

***TIFA***

*FEBRUARY 25, 2021*

## *AGENDA*

**TIFA LLC MEETING AGENDA**  
**February 25, 2021**  
**11:00 a.m.**  
**MEETING LOCATION**  
**CITY OF TITUSVILLE**  
**WATER RESOURCES**  
**2836 GARDEN STREET – TITUSVILLE, FLORIDA**

**Roll Call**

**Action Items**

- I. Approval of the Minutes of the TIFA LLC Meeting January 26, 2021  
(Presenter: James Perry)

**Financial Items and Reports**

- II. Presentation of the TIFA LLC Draft Audit Report (Presenter: Farlen Halikman)
- III. Presentation of the TIFA LLC Tax Return (Presenter: Farlen Halikman)
- IV. Presentation of Management Representation Letter (Presenter: Farlen Halikman)
- V. Ratification of Expenses Paid from Operating Account and Request for Reimbursement (Presenter: James Perry)

**Staff Reports / Informational Items**

- VI. Discussion of Insurance

**Other Business**

**Public Comment**

**Next Scheduled Meeting**

**Open Items**

**Adjournment**

*FIRST ORDER OF BUSINESS*

Date: February 25, 2021

To: TIFA LLC Management Committee

From: Sarah Sweeting, GMS, LLC

Subject: Approval of Minutes – January 26, 2021 TIFA LLC Meeting

**Summary Explanation & Background:** The draft minutes of the January 26, 2021 TIFA LLC meeting were previously circulated for review. The minutes of the TIFA LLC meeting are presented for review and approval. Since the draft minutes were circulated, on February 2, 2021 comments were received from Farnton Water Resources / Miami Corporation and on February 22, 2021 The City of Titusville indicated they had no changes. No other comments have been received.

**Source of Funds:** This action requires no funds.

Minutes of TIFA LLC Meeting  
January 26, 2021  
11:00 a.m.  
City of Titusville Water Resources  
Mourning Dove Water Plant  
2836 Garden Street  
Titusville, Florida

Persons in Attendance

Mike Brown, Farmton Water Resources, TIFA Management Committee Member  
Jim Ball, City of Titusville, TIFA Management Committee Member  
Richard Broome, City of Titusville, City Attorney (by telephone)  
Gene DeMayo, City of Titusville  
Helen Hutchens, Farmton Water Resources (by telephone)  
Daniel Laughlin, GMS LLC

Daniel Laughlin conducted the meeting.

**Roll Call**

**Action Items**

**I. Approval of the Minutes of the TIFA LLC Meeting of December 22, 2020**

Member Ball moved to approve the December 22, 2020 meeting minutes as presented. Member Brown concurred and the motion passed.

**Financial Items and Reports**

**II. Ratification of Expenses Paid from Operating Account and Request for Reimbursement (Presenter: Daniel Laughlin)**

Member Ball moved to ratify the expenses paid from the operating account and request for reimbursement in the amount of \$11,453.25. Member Brown concurred and the motion passed.

**III. Consideration of Capital Distribution Notice (Presenter: Helen Hutchens)**

Member Ball moved to approve the capital distribution notice in the amount of \$210,000 with \$105,000 going to each partner. Member Brown concurred and the motion passed.

### **Staff Reports/Informational Items**

#### **IV. Discussion of Insurance**

Ms. Hutchens stated, the insurance renewal date is April 1, 2021, I'm in the process of completing the applications for the property and general liability insurance. I provided the general liability application to Sean to share with Cindy at the City for their review. I will have the property information to Sean shortly. Our property values have not changed so the insured values have not changed. The only items that will need to be added to the property insurance is the lawnmower. During our insurance renewal process, we have seen indications from the market that we are looking at double digit percentage increases in property insurance premiums. The general liability policy has historically had a relatively flat or a low percentage increase year to year due to the low risk and lack of any historical claims. As soon as I have information, I will share it. Also, as a matter of form, I have historically submitted the insurance application on behalf of TIFA as an authorized agent. I wanted to request that the members provide me with that authorization to submit the application on your behalf. Once we are ready to bind the policies, we will look to the managers for acceptance of those policies.

