



**TOWN OF PALMER LAKE
BOARD OF TRUSTEES - AGENDA MEMO**

DATE: March 12, 2026	ITEM NO.	SUBJECT: Direction 2025 Audit Services
Presented by: Erica Romero Town Clerk/ Services		

Purpose

The purpose of this memorandum is to provide a recommendation to the Board of Trustees regarding the continuation of audit services with Hinkle & Company, P.C. for the Town of Palmer Lake's Fiscal Year 2025 audit.

Background

Colorado local governments are required to obtain an annual independent audit under the provisions of the Colorado Revised Statutes 29-1-603, part of the Colorado Local Government Audit Law. The governing body is responsible for selecting an independent certified public accountant to conduct the audit and ensure the municipality remains in compliance with state reporting requirements.

Over the past year, the Town of Palmer Lake has experienced several administrative and operational challenges that have impacted financial processes and audit timelines. As a result, the Town is currently working to ensure that financial records, reporting processes, and internal procedures are fully aligned and that audit requirements are completed in a timely and compliant manner.

Considerations

Continuity in audit services during this period is important for several reasons:

- **Institutional Knowledge:** Hinkle & Company already has familiarity with the Town's financial records, systems, and previous audit work. This reduces the time required for a new auditor to become acquainted with the Town's financial structure.
- **Timeliness:** Engaging a new firm for FY2025 could delay the audit process while a new auditor conducts onboarding and preliminary reviews.
- **Compliance:** Maintaining progress toward compliance with state audit requirements is a priority, and continuity with the current audit firm supports that goal.
- **Operational Stability:** Continuing with the existing firm will help ensure that the Town remains focused on addressing outstanding items and improving financial processes without introducing additional delays.

Recommendation

Based on the above considerations, it is recommended that the Board of Trustees approve continuing audit services with Hinkle & Company, P.C. for the Fiscal Year 2025 audit. This recommendation supports the Town's efforts to stabilize financial reporting processes, complete required audits in a timely manner, and maintain compliance with Colorado state law.

The proposed cost for the 2025 audit services is not to exceed \$18,540, which reflects an approximate 3% increase from the prior year. While this amount falls within the Town Administrator's signing authority, staff is seeking direction from the Board of Trustees to proceed with retaining the firm for the upcoming audit cycle.

Conclusion

Continuing with Hinkle & Company for the FY2025 audit will provide consistency, efficiency, and support the Town's goal of returning to a stable and compliant audit schedule. This approach prioritizes timely completion of the audit and allows the Town to focus on strengthening its financial management processes moving forward. Please let me know if the Board would like additional information or discussion on this matter.