CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS, REQUIRED SUPPLEMENTARY INFORMATION, SUPPLEMENTAL SCHEDULES, AND AUDIT OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH UNIFORM GUIDANCE

June 30, 2023 and 2022

And Reports of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
TABLE OF CONTENTS

Commission Members

Frederick T. Stant, III, – Chairman
Commonwealth Transportation Board

John F. Malbon – Vice Chairman
City of Virginia Beach

Rev. Gregory L. Duncan, Sr. – Secretary/Treasurer
Accomack County

Mark C. Bundy
Northampton County

S. Keith Colonna
Accomack County

Phillip R. Custis
Northampton County

William H. Ferguson
City of Newport News

Karen S. James
City of Portsmouth

Reeves W. Mahoney
City of Norfolk

Jeffrey A. Rowland
City of Chesapeake

Christine O. Snead
City of Hampton

Executive Director

Jeffrey B. Holland

Deputy Executive Director, Finance and Operations

Thomas R. Anderson, III

Deputy Executive Director, Infrastructure

Michael T. Crist, P.E.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Commissioners
Chesapeake Bay Bridge and Tunnel Commission
Cape Charles, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Chesapeake Bay Bridge and Tunnel District (the "District"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2023 and 2022, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financials statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Investments and Schedule of Expenditures of Federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Investments and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the Introductory Section, the Budgetary Comparison Schedule, the Schedule of Insurance Policies, and the Schedule of Comparative Traffic and Revenues Statistics included in the annual report. Such other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the Introductory Section, the Budgetary Comparison Schedule, the Schedule of Insurance Policies, and the Schedule of Comparative Traffic and Revenues Statistics and consider whether a material inconsistency exists between such information and the basic financial statements, or the information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 27, 2023

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the "District") annual financial report for the fiscal years ended June 30, 2023 and 2022 provides long-term and short-term information about the District's overall financial status. The financial section of this report consists of four parts: management's discussion and analysis; basic financial statements, including notes to the basic financial statements; required supplementary information; and other information. 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 and the related Statements of Revenues, Expenses, Changes in Net Position, and Cash Flows for the years 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. The basic financial statements are followed by required supplementary information and other information that provide the information augmenting 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 Fiscal Years ended June 30, 2023 and 2022

- Toll revenues during fiscal year 2023 ("FY2023") were $67,268,583 and were 0.3% more than fiscal year 2022 ("FY2022") toll revenues. During FY2023, 4,300,882 total revenue vehicles crossed the District's facility. This represents a 0.5% increase in vehicular traffic over FY2022. The increase in toll revenues and vehicular traffic during FY2023 was minimal due to overall increases in fuel prices particularly during the peak travel season. Toll revenues during FY2022 were $67,085,006 and were 13.9% more than fiscal year 2021 ("FY2021") toll revenues. During FY2022, 4,277,407 total revenue vehicles crossed the District's facility. This represents a 14.1% increase in vehicular traffic over FY2021.
- Other operating revenues in FY2023 totaled $1,382,876 which is an increase of 0.2% from other revenues in FY2022. Other revenues in FY2022 totaled $1,379,920 which was a decrease of 2.0% from other revenues in FY2021.
- Operating expenses in FY2023, before District facility expenses, totaled $16,886,587, which is an increase in operating expenses of $1,312,188 from FY2022. The increase in operating expenses during FY2023 is primarily attributable to the cost of living increase in salaries for employees given the change in the consumer price index during this time period. Operating expenses in FY2022, before District facility expenses, totaled $15,574,399, which is a decrease in operating expenses of $239,903 from FY2021.
- Operating expenses in FY2023, before District facility expenses, were 4.4% less than the legally adopted budget for FY2023 operating expenses, before District facility expenses. Operating expenses in FY2022, before District facility expenses, were 4.8% less than the legally adopted budget for FY2022 operating expenses, before District facility expenses.
- Total net position at June 30, 2023 was $827,243,738, a 5.5% increase over total net position at June 30, 2022. Total net position at June 30, 2022 was $783,752,060, a 1.8% increase over total net position at June 30, 2021.

Significant Events for Fiscal Year 2023

On December 27, 2022, the District received a draw on the outstanding Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and the Virginia Transportation Infrastructure Bank (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 Bond Anticipation Notes (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.

Financial Analysis

Net Position

Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. As of June 30, 2023, net position was $827,243,738, a 5.5% increase over net position at June 30, 2022. As of June 30, 2022, net position was $783,752,060. Total assets and deferred outflows of resources increased 26.3% to $2,014,497,738 and total liabilities and deferred inflows of resources increased 46.4% to $1,187,254,000 during FY2023. Total assets and deferred outflows of resources decreased 0.6% to $1,594,677,346 and total liabilities and deferred inflows of resources decreased 2.7% to $810,925,286 during FY2022. The net position and increase in net position is an indicator of the District's financial health.

Summary of Net Position as of June 30 2023, 2022, and 2021

	2023	2022	2021 (as restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 118,804,819	$ 135,870,954	$ 63,726,157
Restricted assets	671,313,932	359,780,288	422,358,954
Noncurrent investments	232,806,940	160,757,952	208,415,711
Long-term lease receivable	4,609,491	5,815,379	6,773,682
Capital assets	981,674,821	925,850,958	896,180,717
Bond insurance costs, net	2,183,329	2,295,622	2,407,915
Deferred outflows of resources	3,104,406	4,306,193	4,084,219
Total Assets and Deferred Outflows of Resources	$ 2,014,497,738	$ 1,594,677,346	$ 1,603,947,355
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	$ 420,468,821	$ 31,570,896	$ 28,326,708
Long-term debt, net of current portion	740,673,781	750,989,470	775,447,162
Arbitrage rebate liability	-	-	1,227,869
Net pension liability	13,051,028	10,380,686	15,331,203
RHIP OPEB liability	5,749,406	5,799,973	4,849,441
Net GLI OPEB liability	466,106	471,413	671,372
Deferred inflows of resources	6,844,858	11,712,848	7,991,438
Total Liabilities and Deferred Inflows of Resources	$ 1,187,254,000	$ 810,925,286	$ 833,845,193
NET POSITION			
Net investment in capital assets	$ 76,150,261	$ 444,437,903	$ 431,959,253
Restricted for debt service	422,885,892	65,239,135	87,861,611
Restricted for forfeited property	13,260	11,968	11,872
Unrestricted	328,194,325	274,063,054	250,269,426
Total Net Position	$ 827,243,738	$ 783,752,060	$ 770,102,162

2021 was restated for the implementation of GASB 87 during the fiscal year ended June 30, 2022.

Current assets include unrestricted cash and investments that mature in less than 12 months and receivables due in less than 12 months. Restricted assets include cash and investments restricted for current debt service and debt service reserves as required by revenue bond covenants and cash and investments restricted for payment of construction of the Parallel Thimble Shoal Tunnel ("PTST"). The substantial increase in restricted assets during FY2023 is due to the draws on the TIFIA and VTIB loans with the proceeds invested to pay the principal due at maturity on November 1, 2023 for the Series 2019 BANs. Noncurrent investments are unrestricted investments that mature in more than 12 months. Long term lease receivables include lease payments due from lessees beyond 12 months in the future. Capital assets are the bridge and tunnel infrastructure assets, capitalized interest and financing expenses during construction periods, construction in progress for the PTST project, construction in progress for the Parallel Chesapeake Tunnel ("PCT") project and other capital assets, such as land, buildings, fleet vehicles, and equipment, net of depreciation. Bond insurance costs are the unamortized costs associated with revenue bonds issued by the District. Deferred outflows of resources represent a consumption of net position that is applicable to a future reporting period, specifically related to the District's pension, Retiree Health Insurance Plan ("RHIP") other postemployment benefits ("OPEB") plan, and group life insurance ("GLI") OPEB.

Current liabilities include accounts payable and accrued expenses, unearned revenues, bond principal that is due within 12 months, and bond interest due within 12 months. The substantial increase in current liabilities during FY2023 is due to the upcoming maturity of the Series 2019 BANs on November 2, 2023. Long-term debt, net of current portion, is the principal amount of bonds payable that will mature after 12 months, net of unamortized discounts or premiums. Net GLI OPEB liability represents the District's proportionate share of the total liability for the GLI plan for retirees. Net pension liability represents the amount by which the District's total pension liability exceeds the pension plan's net position available for paying benefits. Retiree Health Insurance Plan ("RHIP") OPEB liability represents the District's total RHIP OPEB liability as the Chesapeake Bay Bridge and Tunnel Commission (the "Commission") has elected to fund the healthcare benefits for retirees on a "pay-as-you-go" basis. Deferred inflows of resources represent an acquisition of net assets that are applicable to a future reporting period, specifically related to the District's pension, RHIP OPEB plan, GLI OPEB plan, or lease receivables.

Unrestricted net position contains the revenue fund, reserve maintenance fund, and 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 be also utilized for current and future construction projects.

Net position restricted for debt service is current debt service due on July 1, 2023, 2022, and 2021, if applicable, and the debt service reserve assets restricted by bond covenants. Net position restricted for forfeited property represents assets lawfully seized by the District's police and restricted for expenses in accordance with the Virginia Department of Criminal Justice regulations.

Changes in Net Position

Net position increased $43,491,678 during FY2023. Net position increased $13,649,898 during FY2022. The total operating revenues for FY2023 were $68,651,459, 0.3% more than FY2022 operating revenues, which were $68,464,926, 13.5% more than FY2021 operating revenues, which were $60,298,000. The total operating expenses in FY2023, before District facility charges, were $16,886,587, an increase of 8.4% from FY2022. The total operating expenses in FY2022, before District facility charges, were $15,574,399 a decrease of 1.5% from FY2021.

**Summary of Statements of Revenues, Expenses, and Changes in Net Position
During FY2023, FY2022, and FY2021**

	2023	2022	2021 (as restated)
Operating Revenues:			
Tolls	$ 67,268,583	$ 67,085,006	$ 58,890,368
Other	1,382,876	1,379,920	1,407,632
Total Operating Revenues	68,651,459	68,464,926	60,298,000
Operating expenses before District facility expenses	16,886,587	15,574,399	15,814,302
District facility expenses	4,509,408	3,664,754	16,194,166
Total Operating Expenses	21,395,995	19,239,153	32,008,468
Operating Income	47,255,464	49,225,773	28,289,532
Net nonoperating expenses	(3,763,786)	(35,575,875)	(17,948,696)
Increase in net position	43,491,678	13,649,898	10,340,836
Total net position, beginning of year	783,752,060	770,102,162	759,761,326
Total net position, end of year	$ 827,243,738	$ 783,752,060	$ 770,102,162

There are many variables that affect the District's vehicular traffic and resulting revenues. In evaluating FY2023 traffic compared to FY2022, the total traffic figure reflects a 0.5% increase in the overall results. FY2023 represents and all-time record high in both traffic and toll revenues for the District. The District experienced 4 months with record traffic volumes and toll revenues including September 2022 and January – March 2023. Fuel prices spiked by 51.3% during the fourth quarter of FY2022 and by 30.7% during the first quarter of FY2023 as a result of the war in Ukraine and global supply chain disruptions which dampened the results for the peak summer travel season of FY2023.

