CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS, REQUIRED SUPPLEMENTARY INFORMATION, AND SUPPLEMENTAL SCHEDULES

As of and for the Years Ended June 30, 2026 and 2025

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
COMMISSION MEMBERS AND DIRECTORS (UNAUDITED)

Commission Members

Frederick T. Stant, III – Chairman
Commonwealth Transportation Board

Thomas W. Meehan, Sr. – Vice Chairman
City of Newport News

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

Mark C. Bundy
Northampton County

George B. Clark, IV
City of Virginia Beach

Patrick E. Corbin
City of Chesapeake

Lisa Cuba
Accomack County

Jennifer Lee
City of Portsmouth

Stephen M. Mallon
City of Hampton

Charity Volman - Winn
City of Norfolk

Jeffrey K. Walker
Northampton County

Executive Director

Jeffrey B. Holland

Deputy Executive Director - Finance and Operations

Thomas R. Anderson, III

Deputy Executive Director, Infrastructure

Michael T. Crist, P.E.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Chesapeake Bay Bridge and Tunnel District (the "District"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2026 and 2025, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 23, 2026

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the "District") annual financial report for the fiscal years ended June 30, 2026 and 2025 provides long-term and short-term information about the District's overall financial status. The financial section of this report consists of five parts: management's discussion and analysis; basic financial statements, including notes to the basic financial statements; required supplementary information; supplementary information; and other information. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the Statements of Net Position, as of June 30, 2026 and 2025, and the related Statements of Revenues, Expenses, Changes in Net Position, and Cash Flows for the years then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements. The basic financial statements are followed by required supplementary information, supplementary information, and other information that provide the information augmenting the basic financial statements.

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

Types of Information in the Financial Statements

- *Current Assets* - Unrestricted cash and investments that mature in less than 12 months, and receivables due within 12 months.
- *Restricted Assets* - Cash and investments that are restricted for specific purposes. These restrictions primarily relate to current debt service, reserves, and payments to the construction of the Parallel Thimble Shoal Tunnel ("PTST").
- *Noncurrent Investments* - Unrestricted investments that mature in more than 12 months.
- *Long-Term Lease Receivables* - Lease payments due in more than 12 months.
- *Bond Insurance Costs, Net* - Costs associated with revenue bonds that have not been expensed.
- *Capital Assets* - Bridge and tunnel infrastructure, capitalized interest, and financing costs related to construction, and other assets such as land, buildings, fleet vehicles, and equipment.
- *Deferred Outflows of Resources* - Certain costs that are recognized in future periods of financial statements.
- Current Liabilities - Obligations that are due within 12 months.
- *Long-Term Debt, Net of Current Portion* - Principal amount of bonds payable that will mature after 12 months.
- *Long-Term Compensated Absences, Net of Current Portion* - Employee leave benefits that are due in more than 12 months.
- *Net Pension Liability* - Total pension obligation that exceeds the pension plan's resources available for paying benefits.
- *RHIP OPEB ("Retiree Health Insurance Plan Other Postemployment Benefits") Liability* - Obligation that is elected to fund the healthcare benefits for retirees.
- *Net GLI ("Group Life Insurance") Liability* - Proportionate share of the total obligate for the GLI plan for retirees.
- *Deferred Inflows of Resources* - Certain revenues that are recognized in future periods of financial statements.
- *Net Position* - Difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources.
- *Operating Revenues* - Toll revenue and other miscellaneous revenues generated from ongoing operations.
- *Operating Expenses Before District Facility Expenses* - Costs to operate and maintain the day-to-day activities.
- *District Facility Expenses* - Costs to maintain and support the facilities and physical infrastructure.

Financial Summary and Detailed Analyses

The District is a special-purpose political subdivision of the Commonwealth established by its enabling legislation to finance, construct, operate, maintain, repair, and improve the Chesapeake Bay Bridge-Tunnel facility. Because the District's statutory purpose and activities are concentrated on a single transportation facility, its financial operations generally remain consistent from year to year. Toll revenue is the District's principal source of operating revenue, accounting for approximately 98% of total operating revenue. Personnel costs are the largest component of operating expenses, with salaries, payroll taxes, employee benefits, and other personnel-related costs representing approximately 87% of operating expenses before District facility expenses. Consequently, annual operating results are driven primarily by changes in traffic volumes and mix, toll rates, personnel costs, and the timing of major maintenance projects.

District revenues are applied in accordance with the enabling legislation and the District's bond resolution to the operation, maintenance and repair of the facility, debt service and related reserves, and ongoing and future capital projects. Most direct construction costs for the Parallel Thimble Shoal Tunnel Project ("PTST Project") are paid from restricted bond proceeds. The District's General Fund, however, pays the District's day-to-day project-management and administrative costs associated with overseeing the PTST Project. This financial structure generally produces consistent operating results, while the timing of construction expenditures, preservation projects, borrowing, and investment activity may cause individual financial-statement balances to change substantially from year to year.

Summary of Net Position
As of June 30, 2026, 2025, and 2024

	2026	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 143,283,884	$ 135,748,670	$ 84,144,024
Restricted assets	178,524,280	202,639,451	262,616,233
Noncurrent investments	268,174,026	216,692,769	252,363,684
Long-term lease receivable, net	1,178,148	1,765,426	3,463,769
Capital assets	1,195,400,863	1,187,737,593	1,088,994,384
Bond insurance costs, net	1,846,451	1,958,744	2,071,037
Total Assets	1,788,407,652	1,746,542,653	1,693,653,131
Deferred outflows of resources	3,167,096	2,911,615	2,596,928
Total Assets and Deferred Outflows of Resources	1,791,574,748	1,749,454,268	1,696,250,059
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	35,461,599	37,420,376	41,428,245
Long-term debt, net of current portion	734,628,689	736,883,358	739,138,027
Long-term compensated absences, net of current portion	2,565,925	2,460,710	2,251,677
Net pension liability	12,859,567	13,374,855	13,774,988
RHIP OPEB liability	3,458,289	4,607,735	4,635,569
Net GLI OPEB liability	368,229	439,785	460,656
Total Liabilities	789,342,298	795,186,819	801,689,162
Deferred inflows of resources	5,084,772	4,661,854	5,809,661
Total Liabilities and Deferred Inflows of Resources	794,427,070	799,848,673	807,498,823
NET POSITION			
Net investment in capital assets	572,144,678	585,499,559	541,925,403
Restricted for debt service	38,175,047	36,795,777	36,278,906
Restricted for forfeited property	1,330	658	15,621
Unrestricted	386,826,623	327,309,601	310,531,306
Total Net Position	$ 997,147,678	$ 949,605,595	$ 888,751,236

Net Position

The District's current assets consist primarily of short-term investments. Current assets and noncurrent investments are most meaningfully evaluated together. Combined current assets and noncurrent investments increased by $59.1 million, or 16.7%, from $352.4 million at June 30, 2025, to $411.5 million at June 30, 2026. The increase was primarily attributable to $51.0 million of operating income, $12.3 million of interest income earned on unrestricted investments, and a $27.7 million reimbursement from the Parallel Thimble Shoal Tunnel Project's general contractor. The reimbursement was related to change-order costs arising from changed geotechnical conditions that the District initially funded and that were subsequently covered by insurance or settled under the risk-sharing provisions of the Comprehensive Agreement. These increases were partially offset by $2.4 million of General Fund expenditures for the PTST Project, $3.9 million of Reserve Maintenance Fund expenditures for capital assets, a $1.7 million transfer from unrestricted funds to the Series 2016 Bonds debt service reserve fund, and $24.1 million of interest payments on the District's outstanding Series 2016 Bonds and TIFIA and VTIB loans.

Combined current assets and noncurrent investments increased by $15.9 million, or 4.7%, from $336.5 million at June 30, 2024, to $352.4 million at June 30, 2025. The increase was primarily attributable to $53.1 million of operating income, $9.3 million of interest income earned on unrestricted investments, and a $9.8 million favorable change in the fair value of unrestricted investments. These increases were partially offset by $31.8 million of General Fund expenditures for the District's day-to-day management of the PTST Project and $24.1 million of interest payments on the District's outstanding Series 2016 Bonds and TIFIA and VTIB loans. Although current assets increased by $51.6 million and noncurrent investments decreased by $35.7 million, these offsetting movements principally reflected a shift in investment maturities, as investments that were within 12 months of maturity were classified as current assets.

Restricted assets decreased by $24.1 million, or 11.9%, from $202.6 million at June 30, 2025, to $178.5 million at June 30, 2026. The decrease was primarily attributable to the expenditure of $31.1 million of bond proceeds on construction of the Parallel Thimble Shoal Tunnel Project. This reduction was partially offset by $6.7 million of interest income and a $0.5 million favorable change in the fair value of restricted investments, as well as a $1.7 million transfer from the General Fund to the debt service reserve fund for the Series 2016 Revenue Bonds.

Restricted assets decreased by $60.0 million, or 22.8%, from $262.6 million at June 30, 2024, to $202.6 million at June 30, 2025. The decrease was primarily attributable to the expenditure of $70.9 million of bond proceeds on construction of the PTST Project. This reduction was partially offset by $9.0 million of interest income and a $2.4 million favorable change in the fair value of restricted investments.

The same operating, investing, capital project, and debt service activities described above for unrestricted investments also caused unrestricted net position to increase by $59.5 million, or 18.2%, from $327.3 million at June 30, 2025, to $386.8 million at June 30, 2026.

Summary of Statements of Revenues, Expenses, and Changes in Net Position During FY2026, FY2025, and FY2024

	2026	2025	2024
Operating Revenues:			
Tolls	$ 74,066,052	$ 74,297,475	$ 70,990,494
Other	1,393,572	924,662	1,355,822
Total Operating Revenues	75,459,624	75,222,137	72,346,316
Operating expenses before District facility expenses	18,965,956	18,383,569	18,150,057
District facility expenses	5,462,108	3,788,179	4,525,544
Total Operating Expenses	24,428,064	22,171,748	22,675,601
Operating Income	51,031,560	53,050,389	49,670,715
Total other nonoperating revenues (expenses)	(3,489,477)	7,803,970	13,302,190
Increase in net position	47,542,083	60,854,359	62,972,905
Total net position, beginning of year	949,605,595	888,751,236	825,778,331
Total net position, end of year	$ 997,147,678	$ 949,605,595	$ 888,751,236

Comparison of Toll Revenues and Vehicular Traffic
During FY2026, FY2025, and FY2024

				Percentage Change	
	2026	2025	2024	2026 vs. 2025	2025 vs. 2024
Toll revenues	$ 74,066,052	$ 74,297,475	$ 70,990,494	(0.3)%	4.7 %
Vehicular traffic:					
Cars and light trucks	3,805,231	3,808,477	3,884,600	(0.1)	(2.0)
Heavy trucks	405,603	400,331	404,733	1.3	(1.1)
Buses	9,150	8,543	8,135	7.1	5.0
Total Vehicles	4,219,984	4,217,351	4,297,468	0.1	(1.9)

Changes in Net Position

Toll revenues remained relatively stable, decreasing by only $231,000, or 0.3%, from $74.3 million in FY2025 to $74.1 million in FY2026. Total traffic increased by approximately 0.1%, and there were no changes in toll rates during FY2026. The slight difference between traffic and toll-revenue trends primarily reflects changes in the composition of traffic and toll-payment categories, including increased use by customers qualifying for discounted commuter rates and decreased activity in certain categories paying undiscounted tolls. Management believes that higher fuel prices associated with geopolitical conditions also constrained overall traffic growth during the year.

Toll revenues increased by $3.3 million, or 4.7%, from $71.0 million in FY2024 to $74.3 million in FY2025, despite a 1.9% decrease in total traffic. The increase in toll revenues resulted from the full-year effect of the approximately 10% toll-rate increase implemented on January 1, 2024.

Other operating revenues increased by $468,910, or 50.7%, from $924,662 in FY2025 to $1.4 million in FY2026. FY2025 results were impacted by a $498,840 loss on lease modification recognized during the year. That loss resulted from a modification, effective June 1, 2025, to the District's lease with Chesapeake Tunnel Joint Venture, the design-build contractor for the Parallel Thimble Shoal Tunnel Project. The modification reduced the contractor's right to use a portion of the District's Little Creek property in Virginia Beach. Excluding the prior-year lease-modification loss, other operating revenues remained relatively consistent between the two fiscal years.

District facility expenses increased by $1.7 million, or 44.2%, from FY2025 to FY2026. Substantially, all of the increase occurred in preservation expenses; which can vary significantly between fiscal years depending on the timing of individual projects. During FY2026, the District incurred approximately $380,000 to complete a pavement striping project and approximately $1.2 million for the initial phase of a vent building renovation project. The vent building renovation has a total estimated project cost of $7.1 million and is expected to continue in future fiscal years.

District facility expenses decreased by $737,000, or 16.3%, from $4.5 million in FY2024 to $3.8 million in FY2025. The decrease principally reflected a 46.0% reduction in bridge and tunnel preservation expenses following completion of the North Channel Bridge steel-repair project during FY2024.

Net non-operating revenues decreased by $11.3 million, from net non-operating revenues of $7.8 million in FY2025 to net non-operating expenses of $3.5 million in FY2026. The change was primarily attributable to a decrease in the favorable change in the fair value of investments, from $12.2 million in FY2025 to $0.5 million in FY2026. During FY2025, declining interest rates increased the fair value of the District's fixed-income investments. By comparison, interest rates increased across much of the intermediate-term maturity range during FY2026, limiting further appreciation in the portfolio's fair value. Interest income increased slightly to $18.6 million, while interest expense remained relatively unchanged at approximately $22.7 million.

Net non-operating revenues decreased by $5.5 million, from $13.3 million in FY2024 to $7.8 million in FY2025. The decrease was primarily attributable to a $10.6 million reduction in the favorable change in the fair value of investments, partially offset by a $3.2 million increase in interest income. The District generally holds its investments to maturity. Accordingly, changes in fair value represent noncash accounting adjustments rather than realized gains or losses.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

The District has $1.195 and $1.188 billion invested in capital assets, net of accumulated depreciation as of June 30, 2026 and 2025, respectively. Capital assets include bridge and tunnel assets, capitalized interest and financing expenses, construction in progress on the parallel tunnel projects, and miscellaneous capital assets. The bridges, trestles, approach roads, Fisherman Island Causeway, tunnels, portal islands with all attached improvements, toll plaza infrastructure and the rest area facility, and site-wide utilities are classified as bridge and tunnel assets. Capitalized interest and financing expenses are the amounts that were funded from the 1960 revenue bond issue to pay debt service and associated costs of the bonds during construction until the opening of the Chesapeake Bay Bridge and Tunnel in 1964. Effective for fiscal year 2020, interest expense is no longer capitalized and is instead expensed as incurred in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). This statement was applied prospectively. Other capital assets include all other capitalized assets such as land, buildings, fleet vehicles, and equipment. During FY2026, capital asset purchases in the amount of $3.5 million were added to miscellaneous capital assets, $311,000 were added to bridge and tunnel facilities and $4.5 million were added to construction in progress for the ongoing parallel tunnel project.

In accordance with U.S. GAAP, the District has elected to utilize the modified approach to infrastructure reporting on both bridge and tunnel assets and capitalized interest and financing expenses. Rather than reporting depreciation on any bridge and tunnel assets or capitalized interest, the District reports, as preservation expense, the costs incurred for maintaining bridge and tunnel assets in generally good condition on the statements of revenues, expenses, and changes in net position.

Long-Term Financing Activity (Bonds Payable)

The amount of outstanding bonds payable that mature between July 1, 2026 and July 1, 2055 is $709,398,613, and $710,117,528, net of unamortized bond premium of $25,948,991 and $27,484,745 as of June 30, 2026 and 2025, respectively. All the bonds payable are backed by the pledge of toll revenues. The underlying credit rating on the Series 2016 Bonds and the TIFIA Loan is Baa2 and BBB+ by Moody's Investors Service and Standard & Poor's Global Ratings, respectively. The VTIB Loan is unrated.

The Commission is required to maintain its General Resolution Toll Rate Covenant Ratio, as defined, at a level not less than 150% of the principal and interest requirement of all First Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First and Second Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First, Second, and Subordinate Tier Bonds then outstanding; and 110% of all required deposits under the resolution. For FY2026, the toll rate covenant ratio for First Tier Bonds was 476%, the toll rate covenant ratio for Subordinate Tier Bonds was 306% and the toll rate covenant ratio for all required deposits was 131%. For FY2025, the toll rate covenant ratio for First Tier Bonds was 477%, the toll rate covenant ratio for Subordinate Tier Bonds was 308% and the toll rate covenant ratio for all required deposits was 210%. There was no debt service requirement for Second Tier bonds as of June 30, 2026 and June 30, 2025.

Currently Known Facts, Decisions, or Conditions

On September 24, 2026, the District issued $292,020,000 of Series 2026 refunding bonds and used the proceeds, together with other available funds, to refund the Series 2016 Bonds. The refunding changed the District's future debt-service structure and resulted in estimated gross debt service savings of $76.6 million with an estimated net present value of $42.9 million. The Series 2026-2 Bonds bear interest at variable rates, which will cause future interest expense and debt-service requirements to vary with market conditions.

Contacting the District's Financial Management

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash (Note 3)	$ 1,734,809	$ 1,620,848
Investments (Notes 3 and 11)	136,421,766	129,193,623
Accounts receivable and accrued interest receivable, net	2,565,390	2,554,709
Lease receivable (Note 14)	966,796	903,276
Prepaid expenses and other assets	1,595,123	1,476,214
Total Current Assets	143,283,884	135,748,670
Restricted Assets:		
Cash (Note 3)	23,201	19,529
Investments (Notes 3 and 11)	177,637,946	201,353,975
Accrued interest receivable	863,133	1,265,947
Total Restricted Assets	178,524,280	202,639,451
Investments (Notes 3 and 11)	268,174,026	216,692,769
Long-term lease receivable (Note 14)	1,178,148	1,765,426
Capital Assets (Note 4):		
Bridge and tunnel facilities	422,681,681	422,370,201
Construction in progress – Parallel Thimble Shoal Tunnel	755,642,934	751,096,846
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	8,366,841	5,561,139
Total Capital Assets, net	1,195,400,863	1,187,737,593
Bond insurance costs, net of accumulated amortization	1,846,451	1,958,744
Deferred Outflows of Resources:		
Pension (Note 6)	2,828,718	2,454,796
RHIP OPEB (Note 9)	213,437	323,657
GLI OPEB (Note 10)	124,941	133,162
Total Deferred Outflows of Resources	3,167,096	2,911,615
Total Assets and Deferred Outflows of Resources	$ 1,791,574,748	$ 1,749,454,268

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

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

JUNE 30, 2026 AND 2025

	2026	2025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued expenses	$ 20,715,908	$ 22,905,339
Current portion of long-term debt (Note 5)	718,915	718,915
Current portion of compensated absences (Note 12)	1,117,987	1,027,180
Accrued interest	12,009,636	12,017,229
Unearned revenues	899,153	751,713
Total Current Liabilities	35,461,599	37,420,376
Long-Term Liabilities:		
Long-term debt, net of current portion (Note 5)	734,628,689	736,883,358
Long-term compensated absences, net of current portion (Note 12)	2,565,925	2,460,710
Net pension liability (Note 6)	12,859,567	13,374,855
Total other postemployment benefits liability (Note 9)	3,458,289	4,607,735
Net group life insurance other postemployment benefits liability (Note 10)	368,229	439,785
Total Long-Term Liabilities	753,880,699	757,766,443
Deferred Inflows of Resources:		
Pension (Note 6)	1,608,823	1,270,654
RHIP OPEB (Note 9)	1,286,271	629,520
GLI OPEB (Note 10)	92,326	89,834
Lease receivable (Note 14)	2,097,352	2,671,846
Total Deferred Inflows of Resources	5,084,772	4,661,854
Total Liabilities and Deferred Inflows of Resources	794,427,070	799,848,673
Net Position:		
Net investment in capital assets	572,144,678	585,499,559
Restricted for debt service	38,175,047	36,795,777
Restricted for forfeited property	1,330	658
Unrestricted	386,826,623	327,309,601
Total Net Position	997,147,678	949,605,595
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,791,574,748	$1,749,454,268

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

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

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Operating Revenues:		
Tolls	$ 74,066,052	$ 74,297,475
Other	1,393,572	924,662
Total Operating Revenues	75,459,624	75,222,137
Operating Expenses:		
Administration	653,573	638,184
Finance	1,233,011	1,098,496
Operations	5,791,091	5,684,913
Maintenance and tunnel operations	4,953,239	4,993,584
General	4,553,700	4,347,661
Consultants	781,755	776,460
Utilities	999,587	844,271
Total Operating Expenses Before District Facility Expenses	18,965,956	18,383,569
District Facility Expenses:		
Insurance	1,682,633	1,573,408
Depreciation (Note 4)	747,784	761,478
Bridge and tunnel preservation	2,942,915	1,289,306
Other	88,776	163,987
Total District Facility Expenses	5,462,108	3,788,179
Total Operating and District Facility Expenses	24,428,064	22,171,748
Operating Income	51,031,560	53,050,389
Other Nonoperating Revenues (Expenses):		
Change in fair value of investments (Note 3)	498,118	12,158,861
Interest income	18,628,121	18,326,224
Interest expense	(22,663,714)	(22,679,025)
Gain on asset disposal	47,998	14,230
Other revenue and expenses, net	-	(16,320)
Total Other Nonoperating Revenues (Expenses)	(3,489,477)	7,803,970
Change in net position	47,542,083	60,854,359
Total net position, beginning of year	949,605,595	888,751,236
Total net position, end of year	$ 997,147,678	$ 949,605,595

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Toll collections from customers	$ 74,479,741	$ 74,151,400
Scrip sales	250,760	297,560
Leasing revenues	1,477,214	1,436,529
Payments to employees for services and employee benefits	(17,037,325)	(15,852,606)
Payments to suppliers and consultants	(7,052,359)	(5,856,370)
Other	(100,488)	(205,488)
Net cash flows from operating activities	52,017,543	53,971,025
Cash flows from investing activities:		
Purchases of investments	(918,576,083)	(678,256,447)
Interest income	18,380,834	18,925,687
Sales and maturities of investments	884,080,830	734,069,979
Net cash flows from investing activities	(16,114,419)	74,739,219
Cash flows from capital and related financing activities:		
Purchases of capital assets	(11,037,610)	(104,435,079)
Forfeited assets	3,000	(16,320)
Debt principal repayments	(718,915)	-
Proceeds from sale of capital assets	62,802	14,230
Interest paid	(24,094,768)	(24,115,892)
Net cash flows from capital and related financing activities	(35,785,491)	(128,553,061)
Net change in cash and restricted cash	117,633	157,183
Cash and restricted cash, beginning of year	1,640,377	1,483,194
Cash and restricted cash, end of year	$ 1,758,010	$ 1,640,377
Cash and restricted cash are presented in the accompanying Statements of Net Position as follows:		
Cash	$ 1,734,809	$ 1,620,848
Restricted cash	23,201	19,529
	$ 1,758,010	$ 1,640,377

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	$ 51,031,560	$ 53,050,389
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	747,784	761,478
Changes in operating assets and liabilities:		
Accounts receivable	639,420	131,466
Lease receivable	523,758	1,848,913
Prepaid expenses and other assets	(118,909)	(335,936)
Accounts payable and accrued expenses	419,321	141,839
Compensated absences	196,022	264,884
Deferred inflows related to lease receivable	(574,494)	(1,377,810)
Pension liabilities and related deferred outflows and inflows	(551,041)	(387,053)
RHIP OPEB liabilities and related deferred outflows and inflows	(382,475)	(99,915)
GLI OPEB liabilities and related deferred outflows and inflows	(60,843)	(46,554)
Unearned revenues	147,440	19,324
Net cash flows from operating activities	$ 52,017,543	$ 53,971,025

Supplemental disclosure of noncash capital and related financing activities:

The District incurred noncash expenses including the amortization of bond premiums and bond insurance costs that totaled $1,535,754 and $1,423,461 in 2026 and 2025, respectively.

The District incurred noncash capital purchases in the amount of $18,137,834 and $20,749,584 that are included in accounts payable as of June 30, 2026 and 2025, respectively.

Note 1—Organization and summary of operations

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

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

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

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

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

On April 15, 1964, the Bridge-Tunnel opened as a two-lane facility. A three-staged parallel crossing project began in 1995. Stage 1 of this project was completed in April 1999. This stage included construction of parallel trestles, bridges, roadways, and rehabilitation of the original two-lane facility. Stage 2 has been ongoing since 2013 and will consist of construction of an additional two-lane tunnel under Thimble Shoal Channel. In FY2021, the District began the preliminary work for Stage 3 which will complete the parallel crossing with construction of an additional two-lane tunnel under Chesapeake Channel.

The District is accounted for under the economic resources measurement focus and the accrual basis of accounting as a special-purpose government engaged in business-type activities, which follows enterprise fund reporting. Special-purpose governments engaged in business-type activities are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. The District distinguishes nonoperating revenues and expenses from operating items. Nonoperating revenues and expenses are defined as revenues and expenses related to financing, resources from the disposal of capital assets, and investment income and expenses. All revenues and expenses not meeting these definitions are reported as operating revenues and expenses.

Note 2—Summary of significant accounting policies

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

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

Capital Assets – The bridge and tunnel assets and construction in progress are stated at cost and include previously capitalized interest. In 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.

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

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

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

Accounts Receivable – A significant portion of the District's toll revenues are collected electronically via credit card, debit card, or E-ZPass. E-ZPass allows tolls to be paid from a prepaid account between a participating group of toll agencies throughout the northeastern and mid-Atlantic United States. The payment of the tolls is governed by a reciprocal agreement between the participating agencies. Electronic toll payment via all three methods is usually received within one to three days following the toll charge. The lagged toll payment is recorded as a receivable on the District's statement of net position. In management's estimate, an allowance for doubtful account is unnecessary given the reliability of payment under the reciprocal agreement.

Note 2—Summary of significant accounting policies (continued)

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

*Postemployment Benefits Other than Pensions ("*OPEB*")* – District employees participate in two postemployment benefits other than pensions (other postemployment benefits or OPEB) plans:

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

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

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

Note 2—Summary of significant accounting policies (continued)

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

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

Years of Service	Annual Leave Hours Per Pay Period	Sick Leave Hours Per Pay Period	Maximum Accrued Annual Leave
Less than 5	4	3, 5	192
5 - 9	5	3, 5	240
10 - 14	6	3, 5	288
15 - 19	7	3, 5	336
20 - 24	8	3, 5	384
25 or more	9	3, 5	432

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

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

Leases – The District is the lessor on two 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%. For more information, please see Note 14.

Note 2—Summary of significant accounting policies (continued)

Subscription-Based Information Technology Arrangements – GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"), (1) defined a SBITA; (2) established that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provided the capitalization criteria for outlays other than subscription payments, included implementation costs of a SBITA; and (4) required note disclosures regarding a SBITA. Upon review, the District concluded that SBITAs are immaterial and do not warrant disclosure.

Adoption of New Accounting Standards – The District implemented the following standards issued by the Governmental Accounting Standards Board:

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The provisions of the statement are effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The provisions of the statement are effective for fiscal years beginning after June 15, 2025. The requirements of this Statement improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements improve consistency and comparability between governments.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The provisions of the statement are effective for fiscal years beginning after June 15, 2026; however, earlier application is encouraged. The requirements of this Statement improve financial reporting related to subsequent events by: (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events, and (2) specifying the information items that are required to be disclosed about subsequent events.

Note 3—Cash deposits and investments

Deposits – The carrying value of the District's deposits (unrestricted and restricted) was $1,758,010 and $1,640,377 at June 30, 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 third party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the District up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the VSPD Act and for notifying local governments of compliance by banks.

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

Note 3—Cash deposits and investments (continued)

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

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

June 30, 2026	Standard & Poor's Credit Rating						
Investment Type	AAA	AA+	AA	AA-	A-1+	A+	Total
U.S. treasuries	$ -	$ 356,976,557	$ -	$ -	$ 2,447,660	$ -	$ 359,424,217
Federal agency:							
Mortgage-backed	-	155,958	-	-	-	-	155,958
Commercial-backed	-	59,509,878	-	-	-	-	59,509,878
Corporate notes	3,120,292	9,413,874	16,343,865	28,502,764	-	-	57,380,795
	$ 3,120,292	$ 426,056,267	$ 16,343,865	$ 28,502,764	$ 2,447,660	$ -	$ 476,470,848

June 30, 2025	Standard & Poor's Credit Rating						
Investment Type	AAA	AA+	AA	AA-	A-1+	A+	Total
U.S. treasuries	$ -	$ 302,435,324	$ -	$ -	$ 29,156,877	$ -	$ 331,592,201
U.S. agencies	-	25,590,130	-	-	-	-	25,590,130
Federal agency:							
Mortgage-backed	-	252,984	-	-	-	-	252,984
Commercial-backed	-	43,380,366	-	-	-	-	43,380,366
Corporate notes	10,192,133	7,928,884	4,657,170	16,926,090	-	-	39,704,277
	$ 10,192,133	$ 379,587,688	$ 4,657,170	$ 16,926,090	$ 29,156,877	$ -	$ 440,519,958

Concentration of Credit Risk – The District's investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of June 30, 2026 and 2025, the District's portfolio was invested as follows:

Investment Type	2026 Fair Value	Percentage of Portfolio	2025 Fair Value	Percentage of Portfolio
U.S. treasuries	$ 359,424,217	61.73 %	$ 331,592,201	60.59 %
U.S. agencies	-	0.00	25,590,130	4.68
Federal agency:				
Mortgage-backed	155,958	0.03	252,984	0.05
Commercial-backed	59,509,878	10.22	43,380,366	7.93
Money market funds	105,762,890	18.17	106,720,409	19.50
Corporate notes	57,380,795	9.85	39,704,277	7.25
	$ 582,233,738	100.00 %	$ 547,240,367	100.00 %

Note 3—Cash deposits and investments (continued)

Interest Rate Risk – Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the investment of funds as a means of limiting exposure to fair value losses. Investments in the General Resolution Debt Service Reserve Funds are limited to investments with maturities that are consistent with the next interest or principal payment date. Investments in the General Resolution Reserve Maintenance Fund are limited to investments with maturities less than three years. Investments in the General Resolution General Fund are limited to investments with maturities that are consistent with the schedule of planning, development, and construction of parallel tunnels that would complete the parallel crossing. Investments are selected based on the current perception of the direction of interest rates with a greater emphasis on yield and a lesser emphasis on liquidity.

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

As of June 30, 2026, the District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	Greater than 3 Years	Not Fixed
U.S. treasuries	$ 359,424,217	$ 162,681,618	$ 191,212,578	$ 5,530,021	$ -
U.S. agencies	-	-	-	-	-
Federal agency mortgage-backed	155,958	20,220	-	135,738	-
Federal agency commercial-backed	59,509,878	7,957,617	27,781,711	23,770,550	-
Money market funds	105,762,890	-	-	-	105,762,890
Corporate notes	57,380,795	4,891,864	29,898,150	22,590,781	-
	$ 582,233,738	$ 175,551,319	$ 248,892,439	$ 52,027,090	$ 105,762,890

As of June 30, 2025, the District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	Greater than 3 Years	Not Fixed
U.S. treasuries	$ 331,592,201	$ 199,489,729	$ 127,436,755	$ 4,665,717	$ -
U.S. agencies	25,590,130	25,590,130	-	-	-
Federal agency mortgage-backed	252,984	-	76,255	176,729	-
Federal agency commercial-backed	43,380,366	-	10,963,398	32,416,968	-
Money market funds	106,720,409	-	-	-	106,720,409
Corporate notes	39,704,277	5,970,561	21,464,849	12,268,867	-
	$ 547,240,367	$ 231,050,420	$ 159,941,257	$ 49,528,281	$ 106,720,409

Note 3—Cash deposits and investments (continued)

Summary of Changes in Fair Value of Investments – The change in fair value of investments for the years ended June 30, 2026 and 2025 is calculated as follows:

	2026	2025
Fair value of investments at end of year	$ 582,233,738	$ 547,240,367
Add:		
Proceeds from sales and maturities during the year	884,080,830	734,069,979
Less:		
Cost of investments purchased during the year	(918,576,083)	(678,256,447)
Fair value of investments at beginning of year	(547,240,367)	(590,895,038)
Change in fair value of investments	$ 498,118	$ 12,158,861

Note 4—Capital assets

Capital assets include bridge and tunnel assets, capitalized interest and financing expenses, and other capital assets. The bridges, trestles, approach roads, Fisherman Island Causeway, tunnels, portal islands with all attached improvements, toll plaza infrastructure and the rest area facility, and site-wide utilities, are classified as bridge and tunnel assets. Capitalized interest and financing expenses include the amount of money that was funded from the 1960 Bonds issued for debt service and associated costs of the bonds during construction until the opening of the Bridge-Tunnel in 1964 and the amount of interest capitalized from the Series 2016 Bonds during construction of the Parallel Thimble Shoal Tunnel Project through the end of fiscal year 2019. Effective for fiscal year 2020, interest expense is no longer capitalized and is instead expensed as incurred in accordance with U.S. GAAP. This standard was applied prospectively. Miscellaneous capital assets include all other assets that the District has capitalized such as land, buildings, fleet vehicles, and equipment.

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

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

Capital assets at June 30, 2026 and 2025 comprise the following:

	2026	2025
Bridge and tunnel assets	$ 422,681,681	$ 422,370,201
Capitalized interest and finance expenses	25,565,790	25,565,790
Construction in progress - Parallel Thimble Shoal Tunnel	730,077,144	725,531,056
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets	24,739,293	22,209,072
	1,211,773,315	1,204,385,526
Less accumulated depreciation	(16,372,452)	(16,647,933)
Total capital assets, net	$ 1,195,400,863	$ 1,187,737,593

Note 4—Capital assets (continued)

The following is a summary of the changes in capital assets for the year ended June 30, 2026:

	Capital Assets Balance, June 30, 2025	Capital Assets Additions	Capital Assets Disposals	Capital Assets Depreciation	Capital Assets Balance, June 30, 2026
Nondepreciable assets:					
Bridge and tunnel assets	$ 422,370,201	$ 311,480	$ -	$ -	$ 422,681,681
Construction in progress	754,573,346	4,546,088	-	-	759,119,434
Land	5,232,907	-	-	-	5,232,907
	1,182,176,454	4,857,568	-	-	1,187,034,022
Depreciable assets:					
Miscellaneous capital assets	22,209,072	3,568,290	(1,038,069)	-	24,739,293
Less accumulated depreciation	(16,647,933)	-	1,023,265	(747,784)	(16,372,452)
	5,561,139	3,568,290	(14,804)	(747,784)	8,366,841
Total capital assets, net	$ 1,187,737,593	$ 8,425,858	$ (14,804)	$ (747,784)	$ 1,195,400,863

The following is a summary of the change in capital assets for the year ended June 30, 2025:

	Capital Assets Balance, June 30, 2024	Capital Assets Additions	Capital Assets Disposals	Capital Assets Depreciation	Capital Assets Balance, June 30, 2025
Nondepreciable assets:					
Bridge and tunnel assets	$ 422,370,201	$ -	$ -	$ -	$ 422,370,201
Construction in progress	656,167,390	98,405,956	-	-	754,573,346
Land	5,232,907	-	-	-	5,232,907
	1,083,770,498	98,405,956	-	-	1,182,176,454
Depreciable assets:					
Miscellaneous capital assets	21,262,350	1,098,731	(152,009)	-	22,209,072
Less accumulated depreciation	(16,038,464)	-	152,009	(761,478)	(16,647,933)
	5,223,886	1,098,731	-	(761,478)	5,561,139
Total capital assets, net	$ 1,088,994,384	$ 99,504,687	$ -	$ (761,478)	$ 1,187,737,593

Note 5—General resolution revenue bonds

The principal amounts of bonds outstanding, net of unamortized premium, at June 30, 2026 and 2025 are as follows:

	2026	2025
First Tier General Resolution Revenue Bonds, Series 2016	$ 347,463,991	$ 348,999,745
Subordinate General Resolution Revenue Bonds, TIFIA Series 2021	337,902,394	338,528,672
Subordinate General Resolution Revenue Bonds, VTIB Series 2016	49,981,219	50,073,856
	$ 735,347,604	$ 737,602,273

Note 5—General resolution revenue bonds (continued)

The General Resolution Revenue Bonds were issued as follows:

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

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

On October 24, 2016, the Commission adopted and approved a new General Revenue Bond Resolution (the "2016 Resolution") along with three Supplemental Resolutions authorizing the issuance of $321,515,000 First Tier General Resolution Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), a loan from the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act ("TIFIA") program (the "TIFIA Loan") in the amount of up to $338,528,672, plus capitalized interest and a loan from the Virginia Transportation Infrastructure Bank (the "VTIB Loan") in the amount of up to $50,000,000, plus capitalized interest.

The Series 2016 Bonds are term bonds maturing from July 1, 2041 through July 1, 2055 with coupon interest rates ranging from 4.0% to 5.0%. The proceeds from the Series 2016 Bonds, along with the proceeds of the TIFIA Loan and VTIB Loan and cash contributed by the District will be utilized to finance the development and construction of the Project. The remaining portion of the proceeds from the Series 2016 Bonds will be utilized to: (i) pay capitalized interest on a portion of the Series 2016 Bonds to and including July 1, 2021, (ii) to obtain a municipal bond debt service reserve surety policy for the Series 2016 Bonds, and (iii) to pay the related issuance expenses, including bond insurance premiums. Amortization of original issue premium and deferred costs of insurance related to the Series 2016 Bonds was $1,423,461 for the year ended June 30, 2026, and is a net reduction in interest expense.

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

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

Note 5—General resolution revenue bonds (continued)

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

On August 13, 2019, the District issued First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019 (the "Series 2019 BANs") in the aggregate principal amount of $378,140,000 pursuant to its 2016 Resolution and its Fourth Supplemental Resolution, adopted by the Commission on July 9, 2019. The Series 2019 BANs matured on November 1, 2023. The proceeds of the Series 2019 BANs were used to provide funds to pay capitalized interest on the Series 2019 BANs, finance a portion of the costs of the Parallel Thimble Shoal Tunnel Project, and pay certain costs of issuing the Series 2019 BANs. The Series 2019 BANs were issued in anticipation of the proceeds to be received by the District from disbursements requisitioned by the District in accordance with the terms of the TIFIA Loan Agreement and the VTIB Loan Agreement.

On December 27, 2022, the District received a draw on the outstanding TIFIA loan and the VTIB loan in the amounts of $338,528,672 and $48,663,510, respectively. The funds from 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.

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

As part of the District's post-issuance compliance procedures, it has determined that under the terms of the tax certificate issued in relation to the Series 2019 BANs that no arbitrage rebate liability existed at June 30, 2026 and 2025, respectively.

The District has defeased general obligations in prior years by placing the proceeds of new bonds and the District's own resources into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and liabilities for those defeased bonds are not included in the District's financial statements. At June 30, 2026, $15,600,000 of defeased bonds remain outstanding.

Note 5—General resolution revenue bonds (continued)

Bond activity for the years ended June 30, 2026 and 2025 was as follows:

	Balance, June 30, 2025	Bond Proceeds	Amortization of Costs Premiums Discounts, and Deferred Losses, Net	Bond Payments	Balance, June 30, 2026	Amounts Due Within One Year
First tier general resolution						
Series 2016 Bonds	$ 321,515,000	$ -	$ -	$ -	$ 321,515,000	$ -
Issuance premiums	27,484,745	-	(1,535,754)	-	25,948,991	-
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
	$ 737,602,273	$ -	$ (1,535,754)	$ (718,915)	$ 735,347,604	$ 718,915

	Balance, June 30, 2024	Bond Proceeds	Amortization of Costs Premiums Discounts, and Deferred Losses, Net	Bond Payments	Balance, June 30, 2025	Amounts Due Within One Year
First tier general resolution						
Series 2016 Bonds	$ 321,515,000	$ -	$ -	$ -	$ 321,515,000	$ -
Issuance premiums	29,020,499	-	(1,535,754)	-	27,484,745	-
Subordinate general resolution:						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	626,278
VTIB Series 2016	50,073,856	-	-	-	50,073,856	92,637
	$ 739,138,027	$ -	$ (1,535,754)	$ -	$ 737,602,273	$ 718,915

The District is required to maintain its General Resolution Toll Rate Covenant Ratio, as defined, at a level not less than 150% of the principal and interest requirement of all First Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First and Second Tier Bonds then outstanding; not less than 125% of the principal and interest requirement of all First, Second, and Subordinate Tier Bonds then outstanding; and 110% of all required deposits under the resolution. For FY2026, the toll rate covenant ratio for First Tier Bonds was 476%, the toll rate covenant ratio for Subordinate Tier Bonds was 306% and the toll rate covenant ratio for all required deposits was 131%. There was no debt service requirement for Second Tier Bonds as of June 30, 2026.

Note 5—General resolution revenue bonds (continued)

Maturities of general resolution revenue bonds principal and interest to be paid in subsequent fiscal years for all bonds outstanding at June 30, 2026 were as follows:

Fiscal Year	Principal	Interest
2027	$ 718,915	$ 24,079,456
2028	718,915	24,054,824
2029	718,915	24,062,163
2030	3,886,025	23,999,515
2031	5,829,038	23,895,886
2032-2036	59,316,340	116,405,174
2037-2041	121,785,379	102,198,088
2042-2046	181,350,506	73,349,827
2047-2051	213,358,645	33,829,608
2052-2056	121,715,935	6,346,108
	$ 709,398,613	$ 452,220,649

Total principal balance herein is different from that on page 27 because it represents the bond principal excluding bond premium.

Note 6—Pension plan

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

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

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

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

Note 6—Pension plan (continued)

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

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

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

Historical trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the VRS system may be found in the VRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. A copy of the report may be obtained on the VRS Web site at https://www.varetire.org/media/shared/pdf/publications/2025-annual-report.pdf or by writing to the Chief Financial Officer of the Virginia Retirement System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Employees Covered by Benefit Terms – As of the June 30, 2024 and 2023 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	Number	
	2024	**2023**
Inactive members or their beneficiaries currently receiving benefits	149	149
Inactive members:		
Vested inactive members	13	15
Nonvested inactive members	42	37
Inactive members active elsewhere in VRS	38	32
Total inactive members	93	84
Active members	147	145
Total covered employees	389	378

Note 6—Pension plan (continued)

Contributions – The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The District's contractually required contribution rate was 14.58% of covered employee compensation for the years ended June 30, 2026 and 2025. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $1,578,593 and $1,535,227 for the years ended June 30, 2026 and 2025, respectively.

Net Pension Liability – The net pension liability ("NPL") is calculated for each employer and represents that particular employer's total pension liability determined in accordance with U.S. GAAP, less that employer's fiduciary net position. The District's net pension liability as of June 2026 and 2025 was measured as of June 30, 2025 and 2024, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2024 and 2023, rolled forward to the measurement date of June 30, 2025 and 2024.

Actuarial Assumptions – The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

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

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

- Pre-Retirement:
  - Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
  - Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement:
  - Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors:
  - Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally
- Mortality Improvement:
  - Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 6—Pension plan (continued)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change

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

Year Ended June 30, 2026 **Asset Class (Strategy)**	**Target Allocation**	**Arithmetic Long-Term Expected Rate of Return**	**Weighted Average Long-Term Expected Rate of Return ***
Public equity	32.00%	6.60%	2.11%
Fixed income	16.00%	5.09%	0.81%
Credit strategies	16.00%	8.21%	1.31%
Real assets	15.00%	7.10%	1.07%
Private equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
	100.00%		7.02%
Expected arithmetic nominal return**			7.02%

* The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 6—Pension plan (continued)

Year Ended June 30, 2025

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2025, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2024, actuarial valuations. From July 1, 2025, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 6—Pension plan (continued)

Changes in Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2024	$ 61,484,422	$ 48,109,567	$ 13,374,855
Changes for the year:			
Service costs	763,858	-	763,858
Interest	4,088,667	-	4,088,667
Change in assumptions	127,625	-	127,625
Difference between expected and actual experience	1,512,332	-	1,512,332
Contributions - employer	-	1,532,707	(1,532,707)
Contributions - employee	-	483,296	(483,296)
Net investment income	-	5,019,419	(5,019,419)
Benefit payments, including refunds of employee contributions	(3,350,870)	(3,350,870)	-
Administrative expense	-	(28,949)	28,949
Other changes	-	1,297	(1,297)
Net changes	3,141,612	3,656,900	(515,288)
Balances at June 30, 2025	$ 64,626,034	$ 51,766,467	$ 12,859,567

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2023	$ 58,859,108	$ 45,084,120	$ 13,774,988
Changes for the year:			
Service costs	722,017	-	722,017
Interest	3,913,452	-	3,913,452
Difference between expected and actual experience	1,197,975	-	1,197,975
Contributions - employer	-	1,462,962	(1,462,962)
Contributions - employee	-	462,508	(462,508)
Net investment income	-	4,337,434	(4,337,434)
Benefit payments, including refunds of employee contributions	(3,208,130)	(3,208,130)	-
Administrative expense	-	(29,089)	29,089
Other changes	-	(238)	238
Net changes	2,625,314	3,025,447	(400,133)
Balances at June 30, 2024	$ 61,484,422	$ 48,109,567	$ 13,374,855

Note 6—Pension plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District as of June 30, 2026 and 2025 using the discount rate of 6.75%, net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Discount Rate of 6.75%	1% Increase
District's net pension liability:			
as of June 30, 2026	$ 20,679,320	$ 12,859,567	$ 6,286,084
as of June 30, 2025	$ 20,982,467	$ 13,374,855	$ 7,046,091

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the years ended June 30, 2026 and 2025, the District recognized pension expense of $1,029,846 and $1,149,448, respectively. As of June 30, 2026 and 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,175,313	$ -
Changes in assumptions	77,379	-
Net difference between projected and actual earnings on plan investments	-	1,608,823
Employer contributions subsequent to the measurement date	1,576,026	-
	$ 2,828,718	$ 1,608,823

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 926,950	$ -
Net difference between projected and actual earnings on plan investments	-	1,270,654
Employer contributions subsequent to the measurement date	1,527,846	-
	$ 2,454,796	$ 1,270,654

Note 6—Pension plan (continued)

The District's contributions subsequent to the measurement date of $1,576,026 and $1,527,846 reported as deferred outflows of resources as of June 30, 2026 and 2025, respectively, related to pensions, will be recognized as a reduction of the net pension liability in the years ended June 30, 2027 and 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) to pension expense as follows:

Years Ending June 30:	
2027	$ 898,066
2028	(259,287)
2029	(631,310)
2030	(363,600)
2031	-
Thereafter	-
	$ (356,131)

Note 7—Deferred compensation

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

Salaried employees who elect to participate in the DCP can receive an employer cash match up to a maximum of $100 per pay period. An hourly employee of the District may defer compensation but does not receive a cash match. The employer cash match is contributed to a separate Internal Revenue Service Section 401(a) account. The District contributed $159,194 and $168,649 to employees' 401(a) accounts during the years ended June 30, 2026 and 2025, respectively.

The defined contribution component of the Hybrid Retirement Plan provides the Hybrid 401(a) Cash Match Plan. The District's employees participating as Hybrid Retirement Plan members contribute a mandatory 1% of their creditable compensation each month to their 401(a) plan account. The District also contributes a mandatory 1% as well as matching contributions on any voluntary contributions a member makes. The District contributed $116,924 and $107,278 to Hybrid Retirement Plan employees' 401(a) accounts during the years ended June 30, 2026 and 2025, respectively.

Note 8—Risk management

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

Note 8—Risk management (continued)

Effective July 1, 2013, the District changed the health insurance plans offered to employees and retirees for medical and dental benefits from fully insured plans to self-insured plans. Stop-loss coverage for aggregate and individual claims is utilized to protect the District from the potential effects of catastrophic medical claims. The District's self-insurance liability was $1,385,340 and $1,091,563 at June 30, 2026 and 2025, respectively, and is included in Accounts payable and accrued expenses on the Statement of Net Position.

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year
2026	$ 1,091,563	$ 2,320,293	$ (2,026,516)	$ 1,385,340
2025	$ 969,625	$ 1,548,119	$ (1,426,181)	$ 1,091,563

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

Note 9—Retiree health insurance plan OPEB

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

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

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

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

Amounts paid by the District for RHIP OPEB during the years ended June 30, 2026 and 2025 amounted to $213,437 and $146,673, respectively.

Note 9—Retiree health insurance plan OPEB (continued)

Employees Covered by Benefit Terms – As of the June 30, 2025 actuarial valuation, the following employees were covered by the benefit terms of the RHIP OPEB plan:

Inactive members or their beneficiary currently receiving benefits	90
Active members	149
Total covered employees and retired members	239

Net OPEB Liability – The District's net RHIP OPEB liability as of June 30, 2026 and 2025 was measured as of June 30, 2025 and 2024, respectively. The total RHIP OPEB liability used to calculate the net RHIP OPEB liability for June 30, 2026 was determined by an actuarial valuation performed as of June 30, 2025. The total RHIP OPEB liability used to calculate the net RHIP OPEB liability for June 30, 2024 was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – The total RHIP OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method: Entry Age Normal Cost Method; Level Percentage of Pay

Discount rate: 3.65% based on yields for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The rate used in the current valuation is based on indices published by Bond Buyer for 20-year general obligation bonds as of June 30, 2025.

Healthcare cost trend rates: The medical trend assumptions used in the valuation were developed using the Society of Actuaries ("SOA") Long-Run Medical Cost Trend Model. The SOA model was released in December 2007. Version 2026_1b was used for the 2025 valuation.

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

Assumptions	Model Input
Rate of Inflation	2.25%
Rate of Growth in Real Income/GDP per Capita	1.33%
Excess Medical Cost Growth	1.10%
Expected Health Share of GDP in 2035	20.1%
Health Share of GDP Resistance Point	24%
Year for Limiting Cost Growth to GDP Growth	2060

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

Note 9—Retiree health insurance plan OPEB (continued)

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

	Medical Trend
Years Ending June 30,	**Pre-65**
2026	5.60%
2030	4.75%
2035	5.21%
2040	4.75%
2050	4.75%
2060+	3.61%

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

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

Age difference and percentage married:

> Where spousal date of birth is not available, we assume active male employees were assumed to be three years older than their spouse. Active female employees were assumed to be one year younger than their spouse. The age difference assumption was developed based on recent experience. 100% of active employees are assumed to be married at retirement. For retirees, actual spouse data was used so no assumptions regarding marital status or age of spouse were made.

Participation:

Retiree Group	Assumed Rate of Participation
Nondisabled retirees	75%
Disabled retirees	100%
Spouses	25%

Note 9—Retiree health insurance plan OPEB (continued)

Changes in the Total RHIP OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ 4,635,569
Changes for the year:	
Service cost	58,537
Interest	164,618
Benefit payments	(250,989)
Net changes	(27,834)
Balance at June 30, 2025	4,607,735
Changes for the year:	
Service cost	60,674
Interest	163,179
Differences between expected and actual experience	(81,572)
Changes in assumptions or other inputs	(1,017,563)
Benefit payments	(274,164)
Net changes	(1,149,446)
Balance at June 30, 2026	$ 3,458,289

Sensitivity of the Total RHIP OPEB Liability to Changes in the Discount Rate – The following presents the total RHIP OPEB liability of the District as of June 30, 2026 and 2025 using the discount rate of 3.65%, as well as what the District's total RHIP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective rates:

	1% Decrease	Discount Rate	1% Increase
District's total RHIP OPEB liability:			
as of June 30, 2026	$ 3,810,779	$ 3,458,289	$ 3,156,963
as of June 30, 2025	$ 5,124,445	$ 4,607,735	$ 4,171,731

Sensitivity of the Total RHIP OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total RHIP OPEB liability of the District as of June 30, 2026 and 2025 as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the respective healthcare cost trend rates:

	1% Decrease	Assumed Healthcare Cost Trend Rates	1% Increase
District's total RHIP OPEB liability:			
as of June 30, 2026	$ 3,394,616	$ 3,458,289	$ 3,530,258
as of June 30, 2025	$ 4,495,648	$ 4,607,735	$ 4,735,841

Note 9—Retiree health insurance plan OPEB (continued)

RHIP OPEB Expense and Related Deferred Outflows and Inflows of Resources – For the years ended June 30, 2026 and 2025, the District recognized OPEB income of $41,547 and expense of $151,729, respectively. At June 30, 2026 and 2025, the District reported deferred outflows of resources and deferred inflows of resources related to RHIP OPEB from the following sources:

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	1,286,271
Employer contributions subsequent to the measurement date	213,437	-
	$ 213,437	$ 1,286,271

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,878	$ 92,938
Changes in assumptions	151,106	536,582
Employer contributions subsequent to the measurement date	146,673	-
	$ 323,657	$ 629,520

The District's contributions subsequent to the measurement date of $213,437 reported as deferred outflows of resources as of June 30, 2026, related to RHIP OPEB, will be recognized as a reduction of the total RHIP OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) to RHIP OPEB expense as follows:

Years Ending June 30:	
2027	$ 442,384
2028	431,710
2029	228,986
2030	183,191
2031	-
Thereafter	-
	$ 1,286,271

Note 10—VRS Group Life Insurance OPEB

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

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

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

The benefits payable under the GLI Program have several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits, and accelerated death benefit options. The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $9,768 and $9,532 effective June 30, 2026 and 2025, respectively.

Contributions – The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the years ended June 30, 2026 and 2025 was 0.47% and 0.47%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the District were $50,970 and $49,541 for the years ended June 30, 2026 and 2025, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB – At June 30, 2026 and 2025, the District reported a liability of $368,229 and $439,785, respectively, for its proportionate share of the Net GLI OPEB liability. The Net GLI OPEB liability was measured as of June 30, 2025 and the total GLI OPEB liability used to calculate the Net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The District's proportion of the Net GLI OPEB liability was based on the District's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2025 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2025, the District's proportion was 0.03827% as compared to 0.03941% at June 30, 2024.

Note 10—VRS Group Life Insurance OPEB (continued)

For the years ended June 30, 2026 and 2025, the District recognized GLI OPEB income of $10,249 and expense of $3,728, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2026 and 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB plan from the following sources:

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on GLI OPEB plan investments	$ -	$ 51,529
Change of assumptions	-	12,048
Differences between expected and actual experience	65,322	6,931
Changes in proportionate share	8,732	21,818
Employer contributions subsequent to the measurement date	50,887	-
	$ 124,941	$ 92,326

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on GLI OPEB plan investments	$ -	$ 37,069
Change of assumptions	2,507	21,795
Differences between expected and actual experience	69,364	10,742
Changes in proportionate share	11,410	20,228
Employer contributions subsequent to the measurement date	49,881	-
	$ 133,162	$ 89,834

The District's contributions subsequent to the measurement date of $50,887 and $49,881 reported as deferred outflows of resources as June 30, 2026 and 2025, respectively, related to GLI OPEB, will be recognized as a reduction of the net GLI OPEB liability in the fiscal years ended June 30, 2027 and 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB plans will be recognized in the District's GLI OPEB expense in future reporting periods as follows:

Years Ending June 30:	
2027	$ (4,321)
2028	(10,863)
2029	(3,144)
2030	(891)
2031	947
Thereafter	-
	$ (18,272)

Note 10—VRS Group Life Insurance OPEB (continued)

Actuarial Assumptions – The total GLI OPEB liability was based on actuarial valuations as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

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

	Mortality Assumptions
Pre-retirement:	Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount-Weighted, with 75% of the MP-2021 Scale projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates.

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Note 10—VRS Group Life Insurance OPEB (continued)

Net GLI OPEB Liability – The net GLI OPEB liability for the Group Life Insurance Program represents the program's total GLI OPEB liability determined in accordance with U.S. GAAP, less the associated fiduciary net position. As of the measurement dates of June 30, 2025 and 2024, Net GLI OPEB liability amounts for the GLI Program are as follows (amounts expressed in thousands):

	2025	2024
Total OPEB liability	$ 4,433,282	$ 4,196,055
Plan fiduciary net position	3,471,094	3,080,133
Employers' net OPEB liability	$ 962,188	$ 1,115,922
Plan fiduciary net position as a percentage of the total OPEB liability	78.30 %	73.41 %

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

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Year Ended June 30, 2026 **Asset Class (Strategy)**	**Target Allocation**	**Arithmetic Long-Term Expected Rate of Return**	**Weighted Average Long-Term Expected Rate of Return ***
Public equity	32.00%	6.60%	2.11%
Fixed income	16.00%	5.09%	0.81%
Credit strategies	16.00%	8.21%	1.31%
Real assets	15.00%	7.10%	1.07%
Private equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnership	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
	100.00%		7.02%
Expected arithmetic nominal return**			7.02%

* The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 10—VRS Group Life Insurance OPEB (continued)

Year Ended June 30, 2025

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate – The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2025, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2025 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 10—VRS Group Life Insurance OPEB (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the net GLI OPEB liability of the District as June 30, 2026 and 2025 using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
The District's proportionate share of the GLI Net OPEB liability:			
as of June 30, 2026	$ 621,187	$ 368,229	$ 164,152
as of June 30, 2025	$ 683,923	$ 439,785	$ 242,554

Group Life Insurance Program Fiduciary Net Position – Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2025 Annual Comprehensive Financial Report (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website athttps:// www.varetire.org/publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 11—Fair value measurements

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

- *Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.

- *Level 2* – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.

- *Level 3* – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

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

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

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

Note 11—Fair value measurements (continued)

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 and U.S. Agencies* – Quoted prices for similar securities in the market are used to draw appropriate correlations;
- *Corporate Notes* – Relevant trade data, benchmark quotes, and surveys of the dealer community are incorporated into the evaluation process;
- *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.
- *Federal Agency Commercial-Backed* – Solicited prices from market buy and sell side sources, including primary and secondary dealers, portfolio managers, and research analysts are used.

The fair value of investments in money market funds is based on the published net asset value ("NAV") per share of those funds.

The District has the following recurring fair value measurements as of June 30, 2026:

		Fair Value Measurements Using		
	Fair Value 2026	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	$ 359,424,217	$ -	$ 359,424,217	$ -
Federal agency mortgage-backed	155,958	-	155,958	-
Federal agency commercial-backed	59,509,878	-	59,509,878	-
Corporate notes	57,380,795	-	57,380,795	-
Total investments by fair value level	476,470,848	$ -	$ 476,470,848	$ -
Investments measured at NAV:				
Money market funds	105,762,890			
Total investments measured at fair value	$ 582,233,738			

Note 11—Fair value measurements (continued)

The District had the following recurring fair value measurements as of June 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	$ 331,592,201	$ -	$ 331,592,201	$ -
U.S. agencies	25,590,130	-	25,590,130	-
Federal agency mortgage-backed	252,984	-	252,984	-
Federal agency commercial-backed	43,380,366	-	43,380,366	-
Corporate notes	39,704,277	-	39,704,277	-
Total investments by fair value level	440,519,958	$ -	$ 440,519,958	$ -
Investments measured at NAV:				
Money market funds	106,720,409			
Total investments measured at fair value	$ 547,240,367			

Note 12—Compensated absences

The following is a summary of the change in the liability for compensated absences for the year ended June 30, 2026:

	Leave Balance Beginning of Year	Net Change in Liability	Leave Balance End of Year	Due Within One Year
2026	$ 3,487,890	$ 196,022	$ 3,683,912	$ 1,117,987
2025	$ 3,223,006	$ 264,884	$ 3,487,890	$ 1,027,180

Note 13—Commitments and contingencies

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

Note 14—Leases

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.

Note 14—Leases (continued)

The District owns industrial waterfront property in the City of Virginia Beach that it leases to others. At implementation in FY2022, four leases were identified to which U.S. GAAP applies. In May 2023, three of the four leases, which are with Chesapeake Tunnel Joint Venture, renewed for a five-year term under renegotiated terms and were combined into one lease.

The District entered into a lease with Chesapeake Bay Tower Associates, L.P. commencing on September 1, 2000 for an initial five-year period with four five-year automatic renewal periods extending until September 30, 2025. Rent for the initial term was $1,000 per month and is due in monthly installments in advance on the first day of each month. Rent during each renewal term is increased by 20%. On October 1, 2025, The District extended the lease a five-year period through September 30, 2030 with one five-year automatic renewal. Base rent during this period is $3,500 per month, increasing 3.5% per year. The District also receives 15% of any rent that the lessee receives from additional sub-lessees starting with the second sub-lessee.

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

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

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

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

Note 14—Leases (continued)

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

Fiscal Years	Principal	Interest	Total
2027	$ 966,796	$ 62,619	$ 1,029,415
2028	860,632	28,000	888,632
2029	34,719	10,836	45,555
2030	37,377	9,546	46,923
2031	48,330	8,159	56,489
2032-2036	197,090	16,919	214,009
	$ 2,144,944	$ 136,079	$ 2,281,023

Note 15—Subsequent events

The District evaluated subsequent events through October 23, 2026, the date the financial statements were available to be issued. The following nonrecognized subsequent event occurred after year-end.

On September 24, 2026, the District issued $84,315,000 of First Tier General Resolution Revenue Refunding Bonds, Subseries 2026-1, and $207,705,000 of First Tier General Resolution Variable Rate Revenue Refunding Bonds, Subseries 2026-2, for an aggregate principal amount of $292,020,000. Proceeds of the Series 2026 Bonds, together with other available funds, were used to refund the District's Series 2016 Bonds. The refunding changed the District's future debt-service structure and resulted in estimated gross debt service savings of $76.6 million with an estimated net present value of $42.9 million. The Series 2026-2 Bonds bear interest at variable rates, which will cause future interest expense and debt-service requirements to vary with market conditions.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

JUNE 30, 2026

For the Fiscal Year Ended June 30	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a Percentage of Covered Payroll (5)
2026	$ 1,578,593	$ 1,578,593	$ -	$ 10,827,114	14.58
2025	1,535,676	1,535,676	-	10,532,755	14.58
2024	1,560,852	1,560,852	-	10,018,305	15.58
2023	1,401,449	1,401,449	-	8,995,180	15.58
2022	1,153,297	1,153,297	-	8,366,013	13.79
2021	1,092,102	1,092,102	-	8,308,914	13.14
2020	955,696	955,696	-	8,275,033	11.55
2019	954,678	954,678	-	8,162,058	11.70
2018	972,590	972,590	-	8,020,486	12.13
2017	950,993	950,993	-	7,786,589	12.21

See notes to the required supplementary information.

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

JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	$ 763,858	$ 722,017	$ 681,744	$ 602,451	$ 650,252	$ 679,870	$ 622,055	$ 597,397	$ 640,081	$ 652,414
Interest	4,088,667	3,913,452	3,762,128	3,668,635	3,385,231	3,220,839	3,156,576	3,032,147	2,980,890	2,911,959
Changes of assumptions	127,625	-	-	-	1,784,588	-	1,354,343	-	(627,513)	-
Differences between expected and actual experience	1,512,332	1,197,975	783,387	(180,525)	457,968	1,186,552	82,066	492,272	(126,846)	(362,546)
Benefit payments, including refunds of employee contributions	(3,350,870)	(3,208,130)	(2,843,280)	(2,726,246)	(2,637,589)	(2,666,073)	(2,519,602)	(2,168,931)	(2,099,800)	(2,334,410)
Net Change in Total Pension Liability	3,141,612	2,625,314	2,383,979	1,364,315	3,640,450	2,421,188	2,695,438	1,952,885	766,812	867,417
Total pension liability, beginning of year	61,484,422	58,859,108	56,475,129	55,110,814	51,470,364	49,049,176	46,353,738	44,400,853	43,634,041	42,766,624
Total pension liability, end of year (a)	64,626,034	61,484,422	58,859,108	56,475,129	55,110,814	51,470,364	49,049,176	46,353,738	44,400,853	43,634,041
Plan Fiduciary Net Position:										
Contributions – employer	1,532,707	1,462,962	1,319,675	1,089,403	1,090,148	953,392	952,822	970,550	948,676	1,032,877
Contributions – employee	483,296	462,508	433,816	391,254	393,265	395,503	393,528	388,140	379,559	370,994
Net investment income	5,019,419	4,337,434	2,776,594	(33,502)	9,768,975	697,711	2,333,946	2,495,933	3,740,285	529,283
Benefit payments, including refunds of employee contributions	(3,350,870)	(3,208,130)	(2,843,280)	(2,726,246)	(2,637,589)	(2,666,073)	(2,519,602)	(2,168,931)	(2,099,800)	(2,334,410)
Administrative expense	(28,949)	(29,089)	(27,902)	(27,956)	(24,750)	(24,247)	(23,740)	(21,765)	(21,889)	(19,750)
Other	1,297	(238)	1,116	1,020	918	(815)	(1,468)	(2,213)	(3,321)	(227)
Net Change in Plan Fiduciary Net Position	3,656,900	3,025,447	1,660,019	(1,306,027)	8,590,967	(644,529)	1,135,486	1,661,714	2,943,510	(421,233)
Plan fiduciary net position, beginning of year	48,109,567	45,084,120	43,424,101	44,730,128	36,139,161	36,783,690	35,648,204	33,986,490	31,042,980	31,464,213
Plan fiduciary net position, end of year (b)	51,766,467	48,109,567	45,084,120	43,424,101	44,730,128	36,139,161	36,783,690	35,648,204	33,986,490	31,042,980
District's net pension liability, end of year (a)-(b)	$ 12,859,567	$ 13,374,855	$ 13,774,988	$ 13,051,028	$ 10,380,686	$ 15,331,203	$ 12,265,486	$ 10,705,534	$ 10,414,363	$ 12,591,061
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	80.10 %	78.25 %	76.60 %	76.89 %	81.16 %	70.21 %	74.99 %	76.90 %	76.54 %	71.14 %
Covered payroll (c)	$ 10,532,755	$ 10,018,305	$ 8,995,180	$ 8,366,013	$ 8,308,914	$ 8,275,033	$ 8,162,058	$ 8,020,486	$ 7,786,589	$ 7,538,996
District's net pension liability as a percentage of covered payroll [(a)-(b)] / (c)	122.09 %	133.50 %	153.14 %	156.00 %	124.93 %	185.27 %	150.27 %	133.48 %	133.75 %	167.01 %

See notes to the required supplementary information.

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

JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total RHIP OPEB Liability:									
Service cost	$ 60,674	$ 58,537	$ 83,882	$ 82,197	$ 92,505	$ 88,913	$ 107,920	$ 104,240	$ 132,336
Interest	163,179	164,618	115,232	116,346	155,861	155,731	179,810	178,574	146,368
Differences between expected and actual experience	(81,572)	-	(155,948)	-	139,630	-	163,359	-	294,400
Changes in assumptions or other inputs	(1,017,563)	-	(900,368)	-	815,306	-	(552,495)	-	(454,232)
Benefit payments	(274,164)	(250,989)	(256,635)	(249,110)	(252,770)	(228,629)	(260,460)	(235,555)	(213,142)
Net change in total RHIP OPEB liability	(1,149,446)	(27,834)	(1,113,837)	(50,567)	950,532	16,015	(361,866)	47,259	(94,270)
Total RHIP OPEB liability – beginning	4,607,735	4,635,569	5,749,406	5,799,973	4,849,441	4,833,426	5,195,292	5,148,033	5,242,303
Total RHIP OPEB liability – ending (a)	$ 3,458,289	$ 4,607,735	$ 4,635,569	$ 5,749,406	$ 5,799,973	$ 4,849,441	$ 4,833,426	$ 5,195,292	$ 5,148,033
Covered-employee payroll (b)	$ 10,121,576	$ 9,875,924	$ 9,635,048	$ 8,531,388	$ 8,323,305	$ 8,681,558	$ 8,469,813	$ 8,308,734	$ 8,044,349
District's total RHIP OPEB liability as a percentage of covered-employee payroll (a) (b)	34.17 %	46.66 %	48.11 %	67.39 %	69.68 %	55.86 %	57.07 %	62.53 %	64.00 %

See notes to the required supplementary information.

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

YEAR ENDED JUNE 30, 2026

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2026	$ 50,970	$ 50,970	$ -	$ 10,844,309	0.47
2025	49,588	49,588	-	10,550,718	0.47
2024	54,638	54,638	-	10,118,066	0.54
2023	48,862	48,862	-	9,048,673	0.54
2022	45,470	45,470	-	8,420,443	0.54
2021	45,138	45,138	-	8,308,914	0.54
2020	43,049	43,049	-	8,275,033	0.52
2019	42,443	42,443	-	8,162,058	0.52
2018	41,820	41,820	-	8,042,257	0.52
2017	40,570	40,570	-	7,801,902	0.52

See notes to the required supplementary information.

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

YEAR ENDED JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of Net GLI OPEB Liability	0.03827%	0.03941%	0.03841%	0.03871%	0.04049%	0.04023%	0.04164%	0.04229%	0.04230%
District's Proportionate Share of Net GLI OPEB Liability	$ 368,229	$ 439,785	$ 460,656	$ 466,106	$ 471,413	$ 671,372	$ 677,593	$ 643,000	$ 637,000
Employer's Covered Payroll	$ 10,550,718	$ 10,118,066	$ 9,048,673	$ 8,420,443	$ 8,308,914	$ 8,275,033	$ 8,162,058	$ 8,042,257	$ 7,801,902
Employer's Proportionate Share of Net GLI OPEB Liability as a Percentage of its Covered Payroll	3.49%	4.35%	5.09%	5.54%	5.67%	8.11%	8.30%	8.00%	8.16%
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	78.30%	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

See notes to the required supplementary information.

Note 1—Changes of benefit terms

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

Note 2—Changes of assumptions

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Note 3—Years presented in schedules

The schedule of District's share of net OPEB liability and the schedule of OPEB contributions are required to be presented for the last 10 fiscal years. However, the District has only presented the Schedule of GLI OPEB Contributions required supplementary information for the last nine years, as fiscal year 2017 was the first year of implementation of the requirement to provide such required supplementary information and such information is not available for the prior years.

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

JUNE 30, 2026

The following is a summary of the changes in capital assets for the year ended June 30, 2026:

	Capital Assets Balance, June 30, 2025	Additions	Disposals	Depreciation	Capital Assets Balance, June 30, 2026
Bridge and Tunnel Assets:					
Original bridges	$ 8,474,789	$ -	$ -	$ -	$ 8,474,789
Parallel crossing bridges	50,721,759	-	-	-	50,721,759
Original trestles	31,562,850	-	-	-	31,562,850
Parallel crossing trestles	117,324,020	-	-	-	117,324,020
Approach roads	11,269,645	-	-	-	11,269,645
Fisherman Island Causeway	8,722,510	-	-	-	8,722,510
Tunnels	60,182,509	-	-	-	60,182,509
Portal islands	52,695,162	-	-	-	52,695,162
Toll plaza infrastructure	6,069,397	311,480	-	-	6,380,877
Sitewide utilities	34,465,812	-	-	-	34,465,812
Capitalized interest and finance expenses	40,881,748	-	-	-	40,881,748
Total Bridge and Tunnel Assets	422,370,201	311,480	-	-	422,681,681
Construction in Progress:					
Parallel Thimble Shoal Tunnel	725,531,056	4,546,088	-	-	730,077,144
Parallel Chesapeake Tunnel	3,476,500	-	-	-	3,476,500
Capitalized interest and finance expenses	25,565,790	-	-	-	25,565,790
Total Construction in Progress	754,573,346	4,546,088	-	-	759,119,434
Land	5,232,907	-	-	-	5,232,907
Miscellaneous Capital Assets:					
Buildings	6,051,434	-	-	-	6,051,434
Fleet vehicles and equipment	16,157,638	3,568,290	(1,038,069)	-	18,687,859
Total Miscellaneous Capital Assets	22,209,072	3,568,290	(1,038,069)	-	24,739,293
Less Accumulated Depreciation:					
Buildings	(4,040,877)	-	-	(151,190)	(4,192,067)
Fleet vehicles and equipment	(12,607,056)	-	1,023,265	(596,594)	(12,180,385)
Total Accumulated Depreciation	(16,647,933)	-	1,023,265	(747,784)	(16,372,452)
Total Capital Assets, Net	$ 1,187,737,593	$ 8,425,858	$ (14,804)	$ (747,784)	$ 1,195,400,863

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

	2026	2025	2024	2023	2022
Bridge and Tunnel Assets:					
Original bridges	$ 224,990	$ 225,000	$ 485,741	$ 357,082	$ 153,600
Parallel crossing bridges	281,829	317,635	518,683	302,761	37,970
Original trestles	2,319,236	1,905,822	2,015,537	1,804,066	2,143,556
Parallel crossing trestles	4,547,770	1,598,205	5,064,943	1,017,842	1,101,197
Approach roads	289,942	90,000	90,000	-	-
Fisherman Island Causeway	249,952	75,000	75,000	-	-
Tunnels	7,238,518	3,692,049	3,751,706	2,267,636	496,252
Portal Islands	148,600	101,500	-	-	-
Toll plaza infrastructure	99,981	37,837	64,524	245,525	86,023
Sitewide utilities	1,080,821	1,185,659	1,494,388	1,050,050	1,498,390
	$ 16,481,639	$ 9,228,707	$ 13,560,522	$ 7,044,962	$ 5,516,988

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

Bridge and Tunnel Assets:					
Original bridges	$ 67,959	$ 26,792	$ 570,149	$ 416,409	$ 71,518
Parallel crossing bridges	92,090	63,999	572,045	418,132	98,495
Original trestles	818,907	504,532	523,792	108,191	688,154
Parallel crossing trestles	284,841	149,332	256,612	253,824	241,429
Approach Roads	82,693	80	-	-	-
Fisherman Island Causeway	70,453	67	-	-	-
Tunnels	1,293,652	37,211	352,168	373,513	35,606
Portal islands	34,290	28,091	-	-	-
Toll plaza infrastructure	54,412	1,977	17,150	237,049	56,523
Sitewide utilities	143,618	477,225	96,223	505,780	431,562
	$ 2,942,915	$ 1,289,306	$ 2,388,139	$ 2,312,898	$ 1,623,287

The budgeted preservation expenses for FY2027 are summarized by asset cluster in the table below. During a given fiscal year, there may be no preservation expenses budgeted for one or more of the classifications of bridge and tunnel assets. This is an indication that the District assesses that there is no need for preservation work on this classification of bridge and tunnel assets to be able to maintain it at a condition level of "generally good" or better.

Bridge and tunnel assets:		
Original bridges	$	6,579,126
Parallel crossing bridges		12,614,896
Original trestles		2,271,975
Parallel crossing trestles		6,196,255
Approach roads		1,840,000
Fisherman Island causeway		1,610,000
Tunnels		6,145,317
Portal islands		1,707,997
Toll plaza infrastructure		480,000
Sitewide utilities		2,593,353
	$	42,038,919

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

The Chesapeake Bay Bridge and Tunnel Commission's (the "Commission") preservation policy is to maintain 90% of the bridge and tunnel assets at an MRP condition level of "good" or better.

Moffatt & Nichol, the District's consulting engineer starting FY2025, has inspected the District's bridge and tunnel assets. In FY2024 and FY2023, the inspections were conducted by Jacob's Engineering, Inc., the District's prior consulting engineer. Both firms determine 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 and Jacob's Engineering, Inc.:

MRP Numeric Code Scale

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

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

The original trestles, parallel crossing trestles, tunnels, and portal islands are the only bridge and tunnel assets that 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 these components.

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

Percentage of Lane Miles at an MRP Condition Level 7 or Better

Bridge and tunnel assets	2026	2025	2024
Original bridges	100%	100%	100%
Parallel crossing bridges	100%	100%	100%
Original trestles	75%	84%	84%
Parallel crossing trestles	81%	100%	100%

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	63%	63%	89%
Toll plaza infrastructure	100%	100%	100%
Site-wide utilities	100%	100%	100%

SUPPLEMENTARY INFORMATION

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

JUNE 30, 2026

Unrestricted investments at fair value as of June 30, 2026 consist of the following:

Description	Coupon Rate	Maturity Date	Fair Value
Revenue Bond - Revenue Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	$ 5,941,738
General Revenue Bond - Operations & Maintenance Reserve Fund			
U.S. Treasury Notes	4.375%	08/15/26	5,102,678
Truist Bank Trust Deposit	Variable	Not Fixed	171,465
Total General Revenue Bond - Operations & Maintenance Reserve Fund			5,274,143
GR Reserve Maintenance Fund			
U.S. Treasury Bill	Discount	01/21/27	2,447,660
U.S. Treasury Notes	2.250%	02/15/27	2,384,013
U.S. Treasury Notes	4.250%	03/15/27	2,348,879
U.S. Treasury Notes	4.250%	03/15/27	1,978,267
U.S. Treasury Notes	4.500%	04/15/27	3,939,220
U.S. Treasury Notes	4.500%	04/15/27	2,353,496
U.S. Treasury Notes	4.500%	05/15/27	2,357,849
U.S. Treasury Notes	4.625%	06/15/27	2,366,335
U.S. Treasury Notes	3.500%	11/15/28	3,821,648
Truist Bank Trust Deposit	Variable	Not Fixed	28,812,487
Total GR Reserve Maintenance Fund			52,809,854
General Revenue Bond - General Fund			
U.S. Treasury Notes	1.500%	08/15/26	1,196,436
U.S. Treasury Notes	0.875%	09/30/26	2,064,941
U.S. Treasury Notes	3.500%	09/30/26	1,803,380
U.S. Treasury Notes	1.625%	10/31/26	4,431,861
U.S. Treasury Notes	2.000%	11/15/26	1,489,172
U.S. Treasury Notes	2.000%	11/15/26	4,383,129
U.S. Treasury Notes	1.250%	12/31/26	5,155,780
Government National Mortgage Association Pool #5276	3.000%	01/01/27	5,197
U.S. Treasury Notes	4.000%	01/15/27	2,505,191
U.S. Treasury Notes	1.500%	01/31/27	4,430,385
Microsoft Corporation	3.300%	02/06/27	2,486,843
U.S. Treasury Notes	1.875%	02/28/27	2,238,500
U.S. Treasury Notes	1.875%	02/28/27	3,392,264
Government National Mortgage Association Pool #794283	3.500%	03/01/27	456
Freddie Mac Structured Pass-Thru Certificate K064 A2	3.224%	03/01/27	3,275,864
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	14,569
Freddie Mac Structured Pass-Thru Certificate K065 A2	3.243%	04/01/27	1,846,243
U.S. Treasury Notes	4.500%	04/15/27	3,828,822
U.S. Treasury Notes	2.750%	04/30/27	1,310,840
Chevron Corporation	1.995%	05/11/27	2,405,021
U.S. Treasury Notes	4.500%	05/15/27	2,508,350
U.S. Treasury Notes	2.625%	05/31/27	4,884,527
Freddie Mac Structured Pass-Thru Certificate K066 A2	3.117%	06/01/27	2,835,512
U.S. Treasury Notes	4.625%	06/15/27	7,747,109
U.S. Treasury Notes	4.625%	06/15/27	4,305,624
U.S. Treasury Notes	3.250%	06/30/27	3,143,401
U.S. Treasury Notes	3.250%	06/30/27	3,421,052
Meta Platforms Inc.	3.500%	08/15/27	4,462,169
U.S. Treasury Notes	3.125%	08/31/27	3,484,794
U.S. Treasury Notes	3.125%	08/31/27	1,423,576

Unrestricted investments at fair value as of June 30, 2026 consist of the following (continued):

Description	Coupon Rate	Maturity Date	Fair Value
General Revenue Bond - General Fund (continued)			
U.S. Treasury Notes	3.625%	08/31/27	$ 4,777,223
U.S. Treasury Notes	4.125%	09/30/27	2,659,274
Accenture Capital Corporation	3.900%	10/04/27	651,949
U.S. Treasury Notes	4.125%	10/31/27	4,472,378
U.S. Treasury Notes	4.125%	10/31/27	2,523,521
U.S. Treasury Notes	3.875%	11/30/27	3,755,128
U.S. Treasury Notes	4.000%	12/15/27	3,616,645
U.S. Treasury Notes	4.000%	12/15/27	7,742,114
U.S. Treasury Notes	3.875%	12/31/27	1,170,043
U.S. Treasury Notes	3.875%	12/31/27	4,032,914
U.S. Treasury Notes	3.500%	01/31/28	6,061,839
Chevron USA Inc.	4.475%	02/26/28	1,378,292
U.S. Treasury Notes	4.000%	02/29/28	1,994,688
U.S. Treasury Notes	4.000%	02/29/28	2,528,268
Johnson & Johnson	4.550%	03/01/28	633,450
U.S. Treasury Notes	3.625%	03/31/28	5,325,868
U.S. Treasury Notes	3.625%	03/31/28	3,666,179
Freddie Mac Structured Pass-Thru Certificate K507 A1	4.800%	04/01/28	2,747,351
U.S. Treasury Notes	3.750%	05/15/28	1,687,383
U.S. Treasury Notes	3.750%	05/15/28	1,985,156
U.S. Treasury Notes	3.750%	05/15/28	3,722,168
U.S. Treasury Notes	3.625%	05/31/28	3,925,969
U.S. Treasury Notes	3.875%	06/15/28	3,689,710
U.S. Treasury Notes	3.875%	06/15/28	7,722,533
U.S. Treasury Notes	4.000%	06/30/28	3,912,887
Freddie Mac Structured Pass-Thru Certificate K744 A2	1.712%	07/25/28	3,129,702
U.S. Treasury Notes	4.125%	07/31/28	2,288,390
Freddie Mac Structured Pass-Thru Certificate KJ47 A1	5.272%	08/01/28	903,643
U.S. Treasury Notes	3.625%	08/15/28	3,956,251
U.S. Treasury Notes	3.625%	08/15/28	4,698,049
Freddie Mac Structured Pass-Thru Certificate K507 A2	4.800%	09/01/28	3,317,140
Freddie Mac Structured Pass-Thru Certificate K509 A2	4.850%	09/01/28	2,529,026
U.S. Treasury Notes	3.375%	09/15/28	4,130,107
U.S. Treasury Notes	3.375%	09/15/28	2,581,317
U.S. Treasury Notes	3.375%	09/15/28	3,933,435
Freddie Mac Structured Pass-Thru Certificate K510 A2	5.069%	10/01/28	1,288,615
Freddie Mac Structured Pass-Thru Certificate K511 A2	4.860%	10/01/28	1,867,818
U.S. Treasury Notes	3.500%	10/15/28	2,355,177
U.S. Treasury Notes	3.500%	10/15/28	2,005,350
U.S. Treasury Notes	3.500%	10/15/28	832,688
Freddie Mac Structured Pass-Thru Certificate K512 A2	5.000%	11/01/28	1,562,879
Novartis Capital Corporation	3.900%	11/05/28	4,852,587
U.S. Treasury Notes	3.500%	11/15/28	2,541,199
U.S. Treasury Notes	3.500%	11/15/28	5,368,037
U.S. Treasury Notes	3.125%	11/15/28	4,975,985
Freddie Mac Structured Pass-Thru Certificate K514 A2	4.572%	12/01/28	1,730,048
U.S. Treasury Notes	3.500%	12/15/28	2,510,554
U.S. Treasury Notes	3.500%	12/15/28	7,723,645
Roche Holdings Corporation	1.930%	12/31/28	4,717,649
Freddie Mac Structured Pass-Thru Certificate K515 A2	5.400%	01/01/29	3,004,079
Freddie Mac Structured Pass-Thru Certificate K516 A2	5.477%	01/01/29	3,013,197
U.S. Treasury Notes	3.500%	01/15/29	536,250

Unrestricted investments at fair value as of June 30, 2026 consist of the following (continued):

Description	Coupon Rate	Maturity Date	Fair Value
General Revenue Bond - General Fund (continued)			
Freddie Mac Structured Pass-Thru Certificate K517 A2	5.355%	01/25/29	$ 2,688,209
Alphabet Inc.	3.700%	02/15/29	162,321
Alphabet Inc.	3.700%	02/15/29	172,159
Alphabet Inc.	3.700%	02/15/29	172,159
Alphabet Inc.	3.700%	02/15/29	1,042,793
U.S. Treasury Notes	3.500%	02/15/29	1,135,871
U.S. Treasury Notes	3.875%	04/15/29	4,465,898
Walmart Inc.	4.000%	04/30/29	1,195,739
U.S. Treasury Notes	3.875%	05/15/29	3,165,328
Eli Lilly & Co	4.150%	05/20/29	855,528
Eli Lilly & Co	4.150%	05/20/29	4,367,172
Nvidia Corporation	4.350%	06/15/29	5,234,181
U.S. Treasury Notes	4.125%	06/15/29	2,997,188
Freddie Mac Structured Pass-Thru Certificate K530 A2	4.792%	09/01/29	3,008,241
Accenture Capital Corporation	4.050%	10/04/29	4,525,811
Freddie Mac Structured Pass-Thru Certificate K541 A2	4.348%	02/01/30	2,949,407
Costco Wholesale Corporation	1.600%	04/20/30	5,196,292
Blackrock Funding Inc. Corporate Notes	2.400%	04/30/30	3,055,153
Freddie Mac Structured Pass-Thru Certificate K546 A2	4.361%	05/01/30	1,970,111
National Secs Clearing	4.700%	05/20/30	4,518,755
Freddie Mac Structured Pass-Thru Certificate K543 A2	4.329%	06/01/30	2,976,266
Freddie Mac Structured Pass-Thru Certificate K544 A2	4.266%	07/25/30	2,988,881
U.S. Treasury Notes	4.375%	11/30/30	3,307,200
Freddie Mac Structured Pass-Thru Certificate K553 A2	4.070%	12/01/30	1,562,589
Freddie Mac Structured Pass-Thru Certificate K555 A2	4.050%	01/01/31	3,317,919
Freddie Mac Structured Pass-Thru Certificate K556 A2	3.948%	01/01/31	3,322,908
Blackrock Funding Inc.	1.900%	01/28/31	1,949,083
Alphabet Inc.	4.100%	02/15/31	3,345,684
U.S. Treasury Notes	3.500%	02/28/31	2,222,820
Freddie Mac Structured Pass-Thru Certificate K558 A2	4.130%	03/01/31	1,674,224
Federal National Mortgage Association Pool #1084	3.500%	06/01/32	135,737
Truist Bank Trust Deposit	Variable	Not Fixed	5,671,675
Total General Revenue Bond - General Fund			340,570,057
Total Unrestricted Investments			$ 404,595,792

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

JUNE 30, 2026

Restricted investments at fair value as of June 30, 2026 consist of the following:

Description	Coupon Rate	Maturity Date	Fair Value
General Revenue Bond - TIFIA Debt Service Reserve Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	$ 20,388,763
General Revenue Bond - VTIB Debt Service Reserve Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	3,397,911
General Revenue Bond - Series 2016 Debt Service Reserve Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	1,659,822
General Revenue Bond - Series 2016 Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	7,912,875
General Revenue Bond - Series 2016 VTIB Principal Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	92,637
General Revenue Bond - Series 2016 VTIB Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	728,754
General Revenue Bond - Series 2021 TIFIA Interest Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	3,368,007
General Revenue Bond - Series 2021 TIFIA Principal Fund			
Truist Bank Trust Deposit	Variable	Not Fixed	626,278
2019 BANs Thimble Shoal Tunnel Project Fund			
U.S. Treasury Notes	4.375%	08/15/26	14,702,715
U.S. Treasury Notes	2.000%	11/15/26	15,060,488
U.S. Treasury Notes	4.125%	02/15/27	12,487,238
U.S. Treasury Notes	3.875%	03/31/27	12,566,854
U.S. Treasury Notes	4.500%	04/15/27	12,525,215
U.S. Treasury Notes	3.875%	05/31/27	12,384,411
U.S. Treasury Notes	3.875%	11/30/27	16,783,527
U.S. Treasury Notes	1.250%	03/31/28	15,961,975
Local Government Investment Pool SNAP	Variable	Not Fixed	26,990,259
Truist Bank Trust Deposit	Variable	Not Fixed	217
Total 2019 BANs Thimble Shoal Tunnel Project Fund			139,462,899
Total Restricted Investments			177,637,946
Total Investments			$ 582,233,738

See accompanying report of independent auditor.

OTHER INFORMATION

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

YEAR ENDED JUNE 30, 2026

Budgetary Accounting and Control

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

The Commission does not adopt a revenue budget.

	Budgeted Amount	Actual Amount	Variance Over (Under)	Percentage Variance
Operating Expenses Before District Facility Expenses:				
Administration	$ 672,700	$ 653,573	$ (19,127)	-2.8%
Finance	1,295,600	1,233,011	(62,589)	-4.8%
Operations	6,005,900	5,791,091	(214,809)	-3.6%
Maintenance and tunnel operations	5,682,600	4,953,239	(729,361)	-12.8%
General	5,148,700	4,553,700	(595,000)	-11.6%
Consultants	806,900	781,755	(25,145)	-3.1%
Utilities	940,900	999,587	58,687	6.2%
Total operating expenses before district facility expenses	$ 20,553,300	$ 18,965,956	$ (1,587,344)	-7.7%

Operating expenses for maintenance and tunnel operations were approximately $729,000, or 12.8%, under budget for the fiscal year. Several vacancies for full time employees were the primary reason, causing approximately $400,000 of the variance. The remainder of the variance was a result of approximately $234,000 in insurance claim recoveries due to minor damage to the facility from vehicle accidents.

General expenses were $595,000, or 11.6%, under budget for the fiscal year. General expenses are primarily payroll and personnel related expenses like payroll taxes and other employee benefit expenses. District health insurance expenses were $400,000 over budget for FY2026 due to high utilization and increasing healthcare costs. This variance was offset by savings on VRS pension expense, RHIP OPEB expense and VRS GLI expense of approximately $688,000, $357,000, and $74,000, respectively. The VRS pension expense and GLI expense benefited from higher than expected investment experience for the last several years. The RHIP OPEB expense declined as a result of a change in actuarial assumptions as the discount rate increased since the last actuarial analysis two years ago.

The District's General Revenue Bond Resolution, dated October 24, 2016, requires a ratio of 1.50x of net revenues available for debt service to the principal and interest requirements for such fiscal year on account of all First Tier Bonds then outstanding. This ratio is 4.76x for fiscal year 2026.

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

YEAR ENDED JUNE 30, 2026

Type	Insurer/Agent	Amount of Coverage	Expiration Date	
Automobile liability and physical damage	Virginia Association of Counties Group Self Insurance/VACorp	$ 2,000,000	June 30, 2026	*
Boiler and machinery	Virginia Association of Counties Group Self Insurance/VACorp	100,000,000	June 30, 2026	*
Bridge floater (bridges, tunnels, trestles, and loss of revenue)	ACE American Insurance Company/ Aon Risk Solutions	225,000,000	April 1, 2027	
Crime (theft, disappearance, and employee dishonesty)	Virginia Association of Counties Group Self Insurance/VACorp	1,000,000	June 30, 2026	*
General liability	Virginia Association of Counties Group Self Insurance/VACorp	2,000,000	June 30, 2026	*
Cyber liability	Virginia Association of Counties Group Self Insurance/VACorp	5,000,000	June 30, 2026	*
No fault property damage	Virginia Association of Counties Group Self Insurance/VACorp	25,000	June 30, 2026	*
Property direct damage	Virginia Association of Counties Group Self Insurance/VACorp	72,463,944	June 30, 2026	*
Excess liability	Virginia Association of Counties Group Self Insurance/VACorp	9,000,000	June 30, 2026	*
Wharfingers' liability	Atlantic Specialty Insurance/ Brown & Brown Flagship Group LTD	4,000,000	Sept 30, 2026	
Workers' compensation	Virginia Association of Counties Group Self Insurance/VACorp	Statutory	June 30, 2026	*
Line of Duty Act	Virginia Association of Counties Group Self Insurance/VACorp	Statutory	June 30, 2026	*

* The District has placed each of the expiring policies at the same or higher limits with the Virginia Association of Counties Group Self-Insurance Risk Pool effective July 1, 2026.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF COMPARATIVE TRAFFIC AND REVENUES STATISTICS (UNAUDITED)

YEARS ENDED JUNE 30, 2026 AND 2025

	2026		2025		Increase (Decrease)	
	Vehicles	Revenues	Vehicles	Revenues	Vehicles	Revenues
Vehicle Classifications:						
Cars and light trucks	3,805,231	$ 58,090,997	3,808,477	$ 58,505,122	(3,246)	$ (414,125)
Heavy trucks	405,603	17,379,674	400,331	17,238,305	5,272	141,369
Buses	9,150	273,531	8,543	260,444	607	13,087
Subtotal	4,219,984	75,744,202	4,217,351	76,003,871	2,633	(259,669)
Non-revenue	105,220	-	112,456	-	(7,236)	-
Deductions from toll revenues	-	(1,678,150)	-	(1,706,396)	-	28,246
Total	4,325,204	$ 74,066,052	4,329,807	$ 74,297,475	(4,603)	$ (231,423)

See accompanying report of independent auditor.