DATE	April 10, 2025
TIME	12:00 pm
LOCATION	CAPK Administrative Office 1300 18th Street Suite 200 Bakersfield, CA 93301

Audit & Pension Committee Agenda

1. **Call to Order**

2. **Roll Call**

Curtis Floyd	Jonathan Mullings
Gina Martinez	Guadalupe Perez

3. **Public Forum**

The public may address the Committee on items not on the agenda but under the jurisdiction of the Committee. Speakers are limited to 3 minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.

4. **New Business**

a. Pensionmark Q4 2024 Investment Review – ***Info Item (p.2-15)***	Tracy Webster, Chief Financial Officer & Tom Ming, Pensionmark
b. CSBG Close Out Package – Contract 24F-3015- ***Info Item (p.16-17)***	Tracy Webster, Chief Financial Officer
c. Adoption of Accounting Standards Update (ASU) 842 – ***Action Item (p.18- 21)***	Tracy Webster, Chief Financial Officer
d. WIC2024 Program Monitoring Corrective Action Plan – ***Info. Item (p. 22-24)***	Marissa Ortiz-Cortez, WIC Program Administrator

5. **Committee Member Comments**

6. **Next Scheduled Meeting**

Audit & Pension Committee
12:00 pm
August 7, 2025
1300 18th St. Suite 200
Bakersfield, CA

7. **Adjournment**

This is to certify that this Agenda Notice was posted in the lobby of the CAPK Administrative Office at 1300 18th Street, Bakersfield, CA and online at www.capk.org by 12:00 pm, April 7, 2025, Glyniel Campbell, Administrative Coordinator.

Pensionmark
A WORLD COMPANY

capk
Community Action Partnership of Kern

Audit & Pension Committee Meeting

Q4 2024 Investment Review

April 10, 2025

Presented by: Thomas D Ming, AiF

planadviser 2025 TOP RETIREMENT PLAN ADVISERS

Pensionmark
A WORLD COMPANY

MARKET & ECONOMIC REVIEW

For Period Ending 12/31/2023

EQUITY MARKETS REVIEW

Domestic Equity

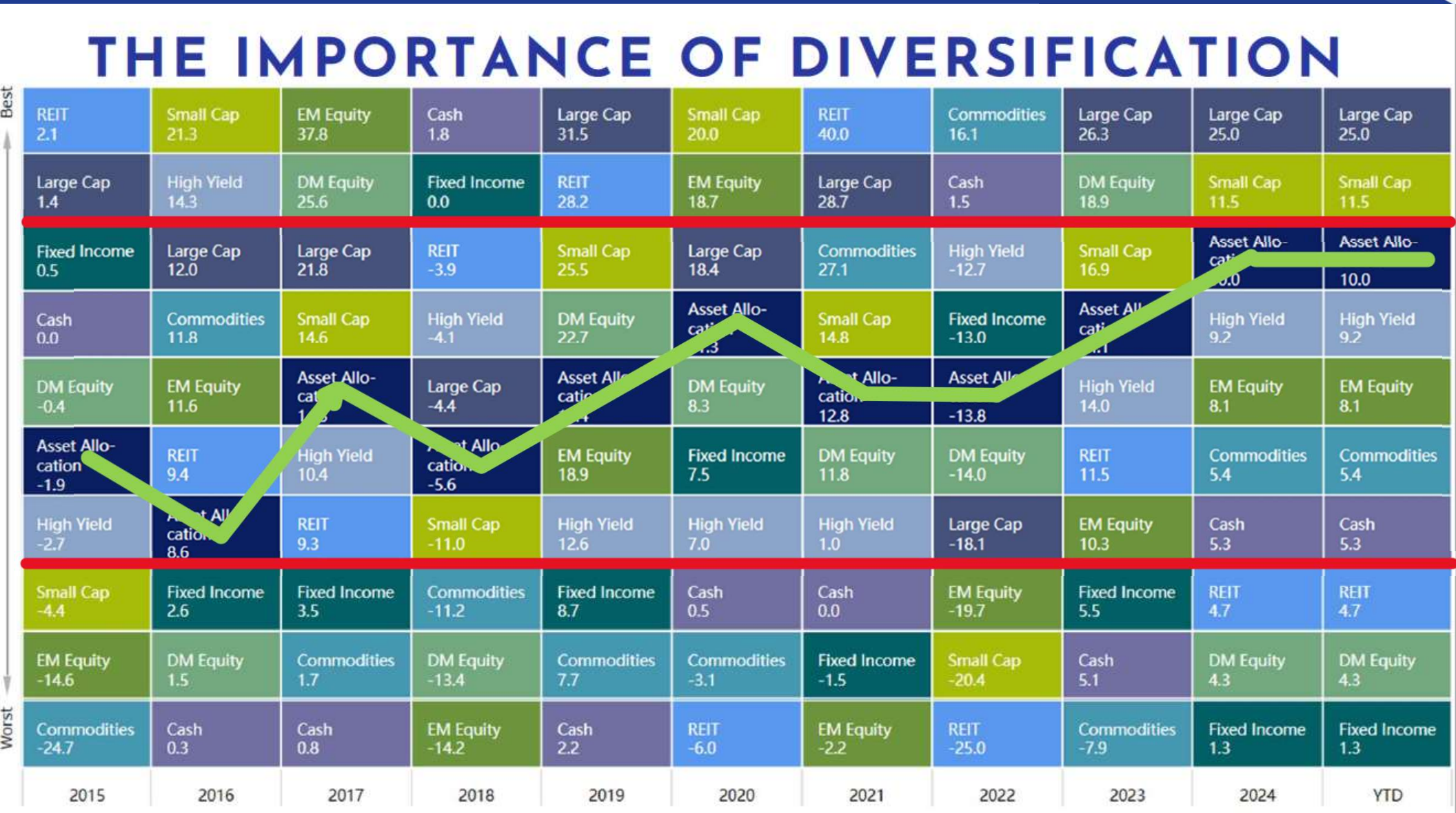
- US Equity indexes were higher in Q4 2024, extending the strong performance they exhibited in Q3. US stocks initially surged leading up to the election in early November but gave back much of their gains by quarter-end.
- Large Cap Growth equities continued to be the leaders of the pack, gaining another 7.07% in Q4 to end 2024 up over 33%. This builds on the gain of over 42% in 2023 after the large drawdown of -29.14% in 2022. The largest stocks in the Large Cap Growth category continue to drive most of the returns.
- Large Cap Value stocks were down -1.98% during Q4 but remained up over 14% YTD in 2024; Large Cap Value equities returned 11.46% in 2023. Small Cap equities were barely positive in Q4, gaining just 0.33%; however, they end 2024 up 11.54%, building on the solid returns of 16.93% in 2023. Both equity asset classes are interest rate sensitive and market fears of slowing Fed rate cuts contributed to their lagging returns in the quarter.

