

## **17. Contingencies:**

The State is party to legal proceedings, which normally occur in governmental operations. Other than the litigation discussed in Note 14, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the affected funds.

As of June 30, 1985, mortgage loan insurance programs included in the enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately \$438,465,000 (including \$313,393,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately \$70,767,000.

The State receives significant financial assistance from the U.S. Government. 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, 1985, the State estimates that no material liabilities will result from such audits.