As of June 30, 1981, mortgage loan insurance programs included in other enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately $59 million. Conversion of all commitments to insured status would represent additional contingent liabilities of approximately $2 million.

The State receives significant financial assistance from the U.S. Government in the form of grants and federal revenue sharing entitlements. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which receives the grant. As of June 30, 1981, the State estimates that no material liabilities will result from such audits.

15. Retirement and Pension Systems:

As of June 30, 1981 the State of Maryland had employee retirement and pension programs as follows:

"Retirement Systems"—for employees, teachers and State police retirement programs for substantially all State employees, teachers and State police who are not members of the State Pension Systems.

"Pension Systems"—for employees and teachers retirement programs for employees and teachers hired after January 1, 1980 and prior employees who have elected to transfer from the Retirement Systems.

"Judges' Pension System"—a retirement program for State judges.

"Mass Transit Administration Pension Plan"—a retirement program for certain employees of the Mass Transit Administration.

All Retirement and Pension Systems, other than the Mass Transit Administration Pension Plan, are jointly contributory. Employee contributions are established at fixed percentages of total employee compensation, except for the Pension Systems where employee contributions are established at fixed percentages of employee compensation in excess of the F.I.C.A. taxable wage base. The Mass Transit Administration Pension Plan requires no employee contributions.

The consulting actuary for the retirement and pension systems, other than the Mass Transit Administration Pension Plan, prepared valuations as of June 30, 1980 using the accrued benefits cost actuarial method. Retirement costs for 1981 on this basis aggregated approximately $250 million for governmental fund types and $43 million for proprietary fund types including amortization of unfunded liabilities over 40 years and interest thereon.

The consulting actuary for the Mass Transit Administration Pension Plan prepared a valuation as of June 30, 1981 using the entry age normal cost method. Retirement costs for 1981 on this basis aggregated approximately $3.4 million for governmental fund types, including amortization of unfunded liabilities over 30 years.

Retirement expenditures applicable to governmental fund types for the year ended June 30, 1981 aggregated approximately $223 million. The excess of retirement costs over retirement expenditures, in the amount of $30,326,000 is included in the general long-term obligations account group.

Prior to July 1, 1980 State funding for the Retirement Systems was partially based on actuarial determinations with the balance of the funding on a pay-as-you-go basis; the Judges' Pension System and the Mass Transit Administration Pension Plan were funded on a pay-as-you-go basis; and the Pension Systems received no State contributions. For all retirement and pension systems other than the Mass Transit Administration Pension Plan, governmental fund type retirement expenditures and actuarial determinations of retirement costs for governmental and proprietary fund types for the year ended June 30, 1981 were made pursuant to 1979 legislation which, among other things, created the Pension Systems for employees and teachers; provided for current funding of the Retirement Systems, Pension Systems and Judges' Pension System based on actuarial determinations and changed the actuarial cost method from the entry age normal cost method to the accrued benefits cost method. As a result of such changes for the year ended June 30, 1981, governmental fund type retirement expenditures (i.e., amounts funded) increased by approximately $45 million, governmental fund type retirement costs (i.e., amounts actuarially determined) decreased by