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Delaware Investments National Municipal Income Fund
Form N-CSR
May 28, 2010

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: 811-07410

Exact name of registrant as specified in charter:
Delaware Investments® National Municipal Income Fund

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: March 31, 2010

Item 1. Reports to Stockholders

Annual Report Delaware Investments Closed-End Municipal Bond Funds	March 31, 2010
	The figures in the annual report for Delaware Investments Closed-End Municipal Bond Funds represent past results, which are not a guarantee of future results. A rise or fall in interest rates can have a significant impact on bond prices. Funds that invest in bonds can lose their value as interest rates rise.

Closed-end funds

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On January 4, 2010, Delaware Management Holdings, Inc., and its subsidiaries (collectively known by the marketing name of Delaware Investments) were sold by a subsidiary of Lincoln National Corporation to Macquarie Group Limited, a global provider of banking, financial, advisory, investment and funds management services. For more information, including press releases, please visit www.delawareinvestments.com.

Unless otherwise noted, views expressed herein are current as of March 31, 2010 and are subject to change. Holdings are as of the date indicated and subject to change.

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. Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries, including the Funds' distributor, Delaware Distributors, L.P. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.

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

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds
April 6, 2010

Delaware Investments Closed-End Municipal Bond Funds

The 12-month fiscal period ended March 31, 2010, was a favorable one for the Funds and for investors in tax-exempt debt in general. The strong conditions came after two very challenging years for the municipal bond market.

National economic environment

On the heels of a historically difficult prior fiscal period, the stage was set for a strong “snapback” recovery. Such a recovery came to fruition for the municipal market (as well as the broader fixed income and equity markets) early during the fiscal period. In our view, this recovery was the defining element of the period. For example, investors’ extreme risk aversion eased within weeks of the start of the period — slowly at first, and more quickly as the year progressed. The series of aggressive actions taken by the federal government as well as the Federal Reserve helped to usher in the improved conditions. In December 2008, for example, the Fed cut its target federal funds rate to a range of 0–0.25%, an all-time low. The Fed kept that policy in place throughout the Funds’ fiscal year. For its part, the federal government passed the Troubled Asset Relief Program (TARP) — a \$700 billion package designed to shore up financial institutions — in October 2008. The passage and implementation of the American Recovery and Reinvestment Act of 2009, a \$787 billion economic stimulus package, in February 2009 also helped to ease economic distress during the Funds’ fiscal year.

By the second quarter of 2009, the worst economic and market conditions appeared to have passed, with the U.S. economy declining by an annual rate of just 0.7%. In the third quarter, gross domestic product turned to growth and expanded at an annualized 2.2% pace, while fourth-quarter growth was estimated at an annual rate of 5.9% — the best result in six years. Despite these favorable signs, joblessness remained historically high. In January 2010, the national unemployment rate stood at 9.7%; this figure was below the October 2009 peak of 10.1%, but well above the 8.2% at the start of the fiscal period. (Data for economic growth: Bureau of Economic Analysis; Employment data: Bloomberg.)

Municipal market trends

Early in the reporting period, municipal bond investors remained highly cautious. They tended to favor higher-rated securities, as these securities face limited credit risk, and shorter-maturity securities, as these bonds are typically subject to diminished interest rate risk. But as the evidence of an improving economy mounted early during the fiscal period, investors began to turn toward bonds offering the prospect of higher returns, albeit with greater risk. The rally gathered momentum in subsequent months thanks in part to a favorable technical environment that generally grew stronger throughout the annual period. The technical developments can be summarized in a few main points:

- Demand for municipal bonds was robust. The \$80 billion in net inflows into tax-exempt bond mutual funds in calendar year 2009 more than doubled the previous record. (Source: Barclays Capital.)
- Although bond issuance approached a new record as well, supply of tax-exempt debt was limited by the introduction of Build America Bonds, or BABs. These bonds represent a relatively new category of taxable debt, with federally subsidized income payments. While they provided municipal issuers with an attractive alternative to traditional tax-exempt bonds, the surge in issuance of BABs continued diverting supply away from the tax-exempt market.
- Within this environment, the 2-to-30-year yield curve flattened during the year. Yields at the short end remained anchored by the fed funds rate. Yet, driven by this combination of strong demand and constrained municipal supply, yields on longer-maturity bonds declined during the period. (It is important to remember that bond yields move in the opposite direction of bond prices.)

Medium- and lower-rated municipal bonds significantly outperformed their higher-rated counterparts during the Funds’ fiscal year. Credit spreads, often viewed as a way to determine a security or asset class’s perceived level of risk, narrowed from historically high levels at the start of the fiscal period. For example, municipal bond spreads (on Baa-rated bonds) declined from 2.39 percentage points above “prime-rated” Aaa securities at the start of the period to

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Portfolio management review

Delaware Investments Closed-End Municipal Bond Funds

1.43 percentage points at the end of the fiscal period. Such a decline represented investors' increased willingness to accept "risky" securities during the fiscal period. (Source: Bloomberg.)

Similar trends occurred when viewing the municipal market on a sector-by-sector basis. Namely, credits within traditionally higher-risk sectors, such as industrial development revenue (IDR), hospital, and housing bonds significantly outperformed lower-risk areas like pre-refunded bonds. (Source: Barclays Capital.) Pre-refunded bonds are found on the short end of the yield curve and have historically faced little, if any, credit risk because they are backed by the invested debt proceeds of a second bond issue, typically U.S. Treasury securities.

Fund positioning

At the beginning of the fiscal year, the Funds were allocated relatively defensively, with an emphasis on higher-rated, shorter-maturity bonds. A significant portion of the Funds' holdings (approximately 30% across each Fund) was invested in pre-refunded securities, which, as noted above, tend to be among the least risky bonds in the municipal marketplace.

As risk tolerance re-emerged during the course of the year, we saw what we felt was an unusually attractive opportunity to gradually and methodically tilt the Funds' portfolios toward a slightly more aggressive stance. Especially during the second and third calendar quarters of 2009, a number of new, lower-rated investment grade issues came to market that offered much-higher-than-usual levels of income at what we believed were still very attractive prices. This provided us with a dual opportunity to trade out of some of the Funds' more defensive holdings (many of which were scheduled to mature in the coming years) for more-aggressively positioned bonds that we felt offered attractive yields and good long-term value potential for our shareholders.

