

Delaware Investments Colorado Municipal Income Fund, Inc.  
Form N-CSR  
December 04, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES

Investment Company Act file number: 811-07810

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

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

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

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

Date of fiscal year end: March 30

Date of reporting period: September 30, 2009

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Item 1. Reports to Stockholders

Semiannual Report

Delaware  
Investments  
Closed-End  
Municipal Bond  
Funds

September 30, 2009

Closed-end funds

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

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

from the Funds, or any particular rate of return.

Funds are not FDIC insured and are not guaranteed. It is possible to lose the principal amount invested.

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

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## Sector/State allocations and credit quality breakdowns

As of September 30, 2009

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

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

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

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

|              |                |
|--------------|----------------|
| AAA          | 13.50%         |
| AA           | 39.43%         |
| A            | 16.90%         |
| BBB          | 30.17%         |
| <b>Total</b> | <b>100.00%</b> |

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

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

| Sector                        | Percentage<br>of Net Assets |
|-------------------------------|-----------------------------|
| <b>Municipal Bonds</b>        | <b>98.43%</b>               |
| Corporate-Backed Revenue Bond | 1.24%                       |
| Education Revenue Bonds       | 20.20%                      |
| Electric Revenue Bonds        | 3.11%                       |
| Health Care Revenue           | 10.50%                      |
| Housing Revenue Bonds         | 2.82%                       |
| Lease Revenue Bonds           | 6.74%                       |

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

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

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

(continues) 1

## Sector/State allocations and credit quality breakdowns

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

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

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

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

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|              |                |
|--------------|----------------|
| B            | 0.57%          |
| Not Rated    | 2.50%          |
| <b>Total</b> | <b>100.00%</b> |

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

**Delaware Investments  
National Municipal Income Fund**

| Sector   | Percentage<br>of Net Assets |
|--|-----------------------------|
| <b>Municipal Bonds</b>                                 | <b>97.09%</b>               |
| Corporate-Backed Revenue Bonds                         | 11.73%                      |
| Education Revenue Bonds                                | 4.72%                       |
| Health Care Revenue Bonds                              | 19.63%                      |
| Housing Revenue Bonds                                  | 6.42%                       |
| Local General Obligation Bonds                         | 3.58%                       |
| Special Tax Revenue Bonds                              | 21.16%                      |
| State General Obligation Bonds                         | 7.37%                       |
| Transportation Revenue Bonds                           | 13.89%                      |
| Water & Sewer Revenue Bonds                            | 8.59%                       |
| <b>Short-Term Investments</b>                          | <b>2.18%</b>                |
| <b>Total Value of Securities</b>                       | <b>99.27%</b>               |
| <b>Receivables and Other Assets Net of Liabilities</b> | <b>0.73%</b>                |
| <b>Total Net Assets</b>                                | <b>100.00%</b>              |

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

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

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

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## Statements of net assets

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

September 30, 2009 (Unaudited)

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

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|   |                                   |           |           |
|---|-----------------------------------|-----------|-----------|
|   |                                   |           | 3,745,483 |
| <b>Health Care Revenue Bonds</b> □ 21.31% |                                   |           |           |
| Arizona Health Facilities Authority       |                                   |           |           |
|   | Revenue (Banner Health) Series D  |           |           |
|   | 5.50% 1/1/21                      | 500,000   | 552,615   |
| Glendale Industrial Development           |                                   |           |           |
|   | Authority Hospital Revenue (John  |           |           |
|   | C. Lincoln Health) 5.00% 12/1/42  | 1,500,000 | 1,356,570 |
| Maricopa County Industrial                |                                   |           |           |
|   | Development Authority Health      |           |           |
|   | Facilities Revenue (Catholic      |           |           |
|   | Healthcare West) Series A         |           |           |
|   | 5.25% 7/1/32                      | 400,000   | 404,792   |
|   | 6.00% 7/1/39                      | 500,000   | 531,825   |
| Scottsdale Industrial Development         |                                   |           |           |
|   | Authority Hospital Revenue        |           |           |
|   | Refunding (Scottsdale Healthcare) |           |           |
|   | Series A 5.25% 9/1/30             | 500,000   | 503,315   |
| Show Low Industrial Development           |                                   |           |           |
|   | Authority Hospital Revenue        |           |           |
|   | (Navapache Regional Medical       |           |           |
|   | Center) Series A                  |           |           |
|   | 5.50% 12/1/17 (ACA)               | 1,600,000 | 1,601,152 |
| University Medical Center                 |                                   |           |           |
|   | Hospital Revenue                  |           |           |
|   | 5.00% 7/1/33                      | 1,000,000 | 936,580   |
|   | 5.00% 7/1/35                      | 500,000   | 474,310   |
|   | 6.50% 7/1/39                      | 500,000   | 540,045   |
| Yavapai County Industrial                 |                                   |           |           |
|   | Development Authority Revenue     |           |           |
|   | (Yavapai Regional Medical Center) |           |           |
|   | Series A 5.25% 8/1/21 (RADIAN)    | 2,000,000 | 2,001,919 |
|   |                                   |           | 8,903,123 |
| <b>Housing Revenue Bonds</b> □ 1.39%      |                                   |           |           |
| Phoenix Industrial Development            |                                   |           |           |
|   | Authority Single Family Mortgage  |           |           |
|   | Statewide Revenue Series A        |           |           |
|   | 5.35% 6/1/20 (GNMA) (FNMA)        |           |           |
|   | (FHLMC) (AMT)                     | 345,000   | 345,223   |
| Pima County Industrial Development        |                                   |           |           |
|   | Authority Single Family Mortgage  |           |           |
|   | Housing Revenue Series A-1        |           |           |
|   | 6.125% 11/1/33 (GNMA) (FNMA)      |           |           |
|   | (FHLMC) (AMT)                     | 35,000    | 35,068    |
| Puerto Rico Housing Finance Authority     |                                   |           |           |
|   | Subordinate-Capital Foundation    |           |           |
|   | Modernization 5.50% 12/1/18       | 175,000   | 199,588   |
|   |                                   |           | 579,879   |
| <b>Lease Revenue Bonds</b> □ 5.24%        |                                   |           |           |
| Arizona Game & Fishing Department         |                                   |           |           |
|   | & Commission Beneficial Interest  |           |           |
|   | Certificates (AGF Administration  |           |           |
|   | Building Project) 5.00% 7/1/26    | 640,000   | 668,646   |
| Nogales Development Authority             |                                   |           |           |
|   | Municipal Facilities Revenue      |           |           |
|   | 5.00% 6/1/30 (AMBAC)              | 500,000   | 462,345   |
| Pima County Industrial Development        |                                   |           |           |
|   | Authority Lease Revenue Metro     |           |           |
|   | Police Facility (Nevada Project)  |           |           |
|   | Series A                          |           |           |
|   | 5.25% 7/1/31                      | 500,000   | 530,115   |
|   | 5.375% 7/1/39                     | 500,000   | 527,725   |
|   |                                   |           | 2,188,831 |

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|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds (continued)</b>  |                     |            |
| <b>Local General Obligation Bonds □ 5.34%</b>   |                     |            |
| Gila County Unified School District #10<br>(Payson School Improvement<br>Project of 2006) Series A<br>5.25% 7/1/27 (AMBAC)      | \$ 500,000          | \$ 523,610 |
| Maricopa County School<br>District #6 (Washington<br>Elementary) Refunding<br>Series A 5.375% 7/1/13 (FSA)                      | 1,500,000           | 1,708,350  |
|   |                     | 2,231,960  |
| <b>§Pre-Refunded Bonds □ 9.80%</b>  |                     |            |
| Oro Valley Municipal Property Excise<br>Tax 5.00% 7/1/20-11 (FGIC)  | 1,000,000           | 1,086,400  |
| Puerto Rico Commonwealth Public<br>Improvement Revenue<br>Series A 5.125% 7/1/31-11   | 250,000             | 269,898    |
| Southern Arizona Capital Facilities<br>Finance (University of Arizona<br>Project) 5.00% 9/1/23-12 (NATL-RE)                     | 1,000,000           | 1,115,660  |
| University of Arizona Certificates<br>of Participation (University<br>of Arizona Project) Series B<br>5.125% 6/1/22-12 (AMBAC)  | 500,000             | 554,680    |
| Virgin Islands Public Finance<br>Authority Revenue (Gross Receipts<br>Tax Loan Note) Series A<br>6.125% 10/1/29-10 (ACA)        | 1,000,000           | 1,065,670  |
|   |                     | 4,092,308  |
| <b>Special Tax Revenue Bonds □ 14.46%</b>   |                     |            |
| Flagstaff Aspen Place Sawmill<br>Improvement District Revenue<br>5.00% 1/1/32   | 385,000             | 385,458    |
| Gilbert Public Facilities Municipal<br>Property 5.00% 7/1/25  | 500,000             | 539,180    |
| Glendale Municipal Property Series A<br>5.00% 7/1/33 (AMBAC)  | 2,000,000           | 2,060,500  |
| Marana Tangerine Farm Road<br>Improvement District Revenue<br>4.60% 1/1/26  | 963,000             | 869,435    |
| Peoria Municipal Development<br>Authority Sales Tax & Excise<br>Shared Revenue (Senior Lien &<br>Subordinate Lien) 5.00% 1/1/18 | 1,085,000           | 1,264,980  |
| Queen Creek Improvement District #1<br>5.00% 1/1/32   | 1,000,000           | 920,540    |
|   |                     | 6,040,093  |
| <b>Transportation Revenue Bonds □ 5.52%</b>   |                     |            |
| Arizona Transportation Board<br>Grant Anticipation Notes<br>Series A 5.00% 7/1/14   | 250,000             | 283,715    |
| Phoenix Civic Improvement Airport<br>Revenue (Senior Lien)<br>Series B 5.25% 7/1/27 (NATL-RE)<br>(FGIC) (AMT)                   | 2,000,000           | 2,023,300  |
|   |                     | 2,307,015  |
| <b>Water &amp; Sewer Revenue Bonds □ 8.89%</b>  |                     |            |
| Phoenix Civic Improvement<br>Wastewater Systems Revenue<br>Junior Lien 5.00% 7/1/19<br>(NATL-RE)                                | 850,000             | 967,411    |



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|   |           |                      |
|---|-----------|----------------------|
| Refunding 5.00% 7/1/24<br>(NATL-RE) (FGIC)  | 1,000,000 | 1,045,160            |
| Phoenix Civic Improvement Water<br>Systems Revenue Junior Lien<br>Series A 5.00% 7/1/39                         | 900,000   | 973,170              |
| Scottsdale Water & Sewer Revenue<br>Refunding 5.00% 7/1/19  | 600,000   | 727,062              |
|   |           | 3,712,803            |
| <b>Total Municipal Bonds</b><br>(cost \$40,144,638)   |           | <b>41,122,299</b>    |
| <b>Total Value of Securities</b> □ 98.44%<br>(cost \$40,144,638)  |           | <b>41,122,299</b>    |
| <b>Receivables and Other Assets</b>   |           |                      |
| <b>Net of Liabilities</b> □ 1.56%   |           | <b>651,754</b>       |
| <b>Net Assets Applicable to 2,982,200<br/>Shares Outstanding; Equivalent to<br/>\$14.01 Per Share</b> □ 100.00% |           | <b>\$ 41,774,053</b> |

**Components of Net Assets at September 30, 2009:**

|  |  |               |
|--|--|---------------|
| Common stock, \$0.01 par value, 200 million shares<br>authorized to the Fund |  | \$ 40,651,205 |
| Undistributed net investment income  |  | 129,006       |
| Accumulated net realized gain on investments                                 |  | 28,717        |
| Net unrealized appreciation of investments                                   |  | 965,125       |
| Total net assets   |  | \$ 41,774,053 |

§Pre-Refunded Bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of September 30, 2009.

