqueduct Replacement Reaches 2 and 3	1802D	41,520.00	153,720.00	500,000.00	346,280.00	30.74%
5	Salt Lake Aqueduct Hardening	1802A	-	371,110.79	1,000,000.00	628,889.21	37.11%
6	Little Cottonwood Water Treatment Plant Rebuild	1845R	13.31	679,502.48	1,650,000.00	970,497.52	41.18%
7	Little Cottonwood Conduit Replacement and Intake Modifications		77,512.25	77,512.25	1,100,000.00	1,022,487.75	7.05%
8	LCWTP Administration Campus Improvements		-	-	1,050,000.00	1,050,000.00	0.00%
9	Fleet Replacement Program	1848	-	41,090.00	50,000.00	8,910.00	82.18%
10	Little Dell Dam Improvements	1840	-	148,797.64	150,000.00	1,202.36	99.20%
11	Repair and Replace		1,790.00	152,642.69	921,000.00	768,357.31	16.57 %
12	Non-Capacity Improvement Projects		2,460,710.86	9,890,087.66	29,721,000.00	19,830,912.34	33.28%
OTHER CAPITAL IMPROVEMENT PROJECTS							
13	Jordan Aqueduct System and 150th South Pipeline	1599	-	-	2,851,809.00	2,851,809.00	0.00 %
14	Other Capital Improvement Projects		0.00	0.00	2,851,809.00	2,851,809.00	0.00 %
INVESTMENTS IN WATER SOURCES							
15	Central Utah Project (CUP) Capital	1853	-	-	3,815,423.00	3,815,423.00	0.00 %
16	Investments in Water Sources		0.00	0.00	3,815,423.00	3,815,423.00	0.00 %
17	GRAND TOTAL		\$ 2,479,297.86	\$ 10,064,133.03	\$ 36,568,232.00	\$ 26,504,098.97	27.52 %

