TOWN OF WINTERTON
Financial Statements
December 31, 2019

BYRON SMITH
PROFESSIONAL CORPORATION

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BYRON SMITH
PROFESSIONAL CORPORATION

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF WINTERTON and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Council of the Municipality met with Management and its external Auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Byron Smith, Chartered Professional Accountant, as the Municipality's appointed external Auditor, has audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. The Auditor's opinion is based upon an examination conducted in accordance with Canadian auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian accounting standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Mayor

Town Clerk

BYRON SMITH
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

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To the Mayor and Councillors of:
Town of Winterton

Qualified Opinion

I have audited the consolidated financial statements of the Town of Winterton (Town), which comprise the Consolidated Statement of Financial Position as at December 31, 2019, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets (Net Debt), and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and adjustments, if any, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Basis for Qualified Opinion

I conducted my audit in accordance with Canadian auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Town in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The Town's consolidated entities, including the Municipal Park, Ambulance Services, Recreation Commission, and Fire Department derive revenue from various sources the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenue was limited to the amounts recorded in the records of the Municipal Park, Ambulance Services, Recreation Commission, and Fire Department, and I was not able to determine whether any adjustments might be necessary for revenue, surplus for the year and net assets of these entities.

Other Matters

In compliance with the requirements of Section 91 of the Municipalities Act, 1999, my report on statutory requirements is included herewith.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards as established by the Public sector Accounting Board of the Chartered Professional Accountants of Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian auditing standards, I will exercise professional judgement and maintain professional scepticism throughout the audit. I will also:

•Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

•Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

•Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

•Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

•Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Spaniard's Bay, NL
August 5, 2020

CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF WINTERTON
Consolidated Statement of Financial Position

As at December 31,	2019	2018
FINANCIAL ASSETS		
Cash (Note 5)	$ 323,404	$ 119,046
Accounts receivable (Note 6)	49,546	60,854
Due from Province, Provincial share of long term debt		2,798
	$ 372,950	$ 182,698
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	$ 54,049	$ 44,086
Deferred revenue	145,640	34,776
Long term debt (Note 8)	26,404	2,798
	226,093	81,660
NET FINANCIAL ASSETS	$ 146,857	$ 101,038
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	$ 968,847	$ 942,748
Prepaid expenses and deposits	27,373	796
	996,220	943,544
ACCUMULATED SURPLUS	$ 1,143,077	$ 1,044,582

On Behalf of the Town:

_____ Mayor _____ Town Treasurer

The accompanying notes are an integral part
of these financial statements.

BYRON SMITH
PROFESSIONAL CORPORATION

TOWN OF WINTERTON
Consolidated Statement of Operations

For the Year Ended December 31,	PSAB Budget	Actual 2019	Actual 2018
Revenue			
Taxation Revenue (Schedule 2)	$ 401,614	$ 396,697	$ 377,509
Sale of Goods and Services & Other Revenue (Schedule 2)		110,447	15,085
Grants and Transfers (Schedule 2)	106,632	113,809	105,217
Recreation, Cultural, and Ambulance Services & Other Income (Schedule 2)	515,397	503,888	484,821
Total Revenue	1,023,643	1,124,841	982,632
Expenditures			
General Government Services (Schedule 3)	185,409	176,906	183,092
Protective Services (Schedule 3)	68,977	75,900	62,478
Transportation Services (Schedule 3)	126,544	133,278	136,823
Environmental Health Services (Schedule 3)	146,430	133,295	100,448
Recreation, Cultural, and Ambulance Services (Schedule 3)	540,763	497,357	523,722
Fiscal Services (Schedule 3)	11,962	9,609	10,382
Total Expenditures	1,080,085	1,026,346	1,016,945
Surplus (Deficit) for the year	$ (56,442)	$ 98,495	$ (34,313)
Surplus, Beginning of the year		$ 1,044,582	$ 1,078,895
Surplus (Deficit) for the year		98,495	(34,313)
Surplus, End of the year		$ 1,143,077	$ 1,044,582

The accompanying notes are an integral part of these financial statements.

BYRON SMITH
PROFESSIONAL CORPORATION

TOWN OF WINTERTON
Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the Year Ended December 31,	PSAB Budget	Actual 2019	2018
ANNUAL SURPLUS (DEFICIT)	$ (56,442)	$ 98,495	$ (34,313)
Acquisition of tangible capital assets	(179,627)	(179,627)	(91,219)
Amortization of tangible capital assets	153,529	153,529	128,408
Decrease (increase) in prepaid expenses	(26,578)	(26,578)	859
CHANGE IN NET FINANCIAL ASSETS	(109,118)	45,819	3,735
NET FINANCIAL ASSETS BEGINNING OF YEAR	101,038	101,038	97,303
NET FINANCIAL ASSETS END OF YEAR	$ (8,080)	$ 146,857	$ 101,038

The accompanying notes are an integral part of these financial statements.

