2006 Virginia Derby & Colonial Turf Cup

Go Between (above) is shown winning the 2006 Virginia Derby at Colonial Downs. The "Derby" was the 2nd leg of the $5 million Jacobs Investments Grand Slam of Grass Turf Series. The first leg was the $1,000,000 Colonial Turf Cup won by Showing Up (below). Colonial Downs will host the first two legs of the four race series in 2007 on these dates:

1st Leg - $750,000 Colonial Turf Cup - Saturday, June 16th
2nd Leg - $1,000,000 Virginia Derby (Gr. II) - Saturday, July 21st.

Virginia Racing Commission

2006 Annual Report

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Activities of the Commission

Title 59, Chapter 29, known as The Racing Act," became effective on January 1, 1989. It vested the Virginia Racing Commission with control of all horse racing with pari-mutuel wagering that is conducted in the Commonwealth.

The Racing Commission is vested with plenary power to prescribe regulations and conditions under which racing and wagering shall be conducted, so as to maintain horse racing in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity.

Horse racing with pari-mutuel wagering is permitted in the Commonwealth for "the promotion, sustenance and growth of a native industry, in a manner consistent with the health, safety and welfare of the people."

In 2005, the General Assembly created a fund in the Racing Commission's appropriation for the promotion and marketing of the Virginia horse industry. The goals of the program include increasing business for the state's pari-mutuel system, in the breeding and ownership of horses, in horse-related agricultural commodities and equine activities and to raise the visibility of the horse industry.

CRT/tanaka, a Richmond-based firm, is developing a number of programs that will be in place during 2007.

Since 2003, the Commission has been licensing and regulating advance deposit account wagering companies that operate in Virginia. Presently there are four companies licensed in Virginia—Colonial Downs PhoneBet, TVG, XpressBet and AmericaTab. Account wagering in Virginia has already grown to the point that it is the second largest source of pari-mutuel wagering in Virginia. In 2006 account wagering total $28,300,972 or 15% of the total wagering in the state.

Recap of Handle

Year	Pari-Mutuels	Account Wagering	Sale of Signal Out of State	Total Handle
1996	$ 36,952,607	$	$	$ 36,952,607
1997	95,094,161		19,412,236	114,506,397
1998	120,717,190		19,998,352	140,715,542
1999	121,324,249		22,348,265	143,672,514
2000	121,754,800		26,607,001	148,361,801
2001	123,879,396		24,042,027	147,921,423
2002	124,064,569		27,264,413	151,328,982
2003	130,382,875		31,627,734	162,010,609
2004	145,394,480	1,287,541	31,812,210	178,494,231
2005	151,758,202	12,691,398	40,330,328	204,779,928
2006	164,208,077	28,300,972	48,615,505	241,124,554
Total	**$1,335,530,606**	**$42,279,911**	**$292,058,071**	**$ 1,669,868,588**

Pari-Mutuel Handle Statistics

Total Pari-Mutuel Handle

Year	Total Handle	Racing Attendance	Daily Average Days*	Per-Capita Attendance	Wagering
1996	$ 36,952,607	178,570	338	528	$206.94
1997	95,094,161	578,831	840	689	164.29
1998	120,717,190	446,859	1,381	324	251.65
1999	121,324,249	544,744	1,351	305	222.72
2000	121,754,800	490,868	1,540	319	248.04
2001	123,879,396	511,856	1,445	354	242.02
2002	124,064,569	523,216	1,441	363	237.12
2003	130,382,875	552,632	1,534	360	235.93
2004	145,394,480	613,084	1,976	310	237.15
2005	151,758,202	665,555	2,490	267	228.02
2006	164,208,077	678,426	3,065	221	242.04
Total	**$ 1,335,530,606**	**5,784,641**	**17,401**	**332**	**$ 230.88**

*Includes live racing days and days of operation at satellite wagering facilities

Total Account Wagering Handle

	Colonial Downs PhoneBet	TVG	XpressBet	AmericaTab	Total
2004	$1,287,541	$	$	$	$ 1,287,541
2005	3,939,764	4,080,824	4,670,810		12,691,398
2006	3,736,391	8,169,546	7,816,430	8,578,605	28,300,972
Total	**$8,963,696**	**$12,250,370**	**$12,487,240**	**$8,578,605**	**$42,279,911**

