STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCATION

Independent Accountant's Report on Applying Agreed-Upon Procedures (TIER 4)

For the Fiscal Year Ended December 31, 2025

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION

Table of Contents

Fiscal Year Ended December 31, 2025

Page

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION
OFFICIAL ROSTER
Fiscal Year Ending December 31, 2025

Enrico Greco	President
George Brown	Vice President
Stephen Rivas	Secretary/Treasurer
Frank O’Mahony	Member
Beth Detwiler	Member

BALDWIN
ACCOUNTING & CONSULTING, LLC

Lee A. Baldwin, CPA, CFE, CGFM
Accounting Director
Your Trusted Advisor

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES (TIER 4)**

Enrico Greco, President
Oshara Mutual Domestic Wastewater Association and
Honorable Joseph M. Maestas, PE, CFE
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below which were agreed to by Oshara Mutual Domestic Wastewater Association (Association) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Association's financial reporting relating to its compliance with Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC as of and for the year ended December 31, 2025. The Association's management is responsible for its financial reporting as described above. This agreed- upon procedures engagement was conducted in accordance with AICPA Statements on Standards for Attestation Engagements (Clarified), AT-C Section 215 for agreed-upon procedures engagements. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The practitioner's report may not be suitable for any other purpose.

Procedure to be Performed:

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www. osa.nm. gov under "Tier System Reporting Main Page."

Results of Procedure 1:

We verified the Association revenue calculation and tier determination documented on the form provided at www. osa .nm .gov under "Tier System Reporting Main Page" and it was determined that the Association falls under the Tier 4 procedures. General revenues were $178,507. No capital outlay funds were expended during the year ended December 31, 2025.

Procedure to be Performed:

2. **Cash**
   a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.

5801 Osuna Rd. NE Suite A-107, Albuquerque NM, 87109 • PO Box 91781, Albuquerque NM, 87199
(505) 226-9013, Ext. 1001 • lbaldwin@baldwin-cpa.com

Results of Procedure 2(a):

We determined that bank reconciliations were timely performed. All bank statements were complete and on hand without exception.

Procedure to be Performed:

b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

Results of Procedure 2(b):

We selected four months for review: March, June, September, and December of 2025, 33.33% of total bank reconciliations. We compared cash balance, per the DFA-LGD quarterly report to the general ledger. For cash balance calculated for 2 of the 4 quarterly reports, cash did not match to the general ledger (1st Quarter report $2,698 difference, and 2nd Quarter $34 difference). Refer to finding 2025-002.

Procedure to be Performed:

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedure 2(c):

We determined that the Association's total bank balance was below the Federal Deposit Insurance Corporation's $250,000 deposit insurance balance. As such, the Association was not required to have pledged collateral. This step is not applicable.

Procedure to be Performed:

3. **Capital Assets**

   Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedure 3:

The President of the Association performed the annual capital asset inventory at December 31, 2025. However, the inventory report was not approved and certified by the Board of Directors in a board meeting as required by law. Refer to finding 2025-001.

Procedure to be Performed:

4. **Revenue**

   Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

   a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Results of Procedure 4(a):

The revenue sources of the Association consist of monthly residential and commercial sewer fees, hookup fees, late fees, lien fees, and transfers fees. The actual revenue compared to budgeted revenue for each type of revenue was reviewed. According to the Association's general ledger, actual revenues were $28,673 more than budgeted revenues in 2025. This was due to customer rates increasing by 10% and also the Association changing their policy to sending accounts behind by more than $1,000 to the Magistrate Small Claims Court. This resulted in more delinquent accounts becoming current during 2025.

Procedure to be Performed:

Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

Results of Procedure 4(b):

We haphazardly selected a sample of 29 receipts (32% of total receipts) and we traced the amounts recorded to the supporting documentation including deposit slips, and to the bank statements. All transaction tested had supporting documentation available.

Procedure to be Performed:

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedure 4(c):

We haphazardly selected a sample of 29 receipts totaling $56,619.93 (32% of total receipts) and we traced the amounts recorded to the supporting documentation including deposit slips, and to the banking statements. We verified the Association maintains the accounting records under the cash basis of accounting through reviewing the bank statements for 2025.

Procedure to be Performed:

5. **Expenditures**

   Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

   a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date, and description agree to the vendor's invoice, purchase order, contract, and canceled check, as appropriate.

Results of Procedure 5(a):

We haphazardly selected a sample of 18 cash disbursements equal to 46% totaling $86,554.69 and determined that the Association had adequate documentation for all 18 disbursements. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date, and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

Procedure to be Performed:

b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

Results of Procedure 5(b):

We determined that the disbursements equal to 46% totaling $86,554.69 were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions were noted.

Procedure to be Performed:

c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Note: The sample must be representative of the population.

Results of Procedure 5(c):

There was one vendor that was selected for purchasing pumps. Quotes were obtained and were processed in accordance with the New Mexico Procurement Code Section 13-1-28 through 13-1-199 NMSA 1978 and State Purchasing Regulations (1.4.1 NMAC).

Procedure to be Performed:

6. **Journal Entries**

   If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

   a) Journal entries appear reasonable and have supporting documentation.

Results of Procedure 6(a):

According to the Association's Bookkeeper, no non-routine journal entries, adjustments and reclassifications posted were to the general ledger in 2025.

Procedure to be Performed:

b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedure 6(b):

We verified that the Association does have policies and procedures in place that requires journal entries to be presented and approved by the Board. We reviewed the Association's policies and procedures on reporting and review. Because there were no manual journal entries created during 2025, no testing was performed in this area.

Procedure to be Performed:

7. Budget

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.

Results of Procedure 7(a):

We reviewed the board approval of the operating budget through the review of 2025 Board minutes and also so documentation of DFA-LGD approval.

Procedure to be Performed:

b) Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

Results of Procedure 7(b):

We determined that the total actual expenditures did not exceed the final budget at the legal level of budgetary control.

Procedure to be Performed:

c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

Results of Procedure 7(c):

Schedule of Revenues and Expenditures – Budget and Actual is included on page 9.

Procedure to be Performed:

8. **Other**

   If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include all required content detailed in Section 2.2.2.10(L)(1)(d) NMAC.

Results of Procedure 8:

We did not observe any fraud, illegal acts, noncompliance, or any internal control deficiencies required to be disclosed in the report as required by Section 12-6-6 NMSA 1978.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Oshara Mutual Domestic Wastewater Association's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We are independent of Oshara Mutual Domestic Wastewater Association's, and meet other relevant ethical requirement relating to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the Oshara Mutual Domestic Wastewater Association's, the New Mexico Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration-Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC
Albuquerque, New Mexico
May 1, 2026

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION
SCHEDULE OF REVENUE AND EXPENSES – BUDGET TO ACTUAL (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Residential/Commercial & Standby Fees	$ 149,834	$ 149,834	$ 178,507	$ 28,673
Hookup Fees	-	-	-	-
Late Fees	-	-	-	-
Lien Fees	-	-	-	-
Transfer Fees	-	-	-	-
Other Charges for Services	-	-	-	-
Total Revenues	$ 149,834	$ 149,834	$ 178,507	$ 28,673
Cash Balance Budgeted	48,276	49,067		
Total Revenues and Cash Balance	198,110	198,901		
Expenses:				
Administration and Operations	-	-	-	-
General Administration Contract - Professional Services	$ 26,000	$ 26,000	$ 24,652	$ 1,348
Operations and Maintenance-Maintenance & Repairs Contracts	47,000	85,621	46,587	39,034
Operations and Maintenance- Contract Professional Services	9,000	9,000	9,148	(148)
Operations and Maintenance- Contract Other Services	18,000	18,000	15,188	2,812
Chemicals	-	-	-	-
WWTP Operations Contarct	-	-	-	-
Facility Utilities	-	-	-	-
Regulatory	-	-	-	-
Sludge/Solids Removal	-	-	-	-
Sanitation- Other Operating Costs	6,000	6,000	6,761	(761)
Repairs and Replacements	24,000	24,000	66,455	(42,455)
Gross Receipts Tax	7,135	7,135	8,047	(912)
Supplies - Other	12,400	12,400	11,320	1,080
				-
Total Expenses	$ 149,535	$ 188,156	$ 188,156	$ (0)

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION
COPY OF YEAR END FINANCIAL REPORT SUBMITTED TO DFA-LGD
FOR THE YEAR ENDED DECEMBER 31, 2025

DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
BUDGET AND FINANCE BUREAU

SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM FISCAL YEAR

Special District: Oshara Mutual Domestic Wastewater Association
Quarter Ending: 12/31/2025

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

FUND TITLE	FUND NUMBER	AUDITED BEGINNING CASH BALANCE ON JAN 01	INVESTMENTS, CDs LGIP, BONDS, SAVINGS	REVENUES YEAR TO DATE	NET TRANSFERS (GRAND TOTAL = 0)	EXPENDITURES YEAR TO DATE	BOOK BALANCE END OF PERIOD	ADD OUTSTANDING CHECKS	LESS DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE, MUST EQUAL ZERO
= GENERAL FUND - Operating (GF) - MAINT	101	49,067		178,507	-	188,156	39,418	-	1,030		38,388	38,388	0
INTERGOVERNMENTAL GRANTS	218	-	-	-	-	-	-	-			-	-	-
OTHER	299	-	-			-	-	-	-		-	-	-
DEBT SERVICE	400		-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		**$ 49,067**	**$ -**	**$ 178,507**	**$ -**	**$ 188,156**	**$ 39,418**	**$ -**	**$ 1,030**	**$ -**	**$ 38,388**	**$ 38,388**	**$ 0**