More specifically, many of our new purchases across each of the Funds involved medium- and lower-medium-grade A-rated and BBB-rated issues in the healthcare, education, and transportation sectors. Additionally, we sold some of the Funds' shorter-maturity bonds — especially those with maturities of five years or less — and replaced them with 30-year and longer bonds.

By the final quarter of 2009 and in early 2010, we had essentially completed our repositioning and began to note relatively fewer value opportunities available in the marketplace. We had sold a significant portion of our exposure to high-quality, short-maturity debt — the pre-refunded bond allocation across our closed-end funds, for example, fell to roughly 10% from 30% at the start of the fiscal year — and remained more aggressively positioned at period end.

Performance effects

Our decision to move the Funds toward a more aggressive stance proved a fruitful one when comparing each Fund's Performance to that of its benchmark index. The types of holdings we emphasized during much of the year experienced strong returns relative to the broader municipal market.

Our best individual performers during the fiscal period largely fit the profile of the types of securities that tended to outperform during the period. Namely, they were mid- to low-investment-grade securities with long (20-plus years) maturities.

For example, a Pima County, Ariz., industrial development revenue (IDR) bond issued for the Tucson Country Day School was a top performer within Delaware Investments Arizona Municipal Income Fund, Inc. This bond was unrated by Moody's and rated BBB- (lower medium grade) by Standard & Poor's, and is due to mature in 2037. IDR bonds were among the top performers within Delaware Investments Colorado Municipal Income Fund, Inc. and Delaware Investments Minnesota Municipal Income Fund II, Inc. Within the Colorado Fund IDR bonds issued for the Colorado Convention Center in Denver rated Baa3/ BBB- by Moody's and S&P, respectively, which mature in 2035, added to returns. Within the Minnesota Fund, IDR bonds issued for International Paper boosted the Fund's return. These bonds are rated Baa3/BBB and mature in 2027.

The strongest performer within Delaware Investments National Municipal Income Fund came from a different sector — student housing — though it shared similar rating and maturity profiles with those of the aforementioned bonds. These bonds were issued by the Maryland State Economic

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Development Corporation for the University of Maryland College Park. The bonds are due to mature in 2033 and are rated Baa2 by Moody's (unrated by S&P).

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The Funds' weakest individual performers relative to the index tended to be higher-rated, shorter-maturity bonds. For example, three of the Funds' worst-performing bonds during the year were pre-refunded bonds. Within Delaware Investments Arizona Municipal Income Fund, Inc., pre-refunded bonds issued by the Commonwealth of Puerto Rico (which are exempt from federal, state, and local income taxes in all 50 states) detracted from returns, whereas pre-refunded bonds issued by the Colorado Educational and Cultural Facilities Authority to benefit student housing at the University of Colorado detracted from returns within Delaware Investments Colorado Municipal Income Fund, Inc.

Within Delaware Investments Minnesota Municipal Income Fund II, Inc, pre-refunded bonds issued by the Minneapolis Community Development Agency weakened the Fund's return. Within Delaware Investments National Municipal Income Fund, a Virginia state general obligation bond notably hurt the Fund's return. Unlike the weaker performers mentioned above, this bond was not pre-refunded; instead, it was largely punished by investors for its high credit quality (rated Aaa/AAA by Moody's and S&P, respectively) during a period when lower-rated, higher-risk securities were most in demand.

Economic environments by state

Arizona

The Arizona economy has slowed significantly due to the housing crisis, with employment figures down significantly from their peak in 2007.

Arizona ended fiscal 2009 with a general fund balance of negative \$455.9 million, down from a positive \$237.3 million in fiscal 2008. Its budget stabilization fund is fully depleted. Additionally, the state is dealing with limited financial flexibility as a result of voter mandates and constitutional constraints. For example, 73% of the state's General Fund Budget is protected from reductions due to either the federal stimulus or voter constraints. (Sources: Bureau of Labor Statistics, azcentral.com, Arizona 2008 and 2009 Comprehensive Annual Financial Report, and Moody's.)

Colorado

As of February 2010 (latest data available), unemployment in Colorado was 7.7%, well below the national rate of 9.7%. The state's economy is diverse, with below-average employment concentration in manufacturing and a variety of service-sector strengths. Its economic outlook is favorable, reflecting a growing population and work force, relatively low costs of living and doing business, and a mix of technology and service industries. Additionally, Colorado is a wealthy state, with per capita income that's above the U.S. average.

Fiscal 2009, state-generated general fund revenues totaled \$11.2 billion, a 0.3% increase over 2008. Colorado ended fiscal 2009 with a general fund balance of \$335 million, up from \$207 million in fiscal 2008. Colorado's Required Statutory Reserve declined \$3.5 million to total \$148.2 million. (Sources: Bureau of Labor Statistics, The Denver Post, Colorado 2008 and 2009 Comprehensive Annual Financial Report, and Moody's.)

Minnesota

Unemployment in Minnesota in February 2010 was 7.3%, well below the national rate of 9.7%. Two-thirds of the jobs lost in the state over the past two years have been in the manufacturing, construction, and retail trade sectors. These three industries are projected to regain only about one-quarter of their losses over the next two years.

Minnesota currently faces a budget deficit of \$994 million for the 2010-2011 biennium, or 3.2% of projected biennial expenditures. The State House and Senate recently fixed about one-third of the budget problem by passing a bill that cut spending by \$312 million. The budget bill cut funding for local governments, colleges and universities, environmental and natural resource programs, economic development, bus operations, courts, prisons, and state agencies. (Sources: Bureau of Labor Statistics, Minnesota Management & Budget, twincities.com, Minnesota 2008 and 2009 Comprehensive Annual Financial Report, and Moody's.)

Fund basics

Delaware Investments
Arizona Municipal Income Fund, Inc.

As of March 31, 2010

Fund objective

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

Total Fund net assets

\$41 million

Number of holdings

56

Fund start date

Feb. 26, 1993

Cusip number

246100101

Delaware Investments
Colorado Municipal Income Fund, Inc.

As of March 31, 2010

Fund objective

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

Total Fund net assets

\$68 million

Number of holdings

55

Fund start date

July 29, 1993

Cusip number

246101109

Delaware Investments
Minnesota Municipal Income Fund II, Inc.