**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 □ Federal Home Loan Mortgage Corporation Collateral  
 FNMA □ Federal National Mortgage Association Collateral  
 FSA □ Insured by Financial Security Assurance  
 GNMA □ Government National Mortgage Association collateral  
 NATL-RE □ Insured by the National Public Finance Guarantee Corporation  
 RADIAN □ Insured by Radian Asset Assurance

See accompanying notes

(continues) 5

## Statements of net assets

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

September 30, 2009 (Unaudited)

|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds</b> □ 98.43%   |                     |            |
| Corporate-Backed Revenue Bond □ 1.24%   |                     |            |
| Public Authority Energy National Gas<br>Purpose Revenue Series 2008<br>6.50% 11/15/38 | \$ 750,000          | \$ 849,878 |
|   |                     | 849,878    |
| Education Revenue Bonds □ 20.20%  |                     |            |

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|  |  |  |
|--|--|--|
| Boulder County Development Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (NATL-RE)  | 3,000,000  | 3,042,600  |
| Colorado Board of Governors Revenue (University Enterprise System) Series A 5.00% 3/1/39   | 700,000  | 748,797  |
| Colorado Educational & Cultural Facilities Authority Revenue (Bromley Charter School Project) Refunding 5.25% 9/15/32 (XLCA) (Johnson & Wales University Project) Series A 5.00% 4/1/28 (XLCA) (Littleton Charter School Project) Refunding 4.375% 1/15/36 (CIFG) Student Housing (Campus Village Apartments) Refunding 5.00% 6/1/23 | 1,000,000<br>3,000,000<br>1,200,000<br>1,065,000 | 1,010,670<br>2,908,440<br>1,025,712<br>1,100,273 |
| Student Housing (University of Northern Colorado) Series A 5.00% 7/1/31 (NATL-RE)  | 2,500,000  | 2,438,300  |
| University of Colorado Enterprise Systems Revenue Series A 5.375% 6/1/38   | 750,000  | 825,660  |
| Western State College 5.00% 5/15/34  | 750,000  | 786,765  |
|  |  | 13,887,217                                       |
| <b>Electric Revenue Bonds</b> □ 3.11%  |  |  |
| Platte River Power Authority Power Revenue Series HH 5.00% 6/1/28  | 1,500,000  | 1,668,840  |
| Puerto Rico Electric Power Authority Revenue Series TT 5.00% 7/1/37  | 160,000  | 160,344  |
| Series WW 5.50% 7/1/38   | 300,000  | 311,040  |
|  |  | 2,140,224  |
| <b>Health Care Revenue Bonds</b> □ 10.50%  |  |  |
| Colorado Health Facilities Authority Revenue (Catholic Health Initiatives) Series D 6.125% 10/1/28 (Evangelical Lutheran) 5.25% 6/1/23   | 750,000<br>1,000,000                             | 857,303<br>1,024,209                             |
| Series A 6.125% 6/1/38 (Porter Place) Series A 6.00% 1/20/36 (GNMA)  | 750,000<br>2,515,000                             | 776,175<br>2,550,008                             |
| Colorado Springs Hospital Revenue 6.25% 12/15/33   | 750,000  | 817,283  |
| University of Colorado Hospital Authority Revenue Series A 5.00% 11/15/37  | 500,000  | 497,725  |
| 6.00% 11/15/29   | 650,000  | 694,714  |
|  |  | 7,217,417  |
| <b>Housing Revenue Bonds</b> □ 2.82%   |  |  |
| Colorado Housing & Finance Authority (Single Family Mortgage □ Class I) Series A 5.50% 11/1/29 (FHA) (VA) (HUD)  | 500,000  | 538,565  |
| Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.125% 12/1/27  | 1,000,000  | 1,061,910  |
| 5.50% 12/1/18  | 300,000  | 342,150  |
|  |  | 1,942,625  |
| <b>Lease Revenue Bonds</b> □ 6.74%   |  |  |

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|  |                                   |                                   |
|--|-----------------------------------|-----------------------------------|
| Aurora Certificates of Participation<br>5.00% 12/1/30  | 630,000                           | 672,947                           |
| Glendale Certificates of Participation<br>5.00% 12/1/25 (XLCA)   | 1,500,000                         | 1,558,470                         |
| •Puerto Rico Public Buildings Authority<br>Revenue Guaranteed Refunding<br>(Government Facilities)<br>Series M-2 5.50% 7/1/35 (AMBAC)  | 700,000                           | 743,456                           |
| Westminster Building Authority<br>Certificates of Participation<br>5.25% 12/1/22 (NATL-RE)   | 1,555,000                         | 1,658,641                         |
|  |                                   | 4,633,514                         |
| <b>Local General Obligation Bonds</b> □ 8.60%  |                                   |                                   |
| Adams & Arapahoe Counties<br>Joint School District #28J (Aurora)<br>6.00% 12/1/28  | 600,000                           | 714,678                           |
| Arapahoe County Water &<br>Wastewater Public Improvement<br>District Refunding Series A<br>5.125% 12/1/32 (NATL-RE)  | 635,000                           | 642,258                           |
| Boulder Larimer & Weld Counties<br>Vrain Valley School District Re-1J<br>5.00% 12/15/33  | 750,000                           | 807,855                           |
| Bowles Metropolitan District<br>Refunding 5.00% 12/1/33 (FSA)<br>Denver City & County School District #1<br>Series A 5.00% 12/1/29   | 2,000,000<br>240,000              | 2,032,940<br>266,806              |
| Green Valley Ranch Metropolitan<br>District Refunding<br>5.75% 12/1/19 (AMBAC)   | 1,000,000                         | 1,007,550                         |
| Sand Creek Metropolitan District<br>Refunding & Improvement<br>5.00% 12/1/31 (XLCA)  | 500,000                           | 444,705                           |
|  |                                   | 5,916,792                         |
| <b>§Pre-Refunded Bonds</b> □ 20.40%  |                                   |                                   |
| Colorado Educational & Cultural<br>Facilities Authority<br>(University of Colorado Foundation<br>Project) 5.00% 7/1/27-12 (AMBAC)<br>(University of Denver Project)<br>Refunding & Improvement<br>5.50% 3/1/21-11 (AMBAC)<br>Series B 5.25% 3/1/35-16 (FGIC) | 4,000,000<br>500,000<br>1,000,000 | 4,408,600<br>534,175<br>1,192,340 |

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|  | Principal<br>Amount | Value        |
|--|---------------------|--------------|
| <b>Municipal Bonds</b> (continued)   |                     |              |
| <b>§Pre-Refunded Bonds</b> (continued)   |                     |              |
| Denver Convention Center Hotel<br>Authority Revenue Refunding Senior<br>Series A 5.00% 12/1/33-13 (XLCA) | \$ 3,000,000        | \$ 3,360,900 |
| Northwest Parkway Public<br>Highway Authority Series A<br>5.25% 6/15/41-11 (FSA)                         | 4,150,000           | 4,530,305    |
|  |                     | 14,026,320   |
| <b>Special Tax Revenue Bonds</b> □ 9.37%   |                     |              |
| Denver Convention Center Hotel   |                     |              |

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|  |           |                      |
|--|-----------|----------------------|
| Authority Revenue Refunding<br>5.00% 12/1/35 (XCLA)  | 1,575,000 | 1,360,816            |
| Puerto Rico Sales Tax Financing<br>Corporation Sales Tax Revenue First<br>Subordinate Series C 5.75% 8/1/37  | 695,000   | 753,609              |
| Regional Transportation District<br>Colorado Sales Tax Revenue<br>(Fastracks Project) Series A<br>4.375% 11/1/31 (AMBAC)   | 1,250,000 | 1,272,450            |
| 4.50% 11/1/36 (FSA)  | 3,000,000 | 3,052,830            |
|  |           | 6,439,705            |
| <b>State General Obligation Bonds</b> □ 4.75%  |           |                      |
| Guam Government Series A<br>7.00% 11/15/39   | 750,000   | 828,413              |
| Puerto Rico Commonwealth<br>Refunding (Public Improvement)<br>Series A 5.50% 7/1/19 (NATL-RE)  | 2,250,000 | 2,438,820            |
|  |           | 3,267,233            |
| <b>Water &amp; Sewer Revenue Bonds</b> □ 10.70%  |           |                      |
| Colorado Springs Utilities Revenue<br>Systems Improvement Series C<br>5.50% 11/15/48   | 750,000   | 819,136              |
| Colorado Water Resources & Power<br>Development Authority Small<br>Water Revenue Un-Refunded<br>Balance Series A 5.80% 11/1/20<br>(FGIC) (NATL-RE)               | 780,000   | 790,328              |
| Colorado Water Resources & Power<br>Development Authority Water<br>Resources Revenue (Parker Water<br>& Sanitation District) Series D<br>5.125% 9/1/34 (NATL-RE) | 1,500,000 | 1,513,875            |
| 5.25% 9/1/43 (NATL-RE)   | 2,000,000 | 2,020,780            |
| Ute Water Conservancy District<br>Revenue 5.75% 6/15/20 (NATL-RE)  | 2,155,000 | 2,211,289            |
|  |           | 7,355,408            |
| <b>Total Municipal Bonds</b><br>(cost \$64,904,949)  |           | <b>67,676,333</b>    |
| <b>Total Value of Securities</b> □ 98.43%<br>(cost \$64,904,949)   |           | <b>67,676,333</b>    |
| <b>Receivables and Other Assets</b>  |           |                      |
| <b>Net of Liabilities</b> □ 1.57%  |           | <b>1,081,308</b>     |
| <b>Net Assets Applicable to</b> 4,837,100  |           |                      |
| <b>Shares Outstanding; Equivalent to</b><br>\$14.21 Per Share □ 100.00%  |           | <b>\$ 68,757,641</b> |
| <b>Components of Net Assets at September 30, 2009:</b>   |           |                      |
| Common stock, \$0.01 par value, 200 million shares<br>authorized to the Fund   |           | \$ 66,918,121        |
| Undistributed net investment income  |           | 81,416               |
| Accumulated net realized loss on investments   |           | (1,012,077)          |
| Net unrealized appreciation of investments   |           | 2,770,181            |
| Total net assets   |           | \$ 68,757,641        |

§Pre-Refunded Bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of September 30, 2009.

**Summary of Abbreviations:**

AMBAC □ Insured by the AMBAC Assurance Corporation  
 CFIG □ CDC IXIS Financial Guaranty  
 FGIC □ Insured by the Financial Guaranty Insurance Company  
 FHA □ Insured by Federal Housing Administration  
 FSA □ Insured by Financial Security Assurance  
 GNMA □ Government National Mortgage Association collateral  
 HUD □ Housing and Urban Development  
 NATL-RE □ Insured by the National Public Finance Guarantee Corporation

XLCA ☐ Insured by XL Capital Assurance  
VA ☐ Insured by the Veterans Administration

See accompanying notes

(continues) 7

## Statements of net assets

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

September 30, 2009 (Unaudited)

|  | Principal<br>Amount    | Value                  |
|--|------------------------|------------------------|
| <b>Municipal Bonds ☐ 98.57%</b>  |                        |                        |
| Corporate-Backed Revenue Bonds ☐ 5.85%   |                        |                        |
| Cloquet Pollution Control Revenue<br>Refunding (Potlatch Project)<br>5.90% 10/1/26   | \$5,500,000            | \$ 4,480,520           |
| Laurentian Energy Authority I<br>Cogeneration Revenue Series A<br>5.00% 12/1/21  | 3,325,000              | 3,236,123              |
| Minneapolis Community<br>Development Agency<br>Supported (Limited Tax<br>Common Bond Fund) Series A<br>6.75% 12/1/25 (AMT) | 865,000                | 874,506                |
| Sartell Environmental Improvement<br>Revenue Refunding (International<br>Paper) Series A 5.20% 6/1/27                      | 1,000,000              | 961,920                |
|  |                        | 9,553,069              |
| Education Revenue Bonds ☐ 7.13%  |                        |                        |
| Minnesota Higher Education Facilities<br>Authority Revenue<br>(Augsburg College) Series 6-J1<br>5.00% 5/1/28               | 1,500,000              | 1,520,355              |
| (Carleton College) Series 6-T<br>5.00% 1/1/28  | 1,000,000              | 1,091,670              |
| (College of St. Benedict)<br>Series 5-W 5.00% 3/1/20   | 2,000,000              | 2,057,460              |
| (St. Mary's University) Series 5-U<br>4.80% 10/1/23  | 1,400,000              | 1,423,632              |
| (University of St. Thomas)<br>Series 6-X 5.00% 4/1/29  | 2,250,000              | 2,388,600              |
| University of Minnesota<br>Series A 5.25% 4/1/29<br>Series C 5.00% 12/1/19   | 1,000,000<br>1,290,000 | 1,134,810<br>1,530,469 |
| University of the Virgin Islands<br>Improvement Series A<br>5.375% 6/1/34  | 500,000                | 488,280                |
|  |                        | 11,635,276             |
| Electric Revenue Bonds ☐ 12.08%  |                        |                        |
| Chaska Electric Revenue Refunding<br>(Generating Facilities) Series A<br>5.25% 10/1/25                                     | 250,000                | 264,345                |
| Minnesota Municipal Power Agency<br>Electric Revenue Series A<br>5.00% 10/1/34<br>5.25% 10/1/19                            | 1,900,000<br>1,610,000 | 1,961,883<br>1,743,276 |
| Northern Municipal Power Agency<br>Electric System Revenue Series A<br>5.00% 1/1/16 (ASSURED GTY)                          | 1,500,000              | 1,691,685              |
| Southern Minnesota Municipal   |                        |                        |