FIXED INCOME

Fixed Income

- Fixed Income indexes were mostly down in Q4 2024 as rates rose.
- US Treasuries and US Investment Grade Corporate Bonds were both down over -3% as rates increased across the yield curve. Both indexes ended positive in 2024. Municipal fixed income fell by -1.22% but remained slightly positive for 2024.
- High Yield ended slightly up in Q4, and ended 2024 as the biggest winner (8.19%) as spreads remain near historic lows and coupons average over 7%.
- Duration outweighed inflation for TIPS. The US TIPS Index was down -2.88% in Q4 but finished the year up 1.84%. Short-maturity (0-5 Years) TIPS were down only -0.11% and ended 2024 up 4.69% YTD.
- International Fixed Income was the big loser in Q4, decreasing by -6.84%. The index is now in negative territory YTD at -4.22%.

The Importance of Diversification



Large Cap: S&P 500; Small Cap: Russell 2000; EM: MSCI EM; Commodities: Bloomberg Commodity; High Yield: Barclays Global High Yield; Fixed Income: Barclays US Agg Bond; DM: MSCI EAFE; Cash: Barclays US Treasury Bill 1-3 Month; REIT: FTSE NAREIT; "Asset Allocation" portfolio assumes 25% S&P 500, 10% Russell 2000, 15% MSCI EAFE, 5% MSCI EM, 25% Barclays US Agg Bond, 5% Barclays Global High Yield, 5% US Treasury Bill 1-3 Month, 5% Bloomberg Commodity, and 5% FTSE NAREIT.

Plan Investments- Scoring Summary

EXECUTIVE SUMMARY

Investment Scoring Summary

Passing	Watch	Review	Not Scored	Total
27	0	0	2	29

Investment Additions

Investment Name	Status	Morningstar Rating
No current investment additions		

Investments on Watch

Investment Name	Status	Quarters Failing Criteria	Morningstar Rating
No investments are currently on the watch list			

Investments Targeted for Review

Investment Name	Status	Morningstar Rating
No investments are currently targeted for review		

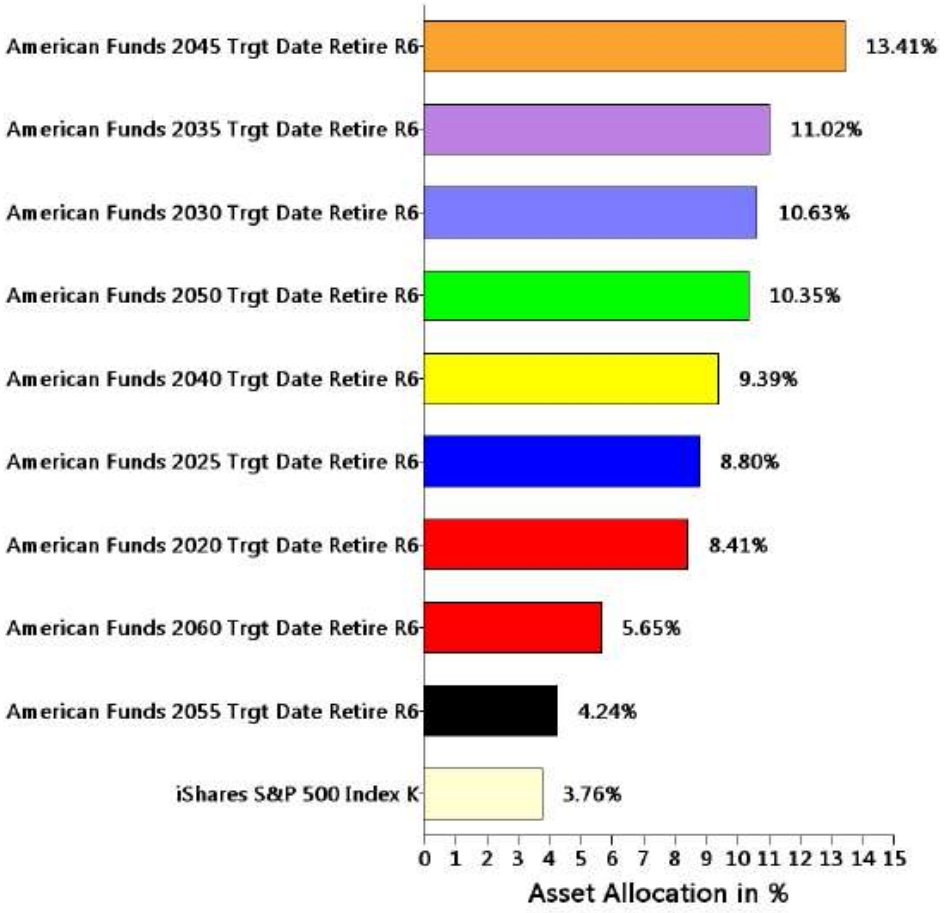
Review : Watch : Addition :

For source information, please see the "Important Disclosures" section of this report.

