NOTE 6: SHORT-TERM DEBT

Primary Government

Employment Security Commission

During fiscal year 2009, the State received repayable advances from the Federal Unemployment Account (FUA) in the amount of $1.08 billion to finance an operating deficit in the State's unemployment compensation fund. Proceeds from the advances were used to pay unemployment benefits. The debt is currently interest free through December 31, 2010. The repayable advances are payable solely from the unemployment tax contributions and these contributions will be used specifically for paying down the debt until it is settled. Meanwhile, the unemployment benefits will continue to be paid from the repayable advances. Total revenue collected from unemployment tax contributions for the year was $1.013 billion. Prior to February 11, 2009, unemployment tax contributions were used to pay benefits. After February 11, 2009, employer tax contributions were used to pay down the principal on the repayable advances in the amount of $352.08 million. At June 30, 2009, the outstanding balance for the FUA advances was $728.773 million.

Short-term debt activity for the Employment Security Commission for the fiscal year ended June 30, 2009, was as follows (dollars in thousands):

	Balance July 1, 2008	Draws	Repayments	Balance June 30, 2009
FUA Advance	$ —	$ 1,080,851	$ (352,078)	$ 728,773

Component Units

University of North Carolina System

North Carolina State University has available commercial paper program financing for short-term credit up to $100 million 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. As of June 30, 2009, $20 million in tax-exempt commercial paper was outstanding.

At the University of North Carolina at Chapel Hill, commercial paper was issued from the University of North Carolina General Revenue Bonds, Series 2002A, to provide interim financing for the construction of capital projects. The amount of outstanding commercial paper as of June 30, 2009 was $148.291 million.

The University of North Carolina at Wilmington engaged in interim financing in anticipation of the issuance of Recreation Center Bonds to finance the construction of an addition to the recreation center facility. The anticipation note will be repaid within the next fiscal year. As of June 30, 2009, $3.2 million in anticipation notes was outstanding.

At North Carolina Central University, a bond anticipation note of $3.5 million was issued to finance pre-construction expenses for a dormitory, parking deck and renovation of a building. Bonds were issued in July 2009 and the anticipation note was retired in July 2009. At June 30, 2009, the outstanding balance was $3.5 million.

Short-term debt activity for the University of North Carolina System for the fiscal year ended June 30, 2009, was as follows (dollars in thousands):

	Balance July 1, 2008	Draws	Repayments	Balance June 30, 2009
Commercial Paper Program	$ 176,657	$ 98,000	$ (106,366)	$ 168,291
Anticipation Notes	—	6,700	—	6,700

The Golden LEAF (Long-term Economic Advancement Foundation), Inc.

On October 15, 2008, the Golden LEAF, Inc. (Foundation) borrowed $100 million through a short-term unsecured, non-revolving credit facility. The proceeds of the loan were placed in escrow to support the construction of new aerospace facilities at the Global TransPark in Lenoir County, North Carolina, in accordance with a grant awarded to the North Carolina Global TransPark Authority in May 2008. Proceeds from the Master Settlement Agreement (MSA) payment were used to make a partial principal repayment of $85 million on April 30, 2009. On April 30, 2009, the terms of the loan were modified. Under the modified terms, the outstanding principal amount of $15 million plus any accrued interest is due April 30, 2010.

Short-term debt activity for the Golden LEAF Foundation for the fiscal year ended June 30, 2009, was as follows (dollars in thousands):

	Balance July 1, 2008	Draws	Repayments	Balance June 30, 2009
Line of Credit	$ —	$ 100,000	$ (85,000)	$ 15,000