Member Ball asked did they give you any reason for the proposed increase?

Ms. Hutchens responded the primary reason we have been seeing is the losses on the property side that have been incurred across the United States and across the world due to the increase in natural disasters. Some insurers are removing certain risk categories from their portfolio. We have historically done well in finding an appropriate carrier to cover the assets as we have described and are doing our best to find the markets that are available to us.

Member Ball moved to authorize Helen Hutchens to submit the insurance application on behalf of the TIFA board. Member Brown concurred and the motion passed.

### **Other Business**

### **Public Comment**

### **Next Scheduled Meeting**

The next meeting will be held February 25, 2021 at 11:00 a.m.

### **Open Items**

### **Adjournment**

Member Ball moved to adjourn the meeting at 11:13 a.m. Member Brown concurred and the meeting adjourned.

## *SECOND ORDER OF BUSINESS*

# ***TIFA LLC***

*Financial Statements –  
As of and for the Years Ended  
December 31, 2020 and 2019*

**TIFA LLC**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Management Committee and Members  
TIFA LLC  
Titusville, Florida

We have audited the accompanying financial statements of TIFA LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Management Committee and Members  
TIFA LLC

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TIFA LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Orlando, Florida

TBA

**TIFA LLC**

**BALANCE SHEETS**

**AS OF DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 540,672	\$ 553,244
Accounts receivable	88,677	69,171
Prepaid expenses	13,867	17,129
<b>Total Current Assets</b>	<u>643,216</u>	<u>639,544</u>
<b>Wells and Wellfield (Note 3):</b>		
Area IV Wellfield - Phase 1, net	1,322,608	1,383,094
Area IV Wellfield - Phase 2, net	4,199,891	4,368,860
Area IV Equipment, net	5,032	-
Monitoring wells, net	366,405	382,678
Easements	333,883	333,883
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,933
<b>Total Wells and Wellfield</b>	<u>6,531,952</u>	<u>6,772,648</u>
<b>Intangible Assets (Note 4):</b>		
Consumptive use permit, net	1,159,937	1,259,006
FPL fee, net	672,948	701,996
<b>Total Intangible Assets</b>	<u>1,832,885</u>	<u>1,961,002</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,008,053</u>	<u>\$ 9,373,194</u>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 3,869	\$ 6,412
<b>Total Current Liabilities</b>	<u>3,869</u>	<u>6,412</u>
<b>Members' Capital</b>	<u>9,004,184</u>	<u>9,366,782</u>
<b>TOTAL LIABILITIES AND MEMBERS' CAPITAL</b>	<u>\$ 9,008,053</u>	<u>\$ 9,373,194</u>

The accompanying notes are an integral part of the financial statements.

**TIFA LLC**

**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>REVENUE:</b>		
Water sales	\$ 1,162,815	\$ 1,145,223
Interest income	26	25
<b>TOTAL REVENUE</b>	<b>1,162,841</b>	<b>1,145,248</b>
<b>OPERATING EXPENSES:</b>		
Depreciation and amortization	374,974	373,844
Utilities	62,268	69,608
Property and liability insurance	58,730	67,246
Operations and maintenance	48,964	72,925
Tangible personal property tax	26,064	31,400
Managing agent fees	26,000	26,000
Accounting fees	10,000	15,000
Wetland monitoring	4,200	4,200
Hydrogeological services	4,000	6,568
Miscellaneous	239	520
<b>TOTAL OPERATING EXPENSES</b>	<b>615,439</b>	<b>667,311</b>
<b>NET INCOME</b>	<b>547,402</b>	<b>477,937</b>
<b>MEMBERS' CAPITAL - BEGINNING OF YEAR</b>	<b>9,366,782</b>	<b>9,648,845</b>
Capital distributions	(910,000)	(760,000)
<b>MEMBERS' CAPITAL - END OF YEAR</b>	<b>\$ 9,004,184</b>	<b>\$ 9,366,782</b>

The accompanying notes are an integral part of the financial statements.