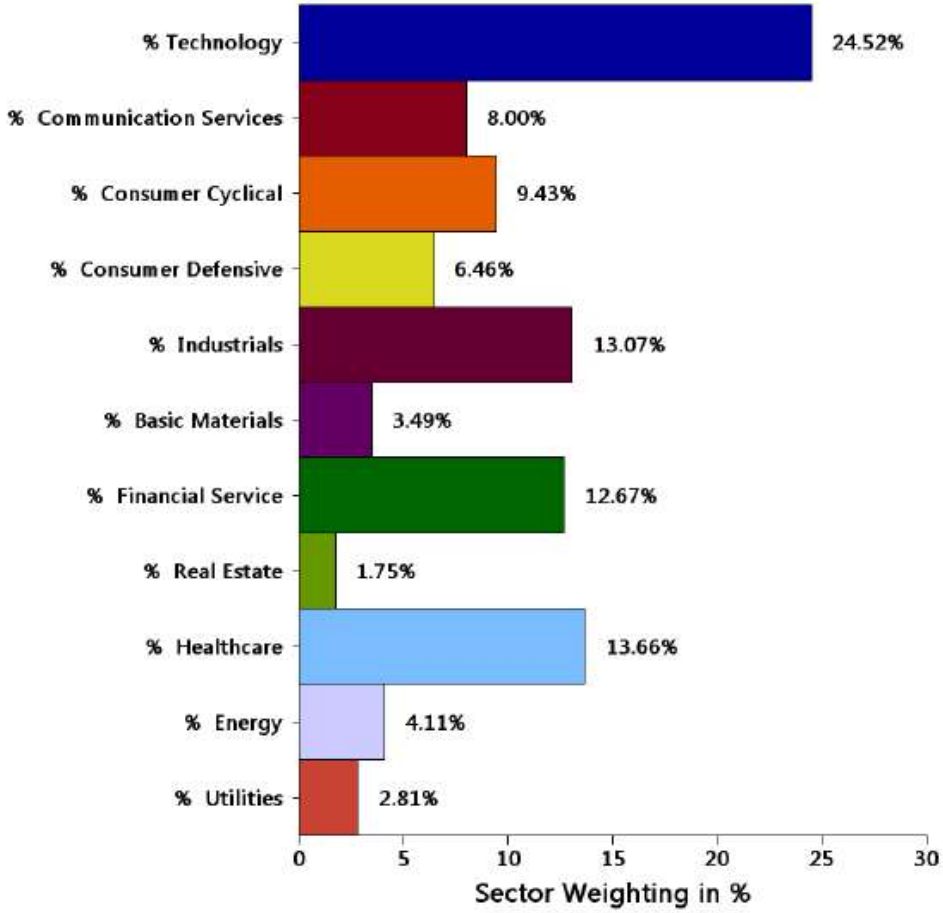
Portfolio Holdings & Sector Allocation

PORTFOLIO | HOLDINGS & SECTOR ALLOCATION

Top 10 Holdings



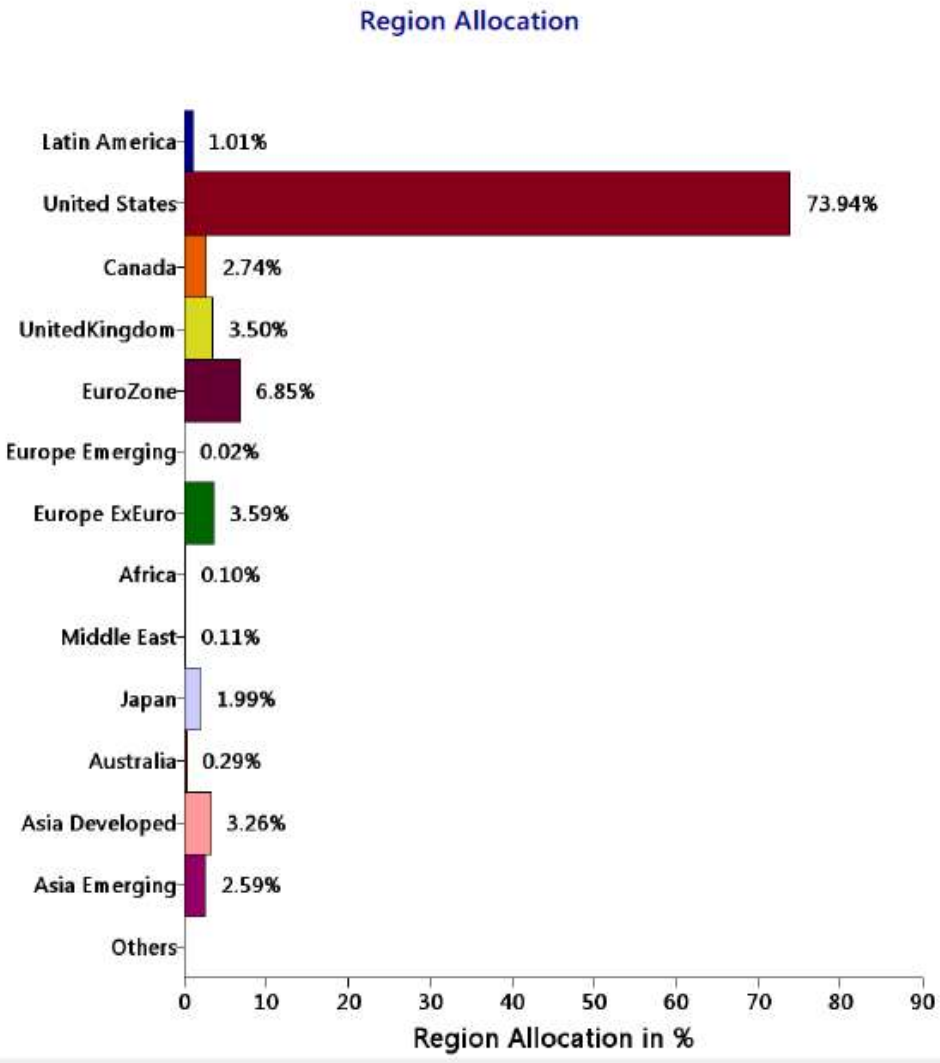
