



AGENDA
BOARD OF SUPERVISORS MEETING
April 23, 2024 @ 7:00 p.m.
23818 Shortly Road, Georgetown, DE

- I. Call to Order
- II. Agenda Modifications
- III. Approval of Agenda
- IV. Approval of Minutes of Last Meeting
- V. Recognition of Visitors
 - PKS Audit Presentation by Lindsey Keen
Draft Audit Summary at end of agenda (P 31)
- VI. Correspondence
- VII. Reports
 - District Account's Report – Dan Lee (P 2)
 - Equipment Program Manager's Report – Stephen Gissy (P 6)
 - District Conservationist's Report – Ziggy Savage (P 7)
 - Sediment & Stormwater Manager's Report – Jessica Watson (P 9)
 - DNREC Conservation Program's Report – Tyler Brown (P 10)
 - DACD Executive Director's Report – Jen Nelson (P 14)
 - Agricultural Program Report – Debbie Absher (P 15)
 - District Coordinator's Report – David Baird (P 16)
- VIII. Items Requiring Board Action
 - 1) Cost Share Payments
 - a. Large Animal Mortality
 - 2) Sussex County Tax Ditch Warrant Adjustments
 - 3) Adoption of Section 125 Plan for the 2024/2025 Benefit Year
 - 4) Governor's Conservation Awards
- IX. Adjournment

Pursuant to 29 Del. C. § 10004 (e) (2), the Agenda items as listed may not be considered in sequence. This Agenda is subject to change to include additional items, including Executive Sessions, which arise at the time of the meeting.

Sussex Conservation District
Cash Report
March 2024

<i>Fulton Bank - Checking</i>	
Bank Balance Per Statement	\$537,708.92
Add: Deposits in Transit	\$0.00
Less: Outstanding Checks	(\$25,204.18)
Balance in G/L - End of Month	\$512,504.74
<i>Fulton Bank - Payroll</i>	
Beginning G/L Balance	\$403,678.54
Add: Cash Receipts	\$1,760,846.89
Less: Cash Disbursements	(\$1,652,020.69)
Ending G/L Balance	\$512,504.74
<i>Citizens Bank - Checking</i>	
Beginning G/L Balance	\$1,274,113.88
Add: Cash Receipts	\$0.00
Less: Cash Disbursements	\$0.00
Ending G/L Balance	\$1,274,113.88
<i>Citizens Bank - Money Market</i>	
Beginning G/L Balance	\$1,398,283.07
Add: Cash Receipts	\$18,998.43
Less: Cash Disbursements	(\$1,300,010.00)
Ending G/L Balance	\$117,271.50
<i>Fulton Bank - Merchant</i>	
Beginning G/L Balance	\$19,979.02
Add: Cash Receipts	\$2,963.37
Less: Cash Disbursements	(\$114.13)
Ending G/L Balance	\$22,828.26
<i>Artisans Bank - Certificate of Deposit - 11/08/24</i>	\$250,000.00
<i>Link Bank - Certificate of Deposit - 09/28/24</i>	\$249,679.56
<i>County Bank - Certificate of Deposit - 02/28/25</i>	\$249,551.58
<i>Community Bank - Certificate of Deposit - 06/12/24</i>	\$248,959.00
<i>Del-One - Certificate of Deposit - 4/20/24</i>	\$490,443.27
<i>Hebron Savings Bank - Certificate of Deposit - 04/04/24</i>	\$249,138.13
<i>M&T Bank - Certificate of Deposit - 03/08/25</i>	\$250,000.00
<i>Shore United - Certificate of Deposit - 08/08/24</i>	\$250,000.00
<i>WSFS Bank - Certificate of Deposit - 09/08/25</i>	\$250,000.00
<i>Fulton ICS MM Accounts</i>	\$3,021,882.61
<i>WTC Investments</i>	\$4,022,515.79
<i>Petty Cash</i>	\$207.39
<i>Total All Bank Accounts</i>	\$11,459,095.71

Sussex Conservation District
Cash Report
March 2024

2024	UNRESTRICTED FUNDS			
	Sussex Conservation District Funds		<u>\$3,232,234.72</u>	
				\$3,232,234.72
	RESTRICTED FUNDS			
	Stormwater Management Funds	restricted	\$4,540,739.22	
	Stormwater Cash Bonds Held	Liability	\$1,271,623.88	
	Cost Share Funding	deferred	\$1,492,819.80	
	3921 Funding	deferred	\$674,712.42	
	Sussex County Drainage Funding	deferred	\$39,500.02	
	Stormwater Management Funds	deferred	\$7,500.00	
	Prothonotary Items	deferred	\$9,887.00	
	Various projects - 2	deferred	<u>\$190,078.65</u>	
				\$8,226,860.99
	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END			\$11,459,095.71
2023	UNRESTRICTED FUNDS			
	Sussex Conservation District Funds		<u>\$3,119,422.02</u>	
				\$3,119,422.02
	RESTRICTED FUNDS			
	Stormwater Management Funds	restricted	\$3,949,697.57	
	Stormwater Cash Bonds Held	Liability	\$1,928,726.26	
	Cost Share Funding	deferred	\$1,682,073.49	
	3921 Funding	deferred	\$393,988.76	
	Sussex County Drainage Funding	deferred	\$64,292.29	
	Stormwater Management Funds	deferred	\$7,500.00	
	Prothonotary Items	deferred	\$7,270.00	
	Various projects	deferred	<u>\$331,420.00</u>	
				\$8,364,968.37
	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END			\$11,484,390.39
2022	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END		\$	11,395,494.70
2021	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END		\$	8,322,752.24
2020	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END		\$	10,825,196.67
2019	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END		\$	9,610,332.88
2018	TOTAL AVAILABLE FUNDS ALL ACCOUNTS @ MONTH END		\$	9,526,504.48

SUSSEX CONSERVATION DISTRICT
FINANCIAL HIGHLIGHTS FOR MARCH 2024

March had a net profit (loss) of \$501,541 compared to a net profit (loss) of \$759,241 for the same period in 2023. Year to date, the District has a net profit (loss) of \$309,845 compared to a net profit (loss) of \$748,649 for 2023. The following is a net profit (loss) summary by department:

Department	March		Year To Date	
	2024	2023	2024	2023
Equipment	(\$17,274)	\$6,680	(\$59,922)	\$77,986
Agriculture	\$262,199	\$168,745	\$93,170	\$55,078
Stormwater	\$59,315	\$93,145	\$171,553	\$198,599
Administrative	\$8,839	\$322,271	(\$78,564)	\$247,911
Project Design	\$1,437	(\$1,615)	(\$3,417)	(\$940)
Operating Profit (Loss)	\$314,516	\$589,226	\$122,820	\$578,634
Investments	\$187,025	\$170,015	\$187,025	\$170,015
Net Profit (Loss)	\$501,541	\$759,241	\$309,845*	\$748,649

