

The

# Kentucky

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Bulletin of—  
The Kentucky Society of Certified Public Accountants

VOLUME XXI

JULY, 1968

NUMBER 7

## Accounting Institute— October 25-26

The Planning Committee announces that the 19th Annual Institute on Accounting is scheduled to take place at Spindletop Hall in Lexington on Friday and Saturday, October 25 and 26.

Overnight accommodations have been arranged at Holiday Inn-East. Three top level speakers have already accepted parts on the program — they are Dr. William A. Paton, Sr., Norman O. Olson, member of AICPA's Auditing Procedures Committee, and Andrew Barr, chief accountant, Securities Exchange Commission. Recreational activities include Keeneland race meet and UK football game.

Mark your calendar now and be ready to register early.

## Professional Development

The Society's PD Committee under the chairmanship of Bart Basi has scheduled the following professional development courses for the remainder of the 1968 calendar year:

*September 17*—Executive Inn, Louisville, Problems of the Closely Held Corporation (1 day).

*October 18-19*—Brown Hotel, Louisville, 2 day Workshop on Individual Tax Returns (This is a regional course and registration is expected to exceed 200 persons.)

*October 24*—Lexington, Ky., "Cash Flow" Analysis and Funds Statement (1 day).

*November 14-15*—Louisville, Bank Auditing (2 days).

Based upon the response to an announcement of these courses, the limited registration will be filled within a few days after mailing of notices to members.

## History of Accounting in Kentucky

The recently released *History of the Professional Practice of Accounting in Kentucky* covers the span 1875 to 1965. The 165 plus pages were 22 years in the writing, but the results should be of interest to every professional accountant.

This history which was started by the late L. C. J. Yeager and completed by Gordon Ford is dedicated to Mr. Samuel W. Eskew, President Emeritus of the Kentucky Society of Certified Public Accountants. Not only does it contain the names of over 200 past and present members of the profession in Kentucky but also the pictures of all members of the State Board of Accountancy and presidents of the Kentucky Society of CPAs through 1965.

As all histories should, this history covers the profession from its beginning through periods of growth, subsequent conflict and disunity, to a period of transition and development, and eventual maturity. Professor J. D. Stewart of Drake University in reviewing the history said: "I enjoyed reading this history and am truly amazed that I did. When you consider that this is a history of accounting, written by accountants, about accountants, the prospects at first blush are not too exciting. However, for a quiet hour of enjoyable history, I can truly recommend this book."

The professional practice of accounting was not just a "happening" in Kentucky, a number of members of the profession practicing today helped make this history and can be proud of the part they played. (Cloth bound—\$10; Courier-Journal Lithographing Co., Louisville, Ky. 40218)

CANDIDATES IN THE MAY  
1968 CPA EXAMINATION  
WILL RECEIVE THEIR GRADES  
ON FRIDAY, AUGUST 9,  
1968.

SEMINAR ON  
HOSPITAL ACCOUNTING  
Friday, August 2, 1968  
9 A.M.-4:30 P.M. (EDT)

STOUFFER'S LOUISVILLE INN

Please register in advance  
for this important seminar.

Fee \$15.00 includes  
materials and luncheon.

## Paton To Be Visiting Professor

Dr. William W. Ecton, Chairman of the University of Kentucky's Department of Accounting, has announced that Dr. William A. Paton, Sr. will be visiting professor at the University's College of Business and Economics beginning with the fall semester.

Called by many educators "The Dean of American Accounting Theory", Dr. Paton is the author of nine books which are widely used as reference material as well as textbooks at many colleges and universities.

He will teach classes in graduate accounting and conduct seminars in advanced accounting theory.

Published by  
**THE KENTUCKY SOCIETY  
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310 West Liberty, Louisville, Ky. 40202

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**Eastern Kentucky  
 Introduces CPA  
 Review**

A two-week workshop designed to prepare candidates for the November CPA Examination is planned at Eastern Kentucky University for August 5-16 with *Claude K. Smith*, CPA, its director.

The first week will concentrate on Accounting Theory; the second week will be devoted to the study of principles and techniques of Auditing. A candidate may register for one or both sections.

For information about registration and campus housing, write the Dean of Admissions, Eastern Kentucky University, Richmond, Ky. 40475.