**TIFA LLC**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 547,402	\$ 477,937
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	374,974	373,844
Changes in operating assets and liabilities:		
Accounts receivable	(19,506)	18,266
Prepaid expenses	3,262	(907)
Accounts payable	(2,543)	2,689
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>903,589</u>	<u>871,829</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(6,161)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(6,161)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Members' capital distributions	(910,000)	(760,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(910,000)</u>	<u>(760,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(12,572)	111,829
<b>CASH AT BEGINNING OF YEAR</b>	<u>553,244</u>	<u>441,415</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 540,672</u>	<u>\$ 553,244</u>

The accompanying notes are an integral part of the financial statements.

## **TIFA LLC**

### **NOTES TO FINANCIAL STATEMENTS**

#### **AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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##### **1. ORGANIZATION AND DESCRIPTION OF THE ENTITY**

TIFA LLC ("TIFA") was organized as a Florida Limited Liability Company on April 21, 2010, pursuant to the terms of a Settlement Framework Agreement and a Limited Liability Company Operating Agreement ("Operating Agreement") between the City of Titusville, Florida ("City"), and Farmton Water Resources, LLC ("Farmton") (collectively, the "Members").

TIFA's purpose is to facilitate the permitting, design, construction, and operation of a groundwater wellfield on certain property located in Brevard County and monitoring wells in Volusia County, Florida, and to do so in a manner designed to reasonably avoid adverse impact on the water resource and ecosystem. On May 10, 2011, the St. Johns River Water Management District granted TIFA's application for expansion of the Consumptive Use Permit ("CUP") to 2.75 million gallons per day ("MGD"). Phase 1 of the wellfield produces 0.75 MGD. Phase 2 of the wellfield produces 2.0 MGD. As of December 31, 2015, the entire wellfield has been placed in service.

The proposed groundwater wellfield is intended to provide certain agreed-upon minimum amounts of bulk water exclusively to the City and, to the extent available, to Farmton and others. The pricing and rate structure for the sale of water is defined in the Operating Agreement.

The Operating Agreement provides that the City has the exclusive right to purchase bulk water from TIFA at prices based on the cost of TIFA's operation, plus a return on Members' capital. The rates are set annually, as indicated in the Operating Agreement, and are subject to adjustment quarterly, as of and when additional maintenance capital contributions are made and/or wellfield assets are placed in service. In consideration for these rights, the City has agreed to purchase a minimum of 0.75 MGD of water, if available, annually from TIFA for a period of ten years, with certain automatic, additional ten-year options to renew. The Operating Agreement further provides that the City will pay for the minimum amount of water to be purchased, regardless of whether the minimum amount is actually used.

Subject to the availability of 2.75 MGD of water, the Operating Agreement also includes the right for Farmton to purchase a maximum of up to 0.6 MGD of water from the City's 2.75 MGD under certain circumstances, as designated in the Operating Agreement. In the event that Farmton exercises its right under the Operating Agreement to purchase 0.6 MGD of water from TIFA, Farmton will be required to purchase water at rates consistent with the cost of the City securing replacement water.

##### **2. SIGNIFICANT ACCOUNTING POLICIES**

###### ***Cash and Cash Equivalents***

TIFA considers all unrestricted, highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

###### ***Accounts Receivable***

Accounts receivable represent amounts due from the City for the purchase of bulk water. TIFA values its receivables based on the volume of bulk water provided to the City each month at an approved rate.

***Capitalization***

The Operating Agreement provides, among other things, for the methodologies that the Members will use to make contributions for TIFA's initial and ongoing capitalization of its activities, as follows:

***Initial Capitalization***

Pursuant to the Operating Agreement, the Members contributed to TIFA an initial cash contribution of \$25,000 each and certain assets, including a CUP, easements, wells, mitigation credits, and other wellfield development costs. Contributed assets are recorded at their fair values, as determined by cost, appraisal, or other appropriate valuation methodologies.

