

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II INC
Form N-CSR
December 10, 2007

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: September 30, 2007

Item 1. Reports to Stockholders

Semiannual Report

Delaware
Investments
Closed-End
Municipal Bond

Funds

September 30, 2007

Closed-end funds

Table of contents

| | |
|--|-----------|
| > Sector allocations and credit quality breakdowns | 1 |
| > Statements of net assets | 3 |
| > Statements of operations | 14 |
| > Statements of changes in net assets | 15 |
| > Financial highlights | 16 |
| > Notes to financial statements | 20 |
| > Other Fund information | 26 |
| > About the organization | 32 |

Dividend Reinvestment Plans

Each Fund offers an automatic dividend reinvestment program. If Fund shares are registered in your name and you are not already reinvesting dividends but would like to do so, contact the dividend plan agent, Mellon Investor Services LLC, at 800 851-9677. You will be asked to put your request in writing. If you have shares registered in a [street] name, contact your financial advisor or the broker/dealer holding the shares.

Under the current policies of Delaware Investments Arizona Municipal Income Fund, Delaware Investments Florida Insured Municipal Income Fund (renamed Delaware Investments National Municipal Income Fund, effective Oct. 15, 2007), and Delaware Investments Minnesota Municipal Income Fund II, all distributions of net investment income and capital gains to common stock shareholders are automatically reinvested in additional shares unless shareholders elect to receive all dividends and other distributions in cash paid by check mailed directly to shareholders by the dividend plan agent. Under the current policies of Delaware Investments Colorado Insured Municipal Income Fund, distributions of net investment income and capital gains to common shareholders will be paid in cash unless shareholders notify Mellon Investor Services LLC of their desire to participate in the dividend reinvestment program.

After each Fund declares a dividend or determines to make a capital gains distribution, the plan agent will, as agent for the participants, receive the cash payment and use it to buy shares in the open market on the American Stock Exchange. The Funds will not issue any new shares in connection with the plan. You can contact Mellon at:

Mellon Investor Services LLC
 Dividend Reinvestment Department
 Overpeck Centre
 85 Challenger Road

Ridgefield, NJ 07660
800 851-9677

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.

Sector allocations and credit quality breakdowns

As of September 30, 2007

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 | 154.59% |
| Education Revenue Bonds | 15.33% |
| Electric Revenue Bonds | 13.35% |
| Escrowed to Maturity Bonds | 6.18% |
| Health Care Revenue Bonds | 19.89% |
| Housing Revenue Bonds | 2.10% |
| Lease Revenue Bonds | 6.45% |
| Local General Obligation Bonds | 16.86% |
| Pre-Refunded Bonds | 41.03% |
| Special Tax Revenue Bonds | 10.81% |
| Transportation Revenue Bonds | 16.91% |
| Water & Sewer Revenue Bonds | 5.68% |
| Total Value of Securities | 154.59% |
| Receivables and Other Assets Net of Liabilities | 4.03% |
| Liquidation Value of Preferred Stock | (58.62%) |
| Total Net Assets | 100.00% |

Credit Quality Breakdown

(as a % of fixed income investments)

| | |
|--------------|----------------|
| AAA | 67.95% |
| AA | 12.68% |
| A | 10.02% |
| BBB | 9.35% |
| Total | 100.00% |

Delaware Investments
Colorado Insured Municipal Income Fund, Inc.

| Sector | Percentage of Net Assets |
|--|-----------------------------|
| Municipal Bonds | 151.27% |
| Education Revenue Bonds | 27.28% |
| Electric Revenue Bonds | 1.48% |
| Health Care Revenue Bonds | 5.16% |
| Lease Revenue Bonds | 13.12% |
| Local General Obligation Bonds | 14.65% |
| Pre-Refunded Bonds | 53.11% |
| Special Tax Revenue Bonds | 9.64% |
| Transportation Revenue Bonds | 14.65% |
| Water & Sewer Revenue Bonds | 12.18% |
| Short-Term Investment | 0.28% |
| Total Value of Securities | 151.55% |
| Receivables and Other Assets Net of Liabilities | 4.53% |
| Liquidation Value of Preferred Stock | (56.08%) |
| Total Net Assets | 100.00% |

Credit Quality Breakdown

(as a % of fixed income investments)

| | |
|--------------|----------------|
| AAA | 100.00% |
| Total | 100.00% |

(continues) 1

Sector allocations and credit quality breakdowns

As of September 30, 2007

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

Delaware Investments
Florida Insured Municipal Income Fund

| Sector | Percentage of Net Assets |
|--------------------------------|-----------------------------|
| Municipal Bonds | 155.79% |
| Education Revenue Bonds | 3.68% |
| Electric Revenue Bonds | 5.99% |
| Health Care Revenue Bonds | 18.47% |
| Housing Revenue Bonds | 23.48% |
| Lease Revenue Bonds | 20.33% |
| Local General Obligation Bonds | 3.02% |
| Pre-Refunded Bonds | 9.41% |
| Special Tax Revenue Bonds | 29.79% |

| | |
|--|-----------------|
| State General Obligation Bonds | 6.03% |
| Transportation Revenue Bonds | 15.71% |
| Water & Sewer Revenue Bonds | 19.88% |
| Short-Term Investment | 0.59% |
| Total Value of Securities | 156.38% |
| Receivables and Other Assets Net of Liabilities | 2.37% |
| Liquidation Value of Preferred Stock | (58.75%) |
| Total Net Assets | 100.00% |

Credit Quality Breakdown

(as a % of fixed income investments)

| | |
|--------------|----------------|
| AAA | 100.00% |
| Total | 100.00% |

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

| Sector | Percentage of Net Assets |
|--|-----------------------------|
| Municipal Bonds | 158.79% |
| Corporate-Backed Revenue Bonds | 6.62% |
| Education Revenue Bonds | 5.10% |
| Electric Revenue Bonds | 21.30% |
| Escrowed to Maturity Bonds | 17.26% |
| Health Care Revenue Bonds | 23.22% |
| Housing Revenue Bonds | 9.09% |
| Lease Revenue Bonds | 9.52% |
| Local General Obligation Bonds | 19.91% |
| Pre-Refunded Bonds | 30.37% |
| Special Tax Revenue Bonds | 4.25% |
| State General Obligation Bonds | 4.44% |
| Transportation Revenue Bonds | 7.71% |
| Short-Term Investments | 1.46% |
| Total Value of Securities | 160.25% |
| Liabilities Net of Receivables and Other Assets | (3.55%) |
| Liquidation Value of Preferred Stock | (56.70%) |
| Total Net Assets | 100.00% |

Credit Quality Breakdown

(as a % of fixed income investments)

| | |
|--------------|----------------|
| AAA | 55.35% |
| AA | 14.95% |
| A | 16.50% |
| BBB | 9.17% |
| BB | 2.16% |
| B | 0.37% |
| Not Rated | 1.50% |
| Total | 100.00% |

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

September 30, 2007 (Unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------|
| Municipal Bonds □ 154.59% | | |
| Education Revenue Bonds □ 15.33% | | |
| Arizona State University Certificates of Participation (Research Infrastructure Project) 5.00% 9/1/30 (AMBAC) | \$1,000,000 | \$1,028,530 |
| Arizona Student Loan Acquisition Authority Revenue Refunding Series A-1 5.90% 5/1/24 (AMT) | 1,500,000 | 1,573,290 |
| Glendale Industrial Development Authority Revenue Refunding (Midwestern University) 5.00% 5/15/31 | 350,000 | 352,149 |
| Northern Arizona University Certificates of Participation (Northern Arizona University Research Project) 5.00% 9/1/30 (AMBAC) | 1,000,000 | 1,031,980 |
| Pima County Industrial Development Authority (Tucson Country Day School Project) 5.00% 6/1/37 | 500,000 | 462,560 |
| South Campus Group Student Housing Revenue (Arizona State University South Campus Project) 5.625% 9/1/35 (MBIA) | 1,000,000 | 1,079,460 |
| University of Puerto Rico Revenue Series Q 5.00% 6/1/36 | 1,000,000 | 1,007,280 |
| | | 6,535,249 |
| Electric Revenue Bonds □ 13.35% | | |
| Salt River Project Agricultural Improvement & Power District Electric System Revenue (Salt River Project) Series A 5.00% 1/1/31 | 1,765,000 | 1,810,696 |
| Series A 5.00% 1/1/37 | 2,500,000 | 2,586,124 |
| Series B 5.00% 1/1/25 | 1,250,000 | 1,295,113 |
| | | 5,691,933 |
| Escrowed to Maturity Bonds □ 6.18% | | |
| Puerto Rico Commonwealth Infrastructure Financing Authority | | |

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| | | |
|--|-----------|-----------|
| Series A 5.50% 10/1/40 | 2,500,000 | 2,637,300 |
| | | 2,637,300 |
| Health Care Revenue Bonds □ 19.89% | | |
| Glendale Industrial Development Authority Hospital Refunding Revenue (John C Lincoln Health) 5.00% 12/1/42 | | |
| | 1,500,000 | 1,396,710 |
| Maricopa County Industrial Development Authority Revenue (Catholic Healthcare West) Series A | | |
| 5.25% 7/1/32 | 750,000 | 766,605 |
| 5.50% 7/1/26 | 430,000 | 447,669 |
| (Mayo Clinic) 5.00% 11/15/36 | 750,000 | 761,250 |
| Show Low Industrial Development Authority Hospital Revenue (Navapache Regional Medical Center) | | |
| Series A 5.50% 12/1/17 (ACA) | 1,600,000 | 1,627,216 |
| University Medical Center Hospital Revenue | | |
| 5.00% 7/1/33 | 1,000,000 | 961,420 |
| 5.00% 7/1/35 | 500,000 | 478,635 |
| Yavapai County Industrial Development Authority Revenue (Yavapai Regional Medical Center) | | |
| Series A 5.25% 8/1/21 (RADIANT) | 2,000,000 | 2,044,220 |
| | | 8,483,725 |
| Housing Revenue Bonds □ 2.10% | | |
| Phoenix Industrial Development Authority Single Family Statewide Revenue Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT) | | |
| | 465,000 | 468,655 |
| Series C 5.30% 4/1/20 (GNMA) (FNMA) (FHLMC) (AMT) | 370,000 | 373,093 |
| Pima County Industrial Development Authority Single Family Mortgage Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT) | | |
| | 55,000 | 55,565 |
| | | 897,313 |
| Lease Revenue Bonds □ 6.45% | | |
| Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26 | | |
| | 640,000 | 652,915 |
| Coconino County Unified School District #8 (Page Impact Aid Revenue Project of 2004) Series | | |

A

| | | |
|---|-----------|-----------|
| 5.00% 7/1/15 (MBIA) | 1,000,000 | 1,074,890 |
| Nogales Development Authority Municipal Facilities Revenue | | |
| 5.00% 6/1/30 (AMBAC) | 500,000 | 511,315 |
| Prescott Valley Municipal Property | | |
| 5.00% 1/1/27 (FGIC) | 500,000 | 512,380 |
| | | 2,751,500 |
| Local General Obligation Bonds □ | | |
| 16.86% | | |
| Flagstaff Aspen Place Sawmill Improvement District 5.00% | | |
| 1/1/32 | 385,000 | 382,829 |
| «Gila County Unified School District #10 | | |
| Improvement (Payson Step Coupon | | |
| Project of 2006) Series A | | |
| 1.00% 7/1/27 (AMBAC) | 500,000 | 497,700 |
| Marana Tangerine Farms Road Improvement District Revenue | | |
| 4.60% 1/1/26 | 1,000,000 | 952,630 |
| Maricopa County School District #6 (Washington Elementary) | | |
| Refunding | | |
| Series A 5.375% 7/1/13 (FSA) | 3,000,000 | 3,278,610 |
| (School Improvement Project of 2001) Series B 5.00% 7/1/17 | | |
| (FSA) | 1,000,000 | 1,087,660 |

(continues) 3

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

| | Principal Amount | Value |
|---|---------------------|------------|
| Municipal Bonds (continued) | | |
| Local General Obligation Bonds (continued) | | |
| Queen Creek Improvement District #1 | | |
| 5.00% 1/1/32 | \$1,000,000 | \$ 988,840 |
| | | 7,188,269 |
| §Pre-Refunded Bonds □ 41.03% | | |
| Arizona School Facilities Board Certificates of Participation Series B | | |
| 5.25% 9/1/19-14 (FSA) | 1,000,000 | 1,097,420 |
| Arizona School Facilities Board Revenue (State School | | |

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| | | |
|--|-----------|------------|
| Improvement) Series 2001 5.00% 7/1/19-11 | 2,000,000 | 2,105,040 |
| Arizona Transportation Board Highway Revenue 5.75% 7/1/18-09 | 2,350,000 | 2,440,686 |
| Arizona Water Infrastructure Finance Authority Revenue (Water Quality) Series A 5.05% 10/1/20-11 | 1,500,000 | 1,585,380 |
| Oro Valley Municipal Property Excise Tax 5.00% 7/1/20-11 (FGIC) | 1,000,000 | 1,061,300 |
| Phoenix Civic Improvement Excise Tax (Senior Lien Municipal Courthouse Project) Series A 5.25% 7/1/24-9 | 1,000,000 | 1,039,550 |
| Puerto Rico Commonwealth Public Improvement Revenue Series A 5.125% 7/1/31-11 | 250,000 | 264,583 |
| Puerto Rico Highway & Transportation Authority Transportation Refunding Series D 5.00% 7/1/32-12 (FSA) | 3,475,000 | 3,700,700 |
| Scottsdale Industrial Development Authority Hospital Revenue (Scottsdale Healthcare) 5.80% 12/1/31-11 | 1,000,000 | 1,093,620 |
| Southern Arizona Capital Facilities Finance Corporation (University of Arizona Project) 5.00% 9/1/23-12 (MBIA) | 1,150,000 | 1,223,911 |
| University of Arizona Certificates of Participation (University of Arizona Project) Series B 5.125% 6/1/22-12 (AMBAC) | 500,000 | 532,625 |
| Virgin Islands Public Finance Authority Revenue (Gross Receipts Tax Loan Note) Series A 6.125% 10/1/29-10 (ACA) | 1,250,000 | 1,354,363 |
| | | 17,499,178 |
| Special Tax Revenue Bonds □ 10.81% | | |
| Arizona Tourism & Sports Authority (Multipurpose Stadium Facilities) Series A 5.00% 7/1/31 (MBIA) | 1,000,000 | 1,025,300 |
| Glendale Municipal Property Series A 5.00% 7/1/33 (AMBAC) | 3,000,000 | 3,072,990 |
| San Luis Civic Improvement Municipal Facilities Excise Tax Revenue 5.00% 7/1/38 (XLCA) | 500,000 | 513,385 |
| | | 4,611,675 |
| Transportation Revenue Bonds □ 16.91% | | |
| Phoenix Civic Improvement Airport Revenue Series B 5.25% 7/1/27 (FGIC) (AMT) | 2,000,000 | 2,051,840 |
| Puerto Rico Commonwealth Highway & Transportation Authority Transportation Refunding Series D 5.00% 7/1/32 (FSA) | 5,025,000 | 5,160,424 |

| | |
|---|---------------------|
| | 7,212,264 |
| Water & Sewer Revenue Bonds □ 5.68% | |
| Phoenix Civic Improvement Wastewater Systems Revenue Junior Lien | |
| 5.00% 7/1/24 (FGIC) | 1,590,000 1,643,758 |
| 5.00% 7/1/26 (FGIC) | 750,000 777,225 |
| | 2,420,983 |
| Total Municipal Bonds | |
| (cost \$64,126,987) | 65,929,389 |
| Total Value of Securities □ 154.59% | |
| (cost \$64,126,987) | 65,929,389 |
| Receivables and Other Assets | |
| Net of Liabilities □ 4.03% | 1,717,558 |
| Liquidation Value of Preferred Stock □ (58.62%) | (25,000,000) |
| Net Assets Applicable to 2,982,200 | |
| Shares Outstanding □ 100.00% | 42,646,947 |
| | \$ |
| Net Asset Value Per Common Share | |
| (\$42,646,947 / 2,982,200 Shares) | \$14.30 |

| | |
|--|---------------|
| Components of Net Assets at September 30, 2007: | |
| Common stock, \$0.01 par value, 200 million shares | |
| authorized to the Fund | \$ 40,838,893 |
| Distributions in excess of net investment income | (28,267) |
| Accumulated net realized gain on investments | 33,919 |
| Net unrealized appreciation of investments | 1,802,402 |
| | \$ |
| Total net assets | 42,646,947 |

«Step coupon bond. Coupon increases periodically based on a predetermined schedule. Stated rate in effect at September 30, 2007.

