

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC  
Form N-Q  
August 29, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:	811-07420
Exact name of registrant as specified in charter:	Delaware Investments® Minnesota Municipal Income Fund II, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	March 31
Date of reporting period:	June 30, 2011

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Item 1. Schedule of Investments.

Schedule of Investments (Unaudited)

Delaware Investments Minnesota Municipal Income Fund II, Inc.

June 30, 2011

	Principal Amount	Value
<b>Municipal Bonds – 99.29%</b>		
<b>Corporate-Backed Revenue Bonds – 5.80%</b>		
Cloquet Pollution Control Revenue (Potlatch Project) 5.90% 10/1/26	\$5,500,000	\$ 5,061,265
Laurentian Energy Authority Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	3,351,068
Sartell Environmental Improvement Revenue (International Paper) Series A 5.20% 6/1/27	1,000,000	979,820
		9,392,153
<b>Education Revenue Bonds – 9.36%</b>		
<b>Minnesota Higher Education Facilities Authority Revenue</b>		
(Augsburg College) Series 6-J1 5.00% 5/1/28	1,500,000	1,468,155
(Carleton College)		
Series D 5.00% 3/1/30	1,120,000	1,186,830
Series 6-T 5.00% 1/1/28	1,000,000	1,063,530
(College of St. Benedict) Series 5-W 5.00% 3/1/20	2,000,000	2,038,680
(St. Mary's University) Series 5-U 4.80% 10/1/23	1,400,000	1,413,468
(St. Scholastic College) 5.25% 12/1/35	1,000,000	965,280
(University of St. Thomas)		
Series 6-X 5.00% 4/1/29	2,250,000	2,302,312
Series 7-A 5.00% 10/1/39	1,000,000	1,014,440
<b>University Minnesota</b>		
Series A 5.25% 4/1/29	1,000,000	1,094,760
Series C 5.00% 12/1/19	1,290,000	1,516,434
<b>University of Minnesota Special Purpose Revenue (State Supported Biomed Science)</b>		
Series C 5.00% 8/1/35	1,040,000	1,085,885
		15,149,774
<b>Electric Revenue Bonds – 7.55%</b>		
Chaska Electric Revenue (Generating Facilities) Series A 5.25% 10/1/25	250,000	258,780
<b>Minnesota Municipal Power Agency Electric Revenue Series A</b>		
5.00% 10/1/34	1,900,000	1,906,916
5.25% 10/1/19	1,610,000	1,716,341
Southern Minnesota Municipal Power Agency Supply Revenue Series A 5.25% 1/1/14 (AMBAC)	3,000,000	3,306,120
Western Minnesota Municipal Power Agency Supply Revenue Series A 5.00% 1/1/30 (NATL-RE)	5,000,000	5,029,800
		12,217,957
<b>Healthcare Revenue Bonds – 19.93%</b>		
Bemidji Health Care Facilities Revenue (North Country Health Services) 5.00% 9/1/24 (RADIAN)	1,500,000	1,501,470
Fergus Falls Health Care Facilities Revenue (Lake Region Healthcare) 5.00% 8/1/30	1,000,000	927,930
Glencoe Health Care Facilities Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25	2,000,000	1,948,440
Maple Grove Health Care Facilities Revenue (Maple Grove Hospital) 5.25% 5/1/37	1,000,000	944,610
<b>Minneapolis &amp; St. Paul Minnesota Housing &amp; Redevelopment Authority Health Care Facilities</b>		
(Children's Hospital) Series A1 5.00% 8/15/34 (AGM)	500,000	495,570

