

TIFA

FEBRUARY 23, 2023

AGENDA

TIFA LLC MEETING AGENDA
February 23, 2023
11:00 a.m.
MEETING LOCATION
CITY OF TITUSVILLE
CITY HALL, COUNCIL CHAMBER, SECOND FLOOR
555 S. WASHINGTON AVENUE – TITUSVILLE, FLORIDA
Call in Number:
(US) 1-877-304-9269 (PIN: 480560)

Roll Call

Action Items

- I. Approval of the Minutes of the TIFA LLC Meeting January 19, 2023
(Presenter: Jeremy Lebrun)

Financial Items and Reports

- II. Presentation of TIFA LLC Draft Audit Report (Presenter: Farlen Halikman)
- III. Presentation of TIFA LLC Tax Return (Presenter: Farlen Halikman)
- IV. Presentation of Management Representation Letter (Presenter: Farlen Halikman)
- V. Presentation of Communications Letter (Presenter: Farlen Halikman)
- VI. Consideration of Capital Distribution Notice (Presenter: Pat Gagliardi)
- VII. Ratification of Expenses Paid from Operating Account and Request for Reimbursement (Presenter: Jeremy Lebrun)

Staff Reports / Informational Items

Other Business

Public Comment

Next Scheduled Meeting

Open Items

Adjournment

Any person who decides to appeal any decision of the TIFA Members with respect to any matter considered at this meeting will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

TIFA desires to accommodate persons with disabilities. Accordingly, any physically handicapped person, pursuant to Chapter 286.26 Florida Statutes, should, at least 48 hours prior to the meeting, submit a written request to the chairperson that the physically handicapped person desires to attend the meeting.

FIRST ORDER OF BUSINESS

Date: February 23, 2023

To: TIFA LLC Management Committee

From: Sarah Sweeting, GMS, LLC

Subject: Approval of Minutes – January 19, 2023 TIFA LLC Meeting

Summary Explanation & Background: The draft minutes of the February 23, 2023 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 January 31, 2023 comments were received from Farnton Water Resources / Miami Corporation. No other comments have been received.

Source of Funds: This action requires no funds.

Minutes of TIFA LLC Meeting
January 19, 2023
11:00 a.m.
City Hall Council Chamber, Second Floor
555 S. Washington Avenue
Titusville, Florida

Persons in Attendance

Glenn Storch, TIFA Management Committee Member
Jim Ball, City of Titusville, TIFA Management Committee Member
Sean Stauffer, City of Titusville, Water Resources Director
Richard Broome, City of Titusville, City Attorney
David Fuechtman, Miami Corporation Management, LLC (by telephone)
Jeremy LeBrun, GMS LLC

Jeremy LeBrun conducted the meeting.

Roll Call

Mr. LeBrun called the meeting to order at 11:00 a.m. and called the roll.

Action Items

I. Approval of the Minutes of the TIFA LLC Meeting of December 22, 2022 (Presenter: Jeremy LeBrun)

Member Ball moved to approve the December 22, 2022 meeting minutes as presented. Member Storch concurred and the motion passed.

Financial Items and Reports

II. Ratification of Expenses Paid from Operating Account and Request for Reimbursement (Presenter: Jeremy LeBrun)

Member Ball moved to ratify the expenses paid from the operating account and request for reimbursement in the amount of \$16,098.28. Member Storch concurred and the motion passed.

Staff Reports/Informational Items

Mr. Stauffer: We were at the wellfield in the November/December timeframe and Gene DeMayo had mentioned some road conditions that he was concerned about and staff and Farmton have spoken and we have plans to address the three areas that need some work and those will be taken care of inhouse by Farmton. I believe the estimated cost is between \$5,000 to \$6,000. We thought that was a good price and will address Gene's concerns. We will move forward on those smaller road work items.

Member Ball moved to authorize the inhouse repair of the roads as identified by Mr. DeMayo. Member Storch concurred and the motion passed.

Mr. Stauffer: Staff is working on a scope for a consultant to do a resiliency study. I have prepared a draft that has been sent to Jim Boyd and he has made a few comments and we are working through that. We will have a final draft ready for the membership to see at the next meeting.

Member Ball: When that is ready shoot a draft to Robbie and to me for review prior to the meeting.

