



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Bradley Johnson
Finance Director

SUBJECT: Oakland Redevelopment Successor Agency (ORSA) Audit Report, FY 2024-25

DATE: January 7, 2026

City Administrator Approval


Jestin Johnson (Jan 29, 2026 18:43:42 PST)

Date: 01/29/2026

RECOMMENDATION

Staff Recommends That The City Council Receive The Oakland Redevelopment Successor Agency (ORSA) Audit Report For The Year Ended June 30, 2025.

EXECUTIVE SUMMARY

The Finance Department, Controller's Bureau is pleased to present to the City Council the attached Oakland Redevelopment Successor Agency (ORSA) Audit Report for Fiscal Year 2024-25.

Macias, Gini & O'Connell, the City's external auditor, performed the Oakland Redevelopment Successor Agency financial audit for the year ending June 30, 2025 (**Attachment A**). The audit report incorporates the basic financial statements, notes to the basic financial statements, and the independent auditor's report on internal controls over financial reporting and on compliance and other matters based in accordance with Government Auditing Standards.

The auditor issued an unmodified opinion that the basic financial statements fairly present the financial condition of ORSA as of June 30, 2025, and are in accordance with accounting principles generally accepted in the United States.

BACKGROUND / LEGISLATIVE HISTORY

The Oakland Redevelopment Agency (ORA) was established on October 11, 1956 for the purpose of redeveloping certain areas of the City designated as project areas. Its principal activities were acquiring real property for the purpose of removing or preventing blight, constructing improvements thereon, and rehabilitating and restoring existing properties. The Oakland City Council served as the Redevelopment Agency's Board of Directors.

On June 28, 2011 Assembly Bill X1 26 (AB X1 26) was enacted. This legislation is referred to 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 successor

agencies and oversight boards that are responsible for overseeing the dissolution process and the wind-down of redevelopment activity. On January 10, 2012, the City Council passed Resolution No. [83679 C.M.S.](#), electing the City of Oakland to serve as the Successor Agency to the Redevelopment Agency of the City of Oakland, effective February 1, 2012. Also, at the same meeting, the City Council elected to retain the housing assets, functions, and powers previously performed by the former Agency.

Assembly Bill 1484 (AB 1484) was enacted on June 27, 2012. AB 1484 provided that successor agencies must be organized as separate public entities from the sponsoring city. Therefore, on July 17, 2012, per Resolution No. 84107 C.M.S., the Oakland Redevelopment Successor Agency (ORSA) was created to serve as the successor agency to the ORA to wind down the affairs of the former Redevelopment Agency. The ORSA is a separate public entity from the City. Prior to July 1, 2018 ORSA was subject to the direction of the Oakland Oversight Board, which was comprised of seven representatives from local government bodies. Subsequent to this date, and pursuant to Senate Bill 107, oversight responsibilities have been transferred to a new Countywide Oversight Board.

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 years, ORSA will only be allocated property tax revenue in the amount necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency, until all these enforceable obligations have been paid in full and all assets have been liquidated. Based upon the nature of its custodial role, ORSA is reported as a fiduciary fund (private-purpose trust fund).

The Fiscal Year 2024-25 ORSA Audit Report provides information on the Successor Agency's financial activities for the year ended June 30, 2025, and is divided into the following sections:

- **Financial Section:** This section contains the Successor Agency's basic financial statements, notes to basic financial statements, the Independent Auditor's Report and the Management's Discussion and Analysis (MD&A);
- **Compliance Section:** This section provides the 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.

The auditor considered the Successor Agency's internal controls over financial reporting as a basis for designing their auditing procedures. In addition, the auditor performed tests of compliance with certain provisions of laws, regulations, and grant agreements, non-compliance with which could have a direct and material effect on the financial statement.

ANALYSIS AND POLICY ALTERNATIVES

The FY 2024-25 ORSA Audit Report provides a comprehensive review of the ORSA's financial operations. This document includes an opinion from the external auditor that ORSA's financial statements for FY 2024-25 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as

an "unmodified" or "clean" opinion. In addition, the audit report did not identify any deficiencies in internal controls over financial reporting considered to be a material weakness.

Acceptance of this report supports the citywide priority of **responsive, trustworthy government** through the disclosure of timely and detailed information on ORSA's financial condition.

Financial Highlights

For the Fiscal Year ended June 30, 2025, the Successor Agency achieved the following key financial results:

Total liabilities and deferred inflows of resources exceeded total assets and deferred outflow of resources by \$137.8 million – deficit net position held in trust. This represents a \$11.8 million deficit reduction from the prior year and is primarily due to debt service payments made in Fiscal Year 2024-25.

Total assets were \$47.9 million, an increase of \$0.9 million compared to the prior fiscal year and total liabilities were \$194.8 million, a decrease of \$11.6 million compared to the prior fiscal year.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was prepared by the Finance Department with the cooperation of the Economic and Workforce Development Department.

SUSTAINABLE OPPORTUNITIES

Economic: There are no direct economic opportunities associated with this informational report.

Environmental: There are no direct environmental opportunities associated with this informational report.

Race & Equity: There are no direct race or equity opportunities associated with this informational report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive The Oakland Redevelopment Successor Agency (ORSA) Audit Report For The Year Ended June 30, 2025.

For questions regarding this report, please contact Pooja Shrestha, Assistant Controller, at (510) 238-6776.

Respectfully submitted,


Bradley Johnson (Jan 27, 2026 17:00:12 PST)

BRADLEY JOHNSON
Finance Director
Finance Department

Prepared by:
Pooja Shrestha, Controller
Controller's Bureau

Attachments (1):

A: Oakland Redevelopment Successor Agency Audit Report For the Year Ended June 30, 2025