

**AGRICULTURAL SERVICES AND  
DEVELOPMENT ADMINISTRATION  
A COMPONENT UNIT OF THE  
DEPARTMENT OF AGRICULTURE  
OF THE  
COMMONWEALTH OF PUERTO RICO  
General Purpose Financial Statements  
with  
Independent Auditor's Report  
For the year ended June 30, 2011**

*Confidential*

**Virgilio Vega, III, CPA, PSC**  
Certified Public Accountants

Virgilio Vega, III, CPA  
Licensed to Practice:  
Florida  
Puerto Rico

To the Administrator  
Agricultural Services and Development Administration  
San Juan, Puerto Rico

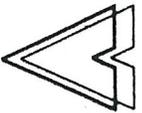
**Independent Auditor's Report**

I have audited the accompanying general purpose financial statements of the Agricultural Enterprises Development Administration ("ADEA", in spanish), a component unit of the Department of Agriculture of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2011. These general purpose financial statements are the responsibility of ADEA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with the generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above, present fairly, in all material respects, the financial position of the Agricultural Services and Development Administration as of June 30, 2011, and the results of its operations of its proprietary fund type activities for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming that ADEA will continue as a going concern. As discussed in Note 12 to the financial statements, ADEA's significant operating deficit raises substantial doubts about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



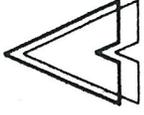
Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the supplementary information. However, I did not audit this information and do not express an opinion on it.

San Juan, Puerto Rico  
December 15, 2011

  
by:  
Virgilio Vega, III, CPA

Stamp No. 2628758 of the Puerto Rico Society  
of Certified Public Accountants  
was affixed to the original of this report

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

ADEA's financial performance for the fiscal year ended in June 30, 2011, is discussed and analyzed by management within the context of the accompanying General Purpose Financial Statements and disclosures following this section.

Effective July 29, 2010, under Reorganization Plan No. 4 of 2010, the “**Corporacion de Desarrollo Rural**”, ceased to exist and most of its funds, materials, and employees were transferred to the “**Administracion para el Desarrollo de Empresas Agricolas (“ADEA”)**”, specifically, the administration of the infrastructure projects assigned by the Puerto Rico Legislature. ADEA continues to operate under the Puerto Rico Department of Agriculture's umbrella and will continue to provide in an integrated manner all services and programs requested by farmers in Puerto Rico.

### Financial Highlights

The ability of ADEA to continue as a going concern is dependent on the ongoing efforts of the Costs Control and Positions Freeze Plan, effective January 2009.

For the fiscal year 2011, the ADEA's liabilities exceeded its assets by \$ 105.4 million. For the year ended June 30, 2011, liabilities exceeded assets by \$ 30.9 million (net loss). This decrease in net assets due principally to:

- the recording of \$19.9 million for the <sup>Confidential</sup> retirement fund liability as dictated by Act 70 of July 2, 2010.
- A decrease of \$ 8.4 million in revenues from the sale of goods and services.
- A decrease in other revenues, principally \$ 14.7 million in the government funds.

This Costs Control and Positions Freeze Plan is still in effect and is geared to the reduction of the annual operating deficit; it entails:

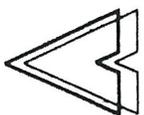
- Controlling the purchases of pesticides and using on the on-hand inventories,
- Intensifying collection efforts with both, farmers and other government clients of goods and services,
- Minimizing the on-hand coffee inventory and paying off the related line of credit, effectively reducing this inventory carrying costs in warehousing and interest costs.
- Increasing revenues from the sale of semi-roasted coffee, and
- Sale of real property, land and facilities, not in use.

### Overview of the Financial Statements

This management discussion and analysis is intended to serve as an interpretation of the ADEA's basic financial statements. The ADEA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, such as this analysis, in addition to the basic financial statements themselves.

### Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the ADEA's finances in a manner similar to a private-sector business.



The *statement of net assets* presents information on all of the ADEA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ADEA improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of ADEA that are principally supported by legislative appropriations (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and revenues from sales (business-type activities). The governmental activities of ADEA include the general administrative operations. The business-type activities of ADEA include the purchase and sales of different kind of agricultural products like coffee, chicken meat, vegetables and others. Other business-type activities include different kinds of agricultural services given for low fees.