***Construction Capital Contributions***

The City and Farmton are each further required to pay or contribute fifty percent of the cost to construct the wellfield. For Phase 1 construction, the obligation to make construction capital contributions were satisfied, in the case of the City, by direct payment of construction costs, and in the case of Farmton, by payment to the City of Farmton's share of construction costs paid directly by the City. For Phase 2 construction, TIFA directly incurred the construction costs. The City and Farmton paid their percentage upon completion of a capital call by the managers. Farmton made certain construction capital contributions by a grant or assignment of easements over certain property under its control.

***Maintenance Capital Contributions***

Subsequent to construction of the wellfield, each Member is required to contribute fifty percent of the cost of renewal and replacement of wellfield facilities, as required to maintain the wellfield in working condition.

***Wellfield-related and Intangible Assets***

Acquisitions of new wellfield-related and intangible assets with a cost basis, if acquired, or fair value, if contributed, greater than \$10,000, and an estimated useful life greater than one year are capitalized. The cost of maintenance, repairs, and recurring replacements is charged to operations as incurred. Depreciation and amortization of wellfield-related and intangible assets is provided using the straight-line method over estimated useful lives of 30 years and 20 years, respectively.

***Revenue Recognition***

Water rates charged per thousand gallons are determined in accordance with the Operating Agreement and annual budgeting process. Revenue from bulk water sales is recognized based on meter readings as water is delivered to the customers at the amount expected to be received from the customer.

***Income Taxes***

TIFA has elected to be treated as a pass-through entity for income tax reporting purposes. As a result, all items of taxable income or loss are allocated to the individual Members to be reported on their individual income tax returns, as applicable. Accordingly, these financial statements include no provision or liability for federal or state income taxes.

***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 and disclosures. Actual results could differ from those estimates.

***Subsequent Events***

Events and transactions have been evaluated for potential recognition or disclosure through the date the financial statements were available to be issued.

**3. WELLS AND WELLFIELD**

Wells and wellfield, net, consist of the following as of December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Area IV Wellfield - Phase 1	\$ 1,814,563	\$ 1,814,563
Area IV Wellfield - Phase 2	5,069,053	5,069,053
Area IV Equipment	6,162	-
Monitoring wells	488,189	488,189
	<u>7,377,967</u>	<u>7,371,805</u>
Accumulated depreciation	<u>(1,484,031)</u>	<u>(1,237,173)</u>
	5,893,936	6,134,632
Easements	333,883	333,883
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,933
Wells and wellfield, net	<u>\$ 6,531,952</u>	<u>\$ 6,772,648</u>

Depreciation expense was \$246,858 and \$245,726 for the years ended December 31, 2020 and 2019, respectively.

Inactive wellfield assets, while not currently in use, are capable of being activated and used in the future.

**4. INTANGIBLE ASSETS**

Intangible assets, net, consist of the following as of December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Consumptive use permit (CUP)	\$ 1,981,386	\$ 1,981,386
FPL fee - Phase 1	459,340	459,340
FPL fee - Phase 2	412,112	412,112
	<u>2,852,838</u>	<u>2,852,838</u>
Accumulated amortization	<u>(1,019,953)</u>	<u>(891,836)</u>
Intangible assets, net	<u>\$ 1,832,885</u>	<u>\$ 1,961,002</u>

Amortization expense was \$128,118 for each of the years ended December 31, 2020 and 2019. Amortization is approximately \$128,000 per year for the next five years on the intangible assets currently placed in service.

**5. MANAGING AGENT FEES**

On July 1, 2015, TIFA contracted with Governmental Management Services, LLC ("GMS") to provide, among other things, management and accounting services. The term of the management agreement is one year. Thereafter, the agreement shall be extended for one-year periods, unless either party gives written notice on or before 60 days prior to the anniversary date of the effective date, unless terminated earlier. During the years ended December 31, 2020 and 2019, TIFA paid management fees to GMS of \$26,000 each year.

**6. COMMITMENTS AND CONTINGENCIES**

***Concentrations and Credit Risk***

TIFA receives all of its revenue from the City through sale of bulk water pumped from the wells.

