

NOTES TO THE FINANCIAL STATEMENTS**NOTE 6: SHORT-TERM DEBT****Primary Government****Business-type Activities (Enterprise Funds)**

The North Carolina Medical Board (an occupational licensing board) obtained a note from direct borrowings in the amount of \$3.952 million to purchase a new office building. As of June 30, 2021, the balance on the loan is zero.

The North Carolina Real Estate Commission (an occupational licensing board) renewed a revolving line of credit agreement for an amount up to \$500 thousand. As of June 30, 2021, the total amount outstanding on the revolving line of credit was zero resulting in an unused line of credit of \$500 thousand. In an event of default, the agreement will immediately terminate, and all indebtedness will become due and payable at the lender's option. Accelerations shall be automatic and not optional if the event of default is due to insolvency.

Short-term debt activity for the Occupational Licensing Boards (Enterprise Funds) for the fiscal year ended June 30, 2021, is as follows (dollars in thousands):

	<u>Balance</u> <u>July 1, 2020</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Occupational Licensing Boards</u>				
Notes from direct borrowings	\$ 3,952	\$ -	\$ (3,952)	\$ -
Line of credit	160	-	(160)	-
Total short-term debt	<u>\$ 4,112</u>	<u>\$ -</u>	<u>\$ (4,112)</u>	<u>\$ -</u>

Component Units**University of North Carolina System**

The University of North Carolina at Chapel Hill issued commercial paper to provide interim financing for the construction of capital projects. In June of 2012, the Board of Governors for the University of North Carolina issued a resolution to limit the cumulative amount of commercial paper for the University of North Carolina at Chapel Hill under this program to \$250 million. As of June 30, 2021, the amount of outstanding commercial paper was zero. The outstanding commercial paper contains a provision that in an event of default, the commercial paper may become immediately due and payable if the University fails to pay any outstanding obligations.

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. The University had no net draws during the year to bring the total amount of outstanding commercial paper as of June 30, 2021 to zero. The outstanding commercial paper contains provisions that in an event of default, the commercial paper may become immediately due and payable if the University fails to make any payment when due or fails to perform any covenant, condition, agreement, or provision for a period of 30 days after written notice.

The North Carolina State University Partnership Corporation has a revolving line of credit for an amount up to \$300 thousand to be used for operations at the Lonnie Poole Golf Course. As of June 30, 2021, the total amount outstanding on the revolving line of credit was zero resulting in an unused line of credit of \$300 thousand. The outstanding line of credit contains an event of default provision that if the North Carolina State University Partnership Corporation is unable to make any payment when due, all commitments and obligations of the lender immediately will terminate and, at lender's option, all indebtedness immediately will become due and payable. Also, upon default, the interest rate on the line of credit will be increased by an additional 3% margin, subject to the maximum interest rate limitations under applicable law.

NOTES TO THE FINANCIAL STATEMENTS

Rex Healthcare has unused revolving lines of credit totaling \$101.4 million.

Short-term debt activity for the University of North Carolina System for the fiscal year ended June 30, 2021, is as follows (dollars in thousands):

<u>University of North Carolina System</u>	<u>Balance July 1, 2020</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance, June 30, 2021</u>
Commercial paper program	\$ 85,000	\$ -	\$ (85,000)	\$ -
Line of credit	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ -</u>
Total short-term debt	<u>\$ 85,046</u>	<u>\$ -</u>	<u>\$ (85,046)</u>	<u>\$ -</u>