Sector Allocation

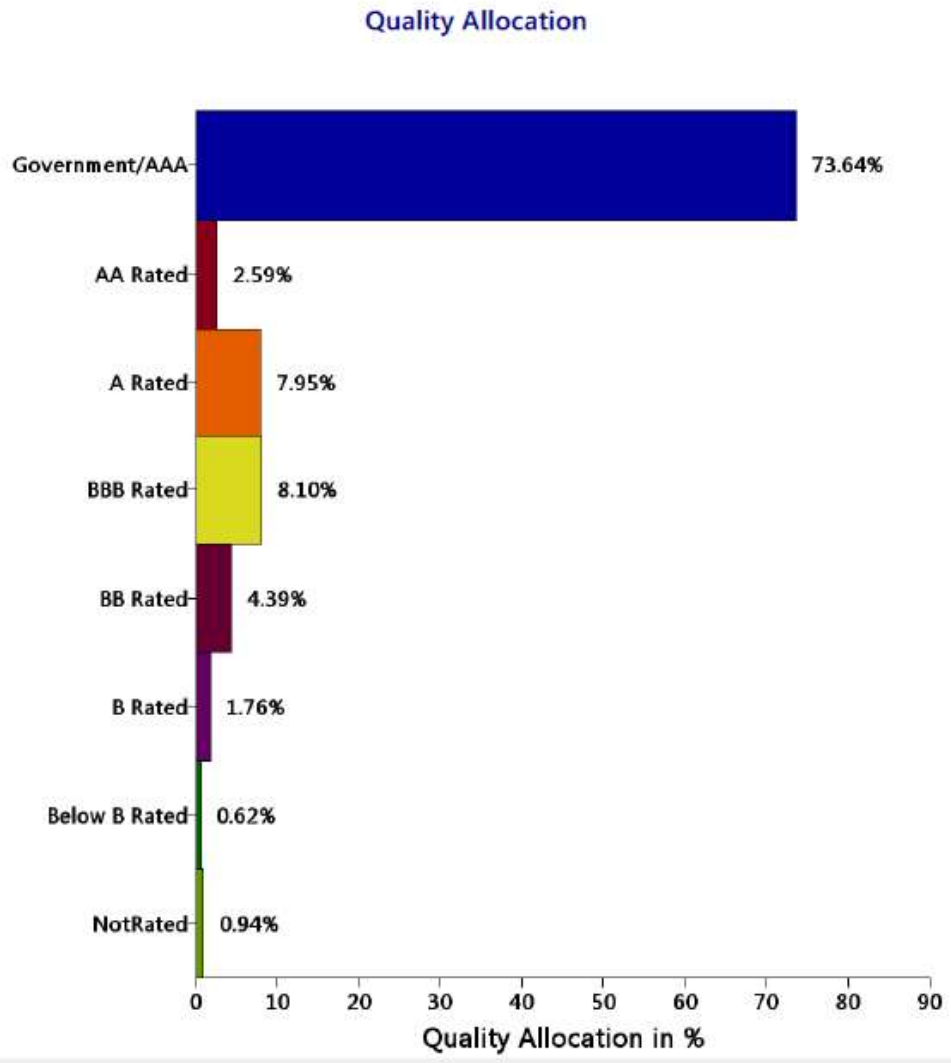


For source information, please see the "Important Disclosures" section of this report.

