



Virginia Racing Commission

2003 Annual Report



Credits

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COMMONWEALTH of VIRGINIA

Virginia Racing Commission

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January 5, 2004

TO: THE HONORABLE MARK R. WARNER, GOVERNOR OF VIRGINIA,
AND THE MEMBERS OF THE GENERAL ASSEMBLY

Pursuant to the provisions of the Code of Virginia Title 59, Chapter 29, Section 59.1-369 relating to horse racing with pari-mutuel wagering, it is my privilege and pleasure to submit herewith the 2003 Annual Report of the Virginia Racing Commission.

The pari-mutuel horse racing industry in Virginia represents an important segment of the Commonwealth's economy not only from the operations of Colonial Downs and its satellite wagering facilities, but also through the agribusiness activity represented by the breeding, training and related support activities for race horses throughout the Commonwealth.

Late in 2003, a new satellite wagering facility was opened in south Richmond. In November, a referendum was passed in Vinton that will result in a new facility opening in that area in mid 2004. Additional purse money generated at the two new facilities will help provide more live racing days in future years at the New Kent racetrack for both thoroughbred and standardbred (harness) owners and breeders.

The Racing Commission remains committed to insuring the integrity of racing for its participants and patrons and appreciates the support it has received from the Administration and the General Assembly.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Stanley K. Bowker".

Stanley K. Bowker
Executive Secretary

Virginia Racing Commission



Chairman
Robin Traywick Williams
Crozier



Peter C. Burnett
Leesburg



James G. Davis
Middleburg



Alan I. Kirshner
Montpelier



Anne D.W. Poulson
Orange

Staff

Stanley K. Bowker -- Executive Secretary
William H. Anderson -- Director, Policy & Planning
Nick A. Christner -- Director, Security
Marvin A. Sniegon -- Director, Finance
Kimberly M. Carter -- Office Administrator
Dennis E. West -- Permit Manager
Joseph M. Roney -- Assistant Permit Manager



2003 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 Act was approved by Virginia voters in the 1988 General Election.

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

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.

The Rules Committee was very busy throughout 2003 as it completed a review of a majority of the Commission’s Regulations and recommended a number of changes that were approved by the full Commission.

The 2003 General Assembly enacted a new statute requiring the Commission to license and regulate advance deposit account wagering companies that have been operating in Virginia. The new statute went into effect on July 1, 2003 and on that same day the Rules Committee recommended approval of proposed emergency regulations to meet the legislative mandate.

The Commission’s emergency regulations became effective on August 22, 2003 at which time known account wagering companies were notified the regulations were in place and the Commission stood ready to accept applications for licenses.

As of December 31, 2003, four license applications were on file with the Commission, background reviews were underway and the Commission is expected to approve the appropriate applications during the first quarter of 2004.

Activities of the Commission

During 2003, the Commission was also busy with its oversight of the Commonwealth's satellite wagering facilities. Four facilities previously had been opened: Chesapeake and Richmond in 1996, Hampton and Brunswick in 1997.

In 2003, Colonial Downs applied for and was granted a license to build a second satellite wagering facility in Richmond. Located at 6550 Hull Street, the new facility serves the south Richmond area.

The Hull Street facility opened on November 12, 2003 and for the balance of the year, 8,634 people visited the new facility and wagered \$2,000,000.

November provided another important milestone when the residents of Vinton voted to accept a new satellite wagering facility in their community. Colonial Downs is exploring possible sites and is expected to apply for a license in early 2004.

Virginia statutes limit satellite wagering facilities to six (6) throughout the state and Vinton will become the sixth and final facility permitted under current law.

Total Pari-Mutuel Handle

Year	Total Handle	Total Attendance	Racing Days*	Daily Average Attendance	Per-Capita 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
Total	\$ 874,169,847	3,827,576	9,870	388	\$ 228.39

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

About Colonial Downs

It has been more than seven (7) years since the owners of Colonial Downs brought pari-mutuel horse racing to Virginia. Satellite wagering facilities were opened in Chesapeake and Richmond in 1996.