Financial instruments, which potentially subject TIFA to concentrations of credit risk, consist of cash deposits, which, at times, may exceed federal deposit insurance limits.

***Wellfield Operations and Maintenance Agreement***

On May 24, 2010, TIFA entered into a Wellfield Operations and Maintenance Agreement with the City under which the City shall operate and maintain the wellfield pursuant to the fees and obligations specified in the agreement. Fees incurred pursuant to this agreement totaled \$26,600 and \$36,505, respectively, for the years ended December 31, 2020 and 2019, and are included in the Operations and Maintenance line item on the Statement of Operations and Changes in Members' Capital.

***“DRAFT FOR DISCUSSION PURPOSES ONLY”***

# **TIFA LLC**

**COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE**

**Years Ended December 31, 2020 and 2019**



CPAs & ADVISORS

[REDACTED]

Mr. James Ball, Manager  
TIFA LLC  
2836 Garden Street  
Titusville, FL 32796  
and  
Mr. Michael Brown, Manager  
TIFA LLC  
1625 Maytown Road  
Osteen, FL 32764

To the Managing Members:

We have audited the financial statements of **TIFA LLC** (“TIFA”) for the years ended December 31, 2020 and 2019, and have issued our report thereon dated [REDACTED]. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### SIGNIFICANT AUDIT FINDINGS

##### *QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TIFA are described in Note 2 to the financial statements. The application of existing accounting policies was not changed during the years ended December 31, 2020 and 2019. We noted no transactions entered into by TIFA during the period audited for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper periods.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. TIFA’s most significant estimates relate to its determination of the amounts of depreciation and amortization of capitalized assets. Currently, this estimate is based upon the estimated useful lives of the assets.

#### CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during the audit.

Mr. James Ball and  
Mr. Michael Brown, Managing Members  
TIFA LLC  
[REDACTED]

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#### INTERNAL ACCOUNTING CONTROL

In planning and performing our audit in accordance with auditing standards generally accepted in the United States of America, we considered TIFA’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TIFA’s internal control. Accordingly, we do not express an opinion on the effectiveness of TIFA’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

#### INDEPENDENCE

We are not aware of any relationships between our Firm and TIFA, which, in our professional judgment, may reasonably be thought to bear on our independence. Services provided to TIFA by MSL, P.A. during the twelve-month period ended on the date of this letter primarily consists of the annual audit of TIFA and preparation of its tax return.

We hereby confirm that as of the date of this letter, we are independent accountants with respect to TIFA, within the meaning of the independence standards developed by the American Institute of Certified Public Accountants.

#### DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing and completing our audit.

#### DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

#### MANAGEMENT REPRESENTATIONS

We have requested certain written representations from management that are included in the management representation letter dated [REDACTED].

Mr. James Ball and  
Mr. Michael Brown, Managing Members  
TIFA LLC

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MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to TIFA’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER MATTERS

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as TIFA’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit, we toured the wellfield and reviewed the implementation of the policies and procedures for reading the meters. We believe that those procedures, which require three party sign offs, are effective to ensure appropriate control over the revenue recognition process.

\*\*\*\*\*

We appreciate the opportunity to serve as TIFA’s independent auditors. Should you desire further information concerning these matters, we would be happy to meet with you at your convenience.

This letter is solely for the internal use of TIFA and should not be distributed to any other persons or be used for any other purpose.

Very truly yours,

## *FOURTH ORDER OF BUSINESS*

**TIFA LLC**  
**2836 Garden Street**  
**Titusville, Florida 32796**

MSL, P.A.  
Certified Public Accountants and Advisors  
255 S. Orange Ave., Suite 600  
Orlando, FL 32801

This representation letter is provided in connection with your audit of the financial statements of **TIFA LLC** (“TIFA”), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in members’ capital, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

**GENERAL**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 20, 2020, including our responsibility for the preparation and fair presentation of the financial statements.

The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

We have made available to your representatives all financial records and related data.

We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within TIFA from whom you determined it necessary to obtain audit evidence.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors. We recognize that we are responsible for adjusting the financial statements to correct material misstatements. There were no corrected or uncorrected misstatements.

