

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC  
Form N-Q  
February 29, 2016

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 <sup>®</sup> 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:	December 31, 2015

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## Item 1. Schedule of Investments.

## Schedule of investments

Delaware Investments<sup>®</sup> Minnesota Municipal Income Fund II, Inc.  
December 31, 2015 (Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds 142.16%</b>		
Corporate-Backed Revenue Bonds 6.54%		
Cloquet Pollution Control Revenue (Potlatch Project) 5.90% 10/1/26	5,500,000	\$ 5,506,160
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	3,324,867
St. Paul Port Authority Revenue (Gerdau St. Paul Steel Mill Project) Series 7 4.50% 10/1/37 (AMT)	2,605,000	2,382,898
		11,213,925
Education Revenue Bonds 20.12%		
Baytown Township Lease Revenue (St. Croix Preparatory Academy) 5.75% 8/1/42	300,000	307,059
Brooklyn Park Charter School Lease (Prairie Seeds Academy Project) Series A 5.00% 3/1/34 Series A 5.00% 3/1/39	990,000 170,000	1,008,156 170,859
Cologne Charter School Lease Revenue (Cologne Academy Project) Series A 5.00% 7/1/29 Series A 5.00% 7/1/45	270,000 445,000	285,989 456,414
Deephaven Charter School (Eagle Ridge Academy Project) Series A 5.25% 7/1/37 Series A 5.25% 7/1/40	740,000 500,000	766,884 515,465
Forest Lake Minnesota Charter School Revenue (Lake International Language Academy) 5.75% 8/1/44	705,000	761,033
Hugo Charter School Lease Revenue (Noble Academy Project) Series A 5.00% 7/1/34 Series A 5.00% 7/1/44	255,000 775,000	260,212 772,667
Minneapolis Student Housing		

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Revenue (Riverton Community Housing Project) 5.25% 8/1/39	205,000	210,404
Minneapolis Student Housing Revenue 5.50% 8/1/49	990,000	1,022,432
Minnesota Higher Education Facilities Authority Revenue (Carleton College) Series 6-T 5.00% 1/1/28	1,000,000	1,068,910
Series D 5.00% 3/1/30 (College of St. Benedict) Series 7-M 5.00% 3/1/31	1,120,000	1,236,928
Series 7-M 5.125% 3/1/36 (St. Catherine University) Series 7-Q 5.00% 10/1/32	300,000	325,530
(St. Johns University) Series 8-I 5.00% 10/1/31	275,000	296,934
Series 8-I 5.00% 10/1/34 (St. Scholastic College) Series H 5.25% 12/1/35	700,000	765,681
(University of St. Thomas) Series 6-X 5.00% 4/1/29	235,000	277,735
Series 7-A 5.00% 10/1/39	35,000	40,910
Series 7-U 5.00% 4/1/22	1,000,000	1,081,770
Otsego Charter School (Kaleidoscope Charter School) Series A 5.00% 9/1/34	2,250,000	2,354,445
Series A 5.00% 9/1/44	1,000,000	1,111,570
Rice County Educational Facilities Revenue (Shattuck-St. Mary s School) Series A 144A 5.00% 8/1/22 #	750,000	885,683
St. Paul Housing & Redevelopment Authority Charter School Lease Revenue (Academia Cesar Chavez School Project) Series A 5.25% 7/1/50	335,000	349,335
(Nova Classical Academy) Series A 6.375% 9/1/31	700,000	717,773
(Twin Cities Academy Project) Series A 5.30% 7/1/45	1,250,000	1,301,113
University of Minnesota Series A 5.25% 12/1/28	630,000	639,960
	500,000	589,300

