

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-CSR
December 04, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES

Investment Company Act file number: 811-07420

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

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

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

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

Date of fiscal year end: March 30

Date of reporting period: September 30, 2009

Item 1. Reports to Stockholders

Semiannual Report

Delaware
Investments
Closed-End
Municipal Bond
Funds

September 30, 2009



Closed-end funds

Table of contents

| | |
|--|----|
| > Sector/State allocations and credit quality breakdowns | 1 |
| > Statements of net assets | 4 |
| > Statements of operations | 15 |
| > Statements of changes in net assets | 16 |
| > Financial highlights | 17 |
| > Notes to financial statements | 21 |
| > Other Fund information | 28 |
| > About the organization | 30 |

It is currently anticipated that Lincoln National Corporation will complete its sale of Delaware Management Holdings, Inc. and its subsidiaries (also known by the marketing name of Delaware Investments) to Macquarie Group on or about December 31, 2009. Please see your Fund's prospectus and any supplements thereto for more complete information.

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

from the Funds, or any particular rate of return.

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.

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Sector/State allocations and credit quality breakdowns

As of September 30, 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 | 98.44% |
| Corporate-Backed Revenue Bonds | 2.17% |
| Education Revenue Bonds | 15.35% |
| Electric Revenue Bonds | 8.97% |
| Health Care Revenue Bonds | 21.31% |
| Housing Revenue Bonds | 1.39% |
| Lease Revenue Bonds | 5.24% |
| Local General Obligation Bonds | 5.34% |
| Pre-Refunded Bonds | 9.80% |
| Special Tax Revenue Bonds | 14.46% |
| Transportation Revenue Bonds | 5.52% |
| Water & Sewer Revenue Bonds | 8.89% |
| Total Value of Securities | 98.44% |
| Receivables and Other Assets Net of Liabilities | 1.56% |
| Total Net Assets | 100.00% |

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

| | |
|--------------|----------------|
| AAA | 13.50% |
| AA | 39.43% |
| A | 16.90% |
| BBB | 30.17% |
| 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 | 98.43% |
| Corporate-Backed Revenue Bond | 1.24% |
| Education Revenue Bonds | 20.20% |
| Electric Revenue Bonds | 3.11% |
| Health Care Revenue | 10.50% |
| Housing Revenue Bonds | 2.82% |
| Lease Revenue Bonds | 6.74% |

| | |
|--|----------------|
| Local General Obligation Bonds | 8.60% |
| Pre-Refunded Bonds | 20.40% |
| Special Tax Revenue Bonds | 9.37% |
| State General Obligation Bonds | 4.75% |
| Water & Sewer Revenue Bonds | 10.70% |
| Total Value of Securities | 98.43% |
| Receivables and Other Assets Net of Liabilities | 1.57% |
| Total Net Assets | 100.00% |

| | |
|---|----------------|
| Credit Quality Breakdown (as a % of fixed income investments)* | |
| AAA | 18.77% |
| AA | 18.48% |
| A | 41.29% |
| BBB | 3.81% |
| B | 1.22% |
| Not Rated | 16.43% |
| Total | 100.00% |

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

(continues) 1

Sector/State allocations and credit quality breakdowns

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 | 98.57% |
| Corporate-Backed Revenue Bonds | 5.85% |
| Education Revenue Bonds | 7.13% |
| Electric Revenue Bonds | 12.08% |
| Escrowed to Maturity Bonds | 17.18% |
| Health Care Revenue Bonds | 12.21% |
| Housing Revenue Bonds | 9.32% |
| Lease Revenue Bonds | 6.35% |
| Local General Obligation Bonds | 11.02% |
| Pre-Refunded Bonds | 4.70% |
| Special Tax Revenue Bonds | 2.57% |
| State General Obligation Bonds | 1.36% |
| Transportation Revenue Bonds | 7.86% |
| Water & Sewer Revenue Bond | 0.94% |
| Short-Term Investment | 0.06% |
| Total Value of Securities | 98.63% |
| Receivables and Other Assets Net of Liabilities | 1.37% |
| Total Net Assets | 100.00% |

| | |
|---|--------|
| Credit Quality Breakdown (as a % of fixed income investments)* | |
| AAA | 29.16% |
| AA | 18.84% |
| A | 30.74% |
| BBB | 15.41% |
| BB | 2.78% |

| | |
|--------------|----------------|
| B | 0.57% |
| Not Rated | 2.50% |
| 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 | 97.09% |
| Corporate-Backed Revenue Bonds | 11.73% |
| Education Revenue Bonds | 4.72% |
| Health Care Revenue Bonds | 19.63% |
| Housing Revenue Bonds | 6.42% |
| Local General Obligation Bonds | 3.58% |
| Special Tax Revenue Bonds | 21.16% |
| State General Obligation Bonds | 7.37% |
| Transportation Revenue Bonds | 13.89% |
| Water & Sewer Revenue Bonds | 8.59% |
| Short-Term Investments | 2.18% |
| Total Value of Securities | 99.27% |
| Receivables and Other Assets Net of Liabilities | 0.73% |
| Total Net Assets | 100.00% |