#### **INTERNAL ACCOUNTING CONTROL**

We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

There are no material weaknesses in the system of internal accounting control, including any for which we believe the cost of corrective actions exceeds the benefits. There have been no changes in the system of internal accounting control since December 31, 2020 that would significantly affect the system.

#### **MINUTES AND CONTRACTS**

We have made available to you all minutes of the meetings of members of TIFA, or summaries of actions of recent meetings for which minutes have not yet been prepared.

We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

#### **OWNERSHIP AND PLEDGING OF ASSETS**

TIFA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. All assets to which TIFA has satisfactory title appear in the balance sheets.

#### **RECEIVABLES**

Receivables represent valid claims against the debtors indicated and do not include amounts for water provided subsequent to December 31, 2020.

#### **LONG-LIVED ASSETS, INCLUDING INTANGIBLE ASSETS**

We review long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances have indicated that their carrying amounts might not be recoverable. No events or circumstances have occurred that indicate the carrying amounts of those assets might require adjustment.

#### **RELATED-PARTY TRANSACTIONS**

Generally accepted accounting standards define related parties as follows: “Affiliates of the enterprise; entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.”

We have disclosed to you the identity of TIFA’s related parties and all the related-party relationships and transactions of which we are aware, if any.

#### **ARRANGEMENTS WITH FINANCIAL INSTITUTIONS**

There are no arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances. There are no lines-of-credit or similar arrangements.

#### **CONTINGENT LIABILITIES**

The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with generally accepted accounting principles.

There have been no violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We are not aware of any unasserted claims or assessments that are probable of assertion.

There have been no communications from regulatory agencies or government representatives, employees or others concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction or deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.

There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed nor are there any accruals for loss contingencies included in the balance sheets.

There are no oral or written guarantees of the debt of others under which TIFA may be liable.

We have not consulted a lawyer concerning litigation, claims or assessments during the year ended December 31, 2020 or through the date of this letter.

We are not aware of any environmental issues which should be considered for their potential impact on the financial statements.

We have purchased insurance coverage that we believe is adequate and meets all applicable regulatory requirements.

#### **PURCHASE AND SALE COMMITMENTS**

At December 31, 2020, TIFA had no significant commitments to purchase assets in excess of normal requirements or at prices which were in excess of market at that date, and no important sales commitments which it is unable to fulfill or which were at prices less than costs.

There were no agreements or commitments to repurchase assets previously sold. There were no undisclosed commitments outstanding at December 31, 2020 for the purchase or construction of significant assets.

#### **INSTANCES OF FRAUD AND CONFLICTS OF INTEREST**

We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

We have no knowledge of any fraud or suspected fraud affecting TIFA involving management or employees who have significant roles in the system of internal accounting control.

We have no knowledge of any fraud or suspected fraud affecting TIFA involving others that could have a material effect on the financial statements.

There are no instances where any officer or employee of TIFA has an interest in a company with which TIFA does business which would be considered a “conflict of interest.” Such an interest would be contrary to TIFA’s policy.

#### **ACCOUNTING ESTIMATES**

We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates and the underlying assumptions are reasonable.

#### **CONCENTRATIONS**

There are no concentrations existing at the date of the financial statements that make TIFA vulnerable to the risk of a near-term, severe impact that have not been disclosed in the financial statements. We understand that concentrations include individual or group concentrations of customers, suppliers, lenders, products, services, or markets.

**SUBSEQUENT EVENTS**

No events or transactions have occurred since December 31, 2020 which would have a material effect on the financial statements at that date or for the year then ended, or which are of such significance in relation to TIFA's affairs as to require mention in a note to the financial statements in order to make them not misleading as to the financial position, results of operations or cash flows of TIFA.