**PRESIDENT'S MESSAGE**

A newspaper article stated:

DIRT-DUST COUNT — 78 micrograms of dust per cubic meter of air [1968]. Average daily count in 1967 was 118.

An associate of mine facetiously suggested a glib and confusing footnote to add to the dirt-dust count statement:

"The 78 and 118 micrograms of dust for 1968 and 1967 were computed on an average basis for each year. The count previously reported for 1967, 138, has been retroactively adjusted to correct an inadvertent error in the underlying mathematical computations. Pro forma count: 76 micrograms for 1968 and 82 micrograms for 1967. The pro forma count gives appropriate recognition to deferred particles realized as well as to all vested particles and normal prior particles washed away by rain and blown away by wind, as do the actual counts, but has been adjusted to give effect to the assumption that actual average rainfall and wind velocity during the two years had been equal to the preceding ten years' median in this geographic area which, since it was not, resulted in blowing out of the realm of relativity the comparisons of actual counts in relation to counts that would have determined except for abnormal rainfall and winds not typical to the usual year if it were assumed that the preceding ten years' median is representative."

My associate's jestful "footnote" gave me a few moments of pleasant diversion and laughter. I hope it does the same for you. It has not been included as a slap at our profession or as a criticism of pro forma reporting. I believe our profession is making rapid and great strides in our contribution to better financial reporting, and certain pro forma reporting is essential.

There is a point, however, to be made about the "footnote."

The Kentucky Society of CPAs is endeavoring to serve the best interests of all members. One of the many services is to meet the needs of members for continuing education and professional development. This is vital to each CPA — and to the profession. Merely keeping abreast of current developments in our profession is challenging. But more than this is needed. Each of us has an obligation to continually strive to improve the competence of our services.

The Society's committee on professional development is diligently seeking to assist in meeting these needs. The committee has made a good cross-section selection of PD courses to be held in the immediate future. You have received announcements on these. They also are listed again in this month's *Kentucky Accountant*.

Long range plans are being made to meet the needs of members for professional development. You will soon receive a questionnaire as to PD courses of interest and need to you. Respond to the questionnaire with serious care. Meanwhile, take advantage of the PD courses that have been scheduled. You, the profession, and our publics will benefit.

Each of us has accepted an obligation of public service. Continuing education is a prerequisite to meeting this obligation of a CPA.

**Calendar of Events**

1968

Aug. 2.....	Hospital Accounting Seminar.....	Stouffer's Louisville Inn, Louisville
Sept. 17.....	Monthly Meeting.....	Executive Inn, Louisville
Sept. 17.....	PD "Problems of Closely Held Corp.".....	Executive Inn, Louisville
Oct. 13-16.....	Annual AICPA Meeting.....	Washington, D.C.
Oct. 18-19.....	PD "Individual Income Tax Returns".....	Brown Hotel, Louisville
Oct. 24.....	PD "Cash Flow" Analysis & Funds Stmt. ....	Lexington
Oct. 25-26.....	Institute on Accounting.....	Spindletop Hall, Lexington
Nov. 6-7-8.....	CPA Examination.....	Ky. Fair & Expo. Center, Louisville
Nov. 14-15.....	PD "Bank Auditing".....	Executive Inn, Louisville
Nov. 15.....	Monthly Meeting.....	Executive Inn, Louisville
Dec. 12-14.....	Inst. on Federal Taxation.....	Brown Hotel, Louisville
Dec. 14.....	Annual Christmas Party.....	Brown Hotel, Louisville



Frank G. Overton

## Jones Wins Golf Trophy

The Annual Outing at Hunting Creek Country Club in Louisville was a real success. *Joseph P. Jones, Jr.* who won the trophy in 1957 will have his name engraved on the new trophy as the winner for 1968. He gets to keep the new trophy for one year and was presented an individual trophy to add to his collection.

*Charles Cooper* won the low net prize with *Henry Cox* a close second. In addition, prizes were given for the longest drive and the closest to the pin. *Clarence Veatch* was closest to the hole on number 3, and *James English* won the prize for the longest drive.

*Fred Bower* was the lucky winner of a golf shirt, just for being present! The other draw prize of 2 tickets to the opening game of the Kentucky Colonels Basketball Team was won by *Don Erler*. This latter prize was given by *Bill Motsch*.