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## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Education Revenue Bonds (continued)		
University of Minnesota		
Series A 5.25% 4/1/29	1,000,000	\$ 1,115,490
Series C 5.00% 12/1/19	1,290,000	1,459,699
Series D 5.00% 12/1/27	1,110,000	1,295,259
Series D 5.00% 12/1/28	1,880,000	2,185,782
Series D 5.00% 12/1/29	2,265,000	2,627,604
Series D 5.00% 12/1/31	1,000,000	1,153,920
Series D 5.00% 12/1/36	3,000,000	3,415,350
		34,533,107
Electric Revenue Bonds 10.09%		
Central Minnesota Municipal		
Power Agency Revenue (Brookings Southeast Twin Cities Transportation) 5.00% 1/1/32	1,130,000	1,266,425
(Brookings Twin Cities Transmission Project) 5.00% 1/1/42	1,000,000	1,103,880
Chaska Electric Revenue		
Series A 5.00% 10/1/28	445,000	535,695
Minnesota Municipal Power		
Agency Electric Revenue 5.00% 10/1/25	500,000	607,200
5.00% 10/1/26	500,000	601,375
5.00% 10/1/27	320,000	382,304
Northern Municipal Power		
Agency		
Series A 5.00% 1/1/26	100,000	117,083
Series A 5.00% 1/1/30	340,000	389,807
Rochester Electric Utility		
Revenue		
Series B 5.00% 12/1/30	1,300,000	1,534,221
Series B 5.00% 12/1/43	1,000,000	1,144,530
Western Minnesota Municipal		
Power Agency Supply Revenue		
Series A 5.00% 1/1/25	3,000,000	3,574,380
Series A 5.00% 1/1/26	1,000,000	1,184,300
Series A 5.00% 1/1/33	1,000,000	1,167,620
Series A 5.00% 1/1/40	750,000	858,277
Series A 5.00% 1/1/46	2,500,000	2,847,550
		17,314,647
Healthcare Revenue Bonds 33.32%		
Anoka Health Care Facilities		
Revenue 5.375% 11/1/34	610,000	643,166
Anoka Health Care Facilities		
Revenue (Homestead Anoka Project)		

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	Series A 7.00% 11/1/46	1,200,000	1,287,180
Center City Health Care	Facilities Revenue (Hazelden Betty Ford Foundation Project)		
	5.00% 11/1/27	500,000	589,535
	5.00% 11/1/29 (Hazelden Foundation Project)	300,000	349,917
	4.75% 11/1/31	850,000	893,537
	5.00% 11/1/41	1,600,000	1,701,568
Cloquet Housing Facilities	Revenue (HADC Cloquet Project)		
	Series A 5.00% 8/1/48	500,000	503,870
Deephaven Housing &	Healthcare Revenue (St. Therese Senior Living Project)		
	Series A 5.00% 4/1/38	280,000	286,300
	Series A 5.00% 4/1/40	270,000	275,740
Duluth Economic	Development Authority (St. Luke s Hospital Authority Obligation Group)		
	5.75% 6/15/32	1,400,000	1,552,852
	6.00% 6/15/39	1,000,000	1,113,980
Fergus Falls Health Care	Facilities Revenue (Lake Region Healthcare)		
	5.00% 8/1/30	1,000,000	1,022,100
Hayward	(American Baptist Homes Midwest) 5.75% 2/1/44	500,000	522,870
Hayward Health Care	Facilities Revenue (St. John s Lutheran Home of Albert Lea)		
	5.375% 10/1/44	680,000	692,172
Maple Grove Health Care	Facilities Revenue (North Memorial Health Care) 5.00% 9/1/30	865,000	989,292

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(Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Healthcare Revenue Bonds (continued)</b>		
Maple Grove Health Care		
System Revenue (Maple Grove Hospital) 5.25% 5/1/37	1,100,000	\$ 1,142,042
Minneapolis Health Care		
System Revenue (Fairview Health Services) Series A 5.00% 11/15/33	500,000	575,880
Series A 5.00% 11/15/34	500,000	572,235
Series B 6.50% 11/15/38 (AGC)	1,940,000	2,197,147
Minneapolis Senior Housing & Healthcare Revenue (Ecumen Mill City Quarter)		
5.00% 11/1/35	220,000	222,950
5.25% 11/1/45	850,000	866,252
5.375% 11/1/50	200,000	202,522
Minneapolis St. Paul		
Housing & Redevelopment Authority Health Care Revenue (Children s Health Care Facilities) Series A1 5.00% 8/15/34 (AGM)	500,000	554,925
Rochester Health Care & Housing Revenue (Samaritan Bethany) Series A 7.375% 12/1/41 (The Homestead at Rochester Project) Series A 6.875% 12/1/48	1,220,000	1,357,799
	1,220,000	1,381,626
Rochester Health Care		
Facilities Revenue (Mayo Clinic) 4.00% 11/15/41	4,860,000	5,068,105
Series C 4.50% 11/15/38	1,750,000	2,024,330
Sartell Health Care Facilities Revenue (Country Manor Campus Project) 5.25% 9/1/30 Series A 5.30% 9/1/37	1,000,000	1,059,550
	600,000	632,706
Shakopee Health Care		
Facilities Revenue (St. Francis Regional Medical Center) 4.00% 9/1/31	205,000	215,812
5.00% 9/1/34	165,000	186,849
St. Cloud Health Care		
Revenue (Centracare Health System Project) 5.50% 5/1/39 (AGC)	1,500,000	1,635,975

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	Series A 5.125% 5/1/30	5,175,000	5,854,426
	Series B 5.00% 5/1/24	1,400,000	1,687,294
St. Paul Housing &			
	Redevelopment Authority		
	Health Care Facilities		
	Revenue		
	(Allina Health System)		
	Series A-1 5.25%		
	11/15/29	1,395,000	1,568,845
	(Health Partners Obligation		
	Group Project)		
	5.00% 7/1/29	2,000,000	2,347,480
	5.00% 7/1/32	600,000	693,456
St. Paul Housing &			
	Redevelopment Authority		
	Hospital Facility		
	(Healtheast Care System		
	Project)		
	Series A 5.00% 11/15/29	395,000	454,945
	Series A 5.00% 11/15/30	290,000	332,952
St. Paul Housing &			
	Redevelopment Authority		
	Housing & Health Care		
	Facilities Revenue		
	(Senior Carondelet Village		
	Project) Series A 6.00%		
	8/1/42	770,000	799,375
	(Senior Episcopal Homes		
	Project)		
	5.125% 5/1/48	1,200,000	1,246,464
	Series A 4.75% 11/1/31	740,000	756,295
Washington County Housing			
	& Redevelopment Authority		
	Revenue		
	(Birchwood & Woodbury		
	Projects) Series A 5.625%		
	6/1/37	1,500,000	1,564,815
Wayzata Senior Housing			
	Revenue		
	(Folkestone Senior Living		
	Community)		
	Series A 5.50% 11/1/32	420,000	455,339
	Series A 5.75% 11/1/39	945,000	1,019,570
	Series A 6.00% 5/1/47	1,475,000	1,600,493

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## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Healthcare Revenue Bonds (continued)		
Winona Health Care Facilities		
Revenue (Winona Health Obligation)		
4.65% 7/1/26	465,000	\$ 496,346
4.75% 7/1/27	785,000	837,760
5.00% 7/1/23	1,010,000	1,047,562
5.00% 7/1/34	750,000	805,650
Woodbury Housing & Redevelopment Authority Revenue (St. Therese of Woodbury)		
5.125% 12/1/44	1,250,000	1,289,887
		<b>57,179,738</b>
Housing Revenue Bonds 4.68%		
Minneapolis Multifamily		
Housing Revenue (Olson Townhomes Project)		
6.00% 12/1/19 (AMT)	410,000	410,262
(Seward Towers Project)		
5.00% 5/20/36 (GNMA)	1,885,000	1,891,315
Minnesota Housing Finance Agency (Non Ace - State Appropriated Housing)		
5.00% 8/1/33	1,390,000	1,611,510
Minnesota State Housing		
Finance Agency (Residential Housing)		
Series D 4.75% 7/1/32 (AMT)	695,000	698,871
Series I 5.15% 7/1/38 (AMT)	500,000	500,405
Series L 5.10% 7/1/38 (AMT)	1,060,000	1,080,193
Minnesota State Housing Finance Agency Homeownership (Mortgage-Backed Securities Program) 4.40%		
7/1/32 (GNMA) (FNMA)	1,180,000	1,265,279
Northwest Multi-County		
Housing & Redevelopment Authority (Pooled Housing Program)		
5.50% 7/1/45	560,000	563,758
		<b>8,021,593</b>
Lease Revenue Bonds 15.05%		
Minnesota State General Fund Revenue Appropriations		



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	Series A 5.00% 6/1/32	780,000	906,664
	Series A 5.00% 6/1/38	5,500,000	6,301,185
	Series A 5.00% 6/1/43	1,750,000	1,979,897
	Series B 4.00% 3/1/26	3,000,000	3,296,490
	Series B 5.00% 3/1/21	1,500,000	1,767,600
	Series B 5.00% 3/1/29	3,525,000	4,108,141
University of Minnesota			
	Special Purpose Revenue (State Supported Biomed Science Research)		
	5.00% 8/1/35	1,040,000	1,175,450
	5.00% 8/1/36	4,000,000	4,641,800
Virginia Housing &			
	Redevelopment Authority Health Care Facility Lease Revenue		
	5.25% 10/1/25	680,000	681,340
	5.375% 10/1/30	965,000	966,727
			25,825,294
Local General Obligation Bonds 6.95%			
Hopkins Independent School			
	District No. 270		
	Series A 5.00% 2/1/28	1,000,000	1,152,220
Mahtomedi Independent			
	School District No 832 (School Building) Series A		
	5.00% 2/1/28	515,000	630,035

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(Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Local General Obligation Bonds (continued)		
Rocori Independent School		
District No. 750		
(School Building)		
Series B 5.00% 2/1/22	1,010,000	\$ 1,115,202
Series B 5.00% 2/1/24	1,075,000	1,185,327
Series B 5.00% 2/1/25	1,115,000	1,227,559
Series B 5.00% 2/1/26	1,155,000	1,271,597
St. Paul Independent School		
District No. 625		
(School Building)		
Series B 5.00% 2/1/22	1,300,000	1,563,770
Series B 5.00% 2/1/26	1,000,000	1,187,990
Willmar		
(Rice Memorial Hospital		
Project) Series A 4.00%		
2/1/32	2,440,000	2,589,670
		11,923,370
Pre-Refunded/Escrowed to Maturity Bonds 18.97%		
Dakota-Washington Counties		
Housing & Redevelopment		
Authority Single Family		
Residential Mortgage		
Revenue		
(City of Bloomington)		
Series B 8.375% 9/1/21		
(GNMA) (AMT)	7,055,000	9,498,358
Deephaven Charter School		
(Eagle Ridge Academy		
Project) Series A 5.50%		
7/1/43-23 §	500,000	616,235
Minneapolis Health Care		
System Revenue		
(Fairview Health Services)		
Series A 6.375%		
11/15/23-18 §	1,105,000	1,270,021
Series A 6.625%		
11/15/28-18 §	1,150,000	1,329,849
Series B 6.50%		
11/15/38-18 (AGC) §	355,000	409,265
Minneapolis Revenue		
(National Marrow Donor		
Program Project)		
Series NMDP 4.875%		
8/1/25-18 §	1,000,000	1,098,430
Southern Minnesota		
Municipal Power Agency		
Revenue		
Series A 5.75% 1/1/18	2,120,000	2,155,828
Southern Minnesota		
Municipal Power Agency		
Supply Revenue		
Series A 5.25%		
1/1/30-19 §	1,030,000	1,156,937

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St. Louis Park Health Care	Facilities Revenue (Park Nicollet Health Services)		
	5.75% 7/1/39-19 § Series C 5.50% 7/1/23-18 §	3,565,000	4,129,304
		1,000,000	1,111,750
St. Paul Housing & Redevelopment Authority	Health Care Facilities Revenue (Health Partners Obligation Group Project) 5.25% 5/15/36-16 §	2,000,000	2,083,600
University of Minnesota	Series A 5.50% 7/1/21 Series A 5.75% 7/1/18	4,000,000	4,717,680
		1,750,000	1,957,270
University of Minnesota	Hospital & Clinics 6.75% 12/1/16	970,000	1,025,309
			32,559,836
Special Tax Revenue Bonds 5.57%			
Guam Government Business	Privilege Tax Revenue Series A 5.25% 1/1/36	150,000	166,926
Hennepin County Sales Tax	Revenue (Second Lien-Ballpark Project) Series B 4.75% 12/15/27	1,905,000	2,029,568
Minneapolis Community	Planning & Economic Development Department (Limited Tax Supported Common Bond Fund) 6.25% 12/1/30 Series 1 5.50% 12/1/24 (AMT)	1,000,000	1,193,900
		920,000	937,416
Minnesota Public Safety Radio	5.00% 6/1/23	2,845,000	3,210,184
St. Paul Port Authority	(Brownfields Redevelopment Tax) Series 2 5.00% 3/1/37	895,000	932,662

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## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Special Tax Revenue Bonds (continued)		
St. Paul Sales Tax Revenue		
Series G 5.00% 11/1/30	935,000	\$ 1,095,212
		9,565,868
State General Obligation Bonds 14.82%		
Minnesota State		
(State Trunk Highway)		
Series B 5.00% 10/1/22	5,500,000	6,645,045
Series B 5.00% 10/1/29	3,315,000	3,913,258
(State Various Purpose)		
Series D 5.00% 8/1/24	2,700,000	3,131,109
(Various Purposes) Series F		
5.00% 10/1/22	5,000,000	6,105,850
State of Minnesota		
SER A 5.00% 8/1/24	4,500,000	5,638,725
		25,433,987
Transportation Revenue Bonds 4.47%		
Minneapolis St. Paul		
Metropolitan Airports		
Commission Revenue		
5.00% 1/1/21	2,600,000	3,043,612
5.00% 1/1/22	670,000	778,694
Subordinate		
Series B 5.00% 1/1/26	540,000	627,518
Series B 5.00% 1/1/26		
(AMT)	500,000	581,855
Series B 5.00% 1/1/27	1,190,000	1,372,713
Series B 5.00% 1/1/30	500,000	569,545
Series B 5.00% 1/1/31	250,000	284,325
St. Paul Port Authority		
Revenue		
(Amherst H. Wilder		
Foundation) Series 3		
5.00% 12/1/36	380,000	410,161
		7,668,423
Water & Sewer Revenue Bonds 1.58%		
Metropolitan Council Waste		
Water Revenue		
Series B 4.00% 9/1/27	1,145,000	1,272,118
St. Paul Sewer Revenue		
Series D 5.00% 12/1/21	1,325,000	1,445,549
		2,717,667
<b>Total Municipal Bonds</b>		
(cost \$230,269,618)		<b>243,957,455</b>
<b>Total Value of</b>		
<b>Securities 142.16%</b>		
(cost \$230,269,618)		<b>243,957,455</b>
<b>Liquidation Value of</b>		
<b>Preferred</b>		

<b>Stock</b> (43.70%)	<b>(75,000,000)</b>
<b>Receivables and Other</b>	
<b>Assets Net of</b>	
<b>Liabilities</b> 1.54%	<b>2,651,289</b>
<b>Net Assets Applicable to</b>	
<b>11,504,975 Shares</b>	
<b>Outstanding</b> 100.00%	<b>\$ 171,608,744</b>

# Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At Dec. 31, 2015, the aggregate value of Rule 144A securities was \$1,301,113, which represents 0.76% of the Fund's net assets.

° Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency.

Variable rate security. The rate shown is the rate as of Dec. 31, 2015. 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.

**Summary of abbreviations:**

AGM - Insured by Assured Guaranty Municipal Corporation

AMT - Subject to Alternative Minimum Tax

AGC - Insured by Assured Guaranty Corporation

FNMA - Federal National Mortgage Association Collateral

GNMA - Government National Mortgage Association Collateral

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## Notes

Delaware Investments<sup>®</sup> Minnesota Municipal Income Fund II, Inc.  
December 31, 2015 (Unaudited)

### 1. 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 based upon valuations provided by an independent pricing service or broker and reviewed by management. 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. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. 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/Trustees (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.

### 2. Investments

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. (Examples: equity securities, open-end investment companies, futures contracts, exchange-traded 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, loss severities, credit risks, and default rates) or other market-corroborated inputs. (Examples: debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)
- Level 3 Significant unobservable inputs, including the Fund's own assumptions used to determine the fair value of investments. (Examples: broker-quoted securities, fair valued securities)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity, and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of Dec. 31, 2015:

Securities

Level 2

Municipal Bonds	\$ 243,957,455
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During the period ended Dec. 31, 2015, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Fund. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

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## Notes

December 31, 2015 (Unaudited)

### 3. Subsequent Events

On January 22, 2016, Delaware Investments Minnesota Municipal Income Fund II, (the Fund ) successfully issued \$75,000,000 of Variable Rate MuniFund Term Preferred ( VMTP ) shares with a \$100,000 liquidation value per share in a privately negotiated offering. The net proceeds from each offering were used to redeem the Series 2016 VMTP shares previously outstanding. The VMTP shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933.

The Fund is obligated to redeem their VMTP shares on February 1, 2021, unless earlier redeemed or repurchased by a Fund. VMTP shares are subject to optional and mandatory redemption in certain circumstances. A Fund may be obligated to redeem certain of the VMTP shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. Dividends on the VMTP shares are set weekly, subject to adjustments in certain circumstances.

The Fund uses leverage because its manager believes that, over time, leveraging may provide opportunities for additional income and total return for common shareholders. However, the use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage; accordingly, the use of structural leverage may hurt a Fund's overall performance.

Leverage may also cause the Fund to incur certain costs. In the event that a Fund is unable to meet certain criteria (including, but not limited to, maintaining certain ratings with Fitch Ratings and Moody's Investors Service, funding dividend payments, or funding redemptions), that Fund will pay additional fees with respect to the leverage.

For financial reporting purposes, the VMTP shares are considered debt of the issuer; therefore, the liquidation value which approximates fair value of the VMTP share is recorded as a liability in the statements of assets and liabilities. Dividends accrued and paid on the VMTP shares are included as a component of interest expense in the statements of operations. The VMTP shares are treated as equity for legal and tax purposes. Dividends paid to holders of the VMTP shares are generally classified as tax-exempt income for tax-reporting purposes.

Management has determined that no additional material events or transactions occurred subsequent to Dec. 31, 2015 that would require recognition or disclosure in the Fund's Schedule of investments.

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**Item 2. Controls and Procedures.**

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

There were no significant changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), exactly as set forth below:

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