(*) Year to Date Net Income: **Total Revenue** \$ 2,241,420
 Cost of Sales \$ 443,422
 Gross Profit \$ 1,797,998
 Expenses \$ 1,488,153
 Net Income (Loss) \$ 309,845*

COST SHARE DOLLARS

Department	Paid Out March		Paid Out Year to Date	
	2024	2023	2024	2023
General Cost Share	\$7,409	\$11,539	\$33,679	\$38,264
3921 Funds	\$71,078	\$49,320	\$215,168	\$125,984
County Drainage	\$13,833	\$13,365	\$30,538	\$29,571
Total Cost Share Dollars	\$92,320	\$74,224	\$279,385	\$193,819

Department	Cash Balance	
	2024	2023
General Cost Share	\$1,492,820	\$4,871,059
3921 Funds	\$679,292	\$393,824
County Drainage	\$38,900	\$68,920
Total Cost Share Dollars	\$2,211,012	\$5,333,803

Sussex Conservation District WTC Investments March 31, 2024	
	Amount
Current Value - 03/31/2024	\$ 4,022,515.79
Value - 12/31/2023	3,835,490.72
2024 Gain (Loss)	<u>187,025.07</u>
2024 Return on Investments	4.88%

Lifetime (9.5 years) WTC Investments Net Gain (Loss) As of March 31, 2024	
	Amount
Current Value - 03/31/2024	\$ 4,022,515.79
Principal Invested	<u>3,000,000.00</u>
Lifetime Gain (Loss)	\$ 1,022,515.79
Average Annual Return (9.5 years)	3.59%

EQUIPMENT PROGRAM REPORT

Over the past month, the equipment program has completed various projects. We continue to push to complete ag-related work and hope to be complete in the next week or so. Spoil spreading is nearing completion, and mowing of tax ditches will be wrapping up in the next week or two. Work continues on a large RC&D project west of Seaford, and work will start on a couple of smaller RC&D projects in the coming weeks. Our new mowing tractor arrived at the end of March and has been put to work. Initial feedback from the operators is positive, and it should increase the production of the smaller tractor and save time on the arm mower. Our new dump truck is scheduled to arrive the week of April 15th. The weather in March was challenging, and our foreman, Stevie Tyre, has been off work for the past month dealing with some health issues.

Total Estimates for 2024: 115

Total Estimates for March: 27

Recently Completed Projects:

- Blackarm Tax Ditch- Spoil Spreading
- Peach Tree Run- Drainage Improvements
- Bacon & Kenny- Spoil Spreading
- Bearhole Tax Ditch- Maintenance
- Batson Branch- Erosion Repair
- Bunting Tax Ditch- Mowing
- Derrickson Canal- Spoil Spreading
- Double Fork- Spoil Spreading
- Green Branch- Spoil Spreading
- Indian Drain- Dip-Out & Spoil Spreading
- Pepper Creek- Dip-Out & Spoil Spreading
- Clendaniel- Irrigation Dip Out
- Nanticoke- Blockage Removal
- Bearhole- Mowing
- Bunting- Mowing
- Holly Branch- Mowing
- Pocomoke- Mowing
- North Prong- Mowing
- Raccoon- Mowing
- Seagrass- Drainage Improvements
- Tull- Spoil Spreading
- Tussocky- Blockage Removal

Recently started or Projects starting soon:

- McGee Tax Ditch- Spoil Spreading-WIP
- Neal School Road- Phase II- WIP
- N. Oak Grove/Willin- Drainage Improvements-WIP
- Swann Cove- Erosion Repair- WIP
- Vanderwende Clearing Pipe and Install-WIP
- Cart Branch-Spoil Spreading
- Banks Harbor Retreat
- Pepper Creek Prong 10- Bank Stabilization

DISTRICT CONSERVATIONIST REPORT

EQIP

- Planners have completed rankings and assessments for 1st batch applicants. We are awaiting the list of pre-approvals so we can move forward with generating the contract documents for review and participant signatures. They are also finalizing the 2nd batch of applicants' eligibility and screenings. That process will wrap up on April 19th.
- June 7th is when the contracts need to be completed by planners for 1st batch applicants.
- We will assess funding allocations to see if we move into contracting for 2nd batch.
- We are accepting applications on a continuous process and batching accordingly.

EQIP/CIC

- These are 5-year contracts. Application batching follows the EQIP guidelines.
- Contract limits are \$200K per Farm Bill and are not part of the overall \$450K payment limit attached to the Farm Bill.

EQIP/IRA (Inflation Reduction Act)

- Funds are targeted towards Climate Smart Ag. Practices. The categories are Soil Health, Nitrogen Mgt., Livestock Partnership, Grazing & Pasture, Agroforestry, Forest and Upland Wildlife habitat, Energy, and Wetlands. The funding level for FY-24 is \$10.3M.
- Planners are progressing well, cutting into the IRA funding. We are waiting on the preapprovals. We may have a few dollars left for the second batch.

AMA/RMA

- We received an allocation of RMA money of \$92K for the AMA/RMA fund pool.
- Planners are waiting for the preapproval list.
- Normally used for small farm scenarios with a cap of \$50K per year.
- Batch dates are the same as EQIP.

CSP/IRA

- Like EQIP/IRA, it is for participants who sign up for the same targeted Climate Smart Ag through CSP. Practice categories.
- 5-year contracts up to \$200K.

CSP

- We have five applications to review this year. The eligibility deadline is May 26th.

WRE

- Received applications are being reviewed for site eligibility.
- Field staff are directing participants to Elena Stewart (Program Manager) and Emily Palmer (Coordinator) for the specific details of the program.

1. Inspections and Site Visits

- **Conservation Practice Installation and Completion Inspections:**
Korey continues working with landowners and contractors to complete project installation/inspections for prior-year contracts. David Stuckey (CD Tech.) has been working with Korey to understand NRCS' survey, design, and assessment processes.

2. Surveys/Designs

- Korey is working on surveys and designs for FY-24 projects with some assistance from Reed.

3. Other Business

- Planners continue reviewing prior year management practice records for payment and reporting progress.
- There are still positions being advertised for Delaware NRCS positions. District Conservationist (Dover/ New Castle F.O.), Outreach Coordinator (Dover S.O.).
- Sussex F.O. is still working to backfill for a Soil Con. Tech. Position.
- Staff will attend CSP training on April 23 at the NRCS S.O.

SEDIMENT AND STORMWATER PROGRAM REPORT

Detailed Plan Review/Approval:

Staff continue to process plan submittals, pre-app/engineering meetings, and technical support. Staff reviewed 20 plans and approved 16 detailed and standard plans. Staff also had 5 pre-application meetings.

