

The Kentucky Accountant

Bulletin of —
The Kentucky Society of Certified Public Accountants

VOLUME XXXI

MAY, 1978

NUMBER 5

Recap-Annual Meeting '78

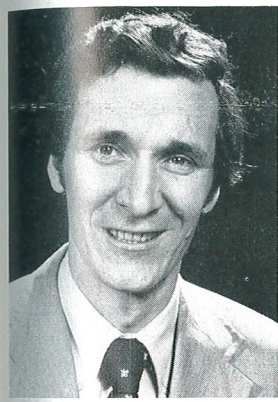
The 1978 Annual Meeting, held at the Hyatt Regency Hotel in Lexington on April 23-26, must be recorded as one of our most successful in the past several years. Although attendance at the evening social functions was only a little above normal, the technical programs drew very large crowds and they were definitely the highlight of this year's meeting.

A lot of people are always involved in putting on a successful meeting like this, and we need to recognize just a few of them now. They are: our then President, *Ann Holt Moffatt*, and her husband, *Don*, for opening their beautiful home, "Elmside," to us for the Sunday evening President's Reception; *Tom Cooper*, for serving as the General Chairman for the Meeting; *Susan Ware*, for getting us the best press coverage we've ever had for an Annual Meeting; *Dave Sugg*, for handling the golf arrangements and *Don Riney*, for taking care of the tennis players; *Frank Kromer*, who accomplished the impossible task of having

all buses where they were supposed to be and on time; *Dick Friest*, for getting the bands and the black jack dealers, and a special warm vote of appreciation to Dick's wife, *Betty Friest*, for the many hours she devoted to lining up the ladies' activities and then seeing that they came to pass as smoothly as they did.

So 1978's Meeting is history and we've already started working on 1979. We'll have a major announcement about next year's meeting in the July issue. Watch for it and make your plans early to attend the Annual Meeting in '79.

P R E S I D E N T , S M E S S A G E



W. Thomas Cooper, Jr.

In my first President's Message, I would like to take the opportunity to express, on behalf of the entire membership, appreciation to our outgoing President, *Ann Holt Moffatt*, to all the officers and directors, to the committee chairmen and members, and to the Society staff for another successful year in the history of this Society as we continue to grow at a record rate of increase.

Due to this rapid rate of increase in membership, I recognize two areas which need to be strengthened to make our organization meaningful to all members; continuity of leadership at the committee level and communication.

While the bylaws provide for continuity in the officers and directors of the Society, it has been difficult to maintain continuity at the committee level. As a result, projects started in one year and not completed that year often are not carried over into the following years. At this year's committee day activity, the program directors stressed to the committee chairmen that we are looking for evaluation of committee members and encouragement for the members to remain on committees for more than one year with the expectation of becoming chairman. This is almost essential due to the increased responsibilities of many of our committees. We have further encouraged our committee chairmen to appoint sub-committee chairmen to be certain that all activities with which a committee is charged are carried out during the coming year. With a program of evaluation and encouragement to become a committee chairman in an ensuing year while a member of the same committee, your staff and future officers will be able to ensure continuity of services and programs benefiting the Society members.

It follows that increased committee activity and continuity should lead to better communication to you as members. The rapidly occurring events of today that affect our profession are overwhelming. It is almost impossible to consume not only the technical changes but also the environmental changes both proposed and enacted that influence our livelihood. The theme of our annual meeting was

(Continued, page 2, column 1)

REMINDER

Have you returned your annual CPA reporting form for the calendar year 1977-78? We need them to properly evaluate our Voluntary CPE Program. Call the office if you need an additional copy of the form.

NOTICE!

The release date for the May 1978 CPA Examination results will be
MONDAY, JULY 31, 1978

Published by
**THE KENTUCKY SOCIETY
 OF CERTIFIED
 PUBLIC ACCOUNTANTS**
 310 West Liberty, Louisville, Ky. 40202

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President's Message

(Continued from page 1)

to communicate to you some of these proposed and enacted changes. We anticipate additional membership forums, presentations by various committees and more chapter activity so that you may be informed.

Proper communication between a society such as ours and its members is a two-way street, and thus, to complement what efforts we will make to communicate better with you, we will anticipate and welcome your comments and opinions back to us.

