DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-CSR
June 02, 2009

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: March 31, 2009

Item 1. Reports to Stockholders

Annual Report

Delaware Investments
Closed-End
Municipal Bond Funds

March 31, 2009

Closed-end funds

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Mutual fund advisory services provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor.

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April 7, 2009

Economic and market environment

Although investors have experienced many extremes since the start of the credit crisis, none compared to the historic economic and market events that took place during the latter half of the fiscal period. These were among the events:

- The federal funds target rate dropped to effectively zero.
- Yields on 10-year Treasury notes declined to almost 2.0%.
- The S&P 500 Index completed its worst calendar year (2008) since the Great Depression.
- Corporate bond spreads exceeded 6% in investment grade bonds and 19% in high yield bonds.
- For 30-year fixed mortgage loans that met Freddie Mac and Fannie Mae requirements, interest rates approached record lows of nearly 4.7%.

Further, historic weakness across a wide range of indicators, including employment data, retail, housing and auto sales, and forecasted gross domestic product fueled a flight to higher-quality investments across sectors.

An equally momentous set of events took place within the municipal bond market during the reporting period, as the market underwent a change in its basic structure and risk characteristics. In particular, the municipal bond market became increasingly split, with a strict separation between the highest grade bonds and all others within the universe. Bids for AAA-rated bond issues, for example, remained both plentiful and strong, while bids for lower investment grades were often scant and weak. In a way, this mimicked the taxable market, where Treasury issues were popular while demand for everything else paled in comparison. The reasons for the split within the municipal market are listed below:

- The crumbling of monoline insurance
- The resulting collapse of the auction-rate securities (ARS) market
- Deleveraging by nontraditional participants
- Balance sheet constraints at broker/dealers
- General risk avoidance

Although the first round of monoline insurance company downgrades (from their AAA-status) took place just prior to the beginning of the fiscal year, this action impacted the municipal market throughout the reporting period, virtually freezing the sales of auction-rate securities (ARS) and requiring ARS investors to continue to hold their investments. ARS are fixed income investments for which the interest rate is reset at frequent auctions, which are typically held every 35 days or less. Failed auctions forced some ARS holders, who may have originally viewed ARS as short-term liquid investments, to hold their ARS indefinitely.

Severe selling pressure from nontraditional buyers (including participants in tender-option bond programs and hedge fund investment managers) created additional difficulties for municipal investors during the reporting period. Historically, support from these nontraditional buyers helped the municipal market outperform Treasury bonds even during periods of record and near-record numbers of newly issued bonds.

In addition, as these municipal investors were forced to deleverage in response to tightening liquidity conditions, they sold any assets they could, including billions of dollars worth of municipal bonds. Severe capitalization constraints within the investment banking community compounded municipal market problems. Once the capital positions of many investment banks were compromised, bank executives were less willing to provide liquidity to the municipal market.

Interest in municipal bonds wavered as investors fled virtually every asset class other than Treasurys. In October 2008, for example, three consecutive weeks of outflows exceeded $1 billion each, ranking among the 10 highest outflow weeks on record (source: Barclays Capital). Though this marked a high point for outflows, the October flood was indicative of the broader flight toward Treasurys that developed during the annual period.

The views expressed are current as of March 31, 2009, and are subject to change.

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

The technical environment

One of the year's most notable developments, in our opinion, was that municipal bonds became a "cheap" asset class. A brief comparison of municipal bond yields to Treasury bond yields can provide perspective about the relative attractiveness of municipal bonds.

Municipal bonds normally trade with lower yields than Treasury bonds due to their favorable tax treatment (bond yields move in the opposite direction to their price). Yet as the credit crisis evolved, investors began to accept virtually no yield for Treasury bonds because of their lower risk. At the same time, they expected yield premiums from all other asset classes, including municipal bonds.

The ratio of municipal bond yields (AAA-rated, with 30 years to maturity) to Treasury bond yields peaked as high as 208% in December 2008. Subsequently, the ratio declined, finishing the annual period at 188%. To put these figures in perspective, this ratio has averaged 93.77% over the past 20 years (source: Thomson). For investors in the 28% or 35% tax bracket, yields of this size represented value, in our opinion, offering investors the ability to buy tax-exempt bonds with yields similar to or above those of taxable bonds.

Furthermore, the spread between municipal bonds with 2 years to maturity and those with 30 years to maturity widened significantly during the reporting period, resulting in a markedly steeper yield curve at the end of the period than at its start. As the credit crisis deepened, spreads widened beyond 3.00%, and finished the period at 3.64%. The average historical spread between 2-year and 30-year municipal bonds is 2.00%. (Source: Thomson.)

Fund positioning

Broadly speaking, as the cost of "risk" began to rise during the early stages of the credit crisis, prospects improved for bond investors to achieve higher yield premiums for lower credit bonds. We are not suggesting that the municipal market has reached its cheapest levels, or that we have seen the end of the credit crisis. However, we believe that in today's market, investors are being properly compensated for credit risk.

That said, we implemented what we believed to be a fairly conservative investment strategy in managing the Funds over the fiscal year while remaining true to our core philosophy of generating competitive tax-exempt income. In each of the Funds, for example, we maintained significant positions in pre-refunded bonds (described below) as well as those with shorter maturities. We also minimized the Funds' exposure to insured bonds during the period. These decisions contributed positively to each Fund's performance.

Pre-refunded bonds were the best-performing bonds within the entire municipal market. These bonds are found on the short end of the yield curve, and face little if any credit risk. This is because they are backed by the invested debt proceeds of a second bond issue, which typically consists of U.S. Treasury bonds.

The Funds significant positions in bonds with 10 or fewer years to maturity generally helped performance, as these bonds were less impacted by rising rates than were many longer-term bonds. Our decision to take an underweight position in insured bonds helped the Funds performance compared to their peer funds, which were frequently more exposed to the collapse of the monoline insurers. Our positioning resulted from credit research. For example, research helped us find value among municipal bond issues that may have been deemed risky by the market due to a low-rated insurer, or a lack of insurance, but we were able to confirm the existence of strong fundamentals at the issuer, despite the markets perception.

Unfortunately, these contributions were partially offset by our emphasis on lower-rated investment grade credit. During a year when only the highest-rated credit performed well, the Funds slightly overweight positions in A- and BBB-rated securities detracted from returns. Though limited, exposure to continuing care retirement communities (CCRCs) also reduced returns. CCRCs are retirement communities that have independent-living and assisted-living components, as well as nursing homes. The independent-living component is exposed to the housing market, and the nursing home component is exposed to the healthcare industry. This nonrated sector traded lower in value as yields rose during the period.

Redemption of preferred shares

Extremely illiquid market conditions as well as an unprecedented escalation of commercial paper rates and other short-term municipal interest rates led the Funds to call their preferred shares for redemption and to eliminate each Funds use of leverage during the reporting period.

In the late summer and fall of 2008, the lack of liquidity and confidence in the markets caused the cost of short-term borrowing to increase significantly. These market conditions contrasted with previous years, when the leverage provided by the preferred shares was frequently beneficial to the common shares, as it had enabled the common shares to borrow at very competitive rates and seek a higher net rate of return with the borrowings. Conversely, when a mutual fund is not able to invest the assets attributable to its preferred shares in securities that provide a higher net rate of return than the current dividend rate payable to the preferred shareholders, the effect of the leverage may cause holders of shares of the common stock to realize a lower rate of return than if that mutual fund was not leveraged.

The Funds management came to believe that under those market conditions, leverage within the Funds was no longer desirable from an investment perspective, and that the costs associated with the preferred shares were having a negative impact on the Funds common shareholders.

As a result, the Funds board of directors/trustees and the Funds management believed that the elimination of the Funds leverage was in the best interests of both common and preferred shareholders. By early November 2008, each of the Funds had redeemed all of its preferred shares at par value.

Within the industry, more than $30 billion worth of preferred shares issued by more than 34 fund families remain outstanding as of March 31, 2009 (source: Thomas J. Herzfeld Advisors). This figure represents half of the preferred shares market total prior to the liquidity crisis in 2008 and reflects the complexity of issues surrounding refinancing or redeeming preferred shares.

To date, Delaware Investments remains one of only seven fund families to have completely redeemed all preferred shares issued by its Funds. Since December 2008, several closed-end funds with outstanding preferred shares announced delays in payment of dividends to those funds common shareholders.

This delay in payment is triggered when asset coverage ratios have exceeded their allowable coverage, typically 200% for equity instruments and 300% for debt instruments. Payment of any dividends is prohibited until the asset coverage ratio is cured by reducing the amount of leverage outstanding, in this case by redeeming preferred shares, or by waiting until such a time that asset levels increase to meet coverage requirements. Because the Delaware Investments Funds redeemed their preferred shares, they were able to avoid situations where low asset coverage ratios could have required them to suspend or delay payments of dividends to holders of common shares.

The Funds management continues to evaluate new potential methods of leverage and may seek to employ leverage on the Funds again in the future if conditions and new methods warrant doing so. For additional information on the Redemption of Preferred Shares, see Note 7 on page 32 (Notes to financial statements).

Delaware Investments Arizona Municipal Income Fund, Inc.

Conditions in the Arizona economy

Arizona was heavily affected by the housing downturn. Its unemployment rate climbed to 7.4% in February, though it remained slightly lower than the national rate of 8.5% (source: Bureau of Labor Statistics). Nonfarm payrolls shrank by 6.5% over the 12-month period ended Feb. 28, 2009 (source: www.workforce.az.gov).

The states 2008 budget summary reflected a significant drawdown of total General Fund balances. State government also faced a potential $1.6 billion shortfall in its January 2009 budget (which totaled $9.9 billion). The new governor funded the gap through spending cuts and use of stimulus money, as well as transfers of special purpose funds. The treasurer authorized using the last of the cash in the states rainy day fund. (Source: Arizona Treasury.)

Portfolio management review

Yet, Arizona was in the black due to an emergency distribution of $307 million of federal stimulus monies, as well as a one-time transfer of $218 million from special purpose funds. Even with these injections, though, the state did not have enough reserves to meet spending obligations in April 2009. The gap could reach $500 million by the end of the states 2008 fiscal year in June 2009, and state officials have set the stage for Arizona to borrow money for the first time in modern history. Unfortunately, next fiscal year 2009 could be even worse because reserves will already be depleted and the state faces a $2.8 billion deficit. (Source: Arizona Treasury Media Files.)

Nationally, new issue volume for calendar year 2008 fell more than 9% short of the 2007 record total. The combined par value totaled $390.6 billion. Arizona issuance increased 6.9% in 2008 to total $9.6 billion. (Source: *The Bond Buyer*.)

Noteworthy sectors and securities

During the credit crisis in the municipal bond market, credit spreads widened considerably and the yield curve steepened dramatically. Therefore, higher-rated bonds outperformed lower-rated bonds, and shorter-maturity bonds outperformed longer-maturity bonds. Against this backdrop, within the Fund, general obligation bonds issued to finance water and sewer improvements in Scottsdale, as well as an issue to benefit Arizona schools, both performed well. Both bonds were highly rated and featured maturities of approximately 10 years or less.

Alternatively, among the Funds largest detractors was an industrial development authority (IDA) bond issued by Pima County. The bond was rated BBB- by S&P and matures in 2037. IDA bonds are bonds issued by a government agency on behalf of a private entity to be used generally for the purchase or lease of land, buildings, machinery, or equipment.

Delaware Investments Colorado Municipal Income Fund, Inc.

Conditions in the Colorado economy

Colorados economy continued to show modest, resilient growth despite the weakness in the national economy. As of January 2009, the states unemployment rate was 6.6%, well below the national rate of 7.6% at that time (source: Bureau of Labor Statistics). Although certain parts of the state have been distressed by foreclosures, the residential real estate market remained substantially stronger in Colorado than the rest of the country. According to the S&P/Case-Shiller® Home Price Index, Denver's real estate market was one of the strongest of any major metropolitan area of the country (source: S&P).

However, recent economic data suggest that Colorado could experience a mild slowdown. Colorado's General Fund balance decreased in calendar year 2008 by 2.4% of expenditures. Gross General Fund revenues are anticipated to remain relatively level in fiscal 2009, as income tax collections are projected to offset lower excise revenues. Yet beyond fiscal 2009, individual income taxes are forecast to remain suppressed because of projected negative job growth through much of 2009. Retail sales are not anticipated to grow substantially above the projected rate of inflation. General Fund revenue shortfalls are estimated at $631.9 million in the current fiscal year and $1.03 billion in fiscal 2010. (Source: Office of State Planning and Budgeting.)

As part of a budget contingency plan, the governor has implemented a hiring freeze, requested institutions and state agencies delay the start of new construction and directed department heads to scrutinize budgets for additional savings to prepare for weaker-than-expected revenues. The governor has balanced the current budget through a reduction in spending in Medicaid, human services, policy changes, reserve changes, and transfers from other funds. The governor's plan for a fiscal 2010 shortfall includes additional General Fund spending reductions in Medicaid, human services, capital construction reduction, and policy changes. (Source: Office of State Planning and Budgeting.)

Nationally, new-issue volume for calendar year 2008 fell more than 9% short of the 2007 record total. The combined par value totaled $390.6 billion. Within Colorado, issuance decreased by 4.7% in 2008 to total $7.9 billion. (Source: *The Bond Buyer*.)

Noteworthy sectors and securities

During the credit crisis in the municipal bond market, credit spreads widened considerably and the yield curve steepened dramatically. Therefore, higher-rated bonds outperformed lower-rated bonds and shorter-maturity bonds outperformed longer-maturity bonds. Pre-refunded bonds, or those that are escrowed in U.S. government securities, also performed well, as they are considered to be of the highest quality. Even though their ratings do not always reflect that quality, investors typically rely on the escrow in U.S. government securities in determining quality. Against this backdrop, a bond issued to fund the Denver Convention Center as well as education bonds issued to fund the University of Denver contributed to the Fund's return. These bonds mature in 2013 and 2016, respectively, and the Convention Center bond was pre-refunded.

Notable detractors included those issued to fund student housing and charter school projects (specifically a bond issued to fund housing at the University of Northern Colorado and a bond used to finance Bromley Charter School). These subsectors of the municipal market involve smaller, less liquid deals, and are considered riskier securities. They have not performed well during the credit crisis.

Delaware Investments Minnesota Municipal Income Fund II, Inc.

Conditions in the Minnesota economy

Minnesota's economy appears fundamentally sound; it features a diverse mix of manufacturing, services, and trade similar to that of the nation. Yet, weaker labor markets, a slump in home prices, and accelerating foreclosure rates all indicated that the state's economy may be underperforming its long-term potential. Over the past three years, for example, the state was behind the nation in employment and personal income growth (source: S&P). As of January 2009, Minnesota's unemployment rate was 8.7% and higher than the national level of 7.6% at that time (source: Bureau of Labor Statistics).

Minnesota's General Fund ended fiscal 2008 with a $437 million decrease in funds from fiscal year 2007. The state partly attributed the drawdown to grants issued to businesses and residents of southeastern Minnesota for flooding damage as well as settlement payments to the victims of the Interstate Highway 35W bridge collapse. (Source: Minnesota Management and Budget.)

In addition, revenues have been weaker than forecast, with the net General Fund coming in $131 million less than forecast from November to December 2008. This left a projected $426 million deficit for the 2008 and 2009 fiscal years. To balance the budget, the state used the remaining funds from its budget reserve account, which brought the reserve balance to zero. Additionally, officials plan to reduce the budget through unexpended allotments from previous transfers and appropriations from the General Fund. These include a $73 million reduction in human service payments, $66 million in reduced local government aid to cities, $44 million in cutbacks to county program aid, and $40 million in reductions to each operations and higher education state agency. The state is now expected to end the 2008 and 2009 fiscal years with a remaining balance of $236 million and a cash flow account of $350 million. (Source: Minnesota Management and Budget.)

Nationally, new-issue volume for the calendar year 2008 fell more than 9% short of the 2007 record total. The combined par value totaled $390.6 billion. Minnesota issuance increased 1.7% in 2008 to $6.8 billion. (Source: *The Bond Buyer*.)

Noteworthy sectors and securities

During the credit crisis in the municipal bond market, credit spreads widened considerably and the yield curve steepened dramatically. Therefore, higher-rated bonds outperformed lower-rated bonds, and shorter-maturity bonds outperformed longer-maturity bonds. Pre-refunded bonds, or those that are escrowed in U.S. government securities, also performed well, as they are considered to be of the highest quality. Even though ratings do not always reflect that quality, investors typically rely on the escrow in U.S. government securities in determining quality. Against this backdrop, two of the Fund's top contributors were pre-refunded. Both bonds, issued to finance University of Minnesota Hospital and Clinics and Park Nicollet Health Services, featured shorter maturities (2016 and 2014, respectively).

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

Alternatively, the Fund was hurt by a longer-term education bond to fund St. Catherine College due to mature in 2032, as well as an industrial development bond issued by Cloquet, Minn., for Potlatch Corporation due to mature in 2026. Industrial development bonds are issued by a government agency on behalf of a private entity to be used generally for the purchase or lease of land, buildings, machinery, or equipment.

Delaware Investments National Municipal Income Fund

Highlights of the national municipal debt markets

The weak economy generated great fiscal stress among states. Combined budget gaps for the remainder of the current fiscal year and the next two years are estimated to total more than $350 billion (source: Center for Budget and Policy Priorities). Since the recession began in December 2007, approximately 4.4 million jobs have been lost, with more than half of the decrease occurring during the four-month period ended February 2009. The unemployment rate increased significantly to 8.5%, as of March 2009 (sources: Nelson A. Rockefeller State Revenue Report #74 and the Bureau of Labor Statistics).

State tax revenues declined 3.6% during the fourth quarter of calendar 2008, with preliminary estimates for January showing continued deterioration. Total tax revenues declined during the fourth quarter in 35 of the 47 states that reported early figures. This is the weakest performance since the second quarter of 2002. Recent stock market declines and continued job losses could depress revenues further. (Source: Center for Budget and Policy Priorities.)

State spending levels were generally low even before the crisis. Aggregate spending fell sharply after the 2001 recession, and it remained below the 2001 level when states adopted their 2008 budgets. Despite the states' more prudent approach to spending, weak revenues have led to budget gaps. States have already used substantial budget reserves to address funding gaps, and these reserves are limited today. Most states have also cut services, raised taxes, closed loopholes, restricted tax credits, or implemented other revenue-raising measures.

The American Recovery and Reinvestment Act of 2009 recognized the need for assistance through federal Medicaid funding and state fiscal stabilization fund revenues to help states close budget gaps. However, additional cuts or revenue-raising measures could be needed because federal monies cover only approximately 40% of the projected budget gaps over the next two years. (Source: Center on Budget and Policy Priorities.)

Nationally, new issuance in 2008 fell 9.1% short of the 2007 record total. The municipal market was hit especially hard by the broader credit crisis, with new issues plummeting over the last four months, including a more than 50% drop in October. New money issuance declined 22.8% while refunding increased 42.9%. We believe this is reflective of the need for issuers to restructure certain types of debt, such as auction-rate securities. (Source: *The Bond Buyer*.)

Noteworthy sectors and securities

During the credit crisis in the municipal bond market, credit spreads widened considerably and the yield curve steepened dramatically. Therefore, higher-rated bonds outperformed lower-rated bonds, and shorter-maturity bonds outperformed longer-maturity bonds. Against this backdrop, both of the Fund's top contributors were highly rated and matured in 11 years or less. These included Virginia State General Obligation bonds, due in 2020 and rated AAA, as well as bonds issued by New York's Triborough Bridge and Tunnel Authority, due in 2015 and rated AA- (both ratings by S&P).

Notable detractors included an industrial development bond issued by Brazos, Texas, for Dow Chemical (due in 2038 and rated BBB by S&P) and a bond issued by a Marietta, Ga., Development Authority for Life University (due in 2033 and rated Baa2 by Moody's).

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Fund basics

Delaware Investments
Arizona Municipal Income Fund, Inc.

As of March 31, 2009

Fund objective

The Fund seeks to provide current income exempt from both regular federal income tax and from Arizona state personal income tax, consistent with the preservation of capital.

Total Fund net assets

$38 million

Number of holdings

46

Fund start date

Feb. 26, 1993

Cusip number

246100101

Delaware Investments
Colorado Municipal Income Fund, Inc.

As of March 31, 2009

Fund objective
The Fund seeks to provide current income exempt from both regular federal income tax and Colorado state personal income tax, consistent with the preservation of capital.

Total Fund net assets
$64 million

Number of holdings
41

Fund start date
July 29, 1993

Cusip number
246101109

Delaware Investments
Minnesota Municipal Income Fund II, Inc.

As of March 31, 2009

Fund objective
The Fund seeks to provide current income exempt from both regular federal income tax and Minnesota state personal income tax, consistent with the preservation of capital.

Total Fund net assets
$151 million

Number of holdings
92

Fund start date
Feb. 26, 1993

Cusip number
24610V103

Delaware Investments
National Municipal Income Fund

As of March 31, 2009

Fund objective
The Fund seeks to provide current income exempt from regular federal income tax, consistent with the preservation of capital.

Total Fund net assets
$29 million

Number of holdings
48

Fund start date

Feb. 26, 1993

Cusip number

24610T108

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Sector/State allocations and credit quality breakdowns

As of March 31, 2009

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	**92.66%**
Education Revenue Bonds	13.87%
Electric Revenue Bonds	7.41%
Health Care Revenue Bonds	17.25%
Housing Revenue Bonds	2.59%
Lease Revenue Bonds	2.61%
Local General Obligation Bonds	5.67%
Pre-Refunded Bonds	16.59%
Special Tax Revenue Bonds	14.34%
Transportation Revenue Bonds	5.43%
Water & Sewer Revenue Bonds	6.90%
Short-Term Investment	**1.06%**
Total Value of Securities	**93.72%**
Receivables and Other Assets Net of Liabilities	**6.28%**
Total Net Assets	**100.00%**

Credit Quality Breakdown (as a % of fixed income investments)*	
AAA	19.06%
AA	41.95%
A	14.60%
BBB	24.39%
Total	**100.00%**

*Bond ratings are determined by independent, nationally recognized statistical rating organizations.

Delaware Investments
Colorado Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	**97.92%**
Education Revenue Bonds	18.33%
Electric Revenue Bond	2.38%
Health Care Revenue Bonds	6.53%
Housing Revenue Bonds	2.86%
Lease Revenue Bonds	5.71%
Local General Obligation Bonds	8.81%
Pre-Refunded Bonds	32.97%

Special Tax Revenue Bonds	7.58%
State General Obligation Bond	3.37%
Water & Sewer Revenue Bonds	9.38%
Short-Term Investment	**0.78%**
Total Value of Securities	**98.70%**
Receivables and Other Assets Net of Liabilities	**1.30%**
Total Net Assets	**100.00%**

Credit Quality Breakdown (as a % of fixed income investments)*	
AAA	32.23%
AA	43.36%
A	16.23%
BBB	2.28%
Not Rated	5.90%
Total	**100.00%**

*Bond ratings are determined by independent, nationally recognized statistical rating organizations.

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

Delaware Investments

Minnesota Municipal Income Fund II, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	**97.42%**
Corporate-Backed Revenue Bonds	5.17%
Education Revenue Bonds	4.51%
Electric Revenue Bonds	15.97%
Escrowed to Maturity Bonds	17.55%
Health Care Revenue Bonds	10.60%
Housing Revenue Bonds	8.51%
Lease Revenue Bonds	6.45%
Local General Obligation Bonds	8.42%
Pre-Refunded Bonds	7.56%
Special Tax Revenue Bonds	1.54%
State General Obligation Bonds	3.13%
Transportation Revenue Bonds	8.01%
Short-Term Investments	**1.19%**
Total Value of Securities	**98.61%**
Receivables and Other Assets Net of Liabilities	**1.39%**
Total Net Assets	**100.00%**

Credit Quality Breakdown (as a % of fixed income investments)*	
AAA	28.52%
AA	31.21%
A	20.11%
BBB	14.55%
BB	2.51%
B	0.52%
Not Rated	2.58%

Total	**100.00%**

*Bond ratings are determined by independent, nationally recognized statistical rating organizations.

Delaware Investments
National Municipal Income Fund

Sector	Percentage of Net Assets
Municipal Bonds	**98.11%**
Corporate-Backed Revenue Bonds	3.76%
Education Revenue Bonds	3.84%
Electric Revenue Bonds	3.60%
Health Care Revenue Bonds	17.43%
Housing Revenue Bonds	15.43%
Lease Revenue Bonds	6.10%
Local General Obligation Bonds	4.72%
Special Tax Revenue Bonds	17.95%
State General Obligation Bonds	8.02%
Transportation Revenue Bonds	9.24%
Water & Sewer Revenue Bonds	8.02%
Short Term Investments	**1.38%**
Total Value of Securities	**99.49%**
Receivables and Other Assets Net of Liabilities	**0.51%**
Total Net Assets	**100.00%**

State (as a % of fixed income investments)	
Arizona	2.20%
California	7.30%
Florida	64.86%
Georgia	0.60%
Iowa	1.76%
Idaho	0.88%
Massachusetts	1.67%
Maryland	1.42%
New York	9.17%
Pennsylvania	0.16%
Puerto Rico	5.07%
Texas	2.19%
Virginia	2.72%
Total	**100.00%**

Delaware Investments
National Municipal Income Fund (continued)

Credit Quality Breakdown
(as a % of fixed income investments)*

AAA	18.90%
AA	53.78%
A	18.15%
BBB	5.27%
BB	0.60%
Not Rated	3.30%
Total	**100.00%**

*Bond ratings are determined by independent, nationally recognized statistical rating organizations.

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Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

March 31, 2009

	Principal Amount	Value
Municipal Bonds 92.66%		
Education Revenue Bonds 13.87%		
Arizona Board of Regents System Revenue (Arizona State University) Series 8-A		
5.00% 6/1/18	$ 200,000	$ 223,160
5.00% 6/1/19	375,000	412,373
Arizona Student Loan Acquisition Authority Revenue Refunding Series A-1 5.90% 5/1/24 (AMT)	1,500,000	1,457,654
Glendale Industrial Development Authority Revenue Refunding (Midwestern University) 5.00% 5/15/31	350,000	295,880
Northern Arizona University Certificates of Participation (Northern Arizona University Research Project) 5.00% 9/1/30 (AMBAC)	1,000,000	909,400
Pima County Industrial Development Authority Educational Revenue Refunding (Tucson Country Day School Project) 5.00% 6/1/37	500,000	298,175
South Campus Group Student		

	Housing Revenue (Arizona State University - South Campus Project) 5.625% 9/1/35 (MBIA)	1,000,000	958,210
	University of Puerto Rico System Revenue Series Q 5.00% 6/1/36	1,000,000	707,250
			5,262,102
Electric Revenue Bonds 7.41%			
	Salt River Project Agricultural Improvement & Power District Electric System Revenue Series A		
	5.00% 1/1/16	500,000	560,670
	5.00% 1/1/31	1,000,000	983,000
	Series B 5.00% 1/1/25	1,250,000	1,269,538
			2,813,208
Health Care Revenue Bonds 17.25%			
	Arizona Health Facilities Authority Revenue (Banner Health) Series D 5.50% 1/1/21	500,000	498,885
	Glendale Industrial Development Authority Hospital Refunding Revenue (John C. Lincoln Health) 5.00% 12/1/42	1,500,000	1,002,975
	Maricopa County Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 5.25% 7/1/32	400,000	328,240
	Scottsdale Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.25% 9/1/30	500,000	417,400
	Show Low Industrial Development Authority Hospital Revenue (Navapache Regional Medical Center) Series A 5.50% 12/1/17 (ACA)	1,600,000	1,518,944
	University Medical Center Hospital Revenue		
	5.00% 7/1/33	1,000,000	740,640
	5.00% 7/1/35	500,000	368,010
	Yavapai County Industrial Development Authority Revenue (Yavapai Regional Medical Center) Series A 5.25% 8/1/21 (RADIAN)	2,000,000	1,670,819
			6,545,913
Housing Revenue Bonds 2.59%			
	Phoenix Industrial Development Authority Single Family Mortgage Statewide Revenue Series A 5.35% 6/1/20 (GNMA)		

(FNMA) (FHLMC) (AMT)	380,000	380,209
Series C 5.30% 4/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	370,000	375,043
Pima County Industrial Development Authority Single Family Mortgage Housing Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT)	40,000	40,029
Puerto Rico Housing Finance Authority Sub-Cap Foundation Modernization 5.50% 12/1/18	175,000	187,422
		982,703
Lease Revenue Bonds 2.61%		
Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26	640,000	602,547
Nogales Development Authority Municipal Facilities Revenue 5.00% 6/1/30 (AMBAC)	500,000	388,105
		990,652
Local General Obligation Bonds 5.67%		
ϕGila County Unified School District #10 (Payson School Improvement Project of 2006) Series A 1.00% 7/1/27 (AMBAC)	500,000	466,740
Maricopa County School District #6 (Washington Elementary) Refunding Series A 5.375% 7/1/13 (FSA)	1,500,000	1,685,040
		2,151,780
§Pre-Refunded Bonds 16.59%		
Arizona School Facilities Board Revenue (State School Trust) Series A 5.75% 7/1/18-14 (AMBAC)	500,000	592,575

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded Bonds (continued)		
Oro Valley Municipal Property Excise Tax 5.00% 7/1/20-11 (FGIC)	$ 1,000,000	$ 1,099,130
Puerto Rico Commonwealth Public Improvement Revenue Series A 5.125% 7/1/31-11	250,000	273,443
Scottsdale Industrial Development		

	Authority Hospital Revenue (Scottsdale Healthcare) 5.80% 12/1/31-11	1,000,000	1,122,170
	Southern Arizona Capital Facilities Finance (University of Arizona Project) 5.00% 9/1/23-12 (MBIA)	1,150,000	1,293,992
	University of Arizona Certificates of Participation (University of Arizona Project) Series B 5.125% 6/1/22-12 (AMBAC)	500,000	559,715
	Virgin Islands Public Finance Authority Revenue (Gross Receipts Tax Loan Note) Series A 6.125% 10/1/29-10 (ACA)	1,250,000	1,356,174
			6,297,199
Special Tax Revenue Bonds 14.34%			
	Flagstaff Aspen Place Sawmill Improvement District 5.00% 1/1/32	385,000	351,763
	Gilbert Public Facilities Municipal Property 5.00% 7/1/25	500,000	493,395
	Glendale Municipal Property Series A 5.00% 7/1/33 (AMBAC)	2,000,000	1,972,200
	Marana Tangerine Farm Road Improvement District Revenue 4.60% 1/1/26	963,000	677,480
	Peoria Municipal Development Authority Sales Tax & Excise Shared Revenue (Senior Lien & Sub Lien) 5.00% 1/1/18	1,085,000	1,209,298
	Queen Creek Improvement District #1 5.00% 1/1/32	1,000,000	736,780
			5,440,916
Transportation Revenue Bonds 5.43%			
	Arizona Transportation Board Grant Anticipation Notes Series A 5.00% 7/1/14	250,000	280,955
	Phoenix Civic Improvement Airport Revenue Series B 5.25% 7/1/27 (FGIC) (AMT)	2,000,000	1,777,900
			2,058,855
Water & Sewer Revenue Bonds 6.90%			
	Phoenix Civic Improvement Wastewater Systems Revenue		
	Junior Lien 5.00% 7/1/19 (MBIA)	850,000	915,680
	Refunding 5.00% 7/1/24 (FGIC)	1,000,000	1,006,470
	Scottsdale Water & Sewer Revenue Refunding 5.00% 7/1/19	600,000	695,136
			2,617,286
Total Municipal Bonds	(cost $37,663,707)		**35,160,614**
•Short-Term Investment 1.06%			
Variable Rate Demand Note 1.06%			
	Arizona Health Facilities Authority Revenue (Catholic West Health Facilities) Series B 0.43% 7/1/35 (LOC Bank of America N.A.)	400,000	400,000
Total Short-Term Investment	(cost $400,000)		**400,000**
Total Value of Securities 93.72%	(cost $38,063,707)		**35,560,614**
Receivables and Other Assets			

Net of Liabilities 6.28%		**2,383,566**
Net Assets Applicable to 2,982,200 Shares Outstanding; Equivalent to $12.72 Per Share 100.00%	**$**	**37,944,180**

Components of Net Assets at March 31, 2009:		
Common stock, $0.01 par value, 200 million shares authorized to the Fund	$	40,651,205
Accumulated net realized loss on investments		(203,932)
Net unrealized depreciation of investments		(2,503,093)
Total net assets	$	37,944,180

ϕStep coupon bond. Coupon increases periodically based on a predetermined schedule. Stated rate in effect at March 31, 2009.

§Pre-Refunded bonds. Municipals 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 March 31, 2009.

Summary of Abbreviations:
ACA Insured by the American Capital Access
AMBAC Insured by the AMBAC Assurance Corporation
AMT Subject to Alternative Minimum Tax
FGIC Insured by the Financial Guaranty Insurance Company
FHLMC Federal Home Loan Mortgage Corporation Collateral
FNMA Federal National Mortgage Association Collateral
FSA Insured by Financial Security Assurance
GNMA Government National Mortgage Association Collateral
LOC Letter of Credit
MBIA Insured by the Municipal Bond Insurance Association
RADIAN Insured by Radian Asset Assurance

See accompanying notes

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Delaware Investments Colorado Municipal Income Fund, Inc.

March 31, 2009

	Principal Amount	Value
Municipal Bonds 97.92%		
Education Revenue Bonds 18.33%		
Boulder County Development Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (MBIA)	$ 3,000,000	$ 2,992,950
Colorado Board of Governors Revenue (University Enterprise System) Series A 5.00% 3/1/39	700,000	690,347
Colorado Educational & Cultural Facilities Authority Revenue		
(Bromley Charter School Project) Refunding 5.25% 9/15/32 (XLCA)	1,000,000	832,760
(Johnson & Wales University Project) Series A 5.00% 4/1/28 (XLCA)	3,000,000	2,487,330
(Littleton Charter School Project)		

	Refunding 4.375% 1/15/36 (CIFG)	1,200,000	946,956
	Student Housing (Campus Village Apartments) Refunding 5.00% 6/1/23	1,065,000	981,046
	Student Housing (University of Northern Colorado) Series A 5.00% 7/1/31 (MBIA)	2,500,000	2,029,100
	University of Colorado Enterprise Systems Revenue Series A 5.375% 6/1/38	750,000	764,955
			11,725,444
Electric Revenue Bond 2.38%			
	Platte River Power Authority Power Revenue Series HH 5.00% 6/1/28	1,500,000	1,522,605
			1,522,605
Health Care Revenue Bonds 6.53%			
	Colorado Health Facilities Authority Revenue (Catholic Health Initiatives) Series D 6.125% 10/1/28	750,000	777,308
	(Evangelical Lutheran) 5.25% 6/1/23	1,000,000	871,470
	(Porter Place) Series A 6.00% 1/20/36 (GNMA)	2,515,000	2,524,355
			4,173,133
Housing Revenue Bonds 2.86%			
	Colorado Housing & Finance Authority (Single Family Mortgage Class I) Series A 5.50% 11/1/29 (FHA)	500,000	505,760
	Puerto Rico Housing Finance Authority Sub-Cap Foundation Modernization 5.125% 12/1/27	1,000,000	1,003,330
	5.50% 12/1/18	300,000	321,294
			1,830,384
Lease Revenue Bonds 5.71%			
	Glendale Certificates Participation 5.00% 12/1/25 (XLCA)	1,500,000	1,401,645
	•Puerto Rico Public Buildings Authority Revenue Guaranteed Refunding (Government Facilities) Series M-2 5.50% 7/1/35 (AMBAC)	700,000	638,225
	Westminster Building Authority Certificates of Participation 5.25% 12/1/22 (MBIA)	1,555,000	1,608,787
			3,648,657
Local General Obligation Bonds 8.81%			
	Adams & Arapahoe Counties Joint School District #28J (Aurora) 6.00% 12/1/28	600,000	654,636
	Arapahoe County Water & Wastewater Public Improvement		

	District Refunding Series A 5.125% 12/1/32 (MBIA)	635,000	596,456
	Boulder Larimer & Weld Counties Vrain Valley School District Re-1J 5.00% 12/15/33	750,000	751,658
	Bowles Metropolitan District Refunding 5.00% 12/1/33 (FSA)	2,000,000	1,971,959
	Denver City & County School District #1 Series A 5.00% 12/1/29	240,000	240,552
	Green Valley Ranch Metropolitan District Refunding 5.75% 12/1/19 (AMBAC)	1,000,000	1,025,130
	Sand Creek Metropolitan District Refunding & Improvement 5.00% 12/1/31 (XLCA)	500,000	396,185
			5,636,576
§Pre-Refunded Bonds 32.97%			
	Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) 5.00% 7/1/27-12 (AMBAC)	4,000,000	4,468,720
	(University of Denver Project) Refunding & Improvement 5.50% 3/1/21-11 (AMBAC)	2,200,000	2,389,310
	Series B 5.25% 3/1/35-16 (FGIC)	1,000,000	1,176,090
	Denver Convention Center Hotel Authority Revenue Series A 5.00% 12/1/33-13 (XLCA)	3,000,000	3,382,170
	E-470 Public Highway Authority Revenue Series A 5.75% 9/1/29-10 (MBIA)	3,000,000	3,258,510
	5.75% 9/1/35-10 (MBIA)	1,700,000	1,846,489
	Northwest Parkway Public Highway Authority Series A 5.25% 6/15/41-11 (FSA)	4,150,000	4,565,623
			21,086,912

(continues)

Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

		Principal Amount	Value
Municipal Bonds (continued)			
Special Tax Revenue Bonds 7.58%			
	Denver Convention Center Hotel Authority Revenue Refunding		

5.00% 12/1/35 (XLCA)	$	1,575,000	$	1,024,412
Regional Transportation District				
Colorado Sales Tax Revenue				
(Fastracks Project) Series A				
4.375% 11/1/31 (AMBAC)		1,250,000		1,119,962
4.50% 11/1/36 (FSA)		3,000,000		2,702,160
				4,846,534
State General Obligation Bond 3.37%				
Puerto Rico Commonwealth				
Refunding (Public Improvement)				
Series A 5.50% 7/1/19 (MBIA)		2,250,000		2,152,125
				2,152,125
Water & Sewer Revenue Bonds 9.38%				
Colorado Water Resources & Power				
Development Authority Small Water				
Revenue Un-Refunded Balance				
Series A 5.80% 11/1/20 (FGIC)		780,000		769,813
Colorado Water Resources & Power				
Development Authority Water				
Resources Revenue (Parker Water				
& Sanitation District) Series D				
5.125% 9/1/34 (MBIA)		1,500,000		1,298,370
5.25% 9/1/43 (MBIA)		2,000,000		1,718,860
Ute Water Conservancy District				
Revenue 5.75% 6/15/20 (MBIA)		2,155,000		2,209,220
				5,996,263
Total Municipal Bonds				
(cost $63,912,085)				**62,618,633**
•Short-Term Investment 0.78%				
Variable Rate Demand Note 0.78%				
Colorado Educational & Cultural				
Facilities Authority Revenue				
(National Jewish Foundation Bond)				
Series A-5 0.50% 4/1/34				
(LOC Bank of America N.A.)		500,000		500,000
Total Short-Term Investment				
(cost $500,000)				**500,000**
Total Value of Securities 98.70%				
(cost $64,412,085)				**63,118,633**
Receivables and Other Assets				
Net of Liabilities 1.30%				**833,853**
Net Assets Applicable to 4,837,100				
Shares Outstanding; Equivalent to				
$13.22 Per Share 100.00%			**$**	**63,952,486**

Components of Net Assets at March 31, 2009:		
Common stock, $0.01 par value, 200 million shares		
authorized to the Fund	$	66,918,121
Accumulated net realized loss on investments		(1,672,183)
Net unrealized depreciation of investments		(1,293,452)
Total net assets	$	63,952,486

§Pre-Refunded bonds. Municipals 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 March 31, 2009.

Summary of Abbreviations:
AMBAC Insured by the AMBAC Assurance Corporation
CIFG CDC IXIS Financial Guaranty
FGIC Insured by the Financial Guaranty Insurance Company
FHA Federal Housing Administration
FSA Insured by Financial Security Assurance
GNMA Government National Mortgage Association Collateral
LOC Letter of Credit
MBIA Insured by the Municipal Bond Insurance Association
XLCA Insured by XL Capital Assurance

See accompanying notes

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Delaware Investments Minnesota Municipal Income Fund II, Inc.

March 31, 2009

		Principal Amount	Value
Municipal Bonds 97.42%			
Corporate-Backed Revenue Bonds 5.17%			
	Cloquet Pollution Control Revenue Refunding (Potlatch Project) 5.90% 10/1/26	$ 5,500,000	$ 3,628,899
	Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	2,681,746
	Minneapolis Community Development Agency Supported (Limited Tax Common Bond Fund) Series A 6.75% 12/1/25 (AMT)	865,000	869,550
	Sartell Environmental Improvement Revenue Refunding (International Paper) Series A 5.20% 6/1/27	1,000,000	631,260
			7,811,455
Education Revenue Bonds 4.51%			
	Minnesota Higher Education Facilities Authority Revenue		
	(Augsburg College) Series 6-J1 5.00% 5/1/28	1,500,000	1,278,495
	(Carleton College) Series 6-T 5.00% 1/1/28	1,000,000	1,009,810
	(College of St. Benedict) Series 5-W 5.00% 3/1/20	2,000,000	1,877,220
	(St. Marys University) Series 5-U 4.80% 10/1/23	1,400,000	1,220,982
	University of Minnesota Series A		

	5.25% 4/1/29	1,000,000	1,045,110
	University of the Virgin Islands Improvement Series A 5.375% 6/1/34	500,000	389,560
			6,821,177
Electric Revenue Bonds 15.97%			
	Chaska Electric Revenue Refunding (Generating Facilities) Series A 5.25% 10/1/25	250,000	250,410
	Minnesota Municipal Power Agency Electric Revenue Series A		
	5.00% 10/1/34	1,900,000	1,813,132
	5.25% 10/1/19	1,610,000	1,663,275
	Northern Municipal Power Agency Electric Revenue Series A		
	5.00% 1/1/14 (ASSURED GTY)	1,000,000	1,068,680
	5.00% 1/1/16 (ASSURED GTY)	1,500,000	1,598,835
	Southern Minnesota Municipal Power Agency Power Supply System Series A 5.25% 1/1/14 (AMBAC)	12,000,000	12,943,680
	Western Minnesota Municipal Power Agency Power Supply Revenue Series A 5.00% 1/1/30 (MBIA)	5,000,000	4,800,000
			24,138,012
Escrowed to Maturity Bonds 17.55%			
	Dakota-Washington Counties Housing & Redevelopment Authority Revenue (Bloomington Single Family Residential Mortgage) 8.375% 9/1/21 (GNMA) (FHA) (VA) (AMT)	7,055,000	9,887,793
	Southern Minnesota Municipal Power Agency Power Supply System Revenue Refunding Series B 5.50% 1/1/15 (AMBAC)	390,000	413,225
	St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project)		
	5.55% 11/1/23	2,300,000	2,394,645
	5.55% 11/1/23 (MBIA)	4,200,000	4,372,830
	University of Minnesota Hospital & Clinics 6.75% 12/1/16	2,580,000	3,201,341
	University of Minnesota Series A 5.50% 7/1/21	4,000,000	4,473,360
	Western Minnesota Municipal Power Agency Power Supply Revenue Series A 6.625% 1/1/16	1,535,000	1,792,420
			26,535,614
Health Care Revenue Bonds 10.60%			
	Bemidji Health Care Facilities First Mortgage Revenue (North Country Health Services)		

5.00% 9/1/24 (RADIAN)	1,500,000	1,358,820
Glencoe Health Care Facilities Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25	2,000,000	1,570,740
Maple Grove Health Care Facilities Revenue (Maple Grove Hospital) 5.25% 5/1/37	1,000,000	884,550
Minneapolis Health Care System Revenue (Fairview Health Services)		
Series A 6.625% 11/15/28	600,000	621,072
Series B 6.50% 11/15/38 (ASSURED GTY)	295,000	314,972
Series D 5.00% 11/15/34 (AMBAC)	2,000,000	1,676,920
Minnesota Agricultural & Economic Development Board Revenue Un-Refunded Balance (Fairview Health Care System) Series A		
5.75% 11/15/26 (MBIA)	100,000	90,060
6.375% 11/15/29	195,000	194,760
Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34	1,560,000	1,244,755

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
Health Care Revenue Bonds (continued)		
St. Louis Park Health Care Facilities Revenue Refunding (Park Nicollet Health Services) Series C 5.50% 7/1/23	$1,000,000	$ 996,490
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue		
(Allina Health System) Series A 5.00% 11/15/18 (MBIA)	1,380,000	1,384,720
(Health Partners Obligation Group Project) 5.25% 5/15/36	2,000,000	1,513,780
(Regions Hospital Project) 5.30% 5/15/28	1,000,000	815,060
St. Paul Housing & Redevelopment Authority Revenue (Franciscan		

	Elderly Health Project)		
	5.40% 11/20/42 (GNMA) (FHA)	2,700,000	2,507,057
	Winona Health Care Facilities		
	Revenue Refunding (Winona		
	Health Obligation Group)		
	5.00% 7/1/23	1,010,000	846,047
			16,019,803
Housing Revenue Bonds 8.51%			
	Chanhassen Multifamily Housing		
	Revenue Refunding (Heritage		
	Park Apartments Project)		
	6.20% 7/1/30 (FHA) (AMT)		
	(HUD Section 8)	1,105,000	1,105,199
	Dakota County Housing &		
	Redevelopment Authority		
	Single Family Mortgage		
	Revenue 5.85% 10/1/30		
	(GNMA) (FNMA) (AMT)	11,000	11,006
@	Harmony Multifamily Housing		
	Revenue Refunding (Zedakah		
	Foundation Project) Series A		
	5.95% 9/1/20 (HUD Section 8)	1,000,000	774,930
	Minneapolis Multifamily		
	Housing Revenue		
	•(Gaar Scott Loft Project)		
	5.95% 5/1/30 (AMT)		
	(LOC - U.S. Bank N.A.)	920,000	936,818
	(Olson Townhomes Project)		
	6.00% 12/1/19 (AMT)	800,000	800,608
	(Seward Towers Project)		
	Series A 5.00% 5/20/36 (GNMA)	2,000,000	1,849,160
	(Sumner Housing Project)		
	Series A 5.15% 2/20/45		
	(GNMA) (AMT)	2,000,000	1,779,880
	Minnesota Housing Finance		
	Agency Revenue		
	(Rental Housing)		
	Series A 5.00% 2/1/35 (AMT)	1,000,000	880,140
	Series D 5.95% 2/1/18 (MBIA)	130,000	130,478
	Minnesota Housing Finance		
	Agency Revenue		
	(Residential Housing)		
	Series B-1 5.35% 1/1/33 (AMT)	1,675,000	1,557,934
	•Series D 4.75% 7/1/32 (AMT)	1,000,000	896,740
	Series I 5.15% 7/1/38 (AMT)	745,000	669,420
	(Single Family Mortgage)		
	Series J 5.90% 7/1/28 (AMT)	770,000	770,978
	Washington County Housing &		
	Redevelopment Authority		
	Revenue Refunding (Woodland		
	Park Apartments Project)		

	4.70% 10/1/32	750,000	701,400
			12,864,691
Lease Revenue Bonds 6.45%			
	Andover Economic Development Authority Public Facilities Lease Revenue Refunding (Andover Community Center)		
	5.125% 2/1/24	205,000	224,032
	5.20% 2/1/29	410,000	450,401
	Puerto Rico Public Buildings Authority Revenue Guaranteed Un-Refunded Balance (Government Facilities Bond)		
	Series D 5.25% 7/1/27	530,000	427,254
	St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project)		
	5.00% 12/1/22	2,385,000	2,447,034
	5.25% 12/1/27	2,800,000	2,844,521
	(Robert Street Office Building Project) Series 3-11		
	5.00% 12/1/27	2,000,000	2,018,920
	Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue		
	5.25% 10/1/25	680,000	569,602
	5.375% 10/1/30	965,000	768,970
			9,750,734
Local General Obligation Bonds 8.42%			
	Dakota County Community Development Agency Governmental Housing Refunding (Senior Housing Facilities) Series A		
	5.00% 1/1/23	1,100,000	1,139,358
	Hennepin County Series B		
	5.00% 12/1/18	2,300,000	2,374,060
	Minneapolis Special School District #1		
	5.00% 2/1/19 (FSA)	1,175,000	1,244,537
	Morris Independent School		
	District #769 5.00% 2/1/28 (MBIA)	3,750,000	4,071,937

		Principal Amount	Value
Municipal Bonds (continued)			
Local General Obligation Bonds (continued)			
	Washington County Housing & Redevelopment Authority Refunding Series B		

	5.50% 2/1/22 (MBIA)	$ 1,705,000	$ 1,745,903
	5.50% 2/1/32 (MBIA)	2,140,000	2,147,597
			12,723,392
§Pre-Refunded Bonds 7.56%			
	Andover Economic Development Authority Public Facilities Lease Revenue (Andover Community Center) 5.125% 2/1/24-14	295,000	322,388
	5.20% 2/1/29-14	590,000	648,139
	Minneapolis Community Development Agency Supported (Limited Tax Common Bond Fund) Series G-1 5.70% 12/1/19-11	1,100,000	1,205,908
	Series G-3 5.45% 12/1/31-11	1,000,000	1,108,150
	Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series D 5.25% 7/1/38-12	1,000,000	1,110,580
	Puerto Rico Public Buildings Authority Revenue Guaranteed (Government Facilities Bond) Series D 5.25% 7/1/27-12	1,470,000	1,622,733
	Southern Minnesota Municipal Power Agency Power Supply System Revenue Series A 5.75% 1/1/18-13	3,715,000	3,973,229
	St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30-14	1,250,000	1,443,713
			11,434,840
Special Tax Revenue Bonds 1.54%			
	Minneapolis Community Development Agency Supported Common Bond Fund Series 5 5.70% 12/1/27	375,000	375,116
	Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1 5.50% 12/1/24 (AMT)	1,000,000	981,300
	Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue Series B 5.00% 7/1/46	800,000	561,512
	Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Notes) Series A 5.25% 10/1/23	500,000	417,090
			2,335,018
State General Obligation Bonds 3.13%			
	Puerto Rico Commonwealth Public Improvement Refunding Series A 5.00% 7/1/16 (ASSURED GTY)	750,000	754,928
	5.25% 7/1/15	1,100,000	1,047,244
	5.50% 7/1/17	1,100,000	1,027,488
	5.50% 7/1/19 (MBIA)	1,000,000	956,500
	Puerto Rico Government Development Bank Senior Notes Series B 5.00% 12/1/14	1,000,000	947,140
			4,733,300
Transportation Revenue Bonds 8.01%			
	Minneapolis-St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/22 (MBIA)	3,000,000	3,042,750
	5.00% 1/1/28 (MBIA)	2,120,000	2,062,018
	5.25% 1/1/16 (MBIA)	1,000,000	1,056,620

	Series B		
	5.00% 1/1/35 (AMBAC)	2,000,000	1,883,960
	5.25% 1/1/24 (FGIC) (AMT)	1,000,000	945,880
	St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A 5.35% 8/1/29 (FSA)	3,350,000	3,118,180
			12,109,408
	Total Municipal Bonds (cost $151,336,103)		**147,277,444**
•Short-Term Investments 1.19%			
Variable Rate Demand Notes 1.19%			
	Minneapolis Health Care System Revenue (Fairview Health Services) Series E 0.25% 11/15/47 (LOC Wells Fargo Bank N.A.)	300,000	300,000
	University of Minnesota Series C 0.30% 12/1/36 (SPA JP Morgan Chase Bank)	1,500,000	1,500,000
Total Short-Term Investments	(cost $1,800,000)		**1,800,000**
Total Value of Securities 98.61%	(cost $153,136,103)		**149,077,444**
Receivables and Other Assets	**Net of Liabilities 1.39%**		**2,106,121**
Net Assets Applicable to 11,504,975	**Shares Outstanding; Equivalent to $13.14 Per Share 100.00%**		**$ 151,183,565**

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

Components of Net Assets at March 31, 2009:	
Common stock, $0.01 par value, 200 million shares authorized to the Fund	$ 157,939,491
Accumulated net realized loss on investments	(2,697,267)
Net unrealized depreciation of investments	(4,058,659)
Total net assets	$ 151,183,565

§Pre-Refunded bonds. Municipals 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 March 31, 2009.

@Illiquid security. At March 31, 2009, the aggregate amount of illiquid securities was $774,930, which represented 0.51% of the Funds net assets. See Note 9 in Notes to financial statements.

Summary of Abbreviations:

AMBAC Insured by the AMBAC Assurance Corporation
AMT Subject to Alternative Minimum Tax
ASSURED GTY Insured by the Assured Guaranty Corporation
FGIC Insured by the Financial Guaranty Insurance Company
FHA Federal Housing Authority
FNMA Federal National Mortgage Association Collateral

FSA Insured by Financial Security Assurance
GNMA Government National Mortgage Association Collateral
HUD Housing and Urban Development
LOC Letter of Credit
MBIA Insured by the Municipal Bond Insurance Association
RADIAN Insured by Radian Asset Assurance
SPA Stand-by Purchase Agreement
VA Insured by the Veterans Administration

See accompanying notes

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Delaware Investments National Municipal Income Fund

March 31, 2009

	Principal Amount	Value
Municipal Bonds 98.11%		
Corporate-Backed Revenue Bonds 3.76%		
•Brazos, Texas Harbor Industrial Development Environmental Facilities Revenue (Dow Chemical Project) 5.90% 5/1/38 (AMT)	$ 125,000	$ 84,133
•Chesapeake, Virginia Economic Development Authority Pollution Control Revenue (Virginia Electric & Power Project) Series A 3.60% 2/1/32	500,000	497,610
Iowa Finance Authority Pollution Control Facilities Revenue Refunding (Interstate Power) 5.00% 7/1/14 (FGIC)	500,000	507,800
		1,089,543
Education Revenue Bonds 3.84%		
California Educational Facilities Authority Revenue (University of Southern California) Series A 5.00% 10/1/39	250,000	246,915
California Statewide Communities Development Authority Student Housing Revenue (Irvine, LLC - UCI East Campus) 6.00% 5/15/23	470,000	417,797
Marietta, Georgia Development Authority Revenue Refunding (Life University Income Project) 7.00% 6/15/39	230,000	168,314
Maryland State Economic Development Student Housing Revenue (University of Maryland College Park Projects) 5.75% 6/1/33	370,000	280,094
		1,113,120
Electric Revenue Bonds 3.60%		
JEA Florida Electric Systems Revenue Series 3-A 5.00% 10/1/34 (FSA)	1,000,000	965,360
Long Island, New York Power Authority Electric System Revenue Series A 5.75% 4/1/39	75,000	76,042
		1,041,402
Health Care Revenue Bonds 17.43%		
Albany, New York Industrial Development Agency Civic Facility Revenue (St. Peters Hospital of Albany Project)		

	Series A 5.25% 11/15/32	500,000	373,430
	Arizona Health Facilities Authority Revenue (Banner Health) Series A 5.00% 1/1/17	310,000	311,460
	Escambia County, Florida Health Facilities Authority (VHA Program) 5.95% 7/1/20 (AMBAC)	330,000	336,940
	Lee Memorial Health System Board of Directors Florida Revenue Refunding Series A 5.00% 4/1/20 (FSA)	1,000,000	1,006,780
	•Maryland State Health & Higher Education Facilities Authority Revenue (John Hopkins Health Systems) 5.00% 5/15/48	115,000	122,444
	Massachusetts State Health & Education Facilities Authority Revenue (Caregroup) Refunding Series E-2 5.375% 7/1/19	500,000	478,310
	Orange County, Florida Health Facilities Authority Revenue (Orlando Regional Healthcare) Series A 6.25% 10/1/18 (MBIA)	2,000,000	2,098,519
	Scottsdale, Arizona Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.00% 9/1/23	360,000	319,356
			5,047,239
Housing Revenue Bonds 15.43%			
	California Housing Finance Agency Revenue (Home Mortgage) Series M 5.95% 8/1/25 (AMT)	250,000	232,933
	Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (MBIA) (AMT)	310,000	309,950
	(Leigh Meadows Apartments) Series N 6.30% 9/1/36 (AMBAC) (AMT) (HUD Section 8)	2,510,000	2,509,674
	Volusia County, Florida Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (FSA) (AMT)	1,500,000	1,416,825
			4,469,382
Lease Revenue Bonds 6.10%			
	Florida State Municipal Loan Council Revenue Series A 5.00% 2/1/35 (MBIA)	665,000	589,303
	Orange County, Florida School Board Certificates of Participation Series A 5.00% 8/1/27 (MBIA)	1,250,000	1,178,300
			1,767,603
Local General Obligation Bonds 4.72%			
	Desert, California Community College District Election 2004 Series C 5.00% 8/1/37 (FSA)	295,000	277,955
	Idaho Bond Bank Authority Revenue Series A 5.00% 9/15/28	250,000	252,535

(continues)

Statements of net assets

Delaware Investments National Municipal Income Fund

	Principal Amount	Value
Municipal Bonds (continued)		
Local General Obligation Bonds (continued)		
Los Angeles, California Unified School District Election of 2005 Series F 5.00% 1/1/34	$ 610,000	$ 576,053
New York City, New York Fiscal 2009 Sub-Series A-1 5.25% 8/15/21	250,000	260,140
		1,366,683
Special Tax Revenue Bonds — 17.95%		
Jacksonville, Florida Sales Tax Revenue (Better Jacksonville) 5.00% 10/1/30 (MBIA)	1,300,000	1,258,413
Jacksonville, Florida Transportation Revenue Refunding 5.25% 10/1/29 (MBIA)	1,000,000	1,001,160
ΩMiami-Dade County, Florida Special Obligation (Capital Appreciation & Income) Series B 5.00% 10/1/35 (MBIA)	2,000,000	1,693,939
New York State Dormitory Authority (State Personal Income Tax Revenue - Education) Series A 5.00% 3/15/38	570,000	553,852
New York State Toll Way Authority (State Personal Income Tax Revenue - Transportation) Series A 5.00% 3/15/22	425,000	448,243
New York State Urban Development Corporation Revenue (State Personal Income Tax) Series B-1 5.00% 3/15/36	250,000	244,918
		5,200,525
State General Obligation Bonds — 8.02%		
California State (Various Purposes) 6.00% 4/1/38	295,000	295,218
New York State Refunding Series A 5.00% 2/15/39	300,000	297,681
Puerto Rico Commonwealth Refunding (Public Improvement) Series A		
5.00% 7/1/16 (ASSURED GTY)	250,000	251,643
5.50% 7/1/19 (MBIA)	1,250,000	1,195,625
Virginia State Commonwealth Refunding Series B 5.00% 6/1/20	250,000	282,590
		2,322,757
Transportation Revenue Bonds — 9.24%		
Florida Ports Financing Commission Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (MBIA) (AMT)	1,000,000	902,660
Miami-Dade County, Florida Aviation Revenue (Miami International Airport Hub) Series B 5.00% 10/1/37 (FGIC)	1,000,000	860,610
North Texas Tollway Authority Revenue (First Tier System) Refunding Series A 6.00% 1/1/19	500,000	538,345
•Triborough, New York Bridge & Tunnel Authority Revenue Series B-3 5.00% 11/15/38	350,000	375,071
		2,676,686
Water & Sewer Revenue Bonds — 8.02%		
Florida Water Pollution Control		

	Financing Corporation Revenue Series A 5.00% 1/15/25	235,000	240,095
	Riviera Beach, Florida Utility Special District Water & Sewer Revenue 5.00% 10/1/34 (FGIC)	1,200,000	926,976
	Village Center Community Development District, Florida Utility Revenue 5.00% 10/1/36 (MBIA)	235,000	198,002
	Winter Haven, Florida Utilities Systems Revenue 5.00% 10/1/30 (MBIA)	1,000,000	959,299
			2,324,372
Total Municipal Bonds	(cost $30,351,444)		**28,419,312**
•Short-Term Investments 1.38%			
Variable Rate Demand Notes 1.38%			
	Allegheny County, Pennsylvania Industrial Development Authority Revenue (United Jewish Federation) Series B 0.49% 10/1/25 (LOC PNC Bank N.A.)	200,000	200,000
	California Statewide Communities Development Authority Multifamily Revenue Refunding (Housing IAC Project) Series W-2 1.50% 9/15/29 (AMT) (LOC Wells Fargo Bank N.A.)	200,000	200,000
Total Short-Term Investments	(cost $400,000)		**400,000**
Total Value of Securities 99.49%	(cost $30,751,444)		**28,819,312**
Receivables and Other Assets	**Net of Liabilities 0.51%**		**147,330**
Net Assets Applicable to 2,422,200	**Shares Outstanding; Equivalent to $11.96 Per Share 100.00%**		**$ 28,966,642**

Components of Net Assets at March 31, 2009:	
Common stock, $0.01 par value, unlimited shares authorized to the Fund	$ 33,208,317
Accumulated net realized loss on investments	(2,309,543)
Net unrealized depreciation of investments	(1,932,132)
Total net assets	$ 28,966,642

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

•Variable rate security. The rate shown is the rate as of March 31, 2009.

Summary of Abbreviations:

AMBAC Insured by the AMBAC Assurance Corporation
AMT Subject to Alternative Minimum Tax
ASSURED GTY Insured by the Assured Guaranty Corporation
FGIC Insured by the Financial Guaranty Insurance Company
FSA Insured by Financial Security Assurance
HUD Housing and Urban Development
LOC Letter of Credit
MBIA Insured by the Municipal Bond Insurance Association
VHA Veterans Health Administration

See accompanying notes

(continues)

Statements of assets and liabilities

Delaware Investments Closed-End Municipal Bond Funds

March 31, 2009

	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
Assets:				
Investments, at value	$35,560,614	$63,118,633	$149,077,444	$28,819,312
Cash	1,925,856	779,338	12,028	21,886
Receivables for securities sold	—	326,489	—	114,255
Interest receivable	504,255	810,267	2,259,073	452,582
Total assets	37,990,725	65,034,727	151,348,545	29,408,035
Liabilities:				
Payables for securities purchased	—	989,870	—	404,521
Due to manager and affiliates	14,058	23,382	55,158	10,764
Other accrued expenses	32,487	68,989	109,822	26,108
Total liabilities	46,545	1,082,241	164,980	441,393
Total Net Assets	$37,944,180	$63,952,486	$151,183,565	$28,966,642
Investments, at cost	$38,063,707	$64,412,085	$153,136,103	$30,751,444

See accompanying notes

Statements of operations

Delaware Investments Closed-End Municipal Bond Funds

Year Ended March 31, 2009

	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	$ 2,485,830	$ 4,250,593	$ 10,452,985	$ 2,025,519
Expenses:				

Management fees	211,194	350,520	832,314	164,556
Remarketing agent fees	36,458	59,167	153,958	29,583
Interest and related expenses	—	—	152,154	
Legal fees	24,340	43,237	63,485	31,024
Dividend disbursing and transfer agent fees and expenses	23,596	33,859	81,291	31,786
Accounting and administration expenses	21,093	35,008	83,133	16,436
Reports and statements to shareholders	17,932	24,882	52,343	14,353
Audit and tax	13,076	14,493	19,352	12,670
Rating agency fees	10,850	7,200	25,750	10,847
Taxes (other than taxes on income)	6,000	8,800	14,000	
Pricing fees	5,304	5,944	11,317	2,697
Stock exchange fees	2,743	4,449	10,989	2,228
Directors’/Trustees’ fees	2,574	4,322	10,201	1,982
Dues and services	1,115	1,984	3,753	862
Insurance fees	851	1,549	4,127	624
Custodian fees	669	1,094	3,251	711
Registration fees	643	643	643	643
Consulting fees	444	740	1,759	345
Directors’/Trustees’ expenses	187	315	744	144
	379,069	598,206	1,524,564	321,491
Less expense paid indirectly	(636)	(979)	(2,145)	(639
Total operating expenses	378,433	597,227	1,522,419	320,852
Net Investment Income	2,107,397	3,653,366	8,930,566	1,704,667
Net Realized and Unrealized Loss on Investments:				
Net realized loss on investments	(198,104)	(1,425,714)	(3,108,067)	(2,108,853
Net change in unrealized appreciation/depreciation of investments	(3,039,177)	(3,237,138)	(8,600,912)	(1,210,078
Net Realized and Unrealized Loss on Investments	(3,237,281)	(4,662,852)	(11,708,979)	(3,318,931
Dividends on Preferred Stock	(520,055)	(835,572)	(2,008,388)	(416,044
Net Decrease in Net Assets Resulting from Operations	$(1,649,939)	$(1,845,058)	$ (4,786,801)	$(2,030,308

See accompanying notes

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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.	
	Year Ended		Year Ended	
	3/31/09	3/31/08	3/31/09	3/31/08
Increase (Decrease) in Net Assets from Operations:				
Net investment income	$ 2,107,397	$ 2,702,193	$ 3,653,366	$ 4,531,59
Net realized gain (loss) on investments	(198,104)	(28,897)	(1,425,714)	258,74
Net change in unrealized appreciation/depreciation of investments	(3,039,177)	(2,303,717)	(3,237,138)	(3,201,15
Dividends on preferred stock	(520,055)	(999,630)	(835,572)	(1,516,75
Net increase (decrease) in net assets resulting from operations	(1,649,939)	(630,051)	(1,845,058)	72,43
Dividends and Distributions to Common Shareholders from:				

Net investment income	(1,699,854)	(1,819,142)	(3,175,556)	(3,482,71
Net realized gain on investments	—	(172,967)	—	(672,35
	(1,699,854)	(1,992,109)	(3,175,556)	(4,155,06
Net Decrease in Net Assets	(3,349,793)	(2,622,160)	(5,020,614)	(4,082,63
Net Assets:				
Beginning of year	41,293,973	43,916,133	68,973,100	73,055,73
End of year	$ 37,944,180	$ 41,293,973	$ 63,952,486	$ 68,973,10
Undistributed (Distributions in excess of) net investment income	$ —	$ (15,481)	$ —	$ 37,77

	Delaware Investments Minnesota Municipal Income Fund II, Inc.		Delaware Investments National Municipal Income Fund	
	Year Ended		Year Ended	
	3/31/09	3/31/08	3/31/09	3/31/0
Increase (Decrease) in Net Assets from Operations:				
Net investment income	$ 8,930,566	$ 11,067,616	$ 1,704,667	$ 2,225,
Net realized gain (loss) on investments	(3,108,067)	95,113	(2,108,853)	(200,
Net change in unrealized appreciation/depreciation of investments	(8,600,912)	(7,753,436)	(1,210,078)	(2,402,
Dividends on preferred stock	(2,008,388)	(3,654,473)	(416,044)	(789,
Net decrease in net assets resulting from operations	(4,786,801)	(245,180)	(2,030,308)	(1,167,
Dividends and Distributions to Common Shareholders from:				
Net investment income	(7,334,488)	(7,593,284)	(1,368,543)	(1,616,
Net realized gain on investments	—	—	—	(106,
	(7,334,488)	(7,593,284)	(1,368,543)	(1,723,
Net Decrease in Net Assets	(12,121,289)	(7,838,464)	(3,398,851)	(2,890,
Net Assets:				
Beginning of year	163,304,854	171,143,318	32,365,493	35,256,
End of year	$ 151,183,565	$ 163,304,854	$ 28,966,642	$ 32,365,
Distributions in excess of net investment income	$ —	$ (58,932)	$ —	$ (12,

See accompanying notes

Financial highlights

Delaware Investments Arizona Municipal Income Fund, Inc.

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

	Year Ended				
	3/31/09	3/31/08	3/31/07	3/31/06	3/31/05
Net asset value, beginning of period	$13.850	$14.730	$14.730	$15.070	$15.570
Income (loss) from investment operations:					
Net investment income	0.707	0.906	0.932	0.951	0.956
Net realized and unrealized gain (loss) on investments	(1.093)	(0.783)	0.160	(0.177)	(0.332

Dividends on preferred stock from:					
Net investment income	(0.174)	(0.312)	(0.297)	(0.232)	(0.118
Net realized gain on investments	—	(0.023)	(0.013)	(0.002)	(0.003
Total dividends on preferred stock	(0.174)	(0.335)	(0.310)	(0.234)	(0.121
Total from investment operations	(0.560)	(0.212)	0.782	0.540	0.503
Less dividends and distributions to common shareholders from:					
Net investment income	(0.570)	(0.610)	(0.750)	(0.860)	(0.960
Net realized gain on investments	—	(0.058)	(0.032)	(0.020)	(0.043
Total dividends and distributions	(0.570)	(0.668)	(0.782)	(0.880)	(1.003
Net asset value, end of period	$12.720	$13.850	$14.730	$14.730	$15.070
Market value, end of period	$9.900	$12.390	$14.790	$15.980	$15.390
Total investment return based on:[1]					
Market value	(15.86%)	(11.86%)	(2.58%)	9.74%	(0.78%
Net asset value	(3.29%)	(1.08%)	5.26%	3.31%	3.34%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	$37,944	$41,294	$43,916	$43,923	$44,936
Ratio of expenses to average net assets applicable to common shares[2]	0.96%	1.07%	1.05%	1.03%	1.18%
Ratio of net investment income to average net assets applicable to common shares[2]	5.37%	6.34%	6.34%	6.28%	6.34%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares[3]	4.05%	3.99%	4.23%	4.72%	5.54%
Portfolio turnover	4%	18%	17%	2%	8%
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)[4]	$—	$25,000	$25,000	$25,000	$25,000
Net asset coverage per share of preferred shares, end of period[4]	$—	$132,588	$137,832	$137,847	$139,872
Liquidation value per share of preferred shares[4,5]	$—	$50,000	$50,000	$50,000	$50,000

[1] 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.
[2] Ratios do not reflect the effect of dividend payments to preferred shareholders.
[3] Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.
[4] 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."
[5] Excluding any accumulated but unpaid dividends.
See accompanying notes

Financial highlights

Delaware Investments Colorado Municipal Income Fund, Inc.

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

	Year Ended				
	3/31/09	3/31/08	3/31/07	3/31/06	3/31/
Net asset value, beginning of period	$14.260	$15.100	$15.260	$15.580	$16.

Income (loss) from investment operations:					
Net investment income	0.755	0.937	0.985	1.018	1.
Net realized and unrealized gain (loss) on investments	(0.965)	(0.604)	0.069	(0.129)	(0.
Dividends on preferred stock from:					
Net investment income	(0.173)	(0.264)	(0.274)	(0.213)	(0.
Net realized gain on investments	—	(0.050)	(0.019)	(0.006)	(0.
Total dividends on preferred stock	(0.173)	(0.314)	(0.293)	(0.219)	(0.
Total from investment operations	(0.383)	0.019	0.761	0.670	0.
Less dividends and distributions to common shareholders from:					
Net investment income	(0.657)	(0.720)	(0.850)	(0.960)	(0.
Net realized gain on investments	—	(0.139)	(0.071)	(0.030)	(0.
Total dividends and distributions	(0.657)	(0.859)	(0.921)	(0.990)	(0.
Net asset value, end of period	$13.220	$14.260	$15.100	$15.260	$15.
Market value, end of period	$11.240	$15.060	$15.940	$18.650	$17.
Total investment return based on:[1]					
Market value	(21.63%)	(0.14%)	(9.86%)	14.64%	7.4
Net asset value	(2.66%)	(0.19%)	4.35%	3.44%	2.5
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	$63,952	$68,973	$73,056	$73,833	$75,
Ratio of expenses to average net assets applicable to common shares[2]	0.91%	1.03%	1.01%	0.95%	1.0
Ratio of net investment income to average net assets applicable to common shares[2]	5.55%	6.37%	6.49%	6.51%	6.5
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares[3]	4.28%	4.23%	4.56%	5.11%	5.6
Portfolio turnover	16%	16%	11%	12%	
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)[4]	$—	$40,000	$40,000	$40,000	$40,
Net asset coverage per share of preferred shares, end of period[4]	$—	$136,216	$141,320	$142,291	$144,
Liquidation value per share of preferred shares[4,5]	$—	$50,000	$50,000	$50,000	$50,

[1] 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.
[2] Ratios do not reflect the effect of dividend payments to preferred shareholders.
[3] Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.
[4] 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."
[5] Excluding any accumulated but unpaid dividends.
See accompanying notes

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Delaware Investments Minnesota Municipal Income Fund II, Inc.

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

		Year Ended		
3/31/09	3/31/08	3/31/07	3/31/06	3

Net asset value, beginning of period	$14.190	$14.880	$14.730	$14.890	
Income (loss) from investment operations:					
Net investment income	0.776	0.962	0.963	0.971	
Net realized and unrealized gain (loss) on investments	(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	(0.412)	(0.030)	0.890	0.740	
Less dividends to common shareholders from:					
Net investment income	(0.638)	(0.660)	(0.740)	(0.900)	
Total dividends	(0.638)	(0.660)	(0.740)	(0.900)	
Net asset value, end of period	$13.140	$14.190	$14.880	$14.730	
Market value, end of period	$11.250	$13.450	$14.640	$16.200	
Total investment return based on:[1]					
Market value	(11.91%)	(3.58%)	(5.13%)	4.73%	
Net asset value	(2.48%)	0.08%	6.05%	4.69%	
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	$151,184	$163,305	$171,143	$169,481	$
Ratio of expenses to average net assets applicable to common shares[2,4]	0.98%	1.18%	1.20%	1.07%	
Ratio of net investment income to average net assets applicable to common shares[2]	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[3]	4.45%	4.43%	4.50%	4.86%	
Portfolio turnover	15%	6%	3%	8%	
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)[5]	$	$95,000	$95,000	$95,000	
Net asset coverage per share of preferred shares, end of period[5]	$	$135,950	$140,075	$139,200	$
Liquidation value per share of preferred shares[5,6]	$	$50,000	$50,000	$50,000	

[1] 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.
[2] Ratios do not reflect the effect of dividend payments to preferred shareholders.
[3] Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.
[4] 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."
[5] 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."
[6] Excluding any accumulated but unpaid dividends.
See accompanying notes

(continues)

Financial highlights

Delaware Investments National Municipal Income Fund

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

	Year Ended				
	3/31/09	3/31/08	3/31/07	3/31/06	3/3
Net asset value, beginning of period	$13.360	$14.560	$14.650	$15.340	$1
Income (loss) from investment operations:					
Net investment income	0.704	0.919	0.960	1.017	
Net realized and unrealized gain (loss) on investments	(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	(0.835)	(0.488)	0.798	0.524	
Less dividends and distributions to common shareholders from:					
Net investment income	(0.565)	(0.668)	(0.820)	(0.970)	
Net realized gain on investments	—	(0.044)	(0.068)	(0.244)	
Total dividends and distributions	(0.565)	(0.712)	(0.888)	(1.214)	
Net asset value, end of period	$11.960	$13.360	$14.560	$14.650	$1
Market value, end of period	$10.850	$11.950	$14.530	$16.050	$1
Total investment return based on:[1]					
Market value	(4.31%)	(13.11%)	(4.12%)	14.75%	(
Net asset value	(5.65%)	(3.05%)	5.27%	2.76%	
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	$28,967	$32,365	$35,256	$35,492	$3
Ratio of expenses to average net assets applicable to common shares[2]	1.06%	1.16%	1.10%	1.07%	
Ratio of net investment income to average net assets applicable to common shares[2]	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[3]	4.25%	4.22%	4.51%	5.01%	
Portfolio turnover	36%	17%	9%	28%	
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)[4]	$—	$20,000	$20,000	$20,000	$2
Net asset coverage per share of preferred shares, end of period[4]	$—	$130,914	$138,141	$138,731	$14
Liquidation value per share of preferred shares[4,5]	$—	$50,000	$50,000	$50,000	$5

[1] 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.

[2] Ratios do not reflect the effect of dividend payments to preferred shareholders.

[3] Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.

[4] 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."

[5] Excluding any accumulated but unpaid dividends.

See accompanying notes

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

March 31, 2009

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 Alternext, 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 and are consistently followed by the Funds.

Security Valuation □ Long-term 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 having less than 60 days to maturity are valued at amortized cost, which approximates 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. The Funds did not record any tax benefit or expense in the current period.

Use of Estimates □ The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

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 Minnesota Municipal Fund II□s participation in inverse floater programs where the 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 Fund receives the inverse floating rate securities and cash from the trust. As a result of certain rights retained by the Fund, 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.

Minnesota Municipal Fund II sold out of its inverse floater positions on September 29, 2008. For the period ended September 29, 2008, the Fund had an average daily liability from the participation in inverse floater programs of $8,500,000 and recorded interest expense at an average rate of 3.59%.

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