Portfolio Region & Quality Allocation

PORTFOLIO | REGION & QUALITY ALLOCATION

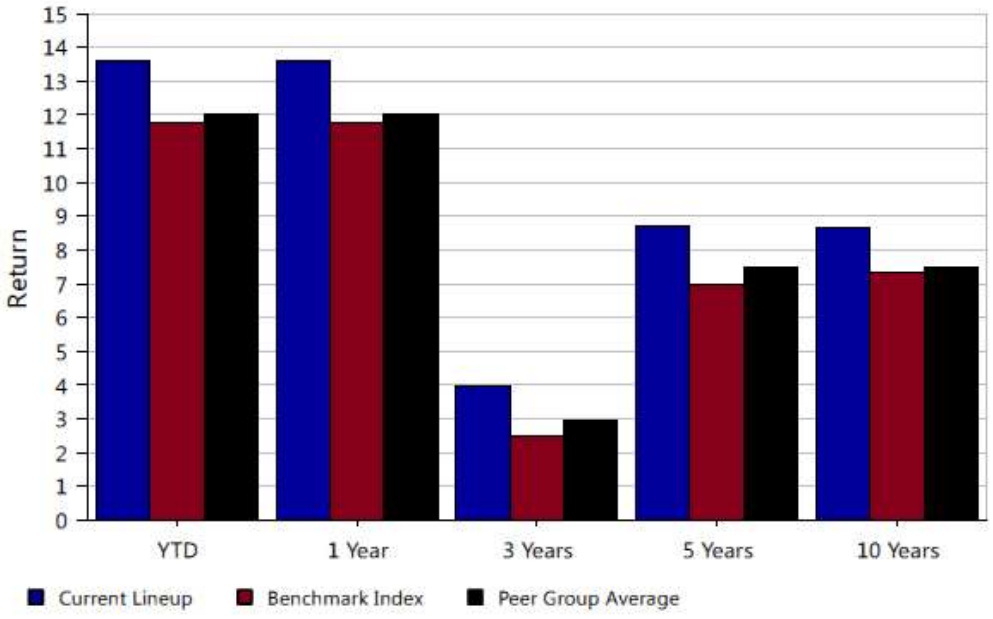




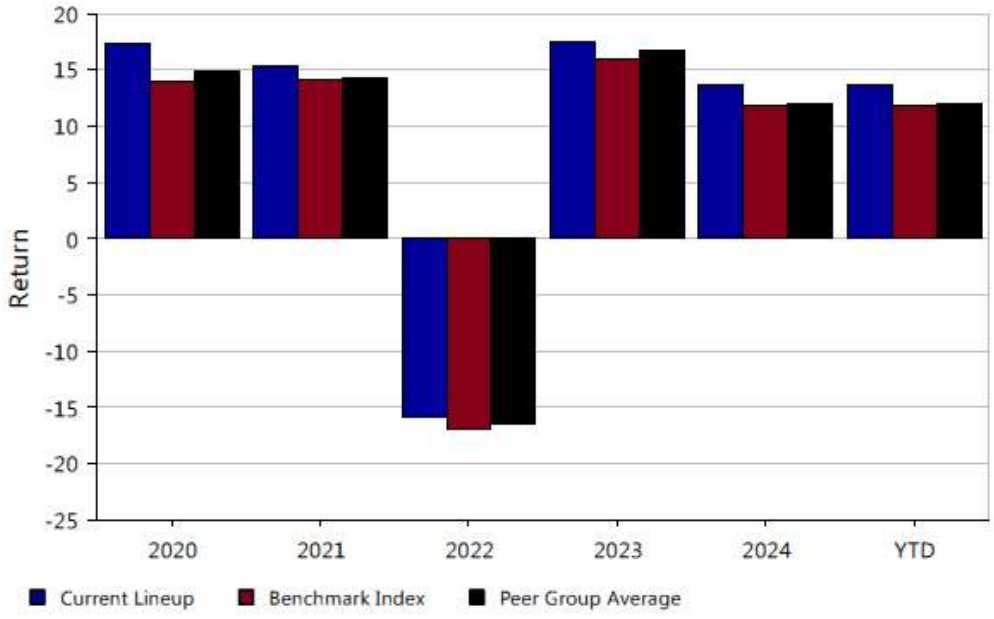
Portfolio Returns Q3 2024

PORTFOLIO | RETURNS

Annualized Returns



Calendar Year Returns



Trailing Returns

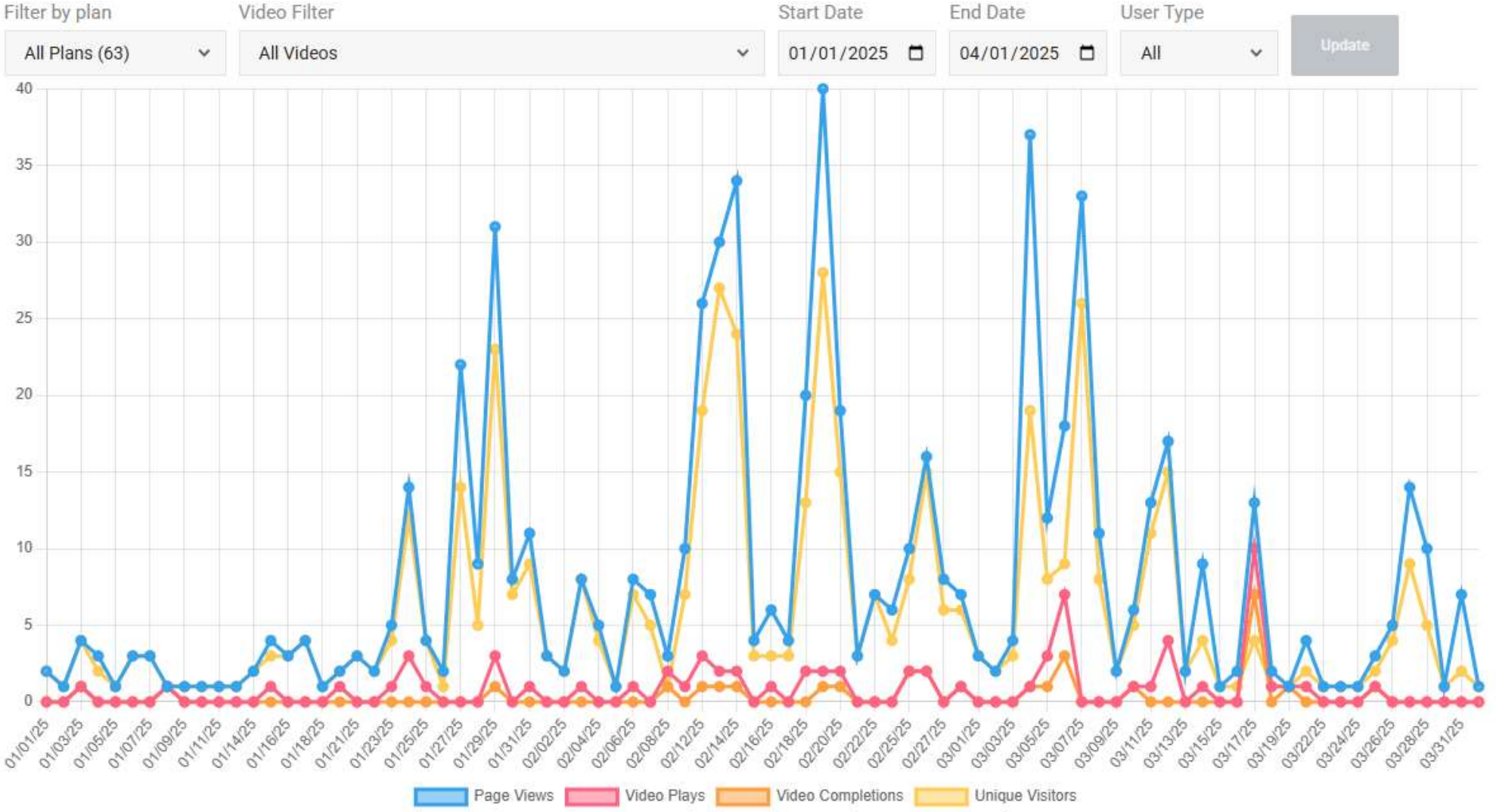
	YTD	1 Year	3 Years	5 Years	10 Years	Net Exp.Ratio
Current Lineup	13.60	13.60	3.96	8.73	8.66	0.35
Benchmark Index	11.77	11.77	2.50	6.96	7.34	NA
Peer Group Average	12.02	12.02	2.96	7.46	7.48	0.70

Calendar Year Returns

	2020	2021	2022	2023	2024	YTD	Net Exp.Ratio
Current Lineup	17.33	15.30	-15.86	17.54	13.60	13.60	0.35
Benchmark Index	13.91	14.12	-16.90	15.95	11.77	11.77	NA
Peer Group Average	14.82	14.33	-16.52	16.72	12.02	12.02	0.70

SMARTMAP Retirement Portal Analytics 1-1-25 to 3-31-25

Analytics



SMARTMAP Retirement Portal Analytics 1-1-25 to 3-31-25

Analytics

PLAN NAME	VIDEO TYPE	PAGE VIEWS	VIDEO PLAYS	VIDEO COMPLETIONS	UNIQUE VISITORS
CAPK 403(b) Plan	Plan Video	244	15	3	122
CAPK 403(b) Plan	Educational Video	39	18	13	17