THE TWO COLUMNS ABOVE THIS BOX ARE UNLOCKED. ENTER BEGINNING CASH AND INVESTMENTS FROM THE ORIGINALLY APPROVED BUDGET

ALL COLUMNS ABOVE THIS BOX ARE LOCKED. ENTER DATA INTO REVENUES AND EXPENDITURES TABS SEE BELOW

THIS SECTION IS UNLOCKED AND THESE ITEMS CAN BE ADDED TO HAVE YOUR ENDING BOOK BALANCE TO TIE TO YOUR BANK BALANCE

THE ADJUST BALANCE END MUST MATCH YOUR BALANCE PER BANK STATEMENT AND THE DIFFERENCE HAS TO BE ZERO(0) ANYTHING ELSE WONT BE ACCEPTED

Prior Year Findings:

2024-001 – Uncertified Capital Asset Inventory at Fiscal Year-End – Repeated
2024-002 – No Review Procedure for Non-Routine Journal Entries – Resolved

Current Year Findings

2025-001 – Uncertified Capital Asset Inventory at Fiscal Year-End
2025-002 – Inaccurate Reports Prepared and Submitted to DFA-LGD

2025-001 (2024-001) – Uncertified Capital Asset Inventory at Fiscal Year End- Other non-compliance

Condition For the fiscal year ended December 31, 2025, the President of the Association certified that he performed a physical inventory of the Association's capital assets. However, the results of the physical inventory were not certified by the Association's Board of Directors. Management has made progress in resolving the prior year finding.

Criteria Section 12-6-10.A NMSA 1978 states: "Annual Inventory. The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars ($5,000) and under the control of the governing authority. Upon completion, the inventory shall be certified by the governing authority as to correctness."

Effect The Association is not in compliance with state law. The Board of Directors may not know about the results of the annual inventory unless they review, approve and certify the results of the inventory.

Cause An annual inventory certification form was not signed by a board member at the end of 2025 nor approved during the January 2026 board meeting. Once it was discovered that the inventory certification form was not signed or approved, it was too late to have available for 2025.

Recommendation At the end of each fiscal year, management of the Association should perform and document a physical inventory of its capital assets in accordance with Section 12-6-10.A NMSA 1978. For each capital asset, the description of the asset, date acquired, cost, location, useful life, and ending balance of its capital assets should be recorded on a capital asset listing. The results of the inventory shall be recorded in a written inventory report, certified as to correctness and approved by the Association's Board of Directors at the next board meeting.

Management's Response
The current President will perform the annual inventory at the end of each year starting on December 31, 2026 and will present the inventory report to the Board of Directors during the January 2027 board meeting. The Board approval of the new certification document and future approvals and certifications of capital asset inventories will be documented in the meeting minutes. We will verify that the annual asset inventory certification is signed and approved at end of year board meeting. This finding will be resolved by December 31, 2026.

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

2025-002 – Inaccurate Reports Prepared and Submitted to DFA-LGD - Other non-compliance

Condition: Two of the four quarterly financial reports that were submitted to DFA-LGD, We were unable to verify that cash agreed with the balances in the Association's general ledger. variances between reported cash, per the Association's general ledger and reported cash, per the quarterly reports submitted to DFA-LGD were $2,698 March, and $34 June.

Criteria: As required by Section 6-6-3.F NMSA 1978, the Association should submit accurate financial reports to DFA-LGD on a quarterly basis.

Cause: The Association did not correct quarterly reports to reconcile with the Association's recorded cash balances in the general ledger. Cash balance per bank statement was reported instead of reconciled cash balance per general ledger.

Effect: Failure to submit accurate financial reports to DFA-LGD misrepresent the Association's financial condition and results of operations which can mislead an cause oversight agency to make inappropriate decisions.

Recommendation: The Association should also institute policies and procedures that will enable the board to review before submission and submit quarterly reports to DFA-LGD accurately and timely.

Agency's Response: The Association President and Board will create a policy to review before submission and submit quarterly reports to DFA-LGD accurately and timely. The President is responsible for meeting the deadline as required.

Timeline for completion of corrective action plan:

The timeline for the corrective action to be completed will be by December 31, 2026.

Employee position(s) responsible for meeting the timeline:

Members of the Board of Directors.

STATE OF NEW MEXICO
OSHARA MUTUAL DOMESTIC WASTEWATER ASSOCIATION
EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2025

The report contents were discussed at an exit conference held on May 1, 2026 with the following in attendance:

Oshara Mutual Domestic Wastewater Association

Enrico Greco	President

Baldwin Accounting & Consulting, LLC

Lee Baldwin, CPA, CFE, CGFM	Principal