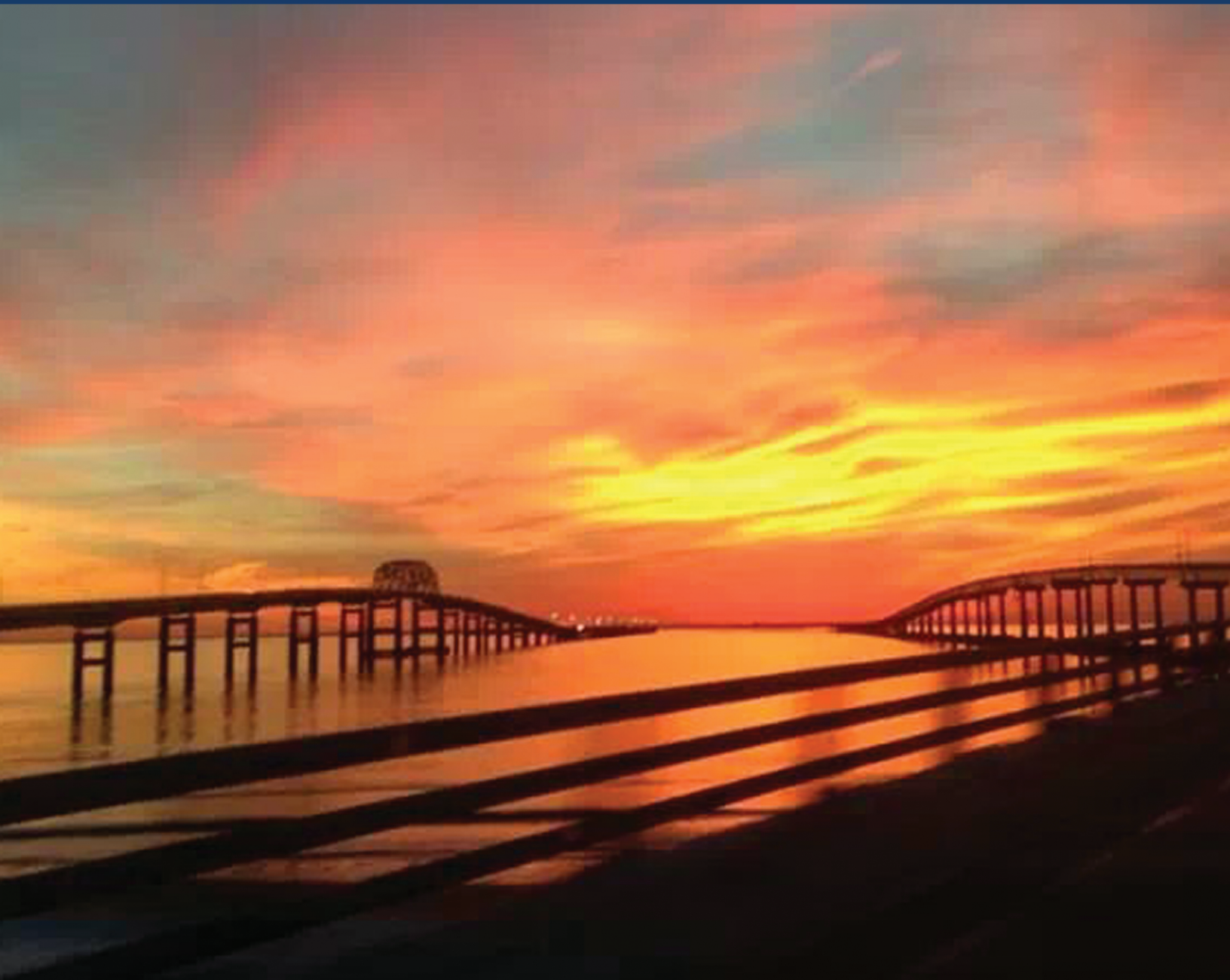


# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

---

Lucius J. Kellam, Jr. Bridge-Tunnel



Financial Statements & Quarterly Report  
September 30, 2023

## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2023

### **Overview of the Financial Statements**

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended September 30, 2023 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of September 30, 2023 and 2022, the related statements of revenues, expenses, and changes in net position and the statements of cash flows for the quarter and year then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements.

