

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III INC  
Form N-CSR  
June 03, 2004

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: 811-07938

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

Address of principal executive offices:

2005 Market Street  
Philadelphia, PA 19103

Name and address of agent for service:

Richelle S. Maestro, Esq.  
2005 Market Street  
Philadelphia, PA 19103

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

Date of fiscal year end: March 31

Date of reporting period: March 31, 2004

Item 1. Reports to Stockholders

Delaware  
Investments (SM)

-----  
A member of Lincoln Financial Group(R)

CLOSED END

Annual Report MARCH 31, 2004

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DELAWARE INVESTMENTS CLOSED-END  
MUNICIPAL BOND FUNDS

[LOGO] POWERED BY RESEARCH. (SM)

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DIVIDEND REINVESTMENT PLANS

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

Under the current policies of Arizona Municipal Income Fund, Florida Insured Municipal Income Fund, Minnesota Municipal Income Fund I, and Minnesota Municipal Income Fund II, all distributions of net investment income and capital gains to common stock shareholders are automatically reinvested in additional shares unless shareholders elect to receive all dividends and other distributions in cash paid by check mailed directly to shareholders by the dividend plan agent. Under the current policies of Colorado Insured Municipal Income Fund and Minnesota Municipal Income Fund III, distributions of net investment income and capital gains to common shareholders will be paid in cash unless shareholders notify Mellon Investor Services, L.L.C. of their desire to participate in the dividend reinvestment program.

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

Mellon Investor Services, L.L.C.  
Dividend Reinvestment Department  
Overpeck Centre  
85 Challenger Road  
Ridgefield, NJ 07660  
800 851-9677

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

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

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DELAWARE INVESTMENTS CLOSED-END MUNICIPAL BOND FUNDS  
April 8, 2004  
PORTFOLIO  
MANAGEMENT REVIEW

FUND MANAGERS

Andrew M. McCullagh  
Senior Portfolio Manager  
Arizona Municipal Income Fund,  
Colorado Insured Municipal Income Fund

Patrick P. Coyne  
Executive Vice President/Managing Director/Chief Investment Officer -  
Fixed Income  
Minnesota Municipal Income Funds I, II, III,  
Florida Insured Municipal Income Fund

Denise Franchetti  
Portfolio Manager  
Minnesota Municipal Income Funds I, II, III,  
Florida Insured Municipal Income Fund

Joseph Baxter  
Portfolio Manager  
Arizona Municipal Income Fund,  
Colorado Insured Municipal Income Fund,  
Minnesota Municipal Income Funds I, II, III,  
Florida Insured Municipal Income Fund

MINNESOTA MUNICIPAL INCOME FUNDS I, II, and III

Q: WHAT KIND OF ENVIRONMENT FOR MUNICIPAL INVESTING DID

YOU ENCOUNTER IN MINNESOTA DURING THE REPORTING PERIOD?

A: Minnesota's economy continued to emerge from recession but generally remained in solid financial shape compared to most other states. The state benefited from a high degree of personal wealth, a diversified employment base, and low unemployment relative to the national average. These factors led credit-rating agency Standard & Poor's to maintain its AAA rating--the highest possible--on Minnesota's general obligation (GO) debt. In June 2003, however, Moody's, another leading credit rating institution, downgraded the state's GOs from Aaa to Aa1 with a stable outlook. Moody's cited Minnesota's deteriorating financial strength because of substantial spending commitments, a decrease in financial reserves, and overly optimistic revenue projections.

New municipal issuance in the state surpassed \$6.1 billion in 2003, representing a 14 percent drop from the prior year's total. In the first quarter of 2004, however, new supply in the state totaled \$1.2 billion, an 85 percent increase in issuance over the same time period a year earlier (Source: The Bond Buyer).

Q: HOW DID THE MINNESOTA MUNICIPAL INCOME FUNDS  
PERFORM DURING THE FISCAL YEAR?

A: For the 12-month period ended March 31, 2004, Minnesota Municipal Income Funds I, II, and III returned +6.62%, +7.99%, and +7.43%\*, respectively (all returns reflect shares at net asset value with distributions reinvested). For the same period, Minnesota Municipal Income Funds I, II, and III returned +13.86%, +16.87%, and +15.76%, respectively (all returns reflect shares at market price with distributions reinvested). All three Funds outperformed their national benchmark, the Lehman Brothers Municipal Bond Index, which gained +5.86%. The Funds' dividends from net investment income during the past 12 months were exempt from federal income and Minnesota state personal income taxes.+

We attribute much of the Funds' outperformance relative to the Lehman Brothers Municipal Bond Index to the presence of older bonds in the portfolio. We opted to hold onto these securities, issued during more favorable interest-rate environments, because they offered higher amounts of coupon income. In our view, selling these bonds would have passed along unwanted capital gains to our shareholders as well as lowered the Funds' overall yields.

Q: WHAT WAS YOUR STRATEGY IN MANAGING THE  
MINNESOTA FUNDS?

A: With interest rates at historically low levels throughout the period, we anticipated an eventual rise in rates and continued to position the three Fund portfolios for such a scenario. Specifically, we kept the Funds' durations relatively modest to make the portfolios less vulnerable in the event rates increase (duration is a common measure of a bond or bond fund's sensitivity to interest rate changes; the longer the duration, the more sensitive the bond or bond fund is to changes in interest rates). The Funds' durations did naturally lengthen throughout the past 12 months as bonds matured from the portfolios and we were forced to reinvest the proceeds at lower prevailing yields. This activity was manageable throughout the period, however, and as of March 31, 2004, we believed the Funds were well-positioned for the possibility of higher interest rates that are likely to accompany continued economic growth.

\* Past performance is not a guarantee of future results.

+ A portion of the income from tax-exempt funds may be subject to the alternative minimum tax.

When making new investments, we continued to emphasize public-power revenue bonds, which at period-end made up 25.97%, 6.69%, and 17.06% of portfolio assets in Minnesota Municipal Income Funds I, II, and III, respectively. Our focus was on basic utilities, which provide essential services such as electric generation, transmission, and distribution. Unlike some of their investor-owned counterparts, the public-power utilities we favored provided relatively stable revenue streams. We also liked that most bonds in this area are insured, giving the Funds an extra layer of security. Because there was a healthy supply of

public-power bonds during the period, we were able to add to our position in this sector.

We also favored the hospital sector during the period. Following a number of credit problems in the late 1990s and early 2000s, most hospitals have experienced improvements in their financial strength. Despite these improvements, we believe many hospital bonds are still trading at somewhat depressed levels, given the steady credit improvements made. Through careful research, we have sought to identify attractive value opportunities that we believe can offer higher yields with only a modest amount of additional risk. By contrast, continuing care retirement community (CCRC) bonds represented one area of the market that we de-emphasized. We had concerns about the issuers' ability to meet lofty occupancy-rate targets at these care facilities for seniors.

ARIZONA MUNICIPAL INCOME FUND

Q: HOW DID THE FUND PERFORM DURING THE PERIOD?

A: During the 12-month period ended March 31, 2004, the Fund returned +7.86%\* (shares at net asset value with distributions reinvested). For the same period, Arizona Municipal Income Fund returned +14.64% (shares at market price with distributions reinvested). For the same period, the benchmark Lehman Brothers Municipal Bond Index rose +5.86%. The Fund's dividends from net investment income during the past 12 months were exempt from federal income and Arizona state personal income taxes.+ The Fund's performance includes two major components: tax-free dividend income as well as capital appreciation driven primarily by modestly declining interest rates during the period.

Q: CAN YOU DESCRIBE SOME ASPECTS OF THE ARIZONA MUNICIPAL BOND MARKET?

A: Over the past decade, growth has been driven by the high technology sector and the relatively inexpensive cost of land and housing, in comparison to Southern California. Standard & Poor's recently assigned an AA- rating to Arizona, reflecting the state's declining tax collections and its low, but increasing, debt burden.

Because of Arizona's reliance on the high technology industry, its economic recovery has lagged the nation as a whole. That has led to relatively high vacancies in commercial real estate projects, which in turn affected some bonds in the portfolio. In one instance, a Ginnie Mae bond issued to finance apartment complexes was called by the lender at par because vacancies in the project exceeded a certain level. On the positive side, a number of bonds were "advance refunded" by issuers seeking to take advantage of lower interest rates, which effectively shortens the bonds' maturity, increases credit quality, and boosts prices.

\*Past performance is not a guarantee of future results.

+ A portion of the income from tax-exempt funds may be subject to the alternative minimum tax.

FLORIDA INSURED MUNICIPAL INCOME FUND

Q: WHAT KIND OF ENVIRONMENT FOR MUNICIPAL INVESTING DID YOU ENCOUNTER IN FLORIDA DURING THE REPORTING PERIOD?

A: Florida maintained a strong economy during the past 12 months, thanks in large part to the state's healthy tourism sector. Florida's unemployment rate remained stable and below the national average. Florida's revenues, accumulated primarily through sales taxes, were strong throughout the period, despite the national recession. The state enjoyed a revenue surplus for the 2003 fiscal year and was expected to see the same in 2004 (Source: Standard & Poor's). A strong financial reserve fund added to Florida's fiscal strength. At period end, the state's tax-secured general obligation debt had a credit rating of AA+ from Standard & Poor's and a comparable Aa2 rating from Moody's. Both ratings reflected the state's rising debt levels.

Florida, the nation's fifth-leading issuer of municipal debt in 2003, brought \$21 billion in new supply to market that year, representing a 14 percent increase over the prior year's total. Issuance tailed off dramatically during the first three months of 2004, however, as new supply fell more than 40 percent compared to the first three months of 2003 (Source: The Bond Buyer).

