LEMAN CLASSICAL SCHOOL

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

LEMAN CLASSICAL SCHOOL
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JUNE 30, 2026

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Leman Classical School

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Leman Classical School, a component unit of Douglas County School District, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Leman Classical School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Leman Classical School, as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 the Leman Classical School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Leman Classical School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Leman Classical School'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 the Leman Classical School'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leman Classical School's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Colorado Springs, Colorado
October 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Leman Classical School (the School) stakeholders understand what the financial statements and notes in this financial report say about the School's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School's financial report contains the basic financial statements, required supplementary information, and supplementary information. The basic financial statements present the School's finances at both an overall and a detailed level.

The first two—the *government-wide financial statements*—report on the School as a whole. The School has only governmental activities, which comprise its primary functions: instruction and supporting services. Governmental activities are financed primarily through per pupil revenue received through Douglas County School District, of which the School is a component unit, the District's mill levy, charges for services, and grants and contributions.

The *fund financial statements* provide more detail on the School's two major governmental funds: the General Fund, the School's primary operating fund, and the Building Corporation Fund, a blended component unit that accounts for the School's facility financing and debt service.

The next section of this financial report contains *notes to financial statements*, which delve deeper into the School's finances as reported in the financial statements. The information in the notes is as important to understanding the School's finances as the information in the financial statements. The School uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the School's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting*. (See Figure A-1.) In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the School controls, from short-term assets like cash to long-term assets like land, buildings, and construction in progress.
- *Liabilities*—amounts the School owes, from short-term liabilities such as accounts payable and accrued salaries to long-term liabilities such as loans payable for facility financing and the School's share of the net pension and other postemployment benefit (OPEB) liabilities of the Colorado Public Employees' Retirement Association (PERA).

- *Deferred outflows of resources and deferred inflows of resources*—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related. For the School, these relate primarily to pensions and OPEB.

- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The School's governmental funds—the General Fund and the Building Corporation Fund—do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as loans payable and the net pension liability, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt, principal and interest payments on debt, and spending on the construction of a building.

Figure A-1 Types of Information Reported in the School's Financial Statements

	Financial Statements	
	Government-Wide	**Governmental Funds**
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues	All types of revenues that relate to the year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses and expenditures	All types of expenses that relate to the year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows and deferred inflows of resources	All types of resources that flow into and out of the School during the year that relate to a future year	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

More detail about the measurement focuses and basis of accounting can be found in Note 1 to the financial statements, the summary of significant accounting policies.

ANALYSIS OF THE LEMAN CLASSICAL SCHOOL'S FINANCES

Table A-1
Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$19,762,304	$17,832,793	10.8%
Capital assets, net	62,924,128	63,264,836	-0.5%
Total assets	82,686,432	81,097,629	2.0%
Deferred outflows of resources	5,307,639	5,395,683	-1.6%
Long-term liabilities	85,069,139	84,697,214	0.4%
Other liabilities	3,510,233	2,409,069	45.7%
Total liabilities	88,579,372	87,106,283	1.7%
Deferred inflows of resources	1,999,640	145,516	1274.2%
Net position			
Net investment in capital assets	(6,685,660)	(6,852,518)	2.4%
Restricted	6,283,618	5,427,660	15.8%
Unrestricted	(2,182,899)	666,371	-427.6%
Total net position	$ (2,584,941)	$ (758,487)	-240.8%

Table A-1 shows that as of June 30, 2026, the School's total net position—assets and deferred outflows of resources minus liabilities and deferred inflows of resources—was a deficit of $2,584,941, a decrease of $1,826,454 from the deficit of $758,487 at June 30, 2025.

The decrease is primarily the result of pension accounting under GASB Statement No. 68. The School's pension expense of $4,589,897 exceeded its $1,720,853 of employer contributions to the Colorado Public Employees' Retirement Association (PERA) by $2,869,044, which reduced net position without using current financial resources. The School's share of the PERA pension plan increased 18.1%, and its net pension liability increased $960,911 to $15,199,030. Excluding pension and other postemployment benefit (OPEB) items, the change in net position would have been an increase of $991,969.

Governmental activities

Table A-2 shows that expenses exceeded revenues in the current year, resulting in a decrease in net position of $1,826,454, compared with an increase of $2,919,158 in 2025. Total revenues increased 2.1% to $27,498,792, while total expenses increased 22.1% to $29,325,246. The School's governmental funds, by contrast, reported a combined $816,983 increase in fund balance. The difference arises from long-term items that are reported only in the government-wide financial statements, principally pension expense (see the reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities). The five primary factors affecting the change in net position are as follows:

1) Pension and OPEB expense
2) Decrease in operating grants and contributions
3) State equalization/Per pupil revenue
4) Changes in local revenue
5) Increases in expenses for certain programs and functions

Table A-2
Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 5,749,355	$ 4,052,865	41.9%
Operating grants and contributions	807,004	3,548,484	-77.3%
Capital grants and contributions	396,411	432,777	-8.4%
General revenues:			
Property taxes/District mill levy	3,577,211	3,258,380	9.8%
State equalization/PPR	16,464,126	14,856,832	10.8%
Grants and contributions not restricted to specific programs	11,230	17,449	-35.6%
Unrestricted investment earnings	396,377	761,197	-47.9%
Miscellaneous	97,078	8,938	986.1%
Total revenues	27,498,792	26,936,922	2.1%
Expenses			
Instruction	13,754,351	10,746,258	28.0%
Supporting services	12,321,800	9,997,936	23.2%
Interest	3,249,095	3,273,570	-0.7%
Total Expenses	29,325,246	24,017,764	22.1%
Change in net position	(1,826,454)	2,919,158	-162.6%
Net position - beginning	(758,487)	(3,677,645)	79.4%
Net position - ending	$ (2,584,941)	$ (758,487)	-240.8%

Pension and OPEB expense

The most significant factor in the decrease in net position was pension expense. The School participates in the PERA School Division Trust Fund, a cost-sharing multiple-employer defined benefit pension plan, and reports its proportionate share of the plan's net pension liability, pension expense, and related deferred outflows and inflows of resources in the government-wide financial statements. Pension expense is determined by PERA's actuarial measurements and differs from the contributions the School makes each year. In 2026, pension expense was $4,589,897, compared with employer contributions of $1,720,853, which are the amounts reported as expenditures in the governmental funds. The $2,869,044 difference reduced net position but did not use any of the School's current financial resources. The comparable reduction in 2025 was $1,794,044, so pension accounting reduced net position by an additional $1,075,000 in 2026.