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

### **Financial Highlights for the Quarter**

- Gross toll revenues before deductions for the first quarter of fiscal year 2024 (Q1 FY24) were \$22,616,224 and were 0.7% less than toll revenues in the first quarter of fiscal year 2023 (Q1 FY23). During Q1 FY24, total revenue vehicles of 1,365,808 crossed the District's facility. This represents a decrease in vehicular traffic of only 411, or essentially unchanged from Q1 FY23.
- Other revenues totaled \$426,699 in Q1 FY24 and totaled \$360,977 in Q1 FY23, which is an increase of \$65,722 or 18.2%.
- Operating expenses before District facility expenses in Q1 FY24 totaled \$4,434,438, which is an increase in operating expenses of \$174,735, or 4.1% from Q1 FY23.
- Facility expenses for Q1 FY24 were \$2,236,023 compared to \$1,312,872 in Q1 FY23. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations and depending on the nature of the preservation expense can vary greatly from year to year.
- Net non-operating revenues in Q1 FY2024 total \$4,219,398. In comparison to net non-operating expenses of \$9,304,966 in Q1 FY2023, this represents a decrease in non-operating expenses of \$13,524,364. This change is primarily the result of a sharp increase in the gain on the change in fair value of investments. In Q1 FY2024, the District reported a gain on the change in fair value of investments of \$8,242,387 but, in Q1 FY2023, the District reported a loss on the change in fair value of investments of \$5,887,584. The significant unrealized loss in Q1 FY2023 was a result of the sharp increase in interest rates driven by the actions of the Federal Reserve Board to dampen inflation.
- Total net position at September 30, 2023 was \$847,347,595 a 7.0 % increase over total net position at September 30, 2022.

## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2023

### **Contacting the District's Financial Management**

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

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

<b>Assets and Deferred Outflows of Resources</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Current assets:		
Cash	\$ 1,459,131	1,689,459
Investments	84,107,428	125,914,725
Accounts receivable and accrued interest receivable, net	1,956,716	1,054,658
Lease receivable	1,106,381	1,078,278
Prepaid expenses and other assets	<u>775,189</u>	<u>769,279</u>
Total current assets	<u>89,404,845</u>	<u>130,506,399</u>
Restricted assets:		
Cash	33,224	31,107
Investments	661,559,318	335,436,879
Accrued interest receivable	<u>599,202</u>	<u>433,016</u>
Total restricted assets	<u>662,191,744</u>	<u>335,901,002</u>
Investments	273,351,384	176,653,209
Long term lease receivable	4,326,237	5,539,830
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	568,388,414	503,383,788
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	<u>4,207,670</u>	<u>4,273,793</u>
Total capital assets	<u>1,003,675,692</u>	<u>938,737,189</u>
Bond insurance costs, net of accumulated amortization	<u>2,155,257</u>	<u>2,267,549</u>
Deferred outflows of resources:		
Pension	2,047,240	3,141,188
RHIP OPEB	951,385	1,035,761
GLI OPEB	<u>105,781</u>	<u>129,244</u>
	<u>3,104,406</u>	<u>4,306,193</u>
Total assets and deferred outflows of resources	<u>\$ 2,038,209,565</u>	<u>1,593,911,371</u>

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

<b>Liabilities, Deferred Inflows and Net Position</b>	<b>2023</b>	<b>2022</b>
Current liabilities:		
Accounts payable & accrued expenses	\$ 34,098,298	17,544,784
Current portion of long-term debt	379,254,507	-
Accrued interest	10,769,379	8,693,640
Unearned revenue	616,566	760,516
Total current liabilities	<u>424,738,750</u>	<u>26,998,940</u>
Long-term liabilities:		
Long-term debt, net of current portion	740,289,842	747,262,009
Net pension liability	13,051,028	10,380,686
Net other postemployment benefit liability	5,749,406	5,799,973
Net group life insurance other postemployment benefit liability	466,106	471,413
Total long-term liabilities	<u>759,556,382</u>	<u>763,914,081</u>
Deferred inflows of resources:		
Pension	1,408,036	4,832,962
RHIP OPEB	181,945	351,271
GLI OPEB	129,141	200,575
Lease receivable	4,856,716	6,053,611
Total deferred inflows of resources	<u>6,575,838</u>	<u>11,438,419</u>
Total liabilities and deferred inflows of resources	<u>1,190,870,970</u>	<u>802,351,440</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	112,552,216	455,670,166
Restricted for debt service	413,216,854	51,640,113
Restricted for forfeited property	14,352	12,142
Unrestricted	321,564,173	284,237,510
Total net position	<u>847,347,595</u>	<u>791,559,931</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,038,218,565</u>	<u>1,593,911,371</u>