But it wasn't until September 1, 1997 that Colonial Downs staged its first live meet—30 days of thoroughbred racing. Harness racing joined the schedule in 1998 and since that time both breeds have run annual meets at the New Kent facility.

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 in Virginia as it strives to build the horse industry in the Commonwealth.

Now owned by Jeffrey and Richard Jacobs' Jacobs Entertainment, 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.

The highlight of the thoroughbred season is the \$500,000 Virginia Derby, a race for some of the top three-year-olds in the country. A panel of experts reviews all stakes races run in the United States and has awarded the race a Grade 3 status for 2004.

On Virginia Derby Day 2003, a Virginia record pari-mutuel handle of \$2,473,385 was established.

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.

Annually, the harness meet features a one-turn mile for most of its races. As a result, a number of record times have been established in Virginia.

About Colonial Downs

For Colonial Downs and the horse racing industry in the state, 2003 was a very good year. Among the highlights were:

- The state-wide pari-mutuel handle set a record of \$130,382,875;
- A total of 470,590 attended the races at the track and satellite wagering facilities;
- A fifth satellite facility was opened in south Richmond;
- A referendum was passed in Vinton which allows Colonial Downs to apply for a sixth satellite wagering facility;
- Pursuant to a new statute passed by the General Assembly, regulations were adopted that place advance deposit account wagering in Virginia under the jurisdiction of the Commission.

As a result of the efforts in 2003, the horse racing industry in Virginia is poised to continue to grow.

Live Thoroughbred Racing

	Daily Average On-Track Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1997	\$ 183,594	\$ 939,400	3,620	65.71
1998	141,154	881,473	2,263	75.03
1999	107,881	975,854	1,628	87.50
2000	90,589	872,617	1,247	109.81
2001	117,818	1,103,188	1,940	85.48
2002	140,067	1,193,826	2,202	86.95
2003	140,305	1,203,009	2,193	86.30

Live Harness Racing

	Daily Average On-Track Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1998	\$ 56,661	\$ 172,875	1,379	56.21
1999	41,319	193,175	909	62.31
2000	19,270	147,575	258	148.76
2001	30,912	163,934	486	105.54
2002	30,860	154,869	478	117.01
2003	34,585	148,145	580	101.50

Richmond Satellite Wagering Facility



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

The Richmond Satellite Wagering Facility 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
Total	2,548	1,219,006	478	\$ 353,964,488	\$ 138,919

**Chesapeake Satellite
Wagering Facility**



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

The Chesapeake Satellite Wagering Facility is centrally located on South Military Highway, which is 20 miles from 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
Total	2,847	938,178	330	\$ 251,133,370	\$ 88,210

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
Total	2,174	613,037	282	\$ 148,481,482	\$ 68,299

**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
Total	1,670	176,672	106	\$ 72,154,445	\$ 43,206

South Richmond Satellite Wagering Facility



**6550 Hull Street Road
Richmond, VA
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
Total	48	8,634	180	\$ 2,001,182	\$ 41,691

TAX REVENUE

Revenue to the Commonwealth

Year	<u>Commonwealth</u>
1996	\$ 631,482
1997	1,595,765
1998	2,065,005
1999	2,090,137
2000	2,103,097
2001	2,150,599
2002	2,164,933
2003	<u>2,280,446</u>
Total	<u>\$ 15,081,464</u>

Revenue to Localities

Year	New Kent	Chesapeake	Henrico	Richmond	Hampton	Brunswick
1996	144,304	144,304	6,783	6,783		
1997	408,479	159,666	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
Total	<u>3,788,624</u>	<u>1,108,069</u>	<u>760,694</u>	<u>769,324</u>	<u>652,201</u>	<u>302,159</u>

Total Revenue

Commonwealth	\$15,081,464
Localities	<u>7,381,071</u>
Total	<u>\$22,462,536</u>

Virginia Racing Commission
Statistical Sheet Colonial Downs Live Meet
Thoroughbred 2003 (30days)