Two factors drove the 2026 result. First, the School's proportionate share of the plan increased from 8.25% to 9.7% at the December 31, 2025 measurement date, an increase of 18.1% that reflects the growth in the School's payroll and contributions relative to other participating employers. As a result, the School's net pension liability increased $960,911, or 6.7%, to $15,199,030, even though the plan's funded ratio improved from 67.2% to 71.7%. Second, the School's growing share has produced deferred outflows of resources for changes in proportion, which total $3,201,933 at year-end and are recognized as pension expense over the remaining service lives of plan members. Note 7 shows that $2,755,285 of net deferred amounts will be recognized as pension expense in 2027.

In addition, PERA's investment earnings exceeded its assumed 7.25% rate of return. The School's share of those earnings above the assumption is reported as a $1,823,316 deferred inflow of resources and is recognized in pension expense in future years. It is the main reason total deferred inflows of resources increased $1,854,124 (see Table A-1), but it did not change net position this year because the deferral offsets the corresponding reduction in the net pension liability.

The School also participates in the PERA Health Care Trust Fund. The School's net OPEB liability decreased $84,656, or 33.5%, to $167,969, and changes in OPEB-related items increased net position by $50,622, compared with $35,734 in 2025. The School's employer contribution rate to the School Division Trust Fund was unchanged at 20.38% of salary. Pension and OPEB amounts are determined by PERA and its actuaries rather than by School management. Net position excluding these items is presented below under Net position and GASB 68 (pensions) and GASB 75 (OPEB).

Decrease in operating grants and contributions

Operating grants and contributions, which accounted for 2.9% of total revenues for governmental activities, decreased $2,741,480, or 77.3%, to $807,004 in 2026. The decrease was in supporting services, where the Building Corporation fund received contributions of $3,072,495 in 2025, from Faustus Management Company, LLC, the School's management company, to help fund facility construction costs. The contribution did not recur in 2026. Because the related construction costs were capitalized rather than expensed, the contribution increased net position in 2025. This was the largest single change in revenues and is the principal reason net position moved from an increase of $2,919,158 in 2025 to a decrease of $1,826,454 in 2026. Operating grants and contributions

in instruction, by contrast, increased $331,015, or 69.5%, to $807,004, and capital grants and contributions decreased 8.4%, from $432,777 to $396,411.

State equalization/Per pupil revenue

The largest single source of governmental activities revenue for the School is state equalization/per pupil revenue, which amounted to $16,464,126 in 2026, or 59.9% of total governmental activities revenue. State equalization/per pupil revenue increased $1,607,294, or 10.8%, from 2025. The increase reflects enrollment growth, from 1,390 scholars in 2024-25 to 1,548 in 2025-2026, including continued growth at the Parker-Bayou Gulch campus, which opened in fall 2024. Per pupil funding rates also increased year over year.

State equalization/per pupil revenue is determined under the Colorado school finance formula and is funded through a combination of local and state sources. Increases in local property tax and specific ownership tax collections may reduce the state share, while decreases in local collections may increase the state share, without necessarily changing the total amount of formula funding received. The School receives the majority of its funding through Douglas County School District, which authorized the School's charter.

Changes in local revenue

Charges for services increased $1,696,490, or 41.9%, to $5,749,355, or 20.9% of governmental activities revenue. Two items account for most of the increase. In instruction, charges for services increased $911,193 to $1,382,226, primarily because Faustus Management Company, LLC, the School's management company (Note 6), forgave $598,998 of management fees that the School reported as revenue, and because preschool revenue increased $317,521, or 198.6%, to $477,438, due to an additional year of operations at the Parker-Bayou Gulch campus, which began admitting students in fall 2024. The forgiven fees are also included in management fee expense, so the transaction had no net effect on the general fund's results. In supporting services, charges for services increased $785,297 to $4,367,129, primarily because lease payments from the general fund to the Building Corporation increased $748,665, or 20.8%.

Increases in expenses for certain programs and functions

Total expenses rose $5,307,482, or 22.1%, to $29,325,246. Revenues increased only 2.1%, but that comparison is affected by the $3,072,495 of contributions received in 2025 for facility construction; excluding them, revenues increased 15.2%. Excluding the management fee forgiveness, which is reported as both revenue and expense in 2026, revenues increased 12.7% (excludes management fee forgiveness in 2026 and the contribution in 2025) and expenses increased 19.6%. Instruction expenses increased $3,008,093, or 28.0%, to $13,754,351 (46.9% of total expenses), and supporting services expenses increased $2,323,864, or 23.2%, to $12,321,800 (42.0%). Most of the increase reflects a $4,257,946, or 23.5%, increase in general fund expenditures; the remainder reflects government-wide adjustments, including pension and OPEB expense, which are not expenditures of the governmental funds. A significant driver of the general fund increase was the growth of the Parker-Bayou Gulch campus, which began admitting students in fall 2024 and had increased student counts in 2026. In the general fund, instruction expenditures increased 22.5% to $10,029,733 and supporting services expenditures increased 24.4% to $12,321,800.

The largest general fund increases were in personnel costs. Salaries increased $1,393,950, or 18.9%, to $8,778,992, with certified teacher salaries accounting for $1,299,837 (25.2%) of the increase, primarily because of additional teachers to serve the increased student counts at the Parker-Bayou Gulch campus. The growth is consistent with the 19.1% increase in PERA covered payroll, from $7,089,982 to $8,443,832. Payroll-related expenses increased $531,686, or 26.7%, to $2,525,379, including a $444,502 (28.6%) increase in retirement plan

contributions to $1,997,749. The PERA employer contribution rate did not change from 2025, so the increase resulted primarily from higher payroll rather than higher rates.

