

CREDIT OPINION

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Long Beach Unified School District, CA

Update to credit analysis

Summary

[Long Beach Unified School District, CA](#) (Aa3 issuer and Aa2 GOULT ratings; stable outlook) benefits from an exceptionally large coastal Southern California economy that will continue to expand, bolstering strong property wealth. The district's tax base reached \$93.3 billion in fiscal 2026 with assessed value (AV) per capita of about \$184,000. Credit quality also reflects average household incomes and ongoing declines in enrollment.

As of fiscal 2025 available fund balance and liquidity ratios remained strong at 42% and 59%, respectively. The district is projecting a deficit in the current year and budget outyears but its financial position will continue to be supported by active expense management. However, long-term liabilities and fixed costs remain elevated at 320% and 19% of revenue, respectively, and are expected to stay high as the district issues debt every few years from its approximately \$1.8 billion of GO authorization remaining following the upcoming issuances.

Credit strengths

- » Sound reserves and liquidity, supported by prudent fiscal management
- » Growing coastal economy supports strong property wealth

Credit challenges

- » Long-term enrollment declines
- » Elevated leverage with additional debt plans

Rating outlook

The stable outlook reflects our expectation that the district will maintain its solid financial position despite budgetary pressures from rising costs and declining enrollment, supported by active expense management.

Factors that could lead to an upgrade

- » Stabilized enrollment
- » Economic growth driving resident income ratio above 100%
- » Sustained reduction in long-term liabilities below 250% of revenue

Factors that could lead to a downgrade

- » Erosion of reserves or liquidity below 25% of revenue
- » Enrollment declines that outpace current expectations and pressure financial performance
- » Growth in long-term liabilities ratio above 550%

Key indicators

Exhibit 1

Long Beach Unified School District, CA

	2022	2023	2024	2025	Aa Medians
Economy					
Resident income	971%	96.7%	N/A	N/A	N/A
Full value (\$000)	\$76,116,233	\$81,119,779	\$86,155,766	\$89,489,477	\$4,352,123
Population	513,183	508,732	505,171	N/A	30,690
Full value per capita	\$148,322	\$159,455	\$170,548	N/A	\$136,490
Enrollment	67,114	65,546	63,961	62,643	3,879
Enrollment trend	-2.7%	-2.9%	-2.6%	-2.3%	N/A
Financial performance					
Operating revenue (\$000)	\$1,103,401	\$1,371,301	\$1,347,616	\$1,360,713	\$79,491
Available fund balance (\$000)	\$415,019	\$457,453	\$473,491	\$572,983	\$22,417
Net cash (\$000)	\$509,129	\$699,487	\$666,061	\$805,931	\$27,164
Available fund balance ratio	37.6%	33.4%	35.1%	42.1%	28.7%
Net cash ratio	46.1%	51.0%	49.4%	59.2%	36.5%
Leverage					
Debt (\$000)	\$1,478,959	\$1,934,941	\$1,874,444	\$1,765,515	\$50,348
ANPL (\$000)	\$2,880,622	\$2,150,206	\$2,088,467	\$1,700,892	\$77,231
OPEB (\$000)	\$391,157	\$396,081	\$384,507	\$391,689	\$6,210
Long-term liabilities ratio	430.6%	326.8%	322.6%	283.5%	N/A
Implied debt service (\$000)	\$107,398	\$103,290	\$134,412	\$129,729	\$3,492
Pension tread water (\$000)	\$70,528	\$93,950	\$103,842	\$102,333	\$3,023
OPEB contributions (\$000)	\$19,942	\$21,472	\$22,656	\$19,992	\$379
Fixed-costs ratio	17.9%	15.9%	19.4%	18.5%	N/A

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Long Beach Unified School District, CA's financial statements and Moody's Ratings

Profile

Long Beach USD is located in southwestern Los Angeles County and includes the cities of Long Beach, Signal Hill, Avalon, Two Harbors, Lakewood and unincorporated areas of the county. The district operates 46 elementary schools, 15 middle schools, 14 high schools, six K-8 grade schools, one K-12 grade school and one adult school. The district is the fifth largest school district in the state with fiscal 2026 enrollment of roughly 61,500 students.

Detailed credit considerations

Economy: above-average resident property wealth balanced by long-term enrollment declines