2

| State (as a % of fixed income investments) | |
|---|----------------|
| Arizona | 4.47% |
| California | 9.36% |
| District of Columbia | 1.00% |
| Florida | 40.17% |
| Georgia | 2.29% |
| Hawaii | 0.99% |
| Idaho | 0.85% |
| Illinois | 1.00% |
| Iowa | 1.66% |
| Maryland | 1.19% |
| Massachusetts | 1.98% |
| Minnesota | 0.93% |
| Missouri | 1.09% |
| New Hampshire | 1.00% |
| New Mexico | 3.13% |
| New York | 8.85% |
| Ohio | 3.06% |
| Oregon | 1.58% |
| Pennsylvania | 3.35% |
| Puerto Rico | 9.14% |
| Texas | 0.39% |
| Virginia | 2.52% |
| Total | 100.00% |

| Credit Quality Breakdown (as a % of fixed income investments)* | |
|---|----------------|
| AAA | 13.02% |
| AA | 20.96% |
| A | 43.37% |
| BBB | 15.44% |
| BB | 1.25% |
| B | 1.43% |
| Not Rated | 4.53% |
| Total | 100.00% |

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

3

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

September 30, 2009 (Unaudited)

| | Principal Amount | Value |
|---|---------------------|------------------|
| Municipal Bonds □ 98.44% | | |
| Corporate-Backed Revenue Bonds □ 2.17% | | |
| •Navajo County Pollution Control Revenue (Arizona Public Services) Series D 5.75% 6/1/34 | \$ 500,000 | \$ 522,100 |
| Salt Verde Financial Corporation Gas Revenue Senior 5.00% 12/1/37 | 400,000 | 385,348 |
| | | 907,448 |
| Education Revenue Bonds □ 15.35% | | |
| Arizona Board of Regents System Revenue (Arizona State University) Series A 5.00% 6/1/39 | 500,000 | 530,265 |
| Series 8-A 5.00% 6/1/18 | 200,000 | 233,654 |
| 5.00% 6/1/19 | 375,000 | 434,565 |
| Arizona Student Loan Acquisition Authority Revenue Refunding Series A-1 5.90% 5/1/24 (AMT) | 1,500,000 | 1,526,175 |
| Glendale Industrial Development Authority Revenue Refunding (Midwestern University) 5.00% 5/15/31 | 350,000 | 341,842 |
| Northern Arizona University Certificates of Participation (Northern Arizona University Research Project) 5.00% 9/1/30 (AMBAC) | 1,000,000 | 1,027,260 |
| Pima County Industrial Development Authority Educational Revenue Refunding (Tucson Country Day School Project) 5.00% 6/1/37 | 500,000 | 366,875 |
| South Campus Group Student Housing Revenue (Arizona State University - South Campus Project) 5.625% 9/1/35 (NATL-RE) | 1,000,000 | 1,011,670 |
| University of Puerto Rico System Revenue Series Q 5.00% 6/1/36 | 1,000,000 | 941,050 |
| | | 6,413,356 |
| Electric Revenue Bonds □ 8.97% | | |
| Puerto Rico Electric Power Authority Revenue Series TT 5.00% 7/1/37 | 100,000 | 100,215 |
| Series WW 5.50% 7/1/38 | 200,000 | 207,360 |
| Salt River Project Agricultural Improvement & Power District Electric System Revenue Series A 5.00% 1/1/31 | 1,000,000 | 1,036,890 |
| 5.00% 1/1/39 | 1,000,000 | 1,083,480 |
| Series B 5.00% 1/1/25 | 1,250,000 | 1,317,538 |

6

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| | | | |
|---|---|---------------------------------|-------------------------------|
| | | | 3,745,483 |
| Health Care Revenue Bonds □ 21.31% | | | |
| | Arizona Health Facilities Authority Revenue (Banner Health) Series D 5.50% 1/1/21 | 500,000 | 552,615 |
| | Glendale Industrial Development Authority Hospital Revenue (John C. Lincoln Health) 5.00% 12/1/42 | 1,500,000 | 1,356,570 |
| | Maricopa County Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 5.25% 7/1/32 6.00% 7/1/39 | 400,000 500,000 | 404,792 531,825 |
| | Scottsdale Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.25% 9/1/30 | 500,000 | 503,315 |
| | Show Low Industrial Development Authority Hospital Revenue (Navapache Regional Medical Center) Series A 5.50% 12/1/17 (ACA) | 1,600,000 | 1,601,152 |
| | University Medical Center Hospital Revenue 5.00% 7/1/33 5.00% 7/1/35 6.50% 7/1/39 | 1,000,000 500,000 500,000 | 936,580 474,310 540,045 |
| | Yavapai County Industrial Development Authority Revenue (Yavapai Regional Medical Center) Series A 5.25% 8/1/21 (RADIANT) | 2,000,000 | 2,001,919 |
| | | | 8,903,123 |
| Housing Revenue Bonds □ 1.39% | | | |
| | Phoenix Industrial Development Authority Single Family Mortgage Statewide Revenue Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT) | 345,000 | 345,223 |
| | Pima County Industrial Development Authority Single Family Mortgage Housing Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT) | 35,000 | 35,068 |
| | Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.50% 12/1/18 | 175,000 | 199,588 |
| | | | 579,879 |
| Lease Revenue Bonds □ 5.24% | | | |
| | Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26 | 640,000 | 668,646 |
| | Nogales Development Authority Municipal Facilities Revenue 5.00% 6/1/30 (AMBAC) | 500,000 | 462,345 |
| | Pima County Industrial Development Authority Lease Revenue Metro | | |