Very truly yours,

**TIFA, LLC**

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Manager

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Date

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Manager

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Date

## *FIFTH ORDER OF BUSINESS*

**TIFA LLC**  
**INVOICE APPROVAL BY MANAGERS**

**WHEREAS**, the undersigned are the duly appointed and acting Managers of TIFA LLC, which operates pursuant to that certain Limited Liability Company Operating Agreement of TIFA LLC dated May 24, 2010 ("Operating Agreement"); and,

**WHEREAS**, at a duly called and noticed public meeting of the Managers as indicated below, the undersigned approved the contract and/or authorized the expenditure as indicated below, and further authorized the managers to execute the Invoice Approval by Managers form reflecting such authorized expenditures in order to process payments.

**Previous Authorizations**

<b>TIFA Meeting Date</b>	<b>Approved</b>	<b>Total Contract or Expenditure Authorized</b>
02/25/2021	Imprest Account Reimbursement from Depository Account	See Attached

**NOW, THEREFORE**, the Managers of TIFA LLC, based upon the previous TIFA authorizations, approve the following payments:

<b>Invoice Description</b>	<b>Total Amount</b>	<b>Pursuant to Previous TIFA Authorization Date</b>	<b>Invoice Payment</b>
Transfer to imprest account at Northern Trust ending *8866	\$12,883.12	02/25/2021	To be Paid by TIFA upon this approval

Except as otherwise set forth herein, defined terms shall have the meaning set forth in the Operating Agreement. This Action may be executed in several counterparts, and all counterparts so executed shall constitute one Approval binding on all parties.

**IN WITNESS WHEREOF**, the undersigned represent and warrant that each is the duly authorized and appointed agent of TIFA LLC.

\_\_\_\_\_  
Mike Brown, Manager

\_\_\_\_\_  
Jim Ball, Manager

Date: \_\_\_\_\_, 2021

Date: \_\_\_\_\_, 2021

## TIFA LLC

## Check Detail

January 21 through February 19, 2021

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Bill Pmt -Check	ACH02182021	02/18/2021	Florida Power & Light		103.00 · Cash- Northe...		-5,574.79
Bill	74008-14500Feb21	02/01/2021			511.00 · Utilities	-494.08	494.08
Bill	54996-25506Feb21	02/01/2021			511.00 · Utilities	-406.22	406.22
Bill	32610-23505Feb21	02/01/2021			511.00 · Utilities	-612.30	612.30
Bill	18790-42503Feb21	02/01/2021			511.00 · Utilities	-646.62	646.62
Bill	76646-91016Feb21	02/01/2021			511.00 · Utilities	-445.29	445.29
Bill	75317-43016Feb21	02/01/2021			511.00 · Utilities	-483.62	483.62
Bill	54213-71161Feb21	02/01/2021			511.00 · Utilities	-279.04	279.04
Bill	47893-42013Feb21	02/01/2021			511.00 · Utilities	-467.69	467.69
Bill	11526-54016Feb21	02/01/2021			511.00 · Utilities	-253.81	253.81
Bill	83665-19117Feb21	02/01/2021			511.00 · Utilities	-254.11	254.11
Bill	73681-17557Feb21	02/01/2021			511.00 · Utilities	-253.37	253.37
Bill	62400-69564Feb21	02/01/2021			511.00 · Utilities	-247.99	247.99
Bill	40983-63494Feb21	02/01/2021			511.00 · Utilities	-233.82	233.82
Bill	24869-01248Feb21	02/01/2021			511.00 · Utilities	-253.37	253.37
Bill	09060-50505Feb21	02/01/2021			511.00 · Utilities	-243.46	243.46
TOTAL						-5,574.79	5,574.79
Bill Pmt -Check	1334	02/19/2021	Moore Stephens Lovelace, P.A		103.00 · Cash- Northe...		-5,000.00
Bill	133317	01/31/2021			502.02 · Accounting	-5,000.00	5,000.00
TOTAL						-5,000.00	5,000.00
Bill Pmt -Check	1335	02/19/2021	The City of Titusville		103.00 · Cash- Northe...		-2,308.33
Bill	COT01312021	01/31/2021			501.00 · O&M Operatin...	-2,308.33	2,308.33
TOTAL						-2,308.33	2,308.33