Showing 1 to 2 of 2 entries

Previous 1 Next

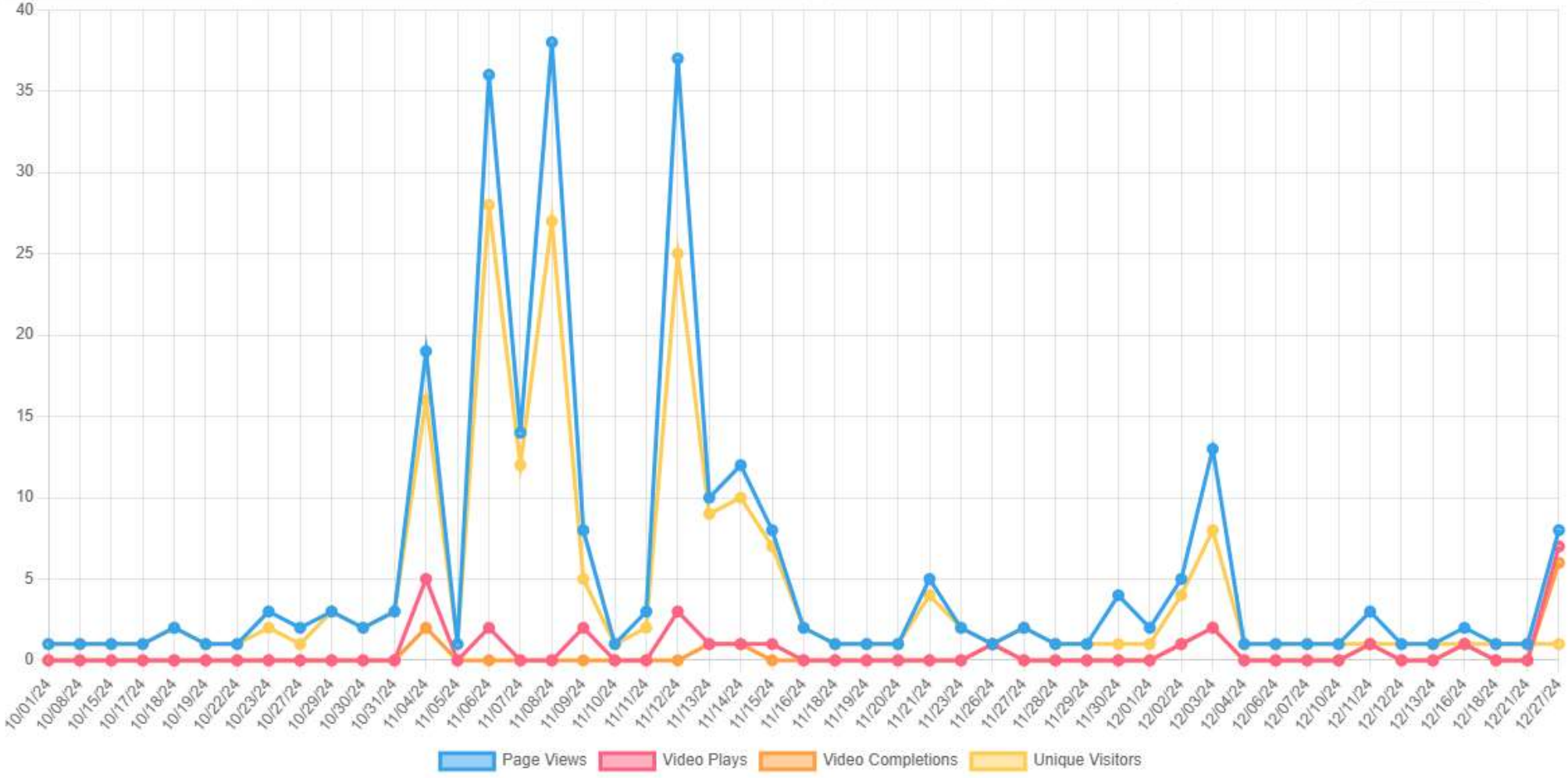
CSV

LINK TYPE	LABEL	COUNT
Recordkeeper Button	Enroll / Login Here	52
Recordkeeper	nationwideretirementplans.com	6
Recordkeeper	Account Access / Enroll	2
Recordkeeper	(833) 268-7080	2
Recordkeeper Button	Inscríbete / Inicia sesión aquí	2
Sponsor	(661) 336-5236 X 2022	1

SMARTMAP Retirement Portal Analytics 1-1-25 to 3-31-25

Analytics

Filter by plan: CAPK 403(b) Plan | Video Filter: All Videos | Start Date: 10/01/2024 | End Date: 12/31/2024 | User Type: All | Update



SMARTMAP Retirement Portal Analytics 10-1-24 to 12-31-24

Analytics

PLAN NAME	VIDEO TYPE	PAGE VIEWS	VIDEO PLAYS	VIDEO COMPLETIONS	UNIQUE VISITORS
CAPK 403(b) Plan	Plan Video	251	14	5	145
CAPK 403(b) Plan	Educational Video	19	14	11	11

Showing 1 to 2 of 2 entries

Previous 1 Next

CSV

LINK TYPE	LABEL	COUNT
Recordkeeper Button	Enroll / Login Here	36
Recordkeeper	nationwideretirementplans.com	2
Contact	smartmap@Pensionmark.com	2

Retirement Portal QR Code

State of California-Health and Human Services Agency
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
2389 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Telephone: (916) 576-7109 | Fax: (916) 263-1406
www.csd.ca.gov

JASON WIMBLEY
DIRECTOR

GAVIN NEWSOM
GOVERNOR

March 6, 2025

Jeremy Tobias, Executive Director
Community Action Partnership of Kern, CAP Kern
JTobias@capk.org

VIA EMAIL ONLY

SUBJECT: CSBG CLOSE-OUT PACKAGE – CONTRACT 24F-3015

Dear Mr. Tobias:

The Department of Community Services and Development's ("CSD") Field Operations Unit ("FOU") has received your agency's Close-out Report for contract 24F-3015. My analysis of the Close-out information indicates the following:

CAA

- The agency fully expended the $1,802,115 contract allocation.
- The agency reported **no** program income for the program year.
- The agency reported **no** interest for the program year.
- The agency reported purchasing **no** equipment for the program year.
- The programmatic reports associated with this contract have been reviewed and accepted.

Discretionary

- The agency fully expended the $26,000 contract allocation.
- The agency reported **no** program income for the program year.
- The agency reported **no** interest for the program year.
- The agency reported purchasing **no** equipment for the program year The programmatic reports associated with this contract have been reviewed and accepted.

FOU considers this contract closed and the Close-out Report has been forwarded to CSD's Financial Services Unit for processing. However, this contract is subject to a final review by CSD's Audit Unit. If you have any questions concerning this report, please call me at (916) 576-0941 or e-mail your comments to Andrea Vogler at Andrea.Vogler@csd.ca.gov.

Sincerely,

Andrea Vogler

Andrea Vogler
Field Operations Representative

CC: Wilmer Brown, Jr., Branch Chief

Community Action Partnership of Kern

Helping People. . . Changing Lives.

MEMORANDUM

TO: Audit & Pension Committee

FROM: Tracy Webster, Chief Finance Officer

DATE: April 10, 2025

Subject: Agenda Item 4c: Adoption of Accounting Standards Update (ASU) 842 – **Action Item**

Community Action Partnership of Kern (CAPK) has opted to waive the adoption of ASU 842 during the last two fiscal years. This has resulted in the issuance of a qualified opinion from Daniells, Phillips, Vaughn & Bock (DPVB). The primary reason for not adopting ASU 842 has been the increased cost and the significant effort required for its implementation.

ASU 842 Explanation:

ASU 842 primarily aims to enhance transparency and comparability in financial reporting of lease transactions. The update requires organizations to recognize most leases on their balance sheets, with a right-of-use (ROU) asset and a corresponding lease liability, effectively changing how operating leases were previously treated. The key changes include:

- **Balance Sheet Impact**: Leases longer than 12 months must be recognized on the balance sheet.
- **Classification**: Leases are classified as either finance leases (similar to capital leases under previous standards) or operating leases.
- **Income Statement**: The method for recognizing lease expense differs based on the lease classification.
- **Disclosures**: Organizations must provide detailed disclosures about leasing arrangements, including maturity of lease liabilities.

Proposed CAPK Adoption of ASU 842:

In order to obtain an unqualified opinion for fiscal year 2024-25, CAPK would need to fully adopt ASU 842. Adoption of the standard would require further engagement with DPVB. CAPK typically has between 70 – 90 operating leases. DPVB estimates that the level of work required for each

lease is between $625 to $750 per lease ($45,000 to $54,000 estimated annual cost). They have submitted a proposal for this engagement, which is attached for your review.

Adopting ASU 842 will result in enhanced financial transparency and a more accurate representation of CAPK's lease obligations.