Standard Plan Review/Approval: 2 Total

- 12 Non-Residential
- 1 Agricultural

Inspection: - 350 Inspections

Field staff continue to be busy. New projects continue to contact us for pre-construction meetings. Pre-construction meetings – 4

Maintenance Inspection – 75

Closed-out stormwater projects are inspected, and reports are generated that provide information on routine/preventive maintenance. The goal is to ensure the continued function of the stormwater facility.

Buddy Griffith provides compliance inspections on single-family lot construction. He also works with builders on the requirements under the Residential Standard Plan (silt fences and stone construction entrances). He and Faith work together on home construction complaints and contact non-compliant builders.

Drainage/Construction Complaints: - 24

Other News:

May 2nd and June 5th – the District hosts flocculant training for contractors and engineers.

DNREC CONSERVATIONS PROGRAM REPORT

Program Updates and News

District Operations

- The Department's Bond Bill Hearing will occur in April this year; a date has yet to be selected. According to the Legislative Hall calendar, Bond Hearings will occur on **April 29th and 30th**.

Tax Ditch and Drainage Programs

Warrant Change Requests Requiring District Board Action

The following Tax Ditch Organizations have submitted warrant change requests as noted below since each of these organizations comply with the Tax Ditch Law by 1) having held an annual meeting, 2) having a Secretary/Treasurer bonded, and 3) their financial records have been audited with a pass or pass with immaterial deficiencies rating. The DNREC Tax Ditch Program **recommends** Board approval of the warrant change requests noted below (see attachments for details)

- Eli Walls Tax Ditch – 8% to 12%
- Phipps Tax Ditch – 4% to 7%
- Bridgeville Branch Tax Ditch – 24% to 28%
- Raccoon Tax Ditch – 25% to 27%
- McGee Tax Ditch – 4.5% to 7%
- Jones Mill Branch Tax Ditch – 12% to 14%
- Derrickson Canal Tax Ditch – 19% to 24%
- Iron Mine Tax Ditch – 12% to 14%
- Tyndall Branch Tax Ditch – 15% to 17%
- Prong 4 of Stoney Prong of Tyndall Branch – 15% to 17%

The following Tax Ditch Organizations have submitted warrant change requests as noted below; however, each of these organizations is **not in compliance** with the Tax Ditch Law by being deficient in one or more of the following areas: 1) having held an annual meeting, 2) Secretary/Treasurer is bonded, and 3) their financial records have been audited with a pass or pass with immaterial deficiencies rating. The DNREC Tax Ditch Program does **not recommend** Board approval of the warrant change requests noted below (see attachments for details)

- Robbins Tax Ditch – 12% to 15% - Missing Audit completed
- Pepper Creek Tax Ditch – 10% to 10% - Missing Audit completed; request is to issue 1 warrant for recently combined sub-watersheds

Staffing Updates:

- —Merit Position—We are currently interviewing candidates for this position. This position will oversee the administrative or technical services the Tax Ditch Program provides to Tax Ditch organizations and residents across the State.
- **Coming Soon - KCD Contractual - Planner II Position** – Tax Ditch Officer Coordinator – This position will be the primary point of contact for the Tax Ditch Officers across the State to help facilitate their needs and be responsible for officer recruitment and retention strategy implementation.

Sediment & Stormwater Program

- The Sediment and Stormwater Program is soliciting all historical BMP data from each delegated agency. For past reporting periods, SSP has primarily collected implementation and maintenance verification data for BMPs within the Chesapeake Bay Watershed, focusing less on the rest of Delaware. As an initiative to build a historical database, we request all historical implementation data of Delaware BMPs.
- The deadline for this report is **April 12, 2024**. We know this may be an enormous task and that incomplete data is a realistic probability, so we will accept the data that was prepared then. If data has been actively collected while completing maintenance inspections and will not be readily available by the deadline, there will be an opportunity to continue to report the data later. Refining this data is to utilize the Chesapeake Assessment Scenario Tool (CAST) and the Delaware Targeting and Planning Tool (DTAP) to meet water quality standards throughout the state. Please submit the requested data and make a single submittal by April 12, 2024, to DNREC.Stormwater@delaware.gov and copy Sydney.hall@delaware.gov.

Nonpoint Source

- The NPS Program is working on getting BMP implementation project work plans approved by Region 3 EPA for proposals submitted through the FY24 Request for Proposals (RFP) Process for the Clean Water Act (CWA) Section 319 Grant. Once reviewed and approved by EPA, the NPS Program can begin developing grant agreements to establish purchase orders for those projects.
- The Community Water Quality Improvement Grant (CWQIG) is currently soliciting water quality BMP implementation projects through 4/24/24. Details on the grant program can be found here: <https://dnrec.delaware.gov/environmental-finance/community-water-quality-improvement/>
- The NPS Program is working on the FY25 CWA Section 319 grant application to be submitted to EPA. The goal is to have all Grants.gov and State Clearinghouse documents completed and submitted to DNREC Finance for review by the end of April.
- There is a general public and State employee planting event at the Stockley Campus in Georgetown to help support a project funded by the CWA Section 319 grant. Volunteers will help plant pollinator-friendly plugs in the campus's recently developed vegetated filter strips to enhance existing stormwater drainage infrastructure. The public planting date is 5/11/24, and the State employee date is 5/13/24, with a rain date of 5/17/24.

Staffing Updates:

- No significant updates. All current Program positions are filled.

Chesapeake Implementation Programs

- The Chesapeake Bay Implementation Grant (CBIG) Steering Committee met at the end of last month and did their final reviews and rankings. Those who submitted project proposals for this funding will be contacted by mid-April with notification on whether they will receive funding for their proposals for the FY24 allocation.
- The Chesapeake Implementation Program recently received a \$1 million NFWF grant award to continue to expand the Delaware Community Conservation Assistance Program (DeCAP) within the Chesapeake Bay Watershed. We want to work with state partners to try and find ways to

collaborate with this funding and align it with efforts outside of the Chesapeake Bay watershed in Delaware. For more information about the DeCAP, please visit our website at <https://dnrec.delaware.gov/watershed-stewardship/nps/decap/> or reach out to Joe Schell at joseph.schell@delaware.gov Holly Walker at holly.walker@delaware.gov.

