LEUCADIA WASTEWATER DISTRICT | LEADERS IN ENVIRONMENTAL PROTECTION

November 16, 2026

Ref: 27-9690

To: Potential Responders

Subject: Request for Proposals for Professional Auditing Services

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The Leucadia Wastewater District (LWD) is currently soliciting proposals for professional auditing services from qualified firms. Enclosed please find a copy of the request for proposal (RFP) package that includes the draft scope of work for the project.

To be considered, one (1) original and five (5) copies of your firm's proposal must be submitted **by 4:00 p.m. (local time) on Thursday, December 10, 2026** to the following address:

Leucadia Wastewater District
1960 La Costa Avenue
Carlsbad, CA 92009
Attention: Mr. Ryan Green, Director of Finance and Administration

In addition, a **pre-proposal meeting will be held on Thursday, December 3, 2026 at 10:00 a.m. in the LWD training room**. All interested firms are encouraged to attend.

For ease of identification, please mark the lower left-hand corner of the envelope as follows: "Proposal for Auditing Services".

If you have any questions, please contact Ryan Green, Director of Finance and Administration, at (760) 753-0155 ext. 3012 or by e-mail at rgreen@lwwd.org.

Sincerely,

Paul J. Bushee
General Manager

:PJB

Enclosure

LEUCADIA WASTEWATER DISTRICT | LEADERS IN ENVIRONMENTAL PROTECTION

LEUCADIA WASTEWATER DISTRICT

REQUEST FOR PROPOSAL
FOR AUDIT SERVICES

Ref: 27-9691

The Leucadia Wastewater District (LWD) is requesting audit service proposals from qualified certified public accounting firms to perform annual audits and issue opinions on the District's financial statements for a three-year period for fiscal years (FY) ending June 30, 2027, 2028, and 2029, with an option for 2030 and 2031.

1. DESCRIPTION OF THE DISTRICT

LWD is a public agency that provides wastewater services to approximately 61,000 residents in the northern portions of the City of Encinitas and the southeastern portions of the City of Carlsbad and Encinitas. LWD also operations a Recycled Water Treatment Facility that provides irrigation water to the Omni La Costa Resort and Spa's South Golf Course. LWD maintains approximately 21,000 service accounts and its annual revenue is projected to be approximately $24 million in FY2027.

LWD is overseen by a five-member Board of Directors that are publicly elected by District. LWD maintains a staff of 20 fulltime employees. LWD is a member of the Encina Wastewater Authority which operates and maintains a regional wastewater treatment plant that provides treatment services to LWD and five other public agencies.

LWD accounts for its operations as an enterprise fund on the accrual basis. The FY2026 operating budget is approximately $10.7 million and the capital budget is approximately $14.3 million.

A copy of the District's most recent financial statement is available for your information at Audited Comprehensive Financial Report | Leucadia Wastewater District (lwwd.org).

2. PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held at the following location on Thursday, December 3, 2026**,** at 10:00 a.m. to review the Request for Proposal (RFP) and to answer any questions that prospective firms may have regarding the RFP or the District's records:

Leucadia Wastewater District
1960 La Costa Avenue
Carlsbad, CA 92009

All final proposals should be mailed to the above address, Attn: Ryan Green, Director of Finance and Administration.

3. PROPOSAL EVALUATIONS AND SELECTION

Proposals must be received by 4:00 p.m. on **Thursday**, **December 10**, **2026**. Proposals will be evaluated a LWD selection panel based on the following criteria:

a. Understanding of scope of work
b. Demonstrated professional skills and credentials of the audit staff
c. Related experience and references
d. Quality of the proposal
e. Approach to performing the audit

The award of contract will be based on the professional competency of the firm.

Based on the proposals received, the selection panel may short list qualified firms to participate in interviews. The interview process will allow for a brief presentation, followed by a question and answer period.

The successful firm will enter into negotiations with LWD. If the parties are unable to come to terms, LWD will enter negotiations with the second ranked firm. The final agreement will be recommended to the LWD Board of Directors for approval at a regularly scheduled meeting.

The District reserves the right to reject any and all proposals submitted and to request additional information from all proposers. All proposals submitted become the property of the District.

4. SCOPE OF THE AUDIT

The annual audits are to be performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, and in accordance with State Controller's Minimum Audit Requirements for California Special Districts.

If the audit firm considers findings discovered in the course of the audit to be either material weaknesses or significant deficiencies, it will be required to issue a management letter to the Board of Directors. The audit firm shall also issue a separate letter to District management that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are not considered to be either material weaknesses or significant deficiencies.