As of March 31, 2010

Fund objective

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

Total Fund net assets

\$162 million

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Number of holdings

96

Fund start date

Feb. 26, 1993

Cusip number

24610V103

Delaware Investments

National Municipal Income Fund

As of March 31, 2010

Fund objective

The Fund seeks to provide current income exempt from regular federal income tax, consistent with the preservation of capital.

Total Fund net assets

\$32 million

Number of holdings

72

Fund start date

Feb. 26, 1993

Cusip number

24610T108

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Sector/State allocations

As of March 31, 2010

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

Delaware Investments
Arizona Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	98.26%
Corporate-Backed Revenue Bonds	3.94%
Education Revenue Bonds	12.74%
Electric Revenue Bonds	10.93%
Health Care Revenue Bonds	22.44%
Housing Revenue Bonds	1.36%
Lease Revenue Bonds	6.45%
Local General Obligation Bonds	4.66%
Pre-Refunded/Escrowed to Maturity Bonds	6.91%
Special Tax Revenue Bonds	14.36%
State General Obligation Bond	0.85%
Transportation Revenue Bond	4.88%
Water & Sewer Revenue Bonds	8.74%
Total Value of Securities	98.26%
Receivables and Other Assets Net of Liabilities	1.74%
Total Net Assets	100.00%

Delaware Investments
Colorado Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	99.48%
Corporate-Backed Revenue Bond	1.23%
Education Revenue Bonds	20.07%
Electric Revenue Bonds	5.76%
Health Care Revenue Bonds	11.55%
Housing Revenue Bonds	2.73%
Lease Revenue Bonds	6.71%
Local General Obligation Bonds	8.40%
Pre-Refunded/Escrowed to Maturity Bonds	18.75%
Special Tax Revenue Bonds	10.19%
State General Obligation Bonds	5.46%
Transportation Revenue Bond	1.14%
Water & Sewer Revenue Bonds	7.49%
Short-Term Investment	0.15%
Total Value of Securities	99.63%
Receivables and Other Assets Net of Liabilities	0.37%
Total Net Assets	100.00%

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Sector/State allocations

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

Delaware Investments
Minnesota Municipal Income Fund II, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	98.98%
Corporate-Backed Revenue Bonds	5.70%
Education Revenue Bonds	7.65%
Electric Revenue Bonds	10.78%
Health Care Revenue Bonds	15.64%
Housing Revenue Bonds	8.28%
Lease Revenue Bonds	6.29%
Local General Obligation Bonds	9.47%
Pre-Refunded/Escrowed to Maturity Bonds	22.82%
Special Tax Revenue Bonds	2.95%
State General Obligation Bond	0.65%
Transportation Revenue Bonds	7.84%
Water & Sewer Revenue Bond	0.91%
Total Value of Securities	98.98%
Receivables and Other Assets Net of Liabilities	1.02%
Total Net Assets	100.00%

Delaware Investments
National Municipal Income Fund

Sector	Percentage of Net Assets
Municipal Bonds	99.94%
Corporate-Backed Revenue Bonds	13.04%
Education Revenue Bonds	5.60%
Electric Revenue Bond	3.34%
Health Care Revenue Bonds	17.16%
Housing Revenue Bonds	6.51%
Local General Obligation Bonds	2.58%
Special Tax Revenue Bonds	23.11%
State General Obligation Bonds	7.91%
Transportation Revenue Bonds	12.18%
Water & Sewer Revenue Bonds	8.51%
Short-Term Investment	0.95%
Total Value of Securities	100.89%
Liabilities Net of Receivables and Other Assets	(0.89%)
Total Net Assets	100.00%

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State (as a % of fixed income investments)	
Arizona	3.70%
California	8.04%
Colorado	0.94%
Florida	34.90%
Georgia	2.90%
Hawaii	0.98%
Idaho	0.85%
Illinois	0.98%
Iowa	1.66%
Maryland	1.99%
Massachusetts	1.93%
Missouri	1.59%
New Hampshire	0.99%
New Mexico	1.56%
New York	9.71%
Ohio	2.86%
Pennsylvania	6.39%
Puerto Rico	12.85%
Texas	1.88%
Virginia	2.51%
Washington D.C.	0.79%
Total	100.00%

Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

March 31, 2010

	Principal Amount	Value
Municipal Bonds – 98.26%		
Corporate-Backed Revenue Bonds – 3.94%		
•Navajo County Pollution Control Revenue (Arizona Public Services) Series D 5.75% 6/1/34	\$ 500,000	\$ 521,210
Pima County Industrial Development Authority Pollution Control Revenue (Tucson Electric Power San Juan) 5.75% 9/1/29 Series A 4.95% 10/1/20	250,000 500,000	253,200 496,770
Salt Verde Financial Gas Revenue Senior 5.00% 12/1/37	400,000	349,692
		1,620,872
Education Revenue Bonds – 12.74%		
Arizona Board of Regents System Revenue (University of Arizona) Series A 5.00% 6/1/39 Series 8-A 5.00% 6/1/18 5.00% 6/1/19	500,000 200,000 375,000	514,790 225,500 417,596
Arizona Health Facilities Authority Health Care Education Facilities Revenue (Kirksville College) 5.125% 1/1/30	500,000	494,755
Glendale Industrial Development Authority Revenue Refunding (Midwestern University) 5.00% 5/15/31	350,000	332,042
Northern Arizona University Certificates of Participation (Northern Arizona University Research Project) 5.00% 9/1/30 (AMBAC)	1,000,000	965,220
Pima County Industrial Development Authority Educational Revenue Refunding (Tucson Country Day School Project) 5.00% 6/1/37	500,000	381,590
South Campus Group Student Housing Revenue (Arizona State University South Campus Project) 5.625% 9/1/35 (NATL-RE)	1,000,000	1,003,180
University of Puerto Rico System Revenue Series Q 5.00% 6/1/36	1,000,000	899,080
		5,233,753
Electric Revenue Bonds – 10.93%		
Puerto Rico Electric Power Authority Power Revenue Series TT 5.00% 7/1/37 Series WW 5.50% 7/1/38 Series XX 5.25% 7/1/40	100,000 200,000 805,000	96,110 203,028 798,898
Salt River Project Agricultural Improvement & Power District Electric System Revenue Series A 5.00% 1/1/31 5.00% 1/1/39	1,000,000 1,000,000	1,021,940 1,046,450
Salt River Project Agricultural		

