
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: SHORT-TERM DEBT

Primary Government

Beginning in April 2003, the State received repayable advances from the Federal Unemployment Account (FUA) to finance an operating deficit in the State's unemployment compensation fund. The advances were repaid as employer contributions became available. The State took additional advances after June 30, (see Note 22, Subsequent Events); however, all advances from the FUA were repaid in full by September 30, 2003. Advances taken from January 1 to September 30, which are repaid in full on or before September 30, are considered cash flow advances and do not accrue interest provided that the State does not take additional advances from October 1 through December 31 (of same calendar year). The State does not plan to take additional FUA advances through December 31, 2003.

Short-term debt activity for the fiscal year ended June 30, 2003, was as follows (dollars in thousands):

	<u>Balance</u> <u>July 1, 2002</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2003</u>
FUA Advance.....	\$ —	\$ 62,798	\$ 62,798	\$ —

Component Units**University of North Carolina System**

North Carolina State University has available Commercial Paper Program financing for short-term credit up to \$25,000,000 to finance capital construction projects. The University's available funds are pledged to the Commercial Paper Program financing with the anticipation of converting to general revenue bond financing in the future.

The University of North Carolina at Chapel Hill has available Commercial Paper Program financing for short-term credit to provide interim financing for the construction of capital projects. The July 1, 2002 balance of \$1,000,000 issued from the University of North Carolina General Revenue Bonds, Series 2002A had a maturity date of November 12, 2002 and has been extended to November 2003. The \$18,000,000 issued during the fiscal year also matures in November 2003.

Short-term debt activity for the University of North Carolina System for the fiscal year ended June 30, 2003, was as follows (dollars in thousands):

	<u>Balance</u> <u>July 1, 2002</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2003</u>
Commercial Paper Program.....	\$ 3,000	\$ 30,000	\$ 14,000	\$ 19,000
