FINANCIAL FEASIBILITY REPORT

I General.

The following may be used as a guide for the preparation of financial feasibility reports as required for Rural Development financed facilities. The guide contains minimal requirements and the report writer is expected to fully disclose and analyze all significant factors which will likely have a favorable or adverse effect on the financial success of the proposed facility.

A Need for the facility.

B Existing facilities.

Explain current capacities, rates or usage, activities, suitability for continued use, alternate usage, deficiencies in services, staffing, physical conditions, and any other pertinent information.

C Proposed facility.

1 Description of construction and renovation by component parts including capacity of each component part and physical limiting factors.

2 Explain and document the need for the facility. Include comments regarding the following:

a Service area

b Population trends

c Similar facilities and services in the area

d Usage trends

e Community support

f Regulatory agency approval

g Economy in the service area

h Analysis of staff and consultants

D Financial information.

1 Explain all assumptions underlying the expected demand, use, and projections of financial data, such as:

a Changes in usage

b All income and expense

c Rate structure

d Allowance for uncollectible accounts

e Depreciation life and method

f Description of long-term debts

2 Financial statements. The following financial statements must be prepared reflecting five years projections:

a Balance sheet for all funds

b Statement of income and expense

c Statement of cash flow (cash receipts and disbursements)

d Comparison data for facilities in service area (latest year only)

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