

## EXHIBIT B

### INTERNAL CONTROL SYSTEM FOR TREASURY FUNCTION

#### OBJECTIVES OF INTERNAL CONTROL

Internal control is the plan of organization and all related systems established by the management's objectives of ensuring, as far as practicable:

- The orderly and efficient conduct of business, including adherence to management policies
- The safeguarding of assets
- The prevention or detection of errors and fraud
- The accuracy and completeness of the accounting records
- The timely preparation of reliable financial information

#### LIMITATION OF INTERNAL CONTROL

No internal control system, however elaborate, can by itself guarantee the achievement of management's objectives. Internal control, because of its inherent limitations, can only provide reasonable assurance that the objectives are met.

Elements of a system of internal control are the means by which the Town of Mammoth Lakes can satisfy the objectives of internal control.

#### CONTROL ELEMENTS

The Treasurer/Finance Manager and Town Manager will approve investment transactions.

The Treasurer/Finance Manager will execute investment transactions.

Recording of investment transactions in the Town's accounting records should be done by the Town's Finance Manager and approved by the Finance Director/Town Manager.

The Town's Finance Manager should do verification of investment, i.e., match broker confirmation to the Town's Accounting Records.

Periodic review of the investment portfolio as prepared by the Treasurer/Finance Manager, specifically investment types, purchase price, market values, maturity dates, investment yields, conformance to stated investment policy shall be performed on an ongoing basis by the Town Manager, and annually by the external auditors during the course of the annual audit.