DATE	DAY	LIVE HANDLE	WAGERCAST HANDLE	OUT OF STATE WAGERCAST HANDLE	WAGER HANDLE	WAGER PERCENT	Live Returned	Live Championship	Live Handicap	Live Saddle	Live Saddle	TOTAL WAGER HANDLE	TRACK ATTENDANCE	ON TRACK PURCHASE
13-Jan-03	Friday	194,430	62,087	698,280	52,703	6,802	18,613	52,703	6,802	2,301	1,141,018	1,020	118,09	
14-Jan-03	Saturday	181,882	66,138	691,084	6,827	6,901	15,449	6,827	6,901	5,214	1,272,018	2,015	84,87	
15-Jan-03	Sunday	188,344	43,461	792,888	12,879	8,988	12,879	4,984	8,988	3,849	985,536	2,738	74,88	
16-Jan-03	Monday	86,038	21,089	1,307,714	12,308	7,188	12,308	6,201	7,188	707	1,418,428	804	148,33	
17-Jan-03	Tuesday	78,201	23,289	307,749	11,343	8,357	11,343	7,679	8,357	-	1,028,388	818	121,30	
18-Jan-03	Wednesday	195,785	48,021	762,679	18,268	7,654	18,268	7,654	7,654	2,308	988,053	1,533	183,80	
19-Jan-03	Thursday	178,473	64,688	1,021,201	20,848	8,628	15,108	10,844	8,628	2,308	1,201,208	2,038	88,98	
20-Jan-03	Friday	162,091	61,058	878,288	11,803	8,878	11,803	8,878	8,878	2,308	1,124,823	2,349	83,87	
21-Jan-03	Saturday	79,488	38,258	1,388,889	18,158	8,918	18,158	8,918	8,918	-	1,288,334	848	178,14	
22-Jan-03	Sunday	38,528	28,288	1,282,028	18,758	6,488	18,758	6,488	6,488	2,427	878,538	1,858	102,88	
23-Jan-03	Monday	198,088	63,058	778,588	18,758	7,881	18,758	7,881	7,881	2,308	1,088,388	2,888	102,88	
24-Jan-03	Tuesday	188,344	66,711	878,522	16,387	7,778	16,387	8,881	7,778	2,308	1,088,388	2,888	114,88	
25-Jan-03	Wednesday	182,088	62,487	884,288	14,518	8,448	14,518	7,281	8,448	2,308	1,128,388	2,818	108,88	
26-Jan-03	Thursday	88,038	31,218	1,081,888	11,888	6,888	11,888	6,201	6,888	1,488	1,088,827	888	88,28	
27-Jan-03	Friday	62,848	28,788	1,187,888	18,278	8,144	18,278	4,788	8,144	2,308	1,287,888	1,288	87,28	
28-Jan-03	Saturday	78,198	62,488	887,788	14,888	4,878	14,888	4,878	4,878	2,308	1,044,888	888	87,28	
29-Jan-03	Sunday	287,418	78,788	867,788	14,888	4,878	14,888	4,878	4,878	2,308	1,044,888	888	87,28	
30-Jan-03	Monday	171,284	86,778	882,288	14,878	6,288	14,878	7,284	6,288	1,287	1,278,888	1,874	88,28	