Facility and contracted costs also increased. Rental expense, which represents lease payments to the Building Corporation for the School's facilities, increased $748,665, or 20.8%, to $4,350,300 Management fees increased $744,212, or 59.1%, to $2,004,133, which includes the $598,998 of fees charged to the Parker-Bayou Gulch campus that Faustus forgave (see Changes in local revenue). Excluding the forgiven amount, management fees increased $145,215, or 11.5%, to $1,405,136, consistent with the growth in per pupil revenue on which the fee is based (Note 6). Custodial services increased $139,677, or 39.1%, and property insurance increased $96,398, or 47.3%; both were due primarily to the Parker-Bayou Gulch campus. Supplies increased $307,645, or 34.0%, to $1,212,930, primarily because of textbooks purchased for the Parker-Bayou Gulch campus, which increased $212,039, or 105.1%, and electricity, which increased $63,317, or 44.9%. Finally, the general fund transferred $507,904 to the Building Corporation fund for facilities acquisition and construction, compared with $129,994 in 2025. These amounts are capitalized in the government-wide statements and, therefore, do not reduce net position.

Interest on long-term debt, which represented 11.1% of governmental activities expenses, decreased $24,475, or 0.7%, to $3,249,095 in 2026. The interest relates to the Series 2019 and Series 2023A&B education facility revenue bonds, the proceeds of which were loaned to the Building Corporation to purchase and construct school facilities; the School's lease payments to the Building Corporation fund the debt service. No new debt was issued and no debt was refunded in 2026. The School made principal payments of $505,000 in 2026, reducing loans payable to $69,795,000, and scheduled principal payments of $1,065,000 are due in 2027. (Debt activity is discussed further below.)

Depreciation and amortization expense of $848,613 ($782,014 in 2025), all of which is reported in instruction, exceeded capital outlays of $507,905 in 2026, so net capital assets decreased $340,708, or 0.5%, to $62,924,128. In 2025, by contrast, capital outlays were $13,166,195 as construction of the new facility continued. Of the 2026 capital assets, $38,604,434 is land and construction in progress, which is not depreciated until placed in service.

Net position and GASB 68 (pensions) and GASB 75 (OPEB)

The School participates in the statewide pension and other postemployment benefit (OPEB) plans administered by the Colorado Public Employees' Retirement Association (PERA). Each year the School records its proportionate share of the net pension liability of the PERA School Division Trust Fund and the net OPEB liability of the PERA Health Care Trust Fund, along with the related deferred outflows and deferred inflows of resources. These amounts are measured by PERA and its actuaries as of the prior December 31, depend on investment returns, actuarial assumptions and the School's share of covered payroll, and can vary greatly from year to year. Additional information can be found in Notes 7 and 8 to the financial statements. Because these amounts are determined by PERA rather than School management, management believes it is important to disclose what net position would be if these items were excluded.

Table A-1.1 shows that the School's net position would have been $9,474,059 at June 30, 2026, an increase of $991,969, or 11.7%, from $8,482,090 at June 30, 2025, if these items were excluded. The reported change in net position was a decrease of $1,826,454. The $2,818,423 difference is the net effect of the pension and OPEB items: they reduced net position by $12,059,000 at June 30, 2026, compared with $9,240,577 at June 30, 2025. This was

driven primarily by the School's larger proportionate share of the PERA School Division Trust Fund net pension liability, as discussed above.

Table A-1.1
Net Position Excluding Pension and OPEB Related Items

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Total net position	$ (2,584,941)	$ (758,487)	-240.8%
Add net pension liability	15,199,030	14,238,119	6.7%
Add OPEB liability	167,969	252,625	-33.5%
Add deferred pension inflows	1,823,316	9,041	20067.2%
Add deferred OPEB inflows	176,324	136,475	29.2%
Less deferred pension outflows	(5,058,000)	(5,151,858)	-1.8%
Less deferred OPEB outflows	(249,639)	(243,825)	2.4%
Total net position excluding pension and OPEB related items	$ 9,474,059	$ 8,482,090	11.7%

GOVERNMENTAL FUNDS

The School reports two major funds individually in the governmental fund financial statements: the General Fund and the Building Corporation Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. Both major funds are shown in Table A-3 and are discussed in more detail below. Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Building Corporation Fund	
	2026	2025	2026	2025
Revenues				
Local sources	$ 5,464,815	$ 4,141,514	$4,521,619	$ 7,065,888
State sources	17,454,774	15,711,376	-	-
Total revenues	22,919,589	19,852,890	4,521,619	7,065,888
Expenditures				
Instruction	10,029,733	8,187,789	-	-
Supporting services	12,321,800	9,905,798	-	38,055
Facilities acquisition and construction	-	-	507,904	13,220,278
Debt service	-	-	3,764,788	3,768,587
Total Expenditures	22,351,533	18,093,587	4,272,692	17,026,920
Excess (deficiency) of revenues over expenditures	568,056	1,759,303	248,927	(9,961,032)
Other financing sources (uses)				
Transfers	(507,904)	(129,994)	507,904	129,994
Total other financing sources (uses)	(507,904)	(129,994)	507,904	129,994
Net change in fund balances	60,152	1,629,309	756,831	(9,831,038)
Fund balance - beginning	10,515,949	8,886,640	6,543,352	16,374,390
Fund balance - ending	$10,576,101	$10,515,949	$7,300,183	$ 6,543,352

General fund

The fund balance of the School's General Fund increased $60,152, or 0.6%, to $10,576,101. Revenues increased $3,066,699, or 15.4%, to $22,919,589, primarily because of a $1,743,398 (11.1%) increase in state sources, mainly per pupil revenue, and a $1,323,301 (32.0%) increase in local sources, which includes the District mill levy, preschool and other program revenue, and the management fee forgiveness discussed above. Expenditures increased $4,257,946, or 23.5%, to $22,351,533, as the School added staff, instructional materials and facilities costs for the growth of the Parker-Bayou Gulch campus. As a result, the General Fund's excess of revenues over expenditures decreased from $1,759,303 to $568,056. The General Fund also transferred $507,904 to the Building Corporation Fund for facilities acquisition and construction, compared with $129,994 in 2025, which reduced fund balance by that amount.