***Fund financial statements:***

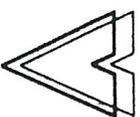
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ADEA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of ADEA can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* – governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ADEA maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenues fund.

ADEA adopts an annual appropriated budget for its general fund and for the special revenues fund. A budgetary comparison statement has been included herein providing a picture of operating results.



*Proprietary funds* – ADEA maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. ADEA uses enterprise fund to account for fourteen different programs which cover of purchase and sales of agricultural products and direct agricultural services like rent of machinery and equipments among others. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The major programs of such fund are the operation of the Coffee Program and the Marketing Programs.

*Notes to the financial statements* – The notes to the financial statements provide additional management information essential to a full understanding of the operating results of the government-wide and fund financial statements.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of ADEA, liabilities exceeded assets by \$ 105.4 million at June 30, 2011.

The largest portion of ADEA total assets of \$ 1,006 billion reflects a net investment of \$ 37.1 million (*% of total assets*) in capital assets e.g., land, buildings, machinery). ADEA uses these capital assets to provide their different agricultural services; consequently, these assets are not available for future spending.

**Agricultural Services and Development Administration’s Net Assets**  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Cash	23,367	15,233	8,947	20,043	32,314	35,276
Receivables	673,597	591,899	250,692	223,870	924,289	815,769
Inventories	141	115	10,529	3,242	10,670	3,357
Property	21,448	21,836	15,636	15,939	37,084	37,774
Others	1,787	1,722	21	16	1,808	1,739
Total assets	720,340	630,805	285,825	263,110	1,006,165	893,915
<b>Liabilities:</b>						
Accounts payable	550,968	480,848	377,010	336,136	927,978	816,984
Accrued expenses	45,761	24,812	17,956	6,099	63,717	30,911
Lines of credit	112,948	113,480	6,955	7,080	119,903	120,560
Others		-			-	-
Total liabilities	709,677	619,140	401,921	349,315	1,111,598	968,455
<b>Net Assets (deficit)</b>	<b>\$ 10,663</b>	<b>\$ 11,665</b>	<b>\$ (116,096)</b>	<b>\$ (86,205)</b>	<b>\$ (105,433)</b>	<b>\$ (74,540)</b>

ADEA serves as an intermediary for the Department of Education’s School Lunch Program. ADEA purchases the food and sells it (at a profit margin of up to 15%) to the Department of Education. To finance this service, ADEA has a revolving line of credit with a commercial bank.



Another of ADEA's main responsibilities is the Coffee Purchase and Sales Program. During 2011, ADEA increased the purchases of imported coffee from Mexico and the Dominican Republic and relied less on domestic coffee purchases; this situation has positively impacted the profit margin of this program which is used to finance other non profitable operations or services of ADEA. To cover the purchases of coffee from Mexico, ADEA has a revolving line of credit with a commercial bank (guaranteed by the coffee inventory and related accounts receivables).

**Agricultural Services and Development Administration's Changes in Net Assets**  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Legislative funds	\$ 80,269	\$ 73,432	\$ 9,707	\$ 16,280	\$ 89,976	\$ 89,712
Sales and services			75,180	83,570	75,180	83,570
Transfers in	15,498	20,319	2,278	6,350	17,776	26,669
Others	17,549	32,298			17,549	32,298
Total revenues	113,316	126,049	87,165	106,200	200,481	232,249
<b>Expenses:</b>						
Incentives	78,734	55,750		-	78,734	55,750
Cost of good sold			75,034	63,036	75,034	63,036
Transfer out	4,633	4,102	6,217	13,810	10,850	17,972
Operating	23,870	17,050	34,444	28,022	58,314	45,072
Depreciation			1,305	1,324	1,305	1,324
Interest	7,082	6,664	57	218	7,139	6,882
Total expenses	114,319	83,626	117,057	106,410	231,376	190,036
<b>Changes in net assets</b>	<b>\$ (1,003)</b>	<b>\$ 42,423</b>	<b>\$ (29,892)</b>	<b>\$ (210)</b>	<b>\$ (30,895)</b>	<b>\$ 42,213</b>



**Capital Asset and Debt Administration**

ADEA's investment in capital assets for its governmental and business type activities as of June 30, 2011, includes land, buildings, improvements, machinery and equipment, and furniture. Additional information on the ADEA's capital assets can be found in the notes to the financial statements.