METROPOLITAN WATER DISTRICT

Revenue Statement

For the Month Ending December 31, 2025

50.00% of Budget Complete

	Current Month	Year to Date	Total Budget	% of Budget Used	Prior YTD Actual	Prior Year Total	% Prior Year Use	Average 3 Years	Average 3 YTD (Actual Dollars)	
OPERATING REVENUE										
Water Sales:										
1	Salt Lake City	\$ 1,543,081.50	\$ 9,258,489.00	\$ 18,516,978.00	50.00%	\$ 8,817,608.52	\$ 17,635,217.04	50.00%	50.00%	\$ 8,563,278.34
2	Sandy City	600,087.25	3,600,523.50	7,201,047.00	50.00%	3,429,070.02	6,858,140.04	50.00%	50.00%	3,330,163.84
3	Water Sales for Others	30,336.58	853,896.41	1,070,912.00	79.74 %	665,883.25	1,060,743.97	62.78 %	61.19 %	640,839.23
4	TOTAL OPERATING REVENUE	2,173,505.33	13,712,908.91	26,788,937.00	51.19%	12,912,561.79	25,554,101.05	50.53%	50.47%	12,534,281.41
OPERATING EXPENSES										
5	Administrative	301,801.46	1,232,893.63	2,973,359.00	41.46%	999,180.37	2,295,969.06	43.52%	42.99%	943,707.90
6	General	5,241,794.31	7,230,172.62	11,560,406.00	62.54%	7,104,168.02	21,569,371.19	32.94%	47.43%	6,291,373.15
7	Operations	236,989.06	2,301,005.61	4,311,947.00	53.36%	2,724,005.20	4,763,218.41	57.19%	53.44%	2,279,809.52
8	Maintenance	269,715.97	1,445,091.58	3,611,186.00	40.02%	1,323,020.81	2,794,878.21	47.34%	47.35%	1,380,724.64
9	Information Technology	233,134.15	1,232,074.98	2,694,616.00	45.72%	949,986.13	2,209,255.59	43.00%	42.20%	871,787.49
10	Engineering	134,333.42	625,246.83	1,596,697.00	39.16%	573,524.22	1,367,888.94	41.93%	42.33%	558,828.74
11	Instrumentation & Electrical	192,859.52	900,543.07	2,171,188.00	41.48%	771,449.64	1,855,625.58	41.57%	42.14%	697,789.52
12	Lab	82,532.23	466,371.28	974,617.00	47.85%	415,842.10	911,023.89	45.65%	44.10%	415,384.22
13	Non-Routine O&M	127,573.46	606,876.06	2,087,600.00	29.07 %	40,511.70	877,641.26	4.62 %	32.10 %	267,741.60
14	TOTAL OPERATING EXPENSES	6,820,733.58	16,040,275.66	31,981,616.00	50.15%	14,901,688.19	38,644,872.13	38.56%	46.53%	13,707,146.77
15	Revenue from Operations before Depreciation	(4,647,228.25)	(2,327,366.75)	(5,192,679.00)	44.82%	(1,989,126.40)	(13,090,771.08)	15.19%	25.36%	(1,172,865.36)
16	Depreciation Expense	954,924.23	5,668,220.79	11,722,841.00	48.35 %	5,661,833.13	11,240,055.80	50.37 %	50.30 %	5,611,852.38
17	Total Expenses	954,924.23	5,668,220.79	11,722,841.00	48.35%	5,661,833.13	11,240,055.80	50.37%	50.30%	5,611,852.38
18	REVENUE (LOSS) FROM OPERATIONS	(5,602,152.48)	(7,995,587.54)	(16,915,520.00)	47.27%	(7,650,959.53)	(24,330,826.88)	31.45%	42.99%	(6,784,717.74)
NON-OPERATING REVENUE										
19	General Property Taxes	9,906,268.06	15,422,041.98	22,029,174.00	70.01%	17,092,681.28	23,953,481.40	71.36%	78.62%	12,429,994.83
20	Fees in Lieu of Taxes	51,090.61	390,047.63	432,008.00	90.29%	312,855.76	735,288.08	42.55%	46.99%	252,659.89
21	Interest Revenue	452,380.18	2,236,547.83	3,963,199.00	56.43%	2,812,868.72	5,334,064.39	52.73%	46.14%	1,783,835.59
22	Prior Year Tax Collections	11,210.79	(208,744.66)	225,066.00	-92.75%	(121,125.14)	440,780.65	-27.48%	-34.55%	(102,157.11)
23	Special Assessment Revenue	894,675.58	5,954,078.40	12,871,069.00	46.26%	5,943,957.00	11,990,374.00	49.57%	50.13%	5,969,463.49
24	Encroachment Applications	0.00	231,792.53	0.00	0.00%	8,893.02	20,153.86	44.13%	60.64%	19,202.37
25	Miscellaneous	378.52	12,952.71	4,236,200.00	0.31%	162,691.57	274,122.75	59.35%	38.04%	67,172.73
26	Gain/(Loss) on Disposal of Fixed Assets	0.00	0.00	0.00	0.00%	30,165.00	154,680.00	19.50%	26.92%	23,721.50
27	Grant Funding	209,874.35	286,033.57	1,111,468.00	25.73%	0.00	866,384.99	0.00%	0.01%	110.68
28	SLAR-CC Construction	662,218.90	3,181,204.53	9,356,897.00	34.00%	1,555,939.25	10,983,587.14	14.17%	14.17%	518,646.42
29	Net Change of Investments	(1,199.68)	(5,094.54)	0.00	0.00 %	(595.34)	147,881.02	(0.40)%	6.20 %	7,451.37
30	TOTAL NON-OPERATING REVENUE	12,186,897.31	27,500,859.98	54,225,081.00	50.72%	27,798,331.12	54,900,798.28	50.63%	55.55%	20,970,101.76
NON-OPERATING EXPENSE										
31	Interest Expense	528,106.66	3,044,504.26	8,017,425.00	37.97%	2,946,452.31	5,574,444.93	52.86%	49.62%	2,635,015.59
32	SLAR-CC Construction	1,359,773.94	4,571,067.83	9,356,897.00	48.85%	0.00	10,983,587.15	0.00%	0.00%	0.00
33	Benefit Expense	0.00	0.00	0.00	0.00%	0.00	(999,375.00)	0.00%	0.00%	0.00
34	Actuarial Calculated Pension Expense	0.00	0.00	0.00	0.00 %	0.00	1,409,310.00	0.00 %	0.00 %	0.00
35	TOTAL NON-OPERATING EXPENSE	1,887,880.60	7,615,572.09	17,374,322.00	43.83 %	2,946,452.31	16,967,967.08	17.36 %	29.71 %	2,635,015.59
36	NET NON-OPERATING REVENUE (LOSS)	10,299,016.71	19,885,287.89	46,207,656.00	43.03 %	24,851,878.81	37,932,831.20	65.52 %	63.48 %	18,335,086.17
37	TOTAL DISTRICT NET REVENUE (LOSS)	\$ 4,696,864.23	\$ 11,889,700.35	\$ 29,292,136.00	40.59 %	\$ 17,200,919.28	\$ 13,602,004.32	126.46 %	88.17 %	\$ 11,550,368.43

