At June 30, 1991, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $546,115,000 and $54,000,000, respectively, for construction of highway and mass transit facilities. Approximately 37% 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):

Years Ending June 30,	Noncancellable Operating Leases Minimum Future Rentals
1992	$ 28,725
1993	19,483
1994	18,247
1995	15,596
1996	13,902
1997 and thereafter	102,028
	$197,981

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 $58,546,000 for the year ended June 30, 1991, including contingent rentals of approximately $18,459,000. 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 $365,082,000 at June 30, 1991.

At June 30, 1991, the Maryland State Lottery Agency had commitments of approximately $12,739,000 for services to be rendered relating principally to the operation of the lottery game.

At June 30, 1991, the Maryland Stadium Authority had commitments of approximately $1,000,000 for property acquisitions.

At June 30, 1991, the higher education fund had commitments of approximately $97,632,000 for the completion of projects under construction.

19. Contingencies:

The State is party to legal proceedings, which normally occur in governmental operations. 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, 1991, 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 $627,354,000 (including $478,748,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately $74,407,000.

The Maryland Higher Education Loan Corporation (Corporation), as endorser of student loans, is contingently liable to lending institutions for purchase of student loans in default. In the event of such default, the Corporation is liable to the lending institution for the unpaid principal amount of the loan plus unpaid interest, including interest accrued from the date of default until the date of purchase by the Corporation. At June 30, 1991, the Corporation has endorsed loans outstanding of approximately $886,000,000. These loans are covered by a federal reinsurance agreement with the U.S. Department of Education. The agreement provides for repurchase by the U.S. Department of Education of 100% of the amount of loans which default; however, if the default rate exceeds 5% of the loans in repayment status as of September 30 of the preceding year, the reinsurance rate is 90%, and for all defaults in excess of 9% the reinsurance rate is 80%.

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 received the grant. As of June 30, 1991, the State estimates that no material liabilities will result from such audits.