Sale of Signal Live Meets (Out of State)

Year	Thoroughbred	Harness	Total
1997	$ 19,412,236	$	$ 19,412,236
1998	16,232,300	3,766,052	19,998,352
1999	18,640,650	3,707,615	22,348,265
2000	22,716,226	3,890,775	26,607,001
2001	22,545,623	1,496,404	24,042,027
2002	25,171,620	2,092,793	27,264,413
2003	29,488,341	2,139,393	31,627,734
2004	28,402,323	3,409,887	31,812,210
2005	36,507,736	3,822,592	40,330,328
2006	43,828,004	4,787,501	48,615,505
Total	**$ 262,945,059**	**$29,113,012**	**$ 292,058,071**

About Colonial Downs

On September 1, 1997, Colonial Downs opened the first live pari-mutuel horse racing meet in Virginia—30 days of Thoroughbred racing. Harness racing joined the schedule in 1998 and since that time both breeds have run annual racing seasons at the New Kent facility.

Now 10 years old, Colonial Downs has been the catalyst of a sport that now generates nearly $200,000,000 in annual pari-mutuel wagering in Virginia. In 2006 total attendance was a record 678,426 as attendance for the first 10 years totaled 5,784,641 while total mutuel handle surpassed $1.35 billion.

As stated in § 59.1-364 of the Code of Virginia, horse racing with pari-mutuel wagering is permitted in the Commonwealth for the promotion, sustenance and growth of a native industry. As a result, the stakeholders in Virginia have worked extremely well together to build the horse breeding and racing industries. Quality racing has always been the goal of Virginia stakeholders as they strive to build upon the native horse industry in the Commonwealth.

Colonial Downs is owned by Jeffrey and Richard Jacobs' Jacobs Entertainment. From the beginning Colonial Downs has developed a reputation as the Thoroughbred turf racing capital of the nation. Typically more than 80% of the Thoroughbred races run at Colonial Downs are on the 180-foot wide Secretariat Turf Course, named after Virginia's famous Triple Crown winner.

Jacobs Entertainment sponsors the Grand Slam of Grass, a series of four races for three-year-olds. Two of the races are run at Colonial Downs—the $750,000 Colonial Cup and the $1,000,000 Virginia Derby. The Secretariat Stakes at Arlington Park and the Breeders Cup Turf complete the series. A horse winning all four races is eligible to receive a total of $5,000,000 in purses and bonuses.

In 2006, a Virginia record pari-mutuel handle of $3,602,203 was established on Colonial Cup Day. The Virginia Derby Day generated $2,799,465 in wagering—two of the biggest days in Colonial Downs history.

The Standardbred (harness) industry has also tried to bring quality racing to the Commonwealth. Virginia was the host of the 1998 Breeders Crown races, harness racing's championship event. It was televised on ESPN.

In 2006 Colonial Downs hosted the $100,000 Invitational Trot which drew most of the top trotters in the nation. It was won by the popular Vivid Photo, owned and trained by Roger Hammer.

One of the highlights of the annual harness meet is a day filled with races to showcase Virginia-bred or owned horses.

About Colonial Downs

Annually, the harness meet features a one-turn mile for most of its races. Each year a number of record and career best times have been established in Virginia.

Colonial Downs now owns nine satellite wagering facilities. In January 2006 the ninth facility was opened in Scott County, just across the Virginia-Tennessee border near Bristol. The satellite facilities provide the bulk of the pari-mutuel handle in the state which generates the purses paid for live racing as well as breeders' awards for owners and breeders of horses bred in Virginia.

Advance deposit account wagering is now becoming the second largest generator of pari-mutuel wagering in Virginia. In 2006, $28,300,972 in wagering was generated by four account wagering companies licensed in Virginia—Colonial Downs PhoneBet, TVG, XpressBet and AmericaTab.

As a result of the efforts in 2006, the horse racing industry in Virginia is poised to continue to grow.