Building corporation fund

The fund balance of the School's Building Corporation Fund increased $756,831, or 11.6%, to $7,300,183. Revenues of $4,521,619 consisted primarily of lease payments from the School for use of its facilities and exceeded debt service of $3,764,788 (principal of $505,000 and interest of $3,259,788) by $248,927. The $507,904 transfer from the General Fund was spent on facilities acquisition and construction. By contrast, in 2025 the fund's balance decreased $9,831,038, or 60.0%, as $13,220,278 was spent on construction of the new facility,

funded from the fund's existing balance and contributions, including a $3,072,495 donation. Revenues decreased $2,544,269, or 36.0%, from $7,065,888, as the nonrecurring contribution is not repeated.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

There was no significant new capital asset or long-term financing activity in 2026. Capital outlays of $507,905 consisted of $79,436 for construction in progress, $145,838 for building improvements and $282,631 for furniture and equipment, and were less than depreciation and amortization of $848,613. As a result, the carrying value of capital assets—original cost minus accumulated depreciation and amortization—decreased 0.5%. Construction in progress was $36,494,912 at June 30, 2026, essentially unchanged from $36,415,476, and no construction in progress was placed in service during the year.

The School's facilities are financed by Education Facility Revenue Bonds issued on behalf of the Building Corporation: $33,505,000 of Series 2019 bonds (interest at 4.25% to 5.00%, due 2054) and $37,555,000 of Series 2023A&B bonds (interest at 4.00% to 4.50%, due 2058). The School makes monthly lease payments to the Building Corporation, which the Building Corporation uses to make the debt service payments. No new debt was issued in 2026. Loans payable decreased $505,000, or 0.7%, to $69,795,000 because of scheduled principal payments. See Notes 4 and 5 to the financial statements for additional information.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The School is aware of two developments that will have an impact on the School's finances in the future and were therefore considered in the 2026-27 budget:

1) Enrollment

2) District mill levy override election

Enrollment

Enrollment at the Parker-Bayou Gulch campus continues to increase, while enrollment at the Parker-Stroh campus has decreased. The School expects total student counts of roughly 1,500 for the 2026-27 school year. Because per pupil revenue was 59.9% of total revenues in 2026, changes in student counts directly affect the School's revenue, as well as the management fee, which is based on that revenue. The School continues to monitor staffing and expense levels to make sure they are compliant with their bond covenants.

District mill levy override election

On November 3, 2026, voters in Douglas County School District will consider a mill levy override of approximately $54 million, which the District's Board of Education voted 7-0 to place on the ballot. The District estimates the cost at $33.70 per year for every $100,000 of home value, or about $236 per year for a $700,000 home. The District has indicated that the proceeds would fund a 4% pay increase for teachers and staff, approximately $12 million for charter schools, and other items such as school resource officers, programs for students with disabilities, instructional materials and workforce development. The School receives a share of the District's mill levy revenue ($3,577,211 in 2026) and would expect to receive a share of any additional override revenue. If the measure is not approved, existing mill levy revenue would be unaffected.

BASIC FINANCIAL STATEMENTS

LEMAN CLASSICAL SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 11,158,769
Restricted cash and investments	7,906,096
Other receivables	607,794
Deposits	30,000
Prepaids	59,645
Capital assets not being depreciated	38,604,434
Capital assets, net of accumulated depreciation/amortization	24,319,694
Total Assets	82,686,432
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	5,058,000
Deferred OPEB outflows	249,639
Total Deferred Outflows of Resources	5,307,639
LIABILITIES	
Accounts payable and other accrued liabilities	1,109,797
Accrued salaries and benefits	609,159
Unearned revenue	167,064
Accrued interest payable	1,624,213
Long-term liabilities	
Due within one year	1,065,000
Due in more than one year	68,637,140
Net pension liability	15,199,030
Net OPEB liability	167,969
Total Liabilities	88,579,372
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	1,823,316
Deferred OPEB inflows	176,324
Total Deferred Inflows of Resources	1,999,640
NET POSITION	
Net investment in capital assets	(6,685,660)
Restricted for:	
Debt Service	5,583,618
TABOR	700,000
Unrestricted	(2,182,899)
Total Net Position (deficit)	$ (2,584,941)

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

LEMAN CLASSICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 13,754,351	$ 1,382,226	$ 807,004	$ -	$ (11,565,121)
Supporting services	12,321,800	4,367,129	-	396,411	(7,558,260)
Interest	3,249,095	-	-	-	(3,249,095)
Total governmental activities	$ 29,325,246	$ 5,749,355	$ 807,004	$ 396,411	(22,372,476)
General revenues:					
Per pupil revenue					16,464,126
District mill levy					3,577,211
Grants and contributions not restricted to specific programs					11,230
Unrestricted investment earnings					396,377
Miscellaneous					97,078
Total general revenues					20,546,022
Change in net position					(1,826,454)
Net position - beginning (deficit)					(758,487)
Net position - ending (deficit)					$ (2,584,941)

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

LEMAN CLASSICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Total
ASSETS			
Cash and investments	$ 11,158,769	$ -	$ 11,158,769
Restricted cash and investments	-	7,906,096	7,906,096
Other receivables	607,794	-	607,794
Due from other funds	605,913	-	605,913
Deposits	30,000	-	30,000
Prepaid items	59,645	-	59,645
Total Assets	$ 12,462,121	$ 7,906,096	$ 20,368,217
LIABILITIES			
Accounts payable and other accrued liabilities	$ 1,109,797	$ -	$ 1,109,797
Accrued salaries and benefits	609,159	-	609,159
Due to other funds	-	605,913	605,913
Unearned revenue	167,064	-	167,064
Total Liabilities	1,886,020	605,913	2,491,933
FUND BALANCE			
Non-spendable	59,645	-	59,645
Restricted for:			
Debt service	-	7,207,831	7,207,831
Capital projects	-	92,352	92,352
TABOR	700,000	-	700,000
Unassigned	9,816,456	-	9,816,456
Total Fund Balance	10,576,101	7,300,183	17,876,284
Total Liabilities and Fund Balance	$ 12,462,121	$ 7,906,096	$ 20,368,217

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

LEMAN CLASSICAL SCHOOL
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 17,876,284
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	$ 38,604,434	
Capital assets, net of accumulated depreciation/amortization	24,319,694	62,924,128
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Long-term debt payable	$ (69,702,140)	
Accrued interest	(1,624,213)	
Net pension liability	(15,199,030)	
Pension outflows	5,058,000	
Pension inflows	(1,823,316)	
Net OPEB liability	(167,969)	
OPEB outflows	249,639	
OPEB inflows	(176,324)	(83,385,353)
Total Net Position of Governmental Activities		$ (2,584,941)