§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

| | Principal Amount | Value |
|--|---------------------|--------------|
| Municipal Bonds □ 151.27% | | |
| Education Revenue Bonds □ 27.28% | | |
| Boulder County Development | | |
| Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (MBIA) | | |
| | \$ 4,500,000 | \$ 4,646,970 |
| Colorado Educational & Cultural Facilities Authority (Johnson & Wales University Project) | | |
| Series A 5.00% 4/1/28 (XLCA) | | |
| | 3,000,000 | 3,073,200 |
| (Littleton School Project) | | |
| 4.375% 1/15/36 (CIFG) | | |
| | 1,200,000 | 1,128,156 |
| (University of Northern Colorado) | | |
| Series A 5.00% 7/1/31 (MBIA) | | |
| | 2,500,000 | 2,557,700 |
| Colorado State Board of Governors (Colorado University) Series B | | |
| 5.00% 3/1/35 (AMBAC) | | |
| | 1,800,000 | 1,839,618 |
| University of Colorado Enterprise System Revenue Series A | | |
| 5.00% 6/1/30 (AMBAC) | | |
| | 2,000,000 | 2,081,980 |
| University of Northern Colorado Revenue Refunding | | |
| 5.00% 6/1/35 (FSA) | | |
| | 4,000,000 | 4,129,640 |
| | | 19,457,264 |
| Electric Revenue Bonds □ 1.48% | | |
| Arkansas River Power Authority Revenue Improvement | | |
| 5.25% 10/1/32 (XLCA) | | |
| | 1,000,000 | 1,052,390 |
| | | 1,052,390 |
| Health Care Revenue Bonds □ 5.16% | | |
| Colorado Health Facilities Authority Revenue (North Colorado Medical Center) | | |
| 5.95% 5/15/12 (MBIA) | | |
| | 1,070,000 | 1,073,499 |
| (Porter Place) Series A | | |
| 6.00% 1/20/36 (GNMA) | | |
| | 2,515,000 | 2,608,759 |
| | | 3,682,258 |
| Lease Revenue Bonds □ 13.12% | | |
| Colorado Educational & Cultural Facilities Authority Revenue Refunding (Bromley School Project) 5.25% 9/15/32 (XLCA) | | |
| | 1,000,000 | 1,048,690 |
| Denver Convention Center Hotel Authority Revenue Refunding | | |
| 5.00% 12/1/35 (XLCA) | | |
| | 5,000,000 | 5,111,600 |
| Glendale Certificates of Participation | | |
| 5.00% 12/1/25 (XLCA) | | |
| | 1,500,000 | 1,565,520 |
| Westminster Building Authority Certificates of Participation | | |
| 5.25% 12/1/22 (MBIA) | | |
| | 1,555,000 | 1,630,791 |
| | | 9,356,601 |

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| Local General Obligation Bonds □ 14.65% | | |
|--|-----------|------------|
| Adams & Arapahoe Counties Joint School District #28J (Aurora) 5.25% 12/1/25 (MBIA) | 2,000,000 | 2,141,880 |
| Adams County School District #14 5.125% 12/1/31 (FSA) | 500,000 | 525,050 |
| Arapahoe County Water & Wastewater Public Improvement District Refunding Project Series A 5.125% 12/1/32 (MBIA) | 1,000,000 | 1,040,580 |
| Bowles Metropolitan District Refunding 5.00% 12/1/33 (FSA) | 2,000,000 | 2,051,100 |
| Centennial Downs Metropolitan District Refunding 5.00% 12/1/28 (AMBAC) | 1,000,000 | 1,036,830 |
| Douglas County School District #Re-1 (Douglas & Elbert Counties) 5.00% 12/15/21 (MBIA) | 1,000,000 | 1,044,480 |
| Garfield County School District #Re-2 5.00% 12/1/25 (FSA) | 1,000,000 | 1,052,160 |
| Green Valley Ranch Metropolitan District Refunding 5.75% 12/1/19 (AMBAC) | 1,000,000 | 1,043,580 |
| Sand Creek Metropolitan District Refunding & Improvement 5.00% 12/1/31 (XLCA) | 500,000 | 512,640 |
| | | 10,448,300 |
| §Pre-Refunded Bonds □ 53.11% | | |
| Auraria Higher Education Center Parking Facilities System 5.50% 4/1/26-10 (AMBAC) | 2,485,000 | 2,602,441 |
| Aurora Certificates of Participation 5.50% 12/1/30-10 (AMBAC) | 2,000,000 | 2,116,940 |
| Burlingame Multifamily Housing Revenue Series A 6.00% 11/1/29-09 (MBIA) | 2,290,000 | 2,425,476 |
| Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) 5.00% 7/1/27-12 (AMBAC) | 4,000,000 | 4,239,960 |
| (University of Denver Project) Refunding & Improvement 5.50% 3/1/21-11 (AMBAC) | 3,200,000 | 3,401,056 |
| Series B 5.25% 3/1/35-16 (FGIC) | 1,500,000 | 1,656,075 |
| Colorado Water Resources & Power Development Authority Revenue Series A 5.80% 11/1/20-10 (FGIC) | 1,220,000 | 1,300,947 |
| Denver City & County Excise Tax Revenue (Colorado Convention Center Project) Series A 5.00% 9/1/20-11 (FSA) | 6,500,000 | 6,804,459 |

| | | |
|---|-----------|-----------|
| Denver Convention Center Hotel Authority Series A 5.00% 12/1/33-13 (XLCA) | 3,000,000 | 3,224,520 |
|---|-----------|-----------|

(continues) 5

Statements of net assets

Delaware Investments Colorado Insured 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 | 3,234,570 |
| 5.75% 9/1/35-10 (MBIA) | 1,700,000 | 1,832,923 |
| Eagle County Certificates of Participation | | |
| 5.40% 12/1/18-09 (MBIA) | 1,000,000 | 1,049,430 |
| Garfield Pitkin & Eagle County School District #Re-1 (Roaring Fork County) Series A | | |
| 5.00% 12/15/27-14 (FSA) | 1,500,000 | 1,627,830 |
| Pueblo County (Library District Project) | | |
| 5.80% 11/1/19-09 (AMBAC) | 1,395,000 | 1,460,133 |
| Weld & Adams Counties School District #Re-3J 5.00% 12/15/24-14 (FSA) | 830,000 | 900,733 |
| | | 37,877,493 |
| Special Tax Revenue Bonds 9.64% | | |
| Broomfield Sales & Use Tax Revenue Refunding & Improvement Series A | | |
| 5.00% 12/1/31 (AMBAC) | 650,000 | 667,167 |
| Golden Sales & Use Tax Revenue Improvement Series B | | |
| 5.10% 12/1/20 (AMBAC) | 1,000,000 | 1,048,560 |
| Gypsum Sales Tax & General Funding Revenue 5.25% 6/1/30 (Assured Gty) | 1,000,000 | 1,073,990 |
| Regional Transportation District Sales Tax Revenue (Fastracks Project) Series A | | |
| 4.375% 11/1/31 (AMBAC) | 1,250,000 | 1,196,087 |
| 4.50% 11/1/36 (FSA) | 3,000,000 | 2,889,150 |
| | | 6,874,954 |
| Transportation Revenue Bonds 14.65% | | |
| Denver City & County Airport Revenue Series A 5.00% 11/15/25 (FGIC) | 1,000,000 | 1,043,520 |
| Series E 5.25% 11/15/23 (MBIA) | 4,500,000 | 4,553,145 |
| Northwest Parkway Public Highway Authority Series A | | |
| 5.25% 6/15/41 (FSA) | 4,150,000 | 4,297,159 |

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| | | | | |
|---|--|--|------------|---------------------|
| Puerto Rico Commonwealth Highway & Transportation Authority Revenue Refunding Series N 5.25% 7/1/39 (FGIC) | | | 500,000 | 556,195 |
| | | | | 10,450,019 |
| Water & Sewer Revenue Bonds 12.18% | | | | |
| Aurora Water Improvement Revenue First Lien Series A 5.00% 8/1/32 (AMBAC) | | | 750,000 | 781,028 |
| Colorado Water Resources & Power Development Authority Small Water Revenue Series A 5.80% 11/1/20 (FGIC) | | | 780,000 | 828,227 |
| Colorado Water Resources & Power Development Authority Water Resources Revenue (Parker Water & Sanitation District) Series D 5.125% 9/1/34 (MBIA) | | | 1,500,000 | 1,557,735 |
| 5.25% 9/1/43 (MBIA) | | | 2,000,000 | 2,092,560 |
| Lafayette Water Revenue 5.00% 12/1/27 (MBIA) | | | 1,100,000 | 1,139,490 |
| Ute Water Conservancy District Revenue 5.75% 6/15/20 (MBIA) | | | 2,155,000 | 2,289,472 |
| | | | | 8,688,512 |
| Total Municipal Bonds (cost \$104,301,056) | | | | 107,887,791 |
| Short-Term Investment 0.28% | | | | |
| Variable Rate Demand Note 0.28% | | | | |
| Colorado Housing & Finance Authority Single Family Mortgage Class 1-B-2 3.85% 5/1/34 | | | 200,000 | 200,000 |
| Total Short-Term Investment (cost \$200,000) | | | | 200,000 |
| Total Value of Securities 151.55% (cost \$104,501,056) | | | | 108,087,791 |
| Receivables and Other Assets | | | | |
| Net of Liabilities 4.53% | | | | 3,234,675 |
| Liquidation Value of Preferred Stock (56.08%) | | | | (40,000,000) |
| Net Assets Applicable to 4,837,100 | | | | \$ |
| Shares Outstanding 100.00% | | | | 71,322,466 |
| Net Asset Value Per Common Share (\$71,322,466 / 4,837,100 Shares) | | | | \$ 14.74 |
| Components of Net Assets at September 30, 2007 | | | | |
| Common stock, \$0.01 par value, 200 million shares | | | | \$ |
| authorized to the Fund | | | 67,238,110 | |
| Undistributed net investment income | | | | 178,363 |
| Accumulated net realized gain on investments | | | | 319,258 |
| Net unrealized appreciation of investments | | | | 3,586,735 |
| | | | | \$ |
| Total net assets | | | | 71,322,466 |

§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 September 30, 2007.

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

6

Delaware Investments Florida Insured Municipal Income Fund

September 30, 2007 (Unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------------|
| Municipal Bonds 155.79% | | |
| Education Revenue Bonds 3.68% | | |
| Florida Agriculture & Mechanical University Revenue (Student Apartment Facility) 5.625% 7/1/21 (MBIA) | \$1,250,000 | \$1,252,063 1,252,063 |
| Electric Revenue Bonds 5.99% | | |
| JEA Electric Systems Revenue Series 3-A 5.00% 10/1/34 (FSA) | 2,000,000 | 2,040,160 2,040,160 |
| Health Care Revenue Bonds 18.47% | | |
| Escambia County Health Facilities Authority (Florida Health Care Facilities - VHA Program) 5.95% 7/1/20 (AMBAC) | 355,000 | 368,944 |
| Lee Memorial Health System Board of Directors Refunding Series A 5.00% 4/1/20 (FSA) | 1,000,000 | 1,026,550 |
| Miami-Dade County Public Facilities Revenue (Jackson Health Systems) Series A 5.00% 6/1/35 (MBIA) | 1,500,000 | 1,524,270 |
| Orange County Health Facilities Authority Revenue (Orlando Regional Healthcare) Series A 6.25% 10/1/18 (MBIA) | 2,000,000 | 2,349,740 |
| South Broward Hospital Refunding 5.00% 5/1/35 (MBIA) | 1,000,000 | 1,017,780 6,287,284 |
| Housing Revenue Bonds 23.48% | | |
| Broward County Housing Finance | | |