Live Thoroughbred Racing

	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1997	$183,594	$28,182,006	$ 939,400	3,620	$ 65.71
1998	141,154	21,293,467	881,473	2,263	75.03
1999	107,881	23,420,243	975,854	1,628	87.50
2000	90,589	27,923,752	872,617	1,247	109.81
2001	117,818	27,579,707	1,103,188	1,940	85.48
2002	140,067	31,039,485	1,193,826	2,202	86.95
2003	140,305	36,090,262	1,203,009	2,193	86.30
2004	138,236	36,205,494	1,064,867	2,155	91.68
2005	124,122	44,710,190	1,117,755	2,028	85.17
2006	113,438	51,587,415	1,258,230	1,804	83.44

Live Harness Racing

	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1998	$56,661	$7,260,770	$172,875	1,379	$ 56.21
1999	41,319	5,795,265	193,175	909	62.31
2000	19,270	5,903,010	147,575	258	148.76
2001	30,912	2,459,010	163,934	486	105.54
2002	30,860	3,716,853	154,869	478	117.01
2003	34,585	4,148,072	148,145	580	101.50
2004	40,361	5,815,294	181,728	645	92.65
2005	26,859	6,217,238	172,701	620	85.68
2006	20,498	6,562,653	182,296	312	100.25

Richmond Satellite Wagering Facility

4700 West Broad Street
Richmond, VA. 23230
20,000 Sq. Ft.

The Richmond Satellite Wagering Facility was completely remodeled during 2006 and was closed for more than two months. It is centrally located on Broad Street, which is one of the main thoroughfares in Richmond. The facility can accommodate up to 500 patrons with smoking and non-smoking preferences, one central main bar area, and teller lines for up to 23 tellers. The facility also has a VIP room with a full bar and tellers for patrons who prefer more privacy. The facility has parking capacity for 350 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1996	21	17,403	829	$ 3,391,418	$ 161,496
1997	363	206,530	569	51,556,304	142,028
1998	363	178,841	493	50,183,501	138,247
1999	361	173,378	480	51,347,173	142,236
2000	361	162,921	451	49,096,147	136,000
2001	362	164,372	454	50,475,896	139,436
2002	360	159,222	442	49,986,746	138,852
2003	357	156,339	430	47,927,303	134,250
2004	362	123,682	342	40,821,803	112,767
2005	363	118,343	326	38,066,496	104,866
2006	302	94,348	312	31,823,009	105,374
Total	**3,575**	**1,555,379**	**435**	**$464,675,796**	**$ 129,979**

Chesapeake Satellite Wagering Facility

3376 South Military Highway
Chesapeake, VA 23323
15,000 Sq. Ft.

The first Chesapeake Satellite Wagering Facility is centrally located on South Military Highway, which is 20 miles form Virginia Beach. The facility can accommodate up to 650 patrons with smoking and non-smoking preferences, one central main bar area, and teller lines for up to 22 tellers. The facility has parking capacity for 300 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1996	317	161,167	508	$ 33,561,189	$105,871
1997	363	148,373	409	35,138,043	96,799
1998	363	114,682	316	28,929,078	79,694
1999	360	106,782	297	30,154,358	83,762
2000	362	100,405	277	29,663,510	81,943
2001	362	103,778	287	30,031,322	82,959
2002	361	100,937	280	30,816,019	85,363
2003	359	102,054	284	32,839,851	91,476
2004	363	98,618	272	32,771,667	90,280
2005	366	83,032	229	27,557,180	75,915
2006	350	48,210	138	14,455,627	41,302
Total	**3,926**	**1,168,038**	**292**	**$325,917,844**	**$83,015**

Hampton Satellite Wagering Facility

1909 Commerce Drive
Hampton, VA 23666
13,500 Sq. Ft.

The Hampton Satellite Wagering Facility is centrally located on Commerce Drive near the Hampton Coliseum. The facility can accommodate up to 580 patrons with smoking and non-smoking preferences, one central main bar area, and teller lines for up to 16 tellers. The facility has parking capacity for 270 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1997	7	1,651	236	$ 327,811	$ 46,830
1998	363	114,679	316	22,765,994	62,716
1999	361	103,945	288	23,298,797	64,540
2000	362	99,618	275	24,999,787	69,060
2001	362	99,718	275	26,083,186	72,053
2002	361	98,362	272	25,058,151	69,413
2003	358	95,064	266	25,947,756	72,480
2004	363	95,269	262	28,321,244	78,020
2005	363	85,723	237	26,720,455	73,610
2006	362	82,352	227	25,638,907	70,826
Total	**2,262**	**876,381**	**269**	**$229,162,088**	**$70,252**