Lease Accounting Going Forward:

CAPK implemented SageIntacct on January 1, 2025. SageIntacct has a lease accounting module that can handle many of the calculations required for the implementation of ASU 842. However, the full implementation of this module will not be completed in time for the current audit period. As such, we will still need to engage DPVB for a portion of the work in the 2024-25 fiscal year.

Recommendation

It is recommended that the Audit and Pension Committee approve the adoption of ASU 842 and the engagement with DPVB for the audit of CAPK's financial statements for fiscal year 2024-25. This will ensure that we comply with the new accounting standard and secure an unqualified opinion for the upcoming audit.

Attachment:
DPVB ASU 842 Engagement Proposal

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

Member of AICPA Division for Firms
Private Companies Practice Section

SHANNON M. WEBSTER

February 27, 2025

Board of Directors
Community Action Partnership of Kern
1300 18th Street, Suite 200
Bakersfield, California 93301

Thank you for the opportunity to submit our proposal on the audit services for the **Community Action Partnership of Kern**. We are delighted at the prospect of serving you, and we are committed to providing continuous, top-quality service at a fair fee.

We are enthusiastic about working with you and your personnel and believe we can contribute to your operational efficiency. We use highly skilled people, structured quality procedures and proprietary technology to keep costs low, improve turnaround time, and maintain quality. Our emphasis is on value-added service – service that goes beyond what is unexpected – service you will always receive from us. In this regard, the following characteristics distinguish Daniells Phillips Vaughan & Bock:

- ***Your needs will be met*** - We have prepared financial statements for numerous not-for-profit organizations.

- ***Familiarity with your operations*** - Our team is knowledgeable about accounting operations such as yours due to involvement with similar operations of other organizations.

- ***We respond quickly*** – Our practice is one of the largest in Kern County with an office in Bakersfield since 1956, with approximately 60 professionals. As a member of the Professional Services+ Collaborative, we have resources immediately available to us at a national and international firm level. In short Daniells Phillips Vaughan & Bock has all of the support of a large global firm, but acts as a highly focused, independent client service organization locally.

- ***We emphasize communication*** – Our approach is to communicate frequently and openly to be in a position to discuss and resolve issues at an early date to avoid surprises.

- ***You will not have to train us*** – Many of the people who we work with continue to express a great deal of satisfaction with the way our engagements are conducted, the way our team interacts with client personnel and the timeliness and quality of the information we deliver.

- ***You can measure our value*** – Our fees are reasonable and fair.

Adoption of Accounting Standards Update (ASU) 842

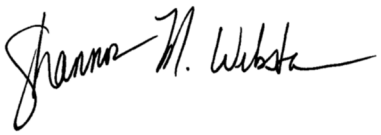
We have made an evaluation of the effort necessary to prepare the calculations for the Organization's leases in order to adopt ASU-842 based upon a review of your current leases as well as discussions with you. Based upon this review and information provided to us, our proposed fee range for the engagement is as follows:

Based upon an estimated 72 leases at $625 to $750 per lease: $ 45,000 to $54,000

This estimate is based upon our understanding that your personnel will provide timely response to inquiries.

We believe a foundation for an excellent working relationship has been established. We look forward to continuing our long-term association – one based on mutual respect and understanding. Simply stated, we want to continue to work closely with you to help you achieve your goals. If we can provide any additional information, please feel free to call me at 834-7411.

Very truly yours,



Shannon M. Webster
Certified Public Accountant

APPROVED
By Pui Tong at 12:12 pm, Feb 10, 2025

Pui Tong, MS RD
Public Health Nutrition Consultant
Women, Infants, and Children Division
California Department of Public Health

Submission Date: 1/10/2025
Resubmission Date: 1/24/2025

2024 Program Monitoring Corrective Action Plan

PMV Finding	Corrective Action Plan	Timeline	Monitoring
1. Our review of a sample of 20 WIC WISE participant certification records found one (1) record in which Medi-Cal Eligibility Data System (MEDS) Interface was selected as proof of residence and one (1) record was selected as proof of identity, but there was no indication that the required MEDS interface had occurred. In order to use MEDS Interface as proof of residency or identity, an interface with Medi-Cal Eligibility Data System (MEDS) must occur, and the user must verify that a member of the family is currently	Our local agency will retrain all supervisors. and staff. The team will be required to complete the new CDPH WIC LMS training "Determining WIC eligibility". In addition, we will use a new training model and technique to support staff. WPPM Policy: WPPM 210-02, WPPM 210-06, WPPM 270-20	Retrain all supervisors at the eligibility training on the following dates • 1/17/25 • 1/24/25 Retrain all staff at the eligibility training on the following dates • 1/22/25 • 1/29/25 • 2/5/25 • 2/12/25	The Program Administrator, Program Manager, and Division Director will be responsible for in-person observations. Four (4) will be conducted per staff, per quarter until we meet 100% compliance then we will reduce observations to once per quarter, per staff. In addition, five (5) supervisors will be responsible for auditing (5) participant files per staff, per month. We will conduct 5 file audits until we meet 100% compliance then decrease to 2 files per staff per month. We will meet with individual staff if staff continue to make errors using (MEDS). Progressive disciplinary may be initiated for failure to comply with standard and policy. The expected outcome is 100% compliance.
2.Our review of participant records and observations of onsite sessions found additional policy violations related to adjunctive eligibility and income determination. • Our review of a sample of 20 WIC WISE participant certification records found four (4) records in which the Medi-Cal number used in the MEDS Interface was that of a different family member, which resulted in adjunctive eligibility not being documented correctly in WIC WISE. • Our review of onsite appointments found one (1) instance where the MC number used in the MEDS interface was that of a different family member. Staff must use deemed eligible infant to document infant adjunctive eligibility. • Our team noted one (1) instance onsite where staff overrides the MEDS interface data. Staff ran MEDS interface, information came back not eligible for participant but staff changed the adjunctive eligibility chart for MediCal to 'yes'. • Our team noted one (1) instance onsite where staff used net income instead of gross income. WIC Policy requires gross income. • Our team noted one (1) instance onsite where staff used zero income without further probing of household's current income. WIC Policy requires the full household income	Our local agency will retrain all supervisors and staff. The team will be required to complete the new CDPH WIC LMS training "Determining WIC eligibility". In addition, we will use new training techniques and model to support staff. Training will include • Scenario reenactment • Pre/Post assessment concurrent with trainings dates • Additional training material aside from the LMS training WPPM Policy: WPPM 210-02, WPPM 210-03	Retrain all supervisors at the eligibility training on the following dates • 1/17/25 • 1/24/25 Retrain all staff at the eligibility training on the following dates • 1/22/25 • 1/29/25 • 2/5/25 • 2/12/25	The Program Administrator, Program Manager, and Division Director will be responsible for in-person observations. Four (4) will be conducted per staff, per quarter until we meet 100% compliance then we will reduce observations to once per quarter, per staff. In addition, five (5) supervisors will be responsible for auditing (5) participant files per staff, per month. We will conduct 5 file audits until we meet 100% compliance then decrease to 2 files per staff per month. We will meet with individual staff if staff continue to make errors using (MEDS). Progressive disciplinary may be initiated for failure to comply with standard and policy. The expected outcome is 100% compliance.