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| | | |
|--|-----------|-----------|
| Authority (St. Croix Apartments Project) Series A 5.45% 11/1/36 (FSA) (AMT) | 930,000 | 942,099 |
| Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (MBIA) (AMT) | 375,000 | 381,326 |
| (Leigh Meadows Apartments Section 8 HUD) Series N 6.30% 9/1/36 (AMBAC) (AMT) | 2,510,000 | 2,532,792 |
| (Woodbridge Apartments Project) Series L 6.05% 12/1/16 (AMBAC) (AMT) | 1,080,000 | 1,094,602 |
| 6.25% 6/1/36 (AMBAC) (AMT) | 1,500,000 | 1,516,485 |
| Volusia County Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (FSA) (AMT) | 1,500,000 | 1,525,320 |
| | | 7,992,624 |
| Lease Revenue Bonds 20.33% | | |
| Broward County School Board Certificates of Participation Series A 5.25% 7/1/24 (FSA) | 1,000,000 | 1,052,850 |
| Florida Municipal Loan Council Revenue Series A 5.00% 2/1/35 (MBIA) | 2,000,000 | 2,043,500 |
| Orange County School Board Certificates of Participation Series A 5.00% 8/1/27 (MBIA) | 1,250,000 | 1,274,400 |
| Palm Beach County School Board Certificates of Participation Series D 5.00% 8/1/28 (FSA) | 1,500,000 | 1,527,975 |
| South Florida Water Management District Certificate of Participation 5.00% 10/1/36 (AMBAC) | 1,000,000 | 1,020,720 |
| | | 6,919,445 |
| Local General Obligation Bonds 3.02% | | |
| Port St. Lucie 5.00% 7/1/35 (MBIA) | 1,000,000 | 1,028,500 |
| | | 1,028,500 |
| §Pre-Refunded Bonds 9.41% | | |
| Florida State Board of Education (Capital Outlay Public Education) Series C 6.00% 6/1/21-10 (FGIC) | 2,000,000 | 2,143,400 |
| Tampa Utility Tax Improvement Series A 6.125% 10/1/19-09 (AMBAC) | 1,000,000 | 1,060,510 |
| | | 3,203,910 |
| Special Tax Revenue Bonds 29.79% | | |
| Flagler County Capital Improvement Revenue 5.00% 10/1/35 (MBIA) | 1,000,000 | 1,024,990 |
| Florida State Department of Transportation (Right of Way) 5.00% 7/1/31 (FGIC) | 1,525,000 | 1,565,062 |
| Jacksonville Sales Tax Revenue (Better Jacksonville) | | |

| | | |
|--|-----------|------------|
| 5.00% 10/1/30 (MBIA) | 1,500,000 | 1,539,090 |
| Jacksonville Transportation Revenue | | |
| 5.25% 10/1/29 (MBIA) | 2,000,000 | 2,087,219 |
| ¶Miami-Dade County Special | | |
| Obligation (Capital Appreciation & Income) Series B 5.00% 10/1/35 (MBIA) | 2,000,000 | 1,872,720 |
| Seminole County Sales Tax Revenue | | |
| Series A 5.00% 10/1/31 (MBIA) | 1,000,000 | 1,022,170 |
| St. Johns County Sales Tax Revenue | | |
| 5.00% 10/1/36 (MBIA) | 1,000,000 | 1,028,110 |
| | | 10,139,361 |
| State General Obligation Bonds ¶ 6.03% | | |
| Florida State Board of Education | | |
| Public Education (Capital Outlay) | | |
| Series C 5.00% 6/1/34 (AMBAC) | 2,000,000 | 2,052,540 |
| | | 2,052,540 |
| Transportation Revenue Bonds ¶ 15.71% | | |
| Florida Ports Financing Commission | | |
| Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (MBIA) (AMT) | 1,000,000 | 1,010,900 |
| Miami-Dade County Aviation | | |
| Revenue (Miami International Airport) Series B 5.00% 10/1/37 (FGIC) | 2,250,000 | 2,287,890 |

(continues) 7

Statements of net assets

Delaware Investments Florida Insured Municipal Income Fund

| | Principal Amount | Value |
|---|------------------|-----------|
| Municipal Bonds (continued) | | |
| Transportation Revenue Bonds (continued) | | |
| Miami-Dade County Expressway Authority Toll Systems Revenue | | |
| 5.00% 7/1/37 (AMBAC) | \$1,000,000 | 1,027,410 |
| Series B 5.00% 7/1/33 (FGIC) | 1,000,000 | 1,022,650 |
| | | 5,348,850 |
| Water & Sewer Revenue Bonds ¶ 19.88% | | |
| Cape Coral Water & Sewer Revenue | | |
| 4.75% 10/1/31 (AMBAC) | 1,000,000 | 1,003,270 |
| JEA Florida Water & Sewer Systems | | |
| Revenue Sub-Second Crossover | | |
| Series B 5.00% 10/1/25 (MBIA) | 1,000,000 | 1,036,150 |
| Riviera Beach Utilities Special | | |
| District Water & Sewer Revenue | | |
| 5.00% 10/1/34 (FGIC) | 1,200,000 | 1,228,980 |

| | | |
|--|-----------|-------------------|
| Village Center Community Development District Utility Revenue 5.00% 10/1/36 (MBIA) | 1,500,000 | 1,527,045 |
| Winter Haven Utilities Systems Revenue 5.00% 10/1/30 (MBIA) | 1,915,000 | 1,972,929 |
| | | 6,768,374 |
| Total Municipal Bonds (cost \$52,321,743) | | 53,033,111 |

| | | |
|---|---------|-------------------|
| Short-Term Investment ¶ 0.59% | | |
| Variable Rate Demand Note ¶ 0.59% | | |
| Orange County Health Facilities Authority Revenue Series B 4.02% 10/1/41 (FGIC) | 200,000 | 200,000 |
| Total Short-Term Investment (cost \$200,000) | | 200,000 |
| Total Value of Securities ¶ 156.38% | | |
| (cost \$52,521,743) | | 53,233,111 |

| | | |
|--|--|---------------------|
| Receivables and Other Asset Net of Liabilities ¶ 2.37% | | 807,028 |
| Liquidation Value of Preferred Stock ¶ (58.75%) | | (20,000,000) |
| Net Assets Applicable to 2,422,200 Shares Outstanding ¶ 100.00% | | \$34,040,139 |
| Net Asset Value Per Common Share (\$34,040,139 / 2,422,200 Shares) | | \$14.05 |

| | | |
|--|--|--------------|
| Components of Net Assets at September 30, 2007: | | |
| Common stock, \$0.01 par value, unlimited shares authorized to the Fund | | \$33,361,389 |
| Distributions in excess of net investment income | | (36,224) |
| Accumulated net realized gain on investments | | 3,606 |
| Net unrealized appreciation of investments | | 711,368 |
| Total net assets | | \$34,040,139 |

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

§ 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 September 30, 2007.

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
 MBIA ¶ Insured by the Municipal Bond Insurance Association
 VHA ¶ Veterans Health Administration
 See accompanying notes

Delaware Investments Minnesota Municipal Income Fund II, Inc.

September 30, 2007 (Unaudited)

| | Principal Amount | Value |
|--|--|--|
| Municipal Bonds □ 158.79% | | |
| Corporate-Backed Revenue Bonds □ 6.62% | | |
| Anoka County Solid Waste Disposal (National Rural Utility Series A 6.95% 12/1/08 (AMT)) | \$ 300,000 | \$ 301,584 |
| Cloquet Pollution Control Revenue Refunding (Potlatch Project) 5.90% 10/1/26 | 5,500,000 | 5,531,460 |
| Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21 | 3,325,000 | 3,361,675 |
| Minneapolis Community Development Agency Supported (Limited Tax Common Bond Fund) Series A 6.75% 12/1/25 (AMT) | 865,000 | 910,231 |
| Sartell Environmental Improvement Revenue Refunding (International Paper) Series A 5.20% 6/1/27 | 1,000,000 | 982,160 |
| | | 11,087,110 |
| Education Revenue Bonds □ 5.10% | | |
| 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 | 750,000 2,000,000 300,000 1,500,000 1,400,000 1,000,000 | 738,780 2,023,120 304,152 1,523,310 1,395,352 1,020,730 |
| St. Cloud Housing & Redevelopment Authority Revenue (State University Foundation Project) 5.00% 5/1/23 | 1,000,000 | 1,029,900 |
| University of the Virgin Islands Improvement Series A 5.375% 6/1/34 | 500,000 | 502,915 |
| | | 8,538,259 |
| Electric Revenue Bonds □ 21.30% | | |
| Chaska Electric Revenue Refunding (Generating Facilities) Series A | | |

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| | | |
|--------------------------------------|------------|------------|
| 5.25% 10/1/25 | 250,000 | 260,698 |
| Minnesota State Municipal Power | | |
| Agency Electric Revenue Series A | | |
| 5.00% 10/1/34 | 6,500,000 | 6,582,355 |
| 5.25% 10/1/19 | 1,610,000 | 1,700,208 |
| Southern Minnesota Municipal Power | | |
| Agency Supply System Revenue | | |
| & ¹ 5.25% 1/1/14 (AMBAC) | 14,000,000 | 15,230,110 |
| & ² 5.25% 1/1/15 (AMBAC) | 3,000,000 | 3,284,460 |
| Series A 5.25% 1/1/16 (AMBAC) | 1,500,000 | 1,650,045 |
| Western Minnesota Municipal Power | | |
| Agency Supply Revenue Series A | | |
| 5.00% 1/1/30 (MBIA) | 6,790,000 | 6,980,527 |
| | | 35,688,403 |
| Escrowed to Maturity Bonds □ 17.26% | | |
| Dakota/Washington Counties | | |
| Housing & Redevelopment | | |
| Authority Bloomington Single | | |
| Family Residential Mortgage | | |
| Revenue 8.375% 9/1/21 (GNMA) | | |
| (FHA) (VA) (AMT) | 8,055,000 | 11,407,973 |
| Southern Minnesota Municipal Power | | |
| Agency Supply System Revenue | | |
| Series B | | |
| 5.75% 1/1/11 (FGIC) | 1,000,000 | 1,034,930 |
| Refunding 5.50% 1/1/15 | | |
| (AMBAC) | 390,000 | 415,097 |
| St. Paul Housing & Redevelopment | | |
| Authority Sales Tax | | |
| (Civic Center Project) | | |
| 5.55% 11/1/23 | 2,300,000 | 2,380,293 |
| 5.55% 11/1/23 (MBIA) | 4,200,000 | 4,346,622 |
| University of Minnesota Hospital | | |
| & Clinics 6.75% 12/1/16 | | |
| 2,580,000 | | 3,060,035 |
| University of Minnesota Series A | | |
| 5.50% 7/1/21 | 4,000,000 | 4,505,880 |
| Western Minnesota Municipal Power | | |
| Agency Supply Revenue Series A | | |
| 6.625% 1/1/16 | 1,535,000 | 1,764,176 |
| | | 28,915,006 |
| Health Care Revenue Bonds □ 23.22% | | |
| Bemidji Health Care Facilities First | | |
| Mortgage Revenue (North | | |
| Country Health Services) | | |
| 5.00% 9/1/24 (RADIANT) | 1,500,000 | 1,503,840 |
| Duluth Economic Development | | |
| Authority Health Care Facilities | | |
| Revenue (Benedictine Health | | |
| System-St. Mary's Hospital) | | |
| 5.25% 2/15/33 | 5,000,000 | 5,064,549 |
| Glencoe Health Care Facilities | | |

| | | |
|---|-----------|-----------|
| Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25 | 2,000,000 | 1,973,600 |
|---|-----------|-----------|

(continues) 9

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

| | Principal Amount | Value |
|--|---------------------|--------------|
| Municipal Bonds (continued) | | |
| Health Care Revenue Bonds (continued) | | |
| Maple Grove Health Care Facilities Revenue (North Memorial Health Care) 5.00% 9/1/29 | \$1,515,000 | \$ 1,511,940 |
| (Maple Grove Hospital) 5.25% 5/1/37 | 2,000,000 | 2,026,980 |
| Minneapolis Health Care System Revenue (Allina Health Systems) Series A 5.75% 11/15/32 | 3,200,000 | 3,325,536 |
| (Fairview Health Services) Series D 5.00% 11/15/30 (AMBAC) | 1,500,000 | 1,542,795 |
| 5.00% 11/15/34 (AMBAC) | 3,250,000 | 3,320,590 |
| Minnesota Agricultural & Economic Development Board Revenue Refunding (Fairview Health Care System) Series A 5.75% 11/15/26 (MBIA) | 100,000 | 102,218 |
| 6.375% 11/15/29 | 195,000 | 205,875 |
| North Oaks Senior Housing Revenue (Presbyterian Homes) 6.25% 10/1/47 | 1,500,000 | 1,512,195 |
| Northfield Hospital Revenue 5.375% 11/1/31 | 750,000 | 742,463 |
| Rochester Health Care Facilities Revenue (Mayo Clinic) 5.00% 11/15/36 | 2,000,000 | 2,034,240 |
| (Mayo Foundation) Series B 5.50% 11/15/27 | 4,365,000 | 4,450,729 |
| Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34 | 1,560,000 | 1,549,922 |
| St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30 | 1,250,000 | 1,275,900 |

| | | |
|--|-----------|------------|
| St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Healthpartners Obligation Group Project) 5.25% 5/15/36 (Regions Hospital Project) 5.30% 5/15/28 | 2,000,000 | 1,980,860 |
| | 1,000,000 | 1,001,280 |
| St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Project-Elderly) 5.40% 11/20/42 (GNMA) (FHA) | 2,700,000 | 2,781,216 |
| Winona Health Care Facilities Revenue Refunding (Winona Health Obligation Group) 5.00% 7/1/23 | 1,010,000 | 1,003,940 |
| | | 38,910,668 |
| Housing Revenue Bonds □ 9.09% | | |
| Chanhassen Multifamily Housing Revenue Refunding (Heritage Park Apartments Project HUD Section 8) 6.20% 7/1/30 (FHA) (AMT) | 1,105,000 | 1,120,404 |
| Dakota County Housing & Redevelopment Authority Single Family Mortgage Revenue 5.85% 10/1/30 (GNMA) (FNMA) (AMT) | 13,000 | 13,160 |
| Harmony Multifamily Housing Revenue (Zedakah Foundation Project HUD Section 8) Series A 5.95% 9/1/20 | 1,000,000 | 968,020 |
| Minneapolis Multifamily Housing Revenue □(Gaar Scott Loft Project) 5.95% 5/1/30 (AMT) | 945,000 | 971,734 |
| (Olson Townhomes Project) 6.00% 12/1/19 (AMT) | 890,000 | 890,730 |
| (Seward Towers Project) 5.00% 5/20/36 (GNMA) | 2,000,000 | 2,027,139 |
| (Sumner Housing Project) Series A 5.15% 2/20/45 (GNMA) (AMT) | 3,575,000 | 3,551,297 |
| Minnesota State Housing Finance Agency Revenue (Rental Housing) Series A 5.00% 2/1/35 (AMT) | 1,000,000 | 988,910 |
| Series D 5.95% 2/1/18 (MBIA) (Residential Housing) | 130,000 | 130,250 |
| Series B-1 5.35% 1/1/33 (AMT) | 1,770,000 | 1,785,718 |
| Series I 5.15% 7/1/38 (AMT) | 1,000,000 | 1,001,580 |
| (Single Family Mortgage) Series J 5.90% 7/1/28 (AMT) | 1,020,000 | 1,036,565 |
| Washington County Housing & | | |

| | | |
|--|-----------|------------|
| Redevelopment Authority Revenue Refunding (Woodland Park Apartments Project) 4.70% 10/1/32 | 750,000 | 743,783 |
| | | 15,229,290 |
| Lease Revenue Bonds □ 9.52% | | |
| Puerto Rico Public Buildings Authority Revenue (Guaranteed Government Facilities Bonds) Series D 5.25% 7/1/27 | 530,000 | 544,193 |
| St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.00% 12/1/22 | 2,385,000 | 2,490,822 |
| 5.25% 12/1/27 | 4,800,000 | 4,992,336 |
| Series 3-12 5.125% 12/1/27 (Robert Street Office Building Project) | 1,000,000 | 1,036,470 |
| Series 3-11 5.00% 12/1/27 | 3,045,000 | 3,148,500 |
| Series 9 5.25% 12/1/27 | 2,000,000 | 2,084,840 |