The auditor will be required to make an immediate written report of any illegal act and/or reportable irregularity of which they become aware, to the Board President, General Manager, and the Finance and Personnel Committee via email and overnight letter.

LWD desires an Annual Comprehensive Financial Report (ACFR) to be prepared by the independent auditor. LWD will prepare the Letter of Transmittal and the Management's Discussion and Analysis (MD&A) and provide necessary information for the statistical section. LWD plans to submit each ACFR to the Government Finance Officers Association (GFOA) as part of its Certificate of Achievement for Excellence in Financial Reporting Program. LWD desires comparative financial statements for all fiscal years covered under the contract period. The auditing firm should mention possible changes in the format or content to the financial statements that they consider necessary to ensure the financial statements remain in conformity with all applicable professional standards.

LWD desires the auditor to express an opinion on the fair presentation of its basic financial statements and related notes to the financial statements, as well as all supplementary information in the Financial Section of the ACFR. Certain limited procedures should be applied to the MD&A and required supplementary information, but an expression of an opinion is not required. The auditor will not be required to express an opinion on the introductory, statistical, and other information sections.

The auditing firm shall complete the audit and the Independent Auditor's Report should be submitted no later than November 1st of each year. The auditing firm shall submit a substantially complete final draft at least two weeks prior. LWD will provide year-end adjusted trial balances for each fund with supporting schedules no later than September 30th of each year.

The auditing firm shall prepare and provide fifteen (15) bound copies of the ACFR, and an electronic version in compliance with Web Content Accessibility Guidelines 2.1 Levels A and AA. The partner in charge of the audit shall be available to attend at least two (2) meetings at which the ACFR will be reviewed by LWD's Finance and Personnel committee and Board.

If applicable, the auditor will perform additional audit steps in accordance with the Single Audit Act. The District does not believe that a single audit will be required in fiscal year 2027. However, the auditor will be familiar with the Single Audit Act, and will review the District's receipts of federal financial assistance to determine the District's status with respect to the Single Audit Act's guidelines and requirements. If a Single Audit is required the audit will be conducted under Government Auditing Standards and the appropriate additional reports will be issued. A Single Audit, if required, is not part of this audit proposal and would require a separate engagement.

The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent. The auditing firm will retain all working papers, at the firm's expense, for a minimum of seven (7) years.

LWD's Obligation
LWD's staff will provide the following assistance:

a. Preparation of trial balances by fund, after all final year-end postings.
b. Preparation of supporting schedules for all asset and liability accounts and selected revenue and expense accounts.
c. Preparation of schedules showing changes in fixed assets, depreciation, and long-term debt for the year.
d. Generation of necessary confirmations letters.
e. Pulling of all supporting documents required for audit verification.

5. CONTRACT CONDITIONS AND DURATION

The contract period will be for 3 years, with an option for 2 additional years. The selected audit firm will be required to execute an agreement with LWD. A *draft* copy of LWD's standard agreement can be found in Attachment A. The scope of work, schedule, and fees will be finalized following negotiations with the selected firm.

6. PROPOSAL REQUIREMENTS

A. GENERAL REQUIREMENTS OF THE PROPOSAL

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the LWD, in conformity with the requirements of this RFP. The proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that meets the RFP requirements.

B. INDEPENDENCE

The firm shall provide an affirmation statement that it is independent of LWD as defined by Generally Accepted Auditing Standards. The firm should also list and describe its professional relationships involving LWD for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

C. LICENSE TO PRACTICE

An affirmation statement shall be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

D. FIRM QUALIFICATIONS AND EXPERIENCE

The proposal shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement will be performed, the number and nature of professional staff to be employed in this engagement, and whether the work will primarily be performed: onsite or remote.

The firm is also required to submit a copy of its most recent (within past 30 months) peer review report, with a statement of whether the peer review included a review of specific government engagements. In addition, the firm will submit a statement whether it has been subject to any disciplinary action in the past five (5) years.

E. STAFF QUALIFICATIONS AND EXPERIENCE

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement, and indicate whether each person is licensed to practice as a Certified Public Accountant in California. The firm shall also supply information on the government auditing experience of each person assigned to the audit including the meeting of CPE requirements for government auditors, and information on professional organizations relevant to the performance of this audit.

F. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

For the firm's office that will be assigned responsibility for the audit, list the five most significant engagements performed in the last three (3) years that are similar to the work described in this RFP.

