

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Lucius J. Kellam, Jr. Bridge-Tunnel



Financial Statements & Quarterly Report
March 31, 2023

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended March 31, 2023 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of March 31, 2023 and 2022, the related statements of revenues, expenses, and changes in net position and the statements of cash flows for the quarter and year then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements.

As it is considered a special-purpose government engaged only in business-type activities, the District follows enterprise fund reporting; accordingly, the basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of nonbridge-tunnel infrastructure assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and deferred outflows of resources and liabilities and deferred inflows of resources resulting from the operation of the District are included in the statements of net position.

Financial Highlights for the Quarter

- Gross toll revenues before deductions for the third quarter of fiscal year 2023 (Q3 FY23) were \$12,462,581 and were 8.5% more than toll revenues in the second quarter of fiscal year 2022 (Q3 FY22). During Q3 FY23, total revenue vehicles of 797,829 crossed the District's facility. This represents an increase in vehicular traffic of 72,560, or 10.0% from Q3 FY22.
- Traffic and toll revenues were the highest on record for all three months in Q3 FY23.
- Other revenues totaled \$321,089 in Q3 FY23 and totaled \$321,089 in Q3 FY22, which is an increase of \$13,272 or 4.1%.
- Operating expenses before District facility expenses in Q3 FY23 totaled \$4,190,629, which is an increase in operating expenses of \$491,737, or 13.3% from Q3 FY22.
- Facility expenses for Q3 FY23 were \$1,045,400 compared to \$810,616 in Q3 FY22. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations and depending on the nature of the preservation expense can vary greatly from year to year.
- Non-operating revenues/expenses is a net in revenue in Q3 FY23 of \$6,510,256 compared to a net expense in Q3 FY22 of \$16,500,030. The change is primarily the result of a substantial increase in the gain of fair value on investments of \$23,536,978.
- Total net position at March 31, 2023 was \$815,123,094 a 4.9 % increase over total net position at March 31, 2022.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

Contacting the District's Financial Management

This financial report is designed to provide the bondholders, customers, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, address your request to the Executive Director or the Deputy Executive Director of Finance and Operations, 32386 Lankford Highway, Cape Charles, Virginia 23310.

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
March 31, 2023 and 2022

Assets and Deferred Outflows of Resources	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 1,377,846	1,783,517
Investments	141,043,764	122,986,455
Accounts receivable and accrued interest receivable, net	1,484,620	1,363,570
Prepaid expenses and other assets	166,315	106,413
Lease receivable	<u>1,091,772</u>	<u>923,512</u>
Total current assets	<u>145,164,317</u>	<u>127,163,467</u>
Restricted assets:		
Cash	31,740	31,849
Investments	675,564,309	364,520,884
Accrued interest receivable	<u>283,623</u>	<u>550,703</u>
Total restricted assets	<u>675,879,672</u>	<u>365,103,436</u>
Investments	199,897,780	162,380,937
Long term lease receivable	4,985,419	6,077,190
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	536,678,056	481,555,761
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,466,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	<u>3,970,776</u>	<u>4,481,502</u>
Total capital assets	<u>971,728,440</u>	<u>917,106,871</u>
Bond insurance costs, net of accumulated amortization	<u>2,211,402</u>	<u>2,323,695</u>
Deferred outflows of resources:		
Pension	3,141,188	3,625,023
RHIP OPEB	1,035,761	315,789
GLI OPEB	<u>129,244</u>	<u>143,407</u>
	<u>4,306,193</u>	<u>4,084,219</u>
Total assets and deferred outflows of resources	<u>\$ 2,004,173,223</u>	<u>1,584,239,815</u>

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
March 31, 2023 and 2022

Liabilities, Deferred Inflows and Net Position	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable & accrued expenses	\$ 23,000,403	13,472,774
Current portion of long-term debt	385,941,551	-
Accrued interest	10,735,365	8,693,549
Unearned revenue	<u>697,105</u>	<u>718,202</u>
Total current liabilities	<u>420,374,424</u>	<u>22,884,525</u>
Long-term liabilities:		
Long-term debt, net of current portion	741,057,719	754,716,930
Arbitrage rebate Liability	-	1,227,869
Net pension liability	10,380,686	15,331,203
Net RHIP OPEB Liability	5,799,973	4,849,441
Net GLI OPEB Liability	<u>471,413</u>	<u>671,372</u>
Total long-term liabilities	<u>757,709,791</u>	<u>776,796,815</u>
Deferred inflows of resources:		
Pension	4,832,962	-
RHIP OPEB	351,271	520,597
GLI OPEB	200,575	45,083
Lease receivable	<u>5,581,106</u>	<u>6,602,469</u>
Total deferred inflows of resources	<u>10,965,914</u>	<u>7,168,149</u>
Total liabilities and deferred inflows of resources	<u>1,189,050,129</u>	<u>806,849,489</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	79,381,682	448,539,231
Restricted for debt service	413,060,251	61,494,726
Restricted for forfeited property	12,867	11,905
Unrestricted	<u>322,668,294</u>	<u>267,344,464</u>
Total net position	<u>815,123,094</u>	<u>777,390,326</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,004,173,223</u>	<u>1,584,239,815</u>

Statement of Revenues, Expenses, and Changes in Net Position
As of March 31, 2023 & 2022

	Three Months Ended		Nine Months Ended		Twelve Months Ended	
	March, 2023	March, 2022	March, 2023	March, 2022	March, 2023	March, 2022
Operating Revenues:						
Toll	\$ 12,164,204	11,292,809	49,097,223	49,369,327	66,812,902	67,549,774
Other	334,361	321,089	1,040,909	1,014,341	1,406,488	1,369,882
Total Operating Revenues	<u>12,498,565</u>	<u>11,613,898</u>	<u>50,138,132</u>	<u>50,383,668</u>	<u>68,219,390</u>	<u>68,919,656</u>
Operating Expenses:						
Administration	104,840	93,263	322,129	291,100	413,690	376,399
Finance	247,751	203,327	709,948	588,890	965,701	818,180
Operations	1,196,357	1,106,933	3,628,476	3,439,670	4,705,405	4,515,633
Maintenance	1,102,230	1,038,387	3,318,350	3,022,939	4,353,266	4,095,948
General	1,026,992	844,377	3,244,943	2,650,807	4,743,937	4,613,582
Consultants	324,997	235,890	621,304	566,119	747,674	655,603
Utilities	187,462	176,715	584,398	524,850	989,899	680,892
Total Operating Expenses Before District Facility Expenses	<u>4,190,629</u>	<u>3,698,892</u>	<u>12,429,548</u>	<u>11,084,375</u>	<u>16,919,572</u>	<u>15,756,237</u>
District Facility Expenses:						
Insurance	252,107	306,558	1,040,409	990,062	1,336,771	1,255,156
Depreciation	151,508	165,381	454,525	496,143	635,337	669,733
Bridge and Tunnel Preservation	397,965	114,905	1,167,152	564,561	1,867,859	8,341,131
Other	243,820	223,772	479,718	699,441	216,382	96,327
Total district facility expenses	<u>1,045,400</u>	<u>810,616</u>	<u>3,141,804</u>	<u>2,750,207</u>	<u>4,056,349</u>	<u>10,362,347</u>
Total Operating and District Facility Expenses	<u>5,236,029</u>	<u>4,509,508</u>	<u>15,571,352</u>	<u>13,834,582</u>	<u>20,975,921</u>	<u>26,118,584</u>
Operating Income (Loss)	<u>7,262,536</u>	<u>7,104,390</u>	<u>34,566,780</u>	<u>36,549,086</u>	<u>47,243,469</u>	<u>42,801,072</u>
Nonoperating Revenues (Expenses):						
Change in fair value of investments	10,714,120	(12,822,858)	7,612,107	(17,269,449)	3,588,877	(17,968,198)
Interest income	2,832,114	1,317,029	6,345,348	3,403,191	9,054,008	5,505,427
Interest expense	(7,035,978)	(4,994,222)	(17,137,295)	(15,086,631)	(22,131,297)	(20,149,918)
Bond issuance costs	-	-	-	(302,340)	14,549	(302,340)
Gain (loss) on asset disposal	-	-	-	-	(20,932)	28,936
Other expenses, net	-	21	(15,906)	(5,692)	(15,906)	(12,416)
Total Nonoperating Revenues (Expenses), net	<u>6,510,256</u>	<u>(16,500,030)</u>	<u>(3,195,746)</u>	<u>(29,260,921)</u>	<u>(9,510,701)</u>	<u>(32,898,509)</u>
Increase (Decrease) in net position	13,772,792	(9,395,640)	31,371,034	7,288,165	37,732,768	9,902,563
Total net position, beginning of period	801,350,302	786,785,966	783,752,060	770,102,161	777,390,326	767,487,763
Total net position, end of period	<u>\$ 815,123,094</u>	<u>777,390,326</u>	<u>815,123,094</u>	<u>777,390,326</u>	<u>815,123,094</u>	<u>777,390,326</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended March 31, 2023 and 2022

	<u>Q3 FY2023</u>	<u>Q3 FY2022</u>	<u>FYTD 2023</u>	<u>FYTD 2022</u>
Cash flows from operating activities:				
Toll collections from customers	\$ 12,248,456	11,283,088	48,974,437	49,283,523
Scrip sales	74,060	55,400	178,060	170,200
Leasing revenue	333,406	302,166	874,533	1,020,835
Payments to employees for services and employee benefits	(3,271,246)	(3,172,144)	(10,499,631)	(9,597,380)
Payments to suppliers and consultants	(1,210,632)	(847,098)	(3,469,197)	(1,856,733)
Other	(276,652)	(228,735)	(502,990)	(1,238,919)
Net cash provided by (used in) operating activities	<u>7,897,392</u>	<u>7,392,677</u>	<u>35,555,212</u>	<u>37,781,526</u>
Cash flows from investing activities:				
Purchases of investments	(238,005,295)	(403,021,982)	(1,364,587,495)	(766,350,240)
Interest income	2,928,555	939,666	5,979,587	3,111,091
Sales and maturities of investments	<u>247,932,667</u>	<u>419,274,932</u>	<u>1,006,879,589</u>	<u>789,382,958</u>
Net cash provided by (used in) investing activities	<u>12,855,927</u>	<u>17,192,616</u>	<u>(351,728,319)</u>	<u>26,143,809</u>
Cash flows from capital and related financing activities:				
Capitalized expenditures	(13,088,517)	(7,332,065)	(36,535,265)	(18,453,519)
Forfeited assets	—	—	—	(2,419)
Bond proceeds	—	—	387,192,182	—
Bond issuance costs	—	—	—	(302,340)
Other miscellaneous non-operating expenditures	—	21	(16,000)	(5,692)
Debt principal repayments	—	—	—	(9,547,850)
Interest paid	<u>(17,500,090)</u>	<u>(17,387,279)</u>	<u>(34,887,031)</u>	<u>(35,014,542)</u>
Net cash provided by (used in) capital and related financing activities	<u>(30,588,607)</u>	<u>(24,719,323)</u>	<u>315,753,886</u>	<u>(63,326,362)</u>
Net increase (decrease) in cash and restricted cash	(9,835,288)	(134,030)	(419,221)	598,973
Cash, beginning of period	<u>11,244,874</u>	<u>1,949,396</u>	<u>1,828,807</u>	<u>1,216,393</u>
Cash, end of period	\$ <u>1,409,586</u>	<u>1,815,366</u>	<u>1,409,586</u>	<u>1,815,366</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,377,846	1,783,517	1,377,846	1,783,517
Restricted cash	<u>31,740</u>	<u>31,849</u>	<u>31,740</u>	<u>31,849</u>
	\$ <u>1,409,586</u>	<u>1,815,366</u>	<u>1,409,586</u>	<u>1,815,366</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 7,262,536	7,104,390	34,566,780	36,549,086
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	151,508	165,381	454,525	496,144
(Increase) decrease in operating assets:				
Accounts receivable	128,683	39,067	24,781	(327,548)
Lease receivable	235,541	224,506	696,490	663,728
Prepaid expenses and other assets	207,433	272,283	842,667	802,199
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	151,393	(171,193)	(174,386)	382,685
Lease liabilities	(198,075)	(274,430)	(746,934)	(823,289)
Unearned revenue	<u>(41,627)</u>	<u>32,673</u>	<u>(108,711)</u>	<u>38,521</u>
Net cash provided by operating activities	\$ <u>7,897,392</u>	<u>7,392,677</u>	<u>35,555,212</u>	<u>37,781,526</u>

**Chesapeake Bay Bridge and Tunnel District
Statement of Cash & Investments
As of March 31, 2023**

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 870,636	3,119,589	3,990,225
Operations & Maintenance Reserve Fund	-	4,510,891	4,510,891
Reserve Maintenance Fund	195,232	21,650,715	21,845,947
General Fund	311,978	311,660,349	311,972,327
Total	<u>1,377,846</u>	<u>340,941,544</u>	<u>342,319,390</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds	-	309	309
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	37	37
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	565,334	565,334
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	261,991,558	261,991,558
TIFIA Debt Service Reserve Fund	-	20,026,281	20,026,281
VTIB Debt Service Reserve Fund	-	3,300,596	3,300,596
Series 2016 Interest Fund	-	3,975,883	3,975,883
Series 2016 VTIB Interest Fund	-	365,888	365,888
Series 2019 BANs Interest Fund	-	5	5
Series 2019 BANs Principal Fund	-	367,387,747	367,387,747
Series 2019 BANs Capitalized Interest Fund	-	16,260,756	16,260,756
Series 2021 TIFIA Interest Fund	-	1,689,915	1,689,915
Total	<u>-</u>	<u>675,564,309</u>	<u>675,564,309</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	31,740	-	31,740
Totals	<u>\$ 1,409,586</u>	<u>1,016,505,853</u>	<u>1,017,915,439</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2023

Unrestricted investments at fair market value as of March 31, 2023 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Revenue Bond - Revenue Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	\$ 3,119,589
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
US Treasury Notes	0.125%	06/30/23	4,499,523
Truist Trust Deposit	Variable	Not Fixed	11,368
			<u>4,510,891</u>
<u>General Revenue Bond - Reserve Maintenance Fund</u>			
US Treasury Notes	1.375%	06/30/23	1,447,910
Federal Home Loan Mortgage Corporation Notes	0.250%	06/26/23	2,235,755
US Treasury Notes	0.125%	06/30/23	8,430,425
US Treasury Notes	1.500%	02/15/25	3,429,000
Truist Trust Deposit	Variable	Not Fixed	6,107,625
			<u>21,650,715</u>
<u>General Revenue Bond - General Fund</u>			
Walmart Stores, Inc.	2.550%	04/11/23	3,911,234
US Treasury Notes	2.750%	04/30/23	1,472,465
US Treasury Notes	0.125%	04/30/23	4,789,234
US Treasury Notes	2.750%	04/30/23	9,603,465
US Treasury Notes	1.750%	04/30/23	4,757,094
Federal Home Loan Mortgage Corporation Notes	0.375%	05/05/23	3,485,919
Federal National Mortgage Association Notes	0.250%	05/22/23	3,229,405
US Treasury Notes	2.750%	05/31/23	4,529,377
Federal Home Loan Mortgage Corporation Notes	0.250%	06/26/23	3,155,778
US Treasury Notes	2.625%	06/30/23	5,024,750
MUFG Bank Commercial Paper	Discount	07/03/23	3,853,083
NATIXIS NY Branch Commercial Paper	Discount	07/03/23	5,848,016
Federal National Mortgage Association Notes	0.250%	07/10/23	4,107,838
Federal National Mortgage Association Notes	0.300%	08/10/23	4,417,823
Federal National Mortgage Association Notes	0.360%	08/18/23	2,949,354
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	1,968,836
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	2,258,515
Federal Home Loan Mortgage Corporation Notes	0.250%	09/08/23	950,756
Federal Home Loan Mortgage Corporation Notes	0.250%	09/08/23	1,269,308
US Treasury Notes	2.875%	09/30/23	4,093,862
US Treasury Notes	0.125%	10/15/23	2,400,037
US Treasury Notes	2.875%	10/31/23	2,434,247
Federal Home Loan Mortgage Corporation Notes	0.250%	11/06/23	325,994
International Bank of Recon & Dev Global	0.250%	11/24/23	922,577
Federal National Mortgage Association Notes	0.250%	11/27/23	1,819,815
US Treasury Notes	2.875%	11/30/23	1,076,716
US Treasury Notes	2.875%	11/30/23	2,864,656
Federal Home Loan Mortgage Corporation Notes	0.250%	12/04/23	1,866,798
US Treasury Notes	0.125%	12/15/23	2,585,728
US Treasury Notes	2.625%	12/31/23	2,334,080
US Treasury Notes	0.125%	01/15/24	1,268,359
Federal National Mortgage Association Notes	0.310%	01/26/24	1,059,100
Federal National Mortgage Association Notes	0.310%	01/26/24	3,836,830

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2023

Unrestricted investments at fair market value as of March 31, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (Continued)</u>			
US Treasury Notes	2.500%	01/31/24	\$ 1,889,508
US Treasury Notes	2.500%	01/31/24	2,090,728
US Treasury Notes	2.500%	01/31/24	3,435,469
US Treasury Notes	0.250%	03/15/24	2,278,145
US Treasury Notes	0.250%	03/15/24	2,398,047
Colgate-Palmolive Co. Corp. Notes	3.250%	03/15/24	2,375,012
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,457,285
US Treasury Notes	2.250%	04/30/24	1,862,250
US Treasury Notes	0.375%	09/15/24	3,183,597
US Treasury Notes	0.625%	10/15/24	1,995,269
US Treasury Notes	2.250%	10/31/24	411,852
US Treasury Notes	1.500%	10/31/24	3,078,865
US Treasury Notes	0.750%	11/15/24	1,975,376
US Treasury Notes	2.125%	11/30/24	1,004,738
US Treasury Notes	1.000%	12/15/24	3,685,775
Federal National Mortgage Association Notes	1.625%	01/07/25	3,116,772
Federal National Mortgage Association Notes	1.625%	01/07/25	2,586,156
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	937,931
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	1,399,755
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	2,180,570
US Treasury Notes	1.500%	02/15/25	4,786,312
Roche Holdings Inc.	2.132%	03/10/25	1,648,239
US Treasury Notes	0.500%	03/31/25	2,331,250
Federal Home Loan Bank Notes	0.500%	04/14/25	2,122,952
Federal National Mortgage Association Notes	0.625%	04/22/25	1,545,390
Federal National Mortgage Association Notes	0.625%	04/22/25	2,839,422
Colgate-Palmolive Co. Corp. Notes	7.600%	05/19/25	2,449,716
US Treasury Notes	0.250%	05/31/25	1,568,516
Federal National Mortgage Association Notes	0.500%	06/17/25	3,267,867
Federal National Mortgage Association Notes	0.500%	06/17/25	2,019,884
Federal National Mortgage Association Notes	0.500%	06/17/25	1,127,807
US Treasury Notes	3.000%	07/15/25	640,877
US Treasury Notes	3.000%	07/15/25	3,013,587
Federal Home Loan Mortgage Corporation Notes	4.050%	07/21/25	4,889,625
Federal Home Loan Mortgage Corporation Notes	0.375%	07/21/25	1,218,006
US Treasury Notes	0.250%	07/31/25	9,709,172
Federal Home Loan Bank Notes	4.100%	08/08/25	4,893,345
Federal National Mortgage Association Notes	0.500%	08/14/25	2,122,651
Federal National Mortgage Association Notes	0.375%	08/25/25	1,961,357
Federal National Mortgage Assn.	0.375%	08/25/25	2,199,653
Federal Home Loan Mortgage Corporation Notes	4.050%	08/28/25	4,892,030
Federal National Mortgage Association Notes	4.000%	08/28/25	4,887,915
US Treasury Notes	0.250%	08/31/25	1,671,871
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,871,869
US Treasury Notes	0.250%	09/30/25	1,876,070
US Treasury Notes	0.250%	09/30/25	3,134,410
Federal National Mortgage Association Notes	0.500%	10/20/25	2,170,101
Microsoft Corporation	3.125%	11/03/25	2,323,257
Federal National Mortgage Association Notes	0.500%	11/07/25	2,060,725
US Treasury Notes	0.375%	12/31/25	2,779,312
US Treasury Notes	0.375%	12/31/25	1,617,469

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2023

Unrestricted investments at fair market value as of March 31, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (Continued)</u>			
US Treasury Notes	0.375%	12/31/25	\$ 1,731,375
US Treasury Notes	0.375%	12/31/25	3,562,987
US Treasury Notes	0.375%	12/31/25	1,968,300
US Treasury Notes	0.375%	01/31/26	9,727,211
US Treasury Notes	0.375%	01/31/26	1,679,453
US Treasury Notes	0.750%	04/30/26	9,717,256
Federal Home Loan Mortgage Corporation Notes	5.400%	02/23/26	9,092,110
Proctor & Gamble Corporation	1.000%	04/23/26	3,362,014
US Treasury Notes	0.750%	05/31/26	1,027,770
US Treasury Notes	0.750%	05/31/26	1,364,297
US Treasury Notes	0.875%	06/30/26	6,793,469
US Treasury Notes	0.625%	07/31/26	3,052,847
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,205,773
US Treasury Notes	1.500%	08/15/26	1,113,750
US Treasury Notes	2.000%	11/15/26	1,410,469
GNMA Pool #5276	3.000%	01/01/27	90,792
Microsoft Corporation	3.300%	02/06/27	2,453,135
US Treasury Notes	1.875%	02/28/27	2,117,839
GNMA Pool #794283	3.500%	03/01/27	34,864
GNMA Pool #MA0007	3.000%	04/01/27	167,036
US Treasury Notes	3.250%	06/30/27	3,115,516
US Treasury Notes	3.250%	06/30/27	3,390,703
US Treasury Notes	4.125%	09/30/27	3,932,978
US Treasury Notes	4.125%	10/31/27	4,561,703
Federal National Mortgage Association Pool #1084	3.500%	06/01/32	278,288
Truist Trust Deposit	Variable	Not Fixed	253,608
			<u>311,660,349</u>
Total Unrestricted Investments			<u>\$ 340,941,544</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2023

Restricted investments at fair market value as of March 31, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>PTST Project Fund - Series 2016 Bonds</u>			
Truist Trust Deposit	Variable	Not Fixed	\$ 309
<u>PTST Project Fund - TIFIA Bonds</u>			
Truist Trust Deposit	Variable	Not Fixed	37
<u>PTST Project Fund - VTIB Bonds</u>			
Truist Trust Deposit	Variable	Not Fixed	565,334
<u>PTST Project Fund - Series 2019 BANS</u>			
US Treasury Notes	1.375%	06/30/23	49,179,335
US Treasury Notes	0.250%	09/30/23	49,455,123
US Treasury Notes	0.125%	12/15/23	48,421,875
US Treasury Notes	0.250%	03/15/24	29,693,026
US Treasury Notes	0.250%	06/15/24	47,531,250
Local Government Investment Pool SNAP	Variable	Not Fixed	37,647,030
Truist Trust Deposit	Variable	Not Fixed	63,919
			<u>261,991,558</u>
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
Federal Home Loan Mortgage Corporation Notes	0.250%	06/26/23	8,977,643
US Treasury Bill	Discount	06/29/23	2,175,251
US Treasury Notes	2.250%	12/31/23	3,131,683
US Treasury Notes	1.750%	12/31/24	3,424,411
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,227,070
Truist Trust Deposit	Variable	Not Fixed	90,223
			<u>20,026,281</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
Federal Home Loan Mortgage Corporation Notes	0.250%	06/23/23	1,325,624
US Treasury Bill	Discount	06/29/23	697,069
US Treasury Notes	1.750%	12/31/24	920,850
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	329,259
Truist Trust Deposit	Variable	Not Fixed	27,794
			<u>3,300,596</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
Federal Home Loan Discount Note	Discount	06/23/23	1,314,935
Federal Home Loan Discount Note	Discount	06/30/23	2,647,472
Truist Trust Deposit	Variable	Not Fixed	13,476
			<u>3,975,883</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
Federal Home Loan Discount Note	Discount	06/21/23	242,260
Federal Home Loan Discount Note	Discount	06/23/23	118,641
Truist Trust Deposit	Variable	Not Fixed	4,987
			<u>365,888</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2023

Restricted investments at fair market value as of March 31, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - 2019 BANs Principal Fund</u>			
Federal Home Loan Bank Notes	Discount	11/01/23	\$ 367,346,146
Truist Trust Deposit	Variable	Not Fixed	41,601
			<u>367,387,747</u>
<u>General Revenue Bond - 2019 BANs Interest Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	<u>5</u>
<u>General Revenue Bond - Series 2019 BANs Capitalized Interest Fund</u>			
Federal Home Loan Mortgage Corporation Notes	0.250%	06/26/23	9,531,636
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	6,682,258
Local Government Investment Pool SNAP	Variable	Not Fixed	532
Truist Trust Deposit	Variable	Not Fixed	46,330
			<u>16,260,756</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Sinking Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	<u>1,689,915</u>
Total Restricted Investments			<u>675,564,309</u>
Total Investments			<u>\$ 1,016,505,853</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
Vehicular Traffic Statistics

DESCRIPTION/CLASS	CURRENT YEAR				
	January 2023	February 2023	March 2023	3 Months Ended 03/31/23	12 Months Ended 03/31/33
Cars/Light Trucks:					
Class 1	170,987	157,612	202,747	531,346	3,112,937
Class 1 Round Trip	34,679	31,278	36,178	102,135	444,172
Class 1 Commuter	15,561	16,602	19,152	51,315	201,045
Class 2	1,501	1,317	1,853	4,671	36,610
Class 2 Round Trip	350	294	366	1,010	5,133
Class 3	2,634	2,431	3,669	8,734	57,580
Class 3 Round Trip	547	491	599	1,637	6,873
Class 4	212	191	266	669	3,465
Class 4 Round Trip	27	25	30	82	369
Sub Total	<u>226,498</u>	<u>210,241</u>	<u>264,860</u>	<u>701,599</u>	<u>3,868,184</u>
Heavy Trucks:					
Class 9	4,149	3,857	4,805	12,811	59,785
Class 10	1,576	1,532	1,699	4,807	21,445
Class 11	1,112	980	1,336	3,428	16,098
Class 12	24,341	22,322	25,768	72,431	298,618
Class 13	255	255	333	843	3,482
Class 16	40	57	22	119	410
Sub Total	<u>31,473</u>	<u>29,003</u>	<u>33,963</u>	<u>94,439</u>	<u>399,838</u>
Buses:					
Class 8	148	122	211	481	1,471
Class 14	16	23	32	71	499
Class 15	367	381	491	1,239	5,496
Sub Total	<u>531</u>	<u>526</u>	<u>734</u>	<u>1,791</u>	<u>7,466</u>
Totals	<u>258,502</u>	<u>239,770</u>	<u>299,557</u>	<u>797,829</u>	<u>4,275,488</u>

DESCRIPTION/CLASS	PRIOR YEAR				
	January 2022	February 2022	March 2022	3 Months Ended 03/31/22	12 Months Ended 03/31/22
Cars/Light Trucks:					
Class 1	139,007	156,738	189,172	484,917	3,166,746
Class 1 Round Trip	26,711	30,077	32,616	89,404	432,668
Class 1 Commuter	11,856	14,446	17,403	43,705	192,699
Class 2	1,293	1,258	2,030	4,581	38,789
Class 2 Round Trip	254	250	372	876	4,866
Class 3	2,302	2,478	3,487	8,267	59,993
Class 3 Round Trip	363	451	559	1,373	6,478
Class 4	188	179	233	600	3,993
Class 4 Round Trip	22	28	46	96	463
Sub Total	<u>181,996</u>	<u>205,905</u>	<u>245,918</u>	<u>633,819</u>	<u>3,906,695</u>
Heavy Trucks:					
Class 9	3,963	4,032	4,866	12,861	63,817
Class 10	1,333	1,354	1,490	4,177	20,211
Class 11	871	852	1,170	2,893	15,525
Class 12	21,567	21,922	25,684	69,173	283,253
Class 13	280	276	284	840	4,797
Class 16	19	35	31	85	475
Sub Total	<u>28,033</u>	<u>28,471</u>	<u>33,525</u>	<u>90,029</u>	<u>388,078</u>
Buses:					
Class 8	65	111	131	307	973
Class 14	9	23	27	59	465
Class 15	266	356	433	1,055	4,591
Sub Total	<u>340</u>	<u>490</u>	<u>591</u>	<u>1,421</u>	<u>6,029</u>
Totals	<u>210,369</u>	<u>234,866</u>	<u>280,034</u>	<u>725,269</u>	<u>4,300,802</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

(1) Organization and Summary of Operations

The Chesapeake Bay Bridge and Tunnel District (the District) was created as a political subdivision of the Commonwealth of Virginia by Chapter 693 of the Acts of Virginia of 1954. Chapter 693 was subsequently amended by the following Chapters of the Acts of Virginia: Chapters 462 and 714 of the 1956 Session, Chapter 24 of the 1959 Extra Session, Chapters 228 and 605 of the 1962 Session, Chapter 348 of the 1964 Session, Chapter 203 of the 1990 Session, Chapter 548 of the 1998 Session, Chapters 238 and 705 of the 2000 Session, and Chapters 270 and 297 of the 2005 Session, (collectively, the Acts). All such Acts have been codified into Title 33.2 Code of Virginia, Chapter 22. The District comprises the area, all within the Commonwealth of Virginia, in Accomack and Northampton Counties, the Cities of Virginia Beach, Hampton, Newport News, Chesapeake, Norfolk, and Portsmouth, and the area of the Chesapeake Bay between these subdivisions.

By the Acts, the Chesapeake Bay Bridge and Tunnel Commission (the Commission) was created as the governing body of the District. These Acts authorized the Commission to acquire, establish, construct, maintain, repair, and operate a project comprising public ferry service over and across the waters between any two points within the boundaries of the District, where such public ferry services would form a connecting link in the system of state highways.

Under the Acts, the Commission was also authorized to establish, construct, maintain, repair, and operate a bridge or tunnel or a bridge and tunnel project from any point within the boundaries of the District to a point in the County of Northampton, including such approaches and approach highways as the Commission deemed necessary to facilitate the flow of traffic in the vicinity of such project or to connect such project with the highway system or other facilities in the state.

The Chesapeake Bay Bridge and Tunnel (the Bridge-Tunnel) is a 20-mile, four-lane trestle and bridge and two-lane tunnel crossing at the mouth of the Chesapeake Bay between the City of Virginia Beach and Northampton County on the Eastern Shore of Virginia. The Bridge-Tunnel consists principally of low-level trestles, four bridges, two tunnels, approach highways, and an earth-fill causeway. The Bridge-Tunnel is designated as part of U.S. Route 13, the main north-south highway on Virginia's Eastern Shore and the only direct link between Virginia's Eastern Shore and the metropolitan area of south Hampton Roads, Virginia.

The District sold a revenue bond issue of \$200,000,000 (1960 Bonds) under a Trust Indenture dated July 1, 1960, and constructed the two-lane bridge and tunnel project. The project was opened to traffic on April 15, 1964. The Commission discontinued ferry service following the opening of the two-lane bridge and tunnel project.

On April 15, 1964, the Bridge-Tunnel opened as a two-lane facility. A three-staged parallel crossing project began in 1995. Stage 1 of this project was completed in April 1999. This stage included construction of parallel trestles, bridges, roadways, and rehabilitation of the original two-lane facility. Stage 2 is ongoing and will consist of construction of an additional two-lane tunnel under Thimble Shoal Channel. Stage 3 will complete the parallel crossing with construction of an additional two-lane tunnel under Chesapeake Channel.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

(2) Summary of Significant Accounting Policies

The District is accounted for under the economic resources measurement focus and the accrual basis of accounting as a special-purpose government engaged in business-type activities, which follows enterprise fund reporting. Special-purpose governments engaged in business-type activities are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the District's ongoing operations. Operating revenues include revenue from toll collection, recognized when travelers cross the bridge and tunnel, and lease income. Operating expenses include District facility and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The statements of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the residual net position of the District. Deferred outflows of resources are defined as a consumption of net position by the District that is applicable to a future reporting period. Similarly, deferred inflows of resources are defined as an acquisition of net position by the District that is applicable to a future reporting period.

(a) Cash and Investments

Cash includes cash on hand and various checking accounts.

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the District reports its investment securities at fair market value. Fair market value is determined as of the statements of net position date. The fair value is based on either quotations obtained from national security exchanges or on the basis of quotations provided by a pricing service, which uses information with respect to transactions on bonds, quotations from bond dealers, market transactions in comparable securities, and various relationships between securities.

(b) Restricted Assets

In accordance with applicable covenants of certain bond issues, cash, investments, and accrued interest receivables have been appropriately restricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

(c) Capital Assets

The bridge and tunnel assets and construction in progress are stated at cost and include previously capitalized interest. In FY2020, the District implemented Governmental Accounting Standards Board (“GASB”) Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Project which no longer requires the capitalization of interest during construction projects beginning with FY2020. The new statement is only applied prospectively. No provision for depreciation or obsolescence of the Bridge-Tunnel facilities is provided as the District has adopted the modified approach to account for these assets. All other assets excluding bridges and tunnel assets are being depreciated straight-line over their estimated useful lives of three years up to 50 years.

(d) Net Position

Net position is classified into four different components: net investment in capital assets, restricted for debt service, restricted for forfeited property, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position restricted for debt service is reported when constraints are placed on the use of assets either externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations. Net position restricted for forfeited property represents assets lawfully seized by the District’s police and restricted for expenditures in accordance with the Virginia Department of Criminal Justice regulations. Unrestricted net position contains the revenue fund, reserve maintenance fund, and the general fund net position. The reserve maintenance fund and general fund are expended to preserve the capital assets by planned and unplanned extraordinary maintenance projects. The general fund will also be used for current and future construction projects.

(e) Management’s Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows and liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Revenue Recognition

Toll revenues represent the tolls collected, net of any deductions such as credit card fees, EZ Pass fees and medical and educational toll discounts. Revenues are recognized when earned.

(g) Accounts Receivable

A significant portion of the District’s toll revenues are collected electronically via credit card, debit card or E-ZPass. E-ZPass allows tolls to be paid from a prepaid account between a participating group of toll agencies throughout the northeastern and mid-Atlantic United States. The payment of the tolls is governed by a reciprocal agreement between the participating agencies. Electronic toll payment via all three methods is usually received within one to three days following the toll charge.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

The lagged toll payment is recorded as a receivable on the District's statement of net position. In management's estimate an allowance for doubtful account is unnecessary given the reliability of payment under the reciprocal agreement.

(h) Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources, related to pensions, and pension expense, information about the fiduciary net position of the District's Retirement Plan and the additions to/deductions from the District's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(i) Postemployment benefits other than pensions (OPEB)

District employees participate in two postemployment benefits other than pensions (other postemployment benefits or OPEB) plans:

The Chesapeake Bay Bridge and Tunnel District Retiree Health Insurance Plan ("RHIP") is a single employer, defined benefit plan that provides health, vision and dental benefit plans for eligible members through a self-funded plan administered by the District. For purposes of measuring the net RHIP OPEB liability, deferred outflows of resources and deferred inflows of resources related to RHIP OPEB, and RHIP OPEB expense, information about the fiduciary net position of the RHIP and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHIP. For this purpose, the RHIP recognizes benefit payments when due and payable in accordance with the benefit terms.

The VRS Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

(j) *Deferred Outflows and Inflows of Resources*

Deferred outflows of resources are defined as a consumption of net position by the District that is applicable to a future reporting period. Similarly, deferred inflows of resources are defined as an acquisition of net positions by the District that is applicable to a future reporting period. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience and changes in assumptions are recognized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to investment experience are recognized using a systematic and rational method over a closed five-year period. The pension and OPEB deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension and OPEB liabilities in the subsequent fiscal year. The deferred inflows from leases are recognized as lease revenue by using straight-line amortization over the life of the lease.

(k) *New Accounting Pronouncements*

The District implemented GASB Statement No. 87 – *Leases* during the fourth quarter of FY 2022. The new statement requires the recognition of certain lease assets and liabilities for leases that previously were recognized as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. In evaluating the District's contracts, the new statement was found to be applicable to four leases. On all four leases, the District is the lessor. A lessor is required to recognize a lease receivable and a deferred inflow of resources that is measured at the present value of the lease payments expected to be received during the lease term. Interest income is recognized on the lease receivable and the deferred inflows of resources are recognized as lease revenue by using straight-line amortization over the life of the lease. The District restated the quarterly and annual results for all periods shown in the financial statements. A lease receivable and deferred inflow of resources of \$8,523,476 was recorded as of July 1, 2020.

(l) *Reclassifications*

The District has reclassified certain prior period amounts in the accompanying statement of net position in order to be consistent with the current period presentation. These classifications had no effect on the change in net position, total assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

(3) Cash Deposits and Investments

(a) Deposits

The carrying value of the District's deposits (unrestricted and restricted) was \$1,409,586 and 1,815,366 at March 31, 2023 and 2022, respectively. The bank balance of these deposits was \$1,482,293 and \$1,589,653 at March 31, 2023 and 2022, respectively. The entire bank balance was covered for both fiscal years by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (VSPD Act). In accordance with the VSPD Act, the District's depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the District's deposits with a first-party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event that the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the District up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the VSPD Act and for notifying local governments of compliance by banks.

(b) Investments

The District is authorized to invest in obligations of the United States or agencies thereof; obligations of any state or territory of the United States and any political subdivision thereof; obligations permitted by the laws of the Commonwealth of Virginia; repurchase agreements with respect to the foregoing obligations; certificates of deposit, time deposits, or interest in money market portfolios issued by any bank, banking association, savings and loan association, or trust company insured by the FDIC or Federal Savings and Loan Insurance Corporation; commercial paper, shares in one or more open-ended investment funds provided that the funds are registered under the State Securities Act or the Federal Investment Company Act; bankers' acceptances; and units representing beneficial interests in investment pools created pursuant to the Government Non-Arbitrage Investment Act of the Commonwealth of Virginia.

(c) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state statute, the policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investors Service, and Duff and Phelps. Corporate notes, negotiable certificates of deposit, and bank deposit, notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

The District's investment securities using the Standard & Poor's credit quality ratings scale are presented below:

	Total	Standard & Poor Credit Rating					
		AAA	AA+	AA	AA-	A-1	A-1+
U.S. Treasury Bond/Note	\$ 421,484,868	-	421,484,868	-	-	-	-
U.S. Treasury Bill	2,872,320	-	-	-	-	-	2,872,320
Supra-National Agency	922,577	922,577	-	-	-	-	-
U.S. Agency	509,820,235	-	138,150,780	-	-	-	371,669,455
Federal Agency							
Mortgage-Backed	292,693	-	292,693	-	-	-	-
Commercial Paper	9,701,099	-	-	-	-	9,701,099	-
Corporate Notes	21,728,380	4,776,392	7,303,728	3,911,234	5,737,026	-	-
\$	966,822,172	5,698,969	567,232,069	3,911,234	5,737,026	9,701,099	374,541,775

(d) Concentration of Credit Risk

The District's investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of March 31, 2023, the District's portfolio was invested as follows:

Investment type	Fair Value	Percentage of portfolio
U.S. Treasury Bond/Note	\$ 421,484,868	41.46%
U.S. Treasury Bill	2,872,320	0.28%
Supra-National Agency	922,577	0.09%
U.S. Agency	509,820,235	50%
Federal Agency		
Mortgage-Backed	292,693	0.03%
Commercial Paper	9,701,099	0.95%
Corporate Notes	21,728,380	2.14%
Money Market Funds	49,683,681	4.89%
\$	1,016,505,853	100%

(e) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the investment of funds as a means of limiting exposure to fair value losses. Investments in the General Resolution General Fund are limited to investments with maturities that are consistent with the schedule of planning, development, and construction of parallel tunnels that would complete the parallel crossing. Investments are selected based on the current perception of the direction of interest rates with a greater emphasis on yield and a lesser emphasis on liquidity.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2023

Proceeds from the sale of bonds issued by the District are invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term of securities purchased.

As of March 31, 2023, the District had the following investments and maturities:

Investment type	Fair Value	Investment maturities (in years)			Not Fixed
		Less than 1 Year	Between 1 to 3 Years	Greater than 3 Years	
U.S. Treasury Bond/Note	\$ 421,484,868	255,584,866	124,301,405	41,598,597	-
U.S. Treasury Bill	2,872,320	2,872,320	-	-	-
Supra-National Agency	922,577	922,577	-	-	-
U.S. Agency	509,820,235	437,402,727	72,417,508	-	-
Federal Agency					
Mortgage-Backed	292,693	-	-	292,693	-
Commercial Paper	9,701,099	9,701,099	-	-	-
Corporate Notes	21,728,380	6,286,245	6,421,213	9,020,922	-
Money Market Funds	49,683,681	-	-	-	49,683,681
	<u>\$ 1,016,505,853</u>	<u>712,769,834</u>	<u>203,140,126</u>	<u>50,912,212</u>	<u>49,683,681</u>

(f) Summary of Changes in Fair Value of Investments

The calculation of realized gains and losses is independent of the calculation of the change in fair value (including purchases and sales) that occurred during the year. Realized gains and losses on investments that were held by the District during previous years, but sold during the current year, were used to compute the change in fair value of investments for the previous year as well as the current year. The change in fair value of investments for the quarter ended March 31, 2023 is calculated as follows:

	<u>Q3 FY23</u>
Fair value of investments at end of quarter	\$ 1,016,505,853
Add:	
Proceeds from sales and maturities during the quarter	247,932,667
Less:	
Cost of investments purchased during the quarter	(238,005,295)
Fair value of investments at beginning of quarter	<u>(1,015,719,105)</u>
Change in fair value of investments	<u>\$ 10,714,120</u>

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(4) Capital Assets

Capital assets include bridge and tunnel assets, capitalized interest and financing expenses, and other capital assets. The bridges, trestles, approach roads, Fisherman Island Causeway, tunnels, portal islands with all attached improvements, toll plaza infrastructure and the rest area facility, and site-wide utilities are classified as bridge and tunnel assets. Capitalized interest and financing expenses include the amount of money that was funded from the 1960 Bonds issued for debt service and associated costs of the bonds during construction until the opening of the Bridge-Tunnel in 1964. Miscellaneous capital assets include all other assets that the District has capitalized such as land, buildings, fleet vehicles, and equipment.

The District utilizes the modified approach to infrastructure reporting on bridge and tunnel assets and capitalized interest and financing expenses. In lieu of reporting depreciation on bridge and tunnel assets, the costs incurred for maintaining bridge and tunnel assets at the condition level that is specified by Commission policy are reported as preservation expenses on the accompanying statements of revenues, expenses, and changes in net position.

The District has elected to continue to use the traditional approach or depreciation method for buildings, fleet vehicles, and equipment that are depreciable, as stipulated in the District's Capital Asset Policy.

U.S. generally accepted accounting principles (GAAP) requires that governmental entities that utilize the modified approach for infrastructure reporting must have their governing board set a policy for the condition levels at which modified approach assets will be maintained. GAAP also requires that a first party perform condition level assessments of the modified approach assets annually and that the condition levels for the current and prior two fiscal years be disclosed in the notes to the financial statements.

The Commission's preservation policy is to maintain 90% of the bridge and tunnel assets at a maintenance rating program (MRP) condition level of "good" or better.

Jacob's Engineering, Inc., the District's consulting engineer, has inspected the District's bridge and tunnel assets. Jacob's Engineering, Inc. determines the MRP condition level for the bridge and tunnel assets as a *numeric scaled rating*. The *numeric scaled rating* is based on a condition index utilized by the Virginia Department of Transportation whereby 0 is a failed condition level and 9 is an excellent condition level. The table below defines the *numeric scaled ratings* assigned by Jacob's Engineering, Inc.:

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MRP Numeric code scale

Numeric code	Narrative code	Definition
9	Excellent	Component/Element has been recently put in service or remains in new condition
8	Very Good	No problems noted, potential exists for minor preventative maintenance
7	Good	Potential exists for minor maintenance
6	Satisfactory	Potential exists for major maintenance
5	Fair	Potential exists for minor repair or rehabilitation
4	Poor	Potential exists for major repair or rehabilitation
3	Serious	Major repair or rehabilitation required
2	Critical	The need for repair or rehabilitation is urgent. Component/Element should be taken out of service until indicated repair is complete.
1	Imminent Failure	Component is out of service; study feasibility for repair or rehabilitation
0	Failed	Component is out of service and beyond repair, replacement required

The following two tables derive percentages in different ways. Trestles and bridges that have an MRP *numeric* condition level are described as a percentage of lane miles. All other bridge and tunnel assets that have an MRP *numeric* condition level are described as a percentage of that specific bridge and tunnel asset.

The following tables detail the MRP condition level of bridge and tunnel assets for the last three years:

Percentage of capital assets at an MRP condition Level 7 or better			
Bridge and tunnel assets	2023	2022	2021
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	89	89	89
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

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Percentage of land miles at an MRP condition Level 7 or better			
Bridge and tunnel assets	2023	2022	2021
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100

(5) General Resolution Revenue Bonds

Bond activity for Q3 FY23 was as follows:

	Balance	Bond	Amortization	Principal	Balance	Amounts due
	December 31, 2022	proceeds	of costs,	payments	March 31, 2023	within
			premiums,			one year
			discounts, net			
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	31,324,130	-	(383,939)	-	30,940,191	-
Series 2019 BANS	378,140,000	-	-	-	378,140,000	378,140,000
Series 2019 Issuance Premiums	11,145,073	-	(3,343,522)	-	7,801,551	7,801,551
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	-
VTIB Series 2016	50,073,856	-	-	-	50,073,856	-
	\$ 1,130,726,731	-	(3,727,461)	-	1,126,999,270	385,941,551

In July 2016, the Commission awarded a contract to Chesapeake Tunnel Joint Venture to design and build the Parallel Thimble Shoal Tunnel Project (the "Project"). On October 24, 2016, to finance the costs of the Project, the Commission adopted and approved a new General Revenue Bond Resolution (the "2016 Resolution") along with three Supplemental Resolutions authorizing the issuance of \$321,515,000 First Tier General Resolution Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), a loan from the United States Department of Transportation under the TIFIA program (the "TIFIA Loan") in the amount of up to \$338,528,672, plus capitalized interest and a loan from the Virginia Transportation Infrastructure Bank (the "VTIB Loan") in the amount of up to \$50,000,000, plus capitalized interest.

The Series 2016 Bonds are term bonds maturing from July 1, 2041 through July 1, 2055 with coupon interest rate of 4.0% to 5.0%. The proceeds from the Series 2016 Bonds, along with the proceeds of the TIFIA Loan and VTIB Loan and cash contributed by the District will be utilized to finance the development and construction of the Parallel Thimble Shoal Tunnel Project. The remaining portion of the proceeds from the Series 2016 Bonds will be utilized to (i) pay capitalized interest on a portion of the Series 2016 Bonds to and including July 1, 2021, (ii) to obtain a municipal bond debt service reserve insurance policy for the Series 2016 Bonds, and (iii) to pay the related issuance expenses, including bond insurance premiums.

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The Series 2016 Bonds are subject to optional redemption prior to maturity by the District on or after July 1, 2026, in whole or in part, at par plus accrued interest. The Series 2016 Bonds are subject to mandatory sinking fund redemption in part prior to maturity on July 1 of each year starting in 2035.

The 2041 Term Bond and the 2055 Term Bond are insured by Assured Guaranty Municipal Corporation. The Series 2016 Bonds Debt Service Reserve Fund Requirement of \$24,774,566 is secured by a debt service reserve fund policy also issued by Assured Guaranty Municipal Corporation.

On November 23, 2021, the original 2016 TIFIA Loan was terminated and replaced by a new 2021 TIFIA Loan as part of a refinancing. The material terms of the TIFIA Loan remained unchanged except for a reduction in the interest rate from 2.88% to 2.01%. The outstanding balance of the 2016 TIFIA Loan of \$9,547,850 plus accrued interest was repaid and a new loan for the same amount of \$338,528,672 was issued. The 2021 TIFIA Loan and the VTIB Loan are issued on the Subordinate Lien of the 2016 Resolution and bear interest rates of 2.01% and 2.90%, respectively. The loans do not incur interest until drawn. The first semi-annual interest repayment for the VTIB Loan commenced January 1, 2021. The first semi-annual interest repayment for the 2021 TIFIA Loan will commence after the initial disbursement of the loan. The first annual principal repayment for both loans is scheduled to commence on July 1, 2025. Final repayment on both loans is July 1, 2054.

On August 13, 2019, the District issued First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019 in the aggregate principal amount of \$378,140,000 pursuant to its General Revenue Bond Resolution, adopted by the Commission on October 24, 2016 (the "General Resolution") and its First Supplemental Resolution, adopted by the Commission on July 9, 2019 (the "First Supplemental Resolution"). The Series 2019 BANs will mature on November 1, 2023. The proceeds of the Series 2019 BANs will be used to provide funds to pay capitalized interest on the Series 2019 BANs, finance a portion of the costs of the Parallel Thimble Shoal Tunnel Project, and pay certain costs of issuing the Series 2019 BANs. The Series 2019 BANs are being issued in anticipation of the proceeds to be received by the District from disbursements requisitioned by the District in accordance with the terms of the TIFIA Loan Agreement and the VTIB Loan Agreement. The issuance by the District of the Series 2019 BANs as interim financing in anticipation of the receipt of the TIFIA Loan and VTIB Loan proceeds is expected to provide substantial interest cost savings for the District.

On December 27, 2022, the District received a draw on the outstanding TIFIA loan and the VTIB loan in the amounts of \$338,528,672 and \$48,663,510, respectively. The funds from these two loans secure the District's outstanding Series 2019 BANs. The funds from the two draws were utilized to purchase a Federal Home Loan Bank Note investment that will mature on the same date as the maturity of the Series 2019 BANs. The District will earn approximately \$8.9 million in additional interest income as a result of this transaction.

The underlying credit rating on the Series 2016 Bonds is Baa2 and BBB by Moody's Investors Service and S&P Global Ratings, respectively. The TIFIA Loan is also rated Baa2 and BBB by Moody's Investors Service and S&P Global Ratings, respectively. The VTIB Loan is unrated.

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The bond premiums for General Resolution Revenue Bonds are being accreted using the straight-line method, which is not materially different from using the effective-interest method, over the period the bonds will be outstanding.

Tolls and other revenues derived from the operation of the Bridge-Tunnel are pledged as security for the General Resolution Revenue Bonds. The General Revenue Bond Resolution includes covenants such as minimum toll rate covenant ratios and minimum debt service reserve requirements.

(6) Fair Value Measurements

The District utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The District determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The level in the fair value hierarchy within which a fair value measurement, in its entirety falls in, is based on the lowest level input that is significant to the fair value measurement in its entirety.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

All of the District's investments in debt securities are in one of the four categories below and therefore the entire portfolio of debt securities is Level 2.

Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Supra-Nationals: quoted prices for similar securities in the market are used to draw appropriate correlations;
- Corporate Notes and Municipal Bonds: relevant trade data, benchmark quotes and surveys of the dealer community are incorporated into the evaluation process;

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- Certificates of Deposit: matrix pricing based on various market makers and dealers;
- Federal Agency Mortgage-Backed: solicited prices from market buy and sell side sources, including primary and secondary dealers, portfolio managers and research analysts are used.

The fair value of investments in money market funds is based on the published net asset values per share of those funds. The District has the following recurring fair value measurements as of March 31, 2023:

	Fair value measurements using			
	Fair value 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
U.S. Treasuries	\$ 421,484,868	—	421,484,868	—
U.S. Treasury Bill	2,872,320		2,872,320	
Supra-National Agency	922,577	—	922,577	—
U.S. Agencies	509,820,235	—	509,820,235	—
Federal agency mortgage-backed	292,693	—	292,693	—
Corporate notes	21,728,380	—	21,728,380	—
Commercial paper	9,701,099	—	9,701,099	—
Total investments by fair value level	<u>966,822,172</u>	<u>—</u>	<u>966,822,172</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Money market funds	<u>49,683,681</u>			
Total investments measured at fair value	<u>\$ 1,016,505,853</u>			