

BLACKROCK VIRGINIA MUNICIPAL BOND TRUST

Form N-Q

January 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-21053

Name of Fund: BlackRock Virginia Municipal Bond Trust (BHV)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Virginia Municipal Bond Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2016

Date of reporting period: 11/30/2015

Item 1 Schedule of Investments

## Schedule of Investments November 30, 2015 (Unaudited)

## BlackRock Virginia Municipal Bond Trust (BHV)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Virginia 117.9%</b>  |              |              |
| <b>Corporate 2.1%</b>   |              |              |
| County of Chesterfield Virginia EDA, RB, Virginia Electric Power Co. Project, Series A, AMT, 5.60%, 11/01/31                  | \$ 500       | \$ 524,930   |
| <b>County/City/Special District/School District 25.9%</b>   |              |              |
| Cherry Hill Community Development Authority, Special Assessment, Potomac Shores Project, 5.40%, 3/01/45 (a)                   | 250          | 255,400      |
| City of Norfolk Virginia, GO, Refunding, Capital Improvement, Series A, 5.00%, 8/01/38  | 500          | 566,570      |
| City of Portsmouth Virginia, GO, Refunding, Series D, 5.00%, 7/15/34  | 500          | 568,970      |
| City of Suffolk Virginia, GO, Refunding, 5.00%, 6/01/42   | 1,000        | 1,132,370    |
| County of Fairfax Virginia EDA, RB, Silverline Phase I Project, 5.00%, 4/01/37  | 1,000        | 1,117,920    |
| County of Fairfax Virginia Redevelopment & Housing Authority, Refunding RB, Fairfax Redevelopment & Housing, 5.00%, 10/01/39  | 1,500        | 1,658,745    |
| Dulles Town Center Community Development Authority, Refunding, Special Assessment, Dulles Town Center Project, 4.25%, 3/01/26 | 500          | 500,245      |
| Mosaic District Community Development Authority, Special Assessment, Series A, 6.88%, 3/01/36                                 | 250          | 287,122      |
| Shops at White Oak Village Community Development Authority, Special Assessment, 5.30%, 3/01/17                                | 100          | 103,042      |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (b)                                   | 360          | 419,166      |
|   |              | 6,609,550    |
| <b>Education 19.4%</b>  |              |              |
| County of Montgomery Virginia EDA, Refunding RB, Virginia Tech Foundation, Series A, 5.00%, 6/01/39                           | 355          | 398,864      |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Virginia (continued)</b>   |              |              |
| <b>Education (continued)</b>  |              |              |
| Virginia College Building Authority, RB, Marymount University Project, Series B, 5.00%, 7/01/45 (a)                           | \$ 100       | \$ 102,445   |
| Virginia College Building Authority, Refunding RB:  |              |              |
| Liberty University Projects, 5.00%, 3/01/41   | 1,000        | 1,123,810    |
| Marymount University Project, Series A, 5.00%, 7/01/45 (a)  | 400          | 409,780      |
| Washington & Lee University Project (NPFGC), 5.25%, 1/01/26   | 500          | 605,790      |
| Washington & Lee University Project (NPFGC), 5.25%, 1/01/31   | 1,000        | 1,233,700    |
| Virginia Small Business Financing Authority, RB, Roanoke College, 5.75%, 4/01/41  | 500          | 572,620      |
| Virginia Small Business Financing Authority, Refunding RB, 4.00%, 10/01/38  | 500          | 503,450      |
|   |              | 4,950,459    |
| <b>Health 33.3%</b>   |              |              |
| City of Danville Virginia IDA, Refunding RB, Danville Regional Medical Center (AMBAC), 5.25%, 10/01/28 (c)                    | 1,000        | 1,197,070    |
| County of Fairfax Virginia EDA, Refunding RB:   |              |              |
| Goodwin House, Inc., 5.00%, 10/01/27  | 1,000        | 1,044,470    |
| Vinson Hall LLC, Series A, 5.00%, 12/01/42  | 500          | 513,265      |
| County of Fairfax Virginia IDA, RB, Series A, 5.00%, 5/15/44  | 1,000        | 1,122,210    |
| County of Hanover Virginia EDA, Refunding RB, Covenant Woods, Series A, 5.00%, 7/01/42  | 500          | 509,810      |
| County of Henrico Virginia EDA, Refunding RB, United Methodist Homes, 4.25%, 6/01/26  | 145          | 151,937      |
| Peninsula Ports Authority, Refunding RB, Virginia Baptist Homes, Series C, 5.40%, 12/01/33                                    | 250          | 244,208      |
| Roanoke EDA, Refunding RB:  |              |              |
| Carilion Clinic Obligation Group, 5.00%, 7/01/30  | 795          | 887,856      |

## Schedule of Investments (continued)

## BlackRock Virginia Municipal Bond Trust (BHV)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Virginia (continued)</b>   |              |              |
| <b>Health (continued)</b>   |              |              |
| Roanoke EDA, Refunding RB (continued):  |              |              |
| Carilion Health System (AGM), 5.00%, 7/01/20 (b)  | \$ 5         | \$ 5,828     |
| Carilion Health System, Series B (AGM), 5.00%, 7/01/38  | 495          | 539,991      |
| Winchester EDA, Refunding RB, Valley Health System Obligation:  |              |              |
| 5.00%, 1/01/44  | 1,000        | 1,108,570    |
| Series A, 5.00%, 1/01/44  | 400          | 441,632      |
| Winchester Virginia IDA, RB, Valley Health System Obligation, Series E, 5.63%, 1/01/19 (b)                                    | 650          | 740,278      |
|   |              | 8,507,125    |
| <b>Housing 9.7%</b>   |              |              |
| Virginia HDA, RB:   |              |              |
| M/F Housing, Rental Housing, Series A, 5.25%, 5/01/41   | 750          | 802,522      |
| M/F Rental Housing, Series B, 5.63%, 6/01/39  | 1,000        | 1,060,000    |
| M/F Rental Housing, Series F, 5.25%, 10/01/38   | 250          | 272,170      |
| Remarketing, S/F Housing, Sub-Series C-3, 3.25%, 4/01/31  | 350          | 347,064      |
|   |              | 2,481,756    |
| <b>State 7.7%</b>   |              |              |
| Virginia College Building Authority, RB, Public Higher Education Financing Program, Series A, 5.00%, 9/01/18 (b)              |              |              |
|   | 1,000        | 1,109,860    |
| Virginia Public School Authority, RB, School Financing, 1997 Resolution, Series B:  |              |              |
| 5.25%, 8/01/18 (b)  | 400          | 445,524      |
| 4.00%, 8/01/36  | 405          | 420,811      |
|   |              | 1,976,195    |
| <b>Transportation 19.3%</b>   |              |              |
| Richmond Metropolitan Authority, Refunding RB, (NPFGC), 5.25%, 7/15/22  | 500          | 558,140      |
| Virginia Port Authority, RB, 5.00%, 7/01/36   | 500          | 567,885      |
| Virginia Port Authority, Refunding RB, 5.00%, 7/01/40   | 500          | 552,845      |
| Virginia Resources Authority, RB, Series B:   |              |              |
| 5.00%, 11/01/18 (b)   | 880          | 982,819      |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Virginia (continued)</b>   |              |              |
| <b>Transportation (continued)</b>   |              |              |
| Virginia Resources Authority, RB, Series B (continued):   |              |              |
| 5.00%, 11/01/33   | \$ 1,015     | \$ 1,114,602 |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings OpCo LLC Project, AMT, 6.00%, 1/01/37 | 1,000        | 1,147,150    |
|   |              | 4,923,441    |
| <b>Utilities 0.5%</b>   |              |              |
| Virginia Resources Authority, RB, 5.00%, 11/01/18 (b)   | 105          | 117,268      |
|   |              | 30,090,724   |
| <b>Total Municipal Bonds in Virginia</b>  |              |              |
| <b>District of Columbia 7.7%</b>  |              |              |
| <b>Transportation 7.7%</b>  |              |              |
| Metropolitan Washington Airports Authority, Refunding RB:   |              |              |
| Dulles Toll Road, 1st Senior Lien, Series A, 5.00%, 10/01/39  | 290          | 320,467      |
| Dulles Toll Road, 1st Senior Lien, Series A, 5.25%, 10/01/44  | 460          | 510,522      |
| Series B, 5.00%, 10/01/29   | 1,000        | 1,116,700    |
|   |              | 1,947,689    |
| <b>Total Municipal Bonds in District of Columbia</b>  |              |              |
| <b>Guam 1.9%</b>  |              |              |
| <b>State 1.9%</b>   |              |              |
| Territory of Guam, RB, Series A:  |              |              |
| Business Privilege Tax Bonds, 5.13%, 1/01/42  | 250          | 271,233      |
| Limited Obligation Bonds, Section 30, 5.63%, 12/01/29   | 200          | 221,254      |

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|                                      |            |
|--------------------------------------|------------|
| <b>Total Municipal Bonds in Guam</b> | 492,487    |
| <b>Total Municipal Bonds 127.5%</b>  | 32,530,900 |

**Municipal Bonds Transferred to**

**Tender Option Bond Trusts (d)**

|   |       |           |
|---|-------|-----------|
| <b>Virginia 27.3%</b>   |       |           |
| <b>Education 12.8%</b>  |       |           |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40 | 2,999 | 3,275,314 |

## Schedule of Investments (continued)

BlackRock Virginia Municipal Bond Trust (BHV)

| Municipal Bonds Transferred to   | Par           |               |
|--|---------------|---------------|
|  | (000)         | Value         |
| <b>Tender Option Bond Trusts (d)</b>   |               |               |
| <b>Virginia (continued)</b>  |               |               |
| <b>Health 8.7%</b>   |               |               |
| County of Fairfax Virginia IDA, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35 | \$ 999        | \$ 1,123,476  |
| Virginia Small Business Financing Authority, Refunding RB, Sentara Healthcare, 5.00%, 11/01/40           | 1,000         | 1,105,274     |
|  |               | 2,228,750     |
| <b>Transportation 5.8%</b>   |               |               |
| Virginia Commonwealth Transportation Board, RB, Capital Projects, 5.00%, 5/15/32                         | 1,261         | 1,464,443     |
| <b>Total Municipal Bonds Transferred to</b>  |               |               |
| <b>Tender Option Bond Trusts 27.3%</b>   |               | 6,968,507     |
| <b>Total Long-Term Investments</b>   |               |               |
| <b>(Cost \$35,939,599) 154.8%</b>  |               | 39,499,407    |
| <b>Short-Term Securities</b>   | <b>Shares</b> | <b>Value</b>  |
| FFI Institutional Tax-Exempt Fund, 0.02% (e)(f)  | 997,515       | \$ 997,515    |
| <b>Total Short-Term Securities</b>   |               |               |
| <b>(Cost \$997,515) 3.9%</b>   |               | 997,515       |
| <b>Total Investments (Cost \$36,937,114) 158.7%</b>  |               | 40,496,922    |
| <b>Other Assets Less Liabilities 1.9%</b>  |               | 479,499       |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (15.1)%</b>         |               | (3,859,878)   |
| <b>VRDP Shares, at Liquidation Value (45.5)%</b>   |               | (11,600,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 25,516,543 |

\* As of November 30, 2015, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               |               |
|-------------------------------|---------------|
| Tax cost                      | \$ 33,048,255 |
| Gross unrealized appreciation | \$ 3,604,965  |
| Gross unrealized depreciation | (15,957)      |
| Net unrealized appreciation   | \$ 3,589,008  |

## Notes to Schedule of Investments

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Security is collateralized by municipal bonds or U.S. Treasury obligations.

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- (d) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Trust. These bonds serve as collateral in a secured borrowing.
- (e) During the period ended November 30, 2015, investments in issuers considered to be an affiliate of the Trust for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| <b>Affiliate</b>                  | <b>Shares Held</b>   |                 | <b>Shares Held</b>     |  | <b>Income</b> |
|-----------------------------------|----------------------|-----------------|------------------------|--|---------------|
|                                   | <b>at August 31,</b> | <b>Net</b>      | <b>at November 30,</b> |  |               |
|                                   | <b>2015</b>          | <b>Activity</b> | <b>2015</b>            |  |               |
| FFI Institutional Tax-Exempt Fund | 40,525               | 956,990         | 997,515                |  | \$ 20         |

- (f) Represents the current yield as of period end.

## Schedule of Investments (continued)

BlackRock Virginia Municipal Bond Trust (BHV)

## Derivative Financial Instruments Outstanding as of Period End

## Financial Futures Contracts

## Contracts

| Short        | Issue                      | Expiration | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------|----------------|-------------------------|
| (2)          | 10-Year U.S. Treasury Note | March 2016 | \$252,875      | \$ (503)                |
| (2)          | 5-Year U.S. Treasury Note  | March 2016 | \$237,359      | (128)                   |
| (1)          | Long U.S. Treasury Bond    | March 2016 | \$154,000      | (525)                   |
| <b>Total</b> |                            |            |                | \$ (1,156)              |

## Portfolio Abbreviations

|              |   |
|--------------|---|
| <b>AGM</b>   | Assured Guaranty Municipal Corp.        |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp. |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)    |
| <b>EDA</b>   | Economic Development Authority          |
| <b>GO</b>    | General Obligation Bonds                |
| <b>HDA</b>   | Housing Development Authority           |
| <b>IDA</b>   | Industrial Development Authority        |
| <b>M/F</b>   | Multi-Family                            |
| <b>NPFGC</b> | National Public Finance Guarantee Corp. |
| <b>RB</b>    | Revenue Bonds                           |
| <b>S/F</b>   | Single-Family                           |



## Schedule of Investments (continued)

BlackRock Virginia Municipal Bond Trust (BHV)

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

Level 2 other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including Trust's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments are typically categorized as level 3.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, refer to the Trust's most recent financial statements as contained in its annual report.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy:

|                                    | Level 1    | Level 2       | Level 3 | Total         |
|------------------------------------|------------|---------------|---------|---------------|
| <b>Assets:</b>                     |            |               |         |               |
| Investments:                       |            |               |         |               |
| Long-Term Investments <sup>1</sup> |            | \$ 39,499,407 |         | \$ 39,499,407 |
| Short-Term Securities              | \$ 997,515 |               |         | 997,515       |
| <b>Total</b>                       | \$ 997,515 | \$ 39,499,407 |         | \$ 40,496,922 |

<sup>1</sup> See above Schedule of Investments for values in each sector.

|   | Level 1    | Level 2 | Level 3 | Total      |
|---|------------|---------|---------|------------|
| <b>Derivative Financial Instruments<sup>1</sup></b> |            |         |         |            |
| <b>Liabilities:</b>                                 |            |         |         |            |
| Interest rate contracts                             | \$ (1,156) |         |         | \$ (1,156) |

<sup>1</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

For Trust compliance purposes, the Trust's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment advisor. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.



## Schedule of Investments (concluded)

BlackRock Virginia Municipal Bond Trust (BHV)

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1  | Level 2         | Level 3 | Total           |
|--|----------|-----------------|---------|-----------------|
| <b>Assets:</b>                               |          |                 |         |                 |
| Cash pledged for financial futures contracts | \$ 7,950 |                 |         | \$ 7,950        |
| <b>Liabilities:</b>                          |          |                 |         |                 |
| TOB Trust Certificates                       |          | \$ (3,859,659)  |         | (3,859,659)     |
| VRDP Shares                                  |          | (11,600,000)    |         | (11,600,000)    |
| <b>Total</b>                                 | \$ 7,950 | \$ (15,459,659) |         | \$ (15,451,709) |

During the period ended November 30, 2015, there were no transfers between levels.

Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Virginia Municipal Bond Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Virginia Municipal Bond Trust

Date: January 22, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Virginia Municipal Bond Trust

Date: January 22, 2016

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Virginia Municipal Bond Trust

Date: January 22, 2016