Provide a summary of the scope of work and list the date, engagement partner, and the name and telephone number of the principal client contact.

G. SPECIFIC AUDIT APPROACH

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, type and extent of statistical sampling, as well as the compliance testing, substantive testing, and analytical testing to be performed. Include a schedule of the work to be performed to meet the RFP requirements.

H. IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

The proposal shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and specific assistance that will be requested from LWD.

I. WORKFORCE BUDGET

The proposal shall contain a workforce budget listing the anticipated hours of the assigned audit personnel by category (partners, managers, seniors, staff, clerical, etc.) on an annual basis. Hours shall be totaled. **Costs shall not be included in this part of the proposal**.

J. COST PROPOSAL

A separate cost proposal shall contain all pricing information relative to performing the audit engagement as described in this RFP. A schedule of rates for partners, managers, seniors, staff, clerical, etc. multiplied by the number of hours anticipated by each, should be included. The cost proposal should contain all direct and indirect costs including out-of-pocket expenses to arrive at an all-inclusive maximum price for the first, second, and third years of the proposed engagement. **The cost proposal shall be submitted in a separate sealed envelope, marked "Cost". The envelope will not be opened until a selection is made**.

K. ESTIMATED SCHEDULE

EVENT	**DATE**
Solicit Proposals	November 16, 2026
Pre-proposal Meeting	10:00 a.m., December 3, 2026
Proposals Due	**4:00 p.m., December 10, 2026**
Interview Shortlist (if necessary)	TBA (likely the week of January 11, 2026)
Select Apparent Successful Firm	February 10, 2027
Award Contract	February 11, 2027

L. EXCEPTIONS TO THIS RFP

The proposer shall certify whether it takes any exceptions to this RFP, including, but not limited to, the LWD's Standard Agreement for Professional Services, which is included as Attachment A. If the proposer does take exception(s) to any portion of the RFP, the specific portion of the RFP to which exception is taken shall be identified and explained.

M. SUBMITTAL REQUIREMENTS

One executed original, clearly marked on the cover, and five copies of the Proposal shall be submitted. Only one sealed "Cost" envelope is to be submitted.

The Proposal shall be signed by an individual(s) authorized to execute legal documents on behalf of the proposer.

N. QUESTIONS CONCERNING RFP

All questions regarding the RFP should be addressed to Ryan Green, the Director of Finance and Administration, at (760) 753-0155, extension 3012.

7. OTHER INFORMATION

Should LWD request that the auditor render additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued with this engagement, such additional work shall be performed only if set forth in an amendment to the agreement. Any additional work agreed upon shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

Progress payments will be made on the basis of hours of work performed during the course of the engagement in accordance with the agreement. Interim billings shall cover a period of not less than one (1) calendar month.

LWD reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

The Board of Directors will make the final decision. Prior to full Board's consideration the Board's Finance and Personnel committee will review the recommended agreement.

Submission of a proposal constitutes acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the District and the firm selected.

LWD reserves the right to reject any and all proposals.

ATTACHMENT A

DRAFT
STANDARD PROFESSIONAL SERVICES AGREEMENT

PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE LEUCADIA WASTEWATER DISTRICT
AND
[NAME OF AUDIT FIRM]
FOR AUDIT SERVICES

Ref: 27-9692

This Professional Services Agreement ("Agreement") is made on this [DATE] between the LEUCADIA WASTEWATER DISTRICT ("DISTRICT"), and [NAME OF AUDIT FIRM] ("CONSULTANT"), an independent contractor, with a principal place of business in [CITY], California.

ARTICLE 1.
TERM OF CONTRACT

1.01. This Agreement will become effective on the date stated above and remain effective through the completion of the DISTRICT'S financial statement audits for the fiscal year ending June 30, 2027, 2028, and 2029 or until terminated as provided under Article 7.

1.02. This Agreement may be extended for an additional two years upon written notification from the DISTRICT to CONSULTANT, at least 90 calendar days prior to the completion of the initial term of the Agreement. The compensation for the additional two-year period shall be mutually agreed upon by DISTRICT and CONSULTANT. All other terms and conditions of the agreement shall remain the same.

ARTICLE 2.
SERVICES TO BE PERFORMED BY CONSULTANT

Specific Services

2.01. CONSULTANT will perform the deliverables within the scope described in Attachment A, Scope of Work. CONSULTANT will provide DISTRICT with periodic reports regarding the progress of services performed, at the DISTRICT's request. Any changes to the scope of services or timeframes identified in Attachment A must be authorized by the DISTRICT in writing.