**Agricultural Services and Development Administration's Capital Assets**  
(amounts expressed in thousands)

Description:	Governmental		Business-type		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 547	\$ 547	\$ 3,109	\$ 3,109	\$ 3,656	\$ 3,656
Buildings	2,086	2,086	13,560	13,560	15,646	15,646
Buildings improvements	14,698	14,698	1,516	1,516	16,214	16,214
Equipment	11,850	11,850	8,035	8,035	19,885	19,885
Furniture and fixtures	2,861	2,861	1,120	1,120	3,981	3,981
Automobiles	1,140	1,140	6,008	6,008	7,148	7,148
Machinery & equipment					-	-
Others	81	81			81	81
Total capital assets	33,263	33,263	33,348	33,348	66,611	66,611
Accumulated depreciation	11,427	11,427	17,409	17,409	28,836	28,836
Total net capital assets	21,836	21,836	15,939	15,939	37,775	37,775

**Requests for Information**

This financial report is designed to provide a general overview of the ADEA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

ADEA's Office of Finance Affairs  
P. O. Box 9200  
San Juan, Puerto Rico 00908-0200 or at (787) 304-5350, x- 2159

COMMONWEALTH OF PUERTO RICO  
 AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2011



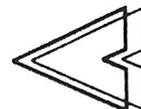
	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash	\$ 23,366,845	\$ 8,947,253	\$ 32,314,098
Receivables			
Trade	3,082,858	3,230,074	6,312,932
Governmental entities	1,054,178	16,752,357	17,806,535
Farmers (special revenue fund)	4,312,232	-	4,312,232
Due from other funds	662,519,687	237,663,093	900,182,780
Legislative appropriations	39,950	-	39,950
Loans and note receivable	4,825,457	55,000	4,880,457
Other	44,854	447,722	492,576
Allowance for doubtful accounts	(2,281,817)	(7,456,486)	(9,738,303)
Inventory-net of inventory reserve of \$398,006	-	10,095,355	10,095,355
Inventory of supplies	141,275	434,154	575,429
Prepaid expenses	1,786,600	20,976	1,807,576
<b>Total current assets</b>	<b>698,892,119</b>	<b>270,189,498</b>	<b>969,081,617</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment-net	21,447,821	15,635,535	37,083,356
<b>Total non-current assets</b>	<b>21,447,821</b>	<b>15,635,535</b>	<b>37,083,356</b>
<b>Total assets</b>	<b>\$ 720,339,940</b>	<b>\$ 285,825,033</b>	<b>\$ 1,006,164,973</b>
<b>CURRENT LIABILITIES:</b>			
Line of credit	\$ 6,728,000	\$ 6,955,429	\$ 13,683,429
Accounts payable			
Trade	12,080,748	11,455,106	23,535,854
Farmers	-	269,920	269,920
Due to governmental entities	7,601,075	-	7,601,075
Due to other funds	531,286,543	365,285,854	896,572,397
Unearned revenue	-	0	0
Accrued compensated absences	8,930,574	17,272,714	26,203,288
Accrued expenses- others	36,830,675	682,698	37,513,373
<b>Total current liabilities</b>	<b>603,457,615</b>	<b>401,921,721</b>	<b>1,005,379,336</b>
<b>NON-CURRENT LIABILITIES:</b>			
Line of credit	106,219,571	-	106,219,571
<b>Total non-current liabilities</b>	<b>106,219,571</b>	<b>-</b>	<b>106,219,571</b>
<b>Total liabilities</b>	<b>709,677,186</b>	<b>401,921,721</b>	<b>1,111,598,907</b>
<b>NET ASSETS</b>			
Unrestricted	10,662,754	(116,096,688)	(105,433,934)
<b>Total net assets</b>	<b>10,662,754</b>	<b>(116,096,688)</b>	<b>(105,433,934)</b>
<b>Total liabilities and net assets</b>	<b>\$ 720,339,940</b>	<b>\$ 285,825,033</b>	<b>\$ 1,006,164,973</b>