89 were present for dinner and 93 played golf on a course that was in beautiful condition.

Had a prize been offered for the member coming the greatest distance or for the most outstanding golf attire, it would have to go to *Harry Peart* of Bowling Green who appeared in a completely green golf outfit even down to metallic green shoes.

Everyone enjoyed the prime rib of beef dinner and many of the golfers turned out to be card-players as well. All in all, a very fine outing and Hunting Creek turned out to be an excellent host! Chairman *Jim Ratcliffe* deserves a round of applause for the arrangements he made.

## AICPA Nominees

The slate of officers to be presented to the membership for vote at the Annual American Institute Meeting in Washington, D.C. on October 14 are: President—*Ralph E. Kent* (New York)

Vice Presidents—

*Walter M. Baird* (San Francisco)

*Elmer G. Beamer* (Cleveland)

*Paul Lambert, Jr.* (Washington, D. C.)

*Stanley J. Scott* (Dallas)

Treasurer—*Walter E. Hanson* (New York)

## Kentucky Society of Certified Public Accountants

BUDGET — YEAR ENDING APRIL 30, 1969

Approved by Board of Directors, June 12, 1968

	Actual Expenses Year Ending 4/30/68	Approved Budget Year Ending 4/30/69
<b>REVENUES</b>		
Membership dues—resident .....	\$18,104.25	\$18,500.00
—non-resident .....	1,030.00	1,150.00
Interest .....	539.24	600.00
Other .....	236.24	250.00
Total .....	\$19,909.73	\$20,500.00
<b>EXPENDITURES</b>		
Salaries .....	\$ 9,000.00	\$10,160.00
Retirement fund .....	2,000.00	4,000.00
Officers' travel .....	1,400.00	1,500.00
Publications — bulletins .....	1,759.45	1,700.00
IRS directories .....	139.05	150.00
Postage .....	1,631.52	1,800.00
Meetings .....	974.65	800.00
Office supplies & misc. ....	1,087.53	1,000.00
Committees .....	661.99	900.00
Executive Secretary's travel .....	893.29	900.00
Rent .....	500.00	500.00
Field trips .....	442.19	-0-
Telephone and telegraph .....	281.58	300.00
Taxes .....	396.00	410.00
Public relations .....	83.40	300.00
Insurance .....	127.64	190.00
Certificates and awards .....	121.22	125.00
Dues and Subscriptions .....	125.00	150.00
Southern States Conference dues .....	116.00	125.00
Library .....	12.80	100.00
Total .....	\$21,753.31	\$25,110.00
	(1,843.58)	(4,610.00)
PD courses, net income or (loss) .....	2,129.52	2,500.00
NET REVENUES OR (EXPENDITURES) ....	\$ 285.94	\$(2,110.00)

## New Industry Audit Guide

**AUDITS OF BANKS** — This latest Audit Guide can prove invaluable to the independent auditor who serves, or plans to serve, clients in the banking industry. It describes the special characteristics of the business and presents recommendations of the Committee on Bank Accounting and Auditing.

A major section of the guide is devoted to those accounting principles that are unique to the accounting and financial reporting aspects of banks. It also offers recommendations with regard to these principles and the issuance of an auditor's opinion.

The book considers other important phases of bank auditing, such as planning, implications of trust operations, governmental restrictions and directors' requirements. Pertinent auditing procedures are discussed.

Illustrative forms of a bank's financial statements are also provided in this up-to-date guide — 172 pages. (AICPA member discount — \$2.00; AICPA publications are available to members at a 20 percent discount on a minimum order of \$2.50. If your order totals \$2.50 or more, please deduct 20 percent from the list prices shown.)

## Around The State

Emmett W. Kottke was recently elected president of the Estate Planning Council of Louisville.

A. Kenneth Bunger is the new chairman of the Kentucky Efficiency Task Force.

"Tax Considerations of Real Estate Transactions" was the subject discussed by Dave Chervenak at the June 6 meeting of Society of Real Estate Appraisers.

Gerald L. Gillis, formerly with Yeager, Ford & Warren, has accepted a position with Brandeis Machinery.

The newly elected president of the Citizens Union Bank, Central City, is Leamon A. Ray.

William P. Malone, formerly with Gateway Press, Inc., is now associated with the firm of Yeager, Ford & Warren.