10

| | Principal Amount | Value |
|---|---------------------|------------|
| Municipal Bonds (continued) | | |
| Lease Revenue Bonds (continued) | | |
| Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25 | \$ 680,000 | \$ 686,854 |
| 5.375% 10/1/30 | 965,000 | 973,424 |
| | | 15,957,439 |
| Local General Obligation Bonds □ 19.91% | | |
| Dakota County Community Development Agency Governmental Housing Refunding (Senior Housing Facilities) Series A 5.00% 1/1/23 | 1,100,000 | 1,147,157 |
| Farmington Independent School District #192 Series A 5.00% 2/1/23 (FSA) | 2,280,000 | 2,369,923 |
| Series B 5.00% 2/1/27 (FSA) | 1,500,000 | 1,559,190 |
| Hennepin County Regional Railroad Authority 5.00% 12/1/26 | 3,500,000 | 3,602,130 |
| Hennepin County Series B 5.00% 12/1/18 | 2,300,000 | 2,386,227 |
| Lakeville Independent School District #194 Series A 4.75% 2/1/22 (FSA) | 2,000,000 | 2,052,520 |
| Metropolitan Council Minneapolis/ St. Paul Metropolitan Area Waste Water Treatment Series B 4.375% 12/1/27 | 1,500,000 | 1,458,735 |

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| | | |
|--|-----------|------------|
| 5.00% 12/1/21 | 2,000,000 | 2,121,520 |
| Minneapolis Refunding (Sports Arena Project) 5.125% 10/1/20 | 750,000 | 754,965 |
| Minneapolis Special School District #001 5.00% 2/1/19 (FSA) | 1,175,000 | 1,235,278 |
| Moorhead Economic Development Authority Tax Increment Series A 5.25% 2/1/25 (MBIA) | 1,000,000 | 1,044,090 |
| Moorhead Improvement Series B 5.00% 2/1/33 (MBIA) | 3,250,000 | 3,357,608 |
| Mounds View Independent School District #621 Series A 5.00% 2/1/23 (FSA) | 2,020,000 | 2,103,264 |
| Princeton Independent School District Refunding #477 Series A 5.00% 2/1/24 (FSA) | 1,000,000 | 1,044,580 |
| Robbinsdale Independent School District #281 5.00% 2/1/21 (FSA) | 500,000 | 522,255 |
| Washington County Housing & Redevelopment Authority Refunding Series B 5.50% 2/1/22 (MBIA) | 1,705,000 | 1,791,000 |
| 5.50% 2/1/32 (MBIA) | 2,140,000 | 2,228,125 |
| Willmar (Rice Memorial Hospital Project) 5.00% 2/1/32 (FSA) | 2,500,000 | 2,571,175 |
| | | 33,349,742 |
| §Pre-Refunded Bonds □ 30.37% | | |
| Andover Economic Development Authority Public Facilities Lease Revenue (Andover Community Center) 5.125% 2/1/24-14 | 205,000 | 218,444 |
| 5.125% 2/1/24-14 | 295,000 | 314,346 |
| 5.20% 2/1/29-14 | 410,000 | 438,598 |
| 5.20% 2/1/29-14 | 590,000 | 631,153 |
| Centennial Independent School District #012 Series A 5.00% 2/1/20-12 (FSA) | 800,000 | 843,128 |
| Chaska Electric Revenue Series A 6.00% 10/1/25-10 | 1,000,000 | 1,070,060 |
| Elk River Independent School District #728 Series A 5.00% 2/1/16-14 (FGIC) | 1,500,000 | 1,607,760 |
| Metropolitan Council Minneapolis/St. Paul Metropolitan Area Series C 5.00% 2/1/22-11 | 1,000,000 | 1,042,540 |
| Minneapolis Community Development Agency (Limited Tax Common Bond Fund) Series G-1 5.70% 12/1/19-11 | 1,100,000 | 1,180,157 |
| Series G-3 5.45% 12/1/31-11 | 1,000,000 | 1,072,470 |

| | | |
|---|-----------|-----------|
| Minneapolis Health Care System | | |
| Revenue (Fairview Health Services) | | |
| Series A 5.625% 5/15/32-12 | 2,750,000 | 3,009,380 |
| Minneapolis/St. Paul Metropolitan | | |
| Airports Commission Revenue | | |
| Series A | | |
| 5.00% 1/1/30-08 (AMBAC) | 2,450,000 | 2,483,639 |
| 5.125% 1/1/25-09 (FGIC) | 900,000 | 926,928 |
| Series C 5.25% 1/1/32-11 (FGIC) | 6,000,000 | 6,311,819 |
| Minnesota Agricultural & Economic | | |
| Development Board Revenue | | |
| (Fairview Health Care System) | | |
| Series A | | |
| 5.75% 11/15/26-07 (MBIA) | 5,450,000 | 5,572,952 |
| 6.375% 11/15/29-10 | 6,105,000 | 6,667,025 |
| Morris Independent School District #769 | | |
| 5.00% 2/1/28-13 (MBIA) | 3,750,000 | 3,985,088 |
| Puerto Rico Commonwealth Highway | | |
| & Transportation Authority | | |
| Revenue Series D | | |
| 5.25% 7/1/38-12 | 1,000,000 | 1,073,540 |
| Puerto Rico Commonwealth Public | | |
| Improvement Revenue Series A | | |
| 5.00% 7/1/27-12 | 1,250,000 | 1,331,188 |

(continues) 11

Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

| | Principal Amount | Value |
|------------------------------------|---------------------|-----------|
| Municipal Bonds (continued) | | |
| §Pre-Refunded Bonds (continued) | | |
| Puerto Rico Public Buildings | | |
| Authority Revenue (Guaranteed | | |
| Government Facilities) Series D | | |
| 5.25% 7/1/27-12 | \$ 1,470,000 | 1,572,136 |
| Rochester Electric Utility Revenue | | |
| 5.25% 12/1/30-10 (AMBAC) | 600,000 | 630,804 |
| Southern Minnesota Municipal | | |
| Power Agency Supply Revenue | | |
| Refunding Series A | | |
| 5.75% 1/1/18-13 | 3,715,000 | 4,130,709 |
| St. Michael Independent School | | |
| District #885 | | |
| 5.00% 2/1/22-12 (FSA) | 2,000,000 | 2,107,820 |
| 5.00% 2/1/24-12 (FSA) | 1,125,000 | 1,185,649 |

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| | | |
|---|-----------|--------------------|
| Waconia Health Care Facilities Revenue (Ridgeview Medical Center Project) Series A 6.10% 1/1/19-10 (RDIAN) | 1,405,000 | 1,482,163 |
| | | 50,889,496 |
| Special Tax Revenue Bonds □ 4.25% | | |
| Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21 | 4,250,000 | 4,384,640 |
| Minneapolis Community Development Agency Supported Common Bond Fund Series 5 5.70% 12/1/27 | 375,000 | 375,671 |
| Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1 5.50% 12/1/24 (AMT) | 1,000,000 | 1,036,470 |
| Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue Series B 5.00% 7/1/46 | 800,000 | 803,600 |
| Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Notes) Series A 5.25% 10/1/23 | 500,000 | 514,155 |
| | | 7,114,536 |
| State General Obligation Bonds □ 4.44% | | |
| Minnesota State 5.00% 8/1/21 | 5,025,000 | 5,248,412 |
| Puerto Rico Commonwealth Public Improvement Series A 5.50% 7/1/19 (MBIA) | 1,000,000 | 1,135,520 |
| Puerto Rico Government Development Bank Senior Notes Series B 5.00% 12/1/14 | 1,000,000 | 1,062,230 |
| | | 7,446,162 |
| Transportation Revenue Bonds □ 7.71% | | |
| Minneapolis/St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/22 (MBIA) | 3,000,000 | 3,095,550 |
| 5.00% 1/1/28 (MBIA) | 2,120,000 | 2,171,495 |
| 5.25% 1/1/16 (MBIA) Series B | 1,000,000 | 1,062,830 |
| 5.00% 1/1/35 (AMBAC) | 2,000,000 | 2,049,380 |
| 5.25% 1/1/24 (FGIC) (AMT) | 1,000,000 | 1,017,570 |
| St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A 5.35% 8/1/29 (FSA) | 3,350,000 | 3,513,647 |
| | | 12,910,472 |
| Total Municipal Bonds (cost \$257,257,332) | | 266,036,583 |

| | |
|---|----------------------|
| Short-Term Investments □ 1.46% | |
| Variable Rate Demand Notes □ 1.46% | |
| University of Minnesota | |
| Series A 3.85% 1/1/34 | 300,000 300,000 |
| Series C 3.85% 12/1/36 | 2,145,000 2,145,000 |
| Total Short-Term Investments | |
| (cost \$2,445,000) | 2,445,000 |
| Total Value of Securities □ 160.25% | |
| (cost \$259,702,332) | 268,481,583 |
| Liabilities Net Receivables | |
| and Other Assets □ (3.55%)* | (5,941,874) |
| Liquidation Value of Preferred Stock □ (56.70%) | (95,000,000) |
| Net Assets Applicable to 11,504,975 | |
| Shares Outstanding □ 100.00% | \$167,539,709 |
| | |
| Net Asset Value Per Common Share | |
| (\$167,539,709 / 11,504,975 Shares) | \$14.56 |

Components of Net Assets at September 30, 2007:

| | |
|--|---------------|
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | \$158,785,529 |
| Undistributed net investment income | 3,823 |
| Accumulated net realized loss on investments | (28,894) |
| Net unrealized appreciation of investments | 8,779,251 |
| Total net assets | \$167,539,709 |

12

&¹ Security held in a trust in connection with the Inverse Floater security \$7,000,000, 6.496%, 1/1/14.

&² Security held in a trust in connection with the Inverse Floater security \$1,500,000, 6.496%, 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 September 30, 2007.

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

For additional information on the Inverse Floater programs, see Note 8 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
 MBIA □ Insured by the Municipal Bond Insurance Association
 RADIAN □ Insured by Radian Asset Assurance
 VA □ Insured by the Veterans Administration

See accompanying notes

13

Statements of operations

Delaware Investments Closed-End Municipal Bond Funds

Six months ended September 30, 2007 (Unaudited)

| | Delaware Investments Arizona Municipal Income Fund, Inc. | Delaware Investments Colorado Insured Municipal Income Fund, Inc. | Delaware Investments Florida Insured Municipal Income Fund | Delaware Investments Minnesota Municipal Income Fund II, Inc. |
|--|---|---|--|--|
| Investment Income: | | | | |
| Interest | \$1,602,804 | \$ 2,671,637 | \$1,331,321 | \$ 6,550,299 |
| Expenses: | | | | |
| Management fees | 135,795 | 223,177 | 108,805 | 525,027 |
| Interest and related expenses | □ | □ | □ | 170,323 |
| Remarketing agent fees | 31,771 | 50,000 | 25,417 | 120,729 |
| Accounting and administration expenses | 13,616 | 22,379 | 10,910 | 52,644 |
| Dividend disbursing and transfer agent fees and expenses | 12,289 | 17,158 | 18,682 | 48,514 |
| Audit and tax | 7,197 | 7,795 | 7,020 | 9,660 |
| Reports and statements to shareholders | 6,801 | 11,290 | 8,061 | 21,398 |
| Rating agency fees | 6,713 | 5,168 | 6,715 | 16,312 |
| Taxes (other than taxes on income) | 3,000 | 4,460 | □ | 9,170 |
| Legal fees | 2,444 | 3,093 | 3,636 | 9,433 |
| Stock exchange fees | 1,354 | 2,208 | 1,067 | 5,379 |
| Pricing fees | 1,084 | 1,252 | 825 | 2,909 |
| Directors□/Trustees□ fees and benefits | 988 | 1,646 | 793 | 3,853 |
| Custodian fees | 832 | 1,152 | 866 | 2,995 |
| Consulting fees | 728 | 832 | 316 | 1,542 |
| Insurance fees | 431 | 910 | 421 | 2,279 |
| Registration fees | 261 | 144 | 261 | 294 |
| Dues and services | 168 | 486 | 354 | 252 |
| Trustees□ expenses | 101 | □ | 64 | 312 |
| | 225,573 | 353,150 | 194,213 | 1,003,016 |
| Less expense paid indirectly | (805) | (1,132) | (712) | (2,253) |
| Total operating expenses | 224,768 | 352,018 | 193,501 | 1,000,763 |
| Net Investment Income | 1,378,036 | 2,319,619 | 1,137,820 | 5,549,526 |
| Net Realized and Unrealized Gain (Loss) on Investments: | | | | |
| Net realized gain on investments | 14,591 | 324,419 | 3,967 | 8,311 |

| | | | | |
|--|---------------------|--------------------|---------------------|--------------------|
| Net change in unrealized appreciation/depreciation of investments | (1,037,399) | (1,558,102) | (969,296) | (3,528,399) |
| Net Realized and Unrealized Loss on Investments | (1,022,808) | (1,233,683) | (965,329) | (3,520,080) |
| Dividends on Preferred Stock | (538,893) | (763,440) | (428,274) | (1,836,400) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$ (183,665) | \$ 322,496 | \$ (255,783) | \$ 193,033 |

See accompanying notes

14

Statements of changes in net assets

Delaware Investments Closed-End Municipal Bond Funds

| | Delaware Investments Arizona Municipal Income Fund, Inc. | | Delaware Investments Colorado Insured Municipal Income Fund, Inc. | |
|---|--|-----------------------|---|-----------------------|
| | Six Months Ended 9/30/07 (Unaudited) | Year Ended 3/31/07 | Six Months Ended 9/30/07 (Unaudited) | Year Ended 3/31/07 |
| Increase (Decrease) in Net Assets from Operations: | | | | |
| Net investment income | \$ 1,378,036 | \$ 2,779,422 | \$ 2,319,619 | \$ 4,763,200 |
| Net realized gain on investments | 14,591 | 387,724 | 324,419 | 607,660 |
| Net change in unrealized appreciation/depreciation of investments | (1,037,399) | 82,776 | (1,558,102) | (275,520) |
| Dividends on preferred stock | (538,893) | (925,058) | (763,440) | (1,417,500) |
| Net increase (decrease) in net assets resulting from operations | (183,665) | 2,324,864 | 322,496 | 3,677,840 |
| Dividends and Distributions to Common Shareholders from: | | | | |
| Net investment income | (924,482) | (2,236,650) | (1,741,356) | (4,111,530) |
| Net realized gain on investments | (161,039) | (95,430) | (314,411) | (343,430) |
| | (1,085,521) | (2,332,080) | (2,055,767) | (4,454,960) |
| Net Decrease in Net Assets | (1,269,186) | (7,216) | (1,733,271) | (777,120) |
| Net Assets: | | | | |
| Beginning of period | 43,916,133 | 43,923,349 | 73,055,737 | 73,832,860 |
| End of period | \$ 42,646,947 | \$ 43,916,133 | \$ 71,322,466 | \$ 73,055,733 |
| Undistributed (Distributions in excess of) net investment income | \$ (28,267) | \$ □ | \$ 178,363 | \$ 264,780 |

Delaware Investments
Florida Insured Municipal
Income Fund

Delaware Investments
Minnesota Municipal Income
Fund II, Inc.

