



Letter To The Editor: County Auditor David Michael Sets The Record Straight on Treasurer's Investments

by David Michael

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Dear Editor,

As the Primary Election draws near on this Tuesday, March 19th, of course much attention is rightly paid to talking points used by candidates running for office. As the elected Madison County Auditor, I have never previously written about any specific claim by a candidate, but I keep getting asked by residents of Madison County about

one claim in particular since it has to do with County funds, of which, I play a crucial role in overseeing. The claim I keep getting questions about is whether current County Treasurer Chris Slusser, who is running for Chairman, lost \$12 million in County funds from his investments. This claim is being used as an attack by his opponent Kurt Prenzler, current Chairman of the Board. So please, as your County Auditor and a Certified Public Accountant in charge of all the county's financial reporting, allow me to clearly set the record straight. The Treasurer has NOT lost \$12 million in County funds. That claim is 100% false. In fact, quite the opposite is true as Mr. Slusser has actually earned millions of dollars in interest on the different bonds, certificates of deposit, and investment pools that he regularly invests our reserves in.

So what is Mr. Prenzler talking about and why is he stating this false claim? As a CPA, I can answer the former, but I can only speculate on the latter. According to Governmental Accounting Standards, my office is required to record all investments at their fair market value and thus record any unrealized gains or losses on investments in our financial statements. The key is that these "gains" or "losses" are all "unrealized", meaning they are the gains or losses that would take place should all the investments be sold at an exact moment in time. In for-profit financial accounting (not governmental), we would be able to classify these investments as "held-to-maturity", and would not have to record any unrealized gains or losses. However, since we are a governmental agency, we must classify them as "available-for-sale", and thus record any unrealized gains or losses, even though they are nothing more than "paper" gains and "paper" losses. Since Mr. Slusser has never sold any investments prematurely at a loss, the County has never lost any money under his watch.

In fact, as yields have dropped the past several months, and are expected to drop further once the FED begins cutting interest rates later this year, the fair market value of those investments have risen, which means my office will record gains on the investments. Again, though, since our Treasurer holds all bonds until maturity, this is really only just a "paper" gain, or unrealized in technical terms.

So why is Mr. Prenzler saying Mr. Slusser "lost" \$12 million dollars when he knows these are just unrealized/"paper" losses? Well, I assume it is because it is election time, but he will have to answer that question as I can only speculate. What I can assure the public of is that \$12 million was not lost.

David Michael has been the elected County Auditor of Madison County since December 2020 and is a Certified Public Accountant in the State of Illinois.

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