**Comparison of Toll Revenues and Vehicular Traffic
During FY2023, FY 2022, and FY2021**

				Percentage Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Toll revenues	$ 67,268,583	$ 67,085,006	$ 58,890,368	0.3 %	13.9 %
Vehicular Traffic:					
Cars and light trucks	3,893,096	3,877,954	3,384,670	0.4	14.6
Heavy trucks	400,169	392,464	361,065	2.0	8.7
Busses	7,617	6,989	2,781	9.0	151.3
Total Vehicles	4,300,882	4,277,407	3,748,516	0.5	14.1

Operating expenses, before District facility charges, for FY2023 increased 8.4% from FY2022 expenses and were 4.4% less than the budgeted expenses. The FY2023 increase in operating expenses can be attributed primarily to an increase in salaries derived from a cost of living increase and an increase in health insurance costs and pension expenses. Operating expenses, before District facility charges, for FY2022 decreased 1.5% from FY2021 expenses.

Facility expenses for FY2023 increased 23.0% when compared to FY2022. Facility expenses for FY2022 decreased 77.4% when compared to FY2021. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations that may take more than one year to complete. Depending on the nature of the preservation projects, the amount of preservation expense can vary greatly from year to year. The bridge and tunnel preservation expenses increased by 42.5% in FY2023. The installation of a new closed circuit television ("CCTV") system and the start of a steel repair project on the North Channel Bridge are the main drivers for the increase in preservation expenses between FY2022 and FY2023. Preservation of bridge and tunnel assets has been, and continues to be, a primary goal of the Commission. Refer to the Capital Asset section for more information regarding preservation expenses.

Net non-operating expenses in FY2023 total $3,763,786. In comparison to net non-operating expenses of $35,575,875 in FY2022, this represents a decrease in expenses of $31,812,089. This change is primarily the result of a sharp increase in the gain on the change in fair value of investments. In FY2023, the District reported a gain on the change in fair value of investments of $11,165,440 but, in FY2022, the District reported a loss on the change in fair value of investments of $21,292,679. The significant unrealized loss in FY2022 was a result of the sharp increase in interest rates driven by the actions of the Federal Reserve Board to dampen inflation.

The change in fair value of investments is inversely related to the overall change in interest rates. The District invests its assets with the purpose of holding investments until maturity unless there is an infrequent need to liquidate a portion for cash management purposes. Therefore, the change in fair value is considered to be a "book entry" gain or loss and not a cash value or maturity gain or loss.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the District has $981,674,821 invested in capital assets, net of accumulated depreciation. Capital assets include bridge and tunnel assets, capitalized interest and financing expenses, construction in progress on the parallel tunnel projects and miscellaneous 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 are the amounts that were funded from the 1960 revenue bond issue to pay debt service and associated costs of the bonds during construction until the opening of the Chesapeake Bay Bridge and Tunnel in 1964. Other capital assets include all other capitalized assets such as land, buildings, fleet vehicles, and equipment.

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the District has elected to utilize the modified approach to infrastructure reporting on both bridge and tunnel assets and capitalized interest and financing expenses. Rather than reporting depreciation on any bridge and tunnel assets or capitalized interest, the District reports, as preservation expense, the costs incurred for maintaining bridge and tunnel assets in generally good condition on the statements of revenues, expenses, and changes in net position. U.S. GAAP requires 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. The Commission's policy is to maintain 90% of its bridge and tunnel assets at a maintenance-rating program ("MRP") condition level of "good" or better. U.S. GAAP also requires that the condition levels for the current and prior two fiscal years be disclosed in the notes to the basic financial statements.

The modified approach to infrastructure reporting highlights the District's proactive maintenance efforts by disclosing the results of the annual condition level assessments performed by the District's consulting engineers at Jacobs Engineering, Inc. The District's utilization of the modified approach for infrastructure reporting makes it an industry leader within the Commonwealth of Virginia.

Jacobs Engineering, Inc. has inspected the bridge and tunnel assets and has determined that in FY2023, FY2022, and FY2021, the overall infrastructure condition level is "good" (Level 7) or better. As shown in the following table, the facility's infrastructure condition level stayed approximately the same from FY2021 to FY2023. The tunnels, portal islands, and original trestles have an overall condition level of 7; however, Jacobs Engineering, Inc. assigned some components of the original trestles a condition level of 4 and the portal island and tunnels, which includes the ventilation buildings, a condition level of 6. Extraordinary reserve maintenance projects are planned to address the maintenance requirements for all these components.

The following two tables detail the condition level of bridge and tunnel assets for the last three years and they 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.

Percentage of Lane 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

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
Sitewide utilities	100	100	100

Preservation expenses for FY2023 totaled $2,312,898 and were 42.5% more than FY2022 preservation expenses. Preservation expenses for FY2022 totaled $1,623,287 and were 88.5% less than FY2021 preservation expenses. Preservation expenses for FY2023 included the underwater inspection of the facility, the replacement of Thimble Shoal Tunnel light fixtures with LED, the installation of video cameras on the trestles and the steel repair project on North Channel Bridge.

The budgeted preservation expenses for FY2024 are summarized by asset cluster in the table that follows. During a given fiscal year, there may be no preservation expenses budgeted for one or more of the classifications of bridge and tunnel assets. This is an indication that the District assesses that there is no need for preservation work on this classification of bridge and tunnel assets to be able to maintain it at a "good" condition level or better.

Bridge and tunnel assets:	
Original bridges	$ 485,741
Parallel crossing bridges	518,683
Original trestles	2,015,537
Parallel crossing trestles	5,064,943
Approach roads	90,000
Fisherman Island causeway	75,000
Tunnels	3,751,706
Portal islands	-
Toll plaza infrastructure	64,524
Sitewide utilities	1,494,388
	$ 13,560,522

The District has elected to continue to use the traditional approach or depreciation method for miscellaneous capital assets, such as buildings, fleet vehicles, and equipment that are depreciable. Depreciation expense was $636,758 and $676,957 for FY2023 and FY2022, respectively, for nonbridge-tunnel assets that are classified as miscellaneous capital assets on the statements of net position. For FY2023, capital asset purchases in the amount of $554,762 were added to miscellaneous capital assets. For FY2022, capital asset purchases in the amount of $484,515 were added to miscellaneous capital assets.

Insurance expenses increased 11.8% to $1,437,921 in FY2023 from $1,286,424 in FY2022. The District secured a multi-year program starting April 1, 2022 via ACE American Insurance Company that offers favorable rates through March 31, 2024.

Long-Term Debt (Bonds Payable)

The District had previously incurred its prior bonds under its 1991 General Revenue Bond Resolution, adopted by the Commission on November 21, 1991, as amended and supplemented (the "1991 Resolution"). To finance the costs of the Parallel Thimble Shoal Tunnel Project, the Commission determined that the prior bonds would be redeemed or defeased and the 1991 Resolution would be terminated so that a new general bond resolution could be issued. The District redeemed the Series 2010A and Series 2011A bonds in the amounts of $30,000,000 and $5,850,000, respectively, and terminated the interest rate swap associated therewith on November 1, 2016. Concurrent with the issuance of the Series 2016 Bonds on November 10, 2016, the District contributed additional money from the General Fund in combination with funds released from the 1991 Resolution to fund the defeasance of the outstanding amount of $44,405,000 for the Series 1998 Bonds, which were non-callable.

On October 24, 2016, the Commission adopted and approved the 2016 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 Loan in the amount of up to $338,528,672, plus capitalized interest, and a loan from the VTIB Loan in the amount of up to $50,000,000, plus capitalized interest.

On August 13, 2019, the District issued First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019 (the "Series 2019 BANs") in the aggregate principal amount of $378,140,000 pursuant to its General Revenue Bond Resolution, adopted by the Commission on October 24, 2016 and its Fourth Supplemental Resolution, adopted by the Commission on July 9, 2019. 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 were 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.

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 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 amount of outstanding bonds payable that mature between November 1, 2023 and July 1, 2055 is $1,123,271,810, net of unamortized bond premium of $35,014,282. All the bonds payable are backed by the pledge of toll revenues. The underlying credit rating on the Series 2016 Bonds, the Series 2019 BANs, and the TIFIA Loan is Baa2 and BBB by Moody's Investors Service and Standard & Poor's Global Ratings, respectively. The VTIB Loan is unrated.

As of June 30, 2023, the District's outstanding debt portfolio is entirely composed of fixed-rate debt.

The Commission is required to maintain its General Resolution Toll Rate Covenant Ratio, as defined, at a level not less than 150% of the principal and interest requirement of all First Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First and Second Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First, Second, and Subordinate Tier Bonds then outstanding; and 110% of all required deposits under the resolution. For FY2023, the toll rate covenant ratio for First Tier Bonds was 383%, the toll rate covenant ratio for Subordinate Tier Bonds was 306% and the toll rate covenant ratio for all required deposits was 198%. There was no debt service requirement for Second Tier bonds as of 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 – 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

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash (Note 3)	$ 1,274,398	$ 1,797,875
Investments (Notes 3 and 11)	112,667,197	130,970,978
Accounts receivable and accrued interest receivable, net	2,730,678	1,134,817
Lease receivable (Note 14)	1,093,429	958,302
Prepaid expenses and other assets	1,039,117	1,008,982
Total Current Assets	118,804,819	135,870,954
Restricted Assets:		
Cash (Note 3)	32,131	30,932
Investments (Notes 3 and 11)	671,209,871	359,456,910
Accrued interest receivable	71,930	292,446
Total Restricted Assets	671,313,932	359,780,288
Investments (Notes 3 and 11)	232,806,940	160,757,952
Long-term lease receivable (Note 14)	4,609,491	5,815,379
Capital Assets (Note 4):		
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	4,343,305	4,425,301
Total Capital Assets, net	981,674,821	925,850,958
Bond insurance costs, net of accumulated amortization	2,183,329	2,295,622
Deferred Outflows of Resources:		
Pension (Note 6)	2,047,240	3,141,188
RHIP OPEB (Note 9)	951,385	1,035,761
GLI OPEB (Note 10)	105,781	129,244
Total Deferred Outflows of Resources	3,104,406	4,306,193
Total Assets and Deferred Outflows of Resources	**$ 2,014,497,738**	**$ 1,594,677,346**

The accompanying notes to the financial statements are an integral part of these statements.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and 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 revenues	677,845	805,816
Total Current Liabilities	420,468,821	31,570,896
Long-Term Liabilities:		
Long-term debt, net of current portion (Note 5)	740,673,781	750,989,470
Net pension liability (Note 6)	13,051,028	10,380,686
Net other postemployment benefit liability (Note 9)	5,749,406	5,799,973
Net group life insurance other postemployment benefit liability (Note 10)	466,106	471,413
Total Long-Term Liabilities	759,940,321	767,641,542
Deferred Inflows of Resources:		
Pension (Note 6)	1,408,036	4,832,962
RHIP OPEB (Note 9)	181,945	351,271
GLI OPEB (Note 10)	129,141	200,575
Lease receivable (Note 14)	5,125,736	6,328,040
Total Deferred Inflows of Resources	6,844,858	11,712,848
Total Liabilities and Deferred Inflows of Resources	1,187,254,000	810,925,286
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	328,194,325	274,063,054
Total Net Position	827,243,738	783,752,060
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,014,497,738	$ 1,594,677,346