- The Chesapeake Implementation Program is currently setting up site visits for projects related to the Delaware Community Conservation Assistance Program (DeCAP). DeCAP is aimed at implementing conservation landscape best management practices for local landowners. Conservation landscape practices include – converting turfgrass areas to native meadow plantings, tree plantings, rain gardens, stormwater enhancements (bioswales, basins, and vegetated channels), constructed wetlands, and rainwater harvesting (rain barrels).
- Changes to the Riparian Forest Buffer Incentive program are being finalized. These changes will include grass buffers in both agricultural and urban settings to help us meet our Watershed Implementation Plan (WIP) goals, and the program will be changed from the Riparian Forest Buffer Incentive Program to the Delaware Buffer Incentive Program. Please be patient while we update our website and materials with the new names and information once we get final approvals from the EPA. This is a Chesapeake Bay Watershed-only program at this time. You can check out the current buffer incentive program details at <https://dnrec.delaware.gov/watershed-stewardship/nps/forest-buffer-incentives/>, or feel free to reach out to Jenna Talbot at jenna.talbot@delaware.gov or Holly Walker at holly.walker@delaware.gov if you have any questions.
- The Chesapeake Implementation Team will lead efforts for this year’s freshwater mussel surveys. We are currently training staff while collaborating with groups from the Delaware Natural History Museum and potentially Sea Grant to conduct these historic surveys and collect more information about freshwater mussel populations across Delaware. This is not Chesapeake Bay watershed specific, and if you have any sighting of freshwater mussel shells, please feel free to reach out to Joe Schell at joseph.schell@delaware.gov or George Doumit at george.doumit@delaware.gov.

Staffing Updates:

The Chesapeake Implementation Program team currently consists of four team members:

1. Holly Walker – Chesapeake Bay Program Coordinator/Environmental Scientist. Oversees all grant funding and programs, coordinates efforts, and represents Delaware on Chesapeake Bay Program meetings/workgroups/task forces.
2. Jenna Talbot – Conservation Coordinator and currently leading efforts for the Buffer Incentive Program.
3. Joseph Schell – GIS and Data Specialist for Infrastructure and NFWF funding, assisting with DeCAP efforts.
4. George Doumit – GIS and Data Specialist for primarily Chesapeake Bay Implementation Grant and all other Chesapeake Bay-related projects and funding programs. Oversees training and updates of our program's GIS-related content, data, and maps.

Spotlight

On April 9th, members of the CPS provided an educational booth at the annual “Make a Splash” event at the John Dickinson Plantation/St. Jones Reserve at DNERR. During this event, hundreds of fourth graders across the state were provided educational and outreach programming on water quality, watersheds, recycling, historical topics, and so much more! The CPS group taught their groups about healthy watersheds and water quality BMPs. Their program included an interactive matching game about BMPs.



DACD REPORT

Updates:

- 2024 NACD Fly-In on March 20**—Tim Riley, David Baird, and Jen Nelson represented DACD in Washington, DC, in visits with our elected officials and staff delegation. Topics for the visits varied according to the level of familiarity with the districts, with some meetings getting into detail about the districts' Farm Bill requests and accomplishments. In contrast, others were more introductory conversations about the districts' roles.



- DACD-NRCS Agreement**- NRCS and the districts have continued to meet to discuss the expectations from the State Office and the NRCS Grants and Agreements Division (GAD) regarding the workload distribution between the districts and how to calculate costs for deliverables. As agreements and reporting receive ever greater scrutiny from GAD, these conversations help create a shared understanding between the partners. Meetings have taken place or are planned on 3/29, 4/10, 4/23, and 5/8 for information-sharing and to prepare for next year’s agreement.

- NRCS Chief Terry Cosby visited Delaware** on April 9 & 10 to discuss the Chesapeake Bay Restoration and hear feedback from partners about the successes and challenges of implementing Farm Bill programs. Partners included DACD, DNREC, DDA, First State African American Farmers Association, Delmarva Chicken Association, Nanticoke Watershed Alliance, ShoreRivers, and Eastern Shore Land Conservancy.



- Delmarva Land and Litter Collaborative Steering Committee Meeting on April 16 @ SCD Office** – Jen co-presented with Michelle Koenig from the Center for the Inland Bays to recap the Whole Systems Approach webinar series and farmer breakfast to highlight the role of DLLC.

Upcoming Dates:

<i>DATE</i>	<i>EVENT</i>
<i>April 25</i>	Delaware Envirothon, Abbott’s Mill, Milford, DE
<i>April 30</i>	Governor’s Conservation Awards, Delaware Ag Museum
<i>July 9</i>	MASCD’s Annual Meeting (mascd.net for information)
<i>August 10 - 13</i>	NACD Summer Meeting & Northeast Region Meeting, Boston, MA

AGRICULTURAL PROGRAMS REPORT

Grants

- As part of the NRCS Contribution Agreement NR1921J2XXXXC005 – SCD hosted a Wetland Reserve Enhancement (WRE) workshop on March 19, 2024, at 5:00 p.m. at the Harrington Fire Hall. NRCS organized the program and speakers. There were 76 people registered for the workshop, and 59 people attended. Also, as part of this agreement, SCD is working with NRCS to create a new television commercial to promote the program and increase applications, as well as filming an Outdoors Delmarva segment that will be aired in the coming months.
- SCD continues to meet with the other conservation districts and NRCS to hammer out an agreement/work plan for the coming year (10/1/24 – 9/20/25). Another meeting is scheduled with just the districts for Tuesday, April 23, 2024, to discuss deliverable costs and other concerns before our next meeting with NRCS on May 8th.
- Quarterly performance and financial reports and billings have been compiled and submitted for the NRCS and NACD agreements. In addition to these reports/billings, we will also invoice for the cover crop agreements we have with CBIG and NPS programs, as well as the Delaware Center for the Inland Bays.
- The semi-annual Chesapeake Bay Implementation Grant (CBIG) and the Chesapeake Bay Regulatory and Accountability Grant (CBRAP) reports for October 1, 2023, and March 31, 2024, are being compiled and submitted.

Cost-Share

- The FY 2025 Cost-Share Sign-Up dates are June 10 – July 26, 2024. The sign-up period is seven weeks long and consistent with past application periods.
- Cover Crop destruction forms are coming in, and inspections are ongoing. Cost-share payments are being processed weekly.
- Bobbi will soon begin developing cost-share applications for producers who participated in our program last year. These will be mailed out prior to the sign-up in June.

3921 Funds

- The FY 2025, 3921 Funds Cost-Share Sign-Up dates are June 10 – July 26, 2024. The sign-up period is seven weeks long and consistent with past application periods.
- This week, postcards will be mailed to Tax Ditch officers, notifying them of the sign-up dates and reminding them to submit their meeting minutes, audited financial statements, and proof of bonding to the DNREC Drainage Program to be eligible for funding.

Miscellaneous

- SCD held the 2024 Local Work Group Meeting on Tuesday, March 26, 2024. Twenty-five stakeholders were in attendance, and some good discussion took place. The minutes from the meeting, along with a list of recommendations, will be available prior to the board meeting for the board to review.
- David and I represented SCD at NRCS's Meet and Greet with Chief Terry Cosby, who was in Delaware from April 9 to 10.
- The Delaware Envirothon takes place Thursday, April 25, 2024, at Abbott's Mill in Milford.