31-Jan-03	Tuesday	88,038	21,148	1,271,888	15,812	8,518	15,812	6,284	8,518	1,287	1,278,888	888	88,28	
1-Feb-03	Wednesday	77,728	23,228	1,288,187	19,288	6,228	19,288	4,228	6,228	2,308	1,288,188	1,288	117,88	
2-Feb-03	Thursday	144,088	67,388	888,888	18,824	6,472	18,824	4,884	6,472	2,308	1,288,188	2,888	88,28	
3-Feb-03	Friday	478,188	83,188	1,518,287	48,388	10,887	48,388	10,887	10,887	2,308	2,478,288	7,884	81,88	
4-Feb-03	Saturday	187,718	86,378	782,888	18,288	8,288	18,288	8,288	8,288	2,788	1,088,538	2,714	84,28	
5-Feb-03	Sunday	81,888	38,281	1,388,877	53,384	5,117	53,384	5,278	5,117	2,344	1,288,538	807	107,48	
6-Feb-03	Monday	188,288	23,744	1,288,288	11,888	6,888	11,888	7,278	6,888	1,277	1,288,538	1,888	128,88	
7-Feb-03	Tuesday	138,488	68,283	888,728	18,888	8,888	18,888	8,888	8,888	2,877	1,048,888	1,888	88,88	
8-Feb-03	Wednesday	288,778	83,878	818,888	17,214	8,888	17,214	8,888	8,888	2,877	888,888	4,888	88,88	
9-Feb-03	Thursday	188,288	88,878	888,888	12,878	4,878	12,878	8,288	4,878	1,878	887,888	2,888	88,88	
10-Feb-03	Friday	178,288	88,748	1,388,888	13,888	4,211	13,888	8,278	4,211	1,288	1,487,888	1,284	121,88	
11-Feb-03	Saturday	108,038	28,882	828,248	88,488	6,278	88,488	288,888	6,278	88,387	888,388	1,447	84,88	
12-Feb-03	Sunday	4,288,148	1,088,888	28,888,248	88,488	6,278	88,488	288,888	6,278	88,387	28,888,388	88,788	88,28	
PERCENT OF TOTAL WAGERCAST HANDLE		11,778	4,178	81,278	1,088	8,888	1,088	8,888	8,888	2,313	1,288,188	2,788	88,28	
Average 2002		148,887	51,281	888,538	87,373	8,888	87,373	8,888	8,888	8,188	1,188,888	2,288	88,88	
Average 2001		177,818	48,811	881,288	82,727	7,888	82,727	7,888	7,888	2,388	1,188,888	2,588	88,48	
Average 2000		88,888	48,288	788,888	88,288	8,488	88,288	8,488	8,488	2,488	878,817	1,587	108,88	
Average 1999		97,878	34,887	778,888	64,288	7,288	64,288	7,288	7,288	2,348	878,884	1,628	87,88	
Average 1998		141,184	38,884	848,888	54,288	8,188	54,288	8,188	8,188	2,318	881,478	2,288	78,88	
Average 1997		188,284	84,284	847,878	28,284	8,788	28,284	8,788	8,788	-	888,888	1,888	88,78	