The accompanying notes to the financial statements are an integral part of these statements.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating Revenues:		
Tolls	$ 67,268,583	$ 67,085,006
Other	1,382,876	1,379,920
Total Operating Revenues	68,651,459	68,464,926
Operating Expenses:		
Administration	424,528	382,661
Finance	946,552	844,643
Operations	4,819,436	4,516,599
Maintenance and tunnel operations	4,518,019	4,057,855
General	4,639,461	4,149,801
Consultants	773,236	692,488
Utilities	765,355	930,352
Total Operating Expenses Before District Facility Expenses	16,886,587	15,574,399
District Facility Expenses:		
Insurance	1,437,921	1,286,424
Depreciation (Note 4)	636,758	676,957
Bridge and tunnel preservation	2,312,898	1,623,287
Other	121,831	78,086
Total District Facility Expenses	4,509,408	3,664,754
Total Operating and District Facility Expenses	21,395,995	19,239,153
Operating Income	47,255,464	49,225,773
Nonoperating Revenues (Expenses):		
Change in fair value of investments (Note 3)	11,165,440	(21,292,679)
Interest income	9,255,953	6,111,853
Interest expense	(24,173,272)	(20,080,634)
Gain (loss) on asset disposal	4,000	(20,932)
Bond issuance costs	-	(287,791)
Other expenses, net	(15,907)	(5,692)
Net Nonoperating Expenses	(3,763,786)	(35,575,875)
Increase in net position	43,491,678	13,649,898
Total net position, beginning of year	783,752,060	770,102,162
Total net position, end of year	$ 827,243,738	$ 783,752,060

The accompanying notes to the financial statements are an integral part of these statements.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Toll collections from customers	$ 66,886,847	$ 66,817,566
Scrip sales	237,040	221,588
Leasing revenues	1,134,710	1,304,030
Payments to employees for services and employee benefits	(14,295,484)	(12,638,706)
Payments to suppliers and consultants	(5,696,460)	(5,444,464)
Other	(997,328)	(76,786)
Net cash flows provided by operating activities	47,269,325	50,183,228
Cash flows from investing activities:		
Purchases of investments	(1,942,470,872)	(871,872,984)
Interest income	8,889,455	4,790,956
Sales and maturities of investments	1,588,138,144	889,584,909
Net cash flows provided by (used in) investing activities	(345,443,273)	22,502,881
Cash flows from capital and related financing activities:		
Capitalized expenditures	(54,641,481)	(27,553,394)
Forfeited assets	-	(3,398)
Bond proceeds	387,192,182	-
Debt principal repayments	-	(9,547,850)
Bond issuance costs	-	(287,791)
Disposal of capital assets	4,000	338,972
TIFIA loan servicing fee	(16,000)	(14,000)
Other	-	8,308
Interest paid	(34,887,031)	(35,014,542)
Net cash flows provided by (used in) capital and related financing activities	297,651,670	(72,073,695)
Net (decrease) increase in cash and restricted cash	(522,278)	612,414
Cash and restricted cash, beginning of year	1,828,807	1,216,393
Cash and restricted cash, end of year	$ 1,306,529	$ 1,828,807
Cash and restricted cash are presented in the accompanying Statements of Net Position as follows:		
Cash	$ 1,274,398	$ 1,797,875
Restricted cash	32,131	30,932
	$ 1,306,529	$ 1,828,807

The accompanying notes to the financial statements are an integral part of these statements.

	2023	2022
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	$ 47,255,464	$ 49,225,773
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	636,758	676,957
(Increase) decrease in operating assets:		
Accounts receivable	(1,008,847)	(39,610)
Lease receivable	1,070,761	890,749
Prepaid expenses and other assets	(30,135)	(100,370)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	525,030	104,102
Deferred inflows related to lease receivable	(1,202,304)	(1,097,718)
Pension liabilities and related deferred outflows and inflows	339,364	366,280
RHIP OPEB liabilities and related deferred outflows and inflows	(135,517)	61,234
GLI OPEB liabilities and related deferred outflows and inflows	(53,278)	(30,304)
Unearned revenues	(127,971)	126,135
Net cash flows provided by operating activities	$ 47,269,325	$ 50,183,228

Supplemental disclosure of noncash capital and related financing activities:

The District incurred noncash expenses including the amortization of bond premiums and bond insurance costs that totaled $14,797,549 and $14,797,549 in 2023 and 2022, respectively.

The District incurred noncash capital expenditures in the amount of $11,958,503 and $10,139,362 that are included in accounts payable as of June 30, 2023 and 2022, respectively.

Note 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 (the "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 has been ongoing since 2013 and will consist of construction of an additional two-lane tunnel under Thimble Shoal Channel. In FY2021, the District began the preliminary work for Stage 3 which will complete the parallel crossing with construction of an additional two-lane tunnel under Chesapeake Channel.

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.

Note 2—Summary of significant accounting policies

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.

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.

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 No. 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 fifty years.

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.

Management's Estimates – The preparation of financial statements in conformity with U.S. 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.

Revenue Recognition – Toll revenues represent the tolls collected, net of any deductions such as credit card fees, E-ZPass fees, and medical and educational toll discounts. Revenues are recognized when earned.

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. 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.

Note 2—Summary of significant accounting policies (continued)

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 and 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 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.

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 ("GLI 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 Section 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 GLI 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 GLI Program OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of VRS GLI Program OPEB and the additions to/deductions from the VRS GLI 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.

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, changes in assumptions, and changes in proportionate share 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.

Note 2—Summary of significant accounting policies (continued)

Compensated Absences – All salaried full-time employees earn leave upon starting a full-time position. The amount and type of leave earned is based upon the employee's date of hire, years of service and status as a Plan 1, Plan 2, or Hybrid Plan member in the Virginia Retirement System. The value of compensated leave is expensed as employees earn the right to these benefits.

Salaried full-time employees participating in the VRS as Plan 1 or Plan 2 members earn annual leave and sick leave hours per pay period based on full years of continuous service to the District as shown in the table below. VSR Plan 1 and Plan 2 members hired prior to July 1, 2008 earn 5 sick leave hours per pay period or 3 sick leave hours per pay period if hired after July 1, 2008. An employee may be paid for unused annual leave and sick leave when the employee separates from District service by resignation, retirement, death or termination. The maximum that an employee may be paid for annual leave upon separation is the lesser of the amount of unused annual leave that the employee has accrued or the applicable maximum as shown in the table below. Sick leave may be accrued without limitation. Employees with less than 5 years of continuous District service are not entitled to payment for unused sick leave. Employees with 5 or more years of continuous District service are paid for up to 25% of their sick leave balance up to a maximum of $7,500.

Years of Service	Annual Leave Hours Per Pay Period	Sick Leave Hours Per Pay Period	Maximum Accrued Annual Leave
Less than 5	4	3, 5	192
5 - 9	5	3, 5	240
10 - 14	6	3, 5	288
15 - 19	7	3, 5	288
20 - 24	8	3, 5	336
25 or more	9	3, 5	336

Salaried full-time employees participating in the Virginia Retirement System as Hybrid members earn paid time off ("PTO") leave which employees can use for any purpose. Employees earn PTO leave hours per pay period based on full years of continuous service to the District as shown in the table below. An employee may be paid for unused PTO leave when the employee separates from District service by resignation, retirement, death, or termination. The maximum that an employee may be paid for PTO leave upon separation is the lesser of the amount of unused PTO leave the employee has accrued or the applicable maximum as shown in the table below.

Years of Service	PTO Leave Hours Per Pay Period	Maximum Accrued PTO Leave
Less than 10	7	336
10 - 19	8	384
20 or more	9	432

Leases - The District implemented GASB Statement No. 87 – *Leases* during FY2022. The District is the lessor on four leases to which the new statement applied. A lease receivable and an offsetting deferred inflow of resources was recognized for the present value of the lease payments expected to be received during the lease term. Interest income is recognized on the lease receivable at the District's incremental borrowing rate of 1.6%. For more information, please see Note 14.

Note 2—Summary of significant accounting policies (continued)

New Accounting Pronouncement – The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) effective July 1, 2022. The requirements of this Statement provide guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, included implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon review, the District concluded that SBITAs are immaterial and do not warrant disclosure.

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

Note 3—Cash deposits and investments

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 third party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event 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.

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 Federal Deposit Insurance Corporation 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.

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 ("S&P's"), and Fitch Investors Service. 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 S&P's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by S&P's and "Aa" by Moody's Investors Service.

Note 3—Cash deposits and investments (continued)

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

June 30, 2023	Standard & Poor's Credit Rating						
Investment Type	**AAA**	**AA+**	**AA**	**AA-**	**A-1+**	**A-1**	**Total**
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	7,219,442	-	9,768,147	-	9,820,689	31,505,433
	$ 5,628,145	$ 478,616,729	$ -	$ 9,768,147	$ 370,984,130	$ 9,820,689	$ 874,817,840

June 30, 2022	Standard & Poor's Credit Rating						
Investment Type	**AAA**	**AA+**	**AA**	**AA-**	**A-1+**	**A-1**	**Total**
U.S. treasuries	$ -	432,677,905	$ -	$ -	$ -	$ -	$ 432,677,905
U.S. agencies	-	132,177,167	-	-	-	-	132,177,167
Federal agency mortgage-backed	-	743,607	-	-	-	-	743,607
Supra-national agency	914,818	-	-	-	-	-	914,818
Certificates of deposit	-	-	-	-	2,689,548	6,595,534	9,285,082
Corporate notes	2,355,891	-	5,568,677	3,052,127	-	15,903,939	26,880,634
	$ 3,270,709	$ 565,598,679	$ 5,568,677	$ 3,052,127	$ 2,689,548	$ 22,499,473	$ 602,679,213

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 and 2022, the District's portfolio was invested as follows:

Investment Type	2023 Fair Value	Percentage of Portfolio	2022 Fair Value	Percentage of Portfolio
U.S. treasuries	$ 365,055,209	35.91 %	$ 432,677,905	66.44 %
U.S. agencies	476,806,033	46.90	132,177,167	20.30
Federal agency mortgage-backed	520,175	0.05	743,607	0.11
Supra-national agency	930,990	0.09	914,818	0.14
Certificates of deposit	-	0.00	9,285,082	1.43
Money market funds	141,866,167	13.95	48,506,627	7.45
Corporate notes	31,505,434	3.10	26,880,634	4.13
	$ 1,016,684,008	100.00 %	$ 651,185,840	100.00 %

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 Debt Service Reserve Funds are limited to investments with maturities that are consistent with the next interest or principal payment date. Investments in the General Resolution Reserve Maintenance Fund are limited to investments with maturities less than three years. 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.

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.

Note 3—Cash deposits and investments (continued)

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

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1 Year**	**1 to 3 Years**	**Greater than 3 Years**	**Not Fixed**
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	-
	$1,016,684,008	$ 635,169,887	$ 188,821,548	$ 50,826,406	$ 141,866,167

As of June 30, 2022, the District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1 Year**	**1 to 3 Years**	**Greater than 3 Years**	**Not Fixed**
U.S. treasuries	$ 432,677,905	$ 117,774,081	$ 292,487,629	$ 22,416,195	$ -
U.S. agencies	132,177,167	55,072,495	59,876,410	17,228,262	-
Federal agency mortgage-backed	743,607	844	-	742,763	-
Supra-national agency	914,818	-	914,818	-	-
Certificates of deposit	9,285,082	9,285,082	-	-	-
Money market funds	48,506,627	-	-	-	48,506,627
Corporate notes	26,880,634	20,457,664	6,422,970	-	-
	$ 651,185,840	$ 202,590,166	$ 359,701,827	$ 40,387,220	$ 48,506,627

Summary of Changes in Fair Value of Investments – The change in fair value of investments for the years ended June 30, 2023 and 2022 is calculated as follows:

	2023	**2022**
Fair value of investments at end of year	$ 1,016,684,008	$ 651,185,840
Add:		
Proceeds from sales and maturities during the year	1,588,138,144	889,584,909
Less:		
Cost of investments purchased during the year	(1,942,470,872)	(871,872,984)
Fair value of investments at beginning of year	(651,185,840)	(690,190,444)
Change in fair value of investments	$ 11,165,440	$ (21,292,679)

Note 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 and the amount of interest capitalized from the Series 2016 Bonds during construction of the Parallel Thimble Shoal Tunnel Project through the end of FY2019. In FY2020, the District implemented GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Project,* which no longer required the capitalization of interest during construction projects beginning with FY2020. The new statement is only applied prospectively. 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.