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

LEMAN CLASSICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Total
REVENUES			
Local sources	$ 5,464,815	$ 4,521,619	$ 9,986,434
State sources	17,454,774	-	17,454,774
Total revenues	22,919,589	4,521,619	27,441,208
EXPENDITURES			
Instruction	10,029,733	-	10,029,733
Supporting services	12,321,800	-	12,321,800
Debt service			
Interest	-	3,259,788	3,259,788
Principal	-	505,000	505,000
Facilities acquisition and construction	-	507,904	507,904
Total expenditures	22,351,533	4,272,692	26,624,225
Excess (deficiency) of revenues over expenditures	568,056	248,927	816,983
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(507,904)	507,904	-
Total other financing sources (uses)	(507,904)	507,904	-
Net change in fund balance	60,152	756,831	816,983
Fund balance - beginning	10,515,949	6,543,352	17,059,301
Fund balance - ending	$ 10,576,101	$ 7,300,183	$ 17,876,284

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

LEMAN CLASSICAL SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		$ 816,983
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation/amortization expense	$ (848,613)	
Capital outlays	507,905	(340,708)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Loan principal payments		505,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	$ 11,363	
Amortization of bond premiums and discounts	(670)	
Changes in pension related items	(2,869,044)	
Changes in OPEB related items	50,622	(2,807,729)
Change in Net Position of Governmental Activities		$ (1,826,454)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Leman Classical School (the School) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

A. REPORTING ENTITY

The School is a state nonprofit corporation that includes two locations within its reporting entity. Leman Academy of Excellence—Parker-Stroh commenced operations in 2016 and began admitting students in the Fall of 2018. Leman Academy of Excellence—Parker-Bayou Gulch commenced operations in 2022 and began admitting students in the Fall of 2024. Both locations were formed to operate charter schools within the Douglas County School District (the District) pursuant to the Colorado Charter Schools Act.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units are, in substance, part of the School's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the School.

Blended component unit. Leman Classical School Building Corporation (the Building Corp) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Building Corp is reported as a special revenue fund and does not issue separate financial statements.

The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The School reports the following major governmental funds:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Building Corp Fund* is used to account for the financial activities of the Leman Classical School Building Corporation, including facilities acquisition and construction and the accumulation of resources for the related debt service.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than $15,000 are reported as capital assets.

As the School constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the School are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Site improvements	15 years
Furniture and equipment	5 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the School before the related revenue can be recognized because the earnings process is not complete.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Leases

Lessee: The School recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

Leman Classical School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

Leman Classical School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

The School recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025 and is effective for fiscal years beginning after June 15, 2026. This statement defines subsequent events, modifies the subsequent events time frame, and requires the date through which subsequent events have been evaluated to be disclosed.

Management has not yet determined the effect this statement will have on the School’s financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2026 is as follows:

Deposits	$ 3,785,576
Investments	15,279,289
Total	$ 19,064,865

Deposits and investments are reported in the financial statements as follows:

Cash and investments	$ 11,158,769
Restricted cash and investments	7,906,096
Total	$ 19,064,865

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2026 was $3,785,576 and the bank balances were $3,822,157. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The School is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2026 the School's investment balances were as follows:

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
Money Markets	$ 5,127,534	Amortized cost	Less than 90 days	AAA
US Treasuries	10,151,755	Fair value	Up to five years	AA+
	$ 15,279,289			

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the School has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and School policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the School's investment in a single issuer. The School places no limit on the amount it may invest in any one issuer. More than 20 percent of the School's investments are in Money Markets and US Treasuries. These investments are 33.6% and 66.4%, respectively of the School's total investments.

Fair value of investments. The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

All of the School's investments that are measured at fair market value are categorized as Level 2 investments. School investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the School's pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2026, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 605,913	$ -
Building Corp Fund	-	605,913
Total	$ 605,913	$ 605,913

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2026, is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 507,904
Building Corp Fund	507,904	-
Total	$ 507,904	$ 507,904

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 36,415,476	$ 79,436	$ -	$ 36,494,912
Land	2,109,522	-	-	2,109,522
Total capital assets not being depreciated	38,524,998	79,436	-	38,604,434
Capital assets being depreciated:				
Buildings and improvements	28,363,763	145,838	-	28,509,601
Furniture and equipment	234,760	282,631	-	517,391
Total capital assets being depreciated	28,598,523	428,469	-	29,026,992
Less accumulated depreciation for:				
Buildings and improvements	(3,783,222)	(753,804)	-	(4,537,026)
Furniture and equipment	(75,463)	(94,809)	-	(170,272)
Total accumulated depreciation	(3,858,685)	(848,613)	-	(4,707,298)
Total capital assets being depreciated, net	24,739,838	(420,144)	-	24,319,694
Total governmental activities capital assets	$ 63,264,836	$ (340,708)	$ -	$ 62,924,128

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the School as follows:

Governmental Activities	
Instruction	$ 848,613

NOTE 5 – LONG-TERM LIABILITIES

2019 Building Loan

On October 1, 2019, the Arizona Industrial Development Authority (AZIDA) issued $33,505,000 of Education Facility Revenue Bonds, Series 2019. Bond proceeds were loaned to the Leman Academy of Excellence – Douglas County, Colorado (the "Building Corp") for the purpose of financing the purchase of school facilities. Interest accrues at a rate of 4.25% to 5.00%. Outstanding principal and interest are due at maturity in July 1, 2054.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

2023 Building Loan

On March 30, 2023, the Colorado Educational and Cultural Facilities Authority issued $37,555,000 of Education Facility Revenue Bonds, Series 2023A&B. Bond proceeds were loaned to the Leman Academy of Excellence – Douglas County, Colorado (the "Building Corp") for the purpose of financing the purchase of school facilities. Interest accrues at a rate of 4.00% to 4.50%. Outstanding principal and interest are due at maturity in July 1, 2058.

The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for use of the building. The Building Corporation is required to make equal payments to the Trustee, for payment of the Bonds.