* Note: 1997 Average Total Handle Excludes \$782,788 wagered at the OTB's

**Virginia Racing Commission
Statistical Sheet Colonial Downs Live Meet
Harness 2003(28days)**

<u>DATE</u>	<u>DAY</u>	<u>LIVE HANDLE</u>	<u>SIMULCAST HANDLE</u>	<u>Out of State HANDLE</u>	<u>Single Race</u>	<u>Live Richmond OTB</u>	<u>Live Chesapeake OTB</u>	<u>Live Hampton OTB</u>	<u>Live Brunswick OTB</u>	<u>Live So. Richmond TB</u>	<u>TOTAL HANDLE</u>	<u>TRACK ATTEND</u>	<u>On TRACK PER CAP</u>
3-Oct-03	Friday	54,701	31,259	69,646	-	7,841	4,378	3,728	1,081		172,634	1,111	77.37
4-Oct-03	Saturday	39,706	21,240	48,231	-	4,852	3,289	2,853	1,017		121,188	684	89.10
5-Oct-03	Sunday	28,466	25,153	60,061	-	2,155	1,001	1,255	397		118,488	510	105.14
6-Oct-03	Monday	16,091	7,504	73,429	-	4,035	1,179	1,288	427		103,953	188	125.51
10-Oct-03	Friday	39,200	30,584	60,424	-	5,889	2,725	2,825	573		142,220	714	97.74
11-Oct-03	Saturday	49,771	25,421	47,005	-	5,316	2,442	5,368	1,003		137,326	967	77.76
12-Oct-03	Sunday	39,989	25,169	68,666	-	3,210	2,072	2,119	499		141,724	706	92.29
13-Oct-03	Monday	16,110	13,125	70,829	-	3,162	2,000	2,119	579		107,924	266	108.91
17-Oct-03	Friday	32,805	24,927	65,817	-	7,183	2,351	3,035	636		136,754	478	120.78
18-Oct-03	Saturday	41,859	25,556	45,621	-	5,438	3,306	3,345	1,126		126,251	704	95.76
19-Oct-03	Sunday	31,292	18,161	64,619	-	3,422	1,629	2,628	486		121,104	690	115.46
20-Oct-03	Monday	22,986	9,574	117,255	-	4,640	3,039	2,462	439		144,338	644	83.51
24-Oct-03	Friday	32,458	21,323	75,914	-	7,604	3,146	3,138	755		288,939	1,235	162.12
25-Oct-03	Saturday	48,677	151,538	72,943	-	7,321	3,566	3,480	1,414		135,679	683	81.76
26-Oct-03	Sunday	37,029	18,816	106,007	-	4,144	2,179	2,246	784		144,182	202	134.19
27-Oct-03	Monday	19,285	7,822	84,694	-	5,843	2,507	2,209	509		136,567	683	107.58
31-Oct-03	Friday	21,671	12,861	49,393	-	9,092	4,380	3,138	731		127,662	321	72.50
1-Nov-03	Saturday	42,511	19,403	75,523	-	8,488	3,381	3,078	1,408		151,824	854	86.41
2-Nov-03	Sunday	45,549	20,297	139,401	-	4,331	2,259	3,280	585		177,593	287	135.55
3-Nov-03	Monday	22,911	15,993	92,508	-	10,846	3,758	3,963	886		187,708	647	116.99
7-Nov-03	Friday	46,961	28,732	59,442	-	8,094	6,484	4,275	1,539		136,424	644	91.46
8-Nov-03	Saturday	39,468	19,434	74,750	-	8,208	4,058	4,275	530		140,915	526	107.09
9-Nov-03	Sunday	36,959	19,372	128,182	-	4,706	2,985	2,774	638	3,208	166,915	206	124.40
10-Nov-03	Monday	16,792	8,835	68,893	-	5,869	3,825	3,807	711	3,301	135,621	378	128.75
14-Nov-03	Friday	32,260	16,408	45,477	-	4,174	3,700	3,364	481	3,301	117,861	658	88.90
15-Nov-03	Saturday	36,678	21,820	59,083	-	4,174	2,566	1,554	427	1,249	116,703	511	100.92
16-Nov-03	Sunday	34,135	17,437	145,099	-	1,616	1,202	1,554	427	4,255	229,014	388	167.23
17-Nov-03	Monday	42,072	22,812		-	6,400	5,367	2,548	461				
TOTAL HANDLE		968,392	680,576	2,139,393	-	160,313	85,774	80,523	21,088	12,013	4,148,072	16,246	
PERCENT OF TOTAL		23.3%	16.4%	51.6%	0.0%	3.9%	2.1%	1.9%	0.5%	0.3%	100%		
AVERAGE HANDLE		34,585	24,306	76,407	-	5,725	3,063	2,876	753	3,003	148,145	580	101.50
Average 2002		30,860	25,076	87,200	-	4,844	3,567	2,778	545		154,869	478	117.01
Average 2001		30,912	20,416	99,760	-	5,406	3,808	2,895	736		163,934	486	105.54
Average 2000		19,270	19,180	97,269	-	5,473	2,907	2,820	655		147,575	258	148.76
Average 1999		41,319	15,344	123,587	-	5,840	3,798	2,805	483		193,176	909	62.31
Average 1998		56,611	20,892	89,668	5,705	-	-	-	-	-	172,875	1,379	56.21

Note: 1998 data for SWFS was not maintained

About the Breeders' Funds

Funded by a 1% takeout of all wagering conducted in Virginia, funds have been established for both thoroughbred and standardbred horses, their breeders and owners.

For 2003, a record \$1,035,181 was generated for the thoroughbred breeders' fund bringing the eight-year total to \$6,767,905.