Capital assets at June 30, 2023 and 2022 comprise the following:

	2023	2022
Bridge and tunnel assets	$ 422,370,201	$ 422,370,201
Capitalized interest and finance expenses	25,565,790	25,565,790
Construction in progress - Parallel Thimble Shoal Tunnel	520,686,118	464,780,259
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets	20,085,637	19,584,778
	997,417,153	941,010,435
Less accumulated depreciation	(15,742,332)	(15,159,477)
Total capital assets, net	$ 981,674,821	$ 925,850,958

The following is a summary of the changes in capital assets for the year ended June 30, 2023:

	Capital Asset Balance, June 30, 2022	Capital Asset Additions	Capital Asset Disposals	Capital Asset Depreciation	Capital Asset Balance, June 30, 2023
Nondepreciable assets:					
Bridge and tunnel assets	$ 422,370,201	$ -	$ -	$ -	$ 422,370,201
Construction in progress	493,822,549	55,905,859	-	-	549,728,408
Land	5,232,907	-	-	-	5,232,907
	921,425,657	55,905,859	-	-	977,331,516
Depreciable assets:					
Miscellaneous capital assets	19,584,778	554,762	(53,903)	-	20,085,637
Less accumulated depreciation	(15,159,477)	-	53,903	(636,758)	(15,742,332)
	4,425,301	554,762	-	(636,758)	4,343,305
Total capital assets, net	$ 925,850,958	$ 56,460,621	$ -	$ (636,758)	$ 981,674,821

Note 4—Capital assets (continued)

The following is a summary of the change in capital assets for the year ended June 30, 2022:

	Capital Asset Balance, June 30, 2021	Capital Asset Additions	Capital Asset Disposals	Capital Asset Depreciation	Capital Asset Balance, June 30, 2022
Nondepreciable assets:					
Bridge and tunnel assets	$ 422,370,201	$ -	$ -	$ -	$ 422,370,201
Construction in progress	463,599,963	30,222,586	-	-	493,822,549
Land	5,232,907	-	-	-	5,232,907
	891,203,071	30,222,586	-	-	921,425,657
Depreciable assets:					
Miscellaneous capital assets	19,539,799	484,516	(439,537)	-	19,584,778
Less accumulated depreciation	(14,562,153)	-	79,633	(676,957)	(15,159,477)
	4,977,646	484,516	(359,904)	(676,957)	4,425,301
Total capital assets, net	$ 896,180,717	$ 30,707,102	$ (359,904)	$ (676,957)	$ 925,850,958

Note 5—General resolution revenue bonds

The principal amounts of bonds outstanding, net of unamortized premium, at June 30, 2023 and 2022 are as follows:

	2023	2022
First Tier General Resolution Revenue Bonds, Series 2016	$ 352,071,253	$ 353,607,007
First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019	382,598,029	395,972,117
Subordinate General Resolution Revenue Bonds, TIFIA Series 2021	338,528,672	-
Subordinate General Resolution Revenue Bonds, VTIB Series 2016	50,073,856	1,410,346
	$ 1,123,271,810	$ 750,989,470

The General Resolution Revenue Bonds were issued as follows:

	General Resolution Revenue Bonds Series 2016	General Resolution Revenue Bond Anticipation Notes Series 2019	General Resolution Revenue Bonds VTIB Series 2016	General Resolution Revenue Bonds TIFIA Series 2021
Face value of bonds	$ 321,515,000	$ 378,140,000	$ 50,000,000	$ 338,528,672
Bond premium	40,794,613	55,873,966	-	-
Net proceeds to the District	$ 362,309,613	$ 434,013,966	$ 50,000,000	$ 338,528,672

The District had previously incurred its General Resolution Refunding Bonds, Series 1998, Series 2010A, and Series 2011A (collectively, the "prior bonds") under its General Revenue Bond Resolution, adopted by the Commission on November 21, 1991, as amended and supplemented (the "1991 Resolution"). In July 2016, the Commission awarded a contract to Chesapeake Tunnel Joint Venture to design and build the Project and to finance the costs of the Project. The Commission determined that the prior bonds would be redeemed or defeased and the 1991 Resolution would be terminated so that a new general bond resolution could be issued. The District redeemed the Series 2010A and Series 2011A Bonds in the amounts of $30,000,000 and $5,850,000, respectively, and terminated the interest rate swap associated therewith on November 1, 2016. Concurrently with the issuance of the Series 2016 Bonds, the District contributed additional monies in combination with funds released from the 1991 Resolution to fund the defeasance of the Series 1998 Bonds, which are non-callable, on November 10, 2016.

Note 5—General resolution revenue bonds (continued)

On October 24, 2016, 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 Transportation Infrastructure Finance and Innovation Act (“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 ranging from 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 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 surety policy for the Series 2016 Bonds, and (iii) to pay the related issuance expenses, including bond insurance premiums. Amortization of original issue premium and deferred costs of insurance related to the Series 2016 Bonds was $1,423,461 for the year ended June 30, 2023, and is a net reduction in interest expense.

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 (the “Series 2019 BANs”) in the aggregate principal amount of $378,140,000 pursuant to its 2016 Resolution and its Fourth Supplemental Resolution, adopted by the Commission on July 9, 2019. 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. Amortization of original issue premium related to the Series 2019 BANs was $13,374,088 for the year ended June 30, 2023, and is a net reduction in interest expense.

Note 5—General resolution revenue bonds (continued)

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.

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.

In the event of a default, none of the outstanding bond issues have a right of acceleration. The 2021 TIFIA Loan and the VTIB Loan include a default interest rate which is 200 basis points over the regular interest rate. Upon the occurrence of a bankruptcy related event, the TIFIA Loan shall automatically and immediately be secured on parity with the First Tier Bonds and shall be a First Tier Bond in all respects.

As part of the District's post-issuance compliance procedures, it has determined that under the terms of the tax certificate issued in relation to the Series 2019 BANs that no arbitrage rebate liability existed at June 30, 2023 and 2022, respectively.

Note 5—General resolution revenue bonds (continued)

Bond activity for the years ended June 30, 2023 and 2022 was as follows:

	Balance, June 30, 2022	Bond Proceeds	Amortization of Costs Premiums Discounts, and Deferred Losses, Net	Capitalized Interest	Bond Payments	Balance, June 30, 2023	Amounts Due Within One Year
First tier general resolution							
Series 2016 Bonds	$ 321,515,000	$ -	$ -	$ -	$ -	$ 321,515,000	$ -
Issuance premiums	32,092,007	-	(1,535,754)	-	-	30,556,253	-
Series 2019 BANs	378,140,000	-	-	-	-	378,140,000	378,140,000
Issuance premiums	17,832,117	-	(13,374,088)	-	-	4,458,029	4,458,029
Subordinate general resolution:							
TIFIA Series 2021	-	338,528,672	-	-	-	338,528,672	-
VTIB Series 2016	1,410,346	48,663,510	-	-	-	50,073,856	-
	$ 750,989,470	$ 387,192,182	$ (14,909,842)	$ -	$ -	$ 1,123,271,810	$ 382,598,029

	Balance, June 30, 2022	Bond Proceeds	Amortization of Costs Premiums Discounts, and Deferred Losses, Net	Capitalized Interest	Bond Payments	Balance, June 30, 2023	Amounts Due Within One Year
First tier general resolution							
Series 2016 Bonds	$ 321,515,000	$ -	$ -	$ -	$ -	$ 321,515,000	$ -
Issuance premiums	33,627,761	-	(1,535,754)	-	-	32,092,007	-
Series 2019 BANs	378,140,000	-	-	-	-	378,140,000	-
Issuance premiums	31,206,205	-	(13,374,088)	-	-	17,832,117	-
Subordinate general resolution:							
TIFIA Series 2021	9,547,850	-	-	-	(9,547,850)	-	-
VTIB Series 2016	1,410,346	-	-	-	-	1,410,346	-
	$ 775,447,162	$ -	$ (14,909,842)	$ -	$ (9,547,850)	$ 750,989,470	$ -

The District is required to maintain its General Resolution Toll Rate Covenant Ratio, as defined, at a level not less than 150% of the principal and interest requirement of all First Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First and Second Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First, Second, and Subordinate Tier Bonds then outstanding; and 110% of all required deposits under the resolution. For FY2023, the toll rate covenant ratio for First Tier Bonds was 383%, the toll rate covenant ratio for Subordinate Tier Bonds was 306% and the toll rate covenant ratio for all required deposits was 198%. There was no debt service requirement for Second Tier Bonds as of June 30, 2023.

Note 5—General resolution revenue bonds (continued)

Maturities of general resolution revenue bonds principal and interest to be paid in subsequent fiscal years for all bonds outstanding at June 30, 2023 were as follows:

Fiscal Year	Principal	Interest
2024	$ 378,140,000	$ 24,093,115
2025	-	24,115,893
2026	718,915	24,094,768
2027	718,915	24,079,456
2028	718,915	24,054,824
2029-2033	27,921,092	119,276,736
2034-2038	83,240,379	112,478,817
2039-2043	147,756,404	92,177,173
2044-2048	207,908,581	58,693,724
2049-2053	182,755,695	19,922,819
2054-2056	58,378,632	1,537,101
	$ 1,088,257,528	$ 524,524,426

Total principal balance herein is different from that on page 28 because it represents the bond principal excluding bond discount and premium.

Note 6—Pension plan

Plan Description – All full-time, salaried permanent employees of the District are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and the District pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit provisions and all other requirements are established by state statute. VRS administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as defined below:

- VRS Plan 1 is a defined benefit plan. Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service and at age 50 with 30 years of service for participating employers. An optional reduced retirement benefit is available to members of VRS as early as age 50 with at least 10 years of service credit or age 55 with at least five years of service credit.

- VRS Plan 2 is a defined benefit plan. Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available to Plan 2 members as early as age 60 with at least five years of service credit.

Note 6—Pension plan (continued)

- The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are eligible for the Hybrid Plan. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit payment payable from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available to Hybrid Retirement Plan members as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. The retirement multiplier for District employees is 1.7% for Plan 1 members, 1.65% for Plan 2 members, and 1.0% for Hybrid Plan members. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment ("PLOP"), or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option, or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment ("COLA") effective July 1 of the second calendar year of retirement. Under Plan 1, COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, COLA cannot exceed 3.00%. During years of no inflation or deflation, COLA is 0.00%. VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Historical trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for VRS system may be found in the VRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. A copy of the report may be obtained on the VRS Web site at https://www.varetire.org/pdf/publications/2022-annual-report.pdf or by writing to the Chief Financial Officer of the Virginia Retirement System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Employees Covered by Benefit Terms – As of the June 30, 2022 and 2021 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	Number	
	2022	**2021**
Inactive members or their beneficiaries currently receiving benefits	145	148
Inactive members:		
Vested inactive members	14	13
Nonvested inactive members	32	32
Inactive members active elsewhere in VRS	27	20
Total inactive members	73	65
Active members	148	142
Total covered employees	366	355

Note 6—Pension plan (continued)

Contributions – The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The District's contractually required contribution rate was 15.58 and 13.79% of covered employee compensation for the years ended June 30, 2023 and 2022, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $1,322,008 and $1,153,297 for the years ended June 30, 2023 and 2022, respectively.

