

NOTE 15. AFFILIATED ORGANIZATIONS

Delaware State Lottery

Multi-State Lottery Association

The Multi-State Lottery Association (MUSL) was established in 1987. Its members include the Delaware State Lottery, an enterprise fund, and twenty-four other state lotteries. MUSL is governed by a Board of Directors, of which each member lottery is represented. The Board's responsibilities are to initiate, promulgate, and administer a multi-state lottery game for the mutual benefit of the member lotteries.

The total amount held as a deposit by the MUSL as of June 30, 2003, was \$1,794,979. This amount, reported by the Lottery as restricted assets and as liabilities payable from restricted assets, represents funds to be paid to the State of Delaware, upon ending the Powerball game, if MUSL is not required to use a portion of the Lottery's reserves held by MUSL.

Complete separate financial statements for MUSL may be obtained at the Multi-State Lottery Association, 1701 48th Street, Suite 210, West Des Moines, IA 50266-6723.

DeIDOT Fund***Delaware Transportation Authority***

During fiscal year 1998, Expressways Operations/Toll Administration entered into a regional electronic toll collection system consortium. The consortium includes an agreement among member jurisdictions to share in the potential revenues and costs associated with the construction, financing and operations of an electronic toll collection customer service center (CSC). The CSC collects tolls and violation fees from motorists in each member jurisdiction and remits to each jurisdiction their share of tolls collected based upon actual road usage.

The CSC will also lease fiber optic transmission lines to the public, which will generate rental income to the CSC. The rental income and violation fees are expected to exceed the costs associated with operating the CSC. In the event that the CSC generates costs in excess of revenues during its ten-year operating term, each member jurisdiction will be obligated to finance their share of this operating deficit under the terms of a True-Up Agreement, which each member jurisdiction has signed.

At June 30, 2003 and June 30, 2002, a True-Up study revealed a probable liability relating to the above True-Up Agreement. While the exact amount of this liability, due in March 2008, is not known, a reasonable estimate based on information currently available is \$12,000,000 and \$6,469,204, respectively. These amounts have been discounted to their present value based on the average investment rate of the Trust Fund at fiscal year end. The discounted amounts of \$10,913,837 and \$5,767,330 appear in other liabilities at June 30, 2003 and 2002, respectively. Recognition of this expenditure reduces the fund balance at June 30, 2003 and 2002 by \$5,146,508 and \$3,805,267, respectively. To accumulate funds for future payment of this contingency, the Delaware Transportation Authority is earmarking funds within its operating budget.

On March 25, 2003, the Trust Fund withdrew from the regional consortium that was governing the E-Zpass operation jointly with three agencies from other states. November 30, 2003 is designated as the final transition date. As of this date, the Trust Fund will be operating its E-Zpass system independent of the regional consortium. According to the withdrawal agreement, the Trust Fund will receive approximately \$7.6 million at the completion of the fiber optic system. The Trust Fund has agreed to pay \$1.9 million in costs over six months and its share of the True-Up due in March 2008.

Audited statements for the CSC may be obtained from Adesta Transportation Inc., 200 East Park Drive, Suite 600, Mt. Laurel, New Jersey 08054.