DISTRICT COORDINATOR'S REPORT

USDA Lease Updates & SCD Progress

In late February, we received a notice from USDA that the current "pre-solicitation" for office space issued on Nov. 22, 2023, was modified two times on Feb. 16 and Feb. 20 to reflect changes to parking requirements, electric vehicle charging stations, reduced the entire term of the lease from 20 to 13 years. SCD was informed that the Shortly Rd. Location was not eligible due to its location within the 500-year flood plain. Letters of interest were due on March 7, 2024, and the results have yet to be shared. We understand that USDA and GSA are planning site visits within the next 30 days, and SCD is scheduled to participate in that activity.

Additionally, we are evaluating a proposal to engage GMB to assist with developing a plan that would allow us to locate the SCD Ag Program staff at Shortly Rd.

SCD Holds Local Workgroup Meeting

The District held its annual local workgroup meeting on March 26 with farmer/landowner representatives, NRCS, DNREC, and other stakeholders to provide input on NRCS and District Cost Share programs and the priorities they should address. Key issues discussed include planting dates and species for cover crops, tax ditch funding, pest/deer management, and drainage and flooding as an emergency. A meeting summary will be presented to the Board for consideration and forwarded to the NRCS State Technical Committee.

New Mowing Tractor Arrives

We took delivery of our new mowing tractor, which was immediately used on a few current tax ditch projects.

Turbidity Meter Purchased

As previously discussed, sediment-laden (turbid) discharges are a key issue facing development projects and have a negative impact on some local waterways. There is currently no numeric turbidity limit in the stormwater regulations. However, permittees must manage turbid discharges using the best available technologies and take corrective action when control measures fail and need to be repaired/replaced or the discharges exceed acceptable water quality standards. SCD has been working with developers and contractors to address these issues, but this meter will allow us to measure if the additional protections are impacting. This is a good tool for our staff to have available.

West Shores-Milford Subdivision

I wanted to inform the board that we may need to call the letter of credit that has been posted for this project due to the developer's inability to complete the stormwater improvements. An easement was required from the City of Milford to address the stormwater. The City agreed to the easement with the condition that the developer provided proof that the bond to the City was in place and that the developer failed to meet this condition. It's a "catch-22" for the developer that may require SCD to take this action.

Draft Audit Under Review

PKS has provided us with a draft audit, and Dan is currently in discussions with them to clarify a few items. We hope to address this over the next few days and be in a position for the 2023 Financial Statements to be presented at the April Board meeting.

New NRCS Acting State Conservationist Named

Mrs. Jena Moore has been named Acting State Conservationist for Delaware. Per Kasey Taylor, "Jena will serve in this position for 120 days, bringing a wealth of information and experience to the state. Jena is a Natural Resources Specialist on the Financial Assistance Program Division staff. She is well versed in program policy, practice implementation, quality assurance, and employee training and will be a great addition to the Delaware Leadership Team!"

Meeting with NRCS Chief Terry Crosby

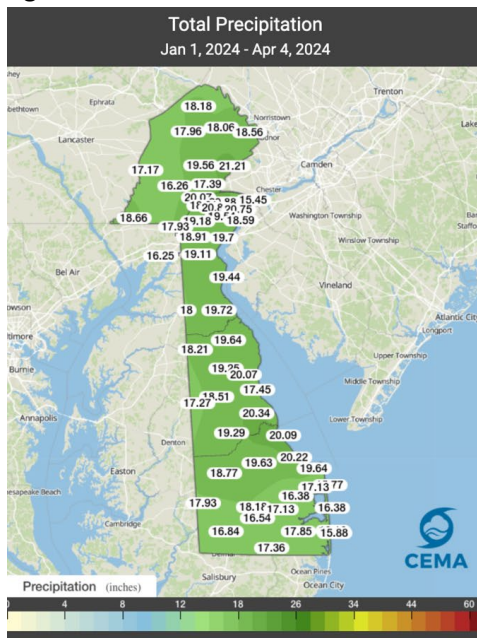
NRCS Chief Terry Crosby spent two days in Delaware on April 9-10 and met with the Districts at the NRCS State Office. Debbie and I represented SCD, and during our discussion, he emphasized the history and importance of the NRCS and District partnership and continued the technical and financial portions of that relationship. He also shared frustrations similar to ours regarding the bureaucratic hoops we all have to jump through. Overall, it was a brief but good discussion.

Senator Pettyjohn to Recognize SCD 80th Anniversary.

Senator Brian Pettyjohn will introduce a resolution recognizing 80 years of the Sussex Conservation District on Tuesday, April 23, on the Senate floor at 2:00 p.m. Please attend Legislative Hall at 2:00 p.m. that day to join in the recognition.

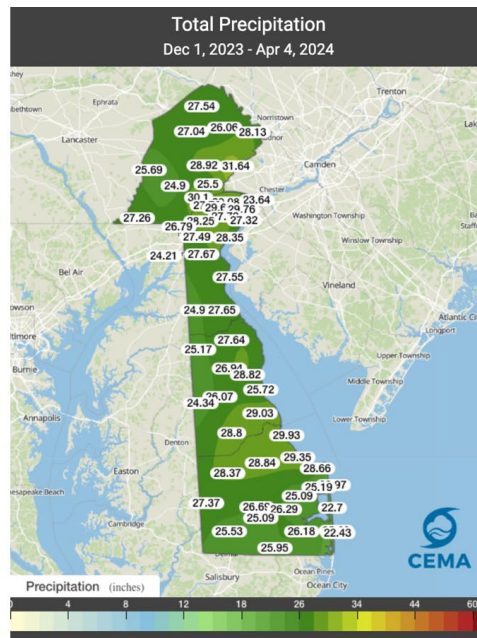
Record Rainfall Totals in Sussex County

The past few months will go down as the third wettest winter since 1895, with most of Sussex County receiving twice as much rain as usual. Fortunately, improved weather conditions are slowly drying things up, giving our stormwater staff a needed break and our ag producers signs of hope for a close-to-normal planting season.



YTD Precip should be 10.8"

Dec through April 4 should be 14.6"



Health Insurance Premiums

SCD is seeing rising health insurance premiums. The chart below shows the cost to SCD for Health Insurance Premiums over the last five years. Keep in mind that the cost to SCD varies based on the number of employees enrolled and the type of policies chosen by the employee each year. SCD currently pays 90% of the health insurance premium. Open enrollment begins May 1 and ends May 15th.