2.02. CONSULTANT will determine the method, details, and means of performing the above-described services.

Status of CONSULTANT

2.03. CONSULTANT and its employee(s) are engaged in an independent contractor relationship with DISTRICT in performing all work, duties and obligations hereunder. DISTRICT shall not exercise any control or direction over the methods by which CONSULTANT shall perform its work and functions. DISTRICT's sole interest and responsibility is to ensure that the services covered by this Agreement are performed and rendered in a competent, satisfactory and legal manner. The parties agree that no work, act, commission or omission of CONSULTANT or its employee(s) pursuant to this Agreement shall be construed to make CONSULTANT or its employee(s) the agent, employee or servant of DISTRICT. CONSULTANT and its employee(s) are not entitled to receive from DISTRICT vacation pay, sick leave, retirement benefits, Social

Security, workers' compensation, disability benefits, unemployment benefits or any other employee benefit of any kind.

Payment of Income Taxes

2.04. CONSULTANT shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment law requirements with respect to CONSULTANT or its employee(s).

2.05. CONSULTANT agrees to indemnify, defend and hold DISTRICT harmless from any and all liability, damages or losses (including attorneys' fees, costs, penalties and fines) DISTRICT suffers as a result of (a) CONSULTANT's failure to meet its obligations under paragraph 2.04, or (b) a third party's designation of CONSULTANT or its employee as an employee of DISTRICT, regardless of any actual or alleged negligence by DISTRICT.

Compliance with Laws/Rules

2.06. CONSULTANT will perform all services under this Agreement in good faith and in the best interests of DISTRICT. In performing the services specified in this Agreement, CONSULTANT agrees to comply with all federal and state laws, rules and regulations, applicable DISTRICT policies and procedures, departmental rules and other directives applicable to the services to be performed. Any changes to DISTRICT policies and procedures that relate to CONSULTANT will be provided to CONSULTANT in writing. CONSULTANT agrees to review such policies, procedures, rules and directives the contents of which CONSULTANT will be deemed to have knowledge.

ARTICLE 3
PROJECT TEAM

3.01 DISTRICT has a primary interest in maintaining the individual services of the following key project team members:

1. [NAME] – Engagement Partner

2. [NAME] – Audit Manager

No member of the project team shall be removed from the project team or reassigned by CONSULTANT without prior approval of DISTRICT. Such approval shall not be unreasonably withheld or delayed. CONSULTANT shall be required to immediately inform DISTRICT if any of the key project team members become unavailable. The credentials for substitutes for key project members must be submitted to DISTRICT for review and approval. An interview may also be required if so desired by DISTRICT.

ARTICLE 4
COMPENSATION

4.01 Compensation for the services provided under this contract shall be on a **time and material basis**. Compensation for the services described in Attachment A shall not exceed [AMOUNT] for the first year, [AMOUNT] for the second year, [AMOUNT] for the third year or [AMOUNT] for the three-year period. If extended, compensation for the services described in Attachment A shall not exceed [AMOUNT] for the fourth year, [AMOUNT] for the fifth year or [AMOUNT] for the five-year period. These amounts include any out-of-pocket expenses. This amount shall not be exceeded

unless there is a change in scope of work, in writing and agreed to by both parties. The parties agree that this compensation was developed in accordance with the customary and prevailing compensation level in the community and surrounding area for comparable services. CONSULTANT and DISTRICT agree that this fee was arrived at through arms-length negotiations between the parties.

4.02 Progress payments will be made on the basis of hours of work performed during the course of the engagement in accordance with the firm's formal proposal. Interim billings shall cover a period of not less than one (1) calendar month. Such invoices shall include a brief narrative description of the work performed, as well as detailed time expenditures. DISTRICT shall make payment to CONSULTANT within forty-five (45) days of receipt of the approved invoice. Payment provision for any service other than those described in Attachment A will be set forth in an amendment to the Agreement.

ARTICLE 5
OBLIGATIONS OF CONSULTANT

Non-Exclusive Relationship

5.01 CONSULTANT may represent, perform services for, and contract with as many additional clients, persons, or companies as CONSULTANT, in its sole discretion, sees fit. However, CONSULTANT shall be responsible for ensuring that its relationship with additional clients, persons, or companies do not violate conflict of interest laws.

Tools, Materials, and Equipment

5.02 CONSULTANT will supply all tools materials, and equipment required to perform the services under this Agreement. CONSULTANT will disclose all services performed under this Agreement where Artificial Intelligence tools were utilized.

