



**MINUTES**  
**SUSSEX CONSERVATION DISTRICT**  
**Board of Supervisors Meeting**  
**April 23, 2024**

**CALLED TO ORDER BY:** Joel Wharton, Board Chair  
**TIME:** 7:05 p.m.

**IN ATTENDANCE:**

<b>BOARD MEMBERS</b>	
Roland Hill	Vice Chair
Dale Ockels	Treasurer
Mark Nardi	Supervisor
Joe Booth	Supervisor
Will Carlisle	Supervisor
Cory Whaley	Secretary
<b>STAFF</b>	
David Baird	District Coordinator
Dan Lee	District Accountant
Stephen Gissy	Equipment Program Manager
Holly Givens	Administrative Coordinator
Debbie Absher	Director of Ag Programs
Jen Nelson	DACD
Ziggy Savage	NRCS

**APPROVAL OF AGENDA**

Moved by Dale Ockels and seconded by Roland Hill to approve the agenda for the April 23, 2024 board meeting. Motion passed unanimously.

**APPROVAL OF MINUTES**

Moved by Joe Booth and seconded by Will Carlisle to approve the March 19, 2024, board meeting minutes. Motion passed unanimously.

**VISITORS**

Lindsey Keen and Erica VanVessen from PKS & Co., an accounting firm in Salisbury, MD, presented the 2023 audit findings. They stated that the District is in a strong and healthy financial position and doing very well. It was noted that SCD saw a \$1,234,000 increase in revenues in 2023. The District was praised with the highest standards and marks that an audit can receive, otherwise known as unmodified findings. A summary of the District’s audit opinion follows at the end of the minutes.

Moved by Joe Booth and seconded by Mark Nardi to approve the findings of the 2023 audit. Motion passed unanimously.

**REPORTS**

District Account’s Report  
Equipment Program Manager’s Report  
District Conservationist’s Report  
Sediment and Stormwater Report  
DNREC Conservation Program’s Report

DACD Executive Directors Report  
Agriculture Program Report  
District Coordinators Report

**ACTION ITEMS**

**1a. Cost Share Payments- Large Animal Mortality**

Received the following request for cost share payment to John Kohout for Large Animal Mortality pickup:

*March*

Total Cost \$5,100 Cows: 4  
SCD Cost \$5,100 Horses: 7  
SCD Admin \$1,260

Moved by Joe Booth, seconded by Dale Ockels, to approve the cost share payments to John Kohout for large animal mortality pick-up. Motion passed unanimously.

**2. Sussex County Tax Ditch Warrant Adjustments**

The following Tax Ditches have requested an **Increase** in their maintenance tax. An increase in funds is necessary to complete general maintenance 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, and Tax Ditch Program recommends approval of these requests. Each of these Tax Ditch organizations has on file with our office a copy of their most recent meeting minutes, including the warrant rate change approved by the taxable 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
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

Moved by Dale Ockels, seconded by Joe Booth to approve the tax ditch warrant increases as presented. Motion passed unanimously.

### Sussex County Tax Ditch Warrant Adjustments, Contd.

The following Tax Ditches have requested an **Increase** in their maintenance tax. This was submitted as a supplemental report, as the original recommendation was to grant the request. All documentation was submitted, and the recommendation was updated to reflect an increase in annual maintenance rates. An increase in funds is necessary to complete general maintenance 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, and Tax Ditch Program recommends approval of these requests. Each of these Tax Ditch organizations has on file with our office a copy of their most recent meeting minutes, including the warrant rate change approved by the taxable present, confirmation of bonding, and their audited 2023 Financial Statement (with Pass or Pass with Immaterial Deficiencies Rating).

<b>Tax Ditch</b>	<b>Current Rate &amp; Type</b>	<b>Proposed Rate &amp; Type</b>
Robbins	12% AM	15% AM
Pepper Creek *	10% AM	10% AM

\*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. This request to update their warrant allows the filing of a new warrant for D-132 with the County Tax Office and the withdrawal of warrants for D-127 through D-131.