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

	Three Months Ended		Twelve Months Ended	
	September, 2023	September, 2022	September, 2023	September, 2022
<b>Operating Revenues:</b>				
Toll	\$ 22,128,221	22,324,435	67,072,369	66,513,170
Other	426,699	360,977	1,448,598	1,331,452
<b>Total Operating Revenues</b>	<u>22,554,920</u>	<u>22,685,412</u>	<u>68,520,967</u>	<u>67,844,622</u>
<b>Operating Expenses:</b>				
Administration	159,622	117,971	466,179	395,456
Finance	235,137	217,869	963,820	876,829
Operations	1,326,319	1,217,612	4,928,142	4,577,831
Maintenance	1,108,320	1,128,607	4,497,732	4,202,721
General	1,192,844	1,179,736	4,652,569	4,320,537
Consultants	154,630	201,267	726,599	798,482
Utilities	257,566	196,641	826,280	973,869
<b>Total Operating Expenses Before District Facility Expenses</b>	<u>4,434,438</u>	<u>4,259,703</u>	<u>17,061,321</u>	<u>16,145,725</u>
<b>District Facility Expenses:</b>				
Insurance	449,512	432,570	1,454,863	1,352,528
Depreciation	135,635	151,508	620,885	663,084
Bridge and Tunnel Preservation	1,064,665	530,694	2,846,870	1,823,264
Other	586,211	198,100	509,942	31,723
<b>Total district facility expenses</b>	<u>2,236,023</u>	<u>1,312,872</u>	<u>5,432,560</u>	<u>3,870,599</u>
<b>Total Operating and District Facility Expenses</b>	<u>6,670,461</u>	<u>5,572,575</u>	<u>22,493,881</u>	<u>20,016,324</u>
<b>Operating Income (Loss)</b>	<u>15,884,459</u>	<u>17,112,837</u>	<u>46,027,086</u>	<u>47,828,298</u>
<b>Nonoperating Revenues (Expenses):</b>				
Change in fair value of investments	8,242,387	(5,887,584)	25,295,411	(26,378,488)
Interest income	3,046,317	1,576,871	10,725,400	6,406,574
Interest expense	(7,069,991)	(4,994,253)	(26,249,011)	(20,010,609)
Bond issuance costs	-	-	-	(214,421)
Gain (loss) on asset disposal	-	-	4,685	(20,932)
Other expenses, net	685	-	(15,907)	(5,692)
<b>Total Nonoperating Revenues (Expenses), net</b>	<u>4,219,398</u>	<u>(9,304,966)</u>	<u>9,760,578</u>	<u>(40,223,568)</u>
<b>Increase (Decrease) in net position</b>	<u>20,103,857</u>	<u>7,807,871</u>	<u>55,787,664</u>	<u>7,604,730</u>
<b>Total net position, beginning of period</b>	<u>827,243,738</u>	<u>783,752,060</u>	<u>791,559,931</u>	<u>783,955,201</u>
<b>Total net position, end of period</b>	<u>\$ 847,347,595</u>	<u>791,559,931</u>	<u>847,347,595</u>	<u>791,559,931</u>

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

## Statements of Cash Flows

For the period ended September 30, 2023 and 2022

	<u>Q1 FY2024</u>	<u>Q1 FY2023</u>
Cash flows from operating activities:		
Toll collections from customers	\$ 22,058,809	22,373,392
Scrip sales	54,948	62,320
Leasing revenue	410,338	181,263
Payments to employees for services and employee benefits	(3,519,059)	(3,702,092)
Payments to suppliers and consultants	(2,195,848)	(842,794)
Other	302,060	(187,142)
Net cash provided by (used in) operating activities	<u>17,111,248</u>	<u>17,884,947</u>
Cash flows from investing activities:		
Purchases of investments	(284,843,540)	(207,444,165)
Interest income	2,366,562	1,409,780
Sales and maturities of investments	<u>290,751,805</u>	<u>214,737,608</u>
Net cash provided by (used in) investing activities	<u>8,274,827</u>	<u>8,703,223</u>
Cash flows from capital and related financing activities:		
Capitalized expenditures	(3,730,204)	(9,309,471)
Forfeited assets	685	—
Interest paid	<u>(21,470,730)</u>	<u>(17,386,940)</u>
Net cash provided by (used in) capital and related financing activities	<u>(25,200,249)</u>	<u>(26,696,411)</u>
Net increase (decrease) in cash and restricted cash	185,826	(108,241)
Cash, beginning of period	<u>1,306,529</u>	<u>1,828,807</u>
Cash, end of period	<u>\$ 1,492,355</u>	<u>1,720,566</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:		
Cash	\$ 1,459,131	1,689,459
Restricted cash	<u>33,224</u>	<u>31,107</u>
	<u>\$ 1,492,355</u>	<u>1,720,566</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 15,884,459	17,112,837
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	135,635	151,508
(Increase) decrease in operating assets:		
Accounts receivable	917,445	106,680
Lease receivable	270,302	155,573
Prepaid expenses and other assets	263,928	239,703
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(30,222)	438,375
Lease liabilities	(269,020)	(274,429)
Unearned revenue	<u>(61,279)</u>	<u>(45,300)</u>
Net cash provided by operating activities	<u>\$ 17,111,248</u>	<u>17,884,947</u>

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

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<b><u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u></b>			
Unrestricted:			
Revenue Fund	\$ 766,528	5,003,613	5,770,141
Operations & Maintenance Reserve Fund	-	4,848,972	4,848,972
Reserve Maintenance Fund	364,224	23,627,681	23,991,905
General Fund	328,379	323,978,546	324,306,925
Total	<u>1,459,131</u>	<u>357,458,812</u>	<u>358,917,943</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	579,235	579,235
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	38	38
Parallel Thimble Shoal Tunnel Project Fund	-	317	317
Series 2016 Interest Fund	-	3,976,143	3,976,143
Series 2016 VTIB Interest Fund	-	373,263	373,263
Series 2016 TIFIA Interest Fund	-	1,724,970	1,724,970
TIFIA Debt Service Reserve Fund	-	20,307,800	20,307,800
VTIB Debt Service Reserve Fund	-	3,334,683	3,334,683
Series 2019 BANs Principal Fund	-	376,299,456	376,299,456
Series 2019 BANs Capitalized Interest Fund	-	7,097,828	7,097,828
Series 2019 BANs Interest Fund	-	7,894	7,894
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	247,857,691	247,857,691
Total	<u>-</u>	<u>661,559,318</u>	<u>661,559,318</u>
<b><u>OTHER RESTRICTED ASSETS:</u></b>			
Restricted Asset Forfeited Property Account	33,224	-	33,224
<b>Totals</b>	<u>\$ 1,492,355</u>	<u>1,019,018,130</u>	<u>1,020,510,485</u>



**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**  
As of September 30, 2023

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

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<u>Revenue Bond - Revenue Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	\$ 5,003,613
<u>General Revenue Bond - Operations &amp; Maintenance Reserve Fund</u>			
US Treasury Notes	3.000%	06/30/24	4,839,874
Truist Trust Deposit	Variable	Not Fixed	9,098
			<u>4,848,972</u>
<u>GR Reserve Maintenance Fund</u>			
US Treasury Notes	Variable	11/14/23	993,675
US Treasury Notes	Variable	12/14/23	1,978,465
US Treasury Notes	Variable	01/11/24	1,970,149
US Treasury Notes	2.125%	03/31/24	4,721,250
US Treasury Notes	2.500%	04/30/24	3,439,844
US Treasury Notes	2.500%	05/31/24	3,333,594
US Treasury Notes	3.000%	06/30/24	1,374,406
US Treasury Notes	1.500%	02/15/25	3,418,875
Truist Trust Deposit	Variable	Not Fixed	2,397,423
			<u>23,627,681</u>
<u>General Resolution - General Fund:</u>			
US Treasury Notes	0.125%	10/15/23	2,225,470
US Treasury Notes	0.125%	10/15/23	2,430,054
US Treasury Notes	0.125%	10/15/23	4,755,321
US Treasury Notes	0.125%	10/15/23	5,678,442
US Treasury Notes	2.875%	10/31/23	2,455,003
Freddie Mac Notes	0.250%	11/06/23	333,356
US Treasury Notes	2.750%	11/15/23	1,196,063
International Bank of Recon & Dev Global	0.250%	11/24/23	942,875
Fannie Mae Notes	0.250%	11/27/23	1,860,081
US Treasury Notes	2.875%	11/30/23	1,085,231
US Treasury Notes	2.875%	11/30/23	2,887,313
Freddie Mac Notes	0.250%	12/04/23	1,907,758
US Treasury Notes	0.125%	12/15/23	2,641,631
US Treasury Notes	2.625%	12/31/23	2,353,706
US Treasury Notes	0.125%	01/15/24	408,775
Fannie Mae Notes	0.310%	01/26/24	1,082,023
Fannie Mae Notes	0.310%	01/26/24	3,919,873
US Treasury Notes	0.250%	03/15/24	2,320,820
US Treasury Notes	0.250%	03/15/24	2,442,969
Colgate-Palmolive Co. Corp. Notes	3.250%	03/15/24	2,381,755
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,514,453
US Treasury Notes	2.250%	04/30/24	1,874,486
US Treasury Notes	0.375%	09/15/24	3,211,505
US Treasury Notes	0.625%	10/15/24	2,008,127
US Treasury Notes	2.250%	10/31/24	410,855
US Treasury Notes	1.500%	10/31/24	3,082,883
US Treasury Notes	0.750%	11/15/24	1,984,520
US Treasury Notes	2.125%	11/30/24	1,001,650
US Treasury Notes	1.000%	12/15/24	3,693,069
Fannie Mae Notes	1.625%	01/07/25	3,111,116
Fannie Mae Notes	1.625%	01/07/25	2,581,463
Freddie Mac Notes	1.500%	02/12/25	935,585
Freddie Mac Notes	1.500%	02/12/25	1,396,253
Freddie Mac Notes	1.500%	02/12/25	2,175,115
US Treasury Notes	1.500%	02/15/25	4,772,180
Roche Holdings Inc.	2.132%	03/10/25	1,645,224
US Treasury Notes	0.500%	03/31/25	2,329,688
Federal Home Loan Bank Notes	0.500%	04/14/25	2,126,131
Fannie Mae Notes	0.625%	04/22/25	1,545,802
Fannie Mae Notes	0.625%	04/22/25	2,840,178
Colgate-Palmolive Co. Corp. Notes	7.600%	05/19/25	2,382,970