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	Improvement & Power District Electric System Revenue Series B 5.00% 1/1/25	1,250,000	1,326,100
			4,492,526
Health Care Revenue Bonds – 22.44%			
	Arizona Health Facilities Authority Revenue (Banner Health) Series D 5.50% 1/1/21 (Catholic Healthcare West) Series D 5.00% 7/1/28	500,000	530,360
		500,000	488,840
	Glendale Industrial Development Authority Hospital Revenue Refunding (John C. Lincoln Health) 5.00% 12/1/42	1,500,000	1,305,300
	Maricopa County Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 5.25% 7/1/32 6.00% 7/1/39	400,000 500,000	397,372 521,940
	Scottsdale Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.25% 9/1/30	500,000	491,375
	Show Low Industrial Development Authority Hospital Revenue Refunding (Navapache Regional Medical Center) Series A 5.50% 12/1/17 (ACA)	1,600,000	1,600,544
	University Medical Center Hospital Revenue 5.00% 7/1/33 5.00% 7/1/35 6.50% 7/1/39	1,000,000 500,000 500,000	931,040 464,765 532,090
	Yavapai County Industrial Development Authority Revenue (Yavapai Regional Medical Center) Series A 5.25% 8/1/21 (RADIAN)	2,000,000	1,956,439
			9,220,065
Housing Revenue Bonds – 1.36%			
	Phoenix Industrial Development Authority Single Family Mortgage Statewide Revenue Series A 5.35% 6/1/20 (GNMA) (FNMA) (FHLMC) (AMT)	340,000	340,211
	Pima County Industrial Development Authority Single Family Mortgage Housing Revenue Series A-1 6.125% 11/1/33 (GNMA) (FNMA) (FHLMC) (AMT)	30,000	30,045
	Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.50% 12/1/18	175,000	190,010
			560,266

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	Principal Amount	Value
Municipal Bonds (continued)		
Lease Revenue Bonds – 6.45%		
Arizona Certificates of Participation Department Administration Series A 5.25% 10/1/25 (AGM)	\$ 500,000	\$ 526,360
Arizona Game & Fishing Department & Commission Beneficial Interest Certificates (AGF Administration Building Project) 5.00% 7/1/26	640,000	648,864
Nogales Development Authority Municipal Facilities Revenue 5.00% 6/1/30 (AMBAC)	500,000	451,665
Pima County Industrial Development Authority Lease Revenue Metro Police Facility (Nevada Project) Series A 5.25% 7/1/31	500,000	513,975
5.375% 7/1/39	500,000	508,520
		2,649,384
Local General Obligation Bonds – 4.66%		
Gila County Unified School District #10 (Payson School Improvement Project of 2006) Series A 5.25% 7/1/27 (AMBAC)	500,000	512,985
Maricopa County School District #6 (Washington Elementary) Refunding Series A 5.375% 7/1/13 (AGM)	1,250,000	1,403,475
		1,916,460
§Pre-Refunded/Escrowed to Maturity Bonds – 6.91%		
Puerto Rico Commonwealth Public Improvement Revenue Series A 5.125% 7/1/31-11	250,000	264,470
Southern Arizona Capital Facilities Finance (University of Arizona Project) 5.00% 9/1/23-12 (NATL-RE)	1,000,000	1,096,300
University of Arizona Certificates of Participation (University of Arizona Project) Series B 5.125% 6/1/22-12 (AMBAC)	500,000	543,695
Virgin Islands Public Finance Authority Revenue (Gross Receipts Tax Loan Note) Series A 6.125% 10/1/29-10 (ACA)	900,000	934,812
		2,839,277
Special Tax Revenue Bonds – 14.36%		
Flagstaff Aspen Place Sawmill Improvement District Revenue 5.00% 1/1/32	385,000	385,054
Gilbert Public Facilities Municipal Property Revenue 5.00% 7/1/25	500,000	526,055
Glendale Municipal Property Series A 5.00% 7/1/33 (AMBAC)	2,000,000	2,027,979
Marana Tangerine Farm Road Improvement District Revenue 4.60% 1/1/26	924,000	829,854
Peoria Municipal Development Authority Sales Tax & Excise Shared Revenue (Senior Lien & Subordinate Lien) 5.00% 1/1/18	1,085,000	1,222,817
Queen Creek Improvement District #1 5.00% 1/1/32	1,000,000	907,490
		5,899,249
State General Obligation Bond – 0.85%		
Puerto Rico Commonwealth Refunding		

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(Public Improvement) Series C 6.00% 7/1/39	335,000	350,196
Transportation Revenue Bond – 4.88%		350,196
Phoenix Civic Improvement Airport Revenue (Senior Lien) Series B 5.25% 7/1/27 (NATL-RE) (FGIC) (AMT)	2,000,000	2,006,560
		2,006,560
Water & Sewer Revenue Bonds – 8.74%		
Phoenix Civic Improvement Wastewater Systems Revenue Junior Lien 5.00% 7/1/19 (NATLE-RE) Refunding 5.00% 7/1/24 (NATL-RE) (FGIC)	850,000	940,143
	1,000,000	1,022,840
Phoenix Civic Improvement Water Systems Revenue Junior Lien Series A 5.00% 7/1/39	900,000	932,643
Scottsdale Water & Sewer Revenue Refunding 5.00% 7/1/19	600,000	697,590
		3,593,216
Total Municipal Bonds (cost \$40,336,034)		40,381,824
Total Value of Securities – 98.26% (cost \$40,336,034)		40,381,824
Receivables and Other Assets		
Net of Liabilities – 1.74%		713,536
Net Assets Applicable to 2,982,200 Shares Outstanding; Equivalent to \$13.78 Per Share – 100.00%		\$ 41,095,360
Components of Net Assets March 31, 2010:		
Common stock, \$0.01 par value, 200 million shares authorized to the Fund		\$ 40,651,205
Undistributed net investment income		268,364
Accumulated net realized gain on investments		130,001
Net unrealized appreciation of investments		45,790
Total net assets		\$ 41,095,360

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Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

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

•Variable rate security. The rate shown is the rate as of March 31, 2010.

