Virginia
Pooled OPEB Trust Fund

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

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Prepared by:

VML/VACO Finance

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LETTER OF TRANSMITTAL

February 3, 2016

Honorable Board of Trustees
Virginia Pooled OPEB Trust Fund
Richmond, Virginia

It is our pleasure to submit the *Comprehensive Annual Financial Report* (CAFR) of the Virginia Pooled OPEB Trust Fund (Trust) for the year ended June 30, 2015. The CAFR represents a compilation of financial data that details the Trust's financial status. Information contained in this report was prepared in strict conformance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The CAFR is intended to provide readers with a clearly articulated, user-friendly reporting of the Trust's financial affairs. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of the Trust. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and the activities of the Trust.

The CAFR is presented in three sections:

1) *Introductory Section* – includes this letter of transmittal, identification of the Trust's administrative organization, and descriptions of administrative responsibilities.

2) *Financial Section* – consists of the Report of Independent Auditors, Management's Discussion and Analysis (MD&A), basic financial statements, and the notes to the financial statements.

3) *Compliance Section* – consists of the Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements, and should be read in conjunction with, this letter of transmittal.

Background

The Virginia Pooled OPEB Trust Fund, operating pursuant to the Virginia Pooled OPEB Trust Fund Agreement, was established on April 11, 2008 as an irrevocable trust to receive, invest, and disburse funds set aside by political subdivisions of the Commonwealth of Virginia to defray future expenses related to post-employment benefits other than pensions (OPEB). The Trust was founded in response to Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (Statement No. 43) and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (Statement No. 45). Income of the Trust is tax-exempt under Section 115 of the Internal Revenue Code. The Trust is jointly sponsored by the Virginia Association of Counties (VACo) and the Virginia Municipal League (VML) and operates as the "VACo/VML Pooled OPEB Trust." Primary benefits of participation in the Trust include professional management of trust assets in two diversified investment portfolios: one with a targeted rate of return of 7.5% and the other with a targeted rate of return of 6.5%. Participants hold individual trust accounts wherein they can monitor the performance of their investments without the burden and expense of directing privately managed individual trust accounts.

As of June 30, 2015, the Trust held 44 employer accounts for Virginia political subdivisions and related governmental entities. In some cases, related employers, such as a primary government and its public school system, have established joint Trust accounts.

The Virginia Local Government Finance Corporation (VLGFC), operating as "VML/VACo Finance," provides day-to-day administration of the Trust pursuant to a Memorandum of Agreement. An investment consultant is retained by the Trust to provide ongoing investment advice to the trustees. A custodian bank has also been contracted to assist with the management of assets and the reporting of contributions, distributions and employer balances within the Trust.

FY 2015 Highlights

Fiscal Year 2015 saw continued growth for the Virginia Pooled OPEB Trust. The net position of the Trust increased substantially during the year, growing from $673 million on June 30, 2014 to $757 million on June 30, 2015.

The Board of Trustees continued with its focus on due diligence in FY 2015. Marathon Asset Management was selected to replace Thornburg Investment Management as one of the Trust's two international equity managers. The Board also replaced fixed income manager PIMCO with Robert

W. Baird & Co. following key personnel departures at PIMCO. The Board also took steps to improve the probability of Portfolio I achieving its target rate of return of 7.5%. These steps included increasing Portfolio I's equity allocation, reducing its fixed income allocation, and approving an allocation to private equity.

Summary of Financial Condition

The objective of the Trust is to assist participating employers in providing for their OPEB obligations by generating investment earnings on employer contributions. Individual participants engage their own consulting actuaries to determine their long-term OPEB obligations and the sufficiency of current contribution levels to fund the liabilities of each plan over a reasonable time frame. Contributions not necessary for the payment of current expected benefits may be remitted to the Trust for long-term investment. Governmental accounting standards specify that the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years.

An optimally diversified investment portfolio is designed to provide long-term returns for a given level of risk as measured by volatility. Portfolio I is designed to produce an expected rate of return of 7.5%; Portfolio II has an expected rate of return of 6.5%. For the period ended June 30, 2015 Portfolio I produced an actual one-year return of 2.14% and a three-year annualized return of 8.37%. Portfolio II, which was established on September 30, 2009, produced an actual one-year return of 1.58% and a three-year annualized return of 6.33%.

The Trust measures its returns against a customized benchmark, composed of recognized indexes for each asset class weighted by the Trust's target allocation for that asset class. For example, 26.0% of Portfolio I's custom benchmark is composed of the return of the S&P 500. For the year ended June 30, 2015, the custom benchmark for Portfolio I returned a one-year / three-year annualized return of 3.15% / 8.94%, whereas the custom benchmark for Portfolio II returned a one year / three-year annualized return of 2.17% / 6.29%.

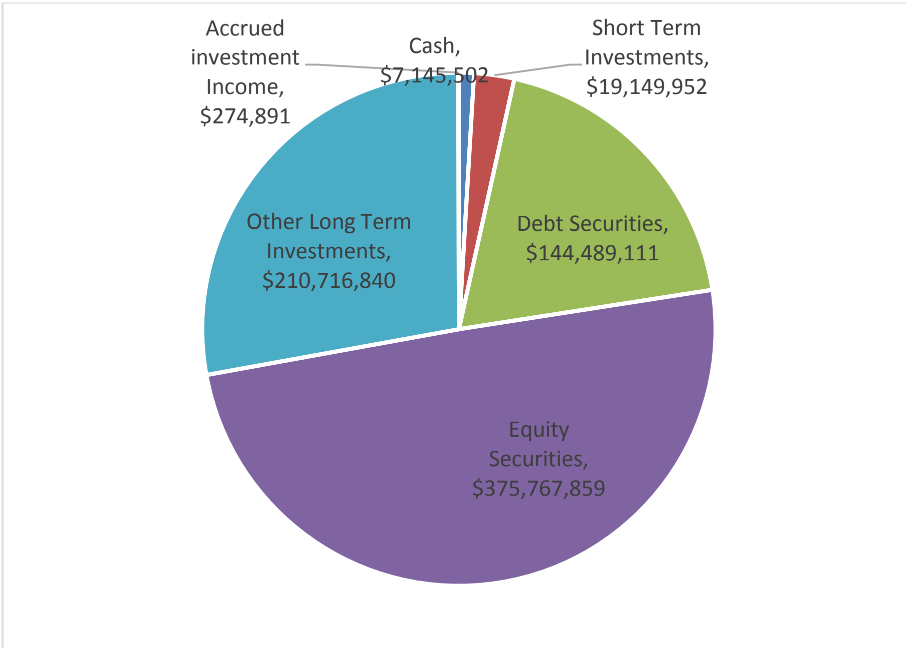
The target allocations of the Trust as of June 30, 2015, were as follows:

Asset Class	Portfolio I	Portfolio II
Total Equity	**54.0%***	**32.0%**
Large Cap Equity	26.0%	15.0%
Small Cap Equity	10.0%	6.0%
International Equity	13.0%	8.0%
Emerging Markets Equity	5.0%	3.0%
Fixed Income	**26.0%***	**58.0%**
Core Plus	17.0%	40.0%
Core	9.0%	18.0%
Diversified Hedge Funds	**10.0%**	**5.0%**
Real Assets	**10.0%**	**5.0%**
Real Estate	7.0%	3.0%
Commodities	3.0%	2.0%
Cash & Equivalents	**0.0%**	**0.0%**

*****At its meeting held on May 15, 2015, the Board of Trustees approved a 5% allocation to private equity for Portfolio I, which had not yet been implemented by June 30, 2015. This allocation increased the total equity allocation to 59.0% and reduced the fixed income allocation to 21.0%.

The target allocations are updated and revised as needed by the Board of Trustees with the advice of an investment advisor.

Value of Investments by Asset Allocation as of June 30, 2015



Independent Audit

For the year ended June 30, 2015, the Trust's financial statements were audited by the certified public accounting firm of Dixon Hughes Goodman LLP to provide reasonable assurance that the financial statements of the Trust were free of material misstatement. The audit: a) examined activities, documents, and disclosures used to create the financial statements, b) assessed the accounting principles used by management, and c) evaluated the overall financial statement presentation.

Acknowledgements

The completion of this report reflects the efforts of the Board of Trustees and staff of VML/VACo Finance working together to achieve the goals of the Trust. The report is intended to provide comprehensive and reliable information about the Trust and allow for the evaluation of responsible stewardship of the funds of the Trust's net assets.

We express our gratitude to the members of the Board, the consultants, the auditors, and the many people who have worked so diligently to assure the successful operation of the Trust.

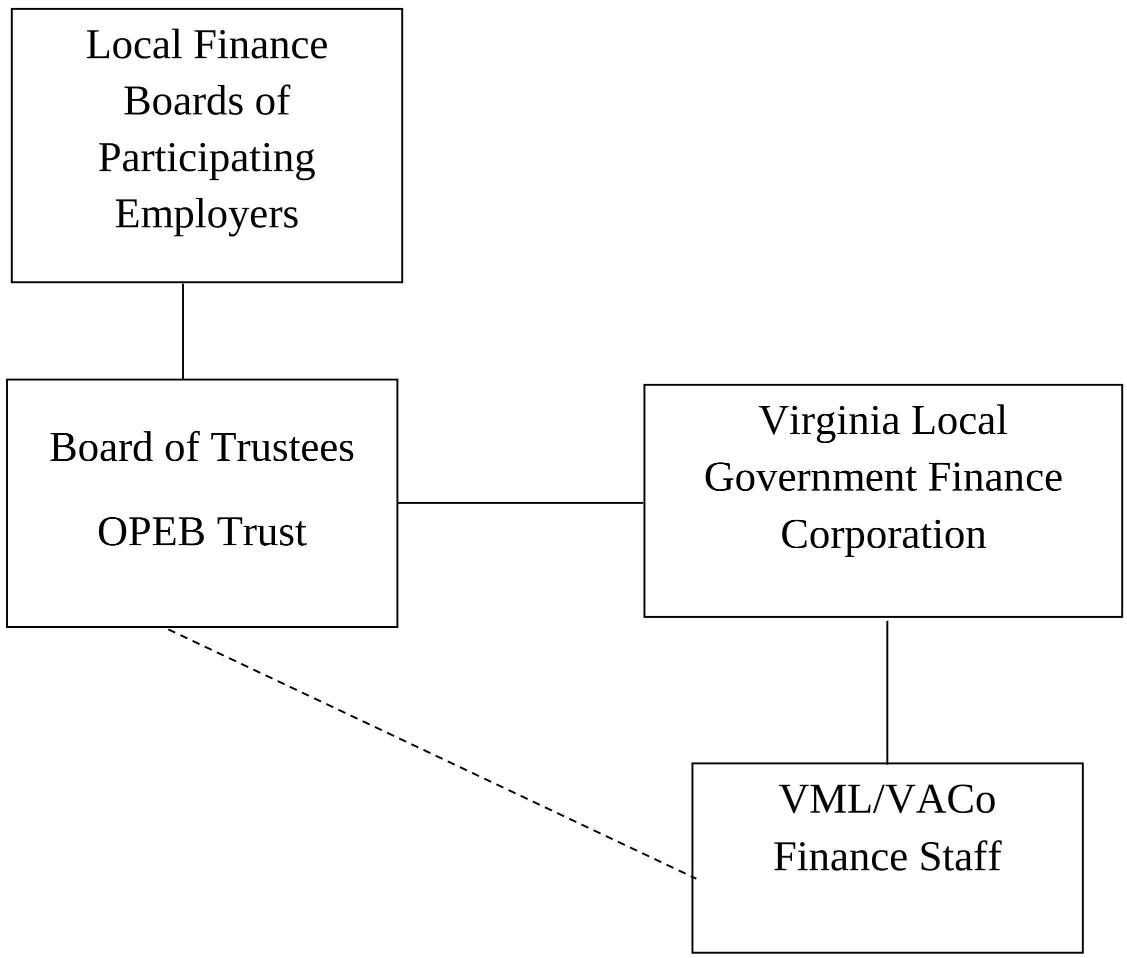
Respectfully submitted,

Robert W. Lauterberg
Managing Director
VML/VACo Finance

Gladys M. Gomez, CPA, CGMA
Comptroller
VML/VACo Finance

Virginia Pooled OPEB Trust Fund

Organization Chart



Virginia Pooled OPEB Trust Fund

Governing Board and Administration
June 30, 2015

Administrative Staff

Robert W. Lauterberg
Managing Director
VML/VACo Finance

Steven C. Mulroy
Deputy Director
VML/VACo Finance

Gladys M. Gomez, CPA, CGMA
Comptroller
VML/VACo Finance

Investment Consultant

Asset Consulting Group, LLC

St. Louis, Missouri

Custodian

Comerica Bank, Inc.

Detroit, Michigan

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Trustees
Virginia Pooled OPEB Trust Fund

We have audited the accompanying financial statements of ***Virginia Pooled OPEB Trust Fund***, which comprise the statement of net position and the related statement of changes in net position, as of and for the year ended June 30, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ***Virginia Pooled OPEB Trust Fund*** as of June 30, 2015, and the respective changes in financial position for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

DHG
DIXON HUGHES GOODMAN LLP

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 18 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Virginia Pooled OPEB Trust Fund's*** basic financial statements. This introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016 on our consideration of the ***Virginia Pooled OPEB Trust Fund'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 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 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 ***Virginia Pooled OPEB Trust Fund's*** internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Richmond, Virginia
February 3, 2016

Virginia Pooled OPEB Trust Fund
Management's Discussion and Analysis
For the period ended June 30, 2015

Management offers the following discussion and analysis as a narrative introduction to the basic financial statements and an analytical overview of the Trust's financial activities for the fiscal year ended June 30, 2015. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Trust's financial statements include the following components:

- Statement of Net Position
- Statement of Changes in Net Position
- Notes to Financial Statements

The *Statement of Net Position* presents the Trust's assets and liabilities and the resulting net assets, which are held in trust for the other postemployment benefits of contributing members. This statement reflects a year-end snapshot of the Trust's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The *Statement of Changes in Net Position* presents information showing how the Trust's net assets held in trust for other postemployment benefits changed during the period. This statement includes additions for contributions by employers and investment earnings and deductions for payments, refunded contributions and administrative expenses.

The *Notes to Financial Statements* are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in the financial statements.

Financial Highlights

- Net position is restricted for future benefit payments of participating localities. Net position at June 30, 2015 totaled $757 million.

- Outstanding accounts payable at year end were $511,919. This amount represents one-time fees payable to the program administrator and fund manager fees.

- Employer contributions comprised $70 million of the net increase in assets of $84 million during the year.

Condensed Financial Information

In order to ensure the participating employers' ability to properly fund the payment of other postemployment benefits to their employees in future years, it is advisable for employers to accumulate funds on a regular and systematic basis. The principal sources from which the Trust derives additions are employer contributions and earnings on investments.

Comparative summary financial statements of the Trust are presented as follows:

NET POSITION
June 30, 2014 and 2015

	2014	2015
ASSETS		
Cash	$ 339,056	$ 7,145,502
Short Term Investments	12,747,535	19,149,952
Long Term Investments	660,085,441	730,973,809
Accrued investment Income	287,534	274,891
TOTAL ASSETS	$ 673,459,566	$ 757,544,155
LIABILITIES		
Accounts payable	$ 471,383	$ 511,919
TOTAL LIABILITIES	$ 471.383	$ 511,919
NET POSITION RESTRICTED FOR OPEB	$ 672,988,183	$ 757,032,236

CHANGES IN NET POSITION
Years Ended June 30, 2014 and 2015

	2014		2015	
ADDITIONS				
Employer contributions	$	78,208,644	$	70,009,069
Net investment income		67,545,095		14,738,596
TOTAL ADDITIONS	$	145,753,739	$	84,747,665
DEDUCTIONS				
Professional Services, Investment Advisory, and Administration	$	618,625	$	703,612
TOTAL DEDUCTIONS	$	618,625	$	703,612
NET CHANGE	$	145,135,114	$	84,044,053
NET POSITON				
BEGINNING OF YEAR	$	527,853,069	$	672,988,183
END OF YEAR	$	672,988,183	$	757,032,236

Analysis of Financial Position and Results of Operations

The Trust's net position was $757 million at June 30, 2015. Related employers, such as a primary government and a school system, may join the Trust individually or as one participant. During FY2015, contributions were made to thirty-five of the forty-four participant accounts. Among these, Accomack County, made their initial contributions during FY 2015.

Current Trust participants and the fiscal year in which they joined the Trust are as follows:

Henrico County	2007-2008
City of Suffolk & City of Suffolk Public Schools	2007-2008
Fairfax County	2007-2008
City of Chesapeake Public Schools	2007-2008

Chesterfield County, Chesterfield County Public Schools, & Chesterfield County Line of Duty Act	2007-2008
City of Roanoke & City of Roanoke Line of Duty Act	2007-2008
Fairfax County Public Schools	2007-2008
City of Virginia Beach & Virginia Beach Public Schools	2007-2008
Health Care Commission of Chesterfield County	2008-2009
Stafford County Public Schools	2008-2009
Fauquier County & Public Schools	2008-2009
Town of Leesburg	2008-2009
City of Staunton & Staunton City Public Schools	2008-2009
Newport News Redevelopment & Housing Authority	2008-2009
Southeastern Cooperative Educational Programs	2008-2009
Richmond Metropolitan Authority	2008-2009
Henry County, Henry County Schools, Henry County Social Services, & Henry County PSA	2008-2009
Roanoke County & Roanoke County Public Schools	2008-2009
Stafford County	2008-2009
Town of Blacksburg	2008-2009
Alexandria City Public Schools	2008-2009
City of Salem & Salem City Schools	2008-2009
Fluvanna County	2008-2009
Rappahannock Area Community Services Board	2009-2010
Loudoun County & Loudoun County Public Schools	2009-2010
Newport News Public Schools	2009-2010
Town of Ashland	2010-2011
Mecklenburg County	2010-2011
Spotsylvania County Public Schools	2011-2012
City of Lexington & Public Schools	2011-2012
Loudoun Water	2012-2013
Alexandria Renew Enterprises	2013-2014
Accomack County	2014-2015

Requests for Information

This financial report is designed to provide a general overview of the Trust's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Managing Director
VML/VACo Finance
919 E. Main St., Suite 1100
Richmond, VA 23219
(804) 648-0635

Virginia Pooled OPEB Trust

Statement of Net Position

		June 30, 2015
ASSETS		
Cash	$	7,145,502
Short Term Investments		19,149,952
Long Term Investments at fair value		
Debt Securities		144,489,111
Equity Securities		375,767,859
Other Long Term Investments		210,716,840
Accrued investment Income		274,891
	$	757,544,155
LIABILITIES		
Accounts payable	$	511,919
NET POSITION RESTRICTED FOR OPEB	$	757,032,236

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

Virginia Pooled OPEB Trust

Statement of Changes in Net Position

		Year Ended June 30, 2015
ADDITIONS		
Employer contributions	$	70,009,069
Investment income		
Net appreciation in fair value of investments		9,316,285
Interest and dividends		7,062,499
Less investment expenses		(1,640,189)
	$	14,738,596
TOTAL ADDITIONS	$	84,747,665
DEDUCTIONS		
Professional services, investment advisory & administrative	$	703,612
	$	703,612
NET CHANGE	$	84,044,053
NET POSITION:		
BEGINNING OF YEAR	$	672,988,183
END OF YEAR	$	757,032,236

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

June 30, 2015

1. Organization and Nature of Activities

The Virginia Pooled OPEB Trust Fund (Trust) was established April 11, 2008 for the purpose of accumulating and investing assets to fund post-employment benefits other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Trust is not a component unit of another governmental entity.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is currently composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust. Notwithstanding this practice, pursuant to the Trust Agreement the two local governments that initially founded the Trust through the joint exercise of powers, Henrico County and Fairfax County, were each entitled to representation on the Board of Trustees through fiscal year 2014.

The Trust does not purport to present the financial status of each of the participating employer's post-employment benefit plans, nor do these statements contain information on accumulated plan benefits and other disclosures necessary for a fair presentation of the individual plan in accordance with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements of the Trust are presented as a fiduciary fund type. The economic resources measurement focus and the accrual basis of accounting are used in the preparation of the financial statements. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each employer's plan.

Cash and Cash Equivalents

The Trust considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents. All cash equivalents are recorded at cost, which approximates fair value.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements. Net investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, and investment expense. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the cost basis of the investments sold.

In order to account for each participating employer's activity, separate accounts are maintained by the Trust. As such, investment and expenses are separately accounted for and maintained by employers.

Taxes

The Trust is exempt from taxation under Section 115 of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal or state income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Termination

The Trust Agreement specifically allows for the termination of the Trust once "all participation interests of all participating employers have been terminated in their entirety." Partial termination would occur when a participating employer's interest in the Trust is terminated or when a Trust Joinder Agreement has been terminated. In case of termination, either in whole or in part, affected assets of the Trust are distributed or transferred in accordance with the Trust Agreement to a trust or trusts established by the participating employer(s) for the funding of other postemployment benefits.

Subsequent events

In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through February 3, 2016, the date the financial statements were available to be issued.

3. Investments and Risk

The following information regarding disclosures of credit and interest rate risk are designed to inform financial statement users about investment risks which could affect the Trust's ability to meet its obligations. The standard of prudence to be used by investment officials of the Trust shall be the "prudent person" and shall be applied in the context of managing the portfolios.

Custodial Credit Risk – Deposits

The Virginia Security for Public Deposits Act (Act) requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured. The Trust had no carrying amount or bank balance on deposit at June 30, 2015.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates.

Foreign Currency Risk – Investments

The Trust's exposure to foreign currency risk derives from its holdings of foreign securities and the use of derivatives to hedge the related foreign currency exposure back to the U.S. dollar. Sources of foreign currency risk include the Trust's investments in international equities, emerging markets equities, and fixed income securities. The Trust's international equity, emerging market equity, and fixed income portfolios are currently implemented through commingled funds. The managers of these commingled funds are expected to prudently diversify the portfolios. Commingled fund assets are expected to be managed within the guidelines set forth for each fund by the manager.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and disclosure is not required.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Trust's fixed income investments are currently implemented through commingled funds. Commingled fund assets are expected to be managed within the guidelines set forth for each fund by the manager. Managers of these funds are expected to maintain appropriate levels of diversification in the portfolios.

As of June 30, 2015, the Trust had the following investments and maturities:

	Fair Value	Maturities Less Than 1 Year	Credit Rating
Closely held:			
Hedge fund	$ 71,949,783	$ 71,949,783	NA
International equity	126,419,485	126,419,485	NA
Bonds	77,649,374	77,649,374	NA
Real estate	27,430,561	27,430,561	NA
Commodities	17,216,552	17,216,552	NA

	Fair Value	Maturities Less Than 1 Year	Credit Rating
Common stocks:			
Large capitalization	$ 103,881,714	$ 103,881,714	NA
Small capitalization	71,802,884	71,802,884	NA
Mutual funds:			
Large capitalization	$ 73,663,777	$ 73,663,777	Not rated
Bonds	144,489,110	144,489,110	Not rated
Exchange traded funds:			
Real estate	$ 16,470,570	$ 16,470,570	Not rated
Total assets at fair value	$ 730,973,810	$ 730,973,810	

The following information is presented in connection with the above closely held investments regarding the nature of the Trust's investments and related commitments. The fair value of the investments has been estimated using the net asset value per share. Redemption of these investments is restricted as indicated below.

Closely Held Investment	Fair Value	Unfunded Commitments	Redemption Notice Period
Hedge Fund – Grosvenor (a)	$71,949,783	N/A	70 days
International Equity – Baring (b)	$45.839,790	N/A	10 business days
International Equity – Vontobel (c)	$35,723,912	N/A	15 days
International Equity – Marathon London (d)	$44,855,783	N/A	5 days
Bonds – Pioneer (e)	$77,649,374	N/A	5 days
Real Estate – AEW (f)	$27,430,561	N/A	45 days
Commodities – Tap Fund (g)	$17,216,552	N/A	5 days

(a) Grosvenor Institutional Partners is a globally diversified, multi-strategy, multi-manager portfolio that allocates its assets to hedge fund managers that invest in various alternative investment strategies. These underlying managers and strategies may include long and short positions in equity and fixed income securities. Redemptions are available quarterly upon 70 days' notice.

(b) The Baring Focused International Equity Fund seeks to achieve long term capital appreciation by investing in a minimum of 30 issuers, under normal market conditions, which are organized, headquartered, or domiciled in any country included in the Morgan Stanley Capital International Europe Australasia Far East Index (the "EAFE Index"). Issuers may also include those whose principal listing is on a securities exchange in any country included in the EAFE index. Under normal market conditions, the Fund invests a minimum of 90% of its total assets in equity securities. Redemptions are available monthly upon 10 business days' notice.

(c) The Vontobel Global Emerging Markets Fund seeks to achieve capital appreciation by investing in a diversified portfolio primarily of equity securities. Under normal market conditions, the Fund will invest at least 75% of its assets in equity securities issued by companies that are in developing countries or emerging markets. The Fund considers a developing country or emerging market to be a country that is included in the Morgan Stanley Capital International Emerging Markets Free Index. Redemptions are available monthly upon 15 days' notice.

(d) Marathon's philosophy is focused on the capital cycle approach to investment. This is based on the idea that the prospect of high returns will attract excessive capital and vice versa. This philosophy is intrinsically contrarian and the investment ideas are generally very long-term. Marathon invests in developed international equity markets and seeks to outperform the MSCI EAFE Index over a complete market cycle (generally 3-5 years). Redemptions are available monthly upon 5 days' notice.

(e) The Pioneer Institutional Opportunistic Core Plus Portfolio seeks to substantially outperform the Barclays U.S. Universal Index and a peer group of competing managers without incurring significantly higher risk (volatility). The Portfolio seeks to achieve this objective by actively managing a well-diversified portfolio of U.S. and international investment grade and non-investment grade debt securities. Redemptions are available semi-monthly upon 5 days' notice.

(f) The objective of the AEW Core Property Trust (U.S.) Fund is to invest in core real estate assets that will provide investors with a targeted net return that will exceed the NCREIF Fund Index – Open-End Diversified Core Equity ("NFI-ODCE"). The Fund seeks to generate these returns by being disciplined in its approach to the acquisition, asset management and eventual disposition of the Fund's investments. The Fund will acquire primarily stable properties with strong underlying credit, invest in major liquid geographic markets and property types, mitigate risk by maintaining economic diversification and actively manage properties with a view toward growing net operating income. Redemptions are available quarterly upon 45 days' notice.

(g) The investment objectives of the TAP Strategy are to provide an enhancement to an investor's portfolio of financial investments and to provide a partial inflation hedge. The TAP Strategy utilizes a long-only, unleveraged portfolio of primarily exchange-traded, U.S. dollar-denominated futures and forward contracts in tangible commodities. Exchange-traded commodity groups include: agricultural, livestock, foods and fibers, energy, precious metals, and industrial metals. Redemptions are available monthly upon 5 days' notice.

4. Related Party Transactions

The Trust has a memorandum of agreement with the Virginia Local Government Finance Corporation (VLGFC), the administrator of a financial services program sponsored by the Virginia Municipal League and Virginia Association of Counties known as, "VML/VACo Finance." Under the agreement, VLGFC serves as administrator for the Trust, which operates as the "VACo/VML Pooled OPEB Trust." VLGFC receives a quarterly program fee calculated individually for each participant on a sliding scale as a percentage of invested assets. The fee covers all administrative costs including personnel, office expense, legal, accounting, and promotion, as well as a portion of investment related custodial services and investment advisory fees. The quarterly program fee during 2015 totaled $638,112, of which custodial and investment advisory fees comprised $163,491.

New participants pay a one-time membership fee to VLGFC upon joining the Trust and have the choice of paying a one-time membership fee of $3,500 or a membership fee of $500 plus an additional annual fee of 13 basis points for the first five years.

5. Subsequent Events

At its meeting on September 11, 2015, the OPEB Trust's Board of Trustees made a commitment to invest in the Warburg Pincus Fund XII, a private equity fund. Warburg Pincus specializes in investing in private companies which operate in the following industries: energy, financial services, healthcare and consumer, industrial and business services, and technology, media and telecommunications. As of December 31, 2015, $199,350 of the $12.9 million committed capital had been called by Warburg Pincus.

As of December 31, 2015, the Trust had received contributions totaling $23,755,223 from fourteen participants. The market value of net invested assets on December 31, 2015 had increased by $17,772,768 million or 2.43%.

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DIXON HUGHES GOODMAN LLP

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Virginia Pooled OPEB Trust Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the ***Virginia Pooled OPEB Trust Fund***, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the ***Virginia Pooled OPEB Trust Fund's*** basic financial statements, and have issued our report thereon dated February 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ***Virginia Pooled OPEB Trust Fund's*** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ***Virginia Pooled OPEB Trust Fund's*** internal control. Accordingly, we do not express an opinion on the effectiveness of the ***Virginia Pooled OPEB Trust Fund's*** internal control.

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

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

Compliance and Other Matters

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

DIXON HUGHES GOODMAN LLP

Purpose of this Report

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

Dixon Hughes Goodman LLP

Richmond, Virginia
February 3, 2016