Moved by Joe Booth, seconded by Will Carlisle, to approve the tax ditch warrant increases for Robbins and Pepper Creek Tax Ditches as presented. Motion passed unanimously.

### 3. Adoption of Section 125 Plan for the 2024/2025 Benefit Year

Received request to approve the Section 125 Benefits Plan for the 2024/25 benefit year. IRS Regulations require the Board of Supervisors to adopt the District's Sec 125 Benefits Plan annually. The plan covers the Health, Dental, Vision, and other supplemental benefits the District offers. There are no changes proposed to the plan as part of this action.

The following Section 125 items are available to employees for the 7/1/24 through 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

Moved by Dale Ockels, seconded by Joe Booth, to approve the Section 125 Benefit Plan for the 7/1/2024 to 6/30/2025 plan year. Motion passed unanimously.

**4. Governor’s Conservation Awards**

Received request to approve the Governor’s Conservation Awards nominees. 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. These winners will be recognized at a ceremony on Tuesday, April 30, at the Delaware Agricultural Museum in Dover.

Moved by Mark Nardi, seconded by Joe Booth, 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 passed unanimously.

**5. Local Workgroup Recommendations**

Received request to approve the recommendations made by the Local Workgroup to NRCS. Recommendations include Cover Crops (improving current policy), Drainage Issues, Deer Damage, and Tax Ditches. A summary of recommendations is included at the end of the minutes.

Moved by Joe Booth, seconded by Will Carlisle, to endorse the recommendations made by the Local Workgroup to NRCS. Motion passed unanimously.

**Motion to adjourn was made at 8:11 p.m. and was passed unanimously.**

**The next board meeting is scheduled for May 28, 2024, at 7:00 p.m.**



ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
JAMES D. MAYBURY, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
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**MEMBERS OF:**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

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**



**Sussex Conservation District  
Local Work Group Meeting  
March 26, 2024**

**Highlights and Recommendations...**

There were 25 people in attendance.

**Top resource concerns in Sussex County:**

Water quality and water quantity	Drainage issues
Field sediment, nutrient, and pathogen loss	Weather resilience
Ponding and flooding	Soil quality limitations

**FY2025 EQIP Practices** were discussed. The list clearly highlighted the Most Popular Practices, Climate Smart Practices as well as the Popular and Climate Smart practices. There will be funding for a lot of these practices in the next couple of years.

***Recommendation: There were no other practices added to the list.***

**The EQIP/RCPP cover crop program discussed the following recommendations:**

The federal planting deadlines are very strictly defined. The SCD cover crop program appears to provide greater flexibility and can consider real time data in decision making, unlike the government programs which may take longer. ***Recommendation: NRCS should provide funding to the Sussex Conservation District to distribute for cover crops. NRCS should consider adjusting the fall planting deadlines.***

**Other Cover Crop Recommendations received:**

- *Cover Crop payments should be split into two payments. One after planting and the other after destruction. This will help farmers offset the cost of seed in the fall. This could be done by maybe assigning payment. The assignment of payment could also be used on other practices.*
- *The approved cover crop legumes species list should be expanded to include Balansa and Berseem Clover.*
- *Grazing cover crops.*
- *Consider reviewing Maryland's cover crop program that pays on tiers depending on planting method, dates, and species.*

**Other Recommendations discussed:**

- *More funding for tax ditches to improve the drainage infrastructure in Sussex County.*
- *More funding and practices to address drainage water management. Farmers are experiencing loss of wooded and cropland acres due to ponding and flooding.*
- *Consider whitetail deer damage as pest management – this is a huge issue in Sussex County. White-tailed deer should be considered as nuisance wildlife and managed accordingly. More funding and support are needed to control deer populations and reduce/eliminate crop damage.*