Summary of Abbreviations:

ACA — Insured by American Capital Access

AGM — Insured by Assured Guaranty Municipal Corporation

AMBAC — Insured by the AMBAC Assurance Corporation

AMT — Subject to Alternative Minimum Tax

FGIC — Insured by the Financial Guaranty Insurance Company

FHLMC — Federal Home Loan Mortgage Corporation Collateral

FNMA — Federal National Mortgage Association Collateral

GNMA — Government National Mortgage Association Collateral

NATL-RE — Insured by the National Public Finance Guarantee Corporation

RADIAN — Insured by Radian Asset Assurance

See accompanying notes

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Delaware Investments Colorado Municipal Income Fund, Inc.

March 31, 2010

	Principal Amount	Value
Municipal Bonds – 99.48%		
Corporate-Backed Revenue Bond – 1.23%		
Public Authority for Colorado Energy National Gas Purpose Revenue Series 2008 6.50% 11/15/38	\$ 750,000	\$ 832,988
		832,988
Education Revenue Bonds – 20.07%		
Boulder County Development Revenue Refunding (University Corporation for Atmospheric Research) 5.00% 9/1/26 (NATL-RE)	3,000,000	3,020,249
Colorado Board of Governors Revenue (University Enterprise System) Series A 5.00% 3/1/39	700,000	725,445
Colorado Educational & Cultural Facilities Authority Revenue (Bromley Charter School Project) Refunding 5.25% 9/15/32 (XLCA) (Johnson & Wales University Project) Series A 5.00% 4/1/28 (XLCA) (Littleton Charter School Project) Refunding 4.375% 1/15/36 (CIFG) Student Housing (Campus Village Apartments) Refunding 5.00% 6/1/23	1,000,000 3,000,000 1,200,000 1,065,000	992,160 2,823,449 999,156 1,085,725
Student Housing (University of Northern Colorado) Series A 5.00% 7/1/31 (NATL-RE)	2,500,000	2,365,225
University of Colorado Enterprise Systems Revenue Series A 5.375% 6/1/38	750,000	796,485
Western State College 5.00% 5/15/34	750,000	769,298
		13,577,192
Electric Revenue Bonds – 5.76%		
Platte River Power Authority Power Revenue Series HH 5.00% 6/1/28	1,500,000	1,612,289
Puerto Rico Electric Power Authority Power Revenue Series TT 5.00% 7/1/37	685,000	658,354
Series WW 5.50% 7/1/38	300,000	304,542
Series XX 5.25% 7/1/40	1,335,000	1,324,881
		3,900,066
Health Care Revenue Bonds – 11.55%		
Colorado Health Facilities Authority Revenue (Catholic Health Initiatives) Series A 5.00% 7/1/39	750,000	753,803
Series D 6.125% 10/1/28 (Evangelical Lutheran) 5.25% 6/1/23	750,000 1,000,000	833,618 969,429
Series A 6.125% 6/1/38 (Porter Place) Series A 6.00% 1/20/36 (GNMA)	750,000 2,515,000	754,433 2,546,763
Colorado Springs Hospital Revenue Refunding 6.25% 12/15/33	750,000	795,270
University of Colorado Hospital Authority Revenue Series A 5.00% 11/15/37	500,000	480,440
6.00% 11/15/29	650,000	681,909
		7,815,665

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Housing Revenue Bonds – 2.73%			
Colorado Housing & Finance Authority (Single Family Mortgage - Class I) Series A 5.50% 11/1/29 (FHA) (VA) (HUD)	500,000		525,500
Puerto Rico Housing Finance Authority Subordinate-Capital Foundation Modernization 5.125% 12/1/27	1,000,000		993,610
5.50% 12/1/18	300,000		325,731
			1,844,841
Lease Revenue Bonds – 6.71%			
Aurora Certificates of Participation Refunding Series A 5.00% 12/1/30	630,000		656,945
Glendale Certificates of Participation 5.00% 12/1/25 (XLCA)	1,500,000		1,532,295
•Puerto Rico Public Buildings Authority Revenue Refunding Guaranteed (Government Facilities) Series M-2 5.50% 7/1/35 (AMBAC)	700,000		715,029
Westminster Building Authority Certificates of Participation 5.25% 12/1/22 (NATL-RE)	1,555,000		1,636,731
			4,541,000
Local General Obligation Bonds – 8.40%			
Adams & Arapahoe Counties Joint School District #28J (Aurora) 6.00% 12/1/28	600,000		687,594
Arapahoe County Water & Wastewater Public Improvement District Refunding Series A 5.125% 12/1/32 (NATL-RE)	635,000		636,441
Boulder Larimer & Weld Counties Vrain Valley School District Re-1J 5.00% 12/15/33	750,000		779,730
Bowles Metropolitan District Refunding 5.00% 12/1/33 (AGM)	2,000,000		2,012,500
Denver City & County School District #1 Series A 5.00% 12/1/29	240,000		258,158
Jefferson County School District #R-1 (Supplemental Interest Regional Coupons) Refunding 5.25% 12/15/24	750,000		885,203
Sand Creek Metropolitan District Refunding & Improvement 5.00% 12/1/31 (XLCA)	500,000		421,090
			5,680,716

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Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded/Escrowed to Maturity Bonds – 18.75%		
Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) 5.00% 7/1/27-12 (AMBAC) (University of Denver Project) Refunding & Improvement Series B 5.25% 3/1/35-16 (FGIC)	\$ 4,000,000	\$ 4,350,840
	1,000,000	1,168,870
Denver Convention Center Hotel Authority Revenue Senior Series A 5.00% 12/1/33-13 (XLCA)	3,000,000	3,349,050
Northwest Parkway Public Highway Authority Senior Series A 5.25% 6/15/41-11 (AGM)	1,500,000	1,612,305
Ute Water Conservancy District Revenue 5.75% 6/15/20-10 (NATL-RE)	2,155,000	2,200,902
		12,681,967
Special Tax Revenue Bonds – 10.19%		
Denver Convention Center Hotel Authority Revenue Senior Refunding 5.00% 12/1/35 (XLCA)	1,575,000	1,324,780
Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series K 5.00% 7/1/30	750,000	718,613
Puerto Rico Sales Tax Financing Sales Tax Revenue First Subordinate Series B 5.75% 8/1/37	590,000	628,981
Regional Transportation District Colorado Sales Tax Revenue (Fastracks Project) Series A 4.375% 11/1/31 (AMBAC) 4.50% 11/1/36 (AGM)	1,250,000 3,000,000	1,231,925 2,986,080
		6,890,379
State General Obligation Bonds – 5.46%		
Guam Government Series A 7.00% 11/15/39	750,000	805,118
Puerto Rico Commonwealth Refunding (Public Improvement) Series A 5.50% 7/1/19 (NATL-RE) Series C 6.00% 7/1/39	2,250,000 505,000	2,361,217 527,907
		3,694,242
Transportation Revenue Bond – 1.14%		

