

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-Q
August 28, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

| | |
|---|---|
| Investment Company Act file number: | 811-07420 |
| Exact name of registrant as specified in charter: | Delaware Investments® Minnesota Municipal Income Fund II, Inc. |
| Address of principal executive offices: | 2005 Market Street Philadelphia, PA 19103 |
| Name and address of agent for service: | David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103 |
| Registrant's telephone number, including area code: | (800) 523-1918 |
| Date of fiscal year end: | March 31 |
| Date of reporting period: | June 30, 2015 |

Item 1. Schedule of Investments.

Schedule of investments

Delaware Investments[®] Minnesota Municipal Income Fund II, Inc.
June 30, 2015 (Unaudited)

| | Principal Amount ^o | Value (U.S. \$) |
|---|----------------------------------|--------------------|
| Municipal Bonds 142.93% | | |
| Corporate-Backed Revenue Bonds 6.76% | | |
| Cloquet Pollution Control Revenue (Potlatch Project) 5.90% 10/1/26 | 5,500,000 | \$ 5,505,060 |
| Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21 | 3,325,000 | 3,293,413 |
| St. Paul Port Authority Revenue (Gerdau St. Paul Steel Mill Project) Series 7 4.50% 10/1/37 (AMT) | 2,705,000 | 2,607,863 |
| | | 11,406,336 |
| Education Revenue Bonds 19.36% | | |
| Baytown Township Lease Revenue (St. Croix Preparatory Academy) 5.75% 8/1/42 | 300,000 | 303,882 |
| 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 | 991,435 166,522 |
| 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 | 286,324 456,450 |
| County of Rice Mn REF-SHATTUCK-ST MARYS SCHOOL-S 5.00% 8/1/22 | 1,250,000 | 1,290,575 |
| Deephaven Charter School (Eagle Ridge Academy Project) Series A 5.50% 7/1/43 | 500,000 | 531,425 |
| Forest Lake Minnesota Charter School Revenue (Lake International Language Academy) 5.75% 8/1/44 | 705,000 | 768,161 |
| 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 | 270,025 809,433 |

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| | | |
|---|-----------|-----------|
| Minneapolis Student Housing Revenue | | |
| (Riverton Community Housing Project) | | |
| 5.25% 8/1/39 | 205,000 | 208,846 |
| 5.50% 8/1/49 | 990,000 | 1,015,225 |
| Minnesota Higher Education Facilities Authority Revenue | | |
| (Carleton College) | | |
| Series 6-T 5.00% 1/1/28 | 1,000,000 | 1,083,090 |
| Series D 5.00% 3/1/30 (College of St. Benedict) | 1,120,000 | 1,245,160 |
| Series 7-M 5.00% 3/1/31 | 300,000 | 321,354 |
| Series 7-M 5.125% 3/1/36 (St. Catherine University) | 275,000 | 293,595 |
| Series 7-Q 5.00% 10/1/32 (St. Scholastic College) | 700,000 | 745,920 |
| Series H 5.25% 12/1/35 (University of St. Thomas) | 1,000,000 | 1,074,440 |
| Series 6-X 5.00% 4/1/29 | 2,250,000 | 2,387,407 |
| Series 7-A 5.00% 10/1/39 | 1,000,000 | 1,097,600 |
| Series 7-U 5.00% 4/1/22 | 750,000 | 877,770 |
| Otsego Charter School (Kaleidoscope Charter School) | | |
| Series A 5.00% 9/1/34 | 335,000 | 344,156 |
| Series A 5.00% 9/1/44 | 700,000 | 707,133 |
| St. Paul Housing & Redevelopment Authority Charter School Lease Revenue | | |
| (Nova Classical Academy) | | |
| Series A 6.375% 9/1/31 | 750,000 | 850,643 |
| St. Paul Housing & Redevelopment Authority Revenue | | |
| (Academia Cesar Chavez School Project) Series A | | |
| 5.25% 7/1/50 | 880,000 | 830,386 |
| University of Minnesota | | |
| Series A 5.25% 12/1/28 | 500,000 | 584,830 |
| Series A 5.25% 4/1/29 | 1,000,000 | 1,128,810 |
| Series C 5.00% 12/1/19 | 1,290,000 | 1,477,373 |
| Series D 5.00% 12/1/27 | 1,110,000 | 1,278,232 |
| Series D 5.00% 12/1/28 | 1,880,000 | 2,154,010 |
| Series D 5.00% 12/1/29 | 2,265,000 | 2,585,883 |