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**  
As of September 30, 2023

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

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<u>General Resolution - General Fund (continued):</u>			
US Treasury Notes	0.250%	05/31/25	\$ 1,567,188
Fannie Mae Notes	0.500%	06/17/25	3,264,003
Fannie Mae Notes	0.500%	06/17/25	2,017,496
Fannie Mae Notes	0.500%	06/17/25	1,126,474
US Treasury Notes	3.000%	07/15/25	631,052
US Treasury Notes	3.000%	07/15/25	2,967,388
Freddie Mac Notes	4.050%	07/21/25	4,882,310
Freddie Mac Notes	0.375%	07/21/25	1,216,109
US Treasury Notes	0.250%	07/31/25	9,681,083
Federal Home Loan Bank Notes	4.100%	08/08/25	4,883,185
Fannie Mae Notes	0.500%	08/14/25	2,121,246
Fannie Mae Notes	0.375%	08/25/25	1,956,444
Federal National Mortgage Corporation Notes	0.375%	08/25/25	2,194,142
Freddie Mac Notes	4.050%	08/28/25	4,879,870
Fannie Mae Notes	4.000%	08/28/25	4,876,310
US Treasury Notes	0.250%	08/31/25	1,664,742
US Treasury Notes	0.250%	08/31/25	1,176,722
Freddie Mac Notes	0.375%	09/23/25	2,863,482
US Treasury Notes	0.250%	09/30/25	1,865,180
US Treasury Notes	0.250%	09/30/25	3,116,215
US Treasury Notes	4.250%	10/15/25	9,330,394
Fannie Mae Notes	0.500%	10/20/25	2,164,743
Microsoft Corporation	3.125%	11/03/25	2,284,761
Fannie Mae Notes	0.500%	11/07/25	2,051,220
Bank of NY Mellon Notes	5.224%	11/21/25	4,026,326
US Treasury Notes	0.375%	12/31/25	2,756,438
US Treasury Notes	0.375%	12/31/25	1,604,156
US Treasury Notes	0.375%	12/31/25	1,717,125
US Treasury Notes	0.375%	12/31/25	3,533,663
US Treasury Notes	0.375%	12/31/25	1,952,100
US Treasury Notes	0.375%	01/31/26	9,643,500
US Treasury Notes	0.375%	01/31/26	1,665,000
US Treasury Notes	0.750%	04/30/26	9,602,328
Freddie Mac Notes	5.400%	02/23/26	9,021,494
Proctor & Gamble Corporation	1.000%	04/23/26	3,330,247
US Treasury Notes	0.750%	05/31/26	1,014,528
US Treasury Notes	0.750%	05/31/26	1,346,719
US Treasury Notes	2.125%	05/31/26	3,168,375
US Treasury Notes	0.875%	06/30/26	6,702,672
US Treasury Notes	0.625%	07/31/26	3,012,650
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,154,826
US Treasury Notes	1.500%	08/15/26	1,093,875
US Treasury Notes	0.875%	09/30/26	6,594,421
US Treasury Notes	1.625%	10/31/26	4,061,755
US Treasury Notes	2.000%	11/15/26	1,379,531
US Treasury Notes	2.000%	11/15/26	4,060,420
US Treasury Notes	1.250%	12/31/26	4,680,457
GNMA Pool #5276	3.000%	01/01/27	71,425
US Treasury Notes	1.500%	01/31/27	4,046,905
Microsoft Corporation	3.300%	02/06/27	2,372,605
US Treasury Notes	1.875%	02/28/27	2,066,055
US Treasury Notes	1.875%	02/28/27	3,130,937
GNMA Pool #794283	3.500%	03/01/27	28,665
FHMS K064 A2	3.224%	03/01/27	3,096,543
US Treasury Notes	2.500%	03/31/27	4,123,650
GNMA Pool #MA0007	3.000%	04/01/27	129,038
Federal Home Loan Mortgage Corporation Notes	3.243%	04/01/27	1,744,633
US Treasury Notes	2.625%	05/31/27	4,601,953
Federal Home Loan Mortgage Corporation Notes	3.117%	06/01/27	2,709,048
US Treasury Notes	3.250%	06/30/27	3,011,500
US Treasury Notes	3.250%	06/30/27	3,277,500
US Treasury Notes	2.750%	07/31/27	4,424,922
US Treasury Notes	3.125%	08/31/27	3,326,719

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**  
As of September 30, 2023

