

CITY OF OAKLAND CALIFORNIA



**OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A FIDUCIARY FUND OF THE CITY OF OAKLAND)**

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY FINANCIAL REPORT

PROJECT TEAM

Erin Roseman
Finance Director

Stephen Walsh
Controller

AUDIT/FINANCIAL STATEMENT COORDINATOR

Stephen Walsh
Controller

FINANCIAL STATEMENT PREPARATION

Financial Statement Leader

Pooja Shrestha
Assistant Controller

Accounting Team

Carol Gloria
Rogelio Medalla
Michelle Wong

Pat Lee
Xiaohuan Ouyang
Andy Yang

Maribel Manila
Vy Tran

SPECIAL ASSISTANCE

Brittany Hines

SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES

City Administrator's Office

City Attorney's Office

Finance Department - Treasury Bureau
Economic & Workforce Development

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

For the Year Ended June 30, 2023

Table of Contents

	<i>Page</i>
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Required Supplementary Information - Unaudited)	5
Basic Financial Statements:	
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to the Basic Financial Statements	13
Other Supplementary Information:	
Combining Schedule of Fiduciary Net Position	25
Combining Schedule of Changes in Fiduciary Net Position	26
Combining Schedule of Fiduciary Net Position for Capital Project Sub-Funds	27
Combining Schedule of Changes in Fiduciary Net Position for Capital Project Sub-Funds	28
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29

This page intentionally left blank.

Independent Auditor's Report

Board of Directors
Oakland Redevelopment Successor Agency
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oakland Redevelopment Successor Agency (Agency), a fiduciary fund of the City of Oakland, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Agency 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 opinion.

Responsibilities of Management for the Financial Statements

The Agency's 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 Agency'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 opinion. 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 GAAS and *Government 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 GAAS and *Government 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 Agency'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 Agency'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 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 GAAS, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedules are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 27, 2023

This page left intentionally blank.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Management's Discussion and Analysis - Unaudited
For the Year Ended June 30, 2023

As management of the Oakland Redevelopment Successor Agency of the City of Oakland (ORSA), we offer readers of the ORSA's basic financial statements this narrative overview and analysis of the financial activities of the ORSA for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the ORSA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

On May 29, 2013, the California Department of Finance (DOF) issued its finding on the ORSA using excess bond proceeds from bonds issued prior to 2011 pursuant to Health and Safety Code (HSC) section 34191.4. Based on DOF's findings, the former Oakland Redevelopment Successor Agency Oversight Board approved the ORSA's Bond Expenditure Agreement between the ORSA and the City of Oakland (City) that would transfer current and future excess tax allocation bond proceeds to the City to fund redevelopment projects and programs already in place on July 29, 2013. The Oakland Redevelopment Successor Agency Oversight Board was dissolved in 2018 and replaced by the County of Alameda Countywide Oversight Board (Oversight Board). ORSA has continued to transfer excess bond proceeds to the City as they have become available. For the year ended June 30, 2023, ORSA reported a total transfer of excess tax allocation bond proceeds of \$1.5 million to the City as approved by DOF.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the ORSA's basic financial statements. The ORSA's basic financial statements comprise two components: 1) basic financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. These financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. At the close of June 30, 2023, the ORSA has a negative net position of \$159.9 million. Under the former California Redevelopment Law, the former Agency issued bonds or incurred long-term debt to finance its redevelopment projects by pledging future tax increment revenues (See Note 6 to the basic financial statements).

In general, the ORSA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). These include public projects such as public parking, street improvements, park improvements, transportation improvements, cultural facilities, and community centers. Once redevelopment projects that were public facilities were completed by the former Agency, the responsibilities for their continued maintenance and operations were transferred to the appropriate public entity such as the City, including the capitalized redevelopment project costs.

In addition, completed projects with private developers were also transferred to the developers in accordance with disposition and development agreements. Although completed public facilities and joint

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2023

agency-private partnership projects were transferred to the City or private entities, the related debt remained with the former redevelopment agency and was transferred to the ORSA.

Shown below is a schedule that summarizes the ORSA's net position held in trust:

Condensed Statements of Fiduciary Net Position

(In thousands)

Assets	June 30, 2023	June 30, 2022	\$ Change
Current and other assets	\$ 40,348	\$ 48,429	\$ (8,081)
Restricted cash and investments	3,264	7,915	(4,651)
Loans receivable, net	3,608	3,608	—
Property held for resale	2,818	2,818	—
Total Assets	50,038	62,770	(12,732)
Deferred Outflows of Resources	10,804	11,538	(734)
Liabilities			
Other liabilities	9,952	19,988	(10,036)
Long-term liabilities	210,496	228,397	(17,901)
Total Liabilities	220,448	248,385	(27,937)
Deferred Inflows of Resources	284	317	(33)
Total Net Position	\$ (159,890)	\$ (174,394)	\$ 14,504