CONSULTANT's Qualifications

5.03 CONSULTANT represents that its employee(s) has the qualifications and skills necessary to perform the services under this Agreement in a competent, professional manner, without the advice or direction of DISTRICT. This means CONSULTANT is able to fulfill the requirements of this Agreement. Failure to perform all the services required under this Agreement constitutes a material breach of the Agreement. CONSULTANT has complete and sole discretion for the manner in which the work under this Agreement will be performed.

Indemnity

5.04 CONSULTANT agrees to indemnify, defend, and hold DISTRICT and its officials, officers, directors, agents and employees free and harmless from all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including for bodily injury and property damage, interest, penalties, attorneys' fees, litigation expenses and costs that such entities or persons may incur as a result of any negligent act or omission by CONSULTANT or a breach by CONSULTANT of any representation or agreement contained in this Agreement. CONSULTANT's provision of insurance coverage as described in Section 5.05 below shall not affect CONSULTANT's indemnity obligations.

Insurance

5.05 CONSULTANT will provide and keep in full force and effect during the term of this Agreement the insurance policies listed below. Insurance will be purchased from insurance companies with a current A.M. Best's rating of no less than A:VI, unless otherwise agreed to in writing by DISTRICT. CONSULTANT will provide insurance coverage and policy endorsements for the DISTRICT and their respective officers, officials, directors, employees, volunteers or agents.

5.05.1 California Workers' Compensation, in compliance with California requirements.

5.05.2 General Liability Insurance [occurrence form CG 0001], covering bodily injury, personal injury and property damage with a combined single limit of no less than One Million Dollars ($1,000,000) per occurrence, and a minimum annual aggregate of Three Million Dollars ($3,000,000). If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

5.05.3 Automobile Liability Insurance [form number CA 0001, covering Automobile Liability Code 1 (any auto)] covering bodily injury and property damage, with a combined single limit of no less than One Million Dollars ($1,000,000) per claim.

5.05.4 Employer's Liability Insurance with a combined single limit of no less than One Million Dollars ($1,000,000) per claim.

5.05.5 Error and Omissions Insurance appropriate to CONSULTANT's services, with a combined single limit of no less than One Million Dollars ($1,000,000) per claim. Coverage is to be endorsed to include contractual liability.

5.05.6 Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the DISTRICT prior to commencement of services under this Agreement. At the option of the DISTRICT, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects DISTRICT, its officers, official, employees and volunteers; or CONSULTANT shall provide a financial guarantee satisfactory to the DISTRICT guaranteeing payment of losses and related investigations, claim administration and defense expenses.

5.05.7 Verification of Coverage

CONSULTANT shall furnish DISTRICT with original certificates and amendatory endorsements effecting coverage required in this Agreement. The endorsements should be on forms provided by DISTRICT or on other than DISTRICT's forms provided those endorsements conform to DISTRICT requirements. All certificates and endorsements are to be received and approved by DISTRICT before work commences. DISTRICT reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

5.05.8 Other Insurance Provisions

1. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

a. DISTRICT, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the CONSULTANT; or automobiles owned, leased, hired or borrowed by the CONSULTANT.

b. For any claims related to this project, CONSULTANT's insurance coverage shall be primary insurance as respects DISTRICT, its officers, officials, employees and volunteers. DISTRICT shall be named as an additional insured. Any insurance or self-insurance maintained by DISTRICT, its officers, officials, employees or volunteers shall be excess of CONSULTANT's insurance and shall not contribute with it, for claims arising out of CONSULTANT's performance under this Agreement.

c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to DISTRICT.

d. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

2. If the Errors and Omissions/Professional Liability or General Liability coverage is written on a Claims Made instead of occurrence based form, the coverage may be acceptable if the following requirements are satisfied:

a. The "Retro Date" must be shown, and must be before the date of this Agreement or the beginning of work under this Agreement.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of work under this Agreement.

c. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the Agreement effective date, CONSULTANT must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work under this Agreement.

d. A copy of the claims reporting requirements must be submitted to DISTRICT for review.

Conflict of Interest

5.06 Upon the award of this Contract and periodically thereafter, CONSULTANT may be required to complete and file with the DISTRICT a Conflict of Interest form, to be provided to CONSULTANT by DISTRICT.

Assignment

5.07 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by CONSULTANT without the prior written consent of DISTRICT.

ARTICLE 6
OBLIGATIONS OF DISTRICT

6.01 DISTRICT agrees to comply with all reasonable requests of CONSULTANT and provide access to all documents reasonably necessary to the performance of CONSULTANT's duties under this Agreement.

