

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-CSR
December 07, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number: 811-07420

Exact name of registrant as specified in charter:
Delaware Investments® Minnesota Municipal Income Fund II, Inc.

Address of principal executive offices:
2005 Market Street
Philadelphia, PA 19103

Name and address of agent for service:
David F. Connor, Esq.
2005 Market Street
Philadelphia, PA 19103

Registrant's telephone number, including area code: (800) 523-1918

Date of fiscal year end: March 31

Date of reporting period: September 30, 2010

Item 1. Reports to Stockholders

Semiannual Report

Delaware
Investments
Closed-End
Municipal Bond
Funds

September 30, 2010

The figures in the semiannual report for Delaware Investments Closed-End Municipal Bond Funds represent past results, which are not a guarantee of future results. A rise or fall in interest rates can have a significant impact on bond prices. Funds that invest in bonds can lose their value as interest rates rise.

Closed-end funds

Table of contents

> Sector/State allocations	1
> Statements of net assets	3
> Statements of operations	16
> Statements of changes in net assets	17
> Financial highlights	18
> Notes to financial statements	22
> Other Fund information	30
> About the organization	31

Delaware Management Holdings, Inc., and its subsidiaries (collectively known by the marketing name of Delaware Investments) are wholly owned subsidiaries of Macquarie Group Limited, a global provider of banking, financial, advisory, investment and funds management services. For more information, including press releases, please visit www.delawareinvestments.com.

Unless otherwise noted, views expressed herein are current as of Sept. 30, 2010, and are subject to change. Holdings are as of the date indicated and subject to change.

Funds are not FDIC insured and are not guaranteed. It is possible to lose the principal amount invested.

Mutual fund advisory services provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor. Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.

Investments in Delaware Investments Closed-End Municipal Bond Funds are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (Macquarie Group), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the Funds, the repayment of capital from the Funds, or any particular rate of return.

© 2010 Delaware Management Holdings, Inc.

All third-party trademarks cited are the property of their respective owners.

Sector allocations

As of September 30, 2010

Sector designations may be different than the sector designations presented in other Fund materials.

Delaware Investments

Arizona Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	99.96%
Corporate-Backed Revenue Bonds	6.20%
Education Revenue Bonds	12.55%
Electric Revenue Bonds	11.82%
Healthcare Revenue Bonds	21.38%
Housing Revenue Bonds	1.26%
Lease Revenue Bonds	6.48%
Local General Obligation Bonds	4.57%
Pre-Refunded/Escrowed to Maturity Bonds	5.42%
Special Tax Revenue Bonds	15.29%
State General Obligation Bond	0.85%
Transportation Revenue Bonds	6.01%
Water & Sewer Revenue Bonds	8.13%
Total Value of Securities	99.96%
Receivables and Other Assets Net of Liabilities	0.04%
Total Net Assets	100.00%

Delaware Investments

Minnesota Municipal Income Fund II, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	98.24%
Corporate-Backed Revenue Bonds	5.94%
Education Revenue Bonds	8.44%
Electric Revenue Bonds	10.07%
Healthcare Revenue Bonds	18.26%
Housing Revenue Bonds	8.10%
Lease Revenue Bonds	6.28%
Local General Obligation Bonds	9.35%
Pre-Refunded/Escrowed to Maturity Bonds	20.34%
Special Tax Revenue Bonds	3.52%
State General Obligation Bonds	1.35%
Transportation Revenue Bonds	5.66%
Water & Sewer Revenue Bond	0.93%
Short-Term Investment	0.39%
Total Value of Securities	98.63%
Receivables and Other Assets Net of Liabilities	1.37%
Total Net Assets	100.00%

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Delaware Investments

Colorado Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	98.75%
Corporate-Backed Revenue Bonds	1.29%
Education Revenue Bonds	20.21%
Electric Revenue Bonds	6.17%
Healthcare Revenue Bonds	13.88%
Housing Revenue Bonds	2.74%
Lease Revenue Bonds	4.34%
Local General Obligation Bonds	8.40%
Pre-Refunded/Escrowed to Maturity Bonds	15.55%
Special Tax Revenue Bonds	11.05%
State General Obligation Bonds	5.59%
Transportation Revenue Bonds	2.17%
Water & Sewer Revenue Bonds	7.36%
Total Value of Securities	98.75%
Receivables and Other Assets Net of Liabilities	1.25%
Total Net Assets	100.00%

(continues) 1

Sector/State allocations

Delaware Investments

National Municipal Income Fund

Sector	Percentage of Net Assets
Municipal Bonds	97.50%
Corporate-Backed Revenue Bonds	14.57%
Education Revenue Bonds	12.66%
Electric Revenue Bond	1.90%
Healthcare Revenue Bonds	18.43%
Housing Revenue Bonds	6.91%
Lease Revenue Bond	0.33%
Local General Obligation Bonds	1.71%
Special Tax Revenue Bonds	20.30%
State General Obligation Bonds	6.21%
Transportation Revenue Bonds	12.64%
Water & Sewer Revenue Bonds	1.84%
Total Value of Securities	97.50%
Receivables and Other Assets Net of Liabilities	2.50%
Total Net Assets	100.00%

State	(as a % of fixed income investments)
Alabama	1.44%
Arizona	1.94%
California	9.05%
Colorado	0.99%
Florida	25.72%
Georgia	3.09%
Hawaii	1.94%
Illinois	1.05%
Iowa	1.68%
Kansas	0.46%
Louisiana	0.80%
Maryland	3.21%
Massachusetts	2.01%
Michigan	0.51%
Missouri	1.63%
Montana	1.01%
New Hampshire	1.01%
New Jersey	0.70%
New Mexico	1.61%
New York	9.81%
Ohio	3.84%
Oregon	0.43%
Pennsylvania	11.22%
Puerto Rico	10.44%

Texas	3.60%
Washington D.C.	0.81%
Total	100.00%

2

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.
September 30, 2010 (Unaudited)

	Principal Amount	Value
Municipal Bonds – 99.96%		
Corporate-Backed Revenue Bonds – 6.20%		
Maricopa County Pollution Control Revenue Refunding (Public Service - Palo Verde Project) Series B 5.20% 6/1/43	\$ 500,000	\$ 524,765
Navajo County Pollution Control Revenue (Arizona Public Services - Cholla) Series D 5.75% 6/1/34	500,000	541,670
Pima County Industrial Development Authority Pollution Control Revenue (Tucson Electric Power San Juan) 5.75% 9/1/29 Series A 4.95% 10/1/20 5.25% 10/1/40	250,000 500,000 400,000	259,763 535,010 404,344
Salt Verde Financial Gas Revenue Senior Note 5.00% 12/1/37	400,000	381,136
		2,646,688
Education Revenue Bonds – 12.55%		
Arizona Board of Regents System Revenue (University of Arizona) Series A 5.00% 6/1/39 Series 8-A 5.00% 6/1/18	500,000 150,000	530,465 178,986
Arizona Health Facilities Authority Healthcare Education Facilities Revenue (Kirksville College) 5.125% 1/1/30	500,000	514,625
Glendale Industrial Development Authority Revenue Refunding (Midwestern University) 5.00% 5/15/31 5.125% 5/15/40	350,000 300,000	365,687 310,233
Northern Arizona University Certificates of Participation (Northern Arizona University Research Project) 5.00% 9/1/30 (AMBAC)	1,000,000	1,014,100
Pima County Industrial Development Authority Educational Revenue Refunding (Tucson Country Day		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

School Project) 5.00% 6/1/37	500,000	423,895
South Campus Group Student Housing Revenue (Arizona State University South Campus Project) 5.625% 9/1/35 (NATL-RE)	1,000,000	1,016,060
University of Puerto Rico System Revenue Series Q 5.00% 6/1/36	1,000,000	999,930
		5,353,981
Electric Revenue Bonds – 11.82%		
Puerto Rico Electric Power Authority Revenue Series TT 5.00% 7/1/37	100,000	102,118
Series WW 5.50% 7/1/38	200,000	210,944
Series XX 5.25% 7/1/40	805,000	841,821
Series ZZ 5.25% 7/1/26	400,000	439,008
Salt River Project Agricultural Improvement & Power District Electric System Revenue Series A 5.00% 1/1/31	1,000,000	1,027,810
5.00% 1/1/39	1,000,000	1,078,020
Series B 5.00% 1/1/25	1,250,000	1,343,350
		5,043,071
Healthcare Revenue Bonds – 21.38%		
Arizona Health Facilities Authority Revenue (Banner Health) Series D 5.50% 1/1/21	500,000	556,090
(Catholic Healthcare West) Series D 5.00% 7/1/28	500,000	512,430
Glendale Industrial Development Authority Hospital Revenue Refunding (John C. Lincoln Health) 5.00% 12/1/42	1,000,000	947,940
Maricopa County Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 5.25% 7/1/32	400,000	413,276
6.00% 7/1/39	500,000	541,315
Scottsdale Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.25% 9/1/30	500,000	509,310
Show Low Industrial Development Authority Hospital Revenue Refunding (Navapache Regional Medical Center) Series A 5.50% 12/1/17 (ACA)	1,600,000	1,601,984
University Medical Center Hospital Revenue		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

5.00% 7/1/33	1,000,000	978,640
5.00% 7/1/35	500,000	486,805
6.50% 7/1/39	500,000	546,660
Yavapai County Industrial		
Development Authority Revenue (Yavapai Regional Medical Center)		
Series A 5.25% 8/1/21 (RADIAN)	2,000,000	2,030,879
		9,125,329
Housing Revenue Bonds – 1.26%		
Phoenix Industrial Development Authority		
Single Family Mortgage Statewide Revenue Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	305,000	305,326
Pima County Industrial Development		
Authority Single Family Mortgage Housing Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT)	30,000	30,031

(continues) 3

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
Housing Revenue Bonds (continued)		
Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.50% 12/1/18	\$ 175,000	\$ 200,503
		535,860
Lease Revenue Bonds – 6.48%		
Arizona Certificates of Participation Department Administration Series A 5.25% 10/1/25 (AGM)	500,000	552,030
Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26	640,000	669,715
Nogales Development Authority Municipal Facilities Revenue 5.00% 6/1/30 (AMBAC)	500,000	484,450
Pima County Industrial Development Authority Lease Revenue Metro Police Facility (Nevada Project) Series A 5.25% 7/1/31 5.375% 7/1/39	500,000 500,000	531,310 526,705
		2,764,210
Local General Obligation Bonds – 4.57%		
Gila County Unified School District #10 (Payson School Improvement Project of 2006) Series A 5.25% 7/1/27 (AMBAC)	500,000	544,035
Maricopa County School District #6 (Washington Elementary) Refunding Series A 5.375% 7/1/13 (AGM)	1,250,000	1,404,838
		1,948,873
§Pre-Refunded/Escrowed to Maturity Bonds – 5.42%		
Puerto Rico Commonwealth Public Improvement Revenue Series A 5.125% 7/1/31-11	250,000	259,150
Southern Arizona Capital Facilities Finance (University of Arizona Project) 5.00% 9/1/23-12 (NATL-RE)	1,000,000	1,087,280
University of Arizona Certificates of Participation (University of Arizona Project) Series B		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

5.125% 6/1/22-12 (AMBAC)	500,000	537,940
Virgin Islands Public Finance Authority Revenue (Gross Receipts Tax Loan Note) Series A		
6.125% 10/1/29-10 (ACA)	425,000	429,318
		2,313,688
Special Tax Revenue Bonds – 15.29%		
Flagstaff Aspen Place Sawmill Improvement District Revenue		
5.00% 1/1/32	385,000	385,239
Gilbert Public Facilities Municipal Property Revenue 5.00% 7/1/25	500,000	550,550
Glendale Municipal Property Series A 5.00% 7/1/33 (AMBAC)	2,000,000	2,058,099
Marana Tangerine Farm Road Improvement District Revenue		
4.60% 1/1/26	924,000	924,869
Peoria Municipal Development Authority Sales Tax & Excise Shared Revenue (Senior Lien & Subordinate Lien) 5.00% 1/1/18	1,085,000	1,268,180
Puerto Rico Sales Tax Financing Revenue First Subordinate Series C 6.00% 8/1/39	300,000	335,934
Queen Creek Improvement District #1 5.00% 1/1/32	1,000,000	1,002,340
		6,525,211
State General Obligation Bond – 0.85%		
Puerto Rico Commonwealth Refunding (Public Improvement) Series C 6.00% 7/1/39	335,000	363,177
		363,177
Transportation Revenue Bonds – 6.01%		
Phoenix Civic Improvement Airport Revenue Junior Lien Series A 5.25% 7/1/33 (Senior Lien) Series B 5.25% 7/1/27 (NATL-RE) (FGIC) (AMT)	500,000	535,420
	2,000,000	2,028,060
		2,563,480
Water & Sewer Revenue Bonds – 8.13%		
Phoenix Civic Improvement Wastewater Systems Revenue Junior Lien 5.00% 7/1/19 (NATL-RE) Refunding 5.00% 7/1/24 (NATL-RE) (FGIC)	850,000	982,685
	1,000,000	1,027,000
Phoenix Civic Improvement Water Systems Revenue Junior Lien Series A 5.00% 7/1/39	900,000	969,651
Scottsdale Water & Sewer Revenue Refunding 5.00% 7/1/19	400,000	491,036
		3,470,372

Total Municipal Bonds		
	(cost \$41,053,486)	42,653,940
Total Value of Securities – 99.96%		
	(cost \$41,053,486)	42,653,940
Receivables and Other Assets		
	Net of Liabilities – 0.04%	18,942
Net Assets Applicable to 2,982,200		
	Shares Outstanding; Equivalent to	
	\$14.31 Per Share – 100.00%	\$42,672,882

Components of Net Assets at September 30, 2010:	
Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$ 40,651,205
Undistributed net investment income	380,050
Accumulated net realized gain on investments	41,173
Net unrealized appreciation of investments	1,600,454
Total net assets	\$ 42,672,882

§Pre-Refunded bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in "Notes to financial statements."

Variable rate security. The rate shown is the rate as of September 30, 2010. Interest rates reset periodically.

Summary of Abbreviations:

- ACA — Insured by American Capital Access
- AGM — Insured by Assured Guaranty Municipal Corporation
- AMBAC — Insured by AMBAC Assurance Corporation
- AMT — Subject to Alternative Minimum Tax
- FGIC — Insured by Financial Guaranty Insurance Company
- FHLMC — Federal Home Loan Mortgage Corporation Collateral
- FNMA — Federal National Mortgage Association Collateral
- GNMA — Government National Mortgage Association Collateral
- NATL-RE — Insured by the National Public Finance Guarantee Corporation
- RADIAN — Insured by Radian Asset Assurance

See accompanying Notes, which are an integral part of the financial statements.

(continues) 5

Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

September 30, 2010 (Unaudited)

	Principal Amount	Value
Municipal Bonds – 98.75%		
Corporate-Backed Revenue Bond – 1.29%		
Public Authority for Colorado Energy National Gas Purpose Revenue Series 2008 6.50% 11/15/38	\$ 750,000	\$ 902,048
		902,048
Education Revenue Bonds – 20.21%		
Boulder County Development Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (NATL-RE)	3,000,000	3,030,779
Colorado Board of Governors Revenue (University Enterprise System) Series A 5.00% 3/1/39	700,000	747,789
Colorado Educational & Cultural Facilities Authority Revenue (Bromley Charter School Project) Refunding 5.25% 9/15/32 (XLCA) (Johnson & Wales University Project) Series A 5.00% 4/1/28 (XLCA) (Littleton Charter School Project) Refunding 4.375% 1/15/36 (CIFG) Student Housing (Campus Village Apartments) Refunding 5.00% 6/1/23 Student Housing (University of Northern Colorado) Series A 5.00% 7/1/31 (NATL-RE)	1,000,000 3,000,000 1,200,000 2,500,000	1,018,960 3,001,740 1,074,708 2,501,725
University of Colorado Enterprise Systems Revenue Series A 5.375% 6/1/38	750,000	825,743
Western State College 5.00% 5/15/34	750,000	793,560
		14,131,572
Electric Revenue Bonds – 6.17%		
Platte River Power Authority Revenue Series HH 5.00% 6/1/28	1,500,000	1,689,030
Puerto Rico Electric Power Authority Revenue Series TT 5.00% 7/1/37 Series WW 5.50% 7/1/38	685,000 300,000	699,508 316,416

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Series XX 5.25% 7/1/40	750,000	784,305
Series ZZ 5.25% 7/1/26	750,000	823,140
		4,312,399
Healthcare Revenue Bonds – 13.88%		
Aurora Hospital Revenue (Children’s Hospital Association Project) Series A 5.00% 12/1/40	500,000	510,735
Colorado Health Facilities Authority Revenue (Catholic Health Initiatives) Series A 5.00% 7/1/39	750,000	784,013
Series D 6.125% 10/1/28 (Evangelical Lutheran) 5.25% 6/1/23	750,000	862,658
Series A 6.125% 6/1/38	1,000,000	1,040,849
Colorado Health Facilities Authority Revenue (continued) (Porter Place) Series A 6.00% 1/20/36 (GNMA) (Total Long-Term Care National) Series A 6.00% 11/15/30	2,515,000	2,538,640
	400,000	402,984
Colorado Springs Hospital Revenue Refunding 6.25% 12/15/33	750,000	821,340
Denver Health & Hospital Authority Healthcare Revenue 5.625% 12/1/40	750,000	761,835
University of Colorado Hospital Authority Revenue Series A 5.00% 11/15/37	500,000	502,405
6.00% 11/15/29	650,000	706,050
		9,704,099
Housing Revenue Bonds – 2.74%		
Colorado Housing & Finance Authority (Single Family Mortgage – Class I) Series A 5.50% 11/1/29 (FHA) (VA) (HUD)	500,000	532,695
Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.125% 12/1/27	1,000,000	1,039,150
5.50% 12/1/18	300,000	343,719
		1,915,564
Lease Revenue Bonds – 4.34%		
Aurora Certificates of Participation Refunding Series A 5.00% 12/1/30	630,000	682,454
Glendale Certificates of Participation 5.00% 12/1/25 (XLCA)	1,500,000	1,584,150
Puerto Rico Public Buildings Authority Revenue Refunding (Guaranteed Government Facilities) Series M-2 5.50% 7/1/35 (AMBAC)	700,000	768,061
		3,034,665

Local General Obligation Bonds – 8.40%

Adams & Arapahoe Counties			
Joint School District #28J (Aurora)			
6.00% 12/1/28	600,000		715,386
Arapahoe County Water &			
Wastewater Public Improvement			
District Refunding Series A			
5.125% 12/1/32 (NATL-RE)	5,000		642,944
Boulder Larimer & Weld Counties			
Vrain Valley School District Re-1J			
5.00% 12/15/33	750,000		802,268
Bowles Metropolitan District Refunding			
5.00% 12/1/33 (AGM)	2,000,000		2,038,279
Denver City & County School District #1			
Series A 5.00% 12/1/29	240,000		269,090

	Principal Amount	Value
Municipal Bonds (continued)		
Local General Obligation Bonds (continued)		
Jefferson County School District #R-001 Refunding 5.25% 12/15/24	\$ 750,000	\$ 932,768
Sand Creek Metropolitan District Refunding & Improvement 5.00% 12/1/31 (XLCA)	500,000	470,410
		5,871,145
§Pre-Refunded/Escrowed to Maturity Bonds – 15.55%		
Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) 5.00% 7/1/27-12 (AMBAC) (University of Denver Project) Refunding & Improvement Series B 5.25% 3/1/35-16 (FGIC)	4,000,000 1,000,000	4,295,080 1,205,350
Denver Convention Center Hotel Authority Revenue Refunding Senior Series A 5.00% 12/1/33-13 (XLCA)	3,000,000	3,360,510
Northwest Parkway Public Highway Authority Senior Series A 5.25% 6/15/41-11 (AGM)	350,000	367,980
Westminster Building Authority Certificates of Participation 5.25% 12/1/22-11 (NATL-RE)	1,555,000	1,642,920
		10,871,840
Special Tax Revenue Bonds – 11.05%		
Denver Convention Center Hotel Authority Revenue Refunding 5.00% 12/1/35 (XLCA)	1,575,000	1,432,368
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series K 5.00% 7/1/30	750,000	764,228
Puerto Rico Sales Tax Financing Revenue First Subordinate Series B 5.75% 8/1/37 Series C 6.00% 8/1/39	590,000 500,000	638,769 559,890
Regional Transportation District Sales Tax Revenue (Fastracks Project) Series A 4.375% 11/1/31 (AMBAC) 4.50% 11/1/36 (AGM)	1,250,000 3,000,000	1,274,050 3,059,189
		7,728,494

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

State General Obligation Bonds – 5.59%		
Guam Government		
Series A 7.00% 11/15/39	750,000	838,770
Puerto Rico Commonwealth		
Refunding (Public Improvement)		
Series A 5.50% 7/1/19 (NATL-RE)	2,250,000	2,519,235
Series C 6.00% 7/1/39	505,000	547,476
		3,905,481
Transportation Revenue Bonds – 2.17%		
Denver City & County Airport Revenue		
System Series A 5.25% 11/15/36	750,000	800,933
Regional Transportation District		
Colorado Private Activity Revenue		
(Denver Transportation Partners)		
6.00% 1/15/41	675,000	717,566
		1,518,499
Water & Sewer Revenue Bonds – 7.36%		
Colorado Springs Utilities Revenue		
Systems Improvement Revenue		
Series C 5.50% 11/15/48	750,000	811,020
Colorado Water Resources & Power		
Development Authority Small		
Water Revenue		
Un-Refunded Balance Series A		
5.80% 11/1/20 (FGIC) (NATL-RE)	780,000	781,154
Colorado Water Resources & Power		
Development Authority Water		
Resources Revenue		
(Parker Water & Sanitation District)		
Series D		
5.125% 9/1/34 (NATL-RE)	1,500,000	1,524,390
5.25% 9/1/43 (NATL-RE)	2,000,000	2,032,800
		5,149,364
Total Municipal Bonds		
(cost \$65,759,533)		69,045,170
Total Value of Securities – 98.75%		
(cost \$65,759,533)		69,045,170
Receivables and Other Assets		
Net of Liabilities – 1.25%		875,606
Net Assets Applicable to 4,837,100		
Shares Outstanding; Equivalent to		
\$14.46 Per Share – 100.00%		\$ 69,920,776
Components of Net Assets at September 30, 2010:		
Common stock, \$0.01 par value,		
200 million shares authorized to the Fund		\$ 66,918,121
Undistributed net investment income		262,136
Accumulated net realized loss on investments		(545,118)
Net unrealized appreciation of investments		3,285,637

Total net assets \$ 69,920,776

§Pre-Refunded bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in "Notes to financial statements."

Variable rate security. The rate shown is the rate as of September 30, 2010. Interest rates reset periodically.

(continues) 7

Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation
AMBAC — Insured by AMBAC Assurance Corporation
CIFG — Insured by CDC IXIS Financial Guaranty
FGIC — Insured by Financial Guaranty Insurance Company
FHA — Insured by Federal Housing Administration
GNMA — Government National Mortgage Association Collateral
HUD — Housing and Urban Development Section 8
NATL-RE — Insured by National Public Finance Guarantee Corporation
XLCA — Insured by XL Capital Assurance
VA — Veterans Administration Collateral

See accompanying Notes, which are an integral part of the financial statements.

8

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Delaware Investments Minnesota Municipal Income Fund II, Inc.
September 30, 2010 (Unaudited)

	Principal Amount	Value
Municipal Bonds – 98.24%		
Corporate-Backed Revenue Bonds – 5.94%		
Cloquet Pollution Control Revenue Refunding (Potlatch Project) 5.90% 10/1/26	\$ 5,500,000	\$ 5,413,925
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	3,436,321
Sartell Environmental Improvement Revenue Refunding (International Paper) Series A 5.20% 6/1/27	1,000,000	1,004,370
		9,854,616
Education Revenue Bonds – 8.44%		
Minnesota Higher Education Facilities Authority Revenue (Augsburg College) Series 6-J1 5.00% 5/1/28	1,500,000	1,535,070
(Carleton College) Series 6-T 5.00% 1/1/28	1,000,000	1,109,150
Series 7-D 5.00% 3/1/30 (College of St. Benedict) Series 5-W 5.00% 3/1/20	1,120,000	1,245,451
(St. Mary’s University) Series 5-U 4.80% 10/1/23	2,000,000	2,056,780
(University of St. Thomas) Series 6-X 5.00% 4/1/29	1,400,000	1,426,628
Series 7-A 5.00% 10/1/39	2,250,000	2,396,925
University of Minnesota Series A 5.25% 4/1/29	1,000,000	1,055,240
Series C 5.00% 12/1/19	1,000,000	1,139,180
University of the Virgin Islands Improvement Series A 5.375% 6/1/34	1,290,000	1,547,381
	500,000	507,315
		14,019,120
Electric Revenue Bonds – 10.07%		
Chaska Electric Revenue Refunding (Generating Facilities) Series A 5.25% 10/1/25	250,000	266,728
Minnesota Municipal Power Agency Electric Revenue Series A 5.00% 10/1/34	1,900,000	1,954,055

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

5.25% 10/1/19	1,610,000	1,758,249
Puerto Rico Electric Power Authority		
Revenue Series XX 5.25% 7/1/40	1,645,000	1,720,242
Southern Minnesota Municipal		
Power Agency Supply Revenue		
Series A 5.25% 1/1/14 (AMBAC)	5,250,000	5,922,630
Western Minnesota Municipal		
Power Agency Supply Revenue		
Series A 5.00% 1/1/30 (NATL-RE)	5,000,000	5,103,150
		16,725,054
Healthcare Revenue Bonds – 18.26%		
Bemidji Health Care Facilities First		
Mortgage Revenue (North		
Country Health Services)		
5.00% 9/1/24 (RADIAN)	1,500,000	1,509,480
City of Minneapolis 4.875% 8/1/25	1,000,000	1,020,500
Fergus Falls Health Care Facilities		
Revenue (Lake Region		
Healthcare) 5.00% 8/1/30	1,000,000	996,190
Glencoe Health Care Facilities		
Revenue (Glencoe Regional Health		
Services Project) 5.00% 4/1/25	2,000,000	2,010,800
Maple Grove Health Care System		
Revenue (Maple Grove Hospital)		
5.25% 5/1/37	1,000,000	1,012,160
Minneapolis Health Care System		
Revenue (Fairview Health Services)		
Series A 6.625% 11/15/28	600,000	693,882
Series B 6.50% 11/15/38		
(ASSURED GTY)	295,000	339,200
Series D 5.00% 11/15/34 (AMBAC)	2,000,000	2,032,400
Minnesota Agricultural & Economic		
Development Board Revenue		
(Fairview Health Care System)		
Un-Refunded Balance Series A		
5.75% 11/15/26 (NATL-RE)	100,000	100,085
6.375% 11/15/29	195,000	197,246
Rochester Health Care & Housing		
Revenue Refunding (Samaritan		
Bethany) Series A 7.375% 12/1/41	1,220,000	1,299,654
Shakopee Health Care Facilities		
Revenue (St. Francis Regional		
Medical Center) 5.25% 9/1/34	1,560,000	1,536,943
St. Cloud Health Care Revenue		
(Centracare Health System Project)		
Series A 5.125% 5/1/30	1,125,000	1,188,191
Series D 5.50% 5/1/39 (ASSURED GTY)	1,500,000	1,601,610
St. Louis Park Health Care Facilities		
Revenue Refunding (Park Nicollet		
Health Services)		
5.75% 7/1/39	1,500,000	1,565,865

Series C 5.50% 7/1/23	1,000,000	1,077,990
St. Paul Housing & Redevelopment		
Authority Health Care		
Facilities Revenue		
(Allina Health System)		
Series A 5.00% 11/15/18 (NATL-RE)	1,380,000	1,535,236
Series A-1 5.25% 11/15/29	1,395,000	1,462,937
(Children's Hospital)		
5.00% 8/15/34 (AGM)	500,000	524,405
(Health Partners Obligation		
Group Project) 5.25% 5/15/36	2,000,000	1,955,780
(Regions Hospital Project)		
5.30% 5/15/28	1,000,000	1,000,140
(Senior Carondelet Village		
Project) Series A 6.00% 8/1/42	770,000	775,929

(continues) 9

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
Healthcare Revenue Bonds (continued)		
St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Elderly Project) 5.40% 11/20/42 (GNMA) (FHA)	\$ 2,700,000	\$ 2,728,026
University of Minnesota Special Purposes Revenue (State Supported - Biomed Science Research Facilities Funding Project) Series A 5.00% 8/1/35	1,040,000	1,142,024
Winona Health Care Facilities Revenue Refunding (Winona Health Obligation Group) 5.00% 7/1/23	1,010,000	1,013,081
		30,319,754
Housing Revenue Bonds – 8.10%		
Chanhassen Multifamily Housing Revenue Refunding (Heritage Park Apartments Project) 6.20% 7/1/30 (FHA) (HUD) (AMT)	1,105,000	1,106,260
Minneapolis Multifamily Housing Revenue •(Gaar Scott Loft Project) 5.95% 5/1/30 (AMT) (LOC – U.S. Bank N.A.) (Olson Townhomes Project) 6.00% 12/1/19 (AMT) (Seward Towers Project) 5.00% 5/20/36 (GNMA) (Sumner Housing Project) Series A 5.15% 2/20/45 (GNMA) (AMT)	890,000 755,000 2,000,000 2,000,000	891,575 755,506 2,043,020 2,017,220
Minnesota Housing Finance Agency Revenue (Rental Housing) Series A 5.00% 2/1/35 (AMT) Series D 5.95% 2/1/18 (NATL-RE) (Residential Housing) Series B-1 5.35% 1/1/33 (AMT) •Series D 4.75% 7/1/32 (AMT)	1,000,000 120,000 1,475,000 1,000,000	1,004,130 120,502 1,480,708 999,930

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Series I 5.15% 7/1/38 (AMT)	745,000	755,884
Series L 5.10% 7/1/38 (AMT)	1,495,000	1,513,224
Washington County Housing & Redevelopment Authority Revenue Refunding (Woodland Park Apartments Project) 4.70% 10/1/32	750,000	756,330
		13,444,289
Lease Revenue Bonds – 6.28%		
Andover Economic Development Authority Public Facilities Lease Revenue Refunding (Andover Community Center) 5.125% 2/1/24	205,000	226,066
5.20% 2/1/29	410,000	453,120
Puerto Rico Public Buildings Authority Revenue Un-Refunded Balance (Government Facilities) Series D 5.25% 7/1/27	530,000	535,698
St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.00% 12/1/22	2,385,000	2,543,984
5.25% 12/1/27 (Robert Street Office Building Project) Series 3-11 5.00% 12/1/27	2,800,000	2,906,428
	2,000,000	2,093,140
Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25	680,000	692,104
5.375% 10/1/30	965,000	975,740
		10,426,280
Local General Obligation Bonds – 9.35%		
Dakota County Community Development Agency Governmental Housing Refunding (Senior Housing Facilities) Series A 5.00% 1/1/23	1,100,000	1,187,406
Minneapolis Special School District #1 5.00% 2/1/19 (AGM)	1,175,000	1,268,753
Morris Independent School District #769 5.00% 2/1/28 (NATL-RE)	3,750,000	4,062,225
Rocori Independent School District #750 (School Building) Series B 5.00% 2/1/22	1,010,000	1,181,589
5.00% 2/1/24	1,075,000	1,244,689
5.00% 2/1/25	1,115,000	1,283,231
5.00% 2/1/26	1,155,000	1,321,008
Washington County Housing &		

Redevelopment Authority		
Refunding Series B		
5.50% 2/1/22 (NATL-RE)	1,705,000	1,786,482
5.50% 2/1/32 (NATL-RE)	2,140,000	2,178,991
		15,514,374

§Pre-Refunded/Escrowed to Maturity Bonds – 20.34%

Andover Economic Development		
Authority Public Facilities		
Lease Revenue (Andover		
Community Center)		
5.125% 2/1/24-14	295,000	325,314
5.20% 2/1/29-14	590,000	652,050
Dakota-Washington Counties		
Housing & Redevelopment		
Authority Revenue (Bloomington		
Single Family Residential		
Mortgage) Series B 8.375% 9/1/21		
(GNMA) (FHA) (VA) (AMT)	7,055,000	9,998,559

	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded/Escrowed to Maturity Bonds (continued)		
Southern Minnesota Municipal Power Agency Power Supply Revenue Refunding Series A 5.75% 1/1/18-11	\$ 3,715,000	\$ 4,047,195
Series B 5.50% 1/1/15 (AMBAC)	390,000	407,651
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30-14	1,250,000	1,443,425
St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project) 5.55% 11/1/23	2,300,000	2,484,920
5.55% 11/1/23 (NATL-RE) (IBC)	4,200,000	4,537,680
University of Minnesota Hospital & Clinics 6.75% 12/1/16	2,580,000	3,201,496
University of Minnesota Series A 5.50% 7/1/21	4,000,000	4,904,840
Western Minnesota Municipal Power Agency Power Supply Revenue Series A 6.625% 1/1/16	1,535,000	1,768,335
		33,771,465
Special Tax Revenue Bonds – 3.52%		
Minneapolis Community Planning & Economic Development Department Supported (Common Bond Fund) Series 5 5.70% 12/1/27	375,000	375,968
(Limited Tax Common Bond Fund) Series A 6.75% 12/1/25 (AMT)	865,000	867,604
Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1 5.50% 12/1/24 (AMT)	1,000,000	1,043,510
Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue Series B 5.00% 7/1/46	800,000	800,176
Puerto Rico Sales Tax Financing Revenue First Subordinate Series B 5.75% 8/1/37	1,200,000	1,299,191
St. Paul Port Authority (Brownsfields Redevelopment Tax) Series 2 5.00% 3/1/37	895,000	941,316
Virgin Islands Public Finance		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Authority Revenue (Senior Lien Matching Fund Loan Note) Series A 5.25% 10/1/23	500,000	520,595
		5,848,360
State General Obligation Bonds – 1.35%		
Minnesota State 5.00% 6/1/14	1,000,000	1,150,000
Puerto Rico Commonwealth Public Improvement Refunding Series C 6.00% 7/1/39	1,010,000	1,094,950
		2,244,950
Transportation Revenue Bonds – 5.66%		
Minneapolis - St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/22 (NATL-RE)	3,000,000	3,107,070
5.00% 1/1/28 (NATL-RE)	2,120,000	2,162,358
5.25% 1/1/16 (NATL-RE)	1,000,000	1,072,810
Series B 5.00% 1/1/35 (AMBAC)	2,000,000	2,050,620
5.25% 1/1/24 (NATL-RE) (FGIC) (AMT)	1,000,000	1,003,060
		9,395,918
Water & Sewer Revenue Bond – 0.93%		
St. Paul Sewer Revenue Series D 5.00% 12/1/21	1,325,000	1,541,770
		1,541,770
Total Municipal Bonds (cost \$153,595,204)		163,105,950
Short-Term Investment – 0.39%		
Variable Rate Demand Note – 0.39%		
Minneapolis & St. Paul Housing & Redevelopment Authority Health Care System Revenue (Allina Health System) Series B-2 0.30% 11/15/35 (LOC – JPMorgan Chase Bank N.A.)	650,000	650,000
Total Short-Term Investment (cost \$650,000)		650,000
Total Value of Securities – 98.63% (cost \$154,245,204)		163,755,950
Receivables and Other Assets		
Net of Liabilities – 1.37%		2,273,484
Net Assets Applicable to 11,504,975		
Shares Outstanding; Equivalent to \$14.43 Per Share – 100.00%		\$ 166,029,434
Components of Net Assets at September 30, 2010:		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Common stock, \$0.01 par value, 200 million shares

authorized to the Fund	\$ 157,931,075
Undistributed net investment income	604,731
Accumulated net realized loss on investments	(2,017,118)
Net unrealized appreciation of investments	9,510,746
Total net assets	\$ 166,029,434

§Pre-Refunded bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in "Notes to financial statements."

Variable rate security. The rate shown is the rate as of September 30, 2010. Interest rates reset periodically.

(continues) 11

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation
AMBAC — Insured by AMBAC Assurance Corporation
AMT — Subject to Alternative Minimum Tax
ASSURED GTY — Insured by Assured Guaranty Corporation
FGIC — Insured by Financial Guaranty Insurance Company
FHA — Insured by Federal Housing Administration
GNMA — Government National Mortgage Association Collateral
HUD — Housing and Urban Development Section 8
IBC — Insured Bond Certificate
LOC — Letter of Credit
NATL-RE — Insured by National Public Finance Guarantee Corporation
RADIAN — Insured by Radian Asset Assurance
VA — Veterans Administration Collateral

See accompanying Notes, which are an integral part of the financial statements.

12

Delaware Investments National Municipal Income Fund
September 30, 2010 (Unaudited)

	Principal Amount	Value
Municipal Bonds – 97.50%		
Corporate-Backed Revenue Bonds – 14.57%		
Brazos, Texas Harbor Industrial		
Development Environmental Facilities Revenue (Dow Chemical Project)		
5.90% 5/1/38 (AMT)	\$ 125,000	\$ 129,629
Buckeye, Ohio Tobacco Settlement		
Financing Authority Asset-Backed Senior Turbo Series A-2		
5.875% 6/1/47	320,000	235,120
6.50% 6/1/47	130,000	105,018
Clayton County, Georgia Development		
Authority Special Facilities Revenue (Delta Airlines) Series B		
9.00% 6/1/35 (AMT)	200,000	217,072
Golden State, California Tobacco		
Securitization Settlement Revenue (Asset-Backed Senior Notes)		
Series A-1 5.125% 6/1/47	370,000	252,999
Gulf Coast Waste Disposal Authority, Texas		
Environmental Facilities Revenue (BP Products North America)		
2.30% 1/1/26	35,000	35,039
2.30% 1/1/42	70,000	70,078
Harris County, Texas Industrial		
Development Solid Waste Disposal Revenue (Deer Park Refining Project)		
5.00% 2/1/23	150,000	159,305
Hawaii State Department Budget & Finance Special Purpose Revenue		
(Hawaiian Electric Subsidiary)		
6.50% 7/1/39	290,000	323,115
Iowa Finance Authority Pollution		
Control Facilities Revenue Refunding (Interstate Power)		
5.00% 7/1/14 (FGIC)	500,000	541,504
Louisiana Local Government Environmental		
Facilities & Community (Westlake Chemical) Series A		
6.50% 8/1/29	245,000	257,319
Maryland State Economic Development		
Port Facilities Revenue Refunding (CNX Marine Terminals)		
5.75% 9/1/25	175,000	180,707

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

M-S-R Energy Authority, California Gas Revenue Series A 6.125% 11/1/29	115,000	126,591
6.50% 11/1/39	210,000	244,371
New York City, New York Industrial Development Agency Special Facilities Revenue (American Airlines - JFK International Airport) 7.625% 8/1/25 (AMT)	450,000	474,281
New York Liberty Development 5.625% 7/15/47	300,000	312,960
Ohio State Air Quality Development Authority Revenue (First Energy Generation) Series A 5.70% 8/1/20	260,000	296,091
Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue (Allegheny Energy Supply) 7.00% 7/15/39	345,000	395,418
Selma, Alabama Industrial Development Board Revenue Gulf Opportunity Zone (International Paper) Series A 5.80% 5/1/34	445,000	464,251
		4,820,868
Education Revenue Bonds – 12.66%		
Bowling Green, Ohio Student Housing Revenue (CFP I - State University Project) 6.00% 6/1/45	270,000	277,954
California Statewide Communities Development Authority School Facilities Revenue (Aspire Public Schools) 6.125% 7/1/46	265,000	270,904
California Statewide Communities Development Authority Student Housing Revenue (Irvine, LLC - UCI East Campus) 6.00% 5/15/23	470,000	516,004
Marietta, Georgia Development Authority Revenue Refunding (Life University Income Project) 7.00% 6/15/39	430,000	438,385
Maryland State Economic Development Student Housing Revenue (University of Maryland College Park Projects) 5.75% 6/1/33	370,000	382,377
Massachusetts State Health & Educational Facilities Authority Revenue (Nichols College Project) Series C 6.125% 10/1/29	250,000	251,310
Michigan Finance Authority Educational Facilities Revenue (Senior St. Catherine Seina) Series A 8.00% 10/1/30	165,000	165,942
Montgomery County, Pennsylvania Higher Education & Health Authority Revenue		

(Arcadia University) 5.25% 4/1/30	550,000	568,282
New Jersey Economic Development Authority Revenue MSU Student Housing (Provident Group – Montclair LLC) 5.875% 6/1/42	215,000	226,737
Oregon State Facilities Authority Revenue (Concordia University Project) Series A 6.125% 9/1/30	135,000	138,368
Pennsylvania State Higher Educational Facilities Authority Student Housing Revenue (Edinboro University Foundation) 5.80% 7/1/30 (University Properties – East Stroudsburg University) 5.25% 7/1/19	300,000	314,073
Troy, New York Capital Resource Revenue (Rensselaer Polytechnic Series A 5.125% 9/1/40)	300,000	325,368
		4,187,638

(continues) 13

Statements of net assets

Delaware Investments National Municipal Income Fund

	Principal Amount	Value
Municipal Bonds (continued)		
Electric Revenue Bond – 1.90%		
Puerto Rico Electric Power Authority Revenue Series XX 5.25% 7/1/40	\$ 600,000	\$ 627,444
		627,444
Healthcare Revenue Bonds – 18.43%		
Brevard County, Florida Healthcare Facilities Authority Revenue (Health First Income Project) Series B 7.00% 4/1/39	90,000	101,613
Butler County, Pennsylvania Hospital Authority Revenue (Butler Health System Project) 7.125% 7/1/29	150,000	173,741
Hawaii Pacific Health Special Purpose Revenue Series A 5.50% 7/1/40	300,000	301,095
Illinois Finance Authority Revenue (Silver Cross & Medical Centers) 7.00% 8/15/44	300,000	337,977
Lycoming County, Pennsylvania Authority Health System Revenue (Susquehanna Health System Project) Series A 5.50% 7/1/28	500,000	519,300
Maricopa County, Arizona Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 6.00% 7/1/39	225,000	243,592
Massachusetts State Health & Education Facilities Authority Revenue (Caregroup) Refunding Series E-2 5.375% 7/1/19	360,000	396,727
Montana Facilities Finance Authority Revenue (Sisters Leavenworth) Series A 5.25% 1/1/40	300,000	324,402
New Hampshire Health & Education Facilities Authority Revenue (Dartmouth-Hitchcock Medical Center) 6.00% 8/1/38	300,000	326,331
New Mexico State Hospital Equipment Loan Council Revenue (Presbyterian		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-CSR

Healthcare) 5.00% 8/1/39	500,000	519,140
Ohio State Hospital Facilities Revenue Refunding (Cleveland Clinic Health Series A 5.50% 1/1/39	300,000	325,200
Orange County, Florida Health Facilities Authority Revenue (Orlando Regional Healthcare) Series A 6.25% 10/1/18 (NATL-RE)	1,325,000	1,549,189
Philadelphia Hospitals & Higher Education Facilities Authority Revenue (Temple University Health System) Series B 5.50% 7/1/30	300,000	292,221
Scottsdale, Arizona Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.00% 9/1/23	360,000	382,885
St. Mary Hospital Authority Pennsylvania Health System Revenue (Catholic Health East) Series A 5.00% 11/15/40	300,000	304,269
		6,097,682
Housing Revenue Bonds – 6.91%		
California Housing Finance Agency Revenue (Home Mortgage) Series M 5.95% 8/1/25 (AMT)	245,000	259,744
California Municipal Finance Authority Mobilehome Park Revenue (Caritas Projects) Series A 6.40% 8/15/45	230,000	229,595
Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (NATL-RE) (AMT)	275,000	278,237
Volusia County, Florida Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (AGM) (AMT)	1,500,000	1,516,800
		2,284,376
Lease Revenue Bond – 0.33%		
Capital Area Cultural Education Facilities Finance Texas Revenue (Roman Catholic Diocese) Remarketing Series B 6.125% 4/1/45	105,000	108,472
		108,472
Local General Obligation Bonds – 1.71%		
New York City, New York Fiscal 2003 Subordinate Series I-1 5.375% 4/1/36	250,000	276,563
Fiscal 2009 Subordinate Series A-1 5.25% 8/15/21	250,000	290,860
		567,423

Special Tax Revenue Bonds – 20.30%

Anne Arundel County, Maryland Special Obligation (National Business Park – North Project) 6.10% 7/1/40	200,000	204,400
Brooklyn Arena Local Development, New York Pilot Revenue (Barclays Center Project) 6.50% 7/15/30	300,000	334,983
California State Economic Recovery Series A 5.25% 7/1/21	260,000	307,252
Jacksonville, Florida Sales Tax Revenue (Better Jacksonville) 5.00% 10/1/30 (NATL-RE)	500,000	514,370
Jacksonville, Florida Transportation Revenue Refunding 5.25% 10/1/29 (NATL-RE)	1,000,000	1,031,300
Manchester, Missouri Tax Increment & Transportation Revenue Refunding (Highway 141 Manchester Road Project) 6.875% 11/1/39	165,000	170,209
Miami-Dade County, Florida Special Obligation (Capital Appreciation & Income) Series B 5.00% 10/1/35 (NATL-RE)	2,000,000	2,038,080
New York State Dormitory Authority (State Personal Income Tax Revenue – Education) Series A 5.00% 3/15/38	570,000	612,032

	Principal Amount	Value
Municipal Bonds (continued)		
Special Tax Revenue Bonds (continued)		
New York State Thruway Authority (State Personal Income Tax Revenue – Transportation) Series A 5.00% 3/15/22	\$ 200,000	\$ 230,406
Puerto Rico Sales Tax Financing Sales Tax Revenue First Subordinate Series A 5.75% 8/1/37	245,000	265,252
(Capital Appreciation) 6.75% 8/1/32	610,000	527,101
Series C 6.00% 8/1/39	295,000	330,335
^Wyandotte County, Kansas City, Kansas Unified Government Special Obligation Revenue (Capital Appreciation) Sales Tax Subordinate Lien Series B 6.07% 6/1/21	260,000	148,346
		6,714,066
State General Obligation Bonds – 6.21%		
California State Various Purposes 6.00% 4/1/38	105,000	116,928
New York State Refunding Series A 5.00% 2/15/39	300,000	321,048
Puerto Rico Commonwealth (Public Improvement) Refunding Series A 5.50% 7/1/19 (NATL-RE)	1,250,000	1,399,575
Series C 6.00% 7/1/39	200,000	216,822
		2,054,373
Transportation Revenue Bonds – 12.64%		
Bay Area Toll Authority, California Toll Bridge Authority Revenue (San Francisco Bay Area) Series F-1 5.625% 4/1/44	235,000	263,825
Florida Ports Financing Commission Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (NATL-RE) (AMT)	1,000,000	1,000,559
Maryland State Economic Development Revenue (Transportation Facilities Project) Series A 5.75% 6/1/35	255,000	267,906
Metropolitan Washington D.C. Airports Authority Dulles Toll Road Revenue (First Senior Lien) Series A 5.25% 10/1/44	245,000	262,035
Pennsylvania Turnpike Commission Revenue Subordinate Series B 5.25% 6/1/39	300,000	317,001
Subordinate Series D 5.125% 12/1/40	390,000	409,321
Regional Transportation District, Colorado Denver Transportation 6.00% 1/15/41	300,000	318,918

Sacramento County, California Airport Services Revenue (PFC/Grant) Subordinate Series C 6.00% 7/1/41	300,000	329,565
St. Louis, Missouri Airport Revenue (Lambert-St Louis International) Series A-1 6.625% 7/1/34	325,000	354,458
Texas Private Activity Bond Surface Transportation Senior Note (LBJ Infrastructure) 7.00% 6/30/40 (Mobility Partners) 7.50% 12/31/31	285,000 300,000	312,389 347,256
		4,183,233
Water & Sewer Revenue Bonds – 1.84%		
Atlanta, Georgia Water & Wastewater Revenue Series A 6.25% 11/1/39	300,000	342,030
Florida Water Pollution Control Financing Revenue Series A 5.00% 1/15/25	235,000	266,405
		608,435
Total Municipal Bonds (cost \$30,103,160)		32,254,010
Total Value of Securities – 97.50% (cost \$30,103,160)		32,254,010
Receivables and Other Assets		
Net of Liabilities – 2.50%		827,338
Net Assets Applicable to 2,422,200 Shares Outstanding, Equivalent to \$13.66 Per Share – 100.00%		\$ 33,081,348
Components of Net Assets at September 30, 2010:		
Common stock, \$0.01 par value, unlimited shares authorized to the Fund		\$ 33,208,317
Undistributed net investment income		264,758
Accumulated net realized loss on investments		(2,542,577)
Net unrealized appreciation of investments		2,150,850
Total net assets		\$ 33,081,348

Step coupon bond. Indicates security that has a zero coupon that remains in effect until a predetermined date at which time the stated interest rate becomes effective.

^Zero coupon security. The rate shown is the yield at the time of purchase.

Wvariable rate security. The rate shown is the rate as of September 30, 2010. Interest rates reset periodically.

Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation
 AMT — Subject to Alternative Minimum Tax
 FGIC — Insured by Financial Guaranty Insurance Company
 NATL-RE — Insured by National Public Finance Guarantee Corporation

See accompanying Notes, which are an integral part of the financial statements.

Statements of operations

Delaware Investments Closed-End Municipal Bond Funds
Six Months Ended September 30, 2010 (Unaudited)

	Delaware Investments Arizona Municipal Income Fund, Inc.	Delaware Investments Colorado Municipal Income Fund, Inc.	Delaware Investments Minnesota Municipal Income Fund II, Inc.	Delaware Investments National Municipal Income Fund
Investment Income:				
Interest	\$ 1,003,025	\$ 1,651,142	\$ 3,970,543	\$ 842,566
Expenses:				
Management fees	84,030	137,620	328,010	64,820
Accounting and administration expenses	8,326	13,636	32,500	6,423
Audit and tax	6,536	7,224	9,712	6,322
Dividend disbursing and transfer agent fees and expenses	6,501	8,798	23,177	8,472
Pricing fees	3,027	3,338	5,360	3,856
Reports and statements to shareholders	2,895	6,071	15,907	4,842
Legal fees	2,160	862	2,814	303
Stock exchange fees	1,390	2,138	5,359	1,113
Directors'/Trustees' fees	1,155	1,892	4,513	891
Insurance fees	986	1,598	3,888	750
Dues and services	456	687	1,491	361
Consulting fees	337	536	1,284	261
Registration fees	283	283	396	396
Custodian fees	270	419	1,082	276
Directors'/Trustees' expenses	92	130	308	73
Taxes (Pennsylvania franchise tax)	—	—	5,900	—
Total operating expenses	118,444	185,232	441,701	99,159
Net Investment Income	884,581	1,465,910	3,528,842	743,407
Net Realized and Unrealized Gain on Investments:				
Net realized gain on investments	4,607	123,255	202,883	107,874
Net change in unrealized appreciation/depreciation of investments	1,554,664	2,059,383	3,854,096	1,203,656
Net Realized and Unrealized Gain on Investments	1,559,271	2,182,638	4,056,979	1,311,530
Net Increase in Net Assets Resulting from Operations	\$ 2,443,852	\$ 3,648,548	\$ 7,585,821	\$ 2,054,937

See accompanying Notes, which are an integral part of the financial statements.

Statements of changes in net assets

Delaware Investments Closed-End Municipal Bond Funds

	Delaware Investments Arizona Municipal Income Fund, Inc.		Delaware Investments Colorado Municipal Income Fund, Inc.	
	Six Months Ended 9/30/10 (Unaudited)	Year Ended 3/31/10	Six Months Ended 9/30/10 (Unaudited)	Year Ended 3/31/10
Increase in Net Assets from Operations:				
Net investment income	\$ 884,581	\$ 1,718,485	\$ 1,465,910	\$ 2,935,660
Net realized gain on investments	4,607	397,279	123,255	1,000,097
Net change in unrealized appreciation/depreciation of investments	1,554,664	2,548,883	2,059,383	2,519,706
Net increase in net assets resulting from operations	2,443,852	4,664,647	3,648,548	6,455,463
Dividends and Distributions to Common Shareholders from:				
Net investment income	(767,917)	(1,438,912)	(1,378,574)	(2,757,147)
Net realized gain on investments	(98,413)	(74,555)	—	—
	(866,330)	(1,513,467)	(1,378,574)	(2,757,147)
Net Increase in Net Assets	1,577,522	3,151,180	2,269,974	3,698,316
Net Assets:				
Beginning of period	41,095,360	37,944,180	67,650,802	63,952,486
End of period	\$ 42,672,882	\$ 41,095,360	\$ 69,920,776	\$ 67,650,802
Undistributed net investment income	\$ 380,050	\$ 268,364	\$ 262,136	\$ 176,704
	Delaware Investments Minnesota Municipal Income Fund II, Inc.		Delaware Investments National Municipal Income Fund	
	Six Months Ended 9/30/10 (Unaudited)	Year Ended 3/31/10	Six Months Ended 9/30/10 (Unaudited)	Year Ended 3/31/10
Increase (Decrease) in Net Assets from Operations:				
Net investment income	\$ 3,528,842	\$ 6,924,251	\$ 743,407	\$ 1,383,491
Net realized gain (loss) on investments	202,883	457,242	107,874	(344,009)
Net change in unrealized appreciation/depreciation of investments	3,854,096	9,715,309	1,203,656	2,879,326
Net increase in net assets resulting from operations	7,585,821	17,096,802	2,054,937	3,918,808
Dividends and Distributions to Common Shareholders from:				
Net investment income	(3,278,918)	(6,557,836)	(623,717)	(1,235,322)
	(3,278,918)	(6,557,836)	(623,717)	(1,235,322)
Net Increase in Net Assets	4,306,903	10,538,966	1,431,220	2,683,486

Net Assets:

Beginning of period	161,722,531	151,183,565	31,650,128	28,966,642
End of period	\$ 166,029,434	\$ 161,722,531	\$ 33,081,348	\$ 31,650,128
Undistributed net investment income	\$ 604,731	\$ 362,513	\$ 264,758	\$ 145,793

See accompanying Notes, which are an integral part of the financial statements.

Financial highlights

Delaware Investments Arizona Municipal Income Fund, Inc.

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Six Months Ended 9/30/101 (Unaudited)	Year Ended 3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$13.780	\$12.720	\$13.850	\$14.730	\$14.730	\$15.070
Income (loss) from investment operations:						
Net investment income	0.297	0.576	0.707	0.906	0.932	0.951
Net realized and unrealized gain (loss) on investments	0.524	0.992	(1.093)	(0.783)	0.160	(0.177)
Dividends on preferred stock from:						
Net investment income	—	—	(0.174)	(0.312)	(0.297)	(0.232)
Net realized gain on investments	—	—	—	(0.023)	(0.013)	(0.002)
Total dividends on preferred stock	—	—	(0.174)	(0.335)	(0.310)	(0.234)
Total from investment operations	0.821	1.568	(0.560)	(0.212)	0.782	0.540
Less dividends and distributions to common shareholders from:						
Net investment income	(0.258)	(0.483)	(0.570)	(0.610)	(0.750)	(0.860)
Net realized gain on investments	(0.033)	(0.025)	—	(0.058)	(0.032)	(0.020)
Total dividends and distributions	(0.291)	(0.508)	(0.570)	(0.668)	(0.782)	(0.880)
Net asset value, end of period	\$14.310	\$13.780	\$12.720	\$13.850	\$14.730	\$14.730
Market value, end of period	\$13.240	\$11.840	\$9.900	\$12.390	\$14.790	\$15.980
Total investment return based on:						
Market value	14.45%	25.04%	(15.86%)	(11.86%)	(2.58%)	9.74%
Net asset value	6.28%	13.27%	(3.29%)	(1.08%)	5.26%	3.31%
Ratios and supplemental data:						
Net assets applicable to common shares, end of period (000 omitted)	\$42,673	\$41,095	\$37,944	\$41,294	\$43,916	\$43,923
Ratio of expenses to average net assets applicable to common shares ³	0.56%	0.58%	0.96%	1.07%	1.05%	1.03%
Ratio of net investment income to average net assets applicable to common shares ³	4.21%	4.27%	5.37%	6.34%	6.34%	6.28%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴	4.21%	4.27%	4.05%	3.99%	4.23%	4.72%
Portfolio turnover	4%	20%	4%	18%	17%	2%
Leverage analysis:						
Value of preferred shares outstanding (000 omitted) ⁵	\$—	\$—	\$—	\$25,000	\$25,000	\$25,000
Net asset coverage per share of preferred shares, end of period ⁵	\$—	\$—	\$—	\$132,588	\$137,832	\$137,847

Liquidation value per share of preferred shares ^{5,6}	\$—	\$—	\$—	\$50,000	\$50,000	\$50,000
--	-----	-----	-----	----------	----------	----------

1 Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

4 Ratio reflects total net investment income less dividends paid to preferred shareholders, if applicable, divided by average net assets applicable to common shareholders.

5 In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$25,024,395. See Note 7 in "Notes to financial statements."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

Delaware Investments Colorado Municipal Income Fund, Inc.

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Six Months Ended 9/30/101 (Unaudited)	Year Ended 3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$13.990	\$13.220	\$14.260	\$15.100	\$15.260	\$15.580
Income (loss) from investment operations:						
Net investment income	0.303	0.607	0.755	0.937	0.985	1.018
Net realized and unrealized gain (loss) on investments	0.452	0.733	(0.965)	(0.604)	0.069	(0.129)
Dividends on preferred stock from:						
Net investment income	—	—	(0.173)	(0.264)	(0.274)	(0.213)
Net realized gain on investments	—	—	—	(0.050)	(0.019)	(0.006)
Total dividends on preferred stock	—	—	(0.173)	(0.314)	(0.293)	(0.219)
Total from investment operations	0.755	1.340	(0.383)	0.019	0.761	0.670
Less dividends and distributions to common shareholders from:						
Net investment income	(0.285)	(0.570)	(0.657)	(0.720)	(0.850)	(0.960)
Net realized gain on investments	—	—	—	(0.139)	(0.071)	(0.030)
Total dividends and distributions	(0.285)	(0.570)	(0.657)	(0.859)	(0.921)	(0.990)
Net asset value, end of period	\$14.460	\$13.990	\$13.220	\$14.260	\$15.100	\$15.260
Market value, end of period	\$13.920	\$13.390	\$11.240	\$15.060	\$15.940	\$18.650
Total investment return based on:						
Market value	6.14%	24.49%	(21.63%)	(0.14%)	(9.86%)	14.64%
Net asset value	5.52%	10.55%	(2.66%)	(0.19%)	4.35%	3.44%
Ratios and supplemental data:						
Net assets applicable to common shares, end of period (000 omitted)	\$69,921	\$67,651	\$63,952	\$68,973	\$73,056	\$73,833
Ratio of expenses to average net assets applicable to common shares ³	0.54%	0.56%	0.91%	1.03%	1.01%	0.95%
Ratio of net investment income to average net assets applicable to common shares ³	4.26%	4.41%	5.55%	6.37%	6.49%	6.51%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴	4.26%	4.41%	4.28%	4.23%	4.56%	5.11%
Portfolio turnover	9%	20%	16%	16%	11%	12%
Leverage analysis:						
Value of preferred shares outstanding (000 omitted) ⁵	\$—	\$—	\$—	\$40,000	\$40,000	\$40,000
Net asset coverage per share of preferred shares, end of period ⁵	\$—	\$—	\$—	\$136,216	\$141,320	\$142,291
Liquidation value per share of preferred shares ^{5,6}	\$—	\$—	\$—	\$50,000	\$50,000	\$50,000

¹ Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

4 Ratio reflects total net investment income less dividends paid to preferred shareholders, if applicable, divided by average net assets applicable to common shareholders.

5 In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$40,042,778. See Note 7 in "Notes to financial statements."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

(continues) 19

Financial highlights

Delaware Investments Minnesota Municipal Income Fund II, Inc.

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Six Months Ended 9/30/10 (Unaudited)	Year Ended 3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$14.060	\$13.140	\$14.190	\$14.880	\$14.730	\$14.890
Income (loss) from investment operations:						
Net investment income	0.307	0.602	0.776	0.962	0.963	0.971
Net realized and unrealized gain (loss) on investments	0.348	0.888	(1.013)	(0.674)	0.225	0.012
Dividends on preferred stock from:						
Net investment income	—	—	(0.175)	(0.318)	(0.298)	(0.243)
Total dividends on preferred stock	—	—	(0.175)	(0.318)	(0.298)	(0.243)
Total from investment operations	0.655	1.490	(0.412)	(0.030)	0.890	0.740
Less dividends to common shareholders from:						
Net investment income	(0.285)	(0.570)	(0.638)	(0.660)	(0.740)	(0.900)
Total dividends	(0.285)	(0.570)	(0.638)	(0.660)	(0.740)	(0.900)
Net asset value, end of period	\$14.430	\$14.060	\$13.140	\$14.190	\$14.880	\$14.730
Market value, end of period	\$13.200	\$12.740	\$11.250	\$13.450	\$14.640	\$16.200
Total investment return based on:						
Market value	5.90%	18.58%	(11.91%)	(3.58%)	(5.13%)	4.73%
Net asset value	4.87%	12.04%	(2.48%)	0.08%	6.05%	4.69%
Ratios and supplemental data:						
Net assets applicable to common shares, end of period (000 omitted)	\$166,029	\$161,723	\$151,184	\$163,305	\$171,143	\$169,481
Ratio of expenses to average net assets applicable to common shares ^{3,5}	0.54%	0.56%	0.98%	1.18%	1.20%	1.07%
Ratio of net investment income to average net assets applicable to common shares ³	4.30%	4.36%	5.74%	6.61%	6.52%	6.45%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴	4.30%	4.36%	4.45%	4.43%	4.50%	4.86%
Portfolio turnover	4%	19%	15%	6%	3%	8%
Leverage analysis:						
Value of preferred shares outstanding (000 omitted) ⁶	\$—	\$—	\$—	\$95,000	\$95,000	\$95,000
Net asset coverage per share of preferred shares, end of period ⁶	\$—	\$—	\$—	\$135,950	\$140,075	\$139,200
Liquidation value per share of preferred shares ^{6,7}	\$—	\$—	\$—	\$50,000	\$50,000	\$50,000

1 Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods.

Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

4 Ratio reflects total net investment income less dividends paid to preferred shareholders, if applicable, divided by average net assets applicable to common shareholders.

5 The ratio of expenses to average net assets applicable to common shares includes interest and related expenses which include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees in connection with the Fund's participation in inverse floater programs for the years ended March 31, 2009, 2008, and 2007. See Notes 1 and 8 in "Notes to financial statements."

6 In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$95,083,577. See Note 7 in "Notes to financial statements."

7 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

Delaware Investments National Municipal Income Fund

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Six Months Ended 9/30/101 (Unaudited)	Year Ended 3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$13.070	\$11.960	\$13.360	\$14.560	\$14.650	\$15.340
Income (loss) from investment operations:						
Net investment income	0.307	0.571	0.704	0.919	0.960	1.017
Net realized and unrealized gain (loss) on investments	0.541	1.049	(1.367)	(1.081)	0.141	(0.236)
Dividends on preferred stock from:						
Net investment income	—	—	(0.172)	(0.311)	(0.285)	(0.202)
Net realized gain on investments	—	—	—	(0.015)	(0.018)	(0.055)
Total dividends on preferred stock	—	—	(0.172)	(0.326)	(0.303)	(0.257)
Total from investment operations	0.848	1.620	(0.835)	(0.488)	0.798	0.524
Less dividends and distributions to common shareholders from:						
Net investment income	(0.258)	(0.510)	(0.565)	(0.668)	(0.820)	(0.970)
Net realized gain on investments	—	—	—	(0.044)	(0.068)	(0.244)
Total dividends and distributions	(0.258)	(0.510)	(0.565)	(0.712)	(0.888)	(1.214)
Net asset value, end of period	\$13.660	\$13.070	\$11.960	\$13.360	\$14.560	\$14.650
Market value, end of period	\$13.100	\$12.140	\$10.850	\$11.950	\$14.530	\$16.050
Total investment return based on: ²						
Market value	10.08%	16.69%	(4.31%)	(13.11%)	(4.12%)	14.75%
Net asset value	6.62%	13.97%	(5.65%)	(3.05%)	5.27%	2.76%
Ratios and supplemental data:						
Net assets applicable to common shares, end of period (000 omitted)	\$33,081	\$31,650	\$28,967	\$32,365	\$35,256	\$35,492
Ratio of expenses to average net assets applicable to common shares ³	0.61%	0.63%	1.06%	1.16%	1.10%	1.07%
Ratio of net investment income to average net assets applicable to common shares ³	4.59%	4.48%	5.63%	6.54%	6.58%	6.70%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴	4.59%	4.48%	4.25%	4.22%	4.51%	5.01%
Portfolio turnover	27%	69%	36%	17%	9%	28%
Leverage analysis:						
Value of preferred shares outstanding (000 omitted) ⁵	\$—	\$—	\$—	\$20,000	\$20,000	\$20,000
Net asset coverage per share of preferred shares, end of period ⁵	\$—	\$—	\$—	\$130,914	\$138,141	\$138,731
Liquidation value per share of preferred shares ^{5,6}	\$—	\$—	\$—	\$50,000	\$50,000	\$50,000

¹ Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

4 Ratio reflects total net investment income less dividends paid to preferred shareholders, if applicable, divided by average net assets applicable to common shareholders.

5 In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$20,019,516. See Note 7 in "Notes to financial statements."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds
September 30, 2010 (Unaudited)

Delaware Investments Arizona Municipal Income Fund, Inc. (Arizona Municipal Fund), Delaware Investments Colorado Municipal Income Fund, Inc. (Colorado Municipal Fund) and Delaware Investments Minnesota Municipal Income Fund II, Inc. (Minnesota Municipal Fund II) are organized as Minnesota corporations and Delaware Investments National Municipal Income Fund (National Municipal Fund) is organized as a Massachusetts business trust (each referred to as a Fund and collectively as the Funds). Arizona Municipal Fund, Colorado Municipal Fund, Minnesota Municipal Fund II and National Municipal Fund are considered diversified closed-end management investment companies under the Investment Company Act of 1940, as amended. The Funds' shares trade on the NYSE Amex Equities, the successor to the American Stock Exchange.

The investment objective of each Fund is to provide high current income exempt from federal income tax and from state personal income tax, if any, consistent with the preservation of capital. Each Fund, except National Municipal Income Fund will seek to achieve its investment objective by investing substantially all of its net assets in investment grade, tax-exempt municipal obligations of its respective state.

1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by the Funds.

Security Valuation — Debt securities are valued by an independent pricing service or broker. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Short-term debt securities are valued at market value. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of each Fund's Board of Directors/Trustees (each a Board, and collectively, the Boards). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

Federal Income Taxes — No provision for federal income taxes has been made as each Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Funds' tax positions taken on federal income tax returns for all open tax years (March 31, 2007 – March 31, 2010), and has concluded that no provision for federal income tax is required in the Funds' financial statements.

Use of 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 liabilities 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 and such differences could be material.

Interest and Related Expenses — Interest and related expenses include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees from the Funds' participation in inverse floater programs where a Fund has transferred its own bonds to a trust that issues floating rate securities with an aggregate principal amount equal to the principal of the transferred bonds. In conveyance of the bond, the Funds receive the inverse floating rate securities and cash from the trust. As a result of certain rights retained by the Funds, the transfer of the bond is not considered a sale, but rather a form of financing for accounting purposes whereby the cash received is recorded as a liability and interest expense is recorded based on the interest rate of the floating rate securities. Remarketing fees, liquidity fees, and trustees' expenses are recorded on the accrual basis. There were no interest and related expenses for the six months ended September 30, 2010.

Other — Expenses directly attributable to a Fund are charged directly to that Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Interest income is recorded on the accrual basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Each Fund declares and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually. Such dividends and distributions, if any, are recorded on the ex-dividend date.

The Funds may receive earnings credits from their custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the six months ended September 30, 2010.

The Funds may receive earnings credits from their transfer agent when positive cash balances are maintained, which are used to offset transfer agent fees. There were no earnings credits for the six months ended September 30, 2010.

2. Investment Management, Administration Agreements and Other Transactions with Affiliates

In accordance with the terms of its respective investment management agreement, each Fund pays Delaware Management Company (DMC), a series of Delaware Management Business Trust and the investment manager, an annual fee of 0.40% which is calculated daily based on the average weekly net assets of each Fund.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Funds. For these services, the Funds pay DSC fees based on the aggregate daily net assets of the Delaware Investments® Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all Funds in the Delaware Investments® Family of Funds on a relative net asset value basis. For the six months ended September 30, 2010, the Funds were charged as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
	\$1,050	\$1,719	\$4,098	\$810

At September 30, 2010, each Fund had liabilities payable to affiliates as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Investment management fee payable to DMC	\$ 14,013	\$ 22,951	\$ 54,547	\$ 10,845
Accounting administration and other expenses payable to DSC	175	286	680	135
Other expenses payable to DMC and affiliates*	3,270	6,531	15,090	1,473

*DMC, as part of its administrative services, pays operating expenses on behalf of each Fund and is reimbursed on a periodic basis. Such expenses include items such as printing of shareholder reports, fees for audit, legal and tax services, stock exchange fees, custodian fees and directors/trustees' fees.

As provided in the investment management agreement, each Fund bears the cost of certain legal and tax services, including internal legal and tax services provided to each Fund by DMC and/or its affiliates' employees. For the six months ended September 30, 2010, each Fund was charged for internal legal and tax services provided by DMC and/or its affiliates' employees as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
	\$304	\$474	\$1,134	\$242

Directors'/Trustees' fees include expenses accrued by the Funds for each Director's/Trustee's retainer and meeting fees. Certain officers of DMC and DSC are officers and/or Directors/Trustees of the Funds. These officers and Directors/Trustees are paid no compensation by the Funds.

3. Investments

For the six months ended September 30, 2010, the Funds made purchases and sales of investment securities other than short-term investments as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Purchases	\$ 2,450,070	\$ 6,130,780	\$ 7,157,349	\$ 8,847,969
Sales	1,693,721	6,615,529	7,997,264	9,836,146

At September 30, 2010, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At September 30, 2010, the cost of investments and unrealized appreciation (depreciation) for each Fund were as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Cost of investments	\$ 41,016,999	\$ 65,755,041	\$ 154,166,796	\$ 30,095,786
Aggregate unrealized appreciation	\$ 1,881,093	\$ 3,674,007	\$ 9,873,641	\$ 2,181,157
Aggregate unrealized depreciation	(244,152)	(383,878)	(284,487)	(22,933)
Net unrealized appreciation	\$ 1,636,941	\$ 3,290,129	\$ 9,589,154	\$ 2,158,224

(continues) 23

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

3. Investments (continued)

U.S. GAAP defines fair value as the price that the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. Each Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three level hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets for identical investments (i.e. equity securities, open-end investment companies, futures contracts, options contracts)

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) (i.e. debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing)

Level 3 – inputs are significant unobservable inputs (including the Funds' own assumptions used to determine the fair value of investments) (i.e. broker-quoted securities, fair valued securities)

The following table summarizes the valuation of each Fund's investments by fair value hierarchy levels as of September 30, 2010:

	Arizona Municipal Fund
	Level 2
Municipal Bonds	\$ 42,653,940
Total	\$ 42,653,940
	Colorado Municipal Fund
	Level 2
Municipal Bonds	\$ 69,045,170
Total	\$ 69,045,170
	Minnesota Municipal Fund II
	Level 2
Municipal Bonds	\$ 163,105,950
Short-Term	650,000
Total	\$ 163,755,950
	National Municipal Fund
	Level 2
Municipal Bonds	\$ 32,254,010
Total	\$ 32,254,010

There were no Level 3 securities at the beginning or end of the period for any Fund.

In January 2010, the Financial Accounting Standards Board issued an Accounting Standards Update, Improving Disclosures about Fair Value Measurements, which introduced new disclosure requirements and clarified certain existing disclosure requirements around fair value measurements currently presented above. The new disclosures and clarifications of existing disclosures are generally effective for the Funds' fiscal year ending, March 31, 2011 and interim periods therein. During the six months ended September 30, 2010, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Funds.

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Additionally, distributions from net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the six months ended September 30, 2010 and year ended March 31, 2010 was as follows:

Arizona	Colorado	Minnesota	National
Municipal	Municipal	Municipal	Municipal