Six Months

Six Months

| | Ended 9/30/07 (Unaudited) | Year Ended 3/31/07 | Ended 9/30/07 (Unaudited) | Year Ended 3/31/07 |
|---|---------------------------------|-----------------------|---------------------------------|-----------------------|
| Increase (Decrease) in Net Assets from Operations: | | | | |
| Net investment income | \$ 1,137,820 | \$ 2,325,692 | \$ 5,549,526 | \$ 11,084,46 |
| Net realized gain on investments | 3,967 | 243,904 | 8,311 | 159,04 |
| Net change in unrealized appreciation/depreciation of investments | (969,296) | 79,273 | (3,528,398) | 2,367,60 |
| Dividends on preferred stock | (428,274) | (733,838) | (1,836,406) | (3,434,73 |
| Net increase (decrease) in net assets resulting from operations | (255,783) | 1,915,031 | 193,033 | 10,176,38 |
| Dividends and Distributions to Common Shareholders from: | | | | |
| Net investment income | (853,826) | (1,986,204) | (3,796,642) | (8,513,68 |
| Net realized gain on investments | (106,577) | (164,710) | □ | |
| | (960,403) | (2,150,914) | (3,796,642) | (8,513,68 |
| Net Increase (Decrease) in Net Assets | (1,216,186) | (235,883) | (3,603,609) | 1,662,69 |
| Net Assets: | | | | |
| Beginning of period | 35,256,325 | 35,492,208 | 171,143,318 | 169,480,61 |
| End of period | \$ 34,040,139 | \$ 35,256,325 | \$ 167,539,709 | \$ 171,143,31 |
| Undistributed (Distributions in excess of) net investment income | \$ (36,224) | \$ 71,820 | \$ 3,823 | \$ 93,89 |

See accompanying notes

15

Financial highlights

Delaware Investments Arizona Municipal Income Fund, Inc.

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

| | Six Months Ended 9/30/07 (Unaudited) | 3/31/07 | 3/31/06 | Year Ended 3/31/05 | 3/31/04 | 3/31/03 |
|--|---|----------|----------|-----------------------|----------|----------|
| Net asset value, beginning of period | \$14.730 | \$14.730 | \$15.070 | \$15.570 | \$15.480 | \$14.650 |
| Income (loss) from investment operations: | | | | | | |
| Net investment income | 0.462 | 0.932 | 0.951 | 0.956 | 1.020 | 1.067 |
| Net realized and unrealized gain (loss) on investments | (0.347) | 0.160 | (0.177) | (0.332) | 0.276 | 0.988 |
| Dividends on preferred stock from: | | | | | | |
| Net investment income | (0.160) | (0.297) | (0.232) | (0.118) | (0.075) | (0.103) |
| Net realized gain on investments | (0.021) | (0.013) | (0.002) | (0.003) | (0.016) | (0.018) |
| Total dividends on preferred stock | (0.181) | (0.310) | (0.234) | (0.121) | (0.091) | (0.121) |
| Total from investment operations | (0.066) | 0.782 | 0.540 | 0.503 | 1.205 | 1.934 |

30

| | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Less dividends and distributions to common shareholders from: | | | | | | |
| Net investment income | (0.310) | (0.750) | (0.860) | (0.960) | (0.960) | (0.940) |
| Net realized gain on investments | (0.054) | (0.032) | (0.020) | (0.043) | (0.155) | (0.164) |
| Total dividends and distributions | (0.364) | (0.782) | (0.880) | (1.003) | (1.115) | (1.104) |
| Net asset value, end of period | \$14.300 | \$14.730 | \$14.730 | \$15.070 | \$15.570 | \$15.480 |
| Market value, end of period | \$13.000 | \$14.790 | \$15.980 | \$15.390 | \$16.560 | \$15.490 |
| Total investment return based on:² | | | | | | |
| Market value | (9.72%) | (2.58%) | 9.74% | (0.78%) | 14.64% | 12.74% |
| Net asset value | (0.29%) | 5.26% | 3.31% | 3.34% | 7.86% | 13.44% |
| Ratios and supplemental data: | | | | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$42,647 | \$43,916 | \$43,923 | \$44,936 | \$46,429 | \$46,167 |
| Ratio of expenses to average net assets applicable to common shares ³ | 1.05% | 1.05% | 1.03% | 1.18% | 1.05% | 1.16% |
| Ratio of net investment income to average net assets applicable to common shares ³ | 6.41% | 6.34% | 6.28% | 6.34% | 6.63% | 6.96% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴ | 3.90% | 4.23% | 4.72% | 5.54% | 6.04% | 6.18% |
| Portfolio turnover | 13% | 17% | 2% | 8% | 30% | 24% |
| Leverage analysis: | | | | | | |
| Value of preferred shares outstanding (000 omitted) | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| Net asset coverage per share of preferred shares, end of period | \$135,294 | \$137,832 | \$137,847 | \$139,872 | \$142,858 | \$142,334 |
| Liquidation value per share of preferred shares ⁵ | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |

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

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

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

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

⁵ Excluding any accumulated but unpaid dividends.

See accompanying notes

Delaware Investments Colorado Insured Municipal Income Fund, Inc.

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

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| | Six Months Ended 9/30/071 (Unaudited) | 3/31/07 | 3/31/06 | Year Ended 3/31/05 | 3/31/04 | 3/31/03 |
|--|--|-----------|-----------|-----------------------|-----------|-----------|
| Net asset value, beginning of period | \$15.100 | \$15.260 | \$15.580 | \$16.110 | \$15.920 | \$14.780 |
| Income (loss) from investment operations: | | | | | | |
| Net investment income | 0.480 | 0.985 | 1.018 | 1.019 | 1.043 | 1.068 |
| Net realized and unrealized gain (loss) on investments | (0.257) | 0.069 | (0.129) | (0.432) | 0.324 | 1.324 |
| Dividends on preferred stock from: | | | | | | |
| Net investment income | (0.138) | (0.274) | (0.213) | (0.124) | (0.077) | (0.098) |
| Net realized gain on investments | (0.020) | (0.019) | (0.006) | (0.003) | (0.013) | (0.023) |
| Total dividends on preferred stock | (0.158) | (0.293) | (0.219) | (0.127) | (0.090) | (0.121) |
| Total from investment operations | 0.065 | 0.761 | 0.670 | 0.460 | 1.277 | 2.271 |
| Less dividends and distributions to common shareholders from: | | | | | | |
| Net investment income | (0.360) | (0.850) | (0.960) | (0.960) | (0.960) | (0.940) |
| Net realized gain on investments | (0.065) | (0.071) | (0.030) | (0.030) | (0.127) | (0.191) |
| Total dividends and distributions | (0.425) | (0.921) | (0.990) | (0.990) | (1.087) | (1.131) |
| Net asset value, end of period | \$14.740 | \$15.100 | \$15.260 | \$15.580 | \$16.110 | \$15.920 |
| Market value, end of period | \$15.550 | \$15.940 | \$18.650 | \$17.180 | \$16.960 | \$16.650 |
| Total investment return based on:² | | | | | | |
| Market value | 0.26% | (9.86%) | 14.64% | 7.42% | 8.76% | 21.31% |
| Net asset value | 0.32% | 4.35% | 3.44% | 2.56% | 8.05% | 15.37% |
| Ratios and supplemental data: | | | | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$71,322 | \$73,056 | \$73,833 | \$75,364 | \$77,903 | \$76,988 |
| Ratio of expenses to average net assets applicable to common shares ³ | 0.98% | 1.01% | 0.95% | 1.03% | 1.01% | 1.05% |
| Ratio of net investment income to average net assets applicable to common shares ³ | 6.47% | 6.49% | 6.51% | 6.51% | 6.54% | 6.83% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴ | 4.34% | 4.56% | 5.11% | 5.69% | 5.98% | 6.08% |
| Portfolio turnover | 10% | 11% | 12% | 5% | 13% | 14% |
| Leverage analysis: | | | | | | |
| Value of preferred shares outstanding (000 omitted) | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 |
| Net asset coverage per share of preferred shares, end of period | \$139,153 | \$141,320 | \$142,291 | \$144,205 | \$147,379 | \$146,235 |
| Liquidation value per share of preferred shares ⁵ | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |

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

² Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return

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

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

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

⁵ Excluding any accumulated but unpaid dividends.

See accompanying notes

(continues) 17

Financial highlights

Delaware Investments Florida Insured Municipal Income Fund

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

| | Six Months Ended 9/30/07 (Unaudited) | 3/31/07 | 3/31/06 | Year Ended 3/31/05 | 3/31/04 | 3/31/03 |
|--|---|----------|----------|-----------------------|----------|----------|
| Net asset value, beginning of period | \$14.560 | \$14.650 | \$15.340 | \$16.200 | \$16.370 | \$15.340 |
| Income (loss) from investment operations: | | | | | | |
| Net investment income | 0.470 | 0.960 | 1.017 | 1.057 | 1.088 | 1.017 |
| Net realized and unrealized gain (loss) on investments | (0.406) | 0.141 | (0.236) | (0.675) | (0.130) | 1.017 |
| Dividends on preferred stock from: | | | | | | |
| Net investment income | (0.162) | (0.285) | (0.202) | (0.114) | (0.082) | (0.082) |
| Net realized gain on investments | (0.015) | (0.018) | (0.055) | (0.009) | (0.005) | |
| Total dividends on preferred stock | (0.177) | (0.303) | (0.257) | (0.123) | (0.087) | (0.082) |
| Total from investment operations | (0.113) | 0.798 | 0.524 | 0.259 | 0.871 | 2.017 |
| Less dividends and distributions to common shareholders from: | | | | | | |
| Net investment income | (0.353) | (0.820) | (0.970) | (1.020) | (0.995) | (0.970) |
| Net realized gain on investments | (0.044) | (0.068) | (0.244) | (0.099) | (0.046) | (0.046) |
| Total dividends and distributions | (0.397) | (0.888) | (1.214) | (1.119) | (1.041) | (1.016) |
| Net asset value, end of period | \$14.050 | \$14.560 | \$14.650 | \$15.340 | \$16.200 | \$16.200 |
| Market value, end of period | \$12.680 | \$14.530 | \$16.050 | \$15.050 | \$16.650 | \$15.050 |
| Total investment return based on:² | | | | | | |
| Market value | (10.12%) | (4.12%) | 14.75% | (3.02%) | 18.04% | 14.12% |
| Net asset value | (0.62%) | 5.27% | 2.76% | 1.59% | 5.59% | 14.92% |
| Ratios and supplemental data: | | | | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$34,040 | \$35,256 | \$35,492 | \$37,166 | \$39,244 | \$39,244 |

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| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Ratio of expenses to average net assets applicable to common shares ³ | 1.12% | 1.10% | 1.07% | 1.24% | 1.11% | 1.11% |
| Ratio of net investment income to average net assets applicable to common shares ³ | 6.60% | 6.58% | 6.70% | 6.75% | 6.70% | 6.81% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴ | 4.11% | 4.51% | 5.01% | 5.97% | 6.16% | 6.16% |
| Portfolio turnover | 1% | 9% | 28% | 11% | 3% | 1% |
| Leverage analysis: | | | | | | |
| Value of preferred shares outstanding (000 omitted) | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| Net asset coverage per share of preferred shares, end of period | \$135,100 | \$138,141 | \$138,731 | \$142,915 | \$148,110 | \$149,110 |
| Liquidation value per share of preferred shares ⁵ | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |

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

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

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

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

⁵ Excluding any accumulated but unpaid dividends.

See accompanying notes

18

Delaware Investments Minnesota Municipal Income Fund II, Inc.

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

| | Six Months Ended 9/30/071 (Unaudited) | 3/31/07 | 3/31/06 | Year Ended 3/31/05 | 3/31/04 | 3/31/03 |
|--|---------------------------------------|----------|----------|--------------------|----------|----------|
| Net asset value, beginning of period | \$14.880 | \$14.730 | \$14.890 | \$15.280 | \$15.060 | \$14.280 |
| Income (loss) from investment operations: | | | | | | |
| Net investment income | 0.483 | 0.963 | 0.971 | 1.025 | 1.093 | 1.143 |
| Net realized and unrealized gain (loss) on investments | (0.313) | 0.225 | 0.012 | (0.237) | 0.207 | 0.689 |
| Dividends on preferred stock from: | | | | | | |
| Net investment income | (0.160) | (0.298) | (0.243) | (0.128) | (0.082) | (0.112) |
| Total dividends on preferred stock | (0.160) | (0.298) | (0.243) | (0.128) | (0.082) | (0.112) |
| Total from investment operations | 0.010 | 0.890 | 0.740 | 0.660 | 1.218 | 1.720 |
| Less dividends to common shareholders from: | | | | | | |
| Net investment income | (0.330) | (0.740) | (0.900) | (1.050) | (0.998) | (0.940) |

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| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Total dividends | (0.330) | (0.740) | (0.900) | (1.050) | (0.998) | (0.940) |
| Net asset value, end of period | \$14.560 | \$14.880 | \$14.730 | \$14.890 | \$15.280 | \$15.060 |
| Market value, end of period | \$13.550 | \$14.640 | \$16.200 | \$16.370 | \$16.800 | \$15.300 |
| Total investment return based on:² | | | | | | |
| Market value | (5.22%) | (5.13%) | 4.73% | 4.02% | 16.87% | 15.84% |
| Net asset value | 0.20% | 6.05% | 4.69% | 4.03% | 7.99% | 12.19% |
| Ratios and supplemental data: | | | | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$167,540 | \$171,143 | \$169,481 | \$107,958 | \$110,828 | \$109,212 |
| Ratio of expenses to average net assets applicable to common shares ^{3,6} | 1.19% | 1.20% | 1.07% | 1.00% | 0.93% | 1.03% |
| Ratio of net investment income to average net assets applicable to common shares ^{3,6} | 6.61% | 6.52% | 6.45% | 6.85% | 7.23% | 7.74% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ⁴ | 4.42% | 4.50% | 4.86% | 6.00% | 6.69% | 6.99% |
| Portfolio turnover | 4% | 3% | 8% | 15% | 34% | 22% |
| Leverage analysis: | | | | | | |
| Value of preferred shares outstanding (000 omitted) | \$95,000 | \$95,000 | \$95,000 | \$60,000 | \$60,000 | \$60,000 |
| Net asset coverage per share of preferred shares, end of period | \$138,179 | \$140,075 | \$139,200 | \$139,965 | \$142,357 | \$141,010 |
| Liquidation value per share of preferred shares ⁵ | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |

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

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

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

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

⁵ Excluding any accumulated but unpaid dividends.

⁶ The ratio of expenses to average net assets applicable to common shares for the six month period ended September 30, 2007 and year ended 2007 includes interest and related expenses which include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees in connection with the Fund's participation in inverse floater programs. See Notes 1 and 8 in Notes to Financial Statements.

See accompanying notes

19

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

September 30, 2007 (Unaudited)

Delaware Investments Arizona Municipal Income Fund, Inc. (Arizona Municipal Fund); Delaware Investments Colorado Insured Municipal Income Fund, Inc. (Colorado Insured Municipal Fund) and Delaware Investments Minnesota Municipal Income Fund II, Inc. (Minnesota Municipal Fund II) are organized as Minnesota corporations and Delaware Investments Florida Insured Municipal Income Fund (to be renamed Delaware Investments National Municipal Income Fund) (National Municipal Fund) is organized as a Massachusetts Business Trust (each referred to as a Fund and collectively as the Funds). Arizona Municipal Fund, National Municipal Fund and Minnesota Municipal Fund II are considered diversified closed-end management investment companies and Colorado Insured Municipal Fund is considered a non-diversified closed-end management investment company under the Investment Company Act of 1940, as amended. The Funds' common shares trade on the American Stock Exchange. The Funds' preferred shares are traded privately through a remarketing agent.