MWDSLS Non-Capital Purchases Over \$10,000

December 2025

Vendor	Invoice #	Check #	Amount	Description
Barton HR Group	2097	83050	15,620.00	Compensation Plan Review Services
Central Utah Water Cons. Dist.	648	83072	110,000.00	Annual Member Contribution to Provo River Watershed Council - FY 2026
Hartman Management Group	1802	83078	30,000.00	December 2025 Services
Utah Lake Water Users Assoc Inc	various	83087	125,420.17	Turner & Joint Dam Rehabilitation; Monthly Maintenance Share
AE2S	various	83092	34,609.64	Services: LCWTP Conduit and Fiber Discovery and Documentation Project
Rocky Mountain Valves & Automation, Inc.	INV-01151	83117	14,321.94	Murray Hydro Tailrace Actuator
Thatcher Company	various	83120	40,304.00	Chemicals
Utah State University - Cntrls Office	203389-05	83121	65,195.26	Water Check Program
Volusol	various	83122	21,388.29	Chemicals
BP Energy Company	various	83125	12,430.97	Natural Gas
Health Equity		ACH	24,243.36	H.S.A. Contributions - December 2025
Paylocity		ACH	73,662.07	Payroll Taxes 12/4/25
Paylocity		ACH	84,280.87	Payroll Taxes 12/18/25
Paylocity		ACH	74,937.93	Payroll Taxes 12/31/25
Utah Retirement Systems		ACH	67,087.71	Retirement Contributions 11/20/25 Payroll
Utah Retirement Systems		ACH	68,187.16	Retirement Contributions 12/4/25 Payroll
Utah Retirement Systems		ACH	67,058.98	Retirement Contributions 12/18/25 Payroll
Paylocity		ACH	185,504.40	Net Payroll 12/4/25
Paylocity		ACH	180,509.79	Net Payroll 12/18/25
Paylocity		ACH	192,402.85	Net Payroll 12/31/25
Rocky Mountain Power		ACH	45,860.18	Electrical Services - October/November 2025
Rocky Mountain Power		ACH	48,988.61	Electrical Services - November/December 2025
Zions Bank		ACH	173,236.71	Zions Visa Commercial Card Payment - statement closing date 11/30/25
Zions Bank		ACH	34,987.64	2015A Bond Payment Transfer
Zions Bank		ACH	764,314.59	2016A Bond Payment Transfer
Zions Bank		ACH	349,683.09	2020A Bond Payment Transfer
Zions Bank		ACH	162,121.19	2021A Bond Payment Transfer
Zions Bank		ACH	187,066.02	2021B Bond Payment Transfer
Zions Bank		ACH	32,978.76	2024A Bond Payment Transfer
Zions Bank		ACH	201,303.53	2024B Bond Payment Transfer

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary Comparisons
As of December 31, 2025

	12/31/25	12/31/24	Difference
1 Accounts Receivable	7,330,853	5,881,120	1,449,733

Explanation: As of December 31, 2025, Salt Lake City had a water bill from a prior month that was still outstanding, whereas Salt Lake City was current on water bills as of December 31, 2024.

