

MOODY'S

RATINGS

Rating Action: Moody's Ratings affirms Long Beach USD, CA's outstanding ratings and assigns Aa2 to GOs; outlook stable

10 Mar 2026

New York, March 10, 2026 -- Moody's Ratings (Moody's) has affirmed Long Beach Unified School District, CA's issuer rating at Aa3 and general obligation unlimited tax (GOULT) rating at Aa2. At the same time, we have assigned Aa2 ratings to the district's proposed \$74.6 million Election of 2008 General Obligation Bonds, Series H; \$280 million Election of 2016 General Obligation Bonds, Series D; \$250 million Election of 2022 General Obligation Bonds, Series B; and approximately \$400 million 2026 General Obligation Refunding Bonds. Following the issuances, the district will have roughly \$2.1 billion in GOULT bonds outstanding. The outlook is stable.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's exceptionally large and growing economy in the Los Angeles metro area with an assessed value (AV) of \$93.3 billion and high AV per capita of \$184,000. We expect these measures to continue to improve with new development and housing turnover. The rating also incorporates the district's average resident income ratio and ongoing enrollment declines (-2.3% three-year trend).

The district's financial position remains very strong, reflected in an available fund balance ratio of 42.1% as of fiscal 2025 (year-end June 30). While reserves are expected to moderate from current highs because of inflationary pressures and declining enrollment, they should remain sound with active expense management. The rating also considers the district's elevated leverage, as demonstrated by a long-term liabilities ratio of 320%, that will remain high given about \$1.8 billion of remaining GO authorization following the issuances.

The Aa2 rating on the GO bonds is one notch higher than the district's issuer rating. The one notch distinction reflects California school district GO bond security features that include the physical separation through a "lockbox" for pledged property tax collections and a security interest created by statute.

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 OF THE RATINGS

- 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 OF THE RATINGS

- 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%

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.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in December 2025 and available at <https://ratings.moody.com/rmc-documents/455984>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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