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Denver City & County Airport Revenue System Series A 5.25% 11/15/36	750,000	772,808
		772,808
Water & Sewer Revenue Bonds – 7.49%		
Colorado Springs Utilities Revenue Systems Improvement Series C 5.50% 11/15/48	750,000	789,540
Colorado Water Resources & Power Development Authority Small Water Revenue Un-Refunded Balance Series A 5.80% 11/1/20 (FGIC) (NATL-RE)	780,000	784,329
Colorado Water Resources & Power Development Authority Water Resources Revenue (Parker Water & Sanitation District) Series D 5.125% 9/1/34 (NATL-RE) 5.25% 9/1/43 (NATL-RE)	1,500,000 2,000,000	1,498,890 1,993,640
		5,066,399
Total Municipal Bonds		
(cost \$66,072,009)		67,298,263
Short-Term Investment – 0.15%		
•Variable Rate Demand Note – 0.15%		
Colorado Educational & Cultural Facilities Authority Revenue (National Jewish Federation Bond Program) 0.30% 2/1/35 (LOC – Bank of America N. A.)	100,000	100,000
Total Short-Term Investment		
(cost \$100,000)		100,000
Total Value of Securities – 99.63%		
(cost \$66,172,009)		67,398,263
Receivables and Other Assets		
Net of Liabilities – 0.37%		252,539
Net Assets Applicable to 4,837,100		
Shares Outstanding; Equivalent to \$13.99 Per Share – 100.00%		\$ 67,650,802
Components of Net Assets March 31, 2010:		
Common stock, \$0.01 par value, 200 million shares authorized to the Fund	\$	66,918,121
Undistributed net investment income		176,704
Accumulated net realized loss on investments		(670,277)
Net unrealized appreciation of investments		1,226,254
Total net assets	\$	67,650,802

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

•Variable rate security. The rate shown is the rate as of March 31, 2010.

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Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation
AMBAC — Insured by the AMBAC Assurance Corporation
CIFG — CDC IXIS Financial Guaranty
FGIC — Insured by the Financial Guaranty Insurance Company
FHA — Insured by the Federal Housing Administration
GNMA — Government National Mortgage Association Collateral
HUD — Housing and Urban Development Section 8
LOC — Letter of Credit
NATL-RE — Insured by the National Public Finance Guarantee Corporation
XLCA — Insured by XL Capital Assurance
VA — Veterans Administration Collateral

See accompanying notes

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Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

March 31, 2010

	Principal Amount	Value
Municipal Bonds – 98.98%		
Corporate-Backed Revenue Bonds – 5.70%		
Cloquet Pollution Control Revenue Refunding (Potlatch Project) 5.90% 10/1/26	\$ 5,500,000	\$ 5,080,625
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	3,210,720
Sartell Environmental Improvement Revenue Refunding (International Paper) Series A 5.20% 6/1/27	1,000,000	929,080
		9,220,425
Education Revenue Bonds – 7.65%		
Minnesota Higher Education Facilities Authority Revenue (Augsburg College) Series 6-J1 5.00% 5/1/28	1,500,000	1,502,610
(Carleton College) Series 6-T 5.00% 1/1/28	1,000,000	1,055,780
(College of St. Benedict) Series 5-W 5.00% 3/1/20	2,000,000	2,034,620
(St. Mary's University) Series 5-U 4.80% 10/1/23	1,400,000	1,408,512
(University St. Thomas) Series 6-X 5.00% 4/1/29	2,250,000	2,306,047
Series 7-A 5.00% 10/1/39	1,000,000	1,010,550
University of Minnesota Series A 5.25% 4/1/29	1,000,000	1,098,850
Series C 5.00% 12/1/19	1,290,000	1,469,865
University of the Virgin Islands Improvement Series A 5.375% 6/1/34	500,000	481,315
		12,368,149
Electric Revenue Bonds – 10.78%		
Chaska Electric Revenue Refunding (Generating Facilities) Series A 5.25% 10/1/25	250,000	259,540
Minnesota Municipal Power Agency Electric Revenue Series A 5.00% 10/1/34	1,900,000	1,924,415
5.25% 10/1/19	1,610,000	1,705,054
Puerto Rico Electric Power Authority Power Revenue Series XX 5.25% 7/1/40	2,665,000	2,644,799
Southern Minnesota Municipal Power Agency Supply System Revenue Series A 5.25% 1/1/14 (AMBAC)	5,250,000	5,843,198
Western Minnesota Municipal Power Agency Supply Revenue Series A 5.00% 1/1/30 (NATL-RE)	5,000,000	5,053,350
		17,430,356
Health Care Revenue Bonds – 15.64%		
Bemidji Health Care Facilities First Mortgage Revenue (North Country Health Services)		