Annual debt service requirements to maturity for the loan payable is as follows:

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2027	$ 1,065,000	$ 3,223,113
2028	1,115,000	3,174,125
2029	1,165,000	3,125,713
2030	1,215,000	3,075,175
2031	1,265,000	3,020,925
2032 - 2036	7,235,000	14,172,488
2037 - 2041	9,065,000	12,302,202
2042 - 2046	11,370,000	9,936,400
2047 - 2051	14,330,000	6,902,238
2052 - 2056	15,960,000	3,109,612
2057 - 2059	6,010,000	413,774
Total	$ 69,795,000	$ 62,455,765

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Changes in the School's long-term liabilities for the year ended June 30, 2026, are as follows:

Governmental Activities	Beginning Balance	Debt Issued and Additions	Reductions	Ending Balance	Due Within One Year
Loans payable	$ 70,300,000	$ -	$ (505,000)	$ 69,795,000	$ 1,065,000
Premiums	604,469	-	(20,016)	584,453	-
Discounts	(697,999)	-	20,686	(677,313)	-
Total loans payable	70,206,470	-	(504,330)	69,702,140	1,065,000
Net pension liability	14,238,119	3,107,602	(2,146,691)	15,199,030	-
Net OPEB liability	252,625	7,723	(92,379)	167,969	-
Total Governmental Activities	$ 84,697,214	$ 3,115,325	$ (2,743,400)	$ 85,069,139	$ 1,065,000

Loans are liquidated in the Building Corp fund. All other long-term liabilities are liquidated in the General fund.

NOTE 6 - SERVICES AGREEMENT

On April 30, 2019, the School entered into a Services Agreement (Agreement) with Faustus Management Company, LLC (Faustus), a Delaware limited liability company. The Agreement continues until termination or expiration of the charter contract. Substantially all functions of the School have been contracted to Faustus. Faustus is responsible and accountable to the School's Board of Directors for the administration, operation and performance of the School in accordance with the School's contract with District to operate the School. The School pays Faustus an annual service fee of 10% of funded enrollment revenue, net of any required withholding, for services performed.

The service fee earned by Faustus for the year ended June 30, 2026 was $1,405,136. As an independent contractor, Faustus provides administrative and support services to the School, subject to the direction and approval of the School's Board of Directors. These services include business and finance, compliance and funding, academics and student support, and administration and marketing. Faustus also provides the School a license to use the Leman Academy of Excellence tradename and related curricula. The School reimburses Faustus for Board-approved expenses incurred on its behalf, separately from the service fee.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Leman Classical School are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2025. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2026: Eligible employees of, Leman Classical School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2025 through June 30, 2026. Employer contribution requirements are summarized in the table below:

	July 1, 2025 Through June 30, 2026
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**20.38%**

*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Leman Classical School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Leman Classical School were $1,720,853 for the year ended June 30, 2026.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. For 2025, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and DPS Division Trust Fund. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual Direct Distribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SCHDTF was measured as of December 31, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. The Leman Classical School proportion of the net pension liability was based on Leman Classical School contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2026, the Leman Classical School reported a liability of $15,199,030 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Leman Classical School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Leman Classical School were as follows:

Leman Classical School proportionate share of the net pension liability	$	15,199,030
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Leman Classical School		1,428,359
Total	$	16,627,389

At December 31, 2025, the Leman Classical School proportion was 0.0974551371%, which was an increase of 0.0149387530% from its proportion measured as of December 31, 2024.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2026, the Leman Classical School recognized pension expense of $4,589,897 and revenue of $208,886 for support from the State as a nonemployer contributing entity. At June 30, 2026, the Leman Classical School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 914,748	$ -
Changes of assumptions or other inputs	74,613	-
Net difference between projected and actual earnings on pension plan investments	-	1,823,316
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,201,933	-
Contributions subsequent to the measurement date	866,706	N/A
Total	$ 5,058,000	$ 1,823,316

$866,706 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2027	$ 2,755,285
2028	367,311
2029	(294,062)
2030	(460,556)
2031	-
Thereafter	-

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% – 13.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at the current fixed statutory rates specified in law for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employer contributions also include current and future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP because, per statute, AIR amounts cannot be used to pay benefits until they are transferred out of the AIR to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the AIR and the related benefit payments were included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current plan members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Leman Classical School proportionate share of the net pension liability to changes in the discount rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 21,502,323	$ 15,199,030	$ 9,920,809

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the Leman Classical School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq*. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Leman Classical School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Leman Classical School were $86,127 for the year ended June 30, 2026.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the Leman Classical School reported a liability of $167,969 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The Leman Classical School proportion of the net OPEB liability was based on Leman Classical School contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2025, the Leman Classical School proportion was 0.0623370948%, which was an increase of 0.0095052353% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the Leman Classical School recognized OPEB expense of $35,506. At June 30, 2026, the Leman Classical School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 67,964
Changes of assumptions or other inputs	1,844	81,533
Net difference between projected and actual earnings on OPEB plan investments	-	26,827
Changes in proportion and differences between contributions recognized and proportionate share of contributions	204,417	-
Contributions subsequent to the measurement date	43,378	N/A
Total	$ 249,639	$ 176,324

$43,378 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	$ 16,527
2028	(3,565)
2029	2,260
2030	4,655
2031	6,942
Thereafter	3,118

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.00% in 2025, gradually decreasing to 4.50% in 2035
Medicare Part A premiums	3.50% in 2025, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Each year the per capita health care costs are developed by plan option. As of the December 31, 2024, actuarial valuation, costs are based on 2025 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. MAPD premium costs are not age graded, an allowed exception under Section 3.7.7 (c) of Actuarial Standard of Practice No. 6.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$4,188	$8,928
MAPD PPO #2	2,028	5,508
MAPD HMO (Kaiser)	2,040	7,596

The 2025 Medicare Part A premium is $518 per month.

All costs are subject to the health care cost trend rates, as discussed as follows.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2025	8.00%	3.50%
2026	7.65%	3.75%
2027	7.30%	3.75%
2028	6.95%	4.00%
2029	6.60%	4.00%
2030	6.25%	4.25%
2031	5.90%	4.25%
2032	5.55%	4.25%
2033	5.20%	4.50%
2034	4.85%	4.50%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2024, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2024, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2024, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2025 plan year.

- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

Sensitivity of the Leman Classical School proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$160,986	$167,969	$175,872

[1]For the January 1, 2026, plan year.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2025, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Leman Classical School proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$231,259	$167,969	$113,382

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 9 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

NOTE 11 – RELATED PARTIES

The School has a service agreement with Faustus Management Company, LLC. The School has a contract with Canyon Building & Design as the General Contractor for the Leman Academy Estancia Blvd project. Canyon Construction Building & Design and a board member's father are among the founding owners of Faustus. Faustus and Canyon Construction & Design are related parties.