Ft. Wright CPA, Clifford E. Koblhepp, has been appointed a member of the Kenton County Airport Board.

May was a lucky month for Russell Jackson of Clearfield — he shot a hole in one at Sunnybrook Golf Course and picked the one, two, and three finishers in the Kentucky Derby for The Morehead News.

Larry Summers was discussion leader for the West Virginia Society's presentation of "Writing Short Form Audit Reports" recently.

James D. Gates was included in the latest issue of "Outstanding Young Men of America."

The new treasurer of Brown-Forman Distillers is its former assistant finance director, Jack McIntyre.

Don Giles of Frankfort has been selected the budget commissioner for Franklin County.

Those elected to membership in the American Institute of CPAs are: Harry Robert Shrout, Lexington; William T. Birdwhistell, Henry L. Shearin, George Paul Hans, and James Roark Wilson of Louisville; and Robert E. Poynter, Winter Park, Florida.

John R. Reisz is a member of the new board of trustees of Brescia College, Owensboro.

Gordon Ford was a speaker at the Fiftieth Anniversary meeting of the Oklahoma Society — his topic, "The CPA of Tomorrow."

Nolen Allen spoke at the Kentucky

## Firms And Firm Changes

Charles R. Hatton & Co. and William A. Motsch have merged their practices and are now practicing under the firm name of Hatton, Motsch & Webb.

Charles R. Moore and Kenneth M. Fortune have formed a partnership and will practice under the firm name of Fortune and Moore at 101 East High St., Lexington, Ky.

F. W. Stephens and George D. Lawson have formed a partnership and will practice as a firm of Public Accountants under the firm name of Stephens & Lawson, 4120 Dixie Highway, Shively.

Sylvan Samuels has moved his offices from the Commonwealth Building to larger quarters in the Watterson City-East Building.

## Wanna Change The IRS Code?

The American Institute of Certified Public Accountants' committee on Federal Taxation has requested suggestions for changes to the Internal Revenue Code. Any suggestion submitted will be reviewed by the Federal Taxation Committee and, if approved by the Committee, will be submitted to the Committee on Ways and Means of the House of Representatives.

Please address any suggestions to John Nichols, 800 Kentucky Home Life Building, Louisville, Ky. 40202, by August 15, 1968.

Bar Association meeting here on "Relations between CPAs and Lawyers." He appeared at the Surety Association of Kentucky meeting and discussed "Analysis of Contractor's Financial Statements" and spoke at the May meeting of The Printing Industries of Kentucky on "Computerized Cost Accounting."

Robert Gale Wilson has accepted a position with Eskew & Gresham in Louisville.

John Tichenor was recently installed as president of the Louisville Chapter, Serra International.

Gerald A. Bryan was elected to a two year term as director of the National Association of Accountants.

## State Board News

### Admission to 1968 CPA

#### Examination: —

Because of changes made in the Kentucky Accounting Law which became effective July 1, 1968, new regulations must be written. In addition, new application forms are being printed.

In view of the above, the August 1 deadline for applications for admission to the November 1968 examination will not apply this year. While no final date has yet been fixed, it is expected that an extension of 45 days will be granted to applicants.

Certificates by Waiver of Examination have been approved for the following CPAs:

Robert B. Steele, Louisville Ky. based upon Texas certificate No. 4295; Foster W. Paulis, Covington, Ky. based upon Ohio certificate No. 4801; Eugene F. Warren, Lexington, Ky. based upon Ohio certificate No. 2348.

#### Certificates Cancelled: —

The following holders of Kentucky certificates have requested that their certificates be cancelled:

Arthur L. Ashcraft  
Kosti W. Kohtala

November 1968 CPA Examination is scheduled for November 6-7-8 at the Kentucky Fair & Exposition Center, Louisville.

#### More Candidates Expected

With the change in the accounting law effective July 1, persons with a baccalaureate degree with a major or concentration in accounting, will be eligible for admission to the November CPA Examination. The State Board has already received over 100 requests for application forms, which is more than double the usual number.

Because new regulations have not yet been filed, the State Board will extend the final date for filing applications to September 15, 1968. This should enable all candidates to file timely applications.

#### WANTED

CPA or SENIOR — Medium Size Firm, Northern Kentucky Area — Salary Open.  
Reply Box Y,  
Kentucky Accountant