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5.00% 9/1/24 (RADIAN)	1,500,000	1,457,910
Glencoe Health Care Facilities Revenue (Glencoe Regional Health Services Project) 5.00% 4/1/25	2,000,000	1,903,660
Maple Grove Health Care System Revenue (Maple Grove Hospital) 5.25% 5/1/37	1,000,000	952,790
Minneapolis Health Care System Revenue (Fairview Health Services) Series A 6.625% 11/15/28 Series B 6.50% 11/15/38 (ASSURED GTY) Series D 5.00% 11/15/34 (AMBAC)	600,000 295,000 2,000,000	669,354 330,049 1,936,599
Minneapolis – St. Paul Housing & Redevelopment Authority Revenue (Children’s Hospital) Series A-1 5.00% 8/15/34 (AGM)	500,000	502,785
Minnesota Agricultural & Economic Development Board Revenue (Fairview Health Care) Un-Refunded Balance Series A 5.75% 11/15/26 (NATL-RE) 6.375% 11/15/29	100,000 195,000	100,028 197,629
Rochester Health Care & Housing Revenue Refunding (Samaritan Bethany) Series A 7.375% 12/1/41	1,220,000	1,259,357
Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 5.25% 9/1/34	1,560,000	1,458,257
St. Cloud Health Care Revenue (Centracare Health System Project) Series A 5.125% 5/1/30 Series D 5.50% 5/1/39 (ASSURED GTY)	1,125,000 1,500,000	1,115,899 1,546,080
St. Louis Park Health Care Facilities Revenue Refunding (Park Nicollet Health Services) 5.75% 7/1/39 Series C 5.50% 7/1/23	1,500,000 1,000,000	1,500,915 1,040,230
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Allina Health System) Series A 5.00% 11/15/18 (NATL-RE) Series A-1 5.25% 11/15/29 (Health Partners Obligation Group Project) 5.25% 5/15/36 (Regions Hospital Project) 5.30% 5/15/28	1,380,000 1,395,000 2,000,000 1,000,000	1,443,066 1,404,347 1,847,760 960,550

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	Principal Amount	Value
Municipal Bonds (continued)		
Health Care Revenue Bonds (continued)		
St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Elderly Project) 5.40% 11/20/42 (GNMA) (FHA)	\$ 2,700,000	\$ 2,713,607
Winona Health Care Facilities Revenue Refunding (Winona Health Obligation Group) 5.00% 7/1/23	1,010,000	949,249
		25,290,121
Housing Revenue Bonds – 8.28%		
Chanhassen Multifamily Housing Revenue Refunding (Heritage Park Apartments Project) 6.20% 7/1/30 (FHA) (HUD) (AMT)	1,105,000	1,105,939
Dakota County Community Development Agency Mortgage Revenue 5.85% 10/1/30 (GNMA) (FNMA) (AMT)	10,000	10,006
Minneapolis Multifamily Housing Revenue •(Gaar Scott Loft Project) 5.95% 5/1/30 (AMT) (Olson Townhomes Project) 6.00% 12/1/19 (AMT) (Seward Towers Project) 5.00% 5/20/36 (GNMA) (Sumner Housing Project) Series A 5.15% 2/20/45 (GNMA) (AMT)	900,000 755,000 2,000,000 2,000,000	907,839 755,113 2,018,800 2,001,420
Minnesota Housing Finance Agency (Rental Housing) Series A 5.00% 2/1/35 (AMT) Series D 5.95% 2/1/18 (NATL-RE) (Residential Housing) Series B-1 5.35% 1/1/33 (AMT) •Series D 4.75% 7/1/32 (AMT) Series I 5.15% 7/1/38 (AMT) Series L 5.10% 7/1/38 (AMT)	1,000,000 120,000 1,555,000 1,000,000 745,000 1,495,000	980,420 120,502 1,559,525 956,240 746,222 1,483,817
Washington County Housing & Redevelopment Authority Revenue Refunding (Woodland Park Apartments Project) 4.70% 10/1/32	750,000	752,100
		13,397,943
Lease Revenue Bonds – 6.29%		
Andover Economic Development Authority Public Facilities Lease Revenue Refunding (Andover Community Center) 5.125% 2/1/24 5.20% 2/1/29	205,000 410,000	226,492 454,108
Puerto Rico Public Buildings Authority Revenue Un-Refunded Balance (Government Facilities Bond) Series D 5.25% 7/1/27	530,000	530,064
St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.00% 12/1/22 5.25% 12/1/27 (Robert Street Office Building Project) Series 3-11	2,385,000 2,800,000	2,461,821 2,883,243

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5.00% 12/1/27	2,000,000	2,061,960
Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue		
5.25% 10/1/25	680,000	642,430
5.375% 10/1/30	965,000	910,671
		10,170,789
Local General Obligation Bonds – 9.47%		
Dakota County Community Development Agency Governmental Housing Refunding (Senior Housing Facilities) Series A 5.00% 1/1/23	1,100,000	1,157,299
Minneapolis Special School District #1 5.00% 2/1/19 (AGM)	1,175,000	1,275,427
Morris Independent School District #769 5.00% 2/1/28 (NATL-RE)	3,750,000	4,090,689
Rocori Independent School District #750 (School Building) Series B 5.00% 2/1/22	1,010,000	1,130,160
5.00% 2/1/24	1,075,000	1,191,648
5.00% 2/1/25	1,115,000	1,230,748
5.00% 2/1/26	1,155,000	1,266,746
Washington County Housing & Redevelopment Authority Refunding Series B 5.50% 2/1/22 (NATL-RE)	1,705,000	1,791,699
5.50% 2/1/32 (NATL-RE)	2,140,000	2,173,341
		15,307,757
§Pre-Refunded/Escrowed to Maturity Bonds – 22.82%		
Andover Economic Development Authority Public Facilities Lease Revenue (Andover Community Center) 5.125% 2/1/24-14	295,000	325,928
5.20% 2/1/29-14	590,000	653,472
Dakota-Washington Counties Housing & Redevelopment Authority Revenue (Bloomington Single Family Residential Mortgage) 8.375% 9/1/21 (GNMA) (FHA) (VA) (AMT)	7,055,000	10,164,069

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Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

	Principal Amount	Value
Municipal Bonds (continued)		
§Pre-Refunded/Escrowed to Maturity Bonds (continued)		
Hennepin County Series B 5.00% 12/1/18-10	\$ 2,300,000	\$ 2,371,691
Minneapolis Community Planning & Economic Development Department Supported (Limited Tax Common Bond Fund) Series G-1 5.70% 12/1/19-11	1,100,000	1,162,656
Southern Minnesota Municipal Power Agency Power Supply Revenue Refunding Series A 5.75% 1/1/18-13 Series B 5.50% 1/1/15 (AMBAC)	3,715,000 390,000	4,001,092 410,701
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) Series B 5.25% 7/1/30-14	1,250,000	1,424,825
St. Paul Housing & Redevelopment Authority Sales Tax (Civic Center Project) 5.55% 11/1/23 5.55% 11/1/23 (NATL-RE) (IBC)	2,300,000 4,200,000	2,407,617 4,396,518
University of Minnesota Hospital & Clinics 6.75% 12/1/16	2,580,000	3,164,731
University of Minnesota Series A 5.50% 7/1/21	4,000,000	4,633,440
Western Minnesota Municipal Power Agency Power Supply Revenue Series A 6.625% 1/1/16	1,535,000	1,785,727
		36,902,467
Special Tax Revenue Bonds – 2.95%		
Minneapolis Community Planning & Economic Development Department Supported (Common Bond Fund) Series 5 5.70% 12/1/27 (Limited Tax Common Bond Fund) Series A 6.75% 12/1/25 (AMT)	375,000 865,000	375,589 866,540
Minneapolis Development Revenue (Limited Tax Supported Common Bond Fund) Series 1 5.50% 12/1/24 (AMT)	1,000,000	1,015,890