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

1. Significant Accounting Policies

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

Security Valuation Long-term debt securities are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of each Fund's Board of Directors/Trustees. In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures, aftermarket trading or significant events after local market trading (e.g., government actions or pronouncements, trading volume or volatility on markets, exchanges among dealers, or news events).

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 157 Fair Value Measurements (Statement 157). Statement 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. Statement 157 is intended to increase consistency and comparability among fair value estimates used in financial reporting. Statement 157 is effective for fiscal years beginning after November 15, 2007. Management does not expect the adoption of Statement 157 to have a material impact on the amounts reported in the financial statements.

Federal Income Taxes Each Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Effective September 30, 2007, the Funds adopted FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The adoption of FIN 48 did not result in the recording of any tax benefit or expense in the current period.

Use of Estimates The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest and Related Expenses Interest and related expenses include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees from a Fund's participation in inverse floater programs where the Fund have transferred its own bonds to a trust that issues floating rate securities with an aggregate principal amount equal to the principal of the transferred bonds. In conveyance of the bond, the Fund receives the inverse floating rate securities and cash from the trust. As a result of certain rights retained by the Fund, the transfer of the bond is not considered a sale, but rather a form of financing for accounting purposes whereby the cash received is recorded as a liability and interest expense is recorded based on the interest rate of the floating rate securities. Remarketing fees, liquidity fees, and trustees' fees expenses are recorded on the accrual basis.

For the six months ended September 30, 2007, the Minnesota Municipal Fund II had an average daily liability from the participation in inverse floater programs of \$8,500,000 and recorded interest expense at an average rate of 4.00%.

1. Significant Accounting Policies (continued)

Other ☐ Expenses directly attributable to a Fund are charged directly to that Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Interest income is recorded on the accrual basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Each Fund declares and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually. In addition, in order to satisfy certain distribution requirements of the Tax Reform Act of 1986, the Funds may declare special year-end dividend and capital gains distributions during November or December to shareholders of record on a date in such month. Such distributions, if received by shareholders by January 31, are deemed to have been paid by the Funds and received by shareholders on the earlier of the date paid or December 31 of the prior year.

The Funds receive earnings credits from their custodian when positive cash balances are maintained, which are used to offset custody fees. The expense paid under this arrangement is included in custodian fees and on the Statements of operations with the corresponding expense offset shown as ☐expense paid indirectly.☐

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

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

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides accounting and administration services. Each Fund pays DSC a monthly fee computed at the annual rate of 0.04% of the Fund's average daily net assets excluding the liquidation value of preferred stock.

At September 30, 2007, each Fund had liabilities payable to affiliates as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|---|------------------------------|--|---|-----------------------------------|
| Investment management fee payable to DMC | \$22,550 | \$ 37,122 | \$ 18,038 | \$87,469 |
| Accounting administration and other expenses payable to DSC | 14,436 | 35,595 | 15,387 | 37,681 |
| Other expenses payable to DMC and affiliates* | 4,841 | 7,864 | 2,816 | 16,013 |

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

As provided in the investment management agreement, each Fund bears the cost of certain legal and tax services, including internal legal and tax services provided to each Fund by DMC and/or its affiliates' employees. For the six months ended September 30, 2007, each Fund was charged for internal legal and tax services provided by DMC and/or its affiliates' employees as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|--|------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| | \$993 | \$1,657 | \$798 | \$3,892 |

(continues) 21

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

3. Investments

For the six months ended September 30, 2007, the Funds made purchases and sales of investment securities other than short-term investments as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|-----------|------------------------------|--|---|-----------------------------------|
| Purchases | \$ 4,463,229 | \$ 5,851,010 | \$ 1,059,760 | \$ 4,570,950 |
| Sales | 4,421,158 | 5,327,460 | 372,858 | 5,888,008 |

At September 30, 2007, the cost of investments and unrealized appreciation (depreciation) for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At September 30, 2007 the cost of investments and unrealized appreciation (depreciation) for each Fund were as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|-----------------------------------|------------------------------|--|--------------------------------------|-----------------------------------|
| Cost of investments | \$ 64,101,387 | \$ 104,502,151 | \$ 52,521,743 | \$ 250,874,593 |
| Aggregate unrealized appreciation | \$ 2,287,914 | \$ 3,983,121 | \$ 1,112,781 | \$ 9,706,180 |
| Aggregate unrealized depreciation | (459,912) | (397,481) | (401,413) | (599,190) |
| Net unrealized appreciation | \$ 1,828,002 | \$ 3,585,640 | \$ 711,368 | \$ 9,106,990 |

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. Additionally, net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the six months ended September 30, 2007 and year ended March 31, 2007 was as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|----------------------------------|------------------------------|--|---|-----------------------------------|
| Six Months Ended 9/30/07* | | | | |
| Tax-exempt income | \$ 1,400,415 | \$ 2,406,044 | \$ 1,245,864 | \$ 5,633,048 |
| Long-term capital gain | 223,999 | 413,163 | 142,813 | □ |
| Total | \$ 1,624,414 | \$ 2,819,207 | \$ 1,388,677 | \$ 5,633,048 |
| Year Ended 3/31/07 | | | | |
| Ordinary income | \$ 15,433 | \$ | \$ | \$ □ |
| Tax-exempt income | 3,106,771 | 5,436,875 | 2,676,030 | 11,948,414 |
| Long-term capital gain | 134,934 | 435,594 | 208,722 | □ |
| Total | \$ 3,257,138 | \$ 5,872,469 | \$ 2,884,752 | \$ 11,948,414 |

*Tax information for the period ended September 30, 2007 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

5. Components of Net Assets on a Tax Basis

The components of net assets are estimated since final tax characteristics cannot be determined until fiscal year end. As of September 30, 2007, the estimated components of net assets on a tax basis were as follows:

| | Arizona Municipal Fund | Colorado Insured Municipal Fund | Florida Insured Municipal Fund | Minnesota Municipal Fund II |
|--|------------------------------|--|--------------------------------------|-----------------------------------|
| Shares of beneficial interest | \$40,838,893 | \$67,238,110 | \$33,361,389 | \$158,785,529 |
| Realized gains 4/1/07-9/30/07 | 8,319 | 320,353 | 3,606 | 12,807 |
| Dividends payable | (100,205) | (131,792) | (76,712) | (304,164) |
| Undistributed tax-exempt Income | 71,938 | 310,155 | 40,488 | 307,987 |
| Capital loss carryforwards | □ | □ | □ | (369,440) |
| Unrealized appreciation of investments | 1,828,002 | 3,585,640 | 711,368 | 9,106,990 |
| Net assets | \$42,646,947 | \$71,322,466 | \$34,040,139 | \$167,539,709 |

The difference between book basis and tax basis components of net assets are primarily attributable to tax deferral of losses on wash sales, tax treatment of market discount on debt instruments.

22

5. Components of Net Assets on a Tax Basis (continued)

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of dividends and distributions, tax treatment of market discount on certain debt instruments. Results of operations and net assets were not affected by these reclassifications. For the six months ended September 30, 2007, the Funds recorded an estimate of these differences since the final tax characteristics cannot be determined until fiscal year end.

| | Arizona Municipal Fund | Minnesota Municipal Fund II |
|---------------------------------|------------------------------|-----------------------------------|
| Accumulated net investment loss | \$(5,888) | \$(6,548) |
| Accumulated net realized gain | 5,888 | 6,548 |

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Capital loss carryforwards remaining at March 31, 2007 will expire as follows:

| | Minnesota Municipal Fund II |
|-------|-----------------------------------|
| 2008 | \$175,394 |
| 2009 | 175,804 |
| 2010 | 8,416 |
| 2013 | 9,826 |
| Total | \$369,440 |

For the six months ended September 30, 2007, the Minnesota Municipal Fund II had capital gains of \$12,807, which may reduce the capital loss carryforwards.

6. Capital Stock

Pursuant to their articles of incorporation, Arizona Municipal Fund, Colorado Insured Municipal Fund and Minnesota Municipal Fund II each have 200 million shares of \$0.01 par value common shares authorized. Florida Insured Municipal Fund has been authorized to issue an unlimited amount of \$0.01 par value common shares. The Funds did not repurchase any shares under the Share Repurchase Program during the six months ended September 30, 2007. Shares issuable under the Funds' dividend reinvestment plan are purchased by the Funds' transfer agent, Mellon Investor Services, LLC, in the open market.

For the six months ended September 30, 2007, the Funds did not have any transactions in common shares.

The Funds each have one million shares of \$0.01 par value preferred shares authorized, except for Florida Insured Municipal Fund, which has an unlimited amount of \$0.01 par value preferred shares authorized. The Arizona Municipal Fund and Florida Insured Municipal Fund (to be renamed National Municipal Income Fund) each currently have 250 Series A and 250 Series B preferred shares issued. Colorado Insured Municipal Fund has 800 Series A and B preferred shares issued, and Minnesota Municipal Income Fund II has 600 Series A, 600 Series B, 400 Series C and 300 Series D preferred shares issued.

Dividends for the outstanding preferred shares of each Fund are cumulative at a rate established at the initial public offering and are typically reset every 28 days based on the results of an auction. Dividend rates (adjusted for any capital gain distributions) ranged during the six months ended September 30, 2007 as follows:

| Fund | Low | | High |
|---------------------------------|-------|----|-------|
| Arizona Municipal Fund | 3.65% | to | 5.25% |
| Colorado Insured Municipal Fund | 3.45% | to | 4.70% |
| Florida Insured Municipal Fund | 3.60% | to | 5.15% |
| Minnesota Municipal Fund II | 3.60% | to | 4.30% |

(continues) 23

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

6. Capital Stock (continued)

Citigroup Global Markets, Inc. (formerly Salomon Smith Barney, Inc.), and Merrill Lynch Pierce, Fenner & Smith Inc. (Colorado Insured Municipal Fund only), as the remarketing agents, receive an annual fee from each of the Funds of 0.25% of the average amount of preferred stock outstanding.

Under the 1940 Act, the Funds may not declare dividends or make other distributions on common shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding preferred stock is less than 200%. The preferred shares are redeemable at the option of the Funds, in whole or in part, on any dividend payment date at \$50,000 per share plus any accumulated but unpaid dividends whether or not declared. The preferred shares are also subject to mandatory redemption at \$50,000 per share plus any accumulated but unpaid dividends whether or not declared, if certain requirements relating to the composition of the assets and liabilities of each Fund are not satisfied. The holders of preferred shares have voting rights equal to the holders of common shares (one vote per share) and will vote together with holders of common shares as a single class. However, holders of preferred shares are also entitled to elect two of each Fund's Directors. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding preferred shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the preferred shares, and (b) take any action requiring a vote of security holders pursuant to Section 13(a) of the 1940 Act, including, among other things, changes in each of the Fund's subclassification as a closed-end investment company or (c) changes in their fundamental investment restrictions.

7. Inverse Floaters

The Funds may participate in inverse floater programs where a fund transfers its own bonds to a trust that issues floating rate securities and inverse floating rate securities (inverse floaters) with an aggregate principal amount equal to the principal of the transferred bonds. The inverse floaters received by the Funds are derivative tax-exempt obligations with floating or variable interest rates that move in the opposite direction of short-term interest rates, usually at an accelerated speed. Consequently, the market values of the inverse floaters will generally be more volatile than other tax-exempt investments. The Funds typically

use inverse floaters to adjust the duration of its portfolio. Duration measures a portfolio's sensitivity to changes in interest rates. By holding inverse floaters with a different duration than the underlying bonds that the Fund transferred to the trust, the Fund seeks to adjust its portfolio's sensitivity to changes in interest rates. The Funds may also invest in inverse floaters to add additional income to the Funds or to adjust the Funds' exposure to a specific segment of the yield curve. Securities held in trust relating to inverse floater programs are identified on the Statements of net assets.

8. Credit and Market Risk

The Funds use leverage in the form of preferred shares. Leveraging may result in a higher degree of volatility because each Fund's net asset value could be more sensitive to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to the leverage.

The Funds concentrate their investments in securities issued by municipalities. The value of these investments may be adversely affected by new legislation within the states, regional or local economic conditions, and differing levels of supply and demand for municipal bonds. Many municipalities insure repayment for their obligations. Although bond insurance reduces the risk of loss due to default by an issuer, such bonds remain subject to the risk that value may fluctuate for other reasons and there is no assurance that the insurance company will meet its obligations. These securities have been identified in the Statements of net assets.

The Funds may invest in advanced refunded bonds, escrow secured bonds or defeased bonds. Under current federal tax laws and regulations, state and local government borrowers are permitted to refinance outstanding bonds by issuing new bonds. The issuer refinances the outstanding debt to either reduce interest costs or to remove or alter restrictive covenants imposed by the bonds being refinanced. A refunding transaction where the municipal securities are being refunded within 90 days from the issuance of the refunding issue is known as a "current refunding." "Advance refunded bonds" are bonds in which the refunded bond issue remains outstanding for more than 90 days following the issuance of the refunding issue. In an advance refunding, the issuer will use the proceeds of a new bond issue to purchase high grade interest bearing debt securities which are then deposited in an irrevocable escrow account held by an escrow agent to secure all future payments of principal and interest and bond premium of the advance refunded bond. Bonds are "escrowed to maturity" when the proceeds of the refunding issue are deposited in an escrow account for investment sufficient to pay all of the principal and interest on the original interest payment and maturity dates. Bonds are considered "pre-refunded" when the refunding issue's proceeds are escrowed only until a permitted call date or dates on the refunded issue with the refunded issue being redeemed at the time, including any required premium. Bonds become "defeased" when the rights and interests of the bondholders and of their lien on the pledged revenues or other security under the terms of the bond contract are substituted with an alternative source of revenues (the escrow securities) sufficient to meet payments of principal and interest to maturity or to the first call dates. Escrowed secured bonds will often receive a rating of AAA from Moody's Investors Service, Inc., Standard & Poor's Ratings Group, and/or Fitch Ratings due to the strong credit quality of the escrow securities and the irrevocable nature of the escrow deposit agreement.

Each Fund may invest up to 15% of its total assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair each Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, each Fund's Board of Trustees/Directors has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of each Fund's limitation on investments in illiquid assets. As of September 30, 2007, there were no Rule 144A securities and no securities have been determined to be illiquid under the Funds' Liquidity Procedures.

24

9. Contractual Obligations

The Funds enter into contracts in the normal course of business that contain a variety of indemnifications. The Funds' maximum exposure under these arrangements is unknown. However, the Funds have not had prior claims or losses pursuant to these contracts. Management has reviewed the Funds' existing contracts and expects the risk of loss to be remote.