Net Pension Liability – The net pension liability ("NPL") is calculated for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The District's net pension liability as of June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and 2020, rolled forward to the measurement date of June 30, 2022 and 2021.

Actuarial Assumptions – The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation:	2.50%
Salary increases, including inflation:	3.50% – 5.35%
Investment rate of return:	6.75%, net of pension plan investment expense, including inflation*
Cost-of-living adjustments:	2.25% – 2.50%

Mortality rates: 15% of deaths are assumed to be service related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 6—Pension plan (continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement rates	Adjusted rates to better fit experience for Plan 1; Set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount rate	No change

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Lowered rates
Salary scale	No change
Line of duty disability	Increase rate from 14% to 15%
Discount rate	Decrease rate from 7.00% to 6.75%

Note 6—Pension plan (continued)

Long-Term Expected Rate of Return – The long-term expected rate of return on pension system investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public equity	34.00 %	5.71 %	1.94 %
Fixed income	15.00	2.04	0.31
Credit strategies	14.00	4.78	0.67
Real assets	14.00	4.47	0.63
Private equity	14.00	9.73	1.36
MAPS - Multi-Asset Public Strategies	6.00	3.73	0.22
PIP - Private Investment Partnership	3.00	6.55	0.20
	100.00 %		5.33
Inflation			2.50
Expected arithmetic nominal return*			7.83 %

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 6—Pension plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2021	$ 55,110,814	$ 44,730,128	$ 10,380,686
Changes for the year:			
Service costs	602,451	-	602,451
Interest	3,668,635	-	3,668,635
Difference between expected and actual experience	(180,525)	-	(180,525)
Contributions - employer	-	1,089,403	(1,089,403)
Contributions - employee	-	391,254	(391,254)
Net investment income	-	(33,502)	33,502
Benefit payments, including refunds of employee contributions	(2,726,246)	(2,726,246)	-
Administrative expense	-	(27,956)	27,956
Other changes	-	1,020	(1,020)
Net changes	1,364,315	(1,306,027)	2,670,342
Balances at June 30, 2022	$ 56,475,129	$ 43,424,101	$ 13,051,028

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District as of June 30, 2023 and 2022 using the discount rate of 6.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective rates:

	1% Decrease	**Discount Rate of 6.75%**	**1% Increase**
District's net pension liability:			
as of June 30, 2023	$ 20,215,960	$ 13,051,028	$ 7,202,002
as of June 30, 2022	$ 17,414,884	$ 10,380,686	$ 4,561,250

Note 6—Pension plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the years ended June 30, 2023 and 2022, the District recognized pension expense of $1,645,220 and $1,463,192, respectively. As of June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 224,441	$ 114,156
Changes in assumptions	518,922	-
Net difference between projected and actual earnings on plan investments	-	1,293,880
Employer contributions subsequent to the measurement date	1,303,877	-
	$ 2,047,240	$ 1,408,036

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 760,509	$ -
Changes in assumptions	1,293,255	-
Net difference between projected and actual earnings on plan investments	-	4,832,962
Employer contributions subsequent to the measurement date	1,087,424	-
	$ 3,141,188	$ 4,832,962

The District's contributions subsequent to the measurement date of $1,303,877 and $1,087,424 reported as deferred outflows of resources as of June 30, 2023 and 2022, respectively, related to pensions, will be recognized as a reduction of the net pension liability in the years ended June 30, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) to pension expense as follows:

Years Ending June 30:	
2024	$ 176,969
2025	(571,708)
2026	(871,900)
2027	601,966
2028	-
Thereafter	-
	$ (664,673)

Note 7—Deferred compensation

Effective July 1, 1999, the District established a Deferred Compensation Plan ("DCP") in accordance with Internal Revenue Code Section 457 ("IRC-457") that is administered by the VRS. Employees may voluntarily elect to participate in the DCP and may defer a portion of their compensation until future years. The deferred compensation is not available to employees until after termination, retirement, death, or unforeseen financial emergency, as defined in IRC-457.

Salaried employees who elect to participate in the DCP can receive an employer cash match up to a maximum of $100 per pay period. An hourly employee of the District may defer compensation but does not receive a cash match. The employer cash match is contributed to a separate Internal Revenue Service Section 401(a) account. The District contributed $160,500 and $159,642 to employees' 401(a) accounts during the years ended June 30, 2023 and 2022, respectively.

The defined contribution component of the Hybrid Retirement Plan provides the Hybrid 401(a) Cash Match Plan. The District's employees participating as Hybrid Retirement Plan members contribute a mandatory 1% of their creditable compensation each month to their 401(a) plan account. The District also contributes a mandatory 1% as well as matching contributions on any voluntary contributions a member makes. The District contributed $79,373 and $61,279 to Hybrid Retirement Plan employees' 401(a) accounts during the years ended June 30, 2023 and 2022, respectively.

Note 8—Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; employee dishonesty; injuries to employees; and natural disasters. The District purchases insurance for specific types of coverage, including property, loss of revenue, liability, auto, crime, workers' compensation, and public officials. Claims settlements and judgments not covered by insurance are covered by operating resources. The amount of insurance settlements did not exceed insurance coverage for any of the past three years. Claims expenses and liabilities are reported when it is probable that a loss has occurred not otherwise covered by insurance and the amount of the loss can be reasonably estimated.

Effective July 1, 2013, the District changed the health insurance plans offered to employees and retirees for medical and dental benefits from fully insured plans to self-insured plans. Stop-loss coverage for aggregate and individual claims is utilized to protect the District from the potential effects of catastrophic medical claims. The District's self-insurance liability was $916,959 and $892,959 at June 30, 2023 and 2022, respectively.

Effective July 1, 2022, the District joined the Legends Reinsurance captive managed by ParetoHealth to provide the specific and aggregate stop loss coverage. The captive is licensed and regulated by the Tennessee Department of Insurance. The captive program allows smaller employers (50 – 400 covered employees) like the District to collectively reinsure their self-funded employee benefits plan and control costs. The coverage is underwritten by Swiss Re Corporate Solutions which is rated "A+ (Superior)" by A.M. Best Company.

Note 9—Retiree health insurance plan OPEB

Plan Description – The District provides RHIP OPEB for its employees through a single employer defined-benefit plan (the “Plan”). The Plan was established and may be amended by the Commission. No assets are accumulated in a trust that meets the criteria under U.S. GAAP.

The Plan provides healthcare insurance for eligible retirees and their spouses through the District’s group health insurance plans, which cover both active and retired members. Plan benefits vest for employees after a minimum of 10 years of salaried service with the District, after obtaining age 50 and after receiving a retirement benefit under the provisions of the VRS. Retirees with less than 20 years of continuous, salaried service with the District are ineligible for a health insurance premium credit and are, therefore, responsible for their entire health insurance premium. Retirees with more than 20 years of continuous, salaried service with the District receive a credit of $8.50 per month for each complete year of salaried service up to 40 years and a monthly premium credit of $340. Length of service means the total length of service credited by the VRS for calculating the retiree’s pension benefits from VRS. All credits cease upon the retiree’s death. Spouses may continue coverage under the plan after the death of the retiree.

In no event will the premium credit exceed the actual monthly health cost for individual coverage. Spouses may be covered, but they must pay the full monthly rate for coverage. The only exception to these rules is for Medicare-eligible retirees who have earned a credit in excess of their plan cost. In this situation, credits earned in excess of the retiree-only cost can be used to pay for prescription drug coverage and for spousal coverage.

The Commission establishes employer contribution rates for the plan participants and determines how the plan will be funded as part of the budgetary process each year. The Commission has elected to continue to fund the healthcare benefits for retirees on a “pay-as-you-go” basis.

Amounts paid by the District for RHIP OPEB during the years ended June 30, 2023 and 2022 amounted to $327,470 and $141,303, respectively.

Employees Covered by Benefit Terms – As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiary currently receiving benefits	87
Active members	143
Total covered employees and retired members	230

Net OPEB Liability – The District’s net RHIP OPEB liability as of June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, respectively. The total RHIP OPEB liability used to calculate the net RHIP OPEB liability for June 30, 2022 was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The total RHIP OPEB liability used to calculate the net RHIP OPEB liability for June 30, 2021 was determined by an actuarial valuation performed as of June 30, 2021.

Note 9—Retiree health insurance plan OPEB (continued)

Actuarial Assumptions – The total RHIP OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method:	Entry Age Normal Cost Method; Level Percentage of Pay
Discount rate:	2.05%, based on yields for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The rate used in the current valuation is based on indices published by Bond Buyer and Fidelity for 20-year general obligation bonds as of June 30, 2021.
Healthcare cost trend rates:	The medical trend assumptions used in the valuation were developed using the Society of Actuaries ("SOA") Long-Run Medical Cost Trend Model. The SOA model was released in December 2007. Version 2022_4f was used for the 2021 valuation.

The following assumptions were used as input variables into the model:

Assumptions	Model Input
Rate of Inflation	2.30%
Rate of Growth in Real Income/GDP per Capita	1.25%
Excess Medical Cost Growth	1.10%
Expected Health Share of GDP in 2030	19.50%
Health Share of GDP Resistance Point	25%
Year for Limiting Cost Growth to GDP Growth	2060

The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The following table shows the resulting medical cost trends used in the valuation:

Years Ending June 30:	Medical Trend
2022 - 2024	5.90%
2025 - 2029	5.20%
2030 - 2034	4.80%
2035 - 2039	4.72%
2040 - 2049	4.72%
2050 - 2059	4.72%
2060+	3.58%

The actuarial assumptions used for employee decrements (e.g., mortality, turnover, retirement, and disability) are based on the results of an experience study on behalf of the VRS for the four-year period ended June 30, 2020.

Specific assumptions are the same as those used for the Pension Plan and are described more fully in Note 6.

Note 9—Retiree health insurance plan OPEB (continued)

Age difference and percentage married:

For active employees, male spouses were assumed to be two years older than females. 100% of active employees are assumed to be married at retirement. For retirees, actual spouse data was used so no assumptions regarding marital status or age of spouse were made.

Participation:

Retiree Group	Assumed Rate of Participation
Nondisabled retirees	80%
Disabled retirees	100%
Spouses	25%

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at June 30, 2021	$	4,849,441
Changes for the year:		
Service cost		92,505
Interest		155,861
Differences between expected and actual experience		139,630
Changes in assumptions or other inputs		815,306
Benefit payments		(252,770)
Net changes		950,532
Balance at June 30, 2022		5,799,973
Changes for the year:		
Service cost		82,197
Interest		116,346
Differences between expected and actual experience		-
Changes in assumptions or other inputs		-
Benefit payments		(249,110)
Net changes		(50,567)
Balance at June 30, 2023	$	5,749,406

Note 9—Retiree health insurance plan OPEB (continued)

Sensitivity of the Total RHIP OPEB Liability to Changes in the Discount Rate – The following presents the total RHIP OPEB liability of the District as of June 30, 2023 and 2022 using the discount rate of 2.05%, as well as what the District's total RHIP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective rates:

	1% Decrease	Discount Rate of 2.05%	1% Increase
District's total RHIP OPEB liability:			
as of June 30, 2023	$ 6,488,596	$ 5,749,406	$ 5,134,900
as of June 30, 2022	$ 6,567,611	$ 5,799,973	$ 5,163,494

Sensitivity of the Total RHIP OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total RHIP OPEB liability of the District as of June 30, 2023 and 2022 as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the respective healthcare cost trend rates:

	1% Decrease	Assumed Healthcare Cost Trend Rates	1% Increase
District's total RHIP OPEB liability:			
as of June 30, 2023	$ 5,609,620	$ 5,749,406	$ 5,910,340
as of June 30, 2022	$ 5,667,298	$ 5,799,973	$ 5,952,369

RHIP OPEB Expense and Related Deferred Outflows and Inflows of Resources – For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of $299,760 and $349,583, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to RHIP OPEB from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 140,709	$ -
Changes in assumptions	483,206	181,945
Employer contributions subsequent to the measurement date	327,470	-
	$ 951,385	$ 181,945

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 245,202	$ -
Changes in assumptions	649,256	351,271
Employer contributions subsequent to the measurement date	141,303	-
	$ 1,035,761	$ 351,271

Note 9—Retiree health insurance plan OPEB (continued)

The District's contributions subsequent to the measurement date of $327,470 reported as deferred outflows of resources as of June 30, 2023, related to RHIP OPEB, will be recognized as a reduction of the total RHIP OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) to RHIP OPEB expense as follows:

Years Ending June 30:		
2024	$	123,014
2025		141,972
2026		176,984
2027		-
2028		-
Thereafter		-
	$	441,970

Note 10—VRS Group Life Insurance OPEB

Plan Description – All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance ("GLI") Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the GLI Program have several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits, and accelerated death benefit options. The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,984 and $8,722 effective June 30, 2023 and 2022, respectively.

Note 10—VRS Group Life Insurance OPEB (continued)

Contributions – The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the years ended June 30, 2023 and 2022 was 0.54% and 0.54%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the District were $48,862 and $45,470 for the years ended June 30, 2023 and 2022, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB – At June 30, 2023 and 2022, the District reported a liability of $466,106 and $471,413, respectively, for its proportionate share of the Net GLI OPEB liability. The Net GLI OPEB liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The District's proportion of the Net GLI OPEB liability was based on the District's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the District's proportion was 0.03871% as compared to 0.04049% at June 30, 2021.

For the years ended June 30, 2023 and 2022, the District recognized GLI OPEB expense of $7,287 and $15,323, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB plan from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on GLI OPEB plan investments	$ -	$ 29,125
Change of assumptions	17,385	45,401
Differences between expected and actual experience	36,910	18,699
Changes in proportionate share	2,863	35,916
Employer contributions subsequent to the measurement date	48,623	-
	$ 105,781	$ 129,141

Note 10—VRS Group Life Insurance OPEB (continued)

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on GLI OPEB plan investments	$ -	$ 112,516
Change of assumptions	25,989	64,499
Differences between expected and actual experience	53,766	3,592
Changes in proportionate share	4,179	19,968
Employer contributions subsequent to the measurement date	45,310	-
	$ 129,244	$ 200,575

The District's contributions subsequent to the measurement date of $48,623 and $45,310 reported as deferred outflows of resources as June 30, 2023 and 2022, respectively, related to GLI OPEB, will be recognized as a reduction of the net GLI OPEB liability in the fiscal years ended June 30, 2024 and 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB plans will be recognized in the District's GLI OPEB expense in future reporting periods as follows:

Years Ending June 30:	
2024	$ (16,138)
2025	(16,220)
2026	(31,034)
2027	(985)
2028	(7,606)
Thereafter	-
	$ (71,983)

Actuarial Assumptions – The total GLI OPEB liability was based on actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation:	2.50%
Salary increases, including inflation:	3.50% – 5.35%
Investment rate of return:	6.75%, net of investment expense, including inflation*

Note 10—VRS Group Life Insurance OPEB (continued)

	Mortality Assumptions
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Health Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

Mortality rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount Rate	No change

Net GLI OPEB Liability – The net GLI OPEB liability for the Group Life Insurance Program represents the program's total GLI OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement dates of June 30, 2022 and 2021, Net GLI OPEB liability amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

Note 10—VRS Group Life Insurance OPEB (continued)

	2022	2021
Total OPEB liability	$ 3,672,085	$ 3,577,346
Plan fiduciary net position	2,467,989	2,413,074
Employers' net OPEB liability	$ 1,204,096	$ 1,164,272
Plan fiduciary net position as a percentage of the total OPEB liability	67.21 %	67.45 %

The total GLI OPEB liability is calculated by VRS' actuary, and each plan's fiduciary net position is reported in the VRS' financial statements. The net GLI OPEB is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS' notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return – The long-term expected rate of return on VRS' investments for the GLI plan was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS' investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public equity	34.00 %	5.71 %	1.94 %
Fixed income	15.00	2.04	0.31
Credit strategies	14.00	4.78	0.67
Real assets	14.00	4.47	0.63
Private equity	14.00	9.73	1.36
MAPS - Multi-Asset Public Strategies	6.00	3.73	0.22
PIP - Private Investment Partnership	3.00	6.55	0.20
	100.00 %		5.33
Inflation			2.50
Expected arithmetic nominal return*			7.83 %

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 10—VRS Group Life Insurance OPEB (continued)

Discount Rate – The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the District for the GLI OPEB will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the net GLI OPEB liability of the District as June 30, 2023 and 2022 using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
The District's proportionate share of the GLI Net OPEB liability:			
as of June 30, 2023	$ 678,238	$ 466,106	$ 294,674
as of June 30, 2022	$ 688,752	$ 471,413	$ 295,902

Group Life Insurance Program Fiduciary Net Position – Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11—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* – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- *Level 2* – 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* – 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).

Note 11—Fair value measurements (continued)

The level in the fair value hierarchy within which a fair value measurement, in its entirety falls, 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 Supranational* – 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 value ("NAV") per share of those funds.

The District has the following recurring fair value measurements as of June 30, 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	$ 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 NAV:				
Money market funds	141,866,167			
Total investments measured at fair value	$ 1,016,684,008			

Note 11—Fair value measurements (continued)

The District had the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
	Fair Value 2022	**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	$ 432,677,905	$ -	$ 432,677,905	$ -
Supra-national agency	914,818	-	914,818	-
U.S. agencies	132,177,167	-	132,177,167	-
Federal agency mortgage-backed	743,607	-	743,607	-
Certificates of deposit	9,285,082	-	9,285,082	-
Corporate notes	26,880,634	-	26,880,634	-
Total investments by fair value level	602,679,213	$ -	$ 602,679,213	$ -
Investments measured at NAV:				
Money market funds	48,506,627			
Total investments measured at fair value	$ 651,185,840			

Note 12—Compensated absences

The following is a summary of the change in the liability for compensated absences for the year ended June 30, 2023:

	Compensated Leave Balance June 30, 2022	**Leave Additions**	**Leave Reductions**	**Compensated Leave Balance June 30, 2023**
Annual and PTO leave	$ 912,693	$ 866,993	$ (793,675)	$ 986,011
Sick leave	463,559	43,069	(76,859)	429,769
	$ 1,376,252	$ 910,062	$ (870,534)	$ 1,415,780

The following is a summary of the change in the liability for compensated absences for the year ended June 30, 2022:

	Compensated Leave Balance June 30, 2021	**Leave Additions**	**Leave Reductions**	**Compensated Leave Balance June 30, 2022**
Annual and PTO leave	$ 935,643	$ 739,655	$ (762,605)	$ 912,693
Sick leave	483,805	34,724	(54,970)	463,559
	$ 1,419,448	$ 774,379	$ (817,575)	$ 1,376,252

Note 13—Commitments and contingencies

The District is involved in various claims and legal actions that arose in previous years during the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material, adverse effect on the District's statements of net position and statements of revenues, expenses, and changes in net position.

Note 14—Leases

The District implemented GASB Statement No. 87 – *Leases* in FY2022. Under this Statement, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District is required to recognize interest income on the lease receivable and an inflow of resources, or lease revenue, from the deferred inflow of resources in a systematic and rational manner over the term of the lease. The District has chosen to use a straight-line amortization of the deferred inflows of resources.

The District leases portions of an industrial waterfront property owned by the District in the City of Virginia Beach to others. At implementation, four leases were identified to which GASB Statement No. 87 applies. In May 2023, three of the four leases, which are with Chesapeake Tunnel Joint Venture, renewed for a five year term under renegotiated terms and were combined into one lease.

The Districted entered into a lease with Chesapeake Bay Tower Associates, L.P. commencing on September 1, 2000 for an initial five-year period with four five-year automatic renewal periods extending until August 31, 2025. Rent for the initial term was $1,000 per month and is due in monthly installments in advance on the first day of each month. Rent during each renewal term is increased by 20%. The District also receives 15% of any rent that the lessee receives from additional sub-lessees starting with the second sub-lessee.

The District entered into a lease with Chesapeake Tunnel Joint Venture ("CTJV") for a 10.6 acre parcel of land known as Parcel A on May 1, 2017 for an initial one-year term with four one-year renewal periods at CTJV's option extending through April 30, 2022 and then subsequently extended by one additional year to co-terminate with other leases described below. Rent for the initial term was $25,000 per month payable in advance on the first day of each month. Rent during each renewal term is indexed to the change in the Consumer Price Index for All Urban Consumers with a maximum cap of 3%.

The District entered into a second lease with CTJV for a 6 acre parcel of land known as Parcel B on January 1, 2018 for an initial 16-month term with four one-year renewal periods at CTJV's option extending through April 30, 2023. Rent for the initial term was $30,000 per month payable in advance on the first day of each month. Rent during each renewal term is increased by 3% per year. The lease also extended an additional one-year renewal term for Parcel A to synchronize the termination date for both leases at April 30, 2023. CTJV also has an option for one five-year renewal from April 30, 2023 through April 30, 2028 with an increase in rent of 15% in the first year of the extended renewal term and an increase of 3% in each year thereafter for both Parcel A and Parcel B. CTJV is using the leased property as a staging area for the construction of the Parallel Thimble Shoal Tunnel Project. As the current construction completion date extends well into CTJV's optional five-year renewal period, the District has assumed that the option will be executed for purposes of implementing GASB Statement No. 87.

Note 14—Leases (continued)

The District entered into a third lease with CTJV for a 4.55 acre parcel of land known as Parcel C on September 1, 2018 for an initial 8-month term with four one-year renewal periods at CTJV's option extending through April 30, 2023. Rent for the initial term was $20,000 per month payable in advance on the first day of each month. Rent during each renewal term is increased by 3% per year. The lease also extended an additional one-year renewal term for Parcel A to synchronize the termination date for both leases at April 30, 2023. As with Parcels A and B, CTJV also has an option for one five-year renewal from April 30, 2023 through April 30, 2028 with an increase in rent of 15% in the first year of the extended renewal term and an increase of 3% in each year thereafter. CTJV is using the leased property as a staging area for the construction of the Parallel Thimble Shoal Tunnel Project. As the current construction completion date extends well into CTJV's optional five-year renewal period, the District has assumed that the option will be executed for purposes of implementing GASB Statement No. 87.

In May 2023, CTJV exercised their renewal option on the leases for Parcels A, B and C under renegotiated terms which was executed as one lease. The lease was renewed for the period of May 1, 2023 through April 30, 2028. Rent for the initial year was $95,122 per month payable in advance on the first day of each month. The base rent will increase by 3% in each year thereafter. The District combined the outstanding lease receivable for all three of the original leases into one lease receivable and remeasured the lease receivable based on the new terms. The lease receivable and the deferred inflow of resources related to leases was reduced by $108,193 as a result of the remeasurement.

Below is a schedule of future lease payments that are included the measurement of the lease receivable:

Fiscal Year	Principal	Interest	Total
2024	$ 1,093,429	$ 83,289	$ 1,176,718
2025	1,145,721	65,413	1,211,134
2026	1,175,124	46,835	1,221,959
2027	1,225,849	27,696	1,253,545
2028	1,062,797	7,810	1,070,607
	$ 5,702,920	$ 231,043	$ 5,933,963

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

JUNE 30, 2023

For the Fiscal Year Ended June 30	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a Percentage of Covered Payroll (5)
2023	$ 1,401,449	$ 1,401,449	$ -	$ 8,995,180	15.58 %
2022	1,153,297	1,153,297	-	8,366,013	13.79
2021	1,092,102	1,092,102	-	8,308,914	13.14
2020	955,696	955,696	-	8,275,033	11.55
2019	954,678	954,678	-	8,162,058	11.70
2018	972,590	972,590	-	8,020,486	12.13
2017	950,993	950,993	-	7,786,589	12.21
2016	1,035,305	1,035,305	-	7,538,996	13.73
2015	1,024,089	1,024,089	-	7,378,844	13.88

See accompanying report of independent auditor and notes to the required supplementary information.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	$ 602,451	$ 650,252	$ 679,870	$ 622,055	$ 597,397	$ 640,081	$ 652,414	$ 653,142	$ 632,909
Interest	3,668,635	3,385,231	3,220,839	3,156,576	3,032,147	2,980,890	2,911,959	2,810,342	2,711,152
Changes of assumptions	-	1,784,588	-	1,354,343	-	(627,513)	-	-	-
Differences between expected and actual experience	(180,525)	457,968	1,186,552	82,066	492,272	(126,846)	(362,546)	179,597	-
Benefit payments, including refunds of employee contributions	(2,726,246)	(2,637,589)	(2,666,073)	(2,519,602)	(2,168,931)	(2,099,800)	(2,334,410)	(2,048,389)	(1,805,740)
Net Change in Total Pension Liability	1,364,315	3,640,450	2,421,188	2,695,438	1,952,885	766,812	867,417	1,594,692	1,538,321
Total pension liability, beginning of year	55,110,814	51,470,364	49,049,176	46,353,738	44,400,853	43,634,041	42,766,624	41,171,932	39,633,611
Total pension liability, end of year (a)	56,475,129	55,110,814	51,470,364	49,049,176	46,353,738	44,400,853	43,634,041	42,766,624	41,171,932
Plan Fiduciary Net Position:									
Contributions – employer	1,089,403	1,090,148	953,392	952,822	970,550	948,676	1,032,877	1,021,377	944,598
Contributions – employee	391,254	393,265	395,503	393,528	388,140	379,559	370,994	368,079	362,177
Net investment income	(33,502)	9,768,975	697,711	2,333,946	2,495,933	3,740,285	529,283	1,393,970	4,231,610
Benefit payments, including refunds of employee contributions	(2,726,246)	(2,637,589)	(2,666,073)	(2,519,602)	(2,168,931)	(2,099,800)	(2,334,410)	(2,048,389)	(1,805,740)
Administrative expense	(27,956)	(24,750)	(24,247)	(23,740)	(21,765)	(21,889)	(19,750)	(19,436)	(23,013)
Other	1,020	918	(815)	(1,468)	(2,213)	(3,321)	(227)	(293)	223
Net Change in Plan Fiduciary Net Position	(1,306,027)	8,590,967	(644,529)	1,135,486	1,661,714	2,943,510	(421,233)	715,308	3,709,855
Plan fiduciary net position, beginning of year	44,730,128	36,139,161	36,783,690	35,648,204	33,986,490	31,042,980	31,464,213	30,748,905	27,039,050
Plan fiduciary net position, end of year (b)	43,424,101	44,730,128	36,139,161	36,783,690	35,648,204	33,986,490	31,042,980	31,464,213	30,748,905
District's net pension liability, end of year (a)-(b)	$ 13,051,028	$ 10,380,686	$ 15,331,203	$ 12,265,486	$ 10,705,534	$ 10,414,363	$ 12,591,061	$ 11,302,411	$ 10,423,027
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	76.89 %	81.16 %	70.21 %	74.99 %	76.90 %	76.54 %	71.14 %	73.57 %	74.68 %
Covered payroll (c)	$ 8,366,013	$ 8,308,914	$ 8,275,033	$ 8,162,058	$ 8,020,486	$ 7,786,589	$ 7,538,996	$ 7,378,844	$ 7,240,101
District's net pension liability as a percentage of covered payroll [(a)-(b)] / (c)	156.00 %	124.93 %	185.27 %	150.27 %	133.48 %	133.75 %	167.01 %	153.17 %	143.96 %

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF CHANGES IN NET RHIP OPEB LIABILITY
AND RELATED RATIOS (UNAUDITED)

JUNE 30, 2023

	2022	2021	2020	2019	2018	2017
Total RHIP OPEB Liability:						
Service cost	$ 82,197	$ 92,505	$ 88,913	$ 107,920	$ 104,240	$ 132,336
Interest	116,346	155,861	155,731	179,810	178,574	146,368
Differences between expected and actual experience	-	139,630	-	163,359	-	294,400
Changes in assumptions or other inputs	-	815,306	-	(552,495)	-	(454,232)
Benefit payments	(249,110)	(252,770)	(228,629)	(260,460)	(235,555)	(213,142)
Net change in total RHIP OPEB liability	(50,567)	950,532	16,015	(361,866)	47,259	(94,270)
Total RHIP OPEB liability – beginning	5,799,973	4,849,441	4,833,426	5,195,292	5,148,033	5,242,303
Total RHIP OPEB liability – ending (a)	$ 5,749,406	$ 5,799,973	$ 4,849,441	$ 4,833,426	$ 5,195,292	$ 5,148,033
Covered-employee payroll (b)	$ 8,822,349	$ 8,707,366	$ 8,681,558	$ 8,469,813	$ 8,308,734	$ 8,044,349
District's total RHIP OPEB liability as a percentage of covered-employee payroll ((a)/(b))	65.17 %	66.61 %	55.86 %	57.07 %	62.53 %	64.00 %

See accompanying report of independent auditor and notes to the required supplementary information.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF GLI OPEB CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2023

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2023	$ 48,862	$ 48,862	$ -	$ 9,048,673	0.54 %
2022	45,470	45,470	-	8,420,443	0.54
2021	45,138	45,138	-	8,308,914	0.54
2020	43,049	43,049	-	8,275,033	0.52
2019	42,443	42,443	-	8,162,058	0.52
2018	41,820	41,820	-	8,042,257	0.52
2017	40,570	40,570	-	7,801,902	0.52
2016	40,028	36,252	3,776	7,552,374	0.48
2015	39,239	35,537	3,702	7,403,480	0.48
2014	38,372	34,752	3,620	7,240,101	0.48

See accompanying report of independent auditor and notes to the required supplementary information.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF DISTRICT'S SHARE OF NET GLI OPEB LIABILITY (UNAUDITED)

YEAR ENDED JUNE 30, 2023

	2022	2021	2020	2019	2018	2017
District's Proportion of Net GLI OPEB Liability	0.03871%	0.04049%	0.04023%	0.04164%	0.04229%	0.04230%
District's Proportionate Share of Net GLI OPEB Liability	$ 466,106	$ 471,413	$ 671,372	$ 677,593	$ 643,000	$ 637,000
Employer's Covered Payroll	$ 8,420,443	$ 8,308,914	$ 8,275,033	$ 8,162,058	$ 8,042,257	$ 7,801,902
Employer's Proportionate Share of Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.67%	8.11%	8.30%	8.00%	8.16%
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

See accompanying report of independent auditor and notes to the required supplementary information.

Note 1—Changes of benefit terms

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation.

Note 2—Changes of assumptions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

Mortality rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount Rate	No change

Note 3—Years presented in schedules

The Schedule of Changes in the District's Net Pension Liability and Related Ratios and the Schedule of Pension Contributions are required to be presented for the last 10 fiscal years. However, the District has only presented the required supplementary information for the last nine years as fiscal year 2015 was the first year of implementation of the requirement to provide such required supplementary information and such information is not available for the prior years.

The schedule of District’s share of net OPEB liability and the schedule of OPEB contributions are required to be presented for the last 10 fiscal years. However, the District has only presented the Schedule of GLI OPEB Contributions required supplementary information for the last six years, as fiscal year 2018 was the first year of implementation of the requirement to provide such required supplementary information and such information is not available for the prior years.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
MODIFIED APPROACH FOR INFRASTRUCTURE REPORTING – CAPITAL ASSET ACTIVITY (UNAUDITED)

JUNE 30, 2023

The following is a summary of the changes in capital assets for the year ended June 30, 2023:

	Capital Asset Balance, June 30, 2022	Capital Asset Additions	Capital Asset Disposals	Capital Asset Depreciation	Capital Asset Balance, June 30, 2023
Bridge and Tunnel Assets:					
Original bridges	$ 8,474,789	$ -	$ -	$ -	$ 8,474,789
Parallel crossing bridges	50,721,759	-	-	-	50,721,759
Original trestles	31,562,850	-	-	-	31,562,850
Parallel crossing trestles	117,324,020	-	-	-	117,324,020
Approach roads	11,269,645	-	-	-	11,269,645
Fisherman Island Causeway	8,722,510	-	-	-	8,722,510
Tunnels	60,182,509	-	-	-	60,182,509
Portal islands	52,695,162	-	-	-	52,695,162
Toll plaza infrastructure	6,069,397	-	-	-	6,069,397
Sitewide utilities	34,465,812	-	-	-	34,465,812
Capitalized interest and finance		-	-	-	-
expenses	40,881,748	-	-	-	40,881,748
Total Bridge and Tunnel Assets	422,370,201	-	-	-	422,370,201
Construction in Progress:					
Parallel Thimble Shoal Tunnel	464,780,259	55,905,859	-	-	520,686,118
Parallel Chesapeake Tunnel	3,476,500	-	-	-	3,476,500
Capitalized interest and finance expenses	25,565,790	-	-	-	25,565,790
Total Construction in Progress	493,822,549	55,905,859	-	-	549,728,408
Land	5,232,907	-	-	-	5,232,907
Miscellaneous Capital Assets:					
Buildings	6,051,434	-	-	-	6,051,434
Fleet vehicles and equipment	13,533,344	554,762	(53,903)	-	14,034,203
Total Miscellaneous Capital Assets	19,584,778	554,762	(53,903)	-	20,085,637
Less Accumulated Depreciation:					
Buildings	(3,557,070)	-	-	(165,619)	(3,722,689)
Fleet vehicles and equipment	(11,602,407)	-	53,903	(471,139)	(12,019,643)
Total Accumulated Depreciation	(15,159,477)	-	53,903	(636,758)	(15,742,332)
Total Capital Assets, Net	$ 925,850,958	$ 56,460,621	$ -	$ (636,758)	$ 981,674,821

The table below summarizes by asset clusters the budgeted preservation expenses to bridge and tunnel assets for the last five fiscal years, as referenced in the Chesapeake Bay Bridge and Tunnel District's (the "District") annually updated six-year reserve maintenance plan. The six-year reserve maintenance plan is a planning tool that includes extraordinary maintenance projects to maintain the bridge and tunnel assets at a condition level of "generally good" or better. Extraordinary maintenance projects include many complex, multi-year contracts. The timing of actual project payments can vary from fiscal year to fiscal year due to the complexity of the projects. Each fiscal year's budgeted preservation expenses include the budget for projects that actually commenced during that respective fiscal year.