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Schedule of investments

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

| | Principal Amount ° | Value (U.S. \$) |
|--|-----------------------|--------------------|
| Municipal Bonds (continued) | | |
| Education Revenue Bonds (continued) | | |
| University of Minnesota | | |
| Series D 5.00% 12/1/31 | 1,000,000 | \$ 1,134,080 |
| Series D 5.00% 12/1/36 | 3,000,000 | 3,359,070 |
| | | 32,659,245 |
| Electric Revenue Bonds 9.55% | | |
| Central Minnesota Municipal Power Agency Revenue (Brookings Southeast Twin Cities Transportation) 5.00% 1/1/32 | 1,130,000 | 1,240,209 |
| (Brookings Twin Cities Transmission Project) 5.00% 1/1/42 | 1,000,000 | 1,082,330 |
| Chaska Electric Revenue (Generating Facilities) Series A 5.25% 10/1/25 | 250,000 | 253,120 |
| Minnesota Municipal Power Agency Electric Revenue 5.00% 10/1/25 | 500,000 | 591,445 |
| 5.00% 10/1/26 | 500,000 | 584,325 |
| 5.00% 10/1/27 | 320,000 | 370,870 |
| Northern Municipal Power Agency Series A 5.00% 1/1/26 | 100,000 | 114,504 |
| Series A 5.00% 1/1/30 | 340,000 | 380,052 |
| Rochester Electric Utility Revenue Series B 5.00% 12/1/30 | 1,300,000 | 1,492,153 |
| Series B 5.00% 12/1/43 | 1,000,000 | 1,113,170 |
| Southern Minnesota Municipal Power Agency Supply Revenue Series A 5.25% 1/1/30 | 1,030,000 | 1,135,348 |
| Western Minnesota Municipal Power Agency Supply Revenue Series A 5.00% 1/1/25 | 3,000,000 | 3,516,900 |
| Series A 5.00% 1/1/26 | 1,000,000 | 1,160,420 |
| Series A 5.00% 1/1/33 | 1,000,000 | 1,134,660 |
| Series A 5.00% 1/1/40 | 750,000 | 837,967 |
| Series A 5.00% 1/1/46 | 1,000,000 | 1,103,300 |
| | | 16,110,773 |
| Healthcare Revenue Bonds 35.49% | | |
| Anoka Health Care Facilities Revenue 5.375% 11/1/34 | 610,000 | 632,960 |
| Anoka Health Care Facilities Revenue (Homestead Anoka Project) | | |

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| | | |
|--|-----------|-----------|
| Series A 7.00% 11/1/46 | 1,200,000 | 1,284,672 |
| Center City Health Care Facilities Revenue (Hazelden Betty Ford Foundation Project) | | |
| 5.00% 11/1/27 | 500,000 | 572,330 |
| 5.00% 11/1/29 (Hazelden Foundation Project) | 300,000 | 339,777 |
| 4.75% 11/1/31 | 850,000 | 881,441 |
| 5.00% 11/1/41 | 1,600,000 | 1,680,256 |
| City of Hayward (American Baptist Homes Midwest) 5.75% 2/1/44 | 500,000 | 516,215 |
| Cloquet Housing Facilities Revenue (HADC Cloquet Project) | | |
| Series A 5.00% 8/1/48 | 500,000 | 503,030 |
| Deephaven Housing & Healthcare Revenue (St. Therese Senior Living Project) | | |
| Series A 5.00% 4/1/38 | 280,000 | 282,125 |
| Series A 5.00% 4/1/40 | 270,000 | 271,704 |
| Duluth Economic Development Authority (St. Luke's Hospital Authority Obligation Group) | | |
| 5.75% 6/15/32 | 1,400,000 | 1,540,812 |
| 6.00% 6/15/39 | 1,000,000 | 1,105,710 |
| Fergus Falls Health Care Facilities Revenue (Lake Region Healthcare) | | |
| 5.00% 8/1/30 | 1,000,000 | 1,019,190 |
| Hayward Health Care Facilities Revenue (St. John's Lutheran Home of Albert Lea) | | |
| 5.375% 10/1/44 | 680,000 | 680,306 |
| Maple Grove Health Care System Revenue (Maple Grove Hospital) | | |
| 5.25% 5/1/37 | 1,100,000 | 1,148,664 |

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(Unaudited)

| | Principal Amount ^o | Value (U.S. \$) |
|--|----------------------------------|--------------------|
| Municipal Bonds (continued) | | |
| Healthcare Revenue Bonds (continued) | | |
| Minneapolis Health Care System Revenue (Fairview Health Services) Series A 6.375% 11/15/23 | 1,105,000 | \$ 1,272,142 |
| Series A 6.625% 11/15/28 | 1,150,000 | 1,329,665 |
| Series B 6.50% 11/15/38 (ASSURED GTY) | 2,295,000 | 2,645,515 |
| Series D 5.00% 11/15/34 (AMBAC) | 2,000,000 | 2,015,520 |
| Minneapolis Revenue (National Marrow Donor Program Project) Series NMDP 4.875% 8/1/25 | 1,000,000 | 1,028,480 |
| Minneapolis Senior Housing & Healthcare Revenue (Ecumen Mill City Quarter) 5.00% 11/1/35 | 220,000 | 219,151 |
| 5.25% 11/1/45 | 850,000 | 850,748 |
| 5.375% 11/1/50 | 200,000 | 199,042 |
| Minneapolis St. Paul Housing & Redevelopment Authority Health Care Revenue (Children s Health Care Facilities) Series A1 5.00% 8/15/34 (AGM) | 500,000 | 548,405 |
| Minnesota Agricultural & Economic Development Board Revenue (Healthcare System) Series A 5.75% 11/15/26 (NATL-RE) | 100,000 | 100,212 |
| (Healthcare System) Unrefunded Balance Series A 6.375% 11/15/29 | 195,000 | 195,864 |
| 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 | 1,360,898 |
| Rochester Health Care Facilities Revenue (Mayo Clinic) 4.00% 11/15/41 | 1,220,000 | 1,367,571 |
| Rochester Health Care Facilities Revenue Series C 4.50% | 4,860,000 | 4,932,851 |

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| | | | |
|--------------------------------|--|-----------|-----------|
| 11/15/38 | | 1,750,000 | 2,015,440 |
| Sartell Health Care Facilities | | | |
| Revenue | | | |
| (Country Manor Campus | | | |
| Project) | | | |
| 5.25% 9/1/30 | | 1,000,000 | 1,047,020 |
| Series A 5.30% 9/1/37 | | 600,000 | 624,066 |
| Shakopee Health Care | | | |
| Facilities Revenue | | | |
| (St. Francis Regional | | | |
| Medical Center) | | | |
| 4.00% 9/1/31 | | 205,000 | 208,061 |
| 5.00% 9/1/34 | | 165,000 | 181,071 |
| St. Cloud Health Care | | | |
| Revenue | | | |
| (Centracare Health System | | | |
| Project) | | | |
| 5.50% 5/1/39 (ASSURED | | | |
| GTY) | | 1,500,000 | 1,632,030 |
| Series A 5.125% 5/1/30 | | 5,175,000 | 5,676,199 |
| Series B 5.00% 5/1/24 | | 1,400,000 | 1,652,602 |
| St. Paul Housing & | | | |
| Redevelopment Authority | | | |
| Facility | | | |
| (Healtheast Care System | | | |
| Project) | | | |
| 5.00% 11/15/29 | | 395,000 | 421,508 |
| 5.00% 11/15/30 | | 290,000 | 308,456 |
| St. Paul Housing & | | | |
| Redevelopment Authority | | | |
| Health Care Facilities | | | |
| Revenue | | | |
| (Allina Health System) | | | |
| Series A 5.00% 11/15/18 | | | |
| (NATL-RE) | | 1,380,000 | 1,511,928 |
| Series A-1 5.25% | | | |
| 11/15/29 | | 1,395,000 | 1,572,918 |
| (Health Partners Obligation | | | |
| Group Project) 5.00% | | | |
| 7/1/32 | | 600,000 | 672,444 |
| St. Paul Housing & | | | |
| Redevelopment Authority | | | |
| Housing & Health Care | | | |
| Facilities Revenue | | | |
| (Senior Carondelet Village | | | |
| Project) Series A 6.00% | | | |
| 8/1/42 | | 770,000 | 802,063 |

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Schedule of investments

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

| | Principal Amount ° | Value (U.S. \$) |
|---|-----------------------|--------------------|
| Municipal Bonds (continued) | | |
| Healthcare Revenue Bonds (continued) | | |
| St. Paul Housing & Redevelopment Authority Housing & Health Care Facilities Revenue (Senior Episcopal Homes Project) 5.125% 5/1/48 | 1,200,000 | \$ 1,229,208 |
| Series A 4.75% 11/1/31 | 740,000 | 748,998 |
| Washington County Housing & Redevelopment Authority Revenue (Birchwood & Woodbury Projects) Series A 5.625% 6/1/37 | 1,500,000 | 1,533,900 |
| Wayzata Senior Housing Revenue (Folkestone Senior Living Community) Series A 5.50% 11/1/32 | 420,000 | 455,183 |
| Series A 5.75% 11/1/39 | 945,000 | 1,018,578 |
| Series A 6.00% 5/1/47 | 1,475,000 | 1,600,169 |
| Winona Health Care Facilities Revenue (Winona Health Obligation) 4.65% 7/1/26 | 465,000 | 487,441 |
| 4.75% 7/1/27 | 785,000 | 821,911 |
| 5.00% 7/1/23 | 1,010,000 | 1,052,390 |
| 5.00% 7/1/34 | 750,000 | 789,465 |
| Woodbury Housing & Redevelopment Authority Revenue (St. Therese of Woodbury) 5.125% 12/1/44 | 1,250,000 | 1,272,613 |
| | | 59,860,918 |
| Housing Revenue Bonds 3.60% | | |
| Minneapolis Multifamily Housing Revenue (Olson Townhomes Project) 6.00% 12/1/19 (AMT) | 475,000 | 475,328 |
| (Seward Towers Project) 5.00% 5/20/36 (GNMA) | 1,910,000 | 1,916,188 |
| Minnesota State Housing Finance Agency (Residential Housing) Series D 4.75% 7/1/32 (AMT) | 730,000 | 734,292 |
| Series I 5.15% 7/1/38 (AMT) | 535,000 | 537,172 |
| Minnesota State Housing | | |

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| | | | |
|--------------------------------|---|-----------|------------------------|
| | Finance Agency Series L 5.10% 7/1/38 (AMT) | 1,065,000 | 1,095,086 |
| | Minnesota State Housing Finance Agency Homeownership (Mortgage-Backed Securities Program) 4.40% 7/1/32 (GNMA) (FNMA) | 1,235,000 | 1,319,807 6,077,873 |
| Lease Revenue Bonds | 14.97% | | |
| | Minnesota State General Fund Revenue Appropriations Series A 5.00% 6/1/32 | 780,000 | 883,342 |
| | Series A 5.00% 6/1/38 | 5,500,000 | 6,154,940 |
| | Series A 5.00% 6/1/43 | 1,750,000 | 1,928,867 |
| | Series B 4.00% 3/1/26 | 3,000,000 | 3,221,070 |
| | Series B 5.00% 3/1/21 | 1,500,000 | 1,762,065 |
| | Series B 5.00% 3/1/29 | 3,525,000 | 4,019,804 |
| | University of Minnesota Special Purpose Revenue (State Supported Biomed Science Research) 5.00% 8/1/35 | 1,040,000 | 1,172,434 |
| | 5.00% 8/1/36 | 4,000,000 | 4,463,120 |
| | Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25 | 680,000 | 683,359 |
| | 5.375% 10/1/30 | 965,000 | 969,092 25,258,093 |
| Local General Obligation Bonds | 7.30% | | |
| | City of Willmar (Rice Memorial Hospital Project) Series A 4.00% 2/1/32 | 2,440,000 | 2,526,425 |
| | Dakota County Community Development Agency (Senior Housing Facilities) Series A 0.00% 1/1/23-1 | 1,100,000 | 1,100,143 |
| | Hopkins Independent School District No. 270 Series A 5.00% 2/1/28 | 1,000,000 | 1,133,740 |

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(Unaudited)

| | Principal Amount ^o | Value (U.S. \$) |
|--|----------------------------------|------------------------|
| Municipal Bonds (continued) | | |
| Local General Obligation Bonds (continued) | | |
| Rocori Independent School District No. 750 (School Building) Series B 5.00% 2/1/22 | 1,010,000 | \$ 1,127,251 |
| Series B 5.00% 2/1/24 | 1,075,000 | 1,199,044 |
| Series B 5.00% 2/1/25 | 1,115,000 | 1,240,359 |
| Series B 5.00% 2/1/26 | 1,155,000 | 1,284,857 |
| St. Paul Independent School District No. 625 (School Building) Series B 5.00% 2/1/22 | 1,300,000 | 1,543,256 |
| Series B 5.00% 2/1/26 | 1,000,000 | 1,163,800 |
| | | 12,318,875 |
| Pre-Refunded/Escrowed to Maturity Bonds 22.28% | | |
| Dakota-Washington Counties Housing & Redevelopment Authority Single Family Residential Mortgage Revenue (Bloomington Single Family Residential Mortgage) Series B 8.375% 9/1/21 (GNMA) (AMT) | 7,055,000 | 9,528,130 |
| Southern Minnesota Municipal Power Agency Revenue Series A 5.75% 1/1/18 | 2,120,000 | 2,188,709 |
| 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 1,000,000 | 4,187,164 1,131,680 |
| St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Health Partners Obligation Group Project) 5.25% 5/15/36-16 | 2,000,000 | 2,127,720 |
| St. Paul Housing & Redevelopment Authority Hospital Revenue (Health East Project) 6.00% 11/15/30-15 6.00% 11/15/35-15 | 775,000 2,500,000 | 791,686 2,553,825 |
| St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project) 5.55% 11/1/23 5.55% 11/1/23 (NATL-RE) (IBC) | 2,125,000 3,875,000 | 2,208,576 4,027,404 |

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| | | | |
|--------------------------------|--------|-----------|------------|
| University of Minnesota | | | |
| Series A 5.50% 7/1/21 | | 4,000,000 | 4,728,120 |
| Series A 5.75% 7/1/18 | | 1,750,000 | 1,991,097 |
| University of Minnesota | | | |
| Hospital & Clinics | | | |
| 6.75% 12/1/16 | | 2,000,000 | 2,109,960 |
| | | | 37,574,071 |
| Special Tax Revenue Bonds | 5.95% | | |
| Guam Government Business | | | |
| Privilege Tax Revenue | | | |
| Series A 5.25% 1/1/36 | | 150,000 | 164,691 |
| Hennepin County Sales Tax | | | |
| Revenue | | | |
| (Second Lien-Ballpark | | | |
| Project) Series B 4.75% | | | |
| 12/15/27 | | 1,905,000 | 2,057,629 |
| Minneapolis Community | | | |
| Planning & Economic | | | |
| Development Department | | | |
| (Limited Tax Supported | | | |
| Common Bond Fund) | | | |
| 6.25% 12/1/30 | | 1,000,000 | 1,192,890 |
| Series 1 5.50% 12/1/24 | | | |
| (AMT) | | 1,000,000 | 1,019,820 |
| Series 5 5.70% 12/1/27 | | 375,000 | 381,345 |
| Minnesota Public Safety Radio | | | |
| 5.00% 6/1/23 | | 2,845,000 | 3,209,786 |
| St. Paul Port Authority | | | |
| (Brownfields | | | |
| Redevelopment Tax) | | | |
| Series 2 5.00% 3/1/37 | | 895,000 | 944,234 |
| St. Paul Sales Tax Revenue | | | |
| Series G 5.00% 11/1/30 | | 935,000 | 1,060,982 |
| | | | 10,031,377 |
| State General Obligation Bonds | 11.56% | | |
| Minnesota State | | | |
| (State Trunk Highway) | | | |
| Series B 5.00% 10/1/22 | | 5,500,000 | 6,513,045 |
| Series B 5.00% 10/1/29 | | 3,315,000 | 3,828,792 |
| (State Various Purpose) | | | |
| Series D 5.00% 8/1/24 | | 2,700,000 | 3,140,073 |

(continues) NQ-OVJ [6/15] 8/15 (15007) 5

Schedule of investments

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

| | Principal Amount ^o | Value (U.S. \$) |
|--|----------------------------------|----------------------|
| Municipal Bonds (continued) | | |
| State General Obligation Bonds (continued) | | |
| Minnesota State (Various Purposes) Series F 5.00% 10/1/22 | 5,000,000 | \$ 6,024,700 |
| | | 19,506,610 |
| Transportation Revenue Bonds 4.50% | | |
| Minneapolis St. Paul Metropolitan Airports Commission Revenue 5.00% 1/1/21 | 2,600,000 | 3,035,526 |
| 5.00% 1/1/22 | 670,000 | 771,230 |
| Subordinate Series B 5.00% 1/1/26 | 540,000 | 617,080 |
| Series B 5.00% 1/1/26 (AMT) | 500,000 | 566,135 |
| Series B 5.00% 1/1/27 | 1,190,000 | 1,349,960 |
| Series B 5.00% 1/1/30 | 500,000 | 558,995 |
| Series B 5.00% 1/1/31 | 250,000 | 279,183 |
| St. Paul Port Authority Revenue (Amherst H Wilder Foundation) Series 3 5.00% 12/1/36 | 380,000 | 410,632 |
| | | 7,588,741 |
| Water & Sewer Revenue Bonds 1.61% | | |
| Metropolitan Council Waste Water Revenue Series B 4.00% 9/1/27 | 1,145,000 | 1,242,955 |
| St. Paul Sewer Revenue Series D 5.00% 12/1/21 | 1,325,000 | 1,464,787 |
| | | 2,707,742 |
| Total Municipal Bonds | | |
| (cost \$229,758,923) | | 241,100,654 |
| Total Value of | | |
| Securities 142.93% (cost \$229,758,923) | | 241,100,654 |
| Liquidation Value of | | |
| Preferred Stock (44.46%) | | (75,000,000) |
| Receivables and Other | | |
| Assets Net of Liabilities 1.53% | | 2,583,965 |
| Net Assets 100.00% | | \$168,684,619 |

^o 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 June 30, 2015. Interest rates reset periodically.

Summary of abbreviations:

AGM Insured by Assured Guaranty Municipal Corporation
AMBAC Insured by AMBAC Assurance Corporation
AMT Subject to Alternative Minimum Tax

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ASSURED GTY Insured by Assured Guaranty Corporation
FNMA Federal National Mortgage Association Collateral
GNMA Government National Mortgage Association Collateral
IBC Insured Bond Certificate
NATL-RE Insured by National Public Finance Guarantee Corporation

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Notes

Delaware Investments[®] Minnesota Municipal Income Fund II, Inc.
June 30, 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 (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 June 30, 2015:

| | |
|-----------------|---------------|
| | Level 2 |
| Municipal Bonds | \$241,100,654 |

During the period ended June 30, 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.

Notes

June 30, 2015 (Unaudited)

3. Subsequent Events

Management has determined that no material events or transactions occurred subsequent to June 30, 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:
