

## 18. Commitments:

The State leases office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 1989 were approximately \$39,961,000. Future lease expense commitments under these agreements at June 30, 1989 are as follows (amounts expressed in thousands):

<u>Years ending June 30,</u>	<u>Amounts</u>
1990	\$ 36,685
1991	34,752
1992	32,407
1993	30,179
1994	26,870
1995 and thereafter	25,300
	<u>\$186,193</u>

At June 30, 1989, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$1,084,313,000 and \$85,000,000, respectively, for construction of highway and mass transit facilities. Approximately 44% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Department of Transportation, as lessor, leases terminal space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rental revenues are as follows (amounts expressed in thousands):

<u>Years ending June 30,</u>	<u>Noncancellable Operating Leases Minimum Future Rentals</u>
1990	\$ 26,261
1991	20,245
1992	17,454
1993	13,195
1994	9,686
1995 and thereafter	130,358
	<u>\$217,199</u>

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rent revenue was approximately \$53,836,000 for the year ended June 30, 1989, including contingent rentals of approximately \$19,282,000. Assets of the Department of Transportation subject to such operating lease agreements are included in the general fixed assets account group. The cost of these assets was approximately \$359,648,000 at June 30, 1989.

At June 30, 1989, the Maryland State Lottery had commitments of approximately \$13,446,000 for services to be rendered relating principally to the operation of the lottery game.

At June 30, 1989, the Maryland Stadium Authority had commitments of approximately \$29,933,000 for property acquisitions.

## 19. Contingencies:

The State is party to legal proceedings, which normally occur in governmental operations. Other than the litigation discussed in Note 15, 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, 1989, 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 \$575,689,000 (including \$437,301,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately \$72,396,000.