PMV Finding	Corrective Action Plan	Timeline	Monitoring
3.Our review of participant records and observations of onsite sessions found policy violations related to the administering of the Rights and Responsibilities document. • Our review of a sample of 20 WIC WISE participant certification records found one (1) record where the Know Your Rights and Responsibilities (R&R) form was not signed and present in WIC WISE. • Our review of onsite appointments found multiple staff did not read all the information in the signature box to the participant before the document was signed and did not offer a copy of the R&R form to the family representative /caretaker. This is a repeat finding	We will provide staff with isolated training for R&R procedures. We will develop a new procedure and tool to demonstrate to staff how to accurately complete R&R Trainings will include • Scenario reenactment • Pre/Post assessment concurrent with trainings date WPPM Policy: WPPM 260-40	R&R report is currently initiated everyday R&R training on • 3/19/25	The Program Administrator, Program Manager, and Division Director will be responsible for in-person observations. Four (4) observations will be conducted per staff, per quarter then we will reduce observations to once per quarter, per staff. The duration will be until 100% accuracy is retained. The expected outcome is 100% compliance due to this being a repeat finding. One supervisor is currently responsible for running the current R&R report daily. The report is run twice daily to ensure staff rectify the error on the same day. We will retrain all staff and meet with individual staff if a member of staff continues to miss the R&R. Progressive disciplinary may be initiated for failure to comply with standard and policy.
4. Our review of onsite appointments found one (1) instance where an in-person signature was not obtained for the Self Declaration Statement (SDS). An SDS must be created whenever any of the following choices are selected for verification of residency, income, and/or identity during certification or recertification: • Cash payment • Disaster Victim • Pregnant teen turned out of home • Homeless • Migrant • No Proof Provided • Remote/rural area with no mail delivery	All supervisors and staff will be required to complete the new CDPH WIC LMS training "Determining WIC eligibility" WPPM Policy: WPPM 210-03, WPPM 210- 06, WPPM 270-20, WPPM 1000-140	Retrain all supervisors on the LMS training "Determining WIC eligibility." Supervision trainings will be completed on • 1/17/25 • 1/24/25 Retrain all staff using the LMS training "Determining WIC eligibility" on the following dates • 1/22/25 • 1/29/25 • 2/5/25 • 2/12/25 • Isolated SDS training on 1/29/25	The Program Administrator, Program Manager, and Division Director will be responsible for in-person observations. Four (4) observations will be conducted per staff, per quarter then we will reduce observations to once per quarter, per staff. In addition, five (5) supervisors will be responsible for auditing (5) participant files per staff, per month for 6 months until 100% accuracy then decrease to 2 files per staff per month. We will retrain staff or meet with individual staff if 100% compliance is not met. Progressive disciplinary may be initiated for failure to comply with standard and policy. The expected outcome is 100% compliance.

PMV Finding	Corrective Action Plan	Timeline	Monitoring
5. Our review of onsite appointments found that the required program orientation topic and assessment was inadequate in four (4) observations and in one (1) case incorrect. LA staff must assess the participant's understanding of WIC authorized food and use of the WIC card. More specifically, staff should cover all required topics to ensure the participant understands how to use WIC benefits and purchase WIC food.	WIC Training Coordinator and WIC Program Manager will be responsible for creating a new tool that will be added to the "Orientation to WIC" which is a pre-existing material that staff can use at orientation to assess participant's understanding of WIC authorized food and use of the WIC card. This tool will specifically address the orientation finding. In addition, staff will cover all required topics to ensure the participant understands how to use WIC benefits and purchase WIC food. WPPM Policy: WPPM 270-40	Retrain all staff at the orientation training on the following date • 1/29/25	The Program Administrator, Program Manager, and Division Director will be responsible for in person observations. Four (4) observations will be conducted per staff, per quarter until 100% compliance, then we will reduce observations to once per quarter, per staff. We will retrain staff or meet with individual staff if 100% compliance is not met. Expected outcome is 100% compliance. Progressive disciplinary may be initiated for failure to comply with standard and policy.
6. Our review of participant records and observations of onsite sessions found policy violations related to the documentation of a Care Plan. • Our review of 20 WIC WISE participant certification records found one (1) record where staff documented the care plan one day late. The Care Plan must be completed by the end of day. • Our review of onsite appointments found one (1) instance in which the Care Plan did not meet required minimum standard. The assessment was missing.	Provide staff with an isolated training for care plan training will include • Scenario reenactment • Pre/Post assessment Concurrent with trainings dates. In addition, provide staff with job aid to assist with appropriate times to add the care plan while conducting an appointment WPPM Policy: WPPM 400-12	Retrain all staff at the care plan training on the following date • 2/19/25	The Program Administrator, Program Manager, and Division Director will be responsible for in-person observations. Four (4) observations will be conducted per staff, per quarter until we meet 100% compliance then we will reduce observations to once per quarter, per staff. In addition, five (5) supervisors will be responsible for auditing (5) participant files per member of staff, per month. The duration of auditing files will be for 6 months until 100% accuracy is retained then decrease to 2 files per staff per month. We will retrain staff or meet with individual staff if 100% compliance is not met. The expected outcome is 100% compliance
7. Our review of onsite appointments found four (4) staff assigning inappropriate manual risk codes. An accurate indicator of nutritional risk is necessary for certification.	Will provide staff with several isolated trainings for risk codes. Trainings will include • Scenario reenactment • Pre/Post assessment concurrent with trainings date WPPM Policy: WPPM 200-01, 210-10, 210- 11, 21012, 210-13	Retrain all staff at the risk code trainings on the following dates • 2/26/25 • 3/5/25 • 3/12/25 • 3/19/25	The Program Administrator, Program Manager, and Division Director will be responsible for in person observations. Four (4) observations will be conducted per staff, per quarter until we meet 100% compliance then we will reduce observations to once per quarter, per staff. We will retrain staff or meet with individual staff if 100% compliance is not met. The expected outcome is 100% compliance.