Most of the thoroughbred breeders' fund money is being distributed during the annual live meet at Colonial Downs, including a 40% bonus for Virginia-breds earning purse money in open competition. However, Virginia also is the only state in the Mid-Atlantic region to pay breeders' awards for home-breds competing in three states—Virginia, Maryland, and Delaware.

Harness racing, both live and simulcasting, accounts for more than 20% of total wagering in Virginia. As a result, \$1,973,072 has been generated for the standardbred breeders' fund in the past eight years.

In addition to a viable stakes programs, standardbreds also receive bonuses for placing in open competition.

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
Total	\$ 6,767,905	\$ 1,973,072

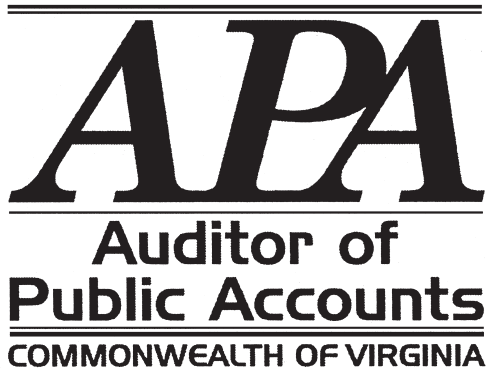
VIRGINIA RACING COMMISSION

NEW KENT, VIRGINIA

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2003



AUDIT SUMMARY

Our audit of the Virginia Racing Commission for the year ended June 30, 2003, found:

- proper recording and reporting of transactions, in all material aspects, in the Commonwealth Accounting and Reporting System;
- no material weaknesses in internal controls; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.



Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Walter J. Kucharski, Auditor

September 30, 2003

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Commission Members
Virginia Racing Commission

We have audited the accounts and records of the **Virginia Racing Commission** for the year ended June 30, 2003, and submit herewith our complete reports on the financial statement and compliance and internal control over financial reporting.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying Statement of Revenues Collected, Expenditures Paid, and Changes in Cash Balance - Budget and Actual - Special Revenue Funds of the Virginia Racing Commission for the year ended June 30, 2003. The financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement of the Virginia Racing Commission is intended to present the results of its operations on only that portion of the financial reporting entity of the Commonwealth of Virginia that is attributable to the transactions of the Commission. The financial statement is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and includes only the special revenue funds.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues collected, expenditures paid, and changes in cash balances of the Virginia Racing Commission as of June 30, 2003, on the basis of accounting described above.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statement of the Virginia Racing Commission for the year ended June 30, 2003, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting" is intended solely for the information and use of the Governor and General Assembly of Virginia, the Virginia Racing Commission, and management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

EXIT CONFERENCE

We discussed this conference with management at an exit conference held on October 14, 2003.



AUDITOR OF PUBLIC ACCOUNTS

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Virginia Racing Commission
Statement of Revenues Collected, Expenditures Paid, and Changes in Cash Balances – Budget and Actual –
Special Revenue Funds
For the Year Ended June 30, 2003

	Total Budget <u>Amount</u>	Breeder's <u>Fund</u>	Operating Funds and <u>Fines</u>	Total Variance Favorable <u>(Unfavorable)</u>
Revenues:				
Taxes on pari-mutual wagering	\$3,455,000	\$1,279,771	\$2,231,755	\$56,526
Application fees	150,000	-	123,771	(26,229)
Fines and assessments	20,000	-	9,725	(10,275)
Interest	<u>30,000</u>	<u>28,846</u>	<u>1,659</u>	<u>505</u>
Total revenues	<u>3,655,000</u>	<u>1,308,617</u>	<u>2,366,910</u>	<u>20,527</u>
Expenditures:				
Personal services	868,396	-	688,645	179,751
Contractual services	371,405	-	406,672	(35,267)
Supplies and materials	10,000	-	11,982	(1,982)
Transfer payments	1,775,000	1,509,227	250,676	15,097
Continuous charges	29,000	-	39,511	(10,511)
Equipment	<u>30,000</u>	<u>-</u>	<u>19,572</u>	<u>10,428</u>
Total expenditures	<u>3,083,801</u>	<u>1,509,227</u>	<u>1,417,058</u>	<u>157,516</u>
Transfers out:				
General Fund	726,199	-	940,127	(213,928)
Literary Fund	<u>20,000</u>	<u>-</u>	<u>9,725</u>	<u>10,275</u>
Total transfers	<u>746,199</u>	<u>-</u>	<u>949,852</u>	<u>(203,653)</u>
Excess (deficiency) of revenues over (under) expenditures and transfers	(175,000)	(200,610)	-	(25,610)
Cash balance, June 30, 2002	<u>1,060,692</u>	<u>1,059,692</u>	<u>1,000</u>	<u>-</u>
Cash balance, June 30, 2003	<u>\$ 885,692</u>	<u>\$ 859,082</u>	<u>\$ 1,000</u>	<u>\$ (25,610)</u>