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

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<u>General Resolution - General Fund (continued):</u>			
US Treasury Notes	4.125%	09/30/27	\$ 3,779,181
US Treasury Notes	4.125%	10/31/27	4,379,906
US Treasury Notes	2.250%	11/15/27	2,937,281
US Treasury Notes	3.875%	12/31/27	4,265,250
FHMS K507 A1	4.800%	04/01/28	3,133,572
FHMS KJ47 A1	5.272%	08/01/28	1,865,040
FHMS K507 A2	4.800%	09/01/28	3,240,227
Fannie Mae Pool #1084	3.500%	06/01/32	242,782
Truist Trust Deposit	Variable	Not Fixed	137,072
			<u>323,978,546</u>
Total unrestricted investments			<u>\$ 357,458,812</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**  
As of September 30, 2023

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

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Bill	Variable	12/28/23	\$ 11,470,466
US Treasury Notes	2.250%	12/31/23	3,165,078
US Treasury Notes	1.750%	12/31/24	3,414,928
Freddie Mac Notes	0.375%	09/23/25	2,220,567
Truist Trust Deposit	Variable	Not Fixed	36,761
			<u>20,307,800</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	Variable	12/28/23	2,072,976
US Treasury Notes	1.750%	12/31/24	918,300
Freddie Mac Notes	0.375%	09/23/25	328,297
Truist Trust Deposit	Variable	Not Fixed	15,110
			<u>3,334,683</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
US Treasury Notes	0.750%	12/31/23	1,324,716
US Treasury Notes	0.750%	12/31/23	1,322,739
US Treasury Notes	0.750%	12/31/23	1,314,830
Truist Trust Deposit	Variable	Not Fixed	13,858
			<u>3,976,143</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
US Treasury Notes	0.750%	12/31/23	123,574
US Treasury Notes	0.750%	12/31/23	123,574
US Treasury Notes	0.750%	12/31/23	122,586
Truist Trust Deposit	Variable	Not Fixed	3,529
			<u>373,263</u>
<u>General Revenue Bond - Series 2016 TIFIA Interest Fund</u>			
US Treasury Notes	0.750%	12/31/23	553,613
US Treasury Notes	0.750%	12/31/23	573,384
US Treasury Notes	0.750%	12/31/23	570,419
Truist Trust Deposit	Variable	Not Fixed	27,554
			<u>1,724,970</u>
<u>2016 Thimble Shoal Project Fund</u>			
US Treasury Notes	0.125%	12/15/23	49,468,750
US Treasury Notes	0.250%	03/15/24	30,239,067
US Treasury Notes	0.250%	06/15/24	48,195,310
US Treasury Notes	1.750%	06/30/24	25,191,796
US Treasury Notes	4.250%	06/30/24	24,341,366
US Treasury Notes	2.125%	11/30/24	24,790,838
US Treasury Notes	3.875%	03/31/25	24,980,200
Local Government Investment Pool SNAP	Variable	Not Fixed	19,505,023
Truist Trust Deposit	Variable	Not Fixed	1,145,340
			<u>247,857,691</u>
<u>2016 Thimble Shoal Project Fund - TIFIA</u>			
Truist Trust Deposit	Variable	Not Fixed	<u>38</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**  
As of September 30, 2023

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

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<u>2016 Thimble Shoal Project Fund - VTIB</u>			
Truist Trust Deposit	Variable	Not Fixed	<u>\$ 579,235</u>
<u>2016 Thimble Shoal Project Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	<u>317</u>
<u>2019 BANS Interest Fund</u>			
BB&T Trust Deposit	Variable	Not Fixed	<u>7,894</u>
<u>2019 BANS Capitalized Interest Fund</u>			
Local Government Investment Pool SNAP	Variable	Not Fixed	6,845,153
Truist Trust Deposit	Variable	Not Fixed	<u>252,675</u>
			<u>7,097,828</u>
<u>2019 BANS Principal Fund</u>			
Federal Home Loan Bank Notes	Discount	11/01/23	376,256,833
Truist Trust Deposit	Variable	Not Fixed	<u>42,623</u>
			<u>376,299,456</u>
Total restricted investments			<u>661,559,318</u>
Total investments			<u><u>\$ 1,019,018,130</u></u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**Vehicular Traffic Statistics**

DESCRIPTION/CLASS	CURRENT YEAR				
	July 2023	August 2023	September 2023	3 Months Ended 09/30/23	12 Months Ended 09/30/23
<u>Cars/Light Trucks:</u>					
Class 1	395,034	376,916	267,054	1,039,004	3,116,745
Class 1 Round Trip	44,913	43,938	37,800	126,651	457,064
Class 1 Commuter	16,632	19,872	17,929	54,433	210,549
Class 2	5,262	4,687	3,529	13,478	36,375
Class 2 Round Trip	549	541	461	1,551	5,117
Class 3	7,812	6,781	5,240	19,833	57,905
Class 3 Round Trip	664	748	626	2,038	7,297
Class 4	304	329	325	958	3,432
Class 4 Round Trip	23	41	24	88	337
Sub Total	<u>471,193</u>	<u>453,853</u>	<u>332,988</u>	<u>1,258,034</u>	<u>3,894,821</u>
<u>Heavy Trucks:</u>					
Class 9	5,883	5,728	5,146	16,757	60,347
Class 10	1,651	1,723	1,617	4,991	20,126
Class 11	1,555	1,578	1,465	4,598	16,528
Class 12	26,631	27,643	23,843	78,117	296,288
Class 13	426	410	396	1,232	4,201
Class 16	28	21	27	76	399
Sub Total	<u>36,174</u>	<u>37,103</u>	<u>32,494</u>	<u>105,771</u>	<u>397,889</u>
<u>Buses:</u>					
Class 8	74	97	152	323	1,543
Class 14	114	70	58	242	552
Class 15	486	468	484	1,438	5,666
Sub Total	<u>674</u>	<u>635</u>	<u>694</u>	<u>2,003</u>	<u>7,761</u>
Totals	<u>508,041</u>	<u>491,591</u>	<u>366,176</u>	<u>1,365,808</u>	<u>4,300,471</u>

DESCRIPTION/CLASS	PRIOR YEAR				
	July 2022	August 2022	September 2022	3 Months Ended 09/30/22	12 Months Ended 09/30/22
<u>Cars/Light Trucks:</u>					
Class 1	392,179	378,112	278,131	1,048,422	3,092,866
Class 1 Round Trip	42,184	41,899	36,536	120,619	431,439
Class 1 Commuter	15,226	17,725	16,682	49,633	193,378
Class 2	5,190	4,574	3,693	13,457	37,374
Class 2 Round Trip	555	522	478	1,555	4,956
Class 3	7,498	6,552	5,618	19,668	58,762
Class 3 Round Trip	629	627	553	1,809	6,427
Class 4	326	373	345	1,044	3,647
Class 4 Round Trip	28	38	36	102	420
Sub Total	<u>463,815</u>	<u>450,422</u>	<u>342,072</u>	<u>1,256,309</u>	<u>3,829,269</u>
<u>Heavy Trucks:</u>					
Class 9	5,634	5,854	5,204	16,692	61,048
Class 10	1,979	2,077	2,370	6,426	21,800
Class 11	1,474	1,609	1,536	4,619	15,689
Class 12	25,669	27,954	25,698	79,321	297,300
Class 13	275	329	305	909	4,197
Class 16	17	37	30	84	355
Sub Total	<u>35,048</u>	<u>37,860</u>	<u>35,143</u>	<u>108,051</u>	<u>400,389</u>
<u>Buses:</u>					
Class 8	72	93	128	293	1,261
Class 14	105	47	50	202	485
Class 15	486	442	436	1,364	5,354
Sub Total	<u>663</u>	<u>582</u>	<u>614</u>	<u>1,859</u>	<u>7,100</u>
Totals	<u>499,526</u>	<u>488,864</u>	<u>377,829</u>	<u>1,366,219</u>	<u>4,236,758</u>

## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2023

### **(1) Organization and Summary of Operations**

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

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

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

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

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

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

### **(2) Summary of Significant Accounting Policies**

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

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

#### **(a) Cash and Investments**

Cash includes cash on hand and various checking accounts.

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

#### **(b) Restricted Assets**

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



## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2023

### **(c) Capital Assets**

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

### **(d) Net Position**

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

### **(e) Management's Estimates**

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

### **(f) Revenue Recognition**

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

### **(g) Accounts Receivable**

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

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

### **(h) Pensions**

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

### **(i) Postemployment benefits other than pensions (OPEB)**

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

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

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

### **(j) *Deferred Outflows and Inflows of Resources***

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

### **(k) *New Accounting Pronouncements***

The District implemented GASB Statement No. 96 – Subscription Based Information Technology Arrangements (SBITAs) effective July 1, 2022. The requirements of this Standard 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, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon review, the District concluded that SBITA's are immaterial and do not warrant disclosure.

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

### **(3) Cash Deposits and Investments**

#### **(a) Deposits**

The carrying value of the District's deposits (unrestricted and restricted) was \$1,492,355 and \$1,720,566 at September 30, 2023 and 2022, respectively. The entire bank balance was covered for both fiscal years by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (VSPD Act). In accordance with the VSPD Act, the District's depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the District's deposits with a first-party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event that the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the District up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the VSPD Act and for notifying local governments of compliance by banks.

