

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II INC
Form N-CSR
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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: 811-7420

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, 2008

Item 1. Reports to Stockholders

Annual Report

Delaware
Investments
Closed-End
Municipal Bond

Funds

March 31, 2008

Closed-end funds

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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.

Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

April 8, 2008

The managers of Delaware closed-end municipal bond funds provided the answers to the questions below as a review of the funds' activities for the fiscal year that ended March 31, 2008.

What were some of the major news events that influenced the investment environment for municipal bonds during the fiscal year ended March 31, 2008?

The fiscal year was eventful, with a credit crisis triggered by difficulties in the mortgage markets. Investment conditions within the municipal bond market as well as in the broader fixed income markets were extremely perilous. We defined several distinct phases as we looked back on the year. Each phase presented its unique challenges to bond investors and affected the municipal markets to varying degrees.

During the early part of the fiscal year, the municipal market was fairly steady. The fixed income markets were warned early of things to come as news items highlighting the problems of hedge funds invested in securities with exposure to subprime mortgages briefly shook the taxable markets.

During the summer months, the first real phase of the credit crisis hit and the municipal markets participated fully. This represented a change from previous credit events, when the flight to quality was led by the Treasury market and closely followed by the relatively "safe" municipal bond asset class. This time, municipals experienced price deterioration that looked more like those that generally take place within the high yield and emerging markets bond sectors. We believe the difference was a result of selling pressure by nontraditional buyers, whose buying activity during the previous several years had helped the municipal market to frequently outperform in the face of record and near-record new issue supply.

We believe these alternative investors needed to deleverage in this tenuous market and accordingly sold what assets they could. Compounding the problem, the dealer community's capital was declining. As a result, members of the dealer community pulled back their inventory positions and were less willing to provide liquidity into the market.

What began as a liquidity issue, though, evolved into a credit crisis in November. Concerns grew stronger regarding credit ratings for monoline insurers, which underwrite insurance for much of the debt that municipalities issue. In recent years, these insurance companies have sought faster growth by insuring new and different types of investment vehicles, including the structured investment vehicles that many believe to be at the root of the credit crisis. As a result, several AAA-rated insurance providers were warned during the calendar year that they might be required to increase their capital levels to maintain top-tier ratings.

The fears surrounding insurer credit ratings further amplified outflows from the municipal debt market. These fears forced already wary municipal bond investors to re-evaluate credit ratings on what many had considered to be safe investments.

In the first quarter of calendar 2008, actual downgrades of some of the AAA-rated insurers triggered pricing pressure on municipal bonds. It impacted both leveraged buyers of municipal bonds and a funding vehicle within the municipal market called auction rate securities, or ARS. The leveraged buyers, known as tender option bond programs (TOBs), were squeezed as their hedges worked against them.

TOBs allow owners to borrow at a short-term rate and reinvest the proceeds in higher-yielding, longer-term bonds. These investors were long municipal bonds, the underperforming asset. This led to margin calls and more selling of tax-exempt securities, and eventually to more downward pressure on municipal prices.

Another casualty of the insurer downgrades during the quarter was the tax-exempt ARS market. These bonds have long maturities, but have rates that reset between 7 and 35 days based on an auction process that matches potential

The views expressed are current as of the date of this report and are subject to change.

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

buyers with sellers. Under normal market conditions, a successful auction provides face value liquidity for any holders wishing to exit the position. As the ratings of Financial Guaranty Insurance Company (FGIC) and XL Capital Assurance were downgraded from AAA, buyers of these securities became very cautious. At the same time, the dealer community, facing liquidity constraints, was in no position to step in and fill the void. Auctions started failing, forcing resets to contractual maximum rates, which often were punitive from the issuer's perspective. Several issuers have responded by converting their ARS into longer-term securities.

These forces culminated at the end of February. The already constrained dealer community had shifted its focus primarily to the auction rate market. The TOBs had massive sell lists of intermediate and long-term bonds. Without strong dealer support, the municipal market suffered. Long-term municipal yields rose for three straight days while the Treasury market rallied.

New issue volume nationally set a record in calendar 2007, although issuance slowed as the year progressed. Overall, a record \$427 billion in new tax-exempt municipal bonds were issued in 2007. New-issue volume early in 2008 remains quiet, with the pace through the end of March off 25% from the same period one year ago (source: Bond Buyer).

How did the technical environment change during the year?

The yield curve steepened significantly during the year. The fiscal year began with the curve historically narrow at 58 basis points between 2- and 30-year maturity bonds (yields of 3.54% and 4.12%, respectively). The steepening of the curve occurred with each phase of the liquidity crisis, and by the end of March 2008 the curve had widened to 267 basis points.

As might be expected given the credit environment described earlier, municipal bonds traded more cheaply than Treasury bonds as the year wore on. Municipal bonds started the year with 30-year yields at 85% of those of long Treasury bonds. Municipal bonds normally trade with lower yields than Treasury bonds due to their favorable tax treatment. When the first phase of the credit crunch hit in July, the municipal bond to Treasury yield ratio began to increase in July and jumped higher with each subsequent credit event.

At the end of February 2008, the relative yield ratios for municipals soared under the selling pressure from the TOBs. The ratio of yields between 30-year municipal and Treasury bonds exploded from an already historically cheap 103.4% to an unprecedented 116.3%. In March, municipals recovered only modestly and ended the quarter extremely cheap relative to Treasury bonds at 113.4%. To put these ratios in perspective, this ratio has averaged 93% during the past 10 years and the previous high (with available data going back to 1981) was 102.5%. (Source: Thomson.)

Delaware Investments Arizona Municipal Income Fund, Inc.

What conditions prevailed in the Arizona economy?

Arizona's housing market has softened significantly since March 2007, like that of much of the nation. Median home prices in the Phoenix area had declined 15% year-over-year as of December 2007, significantly more than the national median decline of 9% (source: Standard & Poor's).

Recent slowing in the rate of employment reflects the impact of a weakened housing sector, which can also be seen in the state's construction sectors. After two years of double-digit growth, employment figures for calendar year 2007 show a 6.6% decline in construction jobs. (Source: Moody's.)

According to U.S. Labor Department data, Arizona unemployment rates, at 4% during the month of February 2008, remained below national rates of 4.8%. Arizona's nonfarm payroll employment growth of 1.2% in 2007 was considerably weaker than the state's 5% growth in 2006 (source: Moody's).

Recurring revenues for the state's fiscal year ended June 30, 2007, as well as initial estimates through Dec. 31, 2008, from sales and individual income tax collections, were lower than projected thus far. The decline

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in tax collections corresponds to a 5% income tax cut granted for fiscal year July 1, 2007, through June 30, 2008. The state also lost \$200 million of ongoing property tax revenues last fiscal year when it elected to eliminate the state equalization property tax for fiscal years 2007 through 2009.

The governor's many proposals to bridge the resulting budget gaps include a hiring freeze on all cabinet agencies, budget reductions, and deferring capital outlay projects. The state of municipal bond issuance in Arizona reflects the need to offset such budget woes through a significant issuance increase of 61.4% in 2007, to total \$8.8 billion (source: Bond Buyer).

How did you position the Fund?

We focused on balancing the Fund — both to remain true to our core philosophy of generating competitive tax-exempt income and to strategically position the investment portfolio — given our expectation of a steeper yield curve and a tenuous credit environment.

During the year, we methodically adjusted the Fund's positioning to mitigate losses and to seek yield, where possible. For example, we reduced the Fund's exposure to insured bonds (from 45% to 38% as a percentage of net assets, including the liquidation value of preferred stock) at fiscal year end. On average, the Lehman Brothers Municipal Bond Index consisted of 43% insured bonds during the fiscal year. (This percentage dropped in February 2008 to 34%, as Lehman only considers the AAA-rated insurers within their "insured" sub-index and during the month a couple of the insurers lost their AAA rating.)

This underweight served the Fund well given the panic that overtook many investors regarding the quality of insurance that wraps municipal bond issues. As measured by the returns of the Lehman indices, the Insured Municipal Index underperformed the broad Lehman Brothers Municipal Bond Index for the 12 months ended March 31, 2008 (1.06% versus 1.90%, respectively) (source: Lehman Brothers).

Given our expectations for a steeper yield curve, we also trimmed the Fund's holdings on the long end (20-plus years) of the yield curve in favor of a greater investment in bonds with 3- to 15-year maturities — what we refer to as the "belly" of the yield curve. We believe that this change helped Fund performance during the year. Again, as gauged by the Lehman Brothers Municipal Bond Index returns — this time broken down by maturity — the belly outperformed the long end for the fiscal year. We also increased (from 26% to 33% as a percentage of net assets, including the liquidation value of preferred stock) the Fund's exposure to refunded bonds (also known as pre-refunded bonds) during the year. Pre-refunded bonds were among the better-performing bonds within the municipal market. They face minimal credit risk because they are backed by the invested debt proceeds of a second bond issue, which typically consist of U.S. Treasury securities.

What sectors or individual securities were noteworthy for their effect on Fund performance?

The largest detractors to the Fund's return were functions of credit and curve — investments further out on the yield curve and lower in quality. Within the Fund, bonds issued to finance education, as well as hospitals and other healthcare projects, fit this mold, underperforming other areas of the municipal bond market during the fiscal year. For example, among Fund holdings of healthcare bonds, a University Medical Center Corporation bond performed poorly. Rated Baa1 by Moody's and BBB+ by S&P, this revenue bond has a long final maturity of 2035.

On the positive side, relatively safe investments such as pre-refunded bonds were among the better-performing bonds within the municipal market. The two best-performing bonds were holdings that had been pre-refunded by the issuer during the year. Bonds issued by Oro Valley Municipal Property Corporation were among the examples of holdings whose performance benefited from pre-refunding during the year. The Fund's position in bonds issued by Scottsdale Industrial Development Authority for Scottsdale Healthcare also added to the Fund's return. This bond was refinanced before the year began.

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

Delaware Investments Colorado Municipal Income Fund, Inc.

What conditions prevailed in the Colorado economy?

Colorado's economy continues to show modest growth despite growing concern about the national economic picture. However, recent economic data suggest that Colorado could experience a mild slowdown. According to the Colorado Office of State Planning and Budgeting, the unemployment rate was 3.8% in Colorado for calendar year 2007, the lowest reading since 2000. Although Colorado's unemployment rate of 4.4% in the month of February 2008 is below national level of 4.8% for the same month, this subsequent rise in Colorado is evidence that the employment outlook has softened since December (source: U.S. Department of Labor).

After increasing 8.3% in fiscal year July 1, 2006, through June 30, 2007, due to healthy increases in individual income taxes, the state's gross general fund revenue forecasts are significantly lower for the upcoming years. National and global economic influences will likely continue to limit growth over the next year or two. Due to decreases associated with individual income tax receipts along with the near-term negative impact from the federal stimulus package, the forecast for state general fund revenues for fiscal years 2007-2008 fell \$127.3 million. In spite of a weakening income tax base that is reducing expectations, total sales tax collections have remained relatively strong and are expected to increase 7.1% for the biennium. (Source: Colorado Office of State Planning and Budgeting.)

Municipal bond issuance in Colorado decreased 6.2% in 2007 to a total of almost \$8.3 billion (source: The Bond Buyer).

In light of this macroeconomic environment, how did you position the Fund?

We focused on balancing the Fund to both to remain true to our core philosophy of generating competitive tax-exempt income and to strategically position the investment portfolio given our expectation of a steeper yield curve and a tenuous credit environment.

During the year, we methodically adjusted the Fund's positioning to mitigate losses and to seek yield, where possible. For example, we reduced the Fund's exposure to insured bonds (from 63% to 56% as a percentage of net assets, including the liquidation value of preferred stock) at fiscal year end. Recall that during the fiscal year, the Fund's mandate was changed from an insured to a general Colorado fund. On average, the Lehman Brothers Municipal Bond Index consisted of 43% insured bonds during the fiscal year. (This percentage dropped in February 2008 to 34%, as Lehman only considers the AAA-rated insurers within their "insured" sub-index and during the month a couple of the insurers lost their AAA rating.)

Even at the reduced level, this overweight would have had a negative influence on the Fund's returns given the panic that overtook many investors regarding the quality of insurance that wraps municipal bond issues. As measured by the returns of the Lehman indices, the Insured Municipal Index underperformed the broad Lehman Brothers Municipal Bond Index for the 12 months ended March 31, 2008 (1.06% versus 1.90%, respectively). (Source: Lehman Brothers.)

Given our expectations for a steeper yield curve, we also trimmed the Fund's holdings on the long end (20-plus years) of the yield curve in favor of a greater investment in bonds with 2- to 15-year maturities what we refer to

as the "belly" of the yield curve. We believe that this change helped Fund performance during the year, and we would expect it to continue to help if the curve steepens further. Again, as gauged by the Lehman Brothers Municipal Bond Index returns — this time broken down by maturity — the belly outperformed the long end for the fiscal year. We also increased (from 32% to 38.5% as a percentage of net assets, including the liquidation value of preferred stock) the Fund's exposure to refunded bonds (also known as pre-refunded bonds) during the year. Pre-refunded bonds were among the better-performing bonds within the municipal market. They face minimal credit risk because they are backed by the invested debt proceeds of a second bond issue, which typically consist of U.S. Treasury securities.

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What sectors or individual securities were noteworthy for their effect on Fund performance?

The largest detractors to the Fund's return were functions of credit and curve — investments further out on the yield curve and lower in quality. Within the Fund, longer bonds insured by the insurers that received downgrades provided the weakest performance during the fiscal year. Representative of these was a Denver revenue bond issued for the Convention Center. Due in 2035, the bond was issued with insurance by XL Capital Assurance. During the first quarter of 2008, all three ratings agencies downgraded the bonds from AAA. The insurer-strength ratings for XL Capital from Moody's, S&P, and Fitch were A3, A-, and A, respectively.

On the positive side, relatively safe investments such as pre-refunded bonds were among the better-performing bonds within the municipal market. Two of the best-performing bonds were holdings that were pre-refunded by the issuer during the year. Bonds issued by Northwest Parkway Public Highway Authority were among the examples of holdings where performance benefited from pre-refunding during the year. The Fund's position in revenue bonds issued by Aurora, Colo., also added to the Fund's return. These bonds were refinanced before the year began.

Delaware Investments Minnesota Municipal Income Fund II, Inc.

What conditions prevailed in the Minnesota economy?

In our opinion, Minnesota has a fundamentally sound economy today. With a 30% share of local jobs, the service sector is the largest employer in Minnesota, with major employers in healthcare and business service companies. For the past two years the state has lagged the nation in employment growth. Unemployment levels have typically been one to two points below national averages. In recent months, the state has recorded levels higher than the national average. (Source: Moody's and Standard & Poor's.)

According to the Minnesota Department of Finance, tax revenues for fiscal 2007 were up 2.2% and the state's general fund ended fiscal 2007 with an increase over 2006.

The enacted \$34.5 billion 2008 and 2009 budget projects total general fund spending to increase by more than 9%. Standard & Poor's reports that a revision to the economic outlook resulted in the projection of lower revenues and a structural imbalance for the current and coming bienniums. State general fund revenues are now forecast to total \$32.5 billion, leaving a projected \$935 million deficit for the current biennium, with larger deficits predicted for the future.

Municipal bond issuance in Minnesota decreased 0.2% in calendar 2007 to a total of almost \$6.7 billion (source: The Bond Buyer).

How did you position the Fund?

We focused on balancing the Fund — both to remain true to our core philosophy of generating competitive tax-exempt income and to strategically position the investment portfolio — given our expectation of a steeper yield curve and a tenuous credit environment.

During the year, we monitored and methodically adjusted the Fund's positioning to mitigate losses and to seek yield, where possible. For example, the Fund maintained about a 28% (as a percentage of net assets, including the liquidation value of preferred stock) exposure to insured bonds. On average, the Lehman Brothers Municipal Bond Index consisted of 43% insured bonds during the fiscal year. (This percentage dropped in February 2008 to

34%, as Lehman only considers the AAA-rated insurers within their "insured" sub-index and during the month a couple of the insurers lost their AAA rating.)

This underweight served the Fund well given the panic that overtook many investors regarding the quality of insurance that wraps municipal bond issues. As measured by the returns of the Lehman indices, the Insured Municipal Index underperformed the broad Lehman Brothers Municipal Bond Index for the 12 months ended March 31, 2008 (1.06% versus 1.90%, respectively.) (Source: Lehman Brothers.)

Given our expectations for a steeper yield curve, we trimmed the Fund's holdings on the long end (20-plus years) of the yield curve in favor of a greater investment in bonds with 2- to 15-year maturities " what we refer to as

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

the "belly" of the yield curve. We believe that this change helped Fund performance during the year, and we would expect it to continue to help if the curve steepens further. Again, as gauged by the Lehman Brothers Municipal Bond Index returns " this time broken down by maturity " the belly outperformed the long end for the fiscal year. We also increased (from 24% to 26.5% as a percentage of net assets, including the liquidation value of preferred stock) the Fund's exposure to refunded bonds (also known as pre-refunded bonds) during the year. Pre-refunded bonds were among the better-performing bonds within the municipal market. They face minimal credit risk because they are backed by the invested debt proceeds of a second bond issue, which typically consist of U.S. Treasury securities.

What sectors or individual securities were noteworthy for their effect on Fund performance?

The largest detractors to the Fund's return were functions of credit and curve " investments further out the yield curve and lower in quality. Within the Fund, bonds issued to finance education, as well as hospitals and other healthcare projects, fit this mold, underperforming other areas of the municipal bond market during the fiscal year. Likewise, industrial development revenue (IDR) bonds, which are issued by a government agency on behalf of a private sector company, detracted from the Fund's returns largely for the same reasons. Among Fund holdings of healthcare bonds, a revenue bond issued by the City of St. Paul, due in 2036, performed poorly. Rated Baa1 by Moody's and BBB by S&P, this long revenue bond was issued to finance a not-for-profit integrated healthcare system.

On the positive side, relatively safe investments such as pre-refunded bonds were among the better-performing bonds within the municipal market. Three of the best-performing bonds were pre-refunded by the issuer during the year. Bonds issued by the City of Duluth for the Benedictine Health System were among the examples of holdings whose performance benefited from pre-refunding during the year. The Fund's position in electric revenue bonds issued by the City of Rochester also added to the Fund's return. These bonds were re-financed before the year began.

Delaware Investments National Municipal Income Fund

How was the Fund positioned differently during this fiscal year?

Effective Oct. 15, 2007, the name of the Fund was changed from Florida Insured Municipal Income Fund to National Municipal Income Fund, reflecting a changed investment strategy. The new strategy eliminated a fundamental investment policy requiring the Fund to invest 80% of its net assets in insured, AAA-rated municipal bonds issued by the State of Florida. The Fund may, as a nonfundamental policy, (1) invest without limitation in uninsured, investment grade municipal securities of states other than Florida (including those rated below AAA) and (2) invest up to 20% of its net assets in noninvestment grade municipal securities. As of March 31, 2008, about 80% of the Fund's holdings remained in Florida bond issues.

Nationwide, what were a few highlights of the municipal debt market?

Bond sales in the United States for 2007 increased to more than \$427 billion, which is 10% more than the 2006 figure of \$388 billion. This was record growth, yet the pace of sales slowed late in the calendar year and into 2008. In the first quarter of 2008, new-issue volume was off markedly from one year ago — with the \$80 billion coming to market representing a 25% decline from the same period a year ago (source: The Bond Buyer). Related to the overall slowing economic growth, unemployment across the country moved higher to 5.1% in March 2008. Most significantly, the housing crisis blamed on subprime mortgage woes had an extremely negative effect on the country's overall economy, as described in the first section of this management review beginning on page 1.

How did you position the Fund?

We focused on balancing the Fund — both to remain true to our core philosophy of generating competitive tax-exempt income and to strategically position the investment portfolio — given our expectation of a steeper yield curve and a tenuous credit environment.

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During the year, we methodically adjusted the Fund's positioning to mitigate losses and to seek yield, where possible. For example, we reduced the Fund's exposure to insured bonds (from 93% to 79% as a percentage of net assets, including the liquidation value of preferred stock) at fiscal year end. Recall that during the fiscal year, the Fund's mandate was changed from an insured to a general market fund. On average, the Lehman Brothers Municipal Bond Index consisted of 43% insured bonds during the fiscal year. (This percentage dropped in February 2008 to 34%, as Lehman only considers the AAA-rated insurers within their "insured" sub-index and during the month a couple of the insurers lost their AAA rating.)

Even at the reduced level, this overweight would have had a negative influence on the Fund's returns given the panic that overtook investors regarding the quality of insurance that wraps municipal bond issues. As measured by the returns of the Lehman indices, the Insured Municipal Index underperformed the broad Lehman Brothers Municipal Bond Index for the 12 months ended March 31, 2008 (1.06% versus 1.90%, respectively). (Source: Lehman Brothers.)

Given our expectations for a steeper yield curve, we also trimmed the Fund's holdings on the long end (20-plus years) of the yield curve in favor of a greater investment in bonds with 2- to 15-year maturities — what we refer to as the "belly" of the yield curve. Exposure to the long end of the curve was reduced from 76% to 60% at fiscal year end. We believe that this change helped Fund performance during the year, and we would expect it to continue to help if the curve steepens further. Again, as gauged by the Lehman Brothers Municipal Bond Index returns — this time broken down by maturity — the belly outperformed the long end for the fiscal year.

What sectors of individual securities were noteworthy for their effect on Fund performance?

The largest detractors to the Fund's return were largely functions of curve — investments further out on the yield curve. Within the Fund, longer bonds insured by the insurers receiving downgrades provided the weakest performance during the fiscal year. Representative of these was a Miami-Dade revenue bond issued for the international airport. Due in 2037, the bond was issued with insurance by Financial Guaranty Insurance Company (FGIC). During the first quarter of 2008, all three ratings agencies downgraded the bonds from AAA. As of the end of the fiscal year, the insurer-strength ratings for FGIC from Moody's, S&P, and Fitch were Baa3, BB, and BBB, respectively. This bond is rated higher (A2, A-, and A, respectively) based upon the underlying strength of the issue itself.

On the positive side, bonds in the "belly" of the curve and pre-refunded bonds were among the better-performing bonds. Bonds that have been pre-refunded face minimal credit risk because they are backed by the invested debt proceeds of a second bond issue, which typically consist of U.S. Treasury securities. One such bond was a Florida Board of Education bond originally due in 2021, pre-refunded to its first call date in 2010.

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Fund basics

**Delaware Investments
Arizona Municipal Income Fund, Inc.**

As of March 31, 2008

Fund objective

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

Total Fund net assets

\$41.3 million

Number of holdings

61

Fund start date

Feb. 26, 1993

**Delaware Investments
Colorado Municipal Income Fund, Inc.
(Formerly Delaware Investments Colorado Insured
Municipal Income Fund, Inc.)**

As of March 31, 2008

Fund objective

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

Total Fund net assets

\$69.0 million

Number of holdings

59

Fund start date

July 29, 1993

**Delaware Investments
Minnesota Municipal Income Fund II, Inc.**

As of March 31, 2008

Fund objective

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

Total Fund net assets

\$163.3 million

Number of holdings

127

Fund start date

Feb. 26, 1993

**Delaware Investments
National Municipal Income Fund
(Formerly Delaware Investments Florida Insured
Municipal Income Fund)**

As of March 31, 2008

Fund objective

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

Total Fund net assets

\$32.4 million

Number of holdings

45

Fund start date

Feb. 26, 1993

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Sector/State allocations and credit quality breakdowns

As of March 31, 2008

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	157.49%
Education Revenue Bonds	16.52%
Electric Revenue Bonds	8.67%
Escrowed to Maturity Bond	6.28%
Health Care Revenue Bonds	17.06%
Housing Revenue Bonds	2.14%
Lease Revenue Bonds	6.45%
Local General Obligation Bonds	21.70%
Pre-Refunded Bonds	45.86%
Special Tax Revenue Bonds	15.56%
Transportation Revenue Bonds	7.75%
Water & Sewer Revenue Bonds	9.50%
Total Value of Securities	157.49%
Receivables and Other Assets Net of Liabilities	3.05%
Liquidation Value of Preferred Stock	(60.54%)
Total Net Assets	100.00%

Credit Quality Breakdown

(as a % of fixed income investments)

AAA	57.70%
AA	23.28%
A	5.72%
BBB	13.30%
Total	100.00%

**Delaware Investments
Colorado Municipal Income Fund, Inc.**

Sector	Percentage of Net Assets
Municipal Bonds	155.05%
Education Revenue Bonds	28.66%
Electric Revenue Bond	1.40%
Health Care Revenue Bonds	5.36%
Lease Revenue Bonds	8.16%
Local General Obligation Bonds	22.77%
Pre-Refunded Bonds	60.15%
Special Tax Revenue Bonds	11.38%
State General Obligation Bond	3.50%
Transportation Revenue Bond	1.43%
Water & Sewer Revenue Bonds	12.24%
Short-Term Investment	1.36%
Total Value of Securities	156.41%
Receivables and Other Assets Net of Liabilities	1.58%
Liquidation Value of Preferred Stock	(57.99%)
Total Net Assets	100.00%

Credit Quality Breakdown

(as a % of fixed income investments)

AAA	81.46%
AA	8.30%
A	10.24%
Total	100.00%

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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	160.05%
Corporate-Backed Revenue Bonds	6.36%
Education Revenue Bonds	6.67%
Electric Revenue Bonds	21.46%
Escrowed to Maturity Bonds	17.50%
Health Care Revenue Bonds	17.46%
Housing Revenue Bonds	8.73%
Lease Revenue Bonds	9.53%
Local General Obligation Bonds	20.05%
Pre-Refunded Bonds	32.93%
Special Tax Revenue Bonds	5.74%
State General Obligation Bonds	5.92%
Transportation Revenue Bonds	7.70%
Short-Term Investment	0.29%
Total Value of Securities	160.34%
Liabilities Net of Receivables and Other Assets	(2.17%)
Liquidation Value of Preferred Stock	(58.17%)
Total Net Assets	100.00%

Credit Quality Breakdown

(as a % of fixed income investments)

AAA	53.94%
AA	14.09%

A	17.94%
BBB	10.02%
BB	2.10%
B	0.36%
Non Rated	1.55%
Total	100.00%

Delaware Investments National Municipal Income Fund

Sector	Percentage of Net Assets
Municipal Bonds	155.34%
Corporate-Backed Revenue Bonds	3.07%
Education Revenue Bond	3.87%
Electric Revenue Bond	3.07%
Health Care Revenue Bonds	21.87%
Housing Revenue Bonds	16.12%
Lease Revenue Bonds	17.80%
Local General Obligation Bonds	6.65%
Pre-Refunded Bonds	11.74%
Special Tax Revenue Bonds	27.00%
State General Obligation Bond	4.15%
Transportation Revenue Bonds	19.74%
Water & Sewer Revenue Bonds	20.26%
Short-Term Investments	5.56%
Total Value of Securities	160.90%
Receivables and Other Assets Net of Liabilities	0.89%
Liquidation Value of Preferred Stock	(61.79%)
Total Net Assets	100.00%

State

(as a % of fixed income investments)

Colorado	2.01%
Florida	82.54%
Iowa	0.96%
New York	4.96%
Pennsylvania	1.77%
Puerto Rico	3.66%
Texas	3.16%
Virginia	0.94%
Total	100.00%

Credit Quality Breakdown

(as a % of fixed income investments)

AAA	77.76%
AA	12.29%
A	9.06%
BBB	0.89%
Total	100.00%

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

March 31, 2008

Principal

	Amount	Value
Municipal Bonds □ 157.49%		
Education Revenue Bonds □ 16.52%		
Arizona Board of Regents System		
Revenue (Arizona State University)		
Series 8-A		
5.00% 6/1/18	\$ 200,000	\$ 217,310
5.00% 6/1/19	375,000	403,196
Arizona State University Certificates of Participation (Research Infrastructure Project)		
5.00% 9/1/30 (AMBAC)	1,000,000	990,640
Arizona Student Loan Acquisition Authority Revenue Refunding		
Series A-1 5.90% 5/1/24 (AMT)	1,500,000	1,555,845
Glendale Industrial Development Authority Revenue Refunding (Midwestern University)		
5.00% 5/15/31	350,000	329,413
Northern Arizona University Certificates of Participation (Northern Arizona University Research Project)		
5.00% 9/1/30 (AMBAC)	1,000,000	997,280
Pima County Industrial Development Authority Revenue Refunding (Tucson Country Day School Project)		
5.00% 6/1/37	500,000	401,060
South Campus Group Student Housing Revenue (Arizona State University South Campus Project)		
5.625% 9/1/35 (MBIA)	1,000,000	1,016,730
University of Puerto Rico Revenue		
Series Q 5.00% 6/1/36	1,000,000	910,140
		6,821,614
Electric Revenue Bonds □ 8.67%		
Salt River Project Agricultural Improvement & Power District Electric System Revenue (Salt River Project)		
Series A 5.00% 1/1/16	500,000	550,500
5.00% 1/1/31	1,765,000	1,762,476
Series B 5.00% 1/1/25	1,250,000	1,266,775
		3,579,751
Escrowed to Maturity Bond □ 6.28%		
Puerto Rico Commonwealth Infrastructure Financing Authority		
Series A 5.50% 10/1/40	2,500,000	2,594,675
		2,594,675
Health Care Revenue Bonds □ 17.06%		
Glendale Industrial Development Authority Hospital Refunding Revenue (John C. Lincoln Health)		
5.00% 12/1/42	1,500,000	1,280,355

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Maricopa County Industrial Development Authority Revenue (Catholic Healthcare West) Series A 5.25% 7/1/32	400,000	386,920
5.50% 7/1/26	430,000	435,513
Show Low Industrial Development Authority Hospital Revenue (Navapache Regional Medical Center) Series A 5.50% 12/1/17 (ACA)	1,600,000	1,606,304
University Medical Center Hospital Revenue 5.00% 7/1/33	1,000,000	883,700
5.00% 7/1/35	500,000	438,710
Yavapai County Industrial Development Authority Revenue (Yavapai Regional Medical Center) Series A 5.25% 8/1/21 (RADIAN)	2,000,000	2,013,700
		7,045,202
Housing Revenue Bonds □ 2.14%		
Phoenix Industrial Development Authority Single Family Statewide Revenue Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	450,000	451,328
Series C 5.30% 4/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	370,000	375,583
Pima County Industrial Development Authority Single Family Mortgage Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT)	55,000	55,793
		882,704
Lease Revenue Bonds □ 6.45%		
Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26	640,000	618,394
Coconino County Unified School District #8 (Page Impact Aid Revenue Project of 2004) Series A 5.00% 7/1/15 (MBIA)	1,000,000	1,074,200
Nogales Development Authority Municipal Facilities Revenue 5.00% 6/1/30 (AMBAC)	500,000	473,060
Prescott Valley Municipal Property 5.00% 1/1/27 (FGIC)	500,000	498,755
		2,664,409
Local General Obligation Bonds □ 21.70%		
Coconino & Yavapai Counties Joint Unified School District #9 (Sedona Oak Creek Project 2007)		

Series A 4.25% 7/1/20 (FSA)	900,000	905,535
Flagstaff Aspen Place Sawmill Improvement District		
5.00% 1/1/32	385,000	375,564
φGila County Unified School District #10 Improvement (Payson Step Coupon Project of 2006)		
Series A 1.00% 7/1/27 (AMBAC)	500,000	469,965

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	Principal Amount	Value
Municipal Bonds (continued)		
Local General Obligation Bonds (continued)		
Marana Tangerine Farm Road Improvement District Revenue		
4.60% 1/1/26	\$1,000,000	\$ 893,530
Maricopa County School District #6 (Washington Elementary) Refunding Series A		
5.375% 7/1/13 (FSA)	3,000,000	3,343,560
(School Improvement Project of 2001) Series B 5.00% 7/1/17 (FSA)	1,000,000	1,103,050
Maricopa County Unified School District #41 (Gilbert School) (School Improvement Projects 2005 & 2007) 4.125% 7/1/20	1,000,000	982,950
Queen Creek Improvement District #1		
5.00% 1/1/32	1,000,000	888,040
		8,962,194
§Pre-Refunded Bonds □ 45.86%		
Arizona School Facilities Board Certificates of Participation		
Series B 5.25% 9/1/19-14 (FSA)	1,000,000	1,119,950
Arizona School Facilities Board Revenue (State School Improvement)		
Series 2001 5.00% 7/1/19-11 (State School Trust) Series A		
5.75% 7/1/18-14 (AMBAC)	500,000	573,355
Arizona Transportation Board Highway Revenue 5.75% 7/1/18-09	2,350,000	2,466,700
Arizona Water Infrastructure Finance Authority Revenue (Water Quality)		
Series A 5.05% 10/1/20-11	1,500,000	1,620,885
Oro Valley Municipal Property Excise Tax 5.00% 7/1/20-11 (FGIC)	1,000,000	1,083,320
Phoenix Civic Improvement Excise Tax (Senior Lien Municipal Courthouse Project) Series A 5.25% 7/1/24-09	1,000,000	1,053,290

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Puerto Rico Commonwealth Public Improvement Revenue Series A 5.125% 7/1/31-11	250,000	269,500
Puerto Rico Highway & Transportation Authority Transportation Series D 5.00% 7/1/32-12 (FSA)	3,475,000	3,769,749
Series K 5.00% 7/1/40-15	500,000	555,235
Scottsdale Industrial Development Authority Hospital Revenue (Scottsdale Healthcare) 5.80% 12/1/31-11	1,000,000	1,115,990
Southern Arizona Capital Facilities Finance (University of Arizona Project) 5.00% 9/1/23-12 (MBIA)	1,150,000	1,251,005
University of Arizona Certificates of Participation (University of Arizona Project) Series B 5.125% 6/1/22-12 (AMBAC)	500,000	543,715
Virgin Islands Public Finance Authority Revenue (Gross Receipts Tax Loan Note) Series A 6.125% 10/1/29-10 (ACA)	1,250,000	1,366,913
Special Tax Revenue Bonds □ 15.56%		18,937,867
Arizona Tourism & Sports Authority (Multipurpose Stadium Facilities) Series A 5.00% 7/1/31 (MBIA)	1,000,000	989,080
Arizona Transportation Board Excise Tax Revenue (Maricopa County) 5.00% 7/1/19	750,000	803,873
Glendale Municipal Property Series A 5.00% 7/1/33 (AMBAC)	3,000,000	2,974,259
Peoria Municipal Development Authority Sales Tax & Excise Shared Revenue (Senior Lien) 5.00% 1/1/18	1,085,000	1,174,556
San Luis Civic Improvement Municipal Facilities Excise Tax Revenue 5.00% 7/1/38 (XLCA)	500,000	482,585
Transportation Revenue Bonds □ 7.75%		6,424,353
Arizona Transportation Broad Grant Anticipation Notes 5.00% 7/1/14	250,000	274,703
Phoenix Civic Improvement Corporation Airport Revenue Series B 5.25% 7/1/27 (FGIC) (AMT)	2,000,000	1,903,299
Puerto Rico Commonwealth Highway & Transportation Authority Un-Refunded Balance Series D 5.00% 7/1/32 (FSA)	1,025,000	1,022,069
Water & Sewer Revenue Bonds □ 9.50%		3,200,071

Phoenix Civic Improvement Wastewater Systems Revenue Junior Lien		
5.00% 7/1/19 (MBIA)	850,000	911,056
5.00% 7/1/24 (FGIC)	1,590,000	1,602,671
5.00% 7/1/26 (FGIC)	750,000	755,363
Scottsdale Water & Sewer Revenue		
Refunding 5.00% 7/1/19	600,000	653,892
		3,922,982
Total Municipal Bonds		
(cost \$64,499,738)		65,035,822

(continues) 13

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

Total Value of Securities □ 157.49%	
(cost \$64,499,738)	\$ 65,035,822
Receivables and Other Assets	
Net of Liabilities □ 3.05%	1,258,151
Liquidation Value of Preferred Stock □ (60.54%)	(25,000,000)
Net Assets Applicable to 2,982,200	
Shares Outstanding □ 100.00%	\$ 41,293,973
Net Asset Value Per Common Share	
(\$41,293,973 / 2,982,200 Shares)	\$13.85

Components of Net Assets at March 31, 2008:

Common stock, \$0.01 par value, 200 million shares	
authorized to the Fund	\$ 40,780,234
Distributions in excess of net investment income	(15,481)
Accumulated net realized loss on investments	(6,864)
Net unrealized appreciation of investments	536,084
Total net assets	\$ 41,293,973

φStep coupon bond. Coupon increases periodically based on a predetermined schedule. Stated rate in effect at March 31, 2008.

§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 8 in □Notes to financial statements.□

Summary of Abbreviations:

ACA □ Insured by 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 □ Insured by the Federal Home Loan Mortgage Corporation
 FNMA □ Insured by Federal National Mortgage Association
 FSA □ Insured by Financial Security Assurance
 GNMA □ Insured by Government National Mortgage Association
 MBIA □ Insured by the Municipal Bond Insurance Association
 RADIAN □ Insured by Radian Asset Assurance
 XLCA □ Insured by XL Capital Assurance

See accompanying notes

Delaware Investments Colorado Municipal Income Fund, Inc.

March 31, 2008

	Principal Amount	Value
Municipal Bonds □ 155.05%		
Education Revenue Bonds □ 28.66%		
Boulder County Development Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (MBIA)	\$4,500,000	\$ 4,515,210
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) (University of Northern Colorado) Series A 5.00% 7/1/31 (MBIA)	1,000,000 3,000,000 1,200,000 2,500,000	1,005,490 2,925,930 1,049,676 2,486,200
Colorado State Board of Governors (Colorado University) Series B 5.00% 3/1/35 (AMBAC)	1,800,000	1,776,330
University of Colorado Enterprise System Revenue Series A 5.00% 6/1/30 (AMBAC)	2,000,000	2,003,860
University of Northern Colorado Revenue Refunding 5.00% 6/1/35 (FSA)	4,000,000	4,002,120
		19,764,816
Electric Revenue Bond □ 1.40%		
Arkansas River Power Authority Revenue Improvement 5.25% 10/1/32 (XLCA)	1,000,000	963,970
		963,970
Health Care Revenue Bonds □ 5.36%		
Colorado Health Facilities Authority Revenue (North Colorado Medical Center) Refunding 5.95% 5/15/12 (MBIA) (Porter Place) Series A 6.00% 1/20/36 (GNMA)	1,070,000 2,515,000	1,121,339 2,575,385
		3,696,724
Lease Revenue Bonds □ 8.16%		
Denver Convention Center Hotel Authority Revenue Refunding 5.00% 12/1/35 (XLCA)	2,000,000	1,788,260

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Glendale Certificates of Participation 5.00% 12/1/25 (XLCA)	1,500,000	1,500,945
Puerto Rico Public Buildings Authority Revenue (Guaranteed Government Facilities) Series M-2 5.50% 7/1/35 (AMBAC)	700,000	730,086
Westminster Building Authority Certificates of Participation 5.25% 12/1/22 (MBIA)	1,555,000	1,611,462
		5,630,753
Local General Obligation Bonds □ 22.77%		
Adams & Arapahoe Counties Joint School District #28J (Aurora) 5.25% 12/1/25 (MBIA)	2,000,000	2,073,100
Adams County School District #14 5.125% 12/1/31 (FSA)	500,000	505,720
Arapahoe County Water & Wastewater Public Improvement District Refunding Series A 5.125% 12/1/32 (MBIA)	1,000,000	999,230
Bowles Metropolitan District Refunding 5.00% 12/1/33 (FSA)	2,000,000	1,982,720
Centennial Downs Metropolitan District Refunding 5.00% 12/1/28 (AMBAC)	1,000,000	1,004,430
Denver City & County Justice System 5.25% 8/1/17	4,000,000	4,495,760
Douglas County School District #Re-1 (Douglas & Elbert Counties) 5.00% 12/15/21 (MBIA)	1,000,000	1,027,780
Garfield County School District #Re-2 5.00% 12/1/25 (FSA)	1,000,000	1,026,820
Green Valley Ranch Metropolitan District Refunding 5.75% 12/1/19 (AMBAC)	1,000,000	1,033,190
Sand Creek Metropolitan District Refunding & Improvement 5.00% 12/1/31 (XLCA)	500,000	465,845
Weld County School District #Re-4 5.00% 12/1/18 (FSA)	1,000,000	1,091,450
		15,706,045
§Pre-Refunded Bonds □ 60.15%		
Auraria Higher Education Center Parking Facilities System 5.50% 4/1/26-10 (AMBAC)	2,485,000	2,639,816
Aurora Certificates of Participation 5.50% 12/1/30-10 (AMBAC)	2,000,000	2,155,280
Burlingame Multifamily Housing Revenue Series A 6.00% 11/1/29-09 (MBIA)	2,290,000	2,453,712
Colorado Educational & Cultural		

Facilities Authority (University of Colorado Foundation Project)		
5.00% 7/1/27-12 (AMBAC)	4,000,000	4,335,920
(University of Denver Project) Refunding & Improvement		
5.50% 3/1/21-11 (AMBAC)	3,200,000	3,462,624
Series B 5.25% 3/1/35-16 (FGIC)	1,500,000	1,684,725
Colorado Water Resources & Power Development Authority Revenue		
Series A 5.80% 11/1/20-10 (FGIC)	1,220,000	1,322,663
Denver City & County Excise Tax Revenue (Colorado Convention Center Project)		
5.00% 9/1/20-11 (FSA)	3,500,000	3,738,350
Denver Convention Center Hotel Authority Series A		
5.00% 12/1/33-13 (XLCA)	3,000,000	3,269,100

(continues) 15

Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded Bonds (continued)		
E-470 Public Highway Authority Series A		
5.75% 9/1/29-10 (MBIA)	\$3,000,000	3,281,310
5.75% 9/1/35-10 (MBIA)	1,700,000	1,859,409
Eagle County Certificates of Participation		
5.40% 12/1/18-09 (MBIA)	1,000,000	1,064,270
Garfield Pitkin & Eagle County School District #Re-1 (Roaring Fork County) Series A		
5.00% 12/15/27-14 (FSA)	1,500,000	1,657,515
Northwest Parkway Public Highway Authority Series A		
5.25% 6/15/41-11 (FSA)	4,150,000	4,505,820
Pueblo County (Library District Project)		
5.80% 11/1/19-09 (AMBAC)	1,395,000	1,477,570
Puerto Rico Electric Power Authority Series RR 5.00% 7/1/35-15 (FGIC)	1,000,000	1,110,470
Puerto Rico Highway & Transportation Authority Series K		
5.00% 7/1/40-15	500,000	555,235
Weld & Adams Counties School District		

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#Re-3J 5.00% 12/15/24-14 (FSA)	830,000	917,158
		41,490,947
Special Tax Revenue Bonds □ 11.38%		
Broomfield Sales & Use Tax Revenue		
Refunding & Improvement Series A		
5.00% 12/1/31 (AMBAC)	650,000	641,960
Golden Sales & Use Tax Revenue		
Improvement Series B		
5.10% 12/1/20 (AMBAC)	1,000,000	1,026,130
Gypsum Sales Tax & General		
Funding Revenue		
5.25% 6/1/30 (Assured Gty)	1,000,000	1,079,750
Regional Transportation		
District Sales Tax Revenue		
(Fastracks Project) Series A		
4.375% 11/1/31 (AMBAC)	1,250,000	1,124,863
4.50% 11/1/36 (FSA)	3,000,000	2,739,000
Westminster Special Purpose Sales		
& Use Tax Revenue Post Project		
Series D 5.00% 12/1/22 (FSA)	1,180,000	1,234,244
		7,845,947
State General Obligation Bond □ 3.50%		
Puerto Rico Commonwealth		
Refunding (Public Improvement)		
Series A 5.50% 7/1/19 (MBIA)	2,250,000	2,416,905
		2,416,905
Transportation Revenue Bond □ 1.43%		
Denver City & County Airport		
Revenue Series A		
5.00% 11/15/25 (FGIC)	1,000,000	983,840
		983,840
Water & Sewer Revenue Bonds □ 12.24%		
Aurora Water Improvement		
Revenue First Lien Series A		
5.00% 8/1/32 (AMBAC)	750,000	751,613
Colorado Water Resources & Power		
Development Authority Revenue		
Un-Refunded Balance Series A		
5.80% 11/1/20 (FGIC)	780,000	813,774
Colorado Water Resources & Power		
Development Authority Water		
Resources Revenue (Parker Water		
& Sanitation District) Series D		
5.125% 9/1/34 (MBIA)	1,500,000	1,501,155
5.25% 9/1/43 (MBIA)	2,000,000	2,008,660
Lafayette Water Revenue		
5.00% 12/1/27 (MBIA)	1,100,000	1,105,313
Ute Water Conservancy District		
Revenue 5.75% 6/15/20 (MBIA)		
	2,155,000	2,263,504
		8,444,019

Total Municipal Bonds

(cost \$105,000,280)	106,943,966
----------------------	--------------------

•Short-Term Investment □ 1.36%

Variable Rate Demand Note □ 1.36%

Colorado Health Facilities Authority Revenue (Sisters Charity Health Systems) Series B 2.10% 12/1/38	940,000	940,000
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Total Short-Term Investment

(cost \$940,000)	940,000
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Total Value of Securities □ 156.41%

(cost \$105,940,280)	107,883,966
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Receivables and Other Assets

Net of Liabilities □ 1.58%	1,089,134
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Liquidation Value of Preferred Stock □ (57.99%)	(40,000,000)
--	---------------------

Net Assets Applicable to 4,837,100

Shares Outstanding □ 100.00%	\$ 68,973,100
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Net Asset Value Per Common Share

(\$68,973,100 / 4,837,100 Shares)	\$14.26
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Components of Net Assets at March 31, 2008

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

authorized to the Fund	\$67,238,110
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Undistributed net investment income	37,773
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Accumulated net realized loss on investments	(246,469)
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Net unrealized appreciation of investments	1,943,686
--	-----------

Total net assets	\$68,973,100
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§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 8 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of March 31, 2008.

Summary of Abbreviations:

AMBAC □ Insured by the AMBAC Assurance Corporation
Assured Gty □ Insured by the Assured Guaranty Corporation
CIFG □ CDC IXIS Financial Guaranty
FGIC □ Insured by the Financial Guaranty Insurance Company
FSA □ Insured by Financial Security Assurance
GNMA □ Insured by Government National Mortgage Association
MBIA □ Insured by the Municipal Bond Insurance Association
XLCA □ Insured by XL Capital Assurance

See accompanying notes

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

March 31, 2008

	Principal Amount	Value
Municipal Bonds □ 160.05%		
Corporate-Backed Revenue Bonds □ 6.36%		
Anoka County Solid Waste Disposal (National Rural Utility) Series A 6.95% 12/1/08 (AMT)	\$ 155,000	\$ 155,634
Cloquet Pollution Control Revenue Refunding (Potlatch Project) 5.90% 10/1/26	5,500,000	5,273,785
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	3,183,422
Minneapolis Community Development Agency Supported (Limited Tax Common Bond Fund) Series A 6.75% 12/1/25 (AMT)	865,000	903,224
Sartell Environmental Improvement Revenue Refunding (International Paper) Series A 5.20% 6/1/27	1,000,000	868,760
		10,384,825
Education Revenue Bonds □ 6.67%		
Duluth Independent School District #709 Revenue Certificates of Participation Series A 4.25% 2/1/20 (FSA)	2,000,000	2,010,940
Minnesota State Higher Education Facilities Authority Revenue (Augsburg College) Series 6-J1 5.00% 5/1/28 (College of St. Benedict) Series 5-W 5.00% 3/1/20 5.25% 3/1/24 (St. Catherine College) Series 5-N1 5.375% 10/1/32 (St. Mary's University) Series 5-U 4.80% 10/1/23 (St. Thomas University) Series 5-Y 5.00% 10/1/24	1,500,000 2,000,000 300,000 1,500,000 1,400,000 1,000,000	1,398,555 1,976,060 293,499 1,422,795 1,319,290 997,770
St. Cloud Housing & Redevelopment Authority Revenue (State		

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University Foundation Project)		
5.00% 5/1/23	1,000,000	1,017,680
University of the Virgin Islands		
Series A 5.375% 6/1/34	500,000	462,365
		10,898,954
Electric Revenue Bonds □ 21.46%		
Chaska Electric Revenue Refunding (Generating Facilities) Series A		
5.25% 10/1/25	250,000	250,768
Minnesota State Municipal Power		
Agency Electric Revenue Series A		
5.00% 10/1/34	6,500,000	6,250,920
5.25% 10/1/19	1,610,000	1,672,806
Southern Minnesota Municipal Power		
Agency Supply System Revenue		
& ¹ 5.25% 1/1/14 (AMBAC)	14,000,000	15,227,310
& ² 5.25% 1/1/15 (AMBAC)	3,000,000	3,279,075
Series A 5.25% 1/1/16 (AMBAC)	1,500,000	1,641,570
Western Minnesota Municipal Power		
Agency Supply Revenue Series A		
5.00% 1/1/30 (MBIA)	6,790,000	6,727,260
		35,049,709
Escrowed to Maturity Bonds □ 17.50%		
Dakota Washington Counties Housing & Redevelopment Authority Revenue (Bloomington Single Family Residential Mortgage)		
8.375% 9/1/21 (GNMA) (FHA) (VA) (AMT)	8,055,000	11,307,448
Southern Minnesota Municipal Power		
Agency Supply System Revenue Series B		
5.75% 1/1/11 (FGIC)	770,000	802,694
Refunding 5.50% 1/1/15 (AMBAC)	390,000	414,917
St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project)		
5.55% 11/1/23	2,300,000	2,421,831
5.55% 11/1/23 (MBIA)	4,200,000	4,422,474
University of Minnesota Hospital & Clinics 6.75% 12/1/16	2,580,000	3,049,302
University of Minnesota Series A		
5.50% 7/1/21	4,000,000	4,391,480
Western Minnesota Municipal Power		
Agency Supply Revenue Series A		
6.625% 1/1/16	1,535,000	1,761,766
		28,571,912
Health Care Revenue Bonds □ 17.46%		
Bemidji Health Care Facilities First Mortgage Revenue		

(North Country Health Services)		
5.00% 9/1/24 (RADIAN)	1,500,000	1,485,030
Glencoe Health Care Facilities		
Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25	2,000,000	1,844,760
Maple Grove Health Care Facilities Revenue (Maple Grove Hospital)		
5.25% 5/1/37	2,000,000	1,878,180
(North Memorial Health Care)		
5.00% 9/1/29	1,515,000	1,439,477

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	Principal Amount	Value
Municipal Bonds (continued)		
Health Care Revenue Bonds (continued)		
Minneapolis Health Care System		
Revenue (Fairview Health Services) Series D		
5.00% 11/15/30 (AMBAC)	\$1,500,000	\$ 1,481,895
5.00% 11/15/34 (AMBAC)	3,250,000	3,188,835
Minnesota Agricultural & Economic Development Board Revenue Un-Refunded Balance (Fairview Health Care System) Series A		
5.75% 11/15/26 (MBIA)	100,000	102,121
6.375% 11/15/29	195,000	202,069
North Oaks Senior Housing		
Revenue (Presbyterian Homes) 6.25% 10/1/47	1,500,000	1,471,140
Northfield Hospital Revenue		
5.375% 11/1/31	750,000	687,675
Rochester Health Care Facilities		
Revenue (Mayo Foundation) Series B 5.50% 11/15/27	4,365,000	4,416,770
Shakopee Health Care Facilities		
Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34	1,560,000	1,442,672
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Allina Health System) Series A		
5.00% 11/15/18 (MBIA)	2,380,000	2,511,566
(HealthPartners Obligation Group Project) 5.25% 5/15/36	2,000,000	1,770,160
(Regions Hospital Project) 5.30% 5/15/28	1,000,000	932,470
St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Project-Elderly)		

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5.40% 11/20/42 (GNMA) (FHA)	2,700,000	2,695,599
Winona Health Care Facilities		
Revenue Refunding (Winona		
Health Obligation Group)		
5.00% 7/1/23	1,010,000	969,307
		28,519,726
Housing Revenue Bonds 8.73%		
Chanhassen Multifamily Housing		
Revenue Refunding (Heritage Park		
Apartments Project) 6.20% 7/1/30		
(FHA) (AMT) (HUD Section 8)	1,105,000	1,109,685
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 (Zedakah Foundation		
Project) Series A 5.95% 9/1/20		
(HUD Section 8)	1,000,000	921,160
Minneapolis Multifamily		
Housing Revenue		
•(Gaar Scott Loft Project)		
5.95% 5/1/30 (AMT) (LOC □		
U.S Bank N.A)	940,000	961,526
(Olson Townhomes Project)		
6.00% 12/1/19 (AMT)	845,000	845,507
(Seward Towers Project)		
5.00% 5/20/36 (GNMA)	2,000,000	1,898,640
(Sumner Housing Project) Series A		
5.15% 2/20/45		
(GNMA) (AMT)	3,575,000	3,205,381
Minnesota State Housing Finance		
Agency Revenue		
(Rental Housing)		
Series A 5.00% 2/1/35 (AMT)	1,000,000	910,680
Series D 5.95% 2/1/18 (MBIA)	130,000	130,355
(Residential Housing)		
Series B-1 5.35% 1/1/33 (AMT)	1,770,000	1,690,456
Series I 5.15% 7/1/38 (AMT)	1,000,000	921,040
(Single Family Mortgage) Series J		
5.90% 7/1/28 (AMT)	965,000	967,567
Washington County Housing &		
Redevelopment Authority		
Revenue Refunding (Woodland		
Park Apartments Project)		
4.70% 10/1/32	750,000	686,168
		14,259,171
Lease Revenue Bonds □ 9.53%		
Puerto Rico Public Buildings Authority		
Revenue Un-Refunded Balance		
(Guaranteed Government Facilities		
Bonds) Series D 5.25% 7/1/27	530,000	513,729
St. Paul Port Authority		
Lease Revenue		

(Cedar Street Office Building Project)		
5.00% 12/1/22	2,385,000	2,470,788
5.25% 12/1/27	4,800,000	4,868,976
Series 3-12 5.125% 12/1/27	1,000,000	1,010,950
(Robert Street Office Building Project)		
Series 3-11 5.00% 12/1/27	3,045,000	3,076,211
Series 9 5.25% 12/1/27	2,000,000	2,035,420
Virginia Housing & Redevelopment Authority Health Care Facility		
Lease Revenue		
5.25% 10/1/25	680,000	663,286
5.375% 10/1/30	965,000	923,158
		15,562,518

(continues) 19

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
Local General Obligation Bonds □ 20.05%		
Dakota County Community Development Agency		
Governmental Housing Refunding (Senior Housing Facilities) Series A		
5.00% 1/1/23	\$1,100,000	\$ 1,128,413
Farmington Independent School		
District #192		
Series A 5.00% 2/1/23 (FSA)	2,280,000	2,337,593
Series B 5.00% 2/1/27 (FSA)	1,500,000	1,523,310
Hennepin County Regional Railroad Authority		
5.00% 12/1/26	3,500,000	3,516,239
Hennepin County Series B		
5.00% 12/1/18	2,300,000	2,378,407
Lakeville Independent School		
District #194 Series A		
4.75% 2/1/22 (FSA)	2,000,000	2,032,680
Metropolitan Council Minneapolis/		
St. Paul Metropolitan Area Waste Water Treatment Series B		
4.375% 12/1/27	1,500,000	1,408,440
5.00% 12/1/21	2,000,000	2,102,640
Minneapolis Refunding (Sports Arena Project) 5.125% 10/1/20	750,000	750,983
Minneapolis Special School District #001 5.00% 2/1/19 (FSA)	1,175,000	1,229,003
Moorhead Economic Development Authority Tax Increment Series A		

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5.25% 2/1/25 (MBIA)	1,000,000	1,030,110
Moorhead Improvement Series B		
5.00% 2/1/33 (MBIA)	3,250,000	3,253,022
Mounds View Independent		
School District #621 Series A		
5.00% 2/1/23 (FSA)	2,020,000	2,071,510
Princeton Independent School		
District Refunding #477 Series A		
5.00% 2/1/24 (FSA)	1,000,000	1,026,110
Robbinsdale Independent School		
District #281 5.00% 2/1/21 (FSA)	500,000	516,215
Washington County Housing &		
Redevelopment Authority		
Refunding Series B		
5.50% 2/1/22 (MBIA)	1,705,000	1,754,019
5.50% 2/1/32 (MBIA)	2,140,000	2,166,322
Willmar (Rice Memorial Hospital		
Project) 5.00% 2/1/32 (FSA)	2,500,000	2,512,600
		32,737,616
\$Pre-Refunded Bonds □ 32.93%		
Andover Economic Development		
Authority Public Facilities		
Lease Revenue (Andover		
Community Center)		
5.125% 2/1/24-14	500,000	537,405
5.20% 2/1/29-14	1,000,000	1,078,710
Centennial Independent School		
District #012 Series A		
5.00% 2/1/20-12 (FSA)	800,000	854,504
Chaska Electric Revenue Series A		
6.00% 10/1/25-10	1,000,000	1,082,920
Duluth Economic Development		
Authority Health Care Facilities		
Revenue (Benedictine Health		
System-St. Mary's Hospital)		
5.25% 2/15/33-14	5,000,000	5,553,050
Elk River Independent School		
District #728 Series A		
5.00% 2/1/16-14 (FGIC)	1,500,000	1,625,415
Metropolitan Council Minneapolis/		
St. Paul Metropolitan Area		
Waste Water Treatment Series C		
5.00% 2/1/22-11	1,000,000	1,059,660
Minneapolis Community		
Development Agency (Limited Tax		
Common Bond Fund)		
Series G-1 5.70% 12/1/19-11	1,100,000	1,195,700
Series G-3 5.45% 12/1/31-11	1,000,000	1,090,420
Minneapolis Health Care		
System Revenue		
(Allina Health Systems) Series A		
5.75% 11/15/32-12	3,200,000	3,573,824
(Fairview Health Services) Series A		
5.625% 5/15/32-12	2,750,000	3,051,043
Minneapolis/St. Paul Metropolitan		
Airports Commission Revenue		

Series A 5.125% 1/1/25-09 (FGIC)	900,000	930,528
Series C 5.25% 1/1/32-11 (FGIC)	6,000,000	6,433,140
Minnesota Agricultural & Economic Development Board Revenue (Fairview Health Care System) Series A 6.375% 11/15/29-10	6,105,000	6,765,378
Morris Independent School District #769 5.00% 2/1/28-13 (MBIA)	3,750,000	4,026,075
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series D 5.25% 7/1/38-12	1,000,000	1,083,080
Puerto Rico Commonwealth Public Improvement Revenue Series A 5.00% 7/1/27-12	1,250,000	1,356,025
Puerto Rico Public Buildings Authority Revenue (Guaranteed Government Facilities) Series D 5.25% 7/1/27-12	1,470,000	1,577,001
Rochester Electric Utility Revenue 5.25% 12/1/30-10 (AMBAC)	600,000	643,218
Southern Minnesota Municipal Power Agency Supply Revenue Refunding Series A 5.75% 1/1/18-13	3,715,000	4,029,883

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	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded Bonds (continued)		
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30-14	\$1,250,000	1,395,175
St. Michael Independent School District #885 5.00% 2/1/22-12 (FSA)	2,000,000	2,136,260
5.00% 2/1/24-12 (FSA)	1,125,000	1,201,646
Waconia Health Care Facilities Revenue (Ridgeview Medical Center Project) Series A 6.10% 1/1/19-10 (RADIANT)	1,405,000	1,496,128
		53,776,188
Special Tax Revenue Bonds □ 5.74%		
Hennepin County Sales Tax 5.00% 12/15/24	2,315,000	2,401,373
Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21	4,250,000	4,355,654
Minneapolis Community Development Agency Supported Common Bond Fund Series 5		

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5.70% 12/1/27	375,000	375,668
Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1		
5.50% 12/1/24 (AMT)	1,000,000	1,010,470
Puerto Rico Commonwealth		
Infrastructure Financing Authority Special Tax Revenue Series B		
5.00% 7/1/46	800,000	725,512
Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Notes) Series A		
5.25% 10/1/23	500,000	497,380
		9,366,057
State General Obligation Bonds □ 5.92%		
Minnesota State 5.00% 8/1/21	5,025,000	5,210,674
Puerto Rico Commonwealth Public		
Improvement Series A		
5.25% 7/1/15	1,100,000	1,164,075
5.50% 7/1/17	1,100,000	1,171,258
Refunding 5.50% 7/1/19 (MBIA)	1,000,000	1,074,180
Puerto Rico Government		
Development Bank Senior Notes Series B 5.00% 12/1/14	1,000,000	1,048,170
		9,668,357
Transportation Revenue Bonds □ 7.70%		
Minneapolis/St. Paul Metropolitan		
Airports Commission Revenue Series A		
5.00% 1/1/22 (MBIA)	3,000,000	3,044,070
5.00% 1/1/28 (MBIA)	2,120,000	2,119,830
5.25% 1/1/16 (MBIA)	1,000,000	1,058,850
Series B		
5.00% 1/1/35 (AMBAC)	2,000,000	1,970,820
5.25% 1/1/24 (FGIC) (AMT)	1,000,000	975,850
St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A		
5.35% 8/1/29 (FSA)	3,350,000	3,404,572
		12,573,992
Total Municipal Bonds		
(cost \$256,826,772)		261,369,025
•Short-Term Investment □ 0.29%		
Variable Rate Demand Note □ 0.29%		
University of Minnesota Series A 2.08% 1/1/34 (SPA □ Landesbank Hessen)	480,000	480,000
Total Short-Term Investment		
(cost \$480,000)		480,000
Total Value of Securities □ 160.34%		
(cost \$257,306,772)		261,849,025
Liabilities Net of Receivables and Other Assets □ (2.17%)*		
		(3,544,171)

Liquidation Value of Preferred Stock □ (58.17%) **(95,000,000)****Net Assets Applicable to 11,504,975 Shares****Outstanding** □ **100.00%** **\$163,304,854**

Net Asset Value Per Common Share	
(\$163,304,854 / 11,504,975 Shares)	\$14.19

Components of Net Assets at March 31, 2008:

Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$158,750,422
Distributions in excess of net investment income	(58,932)
Accumulated net realized gain on investments	71,111
Net unrealized appreciation of investments	4,542,253
Total net assets	\$163,304,854

&¹Security held in a trust in connection with the Inverse Floater security \$7,000,000, 5.52%, 1/1/14.

&²Security held in a trust in connection with the Inverse Floater security \$1,500,000, 5.52%, 1/1/15.

§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 8 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of March 31, 2008.

*Includes \$8,500,000 in liability for Inverse Floater programs. See Note 7 in □Notes to financial statements.□

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Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

For additional information on the Inverse Floater programs, see Note 7 in □Notes to financial statements.□

Summary of Abbreviations:

AMBAC □ Insured by the AMBAC Assurance Corporation
 AMT □ Subject to Alternative Minimum Tax
 FGIC □ Insured by the Financial Guaranty Insurance Company
 FHA □ Insured by the Federal Housing Administration
 FNMA □ Insured by Federal National Mortgage Association
 FSA □ Insured by Financial Security Assurance
 GNMA □ Insured by Government National Mortgage Association
 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, 2008

	Principal Amount	Value
Municipal Bonds □ 155.34%		
Corporate-Backed Revenue Bonds □ 3.07%		
Chesapeake, Virginia Economic Development Authority Pollution Control (Virginia Electric & Power Company Project) Series A 3.60% 2/1/32	\$ 500,000	\$ 488,560
Iowa Finance Authority Pollution Control Facilities Revenue Refunding (Interstate Power) 5.00% 7/1/14 (FGIC)	500,000	503,695
		992,255
Education Revenue Bond □ 3.87%		
Florida Agriculture & Mechanical University Revenue (Student Apartment Facility) 5.625% 7/1/21 (MBIA)	1,250,000	1,252,025
		1,252,025
Electric Revenue Bond □ 3.07%		
JEA Florida Electric Systems Revenue Series 3-A 5.00% 10/1/34 (FSA)	1,000,000	992,740
		992,740
Health Care Revenue Bonds □ 21.87%		
Albany, New York Industrial Development Agency Civic Facility Revenue (St. Peter's Hospital Project) Series A 5.25% 11/15/32	500,000	463,535
Allegheny County, Pennsylvania Hospital Development Authority Revenue (University of Pittsburgh Medical Center) Series A 5.00% 9/1/14	500,000	528,905
Escambia County, Florida Health Facilities Authority (VHA Program) 5.95% 7/1/20 (AMBAC)	355,000	374,582
Lee Memorial Health System Board of Directors Refunding Series A 5.00% 4/1/20 (FSA)	1,000,000	1,019,880
Miami-Dade County, Florida Public Facilities Revenue (Jackson Health Systems) Series A 5.00% 6/1/35 (MBIA)	1,500,000	1,467,180

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Orange County, Florida Health		
Facilities Authority Revenue		
(Orlando Regional Healthcare)		
Series A 6.25% 10/1/18 (MBIA)	2,000,000	2,252,300
South Broward Hospital District,		
Florida Revenue Refunding		
5.00% 5/1/35 (MBIA)	1,000,000	972,060
		7,078,442
Housing Revenue Bonds □ 16.12%		
Broward County, Florida Housing		
Finance Authority (St. Croix		
Apartments Project) Series A		
5.45% 11/1/36 (FSA) (AMT)	925,000	889,998
Florida Housing Finance Agency		
(Homeowner Mortgage) Series 2		
5.90% 7/1/29 (MBIA) (AMT)	355,000	363,871
(Leigh Meadows Apartments)		
Series N 6.30% 9/1/36 (AMBAC)		
(AMT) (HUD Section 8)	2,510,000	2,513,891
Volusia County, Florida Multifamily		
Housing Finance Authority		
(San Marco Apartments) Series A		
5.60% 1/1/44 (FSA) (AMT)	1,500,000	1,448,700
		5,216,460
Lease Revenue Bonds □ 17.80%		
Broward County, Florida School		
Board Certificates of Participation		
Series A 5.25% 7/1/24 (FSA)	1,000,000	1,027,560
Florida State Municipal Loan		
Council Revenue Series A		
5.00% 2/1/35 (MBIA)	2,000,000	1,979,460
Orange County, Florida School		
Board Certificates of Participation		
Series A 5.00% 8/1/27 (MBIA)	1,250,000	1,252,813
Palm Beach County, Florida School		
Board Certificates of Participation		
Series D 5.00% 8/1/28 (FSA)	1,500,000	1,501,050
		5,760,883
Local General Obligation Bonds □ 6.65%		
Denver, Colorado City & County		
Justice System 5.00% 8/1/23		
	1,000,000	1,045,950
Harris County, Texas Flood Control		
District Refunding Series A		
5.25% 10/1/18	1,000,000	1,107,220
		2,153,170
\$Pre-Refunded Bonds □ 11.74%		
Florida State Board of Education		
(Capital Outlay Public Education)		
Series C 6.00% 6/1/21-10 (FGIC)	2,000,000	2,173,820
Puerto Rico Commonwealth		
Highway & Transportation		
Authority Revenue Series K		
5.00% 7/1/40-15	500,000	555,235
Tampa, Florida Utility Tax		

Improvement Series A 6.125% 10/1/19-09 (AMBAC)	1,000,000	1,071,680
		3,800,735
Special Tax Revenue Bonds □ 27.00%		
Flagler County, Florida Capital		
Improvement Revenue 5.00% 10/1/35 (MBIA)	1,000,000	986,760
Florida State Department of Transportation (Right of Way)		
5.00% 7/1/31 (FGIC)	1,525,000	1,514,523
Jacksonville, Florida Sales Tax		
Revenue (Better Jacksonville) 5.00% 10/1/30 (MBIA)	1,500,000	1,489,980

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Statements of net assets

Delaware Investments National Municipal Income Fund

	Principal Amount	Value
Municipal Bonds (continued)		
Special Tax Revenue Bonds (continued)		
Jacksonville, Florida Transportation		
Revenue 5.25% 10/1/29 (MBIA)	\$2,000,000	2,015,880
ΩMiami-Dade County, Florida Special Obligation (Capital Appreciation & Income) Series B 5.00% 10/1/35 (MBIA)		
	2,000,000	1,743,920
Seminole County, Florida Sales Tax Revenue Series A 5.00% 10/1/31 (MBIA)		
	1,000,000	987,750
		8,738,813
State General Obligation Bond 4.15%		
Puerto Rico Commonwealth		
Refunding (Public Improvement) Series A 5.50% 7/1/19 (MBIA)	1,250,000	1,342,725
		1,342,725
Transportation Revenue Bonds 19.74%		
Florida Ports Financing Commission		
Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (MBIA) (AMT)	1,000,000	982,900
Miami-Dade County, Florida		
Aviation Revenue (Miami International Airport) Series B 5.00% 10/1/37 (FGIC)	2,250,000	2,162,834
Miami-Dade County, Florida		
Expressway Authority Toll Systems Revenue		

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5.00% 7/1/37 (AMBAC)	1,000,000	990,810
Series B 5.00% 7/1/33 (FGIC)	1,000,000	977,480

North Texas Tollway Authority

Revenue (First Tier) Refunding		
Series A 6.00% 1/1/19	500,000	545,835
Triborough, New York Bridge & Tunnel Authority		
Series A 5.00% 11/15/17	325,000	357,991
•Series B-3 5.00% 11/15/38	350,000	371,956
		6,389,806

Water & Sewer Revenue Bonds □ 20.26%

Cape Coral, Florida Water & Sewer Revenue 4.75% 10/1/31 (AMBAC)	1,000,000	960,320
JEA Florida Water & Sewer Systems Revenue Sub-Second Crossover Series B 5.00% 10/1/25 (MBIA)	1,000,000	1,014,400
Riviera Beach, Florida Utility Special District Water & Sewer Revenue 5.00% 10/1/34 (FGIC)	1,200,000	1,188,168
Village Center Community Development District, Florida Utility Revenue 5.00% 10/1/36 (MBIA)	1,500,000	1,477,590
Winter Haven, Florida Utility System Revenue 5.00% 10/1/30 (MBIA)	1,915,000	1,918,562
		6,559,040

Total Municipal Bonds

(cost \$50,999,148) **50,277,094**

•**Short-Term Investments** □ 5.56%

Variable Rate Demand Notes □ 5.56%		
New York, New York Series H-1 1.00% 1/1/36	1,400,000	1,400,000
Philadelphia Authority for Industrial Development Revenue (Newcourtland Elder Services Project) 1.70% 3/1/27 (LOC □ PNC Bank N.A)	400,000	400,000
Total Short-Term Investments		1,800,000
(cost \$1,800,000)		

Total Value of Securities □ 160.90%
(cost \$52,799,148) **52,077,094**

Receivables and Other Assets

Net of Liabilities □ 0.89% **288,399**

Liquidation Value of Preferred Stock □ (61.79%) **(20,000,000)**

Net Assets Applicable to 2,422,200

Shares Outstanding □ 100.00% **32,365,493**

Net Asset Value Per Common Share
(\$32,365,493 / 2,422,200 Shares) **\$13.36**

Components of Net Assets at March 31, 2008:

Common stock, \$0.01 par value, unlimited shares
authorized to the Fund **\$33,300,621**

Distributions in excess of net investment income	(12,384)
Accumulated net realized loss on investments	(200,690)
Net unrealized depreciation of investments	(722,054)
	\$
Total net assets	32,365,493

ΩStep 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.

§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 8 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of March 31, 2008.

Summary of Abbreviations:

AMBAC □ Insured by the AMBAC Assurance Corporation
 AMT □ Subject to Alternative Minimum Tax
 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

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Statements of operations

Delaware Investments Closed-End Municipal Bond Funds

Year Ended March 31, 2008

	Delaware Investments Arizona Municipal Income Fund, Inc.	Delaware Investments Colorado Municipal Income Fund, Inc.	Delaware Investments Minnesota Municipal Income Fund II, Inc.	Delaware Investment National Municipal Income Fund
Investment Income:				
Interest	\$ 3,156,753	\$ 5,262,819	\$ 13,045,737	\$ 2,619,389
Expenses:				
Management fees	270,581	444,767	1,049,245	216,130
Interest and related expenses	□	□	332,903	□
Remarketing agent fees	63,542	102,535	241,458	50,417
Accounting and administration expenses	27,111	44,564	105,128	21,656
Dividend disbursing and transfer agent fees and expenses	22,322	30,056	74,012	31,962
Audit and tax	19,825	21,230	25,644	19,423
Reports and statements to shareholders	13,497	35,240	42,071	20,000
Rating agency fees	13,425	13,729	33,025	13,428

Legal fees	6,991	11,770	24,267	8,448
Taxes (other than taxes on income)	6,000	9,218	13,499	
Pricing fees	2,926	4,637	6,737	4,400
Stock exchange fees	2,738	4,396	10,661	2,206
Directors[]/Trustees[] fees	2,126	3,243	7,935	2,339
Insurance fees	1,129	1,954	4,635	886
Consulting fees	1,102	1,460	3,014	618
Custodian fees	1,091	1,589	3,914	1,091
Dues and services	597	1,879	1,868	841
Registration fees	360	360	360	360
Directors[]/Trustees[] expenses	261	147	943	192
	455,624	732,774	1,981,319	394,397
Less expense paid indirectly	(1,064)	(1,545)	(3,198)	(937)
Total operating expenses	454,560	731,229	1,978,121	393,460
Net Investment Income	2,702,193	4,531,590	11,067,616	2,225,929
Net Realized and Unrealized Gain (Loss) on Investments:				
Net realized gain (loss) on investments	(28,897)	258,749	95,113	(200,690)
Net change in unrealized appreciation/depreciation of investments	(2,303,717)	(3,201,151)	(7,753,436)	(2,402,718)
Net Realized and Unrealized Loss on Investments	(2,332,614)	(2,942,402)	(7,658,323)	(2,603,408)
Dividends on Preferred Stock	(999,630)	(1,516,756)	(3,654,473)	(789,957)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (630,051)	\$ 72,432	\$ (245,180)	\$ (1,167,436)

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 3/31/08	Year Ended 3/31/07	Year Ended 3/31/08	Year Ended 3/31/07
Increase (Decrease) in Net Assets from Operations:				
Net investment income	\$ 2,702,193	\$ 2,779,422	\$ 4,531,590	\$ 4,763,200
Net realized gain (loss) on investments	(28,897)	387,724	258,749	607,660
Net change in unrealized appreciation/depreciation of investments	(2,303,717)	82,776	(3,201,151)	(275,520)
Dividends on preferred stock	(999,630)	(925,058)	(1,516,756)	(1,417,500)
Net increase (decrease) in net assets resulting from operations	(630,051)	2,324,864	72,432	3,677,840
Dividends and Distributions to Common Shareholders from:				
Net investment income	(1,819,142)	(2,236,650)	(3,482,712)	(4,111,530)
Net realized gain on investments	(172,967)	(95,430)	(672,357)	(343,430)
	(1,992,109)	(2,332,080)	(4,155,069)	(4,454,960)
Net Decrease in Net Assets	(2,622,160)	(7,216)	(4,082,637)	(777,120)

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Net Assets:				
Beginning of year	43,916,133	43,923,349	73,055,737	73,832,86
End of year	\$ 41,293,973	\$ 43,916,133	\$ 68,973,100	\$ 73,055,73
Undistributed (distributions in excess of) net investment income	\$ (15,481)	\$ 0	\$ 37,773	\$ 264,78

	Delaware Investments Minnesota Municipal Income Fund II, Inc.		Delaware Investments National Municipal Income Fund	
	Year Ended		Year Ended	
	3/31/08	3/31/07	3/31/08	3/31/07
Increase (Decrease) in Net Assets from Operations:				
Net investment income	\$ 11,067,616	\$ 11,084,468	\$ 2,225,929	\$ 2,325,69
Net realized gain (loss) on investments	95,113	159,043	(200,690)	243,90
Net change in unrealized appreciation/depreciation of investments	(7,753,436)	2,367,602	(2,402,718)	79,27
Dividends on preferred stock	(3,654,473)	(3,434,732)	(789,957)	(733,83
Net increase (decrease) in net assets resulting from operations	(245,180)	10,176,381	(1,167,436)	1,915,03
Dividends and Distributions to Common Shareholders from:				
Net investment income	(7,593,284)	(8,513,682)	(1,616,819)	(1,986,20
Net realized gain on investments	0	0	106,577)	(164,71
	(7,593,284)	(8,513,682)	(1,723,396)	(2,150,91
Net Increase (Decrease) in Net Assets	(7,838,464)	1,662,699	(2,890,832)	(235,88

Net Assets:				
Beginning of year	171,143,318	169,480,619	35,256,325	35,492,20
End of year	\$ 163,304,854	\$ 171,143,318	\$ 32,365,493	\$ 35,256,32
Undistributed (distributions in excess of) net investment income	\$ (58,932)	\$ 93,893	\$ (12,384)	\$ 71,82

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				
	3/31/08	3/31/07	3/31/06	3/31/05	3/31/04
Net asset value, beginning of period	\$14.730	\$14.730	\$15.070	\$15.570	\$15.480

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Income (loss) from investment operations:					
Net investment income	0.906	0.932	0.951	0.956	1.020
Net realized and unrealized gain (loss) on investments	(0.783)	0.160	(0.177)	(0.332)	0.276
Dividends on preferred stock from:					
Net investment income	(0.312)	(0.297)	(0.232)	(0.118)	(0.075)
Net realized gain on investments	(0.023)	(0.013)	(0.002)	(0.003)	(0.016)
Total dividends on preferred stock	(0.335)	(0.310)	(0.234)	(0.121)	(0.091)
Total from investment operations	(0.212)	0.782	0.540	0.503	1.205
Less dividends and distributions to common shareholders from:					
Net investment income	(0.610)	(0.750)	(0.860)	(0.960)	(0.960)
Net realized gain on investments	(0.058)	(0.032)	(0.020)	(0.043)	(0.155)
Total dividends and distributions	(0.668)	(0.782)	(0.880)	(1.003)	(1.115)
Net asset value, end of period					
	\$13.850	\$14.730	\$14.730	\$15.070	\$15.570
Market value, end of period					
	\$12.390	\$14.790	\$15.980	\$15.390	\$16.560
Total investment return based on:¹					
Market value	(11.86%)	(2.58%)	9.74%	(0.78%)	14.64%
Net asset value	(1.08%)	5.26%	3.31%	3.34%	7.86%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	\$41,294	\$43,916			