BYRON SMITH
PROFESSIONAL CORPORATION

TOWN OF WINTERTON
Consolidated Statement of Cash Flows

For the Year Ended December 31,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash provided From (Used For):		
Operating activities		
Surplus (Deficit) for the year	$ 98,495	$ (34,313)
Amortization	153,529	128,408
	252,024	94,095
Changes in:		
Accounts receivable	5,844	(6,553)
Due from Province, Provincial Share of long term debt	2,798	5,338
Prepaid expenses and deposits	(26,578)	859
Accounts payable and accrued liabilities	15,427	(7,519)
Deferred revenue	110,864	26,001
Net cash provided by operating activities	360,379	112,221
Cash Flows from Capital Activities		
Capital asset purchases - net	(179,627)	(91,219)
Cash Flows from Financing Activities		
Repayment of long-term debt	(6,394)	(5,336)
Loans obtained during the year	30,000	
	23,606	(5,336)
Net cash provided (used)	204,358	15,666
Cash, beginning of year	119,046	103,380
Cash, end of year	$ 323,404	$ 119,046

The accompanying notes are an integral part
of these financial statements.

BYRON SMITH
PROFESSIONAL CORPORATION

1. Status of the TOWN OF WINTERTON

The incorporated TOWN OF WINTERTON is a municipal government that was incorporated in 1964 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as fire, ambulance, public works, parks and recreation, tourism and other general government operations.

2. Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared in accordance with Canadian accounting standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

Investments

Temporary investments are accounted for at the lower of cost and market value. Portfolio investments are accounted for at cost.

Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

There are no landfill post closure costs accrued since Council feels any costs incurred would be the responsibility of the Provincial Government.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

BYRON SMITH
PROFESSIONAL CORPORATION

Tangible Capital Assets

Tangible capital assets purchased are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are recorded at fair value when it can be reasonably determined. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets	
Land	N/A
Buildings	25 years
Machinery and Equipment	5 - 10 years
Recreation Facilities	10 - 25 years
Infrastructure Assets	
Roads and Improvements	20 - 30 years
Water and Sewer System	30 - 50 years

Revenue Recognition

Revenues are recognized as earned and when collection is reasonably assured. Tax rates are approved annually by Council.

Expenditure Recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Use of Estimates

The preparation of the Municipality's financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

3. The manner in which the accounts have been kept and are safeguarded against fraud

The Municipality's position in these respects was not considered satisfactory. Due to the limited number of staff there was a lack of segregation of duties over the custody and control of cash transactions. This is an inherent problem in municipalities of this size.

4. Sufficiency of Bonds

Fidelity bond coverage of $50,000 is carried on employees of the municipality who are in a position of trust and this coverage is considered to be adequate for a town of this size.

BYRON SMITH
PROFESSIONAL CORPORATION

5. Cash

	2019	2018
Cash is comprised of the following:		
Cash - Town	$ 198,504	$ 22,434
Cash - Consolidated Entities	124,900	96,612
	$ 323,404	$ 119,046

6. Accounts Receivable

	2019	2018
Taxes receivable	$ 50,789	$ 42,568
HST Rebate	29,430	40,201
Other	3,055	7,678
	83,274	90,447
Allowance for doubtful accounts	(33,728)	(29,593)
	$ 49,546	$ 60,854

7. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable	$ 33,110	$ 27,316
HST payable	16,357	13,624
Prepaid sales and deposits	4,582	3,146
	$ 54,049	$ 44,086

8. Long Term Debt

	2019	2018
Newfoundland Municipal Finance Corporation		
8.375% loan, repayable in blended semi-annual installments of $2,887; matured during the year.		$ 2,798
Royal Bank of Canada		
4.76% loan, repayable in blended monthly installments of $566; maturing 2024.	$ 26,404	
Total long term debt	$ 26,404	$ 2,798

The annual repayments required over the next five years on existing long term debt are as follows:

2020	$ 5,617
2021	$ 5,894
2022	$ 6,181
2023	$ 6,482
2024	$ 2,230

BYRON SMITH
PROFESSIONAL CORPORATION

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current years presentation.

10. Financial Instruments

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

11. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every Council must adopt a financial plan for each fiscal period in a form approved by the Minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB.

The budget figures used in these financial statements have been approved by Council and the Minister.