See notes to financial statements

COMMONWEALTH OF PUERTO RICO  
 AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	<u>Expenses</u>	<u>Charges for services</u>	<u>Legislative Appropriations</u>	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>Total</u>
<b>Primary Government:</b>						
Governmental Activities:						
Incentives and subsidies	78,734,468	17,549,378	80,268,915	19,083,825		19,083,825
Payroll and related expenses	17,856,539			(17,856,539)		(17,856,539)
Administrative and operating expenses	13,094,709			(13,094,709)		(13,094,709)
<b>Total governmental activities</b>	<u>109,685,716</u>	<u>17,549,378</u>	<u>80,268,915</u>	<u>(11,867,423)</u>	<u>-</u>	<u>(11,867,423)</u>
<b>Business-type activities:</b>						
Cost of good sold and services	75,034,045	75,180,341	9,706,677		9,852,972	9,852,972
Administrative and operating expenses	35,805,346				(35,805,346)	(35,805,346)
<b>Total business-type activities</b>	<u>110,839,391</u>	<u>75,180,341</u>	<u>9,706,677</u>	<u>-</u>	<u>(25,952,374)</u>	<u>(25,952,374)</u>
<b>Total primary government</b>	<u>220,525,107</u>	<u>92,729,719</u>	<u>89,975,592</u>	<u>(11,867,423)</u>	<u>(25,952,374)</u>	<u>(37,819,797)</u>
			Transfer in (out):			
			Other funds	8,497,883	(3,939,163)	4,558,720
			Other agencies	2,366,888	-	2,366,888
			Total of transfers	10,864,771	(3,939,163)	6,925,608
			<b>Change in net assets</b>	(1,002,651)	(29,891,537)	(30,894,188)
			<b>Net assets beginning</b>	11,665,406	(86,205,151)	(74,539,745)
			<b>Net assets ending</b>	<u>\$ 10,662,755</u>	<u>(\$116,096,688)</u>	<u>(\$105,433,933)</u>

See notes to financial statements

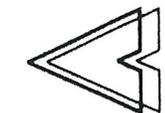


COMMONWEALTH OF PUERTO RICO  
 AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2011



	GENERAL	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash	\$ 3,486,811	\$ 19,880,034	\$ 23,366,845
Receivables			
Trade	3,082,858	-	3,082,858
Governmental entities	1,054,178	-	1,054,178
Farmers (special revenue fund)	-	4,312,232	4,312,232
Due from other funds	169,887,708	413,766,003	583,653,711
Legislative appropriations	-	39,950	39,950
Loans and notes receivables	2,134,397	2,691,060	4,825,457
Other	44,854	-	44,854
Allowance for doubtful accounts	(327,658)	(1,954,159)	(2,281,817)
Inventory of supplies	141,275	-	141,275
Prepaid expenses	1,614,792	171,808	1,786,600
<b>Total assets</b>	<u>\$ 181,119,215</u>	<u>\$ 438,906,928</u>	<u>\$ 620,026,143</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable trade	2,751,234	\$ 9,329,514	\$ 12,080,748
Due to governmental entities	1,052,275	6,548,800	7,601,075
Due to other funds	291,468,655	239,817,888	531,286,543
<b>Total liabilities</b>	295,272,164	255,696,201	550,968,366
<b>FUND BALANCES</b>			
Fund balance (deficit)		183,210,727	183,210,727
Restricted	(114,152,949)	-	(114,152,949)
Unreserved	-	-	-
<b>Total fund balances (deficit)</b>	<u>(114,152,949)</u>	<u>183,210,727</u>	<u>69,057,777</u>
<b>Total liabilities and fund balances</b>	<u>\$ 181,119,215</u>	<u>\$ 438,906,928</u>	<u>\$ 620,026,143</u>

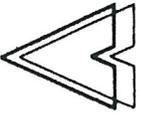
See notes to financial statements



COMMONWEALTH OF PUERTO RICO  
AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Amount</u>
Total fund balance - total governmental funds	\$ 69,057,777
Capital assets used in governmental activities are not a current financial resources and therefore are not reported in the governmental funds balance sheet.	21,447,821
Certain long-term assets are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net assets.	78,865,977
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	<u>(158,708,820)</u>
Change in net assets of governmental activities	<u>\$ 10,662,755</u>