Faustus paid $54,081 to Canyon Construction Building & Design on behalf of the School.

NOTE 12 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2026 there is a $700,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

LEMAN CLASSICAL SCHOOL
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0974551371%	0.0825163841%	0.0631933178%	0.0452188854%	0.0457636978%	0.0418104203%	0.0292289899%	0.0250267126%
Employer's proportionate share of the net pension liability (asset)	$ 15,199,030	$ 14,238,119	$ 11,174,741	$ 8,234,117	$ 5,325,689	$ 6,320,892	$ 4,366,748	$ 4,431,494
State's proportionate share of the net pension liability (asset) associated with the Employer	1,428,359	1,278,809	245,029	2,399,504	610,522	-	553,866	605,945
Total	$ 16,627,389	$ 15,516,928	$ 11,419,770	$ 10,633,621	$ 5,936,211	$ 6,320,892	$ 4,920,614	$ 5,037,439
Employer's covered payroll	$ 7,899,942	$ 6,376,423	$ 4,177,649	$ 3,488,115	$ 2,860,087	$ 2,233,506	$ 1,716,814	$ 1,375,853
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	192.39%	223.29%	267.49%	236.06%	186.21%	283.00%	254.35%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%

* The amounts presented for each year were determined as of December 31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	$ 1,720,853	$ 1,444,938	$ 1,051,739	$ 754,109	$ 633,749	$ 500,543	$ 376,087	$ 283,124
Contributions in relation to the contractually required contribution	(1,720,853)	(1,444,938)	(1,051,739)	(754,109)	(633,749)	(500,543)	(376,087)	(283,124)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 8,443,832	$ 7,089,982	$ 5,160,645	$ 3,700,239	$ 3,187,871	$ 2,517,821	$ 1,940,592	$ 1,479,996
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%

* The amounts presented for each fiscal year were determined as of June 30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500,000 on or after July 1, 2025, and before October 1, 2025. These dollars are held by PERA in a custodial capacity on behalf of the State of Colorado to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an automatic adjustment provision (AAP) assessment ratio below the 98% benchmark and the alternative allocation method results in an AAP ratio that meets or exceeds the 98% benchmark.

HB 26-1400, enacted June 1, 2026, and effective July 1, 2026, modifies the allocation of the direct distribution. Beginning with the direct distribution on July 1, 2026, and annually thereafter, PERA is required to allocate the direct distribution to the Division Trust Funds on an actuarial basis. HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no changes made to the actuarial methods or assumptions.

LEMAN CLASSICAL SCHOOL
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.0623370948%	0.0528318595%	0.0378050963%	0.0343545666%	0.0298801720%	0.0241526402%	0.0190935658%	0.0162674551%
Employer's proportionate share of the net OPEB liability (asset)	$ 167,969	$ 252,625	$ 269,825	$ 280,498	$ 257,658	$ 229,504	$ 214,611	$ 221,326
Employer's covered payroll	$ 7,899,942	$ 6,376,423	$ 4,177,649	$ 3,488,115	$ 2,860,087	$ 2,233,506	$ 1,716,814	$ 1,375,853
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.13%	3.96%	6.46%	8.04%	9.01%	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	76.1%	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%

* The amounts presented for each year were determined as of December 31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	$ 86,127	$ 72,318	$ 52,640	$ 37,744	$ 32,518	$ 25,683	$ 19,795	$ 15,097
Contributions in relation to the contractually required contribution	(86,127)	(72,318)	(52,640)	(37,744)	(32,518)	(25,683)	(19,795)	(15,097)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 8,443,832	$ 7,089,982	$ 5,160,645	$ 3,700,239	$ 3,187,871	$ 2,517,821	$ 1,940,592	$ 1,479,996
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of June 30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
HEALTH CARE TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

There were no changes made to plan provisions.

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no significant changes made to the actuarial methods or assumptions.

LEMAN CLASSICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget	Actual Amounts	Variance with Final Budget
	Original	Final			
REVENUES					
Local sources	$ 4,380,327	$ 4,817,155	$ 436,828	$ 5,464,815	$ 647,660
State sources	17,776,000	17,275,970	(500,030)	17,454,774	178,804
Total revenues	22,156,327	22,093,125	(63,202)	22,919,589	826,464
EXPENDITURES					
Instruction	9,672,129	9,796,768	(124,639)	10,029,733	(232,965)
Supporting Services	12,857,807	11,559,105	1,298,702	12,321,800	(762,695)
Total expenditures	22,529,936	21,355,873	1,174,063	22,351,533	(995,660)
Excess (deficiency) of revenues over expenditures	(373,609)	737,252	1,110,861	568,056	(169,196)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	(507,904)	(507,904)
Total other financing sources (uses)	-	-	-	(507,904)	(507,904)
Net change in fund balances	(373,609)	737,252	1,110,861	60,152	(677,100)
Fund balances - beginning	10,412,640	10,515,949	103,309	10,515,949	-
Fund balance - ending	$ 10,039,031	$ 11,253,201	$ 1,214,170	$ 10,576,101	$ (677,100)

See the accompanying Independent Auditors' Report.

LEMAN CLASSICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
BUILDING CORP FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual Amounts	Variance with Final Budget
REVENUES					
Local sources	$ -	$ -	$ -	$ 4,521,619	$ 4,521,619
Total revenues	-	-	-	4,521,619	4,521,619
EXPENDITURES					
Debt service:					
Interest	-	-	-	3,259,788	(3,259,788)
Principal	-	-	-	505,000	(505,000)
Facilities acquisition and construction	-	-	-	507,904	(507,904)
Total expenditures	-	-	-	4,272,692	(4,272,692)
Excess (deficiency) of revenues over expenditures	-	-	-	248,927	248,927
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	507,904	507,904
Total other financing sources (uses)	-	-	-	507,904	507,904
Net change in fund balances	-	-	-	756,831	756,831
Fund balances - beginning	-	-	-	6,543,352	6,543,352
Fund balance - ending	$ -	$ -	$ -	$ 7,300,183	$ 7,300,183

See the accompanying Independent Auditors' Report.

LEMAN CLASSICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Head of School submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the School and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Head of School. Revisions that alter the total expenditures in any fund must be approved by the Board of Directors. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Directors.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the School budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Head of School and/or Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

A budget was not adopted for the Building Corp fund.