VIRGINIA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENT

AS OF JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia Racing Commission controls all horse racing with pari-mutuel wagering in the Commonwealth and prescribes regulations and conditions for racing and wagering. The mission of the Commission is to maintain horse racing in the Commonwealth of the highest quality with complete honesty and integrity.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Commission is an agency of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

B. Fund Accounting

The accounts of the Commission are organized in accordance with the Commonwealth Accounting and Reporting System, which has been established to account for specified financial activities of the Commonwealth. Resources are allocated to and accounted for in individual funds based upon the financing sources. Each fund is an independent fiscal and accounting entity with a self-balancing set of accounts. For the financial statement, similar individual funds are combined into the following governmental fund type.

Special Revenue Funds - account for the proceeds of revenue sources that are legally restricted to expenditures for specific purposes. Special revenue funds are comprised of the following:

State Racing Operations Fund - accounts for revenues and expenditures relating to the operation and administration of the Commission.

Virginia Breeder Fund - accounts for the revenues and expenditures relating to the establishment of an award and incentive program to foster the industry of breeding racehorses in Virginia.

Fees and Assessments Fund - accounts for the revenues and expenditures relating to fees assessed.

C. Basis of Accounting

The accompanying financial statement is presented on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The Commonwealth uses the cash basis of accounting to prepare its budget and to record revenues and expenditures on the Commonwealth Accounting and Reporting

System. Under the cash basis, revenues are recognized when they are collected rather than when earned. Expenditures are recognized under the cash basis when paid rather than when incurred.

D. Budgets and Budgetary Accounting

The Appropriation Act as enacted by the General Assembly of Virginia establishes the Commission's budget for the biennium ending June 30, 2004. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

Budgeted amounts reported in the financial statement are amounts originally appropriated to the Commission as adjusted by subsequent appropriations authorized by the General Assembly.

2. CASH

The Treasurer of Virginia, pursuant to Section 2.2-1800 et. seq of the Code of Virginia, holds all state funds of the Commission. The Treasurer is responsible for the collection, disbursement, custody, and investment of state funds.

3. PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS

Employees of the Commission are employees of the Commonwealth of Virginia. The employees participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health-related plans for retired employees. Information related to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth of Virginia, not the Commission, has the overall responsibility for contributions to these plans.

4. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Commission participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Commission pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

5. VIRGINIA BREEDERS FUND

At June 30, 2003, the Virginia Breeders fund had a balance of \$859,082 to be used primarily for purse supplements for Virginia-bred horses.

6. CONTINGENT LIABILITIES

The Virginia Racing Commission is currently involved in litigation, which could result in judgments against them. According to the Attorney General of the Commonwealth of Virginia, the litigation is a result of the Commission's decision in the matter of a trainer's permit. The appellant seeks reversal of that decision, restoration of the purse, and attorney's fees. At the present time, it is not reasonably possible to estimate the ultimate outcome or liability of the Virginia Racing Commission with respect to these proceedings. If the appellant prevails and the Court awards attorney's fees, Section 2.2-4030(A) et. seq. of the Code of Virginia places a \$25,000 limit on awarded fees.



Virginia Racing Commission

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