	12/31/25	12/31/24	Difference
3 Bonds Receivable	12,743,000	17,493,000	(4,750,000)

Explanation: A large installment payment of 2024A bond proceeds was received in August.

	12/31/25	11/30/25	Difference
6 Operations & Maintenance Fund	34,449,780	25,988,298	8,461,482

Explanation: We received a large sum of property tax revenue in December, totaling approximately \$10.0 million.

	12/31/25	12/31/24	Difference
6 Operations & Maintenance Fund	34,449,780	25,487,672	8,962,108

Explanation: At this time last year, construction costs for the SLAR had been high for several months, ahead of much of the funding and reimbursements. That resulted in a temporarily reduced cash fund balance. Funding and reimbursement processes are better established currently, and there was significant catch-up that took place over the last year.

	12/31/25	12/31/24	Difference
9 ASR Reserve	(914,078)	92,792	(1,006,870)

Explanation: Total expenditures for the Managed Aquifer Recharge (MAR) project have exceeded the reserved funds for the project. The ASR Reserve will no longer be necessary beyond the current fiscal year as a result of the MAR project being completed, and this account will be zeroed out against the Operations & Maintenance Fund at year-end.

	12/31/25	12/31/24	Difference
23 Project Fund Account 2024B	19,941,663	30,429,246	(10,487,583)

Explanation: This fund is drawn upon regularly to fund SLAR construction.

	12/31/25	12/31/24	Difference
35 CIP - Other	27,993,660	13,646,240	14,347,420

Explanation: CIP - Other includes SLAR construction costs that will be capitalized upon completion of the project. This significant increase over the prior year balance reflects the major amount of work that has been completed.

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary Comparisons
As of December 31, 2025

	12/31/25	11/30/25	Difference
51 Accounts Payable	7,150,020	2,729,080	4,420,940

Explanation: Our annual invoices from the Provo River Water Users Association were dated and posted in December 2025, but the invoices were not received and paid until January. This accounts for approximately \$4.8 million of the December balance.

METROPOLITAN WATER DISTRICT
Revenue Statement Comparisons
For the Month Ending December 31, 2025

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
5 Administrative (Operating Expenses)	1,232,893.63	943,707.90	289,185.73

Explanation: Most of this difference (\$175k) is in Contract Services expenses, most of which is the result of a change in the monthly payments to Hartman Management Group for increased lobbying efforts.

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
6 General (Operating Expenses)	7,230,172.62	6,291,373.15	938,799.47

Explanation: The biggest factor here, accounting for \$555k of this change, is an increase in the amount paid to Provo River Water Users Association for our share of their O&M, Capital Improvements, and PRA construction costs.

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
9 Information Technology (Operating Expenses)	1,232,074.98	871,787.49	360,287.49

Explanation: A large piece of this difference (\$153k) is in Contract Services expenses, most of which is the result of an increase in the cost of the VMware renewal. This renewal increased by \$129k over the prior year. An additional \$169k difference over the 3-year average comes in the form of Salary & Wage Expenses and related taxes and benefits costs. The IT department has added two FTEs in the last couple years.

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
11 Instrumentation & Electrical (Operating Expenses)	900,543.07	697,789.52	202,753.55

Explanation: This difference comes from the combined Salaries & Wages Expenses and related taxes and benefits costs, which is the result of adding two FTEs in the last couple years. The increase in staff supports the department's SCADA efforts.

	Year to Date	Total Budget	Difference
22 Prior Year Tax Collections (Non-Operating Revenue)	(208,744.66)	225,066.00	(433,810.66)

Explanation: In connection with the FY 2022 audit, it was determined that Metro Water should include an accrual at year end to represent delinquent taxes still owed to us. The Year to Date negative balance is the resulting effect of the reversal of that accrual, and it will be offset as prior year taxes are received. This account will always reflect a positive balance by the year's end.