Mr. Stauffer: The last item you brought up, you were curious about the work that was proposed by Brevard County in Northern Brevard. I have done some research but don't have an answer at this time, but I will reach out to figure out what they plans are.

Member Ball: I had read in the Florida Today Newspaper a request made to the Brevard County legislative delegation to fund a water treatment plant improvement and some sort of related work to improve the potable water supply in North Brevard. Sean confirmed it was not us and presumed it was the county and I requested that he investigate what they are talking about doing.

Mr. Stauffer: There is a county run Mims Plant so there is a public supply at Mims. I do know they have a few surficial wells along Folsom Road. Not the same source as TIFA's but certainly it is of interest for us to know what their plans are.

Mr. Storch: The 5A area at one point we looked at the idea of Titusville potentially servicing that. I have not seen the interest. We looked at the county servicing that, the county had no interest and the county basically allowed that to go into the Farmton Utility area for service. Our intent was to provide service for that.

Mr. Stauffer: I will get more detail and bring it back to the board and make it a part of the official minutes.

Mr. LeBrun: In response to Mr. Ball's questions about the website, I contacted our webmaster and had them go through to make sure all the items were up to date. I had them check the widget that goes with the disability section and they did the required updates to make sure that it works on mobile and different browsers and that has been completed. I tested it and everything shows up as it should. I went through the contacts, meeting dates, years and documents.

Other Business

Public Comment

Next Scheduled Meeting

The next meeting will be held February 23, 2023 at which time the audit will be presented.

Open Items

Adjournment

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

SECOND ORDER OF BUSINESS

TIFA LLC

*Financial Statements –
As of and for the Years Ended
December 31, 2022 and 2021*

TIFA LLC

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Certified Public Accountants

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, 2022 and 2021, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TIFA, LLC as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TIFA, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about TIFA, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Management Committee and Members
TIFA LLC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of TIFA LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TIFA LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Certified Public Accountants

Orlando, Florida

[DATE]

TIFA LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash	\$ 705,622	\$ 534,788
Accounts receivable	96,999	91,357
Prepaid expenses	10,694	30,446
Total Current Assets	<u>813,315</u>	<u>656,591</u>
Wells and Wellfield (Note 3):		
Area IV Wellfield - Phase 1, net	1,201,637	1,262,123
Area IV Wellfield - Phase 2, net	3,861,955	4,030,923
Area IV Equipment, net	2,567	3,800
Monitoring wells, net	333,859	350,131
Easements	333,883	333,883
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,933
Total Wells and Wellfield	<u>6,038,034</u>	<u>6,284,993</u>
Intangible Assets (Note 4):		
Consumptive use permit, net	961,798	1,060,868
FPL fee, net	614,851	643,900
Total Intangible Assets	<u>1,576,649</u>	<u>1,704,768</u>
TOTAL ASSETS	<u><u>\$ 8,427,998</u></u>	<u><u>\$ 8,646,352</u></u>
LIABILITIES AND MEMBERS' CAPITAL		
Current Liabilities:		
Accounts payable	\$ 8,202	\$ 5,965
Total Current Liabilities	<u>8,202</u>	<u>5,965</u>
Members' Capital	<u>8,419,796</u>	<u>8,640,387</u>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u><u>\$ 8,427,998</u></u>	<u><u>\$ 8,646,352</u></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, 2022 AND 2021**

	2022	2021
REVENUE:		
Water sales	\$ 1,180,778	\$ 1,112,339
Interest income	32	37
TOTAL REVENUE	1,180,810	1,112,376
OPERATING EXPENSES:		
Depreciation and amortization	375,078	375,077
Operations and maintenance	44,617	41,592
Utilities	84,296	67,923
Property and liability insurance	52,556	75,504
Tangible personal property tax	15,884	20,409
Managing agent fees	26,000	26,000
Accounting fees	17,500	22,000
Consulting	1,750	-
Hydrogeological services	6,000	3,000
Wetland monitoring	4,500	4,500
Wellfield repair	93,000	-
Miscellaneous	220	168
TOTAL OPERATING EXPENSES	721,401	636,173
NET INCOME	459,409	476,203
MEMBERS' CAPITAL - BEGINNING OF YEAR	8,640,387	9,004,184
Capital distributions	(680,000)	(840,000)
MEMBERS' CAPITAL - END OF YEAR	\$ 8,419,796	\$ 8,640,387