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|  |  |           |            |
|--|--|-----------|------------|
|  | Power Agency Supply System Revenue Series A 5.25% 1/1/14 (AMBAC)   | 8,000,000 | 8,940,320  |
|  | Western Minnesota Municipal Power Agency Supply Revenue Series A 5.00% 1/1/30 (NATL-RE)  | 5,000,000 | 5,104,850  |
|  |  |           | 19,706,359 |
| <b>Escrowed to Maturity Bonds □ 17.18%</b> |  |           |            |
|  | Dakota-Washington Counties Housing & Redevelopment Authority Revenue (Bloomington Single Family Residential Mortgage) 8.375% 9/1/21(GNMA) (FHA) (VA) (AMT)       | 7,055,000 | 10,450,571 |
|  | Southern Minnesota Municipal Power Agency Power Supply System Revenue Refunding Series B 5.50% 1/1/15 (AMBAC)  | 390,000   | 414,629    |
|  | St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project) 5.55% 11/1/23  | 2,300,000 | 2,594,722  |
|  | 5.55% 11/1/23 (NATL-RE)  | 4,200,000 | 4,738,188  |
|  | University of Minnesota Hospital & Clinics 6.75% 12/1/16   | 2,580,000 | 3,234,056  |
|  | University of Minnesota Series A 5.50% 7/1/21  | 4,000,000 | 4,810,160  |
|  | Western Minnesota Municipal Power Agency Power Supply Revenue Series A 6.625% 1/1/16   | 1,535,000 | 1,799,174  |
|  |  |           | 28,041,500 |
| <b>Health Care Revenue Bonds □ 12.21%</b>  |  |           |            |
|  | Bemidji Health Care Facilities First Mortgage Revenue (North Country Health Services) 5.00% 9/1/24 (RADIANT)   | 1,500,000 | 1,501,140  |
|  | Glencoe Health Care Facilities Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25   | 2,000,000 | 1,904,600  |
|  | Maple Grove Health Care System Revenue (Maple Grove Hospital) 5.25% 5/1/37   | 1,000,000 | 998,500    |
|  | Minneapolis Health Care System Revenue (Fairview Health Services) Series A 6.625% 11/15/28 Series B 6.50% 11/15/38 (ASSURED GTY) Series D 5.00% 11/15/34 (AMBAC) | 600,000   | 691,122    |
|  |  | 295,000   | 343,297    |
|  |  | 2,000,000 | 1,999,880  |
|  | Minnesota Agricultural & Economic Development Board Revenue Un-Refunded Balance (Fairview Health Care System) Series A 5.75% 11/15/26 (NATL-RE) 6.375% 11/15/29  | 100,000   | 100,072    |
|  |  | 195,000   | 199,664    |
|  | Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34   | 1,560,000 | 1,499,191  |
|  | St. Cloud Health Care Revenue (Centracare Health System Project) Series D Remarketing 5.50% 5/1/39 (ASSURED GTY)   | 1,500,000 | 1,610,250  |

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|  | Principal<br>Amount   | Value   |
|--|---|---|
| <b>Municipal Bonds (continued)</b>   |   |   |
| <b>Health Care Revenue Bonds (continued)</b>   |   |   |
| St. Louis Park Health Care Facilities<br>Revenue Refunding (Park Nicollet<br>Health Services) Series C<br>5.50% 7/1/23   | \$ 1,000,000  | \$ 1,070,870  |
| St. Paul Housing & Redevelopment<br>Authority Health Care<br>Facilities Revenue<br>(Allina Health System) Series A<br>5.00% 11/15/18 (NATL-RE)<br>(Health Partners Obligation Group<br>Project) 5.25% 5/15/36<br>(Regions Hospital Project)<br>5.30% 5/15/28   | 1,380,000<br>2,000,000<br>1,000,000   | 1,476,835<br>1,869,540<br>970,010   |
| St. Paul Housing & Redevelopment<br>Authority Revenue (Franciscan<br>Elderly Health Project)<br>5.40% 11/20/42 (GNMA) (FHA)  | 2,700,000   | 2,721,493   |
| Winona Health Care Facilities<br>Revenue Refunding (Winona<br>Health Obligation Group)<br>5.00% 7/1/23   | 1,010,000   | 977,720   |
|  |   | 19,934,184  |
| <b>Housing Revenue Bonds 9.32%</b>   |   |   |
| Chanassen Multifamily Housing<br>Revenue Refunding (Heritage<br>Park Apartments Project)<br>6.20% 7/1/30 (FHA) (AMT)<br>(HUD Section 8)  | 1,105,000   | 1,105,950   |
| Dakota County Community<br>Development Agency Single<br>Family Mortgage Revenue<br>5.85% 10/1/30 (GNMA)<br>(FNMA) (AMT)  | 10,000  | 10,007  |
| @Harmony Multifamily Housing<br>Revenue Refunding<br>(Zedakah Foundation Project)<br>Series A 5.95% 9/1/20<br>(HUD Section 8)  | 1,000,000   | 908,620   |
| Minneapolis Multifamily<br>Housing Revenue<br>•(Gaar Scott Loft Project)<br>5.95% 5/1/30 (AMT)<br>(LOC □ U.S. Bank N.A.)<br>(Olson Townhomes Project)<br>6.00% 12/1/19 (AMT)<br>(Seward Towers Project)<br>5.00% 5/20/36 (GNMA)<br>(Summer Housing Project) Series A<br>5.15% 2/20/45 (GNMA) (AMT)   | 910,000<br>800,000<br>2,000,000<br>2,000,000                                      | 924,251<br>800,176<br>2,027,319<br>1,986,980                                  |
| Minnesota Housing Finance<br>Agency Revenue<br>(Rental Housing)<br>Series A 5.00% 2/1/35 (AMT)<br>Series D 5.95% 2/1/18 (NATL-RE)<br>Residential Housing<br>Series B-1 5.35% 1/1/33 (AMT)<br>•Series D 4.75% 7/1/32 (AMT)<br>Series I 5.15% 7/1/38 (AMT)<br>Series L 5.10% 7/1/38 (AMT)<br>(Single Family Mortgage) Series J<br>5.90% 7/1/28 (AMT) | 1,000,000<br>125,000<br>1,650,000<br>1,000,000<br>745,000<br>1,495,000<br>770,000 | 973,320<br>125,534<br>1,655,594<br>951,830<br>741,618<br>1,468,314<br>771,594 |
| Washington County Housing &<br>Redevelopment Authority   |   |   |

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|  |           |                   |
|--|-----------|-------------------|
| Revenue Refunding<br>(Woodland Park Apartments<br>Project) 4.70% 10/1/32   | 750,000   | 753,960           |
|  |           | <b>15,205,067</b> |
| <b>Lease Revenue Bonds</b> □ 6.35%   |           |                   |
| Andover Economic Development<br>Authority Public Facilities Lease<br>Revenue Refunding (Andover<br>Community Center)<br>5.125% 2/1/24        | 205,000   | 229,239           |
| 5.20% 2/1/29   | 410,000   | 459,745           |
| Puerto Rico Public Buildings<br>Authority Revenue Guaranteed<br>Un-Refunded Balance<br>(Government Facilities Bond)<br>Series D 5.25% 7/1/27 | 530,000   | 531,707           |
| St. Paul Port Authority Lease Revenue<br>(Cedar Street Office<br>Building Project)<br>5.00% 12/1/22  | 2,385,000 | 2,512,216         |
| 5.25% 12/1/27  | 2,800,000 | 2,937,927         |
| (Robert Street Office<br>Building Project) Series 3-11<br>5.00% 12/1/27  | 2,000,000 | 2,106,620         |
| Virginia Housing & Redevelopment<br>Authority Health Care Facility<br>Lease Revenue<br>5.25% 10/1/25   | 680,000   | 657,846           |
| 5.375% 10/1/30   | 965,000   | 921,199           |
|  |           | <b>10,356,499</b> |

|   |           |           |
|---|-----------|-----------|
| <b>Local General Obligation Bonds</b> □ 11.02%  |           |           |
| Dakota County Community<br>Development Agency<br>Governmental Housing Refunding<br>(Senior Housing Facilities) Series A<br>5.00% 1/1/23 | 1,100,000 | 1,191,663 |
| Hennepin County Series B<br>5.00% 12/1/18   | 2,300,000 | 2,367,229 |
| Minneapolis Special School District #1<br>5.00% 2/1/19 (FSA)  | 1,175,000 | 1,277,072 |
| Morris Independent School District #769<br>5.00% 2/1/28 (NATL-RE)   | 3,750,000 | 4,171,050 |

(continues) 9

## Statements of net assets

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

|  | Principal<br>Amount | Value        |
|--|---------------------|--------------|
| <b>Municipal Bonds</b> (continued)   |                     |              |
| Local General Obligation Bonds (continued)   |                     |              |
| Rocori Independent School District #750<br>(School Building) Series B<br>5.00% 2/1/22                  | \$ 1,010,000        | \$ 1,176,963 |
| 5.00% 2/1/24   | 1,075,000           | 1,235,014    |
| 5.00% 2/1/25   | 1,115,000           | 1,274,278    |
| 5.00% 2/1/26   | 1,155,000           | 1,311,121    |
| Washington County Housing &<br>Redevelopment Authority<br>Refunding Series B<br>5.50% 2/1/22 (NATL-RE) | 1,705,000           | 1,777,497    |



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|  |           |            |
|--|-----------|------------|
| 5.50% 2/1/32 (NATL-RE)   | 2,140,000 | 2,199,727  |
|  |           | 17,981,614 |
| <b>§Pre-Refunded Bonds □ 4.70%</b>   |           |            |
| Andover Economic Development Authority Public Facilities Lease Revenue (Andover Community Center)              |           |            |
| 5.125% 2/1/24-14   | 295,000   | 329,881    |
| 5.20% 2/1/29-14  | 590,000   | 661,585    |
| Minneapolis Community Development Agency Supported (Limited Tax Common Bond Fund) Series G-1 5.70% 12/1/19-11  | 1,100,000 | 1,192,554  |
| Southern Minnesota Municipal Power Agency Power Supply Revenue Series A 5.75% 1/1/18-13                        | 3,715,000 | 4,042,253  |
| St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30-14         | 1,250,000 | 1,435,413  |
|  |           | 7,661,686  |
| <b>Special Tax Revenue Bonds □ 2.57%</b>   |           |            |
| Minneapolis Community Development Agency Supported Common Bond Fund Series 5 5.70% 12/1/27                     | 375,000   | 375,788    |
| Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1 5.50% 12/1/24 (AMT)          | 1,000,000 | 1,037,610  |
| Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue Series B 5.00% 7/1/46          | 800,000   | 746,984    |
| Puerto Rico Sales Tax Financing Sales Tax Revenue First Subordinate Series A 5.75% 8/1/37                      | 1,415,000 | 1,534,326  |
| Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Notes) Series A 5.25% 10/1/23  | 500,000   | 506,135    |
|  |           | 4,200,843  |
| <b>State General Obligation Bonds □ 1.36%</b>  |           |            |
| Puerto Rico Commonwealth Public Improvement Refunding Series A 5.50% 7/1/17                                    | 1,100,000 | 1,179,420  |
| Puerto Rico Government Development Bank Senior Notes Series B 5.00% 12/1/14                                    | 1,000,000 | 1,046,320  |
|  |           | 2,225,740  |
| <b>Transportation Revenue Bonds □ 7.86%</b>  |           |            |
| Minneapolis-St. Paul Metropolitan Airports Commission Revenue Series A   |           |            |
| 5.00% 1/1/22 (NATL-RE)   | 3,000,000 | 3,111,810  |
| 5.00% 1/1/28 (NATL-RE)   | 2,120,000 | 2,171,580  |
| 5.25% 1/1/16 (NATL-RE) Series B  | 1,000,000 | 1,073,360  |
| 5.00% 1/1/35 (AMBAC)   | 2,000,000 | 2,045,240  |
| 5.25% 1/1/24 (FGIC) (NATL-RE) (AMT)  | 1,000,000 | 1,008,720  |
| St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A 5.35% 8/1/29 (FSA) | 3,350,000 | 3,424,202  |
|  |           | 12,834,912 |
| <b>Water &amp; Sewer Revenue Bond □ 0.94%</b>  |           |            |
| St. Paul Sewer Revenue Series D  |           |            |

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|  |                   |           |                       |
|--|-------------------|-----------|-----------------------|
|  | 5.00% 12/1/21     | 1,325,000 | 1,540,193             |
|  |                   |           | 1,540,193             |
| <b>Total Municipal Bonds</b>             |                   |           |                       |
| (cost \$153,229,912)                     |                   |           | <b>160,876,942</b>    |
| <br>                                     |                   |           |                       |
| <b>•Short-Term Investment</b>            | <b>□ 0.06%</b>    |           |                       |
| Variable Rate Demand Note                | □ 0.06%           |           |                       |
| Minneapolis Health Care System           |                   |           |                       |
| Revenue (Fairview Health Services)       |                   |           |                       |
| Series E 0.28% 11/15/47                  |                   |           |                       |
| (LOC □ Wells Fargo Bank N.A.)            |                   | 100,000   | 100,000               |
| <b>Total Short-Term Investment</b>       |                   |           |                       |
| (cost \$100,000)                         |                   |           | <b>100,000</b>        |
| <br>                                     |                   |           |                       |
| <b>Total Value of Securities</b>         | <b>□ 98.63%</b>   |           |                       |
| (cost \$153,329,912)                     |                   |           | <b>160,976,942</b>    |
| <b>Receivables and Other Assets</b>      |                   |           |                       |
| <b>Net of Liabilities</b>                | <b>□ 1.37%</b>    |           | <b>2,234,278</b>      |
| <b>Net Assets Applicable to</b>          | <b>11,504,975</b> |           |                       |
| <b>Shares Outstanding; Equivalent to</b> |                   |           |                       |
| <b>\$14.19 Per Share</b>                 | <b>□ 100.00%</b>  |           | <b>\$ 163,211,220</b> |

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**Components of Net Assets at September 30, 2009:**

|   |           |                    |
|---|-----------|--------------------|
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | \$        | 157,939,491        |
| Undistributed net investment income                                       |           | 152,559            |
| Accumulated net realized loss on investments                              |           | (2,484,174)        |
| Net unrealized appreciation of investments                                |           | 7,603,344          |
| <b>Total net assets</b>   | <b>\$</b> | <b>163,211,220</b> |

§Pre-Refunded bonds. Municipal bonds that are generally backed or secured by U.S. Treasury bonds. For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded. See Note 9 in □Notes to financial statements.□

•Variable rate security. The rate shown is the rate as of September 30, 2009.

@Illiquid security. At September 30, 2009, the aggregate amount of illiquid securities was \$908,620, which represented 0.56% of the Fund□s net assets. See Note 9 in □Notes to financial statements.□

**Summary of Abbreviations:**

- AMBAC □ Insured by the AMBAC Assurance Corporation
- AMT □ Subject to Alternative Minimum Tax
- ASSURED GTY □ Insured by the Assured Guaranty Corporation
- FGIC □ Insured by the Financial Guaranty Insurance Company
- FHA □ Insured by Federal Housing Administration
- FNMA □ Federal National Mortgage Association Collateral
- FSA □ Insured by Financial Security Assurance
- GNMA □ Government National Mortgage Association Collateral
- HUD □ Housing and Urban Development
- LOC □ Letter of Credit
- NATL-RE □ Insured by the National Public Finance Guarantee Corporation
- RADIAN □ Insured by Radian Asset Assurance
- VA □ Insured by the Veterans Administration

See accompanying notes

(continues) 11

Statements of net assets

**Delaware Investments National Municipal Income Fund**

September 30, 2009 (Unaudited)

|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds</b> □ 97.09%   |                     |            |
| Corporate-Backed Revenue Bonds □ 11.73%   |                     |            |
| •Brazos, Texas Harbor Industrial<br>Development Environmental<br>Facilities Revenue (Dow Chemical<br>Project) 5.90% 5/1/38 (AMT)                  | \$ 125,000          | \$ 122,100 |
| Buckeye, Ohio Tobacco Settlement<br>Financing Authority Asset-Backed<br>Senior Turbo Series A-2<br>5.875% 6/1/47                                  | 320,000             | 260,320    |
| 6.50% 6/1/47  | 130,000             | 116,241    |
| •California Statewide Communities<br>Development Authority Revenue<br>Refunding (Los Angeles County Art<br>Museum) Series D 0.27% 12/1/34         | 300,000             | 300,000    |
| •Chesapeake, Virginia Economic<br>Development Authority Pollution<br>Control Revenue (Virginia Electric &<br>Power Project) Series A 3.60% 2/1/32 | 500,000             | 514,025    |
| Golden State, California Tobacco<br>Securitization Corporation Settlement<br>Revenue (Asset-Backed Senior Notes)<br>Series A-1 5.125% 6/1/47      | 370,000             | 279,050    |
| Hawaii State Department Budget &<br>Finance Special Purpose Revenue<br>(Hawaiian Electric Subsidiary)<br>6.50% 7/1/39                             | 290,000             | 317,596    |
| Iowa Finance Authority Pollution<br>Control Facilities Revenue<br>Refunding (Interstate Power)<br>5.00% 7/1/14 (FGIC)                             | 500,000             | 537,310    |
| M-S-R Energy Authority, California Gas<br>Revenue Series A<br>6.125% 11/1/29  | 115,000             | 129,079    |
| 6.50% 11/1/39   | 210,000             | 244,854    |
| Ohio State Air Quality Development<br>Authority Revenue (First Energy<br>Generation) Series A 5.70% 8/1/20  | 260,000             | 282,784    |
| Pennsylvania Economic Development<br>Financing Authority Exempt<br>Facilities Revenue (Allegheny<br>Energy Supply) 7.00% 7/15/39                  | 345,000             | 377,178    |
| Salt Verde Financial Gas Revenue,<br>Arizona Senior 5.00% 12/1/37   | 300,000             | 289,011    |
|   |                     | 3,769,548  |
| <b>Education Revenue Bonds</b> □ 4.72%  |                     |            |
| California Statewide Communities<br>Development Authority Student<br>Housing Revenue (Irvine, LLC - UCI<br>East Campus) 6.00% 5/15/23             | 470,000             | 494,834    |
| Marietta, Georgia Development<br>Authority Revenue (Life University<br>Income Project) 7.00% 6/15/39  | 430,000             | 398,739    |
| Maryland State Economic<br>Development Student Housing<br>Revenue (University of<br>Maryland College Park Projects)<br>5.75% 6/1/33               | 370,000             | 379,613    |
| Massachusetts State Health &<br>Educational Facilities Authority<br>Revenue (Nichols College Project)<br>Series C 6.125% 10/1/29                  | 250,000             | 244,785    |

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|   |           | 1,517,971 |
|---|-----------|-----------|
| <b>Health Care Revenue Bonds</b> □ 19.63%   |           |           |
| Arizona Health Facilities Authority<br>Revenue (Banner Health)<br>Series A 5.00% 1/1/17   | 310,000   | 335,823   |
| Brevard County, Florida Healthcare<br>Facilities Authority Revenue (Heath<br>First Income Project) 7.00% 4/1/39                               | 90,000    | 98,493    |
| Butler County, Pennsylvania Hospital<br>Authority Revenue (Butler Health<br>System Project) 7.125% 7/1/29                                     | 150,000   | 169,403   |
| California Municipal Finance Authority<br>Certificates of Participation<br>(Community Hospital Center)<br>5.50% 2/1/39                        | 270,000   | 269,978   |
| Escambia County, Florida Health<br>Facilities Authority (VHA Program)<br>5.95% 7/1/20 (AMBAC)   | 290,000   | 299,840   |
| Illinois Finance Authority Revenue<br>(Silver Cross & Medical Centers)<br>7.00% 8/15/44   | 300,000   | 322,035   |
| Maricopa County, Arizona Industrial<br>Development Authority Health<br>Facilities Revenue (Catholic Healthcare<br>West) Series A 6.00% 7/1/39 | 225,000   | 239,321   |
| Massachusetts State Health &<br>Education Facilities Authority<br>Revenue (Caregroup) Refunding<br>Series E-2 5.375% 7/1/19                   | 360,000   | 384,707   |
| Multnomah County, Oregon Hospital<br>Facilities Authority Revenue<br>(Adventist Health/West) Series A<br>5.125% 9/1/40                        | 500,000   | 511,100   |
| New Hampshire Health & Education<br>Facilities Authority Revenue<br>(Dartmouth-Hitchcock Medical<br>Center) 6.00% 8/1/38                      | 300,000   | 320,418   |
| New Mexico State Hospital Equipment<br>Loan Council Hospital Revenue<br>(Presbyterian Healthcare) 5.00% 8/1/39                                | 1,000,000 | 1,014,690 |
| Ohio State Hospital Facilities Revenue<br>Refunding (Cleveland Clinic Health)<br>Series A 5.50% 1/1/39  | 300,000   | 320,139   |
| Orange County, Florida Health<br>Facilities Authority Revenue<br>(Orlando Regional Healthcare)<br>Series A 6.25% 10/1/18 (NATL-RE)            | 1,470,000 | 1,656,381 |
| Scottsdale, Arizona Industrial<br>Development Authority Hospital<br>Revenue Refunding (Scottsdale<br>Healthcare) Series A 5.00% 9/1/23        | 360,000   | 369,364   |
|   |           | 6,311,692 |

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|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds (continued)</b>  |                     |            |
| <b>Housing Revenue Bonds</b> □ 6.42%  |                     |            |
| California Housing Finance Agency<br>Revenue (Home Mortgage)<br>Series M 5.95% 8/1/25 (AMT) | \$ 250,000          | \$ 252,593 |
| Florida Housing Finance Agency<br>(Homeowner Mortgage) Series 2                             |                     |            |

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|  |           |           |
|--|-----------|-----------|
| 5.90% 7/1/29 (NATL-RE) (AMT)   | 290,000   | 299,895   |
| Volusia County, Florida Multifamily Housing Finance Authority (San Marco Apartments) Series A              |           |           |
| 5.60% 1/1/44 (FSA) (AMT)   | 1,500,000 | 1,511,624 |
|  |           | 2,064,112 |
| <b>Local General Obligation Bonds</b> □ 3.58%  |           |           |
| Desert, California Community College District Election 2004 Series C                                       |           |           |
| 5.00% 8/1/37 (FSA)   | 295,000   | 310,001   |
| Idaho Board Bank Authority Revenue Series A 5.00% 9/15/28  | 250,000   | 275,525   |
| New York City, New York Fiscal 2003 Series I 5.375% 4/1/36   | 250,000   | 279,680   |
| Fiscal 2009 Subordinate Series A-1   |           |           |
| 5.25% 8/15/21  | 250,000   | 286,630   |
|  |           | 1,151,836 |
| <b>Special Tax Revenue Bonds</b> □ 21.16%  |           |           |
| Jacksonville, Florida Sales Tax Revenue (Better Jacksonville)  |           |           |
| 5.00% 10/1/30 (NATL-RE)  | 1,300,000 | 1,339,884 |
| Jacksonville, Florida Transportation Revenue Refunding   |           |           |
| 5.25% 10/1/29 (NATL-RE)  | 1,000,000 | 1,035,330 |
| Miami-Dade County, Florida Special Obligation (Capital Appreciation & Income) Series B                     |           |           |
| 5.00% 10/1/35 (NATL-RE)  | 2,000,000 | 2,028,980 |
| New York State Dormitory Authority (State Personal Income Tax Revenue - Education) Series A 5.00% 3/15/38  | 570,000   | 613,115   |
| New York State Thruway Authority (State Personal Income Tax Revenue - Transportation) Series A             |           |           |
| 5.00% 3/15/22  | 425,000   | 487,734   |
| Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue First Subordinate Series A                   |           |           |
| •5.00% 8/1/39  | 500,000   | 521,255   |
| 5.75% 8/1/37   | 285,000   | 309,034   |
| ΩCapital Appreciation 6.75% 8/1/32   | 610,000   | 466,925   |
|  |           | 6,802,257 |
| <b>State General Obligation Bonds</b> □ 7.37%  |           |           |
| California State (Various Purposes)  |           |           |
| 6.00% 4/1/38   | 105,000   | 116,128   |
| New York State Refunding Series A  |           |           |
| 5.00% 2/15/39  | 300,000   | 324,468   |
| Puerto Rico Commonwealth Refunding (Public Improvement) Series A   |           |           |
| 5.00% 7/1/16 (ASSURED GTY)   | 250,000   | 276,243   |
| 5.50% 7/1/19 (NATL-RE)   | 1,250,000 | 1,354,899 |
| Virginia State Commonwealth Refunding Series B 5.00% 6/1/20  | 250,000   | 296,123   |
|  |           | 2,367,861 |
| <b>Transportation Revenue Bonds</b> □ 13.89%   |           |           |
| Bay Area Toll Authority, California Toll Bridge Revenue (San Francisco Bay Area) Series F-1 5.625% 4/1/44  | 235,000   | 265,776   |
| Florida Ports Financing Commission Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (NATL-RE) (AMT) | 1,000,000 | 1,000,180 |
| Metropolitan Washington D.C. Airports Authority Dulles Toll Road Revenue First Senior Lien Series A        |           |           |
| 5.25% 10/1/44  | 300,000   | 320,931   |
| Miami-Dade County, Florida Aviation Revenue (Miami   |           |           |

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|  |           |                   |
|--|-----------|-------------------|
| International Airport Hub) Series B<br>5.00% 10/1/37 (NATL-RE) (FGIC)  | 1,000,000 | 1,012,349         |
| •New York City, New York Industrial<br>Development Agency Special<br>Facilities Revenue (American<br>Airlines-JFK International Airport)<br>7.625% 8/1/25 (AMT) (Guaranty-<br>Agreement AMR Corporation) | 450,000   | 457,578           |
| Pennsylvania State Turnpike<br>Commission Turnpike Revenue<br>Subordinate Series B 5.25% 6/1/39  | 300,000   | 327,294           |
| Sacramento County, California Airport<br>System Revenue (PFC/Grant)<br>Subordinate Series C 6.00% 7/1/41   | 300,000   | 338,556           |
| St. Louis, Missouri Airport Revenue<br>(Lambert-St Louis International)<br>Series A-1 6.625% 7/1/34  | 325,000   | 349,486           |
| •Triborough, New York Bridge & Tunnel<br>Authority Revenue Subordinate<br>Series B-3 5.00% 11/15/38  | 350,000   | 394,167           |
|  |           | 4,466,317         |
| <b>Water &amp; Sewer Revenue Bonds</b> □ 8.59%   |           |                   |
| Atlanta, Georgia Water & Wastewater<br>Revenue Series A 6.25% 11/1/39  | 300,000   | 329,706           |
| Florida Water Pollution Control<br>Financing Revenue Series A<br>5.00% 1/15/25   | 235,000   | 260,382           |
| Riviera Beach, Florida Utility Special<br>District Water & Sewer Revenue<br>5.00% 10/1/34 (NATL-RE) (FGIC)   | 1,200,000 | 1,144,056         |
| Winter Haven, Florida Utilities Systems<br>Revenue 5.00% 10/1/30 (NATL-RE)   | 1,000,000 | 1,027,630         |
|  |           | 2,761,774         |
| <b>Total Municipal Bonds</b><br>(cost \$29,731,523)  |           | <b>31,213,368</b> |

(continues) 13

## Statements of net assets

### Delaware Investments National Municipal Income Fund

|   | Principal<br>Amount | Value             |
|---|---------------------|-------------------|
| <b>•Short-Term Investments</b> □ 2.18%  |                     |                   |
| Variable Rate Demand Notes □ 2.18%  |                     |                   |
| Arizona Health Facilities Authority<br>Revenue (Catholic West Health<br>Facilities) Series B 0.32% 7/1/35<br>(LOC □ Bank of America N.A.) | \$ 200,000          | \$ 200,000        |
| Philadelphia, Pennsylvania Gas<br>Works Revenue Refunding<br>Series 8-E 0.35% 8/1/31<br>(LOC □ JP Morgan Chase Bank)                      | 200,000             | 200,000           |
| University of Minnesota<br>Series C 0.28% 12/1/36<br>(SPA □ JP Morgan Chase Bank)   | 300,000             | 300,000           |
| <b>Total Short-Term Investments</b><br>(cost \$700,000)   |                     | <b>700,000</b>    |
| <b>Total Value of Securities</b> □ 99.27%<br>(cost \$30,431,523)  |                     | <b>31,913,368</b> |
| <b>Receivables and Other Assets</b>   |                     |                   |

|   |                      |
|---|----------------------|
| <b>Net of Liabilities</b> □ 0.73%         | <b>233,985</b>       |
| <b>Net Assets Applicable to 2,422,200</b> |                      |
| <b>Shares Outstanding; Equivalent to</b>  |                      |
| <b>\$13.27 Per Share</b> □ 100.00%        | <b>\$ 32,147,353</b> |

**Components of Net Assets at September 30, 2009:**

|   |               |
|---|---------------|
| Common stock, \$0.01 par value, unlimited shares authorized to the Fund | \$ 33,208,317 |
| Undistributed net investment income                                     | 63,962        |
| Accumulated net realized loss on investments                            | (2,601,515)   |
| Net unrealized appreciation of investments                              | 1,476,589     |
| Total net assets  | \$ 32,147,353 |

Ω 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.

• Variable rate security. The rate shown is the rate as of September 30, 2009.

**Summary of Abbreviations:**

AMBAC □ Insured by the AMBAC Assurance Corporation  
 AMT □ Subject to Alternative Minimum Tax  
 ASSURED GTY □ Insured by the Assured Guaranty Corporation  
 FGIC □ Insured by the Financial Guaranty Insurance Company  
 FSA □ Insured by Financial Security Assurance  
 LOC □ Letter of Credit  
 NATL-RE □ Insured by the National Public Finance Guarantee Corporation  
 SPA □ Stand-by Purchase Agreement  
 VHA □ Veterans Health Administration

See accompanying notes

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## Statements of operations

### Delaware Investments Closed-End Municipal Bond Funds

Six Months Ended September 30, 2009 (Unaudited)

|  | Delaware<br>Investments<br>Arizona<br>Municipal<br>Income<br>Fund, Inc. | Delaware<br>Investments<br>Colorado<br>Municipal<br>Income<br>Fund, Inc. | Delaware<br>Investments<br>Minnesota<br>Municipal<br>Income<br>Fund II, Inc. | Delaware<br>Investment<br>National<br>Municipal<br>Income<br>Fund |
|--|---|--|--|---|
| <b>Investment Income:</b>                                |   |  |  |   |
| Interest   | \$ 972,633  | \$ 1,652,458   | \$ 3,876,325   | \$ 780,552  |
| <b>Expenses:</b>   |   |  |  |   |
| Management fees  | 78,974  | 130,871  | 311,792  | 60,407  |
| Accounting and administration expenses                   | 7,919   | 13,123   | 31,265   | 6,057   |
| Audit and tax  | 6,739   | 7,550  | 10,533   | 6,109   |
| Reports and statements to shareholders                   | 6,661   | 10,068   | 19,634   | 6,053   |
| Dividend disbursing and transfer agent fees and expenses | 5,590   | 8,017  | 27,822   | 9,564   |
| Legal fees   | 4,644   | 6,395  | 16,460   | 3,083   |
| Taxes (other than taxes on income)                       | 2,648   | 4,090  | 6,638  |   |
| Pricing fees   | 2,442   | 2,460  | 4,825  | 2,689   |
| Stock exchange fees                                      | 1,283   | 2,424  | 5,487  | 805   |

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|   |                     |                     |                      |                     |
|---|---------------------|---------------------|----------------------|---------------------|
| Directors/Trustees fees   | 1,277               | 2,119               | 5,052                | 976                 |
| Insurance fees  | 994                 | 1,387               | 2,899                | 810                 |
| Custodian fees  | 441                 | 652                 | 1,430                | 505                 |
| Dues and services   | 297                 | 553                 | 1,532                | 354                 |
| Registration fees   | 283                 | 283                 | 283                  | 283                 |
| Consulting fees   | 279                 | 480                 | 1,140                | 208                 |
| Directors/Trustees expenses                                       | 80                  | 169                 | 402                  | 59                  |
| Total operating expenses  | 120,551             | 190,641             | 447,194              | 97,962              |
| <b>Net Investment Income</b>                                      | <b>852,082</b>      | <b>1,461,817</b>    | <b>3,429,131</b>     | <b>682,590</b>      |
| <b>Net Realized and Unrealized Gain (Loss) on Investments:</b>    |                     |                     |                      |                     |
| Net realized gain (loss) on investments                           | 225,301             | 658,279             | 215,439              | (292,939)           |
| Net change in unrealized appreciation/depreciation of investments | 3,468,218           | 4,063,633           | 11,662,003           | 3,408,721           |
| <b>Net Realized and Unrealized Gain on Investments</b>            | <b>3,693,519</b>    | <b>4,721,912</b>    | <b>11,877,442</b>    | <b>3,115,782</b>    |
| <b>Net Increase in Net Assets Resulting from Operations</b>       | <b>\$ 4,545,601</b> | <b>\$ 6,183,729</b> | <b>\$ 15,306,573</b> | <b>\$ 3,798,372</b> |

See accompanying notes

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## Statements of changes in net assets

### Delaware Investments Closed-End Municipal Bond Funds

|   | Delaware Investments<br>Arizona Municipal<br>Income Fund, Inc. |                          | Delaware Investments<br>Colorado Municipal<br>Income Fund, Inc. |                          |
|---|--|--------------------------|---|--------------------------|
|   | Six Months<br>Ended<br>9/30/09<br>(Unaudited)                  | Year<br>Ended<br>3/31/09 | Six Months<br>Ended<br>9/30/09<br>(Unaudited)                   | Year<br>Ended<br>3/31/09 |
| <b>Increase (Decrease) in Net Assets from Operations:</b>         |  |                          |   |                          |
| Net investment income   | \$ 852,082   | \$ 2,107,397             | \$ 1,461,817  | \$ 3,429,131             |
| Net realized gain (loss) on investments                           | 225,301  | (198,104)                | 658,279   | (292,939)                |
| Net change in unrealized appreciation/depreciation of investments | 3,468,218  | (3,039,177)              | 4,063,633   | 3,408,721                |
| Dividends on preferred stock                                      |  | (520,055)                |   |                          |
| Net increase (decrease) in net assets resulting from operations   | 4,545,601  | (1,649,939)              | 6,183,729   | 3,115,782                |
| <b>Dividends and Distributions to Common Shareholders from:</b>   |  |                          |   |                          |
| Net investment income   | (715,728)  | (1,699,854)              | (1,378,574)   | (3,115,782)              |
|   | (715,728)  | (1,699,854)              | (1,378,574)   | (3,115,782)              |
| <b>Net Increase (Decrease) in Net Assets</b>                      | <b>3,829,873</b>   | <b>(3,349,793)</b>       | <b>4,805,155</b>  | <b>(2,000,000)</b>       |
| <b>Net Assets:</b>  |  |                          |   |                          |
| Beginning of period   | 37,944,180   | 41,293,973               | 63,952,486  | 66,000,000               |
| End of period   | \$ 41,774,053  | \$ 37,944,180            | \$ 68,757,641   | \$ 64,000,000            |

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|   | Delaware Investments<br>Minnesota Municipal<br>Income Fund II, Inc. | Delaware Invest<br>National Munic<br>Income Fun |   |
|---|---|---|---|
|   | Six Months<br>Ended<br>9/30/09<br>(Unaudited)                       | Year<br>Ended<br>3/31/09                        | Six Months<br>Ended<br>9/30/09<br>(Unaudited) |
| Undistributed net investment income                               | \$ 129,006  | \$ 81,416                                       | \$  |
| <b>Increase (Decrease) in Net Assets from Operations:</b>         |   |   |   |
| Net investment income   | \$ 3,429,131  | \$ 8,930,566                                    | \$ 682,590                                    |
| Net realized gain (loss) on investments                           | 215,439   | (3,108,067)                                     | (292,939)                                     |
| Net change in unrealized appreciation/depreciation of investments | 11,662,003  | (8,600,912)                                     | 3,408,721                                     |
| Dividends on preferred stock                                      |   | (2,008,388)                                     |   |
| Net increase (decrease) in net assets resulting from operations   | 15,306,573  | (4,786,801)                                     | 3,798,372                                     |
| <b>Dividends and Distributions to Common Shareholders from:</b>   |   |   |   |
| Net investment income   | (3,278,918)   | (7,334,488)                                     | (617,661)                                     |
|   | (3,278,918)   | (7,334,488)                                     | (617,661)                                     |
| <b>Net Increase (Decrease) in Net Assets</b>                      | <b>12,027,655</b>   | <b>(12,121,289)</b>                             | <b>3,180,711</b>                              |
| <b>Net Assets:</b>  |   |   |   |
| Beginning of period   | 151,183,565   | 163,304,854                                     | 28,966,642                                    |
| End of period   | \$ 163,211,220  | \$ 151,183,565                                  | \$ 32,147,353                                 |
| Undistributed net investment income                               | \$ 152,559  | \$ 63,962                                       | \$  |

See accompanying notes

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## 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<br>Months<br>Ended<br>9/30/09 <sup>1</sup><br>(Unaudited) | 3/31/09  | 3/31/08  | Year Ended<br>3/31/07 |
|--|---|----------|----------|-----------------------|
| <b>Net asset value, beginning of period</b>            | \$12.720  | \$13.850 | \$14.730 | \$14.730              |
| <b>Income (loss) from investment operations:</b>       |   |          |          |                       |
| Net investment income                                  | 0.286   | 0.707    | 0.906    | 0.932                 |
| Net realized and unrealized gain (loss) on investments | 1.244   | (1.093)  | (0.783)  | 0.160                 |

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Dividends on preferred stock from:

|                                    |       |         |         |         |
|------------------------------------|-------|---------|---------|---------|
| Net investment income              | □     | (0.174) | (0.312) | (0.297) |
| Net realized gain on investments   | □     | □       | (0.023) | (0.013) |
| Total dividends on preferred stock | □     | (0.174) | (0.335) | (0.310) |
| Total from investment operations   | 1.530 | (0.560) | (0.212) | 0.782   |

**Less dividends and distributions to common shareholders from:**

|                                   |         |         |         |         |
|-----------------------------------|---------|---------|---------|---------|
| Net investment income             | (0.240) | (0.570) | (0.610) | (0.750) |
| Net realized gain on investments  | □       | □       | (0.058) | (0.032) |
| Total dividends and distributions | (0.240) | (0.570) | (0.668) | (0.782) |

**Net asset value, end of period** \$14.010 \$12.720 \$13.850 \$14.730

**Market value, end of period** \$11.880 \$ 9.900 \$12.390 \$14.790

**Total investment return based on:<sup>2</sup>**

|                 |        |          |          |         |
|-----------------|--------|----------|----------|---------|
| Market value    | 22.62% | (15.86%) | (11.86%) | (2.58%) |
| Net asset value | 12.54% | (3.29%)  | (1.08%)  | 5.26%   |

**Ratios and supplemental data:**

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Net assets applicable to common shares, end of period (000 omitted)  | \$41,774 | \$37,944 | \$41,294 | \$43,916 |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.61%    | 0.96%    | 1.07%    | 1.05%    |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.30%    | 5.37%    | 6.34%    | 6.34%    |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares <sup>4</sup> | 4.30%    | 4.05%    | 3.99%    | 4.23%    |
| Portfolio turnover   | 16%      | 4%       | 18%      | 17%      |

**Leverage analysis:**

|  |     |     |           |           |
|--|-----|-----|-----------|-----------|
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>             | \$□ | \$□ | \$25,000  | \$25,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup> | \$□ | \$□ | \$132,588 | \$137,832 |
| Liquidation value per share of preferred shares <sup>5,6</sup>               | \$□ | \$□ | \$50,000  | \$50,000  |

<sup>1</sup> Ratios and portfolio turnover have been annualized and total return has not been annualized.

<sup>2</sup> 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.

<sup>3</sup> Ratios do not reflect the effect of dividend payments to preferred shareholders.

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

<sup>5</sup> In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$25,024,395. See Note 7 in Notes to financial statements.

<sup>6</sup> Excluding any accumulated but unpaid dividends.

See accompanying notes

(continues) 17

## Financial highlights

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

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

Six  
Months

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|  | Ended<br>9/30/09 <sup>1</sup><br>(Unaudited) | 3/31/09  | 3/31/08   | Year Ended<br>3/31/07 | 3/31/06   |
|--|--|----------|-----------|-----------------------|-----------|
| <b>Net asset value, beginning of period</b>  | \$13.220                                     | \$14.260 | \$15.100  | \$15.260              | \$15.260  |
| <b>Income (loss) from investment operations:</b>   |  |          |           |                       |           |
| Net investment income  | 0.302  | 0.755    | 0.937     | 0.985                 | 0.985     |
| Net realized and unrealized gain (loss) on investments   | 0.973  | (0.965)  | (0.604)   | 0.069                 | 0.069     |
| Dividends on preferred stock from:   |  |          |           |                       |           |
| Net investment income  | □  | (0.173)  | (0.264)   | (0.274)               | (0.274)   |
| Net realized gain on investments   | □  | □        | (0.050)   | (0.019)               | (0.019)   |
| Total dividends on preferred stock   | □  | (0.173)  | (0.314)   | (0.293)               | (0.293)   |
| Total from investment operations   | 1.275  | (0.383)  | 0.019     | 0.761                 | 0.761     |
| <b>Less dividends and distributions to common shareholders from:</b>   |  |          |           |                       |           |
| Net investment income  | (0.285)                                      | (0.657)  | (0.720)   | (0.850)               | (0.850)   |
| Net realized gain on investments   | □  | □        | (0.139)   | (0.071)               | (0.071)   |
| Total dividends and distributions  | (0.285)                                      | (0.657)  | (0.859)   | (0.921)               | (0.921)   |
| <b>Net asset value, end of period</b>  | \$14.210                                     | \$13.220 | \$14.260  | \$15.100              | \$15.100  |
| <b>Market value, end of period</b>   | \$13.130                                     | \$11.240 | \$15.060  | \$15.940              | \$15.940  |
| <b>Total investment return based on:<sup>2</sup></b>   |  |          |           |                       |           |
| Market value   | 19.48%                                       | (21.63%) | (0.14%)   | (9.86%)               | (9.86%)   |
| Net asset value  | 9.94%  | (2.66%)  | (0.19%)   | 4.35%                 | 4.35%     |
| <b>Ratios and supplemental data:</b>   |  |          |           |                       |           |
| Net assets applicable to common shares, end of period (000 omitted)  | \$68,758                                     | \$63,952 | \$68,973  | \$73,056              | \$73,056  |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.58%  | 0.91%    | 1.03%     | 1.01%                 | 1.01%     |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.46%  | 5.55%    | 6.37%     | 6.49%                 | 6.49%     |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares <sup>4</sup> | 4.46%  | 4.28%    | 4.23%     | 4.56%                 | 4.56%     |
| Portfolio turnover   | 24%  | 16%      | 16%       | 11%                   | 11%       |
| <b>Leverage analysis:</b>  |  |          |           |                       |           |
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>   | \$□  | \$□      | \$40,000  | \$40,000              | \$40,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup>   | \$□  | \$□      | \$136,216 | \$141,320             | \$141,320 |
| Liquidation value per share of preferred shares <sup>5,6</sup>   | \$□  | \$□      | \$50,000  | \$50,000              | \$50,000  |

<sup>1</sup> Ratios and portfolio turnover have been annualized and total return has not been annualized.

<sup>2</sup> 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.

<sup>3</sup> Ratios do not reflect the effect of dividend payments to preferred shareholders.

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

<sup>5</sup> In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$40,042,778. See Note 7 in [ ]Notes to financial statements. [ ]

<sup>6</sup> Excluding any accumulated but unpaid dividends.

See accompanying notes

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

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

|  | Six<br>Months<br>Ended<br>9/30/09 <sup>1</sup><br>(Unaudited) | 3/31/09   | 3/31/08   | Year Ended<br>3/31/07 |
|--|---|-----------|-----------|-----------------------|
| <b>Net asset value, beginning of period</b>  | \$13.140  | \$14.190  | \$14.880  | \$14.730              |
| <b>Income (loss) from investment operations:</b>   |   |           |           |                       |
| Net investment income  | 0.298   | 0.776     | 0.962     | 0.963                 |
| Net realized and unrealized gain (loss) on investments   | 1.037   | (1.013)   | (0.674)   | 0.225                 |
| Dividends on preferred stock from:   |   |           |           |                       |
| Net investment income  | □   | (0.175)   | (0.318)   | (0.298)               |
| Total dividends on preferred stock   | □   | (0.175)   | (0.318)   | (0.298)               |
| Total from investment operations   | 1.335   | (0.412)   | (0.030)   | 0.890                 |
| <b>Less dividends to common shareholders from:</b>   |   |           |           |                       |
| Net investment income  | (0.285)   | (0.638)   | (0.660)   | (0.740)               |
| Total dividends  | (0.285)   | (0.638)   | (0.660)   | (0.740)               |
| <b>Net asset value, end of period</b>  | \$14.190  | \$13.140  | \$14.190  | \$14.880              |
| <b>Market value, end of period</b>   | \$12.680  | \$11.250  | \$13.450  | \$14.640              |
| <b>Total investment return based on:<sup>2</sup></b>   |   |           |           |                       |
| Market value   | 15.37%  | (11.91%)  | (3.58%)   | (5.13%)               |
| Net asset value  | 10.54%  | (2.48%)   | 0.08%     | 6.05%                 |
| <b>Ratios and supplemental data:</b>   |   |           |           |                       |
| Net assets applicable to common shares, end of period (000 omitted)  | \$163,211   | \$151,184 | \$163,305 | \$171,143             |
| Ratio of expenses to average net assets applicable to common shares <sup>3,5</sup>   | 0.57%   | 0.98%     | 1.18%     | 1.20%                 |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.39%   | 5.74%     | 6.61%     | 6.52%                 |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares <sup>4</sup> | 4.39%   | 4.45%     | 4.43%     | 4.50%                 |
| Portfolio turnover   | 16%   | 15%       | 6%        | 3%                    |
| <b>Leverage analysis:</b>  |   |           |           |                       |
| Value of preferred shares outstanding (000 omitted) <sup>6</sup>   | \$□   | \$□       | \$95,000  | \$95,000              |
| Net asset coverage per share of preferred shares, end of period <sup>6</sup>   | \$□   | \$□       | \$135,950 | \$140,075             |
| Liquidation value per share of preferred shares <sup>6,7</sup>   | \$□   | \$□       | \$50,000  | \$50,000              |

<sup>1</sup> Ratios and portfolio turnover have been annualized and total return has not been annualized.<sup>2</sup> 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.<sup>3</sup> Ratios do not reflect the effect of dividend payments to preferred shareholders.<sup>4</sup> Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.<sup>5</sup> The ratio of expenses to average net assets applicable to common shares includes interest and related expenses which include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees in connection with the Fund's

participation in inverse floater programs for the years ended March 31, 2009, 2008, and 2007. See Note 8 in [Notes to financial statements.]

<sup>6</sup> In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$95,083,577. See Note 7 in [Notes to financial statements.]

<sup>7</sup> Excluding any accumulated but unpaid dividends.

See accompanying notes

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## Financial highlights

### Delaware Investments National Municipal Income Fund

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

|  | Six<br>Months<br>Ended<br>9/30/09 <sup>1</sup><br>(Unaudited) | 3/31/09  | 3/31/08  | Year Ended<br>3/31/07 | 3/31/06  |
|--|---|----------|----------|-----------------------|----------|
| <b>Net asset value, beginning of period</b>  | \$11.960  | \$13.360 | \$14.560 | \$14.650              | \$14.560 |
| <b>Income (loss) from investment operations:</b>   |   |          |          |                       |          |
| Net investment income  | 0.282   | 0.704    | 0.919    | 0.960                 | 0.960    |
| Net realized and unrealized gain (loss) on investments   | 1.283   | (1.367)  | (1.081)  | 0.141                 | 0.141    |
| Dividends on preferred stock from:   |   |          |          |                       |          |
| Net investment income  | □   | (0.172)  | (0.311)  | (0.285)               | (0.285)  |
| Net realized gain on investments   | □   | □        | (0.015)  | (0.018)               | (0.018)  |
| Total dividends on preferred stock   | □   | (0.172)  | (0.326)  | (0.303)               | (0.303)  |
| Total from investment operations   | 1.565   | (0.835)  | (0.488)  | 0.798                 | 0.798    |
| <b>Less dividends and distributions to common shareholders from:</b>   |   |          |          |                       |          |
| Net investment income  | (0.255)   | (0.565)  | (0.668)  | (0.820)               | (0.820)  |
| Net realized gain on investments   | □   | □        | (0.044)  | (0.068)               | (0.068)  |
| Total dividends and distributions  | (0.255)   | (0.565)  | (0.712)  | (0.888)               | (0.888)  |
| <b>Net asset value, end of period</b>  | \$13.270  | \$11.960 | \$13.360 | \$14.560              | \$14.560 |
| <b>Market value, end of period</b>   | \$12.670  | \$10.850 | \$11.950 | \$14.530              | \$14.530 |
| <b>Total investment return based on:<sup>2</sup></b>   |   |          |          |                       |          |
| Market value   | 19.30%  | (4.31%)  | (13.11%) | (4.12%)               | (4.12%)  |
| Net asset value  | 13.35%  | (5.65%)  | (3.05%)  | 5.27%                 | 5.27%    |
| <b>Ratios and supplemental data:</b>   |   |          |          |                       |          |
| Net assets applicable to common shares, end of period (000 omitted)  | \$32,147  | \$28,967 | \$32,365 | \$35,256              | \$35,256 |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.65%   | 1.06%    | 1.16%    | 1.10%                 | 1.10%    |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.51%   | 5.63%    | 6.54%    | 6.58%                 | 6.58%    |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares <sup>4</sup> | 4.51%   | 4.25%    | 4.22%    | 4.51%                 | 4.51%    |
| Portfolio turnover   | 80%   | 36%      | 17%      | 9%                    | 9%       |
| <b>Leverage analysis:</b>  |   |          |          |                       |          |

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|  |     |     |           |           |
|--|-----|-----|-----------|-----------|
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>             | \$0 | \$0 | \$20,000  | \$20,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup> | \$0 | \$0 | \$130,914 | \$138,141 |
| Liquidation value per share of preferred shares <sup>5,6</sup>               | \$0 | \$0 | \$50,000  | \$50,000  |

<sup>1</sup> Ratios and portfolio turnover have been annualized and total return has not been annualized.

<sup>2</sup> 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.

<sup>3</sup> Ratios do not reflect the effect of dividend payments to preferred shareholders.

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

<sup>5</sup> In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$20,019,516. See Note 7 in Notes to financial statements.

<sup>6</sup> Excluding any accumulated but unpaid dividends.

See accompanying notes

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# Notes to financial statements

## Delaware Investments Closed-End Municipal Bond Funds

September 30, 2009 (Unaudited)

Delaware Investments Arizona Municipal Income Fund, Inc. (Arizona Municipal Fund), Delaware Investments Colorado Municipal Income Fund, Inc. (Colorado Municipal Fund) and Delaware Investments Minnesota Municipal Income Fund II, Inc. (Minnesota Municipal Fund II) are organized as Minnesota corporations and Delaware Investments National Municipal Income Fund (National Municipal Fund) is organized as a Massachusetts business trust (each referred to as a Fund and collectively as the Funds). Arizona Municipal Fund, Colorado Municipal Fund, Minnesota Municipal Fund II and National Municipal Fund are considered diversified closed-end management investment companies under the Investment Company Act of 1940, as amended. The Funds' shares trade on the NYSE Alternext, the successor to the American Stock Exchange.

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

### 1. Significant Accounting Policies

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

**Security Valuation** Debt securities are valued by an independent pricing service or broker. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of each Fund's Board of Directors/Trustees (each a Board, and collectively, the Boards). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

**Federal Income Taxes** No provision for federal income taxes has been made as each Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as

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a tax benefit or expense in the current year. Management has analyzed the Funds' tax positions taken on federal income tax returns for all open tax years (tax years ended March 31, 2007 - March 31, 2009), and has concluded that no provision for federal income tax is required in the Funds' financial statements.

**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.

**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.

The Funds may receive earnings credits from their custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the period ended September 30, 2009.

On July 1, 2009, the FASB issued the FASB Accounting Standards Codification (the "Codification"). The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification is effective for interim and annual periods ending after September 15, 2009. The Funds adopted the Codification for the six months ended September 30, 2009. There was no impact to financial statements as this is disclosure-only in nature.

### 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.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Funds. For these services, the Funds pay DSC fees based on the aggregate daily net assets of the Delaware Investments Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the six months ended September 30, 2009, the Funds were charged as follows:

| Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| \$990                        | \$1,640                       | \$3,908                           | \$757                         |

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## Notes to financial statements

### Delaware Investments Closed-End Municipal Bond Funds

### 2. Investment Management, Administration Agreements and Other Transactions with Affiliates (continued)

At September 30, 2009, each Fund had liabilities payable to affiliates as follows:

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|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Investment management fee payable to DMC                         | \$ 13,705                    | \$ 22,605                     | \$ 53,723                         | \$ 10,519                     |
| Accounting administration and other expenses payable to DSC      | 169                          | 279                           | 663                               | 130                           |
| Other expenses payable to/or receivable from DMC and affiliates* | 1,446                        | (4,217)                       | 3,785                             | 1,375                         |

\*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, 2009, each Fund was charged for internal legal and tax services provided by DMC and/or its affiliates' employees as follows:

|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
|  | \$1,850                      | \$3,063                       | \$7,297                           | \$1,417                       |

Directors'/Trustees' fees include expenses accrued by the Funds for each Director's/Trustee's retainer and meeting fees. Certain officers of DMC and DSC are officers and/or Directors/Trustees of the Funds. These officers and Directors/Trustees are paid no compensation by the Funds.

### 3. Investments

For the six months ended September 30, 2009, the Funds made purchases and sales of investment securities other than short-term investments as follows:

|           | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|-----------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Purchases | \$ 5,424,721                 | \$ 7,895,439                  | \$ 14,522,087                     | \$ 11,625,269                 |
| Sales     | 3,118,243                    | 8,022,811                     | 12,594,169                        | 12,429,210                    |

At September 30, 2009, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At September 30, 2009, the cost of investments and unrealized appreciation (depreciation) for each Fund were as follows:

|                                   | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|-----------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Cost of investments               | \$ 40,127,195                | \$ 64,904,949                 | \$ 153,309,060                    | \$ 30,431,523                 |
| Aggregate unrealized appreciation | \$ 1,749,092                 | \$ 3,535,928                  | \$ 9,659,222                      | \$ 1,676,935                  |
| Aggregate unrealized depreciation | (753,988)                    | (764,544)                     | (1,991,340)                       | (195,090)                     |
| Net unrealized appreciation       | \$ 995,104                   | \$ 2,771,384                  | \$ 7,667,882                      | \$ 1,481,845                  |

The Funds apply the amended provisions of accounting Codification Section 820, Fair Value Measurements and disclosures (ACS 820). ACS 820-10-05-1 defines fair value as the price that each Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. ACS



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820 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. Each Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 □ inputs are quoted prices in active markets

Level 2 □ inputs are observable, directly or indirectly

Level 3 □ inputs are unobservable and reflect assumptions on the part of the reporting entity

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The following table summarizes the valuation of each Fund's investments by the ACS 820 fair value hierarchy levels as of September 30, 2009:

| Arizona Municipal Fund |                      |
|------------------------|----------------------|
| Level 2                |                      |
| Municipal Bonds        | \$ 41,122,299        |
| Short-Term             | □                    |
| <b>Total</b>           | <b>\$ 41,122,299</b> |

| Colorado Municipal Fund |                      |
|-------------------------|----------------------|
| Level 2                 |                      |
| Municipal Bonds         | \$ 67,676,331        |
| Short-Term              | □                    |
| <b>Total</b>            | <b>\$ 67,676,331</b> |

| Minnesota Municipal Fund II |                      |
|-----------------------------|----------------------|
| Level 2                     |                      |
| Municipal Bonds             | \$160,876,942        |
| Short-Term                  | 100,000              |
| <b>Total</b>                | <b>\$160,976,942</b> |

| National Municipal Fund |                      |
|-------------------------|----------------------|
| Level 2                 |                      |
| Municipal Bonds         | \$ 31,213,368        |
| Short-Term              | 700,000              |
| <b>Total</b>            | <b>\$ 31,913,368</b> |

There were no Level 3 securities at the beginning or end of the period.

#### 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, distributions from 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, 2009 and year ended March 31, 2009 was as follows:

|                                  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|----------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| <b>Six Months Ended 9/30/09*</b> |                              |                               |                                   |                               |

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|                   |    |         |    |           |    |           |    |         |
|-------------------|----|---------|----|-----------|----|-----------|----|---------|
| Ordinary income   | \$ | □       | \$ | □         | \$ | □         | \$ | 6,592   |
| Tax-exempt income |    | 715,728 |    | 1,378,574 |    | 3,278,918 |    | 611,069 |
| Total             | \$ | 715,728 | \$ | 1,378,574 | \$ | 3,278,918 | \$ | 617,661 |

|                           |    |           |    |           |    |           |    |           |
|---------------------------|----|-----------|----|-----------|----|-----------|----|-----------|
| <b>Year Ended 3/31/09</b> |    |           |    |           |    |           |    |           |
| Ordinary income           | \$ | 129,029   | \$ | 319,989   | \$ | 637,277   | \$ | 92,304    |
| Tax-exempt income         |    | 2,090,880 |    | 3,691,139 |    | 8,705,599 |    | 1,692,283 |
| Total                     | \$ | 2,219,909 | \$ | 4,011,128 | \$ | 9,342,876 | \$ | 1,784,587 |

\*Tax information for the six months ended September 30, 2009 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

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## Notes to financial statements

### Delaware Investments Closed-End Municipal Bond Funds

#### 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, 2009, the estimated components of net assets on a tax basis were as follows:

|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Shares of beneficial interest            | \$ 40,651,205                | \$ 66,918,121                 | \$ 157,939,491                    | \$ 33,208,317                 |
| Undistributed tax-exempt income          | 129,006                      | 81,416                        | 152,559                           | 63,962                        |
| Realized gains (losses) 4/1/09 - 9/30/09 | 220,113                      | 639,666                       | (546,601)                         | (817,191)                     |
| Capital loss carryforwards as of 3/31/09 | (221,375)                    | (1,652,946)                   | (2,002,111)                       | (1,789,580)                   |
| Unrealized appreciation of investments   | 995,104                      | 2,771,384                     | 7,667,882                         | 1,481,845                     |
| Net assets                               | \$ 41,774,053                | \$ 68,757,641                 | \$ 163,211,220                    | \$ 32,147,353                 |

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

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 and tax treatment of market discount on debt instruments. Results of operations and net assets were not affected by these reclassifications. For the six months ended September 30, 2009, the Funds recorded an estimate of these differences since final tax characteristics cannot be determined until fiscal year end.

|                                      | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--------------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Undistributed net investment income  | \$ (7,348)                   | \$ (1,827)                    | \$ 2,346                          | \$ (967)                      |
| Accumulated net realized gain (loss) | 7,348                        | 1,827                         | (2,346)                           | 967                           |

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, 2009 will expire as follows:

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| Year of Expiration | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| 2010               | \$ □                         | \$ □                          | \$ 8,416                          | \$ □                          |
| 2013               | □                            | □                             | 9,826                             | □                             |
| 2016               | □                            | □                             | □                                 | 18,596                        |
| 2017               | 221,375                      | 1,652,946                     | 1,983,869                         | 1,770,984                     |
| Total              | \$ 221,375                   | \$ 1,652,946                  | \$ 2,002,111                      | \$ 1,789,580                  |

For the six months ended September 30, 2009, the Funds had capital gains (losses) as listed below, which may reduce or increase the capital loss carryforwards.

| Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| \$ 220,113                   | \$ 639,666                    | \$ (546,601)                      | \$ (817,191)                  |

## 6. Capital Stock

Pursuant to their articles of incorporation, Arizona Municipal Fund, Colorado Municipal Fund and Minnesota Municipal Fund II each have 200 million shares of \$0.01 par value common shares authorized. National 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, 2009. Shares issuable under the Funds' dividend reinvestment plan are purchased by the Funds' transfer agent, BNY Mellon Shareowner Services, in the open market.

For the six months ended September 30, 2009, the Funds did not have any transactions in common shares.

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## 7. Redemption of Preferred Shares

On October 7, 2008, the Funds' Board approved a plan to redeem all outstanding preferred shares issued by the Funds. The plan was intended to better position each Fund to pursue its investment objectives in light of current and unprecedented market volatility, which has resulted in higher short-term interest rates. Management recommended the redemption of the Funds' preferred shares based on its expectation that at that time it may become increasingly difficult for the Funds to invest the assets attributable to the preferred shares in securities that provide a sufficient rate of return compared to the dividend rates payable on the preferred shares, which had remained elevated in recent remarketings. These higher costs, in conjunction with market conditions at that time, could cause the Funds to realize an overall lower rate of return than if the Funds were not leveraged. Each Fund's Board may consider adding some form of leverage to the Funds in the future if warranted by economic conditions at that time.

Prior to the redemption of the preferred shares, each Fund had a liquidation preference of \$50,000 per share plus an amount equal to accumulated but unpaid dividends. The effective dates and redemption values are as follows:

|                                | Shares Redeemed | Total                   |
|--------------------------------|-----------------|-------------------------|
| <b>Arizona Municipal Fund</b>  |                 |                         |
| Effective 10/24/08             |                 |                         |
| Series A                       | 250             | \$ 12,512,197.50        |
| Series B                       | 250             | 12,512,197.50           |
| <b>Total</b>                   | <b>500</b>      | <b>\$ 25,024,395.00</b> |
| <b>Colorado Municipal Fund</b> |                 |                         |
| Effective 10/22/08             |                 |                         |
| Series A                       | 270             | \$ 13,516,758.90        |
| Series B                       | 270             | 13,516,758.90           |
|                                |                 | \$ 27,033,517.80        |

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|                                    |              |                         |
|------------------------------------|--------------|-------------------------|
| Effective 10/29/08                 |              |                         |
| Colorado A                         | 95           | \$ 4,753,593.85         |
| Colorado B                         | 95           | 4,753,593.85            |
|                                    |              | \$ 9,507,187.70         |
| Effective 11/5/08                  |              |                         |
| Series A                           | 35           | \$ 1,751,036.00         |
| Series B                           | 35           | 1,751,036.00            |
|                                    |              | \$ 3,502,072.00         |
| <b>Total</b>                       | <b>800</b>   | <b>\$ 40,042,777.50</b> |
| <b>Minnesota Municipal Fund II</b> |              |                         |
| Effective 10/22/08                 |              |                         |
| Series B                           | 355          | \$ 17,772,038.40        |
| Effective 10/24/08                 |              |                         |
| Series A                           | 355          | \$ 17,767,320.45        |
| Series C                           | 227          | 11,361,075.33           |
| Series D                           | 177          | 8,858,635.83            |
|                                    |              | \$ 37,987,031.61        |
| Effective 10/29/08 and 10/31/08    |              |                         |
| Series A                           | 115          | \$ 5,753,645.50         |
| Series B                           | 115          | 5,754,350.45            |
| Series C                           | 80           | 4,002,536.00            |
| Series D                           | 60           | 3,001,902.00            |
|                                    |              | \$ 18,512,433.95        |
| Effective 11/5/08 and 11/7/08      |              |                         |
| Series B                           | 130          | \$ 6,503,848.00         |
| Series A                           | 130          | 6,503,738.80            |
| Series C                           | 93           | 4,652,674.68            |
| Series D                           | 63           | 3,151,811.88            |
|                                    |              | \$ 20,812,073.36        |
| <b>Total</b>                       | <b>1,900</b> | <b>\$ 95,083,577.32</b> |
| <b>National Municipal Fund</b>     |              |                         |
| Effective 10/24/08                 |              |                         |
| Series A                           | 200          | \$ 10,009,758.00        |
| Series B                           | 200          | 10,009,758.00           |
| <b>Total</b>                       | <b>400</b>   | <b>\$ 20,019,516.00</b> |

In connection with these transactions, each Fund liquidated a corresponding amount of its investments to fund the redemptions.

## 8. Inverse Floaters

Each Fund 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 their 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 a 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. At September 30, 2009, the Funds held no investments in inverse floaters.

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## Notes to financial statements

## Delaware Investments Closed-End Municipal Bond Funds

**9. Credit and Market Risk**

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 and national economic conditions, as applicable 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. A real or perceived decline in creditworthiness of a bond insurer can have an adverse impact on the value of insured bonds held in the Funds. At September 30, 2009, the percentages of each Fund's net assets insured by bond insurers were as follows:

|                             |     |
|-----------------------------|-----|
| Arizona Municipal Fund      | 35% |
| Colorado Municipal Fund     | 48% |
| Minnesota Municipal Fund II | 28% |
| National Municipal Fund     | 46% |

These securities have been identified in the statements of net assets.

The Funds invest a portion of their assets in high yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group (S&P) and/or Ba or lower by Moody's Investors Service, Inc. (Moody's). Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

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 and 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, S&P, and/or Fitch Ratings (Fitch) 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 net 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 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. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Funds' 15% limit on investments in illiquid securities. As of September 30, 2009, there were no Rule 144A securities. Illiquid securities have been identified on the statements of net assets.

**10. 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 each Fund's existing contracts and expects the risk of loss to be remote.

## **11. Delaware Investments National Municipal Income Fund – Investments in Municipal Securities Issued by the State of Florida**

On September 13, 2007, shareholders of Delaware Investments National Municipal Income Fund (formerly Delaware Investments Florida Insured Municipal Income Fund) approved (1) the elimination of the Fund's fundamental investment policy that required the Fund to invest primarily in insured municipal securities issued by the State of Florida and (2) the adoption of a new fundamental investment policy permitting the Fund to invest in un-insured municipal securities issued by states other than Florida. The Fund's portfolio managers began to transition the Fund's portfolio to include un-insured municipal bonds issued by other states and territories on October 15, 2007. As of September 30, 2009, municipal bonds issued by the State of Florida constitute approximately 40% of the Fund's portfolio. These investments could make the Fund more sensitive to economic conditions in Florida than other more geographically diversified national municipal income funds.

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## **12. Recent Developments Regarding Bond Insurance Companies**

Starting in January 2008, S&P's, Moody's and Fitch began to take negative actions against a number of municipal bond insurers. These actions included actual rating downgrades, assigning negative outlooks, and/or placing the insurer financial strength rating on credit watch for possible downgrade. Through early November 2008, five (AMBAC, FGIC, CGIC, MBIA and XLCA) of the first tier monoline insurers have been downgraded by one or more of the rating agencies. A real or perceived decline in creditworthiness of a bond insurer can have an adverse impact on the value of insured bonds held in the Funds. Insurer financial strength ratings for the municipal bond insurers may continue to change.

## **13. Sale of Delaware Investments to Macquarie Group**

On August 18, 2009, Lincoln National Corporation (the parent company of Delaware Investments) and Macquarie Group (Macquarie) entered into an agreement pursuant to which Delaware Investments, including DMC, Delaware Distributors, L.P. (DDL), and Delaware Service Company (DSC), will be acquired by Macquarie, an Australia-based global provider of banking, financial, advisory, investment and funds management services (the Transaction). Upon completion of the Transaction, DMC, DDL and DSC will be wholly-owned subsidiaries of Macquarie.

The Transaction will result in a change of control of DMC which, in turn, will cause the termination of the investment advisory agreement between DMC and the Funds. As a result, a Special Meeting of Shareholders (the Meeting) of the Funds has been scheduled for the purpose of asking shareholders to approve a new investment advisory agreement between DMC and the Funds (the New Agreement). If approved by shareholders, the New Agreement will take effect upon the closing of the Transaction, which is currently anticipated to occur on or about December 31, 2009. Shareholders of the Funds will receive proxy materials including more detailed information about the Meeting, the Transaction and the proposed New Agreement.

## **14. Subsequent Events**

Effective September 30, 2009, the Funds adopted the amended provisions of accounting Codification Section 855 (ACS 855), Subsequent Events. In accordance with ACS 855, management has evaluated whether any events or transactions occurred subsequent to September 30, 2009 through November 25, 2009, the date of issuance of the Funds' financial statements, and determined that there were no material events or transactions other than those already disclosed that would require recognition or disclosure in the Funds' financial statements.

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# **Other Fund information**

(Unaudited)

## **Delaware Investments Closed-End Municipal Bond Funds**

**Board Consideration of Delaware Investments Arizona Municipal Income Fund, Inc., Delaware Investments Colorado Municipal Income Fund, Inc., Delaware Investments Minnesota Municipal Income Fund II, Inc. and Delaware Investments National Municipal Income Fund Investment Advisory Agreements**

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At a meeting held on May 19-21, 2009 (the "Annual Meeting"), the Board of Trustees/Directors ("Trustees" (the "Board")), including a majority of disinterested or independent Trustees, approved the renewal of the Investment Advisory Agreements for the Delaware Investments Arizona Municipal Income Fund, Inc., Delaware Investments Colorado Municipal Income Fund, Inc., Delaware Investments Minnesota Municipal Income Fund II, Inc. and Delaware Investments National Municipal Income Fund (each, a "Fund" and together, the "Funds"). In making its decision, the Board considered information furnished specifically in connection with the renewal of the Investment Advisory Agreements with Delaware Management Company ("DMC"), which included materials provided by DMC and its affiliates ("Delaware Investments") concerning, among other things, the nature, extent and quality 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. Reference was made to information furnished at regular quarterly 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 and sub-advisory contracts. In addition, in connection with the Annual Meeting, reports were provided in February 2009 and included 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 independent Trustees reviewed and discussed the Lipper reports with counsel to the independent Trustees. The Board requested and received information regarding DMC's policy with respect to advisory fee levels and its breakpoint philosophy; 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 had in the past year inhibited, or which were likely in the future to inhibit, DMC's ability to invest fully 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 counsel to the independent Trustees. Although the Board gave attention to all information furnished, the following discussion identifies, under separate headings, the primary factors taken into account by the Board during its contract renewal considerations.

**Nature, Extent and Quality of Service.** The Board considered the services provided by Delaware Investments to the Funds and their shareholders. In reviewing the nature, extent and quality of services, the Board considered reports furnished to it throughout the year, which covered matters such as the relative performance of the Funds, compliance of portfolio managers with the investment policies, strategies and restrictions for the Funds, compliance by DMC and Delaware Distributors, L.P. (together, "Management") personnel with the Code of Ethics adopted throughout the Delaware Investments Family of Funds complex and adherence to fair value pricing procedures as established by the Board. The Board was pleased with the current staffing of the Funds' investment advisor and the emphasis placed on research in the investment process. The Board gave favorable consideration to DMC's efforts to control expenditures while maintaining service levels committed to fund matters. The Board noted that Management finished upgrading investment accounting functions through outsourcing to improve the quality and lower the cost of delivering investment accounting services to the Funds. The Board was satisfied with the nature, extent and quality of the overall services provided by Delaware Investments.

**Investment Performance.** The Board placed significant emphasis on the investment performance of the Funds in view of its importance to shareholders. Although the Board gave appropriate consideration to performance reports and discussions with portfolio managers at Board meetings throughout the year, the Board gave particular weight 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 (the "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 ten-year periods ended December 31, 2008. The Board's objective is 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-, five- and ten-year periods was in the second quartile of its Performance Universe. The Board was satisfied with performance.

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-, three-, five- and ten-year periods was in the first quartile of its Performance Universe. The Board was satisfied with performance.

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-, three-, five- and ten-year periods was in the first quartile of its Performance Universe. The Board was satisfied with performance.

Delaware Investments National Municipal Income Fund □ The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end general 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 first quartile. The report further showed that the Fund's total return for the

three-year period was in the second quartile and the Fund's total return for

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the five- and ten-year periods was in the third quartile. The Board determined that the Fund's performance results were mixed. In evaluating the Fund's performance, the Board considered the strategy changes implemented in late 2007 and the improved performance for the one- and three-year periods. The Board was satisfied that Management was taking effective action to enhance Fund performance and meet the Board's performance objective.

**Comparative Expenses.** The Board considered expense comparison data for the Delaware Investments Family of Funds. Management provided the Board with information on pricing levels and fee structures for each Fund as of October 31, 2008 and, for comparative funds, information as of their respective fiscal year end occurring on or before August 31, 2008. The Board also focused on the comparative analysis of effective management fees and total expense ratios of each Fund versus effective management fees and expense ratios of a group of similar closed-end funds as selected by Lipper (the "Expense Group"). In reviewing comparative costs, the 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) 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 considered fees paid to Delaware Investments for non management services. The Board's objective is to limit each Fund's total expense ratio to be competitive with that 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 those of its Expense Group.

Delaware Investments Colorado 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 those of its Expense Group.

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 those of its Expense Group.

Delaware Investments National 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.

**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, reflect recent 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 industry-wide 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 management fees were 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 values of the underlying securities in the 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 economies of scale on to shareholders was not likely to provide the intended effect.

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## About the organization

This semiannual report is for the information of Delaware Investments Closed-End Municipal Bond Funds shareholders. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940

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that the Funds may, from time to time, purchase shares of their common stock on the open market at market prices.

## Board of directors/trustees

### **Patrick P. Coyne**

Chairman, President,  
and Chief Executive Officer  
Delaware Investments<sup>®</sup> Family of Funds  
Philadelphia, PA

### **Thomas L. Bennett**

Private Investor  
Rosemont, PA

### **John A. Fry**

President  
Franklin & Marshall College  
Lancaster, PA

### **Anthony D. Knerr**

Founder and Managing Director  
Anthony Knerr & Associates  
New York, NY

### **Lucinda S. Landreth**

Former Chief Investment Officer  
Assurant, Inc.  
Philadelphia, PA

### **Ann R. Leven**

Consultant  
ARL Associates  
New York, NY

### **Thomas F. Madison**

President and Chief Executive Officer  
MLM Partners, Inc.  
Minneapolis, MN

### **Janet L. Yeomans**

Vice President and Treasurer  
3M Corporation  
St. Paul, MN

### **J. Richard Zecher**

Founder  
Investor Analytics  
Scottsdale, AZ

## Your reinvestment options

Each of the Funds offers an automatic

## Affiliated officers

### **David F. Connor**

Vice President, Deputy General Counsel,  
and Secretary  
Delaware Investments Family of Funds  
Philadelphia, PA

### **Daniel V. Geatens**

Vice President and Treasurer  
Delaware Investments Family of Funds  
Philadelphia, PA

### **David P. O'Connor**

Senior Vice President, General Counsel,  
and Chief Legal Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

### **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 [www.sec.gov](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 [www.delawareinvestments.com](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 [www.delawareinvestments.com](http://www.delawareinvestments.com); and (ii) on the

## Contact information

### **Investment manager**

Delaware Management Company  
a series of Delaware Management  
Business Trust  
Philadelphia, PA

### **Principal office of the Funds**

2005 Market Street  
Philadelphia, PA 19103-7057

### **Independent registered public accounting firm**

Ernst & Young LLP  
2001 Market Street  
Philadelphia, PA 19103

### **Registrar and stock transfer agent**

BNY Mellon Shareowner Services  
480 Washington Blvd.  
Jersey City, NJ 07310  
800 851-9677

### **For securities dealers and financial institutions representatives**

800 362-7500

### **Web site**

[www.delawareinvestments.com](http://www.delawareinvestments.com)

*Delaware Investments is the manager of the Delaware Management Company, its subsidiaries, and its subsidiaries.*

### **Number of recordholders as of Sept. 30, 2009:**

Arizona Municipal Income Fund  
Colorado Municipal  
Income Fund  
Minnesota Municipal Income  
Fund II

National Municipal Income Fund

dividend reinvestment program. If you would like to reinvest dividends, and shares are registered in your name, contact BNY Mellon Shareowner Services at 800 851-9677. You will be asked to put your request in writing. If you have shares registered in "street" name, contact the broker/dealer holding the shares of your financial advisor.

Commission's Web site at [www.sec.gov](http://www.sec.gov).

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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. Investments

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

(b) Divestment of securities in accordance with Section 13(c) of the Investment Company Act of 1940.

Not applicable.

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.

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**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® Colorado Municipal Income Fund, Inc.**

PATRICK P. COYNE

By: Patrick P. Coyne

Title: Chief Executive Officer

Date: December 4, 2009

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 4, 2009

RICHARD SALUS  
By: Richard Salus  
Title: Chief Financial Officer  
Date: December 4, 2009

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