
Betty Montgomery Auditor of State

Bulletin 2006-001

Date Issued: March 22, 2006

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

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),¹ as prepared by the United States Bureau of Labor Statistics. Ohio Rev. Code § 325.18 establishes the annual increase for county officials² as the lesser of 3 percent or the change in the CPI during the last federal fiscal year (i.e., October 1st through September 30th). Ohio Rev. Code sections 505.24 and 507.09 establish the same calculation for annual pay increases for township trustees and clerks, respectively. The increase in the CPI for the year ended September 30, 2005, was 5.2 percent. Thus, because the increase in the CPI is greater than 3 percent, county and township officials should receive an increase equal to 3.0 percent of their current salary for 2006.

Since 2001, the CPI has been used in calculating pay increases for county and township officials. For comparative purposes, the change in the CPI for the last four years is as follows:

<u>Year Ended 9/30</u>	<u>CPI Increase</u>
2005	5.2
2004	2.4
2003	2.3
2002	1.3

To calculate compensation levels, fiscal officers are encouraged to review salary tables provided by the County Commissioners Association of Ohio (see County Advisory Bulletin 2005-07 at <http://www.ccao.org/cgi/newsltr.plx?c>) and the Ohio Township Association (see <http://www.cpmra.muohio.edu/otaohio/Default.htm>).

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

² These county officials include commissioners, auditors, clerks of courts, coroners, engineers, prosecuting attorneys, recorders, sheriffs, treasurers, and county judges.

Estimating Historical Costs of Capital Assets

Political subdivisions reporting in accordance with Generally Accepted Accounting Principles (GAAP) may have to calculate the historical cost of a capital asset. Listed below is the CPI for years ranging from 1935 to 2005 that may be used for such calculations. Please note that the base year of the index is "1967" (at 100.0). This should not be confused with the consumer price index used for computing the change in compensation, which uses "1982" as its base year.

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

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

Example: The estimated or actual year of acquisition of an asset is 1950. The purchase price of the same asset in 2002 is \$90,000. The estimated historical cost of the asset in 1950 would be computed as follows:

$$\$90,000 \times \frac{72.1}{538.8} = \$12,043$$

Consumer Price Index

Year	Index No.	Year	Index No.	Year	Index No.
2005	585.0	1982	289.1	1958	86.6
2004	565.8	1981	272.4	1957	84.3
2003	551.1	1980	246.8	1956	81.4
2002	538.8	1979	217.4	1955	80.2
2001	530.4	1978	195.4	1954	80.5
2000	515.8	1977	181.5	1953	80.1
1999	499.0	1976	170.5	1952	79.5
1998	488.3	1975	161.2	1951	77.8
1997	480.8	1974	147.7	1950	72.1
1996	469.9	1973	133.1	1949	71.4
1995	456.5	1972	125.3	1948	72.1
1994	444.0	1971	121.3	1947	66.9
1993	432.7	1970	116.3	1946	58.5
1992	420.3	1969	109.8	1945	53.9
1991	408.0	1968	104.2	1944	52.7
1990	391.4	1967	100.0	1943	51.8
1989	371.3	1966	97.2	1942	48.8
1988	354.3	1965	94.5	1941	44.1
1987	340.4	1964	92.9	1940	42.0
1986	328.4	1963	91.7	1939	41.6
1985	322.2	1962	90.6	1938	42.2
1984	311.1	1961	89.6	1937	43.0
1983	298.4	1960	88.7	1936	41.5
		1959	87.3	1935	41.1

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

Questions

If you have any questions regarding the information presented in this Bulletin, please contact the Local Government Services Section of the Auditor of State's Office at (800) 345-2519.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Ohio Auditor of State