Excess of Expenditures over Appropriations

For the year ended June 30, 2026, expenditures exceeded appropriations in the General Fund by $995,660. These over-expenditures were funded by greater than anticipated revenues.

General Fund Budgetary Highlights

Original budget compared to final budget. The most significant differences between the original and final budget were as follows:

Revenue source	Original Budget	Final Budget	Difference
Local Sources	4,380,327	4,817,155	436,828
State Sources	17,776,000	17,275,970	(500,030)

Expenditures	Original Budget	Final Budget	Difference
Instruction	9,672,129	9,796,768	(124,639)
Supporting Services	12,857,807	11,559,105	1,298,702

LEMAN CLASSICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

The FY2026 budget was amended to reflect actual enrollment of 1501 students compared to the original budget assumption of 1547 students. As a result, State Equalization Funding decreased by $511,000. Local Revenue Increase due to Fundraising Revenue $243,257 and Interest on investment $212,203.

Instruction Increase in Supplies expenses $259,973 primarily textbooks, increase in Salaries l $247,778, less decrease in Purchased Services ($182,136) and decrease in Payroll expenses ($101,945) due to adjusted Payroll Taxes and Retirement Plan Contributions.

Supporting Services Decrease in Purchased Services $1,045,000 amount also budgeted as Property. Decrease in Salaries $330,368 and decrease in Payroll Expenses $42,867 and increase in Dues & Fees $15,888.

Final budget compared to actual results. The most significant differences between the final budget and actual results were as follows:

Revenue source	Final Budget	Actual revenues	Difference
Local Sources	4,817,155	5,464,815	647,660
State Sources	17,275,970	17,454,774	178,804

Expenditures	Final Budget	Actual expenditures	Difference
Instruction	9,796,768	10,029,733	(232,965)
Supporting Services	11,559,105	12,321,800	(762,695)

Local Sources increased due to Management Forgiveness Revenue not budgeted $598,997. And Interest on Investment $68,677

Instructional expenditures exceeded the final budget primarily due to Payroll Expense primarily PERA $138,843 and Salaries increase $55,716. As well as increased costs for classroom supplies $20,039

Supporting Services Increase of Management Fees Adjustment $849,569 offset by Management Forgiveness Revenue, less Decrease in Salaries (37,794) decrease in Payroll Expenses (19,192), Decrease in Custodial Servies ($27,937). Management Fee Forgiveness was not budgeted but had a net zero effect to actuals.

SUPPLEMENTARY INFORMATION

LEMAN CLASSICAL SCHOOL
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2026

	Leman Classical School	Parker Bayou Gulch	Total
ASSETS			
Cash and investments	$ 9,578,756	$ 1,580,013	$ 11,158,769
Other receivables	-	607,794	607,794
Due from other funds	4,327,508	-	4,327,508
Deposits	-	30,000	30,000
Prepaids	33,656	25,989	59,645
Total Assets	$ 13,939,920	$ 2,243,796	$ 16,183,716
LIABILITIES			
Accounts payable and other accrued liabilities	$ 420,781	$ 689,016	$ 1,109,797
Accrued salaries and benefits	413,648	195,511	609,159
Due to other funds	-	3,721,595	3,721,595
Unearned revenue	111,164	55,900	167,064
Total Liabilities	945,593	4,662,022	5,607,615
FUND BALANCE			
Non-spendable	33,656	25,989	59,645
Restricted for:			
TABOR	700,000	-	700,000
Unassigned	12,260,671	(2,444,215)	9,816,456
Total Fund Balance	12,994,327	(2,418,226)	10,576,101
Total Liabilities and Fund Balance	$ 13,939,920	$ 2,243,796	$ 16,183,716

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Leman Classical School	Parker Bayou Gulch	Total
REVENUES			
Local sources	$ 3,183,859	$ 2,280,956	$ 5,464,815
State sources	12,260,672	5,194,102	17,454,774
Total revenues	15,444,531	7,475,058	22,919,589
EXPENDITURES			
Instruction	6,621,154	3,408,579	10,029,733
Supporting services	7,213,638	5,108,162	12,321,800
Total expenditures	13,834,792	8,516,741	22,351,533
Excess (deficiency) of revenues over expenditures	1,609,739	(1,041,683)	568,056
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(397,887)	(110,017)	(507,904)
Total other financing sources (uses)	(397,887)	(110,017)	(507,904)
Net change in fund balance	1,211,852	(1,151,700)	60,152
Fund balance - beginning	11,782,475	(1,266,526)	10,515,949
Fund balance - ending	$ 12,994,327	$ (2,418,226)	$ 10,576,101

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
LEMAN CLASSICAL SCHOOL
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 3,057,269	$ 3,183,859	$ 126,590
State sources	12,147,365	12,260,672	113,307
Total revenues	15,204,634	15,444,531	239,897
EXPENDITURES			
Instruction	6,415,434	6,621,154	(205,720)
Support services	7,042,698	7,213,638	(170,940)
Total expenditures	13,458,132	13,834,792	(376,660)
Excess (deficiency) of revenues over expenditures	1,746,502	1,609,739	(136,763)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(397,887)	(397,887)
Total other financing sources (uses)	-	(397,887)	(397,887)
Net change in fund balance	1,746,502	1,211,852	(534,650)
Fund balance - beginning	11,782,475	11,782,475	-
Fund balance - ending	$ 13,528,977	$ 12,994,327	$ (534,650)

See the accompanying independent auditors' report.

LEMAN CLASSICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
PARKER BAYOU GULCH
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 1,759,886	$ 2,280,956	$ 521,070
State sources	5,128,605	5,194,102	65,497
Total revenues	6,888,491	7,475,058	586,567
EXPENDITURES			
Instruction	3,381,334	3,408,579	(27,245)
Support services	4,516,407	5,108,162	(591,755)
Total expenditures	7,897,741	8,516,741	(619,000)
Excess (deficiency) of revenues over expenditures	(1,009,250)	(1,041,683)	(32,433)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(110,017)	(110,017)
Total other financing sources (uses)	-	(110,017)	(110,017)
Net change in fund balance	(1,009,250)	(1,151,700)	(142,450)
Fund balance - beginning	(1,266,526)	(1,266,526)	-
Fund balance - ending	$ (2,275,776)	$ (2,418,226)	$ (142,450)

See the accompanying independent auditors' report.