

minimums. Rental revenue was approximately \$71,832,000 for the year ended June 30, 1997, including contingent rentals of approximately \$12,174,000.

As of June 30, 1997, the Maryland State Lottery Agency had commitments of approximately \$56,229,000 for services to be rendered relating principally to the operation of the lottery game.

As of June 30, 1997, the higher education fund, a component unit, had commitments of approximately \$135,503,000 for the completion of projects under construction.

As of June 30, 1997, the Maryland Stadium Authority a proprietary type component unit, had commitments of approximately \$72,739,000 for the completion of construction of property to be leased under a capital lease.

18. 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 State as a whole.

As of June 30, 1997, mortgage loan insurance programs included in the enterprise funds and component unit proprietary funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately \$805,876,000 (including \$707,749,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately \$5,975,000.

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 received the grant. As of June 30, 1997, the State estimates that no material liabilities will result from such audits.

19. Landfill Closure and Postclosure Care Costs:

State and Federal laws require the Maryland Environmental Service (the Service) to place a final cover on the Midshore Regional Landfill (Midshore), which is expected to close in 2010, and the Easton Landfill (Easton), which is filled to capacity and in the process of being closed, and to perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. Although closure and postclosure care costs at Midshore will be paid near or after the date the landfill stops accepting waste, the Service accrues a portion of these closure and postclosure care costs as a liability based on the estimated capacity of the landfill that has been used to date, which was 37% as of June 30, 1997. The Service recognized a liability for Easton equal to the estimated total current cost of closure and postclosure care that has not been paid. A \$3,059,984 liability is included in accounts payable and accrued liabilities in the accompanying balance sheet of the Service. Total closure and postclosure care costs are currently estimated to approximate \$7,700,000, as determined through engineering studies. Actual costs may be higher due to inflation.

Under recently promulgated Federal regulations, as of April 9, 1997, the Service has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 1996. The Service expects to satisfy these requirements as of June 30, 1997, using the same criteria.