#### **(b) Investments**

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

#### **(c) Credit Risk**

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

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

Investment type	Standard & Poor's credit rating				Total
	AAA	AA+	AA	AA-	
U.S. treasuries	-	486,559,834	-	-	486,559,834
Supra-national agency	942,875	-	-	-	942,875
US agencies	-	473,442,475	-	-	473,442,475
Federal agency mortgage-backed	-	471,910	-	-	471,910
Corporate notes	4,657,366	3,154,826	1,645,224	12,121,298	21,578,714
	5,600,241	963,629,046	1,645,224	12,121,298	982,995,808

### (d) Concentration of Credit Risk

The District's investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of September 30, 2023, the District's portfolio was invested as follows:

Investment type	2023 Fair Value	Percentage of portfolio
U.S. treasuries	\$ 486,559,834	47.75%
Supra-national agency	942,875	0.09%
US agencies	473,442,475	46.46%
Federal agency mortgage-backed	471,910	0.05%
Corporate notes	21,578,714	2.12%
Money Market Funds	36,022,322	3.54%
	<u>\$ 1,019,018,130</u>	<u>100.0%</u>

### (e) Interest Rate Risk

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

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

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

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

Investment type	2023 Fair Value	Investment maturities (in years)			
		Less than 1 Year	Between 1 to 3 Years	Greater than 3 Years	Not Fixed
U.S. treasuries	\$ 486,559,834	260,792,289	164,213,623	61,553,922	
Supra-national agency	942,875	942,875		-	
US agencies	473,442,475	388,874,377	68,779,035	15,789,063	
Federal agency	-				
mortgage-backed	471,910	-	-	471,910	
Corporate notes	21,578,714	2,381,755	16,824,354	2,372,605	
Money Market Funds	36,022,322				36,022,322
	<u>\$ 1,019,018,130</u>	<u>652,991,296</u>	<u>249,817,012</u>	<u>80,187,500</u>	<u>36,022,322</u>

## (f) Summary of Changes in Fair Value of Investments

The calculation of realized gains and losses is independent of the calculation of the change in fair value (including purchases and sales) that occurred during the year. Realized gains and losses on investments that were held by the District during previous years, but sold during the current year, were used to compute the change in fair value of investments for the previous year as well as the current year. The change in fair value of investments for the quarter ended September 30, 2023 is calculated as follows:

	Q1 FY24
Investment Fair Value at end of quarter	\$ 1,019,018,130
Add:	
Proceeds from sales and maturities during the quarter	290,751,805
Less:	
Cost of investments purchased during the quarter	(284,843,540)
Fair value of investments at beginning of quarter	(1,016,684,008)
Change in fair value of investments	<u>\$ 8,242,387</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

### (4) Capital Assets

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

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

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

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

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

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

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

## MRP Numeric code scale

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

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

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

### Percentage of capital assets at an MRP condition Level 7 or better

Bridge and tunnel assets	2023	2022	2021
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	89	89	89
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

### Percentage of land miles at an MRP condition Level 7 or better

Bridge and tunnel assets	2023	2022	2021
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100



# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

## (5) General Resolution Revenue Bonds

Bond activity for Q1 FY24 was as follows:

	Balance June 30, 2023	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance September 30, 2023	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	
Series 2016 Issuance Premiums	30,556,253	-	(383,939)	-	30,172,314	
Series 2019 BANS	378,140,000	-	-	-	378,140,000	378,140,000
Series 2019 Issuance Premiums	4,458,029	-	(3,343,522)	-	1,114,507	1,114,507
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	
VTIB Series 2016	50,073,856	-	-	-	50,073,856	
	<u>\$ 1,123,271,810</u>	<u>-</u>	<u>(3,727,461)</u>	<u>-</u>	<u>1,119,544,349</u>	<u>379,254,507</u>

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

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

## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2023

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

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

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

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

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

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

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

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

### **(6) Fair Value Measurements**

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

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

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

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

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

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

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2023

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

- U.S. Treasuries, U.S. Agencies, and Supra-Nationals: quoted prices for similar securities in the market are used to draw appropriate correlations;
- Corporate Notes and Municipal Bonds: relevant trade data, benchmark quotes and surveys of the dealer community are incorporated into the evaluation process;
- Certificates of Deposit: matrix pricing based on various market makers and dealers;
- Federal Agency Mortgage-Backed: solicited prices from market buy and sell side sources, including primary and secondary dealers, portfolio managers and research analysts are used.

The fair value of investments in money market funds is based on the published net asset values per share of those funds. The District has the following recurring fair value measurements as of September 30, 2023:

	Fair value 2023	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
U.S. Treasuries	\$ 486,559,834	—	486,559,834	—
Supra-National Agency	942,875	—	942,875	—
U.S. Agencies	473,442,475	—	473,442,475	—
Federal agency mortgage-backed	471,910	—	471,910	—
Corporate notes	21,578,714	—	21,578,714	—
Total investments by fair value level	982,995,808	—	982,995,808	—
Investments measured at the net asset value (NAV):				
Money market funds	36,022,322			
Total investments measured at fair value	\$ 1,019,018,130			