

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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CHESAPEAKE BAY  
BRIDGE-TUNNEL



Financial Statements & Quarterly Report  
September 30, 2025



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

Quarterly Report for the Period Ending

September 30, 2025

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

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended September 30, 2025 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, 2025 and 2024, 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 2026 (Q1 FY26) were \$24,912,341 and were 0.1% more than toll revenues in the first quarter of fiscal year 2025 (Q1 FY25). During Q1 FY26, total revenue vehicles of 1,330,840 crossed the District's facility. This represents an increase in vehicular traffic of 13,278 or 1.0% from Q1 FY25.
- August 2025 represented record all-time highs for toll revenues.
- Other revenues totaled \$372,326 in Q1 FY26 compared to a total of \$385,484 in Q1 FY25, which is a decrease of \$13,158 or 3.4%.
- Operating expenses before District facility expenses in Q1 FY26 totaled \$4,859,909, which is an increase in operating expenses of \$241,811 or 5.2% from Q1 FY25.
- Facility expenses for Q1 FY26 were \$3,129,268 compared to \$1,533,979 in Q1 FY25 which represents an increase of \$1,595,289 in facility expenses. 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 FY26 total \$838,367 in comparison to net non-operating revenues of \$8,215,749 in Q1 FY25, this represents a decrease in non-operating revenues of \$7,377,382. The difference is primarily due to a decrease in gains on the change in fair value of investments.

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

Quarterly Report for the Period Ending

September 30, 2025

- Total net position at September 30, 2025 was \$967,181,123 a 5.6% increase over total net position at September 30, 2024.

### **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 Director of Finance and Operations, 32386 Lankford Highway, Cape Charles, Virginia 23310.

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**September 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets:		
Cash	\$ 2,074,340	1,658,770
Investments	121,364,041	101,632,376
Accounts receivable and accrued interest receivable, net	2,327,307	2,520,433
Prepaid expenses and other assets	906,676	871,992
Lease receivable	1,046,690	1,064,434
Total Current Assets	<u>127,719,054</u>	<u>107,748,005</u>
Restricted Assets:		
Cash	19,659	34,923
Investments	188,164,222	237,877,004
Accrued interest receivable	769,568	1,569,248
Total restricted assets	<u>188,953,449</u>	<u>239,481,175</u>
Investments	239,166,747	248,583,626
Long-term lease receivable	1,535,614	3,169,560
Capital Assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	757,878,559	667,613,589
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	5,351,530	5,022,443
Total Capital Assets, net	<u>1,194,309,697</u>	<u>1,103,715,640</u>
Bond insurance costs, net of accumulated amortization	<u>1,930,670</u>	<u>2,042,963</u>
Deferred Outflows of Resources:		
Pension	2,454,796	1,945,385
RHIP OPEB	323,657	539,534
GLI OPEB	133,162	112,009
Total Deferred Outflows of Resources	<u>2,911,615</u>	<u>2,596,928</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 1,756,526,846</u></u>	<u><u>1,707,337,897</u></u>

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**September 30, 2025 and 2024**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>2025</b>	<b>2024 (as restated)</b>
Current Liabilities:		
Accounts payable & accrued expenses	\$ 23,069,785	21,785,740
Current portion of long-term debt	718,915	718,915
Accrued interest	6,038,769	6,042,629
Unearned revenue	893,564	835,822
Total Current Liabilities	<u>30,721,033</u>	<u>29,383,106</u>
Long-Term Liabilities:		
Long-term debt, net of current portion	735,780,504	738,035,174
Net pension liability	13,374,855	13,774,988
Net RHIP OPEB Liability	4,607,735	4,635,569
Net GLI OPEB Liability	439,785	460,656
Total Long-Term Liabilities	<u>754,202,879</u>	<u>756,906,387</u>
Deferred Inflows of Resources:		
Pension	1,270,654	748,163
RHIP OPEB	629,520	917,478
GLI OPEB	89,834	94,364
Lease Receivable	2,431,803	3,780,636
Total Deferred Inflows of Resources	<u>4,421,811</u>	<u>5,540,641</u>
Total Liabilities and Deferred Inflows of Resources	<u>789,345,723</u>	<u>791,830,134</u>
Net Position:		
Net investment in capital assets	595,275,802	553,809,158
Restricted for debt service	30,576,725	30,886,695
Restricted for forfeited property	788	16,052
Unrestricted	341,327,808	330,795,858
Total Net Position	<u>967,181,123</u>	<u>915,507,763</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ <u>1,756,526,846</u></b>	<b><u>1,707,337,897</u></b>