25

Other Fund information (unaudited)

Delaware Investments Closed-End Municipal Bond Funds

Change in the Funds' Service Providers

Effective October 1, 2007, Mellon Bank, N.A. provides fund accounting and financial administration services to each Fund. Those services include performing functions related to calculating each Fund's NAV and providing financial reporting information, regulatory compliance testing and other related accounting services. For these services, each Fund pays Mellon Bank, N.A. an asset-based fee, subject to certain fee minimums, plus certain out-of-pocket expenses and transactional charges. Effective October 1, 2007, Delaware Service Company, Inc. (DSC) provides fund accounting and financial administration oversight services to the Funds. Those services include overseeing the Funds' pricing process, the calculation and payment of fund expenses, and financial reporting in shareholder reports, registration statements and other regulatory filings. DSC also manages the process for the payment of dividends and distributions and the dissemination of Fund NAVs and performance data. For these services, each Fund pays DSC an asset-based fee, plus certain out-of-pocket expenses and transactional charges. The fees payable to Mellon Bank, N.A. and DSC under the service agreements described above will be allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. Prior to October 1, 2007, DSC provided fund accounting and financial administration services to the Funds at an annual rate of 0.04% of each Fund's average daily net assets.

Change to the Funds' Investment Policies

At a meeting of the Funds' Board of Directors/Trustees on August 16, 2007, the Board approved the Funds' ability to invest up to 15% of total net assets in credit default swaps. The Funds began investing in credit default swaps on October 23, 2007.

Credit Default Swaps

A Fund may enter into credit default swap (CDS) contracts to the extent consistent with its investment objectives and strategies. A CDS contract is a risk-transfer instrument (in the form of a derivative security) through which one party (the purchaser of protection) transfers to another party (the seller of protection) the financial risk of a Credit Event (as defined below), as it relates to a particular reference security or basket of securities (such as an index). In exchange for the protection offered by the seller of protection, the purchaser of protection agrees to pay the seller of protection a periodic premium. In the most general sense, the benefit for the purchaser of protection is that, if a Credit Event should occur, it has an agreement that the seller of protection will make it whole in return for the transfer to the seller of protection of the reference security or securities. The benefit for the seller of protection is the premium income it receives. A Fund might use CDS contracts to limit or to reduce the risk exposure of the Fund to defaults of the issuer or issuers of its holdings (i.e., to reduce risk when the Fund owns or has exposure to such securities). A Fund also might use CDS contracts to create or vary exposure to securities or markets or as a tax management tool.

CDS transactions may involve general market, illiquidity, counterparty, and credit risks. CDS prices may also be subject to rapid movements in response to news and events affecting the underlying securities. In addition, the CDS market for municipal securities is less mature than the CDS market for taxable fixed income securities. The aggregate notional amount (typically, the principal amount of the reference security or securities) of a Fund's investments in the CDS contracts will be limited to 15% of its total net assets. As the purchaser or seller of protection, a Fund may be required to segregate cash or other liquid assets to cover its obligations under certain CDS contracts.

Where a Fund is a purchaser of protection, it will designate on its books and records cash or liquid securities sufficient to cover its premium payments under the CDS. To the extent that a Fund, as a purchaser of protection, may be required in the event of a credit default to deliver to the counterparty (1) the reference security (or basket of securities), (2) a security (or basket of securities) deemed to be the equivalent of the reference security (or basket of securities), or (3) the negotiated monetary value of the obligation, the Fund will designate the reference security (or basket of securities) on its books and records as being held to satisfy its obligation under the CDS or, where the Fund does not own the reference security (or basket of securities), the Fund will designate on its books and records cash or liquid securities sufficient to satisfy the potential obligation. To the extent that the Fund, as a seller of protection, may be required in the event of a credit default to deliver to the counterparty some or all of the notional amount of the CDS, it will designate on its books and records cash or liquid securities sufficient to cover the obligation. If the CDS permits a Fund to offset its obligations against the obligations of the counterparty under the CDS, then the Fund will only designate on its books and records cash or liquid securities sufficient to cover the Fund's net obligation to the counterparty, if any. All cash and liquid securities designated by a Fund to cover its obligations under CDS will be marked to market daily to cover these obligations.

As the seller of protection in a CDS contract, a Fund would be required to pay the par (or other agreed-upon) value of a reference security (or basket of securities) to the counterparty in the event of a default, bankruptcy, failure to pay, obligation acceleration, modified restructuring or agreed upon event (each of these events is a Credit Event). If a Credit Event occurs, a Fund generally would receive the security or securities to which the Credit Event relates in return for the payment to the purchaser of the par value. Provided that no Credit Event occurs, a Fund would receive from the counterparty a periodic stream of payments over the term of the contract in return for this credit protection. In addition, if no Credit Event occurs during the term of the CDS contract, a Fund would have no delivery requirement or payment obligation to the purchaser of protection. As the seller of protection, a Fund would have credit exposure to the reference security (or basket of securities). A Fund will not sell protection in a CDS contract if it cannot otherwise hold the security (or basket of securities).

As the purchaser of protection in a CDS contract, a Fund would pay a premium to the seller of protection. In return, the Fund would be protected by the seller of protection from a Credit Event on the reference security (or basket of securities). A risk in this type of transaction is that the seller of protection may fail to satisfy its payment obligations to the Fund if a Credit Event

should occur. This risk is known as counterparty risk and is described in further detail below.

26

If the purchaser of protection does not own the reference security (or basket of securities), the purchaser of protection may be required to purchase the reference security (or basket of securities) in the case of a Credit Event on the reference security (or basket of securities). If the purchaser of protection cannot obtain the security (or basket of securities), it may be obligated to deliver a security (or basket of securities) that is deemed to be equivalent to the reference security (or basket of securities) or the negotiated monetary value of the obligation.

Each CDS contract is individually negotiated. The term of a CDS contract, assuming no Credit Event occurs, is typically between two and five years, but there is no restriction on the term of the CDS contracts in which a Fund may invest. CDS contracts may be unwound through negotiation with the counterparty. Additionally, a CDS contract may be assigned to a third party. In either case, the unwinding or assignment involves the payment or receipt of a separate payment by a Fund to terminate the CDS contract.

A significant risk in CDS transactions is the creditworthiness of the counterparty because the integrity of the transaction depends on the willingness and ability of the counterparty to meet its contractual obligations. If there is a default by a counterparty who is a purchaser of protection, a Fund's potential loss is the agreed upon periodic stream of payments from the purchaser of protection. If there is a default by a counterparty that is a seller of protection, the Fund's potential loss is the failure to receive the par value or other agreed upon value from the seller of protection if a Credit Event should occur. CDS contracts do not involve the delivery of collateral to support each party's obligations; therefore, a Fund will only have contractual remedies against the counterparty pursuant to the CDS agreement. As with any contractual remedy, there is no guarantee that a Fund would be successful in pursuing such remedies. For example, the counterparty may be judgment proof due to insolvency. A Fund thus assumes the risk that it will be delayed or prevented from obtaining payments owed to it.

Changes in the Delaware Investments Florida Insured Municipal Income Fund (renamed Delaware National Municipal Income Fund)

On September 13, 2007, shareholders of Delaware Investments Florida Insured Municipal Income Fund, renamed Delaware Investments National Municipal Income Fund (ASE: VFL) (the "Fund"), approved a proposal to change certain of the Fund's fundamental investment policies at the Fund's reconvened annual shareholders meeting. These changes were effective on Tuesday, October 16, 2007.

Shareholders of the Fund approved a proposal to eliminate 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. This change permits the Fund to, as a non-fundamental policy, (1) invest without limitation in un-insured, investment grade municipal securities (including those rated below AAA) of states other than Florida and to (2) invest up to 20% of its net assets in non-investment grade municipal securities. Consistent with its new, national investment strategy, the Fund has changed its name to Delaware Investments National Municipal Income Fund.

In addition, the Fund's non-fundamental investment objective was changed to provide current income exempt from regular federal income tax, consistent with the preservation of capital. As a fundamental policy, under normal circumstances the Fund will invest at least 80% of its net assets in securities the income from which is exempt from federal income taxes. The Fund will be able to invest up to 20% of its net assets in municipal bonds with an investment rating of Ba/BB or lower, or that are unrated but judged to be of comparable quality by the Fund's investment adviser. Investment in municipal bonds of below investment grade quality involves special risks as compared with investment in higher grade municipal bonds. These risks include greater sensitivity to general economic downturns. Securities rated below investment grade are commonly known as "junk bonds." These securities are regarded as predominantly speculative with respect to the issuer's ability to pay interest and repay principal owed.

The changes described above cause the Fund to be subject to the following additional risks, most notably increased industry and security risk, credit risk and high-yield bond risk.

Industry and Security Risk. Industry risk is the risk that the value of securities in a particular industry will decline because of changing expectations for the performance of that industry. Securities risk is the risk that the value of an individual security will decline because of changing expectations for the performance of the individual issuer of the security. To mitigate this risk, DMC spreads the Fund's assets across different types of municipal bonds and among bonds representing different industries and regions within Colorado. DMC will generally concentrate investments in a particular sector when the supply of bonds in other sectors does not suit the Fund's investment needs. This will expose the Fund to greater industry and security risk. However, if the Fund's fundamental policy requiring it to invest primarily in insured securities is eliminated, it may be more subject to industry and security risk than it was previously because payment of interest and principal on a substantial portion of the bonds in its portfolio is no longer insured.

Geographical Diversification. It is anticipated that the Fund will transition its portfolio over time to include municipal bonds from other states and territories. During that transition period, the Fund may have significant investments in Florida municipal bonds. This could make the Fund more sensitive to economic conditions in Florida than other more geographically diversified national municipal income funds.

Credit Risk. Credit risk is the possibility that an issuer of a debt security - or an entity that insures the debt security - will be unable to make interest payments on, and to pay the principal of, a security when due. A change in the credit risk associated with a particular debt security may cause a corresponding change in that security's price and, therefore, impact the Fund's net asset value. The purpose of insurance is to protect against credit risk. In the event of a default of an insured municipal security, the insurer is contractually required to make payments of interest and principal under the terms of the municipal security. To the extent that the Fund invests more of its assets in insured municipal securities or in securities that are more highly rated, the Fund may be subject to less credit risk. There is no assurance, however, that an insurance company will meet its obligations with respect

(continues) 27

Other Fund information (unaudited)

Delaware Investments Closed-End Municipal Bond Funds

to the insured securities. DMC recognizes that both eliminating the Fund's mandated investment policy concerning insured securities and increasing the Fund's ability to invest in non-investment grade securities may entail an increase in credit risk. It is the portfolio manager's and credit analyst's responsibility to perform due diligence around security selection with respect to credit risk to ensure that securities within the Fund are adding value to the portfolio. The team responsible for managing the Fund meets on a weekly basis to discuss and address such risks.

High Yield (Junk) Bonds. Credit risk is even greater for non-investment grade, high-yield municipal bonds. Investing in so-called junk bonds entails the risk of principal loss, which is typically greater than the risk involved in investment grade bonds. Issuers of these bonds are generally considered to be in a less secure financial situation and may be affected more by adverse economic conditions, and therefore high-yield bonds tend to exhibit more price volatility. High-yield bonds are sometimes issued by municipalities with lesser financial strength and therefore less ability to make projected debt payments on the bonds. A protracted economic downturn could adversely affect the value of outstanding bonds and the ability of high-yield issuers to repay principal and interest. In particular, for a high-yield revenue bond, adverse economic conditions to the particular project or industry that backs the bond would pose a significant risk. In striving to manage these risks, DMC will limit the amount that the Fund may invest in lower quality, higher yielding bonds.

Interest Rates. The Fund is affected by changes in interest rates. When interest rates rise, the value of bonds in the Fund's portfolio will likely decline. This generally affects securities with longer maturities more than those with shorter maturities. Because interest rate movements can be unpredictable, DMC does not try to increase return by aggressively capitalizing on interest rate moves. DMC does attempt to manage the duration of a Fund in order to take advantage of DMC's market outlook, especially on a longer-term basis.

Proxy Results

The shareholders of Delaware Investments Arizona Municipal Income Fund, Inc., Delaware Investments Colorado Insured Municipal Income Fund, Inc., Delaware Investments Florida Insured Municipal Income Fund, and Delaware Investments Minnesota Municipal Income Fund II, Inc. (each, a "Fund") voted on the following proposals (as applicable) at the annual meeting of shareholders on August 15, 2007 (the "Annual Meeting"). The description of each proposal and number of shares voted are as follows:

1. To elect a Board of Directors/Trustees for each Fund.

Delaware Investments Arizona Municipal Income Fund, Inc.

| | Common Shareholders | | Preferred Shareholders | |
|-------------------|---------------------|---------------------------------|------------------------|---------------------------------|
| | Shares Voted For | Shares Voted Withheld Authority | Shares Voted For | Shares Voted Withheld Authority |
| Patrick P. Coyne | 2,714,694 | 97,526 | | |
| Thomas L. Bennett | 2,714,694 | 97,526 | | |
| John A. Fry | 2,714,694 | 97,526 | | |

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| | | | | |
|---------------------|-----------|--------|-----|---|
| Anthony D. Knerr | 2,712,694 | 99,526 | | |
| Lucinda S. Landreth | 2,714,694 | 97,526 | | |
| Ann R. Leven | 2,712,694 | 99,526 | | |
| Thomas F. Madison | | | 497 | 3 |
| Janet L. Yeomans | | | 497 | 3 |
| J. Richard Zecher | 2,712,694 | 99,526 | | |

Delaware Investments Colorado Insured Municipal Fund, Inc.

| | Common Shareholders | | Preferred Shareholders | |
|---------------------|---------------------|--------------------|------------------------|--------------------|
| | Shares Voted | | Shares Voted | |
| | Shares Voted For | Withheld Authority | Shares Voted For | Withheld Authority |
| Patrick P. Coyne | 3,996,995 | 176,888 | | |
| Thomas L. Bennett | 3,960,961 | 212,922 | | |
| John A. Fry | 3,991,049 | 182,834 | | |
| Anthony D. Knerr | 3,965,803 | 208,080 | | |
| Lucinda S. Landreth | 3,995,445 | 178,438 | | |
| Ann R. Leven | 3,996,520 | 177,363 | | |
| Thomas F. Madison | | | 648 | 0 |
| Janet L. Yeomans | | | 648 | 0 |
| J. Richard Zecher | 3,991,607 | 182,883 | | |

28

Delaware Investments Florida Insured Municipal Income Fund

| | Common Shareholders | | Preferred Shareholders | |
|---------------------|---------------------|--------------------|------------------------|--------------------|
| | Shares Voted | | Shares Voted | |
| | Shares Voted For | Withheld Authority | Shares Voted For | Withheld Authority |
| Patrick P. Coyne | 1,904,682 | 46,806 | | |
| Thomas L. Bennett | 1,905,607 | 45,881 | | |
| John A. Fry | 1,901,607 | 49,881 | | |
| Anthony D. Knerr | 1,905,607 | 45,881 | | |
| Lucinda S. Landreth | 1,905,607 | 45,881 | | |
| Ann R. Leven | 1,903,385 | 48,103 | | |
| Thomas F. Madison | | | 298 | 5 |
| Janet L. Yeomans | | | 298 | 5 |
| J. Richard Zecher | 1,902,460 | 49,028 | | |