	2023	2022	2021	2020	2019
Bridge and Tunnel Assets:					
Original bridges	$ 357,082	$ 153,600	$ -	$ 619,653	$ 550,000
Parallel crossing bridges	302,761	37,970	42,833	647,000	500,000
Original trestles	1,804,066	2,143,556	5,615,987	6,258,897	3,336,982
Parallel crossing trestles	1,017,842	1,101,197	4,544,381	5,283,528	3,615,025
Tunnels	2,267,636	496,252	2,761,363	4,870,727	3,712,470
Toll plaza infrastructure	245,525	86,023	129,327	125,395	82,080
Sitewide utilities	1,050,050	1,498,390	589,907	345,323	499,258
	$ 7,044,962	$ 5,516,988	$ 13,683,798	$ 18,150,523	$ 12,295,815

The table below summarizes by asset cluster the actual preservation expenses to bridge and tunnel assets for the last five fiscal years:

	2023	2022	2021	2020	2019
Bridge and Tunnel Assets:					
Original bridges	$ 416,409	$ 71,518	$ -	$ 96,506	$ 81,511
Parallel crossing bridges	418,132	98,495	-	85,872	20,635
Original trestles	108,191	688,154	6,059,317	7,911,318	560,607
Parallel crossing trestles	253,824	241,429	5,704,059	7,666,612	432,334
Tunnels	373,513	35,606	2,077,510	3,789,321	3,316,363
Toll plaza infrastructure	237,049	56,523	73,977	59,996	88,216
Sitewide utilities	505,780	431,562	172,843	319,353	129,748
	$ 2,312,898	$ 1,623,287	$ 14,087,706	$ 19,928,978	$ 4,629,414

The budgeted preservation expenses for FY2024 are summarized by asset cluster in the table below. During a given fiscal year, there may be no preservation expenses budgeted for one or more of the classifications of bridge and tunnel assets. This is an indication that the District assesses that there is no need for preservation work on this classification of bridge and tunnel assets to be able to maintain it at a condition level of "generally good" or better.

Bridge and Tunnel Assets:	
Original bridges	$ 485,741
Parallel crossing bridges	518,683
Original trestles	2,015,537
Parallel crossing trestles	5,064,943
Approach roads	90,000
Fisherman Island Causeway	75,000
Tunnels	3,751,706
Portal islands	-
Toll plaza infrastructure	64,524
Sitewide utilities	1,494,388
	$ 13,560,522

U.S. 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. U.S. GAAP also requires that a third 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 Chesapeake Bay Bridge and Tunnel Commission's (the "Commission") preservation policy is to maintain 90% of the bridge and tunnel assets at an 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.:

MRP Numeric Code Scale

Numeric Code	Narrative Code	Definition
9	Excellent	Component 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 immediately
2	Critical	The need for repair or rehabilitation is urgent
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 original trestles, tunnels, and portal islands are the only bridge and tunnel assets that falls below the condition level specified in the Commission's preservation policy. The original trestles, tunnels, and portal islands have an overall condition level of "7"; however, Jacobs Engineering, Inc. assigned some components of the portal islands and tunnels, which includes the ventilation buildings, a condition level of "6", and some components of the original trestles a condition level of "4". Extraordinary reserve maintenance projects are planned to address the maintenance requirements for all of these components.

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

Percentage of Lane 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

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

OTHER INFORMATION

Budgetary Accounting and Control

The Chesapeake Bay Bridge and Tunnel Commission (the "Commission") prepares a preliminary fiscal year budget before April 20 for the ensuing fiscal year, which begins on July 1. This budget is required to be adopted before June 1 of each year. The Commission covenants, in accordance with Section 504 of its General Revenue Bond Resolution adopted October 24, 2016, that the expenses budgeted in any fiscal year will not exceed the amounts that are reasonable and necessary to maintain, repair, and operate the facility in accordance with the provisions of its enabling legislation. No provision is made in the budget for noncash items, such as depreciation.

The Commission does not adopt a revenue budget.

	Budgeted Amount	Actual Amount	Variance Over (Under)	Percentage Variance
Operating Expenses Before District Facility Expenses:				
Administration	$ 425,200	$ 424,528	$ (672)	(0.16)%
Finance	960,950	946,552	(14,398)	(1.50)
Operations	5,047,200	4,819,436	(227,764)	(4.51)
Maintenance and tunnel operations	4,899,100	4,518,018	(381,082)	(7.78)
General	4,698,800	4,639,462	(59,338)	(1.26)
Consultants	738,100	773,236	35,136	4.76
Utilities	889,450	765,355	(124,095)	(13.95)
Total operating expenses before district facility expenses	$ 17,658,800	$ 16,886,587	$ (772,213)	(4.37)%

The District's General Revenue Bond Resolution, dated October 24, 2016, requires a ratio of 1.50x of net revenues available for debt service to the principal and interest requirements for such fiscal year on account of all First Tier Bonds then outstanding. This ratio is 3.83x for fiscal year 2023.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INSURANCE POLICIES (UNAUDITED)

YEAR ENDED JUNE 30, 2023

Type	Insurer/Agent	Amount of Coverage	Expiration Date	
Automobile liability and physical damage	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	$ 1,000,000	June 30, 2023	*
Boiler and machinery	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	11,000,000	June 30, 2023	*
Bridge floater (bridges, tunnels, trestles, and loss of revenue)	ACE American Insurance Company/ Aon Risk Solutions	225,000,000	March 31, 2024	
Crime (theft, disappearance, and employee dishonesty)	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	700,000	June 30, 2023	*
General liability	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	1,000,000	June 30, 2023	*
Cyber liability	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	3,000,000	June 30, 2023	*
No fault property damage	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	10,000	June 30, 2023	*
Property direct damage	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	67,722,343	June 30, 2023	*
Excess liability	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	10,000,000	June 30, 2023	*
Wharfingers' liability	Atlantic Specialty Insurance/ Brown & Brown Flagship Group LTD	4,000,000	Sept 30, 2023	
Workers' compensation	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	Statutory	June 30, 2023	*
Line of Duty Act	Virginia Municipal Liability Pool/ Virginia Risk Sharing Association	Statutory	June 30, 2023	*

* The District has renewed these policies for fiscal year 2024.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF COMPARATIVE TRAFFIC AND REVENUES STATISTICS (UNAUDITED)

YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022		Increase (Decrease)	
	Vehicles	Revenues	Vehicles	Revenues	Vehicles	Revenues
Vehicle Classifications:						
Cars and light trucks	3,893,096	$ 53,028,005	3,877,954	$ 53,187,400	15,142	$ (159,395)
Heavy trucks	400,169	15,459,919	392,464	15,133,402	7,705	326,517
Buses	7,617	221,257	6,989	211,284	628	9,973
	4,300,882	68,709,181	4,277,407	68,532,086	23,475	177,095
Non-revenue	110,603	-	88,959	-	21,644	-
Deductions from toll revenues		(1,440,598)	-	(1,447,080)	-	6,482
	4,411,485	$ 67,268,583	4,366,366	$ 67,085,006	45,119	$ 183,577

See accompanying report of independent auditor.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

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
Revenue Bond - Revenue Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	$ 4,883,550
General Revenue Bond - Operations & Maintenance Reserve Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	4,822,987
GR Reserve Maintenance Fund			
US Treasury Notes	1.500%	02/15/25	3,398,063
Truist Bank Trust Deposit	Variable	Not Fixed	22,265,780
			25,663,843
General Revenue Bond - General Fund:			
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. Corp. 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

See accompanying report of independent auditor.

Description	Coupon Rate	Maturity Date	Market Value
General Revenue Bond - General Fund (continued):			
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 (CONTINUED)

JUNE 30, 2023

Description	Coupon Rate	Maturity Date	Market Value
General Revenue Bond - General Fund (continued):			
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
			310,103,757
Total Unrestricted Investments			$ 345,474,137

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

Description	Coupon Rate	Maturity Date	Market Value
General Revenue Bond - TIFIA Debt Service Reserve Fund			
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
			20,085,018
General Revenue Bond - VTIB Debt Service Reserve Fund			
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
			3,297,346
General Revenue Bond - Series 2016 Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	7,912,875
General Revenue Bond - Series 2016 VTIB Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	730,105
General Revenue Bond - Series 2019 BANs Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	9,453,500
General Revenue Bond - Series 2019 BANs Principal Fund			
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	370,984,130
Truist Bank Trust Deposit	Variable	Not Fixed	42,080
			371,026,210
2019 BANs Capitalized Interest Fund			
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
			6,997,323
General Revenue Bond - Series 2021 TIFIA Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	3,374,250
2016 Thimble Shoal Project Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	313
2016 Thimble Shoal Project Fund - TIFIA			
Truist Bank Trust Deposit	Variable	Not Fixed	38
2016 Thimble Shoal Project Fund - VTIB			
Truist Bank Trust Deposit	Variable	Not Fixed	571,852

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS (CONTINUED)

JUNE 30, 2023

Description	Coupon Rate	Maturity Date	Market Value
2019 BANs Thimble Shoal Tunnel Project Fund			
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
			247,761,041
Total Restricted Investments			671,209,871
Total Investments			$ 1,016,684,008

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	Assistance Listing Number	Project Number	Loans	Expenditures
Department of Transportation:				
Federal Highway Administration:				
Transportation Infrastructure Finance and Innovation Act (TIFIA)	20.223	2022-1001A		
Loans Beginning Balance			$ -	
New Loans			338,528,672	$ 338,528,672
				$ 338,528,672

See accompanying report of independent auditor and notes to the schedule of expenditures of federal awards.

Note 1—General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activities of the federal financial assistance programs of the Chesapeake Bay Bridge and Tunnel District.

Note 2—Basis of accounting

The accompanying Schedule is presented using the accrual basis of accounting.

Note 3—De minimus cost rate

The auditee has not elected to use the 10% de minimus indirect cost rate as discussed in Uniform Guidance Section 200.414.

Note 4—Amounts passed to subrecipients

There were no amounts passed to subrecipients for the year ended June 30, 2023.

Note 5—Loan balance

On November 23, 2021, the District entered into a TIFIA loan agreement under Assistance Listing number 20.223 with the United States Department of Transportation. The outstanding balance of the TIFIA loan was $338,528,672 on June 30, 2023.

COMPLIANCE SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Chesapeake Bay Bridge and Tunnel Commission
Cape Charles, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Chesapeake Bay Bridge and Tunnel District ("the District"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or under the Specifications.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 27, 2023

Report of Independent Auditor on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Chesapeake Bay Bridge and Tunnel Commission
Cape Charles, Virginia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Chesapeake Bay Bridge and Tunnel District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 27, 2023

A. Summary of Auditor's Results

1.	The type of report issued on the basic financial statements:	**Unmodified opinion**
2.	Significant deficiencies in internal control disclosed by the audit of the financial statements:	**None reported**
3.	Material weaknesses in internal control disclosed by the audit of financial statements:	**No**
4.	Noncompliance, which is material to the financial statements:	**No**
5.	Significant deficiencies in internal control over the major program:	**None reported**
6.	Material weaknesses in internal control over the major program:	**No**
7.	The type of report issued on compliance for the major program:	**Unmodified opinion**
8.	Any audit findings which are required to be reported under the Uniform Guidance:	**No**
9.	The program tested as major programs were:	

Assistance Listing Number	**Name of Federal Program and Cluster**
20.223	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program

10.	Dollar threshold used to distinguish between Type A and Type B programs:	**$750,000**
11.	The Chesapeake Bay Bridge and Tunnel District qualified as a low-risk auditee under Section 530 of Uniform Guidance.	

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported

C. Findings and Questioned Costs Relating to Federal Awards

None reported

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

None reported

E. Status of Prior Year Findings

None reported