

ESCALANTE CITY

P.O. BOX 189
56 NORTH 100 WEST
ESCALANTE, UT 84726
(435) 826-4644
FAX: (435) 826-4642

May 06, 2011

Federal Communications Commission
Attn: Peter H. Doyle

Dear Mr. Doyle:

We are writing in response to the letter we received in the matter of Licensee of FM Translator Station K237AD.

We are unable to pay a fine of \$2,000 because our revenues are continuing to decline and it will put a real strain and hardship on the City.

Escalante City is tax exempt and we do not file Federal Tax Returns. Enclosed is a copy of our tax exempt form for your use.

Enclosed is a letter from our City Auditors, Kimball & Roberts, stating our financial status.
Enclosed is a letter from our City Attorney regarding this issue.

If you need any further information, feel free to contact us at the above address.

Sincerely,

Vickie S. Schulkoski
for Mayor Jerry A. Taylor



Utah State Tax Commission
Exemption Certificate for Governments & Schools
(Sales, Use, Tourism and Motor Vehicle Rental Tax)

TC-721G
Rev. 12/08

Name of institution claiming exemption (purchaser) ESCALANTE CITY		Telephone Number 435-826-4644	
Street Address 56 NORTH 100 WEST	City ESCALANTE	State UT	ZIP Code 84726
Authorized Signature <i>Vickie Schulkoski</i>	Name (please print) VICKIE SCHULKOSKI	Title CITY RECORDER OR TREASURER	
Name of Seller or Supplier:		Date 5/6/11	

The person signing this certificate **MUST** check the applicable box showing the basis for which the exemption is being claimed. Questions should be directed (preferably in writing) to Taxpayer Services, Utah State Tax Commission, 210 N 1950 W, Salt Lake City, UT 84134. Telephone (801) 297-2200, or toll free 1-800-662-4335.

DO NOT SEND THIS CERTIFICATE TO THE TAX COMMISSION
Keep it with your records in case of an audit.

☐ **UNITED STATES GOVERNMENT OR NATIVE AMERICAN TRIBE**
I certify the tangible personal property or services purchased are to be paid directly with funds from the entity noted on this form and will be used in the exercise of essential governmental or tribal functions. NOTE: Includes sales of tangible personal property to federally chartered credit unions. "Directly" does not include per diem, entity advances or similar indirect payments.

☐ **CONSTRUCTION MATERIALS PURCHASED FOR SCHOOLS OR PUBLIC TRANSIT DISTRICTS**
I certify the construction materials purchased are on behalf of a public elementary or secondary school, or public transit district. I further certify the purchased construction materials will be installed or converted into real property owned by the school or public transit district.

Name of school or public transit district: _____

Name of project: _____

☒ **UTAH STATE AND LOCAL GOVERNMENTS AND PUBLIC ELEMENTARY AND SECONDARY SCHOOLS**
Sales Tax License No. 12296615-002-STC

I certify the tangible personal property or services purchased are to be paid directly with funds from the entity noted on this form and will be used in the exercise of that entity's essential functions. For construction materials, if the purchaser is a Utah state or local government, these construction materials will be installed or converted into real property by employees of this government entity. "Directly" does not include per diem, entity advances, or similar indirect payments. **CAUTION:** This exemption does not apply to government or educational entities of other states.

87-6113805
Federal

To be valid this certificate must be filled in completely, including a check mark in the proper box.

A sales tax license number is required only where indicated.

Please sign, date and, if applicable, include your license or exemption number.

NOTE TO SELLER: Keep this certificate on file since it must be available for audit review.

NOTE TO PURCHASER: Keep a copy of this certificate for your records. You must notify the seller of cancellation, modification, or limitation of the exemption you have claimed.

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or TDD (801) 297-2020. Please allow three working days for a response.

BARRY L. HUNTINGTON

Escalante City Attorney

P.O. Box 388

Panguitch, UT 84759

Telephone: (435) 676-2290

(435) 676-1103

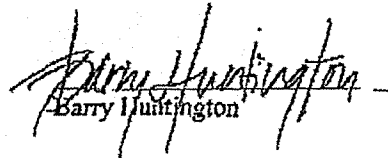
Facsimile: (435) 676-8239

May 6, 2011

Dear Honorable Mayor Taylor:

I have reviewed a letter received by my office on today's date from the City's auditing company Kimball and Roberts. I have been informed of the difficulties facing the City in regards to lost revenues in recent years, and the struggles the City is facing economically. I am also aware that a fine imposed by the FCC was not anticipated by the City, and therefore never placed in this year's fiscal budget. It is therefore my opinion any fines paid to anyone would be indeed a hardship for the City. If you have any questions or concerns, please feel free to contact me.

Sincerely,


Barry L. Huntington

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

May 4, 2011

Honorable Mayor of Escalante City,

I have been asked to respond regarding the City's ability to pay an "Unbudgeted Cost" for a fine imposed by the FCC.

It is very important to understand the role of a City regarding public funds. The City cannot use public funds for costs that have not been budgeted. Utah State law prohibits a City from expending more than it has budgeted in any department. Before the beginning of each fiscal year the City submits a budget to the State of Utah showing its anticipated revenues and expenditures for the General Fund. The revenues budgeted must at least equal the budgeted expenditures. This again is all public funds.

For the fiscal year ending June 30, 2010 the City budgeted total revenues for the General Fund of \$1,355,597. The City received \$1,150,775, which is \$204,822 less than budgeted or anticipated. Budgeted expenditures were \$1,355,597. The actual expenditures were \$1,233,632 or \$82,857 more than revenues actually received.

It would be a hardship for the City to pay a fine of \$2,000 when revenues are continuing to decline from almost all General Fund categories, especially sales and property taxes. The City relies exclusively on these unrestricted revenues to pay for needed services such as police, fire protection, administrative and other essential services of the City.

Just in the last year sales taxes have decreased from \$108,399 at June 30, 2009 to \$102,069 on June 30, 2010 or a 6% decline. Property taxes also decreased from \$112,750 at June 20, 2009 to \$110,381 at June 30, 2010, or 2% decline. With decreases such as these, it would be very difficult to maintain the needed services and still pay an unbudgeted fine.

To summarize, it is a definite hardship for the small City of Escalante to use unbudgeted public funds to pay for something the public will not receive a needed service or benefit from.

Respectfully,



Rick G. Roberts, CPA
Kimball & Roberts, PC