

CHESAPEAKE BAY

BRIDGE AND TUNNEL DISTRICT

Lucius J. Kellam, Jr. Bridge-Tunnel

CHESAPEAKE BAY
BRIDGE-TUNNEL



Financial Statements & Quarterly Report
March 31, 2026

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2026

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended March 31, 2026 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of March 31, 2026 and 2025, the related statements of revenues, expenses, and changes in net position and the statements of cash flows for the quarter and year then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements.

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

Financial Highlights for the Quarter

- Gross toll revenues before deductions for the third quarter of fiscal year 2026 (Q3 FY26) were \$13,271,181 and were 3.3% more than toll revenues in the third quarter of fiscal year 2025 (Q3 FY25). During Q3 FY26, total revenue vehicles of 764,184 crossed the District's facility. This represents an increase in vehicular traffic of 12,620 or 1.7% from Q3 FY25.
- March 2026 represented a record all-time high for toll revenues.
- Other revenues totaled \$356,327 in Q3 FY26 compared to a total of \$391,912 in Q3 FY25, which is a decrease of \$35,585 or 9.1%.
- Operating expenses before District facility expenses in Q3 FY26 totaled \$5,095,664, which is an increase in operating expenses of \$136,777 or 2.8% from Q3 FY25.
- Facility expenses for Q3 FY26 were \$1,447,916 compared to \$1,018,753 in Q3 FY25 which represents an increase of \$429,163 in facility expenses.
- Net non-operating expenses in Q3 FY26 total \$2,644,155 in comparison to net non-operating revenues of \$2,011,468 in Q3 FY25. This represents an increase in non-operating expenses of \$4,655,623. 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

March 31, 2026

- Total net position at March 31, 2026 was \$982,176,346 a 5.3% increase over total net position at March 31, 2025.

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
March 31, 2026 and 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2026	2025 (as restated)
	2026	(as restated)
Current Assets:		
Cash	\$ 1,548,790	1,235,458
Investments	111,209,335	122,395,595
Accounts receivable and accrued interest receivable, net	3,222,279	2,116,045
Prepaid expenses and other assets	280,695	1,168,833
Lease receivable	952,756	128,153
Total Current Assets	117,213,855	127,044,084
Restricted Assets:		
Cash	23,016	19,276
Investments	181,674,650	220,009,666
Accrued interest receivable	1,262,953	1,324,299
Total restricted assets	182,960,619	221,353,241
Investments	286,594,869	214,991,824
Long-term lease receivable	1,426,942	2,587,613
Capital Assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	747,077,745	730,454,607
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	4,932,314	4,619,558
Total Capital Assets, net	1,183,089,667	1,166,153,773
Bond insurance costs, net of accumulated amortization	1,874,524	1,986,817
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	2,911,615	2,596,928
Total Assets and Deferred Outflows of Resources	\$ 1,776,072,091	1,736,714,280

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
March 31, 2026 and 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2026	2025 (as restated)
	<u>2026</u>	<u>(as restated)</u>
Current Liabilities:		
Accounts payable & accrued expenses	\$ 28,671,484	35,177,907
Current portion of long-term debt	718,915	718,915
Accrued interest	6,004,818	6,008,615
Unearned revenue	<u>732,788</u>	<u>734,644</u>
Total Current Liabilities	<u>36,128,005</u>	<u>42,640,081</u>
Long-Term Liabilities:		
Long-term debt, net of current portion	735,012,627	737,267,296
Net pension liability	13,374,855	13,774,988
Net RHIP OPEB Liability	4,607,735	4,635,569
Net GLI OPEB Liability	<u>439,785</u>	<u>460,656</u>
Total Long-Term Liabilities	<u>753,435,002</u>	<u>756,138,509</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	<u>2,342,730</u>	<u>3,240,966</u>
Total Deferred Inflows of Resources	<u>4,332,738</u>	<u>5,000,971</u>
Total Liabilities and Deferred Inflows of Resources	<u>793,895,745</u>	<u>803,779,561</u>
Net Position:		
Net investment in capital assets	572,266,960	585,682,642
Restricted for debt service	30,778,291	31,032,451
Restricted for forfeited property	1,145	16,724
Unrestricted	<u>379,129,950</u>	<u>316,202,902</u>
Total Net Position	<u>982,176,346</u>	<u>932,934,719</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,776,072,091</u>	<u>1,736,714,280</u>

Chesapeake Bay Bridge and Tunnel District
Statement of Revenues, Expenses, and Changes in Net Position
As of March 31, 2026 and 2025

	Three Months Ended		Nine Months Ended		Twelve Months Ended	
	March, 2026	March, 2025 (as restated)	March, 2026	March, 2025 (as restated)	March, 2026	March, 2025 (as restated)
Operating Revenues:						
Toll	\$ 12,957,516	12,496,045	53,771,052	53,551,401	74,517,126	73,808,872
Other	356,327	391,912	1,138,999	1,218,187	845,474	1,517,542
Total Operating Revenues	13,313,843	12,887,957	54,910,051	54,769,588	75,362,600	75,326,414
Operating Expenses:						
Administration	159,685	162,549	491,579	480,995	648,768	633,959
Finance	291,051	246,587	884,494	782,388	1,200,603	1,041,065
Operations	1,461,392	1,480,554	4,411,404	4,311,931	5,784,386	5,680,675
Maintenance	1,190,081	1,305,874	3,842,823	3,767,423	5,068,983	5,005,720
General	1,496,031	1,185,490	3,726,614	3,495,035	4,579,241	4,893,043
Consultants	269,008	313,022	558,526	583,067	751,920	743,209
Utilities	228,416	264,811	688,746	661,194	871,823	859,118
Total Operating Expenses Before District Facility Expenses	5,095,664	4,958,887	14,604,186	14,082,033	18,905,724	18,856,789
District Facility Expenses:						
Insurance	362,082	337,500	1,143,911	1,190,727	1,526,592	1,560,614
Depreciation	209,608	201,442	628,825	604,327	785,976	741,034
Bridge and Tunnel Preservation	806,230	242,186	2,058,219	974,825	2,085,409	928,582
Other	69,996	237,625	2,573,029	715,393	2,308,913	(10,346)
Total district facility expenses	1,447,916	1,018,753	6,403,984	3,485,272	6,706,890	3,219,884
Total Operating and District Facility Expenses	6,543,580	5,977,640	21,008,170	17,567,305	25,612,614	22,076,673
Operating Income (Loss)	6,770,263	6,910,317	33,901,881	37,202,283	49,749,986	53,249,741
Nonoperating Revenues (Expenses):						
Change in fair value of investments	(1,641,051)	3,291,255	1,970,659	9,998,259	4,131,261	12,043,530
Interest income	4,645,849	4,372,962	13,712,972	14,009,217	18,029,980	18,687,497
Interest expense	(5,648,953)	(5,652,749)	(17,014,761)	(17,026,276)	(22,667,510)	(22,685,728)
Gain (loss) on asset disposal	-	-	-	-	14,230	26,548
Other revenue/expense, net	-	-	-	-	(16,320)	-
Total Nonoperating Revenues (Expenses), net	(2,644,155)	2,011,468	(1,331,130)	6,981,200	(508,359)	8,071,847
Increase (Decrease) in net position	4,126,108	8,921,785	32,570,751	44,183,483	49,241,627	61,321,588
Total net position, beginning of period	978,050,238	924,012,934	949,605,595	888,751,236	932,934,719	872,888,256
Restatement - change in accounting principle	-	-	-	-	-	(1,275,125)
Total net position, beginning of period as restated	-	-	-	-	-	871,613,131
Total net position, end of period	\$ 982,176,346	932,934,719	982,176,346	932,934,719	982,176,346	932,934,719

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended March 31, 2026 and 2025

	<u>Q3 FY2026</u>	<u>Q3 FY2025</u>	<u>FYTD 2026</u>	<u>FYTD 2025</u>
Cash flows from operating activities:				
Toll collections from customers	\$ 12,917,003	12,437,682	54,332,740	54,198,654
Scrip sales	47,340	88,580	169,481	232,480
Leasing revenue	234,556	265,782	984,398	1,097,110
Payments to employees for services and employee benefits	(4,274,861)	(4,040,104)	(12,616,840)	(11,977,630)
Payments to suppliers and consultants	(1,856,261)	(1,297,629)	(3,956,910)	(3,485,676)
Other	<u>(65,569)</u>	<u>(101,784)</u>	<u>(2,774,405)</u>	<u>(616,439)</u>
Net cash provided by (used in) operating activities	<u>7,002,208</u>	<u>7,352,527</u>	<u>36,138,464</u>	<u>39,448,499</u>
Cash flows from investing activities:				
Purchases of investments	(185,442,016)	(109,086,190)	(711,106,509)	(468,935,034)
Interest income	3,414,914	4,453,253	12,377,811	14,281,433
Sales and maturities of investments	<u>167,151,549</u>	<u>130,938,016</u>	<u>680,838,682</u>	<u>512,431,246</u>
Net cash provided by (used in) investing activities	<u>(14,875,553)</u>	<u>26,305,079</u>	<u>(17,890,016)</u>	<u>57,777,645</u>
Cash flows from capital and related financing activities:				
Capitalized expenditures	20,012,099	(22,199,813)	6,493,664	(73,322,392)
Forfeited assets	—	(16,320)	3,000	(16,320)
Debt principal repayments	—	—	(718,915)	—
Interest paid	<u>(12,077,539)</u>	<u>(12,085,257)</u>	<u>(24,094,768)</u>	<u>(24,115,892)</u>
Net cash provided by (used in) capital and related financing activities	<u>7,934,560</u>	<u>(34,301,390)</u>	<u>(18,317,019)</u>	<u>(97,454,604)</u>
Net increase (decrease) in cash and restricted cash	61,215	(643,784)	(68,571)	(228,460)
Cash, beginning of period	<u>1,510,591</u>	<u>1,898,518</u>	<u>1,640,377</u>	<u>1,483,194</u>
Cash, end of period	<u>\$ 1,571,806</u>	<u>1,254,734</u>	<u>1,571,806</u>	<u>1,254,734</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,548,790	1,235,458	1,548,790	1,235,458
Restricted cash	<u>23,016</u>	<u>19,276</u>	<u>23,016</u>	<u>19,276</u>
	<u>\$ 1,571,806</u>	<u>1,254,734</u>	<u>1,571,806</u>	<u>1,254,734</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 6,770,263	6,910,317	33,901,881	37,202,283
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	209,608	201,442	628,825	604,327
(Increase) decrease in operating assets:				
Accounts receivable	8,855	(8,397)	721,182	839,025
Lease receivable	232,611	192,791	289,004	761,169
Prepaid expenses and other assets	387,203	375,840	1,195,519	1,012,125
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	(254,112)	(42,825)	(249,906)	(163,995)
Lease liabilities	(245,378)	(270,651)	(329,116)	(808,690)
Unearned revenue	<u>(106,842)</u>	<u>(5,990)</u>	<u>(18,925)</u>	<u>2,255</u>
Net cash provided by operating activities	<u>\$ 7,002,208</u>	<u>7,352,527</u>	<u>36,138,464</u>	<u>39,448,499</u>

**Chesapeake Bay Bridge and Tunnel District
Statement of Cash and Investments
As of March 31, 2026**

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 1,020,065	3,297,841	4,317,906
Operations & Maintenance Reserve Fund	-	5,268,545	5,268,545
Reserve Maintenance Fund	270,896	41,200,926	41,471,822
General Fund	<u>257,829</u>	<u>348,036,892</u>	<u>348,294,721</u>
	<u>1,548,790</u>	<u>397,804,204</u>	<u>399,352,994</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	150,909,665	150,909,665
Series 2016 Interest Fund	-	3,963,819	3,963,819
Series 2021 TIFIA Interest Fund	-	1,686,796	1,686,796
Series 2021 TIFIA Principal Fund	-	476,675	476,675
Series 2016 VTIB Interest Fund	-	365,021	365,021
Series 2021 VTIB Principal Fund	-	70,509	70,509
TIFIA Debt Service Reserve Fund	-	20,785,109	20,785,109
VTIB Debt Service Reserve Fund	<u>-</u>	<u>3,417,056</u>	<u>3,417,056</u>
	<u>-</u>	<u>181,674,650</u>	<u>181,674,650</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	<u>23,016</u>	<u>-</u>	<u>23,016</u>
Totals	<u>\$ 1,571,806</u>	<u>579,478,854</u>	<u>581,050,660</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2026

Unrestricted investments at fair value as of March 31, 2026 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Revenue Bond - Revenue Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ 3,297,841
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
US Treasury Notes	4.375%	08/15/26	5,110,878
Truist Bank Trust Deposit	Variable	Not Fixed	157,667
			<u>5,268,545</u>
<u>GR Reserve Maintenance Fund</u>			
US Treasury Bill	Discount	04/16/26	1,996,978
US Treasury Bill	Discount	05/14/26	1,991,304
US Treasury Bill	Discount	06/11/26	1,985,810
US Treasury Notes	4.125%	06/15/26	5,294,248
US Treasury Notes	0.875%	06/30/26	4,527,688
US Treasury Notes	2.250%	02/15/27	2,378,718
US Treasury Notes	4.250%	03/15/27	2,356,322
US Treasury Notes	4.500%	04/15/27	3,954,881
US Treasury Notes	4.500%	04/15/27	2,362,852
US Treasury Notes	4.500%	05/15/27	2,367,258
US Treasury Notes	4.625%	06/15/27	2,377,078
US Treasury Notes	3.500%	11/15/28	3,848,626
Truist Bank Trust Deposit	Variable	Not Fixed	5,759,163
			<u>41,200,926</u>
<u>GR General Fund</u>			
Proctor & Gamble Corporation	1.000%	04/23/26	3,683,303
US Treasury Notes	0.750%	05/31/26	915,355
US Treasury Notes	0.875%	06/30/26	7,397,209
US Treasury Notes	4.625%	06/30/26	1,848,978
US Treasury Notes	4.625%	06/30/26	4,033,678
US Treasury Notes	4.625%	06/30/26	3,096,662
US Treasury Notes	4.625%	06/30/26	591,272
US Treasury Notes	0.625%	07/31/26	3,350,118
US Treasury Notes	1.500%	08/15/26	1,189,824
US Treasury Notes	0.875%	09/30/26	7,285,904
US Treasury Notes	3.500%	09/30/26	3,645,010
US Treasury Notes	1.625%	10/31/26	4,409,357
US Treasury Notes	2.000%	11/15/26	1,483,776
US Treasury Notes	2.000%	11/15/26	4,367,247
US Treasury Notes	1.250%	12/31/26	5,128,949
Government National Mortgage Association Pool #5276	3.000%	01/01/27	8,667
US Treasury Notes	4.000%	01/15/27	2,509,942
US Treasury Notes	1.500%	01/31/27	4,413,133
Microsoft Corporation	3.300%	02/06/27	2,486,600
US Treasury Notes	1.875%	02/28/27	2,231,871
US Treasury Notes	1.875%	02/28/27	3,382,218
Government National Mortgage Association Pool #794283	3.500%	03/01/27	862
Freddie Mac Structured Pass-Thru Certificate K064 A2	3.224%	03/01/27	3,275,636
US Treasury Notes	2.500%	03/31/27	4,387,830
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	21,477
Freddie Mac Structured Pass-Thru Certificate K065 A2	3.243%	04/01/27	1,847,919
US Treasury Notes	4.500%	04/15/27	3,844,044
US Treasury Notes	2.750%	04/30/27	1,310,649

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

SCHEDULE OF INVESTMENTS

As of March 31, 2026

Unrestricted investments at fair value as of March 31, 2026 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>GR General Fund (continued)</u>			
Chevron Corporation	1.995%	05/11/27	\$ 2,398,075
US Treasury Notes	4.500%	05/15/27	2,518,360
US Treasury Notes	2.625%	05/31/27	4,882,903
Freddie Mac Structured Pass-Thru Certificate K066 A2	3.117%	06/01/27	2,850,273
US Treasury Notes	4.625%	06/15/27	7,782,281
US Treasury Notes	3.250%	06/30/27	3,147,959
US Treasury Notes	3.250%	06/30/27	3,426,012
US Treasury Notes	2.750%	07/31/27	4,683,391
Meta Platforms Inc.	3.500%	08/15/27	4,466,957
US Treasury Notes	3.125%	08/31/27	3,490,437
US Treasury Notes	3.125%	08/31/27	1,425,881
Johnson & Johnson	0.950%	09/01/27	4,807,135
US Treasury Notes	4.125%	09/30/27	2,670,911
Accenture Capital Corporation	3.900%	10/04/27	653,797
US Treasury Notes	4.125%	10/31/27	4,493,531
US Treasury Notes	4.125%	10/31/27	2,535,456
US Treasury Notes	3.875%	11/30/27	3,772,209
US Treasury Notes	4.000%	12/15/27	3,634,769
US Treasury Notes	4.000%	12/15/27	7,780,913
US Treasury Notes	3.875%	12/31/27	1,175,826
US Treasury Notes	3.875%	12/31/27	4,052,847
US Treasury Notes	3.500%	01/31/28	6,090,069
Chevron USA Inc.	4.475%	02/26/28	1,385,407
US Treasury Notes	4.000%	02/29/28	2,006,562
US Treasury Notes	4.000%	02/29/28	2,543,317
Johnson & Johnson	4.550%	03/01/28	637,332
US Treasury Notes	3.625%	03/31/28	5,355,473
US Treasury Notes	3.625%	03/31/28	3,686,558
Freddie Mac Structured Pass-Thru Certificate K507 A1	4.800%	04/01/28	2,824,209
US Treasury Notes	3.750%	05/15/28	1,697,676
US Treasury Notes	3.750%	05/15/28	1,997,266
US Treasury Notes	3.750%	05/15/28	3,744,874
US Treasury Notes	3.625%	05/31/28	3,949,358
US Treasury Notes	3.875%	06/15/28	3,714,927
US Treasury Notes	3.875%	06/15/28	7,775,312
US Treasury Notes	4.000%	06/30/28	3,941,407
Freddie Mac Structured Pass-Thru Certificate K744 A2	1.712%	07/25/28	3,143,000
US Treasury Notes	4.125%	07/31/28	2,305,744
Freddie Mac Structured Pass-Thru Certificate KJ47 A1	5.272%	08/01/28	921,976
US Treasury Notes	3.625%	08/15/28	3,982,968
US Treasury Notes	3.625%	08/15/28	4,729,775
Freddie Mac Structured Pass-Thru Certificate K507 A2	4.800%	09/01/28	3,342,323
Freddie Mac Structured Pass-Thru Certificate K509 A2	4.850%	09/01/28	2,552,592
US Treasury Notes	3.375%	09/15/28	4,156,690
US Treasury Notes	3.375%	09/15/28	2,597,931
US Treasury Notes	3.375%	09/15/28	3,958,752
Freddie Mac Structured Pass-Thru Certificate K510 A2	5.069%	10/01/28	1,300,724
Freddie Mac Structured Pass-Thru Certificate K511 A2	4.860%	10/01/28	1,883,893

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2026

Unrestricted investments at fair value as of March 31, 2026 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>GR General Fund (continued)</u>			
US Treasury Notes	3.500%	10/15/28	\$ 2,371,423
US Treasury Notes	3.500%	10/15/28	2,019,182
US Treasury Notes	3.500%	10/15/28	838,432
Freddie Mac Structured Pass-Thru Certificate K512 A2	5.000%	11/01/28	1,578,750
Novartis Capital Corporation	3.900%	11/05/28	4,875,980
US Treasury Notes	3.500%	11/15/28	2,559,138
US Treasury Notes	3.500%	11/15/28	5,405,931
US Treasury Notes	3.125%	11/15/28	5,006,235
Freddie Mac Structured Pass-Thru Certificate K514 A2	4.572%	12/01/28	1,745,013
US Treasury Notes	3.500%	12/15/28	2,528,884
US Treasury Notes	3.500%	12/15/28	7,780,036
Roche Holdings Corporation	1.930%	12/31/28	4,727,965
Freddie Mac Structured Pass-Thru Certificate K515 A2	5.400%	01/01/29	3,037,615
Freddie Mac Structured Pass-Thru Certificate K516 A2	5.477%	01/01/29	3,040,757
US Treasury Notes	3.500%	01/15/29	540,359
Freddie Mac Structured Pass-Thru Certificate K517 A2	5.355%	01/25/29	2,718,131
Alphabet Inc. Corporate Notes	3.700%	02/15/29	163,582
Alphabet Inc. Corporate Notes	3.700%	02/15/29	173,496
Alphabet Inc. Corporate Notes	3.700%	02/15/29	173,496
Alphabet Inc. Corporate Notes	3.700%	02/15/29	1,050,890
US Treasury Notes	3.500%	02/15/29	1,144,984
Freddie Mac Structured Pass-Thru Certificate K530 A2	4.792%	09/01/29	3,038,193
Freddie Mac Structured Pass-Thru Certificate K541 A2	4.348%	02/01/30	2,976,294
Costco Wholesale Corporation	1.600%	04/20/30	5,203,089
Blackrock Funding Inc. Corporate Notes	2.400%	04/30/30	3,064,268
Freddie Mac Structured Pass-Thru Certificate K546 A2	4.361%	05/01/30	1,986,314
National Secs Clearing	4.700%	05/20/30	4,541,507
Freddie Mac Structured Pass-Thru Certificate K543 A2	4.329%	06/01/30	3,003,470
Freddie Mac Structured Pass-Thru Certificate K544 A2	4.266%	07/25/30	3,015,956
US Treasury Notes	4.375%	11/30/30	3,344,413
Freddie Mac Structured Pass-Thru Certificate K553 A2	4.070%	12/01/30	1,575,017
Freddie Mac Structured Pass-Thru Certificate K555 A2	4.050%	01/01/31	3,344,165
Freddie Mac Structured Pass-Thru Certificate K556 A2	3.948%	01/01/31	3,348,527
Blackrock Funding Inc. Corporate Notes	1.900%	01/28/31	1,946,584
Alphabet Inc. Corporate Notes	4.100%	02/15/31	3,381,339
US Treasury Notes	3.500%	02/28/31	2,245,630
Freddie Mac Structured Pass-Thru Certificate K558 A2	4.130%	03/01/31	1,691,706
Federal National Mortgage Association Pool #1084	3.500%	06/01/32	146,803
Truist Bank Trust Deposit	Variable	Not Fixed	1,679,810
			<u>348,036,892</u>
Total unrestricted investments			<u>\$ 397,804,204</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2026

Restricted investments at fair value as of March 31, 2026 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Bill	Discount	06/25/26	\$ 20,732,892
Truist Bank Trust Deposit	Variable	Not Fixed	52,217
			<u>20,785,109</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Bill	Discount	06/25/26	3,386,075
Truist Bank Trust Deposit	Variable	Not Fixed	30,981
			<u>3,417,056</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
US Treasury Notes	0.875%	06/30/26	1,323,554
US Treasury Notes	0.875%	06/30/26	1,319,583
US Treasury Notes	0.875%	06/30/26	1,315,611
Truist Bank Trust Deposit	Variable	Not Fixed	5,071
			<u>3,963,819</u>
<u>General Revenue Bond - Series 2016 VTIB Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>70,509</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
US Treasury Notes	0.875%	06/30/26	121,136
US Treasury Notes	0.875%	06/30/26	121,136
US Treasury Notes	0.875%	06/30/26	121,136
Truist Bank Trust Deposit	Variable	Not Fixed	1,613
			<u>365,021</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Sinking Fund</u>			
US Treasury Notes	0.875%	06/30/26	562,982
US Treasury Notes	0.875%	06/30/26	560,996
US Treasury Notes	0.875%	06/30/26	560,004
Truist Bank Trust Deposit	Variable	Not Fixed	2,814
			<u>1,686,796</u>
<u>General Revenue Bond - Series 2021 TIFIA Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>476,675</u>
<u>Series 2019 BANs Thimble Shoal Tunnel Project Fund</u>			
US Treasury Notes	3.750%	04/15/26	20,209,859
US Treasury Notes	4.375%	08/15/26	14,726,344
US Treasury Notes	2.000%	11/15/26	15,005,921
US Treasury Notes	4.125%	02/15/27	12,518,800
US Treasury Notes	3.875%	03/31/27	12,596,606
US Treasury Notes	4.500%	04/15/27	12,575,010
US Treasury Notes	3.875%	05/31/27	12,418,240
US Treasury Notes	3.875%	11/30/27	16,859,874
US Treasury Notes	1.250%	03/31/28	15,958,048
Local Government Investment Pool SNAP	Variable	Not Fixed	17,692,295
Truist Bank Trust Deposit	Variable	Not Fixed	348,668
			<u>150,909,665</u>
Total restricted investments			<u>181,674,650</u>
Total investments			<u>\$ 579,478,854</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Vehicular Traffic Statistics

DESCRIPTION/CLASS	CURRENT YEAR				
	January 2026	February 2026	March 2026	3 Months Ended 03/31/26	12 Months Ended 03/31/26
Cars/Light Trucks:					
Class 1	153,454	138,626	201,774	493,854	2,998,617
Class 1 Round Trip	35,207	31,683	38,797	105,687	484,671
Class 1 Commuter	16,928	18,120	21,482	56,530	238,567
Class 2	1,195	863	1,755	3,813	32,383
Class 2 Round Trip	281	158	361	800	4,914
Class 3	2,468	2,087	3,501	8,056	55,277
Class 3 Round Trip	551	444	686	1,681	7,626
Class 4	177	129	234	540	3,168
Class 4 Round Trip	30	25	36	91	332
Sub Total	<u>210,291</u>	<u>192,135</u>	<u>268,626</u>	<u>671,052</u>	<u>3,825,555</u>
Heavy Trucks:					
Class 9	4,590	4,137	5,588	14,315	65,494
Class 10	1,468	1,174	1,654	4,296	20,641
Class 11	967	860	1,145	2,972	15,050
Class 12	22,318	21,342	24,804	68,464	293,407
Class 13	321	250	396	967	5,185
Class 16	46	36	43	125	464
Sub Total	<u>29,710</u>	<u>27,799</u>	<u>33,630</u>	<u>91,139</u>	<u>400,241</u>
Buses:					
Class 8	197	217	244	658	2,239
Class 14	18	10	12	40	423
Class 15	375	370	550	1,295	6,412
Sub Total	<u>590</u>	<u>597</u>	<u>806</u>	<u>1,993</u>	<u>9,074</u>
Totals	<u>240,591</u>	<u>220,531</u>	<u>303,062</u>	<u>764,184</u>	<u>4,234,870</u>

DESCRIPTION/CLASS	PRIOR YEAR				
	January 2025	February 2025	March 2025	3 Months Ended 03/31/25	12 Months Ended 03/31/25
Cars/Light Trucks:					
Class 1	154,767	138,962	200,836	494,565	2,986,702
Class 1 Round Trip	33,571	29,692	39,140	102,403	472,303
Class 1 Commuter	13,875	15,089	19,669	48,633	213,262
Class 2	1,131	1,062	1,925	4,118	33,640
Class 2 Round Trip	255	231	371	857	5,019
Class 3	2,319	2,351	3,752	8,422	55,860
Class 3 Round Trip	464	498	665	1,627	7,633
Class 4	188	178	248	614	3,235
Class 4 Round Trip	11	32	36	79	358
Sub Total	<u>206,581</u>	<u>188,095</u>	<u>266,642</u>	<u>661,318</u>	<u>3,778,012</u>
Heavy Trucks:					
Class 9	3,864	3,642	4,811	12,317	60,739
Class 10	1,629	1,416	1,478	4,523	20,049
Class 11	874	864	1,206	2,944	15,517
Class 12	22,669	20,993	24,046	67,708	304,455
Class 13	330	325	316	971	4,836
Class 16	31	22	22	75	362
Sub Total	<u>29,397</u>	<u>27,262</u>	<u>31,879</u>	<u>88,538</u>	<u>405,958</u>
Buses:					
Class 8	103	156	183	442	2,170
Class 14	10	17	31	58	497
Class 15	352	367	489	1,208	5,895
Sub Total	<u>465</u>	<u>540</u>	<u>703</u>	<u>1,708</u>	<u>8,562</u>
Totals	<u>236,443</u>	<u>215,897</u>	<u>299,224</u>	<u>751,564</u>	<u>4,192,532</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.

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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 Generally Accepted Accounting Principles ("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 accordance with U.S. GAAP, the District does not capitalize interest during construction projects. No provision for depreciation or obsolescence of the Bridge Tunnel facilities is provided as the District has adopted the modified approach to account for these assets. All other assets, excluding bridges and tunnel assets, are being depreciated straight line over their estimated useful lives of three years up to fifty years.

(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

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

(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 are reported by the RHIP. For this purpose, the RHIP recognizes benefit payments when due and payable in accordance with the benefit terms.

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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.

(l) *Leases*

In accordance with U.S. GAAP, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District is required to recognize interest income on the lease receivable and an inflow of resources, or lease revenue, from the deferred inflow of resources in a systematic and rational manner over the term of the lease. The District has chosen to use a straight-line amortization of the deferred inflows of resources.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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The District is the lessor on two new leases to which the new statement applied. A lease receivable and an offsetting deferred inflow of resources was recognized for the present value of the lease payments expected to be received during the lease term. Interest income is recognized on the lease receivable at the District's incremental borrowing rate of 3.6%.

(m) Recently Adopted Accounting Pronouncements

In Fiscal Year 2025, the District implemented GASB Statement No. 101, Compensated Absences, which establishes standards of accounting and financial reporting by updating the recognition and measurement guidance for compensated absences. The statement requires that liabilities for compensated absences be recognized for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash. A liability should be recognized for leave that has not been used if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability.

The implementation of Statement No. 101 is considered an accounting change which resulted in the restatement of the District's Statement of Net Position for the twelve-month period ended March 31, 2025. The change in the compensated leave liability is outlined below and incorporates the restatement.

	March, 2024 Ending Net Position	Restatement for Compensated Absences	April, 2024 Restated Beginning Net Position	April, 2024 - March, 2025 Change in Net Position	March, 2025 Restated Ending Net Position
Net position	\$872,888,256	(\$1,275,125)	\$871,613,131	\$61,321,588	\$932,934,719

(3) Cash Deposits and Investments

(a) Deposits

The bank balance of the District's deposits (unrestricted and restricted) were \$1,454,199 and \$2,197,426 at March 31, 2026 and 2025, 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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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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:

March 31, 2026 Investment Type	Standard & Poor's Credit Rating					Total
	AAA	AA+	AA	AA-	A-1+	
U.S. treasuries	\$ -	\$ 409,769,406	\$ -	\$ -	\$ 30,093,059	\$ 439,862,465
Federal agency:						
Mortgage-backed	-	177,808	-	-	-	177,808
Commercial-backed	-	60,042,454	-	-	-	60,042,454
Corporate notes	7,931,067	9,484,311	9,931,054	22,474,370	-	49,820,802
	<u>\$ 7,931,067</u>	<u>\$ 479,473,979</u>	<u>\$ 9,931,054</u>	<u>\$ 22,474,370</u>	<u>\$ 30,093,059</u>	<u>\$ 549,903,529</u>

(d) Concentration of Credit Risk

The District’s investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of March 31, 2026, the District’s portfolio was invested as follows:

Investment Type	2026 Fair Value	Percentage of Portfolio
U.S. Treasury Bond/Note	\$ 439,862,465	75.91%
Federal Agency		
Mortgage - Backed	177,808	0.03%
Commercial - Backed	60,042,454	10.36%
Corporate Notes	49,820,802	8.60%
Money Market Funds	29,575,325	5.10%
	<u>\$ 579,478,854</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

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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 March 31, 2026, 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	\$ 439,862,465	179,508,477	254,763,944	5,590,044	-
Federal agency mortgage-backed	177,808	9,529	21,476	146,803	-
Federal agency commercial-backed	60,042,454	3,275,636	32,787,176	23,979,642	-
Money market funds	29,575,325	-	-	-	29,575,325
Corporate notes	49,820,802	6,169,903	25,514,112	18,136,787	-
	<u>\$ 579,478,854</u>	<u>188,963,545</u>	<u>313,086,708</u>	<u>47,853,276</u>	<u>29,575,325</u>

(f) Summary of Changes in Fair Value of Investments

The calculation of realized gains and losses is independent of the calculation of the change in fair value (including purchases and sales) that occurred during the year. Realized gains and losses on investments that were held by the District during previous years, but sold during the current year, were used to compute the change in fair value of investments for the previous year as well as the current year. The change in fair value of investments for the quarter ended March 31, 2026 is calculated as follows:

	Q3 FY26
Investment Fair Value at end of period	\$ 579,478,854
Add:	
Proceeds from sales and maturities during the period	167,151,549
Less:	
Cost of investments purchased during the period	(185,442,016)
Fair value of investments at beginning of period	(562,829,438)
Change in fair value of investments	<u>\$ (1,641,051)</u>

(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

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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. GAAP requires that governmental entities that utilize the modified approach for infrastructure reporting must have their governing board set a policy for the condition levels at which modified approach assets will be maintained. U.S. GAAP also requires that a 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:

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

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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 bridges, original trestles, parallel crossing trestles, tunnels, and portal islands fall below the condition level specified in the Commission’s preservation policy. The original bridges, original trestles, parallel crossing trestles, tunnels, and portal islands have an overall condition level of “7”. However, Moffatt & Nichol assigned some components of the original trestles, parallel crossing trestles, tunnels, and portal islands, which includes the ventilation buildings, a condition level of “6”. Additionally, some components of the original bridges were assigned a condition level of “5”. 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	2026	2025	2024
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	62	63	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	2026	2025	2024
Original bridges	78%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	75	84	84
Parallel crossing trestles	81	100	100

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(5) General Resolution Revenue Bonds

Bond activity for Q3 FY26 was as follows:

	Balance, December 31, 2025	Bond Proceeds	Amortization of Costs, Premiums, Discounts, and Deferred Losses, Net	Bond Payments	Balance, March 31, 2026	Amounts Due Within One Year
First tier general resolution:						
Series 2016 Bonds	\$ 321,515,000	\$ -	\$ -	\$ -	\$ 321,515,000	\$ -
Issuance Premiums	26,716,868	-	(383,939)	-	26,332,929	-
Subordinate general resolution:						
TIFIA Series 2021	337,902,394	-	-	-	337,902,394	626,278
VTIB Series 2016	49,981,219	-	-	-	49,981,219	92,637
	<u>\$ 736,115,481</u>	<u>\$ -</u>	<u>\$ (383,939)</u>	<u>\$ -</u>	<u>\$ 735,731,542</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.

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

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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.

(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.

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- 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.

The fair value of investments in money market funds is based on the published net asset values per share of those funds. The District has the following recurring fair value measurements as of March 31, 2026:

	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	\$ 439,862,465	\$ -	\$ 439,862,465	\$ -
U.S. agencies	-	-	-	-
Federal agency mortgage-backed	177,808	-	177,808	-
Federal agency commercial-backed	60,042,454	-	60,042,454	-
Corporate notes	49,820,802	-	49,820,802	-
Total investments by fair value level	549,903,529	\$ -	\$ 549,903,529	\$ -
Investments measured at NAV:				
Money market funds	29,575,325			
Total investments measured at fair value	<u>\$ 579,478,854</u>			