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Minneapolis Health Care System Revenue (Fairview Health Services)		
Series A 6.625% 11/15/28	600,000	654,072
Series B 6.50% 11/15/38 (ASSURED GTY)	295,000	320,007
Series D 5.00% 11/15/34 (AMBAC)	2,000,000	1,889,300
<b>Minneapolis Revenue (National Marrow Donor Program) 4.875% 8/1/25</b>	<b>1,000,000</b>	<b>972,160</b>
Minnesota Agricultural & Economic Development Board Revenue Un-Refunded Balance Series A		
5.75% 11/15/26 (NATL-RE)	100,000	100,043
6.375% 11/15/29	195,000	195,669
<b>Rochester Health Care &amp; Housing Revenue (Samaritan Bethany) Series A 7.375% 12/1/41</b>	<b>1,220,000</b>	<b>1,237,031</b>
<b>Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34</b>	<b>1,560,000</b>	<b>1,495,354</b>
St. Cloud Health Care System Revenue (Centracare Health System Project)		
5.50% 5/1/39 (ASSURED GTY)	1,500,000	1,536,495
Series A 5.125% 5/1/30	3,425,000	3,477,060
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services)		
5.75% 7/1/39	1,500,000	1,475,400
Series C 5.50% 7/1/23	1,000,000	1,050,310
St. Paul Housing & Redevelopment Authority Health Care Revenue		
(Allina Health System)		
Series A 5.00% 11/15/18 (NATL-RE)	1,380,000	1,547,863
Series A-1 5.25% 11/15/29	1,395,000	1,443,630
(Franciscan Health Elderly Housing Project) 5.40% 11/20/42 (GNMA) (FHA)	2,700,000	2,703,807
(Health East Project) 6.00% 11/15/35	2,000,000	1,791,020
(Health Partners Obligation Group Project) 5.25% 5/15/36	2,000,000	1,853,460
(Regions Hospital Project) 5.30% 5/15/28	1,000,000	984,600
(Senior Carondelet Village Project) Series A 6.00% 8/1/42	770,000	724,670
<b>Winona Health Care Facilities Revenue (Winona Health Obligated Group) 5.00% 7/1/23</b>	<b>1,010,000</b>	<b>986,841</b>
		<b>32,256,812</b>
Housing Revenue Bonds – 8.01%		
Chanhassen Multifamily Housing Revenue (Heritage Park Apartments Project)		
6.20% 7/1/30 (FHA) (HUD) (AMT)	1,105,000	1,105,796

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<b>Minneapolis Multifamily Housing Revenue</b>		
•(Gaar Scott Loft Project) 5.95% 5/1/30 (AMT) (LOC-U.S. Bank N.A.)	870,000	871,279
(Olson Townhomes Project) 6.00% 12/1/19 (AMT)	705,000	705,268
(Seward Towers Project) 5.00% 5/20/36 (GNMA)	2,000,000	2,012,519
(Sumner Housing Project) Series A 5.15% 2/20/45 (GNMA) (AMT)	2,000,000	1,937,759
<b>Minnesota State Housing Finance Agency Revenue</b>		
(Rental Housing)		
Series A 5.00% 2/1/35 (AMT)	1,000,000	972,950
Series D 5.95% 2/1/18 (NATL-RE)	120,000	120,517
(Residential Housing)		
Series B-1 5.35% 1/1/33 (AMT)	1,390,000	1,390,028
•Series D 4.75% 7/1/32 (AMT)	1,000,000	947,800
Series I 5.15% 7/1/38 (AMT)	725,000	707,441
Series L 5.10% 7/1/38 (AMT)	1,495,000	1,448,147
<b>Washington County Housing &amp; Redevelopment Authority Revenue</b>		
(Woodland Park Apartments Project) 4.70% 10/1/32	750,000	750,293
		12,969,797
<b>Lease Revenue Bonds – 6.30%</b>		
<b>Andover Economic Development Authority Public Facilities Lease Revenue</b>		
(Andover Community Center)	205,000	222,476
5.125% 2/1/24		
5.20% 2/1/29	410,000	445,727
<b>Puerto Rico Public Buildings Authority Revenue Un-Refunded Balance</b>		
(Guaranteed Government Facilities) Series D 5.25% 7/1/27	530,000	524,350
<b>St. Paul Port Authority Lease Revenue</b>		
(Cedar Street Office Building Project)		
5.00% 12/1/22	2,385,000	2,477,753
5.25% 12/1/27	2,800,000	2,846,761
(Robert Street Office Building Project) Series 3-11 5.00% 12/1/27	2,000,000	2,044,000
<b>Virginia Housing &amp; Redevelopment Authority Health Care Facility Lease Revenue</b>		
5.25% 10/1/25	680,000	680,068
5.375% 10/1/30	965,000	946,211
		10,187,346
<b>Local General Obligation Bonds – 9.98%</b>		
<b>Dakota County Community Development Agency (Senior Housing Facilities)</b>		
Series A 5.00% 1/1/23	1,100,000	1,155,990
<b>Hopkins Independent School District #270 5.00% 2/1/28</b>		
	1,000,000	1,094,360
<b>Minneapolis Special School District #1 5.00% 2/1/19 (AGM)</b>		
	1,175,000	1,240,941
<b>Morris Independent School District #769 5.00% 2/1/28 (NATL-RE)</b>		
	3,750,000	3,975,862
<b>Rocori Independent School District #750 (School Building) Series B</b>		
5.00% 2/1/22	1,010,000	1,140,199
5.00% 2/1/24	1,075,000	1,187,015
5.00% 2/1/25	1,115,000	1,217,324
5.00% 2/1/26	1,155,000	1,253,891
<b>Washington County Housing &amp; Redevelopment Authority Series B</b>		
5.50% 2/1/22 (NATL-RE)	1,705,000	1,741,078
5.50% 2/1/32 (NATL-RE)	2,140,000	2,149,994
		16,156,654
<b>§Pre-Refunded/Escrowed to Maturity Bonds – 20.64%</b>		

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Andover Economic Development Authority Public Facilities Lease Revenue (Andover Community Center)	295,000	320,149
5.125% 2/1/24-14		
5.20% 2/1/29-14	590,000	641,413
Dakota-Washington Counties Housing & Redevelopment Authority Revenue (Bloomington Single Family Residential Mortgage)		
Series B 8.375% 9/1/21 (GNMA) (FHA) (VA) (AMT)	7,055,000	9,680,712
Southern Minnesota Municipal Power Agency Supply Revenue Refunding		
Series A 5.75% 1/1/18-13	3,715,000	4,011,568
Series B 5.50% 1/1/15 (AMBAC)	390,000	399,430
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services)		
Series B 5.25% 7/1/30-14	1,250,000	1,408,950
St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project)		
5.55% 11/1/23	2,300,000	2,493,637
5.55% 11/1/23 (NATL-RE) (IBC)	4,200,000	4,553,598
University of Minnesota Hospital & Clinics 6.75% 12/1/16	2,580,000	3,142,982
University of Minnesota Series A 5.50% 7/1/21	4,000,000	4,793,560
University of the Virgin Islands Series A 5.375% 6/1/34-14	500,000	474,430
Western Minnesota Municipal Power Agency Supply Revenue Series A 6.625% 1/1/16	1,315,000	1,496,089
		33,416,518
Special Tax Revenue Bonds – 4.13%		
Minneapolis Community Planning & Economic Development Department (Limited Tax Supported Common Bond Fund)		
Series 1 6.75% 12/1/25 (AMT)	865,000	869,861
Series 5 5.70% 12/1/27	375,000	378,465
Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund)		
6.25% 12/1/30	1,000,000	1,079,300
Series 1 5.50% 12/1/24 (AMT)	1,000,000	1,017,910
Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue		
Series B 5.00% 7/1/46	800,000	706,624
Puerto Rico Sales Tax Financing Revenue First Subordinate Series A 5.75% 8/1/37	1,200,000	1,224,792
St. Paul Port Authority (Brownsfields Redevelopment Tax) Series 2 5.00% 3/1/37	895,000	905,731
Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Note)		
Series A 5.25% 10/1/23	500,000	506,440
		6,689,123

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<b>State General Obligation Bonds – 1.60%</b>		
Minnesota State Various Purpose Series D 4.00% 8/1/17	1,000,000	1,127,440
Puerto Rico Commonwealth Public Improvement Series A 5.75% 7/1/41	1,500,000	1,466,460
		2,593,900
<b>Transportation Revenue Bonds – 5.06%</b>		
Minneapolis - St. Paul Metropolitan Airports Commission Revenue Series A		
5.00% 1/1/22 (NATL-RE)	3,000,000	3,037,440
5.00% 1/1/28 (NATL-RE)	2,120,000	2,127,441
5.00% 1/1/35 (AMBAC)	2,000,000	1,968,760
5.25% 1/1/16 (NATL-RE)	1,000,000	1,052,300
		8,185,941
<b>Water &amp; Sewer Revenue Bond – 0.93%</b>		
St. Paul Sewer Revenue Series D 5.00% 12/1/21	1,325,000	1,502,908
		1,502,908
<b>Total Municipal Bonds (cost \$155,545,469)</b>		<b>160,718,883</b>
<b>Short-Term Investment – 0.12%</b>		
Variable Rate Demand Note – 0.12%		
Minneapolis & St. Paul Housing & Redevelopment Authority Health Care Revenue		
(Allina Health System) Series B-2 0.04% 11/15/35 (LOC-JPMorgan Chase Bank N.A.)	200,000	200,000
<b>Total Short-Term Investment (cost \$200,000)</b>		<b>200,000</b>
<b>Total Value of Securities – 99.41%</b>		
(cost \$155,745,469)		160,918,883
<b>Receivables and Other Assets Net of Liabilities – 0.59%</b>		<b>958,742</b>
<b>Net Assets Applicable to 11,504,975 Shares Outstanding – 100.00%</b>		<b>\$ 161,877,625</b>

•Variable rate security. The rate shown is the rate as of June 30, 2011. Interest rates reset periodically.

§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 3 in "Notes."

⌘Tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period (generally up to 30 days) prior to specified dates either from the issuer or by drawing on a bank letter of credit, a guarantee or insurance issued with respect to such instrument.

## Summary of Abbreviations:

AGM – Insured by Assured Guaranty Municipal Corporation  
 AMBAC – Insured by AMBAC Assurance Corporation  
 AMT – Subject to Alternative Minimum Tax  
 ASSURED GTY – Insured by Assured Guaranty Corporation  
 FHA – Federal Housing Administration  
 GNMA – Government National Mortgage Association Collateral  
 HUD – Housing and Urban Development Section 8  
 IBC – Insured Bond Certificate  
 LOC – Letter of Credit  
 NATL-RE – Insured by National Public Finance Guarantee Corporation  
 RADIAN – Insured by Radian Asset Assurance  
 VA – Veterans Administration Collateral

## Notes

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### I. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by Delaware Investments Minnesota Municipal Income Fund II, Inc. (Fund). This report covers the period of time since the Fund's last fiscal year end.

**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. Short-term debt securities are valued at market value. 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 the Fund's Board of Directors (Board). 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 the 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 Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's 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 a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years (March 31, 2008 – March 31, 2011), and has concluded that no provision for federal income tax is required in the Fund's financial statements.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 and the differences could be material.

**Other** – Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are 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. The Fund declares and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually. The Fund may distribute income dividends and capital gains more frequently, if necessary for tax purposes. Dividends and distributions, if any, are recorded on the ex-dividend date.

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## 2. Investments

At June 30, 2011, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At June 30, 2011, the cost of investments and unrealized appreciation (depreciation) for the Fund were as follows:

Cost of investments	\$ 155,745,469
Aggregate unrealized appreciation	\$ 6,875,875
Aggregate unrealized depreciation	(1,702,461)
Net unrealized appreciation	\$ 5,173,414

For federal income tax purposes, at March 31, 2011, capital loss carryforwards of \$1,959,315 may be carried forward and applied against future capital gains. Such capital loss carryforwards will expire as follows: \$1,695,121 expires in 2017, and \$264,194 expires in 2018.

U.S. GAAP defines fair value as the price that the 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. A three level hierarchy for fair value measurements has been established 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. The 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 level hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets for identical investments (e.g., equity securities, open-end investment companies, futures contracts, options contracts)

Level 2 – other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, los