HINKLE & COMPANY PC
Strategic Business Advisors

Honorable Mayor and Members of the Town Council
Town of Larkspur, Colorado
Larkspur, Colorado

We have audited the financial statements of the Town of Larkspur, Colorado (the Town) as of and for the year ended December 31, 2024 and have issued our report thereon dated July 29, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards
As communicated in our engagement letter dated September 24, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

Accordingly, as part of our audit, we considered the Town's internal control over financial reporting and compliance solely for the purpose of designing our audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control or on compliance.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We applied certain limited procedures to the required supplementary information (RSI). However, we did not audit the RSI and do not express an opinion or provide any assurance on the RSI. With respect to the supplementary information accompanying the financial statements, we performed procedures to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements.

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Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Accounting Policies
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. A summary of the significant accounting policies adopted by the Town is included in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as discussed in the following paragraph. We noted no transactions the Town entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting Estimates
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. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements as a whole.

Corrected and Uncorrected Misstatements
For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following attached schedule summarizes the corrected material misstatements we identified as a result of our audit procedures. These misstatements were brought to the attention of and corrected by management.

Disagreements with Management
For purposes of this letter, a disagreement with management is 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.

Difficulties Encountered in Performing the Audit
We encountered no difficulties dealing with management during the audit process. We have requested certain representations from management that are included in the management representation letter.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 26, 2024.

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 the application of an accounting principle to the Town'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 contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

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

Other Information

As part of our audit, we performed a review of the Town's information technology. We have provided recommendations to management in a separate memorandum regarding system security and email management.

Conclusion

This report is intended solely for the information and use of the Members of the Town Council and management of the Town of Larkspur, Colorado and is not intended to be, and should not be, used by anyone other than these specified parties.

Hinkle & Company, PC

Englewood, Colorado
July 29, 2025

Client: ***LAR5010 - Larkspur, Town of***
Engagement: ***AUD 2024 - Town of Larkspur, Colorado***
Period Ending: ***12/31/2024***
Trial Balance: ***02-01 - Government Fund Trial Balance***
Workpaper: ***04-01 - AJEs***
Fund Level: ***All***
Index: ***All***

Account	Description	Debit	Credit
Fund: 10	**General**		
Adjusting Journal Entries JE # 101			
Client requested entry to record changes from updated general fund trial balance provided during audit			
2017-10	Accrued Sun-Jelly Sales Tax Rebate	6,515.00	
7180-10	Revenue Shareback Incentive		6,515.00
Total		**6,515.00**	**6,515.00**
Adjusting Journal Entries JE # 104			
To adjust principle payment against loan.			
9250-10	APPROP TO WATER - COVER EXPEND	32,177.00	
7029-10	USDA Debt Services		8,124.00
7031-10	USDA Short Lived Asset Reserve		24,053.00
Total		**32,177.00**	**32,177.00**
Fund: 10	**Adjusting Journal Entries**	**38,692.00**	**38,692.00**
Fund: 10	**Total All Journal Entries**	**38,692.00**	**38,692.00**
Fund: 80	**Water & Sewer**		
Adjusting Journal Entries JE # 101			
Client requested entry to record changes from updated general fund trial balance provided during audit			
1100-80	WS Checking Acct	144.00	
4230-80	Water Revenues		144.00
Total		**144.00**	**144.00**
Adjusting Journal Entries JE # 102			
Entry to record current year depreciation for business type assets			
7510-00-80	DEPRECIATION EXPENSE - WATER	206,996.00	
1665-80	Accumulated Depreciation - Water		206,996.00
Total		**206,996.00**	**206,996.00**
Adjusting Journal Entries JE # 103			
To balance due to / from funds for capital asset allocation.			
1998-80	Due to/from Water & Sewer Fund	179,639.00	
Total		**179,639.00**	**0.00**
Adjusting Journal Entries JE # 104			
To adjust principle payment against loan.			
2082-80	Colorado Water Resources Loan - CDPHE	69,504.00	
7025-80	Debt Service - Principal		69,504.00
Total		**69,504.00**	**69,504.00**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 105			
To adjust property tax receivable for he 2024 assessment.			
1455-80	Real Property Taxes Receivable	114,011.00	
2055-00-80	Unearned Property Tax Revenue (Deferred)		114,011.00
Total		**114,011.00**	**114,011.00**
Fund: 80	**Adjusting Journal Entries**	**570,294.00**	**390,655.00**
Fund: 80	**Total All Journal Entries**	**570,294.00**	**390,655.00**
Fund: 81	**Sewer**		
Adjusting Journal Entries JE # 102			
Entry to record current year depreciation for business type assets			
7510-10-80	DEPRECIATION EXPENSE - SEWER	26,144.00	
1660-81	Accumulated Depreciation - Sewer Treatment Lagoon		26,144.00
Total		**26,144.00**	**26,144.00**
Adjusting Journal Entries JE # 103			
To balance due to / from funds for capital asset allocation.			
1998-81	Due to/from Water & Sewer Fund		179,639.00
Total		**0.00**	**179,639.00**
Fund: 81	**Adjusting Journal Entries**	**26,144.00**	**205,783.00**
Fund: 81	**Total All Journal Entries**	**26,144.00**	**205,783.00**