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

TIFA LLC

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 459,409	\$ 476,203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	375,078	375,077
Changes in operating assets and liabilities:		
Accounts receivable	(5,642)	(2,681)
Prepaid expenses	19,752	(16,579)
Accounts payable	2,237	2,096
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>850,834</u>	<u>834,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Members' capital distributions	(680,000)	(840,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(680,000)</u>	<u>(840,000)</u>
NET INCREASE (DECREASE) IN CASH	170,834	(5,884)
CASH AT BEGINNING OF YEAR	<u>534,788</u>	<u>540,672</u>
CASH AT END OF YEAR	<u>\$ 705,622</u>	<u>\$ 534,788</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, 2022 AND 2021

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.

Draft for Discussion Purposes Only

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.

Draft for Discussion Purposes Only

3. WELLS AND WELLFIELD

Wells and wellfield, net, consist of the following as of December 31, 2022 and 2021:

	2022	2021
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	6,162
Monitoring wells	488,189	488,189
	<u>7,377,967</u>	<u>7,377,967</u>
Accumulated depreciation	<u>(1,977,949)</u>	<u>(1,730,990)</u>
	5,400,018	5,646,977
Easements	333,883	333,883
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,933
Wells and wellfield, net	<u>\$ 6,038,034</u>	<u>\$ 6,284,993</u>

Depreciation expense was \$246,959 for each of the years ended December 31, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
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>(1,276,189)</u>	<u>(1,148,070)</u>
Intangible assets, net	<u>\$ 1,576,649</u>	<u>\$ 1,704,768</u>

Amortization expense was \$128,119 and \$128,118 for the years ended December 31, 2022 and 2021, respectively. 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, 2022 and 2021, 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.

Draft for Discussion Purposes Only

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 \$26,343 and \$27,700 for the years ended December 31, 2022 and 2021, respectively, and are included in the Operations and Maintenance line item on the Statement of Operations and Changes in Members' Capital.

FOURTH ORDER OF BUSINESS

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, 2022 and 2021, 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 November 15, 2022, 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.

There are inactive wellfield assets worth approximately \$165,000 that, while not currently in use, are capable of being activated and used in the future.

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, 2022 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, 2022.

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, 2022 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, 2022, 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, 2022 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, 2022 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

Manager

Date

Manager

Date

FIFTH ORDER OF BUSINESS

TIFA LLC

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

Years Ended December 31, 2022 and 2021

DRAFT FOR REVIEW



CPAs & ADVISORS

February __, 2023

Mr. James Ball, Manager
TIFA LLC
2836 Garden Street
Titusville, FL 32796

and
Mr. Robbie Lee, Manager
TIFA LLC
3450 Old Dawson Ranch Road
Edgewater, FL 32132

To the Managing Members:

We have audited the financial statements of **TIFA LLC** (“TIFA”) for the years ended December 31, 2022 and 2021, and have issued our report thereon dated _____, 2023. 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 November 15, 2022. 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, 2022 and 2021. 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. Robbie Lee, Managing Members
TIFA LLC

_____, 2023
Page 2

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 _____, 2023.

Mr. James Ball and
Mr. Robbie Lee, Managing Members
TIFA LLC

_____, 2023
Page 3

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,

SIXTH ORDER OF BUSINESS

**TIFA LLC
2836 GARDEN STREET
TITUSVILLE, FLORIDA 32796**

February 23, 2023

Mr. Andy Jantzer
Deputy Director Water Resources
City of Titusville
2836 Garden Street Titusville,
Florida 32796

Mr. David Fuechtman
Vice President & Secretary
Farmton Water Resources, LLC
410 N. Michigan Avenue Suite
590
Chicago, Illinois 60611

CAPITAL DISTRIBUTION NOTICE

Pursuant to the TIFA LLC Operating Agreement Section 4.1 Distribution of Distributable Cash, a cash distribution from TIFA LLC is requested today in the amount of \$300,000.00 (\$150,000.00 to the City of Titusville and \$150,000.00 to Farmton Water Resources, LLC). Payment is to be made from the TIFA LLC Northern Trust main checking account within 30 days of receipt of this capital distribution notice.