Indemnity

6.02 DISTRICT agrees to indemnify, defend, and hold CONSULTANT free and harmless from all claims, demand, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, attorneys' fees, and costs, that CONSULTANT may incur as a result of a breach by DISTRICT of any representation or agreement contained in this Agreement.

ARTICLE 7
TERMINATION OF AGREEMENT

Termination for Default

7.01 If either party defaults in the performance of this Agreement or materially breaches any of its provisions, the non-breaching party may immediately terminate this Agreement by giving written notification to the breaching party. Termination will take effect immediately on receipt of notice by the breaching party or five (5) calendar days after mailing of notice, whichever occurs first. For the purposes of this paragraph, material breach of this Agreement includes, but is not limited to, the following:

7.01.1 CONSULTANT's failure to complete the services specified in Article 2 of this Agreement.

7.01.2 CONSULTANT's material breach of any representation or term contained in this Agreement.

7.01.3 DISTRICT's material breach of any representation or term contained in this Agreement.

Termination Without Cause

7.02 DISTRICT may terminate or abandon any portion or all of the work without cause by giving thirty (30) calendar days written notice. Notice shall be delivered by certified mail, return receipt requested. In such event, DISTRICT shall negotiate a revision to the compensation based on documentation of work completed up to the effective date of termination; however, no amount shall be allowed for anticipated profits or unperformed services. Upon termination of the agreement, DISTRICT will be given immediate title to all written data and other documents developed for that portion of the work completed and/or being terminated or abandoned.

Compensation Upon Termination

7.03 Upon termination of this Agreement under Sections 7.01 or 7.02 above, DISTRICT will pay to CONSULTANT any outstanding service fees or expenses minus any costs reasonably incurred by DISTRICT related to CONSULTANT's services under this Agreement prior to the notice of termination.

ARTICLE 8
PROPRIETARY RIGHTS

Confidential Information

8.01 Any written, printed, graphic, or electronically recorded information furnished by DISTRICT for CONSULTANT's use are the sole property of DISTRICT. However, CONSULTANT may retain copies of information furnished by the DISTRICT that are required to be retained as "audit documentation" under professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), in its audit file for the applicable retention period. This proprietary information includes, but is not limited to, customer requirements, customer lists, marketing information, and information concerning DISTRICT employees, products, services, prices, operations, and subsidiaries.

8.02 CONSULTANT and its employee(s) will keep this confidential information in the strictest confidence, and will not disclose it by any means to any person except with DISTRICT approval, and only to the extent necessary to perform the services under this Agreement. This prohibition also applies to CONSULTANT's employees, agents, and subcontractors. On termination of this Agreement, CONSULTANT will promptly return any confidential information in its possession to DISTRICT.

ARTICLE 9
GENERAL PROVISIONS

Notices

9.01 Any notices required to be given under this Agreement by either party to the other may be affected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices must be addressed to the parties at the addresses below, but each party may change the address by giving written notice in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of the day of receipt or the fifth day after mailing, whichever occurs first.

To DISTRICT: Leucadia Wastewater District
1960 La Costa Avenue
Carlsbad, California 92009
Attention: Mr. Ryan Green

To CONSULTANT: [AUDIT FIRM INFORMATION]

Entire Agreement of the Parties

9.02 This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements, or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

Partial Invalidity

9.03 If any non-material provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

Attorneys' Fees

9.04 If any legal action, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

Document and Materials Ownership

9.05 All documents and materials (paper and electronic) developed for the financial statements, reports and documentation supporting the financial statements, and reports developed for the project, including detailed calculations, shall be furnished to and become the property of DISTRICT, except those items created by CONSULTANT that are required to be retained as audit documentation under professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), which will be the property of CONSULTANT. DISTRICT agrees to indemnify CONSULTANT for claims, damages, or liabilities caused by any use by DISTRICT of the previously mentioned items gathered by CONSULTANT on any project other than the one for which such items were prepared and information gathered by CONSULTANT.

Governing Law

9.06 This Agreement and all questions relating to its validity, interpretation, performance, and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the state of California, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary and without the aid of any canon, custom, or rule of law requiring construction against the draftsman.

Executed in San Diego County, California, on the day first written above.

LEUCADIA WASTEWATER DISTRICT **[NAME OF AUDIT FIRM]**

By: _____ By: _____

Paul Bushee, General Manager [NAME, TITLE]

ATTACHMENT A

SCOPE OF WORK

[INSERT]