Delaware Investments Minnesota Municipal Income Fund II, Inc.

| | Common Shareholders | | Preferred Shareholders | |
|---------------------|---------------------|--------------------|------------------------|--------------------|
| | Shares Voted | | Shares Voted | |
| | Shares Voted For | Withheld Authority | Shares Voted For | Withheld Authority |
| Patrick P. Coyne | 9,963,948 | 337,750 | | |
| Thomas L. Bennett | 9,960,404 | 341,294 | | |
| John A. Fry | 9,957,373 | 344,325 | | |
| Anthony D. Knerr | 9,947,477 | 354,221 | | |
| Lucinda S. Landreth | 9,962,248 | 339,450 | | |

| | | | | |
|-------------------|-----------|---------|-------|----|
| Ann R. Leven | 9,950,634 | 351,064 | | |
| Thomas F. Madison | | | 1,351 | 18 |
| Janet L. Yeomans | | | 1,351 | 18 |
| J. Richard Zecher | 9,949,969 | 351,729 | | |

The shareholders of Delaware Investments Florida Insured Municipal Income Fund (the "Fund"), voted on the following proposal at the Fund's reconvened annual shareholders meeting on September 13, 2007. The description of the proposal and the number of shares voted are as follows:

- To eliminate a fundamental investment policy requiring Delaware Investments Florida Insured Municipal Income Fund to invest 80% of its net assets in insured, AAA-rated municipal bonds issued by the State of Florida.
Delaware Investments Florida Insured Municipal Income Fund only

| Common Shareholders | | | | Preferred Shareholders | | |
|---------------------|---------|-----------|------------------|------------------------|---------|-----------|
| Affirmative | Against | Abstained | Broker Non-votes | Affirmative | Against | Abstained |
| 1,325,276 | 193,989 | 33,988 | 414,068 | 296 | 103 | 0 |

(continues) 29

Other Fund information (unaudited)

Delaware Investments Closed-End Municipal Bond Funds

Board Consideration of Delaware Investments Closed-End Municipal Bond Funds Investment Advisory Agreement

At a meeting held on May 16-17, 2007 (Annual Meeting), the Board of Trustees/Directors (Trustees), including a majority of disinterested or independent Trustees, approved the renewal of the Investment Advisory Agreements for Delaware Investments Arizona Municipal Income Fund, Inc.; Delaware Investments Colorado Municipal Income Fund, Inc.; Delaware Investments Florida Insured Municipal Income Fund; and Delaware Investments Minnesota Municipal Income Fund II, Inc. (each a "Fund" and collectively the "Funds"). In making its decision, the Board considered information furnished throughout the year at regular Board meetings, including reports detailing Fund performance, investment strategies and expenses, as well as information prepared specifically in connection with the renewal of the investment advisory contracts. Information furnished specifically in connection with the renewal of the Investment Advisory Agreements with Delaware Management Company (DMC) included materials provided by DMC and its affiliates (Delaware Investments) concerning, among other things, the level of services provided to the Funds, the costs of such services to the Funds, economies of scale and the financial condition and profitability of Delaware Investments. In addition, in connection with the Meeting, the Board separately received and reviewed in mid-January 2007 independent historical and comparative reports prepared by Lipper Inc. (Lipper), an independent statistical compilation organization. The Lipper reports compared each Fund's investment performance and expenses with those of other comparable mutual funds. The Board requested and received certain information regarding management's policy with respect to advisory fee levels and its philosophy with respect to breakpoints; the structure of portfolio manager compensation; the investment manager's profitability; and any constraints or limitations on the availability of securities in certain investment styles which might inhibit DMC's ability to fully invest in accordance with Fund policies.

In considering information relating to the approval of each Fund's advisory agreement, the independent Trustees received assistance and advice from and met separately with independent counsel. While attention was given to all information furnished, the following discusses under separate headings the primary factors taken into account by the Board in its contract renewal considerations.

Nature, Extent And Quality of Service. Consideration was given to the services provided by Delaware Investments to the Funds and their shareholders. In reviewing the nature, extent and quality of services, the Board emphasized reports furnished to it throughout the year at regular Board meetings covering matters such as the compliance of portfolio managers with the investment policies, strategies and restrictions for the Funds, the compliance of management personnel with the Code of Ethics adopted throughout the Delaware Investments® Family of Funds complex and the adherence to fair value pricing procedures as established by the Board. The Board noted that it was pleased with the current staffing of the Funds' investment advisor and the emphasis placed on research in the investment process. Favorable consideration was given to DMC's efforts to maintain, and in

some instances increase, financial and human resources committed to fund matters. The Board was satisfied with the nature, extent and quality of the overall services provided by Delaware Investments.

Investment Performance. The Board considered the investment performance of DMC and the Funds. The Board placed significant emphasis on the investment performance of the Funds in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings throughout the year, particular weight was given to the Lipper reports furnished for the Annual Meeting. The Lipper reports prepared for each Fund showed the investment performance of its shares in comparison to a group of similar funds as selected by Lipper (Performance Universe). A fund with the highest performance ranked first, and a fund with the lowest ranked last. The highest/best performing 25% of funds in the Performance Universe make up the first quartile; the next 25% - the second quartile; the next 25% - the third quartile; and the lowest/worst performing 25% of funds in the Performance Universe make up the fourth quartile. Comparative annualized performance for each Fund was shown for the past one, three, five and 10 year periods ended December 31, 2006. The Board also considered comparative annualized performance for each Fund for the same periods ended October 31, 2006. The performance comparison presented below is based upon the December 31, 2006 information. The Board noted its objective that each Fund's performance for the periods considered be at or above the median of its Performance Universe. The following paragraphs summarize the performance results for the Funds and the Board's view of such performance.

Delaware Investments Arizona Municipal Income Fund, Inc. □ The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end other state municipal debt funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the one, three and five year periods was in the fourth quartile of its Performance Universe. The report further showed that the Fund's total return for the 10 year period was in the third quartile. The Board noted that the Fund's performance results were not in line with the Board's objective. In evaluating the Fund's performance, the Board considered investment strategy changes implemented in late 2006. The Board was satisfied that management was taking effective action to enhance Fun performance and meet the Board's performance objective.

Delaware Investments Colorado Municipal Income Fund, Inc. □ The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end other state municipal debt funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the one and three year periods was in the fourth quartile of its Performance Universe. The report further showed that the Fund's total return for the five and 10 year periods was in the third quartile and first quartile, respectively. The Board noted that the Fund's performance results were not in line with the Board's objective. In evaluating the Fund's performance, the Board considered investment strategy changes implemented in late 2006. The Board was satisfied that management was taking effective action to enhance Fund performance and meet the Board's performance objective.

30

Board Consideration of Delaware Investments Closed-End Municipal Bond Funds Investment Advisory Agreement (continued)

Delaware Investments Florida Insured Municipal Income Fund □ The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end Florida municipal debt funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the one year period was in the third quartile of its Performance Universe. The report further showed that the Fund's total return for the three and five year periods was in the fourth quartile and the Fund's total return for the 10 year period was in the first quartile. The Board noted that the Fund's performance results were not in line with the Board's objective. The Board also noted that the Performance Universe is not comprised solely of insured funds. Many of the funds (even certain of the insured funds) in the Performance Universe can maintain exposure to BBB rated bonds, which have significantly outperformed the AAA rated bonds that the Fund invests in. Based upon the Fund's investment restrictions and the composition of the Performance Universes, the Board was satisfied with the Fund's performance results.

Delaware Investments Minnesota Municipal Income Fund II, Inc. □ The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end other state municipal debt funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the one and five year periods was in the third quartile of its Performance Universe. The report further showed that the Fund's total return for the three and 10 year periods was in the second quartile and first quartile, respectively. The Board noted that the Fund's performance results were mixed, but on an overall basis, tended toward median, which was acceptable.

Comparative Expenses. The Board considered expense comparison data for the Delaware Investments® Family of Funds as of October 31, 2006. Management provided the Board with information on pricing levels and fee structures for the Funds. The Board focused particularly on the comparative analysis of the management fees and total expense ratios of each Fund and the effective management fees and expense ratios of a group of similar leveraged closed-end funds as selected by Lipper (Expense Group). In reviewing comparative costs, each Fund's contractual management fee and the actual management fee incurred by the Fund were compared with the contractual management fees (assuming all funds in the Expense Group were similar in size to the Fund) and actual management fees (as reported by each fund) of other funds within the Expense Group, taking into account any applicable breakpoints and fee waivers. Each Fund's total expenses were also compared with those of its Expense Group. The Board also considered fees paid to Delaware Investments for non-management services. The Board noted its objective to limit each Fund's total expense ratio to an acceptable range as compared to the median of the Expense Group. The

following paragraphs summarize the expense results for the Funds and the Board's view of such expenses.

Delaware Investments Arizona Municipal Income Fund, Inc. □ The expense comparisons for the Fund showed that its actual management fee and total expenses were in the quartile with the lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to its Expense Group as shown in the Lipper report.

Delaware Investments Colorado Municipal Income Fund, Inc. □ The expense comparisons for the Fund showed that its management fee was in the quartile with the lowest expenses of its Expense Group and its total expenses were in the quartile with the lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to its Expense Group as shown in the Lipper report.

Delaware Investments Florida Insured Municipal Income Fund □ The expense comparisons for the Fund showed that its management fee and total expenses were in the quartile with the lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to its Expense Group as shown in the Lipper report.

Delaware Investments Minnesota Municipal Income Fund II, Inc. □ The expense comparisons for the Fund showed that its management fee and total expenses were in the quartile with the lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to its Expense Group as shown in the Lipper report.

Management Profitability. The Board considered the level of profits, if any, realized by Delaware Investments in connection with the operation of the Funds. In this respect, the Board reviewed the Investment Management Profitability Analysis that addressed the overall profitability of Delaware Investments' business in providing management and other services to each of the individual funds and the Delaware Investments Family of Funds as a whole. Specific attention was given to the methodology followed in allocating costs for the purpose of determining profitability. Management stated that the level of profits of Delaware Investments, to a certain extent, reflected operational cost savings and efficiencies initiated by Delaware Investments. The Board considered Delaware Investments' efforts to improve services provided to fund shareholders and to meet additional regulatory and compliance requirements resulting from recent Securities and Exchange Commission initiatives. The Board also considered the extent to which Delaware Investments might derive ancillary benefits from fund operations, including the potential for procuring additional business as a result of the prestige and visibility associated with its role as service provider to the Delaware Investments Family of Funds and the benefits from allocation of fund brokerage to improve trading efficiencies. The Board found that the level of management fees was reasonable in light of the services rendered and the profitability of Delaware Investments.

Economies of Scale. As closed-end funds, the Funds do not issue shares on a continuous basis. Fund assets increase only to the extent that the value of the underlying securities in each Fund increase. Accordingly, the Board determined that the Funds were not likely to experience significant economies of scale due to asset growth and, therefore, a fee schedule with breakpoints to pass the benefit of such economies of scale on to shareholders was not likely to provide the intended effect.

31

About the organization

This semiannual report is for the information of Delaware Investments Closed-End Municipal Bond Funds shareholders. The return and principal value of an investment in each Fund will fluctuate so that shares, when resold, may be worth more or less than their original cost. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Funds may, from time-to-time, purchase shares of their common stock on the open market at market prices.

Board of trustees

Patrick P. Coyne
Chairman, President,
and Chief Executive Officer
Delaware Investments® Family
of Funds
Philadelphia, PA

Thomas L. Bennett
Private Investor

Affiliated officers

David F. Connor
Vice President, Deputy General
Counsel,
and Secretary
Delaware Investments Family of
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Philadelphia, PA

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Richard Salus
Senior Vice President and
Chief Financial Officer
Delaware Investments Family of
Funds
Philadelphia, PA

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. Each Fund's Forms N-Q, as well as a description of the policies and procedures that each Fund uses to determine how to vote proxies (if any) relating to portfolio securities are available without charge (i) upon request, by calling 800 523-1918; and (ii) on the Commission's Web site at <http://www.sec.gov>. In addition, a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities and each Fund's Schedule of Investments are available without charge on the Fund's Web site at <http://www.delawareinvestments.com>. Each Fund's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling 800 SEC-0330.

Information (if any) regarding how each Fund voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through each Fund's Web site at <http://www.delawareinvestments.com>; and (ii) on the Commission's Web site at <http://www.sec.gov>.

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and financial institutions
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Web site
www.delawareinvestments.com

Delaware Investments is the marketing name of Delaware Management Holdings, Inc. and its subsidiaries.

**Number of recordholders as of
Sept. 30, 2007:**

| | |
|---|-----|
| Arizona Municipal Income Fund | 67 |
| Colorado Insured Municipal Income Fund | 150 |
| Florida Insured Municipal Income Fund | 126 |
| Minnesota Municipal Income Fund II | 668 |

Simplify your life.

Manage your investments online!

Get Account Access, the Delaware Investments® secure Web site that allows you to conduct your business online. Gain 24-hour access to your account and one of the highest levels of Web security available. You also get:

- **Hassle-free investing** □ Make online purchases and redemptions at any time.
- **Simplified tax processing** □ Automatically retrieve your Delaware Investments accounts □ 1099 information and import it directly into your 1040 tax return. Available only with Turbo Tax® OnlineSM and Desktop software □ www.turbotax.com.
- **Less mail clutter** □ Get instant access to your fund materials online with Delaware eDelivery.

Register for Account Access today! Please visit us at www.delawareinvestments.com, select Individual Investors, and click Account Access.

Please call our Shareholder Service Center at **800 523-1918** Monday through Friday from 8:00 a.m. to 7:00 p.m., Eastern Time, for assistance with any questions.

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Item 2. Code of Ethics

Not applicable.

Item 3. Audit Committee Financial Expert

Not applicable.

Item 4. Principal Accountant Fees and Services

Not applicable.

Item 5. Audit Committee of Listed Registrants

Not applicable.

Item 6. Schedule of Investments

Included as part of report to shareholders filed under Item 1 of this Form N-CSR.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

Applicable to Form N-CSRs filed after fiscal years ending on or after December 31, 2005.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 11. Controls and Procedures

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by the report to stockholders included herein (i.e., the registrant's second fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

(a) (1) Code of Ethics

Not applicable.

(2) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2 under the Investment Company Act of 1940 are attached hereto as Exhibit 99.CERT.

(3) Written solicitations to purchase securities pursuant to Rule 23c-1 under the Securities Exchange Act of 1934.

Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are furnished herewith as Exhibit 99.906CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized.

Name of Registrant:

Delaware Investments Minnesota Municipal Income Fund II, Inc.

PATRICK P. COYNE

By: Patrick P. Coyne
Title: Chief Executive Officer
Date: December 7, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

PATRICK P. COYNE

By: Patrick P. Coyne
Title: Chief Executive Officer
Date: December 7, 2007

RICHARD SALUS

By: Richard Salus
Title: Chief Financial Officer
Date: December 7, 2007