**Chesapeake Bay Bridge and Tunnel District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**As of September 30, 2025 & 2024**

	Three Months Ended		Twelve Months Ended	
	September, 2025	September, 2024 (as restated)	September, 2025	September, 2024 (as restated)
<b>Operating Revenues:</b>				
Toll	\$ 24,354,012	24,307,371	74,344,116	73,169,645
Other	372,326	385,484	911,504	1,314,607
<b>Total Operating Revenues</b>	<u>24,726,338</u>	<u>24,692,855</u>	<u>75,255,620</u>	<u>74,484,252</u>
<b>Operating Expenses:</b>				
Administration	171,248	162,175	647,257	608,852
Finance	287,082	286,433	1,099,145	1,038,647
Operations	1,484,459	1,403,728	5,765,644	5,548,478
Maintenance	1,398,542	1,231,457	5,160,669	4,780,854
General	1,130,440	1,186,710	4,291,391	4,892,494
Consultants	162,711	134,217	804,953	633,896
Utilities	225,427	213,378	856,320	830,495
<b>Total Operating Expenses Before District Facility Expenses</b>	<u>4,859,909</u>	<u>4,618,098</u>	<u>18,625,379</u>	<u>18,333,716</u>
<b>District Facility Expenses:</b>				
Insurance	408,216	509,911	1,471,714	1,611,923
Depreciation	209,608	201,442	769,644	609,420
Bridge and Tunnel Preservation	969,096	406,720	1,851,682	1,666,787
Other	1,542,348	415,906	1,290,429	(64,630)
<b>Total district facility expenses</b>	<u>3,129,268</u>	<u>1,533,979</u>	<u>5,383,469</u>	<u>3,823,500</u>
<b>Total Operating and District Facility Expenses</b>	<u>7,989,177</u>	<u>6,152,077</u>	<u>24,008,848</u>	<u>22,157,216</u>
<b>Operating Income (Loss)</b>	<u>16,737,161</u>	<u>18,540,778</u>	<u>51,246,772</u>	<u>52,327,036</u>
<b>Nonoperating Revenues (Expenses):</b>				
Change in fair value of investments	1,975,700	9,025,970	5,108,591	23,508,903
Interest income	4,545,571	4,876,542	17,995,253	16,907,222
Interest expense	(5,682,904)	(5,686,763)	(22,675,166)	(23,144,136)
Gain (loss) on asset disposal	-	-	14,230	-
Other revenue/expense, net	-	-	(16,320)	26,549
<b>Total Nonoperating Revenues (Expenses), net</b>	<u>838,367</u>	<u>8,215,749</u>	<u>426,588</u>	<u>17,298,538</u>
<b>Increase (Decrease) in net position</b>	<u>17,575,528</u>	<u>26,756,527</u>	<u>51,673,360</u>	<u>69,625,574</u>
<b>Total net position, beginning of period</b>	<u>949,605,595</u>	<u>888,751,236</u>	<u>915,507,763</u>	<u>847,347,596</u>
<b>Restatement - change in accounting principle</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,465,407)</u>
<b>Total net position, beginning of period as restated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,882,189</u>
<b>Total net position, end of period</b>	<u>\$ 967,181,123</u>	<u>915,507,763</u>	<u>967,181,123</u>	<u>915,507,763</u>

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

## Statements of Cash Flows

For the period ended June 30, 2025 and 2024

	<u>Q1 FY2026</u>	<u>Q1 FY2025</u>
Cash flows from operating activities:		
Toll collections from customers	\$ 25,023,223	24,734,327
Scrip sales	62,420	79,140
Leasing revenue	474,463	476,929
Payments to employees for services and employee benefits	(4,167,672)	(4,089,283)
Payments to suppliers and consultants	(1,454,192)	(1,100,827)
Other	(1,518,657)	(404,088)
Net cash provided by (used in) operating activities	<u>18,419,585</u>	<u>19,696,198</u>
Cash flows from investing activities:		
Purchases of investments	(199,344,260)	(192,017,502)
Interest income	4,545,723	4,847,123
Sales and maturities of investments	199,865,318	203,845,504
Net cash provided by (used in) investing activities	<u>5,066,781</u>	<u>16,675,125</u>
Cash flows from capital and related financing activities:		
Capitalized expenditures	(10,296,600)	(24,130,191)
Debt principal repayments	(718,915)	—
Interest paid	(12,017,229)	(12,030,633)
Net cash provided by (used in) capital and related financing activities	<u>(23,032,744)</u>	<u>(36,160,824)</u>
Net increase (decrease) in cash and restricted cash	453,622	210,499
Cash, beginning of period	<u>1,640,377</u>	<u>1,483,194</u>
Cash, end of period	<u>\$ 2,093,999</u>	<u>1,693,693</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:		
Cash	\$ 2,074,340	1,658,770
Restricted cash	<u>19,659</u>	<u>34,923</u>
	<u>\$ 2,093,999</u>	<u>1,693,693</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 16,737,161	18,540,778
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	209,608	201,442
(Increase) decrease in operating assets:		
Accounts receivable	723,628	491,323
Lease receivable	226,412	283,621
Prepaid expenses and other assets	429,524	268,286
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	191,444	76,335
Lease liabilities	(240,043)	(269,020)
Unearned revenue	141,851	103,433
Net cash provided by operating activities	<u>\$ 18,419,585</u>	<u>19,696,198</u>

**Chesapeake Bay Bridge and Tunnel District**  
**Statement of Cash & Investments**  
**As of September 30, 2025**

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<b><u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u></b>			
<b>Unrestricted:</b>			
Revenue Fund	\$ 1,139,265	5,173,170	6,312,435
Operations & Maintenance Reserve Fund	-	5,171,609	5,171,609
Reserve Maintenance Fund	206,517	27,388,570	27,595,087
General Fund	<u>728,558</u>	<u>322,797,439</u>	<u>323,525,997</u>
	<u>2,074,340</u>	<u>360,530,788</u>	<u>362,605,128</u>
<b>Restricted:</b>			
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	157,627,505	157,627,505
Series 2016 Interest Fund	-	3,945,109	3,945,109
Series 2021 TIFIA Interest Fund	-	1,706,945	1,706,945
Series 2021 TIFIA Principal Fund	-	158,880	158,880
Series 2016 VTIB Interest Fund	-	369,363	369,363
Series 2021 VTIB Principal Fund	-	23,501	23,501
TIFIA Debt Service Reserve Fund	-	20,912,459	20,912,459
VTIB Debt Service Reserve Fund	<u>-</u>	<u>3,420,460</u>	<u>3,420,460</u>
	<u>-</u>	<u>188,164,222</u>	<u>188,164,222</u>
<b><u>OTHER RESTRICTED ASSETS:</u></b>			
Restricted Asset Forfeited Property Account	<u>19,659</u>	<u>-</u>	<u>19,659</u>
<b>Totals</b>	<u>\$ 2,093,999</u>	<u>548,695,010</u>	<u>550,789,009</u>



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

As of September 30, 2025

Unrestricted investments at fair market value as of September 30, 2025 consist of the following:

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<b><u>General Revenue Bond - Revenue Fund</u></b>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ 5,173,170
<b><u>General Revenue Bond - Operations &amp; Maintenance Reserve Fund</u></b>			
US Treasury Note	4.375%	08/15/26	5,126,495
Truist Bank Trust Deposit	Variable	Not Fixed	45,114
			<u>5,171,609</u>
<b><u>GR Reserve Maintenance Fund</u></b>			
US Treasury Bill	Discount	10/09/25	1,998,194
US Treasury Bill	Discount	11/13/25	995,201
US Treasury Bill	Discount	02/12/26	986,107
US Treasury Bill	Discount	03/19/26	1,964,960
US Treasury Bill	Discount	04/16/26	1,960,162
US Treasury Bill	Discount	05/14/26	1,954,618
US Treasury Bill	Discount	06/11/26	1,949,782
US Treasury Notes	4.500%	11/15/25	980,421
US Treasury Notes	4.000%	12/15/25	985,029
US Treasury Notes	3.875%	01/15/26	989,700
US Treasury Notes	4.000%	02/15/26	445,069
US Treasury Notes	4.125%	06/15/26	5,302,273
US Treasury Notes	4.500%	04/15/27	3,973,450
Truist Bank Trust Deposit	Variable	Not Fixed	2,903,604
			<u>27,388,570</u>
<b><u>GR General Fund</u></b>			
US Treasury Notes	4.250%	10/15/25	1,910,000
Fannie Mae Notes	0.500%	10/20/25	2,375,480
Microsoft Corporation	3.125%	11/03/25	2,382,505
Fannie Mae Notes	0.500%	11/07/25	2,246,629
US Treasury Notes	0.375%	12/31/25	3,022,513
US Treasury Notes	0.375%	12/31/25	1,759,004
US Treasury Notes	0.375%	12/31/25	1,882,877
US Treasury Notes	0.375%	12/31/25	3,874,763
US Treasury Notes	0.375%	12/31/25	2,140,534
US Treasury Notes	0.375%	12/31/25	4,167,105
US Treasury Notes	0.375%	01/31/26	10,587,470
US Treasury Notes	0.375%	01/31/26	1,827,981

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

As of September 30, 2025

Unrestricted investments at fair market value as of September 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<b><u>GR General Fund (continued)</u></b>			
US Treasury Notes	0.750%	04/30/26	10,473,279
Proctor & Gamble Corporation	1.000%	04/23/26	3,633,949
US Treasury Notes	0.750%	05/31/26	1,107,333
US Treasury Notes	0.750%	05/31/26	1,469,912
US Treasury Notes	2.125%	05/31/26	3,361,988
US Treasury Notes	4.625%	06/30/26	593,531
US Treasury Notes	4.625%	06/30/26	1,856,040
US Treasury Notes	4.625%	06/30/26	3,108,491
US Treasury Notes	4.625%	06/30/26	4,049,086
US Treasury Notes	0.875%	06/30/26	7,291,308
US Treasury Notes	0.625%	07/31/26	3,298,314
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,376,138
US Treasury Notes	1.500%	08/15/26	1,176,821
US Treasury Notes	0.875%	09/30/26	7,185,792
US Treasury Notes	3.500%	09/30/26	3,642,302
US Treasury Notes	1.625%	10/31/26	4,367,328
US Treasury Notes	2.000%	11/15/26	1,471,758
US Treasury Notes	2.000%	11/15/26	4,331,874
US Treasury Notes	1.250%	12/31/26	5,069,676
Government National Mortgage Association Pool #5276	3.000%	01/01/27	17,580
US Treasury Notes	4.000%	01/15/27	2,514,394
US Treasury Notes	1.500%	01/31/27	4,367,877
Microsoft Corporation	3.300%	02/06/27	2,485,178
US Treasury Notes	1.875%	02/28/27	2,214,049
US Treasury Notes	1.875%	02/28/27	3,355,211
Government National Mortgage Association Pool #794283	3.500%	03/01/27	4,334
Freddie Mac Structured Pass-Thru Certificate K064 A2	3.224%	03/01/27	3,267,112
US Treasury Notes	2.500%	03/31/27	4,365,075
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	38,114
Freddie Mac Structured Pass-Thru Certificate K065 A2	3.243%	04/01/27	1,843,256
US Treasury Notes	4.500%	04/15/27	3,862,092
US Treasury Notes	2.750%	04/30/27	1,306,730
Chevron Corporation	1.995%	05/11/27	2,381,285
US Treasury Notes	4.500%	05/15/27	2,532,618
US Treasury Notes	2.625%	05/31/27	4,868,018
Freddie Mac Structured Pass-Thru Certificate K066 A2	3.117%	06/01/27	2,871,987
US Treasury Notes	3.250%	06/30/27	3,149,446
US Treasury Notes	3.250%	06/30/27	3,427,630

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

As of September 30, 2025

Unrestricted investments at fair market value as of September 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<b><u>GR General Fund (continued)</u></b>			
Blackrock Funding Inc. Corporate Notes	4.600%	07/26/27	1,428,766
US Treasury Notes	2.750%	07/31/27	4,675,781
Meta Platforms Inc.	3.500%	08/15/27	4,480,065
US Treasury Notes	3.125%	08/31/27	1,426,668
US Treasury Notes	3.125%	08/31/27	3,492,366
Johnson & Johnson	0.950%	09/01/27	4,757,095
US Treasury Notes	4.125%	09/30/27	2,685,664
Accenture Capital Corporation	3.900%	10/04/27	655,686
US Treasury Notes	4.125%	10/31/27	4,520,448
US Treasury Notes	4.125%	10/31/27	2,550,644
US Treasury Notes	3.875%	11/30/27	3,789,879
US Treasury Notes	4.000%	12/15/27	3,654,736
US Treasury Notes	3.875%	12/31/27	1,181,472
US Treasury Notes	3.875%	12/31/27	4,072,307
US Treasury Notes	3.500%	01/31/28	6,108,732
Chevron USA Inc.	4.475%	02/26/28	1,394,190
US Treasury Notes	4.000%	02/29/28	2,017,656
US Treasury Notes	4.000%	02/29/28	2,557,379
Johnson & Johnson	4.550%	03/01/28	642,471
US Treasury Notes	3.625%	03/31/28	5,376,467
US Treasury Notes	3.625%	03/31/28	3,701,010
Freddie Mac Structured Pass-Thru Certificate K507 A1	4.800%	04/01/28	2,969,602
US Treasury Notes	3.750%	05/15/28	1,705,445
US Treasury Notes	3.750%	05/15/28	2,006,407
US Treasury Notes	3.750%	05/15/28	3,762,012
US Treasury Notes	3.625%	05/31/28	3,965,619
US Treasury Notes	3.875%	06/15/28	3,734,349
US Treasury Notes	4.000%	06/30/28	3,963,485
Freddie Mac Structured Pass-Thru Certificate K744 A2	1.712%	07/25/28	3,147,139
US Treasury Notes	4.125%	07/31/28	2,320,414
Freddie Mac Structured Pass-Thru Certificate KJ47 A1	5.272%	08/01/28	1,311,254
US Treasury Notes	3.625%	08/15/28	4,000,000
US Treasury Notes	3.625%	08/15/28	4,750,000
Freddie Mac Structured Pass-Thru Certificate K507 A2	4.800%	09/01/28	3,365,512
Freddie Mac Structured Pass-Thru Certificate K509 A2	4.850%	09/01/28	2,572,754
US Treasury Notes	3.375%	09/15/28	4,171,453
Freddie Mac Structured Pass-Thru Certificate K510 A2	5.069%	10/01/28	1,309,463
Freddie Mac Structured Pass-Thru Certificate K511 A2	4.860%	10/01/28	1,897,207

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

As of September 30, 2025

Unrestricted investments at fair market value as of September 30, 2025 consist of the following:

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<b><u>GR General Fund (continued)</u></b>			
Freddie Mac Structured Pass-Thru Certificate K512 A2	5.000%	11/01/28	1,723,161
Freddie Mac Structured Pass-Thru Certificate K514 A2	4.572%	12/01/28	1,755,331
Roche Holdings Corporation	1.930%	12/31/28	4,698,340
Freddie Mac Structured Pass-Thru Certificate K515 A2	5.400%	01/01/29	3,059,947
Freddie Mac Structured Pass-Thru Certificate K516 A2	5.477%	01/01/29	3,067,242
Freddie Mac Structured Pass-Thru Certificate K530 A2	4.792%	09/01/29	3,061,303
Freddie Mac Structured Pass-Thru Certificate K517 A2	5.355%	01/25/29	2,746,136
US Treasury Notes	4.250%	02/28/29	5,426,297
US Treasury Notes	4.250%	02/28/29	1,528,535
US Treasury Notes	4.125%	03/31/29	1,106,605
Freddie Mac Structured Pass-Thru Certificate K541 A2	4.348%	02/01/30	2,995,658
Blackrock Funding Inc. Corporate Notes	2.400%	04/30/30	3,071,970
Freddie Mac Structured Pass-Thru Certificate K546 A2	4.361%	05/01/30	2,001,712
National Secs Clearing	4.700%	05/20/30	4,597,780
Freddie Mac Structured Pass-Thru Certificate K543 A2	4.329%	06/01/30	3,023,935
Freddie Mac Structured Pass-Thru Certificate K544 A2	4.266%	07/25/30	3,036,039
Fannie Mae Pool #1084	3.500%	06/01/32	166,191
Truist Bank Trust Deposit	Variable	Not Fixed	1,695,899
			322,797,439
Total Unrestricted Investments			\$ 360,530,788

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

As of September 30, 2025

Restricted investments at fair market value as of September 30, 2025 consist of the following:

<b>Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Market Value</b>
<b><u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u></b>			
US Treasury Bill	Discount	12/26/25	\$ 18,399,119
Truist Bank Trust Deposit	Variable	Not Fixed	2,513,340
			<u>20,912,459</u>
<b><u>General Revenue Bond - VTIB Debt Service Reserve Fund</u></b>			
US Treasury Bill	Discount	12/26/25	3,051,658
Truist Bank Trust Deposit	Variable	Not Fixed	368,802
			<u>3,420,460</u>
<b><u>General Revenue Bond - Series 2016 Interest Fund</u></b>			
US Treasury Note	2.625%	12/31/25	1,313,522
US Treasury Note	2.625%	12/31/25	2,626,046
Truist Bank Trust Deposit	Variable	Not Fixed	5,541
			<u>3,945,109</u>
<b><u>General Revenue Bond - Series 2016 VTIB Principal Fund</u></b>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>23,501</u>
<b><u>General Revenue Bond - Series 2016 VTIB Interest Fund</u></b>			
US Treasury Note	2.625%	12/31/25	122,582
US Treasury Note	2.625%	12/31/25	244,167
Truist Bank Trust Deposit	Variable	Not Fixed	2,614
			<u>369,363</u>
<b><u>General Revenue Bond - Series 2021 TIFIA Interest Fund</u></b>			
US Treasury Note	2.625%	12/31/25	568,063
US Treasury Note	2.625%	12/31/25	1,136,126
Truist Bank Trust Deposit	Variable	Not Fixed	2,756
			<u>1,706,945</u>
<b><u>General Revenue Bond - Series 2021 TIFIA Principal Fund</u></b>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>158,880</u>
<b><u>Series 2019 BANS Thimble Shoal Tunnel Project Fund</u></b>			
US Treasury Notes	3.875%	01/15/26	19,958,951
US Treasury Notes	4.250%	01/31/26	30,136,171
US Treasury Notes	3.750%	04/15/26	20,200,926
Local Government Investment Pool SNAP	Variable	Not Fixed	87,243,080
Truist Bank Trust Deposit	Variable	Not Fixed	88,377
			<u>157,627,505</u>
Total Restricted Investments			<u>188,164,222</u>
Total Investments			<u>\$ 548,695,010</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

**Vehicular Traffic Statistics**

<u>DESCRIPTION/CLASS</u>	<u>CURRENT YEAR</u>				
	<u>July</u> <u>2025</u>	<u>August</u> <u>2025</u>	<u>September</u> <u>2025</u>	<u>3 Months</u> <u>Ended</u> <u>09/30/25</u>	<u>12 Months</u> <u>Ended</u> <u>09/30/25</u>
<u>Cars/Light Trucks:</u>					
Class 1	358,434	385,905	246,688	991,027	3,008,237
Class 1 Round Trip	46,763	46,643	39,385	132,791	481,094
Class 1 Commuter	21,083	20,204	20,267	61,554	226,784
Class 2	4,337	4,400	2,996	11,733	33,232
Class 2 Round Trip	603	475	386	1,464	5,053
Class 3	7,192	6,343	4,934	18,469	55,982
Class 3 Round Trip	774	731	614	2,119	7,650
Class 4	324	345	308	977	3,232
Class 4 Round Trip	33	25	29	87	333
Sub Total	<u>439,543</u>	<u>465,071</u>	<u>315,607</u>	<u>1,220,221</u>	<u>3,821,597</u>
<u>Heavy Trucks:</u>					
Class 9	6,370	6,024	5,581	17,975	62,698
Class 10	2,185	2,240	1,937	6,362	20,827
Class 11	1,486	1,388	1,403	4,277	15,039
Class 12	26,895	25,396	25,514	77,805	296,573
Class 13	523	612	519	1,654	4,739
Class 16	47	33	37	117	412
Sub Total	<u>37,506</u>	<u>35,693</u>	<u>34,991</u>	<u>108,190</u>	<u>400,288</u>
<u>Buses:</u>					
Class 8	136	112	216	464	2,046
Class 14	89	48	53	190	432
Class 15	600	599	576	1,775	6,266
Sub Total	<u>825</u>	<u>759</u>	<u>845</u>	<u>2,429</u>	<u>8,744</u>
Totals	<u>477,874</u>	<u>501,523</u>	<u>351,443</u>	<u>1,330,840</u>	<u>4,230,629</u>

<u>DESCRIPTION/CLASS</u>	<u>PRIOR YEAR</u>				
	<u>July</u> <u>2024</u>	<u>August</u> <u>2024</u>	<u>September</u> <u>2024</u>	<u>3 Months</u> <u>Ended</u> <u>09/30/24</u>	<u>12 Months</u> <u>Ended</u> <u>09/30/24</u>
<u>Cars/Light Trucks:</u>					
Class 1	359,541	377,814	251,457	988,812	3,035,593
Class 1 Round Trip	45,202	45,214	38,169	128,585	472,534
Class 1 Commuter	17,333	18,413	17,795	53,541	218,591
Class 2	4,555	4,531	3,335	12,421	34,248
Class 2 Round Trip	534	562	459	1,555	5,137
Class 3	7,141	6,588	5,267	18,996	56,222
Class 3 Round Trip	723	782	663	2,168	7,559
Class 4	307	329	303	939	3,400
Class 4 Round Trip	33	23	28	84	383
Sub Total	<u>435,369</u>	<u>454,256</u>	<u>317,476</u>	<u>1,207,101</u>	<u>3,833,667</u>
<u>Heavy Trucks:</u>					
Class 9	5,947	5,810	5,097	16,854	61,767
Class 10	1,735	1,754	1,730	5,219	19,631
Class 11	1,552	1,410	1,459	4,421	16,063
Class 12	28,485	26,683	25,114	80,282	304,140
Class 13	460	463	451	1,374	5,273
Class 16	39	26	18	83	321
Sub Total	<u>38,218</u>	<u>36,146</u>	<u>33,869</u>	<u>108,233</u>	<u>407,195</u>
<u>Buses:</u>					
Class 8	134	115	253	502	2,179
Class 14	114	59	64	237	520
Class 15	515	481	493	1,489	5,661
Sub Total	<u>763</u>	<u>655</u>	<u>810</u>	<u>2,228</u>	<u>8,360</u>
Totals	<u>474,350</u>	<u>491,057</u>	<u>352,155</u>	<u>1,317,562</u>	<u>4,249,222</u>



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

Quarterly Report for the Period Ending

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### **(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.

### **(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.

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

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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.

### **(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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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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.

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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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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.

### **(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) *Subscription Based Information Technology Arrangements***

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.

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

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

The bank balance of the District's deposits (unrestricted and restricted) was \$1,989,139 and 1,418,733 at September 30, 2025 and 2024, 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

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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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.

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

September 30, 2025 Investment Type	Standard & Poor's Credit Rating					Total
	AAA	AA+	AA	AA-	A-1+	
U.S. treasuries/bills	\$ -	\$ 319,351,037	\$ -	\$ -	\$ 33,259,801	\$ 352,610,838
U.S. agencies	-	4,622,110	-	-	-	4,622,110
Federal agency						
mortgage-backed	-	226,218	-	-	-	226,218
commercial-backed	-	51,025,750	-	-	-	51,025,750
Corporate notes	10,267,249	7,973,918	4,698,340	17,045,910	-	39,985,417
	<u>\$ 10,267,249</u>	<u>\$ 383,199,033</u>	<u>\$ 4,698,340</u>	<u>\$ 17,045,910</u>	<u>\$ 33,259,801</u>	<u>\$ 448,470,333</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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### (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, 2025, the District's portfolio was invested as follows:

Investment Type	2025 Fair Value	Percentage of Portfolio
U.S. Treasury Bond/Note	\$ 352,610,838	64.26%
U.S. Agency	4,622,110	0.84%
Federal Agency		
Mortgage - Backed	226,218	0.04%
Commercial - Backed	51,025,750	9.30%
Corporate Notes	39,985,417	7.29%
Money Market Funds	100,224,677	18.27%
	<u>\$ 548,695,010</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.

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, 2025, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1 Year	1 to 3 Years	Greater than 3 Years	Not Fixed
U.S. treasuries	\$ 352,610,838	\$ 192,353,690	\$ 152,195,711	\$ 8,061,437	\$ -
U.S. agencies	4,622,110	4,622,110	-	-	-
Federal agency mortgage-backed	226,218	-	60,027	166,191	-
Federal agency commercial-backed	51,025,750	-	21,348,617	29,677,133	-
Money market funds	100,224,677	-	-	-	100,224,677
Corporate notes	39,985,417	9,392,592	18,224,734	12,368,091	-
	<u>\$ 548,695,010</u>	<u>\$ 206,368,392</u>	<u>\$ 191,829,089</u>	<u>\$ 50,272,852</u>	<u>\$ 100,224,677</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



## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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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, 2025 is calculated as follows:

	Q1 FY26
Investment Fair Value at end of period	\$ 548,695,010
Add:	
Proceeds from sales and maturities during the period	199,865,318
Less:	
Cost of investments purchased during the period	(199,344,260)
Fair value of investments at beginning of period	(547,240,368)
Change in fair value of investments	\$ 1,975,700

#### (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.

Moffatt & Nichol, the District's consulting engineer, has inspected the District's bridge and tunnel assets. Moffatt & Nichol 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 Moffatt & Nichol:

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## MRP Numeric code scale

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

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

The 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, Moffatt & Nichol 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 capital assets at an MRP condition Level 7 or better			
Bridge and tunnel assets	2025	2024	2023
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	63	89	89
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

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Percentage of land miles at an MRP condition Level 7 or better			
Bridge and tunnel assets	2025	2024	2023
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100

## (5) General Resolution Revenue Bonds

Bond activity for Q1 FY26 was as follows:

	Balance, June 30, 2025	Bond Proceeds	Amortization of Costs Premiums Discounts, and Deferred Losses, Net	Bond Payments	Balance, Sept 30, 2025	Amounts Due Within One Year
First tier general resolution						
Series 2016 Bonds	\$ 321,515,000	\$ -	\$ -	\$ -	\$ 321,515,000	\$ -
Issuance premiums	27,484,745	-	(383,939)	-	27,100,806	-
Series 2019 BANs	-	-	-	-	-	-
Issuance premiums	-	-	-	-	-	-
Subordinate general resolution:						
TIFIA Series 2021	338,528,672	-	-	(626,278)	337,902,394	626,278
VTIB Series 2016	50,073,856	-	-	(92,637)	49,981,219	92,637
	<u>\$ 737,602,273</u>	<u>\$ -</u>	<u>\$ (383,939)</u>	<u>\$ (718,915)</u>	<u>\$ 736,499,419</u>	<u>\$ 718,915</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.

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.

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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 commenced on January 1, 2023. The first annual principal repayment for both loans commenced 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 matured on the same date as the maturity of the Series 2019 BANs. The District earned 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.

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### (6) Fair Value Measurements

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

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

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

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

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

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

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

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

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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, 2025:

	Fair Value Measurements Using			
	Fair Value 2025	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	\$ 352,610,838	\$ -	\$ 352,610,838	\$ -
U.S. agencies	4,622,110	-	4,622,110	-
Federal agency mortgage-backed	226,218	-	226,218	-
Federal agency commercial-backed	51,025,750	-	51,025,750	-
Corporate notes	39,985,417	-	39,985,417	-
Total investments by fair value level	\$ 448,470,333	\$ -	\$ 448,470,333	\$ -
Investments measured at NAV:				
Money market funds	100,224,677			
Total investments measured at fair value	\$ 548,695,010			