TOWN OF WINTERTON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2019

Schedule 1

	Buildings and Land Improvements	Vehicles and Equipment	Recreation Facilities	Heritage Facilities	Infrastructure		Totals	
					Roads, Streets and Bridges	Water and Sewer	2019	2018
Cost								
Opening Costs	$ 323,425	$ 763,665	$ 778,176	$ 730,627	$ 346,444	$ 1,479,558	$ 4,421,895	$ 4,330,676
Additions during the year	117,277	37,002	12,000		13,348		179,627	91,219
Disposals and write downs								
Closing Costs	440,702	800,667	790,176	730,627	359,792	1,479,558	4,601,523	4,421,895
Accumulated Amortization								
Opening accum'd amortization	240,705	718,386	577,442	356,554	248,655	1,337,405	3,479,147	3,350,739
Amortization	5,673	13,384	30,010	29,225	13,638	61,599	153,529	128,408
Disposals and write downs								
Closing accum'd amortization	246,378	731,770	607,452	385,779	262,293	1,399,004	3,632,676	3,479,147
Net Book Value of Tangible Capital Assets	$ 194,325	$ 68,897	$ 182,724	$ 344,848	$ 97,499	$ 80,554	$ 968,847	$ 942,748

BYRON SMITH PROFESSIONAL CORPORATION

TOWN OF WINTERTON
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual 2019	Actual 2018
Taxation Revenue			
Property tax	$ 215,140	$ 186,469	$ 188,162
Poll tax	9,375	7,000	6,531
Business and utility tax	46,290	46,492	42,338
Water and sewer tax	128,009	137,151	119,653
Tax agreements		15,000	15,000
Licences, permits and fees	2,800	4,585	5,825
	401,614	396,697	377,509
Sales of Goods and Services & Other Revenue			
Contributed assets, SUF Building		97,999	
Other income		12,448	15,085
		110,447	15,085
Grants and Transfers			
Government of Canada			
Gas tax revenue	28,113	26,385	
Other federal revenue		4,104	2,713
Government of Newfoundland and Labrador			
Municipal operating grant	60,681	60,681	60,681
Province - debt charges		89	435
Gas tax revenue	16,501	16,501	5,309
Other grants		6,049	36,079
	105,295	113,809	105,217
Recreation, Cultural, and Ambulance Services & Other Income			
Ambulance Services - subsidies and fees	304,528	304,689	295,810
Fire Department		14,959	13,976
Interest earned on bank deposits		1,337	
Recreation Commission		25,869	23,272
Park - operating grants and fees	185,000	157,034	151,763
	489,528	503,888	484,821
Total Revenue	$ 996,437	$ 1,124,841	$ 982,632

BYRON SMITH
PROFESSIONAL CORPORATION

TOWN OF WINTERTON
Consolidated Schedule of Expenditures

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual 2019	Actual 2018
General Government Services			
Salaries and benefits	$ 100,560	$ 103,711	$ 103,169
Office	6,936	11,551	12,227
Other general expenses	50,500	40,967	45,445
Legislative	8,400	4,956	8,321
Property assessment services	16,500	13,208	13,797
General government amortization		2,513	133
	182,896	176,906	183,092
Protective Services			
Fire protection	19,500	25,161	18,851
Fire Department expense		9,028	4,078
Amortization		10,449	8,365
Insurance	30,000	31,261	31,184
	49,500	75,900	62,478
Transportation Services			
Road maintenance	80,070	86,541	83,961
Snow clearing	7,500	7,863	6,309
Street lighting	23,500	23,400	19,655
Amortization		15,474	26,898
	111,070	133,278	136,823
Fiscal Services			
Bad Debt and bank charges	10,965	8,612	9,947
Capital expenditures	28,113		
Debt charges - interest on long term debt	6,792	997	435
Transfer to reserves and deficit reduction	45,000		
	90,870	9,609	10,382
Environmental Health Services			
Garbage and waste collection and disposal	53,000	49,990	46,477
Water and sewer operations	30,000	19,875	22,632
Amortization		63,430	31,339
	83,000	133,295	100,448
Recreation, Cultural, and Ambulance Services			
Recreation Commission	39,500	18,842	23,837
Ambulance operations	289,600	281,648	314,924
Parks and playgrounds	150,000	135,204	123,288
Amortization		61,663	61,673
	479,100	497,357	523,722
Total Expenditures	$ 996,437	$ 1,026,346	$ 1,016,945

BYRON SMITH
PROFESSIONAL CORPORATION

Town of Winterton
Reconciliation of Financial Plan to Budget (PSAB)