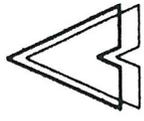
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COMMONWEALTH OF PUERTO RICO  
 AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 (DEFICIT)  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	TOTAL		
	GENERAL	SPECIAL	
	REVENUE	GOVERNMENTAL FUNDS	
<b>Revenues</b>			
Legislative appropriations from			
from the Commonwealth of Puerto Rico	\$ 2,652,000	\$ 77,616,915	\$ 80,268,915
Interest	2,962	34,595	37,558
Rent income	458,406	-	458,406
Other	11,375,520	5,677,896	17,053,415
<b>Total revenues</b>	<u>14,488,888</u>	<u>83,329,406</u>	<u>97,818,294</u>
<b>Expenditures</b>			
Incentives, subsidies and other services	-	78,734,468	78,734,468
Payroll, payroll taxes and fringe benefits	17,856,539	-	17,856,539
Repairs and maintenance	76,905	-	76,905
Rent of buildings and equipment	766,639	26,100	792,739
Utilities	365,380	-	365,380
Professional services	772,429	-	772,429
Insurance	364,943	-	364,943
Interest	7,082,036	-	7,082,036
Capital outlays (additions) and infrastructure	-	1,560,830	1,560,830
Other	1,418,935	660,512	2,079,447
<b>Total expenditures</b>	<u>28,703,806</u>	<u>80,981,910</u>	<u>109,685,716</u>
<b>Excess of expenditures over revenues</b>	<u>(14,214,918)</u>	<u>2,347,496</u>	<u>(11,867,422)</u>
<b>Other financing sources (uses)</b>			
Transfers in from other funds	4,192,679	4,305,205	8,497,883
Transfers (out) to other funds	-	-	-
Transfers in from governmental agencies	1,000,000	6,001,349	7,001,349
Transfers (out) to governmental agencies	(1,006,687)	(3,627,774)	(4,634,461)
<b>Total other financing sources</b>	<u>4,185,992</u>	<u>6,678,779</u>	<u>10,864,771</u>
<b>Net change in fund balances</b>	<u>(10,028,926)</u>	<u>9,026,276</u>	<u>(1,002,651)</u>
<b>Fund balances (deficit), beginning</b>	<u>(104,124,023)</u>	<u>174,184,451</u>	<u>70,060,428</u>
<b>Fund balances (deficit), ending</b>	<u>\$ (114,152,949)</u>	<u>\$ 183,210,727</u>	<u>\$ 69,057,777</u>

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COMMONWEALTH OF PUERTO RICO  
AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (DEFICIT)  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances- total governmental funds	(\$1,002,651)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period	<u>0</u>
Change in net assets of governmental activities	<u><u>(\$1,002,651)</u></u>

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COMMONWEALTH OF PUERTO RICO  
 AGRICULTURAL SERVICES AND DEVELOPMENT ADMINISTRATION  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)  
 BUDGET AND ACTUAL – ALL GOVERNMENTAL FUND TYPES – BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND			SPECIAL REVENUE FUND		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Legislative appropriations from the Commonwealth of Puerto Rico	\$ 1,817,000	\$ 2,652,000	835,000	\$ 81,243,000	\$ 77,616,915	(\$3,626,085.08)
Interest		\$ 2,962	2,962		\$ 34,595	34,595
Rent income		\$ 458,406	458,406		\$ -	-
Other		\$ 11,375,520	11,375,520		\$ 5,677,896	5,677,896
Total revenues	1,817,000	14,488,888	12,671,888	81,243,000	83,329,406	2,086,406
Expenditures						
Incentives, subsidies and other services			-	81,243,000	78,734,468	2,508,532
Payroll, payroll taxes and fringe benefits	1,193,000	17,856,539	(16,663,539)			-
Repairs and maintenance		76,905	(76,905)			-
Rent	314,000	766,639	(452,639)		26,100	(26,100)
Utilities		365,380	(365,380)			-
Professional services	245,000	772,429	(527,429)			-
Insurance		364,943	(364,943)			-
Supplies	45,000		45,000			-
Interest		7,082,036	(7,082,036)			-
Capital Outlay	9,000	-	9,000		1,560,830	(1,560,830)
Other	11,000	1,418,935	(1,407,935)		660,512	(660,512)
Total expenditures	1,817,000	28,703,806	(26,886,806)	81,243,000	80,981,910	261,090
Excess of expenditures over revenues	-	(\$14,214,918)	(\$14,214,918)	\$0	\$2,347,496	\$2,347,496

See notes to financial statements

