

**Valley County Health System
New Hospital Project
Frequently Asked Questions**

Q: *How much will the new hospital cost taxpayers?*

A: Nothing.

The annual principal and interest payment will be \$1.5 million.
Reimbursements from Medicare will cover \$1.1 million.
Revenues from Valley County Health System will cover the remaining balance based on a conservative 3% growth estimate.

Q: *Why, then, does the wording on the ballot for the new hospital indicate a tax levy of 50 cents per \$100 of taxable value when we are being told our taxes will not increase?*

A: Legally, that's how it must read. We are confident, as demonstrated by our current and projected operations, that the cash flow generated by this project will pay all bills, plus the principal and interest payment on the bond, and leave us with a three to five percent profit.

The ballot language provides Valley County the authority to exceed the statutory limit of 50 cents *only if* revenues of the hospital are insufficient to pay debt service. This enhances the credit quality of the issue, resulting in a lower overall borrowing cost. Kurt Mourel, Member with the accounting firm of Dohman, Akerlund, & Eddy – long time auditor of VCHS and expert in rural health care financial matters prepared a study regarding the project. Based on this study VCHS is confident that it will produce sufficient hospital revenues to retire the bonds **at no cost to the taxpayer.**

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