Schedule 4

For The Year Ended December 31, 2019

	Financial Plan	Amortization	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation Revenue	$ 401,614						$ 401,614
Sales of Goods and Services and Other Revenue							
Grants and Transfers	105,295		$ 1,337				106,632
Recreation, Cultural, and Ambulance Services and Other Income	489,528					$ 25,869	515,397
Total Revenue	996,437		1,337			25,869	1,023,643
EXPENSES							
General Government Services	182,896	$ 2,513					185,409
Protective Services	49,500	10,449				9,028	68,977
Transportation Services	111,070	15,474					126,544
Fiscal Services	90,870		(5,795)	$ (73,113)			11,962
Environmental Health Services	83,000	63,430					146,430
Recreation, Cultural, and Ambulance Services	479,100	61,663					540,763
Total expenses	996,437	153,529	(5,795)	(73,113)		9,028	1,080,085
Surplus(Deficit)	$ NIL	$ (153,529)	$ 7,132	$ 73,113	$ NIL	$ 16,841	$ (56,442)

BYRON SMITH
NOT FOR PROFIT CORPORATION

August 5, 2020

To the Mayor and Councillors of:
TOWN OF WINTERTON

In compliance with the requirements of section 91 of the Municipalities Act, my report as follows on the audit of the accounts of the Council for the year ended December 31, 2019.

Expenditures in relation to budget:

Actual expenditures of $1,026,346 exceeded the limits of the adopted budget by $29,909. Amortization expense of $153,529 is not recorded in the budget. Section 81 of the Act provides that except with the approval of the Minister, the Council's expenditures shall not exceed the estimated amount of expenditures set out in an approved budget.

Arrears on revenue:

Taxes and rates receivable totaled $50,789 at December 31, 2019. Of this amount, $23,129 has been outstanding for one year or longer, while the balance of $27,660 represents arrears on account of taxes and rates levied in 2019.

There was an allowance for doubtful accounts of $33,728 at December 31, 2019. In my opinion this allowance is considered adequate to cover any potential uncollectible accounts.

The manner in which the accounts have been kept and the adequacy of safeguards against fraud:

The position in this respect was not considered satisfactory, since there are some control weaknesses which are inherent with the municipalities of this size.

Sufficiency of bonds:

Fidelity bond coverage of $50,000 is carried on employees and Council of the Municipality who are in a position of trust. In my opinion, the coverage provided is sufficient.

BYRON D. SMITH
CHARTERED PROFESSIONAL ACCOUNTANT
Spaniard's Bay, Newfoundland

Independent Auditor's Report

On Compliance with Federal Gas Tax Funding Agreement

To the Mayor and members of Council of:
The Town of Winterton

Opinion

I have audited the 2019 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Winterton for the year ended December 31, 2019.

In my opinion, this financial statement presents fairly, in all material respects, the results of operations in respect to the receipt and disbursement of Gas Tax funding for the year then ended, in accordance with the standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In my opinion, the Town of Winterton has complied in all material respects, to the terms and conditions of the Ultimate Recipient Gas Tax Agreement, as prescribed under the Canada - Newfoundland and Labrador Administrative Agreement on the Federal Gas Tax Fund 2014-2024.

Basis for Opinion

I conducted my audit in accordance with Canadian auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2019 Ultimate Recipient Annual Expenditure Report section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the Report in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the 2019 Ultimate Recipient Annual Expenditure Report

Management is responsible for the preparation and fair presentation of the Report in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

In preparing the Report, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the 2019 Ultimate Recipient Annual Expenditure Report

My objectives are to obtain reasonable assurance about whether the Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Report.

As part of an audit in accordance with Canadian auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I will also:

- Identify and assess the risks of material misstatement of the Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.

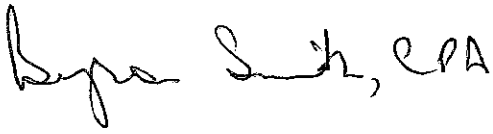
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual expenditure report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Report, including the disclosures, and whether the Report represents the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

BYRON D. SMITH
CHARTERED PROFESSIONAL ACCOUNTANT
Spaniard's Bay, NL
August 5, 2020



Appendix A: Summary of Ultimate Recipients Funding and Certification
2019 Annual Expenditure Report

TOWN OF WINTERTON
For the Year Ended December 31, 2019

	2019	Cumulative
Opening balance of unspent funding	$ 34,776	
Received from Government of Newfoundland and Labrador	137,249	$ 249,246
Interest earned on gas tax funds		
Gas tax funds spent on eligible projects	(26,385)	(103,606)
Closing balance of unspent funding	$ 145,640	$ 145,640

The projects approved for this program are specifically for facility and infrastructure improvements.

Certification by Municipality

I, Mark Sheppard, Mayor of the Town of Winterton certify that the information reported is a true and accurate representation of the Municipality's position with respect to its federal gas tax revenues. I acknowledge and understand that any contravention of the terms and conditions of the Ultimate Recipient Gas Tax Funding Agreement may result in funding being withheld.

The Municipality does maintain a separate bank account for Gas Tax Funding.

Signature

Sept. 24, 2020
Date

Mark Sheppard
Mayor

BYRON SMITH
PROFESSIONAL CORPORATION