
Betty Montgomery Auditor of State

Bulletin 2003-07

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TO: All City Auditors or Finance Directors
All County Auditors
All School District Treasurers
All Independent Public Accountants
All Township Trustees and Clerks

**FROM: Betty Montgomery
Ohio Auditor of State**

SUBJECT: Consumer Price Index

County and Township Officials' Compensation

As you know, future increases in the compensation for county and township officials are tied to the consumer price index (CPI). The statutes establish the annual increase as the lesser of three percent or the percentage of change from October through September. The CPI used to determine an increase in compensation is defined in Section 325.18(A), Revised Code, as the consumer price index prepared by the United States Bureau of Labor Statistics.¹

Thus, those officials whose increase in compensation, as required by the Revised Code, is based on the lesser of the increase in the CPI or three percent will receive an increase equal to the percent of increase in the CPI, which was 2.3 percent for the twelve-month period October 1, 2002 through September 30, 2003.²

¹ Footnote: Table - U.S. city average for urban wage earners and clerical workers: all items, 1982-1984=100).

² Footnote: For your information, the change in this index over the twelve-month period October 1, 2000 through September 30, 2001 was 2.6 percent, and the change for the twelve-month period October 1, 2001 through September 30, 2002 was 1.3 percent.

Estimating Historical Costs

Political subdivisions reporting in accordance with Generally Accepted Accounting Principles (GAAP) may have to calculate the historical cost of a fixed asset. Listed below is the CPI for years ranging from 2002 to 1935 that may be used for such calculations. Please note that the base year of the index is “1967”. This should not be confused with other consumer price indices which have the year of “1982” as their base.

The formula to compute the estimated historical cost of an asset using the CPI index is as follows:

$$\text{Estimated Cost} \times \frac{\text{Index Rate for Year of Estimated or Actual Acquisition}}{\text{Index Rate for Year of Estimated or Actual Cost}} = \text{Estimated Cost of Acquisition}$$

Example: The estimated or actual year of acquisition of an asset is 1950. The estimated purchase price of the same asset in 1998 is \$90,000. The estimated purchase price in 1950 would be computed as follows:

$$\$90,000 \times 72.1 \div 488.3 = \$13,289$$

CONSUMER PRICE INDEX

| <u>Year</u> | <u>Index No.</u> | <u>Year</u> | <u>Index No.</u> | <u>Year</u> | <u>Index No.</u> |
|-------------|------------------|-------------|------------------|-------------|------------------|
| 2002 | 538.8 | 1980 | 246.8 | 1957 | 84.3 |
| 2001 | 530.4 | 1979 | 217.4 | 1956 | 81.4 |
| 2000 | 515.8 | 1978 | 195.4 | 1955 | 80.2 |
| 1999 | 499.0 | 1977 | 181.5 | 1954 | 80.5 |
| 1998 | 488.3 | 1976 | 170.5 | 1953 | 80.1 |
| 1997 | 480.8 | 1975 | 161.2 | 1952 | 79.5 |
| 1996 | 469.9 | 1974 | 147.7 | 1951 | 77.8 |
| 1995 | 456.5 | 1973 | 133.1 | 1950 | 72.1 |
| 1994 | 444.0 | 1972 | 125.3 | 1949 | 71.4 |
| 1993 | 432.7 | 1971 | 121.3 | 1948 | 72.1 |
| 1992 | 420.3 | 1970 | 116.3 | 1947 | 66.9 |
| 1991 | 408.0 | 1969 | 109.8 | 1946 | 58.5 |
| 1990 | 391.4 | 1968 | 104.2 | 1945 | 53.9 |
| 1989 | 371.3 | 1967 | 100.0 | 1944 | 52.7 |
| 1988 | 354.3 | 1966 | 97.2 | 1943 | 51.8 |
| 1987 | 340.4 | 1965 | 94.5 | 1942 | 48.8 |
| 1986 | 328.4 | 1964 | 92.9 | 1941 | 44.1 |
| 1985 | 322.2 | 1963 | 91.7 | 1940 | 42.0 |
| 1984 | 311.1 | 1962 | 90.6 | 1939 | 41.6 |
| 1983 | 298.4 | 1961 | 89.6 | 1938 | 42.2 |
| 1982 | 289.1 | 1960 | 88.7 | 1937 | 43.0 |
| 1981 | 272.4 | 1959 | 87.3 | 1936 | 41.5 |
| 1980 | 246.8 | 1958 | 86.6 | 1935 | 41.1 |

Additional information can be obtained from the Bureau of Labor Statistics at <http://stats.bls.gov>.

If you have any questions regarding the information in this Bulletin, please contact the Local Government Services staff at (800) 345-2519.


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