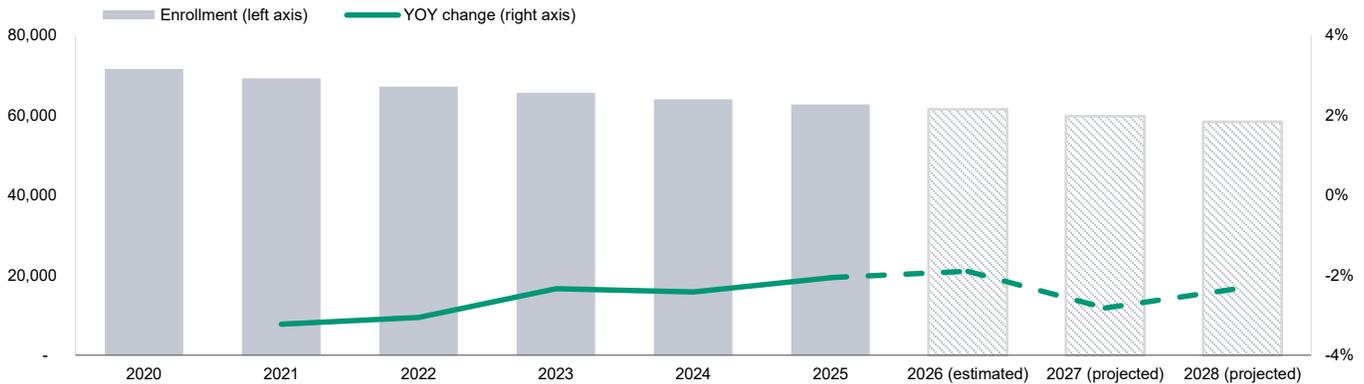
The district's exceptionally large economy is poised for continued growth given its favorable Southern California location. Averaging about 5% annual growth over the last five years, the district's AV reached \$93.3 billion in 2026, supporting strong AV per capita of about \$184,000. The district's resident income ratio is 97%, a moderate weakness relative to peers nationally and in California. Despite being a major transportation and logistics hub because of the Port of Long Beach, the district's mature tax base is mostly residential and growth is primarily driven by housing turnover. The largest 10 taxpayers represent a low 4% of AV.

The district's declining enrollment trend is common in much of coastal California as the cost of living becomes increasingly prohibitive to young families. The three-year enrollment trend through fiscal 2025 is -2.3% and declines are expected to continue at about this rate. Management has navigated this trend to date, and economic development leading to new housing may mitigate future losses. However enrollment declines in excess of current projections could become a more pressing budgetary challenge without expenditure reductions.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Exhibit 2

Enrollment is expected to continue declining



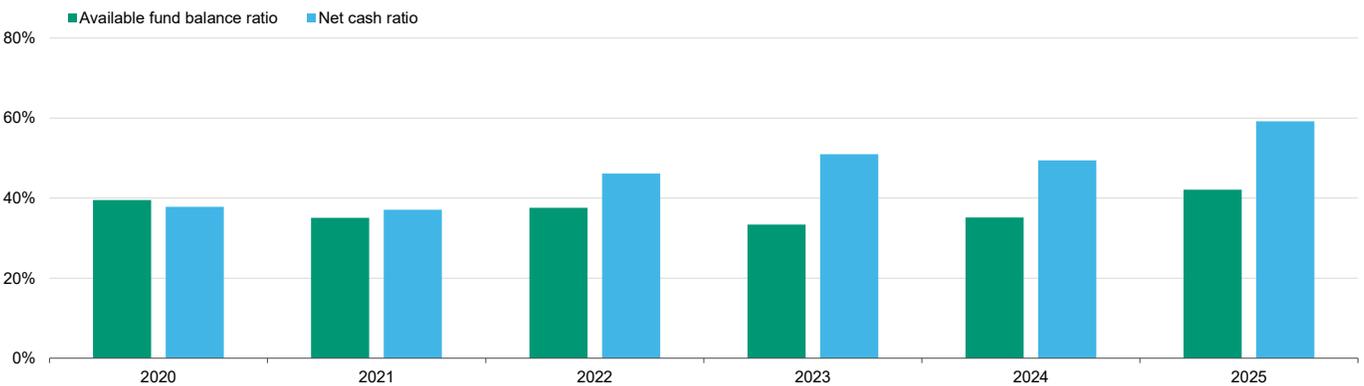
Source: Moody's Ratings

Financial operations: strong reserves expected to decline but remain healthy

The district's finances will remain sound despite projected deficit spending in budget outyears, supported by active expense management. In fiscal 2025, the district realized a small deficit but maintained healthy available general fund balance at 36% of revenue. The district is currently projecting another deficit in fiscal 2026, which if realized would reduce available general fund balance to around 30% of revenue. Management has outlined a multi-year fiscal stabilization plan totaling \$47.5 million of expenditure reductions, largely driven by central office cuts and staffing adjustments to address ongoing revenue pressure. Current credit quality reflects our expectation that reserves will remain strong, supported by demonstrated expenditure flexibility. Salary negotiations with bargaining groups remain open for fiscal 2026, though we expect the district will constrain salary costs sufficiently to maintain balanced operations.

Exhibit 3

We expect reserves will remain sound



Ratios include general and debt service funds

Source: Moody's Ratings; Issuer financial statements

Liquidity

The district's liquidity is strong with approximately \$661 million in general fund net cash for fiscal 2025, equal to 55% of revenue. Similar to reserves, the district's liquidity will likely soften in the next few years.

Leverage: elevated leverage will remain manageable

Leverage is manageable but will remain elevated given the district's significant remaining GO bond authorization of approximately \$1.8 billion following the upcoming issuances. Inclusive of the upcoming issuance the district's has about \$2.1 billion of outstanding GO bond debt. We expect that the district will draw from its remaining authorization every couple of years as its tax base continues to grow.

Debt structure

The district's debt is composed of fixed rate GO bonds maturing through 2057.

Pensions and OPEB

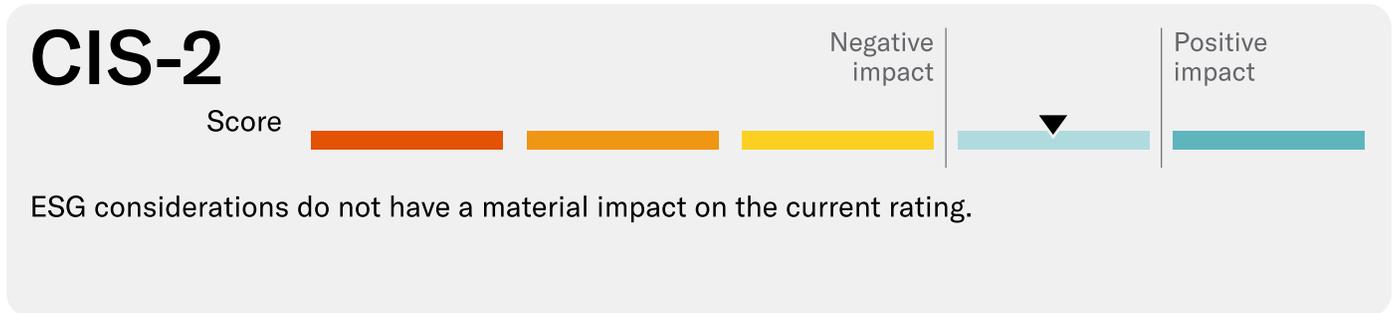
The district's adjusted net pension liability (ANPL) is large but manageable at about \$1.7 billion. Most of the district's pension exposure is tied to the California State Teachers' Retirement System (CalSTRS), which has benefited from improved contributions from both participating governments and the state over the past decade. While results will vary across US public pension systems, we generally expect fiscal year 2026 ANPLs for local governments to decline, driven by higher interest rates and above-target investment returns in 2025.

The district's adjusted liability for other post-employment benefits (OPEB) is moderate at about \$392 million or 29% of operating revenue.

ESG considerations

Long Beach Unified School District, CA's ESG credit impact score is CIS-2

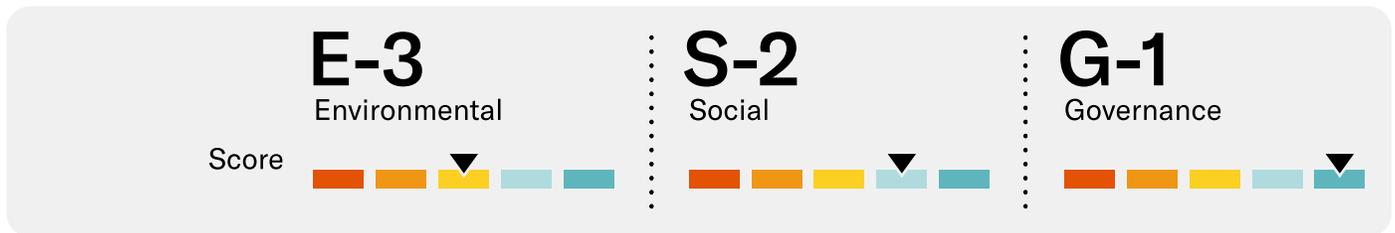
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

Long Beach USD's **CIS-2** indicates that ESG considerations are not material to the rating.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The district's **E-3** score reflects exposure to physical climate risk, driven by elevated water stress and wildfire risks.

Social

The **S-2** score indicates low exposure to social risks across most categories. Although the poverty rate of children in the district is elevated and high housing costs represent a social risk, the district benefits from positive health and safety metrics.

Governance

The **G-1** score incorporates the district's strong budget management. Transparency and disclosure is also a positive consideration, supported by the timely filing of audited financial statements, budgets and interim reports. Additionally, the district has excellent policy

credibility and effectiveness, and its capture rate (the percentage of school-aged children within the district's boundaries who attend the district) is solid.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 6

Long Beach Unified School District, CA

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	96.7%	10.0%	A
Full value per capita (full valuation of the tax base / population)	184,271	10.0%	Aaa
Enrollment trend (three-year CAGR in enrollment)	-2.3%	10.0%	Baa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	42.1%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	59.2%	10.0%	Aaa
Institutional framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	283.5%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	18.5%	10.0%	Aa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa3

The complete list of outstanding ratings assigned to the Long Beach Unified School District, CA is available on their [issuer page](#). Details on the current ESG scores assigned to the Long Beach Unified School District, CA are available on their [ESGView page](#).

Sources: US Census Bureau, Long Beach Unified School District, CA's financial statements and Moody's Ratings

Appendix

Exhibit 7

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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