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: 811-07420

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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Delaware Investments Closed-End Municipal Bond Funds

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.

(continues)

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

Delaware Investments Closed-End Municipal Bond Funds

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, Denvers 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. Colorados 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 governors 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*.)

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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 Funds 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

Minnesotas 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 states 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, Minnesotas unemployment rate was 8.7% and higher than the national level of 7.6% at that time (source: Bureau of Labor Statistics).

Minnesotas 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%**

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Sector/State allocations and credit quality breakdowns

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		