Darrinisha L. Gray, Esq., SHRM-SCP

St. Charles Parish School Board

13855 River Road

Luling, LA 70070

RE: St. Charles Parish School Board Accounting Consulting Services

Dear Mrs. Gray,

EAG Gulf Coast, LLC has completed our Accounting Consulting Services for the St. Charles Parish School Board. The objective of this phase of the engagement was to evaluate and analyze current and forecasted revenues and expenditure trends, prepare a cash and operational forecast, and forecast cash balances for Fiscal Years 2026 through 2028, using actual General Ledger data from January 2025 through February 2026.

This engagement was conducted in accordance with the Statements on Standards for Consulting Services, established by the American Institute of Certified Public Accountants. Our procedures were not designed to detect fraud, or to constitute an audit, review, or compilation of the information provided. Accordingly, we will not express an opinion or conclusion nor provide any other form of assurance on the completeness and accuracy of the information. Additionally, the projection of any conclusions to past or future periods is subject to the risk that changes may have occurred that may alter the validity of such conclusions. This forecast does not assume implementation of any future policy changes, expenditure reductions, millage changes, or financing arrangements unless explicitly stated.

EAG Gulf Coast, LLC appreciates the cooperation and assistance provided by the St. Charles Parish School Board's personnel during this engagement. We sincerely appreciate this opportunity to be of service to you. Please do not hesitate to contact us if you have any questions related to this report.

Sincerely,

EAG Gulf Coast, LLC

Randy LeBeau

Randy LeBeau, CPA | Partner

Date: May 12, 2026

Scope:

EAG Gulf Coast, LLC ("EA Group") was engaged to provide Accounting Consulting Services to St. Charles Parish School Board (the "School Board") for the following tasks:

- Phase I – EA Group collaborated with the School Board to analyze and reconcile cash balances. Phase I has been completed and previously presented.
- Phase II – EA Group analyzed activity within the Government Funds, studying inflows, outflows, and fund-level accounting practices. Phase II has been completed and previously presented.
- Phase III – EA Group evaluated and analyzed current and forecasted revenue and expenditure trends and prepared a cash and operational forecast.

SCPSB Operational Forecast — Executive Summary

Prepared by: EAG Gulf Coast, LLC | Randy LeBeau, CPA
Prepared for: St. Charles Parish School Board ("Board" or "District")
Date: May 12, 2026
Source data: Actual GL from January 2025 through February 2026

Three-Year Forecast at a Glance

As noted in the table below, the District is facing a structural operating deficit of $48–$64 million per year across the last twelve months ("LTM") ended February 2026 and the forecast period of FY2026–FY2028. For purposes of this report, structural operating deficit is defined as General Purpose Taxes, Grants, State Revenue and Investment Income (excludes taxes dedicated to capital/facilities spending and debt service) less General Operating Expenditures (excludes capital/facilities spending and debt service expenditures).

The structural operating deficit is driven by operating expenditure growth outpacing revenue growth. The District is anticipating property tax revenue to decline in FY2027 by approximately 3% before recovering modestly in FY2028. The District's liquidity depends substantially on the annual January property tax collection and monthly sales tax collections. By June 2028, year-end cash is projected at ($19.0) million, down from $100.7 million in February 2026 — a reduction of approximately $119.7 million in 28 months. The table below highlights certain key metrics for the periods presented.

Figure 1: Three-Year Forecast Summary — Key Financial Metrics

	LTM Mar25–Feb26	FY26 Jul25–Jun26	FY27 Jul26–Jun27	FY28 Jul27–Jun28
Total Revenue	$255.5M	$252.7M	$245.9M	$247.8M
Total Expenditures	$337.3M	$338.6M	$318.3M	$315.2M
Forecasted Reduction in Fund Balance	**$81.8M**	**$85.9M**	**$72.5M**	**$67.4M**
Payroll (Sal + Benefits)	$217.9M	$221.2M	$214.9M	$220.6M
Payroll % of Expenditures	64.6%	65.3%	67.5%	70.0%
Structural Operating Deficit	**$47.7M**	**$56.3M**	**$58.2M**	**$64.3M**
Year-End Cash (June)	—	$53.0M	$14.5M	($19.0M)

Cash Position

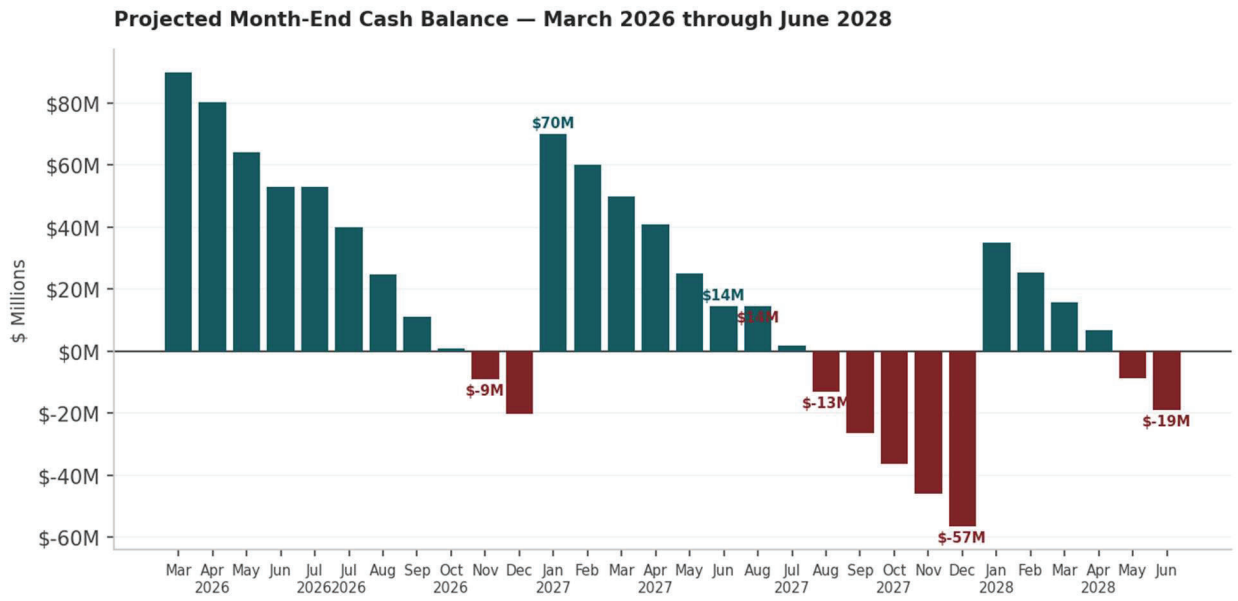


Figure 2: Projected Month-End Cash Balance — March 2026 through June 2028

Cash balances are sustained primarily by the January property tax inflow of approximately $100–110M and monthly sales tax revenue[1]. Outside of January, virtually every month there is a net draw-down of cash. November 2026 has a projected cash balance of ($9.0M). The forecast also predicts the District will be cash negative from August through December 2027 (with only a $1.9M cash balance for July 2027), with a peak negative balance of ($56.6M) in December 2027. Year-end cash balances decline from $53.0M (FY26) → $14.5M (FY27) → ($19.0M) (FY28). Absent corrective actions, the District is projected to experience recurring cash shortfalls, requiring external liquidity (e.g., a Revenue Anticipation Note (RAN)) or material expenditure reductions. Further analysis regarding the forecast is in the section below, "Structural Operating Deficit and Payroll".

Figure 3: Projected Cash Balance Milestones

	Feb 2026 Actual	Dec 2026 Trough	Jan 2027 Peak	Dec 2027 Trough	Jun 2028 End
Projected Cash Balance	**$100.7M**	**($20.1M)**	**$70.1M**	**($56.6M)**	**($19.0M)**

[1] Some incremental property tax revenue comes through most months along with investment income, MFP and grant funding.

Structural Operating Deficit and Payroll

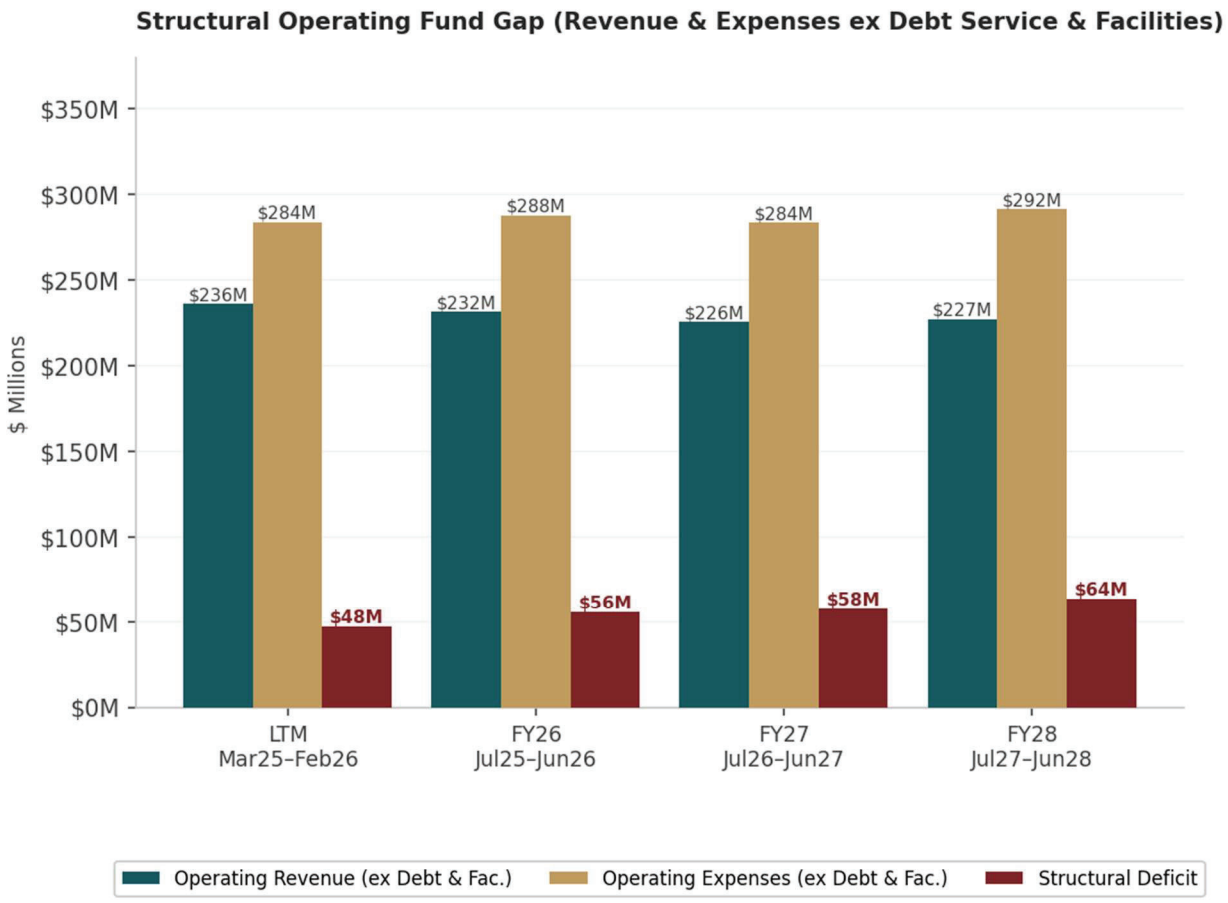


Figure 4: Structural Operating Fund Gap — Revenue excluding Debt & Facilities Millage; Expenses excluding Debt & All Facilities

The Structural Operating Deficit is the difference between recurring non-dedicated revenues and recurring expenses (excludes revenues and expenses dedicated to capital/facilities spending and debt service). Any capital/facilities or debt service spending over the dedicated millage revenue is assumed to be funded from reserves. However, continued use of reserves for capital/facilities spending reduces future liquidity and increases pressure on operating cash in later periods. Additionally, the Structural Operating Deficit calculation does not imply that restricted grants or other revenues are available for general operations.

Key assumptions used to calculate the forecasted revenues and expenses: 1) Operating revenue is projected to fall $6.0M in FY2027 before recovering slightly in FY2028; 2) base salaries are held flat in FY2027, then grow 1% in FY2028; 3) benefits grow 5% annually; and 4) non-payroll operating costs grow 3%. (See page 7 for detailed forecast assumptions).

Using these assumptions, the calculated Structural Operating Deficit is shown below.

Figure 5: Structural Operating Deficit Summary

	LTM	FY26	FY27	FY28
Operating Revenue (excluding Debt & Fac. Revenue)	$236.2M	$231.6M	$225.6M	$227.3M
Operating Expenses (excluding Debt & All Facilities)	$284.0M	$288.0M	$283.8M	$291.6M
Structural Operating Deficit	**($47.7M)**	**($56.3M)**	**($58.2M)**	**($64.3M)**

The revenue difference between the LTM period and FY2026 is approximately $4.6 million, driven primarily by MFP revenue increases in June and September 2025 related to partial state funding for annual teacher stipend payments. Self-insurance fund revenue has been excluded from all periods as a non-cash item.

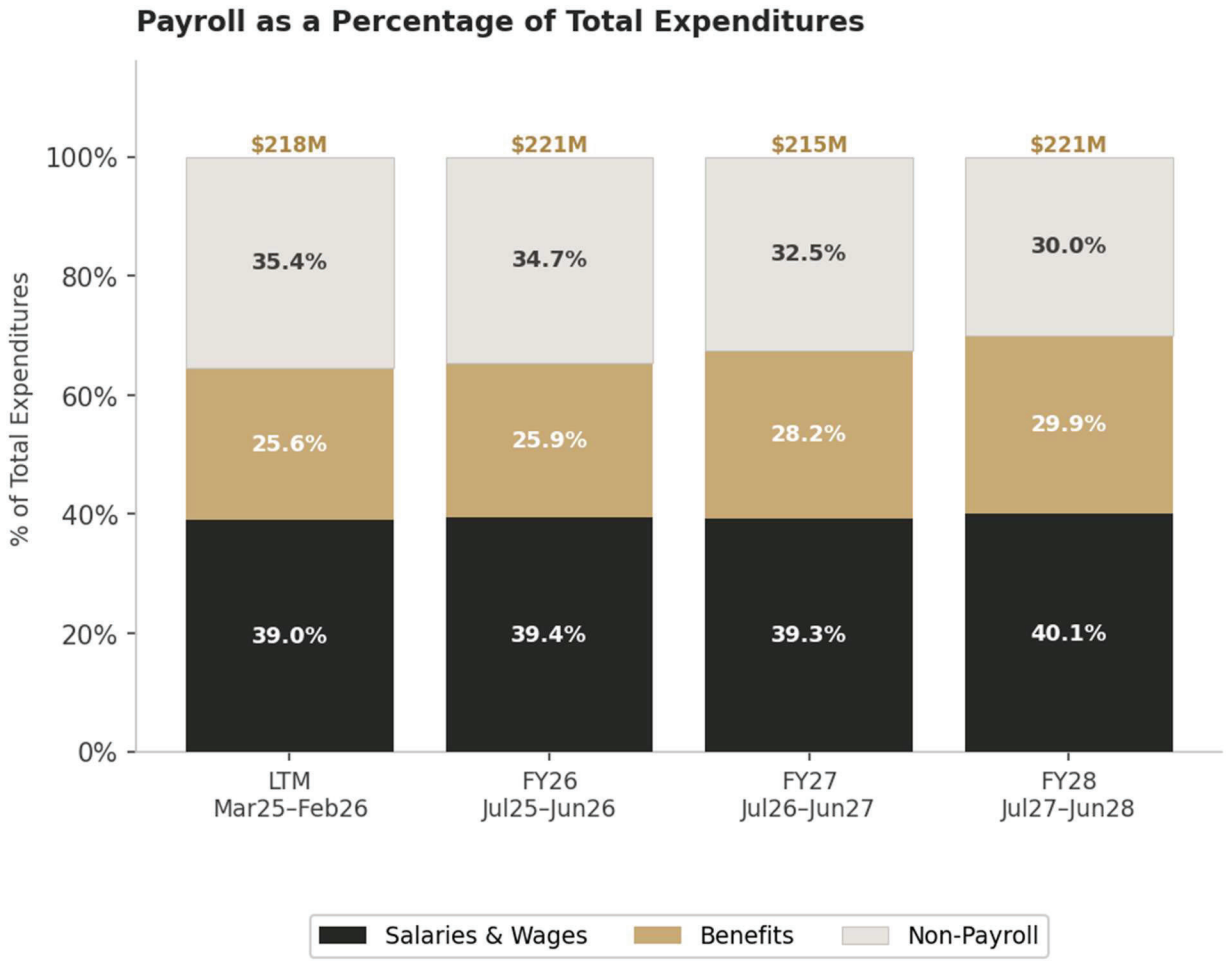


Figure 6: Payroll as a Percentage of Total Expenditures

St. Charles Parish teachers and other district employees do not work under a collective bargaining agreement. Compensation adjustments are discretionary policy decisions of the School Board and administration. Payroll is forecasted to reach 70.0% of expenditures by FY2028 ($220.6M).

Total payroll declines from $221.2M in FY2026 to $214.9M in FY2027, primarily due to the District's decision not to fund an annual stipend payment in FY2027, partially offset by 5% growth in benefits costs, before increasing to $220.6M in FY2028 (salaries +1%, benefits +5%). Pay equity and competitive recruitment needs will continue to exert upward pressure, while TRSL/LSERS and health insurance costs are substantially externally driven. It is important to note that each additional 1% of payroll growth (applied to the combined salaries and benefits base of $221.2M in FY2026) increases the annual structural deficit by approximately $2.2 million.

Forecast Assumptions

Category	Rate	Rationale / Detail	Estimated Impact of Change
Property Taxes	**-3% FY27/+1.0% FY28**	Based on guidance from the District, the model assumes FY2027 property taxes are projected to decline 3% from FY2026 and grow 1% in FY2028 vs. FY2027. This assumption does not reflect potential reassessment volatility, property value appeals, or changes in the volume or classification of tax-exempt property. A 1% shortfall in property tax collections relative to forecast would reduce annual revenues by approximately $1.1 million.	1% shortfall in collections ≈ ±$1.1M/year reduction in revenue.
Sales Taxes	**+1.0% / year**	Based on guidance from the District, the model assumes FY2027 and FY2028 grow 1% vs. prior fiscal year. March–June 2026 is flat. This assumption does not reflect potential economic downturns, changes in major taxpayers, or shifts in consumer spending patterns. If sales taxes remain flat (0% growth) rather than growing at the assumed 1%, annual revenues would be approximately $0.8 million lower than forecast.	1% shortfall in growth ≈ ±$0.8M/year reduction in revenue.
September MFP 2026 & 2027	**= October value**	September MFP historically includes a State stipend true-up; September is set equal to October to normalize. The model assumes that MFP revenue is otherwise held flat at prior-year actuals, after adjusting for the stipend, for all forecast periods. This assumption	1% change in MFP allocations ≈ ±$0.3M/year impact on revenue.

Category	Rate	Rationale / Detail	Estimated Impact of Change
		does not reflect potential enrollment declines or growth, legislative changes to the MFP per-pupil formula, or changes in the District's student count or funding weights. These factors are not reliably projectable but represent meaningful uncertainty given that MFP is one of the District's largest revenue sources ($34.3M in FY2027). A 1% change in MFP allocations would impact annual revenues by approximately $0.3 million.	
All other revenue	**Flat (0%)**	Investment Income, Federal grants, and all other revenue categories are maintained at prior-year same-month amounts.	1% change in any single line ≈ ±$0.1–0.2M/year combined impact on revenue.
Payroll — Salaries	**Flat FY27 / +1% FY28**	Based on guidance from the District, the model assumes FY2027 salaries are level with FY2026 (0% growth). For FY2028, 1% salary growth is calculated as prior-year same calendar month × 1.01 (+1%). FY2028 reflects average step increases by job classification and seniority.	Each 1% additional salary growth above assumed ≈ +$1.3M/year increase in expenses.
October Payroll 2026 & 2027	**Avg (Sep, Nov)**	Based on guidance from the District, the model assumes no stipend payments in October for FY2027. The model maintains the same assumption for FY2028. FY2026 October payroll includes annual stipend	Timing-only normalization — no annual total impact (intra-year shift only). However, should the District pay a stipend, it would increase annual payroll by approximately $7-$8 million.

Category	Rate	Rationale / Detail	Estimated Impact of Change
		disbursements. Forecasted October payroll is average of September/November for both FY2027 and FY2028.	
Payroll — Benefits	**+5.0% / year**	The model assumes Payroll-Benefits grow 5% calculated as prior-year same calendar month × 1.05. A material increase in benefit costs beyond the 5% assumption — including state-mandated increases to employer contribution rates for defined benefit retirement plans (TRSL/LSERS) or health insurance premium increases driven by claims experience — would increase annual costs without a corresponding dedicated revenue source, directly widening the structural deficit.	Each 1% additional benefits growth above assumed 5% ≈ +$0.9M/year increase in expenses.
Non-Payroll Expenses (excluding Facilities and Debt Service)	**+3.0% / year**	The model assumes that Non-Payroll Expenses grow 3% calculated as prior-year same calendar month × 1.03. Current Core CPI (excludes energy/food) for the last 12 months ended March 2026 was 2.7% and CPI overall was 3.3% (source: Bureau of Labor Statistics).	Each 1% additional growth above assumed 3% ≈ +$0.7M/year increase in expenses.
Facilities — Acq. & Constr.	**District Provided**	Based on guidance from the District and its capital spending plan, FY2026 capital spending is projected at $40.2M. FY2027 capital spending is projected at $25.0M ($2,083K/month) and FY2028 capital spending is projected at $14.0M ($1,167K/month).	Direct 1:1 cash impact: $1M change in capital spending = $1M change in cash position.

Category	Rate	Rationale / Detail	Estimated Impact of Change
Debt Service	**Historical+Audit Report**	August and January/February payments estimated using historical GL data and FY2025 audit report.	N/A. Debt service is fixed by agreement.
Non-Cash Adjustment	**$2.83M/mo.**	This is an estimate of the non-cash expenses in the income statement, on average, due to timing of when expenses are actually paid (i.e. working capital). The average of January 2026 ($2,028,362) and February 2026 ($3,632,243) balance sheet timing differences are the monthly adjustment. The model applies it uniformly to all forecast months as a permanent monthly adjustment.	Increases/decreases impact cash balance dollar for dollar.
Beginning Cash	**$100,719,448**	Actual GL balance as of February 28, 2026, per management.	N/A

Key Risks

Risk	Severity	Description
Pre-January liquidity	**High**	Based on the forecast, cash overdrafts occur in November–December 2026, August–December 2027, and May–June 2028. No credit facility exists to bridge the gap.
Revenue concentration	**High**	~76% of total LTM revenue (March 2025–February 2026) is property and sales taxes ($115.2M property taxes + $76.9M sales taxes = $192.1M of $255.5M). Compression in either revenue stream immediately worsens the deficit.
Payroll escalation	**High**	A 1% additional growth rate on total payroll (salaries and benefits combined, FY2026 base of $221.2M) adds approximately $2.2M/year to the structural deficit.
Credit facility absent	**High**	No Revenue Anticipation Note (RAN) facility or other short-term borrowing mechanism in place to alleviate potential cash shortfalls.
Non-cash assumption	**Medium**	The $2.83M/month permanent monthly timing adjustment may differ from actual balance sheet timing items. If actual amounts are smaller than modeled, cash would be lower than forecast, potentially resulting in a cash shortfall before the model suggests. Validate against actual monthly bank balances.
Self-Insurance exposure	**Medium**	A claims spike could exceed the 5% benefit assumption. Limited real-time visibility.