Sincerely,

TIFA LLC

Jim Ball
Manager

Robert E Lee
Manager

TIFA LLC
Member Distributions

	<u>1/31/23</u>
Cash Balance	\$ 759,359.32
Expected Cash Needs	
No unbudgeted items	-
Maintenance Cash Balance	<u>(450,000.00)</u>
Distributable Cash	<u>\$ 309,359.32</u>
Recommended Distribution	\$ 300,000.00
To City of Titusville	\$ 150,000.00
To Farmton Water Resources LLC	\$ 150,000.00

2023 Distributions

	FWR	City	Total
Budgeted	<u>\$ 420,000</u>	<u>\$ 420,000</u>	<u>\$ 840,000</u>
1/31/23	150,000	150,000	300,000
Total	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 300,000</u>

2022 Distributions

	FWR	City	Total
Budgeted	<u>\$ 420,000</u>	<u>\$ 420,000</u>	<u>\$ 840,000</u>
9/30/22	127,500	127,500	255,000
6/30/22	72,500	72,500	\$ 145,000
3/31/22	\$ 140,000	\$ 140,000	\$ 280,000
Total	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 680,000</u>

2021 Distributions

	FWR	City	Total
Budgeted	<u>\$ 420,000</u>	<u>\$ 420,000</u>	<u>\$ 840,000</u>
11/30/21	\$ 315,000	\$ 315,000	\$ 630,000
Total	<u>\$ 315,000</u>	<u>\$ 315,000</u>	<u>\$ 630,000</u>

SEVENTH 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		
TIFA Meeting Date	Approved	Total Contract or Expenditure Authorized
2/23/2023	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:

Invoice Description	Total Amount	Pursuant to Previous TIFA Authorization Date	Invoice Payment
Transfer to imprest account at Northern Trust ending *8866	\$7,520.11	2/23/2023	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.

Robert E. Lee, Manager

Jim Ball, Manager

Date: _____, 2023

Date: _____, 2023

TIFA LLC Check Detail

January 13 through February 16, 2023

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	ACH01172023	01/17/2023	Florida Department of Revenue	103.00 · Cash- Nort...		-133.23
Bill	4QTR2022	12/31/2022		501.50 · O&M Parts ...	-113.23	113.23
Bill	4QTR2022A	01/01/2023		501.50 · O&M Parts ...	-20.00	20.00
TOTAL					-133.23	133.23
Bill Pmt -Check	ACH02162023	02/16/2023	Florida Power & Light	103.00 · Cash- Nort...		-7,386.88
Bill	11526-54016Feb23	02/01/2023		511.00 · Utilities	-327.82	327.82
Bill	47893-42013Feb23	02/01/2023		511.00 · Utilities	-607.67	607.67
Bill	54213-71161Feb23	02/01/2023		511.00 · Utilities	-394.88	394.88
Bill	75317-43016Feb23	02/01/2023		511.00 · Utilities	-613.78	613.78
Bill	76646-91016Feb23	02/01/2023		511.00 · Utilities	-620.15	620.15
Bill	09060-50505Feb23	02/01/2023		511.00 · Utilities	-336.47	336.47
Bill	24869-01248Feb23	02/01/2023		511.00 · Utilities	-354.52	354.52
Bill	40983-63494Feb23	02/01/2023		511.00 · Utilities	-325.70	325.70
Bill	62400-69564Feb23	02/01/2023		511.00 · Utilities	-366.16	366.16
Bill	73681-17557Feb23	02/01/2023		511.00 · Utilities	-325.11	325.11
Bill	83665-19117Feb23	02/01/2023		511.00 · Utilities	-366.74	366.74
Bill	18790-42503Feb23	02/01/2023		511.00 · Utilities	-772.32	772.32
Bill	32610-23505Feb23	02/01/2023		511.00 · Utilities	-747.15	747.15
Bill	54996-25506Feb23	02/01/2023		511.00 · Utilities	-555.96	555.96
Bill	74008-14500Feb23	02/01/2023		511.00 · Utilities	-672.45	672.45
TOTAL					-7,386.88	7,386.88