At June 30, 2023, the ORSA's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources, resulting in a net deficit of \$159.9 million. This represents a \$14.5 million deficit reduction compared to the net position at June 30, 2022. The significant changes in the statement of net position are due to the following:

- Total assets were \$50.0 million, a decrease of \$12.7 million compared to \$62.8 million at June 30, 2022. The decrease is due to \$8.1 million decrease in current and other assets caused by the actual cash transfer of excess tax allocation bond proceeds which was accrued in fiscal year 2022 and \$4.7 million decrease in restricted cash and investments caused by the use of debt cash reserve to make the final payment on Central District Subordinated Tax Allocation Refunding Bonds Series 2013.
- Deferred outflows of resources of \$10.8 million at June 30, 2023 decreased by \$0.7 million when compared to \$11.5 million at June 30, 2022. The decrease is due to scheduled annual amortization of overall accounting loss on debt refundings.
- The \$10.0 million decrease in other liabilities was due to the decrease in current year payment of the excess tax allocation bond proceeds in fiscal year 2023.
- The \$17.9 million decrease in long-term liabilities was due to \$17.4 million scheduled debt service payments combined with a net \$0.5 million scheduled reduction in premiums and discounts on long-term debt.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2023

Condensed Statements of Changes in Fiduciary Net Position
(In thousands)

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>\$ Change</u>
Additions			
Redevelopment property tax revenues	\$ 26,690	\$ 24,899	\$ 1,791
Other revenues	1,874	15,043	(13,169)
Total additions	<u>28,564</u>	<u>39,942</u>	<u>(11,378)</u>
Deductions			
General and administrative	1,295	2,364	(1,069)
Project expenses	293	206	87
Interest on debt	10,971	10,880	91
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	1,501	11,445	(9,944)
Total deductions	<u>14,060</u>	<u>24,895</u>	<u>(10,835)</u>
Change in net position	14,504	15,047	(543)
Net position, beginning	<u>(174,394)</u>	<u>(189,441)</u>	15,047
Net position, end of year	<u>\$ (159,890)</u>	<u>\$ (174,394)</u>	<u>\$ 14,504</u>

Key elements of the ORSA's additions and deductions are presented below:

- The ORSA's additions for FY 2023 were \$28.6 million, a reduction of \$11.4 million compared to \$39.9 million for FY 2022. On the individual addition level, redevelopment property tax revenue received from the County increased by \$1.8 million, correlating with funds needed to pay obligations in the Recognized Obligation Payment Schedules after accounting for existing cash balances available to pay those obligations. Other revenues decreased by \$13.2 million compared to FY 2022 as FY 2022 included a one-time receipt of \$14.5 million in profit-sharing revenues from the sale of the Rotunda Building.
- The ORSA's deductions for FY 2023 were \$14.1 million compared to \$24.9 million for FY 2022, a decrease of \$10.8 million. The decrease was mainly due to the reduction of \$9.9 million in transfer of excess tax allocation bond proceeds to the City. The decrease was also due to the reduction of \$1.1 million in general and administrative expenses.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2023

Debt Administration

At June 30, 2023, the ORSA had long-term bonds outstanding principal totaling \$207.6 million, a decrease of \$17.4 million from FY 2022 as the result of scheduled debt service payments on outstanding long-term bonds, which are backed by redevelopment property tax revenues.

The breakdown of the long-term debt is as follows (in thousands):

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Long-Term Debt		
Tax allocation bonds	\$ 96,990	\$ 106,355
Housing set-aside bonds	110,625	118,655
Subtotal - Bonds outstanding	207,615	225,010
Unamortized amounts:		
Premiums and discounts	2,881	3,387
Total long-term debt	\$ 210,496	\$ 228,397

Bond Ratings

Bond ratings reflect the strength of the ORSA's underlying tax base. Credit strengths include the ORSA's large project area, sizable incremental and assessed valuation, solid and improving debt service coverage, and effectively closed lien due to the dissolution of redevelopment.

The table below shows ORSA bond ratings for the outstanding bonds as of June 30, 2023:

Type of Obligation	Ratings		
	Moody's	S & P	Fitch
Tax Allocation Bonds:			
<u>Coliseum Area Redevelopment Project</u>			
Tax Allocation Bonds, Series 2006B-T	A1	AA-	N/A
<u>Central City East Redevelopment Project</u>			
Tax Allocation Bonds, Series 2006A-T	A1	A+	N/A
<u>Broadway/MacArthur/San Pablo Redevelopment Project</u>			
Tax Allocation Bonds, Series 2006C-T	A1	AA	N/A
Tax Allocation Bonds, Series 2010T	N/A	AA-	N/A
Subordinated Tax Allocation Refunding Bonds:			
Series 2015-TE, 2015-T	N/A	AA-/AA*	N/A
Series 2018-TE, 2018-T	N/A	AA-	N/A

* Insured rating.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2023

REVENUES AND RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE

The ORSA is required to adopt a Recognized Obligation Payments Schedule (ROPS). The ROPS, listing all enforceable obligations due and payable, is prepared in a manner provided by the DOF and is the basis for the distribution of property tax revenues from the Redevelopment Property Tax Trust Fund. The ROPS represents the ORSA's annual budget. Pursuant to HSC section 34177.7(o)(1), commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017 and thereafter, the ORSA is required to submit its Oversight Board approved annual ROPS to DOF and the Alameda County Auditor-Controller by February 1, 2016 and each February 1st thereafter.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the ORSA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Controller's Bureau, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093. Additional financial data may also be found on the Alameda County Countywide Oversight Board website (<https://www.acgov.org/bc/cob/index.htm>) as well as the former Oakland Redevelopment Successor Agency Oversight Board website (<https://www.oaklandca.gov/topics/redevelopment-successor-agency-oversight-board>).

BASIC FINANCIAL STATEMENTS

This page is intentionally left blank.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Statement of Fiduciary Net Position

June 30, 2023

(In Thousands)

ASSETS

Current assets:

Cash and investments \$ 35,886

Receivables:

Accrued interest receivable 473

Due from other governments 2,705

Prepaid expenses 1,284

Restricted investments 3,264

Total current assets 43,612

Noncurrent assets:

Loans receivable (net of allowance for uncollectibles of \$3,918) 3,608

Property held for resale 2,818

Total noncurrent assets 6,426

Total assets 50,038

DEFERRED OUTFLOWS OF RESOURCES

Unamortized losses on refunding of debts 10,804

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities 35

Accrued interest payable 3,483

Due to the City of Oakland 6,386

Deposits and other liabilities 48

Total current liabilities 9,952

Long-term liabilities:

Due within one year 10,335

Due in more than one year 200,161

Total long-term liabilities 210,496

Total liabilities 220,448

DEFERRED INFLOWS OF RESOURCES

Unamortized gains on refunding of debts 284

NET POSITION

Restricted for redevelopment \$ (159,890)

See accompanying notes to the basic financial statements

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Fiduciary Fund of the City of Oakland, California)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(In Thousands)

ADDITIONS

Redevelopment property tax revenues	\$	26,690
Investment income:		
Interest on investments		1,015
Net appreciation in fair value of investments		8
Federal and State grants		213
Other		638
Total additions		28,564

DEDUCTIONS

General and administrative:		
Salaries, wages and benefits		1,167
Materials, supplies and other services		128
Project expenses		293
Interest on debt		10,971
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance		1,501
Total deductions		14,060

Change in net position		14,504
Net position, beginning of year		(174,394)
Net position, ending of year	\$	(159,890)

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page is intentionally left blank.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(In Thousands)

NOTE 1 – REPORTING ENTITY

The Redevelopment Agency of the City of Oakland (Agency) was established in 1956 by the Oakland City Council as a public entity legally separate from the City. Until June 28, 2011, the Agency had the authority to acquire, rehabilitate, develop, administer, and sell or lease property in a “Redevelopment Area.” Redevelopment projects are developed in cooperation with private developers. Public redevelopment projects are also developed under cooperation agreements between the Agency and the City or other public entity that will own the project.

On June 28, 2011, the State of California enacted Assembly Bill X1 26 (AB X1 26). This legislation is referred to herein as the Redevelopment Dissolution Law. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26 and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for the successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind-down of redevelopment activity. On January 10, 2012, Oakland's City Council affirmed its decision as part of City Resolution Number 83679 C.M.S. to serve as the Oakland Redevelopment Successor Agency (ORSA) of the City, effective February 1, 2012. Also upon dissolution, the City Council elected as part of Resolution Number 83680 C.M.S. to retain the housing assets, functions, and powers previously performed by the former Agency.

ORSA was created to serve as a custodian of the assets and to wind down the affairs of the former Agency. ORSA is a separate public entity from the City, subject to the direction of the County of Alameda Countywide Oversight Board. As such, ORSA is reported as a fiduciary fund of the City. Pursuant to SB 107, as of June 30, 2023, there are seven Countywide Oversight Board members as follows:

- One appointed by the County Board of Supervisors,
- One appointed by the City selection committee,
- One appointed by the independent Special District Selection Committee,
- One appointed by the County Superintendent of Education,
- One appointed by the Chancellor of the California Community Colleges,
- One member of the public, and
- One member appointed by the recognized employee organization representing the largest number of successor agency employees in the County.

In general, ORSA’s assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, ORSA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of ORSA’s custodial role, ORSA is reported in a fiduciary fund (private-purpose trust fund) in the City’s financial statements.

In September 2015, the State passed the Senate Bill 107 (the Bill), which contains additional provisions and provides specificity to existing law governing the dissolution of redevelopment agencies and the wind-down of their existing activities and obligations. The Bill includes specific language to ORSA that facilitates the issuance of bonds or other indebtedness for the purposes of low and moderate income housing and various

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 1 - REPORTING ENTITY (CONTINUED)

infrastructure in the City, by allowing the pledge of revenues available in the Redevelopment Property Tax Trust Fund that are not otherwise pledged, subject to the approval of the Oversight Board.

The Bill declares that the Central District Subordinated Tax Allocation Refunding Bonds Series 2013 are finally and conclusively approved as enforceable obligations. The Bill required that remaining principal amount of any of the loans that were previously unpaid after September 2015 shall be recalculated from the date of origination of the loan at a simple interest rate of 3%. The bonds were paid off during the year ended June 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Accounting

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Investments

ORSA records investment transactions on the trade date. Investments are reported at fair value or at net asset value. ORSA measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. Investment income, including unrealized gains and losses from investments, is recognized as revenue.

ORSA follows the practice of pooling cash of all operating funds for investment. Income or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds based on their proportionate share of the average daily cash balance.

Proceeds from debt and other funds which are restricted for the payment of debt or for enforceable obligations in the Recognized Obligations Payment Schedules (ROPS) and held by fiscal agents by agreement are classified as restricted assets.

ORSA measures the fair value of its investments within the fair value hierarchy established by GAAP. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 - Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 - Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

Redevelopment Property Tax Trust Fund Revenues

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into ORSA’s Redevelopment Property Tax Trust Fund (RPTTF) administered by the County of Alameda’s Auditor-Controller (the County) for the benefit of holders of the former Agency’s enforceable obligations and the taxing entities that receive pass-through payments. After deducting its administrative costs, the County must distribute the collected redevelopment property tax revenue into the ORSA’s RPTTF twice each year as follows:

<u>Distribution Date</u>	<u>Covers ROPS to be Paid*</u>
January 2	January 1 through June 30
June 1	July 1 through December 31

* The amounts distributed for ROPS are forward looking to the next six month period.

The Redevelopment Dissolution Law requires the County to disburse funds from the RPTTF in the following order: (1) for payments local agencies and schools would have received from the collected revenue before dissolution and for any pass-through payments pursuant to agreement; (2) for payment of the former redevelopment agency’s enforceable obligations; (3) for payment of the ORSA’s administrative expenses; and (4) to local taxing agencies.

If there are insufficient funds available in the RPTTF to pay all enforceable obligations, the Redevelopment Dissolution Law requires the County to reduce or eliminate the above-listed distributions in the following order: (1) to reduce or eliminate distributions to local taxing agencies; (2) to reduce or eliminate payment of the ORSA’s administrative expenses; and (3) to deduct the amount required to meet the former redevelopment agency’s bond debt service from pass-through payments.

The hierarchy of payment for enforceable obligations on the ORSA’s ROPS is as follows: (1) debt service on tax allocation bonds; (2) debt service on revenue bonds; (3) all other obligations; and (4) the ORSA’s administrative costs. The maximum administrative cost allowance is the greater of \$250,000 or three percent of the revenue allocated to the ORSA.

Restricted Assets

Assets are restricted for specified uses by bond debt requirements, grant provisions or other requirements and their use is limited by applicable bond covenants or agreements.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Held for Resale

For financial statement presentation, property held for resale is stated at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimation of net realizable value of each property parcel based on its current use. The ORSA does not depreciate property held for resale, as it is the intention of the ORSA to only hold the property for a period of time until it can be resold for development. California DOF (Department of Finance) has approved ORSA's Long-Range Property Management Plan (LRPMP) of its use or disposition of properties on May 29, 2014, as discussed in Note 5.

Long-term Debt

The former Agency and ORSA issued Tax Allocation Bonds and Housing Set-Aside Bonds to finance housing and other redevelopment projects and to refund outstanding debt. Bonds payable are reported at face value, net of applicable premiums and discounts. The premiums and discounts are amortized as a component of interest expense on a straight-line basis over the remaining life of the debt instrument. Costs related to the issuance of bonds are reported as an expense. Gains or losses occurring from refunding of debt are reported as deferred outflows of resources or deferred inflows of resources, respectively, and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

Transfer of Excess Bond Proceeds

The transfer of excess bond proceeds to the City as requested by ORSA and approved by DOF pursuant to Health and Safety Code section 34179 (h) fulfills ORSA's Bond Expenditure Agreement (BEA) with the City. The BEA authorizes the transfers of "excess" or unobligated bond funds from ORSA to the City. For the year ended June 30, 2023, ORSA transferred \$1.5 million of excess bond proceeds to the City upon approval on the current operational ROPS.

New GASB Pronouncements Adopted

During the year ended June 30, 2023, the ORSA implemented certain accounting standards including GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and GASB Statement No. 99, *Omnibus 2022*. The adoption of these statements did not have a material impact for the ORSA's financial statements for the year ended June 30, 2023.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The ORSA is currently analyzing its accounting practices to determine the potential impact on the financial statements of certain new accounting standards pronouncements issued by the GASB, including GASB Statement No. 100, *Accounting Changes and Error Corrections*; and GASB Statement No. 101, *Compensated Absences*.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The ORSA’s cash and investments consist of the following at June 30, 2023:

Unrestricted cash and investments:	
Demand deposits	\$ 11,903
Investments	23,983
Total unrestricted cash and investments	<u>35,886</u>
Restricted investments	3,264
Total cash and investments	<u><u>\$ 39,150</u></u>

Investments

The ORSA follows the City’s Investment Policy, which is governed by provisions of the California Government Code 53600 and the City’s Municipal Code. The ORSA also has investments subject to provisions of the bond indentures of the former Agency’s and ORSA's various bond issues. According to the Investment Policy and bond indentures, the ORSA is permitted to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other permitted investments. Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, amounts required to be held in reserve, and temporary investments for unexpended bond proceeds.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

	Significant other observable inputs (Level 2)	Investments measured at the net asset value (NAV)
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 19,983	\$ —
Money Market Mutual Funds	—	4,000
Restricted investments:		
Money Market Mutual Funds	—	3,264
Total	<u>\$ 19,983</u>	<u>\$ 7,264</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ORSA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ORSA will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure its deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by the depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged governmental securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150% of ORSA's deposits, respectively. The collateral is held by the pledging financial institution's trust department and is held in the ORSA's name.

As of June 30, 2023, the carrying amount of the ORSA's deposits was \$11.9 million. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$0.2 million, and the remaining bank balance of \$11.7 million is collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

ORSA invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the ORSA employs the trust department of a bank or trustee as the custodian of certain ORSA investments, regardless of their form.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The ORSA's Investment Policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. ORSA's Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

As of June 30, 2023, ORSA had the following investments, credit risk ratings, and maturities:

Type of Investment	Current Yield (%)	Credit Ratings (S&P)	Maturities Less than 1 Year
Unrestricted investments:			
U.S. Government Agency Securities (Discount)	0-4.46	AA	\$ 19,983
Money Market Mutual Funds	5.03	AAA	4,000
Total unrestricted investments			<u>\$ 23,983</u>
Restricted investments:			
Money Market Mutual Funds	4.94-5.01	AAA	3,264
Total restricted investments			<u>\$ 3,264</u>

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on ORSA. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves. The following table shows ORSA's investments in an issuer that exceeds 5% of the ORSA's total unrestricted and restricted investment portfolio at June 30, 2023:

Type of Investment/Issuer	Amount	% of Portfolio
U.S. Government Agency Securities		
Federal Home Loan Bank	\$ 19,983	73.3%

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 4 – LOANS RECEIVABLE

ORSA inherited loans from the former Agency. The loans are secured by the projects the borrower obligated with the former Agency, do not bear interest, and mature on various dates up to May 2070. A loan is deemed uncollectible when the property securing the loan is foreclosed by senior lien holder and there is insufficient equity to pay the loan. Composition of loans receivable as of June 30, 2023 is as follows:

Housing development project loans	\$ 1,462
Economic development loans	6,064
Gross loans receivable	<u>7,526</u>
Allowance for uncollectable	(3,918)
Total loans receivable, net	<u><u>\$ 3,608</u></u>

NOTE 5 – PROPERTY HELD FOR RESALE

As of June 30, 2023, ORSA has a total \$2.8 million for properties recorded at the lower of cost or estimated conveyance value. On May 29, 2014, pursuant to HSC Section 34191.4, the DOF approved the ORSA’s LRPMP addressing the disposition and use of former Agency properties and authorizing the disposition of properties pursuant to the plan.

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt as of June 30, 2023:

Type of Obligation	Original Issued Amount	Issued Year	Maturity Fiscal Year	Interest Rate Range	June 30, 2023 Principal Balance
Tax Allocation Bonds:					
<u>Coliseum Area Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006B-T	\$ 73,820	2006	2036	5.54%	\$ 47,625
<u>Central City East Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006A-T	62,520	2006	2035	5.54%	36,215
<u>Broadway/MacArthur/San Pablo Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006C-T	12,325	2006	2033	5.59%	6,385
Tax Allocation Bonds, Series 2010T	7,390	2010	2041	7.20% - 7.40%	6,765
Subtotal	<u>156,055</u>				<u>96,990</u>
ORSA Subordinated Tax Allocation Refunding Bonds:					
Series 2015-TE	22,510	2015	2037	5.00%	22,510
Series 2015-T	66,675	2015	2036	3.96% - 4.92%	38,560
Series 2018-TE	15,190	2018	2032	5.00%	15,190
Series 2018-T	41,765	2018	2040	3.12% - 4.00%	34,365
Subtotal	<u>146,140</u>				<u>110,625</u>
Total long-term debt	<u><u>\$ 302,195</u></u>				<u><u>\$ 207,615</u></u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A summary of the changes in long-term debt for the year ended June 30, 2023 follows:

	<u>July 1, 2022</u>	<u>Deductions</u>	<u>June 30, 2023</u>	<u>Due within One Year</u>
Bonds Payable:				
Tax allocation bonds	\$ 106,355	\$ (9,365)	\$ 96,990	\$ 5,530
Subordinated tax allocation refunding bonds	118,655	(8,030)	110,625	4,495
Subtotal	225,010	(17,395)	207,615	10,025
Less unamortized amounts:				
Issuance premiums	4,154	(549)	3,605	354
Issuance discount	(767)	43	(724)	(44)
Total	<u>\$ 228,397</u>	<u>\$ (17,901)</u>	<u>\$ 210,496</u>	<u>\$ 10,335</u>

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006B-T, Series 2006A-T, Series 2006C-T, and Series 2010T Bonds, were issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues, consisting of a portion of taxes levied upon all taxable properties within each of the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TAB series.

As of June 30, 2023, the total principal and interest remaining on these TABs was \$137.9 million and the property tax revenues are pledged until fiscal year 2041, the final maturity date of the bonds. Debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Subordinated Tax Allocation Refunding Bonds

The Subordinate Tax Allocation Refunding Bonds are comprised of Series 2015-TE and Series 2015-T Bonds (the Series 2015 Bonds) and Series 2018-TE and Series 2018-T Bonds (the Series 2018 Bonds). These Bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues exclude (i) tax revenues required to pay debt service on the existing TABs and (ii) amounts required to be paid to taxing entities pursuant to the Dissolution Act, unless such payments are subordinated.

As of June 30, 2023, the total principal and interest remaining on Series 2015 Bonds and Series 2018 Bonds was \$159.5 million and the property tax revenues are pledged until fiscal year 2040, the final maturity date of the bonds. The ORSA's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Events of Default and Acceleration Clauses

ORSA is considered to be in default if ORSA fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If ORSA defaults on its obligations under the bond indenture, the trustee has the right to accelerate the bonds. Each bond insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the bond owners. In the event the maturity of a bond is accelerated, the bond insurer, in its sole discretion, may elect to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by ORSA) and the trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date, the bond insurer's obligations under the insurance policy with respect to the bond shall be fully discharged. However, in the event of a default and such acceleration, there can be no assurance that the trustee will have sufficient moneys available for payment of the bonds.

Debt Service Requirements

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2023, including mandatory sinking fund payments, are as follows:

Year Ending June 30:	Tax Allocation Bonds		Subordinated Refunding Tax Allocation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 5,530	\$ 5,344	\$ 4,495	\$ 4,959
2025	5,830	5,028	4,655	4,796
2026	6,150	4,695	4,825	4,597
2027	6,490	4,344	5,055	4,364
2028	6,845	3,973	4,575	4,136
2029 - 2033	39,490	13,568	25,720	17,184
2034 - 2038	22,480	3,486	50,230	8,391
2039 - 2041	4,175	472	11,070	447
TOTAL	<u>\$ 96,990</u>	<u>\$ 40,910</u>	<u>\$ 110,625</u>	<u>\$ 48,874</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Fiduciary Fund of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2023

(In Thousands)

NOTE 7 – TRANSACTIONS WITH THE CITY

City Expenses

In FY 2023, ORSA incurred a total of \$1.3 million expense in general administrative and project-related overhead. Of this amount, \$0.7 million reimbursed the City for general and administrative overhead and \$0.6 million paid for project-related overhead and operational costs for support services provided by designated City employees.

Due to the City

At June 30, 2023, ORSA has a payable to the City in the amount of \$6.4 million, which included the former Agency's Low and Moderate Housing Fund loan of \$1.4 million to the Central City East Project Funds where the Low and Moderate Housing Funds Assets were transferred to the Housing Successor, a loan of \$2.7 million from the Capital Project Fund to the West Oakland Project for public improvements, a payable of \$0.3 million to the City for accrued Low- and Moderate- Income Housing rent, a payable of \$0.5 million to the City for support services and a payable of \$1.5 million to the City for the transfer of excess tax allocation bond proceeds.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Encumbrances

As of June 30, 2023, the ORSA had encumbered \$333.3 million for contracted obligations, per the ROPS covering the July 1, 2023 through June 30, 2024 period, which was approved by the DOF.

NOTE 9 - LITIGATION

Litigation/Unpaid Claims

The ORSA is subject to various claims and from time to time is involved in lawsuits in which damages are sought. As litigation is subject to many uncertainties and as the outcome of litigated matters cannot be predicted with certainty, it is reasonably possible that some of these legal actions could be decided unfavorably against the ORSA. In the opinion of the City Attorney's Office for the ORSA, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the ORSA.

This page is intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

This page is intentionally left blank.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Fiduciary Fund of the City of Oakland, California)
Combining Schedule of Fiduciary Net Position
June 30, 2023
(In Thousands)

	Redevelopment Obligation Retirement Fund	Planning Fund	Capital Project Funds	Federal and State Grants Fund	Debt Service Funds	Total
ASSETS						
Current assets:						
Cash and investments	\$ 25,002	\$ 205	\$ 7,933	\$ 1,570	\$ 1,176	\$ 35,886
Accrued interest receivable	310	4	126	19	14	473
Due from other governments	—	—	2,705	—	—	2,705
Prepaid expenses	—	—	—	—	1,284	1,284
Restricted investments	—	—	2,369	—	895	3,264
Total current assets	<u>25,312</u>	<u>209</u>	<u>13,133</u>	<u>1,589</u>	<u>3,369</u>	<u>43,612</u>
Noncurrent assets:						
Loans receivable (net of allowance for uncollectibles of \$3,918)	—	35	3,573	—	—	3,608
Property held for resale	—	—	2,818	—	—	2,818
Total noncurrent assets	<u>—</u>	<u>35</u>	<u>6,391</u>	<u>—</u>	<u>—</u>	<u>6,426</u>
Total assets	<u>25,312</u>	<u>244</u>	<u>19,524</u>	<u>1,589</u>	<u>3,369</u>	<u>50,038</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized losses on refunding of debts	—	—	—	—	10,804	10,804
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	—	—	35	—	—	35
Accrued interest payable	—	—	—	—	3,483	3,483
Due to the City of Oakland	—	93	6,293	—	—	6,386
Deposits and other liabilities	—	6	42	—	—	48
Total current liabilities	<u>—</u>	<u>99</u>	<u>6,370</u>	<u>—</u>	<u>3,483</u>	<u>9,952</u>
Long-term liabilities:						
Due within one year	—	—	—	—	10,335	10,335
Due in more than one year	—	—	—	—	200,161	200,161
Total long-term liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>210,496</u>	<u>210,496</u>
Total liabilities	<u>—</u>	<u>99</u>	<u>6,370</u>	<u>—</u>	<u>213,979</u>	<u>220,448</u>
DEFERRED INFLOWS OF RESOURCES						
Unamortized gains on refunding of debts	—	—	—	—	284	284
NET POSITION						
Restricted for redevelopment	<u>\$ 25,312</u>	<u>\$ 145</u>	<u>\$ 13,154</u>	<u>\$ 1,589</u>	<u>\$ (200,090)</u>	<u>\$ (159,890)</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Fiduciary Fund of the City of Oakland, California)
Combining Schedule of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(In Thousands)

	Redevelopment Obligation Retirement Fund	Planning Fund	Capital Project Funds	Federal and State Grants Fund	Debt Service Funds	Total
ADDITIONS						
Redevelopment property tax revenues	\$ 26,690	\$ —	\$ —	\$ —	\$ —	\$ 26,690
Investment income:						
Interest on investments	342	16	437	39	181	1,015
Net change in fair value of investments	17	—	(3)	—	(6)	8
Federal and State grants	—	—	—	—	213	213
Other	—	—	638	—	—	638
Total additions	<u>27,049</u>	<u>16</u>	<u>1,072</u>	<u>39</u>	<u>388</u>	<u>28,564</u>
DEDUCTIONS						
General and administrative:						
Salaries, wages and benefits	—	572	595	—	—	1,167
Materials, supplies and other services	—	97	31	—	—	128
Project expenses	—	3	289	—	1	293
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	—	—	1,500	—	1	1,501
Interest on debt	—	—	—	—	10,971	10,971
Total deductions	<u>—</u>	<u>672</u>	<u>2,415</u>	<u>—</u>	<u>10,973</u>	<u>14,060</u>
Net increase (decrease) before other financing sources (uses)	<u>27,049</u>	<u>(656)</u>	<u>(1,343)</u>	<u>39</u>	<u>(10,585)</u>	<u>14,504</u>
OTHER FINANCING SOURCES						
Transfers in	—	—	525	—	5,158	5,683
Transfers out	(5,682)	—	—	—	(1)	(5,683)
Total other financing sources (uses)	<u>(5,682)</u>	<u>—</u>	<u>525</u>	<u>—</u>	<u>5,157</u>	<u>—</u>
Change in net position	21,367	(656)	(818)	39	(5,428)	14,504
Net position, beginning of year	3,945	801	13,972	1,550	(194,662)	(174,394)
Net position, ending of year	<u>\$ 25,312</u>	<u>\$ 145</u>	<u>\$ 13,154</u>	<u>\$ 1,589</u>	<u>\$ (200,090)</u>	<u>\$ (159,890)</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Fiduciary Fund of the City of Oakland, California)
Combining Schedule of Fiduciary Net Position for Capital Project Sub-Funds
June 30, 2023
(In Thousands)

	Central District	Coliseum	Central City East	Low and Moderate Housing	Broadway MacArthur San Pablo	Oakland Army Base	Other Projects	Total Capital Project Funds
ASSETS								
Current assets:								
Cash and investments	\$ 2,786	\$ 2,740	\$ 1,464	\$ 1,438	\$ 79	(2,479)	\$ 1,905	\$ 7,933
Accrued interest receivable	33	33	18	17	1	—	24	126
Due from other governments	—	—	—	—	—	—	2,705	2,705
Restricted investments	1	—	67	2,294	7	—	—	2,369
Total current assets	<u>2,820</u>	<u>2,773</u>	<u>1,549</u>	<u>3,749</u>	<u>87</u>	<u>(2,479)</u>	<u>4,634</u>	<u>13,133</u>
Noncurrent assets:								
Loans receivable (net of allowance for uncollectibles of \$3,918)	1,487	633	—	—	820	—	633	3,573
Property held for resale	2,818	—	—	—	—	—	—	2,818
Total noncurrent assets	<u>4,305</u>	<u>633</u>	<u>—</u>	<u>—</u>	<u>820</u>	<u>—</u>	<u>633</u>	<u>6,391</u>
Total assets	<u>7,125</u>	<u>3,406</u>	<u>1,549</u>	<u>3,749</u>	<u>907</u>	<u>(2,479)</u>	<u>5,267</u>	<u>19,524</u>
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	4	—	—	—	—	31	—	35
Due to the City of Oakland	1,786	—	1,437	228	10	127	2,705	6,293
Deposits and other liabilities	3	—	—	—	24	—	15	42
Total liabilities	<u>1,793</u>	<u>—</u>	<u>1,437</u>	<u>228</u>	<u>34</u>	<u>158</u>	<u>2,720</u>	<u>6,370</u>
NET POSITION								
Restricted for redevelopment	<u>\$ 5,332</u>	<u>\$ 3,406</u>	<u>\$ 112</u>	<u>\$ 3,521</u>	<u>\$ 873</u>	<u>\$ (2,637)</u>	<u>\$ 2,547</u>	<u>\$ 13,154</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Fiduciary Fund of the City of Oakland, California)
Combining Schedule of Changes in Fiduciary Net Position for Capital Project Sub-Funds
For the Year Ended June 30, 2023
(In Thousands)

	Central District	Coliseum	Central City East	Low and Moderate Housing	Broadway MacArthur San Pablo	Oakland Army Base	Other Projects	Total Capital Project Funds
ADDITIONS								
Investment income:								
Interest on investments	\$ 100	\$ 184	\$ 38	\$ 126	\$ 3	(61)	\$ 47	\$ 437
Net change in fair value of investments	(2)	1	1	(1)	—	(1)	(1)	(3)
Other	638	—	—	—	—	—	—	638
Total additions	<u>736</u>	<u>185</u>	<u>39</u>	<u>125</u>	<u>3</u>	<u>(62)</u>	<u>46</u>	<u>1,072</u>
DEDUCTIONS								
General and administrative:								
Salaries, wages and benefits	570	—	—	—	25	—	—	595
Material, supplies and other services	29	—	—	—	2	—	—	31
Project expenses	56	2	—	228	3	—	—	289
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	1,500	—	—	—	—	—	—	1,500
Total deductions	<u>2,155</u>	<u>2</u>	<u>—</u>	<u>228</u>	<u>30</u>	<u>—</u>	<u>—</u>	<u>2,415</u>
Net increase (decrease) before other financing sources (uses)	(1,419)	183	39	(103)	(27)	(62)	46	(1,343)
OTHER FINANCING SOURCES								
Transfers in	525	—	—	—	—	—	—	525
Change in net position	(894)	183	39	(103)	(27)	(62)	46	(818)
Net position, beginning of year	6,226	3,223	73	3,624	900	(2,575)	2,501	13,972
Net position, end of year	<u>\$ 5,332</u>	<u>\$ 3,406</u>	<u>\$ 112</u>	<u>\$ 3,521</u>	<u>\$ 873</u>	<u>\$ (2,637)</u>	<u>\$ 2,547</u>	<u>\$ 13,154</u>

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
Oakland Redevelopment Successor Agency
Oakland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Oakland Redevelopment Successor Agency (Agency), a fiduciary fund of the City Oakland, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
December 27, 2023