Priority Recommendations

1. Establish a Revenue Anticipation Note (RAN) or Other Credit Facility

Size at $55–65M to bridge the recurring negative cash windows of November–December 2026, August-December 2027 and May-June 2028. Standard tool for Louisiana school boards. Involve bond legal

counsel soon as a RAN requires State Bond Commission approval. While this tool will help the District in times of liquidity strain, it will not alleviate the structural deficit mentioned above.

2. Develop a multi-year compensation framework

Model the cash impact of each annual compensation decision against projected revenue and reserves, presented to the Board pre-budget.

3. Address the structural revenue-expenditure gap

Evaluate millage election, MFP formula advocacy, enrollment growth, and program consolidation. Cost management alone cannot close a $48–$64M annual structural deficit.

4. Implement fund-level cash reconciliation (Phase II recommendation)

Confirms whether Special Revenue Fund revenues fully offset their operational costs and provides accurate real-time visibility into General Fund liquidity.

5. Monitor and validate the non-cash adjustment

Compare actual monthly bank balances to the model monthly; revise the $2.83M assumption if deviations exceed $500K/month.

6. Revise Self-Insurance Fund accounting (Phase II recommendation)

Fund payroll withholdings and employer contributions to a dedicated account each pay cycle and track claims against funded balances.

Management Response to Priority Recommendations

1. Establish a Revenue Anticipation Note (RAN) or Other Credit Facility

Size at $55–65M to bridge the recurring negative cash windows of November–December 2026, August-December 2027 and May-June 2028. Standard tool for Louisiana school boards. Involve bond legal counsel soon as a RAN requires State Bond Commission approval. While this tool will help the District in times of liquidity strain, it will not alleviate the structural deficit mentioned above.

We agree that response to cash flow liquidity is an immediate issue and we are consulting with counsel to address all options including a RAN for relief in FY27 and beyond.

2. Develop a multi-year compensation framework

Model the cash impact of each annual compensation decision against projected revenue and reserves, presented to the Board pre-budget.

The current salary model as represented by the Board approved Salary book contains all prospective levels of pay for all positions (in force currently). When compensation decisions are made, a closer analysis will be prepared to reconcile projections for these proposed changes against budgeted (and future) amounts to ensure appropriate inclusion in all versions of the budgeting process.

3. Address the structural revenue-expenditure gap

Evaluate millage election, MFP formula advocacy, enrollment growth, and program consolidation. Cost management alone cannot close a $48–$64M annual structural deficit.

We agree that a systematic response to the structural gap is warranted, and all options are currently being reviewed to address the annual projected deficit. These options will be presented to the School Board in a timely manner to remediate this concern.

4. Implement fund-level cash reconciliation (Phase II recommendation)

Confirms whether Special Revenue Fund revenues fully offset their operational costs and provides accurate real-time visibility into General Fund liquidity.

As noted in the Phase II report, additional procedures regarding timeliness will be implemented for FY27.

5. Monitor and validate the non-cash adjustment

Compare actual monthly bank balances to the model monthly; revise the $2.83M assumption if deviations exceed $500K/month.

We will review the timing of expenditures as recorded to ensure appropriate affects to the cash flow and income statement are minimized where possible, including review of the bank balances against the model.

6. Revise Self-Insurance Fund accounting (Phase II recommendation)

Fund payroll withholdings and employer contributions to a dedicated account each pay cycle and track claims against funded balances.

As noted in the Phase II report, additional procedures regarding timeliness will be implemented for FY27.