Brunswick Satellite Wagering Facility

24 Colonial Downs Place
Alberta, VA 23821
20,000 Sq. Ft.

The Brunswick Satellite Wagering Facility is located two miles off Route 1 in Brunswick County, which is 15 miles from the North Carolina border. The facility can accommodate up to 400 patrons with smoking and non-smoking preferences, one main bar area, and teller lines for up to 10 tellers. The facility has parking capacity for 500 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1997	14	1,460	104	$ 226,146	$ 16,153
1998	292	38,657	132	10,573,166	36,209
1999	269	27,925	104	11,404,545	42,396
2000	279	28,018	100	11,888,170	42,610
2001	265	24,821	94	12,085,136	45,604
2002	259	27,243	105	11,882,404	45,878
2003	292	28,548	98	14,094,878	48,270
2004	311	28,067	90	14,152,950	45,508
2005	309	25,276	82	12,620,398	40,843
2006	269	21,825	81	9,967,380	37,053
Total	**2,559**	**251,840**	**98**	**$108,895,173**	**$42,554**

South Richmond Satellite Wagering Facility

6550 Hull Street Road
Richmond, VA 23224
11,500 Sq. Ft.

The South Richmond Satellite Wagering Facility opened on November 12, 2003. The facility can accommodate 300 patrons with seating for 180. Smoking and non-smoking areas are provided. The facility employs 45.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2003	48	8,634	180	$ 2,001,182	$ 41,691
2004	361	64,479	179	17,832,357	49,397
2005	363	63,337	174	18,318,539	50,464
2006	362	74,216	205	23,560,440	65,084
Total	**1,134**	**210,666**	**186**	**$61,712,518**	**$ 54,420**

Vinton Satellite Wagering Facility

1135 Vinyard Road
Vinton, VA 24179
14,600 Sq. Ft.

The Vinton Satellite Wagering Facility opened in October 2004. The facility can accommodate 450 patrons with seating for 260. Smoking and non-smoking areas are provided. The facility employs 45.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2004	81	13,447	166	$ 2,455,993	$ 30,321
2005	357	49,607	139	10,807,394	30,272
2006	286	42,806	150	10,471,558	36,614
Total	**724**	**105,860**	**146**	**$23,734,945**	**$ 32,783**

Martinsville Satellite Wagering Facility

3951 Greensborough Road
Martinsville, VA 24148
12,500 Sq. Ft.

The Martinsville Satellite Wagering Facility opened on August 15, 2005. The facility can accommodate 539 patrons with seating for 241. Smoking and non-smoking areas are provided. The facility employs 50 people.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2005	137	18,978	139	$ 3,529,839	$ 25,765
2006	323	36,231	112	10,358,670	32,070
Total	**460**	**55,209**	**120**	**$13,888,509**	**$ 30,192**

NEW CHESAPEAKE SATELLITE WAGERING FACILITY

4301 Indian River Road
Chesapeake, VA 23325
10,000 Sq. Ft.

The second Chesapeake Satellite Wagering Facility opened on October 12, 2005. It is located near Virginia Beach. The facility can accommodate 291 patrons with seating for 156. Smoking and non-smoking areas are provided. The facility employs 35 people.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2005	80	15,648	139	$ 4,963,971	$ 62,050
2006	362	69,818	193	23,666,541	65,377
Total	**442**	**85,466**	**193**	**$28,630,512**	**$ 64,775**

Scott County Satellite Wagering Facility

38 U.S. Highway 23N
Weber City, VA 24290
16,700 Sq. Ft.

The Scott County Satellite Wagering Facility opened on January 18, 2006. The facility can accommodate 400 patrons with seating for 246. Smoking and non-smoking areas are provided. The facility employs 29 people.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2006	272	36,100	133	$ 6,592,864	$ 24,238
Total	**272**	**36,100**	**133**	**$ 6,592,864**	**$ 24,238**

About the Breeder's Funds

Funded by a 1% takeout of all wagering conducted at the race track and satellite wagering facilities in Virginia, funds have been established for both Thoroughbred and Standardbred horses, their breeders and owners.

For 2006, a record $1,285,476 was generated for the Thoroughbred breeders' fund bringing the 10-year total to $10,366,476.

Most of the Thoroughbred breeders' fund money is being distributed during the annual live meet at Colonial Downs, including a 50% bonus for Virginia-breds earning purse money in open competition.

Harness racing, both live and simulcasting, accounts for more than 20% of total wagering in Virginia. As a result, $2,988,039 as been generated for the Standardbred breeders' fund in the past nine years.

The Racing Commission has contracted with the Virginia Thoroughbred Association to administer the Thoroughbred breeders' fund program and the Virginia Harness Horse Association to manage the Standardbred breeders' fund.

Breeders' Funds

Year	Thoroughbred	Standardbred
1996	$ 263,517	$ 105,288
1997	755,900	195,041
1998	917,484	289,688
1999	915,431	297,811
2000	942,714	274,834
2001	967,123	271,671
2002	970,555	270,091
2003	1,035,181	268,647
2004	1,136,789	317,156
2005	1,176,374	341,208
2006	1,285,476	356,604
Total	**$10,366,544**	**$2,988,039**

Tax Revenue

Revenue to the Commonwealth

Year	Total Revenue	Surplus to General Fund
1996	$ 631,482	$
1997	1,595,802	
1998	2,065,005	
1999	2,090,137	4,101
2000	2,103,097	534,813
2001	2,150,599	513,222
2002	2,164,933	585,610
2003	2,280,446	940,127
2004	2,556,126	1,168,349
2005	2,680,582	1,093,966
2006	2,894,004	1,202,523
Total	**$23,212,213**	**$6,042,711**

Revenue to Localities

Year	New Kent	Chesapeake	Henrico	Richmond	Hampton	Brunswick	Vinton	Martinsville	Scott
1996	$ 157,871	$ 144,304	$ 6,783	$ 6,783	$	$	$	$	$
1997	408,498	159,665	113,726	113,726	1,430	855			
1998	520,316	128,530	107,693	107,693	101,062	43,538			
1999	524,049	132,641	108,839	108,839	101,396	46,906			
2000	532,156	129,419	104,967	104,967	108,412	49,836			
2001	539,392	131,455	107,885	107,885	115,242	51,140			
2002	544,937	136,127	107,043	107,043	110,778	50,791			
2003	574,992	145,928	103,758	112,388	113,880	59,092			
2004	645,979	146,406	89,652	167,027	125,476	59,268	9,817		
2005	676,257	146,065	84,164	165,595	119,218	52,244	44,660	14,615	
2006	727,828	171,176	70,299	175,246	114,814	41,761	44,349	43,288	26,478
Total	**$5,852,275**	**$1,571,716**	**$1,004,809**	**$1,277,192**	**$1,011,708**	**$455,431**	**$ 98,826**	**$ 57,903**	**$ 26,478**

Total Revenue

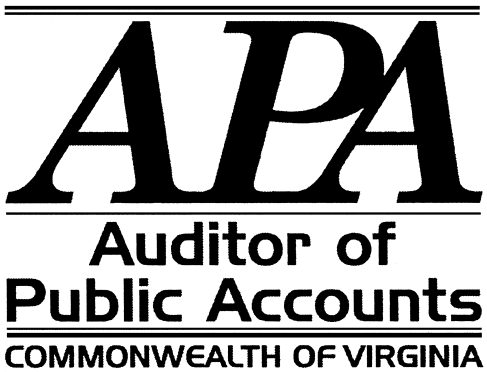
Commonwealth	$23,212,213
Localities	11,356,337
Total	**$34,568,550**

VIRGINIA RACING COMMISSION

REPORT ON AUDIT

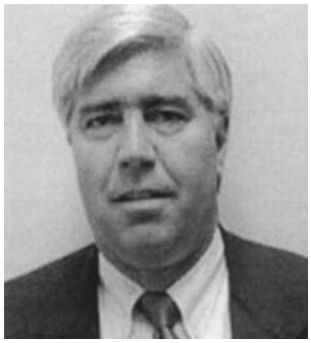
FOR THE YEAR ENDED

JUNE 30, 2006



Virginia Racing Commission

Mark T. Brown
Palmyra



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