SCD Health Insurance Costs						
Year	Total Amount	District's Percentage	District's Cost	Annual Change	Number of Employees on a Health Plan	Average SCD Cost Per EE
2019-20	418,414.00	90%	376,572.60		29	12,985.26
2020-21	427,745.00	90%	384,970.50	2.23%	29	13,274.84
2021-22	400,181.00	90%	360,162.90	-6.44%	31	11,618.16
2022-23	485,993.00	90%	437,393.70	21.44%	36	12,149.83
2023-24	564,756.00	90%	508,280.40	16.21%	37	13,737.31
est 2024-25	750,252.00	90%	675,226.80	32.85%	37	18,249.37

Upcoming Events:

- Governor's Conservation Awards, April 30th, at the AG Museum in Dover, DE.
- The next board meeting will be held Tuesday, May 28, 2024, at 7 p.m., at 23818 Shortly Road, Georgetown, DE.

ACTION ITEM 1A

COST SHARE PAYMENTS-LARGE ANIMAL MORTALITY

BACKGROUND:

Cost-share payment for Large Animal Mortality to John Kohout.

March

Total Cost	\$5,900	Cows:	8
SCD Cost	\$5,900	Horses:	6
SCD Admin	\$1,380		

RECOMMENDATION:

Approve cost-share for payment for Animal Mortality.

MOTION:

Moved by _____ and seconded by _____, to approve cost-share payment to John Kohout.
Motion _____.

ACTION ITEM 2

BACKGROUND:

See the following pages for Sussex County Tax Ditch Warrant Changes.

RECOMMENDATION:

Approve the Tax Ditch Warrant rates as presented.

MOTION:

Moved by _____ and seconded by _____ to approve the Tax Ditch Warrant Rates as presented. Motion _____.

April 2024 Sussex Conservation District Board Meeting

Item Requiring Sussex Conservation District Board Action –

Sussex County Tax Ditch Warrant Change –

- The following Tax Ditches are requesting an **Increase** in their maintenance tax. The increase in funds is necessary to complete known maintenance needs over the next few years. Their current collection rate is not adequate to meet the anticipated costs. The Delaware Department of Natural Resources (DNREC), Division of Watershed Stewardship, Tax Ditch Program recommends approval of these requests. Each of these Tax Ditch organizations have on file with our office a copy of their most recent meeting minutes which include the warrant rate change approved by the taxables present, confirmation of bonding, and their audited 2023 Financial Statement (with Pass or Pass with Immaterial Deficiencies Rating).

Tax Ditch	Current Rate & Type	Proposed Rate & Type	Motion by	Seconded by	Approved Yes or No
Eli Walls	8% AM	12% AM			
Phipps	4% AM	7% AM			
Bridgeville Branch	24% AM	28% AM			
Raccoon	25% AM	27% AM			
McGee	4.5% AM	7% AM			
Jones Mill Branch	12% AM	14% AM			
Derrickson Canal	19% AM	24% AM			
Iron Mine	12% AM	14% AM			
Tyndall Branch	15% AM	17% AM			
Prong 4 of Stoney Prong of Tyndall Branch	15% AM	17% AM			

AM = Adjusted Maintenance

M = Maintenance

April 2024 Sussex Conservation District Board Meeting

Item Requiring Sussex Conservation District Board Action –

Sussex County Tax Ditch Warrant Change – SUPPLEMENTAL REPORT

- The following Tax Ditches are requesting an **Increase** in their maintenance tax. The increase in funds is necessary to complete known maintenance needs over the next few years. Their current collection rate is not adequate to meet the anticipated costs. The Delaware Department of Natural Resources (DNREC), Division of Watershed Stewardship, Tax Ditch Program recommends approval of these requests. Each of these Tax Ditch organizations have on file with our office a copy of their most recent meeting minutes which include the warrant rate change approved by the taxables present, confirmation of bonding, and their audited 2023 Financial Statement (with Pass or Pass with Immaterial Deficiencies Rating).

Tax Ditch	Current Rate & Type	Proposed Rate & Type	Motion by	Seconded by	Approved Yes or No
Robbins	12% AM	15% AM			
Pepper Creek *	10% AM	10% AM			

AM = Adjusted Maintenance

M = Maintenance

*Pepper Creek Tax Ditch, D-127 through D-132 (separate assessment lists) was combined by vote at their 2/19/24 Annual Meeting. COC #73 effective 3/20/2024 is on file with the Court regarding this matter. This request to update their warrant is to allow the filing of a new warrant for D-132 with the County Tax Office and the withdraw of warrants for D-127 through D-131.

**SUSSEX COUNTY TAX DITCHES REQUESTING WARRANT CHANGES
APRIL 2024 BOARD MEETING**

TAX DITCH NAME & #	CURRENT RATE	PROPOSED RATE	BALANCE ON HAND as of 12/31/23	2023 ASSESSMENT BASE	APPROX. AMOUNT COLLECTED @ NEW RATE	DITCH MILES (ORIG.)	CURRENT MTG MIN & AUDITED FIN. REPT ON FILE	BONDED Y/N	RECOMMEND APPROVAL
Eli Walls D-66	8% AM	12% AM	\$24,889.86	\$26,998.01	\$3,239.76	4.9 (5.9)	12/20/23 mtg min w/rate chg & audited 2023 financial stmt - pass 2/9/24 on file.	Y exp. 10/3/24	YES
Phipps D-103	4% AM	7% AM	\$38,525.46	\$31,820.91	\$2,227.46	8.6 (8.0)	1/20/24 mtg min w/rate chg & audited 2023 financial stmt - pass 2/6/24 on file.	Y exp. 8/6/24	YES
Bridgeville Branch D-85	24% AM	28% AM	\$24,365.70	\$60,367.82	\$16,902.99	23.5 (23.8)	1/22/24 mtg min w/rate chg & audited 2023 financial stmt - pass 2/15/24 on file.	Y exp. 7/9/24	YES
Raccoon D-51	25% AM	27% AM	\$28,997.37	\$12,405.66	\$3,349.53	5.1 (4.0)	2/17/24 mtg min w/rate chg & audited 2023 financial stmt - pass 2/27/24 on file.	Y exp. 4/13/27	YES
McGee D-153	4.5% AM	7% AM	\$66,609.53	\$136,434.30	\$9,550.40	7.9 (8.0)	7/10/23 mtg min w/rate chg & audited 2023 financial stmt - pass 3/13/24 on file.	y Exp. 10/18/24	YES
Jones Mill Branch D-136	12% AM	14% AM	\$3,054.19	\$53,344.28	\$7,468.20	8.5 (8.8)	1/17/24 mtg min w/rate chg & audited 2023 financial stmt - pass 1/4/24 on file.	Y exp. 2/19/25	YES
Derrickson Canal D-50	19% AM	24% AM	\$11,095.46	\$36,117.43	\$8,668.18	8.8 (6.6)	3/28/24 mtg min & 2023 audited financial stmt - pass 1/12/24 on file.	Y exp. 7/24/24	YES