Q: HOW DID THE FLORIDA INSURED MUNICIPAL INCOME FUND PERFORM DURING THE FISCAL YEAR?

A: For the 12-month period ended March 31, 2004, Florida Insured Municipal Income Fund returned +5.59%\* (shares at net asset value with distributions reinvested). For the same period, Florida Insured Municipal Income Fund returned +18.04% (shares at market price with distributions reinvested). During the same period, the benchmark Lehman Brothers Municipal Bond Index gained +5.86%. The Fund's dividends from net investment income during the year were exempt from federal income and Florida intangible personal property taxes.+

The Fund's return at net asset value, which underperformed the Lehman Brothers index, can be attributed to a short duration caused by having an overweighted position in pre-refunded bonds. While these bonds provide desirable yield to the portfolio, they do not benefit from price performance during a declining interest rate environment.

Q: WHAT WAS YOUR STRATEGY IN MANAGING THE FUND?

A: We made relatively few changes to the portfolio during the reporting period. With rates near historically low levels, we did not believe it was in the shareholders' best interest to sell the Fund's older bonds issued during a more attractive interest-rate environment. Doing so would have sacrificed yield as well as resulted in taxable capital gains that would have passed through to investors. With just over three percent of the Fund's assets maturing or called from the portfolio during the period, turnover was very modest. As we mentioned, this management strategy had a somewhat negative effect on the Fund's results during the period. As bonds get closer to maturity, they become less sensitive to declining interest rates. Since declining interest rates benefit bonds, the Fund was not as well positioned to benefit as rates fell. However, we believe that the portfolio's somewhat defensive stance will have a positive influence on performance if interest rates do ultimately increase, as expected.

COLORADO INSURED MUNICIPAL INCOME FUND

Q: WHAT STRATEGIES WERE IMPLEMENTED DURING THE PERIOD?

A: The Fund is managed very conservatively in terms of "duration," a measure of a bond fund's sensitivity to interest rate changes. The shorter the duration, the less the bond fund's price will increase for a given decline in interest rates. We maintained a shorter duration at a time when interest rates were declining, which we believed was a prudent decision given the strengthening economy. Typically, when the economy is recovering, interest rates rise as the demand for credit intensifies and investors demand higher returns to compensate for anticipated inflation.

In addition to its short duration, the Fund only holds AAA-rated insured bonds, the highest possible quality. Issuers include education (Colorado State University System), healthcare (North Colorado Medical Center), as well as a number of bonds financing housing, water, and other utility projects. The Fund contains no bonds that are subject to the alternative minimum tax (AMT), which is significant because an increasing number of taxpayers are subject to the AMT.

\* Past performance is not a guarantee of future results.

+ A portion of the income from tax-exempt funds may be subject to the alternative minimum tax.

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Q: HOW DID THE FUND PERFORM DURING THE FISCAL YEAR?

A: During the 12-month period ended March 31, 2004, the Fund returned +8.05%\* (shares at net asset value with distributions reinvested). For the same period, Colorado Municipal Income Fund returned +8.77% (shares at market price with distributions reinvested). For the same period, the benchmark Lehman Brothers Municipal Bond Index rose +5.86%. The Fund's dividends from net investment income during the past 12 months were exempt from federal income and Colorado state personal income taxes.+

The Fund's performance included two major components: tax-free dividend income as well as capital appreciation driven primarily by modestly declining interest rates during the period. Since there are no other closed-end Colorado municipal bond funds, the Lipper peer group to which it is compared is not truly an "apples-to-apples" comparison, but serves as a general peer group comparison.

\* Past performance is not a guarantee of future results.

+ A portion of the income from tax-exempt funds may be subject to the alternative minimum tax.



DELAWARE INVESTMENTS  
MINNESOTA MUNICIPAL  
INCOME FUNDS I, II, III

FUND BASICS

As of March 31, 2004

Fund Objective:

The Funds seek to provide current income exempt from both regular federal income tax and Minnesota personal income tax, consistent with preservation of capital.

Total Fund Net Assets:

Fund I \$38.98 million  
Fund II \$110.83 million  
Fund III \$26.60 million

Number of Holdings:

Fund I 53  
Fund II 88  
Fund III 38

Fund Start Date:

Fund I May 1, 1992  
Fund II February 26, 1993  
Fund III October 29, 1993

Your Fund Managers:

Patrick P. Coyne is a graduate of Harvard University with an MBA from the University of Pennsylvania's Wharton School. Patrick Coyne joined Delaware Investments' fixed-income department in 1990. Prior to joining Delaware Investments, he was a manager of Kidder, Peabody & Co. Inc.'s trading desk, and specialized in trading high-grade municipal bonds and municipal futures contracts.

Denise Franchetti received bachelor's and MBA degrees from LaSalle University. Prior to joining Delaware Investments in 1997, Ms. Franchetti was a fixed-income trader for Provident Mutual Life Insurance Company. Before that, she worked as an investment analyst for General Accident Insurance Company. Ms. Franchetti, a CFA Charterholder, is a member of the Association for Investment Management and Research and the Financial Analysts of Philadelphia.

Joseph Baxter has been co-managing the Funds since April 2004, and he replaced M. L. Conery. Mr. Baxter is a graduate of LaSalle University and joined Delaware Investments in 1999. Prior to joining Delaware in

DELAWARE INVESTMENTS  
ARIZONA MUNICIPAL

FUND BASICS

As of March 31, 2004

Fund Objective:

The Fund seeks to provide current income exempt from both regular federal income tax and Arizona personal income tax, consistent with preservation of capital.

Total Fund Net Assets:  
\$46.43 million

Number of Holdings:  
44

Fund Start Date:  
February 26, 1993

Your Fund Managers:  
Andrew M. McCullagh  
1997, after holding  
Kirchner, Moore & Co.  
Washington College a  
finance from the Uni  
Joseph Baxter

1999, he held investment positions with First Union. Most recently, he served as a municipal portfolio manager for the Evergreen Funds.

DELAWARE INVESTMENTS  
FLORIDA INSURED MUNICIPAL  
INCOME FUND

FUND BASICS  
As of March 31, 2004

-----  
Fund Objective:  
The Fund seeks to provide current income exempt from regular federal income tax consistent with preservation of capital. The Fund will also seek to maintain its portfolio so that the Fund's shares will be exempt from the Florida intangible personal property tax.

-----  
Total Fund Net Assets:  
\$39.24 million

-----  
Number of Holdings:  
33

-----  
Fund Start Date:  
February 26, 1993

-----  
Your Fund Managers:  
Patrick P. Coyne

Denise Franchetti

Joseph Baxter has been co-managing the Fund since April 2004, and he replaced M. L. Conery.

DELAWARE INVESTMENTS  
COLORADO INSURED M  
INCOME FUND

FUND BASICS  
As of March 31, 2004

-----  
Fund Objective:  
The Fund seeks to pr  
both regular federal  
personal income tax,  
of capital.

-----  
Total Fund Net Asset  
\$77.90 million

-----  
Number of Holdings:  
47

-----  
Fund Start Date:  
July 29, 1993

-----  
Your Fund Managers:  
Andrew M. McCullagh

Joseph Baxter

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STATEMENTS OF NET ASSETS  
 DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND, INC.  
 March 31, 2004

	Principal Amount	Market Value
MUNICIPAL BONDS - 149.08%		
Airport Revenue Bonds - 8.06%		
Minneapolis/St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/30 (AMBAC)	\$ 500,000	\$ 514,570
Minneapolis/St. Paul Metropolitan Airports Commission Revenue Series C 5.25% 1/1/32 (FGIC)	2,500,000	2,626,925
		----- 3,141,495 -----
City General Obligation Bonds - 2.70%		
Willmar (Rice Memorial Hospital Project) 5.00% 2/1/32 (FSA)	1,000,000	1,051,910
		----- 1,051,910 -----
Continuing Care/Retirement Revenue Bonds - 6.25%		
Minnetonka Housing Facilities Revenue (Beacon Hill Housing Project, Presbyterian Homes & Services) 7.70% 6/1/25	1,500,000	1,510,710
St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Project) 5.40% 11/20/42 (GNMA) (FHA)	880,000	924,088
		----- 2,434,798 -----
Corporate Backed Revenue Bonds - 4.38%		
Anoka County Solid Waste Disposal National Rural Co-Op Utility (United Power Association) Series A 6.95% 12/1/08 (CFC) (AMT)	675,000	680,312
Sartell Environmental Improvement Revenue (International Paper) Series A 5.20% 6/1/27	1,000,000	1,027,450
		----- 1,707,762 -----
Escrowed to Maturity Bonds - 13.29%		
Dakota/Washington Counties Housing & Redevelopment Authority Single Family Mortgage Revenue 8.375% 9/1/21 (GNMA) (FHA) (AMT)	2,555,000	3,754,955
Southern Minnesota Municipal Power Agency Series B 5.50% 1/1/15 (AMBAC)	390,000	399,341
5.75% 1/1/11 (FGIC)	1,000,000	1,024,330
		----- 5,178,626 -----
Higher Education Revenue Bonds - 2.97%		

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University of Minnesota Series A 5.50% 7/1/21	1,000,000	1,157,670
		-----
		1,157,670
		-----
Hospital Revenue Bonds - 19.60%		
Bemidji County Health Care Facilities (North Country Health Services) 5.00% 9/1/24 (RADIANT)	1,000,000	1,025,860
Duluth Economic Development Authority Health Care Facilities Revenue Benedictine Health Systems (St. Mary's Hospital) 5.25% 2/15/33	1,250,000	1,279,425
Minneapolis Health Care Facilities Revenue (Fairview Hospital & Healthcare Service) Series A 5.25% 11/15/19 (MBIA)	1,500,000	1,533,435
	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Hospital Revenue Bonds (continued)		
Minneapolis Health Care System Revenue (Allina Health Systems) Series A 5.75% 11/15/32	\$1,100,000	\$1,171,093
Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series A 6.375% 11/15/29	1,750,000	1,922,147
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Regions Hospital Project) 5.30% 5/15/28	700,000	706,671
		-----
		7,638,631
		-----
Investor Owned Utilities Revenue Bonds - 5.50%		
Bass Brook Pollution Control Revenue (Minnesota Power & Light Company Project) 6.00% 7/1/22	2,100,000	2,143,260
		-----
		2,143,260
		-----
Miscellaneous Revenue Bonds - 7.04%		
Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21	1,600,000	1,695,376
Minneapolis Community Development Agency Supported Series G-3 5.45% 12/1/31	1,000,000	1,050,440
		-----
		2,745,816
		-----
Multifamily Housing Revenue Bonds - 6.00%		

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Minneapolis Multifamily Housing Revenue (Seward Towers Project)		
5.00% 5/20/36 (GNMA)	1,000,000	1,031,060
Southeastern Minnesota Multi County Housing & Redevelopment Authority (Winona County) 5.35% 1/1/28	300,000	304,698
Washington County Housing & Redevelopment Authority Revenue (Woodland Park Apartments Project)		
4.70% 10/1/32	1,000,000	1,004,730
		-----
		2,340,488
		-----
Municipal Lease Revenue Bonds - 4.51%		
St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project)		
5.125% 12/1/27	500,000	529,800
5.25% 12/1/27	1,150,000	1,227,591
		-----
		1,757,391
		-----
Parking Revenue Bonds - 1.79%		
St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A		
5.35% 8/1/29 (FSA)	650,000	698,763
		-----
		698,763
		-----
Political Subdivision General Obligation Bonds - 8.64%		
Hennepin County Series B 5.00% 12/1/18	1,300,000	1,402,726
Washington County Housing & Redevelopment Authority Series B		
5.50% 2/1/22 (MBIA)	855,000	916,988
5.50% 2/1/32 (MBIA)	1,000,000	1,047,310
		-----
		3,367,024
		-----

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DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND, INC.

STATEMENTS  
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
*Pre-Refunded Bonds - 8.34%		
Duluth Economic Development Authority Health Care Facilities Revenue (Duluth Clinic)		

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6.30% 11/1/22-04 (AMBAC)	\$ 730,000	\$ 752,404
Puerto Rico Commonwealth		
6.00% 7/1/26-07	1,000,000	1,143,210
St. Francis Independent School		
District #15 Series A		
6.30% 2/1/11-06 (FSA)	1,250,000	1,354,225
		-----
		3,249,839
		-----
Public Power Revenue Bonds - 25.97%		
Chaska Electric Revenue Series A		
6.00% 10/1/25	1,000,000	1,072,380
Rochester Electric Utility Revenue		
5.25% 12/1/30 (AMBAC)	150,000	159,093
**Southern Minnesota Municipal		
Power Agency, Inverse Floater		
Series A 9.36% 1/1/14 (AMBAC)	2,500,000	3,219,474
Southern Minnesota Municipal		
Power Agency Series A		
5.00% 1/1/12 (AMBAC)	1,000,000	1,127,390
5.00% 10/1/13 (MBIA)	500,000	563,915
5.25% 1/1/16 (AMBAC)	1,000,000	1,140,920
Western Minnesota Municipal		
Power Agency Series A		
5.00% 1/1/30 (MBIA)	1,900,000	1,982,631
Western Minnesota Municipal		
Power Agency Series B		
5.00% 1/1/15 (MBIA)	765,000	857,917
		-----
		10,123,720
		-----
School District General Obligation Bonds - 13.57%		
Centennial Independent School		
District #012 Series 2002A		
5.00% 2/1/20 (FSA)	400,000	425,684
Farmington Independent School		
District #192 5.00% 2/1/23 (FSA)	1,200,000	1,263,036
Morris Independent School		
District #769 5.00% 2/1/28 (MBIA)	1,000,000	1,046,670
Mounds View Independent School		
District #621 5.00% 2/1/23 (FSA)	1,020,000	1,079,262
Robbinsdale Independent School		
District #281 5.00% 2/1/21 (FSA)	500,000	530,035
St. Michael Independent School		
District #885		
5.00% 2/1/22 (FSA)	500,000	527,290
5.00% 2/1/24 (FSA)	400,000	418,568
		-----
		5,290,545
		-----
Single Family Housing Revenue Bonds - 3.20%		
Dakota County Housing & Redevelopment		
Authority Single Family		
Mortgage Revenue		
5.85% 10/1/30 (GNMA) (FNMA) (AMT)	80,000	83,410
Minnesota State Housing Finance Agency		
Single Family Mortgage Series J		
5.90% 7/1/28 (AMT)	1,105,000	1,164,670
		-----
		1,248,080
		-----

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
State General Obligation Bonds - 2.73%		
Minnesota State Refunding 5.00% 8/1/21	\$1,000,000	\$ 1,064,820
		-----
		1,064,820
		-----
Territorial Revenue Bonds - 4.54%		
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series A 5.00% 7/1/38	300,000	306,189
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series G 5.00% 7/1/42	250,000	257,030
Puerto Rico Public Buildings Authority Revenue Series D 5.25% 7/1/27	1,150,000	1,205,338
		-----
		1,768,557
		-----
TOTAL MUNICIPAL BONDS (cost \$55,181,293)		58,109,195
		-----
TOTAL MARKET VALUE OF SECURITIES - 149.08%		
(cost \$55,181,293)		58,109,195
RECEIVABLES AND OTHER ASSETS		
NET OF LIABILITIES - 2.23%		869,259
LIQUIDATION VALUE OF PREFERRED STOCK - (51.31%)		(20,000,000)
		-----
NET ASSETS APPLICABLE TO 2,594,700 SHARES OUTSTANDING - 100.00%		\$ 38,978,454
		=====
Net Asset Value Per Common Share (\$38,978,454 / 2,594,700 Shares)		\$15.02
		-----
COMPONENTS OF NET ASSETS AT MARCH 31, 2004:		
Common stock, \$0.01 par value, 200 million shares authorized to the Fund		\$ 35,426,619
Undistributed net investment income		805,302
Accumulated net realized loss on investments		(181,369)
Net unrealized appreciation of investments		2,927,902
		-----
Total net assets		\$ 38,978,454
		=====

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

\*\*An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates.

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Interest rate disclosed is in effect as of March 31, 2004.

SUMMARY OF ABBREVIATIONS:

AMBAC - Insured by the AMBAC Assurance Corporation  
 AMT - Subject to Alternative Minimum Tax  
 CFC - Insured by the National Rural Utilities Cooperative Finance Corporation  
 FGIC - Insured by the Financial Guaranty Insurance Company  
 FHA - Insured by the Federal Housing Administration  
 FNMA - Insured by Federal National Mortgage Association  
 FSA - Insured by Financial Security Assurance  
 GNMA - Insured by Government National Mortgage Association  
 MBIA - Insured by the Municipal Bond Insurance Association  
 RADIAN - Insured by Radian Asset Assurance

See accompanying notes

STATEMENTS OF NET ASSETS (CONTINUED)  
 DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC.  
 March 31, 2004

	Principal Amount	Market Value
MUNICIPAL BONDS - 152.94%		
Airport Revenue Bonds - 6.66%		
Minneapolis/St. Paul Metropolitan Airports		
Commission Revenue Series A		
5.00% 1/1/28 (MBIA)	\$1,370,000	\$ 1,432,623
5.00% 1/1/30 (AMBAC)	1,200,000	1,234,968
Minneapolis/St. Paul Metropolitan Airports		
Commission Revenue Series B		
5.25% 1/1/24 (FGIC) (AMT)	1,000,000	1,038,750
Minneapolis/St. Paul Metropolitan Airports		
Commission Revenue Series C		
5.25% 1/1/32 (FGIC)	3,500,000	3,677,695
		-----
		7,384,036
		-----
City General Obligation Bonds - 3.32%		
Moorhead Series B 5.00% 2/1/33 (MBIA)	2,000,000	2,105,440
Willmar (Rice Memorial Hospital Project)		
5.00% 2/1/32 (FSA)	1,500,000	1,577,865
		-----
		3,683,305
		-----
Continuing Care/Retirement Revenue Bonds - 4.42%		
Minneapolis Health Care Facility Revenue		
(Jones-Harrison Residence Project)		



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6.00% 10/1/27	1,565,000	1,503,746
Minnetonka Housing Facilities Revenue (Beacon Hill Senior Housing Project, Presbyterian Homes & Services)		
7.55% 6/1/19	2,365,000	2,388,981
Moorhead Economic Development Authority Multifamily Revenue (Eventide Lutheran Home Project)		
Series B 6.00% 6/1/18	1,000,000	1,005,700
		-----
		4,898,427
		-----
Corporate Backed Revenue Bonds - 5.20%		
Burnsville Commonwealth Development (Holiday Inn Project) 5.90% 4/1/08	1,430,000	1,457,470
Cloquet Pollution Control Revenue (Potlatch Corporation) 5.90% 10/1/26	4,500,000	4,306,905
		-----
		5,764,375
		-----
Escrowed to Maturity Bonds - 20.65%		
Dakota/Washington Counties Housing & Redevelopment Authority Single Family Mortgage Revenue 8.375% 9/1/21 (GNMA) (FHA) (AMT)	5,500,000	8,083,075
Metropolitan Council Minneapolis/St. Paul Area Sports Facilities Revenue (Hubert H. Humphrey Metrodome) 6.00% 10/1/09	2,360,000	2,443,922
Southern Minnesota Municipal Power Agency Supply Revenue Series A 5.75% 1/1/18	3,715,000	3,804,271
St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project) 5.55% 11/1/23	2,300,000	2,354,878
5.55% 11/1/23 (MBIA)	4,200,000	4,300,212
Western Minnesota Municipal Power Agency Series A 6.625% 1/1/16	1,535,000	1,899,578
		-----
		22,885,936
		-----

Principal  
Amount

Market  
Value

MUNICIPAL BONDS (continued)

Higher Education Revenue Bonds - 7.67%		
Minnesota Higher Education Facilities Authority (St. Mary University) 4.80% 10/1/23	\$1,400,000	\$ 1,387,232
Minnesota Higher Education Facilities Authority (St. Thomas University) Series 4-A1 5.625% 10/1/21	1,000,000	1,033,130
Minnesota State Higher Education Facilities (St. Catherine College) Series 5-N1 5.375% 10/1/32	1,500,000	1,558,035
St. Cloud Housing & Redevelopment Authority Revenue (State University Foundation Project) 5.00% 5/1/23	1,000,000	1,046,290

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University of Minnesota Series A 5.50% 7/1/21	3,000,000	3,473,010
		-----
		8,497,697
		-----
Hospital Revenue Bonds - 23.72%		
Brainerd Health Care (Evangelical Lutheran Health Care Facilities) Series A 6.65% 3/1/17 (FSA)	1,195,000	1,200,139
Duluth Economic Development Authority Health Care Facilities Revenue Benedictine Health Systems (St. Mary's Hospital) 5.25% 2/15/33	4,000,000	4,094,160
Minneapolis Health Care System Revenue (Fairview Health Services) Series A 5.625% 5/15/32	2,750,000	2,916,045
Minneapolis/St. Paul Housing & Redevelopment Authority Health Care Systems (Children's Health Care) Series A 5.50% 8/15/25 (FSA)	1,400,000	1,483,706
Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series 97A 5.75% 11/15/26 (MBIA)	5,550,000	6,178,148
Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series A 6.375% 11/15/29	3,300,000	3,624,621
Rochester Health Care Facilities Revenue (Mayo Foundation) Series B 5.50% 11/15/27	3,365,000	3,623,533
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30	1,250,000	1,289,400
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Regions Hospital Project) 5.30% 5/15/28	300,000	302,859
Waconia Health Care Facilities Revenue (Ridgeview Medical Center Project) Series A 6.10% 1/1/19 (RADIANT)	1,405,000	1,579,670
		-----
		26,292,281
		-----
Investor Owned Utilities Revenue Bonds - 6.96%		
Bass Brook Pollution Control Revenue (Minnesota Power & Light Company Project) 6.00% 7/1/22	7,560,000	7,715,736
		-----
		7,715,736
		-----

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OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Miscellaneous Revenue Bonds - 3.71%		
Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21	\$2,400,000	\$ 2,543,064
Minneapolis Community Development Agency (Supported Development Revenue Limited Tax Common Bond Fund) Series 5 5.70% 12/1/27	375,000	383,325
Minneapolis Community Development Agency (Supported Development Revenue Limited Tax Common Bond Fund) Series G1 5.70% 12/1/19	1,100,000	1,183,721
		----- 4,110,110 -----
Multifamily Housing Revenue Bonds - 10.97%		
Chanhassen Multifamily Housing Revenue (Heritage Park Project Section 8) 6.20% 7/1/30 (FHA) (AMT)	1,105,000	1,162,769
Harmony Multifamily Housing Revenue Refunding Section 8 (Zedakah Foundation Project) Series A 5.95% 9/1/20	1,000,000	849,110
Minneapolis Multifamily Housing Revenue (Summer Housing Project) Series A 5.15% 2/20/45 (GNMA) (AMT)	3,575,000	3,706,488
Minnesota State Housing Finance Agency Series A 5.00% 2/1/35	1,000,000	1,021,630
Minnesota State Housing Finance Agency Series D 5.95% 2/1/18 (MBIA)	995,000	1,025,636
Minnetonka Housing Facilities (Beacon Hill Project, Presbyterian Homes & Services) 7.25% 6/1/09	1,225,000	1,229,092
7.50% 6/1/14	760,000	767,410
Southeastern Minnesota Multi County Housing & Redevelopment Authority (Winona County) 5.35% 1/1/28	870,000	883,624
Stillwater Multifamily Housing Revenue (Stillwater Cottages) (Orleans Homes Number One) 7.25% 11/1/27 (AMT)	1,540,000	1,514,267
		----- 12,160,026 -----
Municipal Lease Revenue Bonds - 9.16%		
St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.00% 12/1/22	2,385,000	2,523,163
5.25% 12/1/27	2,650,000	2,828,796
St. Paul Port Authority Lease Revenue (Robert Street Office Building Project) 5.00% 12/1/27	2,545,000	2,667,516
St. Paul Port Authority Lease Revenue		

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(Robert Street Office Building Project)		
Series 9 5.25% 12/1/27	2,000,000	2,134,940
		-----
		10,154,415
		-----
Parking Revenue Bonds - 1.21%		
St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project)		
Series A 5.35% 8/1/29 (FSA)	1,250,000	1,343,775
		-----
		1,343,775
		-----

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Political Subdivision General Obligation Bonds - 6.32%		
Hennepin County Series B 5.00% 12/1/18	\$1,000,000	\$1,079,020
Hennepin Regional Railroad Authority 5.00% 12/1/26	3,500,000	3,649,765
Metropolitan Council Waste Water Treatment Series B 5.00% 12/1/21	1,000,000	1,078,420
Washington County Housing & Redevelopment Authority Series B 5.50% 2/1/32 (MBIA)	1,140,000	1,193,933
		-----
		7,001,138
		-----
*Pre-Refunded Bonds - 8.16%		
Duluth Economic Development Authority Health Care Facilities Revenue (Duluth Clinic) 6.20% 11/1/12-04 (AMBAC)	280,000	288,431
6.30% 11/1/22-04 (AMBAC)	960,000	989,462
Esko Independent School District #99 5.65% 4/1/12-05 (FSA)	550,000	573,667
Hawley Independent School District #150 Series A 5.75% 2/1/17-06 (FSA)	1,000,000	1,073,490
Minnesota Public Facilities Authority Water Pollution Control Revenue Series A 6.25% 3/1/16-05	1,000,000	1,047,390
Puerto Rico Highway & Transportation Authority Revenue Series Y 5.50% 7/1/26-06	3,000,000	3,304,079
**Stewartville Independent School District, Inverse Floater #534 5.75% 2/1/17-05	1,705,000	1,767,949
		-----
		9,044,468
		-----

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Public Power Revenue Bonds - 6.69%		
Rochester Electric Utility Revenue		
5.25% 12/1/30 (AMBAC)	450,000	477,279
**Southern Minnesota Municipal Power Agency, Inverse Floater Series A		
9.36% 1/1/14 (AMBAC)	3,000,000	3,863,370
9.36% 1/1/15	1,500,000	1,927,785
Western Minnesota Municipal Power Agency Series A 5.00% 1/1/30 (MBIA)		
	1,100,000	1,147,839
		-----
		7,416,273
		-----
School District General Obligation Bonds - 8.31%		
Centennial Independent School District #012 Series 2002A		
5.00% 2/1/20 (FSA)	400,000	425,684
Farmington Independent School District #192 5.00% 2/1/23 (FSA)		
	1,080,000	1,136,732
Morris Independent School District #769 5.00% 2/1/28 (MBIA)		
	2,750,000	2,878,342
Mounds View Independent School District #621 5.00% 2/1/23 (FSA)		
	1,000,000	1,058,100
Rosemount Independent School District #196 Series A 5.70% 4/1/12		
	1,270,000	1,370,127
St. Michael Independent School District #885		
5.00% 2/1/22 (FSA)	1,500,000	1,581,870
5.00% 2/1/24 (FSA)	725,000	758,655
		-----
		9,209,510
		-----

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DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC.

STATEMENTS  
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Single Family Housing Revenue Bonds - 4.02%		
Minnesota State Housing Finance Agency Series B 5.35% 1/1/33 (AMT)	\$1,160,000	\$ 1,204,197
Minnesota State Housing Finance Agency Single Family Housing Series 1992-C2 6.15% 7/1/23 (AMT)	920,000	935,796
Minnesota State Housing Finance Agency Single Family Housing Series 1994-J 6.95% 7/1/26 (AMT)	745,000	760,757
Minnesota State Housing Finance Agency Single Family Housing Series F		

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6.30% 7/1/25	565,000	576,938
Minnesota State Housing Finance Agency Single Family Mortgage Series J		
5.90% 7/1/28 (AMT)	930,000	980,220
		-----
		4,457,908
		-----
State General Obligation Bonds - 3.99%		
Minnesota State Refunding 5.00% 8/1/21	3,525,000	3,753,491
**Minnesota State, Inverse Floater		
8.96% 11/1/17	570,000	665,760
		-----
		4,419,251
		-----
Tax Increment/Special Assessment Bonds - 3.38%		
Becker Tax Increment Series D		
6.25% 8/1/15 (MBIA) (AMT)	3,700,000	3,749,765
		-----
		3,749,765
		-----
Territorial General Obligation Bonds - 2.22%		
Puerto Rico Commonwealth Public Improvement Series A		
5.00% 7/1/27	1,250,000	1,289,375
5.50% 7/1/19 (MBIA)	1,000,000	1,173,080
		-----
		2,462,455
		-----
Territorial Revenue Bonds - 3.60%		
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series G 5.00% 7/1/42	1,500,000	1,542,180
Puerto Rico Electric Power Authority Power Revenue Series Z 5.25% 7/1/21	1,500,000	1,552,845
Puerto Rico Public Buildings Authority Revenue Series D 5.25% 7/1/27	850,000	890,902
		-----
		3,985,927
		-----
Variable Rate Demand Notes - 2.58%		
Minneapolis Multifamily Housing Revenue (Seven Corners Apartments Project)		
0.97% 11/1/31	1,560,000	1,560,000
Minneapolis Variable Refunding		
0.87% 12/1/18 SPA	800,000	800,000
Robbinsdale Health Care Facilities Revenue (North Memorial Health Care-Tranche I)		
0.95% 5/15/33 (AMBAC)	500,000	500,000
		-----
		2,860,000
		-----
TOTAL MUNICIPAL BONDS (cost \$161,077,199)		169,496,814
		-----
TOTAL MARKET VALUE OF SECURITIES - 152.94%		
(cost \$161,077,199)		\$169,496,814
RECEIVABLES AND OTHER ASSETS		

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NET OF LIABILITIES - 1.20%	1,331,032
LIQUIDATION VALUE OF PREFERRED STOCK - (54.14%)	(60,000,000)
	-----
NET ASSETS APPLICABLE TO 7,252,200 SHARES	
OUTSTANDING - 100.00%	\$110,827,846
	=====

Net Asset Value Per Common Share	
(\$110,827,846 / 7,252,200 Shares)	\$15.28
	-----

COMPONENTS OF NET ASSETS AT MARCH 31, 2004:

Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$ 99,710,000
Undistributed net investment income	3,358,447
Accumulated net realized loss on investments	(660,216)
Net unrealized appreciation of investments	8,419,615
	-----
Total net assets	\$110,827,846
	=====

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

\*\*An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates. Interest rate disclosed is in effect as of March 31, 2004.

SUMMARY OF ABBREVIATIONS:

AMBAC - Insured by the AMBAC Assurance Corporation  
 AMT - Subject to Alternative Minimum Tax  
 FGIC - Insured by the Financial Guaranty Insurance Company  
 FHA - Insured by the Federal Housing Administration  
 FSA - Insured by Financial Security Assurance  
 GNMA - Insured by Government National Mortgage Association  
 MBIA - Insured by the Municipal Bond Insurance Association  
 RADIAN - Insured by Radian Asset Assurance  
 SPA - Stand-by Purchase Agreement

See accompanying notes

STATEMENTS OF NET ASSETS (CONTINUED)  
 DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III, INC.  
 March 31, 2004

	Principal Amount	Market Value
Municipal Bonds - 154.26%		
Airport Revenue Bonds - 9.37%		

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Minneapolis/St. Paul Metropolitan Airports		
Commission Revenue Series A		
5.00% 1/1/28 (MBIA)	\$ 750,000	\$ 784,283
5.00% 1/1/30 (AMBAC)	750,000	771,855
5.125% 1/1/25 (FGIC)	900,000	937,665
		-----
		2,493,803
		-----
City General Obligation Bonds - 4.95%		
Moorhead Series B 5.00% 2/1/33 (MBIA)	1,250,000	1,315,900
		-----
		1,315,900
		-----
Continuing Care/Retirement Revenue Bonds - 9.37%		
Minnesota Agriculture & Economic		
Development Board Revenue		
(Benedictine Health Systems)		
5.75% 2/1/29	600,000	581,832
St. Paul Housing & Redevelopment Authority		
Revenue (Franciscan Health Project)		
5.40% 11/20/42 (GNMA) (FHA)	1,820,000	1,911,182
		-----
		2,493,014
		-----
Corporate Backed Revenue Bonds - 7.12%		
Cloquet Pollution Control Revenue		
(Potlatch Corporation)		
5.90% 10/1/26	1,000,000	957,090
Minneapolis Community Development		
Agency Supported Development		
Revenue (Pajor Graphics) Series 1		
(LOC US Bank NA) 6.75% 12/1/25 (AMT)	865,000	937,963
		-----
		1,895,053
		-----
Escrowed to Maturity Bonds - 12.18%		
University of Minnesota Hospital & Clinics		
6.75% 12/1/16	2,580,000	3,240,428
		-----
		3,240,428
		-----
Higher Education Revenue Bonds - 9.02%		
Minnesota Higher Education Facilities		
Authority (College of St. Benedict)		
Series 3-W 6.375% 3/1/20	345,000	345,462
Minnesota Higher Education Facilities		
Authority (St. Mary's College)		
Series 3-Q 6.15% 10/1/23	1,000,000	1,010,000
Minnesota Higher Education Facilities		
Authority (St. Thomas University)		
Series 4-A1 5.625% 10/1/21	1,010,000	1,043,462
		-----
		2,398,924
		-----
Hospital Revenue Bonds - 19.40%		
Bemidji County Health Care Facilities		
(North Country Health Services)		
5.00% 9/1/24 (RADIANT)	500,000	512,930
Duluth Economic Development Authority		
Health Care Facilities Revenue		
Benedictine Health Systems		
(St. Mary's Hospital) 5.25% 2/15/33	1,000,000	1,023,540



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Minneapolis Health Care System Revenue (Allina Health Systems) Series A 5.75% 11/15/32	1,100,000	1,171,093
Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series A 6.375% 11/15/29	1,250,000	1,372,962
	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Hospital Revenue Bonds (continued)		
Rochester Health Care Facilities Revenue (Mayo Foundation) Series B 5.50% 11/15/27	\$1,000,000	\$1,076,830
		----- 5,157,355 -----
Investor Owned Utilities Revenue Bonds - 5.77%		
Bass Brook Pollution Control Revenue (Minnesota Power & Light Company Project) 6.00% 7/1/22	1,505,000	1,536,003
		----- 1,536,003 -----
Miscellaneous Revenue Bonds - 1.00%		
Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21	250,000	264,903
		----- 264,903 -----
Multifamily Housing Revenue Bonds - 15.33%		
Burnsville Multifamily Housing Mortgage Revenue SCA Tax Exempt Trust Series A 7.10% 1/1/30 (FSA)	1,950,000	2,020,181
Minneapolis Multifamily Housing Revenue (Gaar Scott Loft Project) 5.95% 5/1/30 (AMT)	985,000	1,067,602
Minneapolis Multifamily Housing Revenue (Olson Townhomes Project) 6.00% 12/1/19 (AMT)	1,000,000	988,910
		----- 4,076,693 -----
Municipal Lease Revenue Bonds - 7.97%		
St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.125% 12/1/27	500,000	529,800
5.25% 12/1/27	1,000,000	1,067,470
St. Paul Port Authority Lease Revenue (Robert Street Office Building Project) 5.00% 12/1/27	500,000	524,070
		----- 2,121,340

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-----		
Parking Revenue Bonds - 5.86%		
St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A		
5.35% 8/1/29 (FSA)	1,450,000	1,558,779
		-----
		1,558,779
		-----
Political Subdivision General Obligation Bonds - 8.48%		
Metropolitan Council Waste Water Treatment Series B 5.00% 12/1/21	500,000	539,210
Minneapolis Sports Arena Project 5.125% 10/1/20	750,000	804,765
Washington County Housing & Redevelopment Authority Series B 5.50% 2/1/22 (MBIA)	850,000	911,625
		-----
		2,255,600
		-----
*Pre-Refunded Bonds - 10.04%		
Duluth Economic Development Authority Health Care Facilities Revenue (Duluth Clinic) 6.20% 11/1/12-04 (AMBAC)	420,000	432,646
Esko Independent School District #99 5.75% 4/1/17-05 (FSA)	2,145,000	2,239,423
		-----
		2,672,069
		-----

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DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III, INC.

STATEMENTS  
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Public Power Revenue Bonds - 17.06%		
**Southern Minnesota Municipal Power Agency, Inverse Floater Series A 9.36% 1/1/14 (AMBAC)		
	\$1,500,000	\$ 1,931,684
Southern Minnesota Municipal Power Agency Series A		
5.00% 10/1/13 (MBIA)	500,000	563,915
5.25% 1/1/15 (AMBAC)	700,000	799,813
5.25% 1/1/16 (AMBAC)	500,000	570,460
Western Minnesota Municipal Power Agency Series B 5.00% 1/1/15 (MBIA)		
	600,000	672,876
		-----
		4,538,748

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Single Family Housing Revenue Bonds - 2.54%		-----
Minnesota State Housing Finance Agency		
Series B 5.35% 1/1/33 (AMT)	650,000	674,765
		-----
		674,765
		-----
Water & Sewer Revenue Bonds - 8.80%		
Minnesota Public Facilities Authority Water		
Pollution Control Revenue Series B		
5.40% 3/1/15	2,200,000	2,341,306
		-----
		2,341,306
		-----
TOTAL MUNICIPAL BONDS (cost \$38,628,240)		41,034,683
		-----
TOTAL MARKET VALUE OF SECURITIES - 154.26%		
(cost \$38,628,240)		41,034,683
RECEIVABLES AND OTHER ASSETS		
NET OF LIABILITIES - 2.13%		566,497
LIQUIDATION VALUE OF PREFERRED		
STOCK - (56.39%)		(15,000,000)
		-----
NET ASSETS APPLICABLE TO 1,837,200 SHARES		\$ 26,601,180
OUTSTANDING - 100.00%		=====
Net Asset Value Per Common Share		
(\$26,601,180 / 1,837,200 Shares)		\$14.48
		-----

COMPONENTS OF NET ASSETS AT MARCH 31, 2004:

Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$23,985,129
Undistributed net investment income	758,251
Accumulated net realized loss on investments	(548,643)
Net unrealized appreciation of investments	2,406,443
	-----
Total net assets	\$26,601,180
	=====

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

\*\*An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates. Interest rate disclosed is in effect as of March 31, 2004.

SUMMARY OF ABBREVIATIONS:

AMBAC - Insured by the AMBAC Assurance Corporation  
 AMT - Subject to Alternative Minimum Tax  
 FGIC - Insured by the Financial Guaranty Insurance Company  
 FHA - Insured by the Federal Housing Administration  
 FSA - Insured by Financial Security Assurance  
 GNMA - Insured by Government National Mortgage Association  
 LOC - Letter of Credit  
 MBIA - Insured by the Municipal Bond Insurance Association

RADIAN - Insured by Radian Asset Assurance

See accompanying notes

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STATEMENTS OF NET ASSETS (CONTINUED)  
 DELAWARE INVESTMENTS ARIZONA MUNICIPAL INCOME FUND, INC.  
 March 31, 2004

	Principal Amount	Market Value
MUNICIPAL BONDS - 149.44%		
Airport Revenue Bonds - 6.69%		
Phoenix Civic Improvement Corporation		
Airport Revenue Senior Lien		
Series A 5.00% 7/1/25 (FSA)	\$1,000,000	\$ 1,025,810
Phoenix Civic Improvement Corporation		
Airport Revenue Series B		
5.25% 7/1/27 (FGIC) (AMT)	2,000,000	2,082,680
		-----
		3,108,490
		-----
Charter School Revenue Bonds - 4.39%		
Maricopa County Industrial Development		
Authority (Arizona Charter Schools		
Project I) Series A 6.75% 7/1/29	1,000,000	1,015,950
Pima County Industrial Development		
Authority (Arizona Charter Schools		
Project II) Series A 6.75% 7/1/31	1,000,000	1,023,060
		-----
		2,039,010
		-----
City General Obligation Bonds - 1.13%		
DC Ranch Community Facilities		
5.00% 7/15/27 (AMBAC)	500,000	523,225
		-----
		523,225
		-----
Continuing Care/Retirement Revenue Bonds - 3.42%		
Yavapai County Industrial Development		
Authority Residential Care Facilities		
(Margaret T. Morris Center) Series A		
5.40% 2/20/38 (GNMA)	1,575,000	1,586,198
		-----
		1,586,198
		-----
Dedicated Tax & Fees Revenue Bonds - 7.76%		
Glendale Municipal Property Corporation		
5.00% 7/1/33 (AMBAC)	3,455,000	3,601,561
		-----

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		3,601,561
		-----
Escrowed to Maturity Bonds - 10.81%		
Puerto Rico Commonwealth Infrastructure		
Financing Series A 5.50% 10/1/40	4,500,000	5,017,590
		-----
		5,017,590
		-----
Higher Education Revenue Bonds - 6.12%		
South Campus Group Student Housing		
Revenue (Arizona State University		
South Campus Project)		
5.625% 9/1/35 (MBIA)	1,000,000	1,106,410
Southern Arizona Capital Facilities		
Finance Corporation		
(University of Arizona Project)		
5.00% 9/1/23 (MBIA)	1,150,000	1,207,546
University of Arizona Certificates of		
Participation (University of Arizona		
Project) Series B		
5.125% 6/1/22 (AMBAC)	500,000	530,140
		-----
		2,844,096
		-----
Hospital Revenue Bonds - 19.18%		
Maricopa County Industrial Development		
Authority (Mayo Clinic Hospital)		
5.25% 11/15/37	2,000,000	2,064,480
Mohave County Industrial Development		
Authority (Chris/Silver Ridge)		
6.375% 11/1/31 (GNMA)	260,000	275,855

Principal Amount	Market Value
---------------------	-----------------

MUNICIPAL BONDS (continued)		
Hospital Revenue Bonds (continued)		
Scottsdale Industrial Development		
Authority Hospital Revenue		
(Scottsdale Healthcare)		
5.80% 12/1/31	\$1,000,000	\$ 1,065,770
Show Low Industrial Development		
Authority Hospital Revenue		
(Navapache Regional Medical Center)		
Series A 5.50% 12/1/17 (ACA)	1,600,000	1,683,632
University Medical Center Corporation		
Arizona Hospital Revenue		
5.00% 7/1/33	1,000,000	997,630
University of Arizona Medical Center		
6.25% 7/1/16 (MBIA)	700,000	707,399
Yavapai County Industrial Development		
Authority (Yavapai Regional Medical		
Center) 5.25% 8/1/21 (RADIAN)	2,000,000	2,110,820
		-----
		8,905,586
		-----

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Miscellaneous Revenue Bonds - 8.04%		
Arizona School Facilities Board Revenue (State School Improvement) Series 2001 5.00% 7/1/19	2,000,000	2,134,800
Arizona Student Loan Acquisition Authority Revenue Series A-1 5.90% 5/1/24 (AMT)	1,500,000	1,597,110
		----- 3,731,910 -----
Multifamily Housing Revenue Bonds - 3.88%		
Maricopa County Industrial Development Authority Multifamily Housing Revenue (Sly-Mar Apartments Project) 6.10% 4/20/36 (GNMA) (AMT)	465,000	513,532
Peoria Industrial Development Authority Multifamily Housing Revenue (Casa Del Rio) Series A 7.30% 2/20/28 (GNMA)	1,230,000	1,286,174
		----- 1,799,706 -----
Municipal Lease Revenue Bonds - 8.24%		
Phoenix Civic Improvement Corporation Excise Tax Senior Lien (Municipal Courthouse Project) Series A 5.25% 7/1/24	1,000,000	1,061,450
Prescott Valley Property Corporation 5.00% 1/1/27 (FGIC)	500,000	522,485
Tucson Certificates of Participation 5.60% 7/1/11	1,100,000	1,208,218
Yuma Municipal Property Corporation 5.00% 7/1/25 (AMBAC)	1,000,000	1,034,340
		----- 3,826,493 -----
Political Subdivision General Obligation Bonds - 3.58%		
Eagle Mountain Community Facilities District Series A 6.40% 7/1/17	1,500,000	1,663,005
		----- 1,663,005 -----

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DELAWARE INVESTMENTS ARIZONA MUNICIPAL INCOME FUND, INC.

STATEMENTS  
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
*Pre-Refunded Bonds - 11.79%		
Arizona State Transportation Board Highway Revenue Refunding		

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5.75% 7/1/18-09	\$2,350,000	\$2,720,360
Arizona Water Infrastructure Finance Authority Revenue Water Quality Series A 5.05% 10/1/20-11	1,500,000	1,692,270
Oro Valley Municipal Property Corporation Excise Tax 5.00% 7/1/20-11 (FGIC)	1,000,000	1,063,480
		-----
		5,476,110
		-----
Public Power Revenue Bonds - 2.24%		
Salt River Project Arizona Agricultural Improvement & Power District Electric System Revenue (Salt River Project) Series A 5.00% 1/1/31	1,000,000	1,041,270
		-----
		1,041,270
		-----
School District General Obligation Bonds - 17.39%		
Maricopa County School District #6 (Washington Elementary) Series A 5.375% 7/1/13 (FSA)	3,000,000	3,482,219
Maricopa County School District #6 (Washington Elementary School Improvement Project of 2001) Series B 5.00% 7/1/17 (FSA)	1,000,000	1,118,980
Maricopa County School District #38 (Madison Elementary) 5.00% 7/1/13 (FSA)	1,250,000	1,413,888
5.00% 7/1/14 (FSA)	825,000	931,153
Tempe Union High School District #213 5.00% 7/1/14 (FSA)	1,000,000	1,128,670
		-----
		8,074,910
		-----
Single Family Housing Revenue Bonds - 6.77%		
Phoenix Industrial Development Authority Single Family Statewide Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	1,430,000	1,494,092
Phoenix Industrial Development Authority Single Family Statewide Series C 5.30% 4/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	1,090,000	1,145,514
Pima County Industrial Development Authority Single Family Mortgage Revenue Series A 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT)	465,000	501,656
		-----
		3,141,262
		-----
Territorial General Obligation Bonds - 0.56%		
Puerto Rico Commonwealth Public Improvement Series A 5.125% 7/1/31	250,000	258,853
		-----
		258,853
		-----

	Principal Amount	Market Value
Territorial Revenue Bonds - 22.23%		
Puerto Rico Commonwealth Highway & Transportation Authority Transportation Refunding Series D 5.00% 7/1/32 (FSA)	\$8,500,000	\$ 8,930,100
Virgin Islands Public Finance Authority Revenue Series A 6.125% 10/1/29 (ACA)	1,250,000	1,391,038
		-----
		10,321,138
		-----
Water & Sewer Revenue Bonds - 5.22%		
Phoenix Civic Improvement Corporation Wastewater Refunding Junior Lien 5.00% 7/1/24 (FGIC)	1,590,000	1,641,579
Phoenix Civic Improvement Corporation Water Systems Revenue Junior Lien 5.00% 7/1/26 (FGIC)	750,000	782,123
		-----
		2,423,702
		-----
TOTAL MUNICIPAL BONDS (cost \$65,058,444)		69,384,115
		-----
TOTAL MARKET VALUE OF SECURITIES - 149.44%		
(cost \$65,058,444)		69,384,115
RECEIVABLES AND OTHER ASSETS		
NET OF LIABILITIES - 4.41%		2,045,263
LIQUIDATION VALUE OF PREFERRED STOCK - (53.85%)		(25,000,000)
		-----
NET ASSETS APPLICABLE TO 2,982,200 COMMON SHARES (\$0.01 PAR VALUE) OUTSTANDING - 100.00%		\$ 46,429,378
		=====
Net Asset Value Per Common Share (\$46,429,378 / 2,982,200 Shares)		\$15.57
		-----
COMPONENTS OF NET ASSETS AT MARCH 31, 2004:		
Common stock, \$0.01 par value, 200 million shares authorized to the Fund		\$ 40,838,893
Undistributed net investment income		1,126,683
Accumulated net realized gain on investments		138,131
Net unrealized appreciation of investments		4,325,671
		-----
Total net assets		\$ 46,429,378
		=====

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

SUMMARY OF ABBREVIATIONS:

ACA - Insured by American Capital Access  
 AMBAC - Insured by the AMBAC Assurance Corporation  
 AMT - Subject to Alternative Minimum Tax  
 FGIC - Insured by the Financial Guaranty Insurance Company



FHLMC - Insured by the Federal Home Loan Mortgage Corporation  
 FNMA - Insured by Federal National Mortgage Association  
 FSA - Insured by Financial Security Assurance  
 GNMA - Insured by Government National Mortgage Association  
 MBIA - Insured by the Municipal Bond Insurance Association  
 RADIAN - Insured by Radian Asset Assurance

See accompanying notes

DELAWARE INVESTMENTS FLORIDA INSURED MUNICIPAL INCOME FUND  
 March 31, 2004

STATEMENTS  
 OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS - 148.30%		
Airport Revenue Bonds - 2.77%		
Dade County Aviation Revenue Series 96B		
5.60% 10/1/26 (MBIA)	\$1,000,000	\$ 1,087,770
		-----
		1,087,770
		-----
Dedicated Tax & Fees Revenue Bonds - 22.93%		
Florida State Department of Transportation		
5.00% 7/1/31 (FGIC)	1,400,000	1,461,558
Jacksonville Sales Tax Revenue		
5.00% 10/1/30 (MBIA)	1,000,000	1,044,990
Jacksonville Transportation Revenue		
5.25% 10/1/29 (MBIA)	2,000,000	2,117,420
Miami Beach Resort Tax Revenue		
5.50% 10/1/16 (AMBAC)	1,000,000	1,103,440
Orange County Public Service Tax Revenue		
6.00% 10/1/24 (FGIC)	3,000,000	3,271,650
		-----
		8,999,058
		-----
Higher Education Revenue Bonds - 7.62%		
Florida Agriculture & Mechanical		
University Revenue		
(Student Apartment Facility)		
5.625% 7/1/21 (MBIA)	1,250,000	1,352,050
Volusia County Educational		
Facilities Authority		
(Stetson University Project)		
Series A 5.50% 6/1/17 (MBIA)	1,500,000	1,638,450
		-----
		2,990,500
		-----



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Series 2 5.50% 2/1/22 (MBIA) Orange County School Board Certificates of Participation Series A 5.00% 8/1/27 (MBIA)	5,000,000	5,375,900
Palm Beach County School Board Certificates of Participation Series D 5.00% 8/1/28 (FSA)	1,250,000	1,300,800
	1,500,000	1,562,025
		-----
		9,306,555
		-----
Ports & Harbors Revenue Bonds - 2.63% Florida Ports Financing Commission State Transportation Trust Fund 5.375% 6/1/27 (MBIA) (AMT)	1,000,000	1,031,670
		-----
		1,031,670
		-----
*Pre-Refunded Bonds - 21.96%		
Dade County School Board Certificates of Participation Series B 5.60% 8/1/17-06 (AMBAC)	1,000,000	1,101,300
Reedy Creek Improvement District (Florida Sports Complex) Series A 5.75% 6/1/13-05 (MBIA)	2,300,000	2,423,188
Sunrise Utility System Revenue Series A 5.75% 10/1/26-06 (AMBAC)	2,500,000	2,776,300
Tampa Utility Tax Improvement Series A 6.125% 10/1/19-09 (AMBAC)	1,000,000	1,192,500
Village Center Community Development District Recreational Revenue Series A 5.85% 11/1/16-06 (MBIA)	1,000,000	1,125,630
		-----
		8,618,918
		-----
State General Obligation Bonds - 5.94% Florida State Board of Education (Capital Outlay Public Education) Series C 6.00% 6/1/21 (FGIC)	2,000,000	2,329,560
		-----
		2,329,560
		-----

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DELAWARE INVESTMENTS FLORIDA INSURED MUNICIPAL INCOME FUND  
STATEMENTS  
OF NET ASSETS (CONTINUED)

Principal Amount	Market Value
---------------------	-----------------

MUNICIPAL BONDS (continued)  
Water & Sewer Revenue Bonds - 9.76%

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Dade County Water & Sewer System Revenue 5.50% 10/1/25 (FGIC)	\$1,100,000	\$ 1,171,203
Indian River County Water & Sewer Revenue 5.50% 9/1/16 (FGIC)	1,000,000	1,100,960
Village Center Community Development District Florida Utility Revenue 5.00% 10/1/36 (MBIA)	1,500,000	1,559,925
		-----
		3,832,088
		-----
TOTAL MUNICIPAL BONDS (cost \$53,303,445)		58,199,721
		-----
TOTAL MARKET VALUE OF SECURITIES - 148.30% (cost \$53,303,445)		58,199,721
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES - 2.66%		1,043,942
LIQUIDATION VALUE OF PREFERRED STOCK - (50.96%)		(20,000,000)
		-----
NET ASSETS APPLICABLE TO 2,422,200 SHARES OUTSTANDING - 100.00%		\$ 39,243,663
		=====
Net Asset Value Per Common Share (\$39,243,663 / 2,422,200 Shares)		\$16.20
		-----
COMPONENTS OF NET ASSETS AT MARCH 31, 2004:		
Common stock, \$0.01 par value, unlimited shares authorized to the Fund		\$ 33,361,389
Undistributed net investment income		985,998
Net unrealized appreciation of investments		4,896,276
		-----
Total net assets		\$ 39,243,663
		=====

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

SUMMARY OF ABBREVIATIONS:

AMBAC - Insured by the AMBAC Assurance Corporation  
 AMT - Subject to Alternative Minimum Tax  
 FGIC - Insured by the Financial Guaranty Insurance Company  
 FSA - Insured by Financial Security Assurance  
 MBIA - Insured by the Municipal Bond Insurance Association

See accompanying notes

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	Principal Amount	Market Value
MUNICIPAL BONDS - 148.84%		
Airport Revenue Bonds - 10.22%		
Denver City & County Airport Revenue Refunding Series E 5.25% 11/15/23 (MBIA)	\$7,500,000	\$ 7,960,275 ----- 7,960,275 -----
City General Obligation Bonds - 2.68%		
Bowles Metropolitan District 5.00% 12/1/33 (FSA)	2,000,000	2,086,340 ----- 2,086,340 -----
Continuing Care/Retirement Revenue Bonds - 3.46%		
Colorado Health Facilities Authority Revenue (Porter Place) Series A 6.00% 1/20/36 (GNMA)	2,515,000	2,695,728 ----- 2,695,728 -----
Convention Center/Auditorium/Hotel Revenue Bonds - 4.00%		
Denver Convention Center Series A 5.00% 12/1/33 (XLCA)	3,000,000	3,115,170 ----- 3,115,170 -----
Dedicated Tax & Fees Revenue Bonds - 11.08%		
Broomfield County Sales & Use Tax Revenue Refunding & Improvement Series A 5.00% 12/1/31 (AMBAC)	650,000	676,150
Denver City & County Excise Tax Revenue (Colorado Convention Center Project) Series A 5.00% 9/1/20 (FSA)	6,500,000	6,882,330
Golden Sales & Use Tax Revenue Improvement Series B 5.10% 12/1/20 (AMBAC)	1,000,000	1,071,140 ----- 8,629,620 -----
Higher Education Revenue Bonds - 33.81%		
Boulder County Development Revenue (University Corporation for Atmospheric Research) 5.00% 9/1/26 (MBIA)	4,500,000	4,676,355
Colorado Educational & Cultural Facilities Authority (Johnson & Wales University Project) Series A 5.00% 4/1/28 (XLCA)	3,000,000	3,114,510
Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) 5.00% 7/1/27 (AMBAC)	4,000,000	4,168,480
Colorado Educational & Cultural Facilities Authority (University of Denver Project) 5.50% 3/1/21 (AMBAC)	3,200,000	3,536,032
Colorado Educational & Cultural Facilities		

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Authority (University of Northern Colorado) 5.00% 7/1/31 (MBIA)	2,500,000	2,586,600
Colorado Springs Revenue (Colorado College Project) 5.375% 6/1/32 (MBIA)	5,000,000	5,373,299
Colorado State Colleges Board of Trustees Auxiliary Systems Revenue (Adams State College) 5.75% 5/15/19 (MBIA)	1,000,000	1,015,730
Colorado State University Systems 5.00% 3/1/35 (AMBAC)	1,800,000	1,871,208
		-----
		26,342,214
		-----
	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
Hospital Revenue Bonds - 4.46%		
Colorado Health Facilities Authority (Boulder Community Hospital Project) Series B 5.875% 10/1/23 (MBIA)	\$1,925,000	\$ 1,998,035
Colorado Health Facilities Authority (North Colorado Medical Center) 5.95% 5/15/12 (MBIA)	1,420,000	1,474,386
		-----
		3,472,421
		-----
Multifamily Housing Revenue Bonds - 5.73%		
Burlingame Multifamily Housing Revenue Series A 6.00% 11/1/29 (MBIA)	2,290,000	2,442,400
Snowmass Village Multifamily Housing Revenue (Essential-Function Housing) 6.25% 12/15/16 (FSA)	2,000,000	2,023,120
		-----
		4,465,520
		-----
Municipal Lease Revenue Bonds - 17.51%		
Arapahoe County Library District Certificates of Participation 5.70% 12/15/10 (MBIA)	2,000,000	2,197,319
Aurora Certificates of Participation 5.50% 12/1/30 (AMBAC)	2,000,000	2,186,160
Aurora Educational Development Revenue (Community College of Aurora Foundation) 6.00% 10/15/15 (Connie Lee)	1,500,000	1,550,715
Broomfield City & County Certificates of Participation 5.75% 12/1/24 (AMBAC)	1,500,000	1,684,905
Eagle County Certificates of Participation 5.40% 12/1/18 (MBIA)	1,000,000	1,109,430
Lakewood Certificates of Participation 5.375% 12/1/22 (AMBAC)	2,000,000	2,171,480
Westminster Building Authority		

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Certificates of Participation		
5.25% 12/1/22 (MBIA)	1,555,000	1,658,470
Westminster Certificates of Participation (Ice Centre Project)		
5.40% 1/15/23 (AMBAC)	1,000,000	1,078,260
		-----
		13,636,739
		-----
Parking Revenue Bonds - 3.48%		
Auraria Higher Education Center Parking Facilities System Revenue		
5.50% 4/1/26 (AMBAC)	2,485,000	2,708,377
		-----
		2,708,377
		-----
Political Subdivision General Obligation Bonds - 8.21%		
Arapahoe County Water & Wastewater Public Improvement Refunding Series A 5.125% 12/1/32 (MBIA)	1,000,000	1,049,360
G V R Metropolitan District 5.75% 12/1/19 (AMBAC)	1,000,000	1,142,170
Pueblo County 5.80% 6/1/11 (MBIA)	1,405,000	1,522,823
Pueblo County (Library District Project) 5.80% 11/1/19 (AMBAC)	1,395,000	1,597,931
Stonegate Village Metropolitan District Refunding & Improvement Series A 5.50% 12/1/21 (FSA)	1,000,000	1,086,170
		-----
		6,398,454
		-----

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DELAWARE INVESTMENTS COLORADO INSURED MUNICIPAL INCOME FUND, INC.  
STATEMENTS  
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value
MUNICIPAL BONDS (continued)		
*Pre-Refunded Bonds - 8.71%		
Archuleta & Hinsdale Counties School District #50JT 5.55% 12/1/20-10 (MBIA)	\$4,000,000	\$ 4,445,200
Denver City & County Certificates of Participation Series B 5.50% 12/1/25-06 (AMBAC)	2,000,000	2,336,340
		-----
		6,781,540
		-----
School District General Obligation Bonds - 14.32%		
Adams & Arapahoe Counties		

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School District #28J		
5.00% 12/1/22 (FSA)	2,000,000	2,123,480
Adams County School District #1		
5.00% 12/1/16 (FSA)	1,490,000	1,636,616
Douglas County School District #Re-1 (Douglas & Elbert Counties)		
5.00% 12/15/21 (MBIA)	1,000,000	1,048,110
El Paso County School District #20		
5.625% 12/15/16 (AMBAC)	2,800,000	3,061,659
5.625% 12/15/16 (MBIA)	1,000,000	1,093,450
Larimer Weld & Boulder Counties School Districts #R-2J		
5.00% 12/15/15 (FSA)	1,950,000	2,195,876
		-----
		11,159,191
		-----
Turnpike/Toll Road Revenue Bonds - 13.60%		
E-470 Public Highway Authority Series A		
5.75% 9/1/29 (MBIA)	3,000,000	3,385,980
5.75% 9/1/35 (MBIA)	1,700,000	1,926,559
Northwest Parkway Public Highway Authority Series A		
5.25% 6/15/41 (FSA)	5,000,000	5,285,550
		-----
		10,598,089
		-----
Water & Sewer Revenue Bonds - 7.57%		
Colorado Water Resources & Power Development Authority Small Water Resources Revenue Series A		
5.80% 11/1/20 (FGIC)	2,000,000	2,292,880
Lafayette Water Revenue Series A		
5.00% 12/1/27 (MBIA)	1,100,000	1,152,063
Ute Utility Water Conservancy District Water Revenue		
5.75% 6/15/20 (MBIA)	2,155,000	2,454,308
		-----
		5,899,251
		-----
TOTAL MUNICIPAL BONDS (cost \$107,364,015)		115,948,929
		-----
TOTAL MARKET VALUE OF SECURITIES - 148.84%		
(cost \$107,364,015)		115,948,929
RECEIVABLES AND OTHER ASSETS		
NET OF LIABILITIES - 2.51%		1,953,717
LIQUIDATION VALUE OF PREFERRED STOCK - (51.35%)		(40,000,000)
		-----
NET ASSETS APPLICABLE TO 4,837,100 SHARES		
OUTSTANDING - 100.00%		\$ 77,902,646
		-----
Net Asset Value Per Common Share		
(\$77,902,646/4,837,100 Shares)		\$16.11
		-----



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COMPONENTS OF NET ASSETS AT MARCH 31, 2004:

Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$67,238,110
Undistributed net investment income	2,003,077
Accumulated net realized gain on investments	76,545
Net unrealized appreciation of investments	8,584,914
	-----
Total net assets	\$77,902,646
	-----

\*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

SUMMARY OF ABBREVIATIONS:

AMBAC - Insured by the AMBAC Assurance Corporation  
 Connie Lee - Insured by the College Construction Insurance Association  
 FGIC - Insured by the Financial Guaranty Insurance Company  
 FSA - Insured by Financial Security Assurance  
 GNMA - Insured by Government National Mortgage Association  
 MBIA - Insured by the Municipal Bond Insurance Association  
 XLCA - Insured by XL Capital Assurance

See accompanying notes

STATEMENTS  
 OF OPERATIONS

DELAWARE INVESTMENTS CLOSED-END MUNICIPAL  
 Year Ended March 31, 2004

	Delaware Investments Minnesota Municipal Income Fund, Inc.	Delaware Investments Minnesota Municipal Income Fund II, Inc.
INVESTMENT INCOME:		
Interest	\$3,066,885	\$8,939,709
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EXPENSES:		
Management fees	238,071	678,695
Accounting and administration expenses	85,000	85,292
Remarketing agent fees	39,915	119,923
Legal and professional fees	36,827	41,323
Transfer agent fees and expenses	30,934	40,928
Reports and statements to shareholders	16,315	15,680
Rating agency fees	9,416	5,853
Directors'/Trustees' Fees	7,400	9,400

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Stock exchange fees	2,641	6,015
Custodian fees	2,170	5,007
Other	9,684	15,937
	-----	-----
	478,373	1,024,053
Less expenses paid indirectly	(3,597)	(9,016)
	-----	-----
Total expenses	474,776	1,015,037
	-----	-----
NET INVESTMENT INCOME	2,592,109	7,924,672
	-----	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain on investments	650,891	1,299,317
Net change in unrealized appreciation/depreciation of investments	(316,556)	221,686
	-----	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	334,335	1,521,003
	-----	-----
DIVIDENDS ON PREFERRED STOCK	(262,664)	(595,374)
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$2,663,780	\$8,850,301
	=====	=====

See accompanying notes

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STATEMENTS  
OF OPERATIONS (CONTINUED)

DELAWARE INVESTMENTS CLOSED-END MUN

	Delaware Investments Arizona Municipal Income Fund, Inc.	Delaware Investments Florida Insured Municipal Income Fund
INVESTMENT INCOME:		
Interest	\$3,522,532	\$3,069,713
	-----	-----
EXPENSES:		
Management fees	283,694	237,523
Accounting and administration expenses	85,000	85,000
Remarketing agent fees	34,907	49,978
Legal and professional fees	28,607	35,421
Transfer agent fees and expenses	11,753	9,212
Directors'/Trustees' Fees	8,900	6,708
Reports and statements to shareholders	8,171	5,675
Rating agency fees	6,000	1,110

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Stock exchange fees	3,973	2,036
Custodian fees	2,911	2,832
Other	10,867	3,080
	-----	-----
	484,783	438,575
Less expenses paid indirectly	(4,612)	(3,174)
	-----	-----
Total expenses	480,171	435,401
	-----	-----
NET INVESTMENT INCOME	3,042,361	2,634,312
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NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain on investments	315,397	52,390
Net change in unrealized appreciation/depreciation of investments	501,711	(362,616)
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NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	817,108	(310,226)
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DIVIDENDS ON PREFERRED STOCK	(271,690)	(209,938)
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$3,587,779	\$2,114,148
	=====	=====

See accompanying notes

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	DELAWARE INVESTMENTS	
STATEMENTS	OF CHANGES IN NET ASSETS	
	Delaware Investments Minnesota Municipal Income Fund, Inc.	
	Year Ended	
	3/31/04	3/31/03
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 2,592,109	\$ 2,902,399
Net realized gain on investments	650,891	995,361
Net change in unrealized appreciation/depreciation of investments	(316,556)	973,094
Dividends on preferred stock	(262,664)	(266,220)
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Net increase in net assets resulting from operations	2,663,780	4,604,634
	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:		
Net investment income	(2,432,531)	(2,309,357)

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Net realized gain on investments	(1,375,191)	(168,655)
	-----	-----
	(3,807,722)	(2,478,012)
	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS	(1,143,942)	2,126,622
NET ASSETS:		
Beginning of period	40,122,396	37,995,774
	-----	-----
End of period	\$38,978,454	\$40,122,396