

Financial Information

Sales Tax Election

Pratt Regional Medical Center

❖ **Ballot Question**

Shall Pratt County, Kansas (a) construct, furnish and equip a major addition and related improvements to the Pratt Regional Medical Center (PRMC) facilities and pay the costs thereof by issuance of bonds on behalf of the County in an amount not to exceed \$34,000,000, (b) apply PRMC funds to finance a portion of the repayment of such bonds and (c) be authorized to impose a one percent (1%) countywide retailers sales tax to finance the remaining portion of the repayment of such bonds, with the sales tax to expire 25 years from the date of first collection, all pursuant to the provisions of K.S.A. 10-101 et seq. and K.S.A., 12-187 et seq., as amended?

❖ **Project Financing**

If approved by the voters, the project will be financed through the sale of bonds in the amount not to exceed \$34,000,000. It is anticipated that the bonds will be structured with a 25-year repayment schedule at an average interest rate of approximately 5.00%.

❖ **Bond Repayment**

The bonds issued to finance the PRMC Project will be repaid from two sources of revenue. These revenue sources include a 1% County wide retailer's sales tax and an annual contribution from PRMC.

❖ **Project Cost Summary**

• Construction Cost	\$28,553,333
• Furniture & Equipment	2,500,000
• Financing & Interest Expense	<u>2,946,667</u>
	\$34,000,000

❖ History of Facility Improvements

Year	Project
1948	Construction began on the hospital. First patient was admitted on September 11, 1950.
1961	A new three story wing containing private rooms was added.
1981	Expansion project added ER, ICU, operating and recovery rooms, central service, pharmacy, respiratory care, radiology, PT, maintenance, administration and admitting areas.
1994	South Central Medical Clinic was constructed.
2000	Pratt Regional Medical Complex was dedicated on September 11, 2000 and PRMC celebrated its 50 th Anniversary.

❖ Sales Tax Collection

The following table sets forth historical sales tax collections based on the County's existing 1% sales tax.

Year	Sales tax (1%) Collection	Percentage Change
2009	\$1,749,668	-5.26%
2008	1,846,874	6.45%
2007	1,734,934	10.98%
2006	1,563,302	8.70%
2005	1,438,162	3.15%
2004	1,394,291	3.93%
2003	1,341,579	1.73%
2002	1,318,745	5.75%
2001	1,246,987	1.94%
2000	1,223,297	-----

Sales Tax Annual Average Growth Rate

Last 10 Years =	4.08%
Last 5 Years =	4.67%
Last 3 Years =	3.84%

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❖ Sales Tax Contribution

As a result of a successful sales tax election, the 1% sales tax will be dedicated to the repayment of the bonds issued to finance the PRMC Project. The sales tax will expire when all costs associated with the financing of the project, including repayment of the bonds has been completed.

❖ Medical Center Contribution

Pratt Regional Medical Center will contribute between \$1,200,000 and \$1,500,000 annually to the repayment of the bonds. The exact amount of the contribution will be determined annually based on the profitability of the Medical Center.

❖ Current Interest Rates

Interest rates for municipal bonds in recent months have been near record lows. In fact, according to the *Bond Buyer 20 General Obligation Bond Index*, interest rates on municipal bonds have been higher 93.3% of the time since 1987.