**SUSSEX COUNTY TAX DITCHES REQUESTING WARRANT CHANGES
APRIL 2024 BOARD MEETING**

TAX DITCH NAME & #	CURRENT RATE	PROPOSED RATE	BALANCE ON HAND as of 12/31/23	2023 ASSESSMENT BASE	APPROX. AMOUNT COLLECTED @ NEW RATE	DITCH MILES (ORIG.)	CURRENT MTG MIN & AUDITED FIN. REPT ON FILE	BONDED Y/N	RECOMMEND APPROVAL
Iron Mine D-140	12% AM	14% AM	\$7,703.44	\$68,125.62	\$9,537.59	9.4 (9.8)	1/17/24 mtg min w/rate chg & audited 2023 financial stmt - pass with Immaterial Deficiencies 2/29/24 on file.	Y exp. 12/23/24	YES
Tyndall Branch D-88	15% AM	17% AM	\$31,186.84	\$131,188.18	\$22,301.99	41.7 (38.2)	2/28/24 mtg min & 2023 audited financial stmt - pass 3/25/24	Y exp. 5/14/24	YES
Prong 4 of Stoney Prong of Tyndall Branch D-89	15% AM	17% AM	*see above for Tyndall Branch	\$4,106.69	\$698.14	*see above	*see above	*see above	YES
Robbins D-114	12% AM	15% AM	Need 2023 audited financial statement	\$51,168.16	\$7,675.22	12.5 (12.7)	Need 2024 meeting minutes, 2023 audited financial statement & proof of bonding. Records submitted & are pending final review due to missing documents.	Need proof of bonding	NO
Pepper Creek D-132	10% AM	10% AM	Need 2023 audited financial statement	\$260,605.10	\$26,060.51	46.2 (43.02)	Need 2024 meeting minutes, 2023 audited financial statement & proof of bonding. Records submitted & are pending final review due to missing documents.	Need proof of bonding	NO

**SUSSEX COUNTY TAX DITCHES REQUESTING WARRANT CHANGES
APRIL 2024 BOARD MEETING - SUPPLEMENTAL REPORT**

TAX DITCH NAME & #	CURRENT RATE	PROPOSED RATE	BALANCE ON HAND as of 12/31/23	2023 ASSESSMENT BASE	APPROX. AMOUNT COLLECTED @ NEW RATE	DITCH MILES (ORIG.)	CURRENT MTG MIN & AUDITED FIN. REPT ON FILE	BONDED Y/N	RECOMMEND APPROVAL
Robbins D-114	12% AM	15% AM	\$23,362.59	\$51,168.16	\$7,675.22	12.5 (12.7)	1/27/24 mtg min w/rate chg & audited 2023 financial stmt - pass 4/9/24.	Y exp. 7/1/24	YES
Pepper Creek D-132	10% AM	10% AM	\$145,135.80	\$260,605.10	\$26,060.51	46.2 (43.02)	2/17/24 mtg min w/rate chg due to combining assessments & audited 2023 financial stmt - pass 4/23/24.	Y exp. 3/16/25	YES

ACTION ITEM 3

ADOPTION OF SECTION 125 PLAN FOR THE 2024/2025 BENEFIT YEAR

BACKGROUND:

IRS Regulations require the Board of Supervisors to adopt the District’s Sec 125 Benefits Plan annually. The plan covers the Health, Dental, Vision, 401k, and other supplemental benefits the District offers. No changes are proposed to the plan as part of this action.

The following Section 125 items are available to employees for the 7/1/24 – 6/30/25 plan year:

- Cash – (Employee elects no salary reductions for the section 125 plan)
- The employees’ health insurance premiums
- The employee’s dental insurance premiums
- The employee’s vision insurance premiums
- The employee’s AFLAC health & accident insurance premiums
- Medical Flexible Spending Accounts – FSA’s
- Dependent Care Flexible Spending Accounts – FSA’s

RECOMMENDATION:

Adopt the plan presented for July 1, 2024-June 30, 2025.

MOTION:

Moved by _____ and second by _____ to approve the Section 125 Benefits Plan for the 7/1/2024 through 6/30/2025 plan year. Motion _____.



**Employee Annual Salary Reduction Agreement: July 1, 2024 – June 30, 2025
Section 125 Qualifying Deductions & Other Taxable Payroll Deductions**

* NOTE: Once this election is made, you cannot make any changes during the plan year unless allowable by IRS rules. This form must be completed and submitted by **Wednesday, May 15, 2024.**

Employee Name: _____

- NO. I decline to participate in the Section 125 Cafeteria plan for the July 1, 2024 – June 30, 2025, plan year, and I authorize no salary reductions from my bi-weekly payroll for any benefits.

If you checked NO, STOP. Your signature at the bottom of the page is the only action required.

- YES. I agree to participate in the Section 125 Cafeteria plan for the July 1, 2024 – June 30, 2025, plan year and I authorize my salary to be reduced on a pre-tax basis for qualified benefits and a post-tax the basis for taxable benefits, on a bi-weekly basis (26 pay periods), is as follows:

I agree that the below-calculated deductions will be deducted from my payroll check and recognize this form does not include any retirement plan contributions to the pension fund or 401K.

July 1, 2024 – June 30, 2025, Pre-Tax Salary Reductions		
Item	Deducted Per Pay Period (26)	Annual Deduction (Multiply by 26)
Health Ins (State of DE)		
Dental Ins (State of DE)		
Vision (VSP)		
SUBTOTAL		
AFLAC		
Flex Spending (\$3,200.00 annual max)		
Dependent Care Account		
Total Pre-Tax Deductions		
July 1, 2024- June 30, 2025, Post-Tax Salary Reductions		
AFLAC (Life & Disability Ins)	Deducted Per Pay Period (26)	Annual Deduction
Total Post-Tax Deductions		
Total All Deductions		

Employee Signature

Date

Sussex Conservation District Section 125 Cafeteria Plan Description

This plan description is valid for the period of 7/1/2024 – 6/30/2025.

Plan Options:

The District offers the following taxable benefits and qualified benefits (as defined by the IRS):

Taxable Benefits

- Cash
The employee agrees to no salary reduction(s).
- Post Tax AFLAC
Life and Disability Insurance is offered through AFLAC.

Section 125 Qualified Benefits

- Health Insurance
Highmark Blue Cross Blue Shield and Aetna plans are offered through the State of Delaware.
- Dental Insurance
Delta Dental and Dominion Dental plans are offered through the State of Delaware.
- Pre-Tax AFLAC
Supplemental health and dental benefits are offered through AFLAC.
- Vision Insurance
VSP offers vision insurance plans through Foursquare Benefit Solutions.
- Dependent Care Benefits
Benefits withheld are managed by the Integra Administrative Group of Seaford, Delaware. Any qualified dependent care expenses are reimbursed to the employee by filing their receipts to Integra, as required by Integra's reimbursement policies. The Dependent Care Account maximum amount for 2024-25 is \$5,000.00 for married filing joint and head of household filing tax returns or \$2,500.00 for married filing separately.
- Flexible Spending Account (FSA)
Employees may have up to \$3,200.00 deducted from their salary to pay for other qualified medical costs for the 2024-2025 benefit year. Some qualifying medical expenses include co-pays, deductibles, out-of-pocket doctor, hospital and dental expenses, prescription drugs, hearing tests, and eye care. (Please see the IRS rules for Schedule A of the 1040 tax return for a comprehensive list of qualifying medical expenses.) Benefits withheld are held by Integra Administrative Group. A Benefits card will be issued and mailed to the employee shortly after the start of the plan year. This debit card can be used to pay for qualifying medical expenses, as listed previously.

Eligible Employee

All regular full-time employees are eligible to participate in the Section 125 Cafeteria Plan on the first of the month following the employee's hire date. SCD pays 90% of health insurance premiums only. The employee is 100% responsible for all other benefits.

All regular part-time employees are eligible to participate in the Section 125 Cafeteria Plan on the first of the month following the employee's hire date. Part-time employees are 100% responsible for the total cost of any benefit, except health insurance, if they work more than 30 hours per week on average.

Annual Procedures

The Section 125 plan period will run from July 1 to June 30 each year. Every year, each eligible employee must agree to their salary reduction(s), if any, by June 30th of each year. A comparison sheet showing the employee's previous year's deductions will be available.

The IRS allows for an election change in the event of a change in status, a judgment, entitlement to Medicare or Medicaid, and the Family and Medical Leave Act. Once each eligible employee makes the election, the salary reduction(s), if any, is irrevocable until the next plan year is open for enrollment. Employees hired after the plan year has begun will be allowed to sign up for a salary reduction agreement upon becoming eligible.

Employees cannot use qualified benefits from one year to pay for eligible benefits in another year. Any dollars not used in the Flexible Spending Account or the Dependent Care Account by the end of the plan period will be lost. The FSA and the DCA use it or lose their accounts.

ACTION ITEM 4

GOVERNOR'S CONSERVATION AWARDS

BACKGROUND:

This year, SCD is putting forward Richard Swartzentruber as our Agricultural Award winner and Tower Hill by Carl M. Freeman Companies as our Urban/Suburban Award Winner. The Board should vote to approve these winners, who will be recognized at a ceremony on Tuesday, April 30, at the Delaware Agricultural Museum in Dover.

DESCRIPTION:

Agriculture Winner:

Richard Swartzentruber is a fourth-generation organic farmer operating Swartzentruber Homestead in Greenwood, which has been in his family for over 105 years. His 200-acre farm supports 60,000 broilers and 50 beef cattle and utilizes innovative, sustainable practices such as high-voltage weed zapping and rotational grazing without synthetic fertilizers or pesticides. His methods improve product nutrient density and protect the environment. Swartzentruber is also community-oriented, leading educational tours and participating in global mission trips to teach sustainable farming.

Urban/Suburban Winner:

Carl M Freeman Companies is the developer of Tower Hill, a residential community in Lewes that covers 135 acres and has 292 homes. The community features extensive stormwater management systems, including 13 wet ponds and 60 acres of open space. It stands out for pioneering native meadows during construction, planning to seed 30 acres with wildflowers and grasses. Unlike typical developments that rely on turfgrass, Tower Hill opted for native meadows to improve water quality, stabilize soil, and support biodiversity, serving as a model for future developments across the state.

MOTION:

Moved by _____ and seconded by _____ to name Richard Swartzentruber as the Governor's Conservation Award Winner for Agriculture in Sussex County and Tower Hill by Carl M. Freeman Companies as the Governor's Conservation Award Winner for Urban/Suburban Projects in Sussex County. Motion _____.



ANDREW M. HAYNIE, CPA
SUSAN P. KEEN, CPA
MICHAEL C. KLEGER, CPA
JAMES D. MAYBURY, CPA
E. LEE McCABE, CPA
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DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

April 23, 2024

Board of Supervisors
Sussex Conservation District
Georgetown, Delaware

We have audited the financial statements of Sussex Conservation District as of and for the year ended December 31, 2023, and have issued our report thereon dated April 23, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 8, 2024, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Sussex Conservation District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

Our audit planning involves the evaluation of potential risks of misstatement in the financial statements caused by either error or fraud. For the purpose of an audit, a significant risk is an area, that in the auditors' judgement, requires special audit consideration and generally leads to additional audit procedures being performed. By identifying potential risks, we can design our audit procedures and focus our efforts in these areas in order to carry out the audit effectively and efficiently. Accordingly, we have identified revenue recognition, journal entries, management override of controls, and unusual transactions as significant risks.

During our audit, we performed audit procedures to respond to the identified potential risks of misstatement. We did not identify or report any findings related to these audit areas.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Sussex Conservation District are described in Summary of Significant Accounting Policies in the Notes to the financial statements. During 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)* as described in the notes to the financial statements. There have been no other initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

The most sensitive accounting estimates affecting the financial statements are the allowance for uncollectible accounts, the economic life of capital assets, calculation of the net pension liability, the current portion of accrued compensated absences and the incremental borrowing rate for operating leases.

Significant Accounting Estimates (Continued)

Management's estimate of the allowance for uncollectible accounts is based on historical collection experience and a review of current status of outstanding accounts receivable balances. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the economic life of capital assets is based on historical information about the lives of historical assets. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net pension liability is based on the information available at the time of the release of the financial statements from the State of Delaware Employee's Pension Plan. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the current portion of accrued compensated absences is based on the average historical use of accrued compensated absence time for short-term purposes. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incremental borrowing rate for operating leases is based on the rate expected if the District were to borrow money to purchase the same asset with a similar loan. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statements users. The most sensitive disclosures affecting Sussex Conservation District's financial statements relate to the disclosure of allowance for uncollectible accounts, capital assets, pension and right-of-use asset disclosures in the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

Uncorrected and Corrected Misstatements (Continued)

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Adjust the net pension asset.
- Reclassify the investment unrealized gain.
- To adjust right-of-use assets.
- To record additional grant receivable.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Sussex Conservation District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated April 23, 2024.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Sussex Conservation District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Sussex Conservation District's auditors.

This report is intended solely for the information and use of the Board of Supervisors and management of the Sussex Conservation District and is not intended to be and should not be used by anyone other than these specified parties.

PKS & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS