

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Lucius J. Kellam, Jr. Bridge-Tunnel



Financial Statements & Quarterly Report

June 30, 2023

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2023

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended June 30, 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 June 30, 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 fourth quarter of fiscal year 2023 (Q4 FY23) were \$18,540,211 and were 1.5% more than toll revenues in the fourth quarter of fiscal year 2022 (Q4 FY22). During Q4 FY23, total revenue vehicles of 1,158,847 crossed the District's facility. This represents an increase in vehicular traffic of 25,394, or 2.2% from Q4 FY22.
- Other revenues totaled \$341,967 in Q4 FY23 and totaled \$365,579 in Q4 FY22, which is a decrease of \$23,612 or 6.5%.
- Operating expenses before District facility expenses in Q4 FY23 totaled \$4,457,040, which is a decrease in operating expenses of \$32,984, or 0.7% from Q4 FY22.
- Facility expenses for Q4 FY23 were \$1,367,605 compared to \$914,547 in Q4 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 expense in Q4 FY23 of \$568,038 compared to a net expense in Q4 FY22 of \$6,314,953. The change is primarily the result of an increase in interest expense of \$2,041,974 which is offset by the substantial increase in the gain of fair value on investments of \$7,576,563.
- Total net position at June 30, 2023 was \$827,243,738 a 5.5 % increase over total net position at June 30, 2022.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 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
June 30, 2023 and 2022

Assets and Deferred Outflows of Resources	2023	2022
Current assets:		
Cash	\$ 1,274,398	1,797,875
Investments	112,667,197	130,970,978
Accounts receivable and accrued interest receivable, net	2,730,678	1,134,817
Prepaid expenses and other assets	1,093,429	958,302
Lease receivable	<u>1,039,117</u>	<u>1,008,982</u>
Total current assets	<u>118,804,819</u>	<u>135,870,954</u>
Restricted assets:		
Cash	32,131	30,932
Investments	671,209,871	359,456,910
Accrued interest receivable	<u>71,930</u>	<u>292,446</u>
Total restricted assets	<u>671,313,932</u>	<u>359,780,288</u>
Investments	232,806,940	160,757,952
Long term lease receivable	4,609,491	5,815,379
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	546,251,908	490,346,049
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	<u>4,343,305</u>	<u>4,425,301</u>
Total capital assets	<u>981,674,821</u>	<u>925,850,958</u>
Bond insurance costs, net of accumulated amortization	<u>2,183,329</u>	<u>2,295,622</u>
Deferred outflows of resources:		
Pension	2,047,240	3,141,188
RHIP OPEB	951,385	1,035,761
GLI OPEB	<u>105,781</u>	<u>129,244</u>
	<u>3,104,406</u>	<u>4,306,193</u>
Total assets and deferred outflows of resources	<u>\$ 2,014,497,738</u>	<u>1,594,677,346</u>

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
June 30, 2023 and 2022

Liabilities, Deferred Inflows and Net Position	2023	2022
Current liabilities:		
Accounts payable & accrued expenses	\$ 15,722,218	13,378,141
Current portion of long-term debt	382,598,029	-
Accrued interest	21,470,729	17,386,939
Unearned revenue	<u>677,845</u>	<u>805,816</u>
Total current liabilities	<u>420,468,821</u>	<u>31,570,896</u>
Long-term liabilities:		
Long-term debt, net of current portion	740,673,781	750,989,470
Net pension liability	13,051,028	10,380,686
Net RHIP OPEB Liability	5,749,406	5,799,973
Net GLI OPEB Liability	<u>466,106</u>	<u>471,413</u>
Total long-term liabilities	<u>759,940,321</u>	<u>767,641,542</u>
Deferred inflows of resources:		
Pension	1,408,036	4,832,962
RHIP OPEB	181,945	351,271
GLI OPEB	129,141	200,575
Lease receivable	<u>5,125,736</u>	<u>6,328,040</u>
Total deferred inflows of resources	<u>6,844,858</u>	<u>11,712,848</u>
Total liabilities and deferred inflows of resources	<u>1,187,254,000</u>	<u>810,925,286</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	76,150,261	444,437,903
Restricted for debt service	422,885,892	65,239,135
Restricted for forfeited property	13,260	11,968
Unrestricted	<u>328,194,325</u>	<u>274,063,054</u>
Total net position	<u>827,243,738</u>	<u>783,752,060</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,014,497,738</u>	<u>1,594,677,346</u>

Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2023 & 2022

	Three Months Ended		Twelve Months Ended	
	June, 2023	June, 2022	June, 2023	June, 2022
Operating Revenues:				
Toll	\$ 18,171,360	17,715,679	67,268,583	67,085,006
Other	341,967	365,579	1,382,876	1,379,920
Total Operating Revenues	18,513,327	18,081,258	68,651,459	68,464,926
Operating Expenses:				
Administration	102,400	91,561	424,528	382,661
Finance	236,604	255,753	946,552	844,643
Operations	1,190,960	1,076,929	4,819,436	4,516,599
Maintenance	1,199,668	1,034,916	4,518,019	4,057,855
General	1,394,518	1,498,994	4,639,461	4,149,801
Consultants	151,933	126,369	773,236	692,488
Utilities	180,957	405,502	765,355	930,352
Total Operating Expenses Before District Facility Expenses	4,457,040	4,490,024	16,886,587	15,574,399
District Facility Expenses:				
Insurance	397,512	296,362	1,437,921	1,286,424
Depreciation	182,234	180,814	636,758	676,957
Bridge and Tunnel Preservation	1,133,566	709,505	2,312,898	1,623,287
Other	(345,707)	(272,134)	121,831	78,086
Total district facility expenses	1,367,605	914,547	4,509,408	3,664,754
Total Operating and District Facility Expenses	5,824,645	5,404,571	21,395,995	19,239,153
Operating Income (Loss)	12,688,682	12,676,687	47,255,464	49,225,773
Nonoperating Revenues (Expenses):				
Change in fair value of investments	3,553,334	(4,023,229)	11,165,440	(21,292,679)
Interest income	2,910,605	2,708,662	9,255,953	6,111,853
Interest expense	(7,035,977)	(4,994,003)	(24,173,272)	(20,080,634)
Bond issuance costs	-	14,549	-	(287,791)
Gain (loss) on asset disposal	4,000	(20,932)	4,000	(20,932)
Other expenses, net	-	-	(15,907)	(5,692)
Total Nonoperating Revenues (Expenses), net	(568,038)	(6,314,953)	(3,763,786)	(35,575,875)
Increase (Decrease) in net position	12,120,644	6,361,734	43,491,678	13,649,898
Total net position, beginning of period	815,123,094	777,390,326	783,752,060	770,102,162
Total net position, end of period	\$ 827,243,738	783,752,060	827,243,738	783,752,060

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended June 30, 2023 and 2022

	<u>Q4 FY2023</u>	<u>Q4 FY2022</u>	<u>FY 2023</u>	<u>FY 2022</u>
Cash flows from operating activities:				
Toll collections from customers	\$ 17,912,410	17,534,043	66,886,847	66,817,566
Scrip sales	58,980	51,388	237,040	221,588
Leasing revenue	260,172	283,195	1,134,710	1,304,030
Payments to employees for services and employee benefits	(3,795,853)	(3,041,326)	(14,295,484)	(12,638,706)
Payments to suppliers and consultants	(2,215,083)	(3,587,731)	(5,696,460)	(5,444,464)
Other	(506,514)	1,162,133	(997,328)	(76,786)
Net cash provided by (used in) operating activities	<u>11,714,112</u>	<u>12,401,702</u>	<u>47,269,325</u>	<u>50,183,228</u>
Cash flows from investing activities:				
Purchases of investments	(577,883,371)	(105,522,744)	(1,942,470,872)	(871,872,984)
Interest income	2,909,868	1,679,865	8,889,455	4,790,956
Sales and maturities of investments	<u>581,258,550</u>	<u>100,201,951</u>	<u>1,588,138,144</u>	<u>889,584,909</u>
Net cash provided by (used in) investing activities	<u>6,285,047</u>	<u>(3,640,928)</u>	<u>(345,443,273)</u>	<u>22,502,881</u>
Cash flows from capital and related financing activities:				
Capitalized expenditures	(18,106,216)	(9,099,875)	(54,641,481)	(27,553,394)
Forfeited assets	—	(979)	—	(3,398)
Bond proceeds	—	—	387,192,182	—
Disposal of capital assets	4,000	338,972	4,000	338,972
Bond issuance costs	—	14,549	—	(287,791)
Other miscellaneous non-operating expenditures	—	—	(16,000)	(5,692)
Debt principal repayments	—	—	—	(9,547,850)
Interest paid	—	—	(34,887,031)	(35,014,542)
Net cash provided by (used in) capital and related financing activities	<u>(18,102,216)</u>	<u>(8,747,333)</u>	<u>297,651,670</u>	<u>(72,073,695)</u>
Net increase (decrease) in cash and restricted cash	<u>(103,057)</u>	<u>13,441</u>	<u>(522,278)</u>	<u>612,414</u>
Cash, beginning of period	<u>1,409,586</u>	<u>1,815,366</u>	<u>1,828,807</u>	<u>1,216,393</u>
Cash, end of period	<u>\$ 1,306,529</u>	<u>1,828,807</u>	<u>1,306,529</u>	<u>1,828,807</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,274,398	1,797,875	1,274,398	1,797,875
Restricted cash	<u>32,131</u>	<u>30,932</u>	<u>32,131</u>	<u>30,932</u>
	<u>\$ 1,306,529</u>	<u>1,828,807</u>	<u>1,306,529</u>	<u>1,828,807</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 12,688,682	12,676,687	47,255,464	49,225,773
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	182,234	180,813	636,758	676,957
(Increase) decrease in operating assets:				
Accounts receivable	(1,033,628)	287,938	(1,008,847)	(39,610)
Lease receivable	374,271	227,021	1,070,761	890,749
Prepaid expenses and other assets	(872,802)	(902,569)	(30,135)	(100,370)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	699,416	(278,583)	525,030	104,102
Pension liabilities	399,364	366,280	339,364	366,280
RHIP OPEB liabilities	(135,517)	61,234	(135,517)	61,234
GLI OPEB liabilities	(53,278)	(30,304)	(53,278)	(30,304)
Lease liabilities	(455,370)	(274,429)	(1,202,304)	(1,097,718)
Unearned revenue	(19,260)	87,614	(127,971)	126,135
Net cash provided by operating activities	<u>\$ 11,774,112</u>	<u>12,401,702</u>	<u>47,269,325</u>	<u>50,183,228</u>

Chesapeake Bay Bridge and Tunnel District
Statement of Cash & Investments
As of June 30, 2023

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 913,743	4,883,550	5,797,293
Operations & Maintenance Reserve Fund	-	4,822,987	4,822,987
Reserve Maintenance Fund	137,312	25,663,843	25,801,155
General Fund	223,343	310,103,757	310,327,100
Total	<u>1,274,398</u>	<u>345,474,137</u>	<u>346,748,535</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds	-	313	313
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	38	38
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	571,852	571,852
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	247,761,041	247,761,041
TIFIA Debt Service Reserve Fund	-	20,085,018	20,085,018
VTIB Debt Service Reserve Fund	-	3,297,346	3,297,346
Series 2016 Interest Fund	-	7,912,875	7,912,875
Series 2016 VTIB Interest Fund	-	730,105	730,105
Series 2019 BANs Interest Fund	-	9,453,500	9,453,500
Series 2019 BANs Principal Fund	-	371,026,210	371,026,210
Series 2019 BANs Capitalized Interest Fund	-	6,997,323	6,997,323
Series 2021 TIFIA Interest Fund	-	3,374,250	3,374,250
Total	<u>-</u>	<u>671,209,871</u>	<u>671,209,871</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	32,131	-	32,131
Totals	<u>\$ 1,306,529</u>	<u>1,016,684,008</u>	<u>1,017,990,537</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of June 30, 2023

Unrestricted investments at fair market value as of June 30, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>Revenue Bond - Revenue Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ 4,883,550
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	4,822,987
<u>GR Reserve Maintenance Fund</u>			
US Treasury Notes	1.500%	02/15/25	3,398,063
Truist Bank Trust Deposit	Variable	Not Fixed	22,265,780
			<u>25,663,843</u>
<u>General Revenue Bond - General Fund:</u>			
MUFG Bank Commercial Paper	Discount	07/03/23	3,898,249
NATIXIS NY Branch Commercial Paper	Discount	07/03/23	5,922,440
Federal National Mortgage Association Notes	0.250%	07/10/23	4,155,915
Federal National Mortgage Association Notes	0.300%	08/10/23	4,466,894
Federal National Mortgage Association Notes	0.360%	08/18/23	2,981,469
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	1,990,672
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	2,283,564
Federal Home Loan Mortgage Corporation Notes	0.250%	09/08/23	961,068
Federal Home Loan Mortgage Corporation Notes	0.250%	09/08/23	1,283,076
US Treasury Notes	2.875%	09/30/23	4,104,833
US Treasury Notes	0.125%	10/15/23	2,424,253
US Treasury Notes	2.875%	10/31/23	2,440,012
Federal Home Loan Mortgage Corporation Notes	0.250%	11/06/23	329,204
US Treasury Notes	2.750%	11/15/23	1,188,750
International Bank of Recon & Dev Global	0.250%	11/24/23	930,990
Federal National Mortgage Association Notes	0.250%	11/27/23	1,837,071
US Treasury Notes	2.875%	11/30/23	1,078,759
US Treasury Notes	2.875%	11/30/23	2,870,094
Federal Home Loan Mortgage Corporation Notes	0.250%	12/04/23	1,883,462
US Treasury Notes	0.125%	12/15/23	2,609,091
US Treasury Notes	2.625%	12/31/23	2,338,894
US Treasury Notes	0.125%	01/15/24	1,278,837
Federal National Mortgage Association Notes	0.310%	01/26/24	1,067,251
Federal National Mortgage Association Notes	0.310%	01/26/24	3,866,359
US Treasury Notes	2.500%	01/31/24	1,893,117
US Treasury Notes	2.500%	01/31/24	2,094,722
US Treasury Notes	2.500%	01/31/24	3,442,031
US Treasury Notes	0.250%	03/15/24	2,290,762
US Treasury Notes	0.250%	03/15/24	2,411,328
Colgate-Palmolive Co. Corporation Notes	3.250%	03/15/24	2,386,471
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,472,103
US Treasury Notes	2.250%	04/30/24	1,860,758
US Treasury Notes	0.375%	09/15/24	3,176,225
US Treasury Notes	0.625%	10/15/24	1,987,686
US Treasury Notes	2.250%	10/31/24	408,398
US Treasury Notes	1.500%	10/31/24	3,058,771

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of June 30, 2023

Unrestricted investments at fair market value as of June 30, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (continued):</u>			
US Treasury Notes	0.750%	11/15/24	1,965,580
US Treasury Notes	2.125%	11/30/24	995,962
US Treasury Notes	1.000%	12/15/24	3,660,855
Federal National Mortgage Association Notes	1.625%	01/07/25	3,091,520
Federal National Mortgage Association Notes	1.625%	01/07/25	2,565,203
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	929,930
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	1,387,814
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	2,161,968
US Treasury Notes	1.500%	02/15/25	4,743,129
Roche Holdings Inc.	2.132%	03/10/25	1,639,973
US Treasury Notes	0.500%	03/31/25	2,312,500
Federal Home Loan Bank Notes	0.500%	04/14/25	2,110,182
Federal National Mortgage Association Notes	0.625%	04/22/25	1,535,283
Federal National Mortgage Association Notes	0.625%	04/22/25	2,820,850
Colgate-Palmolive Co. Corp. Notes	7.600%	05/19/25	2,406,361
US Treasury Notes	0.250%	05/31/25	1,555,500
Federal National Mortgage Association Notes	0.500%	06/17/25	3,242,956
Federal National Mortgage Association Notes	0.500%	06/17/25	2,004,486
Federal National Mortgage Association Notes	0.500%	06/17/25	1,119,210
US Treasury Notes	3.000%	07/15/25	631,256
US Treasury Notes	3.000%	07/15/25	2,968,350
Federal Home Loan Mortgage Corporation Notes	4.050%	07/21/25	4,868,410
Federal Home Loan Mortgage Corporation Notes	0.375%	07/21/25	1,209,008
US Treasury Notes	0.250%	07/31/25	9,619,945
Federal Home Loan Bank Notes	4.100%	08/08/25	4,874,965
Federal National Mortgage Association Notes	0.500%	08/14/25	2,102,726
Federal National Mortgage Association Notes	0.375%	08/25/25	1,945,686
Federal National Mortgage Corporation Notes	0.375%	08/25/25	2,182,078
Federal Home Loan Mortgage Corporation Notes	4.050%	08/28/25	4,869,410
Federal National Mortgage Association Notes	4.000%	08/28/25	4,864,860
US Treasury Notes	0.250%	08/31/25	1,655,617
US Treasury Notes	0.250%	08/31/25	1,170,272
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,847,547
US Treasury Notes	0.250%	09/30/25	1,856,531
US Treasury Notes	0.250%	09/30/25	3,101,766
US Treasury Notes	4.250%	10/15/25	9,373,350
Federal National Mortgage Association Notes	0.500%	10/20/25	2,147,871
Microsoft Corporation	3.125%	11/03/25	2,292,705
Federal National Mortgage Association Notes	0.500%	11/07/25	2,041,190
Bank of NY Mellon Notes	5.224%	11/21/25	4,042,248
US Treasury Notes	0.375%	12/31/25	2,749,289
US Treasury Notes	0.375%	12/31/25	1,599,996
US Treasury Notes	0.375%	12/31/25	1,712,672
US Treasury Notes	0.375%	12/31/25	3,524,498
US Treasury Notes	0.375%	12/31/25	1,947,037
US Treasury Notes	0.375%	01/31/26	9,618,386
US Treasury Notes	0.375%	01/31/26	1,660,664
US Treasury Notes	0.750%	04/30/26	9,600,662

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of June 30, 2023

Unrestricted investments at fair market value as of June 30, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (continued):</u>			
Federal Home Loan Mortgage Corporation Notes	5.400%	02/23/26	9,029,593
Proctor & Gamble Corporation	1.000%	04/23/26	3,339,428
US Treasury Notes	0.750%	05/31/26	1,014,881
US Treasury Notes	0.750%	05/31/26	1,347,188
US Treasury Notes	2.125%	05/31/26	3,180,062
US Treasury Notes	0.875%	06/30/26	6,711,984
US Treasury Notes	0.625%	07/31/26	3,015,823
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,173,108
US Treasury Notes	1.500%	08/15/26	1,096,875
US Treasury Notes	0.875%	09/30/26	6,611,741
US Treasury Notes	2.000%	11/15/26	1,387,500
US Treasury Notes	1.250%	12/31/26	4,702,500
Government National Mortgage Association Pool #5276	3.000%	01/01/27	80,220
Microsoft Corporation	3.300%	02/06/27	2,404,450
US Treasury Notes	1.875%	02/28/27	2,081,306
US Treasury Notes	1.875%	02/28/27	3,154,050
Government National Mortgage Association Pool #794283	3.500%	03/01/27	31,934
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	147,704
US Treasury Notes	2.625%	05/31/27	4,651,453
US Treasury Notes	3.250%	06/30/27	3,048,649
US Treasury Notes	3.250%	06/30/27	3,317,930
US Treasury Notes	3.125%	08/31/27	3,371,332
US Treasury Notes	4.125%	09/30/27	3,838,288
US Treasury Notes	4.125%	10/31/27	4,451,227
Federal National Mortgage Association Pool #1084	3.500%	06/01/32	260,317
Truist Bank Trust Deposit	Variable	Not Fixed	2,652,378
			<u>310,103,757</u>
Total Unrestricted Investments			<u><u>\$ 345,474,137</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of June 30, 2023

Restricted investments at fair market value as of June 30, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Notes	2.250%	12/31/23	\$ 3,141,652
US Treasury Notes	1.750%	12/31/24	3,393,731
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,208,209
Truist Bank Trust Deposit	Variable	Not Fixed	11,341,426
			<u>20,085,018</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	1.750%	12/31/24	912,600
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	326,470
Truist Bank Trust Deposit	Variable	Not Fixed	2,058,276
			<u>3,297,346</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>7,912,875</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>730,105</u>
<u>General Revenue Bond - Series 2019 BANs Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>9,453,500</u>
<u>General Revenue Bond - Series 2019 BANs Principal Fund</u>			
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	370,984,130
Truist Bank Trust Deposit	Variable	Not Fixed	42,080
			<u>371,026,210</u>
<u>2019 BANs Capitalized Interest Fund</u>			
Federal Home Loan Mortgage Corporation Notes	0.250%	08/24/23	6,756,371
Local Government Investment Pool SNAP	Variable	Not Fixed	539
Truist Bank Trust Deposit	Variable	Not Fixed	240,413
			<u>6,997,323</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>3,374,250</u>
<u>2016 Thimble Shoal Project Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>313</u>
<u>2016 Thimble Shoal Project Fund - TIFIA</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>38</u>
<u>2016 Thimble Shoal Project Fund - VTIB</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>571,852</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**SCHEDULE OF INVESTMENTS**

As of June 30, 2023

Restricted investments at fair market value as of June 30, 2023 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>2019 BANs Thimble Shoal Tunnel Project Fund</u>			
US Treasury Notes	0.250%	09/30/23	49,936,883
US Treasury Notes	0.125%	12/15/23	48,859,375
US Treasury Notes	0.250%	03/15/24	29,847,418
US Treasury Notes	0.250%	06/15/24	47,601,560
Local Government Investment Pool SNAP	Variable	Not Fixed	21,584,814
Truist Bank Trust Deposit	Variable	Not Fixed	49,930,991
			<u>247,761,041</u>
Total Restricted Investments			<u>671,209,871</u>
Total Investments			<u><u>\$ 1,016,684,008</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Vehicular Traffic Statistics

<u>DESCRIPTION/CLASS</u>	<u>CURRENT YEAR</u>				
	<u>April</u> <u>2023</u>	<u>May</u> <u>2023</u>	<u>June</u> <u>2023</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/23</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/23</u>
<u>Cars/Light Trucks:</u>					
Class 1	265,189	273,673	307,386	846,248	3,126,163
Class 1 Round Trip	38,042	39,329	41,403	118,774	451,032
Class 1 Commuter	16,762	19,514	18,416	54,692	205,749
Class 2	3,176	3,684	4,260	11,120	36,354
Class 2 Round Trip	437	458	511	1,406	5,121
Class 3	5,237	5,830	6,800	17,867	57,740
Class 3 Round Trip	624	666	647	1,937	7,068
Class 4	312	415	363	1,090	3,518
Class 4 Round Trip	28	39	32	99	351
Sub Total	<u>329,807</u>	<u>343,608</u>	<u>379,818</u>	<u>1,053,233</u>	<u>3,893,096</u>
<u>Heavy Trucks:</u>					
Class 9	5,371	5,639	5,779	16,789	60,282
Class 10	1,501	1,713	1,669	4,883	21,561
Class 11	1,589	1,648	1,609	4,846	16,549
Class 12	23,513	25,365	26,676	75,554	297,492
Class 13	354	489	453	1,296	3,878
Class 16	34	34	25	93	407
Sub Total	<u>32,362</u>	<u>34,888</u>	<u>36,211</u>	<u>103,461</u>	<u>400,169</u>
<u>Buses:</u>					
Class 8	155	194	85	434	1,513
Class 14	54	42	23	119	512
Class 15	577	545	478	1,600	5,592
Sub Total	<u>786</u>	<u>781</u>	<u>586</u>	<u>2,153</u>	<u>7,617</u>
Totals	<u>362,955</u>	<u>379,277</u>	<u>416,615</u>	<u>1,158,847</u>	<u>4,300,882</u>

<u>DESCRIPTION/CLASS</u>	<u>PRIOR YEAR</u>				
	<u>April</u> <u>2022</u>	<u>May</u> <u>2022</u>	<u>June</u> <u>2022</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/22</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/22</u>
<u>Cars/Light Trucks:</u>					
Class 1	266,602	274,525	291,895	833,022	3,140,203
Class 1 Round Trip	36,511	36,104	39,299	111,914	431,527
Class 1 Commuter	16,633	16,982	16,373	49,988	193,836
Class 2	3,532	3,775	4,069	11,376	37,912
Class 2 Round Trip	449	471	498	1,418	4,863
Class 3	5,376	5,883	6,448	17,707	59,018
Class 3 Round Trip	567	546	629	1,742	6,403
Class 4	316	363	358	1,037	3,751
Class 4 Round Trip	37	35	45	117	441
Sub Total	<u>330,023</u>	<u>338,684</u>	<u>359,614</u>	<u>1,028,321</u>	<u>3,877,954</u>
<u>Heavy Trucks:</u>					
Class 9	5,252	5,255	5,785	16,292	62,069
Class 10	1,431	1,559	1,777	4,767	20,214
Class 11	1,464	1,363	1,568	4,395	15,483
Class 12	23,922	24,685	28,073	76,680	289,905
Class 13	303	299	298	900	4,356
Class 16	33	26	37	96	437
Sub Total	<u>32,405</u>	<u>33,187</u>	<u>37,538</u>	<u>103,130</u>	<u>392,464</u>
<u>Buses:</u>					
Class 8	159	160	73	392	1,152
Class 14	40	23	43	106	494
Class 15	512	513	479	1,504	5,343
Sub Total	<u>711</u>	<u>696</u>	<u>595</u>	<u>2,002</u>	<u>6,989</u>
Totals	<u>363,139</u>	<u>372,567</u>	<u>397,747</u>	<u>1,133,453</u>	<u>4,277,407</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 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

June 30, 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

June 30, 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

June 30, 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

June 30, 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

June 30, 2023

(3) Cash Deposits and Investments

(a) Deposits

The carrying value of the District's deposits (unrestricted and restricted) was \$1,306,529 and \$1,828,807 at June 30, 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

June 30, 2023

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

June 30, 2023 Investment Type	Standard & Poor's Credit Rating					Total
	AAA	AA+	AA-	A-1+	A-1	
U.S. treasuries	\$ -	\$ 365,055,209	\$ -	\$ -	\$ -	\$ 365,055,209
U.S. agencies	-	105,821,903	-	370,984,130	-	476,806,033
Federal agency mortgage-backed	-	520,175	-	-	-	520,175
Supra-national agency	930,990	-	-	-	-	930,990
Corporate notes	4,697,155	7,219,443	9,768,147	-	9,820,689	31,505,434
	<u>\$ 5,628,145</u>	<u>\$ 478,616,730</u>	<u>\$ 9,768,147</u>	<u>\$ 370,984,130</u>	<u>\$ 9,820,689</u>	<u>\$ 874,817,841</u>

(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 June 30, 2023, the District's portfolio was invested as follows:

Investment type	2023 Fair Value	Percentage of portfolio
U.S. treasuries	\$ 365,055,209	35.91%
Supra-national agency	930,990	0.09%
US agencies	476,806,033	46.90%
Federal agency mortgage-backed	520,175	0.05%
Corporate notes	31,505,434	3.10%
Money Market Funds	141,866,167	13.95%
	<u>\$ 1,016,684,008</u>	<u>100.0%</u>

(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

June 30, 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 June 30, 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			Not Fixed
		Less than 1 Year	1 to 3 Years	Greater than 3 Years	
U.S. treasuries	\$ 365,055,209	\$ 213,713,128	\$ 106,613,408	\$ 44,728,673	-
U.S. agencies	476,806,033	408,318,609	68,487,424	-	-
Federal agency mortgage-backed	520,175	-	-	520,175	-
Supra-national agency	930,990	930,990	-	-	-
Money market funds	141,866,167	-	-	-	141,866,167
Corporate notes	31,505,434	12,207,160	13,720,716	5,577,558	-
	<u>\$ 1,016,684,008</u>	<u>\$ 635,169,887</u>	<u>\$ 188,821,548</u>	<u>\$ 50,826,406</u>	<u>\$ 141,866,167</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 June 30, 2023 is calculated as follows:

	Q4 FY23
Investment Fair Value June 30, 2023	\$ 1,016,684,008
Proceeds from Sales/Maturities	581,258,550
Less: Cost of Investments	(577,883,371)
Less: Fair Value Beg of Quarter	(1,016,505,853)
Change in Fair Value	<u>\$ 3,553,334</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2023

(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

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

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(5) General Resolution Revenue Bonds

Bond activity for Q4 FY23 was as follows:

	Balance March 31, 2023	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance June 30, 2023	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	30,940,191	-	(383,938)	-	30,556,253	-
Series 2019 BANS	378,140,000	-	-	-	378,140,000	378,140,000
Series 2019 Issuance Premiums	7,801,551	-	(3,343,522)	-	4,458,029	4,458,029
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	-
VTIB Series 2016	50,073,856	-	-	-	50,073,856	-
\$	<u>1,126,999,270</u>	<u>-</u>	<u>(3,727,460)</u>	<u>-</u>	<u>1,123,271,810</u>	<u>382,598,029</u>

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.

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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;
- 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 June 30, 2023:

	Fair value 2023	Fair value measurements using		
		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	\$ 365,055,209	—	365,055,209	—
Supra-National Agency	930,990	—	930,990	—
U.S. Agencies	476,806,033	—	476,806,033	—
Federal agency mortgage-backed	520,175	—	520,175	—
Corporate notes	31,505,434	—	31,505,434	—
Total investments by fair value level	874,817,841	—	874,817,841	—
Investments measured at the net asset value (NAV):				
Money market funds	141,866,167			
Total investments measured at fair value	\$ 1,016,684,008			