Accounting Principles And Auditing Procedures

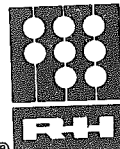
Joseph A. Blitzko, Committee Member

Auditing and Auditing Standards

Independent auditors must play a key role in improving corporate accountability and enhancing public confidence in the business community. Therefore, the subcommittee's recommendations state:

- a separate organization should be set up for accounting firms that serve or want to serve publicly owned corporations and would set minimum standards and assure that financial reports fairly reflect corporate activities
- member firms should be subjected to external quality review at least every three years by independent review teams, which should include members from outside the accounting organization and some who are not accountants
- firms that audit publicly held corporations should publicly disclose their own financial data and important operating information
- professional disciplinary proceedings should be expedited and should be based on failure to follow professional standards rather than violation of legal standards
- independent audits should be continued throughout the year to reduce year-end pressures
- the independent auditor's report should be more descriptive of his work, and individuals in charge of the audit should sign their names personally on the auditor's report
- independent auditors should perform only those management advisory services that are directly related to accounting and should not engage in recruiting, market analysis, actuarial services, etc.
- there must be an immediate end to artificial restrictions against advertising, talking with another firm's clients or employees and competitive bidding
- rotation of auditors needs more study, but it seems prudent to rotate personnel assigned to a specific audit
- independent auditors should be liable for their negligence to private parties who suffer damages as a result
- the SEC must take a more direct role in implementing reforms of the accounting profession.

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Annual Meeting Scenes



Doug Thompson talks about quality control in Florida.



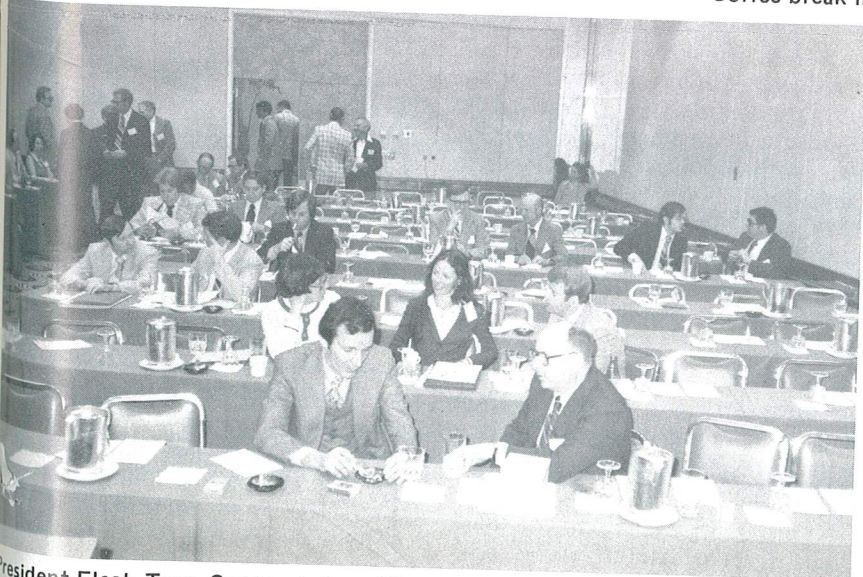
President Ann Holt Moffatt, second from left, with Outstanding Committee Chairmen, (from left) Paul Lucchese, Insurance; Ron Geary, Legislation and Susan Ware, Public Relations.



Clayton Ostlund delivers talk on Professional Ethics.



Coffee break in the exhibit area.



President-Elect Tom Cooper talks with AICPA President Wally Olson during a break in technical program.



Paul Turley discusses FTC investigation of accounting profession.

Continuing Professional Education

June is always a busy month for our CPE program. A final reminder of the June presentations is made here for your convenience. If you want to sign up for one or more of these courses, please call or write to Sharon Milton, our CPE Administrator.

The Annual Accounting and Auditing Workshop scheduled for June 29-30 is already full, so please consider attending one of the other two presentations of this course which are listed in your CPE catalog.

June presentations which are still open are:

Accounting for Leases - June 1, Executive Inn, Louisville.

Financial Statement Disclosures - June 7, Executive Inn, Louisville.

Unaudited Financial Statements - June 8-9, Executive Inn, Louisville.

How to Use Statistical Sampling for Attributes on Smaller Audits - June 8-9, Executive Inn, Louisville.

Hospitals (Services to Clients) - June 12-13, Executive West, Louisville.

LIFO Inventory Accounting - June 23, Executive Inn, Louisville.

Working Paper Review - June 29, Executive Inn, Louisville.

Scholarship Winners Available For Employment

Several past winners of our Education and Memorial Foundation scholarships have contacted the office recently asking for assistance in finding either summer employment or a full-time position. One of the commitments the Society made to these outstanding students was to help them in this regard if at all possible. There follows a brief resume for the students who have contacted us thus far. We will provide information on the other winners when available.

Donna Humphrey - beginning her junior year at the University of Ken-

CURRENT DEVELOPMENTS (APRIL 1978) AFFECTING THE PROFESSIONAL ACCOUNTANT

Prepared by Frank P. Kromer, Jr.

Chairman, Accounting Principles and Auditing Procedures Committee

The AICPA released the following proposed statements of position:

Reporting Intercorporate Tax Allocations
(comments due by June 15, 1978)

Accounting for Product Repurchase Agreements
(comments due by May 30, 1978)

Confirmation of Insurance Policies in Force (Audits of stock life insurance companies) (comments due by June 5, 1978)

Accounting Principles and Reporting Practices for Nonprofit Organizations Not Covered by Existing AICPA Audit Guides (comments due by June 30, 1978)

Statement of Auditing Standards 22, *Planning and Supervision*, was issued by the AICPA providing guidance to the independent auditor on the considerations and procedures applicable to planning and supervision, including preparing an audit program, obtaining knowledge of the entity's business, and dealing with differences of opinion among firm personnel. The statement is effective for examinations made in accordance with generally accepted auditing standards for periods ending after September 30, 1978.

The FASB issued Interpretations 21 and 22 clarifying FASB Statement 13, *Accounting for Leases*, by specifying that a lease involved in a business combination shall not be treated as a new lease unless the lease provisions are changed, and APB Opinions 11 and 23, by concluding that the indefinite reversal criteria apply only to the special areas addressed in Opinion 23 and that income tax benefits resulting from tax amortization and depreciation of railroad gradings and tunnel bores are timing differences which require comprehensive interperiod income tax allocation. The draft of a proposed interpretation specifying the conditions that will qualify leases of certain government-owned property to be classified as operating leases under FASB 13 was released and comments are due by May 31, 1978.

tucky, majoring in accounting with a 4.0 average thus far. Seeking summer employment. (325 Columbia Terrace, Lexington, Ky. 40508)

David Wilhite - beginning his senior year at the University of Kentucky, majoring in accounting with a 3.88 average. Seeking summer employment. (3049 Windermere Road, Lexington, Ky. 40502)

Sherry Lose - has obtained an Associate Degree in accounting and will continue accounting education in the fall at Eastern Kentucky University, grade point average 3.8. Seeking summer employment. (10105 Afton Road, Louisville, Ky. 40223)

Southern States Reminder

Don't forget the great Southern States Conference of CPAs to be held at the beautiful Broadwater Beach Resort in Biloxi, Mississippi from June 11-14, 1978.

This is a great opportunity to relax with the entire family and gain some valuable knowledge at the same time. Kentucky is always well represented at these meetings so please give it your serious consideration.

Established CPA firm wishes to purchase small PA or CPA practice in Lexington, Kentucky area. Terms: Cash or deferred. Write in confidence to Box 76-17, *The Kentucky Accountant*.

E & M Foundation Elects New Trustees

Members of the Society's Education & Memorial Foundation consist of the members of our Board of Directors. Each year the Foundation elects two trustees from among the newly elected at-large directors to serve a three-year term as a trustee of the Foundation.

Elected to serve as trustees from 1978-1981 were: *John N. Craft*, Amick & Helm, Richmond and *Alvord C. Pitts*, Individual Practitioner, Louisville.

Officers elected for the Foundation for the 1978-79 year were: Chairman, *Michael P. Tinker*, Glenmore Distilleries, Inc., Louisville; Vice Chairman, *Robert T. Counts*, Churney and Counts, Louisville and Secretary-Treasurer, *Alvord C. Pitts*, Individual Practitioner, Louisville.

FLORIDA

Medium size CPA firm in Palm Beach County has additional openings for certified staff with 2 to 6 years experience. Excellent compensation and benefits package. Send resume to Box 78-7, *The Kentucky Accountant*.

Accountant - excellent professional opportunity for individual with future partnership potential with progressive Louisville CPA firm. Member of a nationwide association of local accounting firms. Public accounting experience of 1 to 3 years required. Send resume to Box 78-9, *The Kentucky Accountant*.

Regional fast food restaurant operation based in Central Florida seeks corporate controller. Degree, with major in accounting, required as well as at least two years practical experience. Basic knowledge of EDP systems would be helpful. Send resume in confidence to Box 78-13, *The Kentucky Accountant*.

NEW - USED - TAX LIBRARIES CUMULATIVE BULLETINS 1919-1976 & 1954 to 1976 B.T.A./TAX COURT Vols. 1-67 WRITE: C. CHUCK HARDIN BOX 1304 LEXINGTON, KY. 40501

Firms and Firm Changes

Vicki L. Baumgardner, formerly associated with Haskins & Sells in Louisville, is now with Arthur Young & Company, Louisville.

Robert E. Lee, Jr., a partner with Ernst & Ernst in Louisville, has been appointed partner-in-charge of the Lexington office of Ernst & Ernst.

Kenneth M. Fortune, an individual practitioner in Lexington, has moved his offices to 250 South Limestone.

George E. Spalding, Jr., formerly a partner with Touche Ross & Co. in Louisville, is now with R.C. Coal Company in Lexington.

The firm name of Haskins & Sells has changed to Deloitte, Haskins & Sells.

William V. Holden, formerly associated with Wasserman & Noe in Louisville, is now associated with Deming, Malone, Livesay & Ostroff in Louisville.

Charles E. McDonough, an individual practitioner in Bowling Green, has moved his offices to 1419 U.S. 31-W By Pass.

Paula M. Wyatt, formerly an individual practitioner in Owingsville, is now associated with Severance and Sharp, P.C. in Knoxville, Tennessee.

Louisville Area - Overburdened individual practitioner is looking for a beginning practitioner or CPA who has some accounts, for an association leading to a partnership. All replies held in strict confidence. Write Box 78-12, *The Kentucky Accountant*.

Audit Senior - Robinson, Hughes & Christopher, CPAs in Danville, Kentucky have a position available for an audit senior. We prefer someone with two to three years experience in government related audits. Submit typewritten resume stating salary desired to Robinson, Hughes & Christopher, P.O. Box 880, Danville, Kentucky 40422.

Around The State

David K. Ahrens, formerly with American Temporary Services, has accepted a position with Louisville Tile Distributors, Inc. in Louisville.

Denise M. Keene, representing the Scott County Business and Professional Women's Club, was chosen as "Young Career Woman" at the District VI Spring board meeting of the Business and Professional Women's Club held in Versailles on April 2.

Edward P. Lynch, Jr., formerly on the staff of Lykes-Youngstown Corp. in Youngstown, Ohio, is now the Manager of Systems and Audit for Lucas Industries, Inc. in Troy, Michigan.

Donna M. Lavelle, formerly associated with Alexander Grant & Company in Louisville, is on the staff of Louisville Trust Bank in Louisville.

David A. Sugg was recently made an honorary member of the Beta Gamma Sigma Chapter at the University of Kentucky. Mr. Sugg spoke to the group on the future benefits of the newly formed Advisory Council to the Dean of Business and Economics.

Wayne Milligan, formerly a partner in the firm of York, Braden & Co., in Owensboro, has accepted a position as Controller of Geary Bros. Coal Co., Inc. in Morgantown.

Robert S. Cohen has been elected Treasurer of the Blue Grass Estate Planning Council for the 1978-79 year. Officers were elected at the April 18, 1978 meeting held at the Springs Motel in Lexington.

Joseph R. Reinhart was the guest speaker at the Ohio Valley Chapter of the Bank Administration Institute Loss Prevention Clinic. His subject was "Electronic Data Processing Controls." Mr. Reinhart also spoke to the Bluegrass Chapter of the National Association of Accountants in March. His subject was "Financial Reporting for Segments of a Business Enterprise."

Degreed accountant with three years commercial accounting experience desires to join Louisville or Frankfort CPA firm. Reply to Box 78-10, *The Kentucky Accountant*.

Meet The New Members

Anthony M. Arnzen was born in Covington and graduated from Thomas More College. He is associated with Von Lehman & Von Lehman in Ft. Mitchell.

Roy L. Baker, born in Pulaski County, is a graduate of the University of Kentucky. He is associated with Donald E. Hayden, CPA, Owensboro.

Michael J. Besten was born in Bowling Green and graduated from the University of Kentucky. He is associated with Alexander Grant & Company in Lexington.

William H. Cook, born in Jackson, Mississippi, is a graduate of Western Kentucky University. He is associated with Cook and Taylor in Bowling Green.

Dale E. Cooper was born in Gary, Indiana and graduated from Indiana State University. He is associated with Coopers & Lybrand in Louisville.

Richard O. Dorton, born in Pikeville, is a graduate of the University of Kentucky. He is associated with Coopers & Lybrand in Lexington.

Diane M. Drake was born in Louisville and graduated from Murray State University. She is on the staff of Ernst & Ernst in Louisville.

Harold W. Evans, Jr., born in Indianapolis, Indiana, is a graduate of the University of Wyoming. He is associated with James R. Meany & Associates in Bowling Green.

Jacky L. Graham was born in Fulton and graduated from Western Kentucky University. He is on the staff of Reed & Co. in Mayfield.

Dana C. Greene, born in Harlan, is a graduate of Western Kentucky University. He is associated with Dooley and Greene, Middlesboro.

Lawrence J. Halenkamp was born in Covington and graduated from Thomas More College. He is associated with David L. Anneken, CPA in Ft. Mitchell.

David L. Hawkins was born in Glasgow and graduated from Western Kentucky University. He is associated with Gregory, Taylor & Polson in Glasgow.

William W. Hollister, born in Trenton, New Jersey, is a graduate of the University of Louisville. He is an individual practitioner in Louisville.

R. Drew Hunter was born in Ash-

land and graduated from the University of Kentucky. He is associated with Potter & Company in Lexington.

Jerome A. Kanney, born in Bucyrus, Ohio, is a graduate of Findlay College. He is on the staff of the Pikeville National Bank in Pikeville.

William R. Klump was born in Louisville and graduated from the University of Louisville. He is on the staff of the Commonwealth Life Insurance Co. in Louisville.

Garry L. Parker, born in Corbin, is a graduate of the University of Kentucky. He is associated with Imhof, Veatch and Wilcoxson in Louisville.

Freddie D. Rankin was born in Danville and graduated from the University of Kentucky. He is associated with Touche Ross & Co. in Elizabethtown.

Eugene M. Sageser, III was born in Lexington and graduated from the University of Kentucky. He is associated with Darragh, Baynham & Co. in Lexington.

John R. Sandlin, born in Indianapolis, Indiana, is a graduate of Indiana University Southeast. He is on the staff of Touche Ross & Co. in Elizabethtown.

Mark A. Schaeffer was born in Louisville and graduated from Bellarmine College. He is associated with Bowden & Wood in Louisville.

Patrick C. Schmidt was born in New Albany, Indiana and graduated from Indiana University. He is associated with Coopers & Lybrand in Louisville.

George T. Sworin, born in Scranton, Pennsylvania, is a graduate of the University of Kentucky. He is associated with Coopers & Lybrand in Louisville.

Gary L. Sullivan was born in Louisville and graduated from Western Kentucky University. He is associated with Welenken Himmelfarb & Co. in Louisville.

Andrew J. Von Lehman was born in Covington and graduated from Thomas More College. He is associated with Von Lehman & Von Lehman in Ft. Mitchell.

Patti W. Wyatt, born in Columbus, Ohio, is a graduate of Murray State University. She is associated with Alan Dries, CPA, Louisville.

State Board News

The State Board of Accountancy would like to express their appreciation to the following CPAs who so generously donated their time to help proctor the May 1978 CPA examination:

Bowling Green - *David L. Denton*, Farmers Investment Co., Inc., Bowling Green; *Jack O. Hall, Jr.*, Western Kentucky University, Bowling Green; *Charles T. Hayes*, Western Kentucky University, Bowling Green; *John D. Grider*, Citizens National Bank, Bowling Green; *Michael B. Jones*, J.C. Holland & Company, Bowling Green; *Joel E. Philhours*, Western Kentucky University, Bowling Green and *Kevin P. Redmon*, J.C. Holland & Company, Bowling Green.

Louisville - *David K. Ahrens*, Louisville Tile Distributors, Inc., Louisville; *Jeanne S. Baird*, Mitchell, Whelan & Henson, Louisville; *James M. Ferrell*, Peat, Marwick, Mitchell & Co., Louisville; *Waller W. Grogan*, Individual Practitioner, Louisville; *John W. Hagan*, Brown Forman Distilleries, Louisville; *Richard M. Klapheke*, Touche Ross & Co., Louisville; *Allen W. McDavitt*, Alexander Grant & Company, Louisville; *Joyce A. Morse*, Commonwealth of Kentucky, Frankfort; *Michael J. O'Brien*, Lantech, Inc., Louisville; *Charles J. Rickert*, Commonwealth of Kentucky, Frankfort; *Ronald R. Shoemaker*, Churney and Counts, Louisville; *J. Michael Walker*, Coopers & Lybrand, Louisville; *E. Lee Webb*, Bohn, Motsch & Company, Louisville and *Horace D. Woodcock*, Retired, Louisville.

BECKER CPA REVIEW COURSE

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