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Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue Series B 5.00% 7/1/46	800,000	729,240
Puerto Rico Sales Tax Financing Sales Tax Revenue First Subordinate Series B 5.75% 8/1/37	1,200,000	1,279,283
Virgin Islands Public Finance Authority Revenue (Senior Lien Matching Fund Loan Note) Series A 5.25% 10/1/23	500,000	502,980
		4,769,522
State General Obligation Bond – 0.65%		
Puerto Rico Commonwealth Public Improvement Refunding Series C 6.00% 7/1/39	1,010,000	1,055,814
		1,055,814
Transportation Revenue Bonds – 7.84%		
Minneapolis - St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/22 (NATL-RE) 5.00% 1/1/28 (NATL-RE) 5.25% 1/1/16 (NATL-RE) Series B 5.00% 1/1/35 (AMBAC) 5.25% 1/1/24 (NATL-RE) (FGIC) (AMT)	3,000,000 2,120,000 1,000,000 2,000,000 1,000,000	3,063,090 2,137,702 1,075,370 2,004,880 1,003,200
St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A 5.35% 8/1/29 (AGM)	3,350,000	3,395,225
		12,679,467
Water & Sewer Revenue Bond – 0.91%		
St. Paul Sewer Revenue Series D 5.00% 12/1/21	1,325,000	1,479,720
		1,479,720
Total Municipal Bonds		
(cost \$154,415,880)		160,072,530
Total Value of Securities – 98.98%		
(cost \$154,415,880)		160,072,530
Receivables and Other Assets		
Net of Liabilities – 1.02%		1,650,001
Net Assets Applicable to 11,504,975		
Shares Outstanding; Equivalent to \$14.06 Per Share – 100.00%		\$ 161,722,531
Components of Net Assets at March 31, 2010:		
Common stock, \$0.01 par value, 200 million shares authorized to the Fund		\$ 157,931,075

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Undistributed net investment income	362,513
Accumulated net realized loss on investments	(2,227,707)
Net unrealized appreciation of investments	5,656,650
Total net assets	\$ 161,722,531

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

Variable rate security. The rate shown is the rate as of March 31, 2010.

Summary of Abbreviations:

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

See accompanying notes

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Statements of net assets

Delaware Investments National Municipal Income Fund

March 31, 2010

	Principal Amount	Value
Municipal Bonds – 99.94%		
Corporate-Backed Revenue Bonds – 13.04%		
Brazos, Texas Harbor Industrial Development Environmental Facilities Revenue (Dow Chemical Project) 5.90% 5/1/38 (AMT)	\$ 125,000	\$ 122,679
Buckeye, Ohio Tobacco Settlement Financing Authority Asset-Backed Senior Turbo Series A-2 5.875% 6/1/47 6.50% 6/1/47	320,000 130,000	228,016 101,838
Chesapeake, Virginia Economic Development Authority Pollution Control Revenue (Virginia Electric & Power Project) Series A 3.60% 2/1/32	500,000	517,665
Clayton County, Georgia Development Authority Special Facilities Revenue (Delta Airlines) Series B 9.00% 6/1/35 (AMT)	200,000	205,350
Golden State, California Tobacco Securitization Corporation Settlement Revenue (Asset- Backed Senior Notes) Series A-1 5.125% 6/1/47	370,000	237,041
Harris County, Texas Industrial Development Solid Waste Disposal Revenue (Deer Park Refining Project Remarketing) 5.00% 2/1/23	150,000	150,779
Hawaii State Department Budget & Finance Special Purpose Revenue (Hawaiian Electric Subsidiary) 6.50% 7/1/39	290,000	311,863
Iowa Finance Authority Pollution Control Facilities Revenue Refunding (Interstate Power) 5.00% 7/1/14 (FGIC)	500,000	530,774
M-S-R Energy Authority, California Gas Revenue Series A 6.125% 11/1/29 6.50% 11/1/39	115,000 210,000	119,333 225,053
New York City, New York Industrial Development Agency Special Facilities Revenue (American Airlines-JFK International Airport) 7.625% 8/1/25 (AMT)	450,000	455,868
Ohio State Air Quality Development Authority Revenue (First Energy Generation) Series A 5.70% 8/1/20	260,000	273,029
Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue (Allegheny Energy Supply) 7.00% 7/15/39	345,000	384,868
Salt Verde Financial Gas Revenue, Arizona Senior Note 5.00% 12/1/37	300,000	262,269
		4,126,425

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Education Revenue Bonds – 5.60%			
California Statewide Communities Development Authority School Facilities Revenue (Aspire Public Schools) 6.125% 7/1/46	265,000		259,122
California Statewide Communities Development Authority Student Housing Revenue (Irvine, LLC - UCI East Campus) 6.00% 5/15/23	470,000		493,349
Marietta, Georgia Development Authority Revenue Refunding (Life University Income Project) 7.00% 6/15/39	430,000		403,164
Maryland State Economic Development Student Housing Revenue (University of Maryland College Park Projects) 5.75% 6/1/33	370,000		374,773
Massachusetts State Health & Educational Facilities Authority Revenue (Nichols College Project) Series C 6.125% 10/1/29	250,000		242,403
			1,772,811
Electric Revenue Bond – 3.34%			
Puerto Rico Electric Power Authority Power Revenue Series XX 5.25% 7/1/40	1,065,000		1,056,927
			1,056,927
Health Care Revenue Bonds – 17.16%			
Arizona Health Facilities Authority Revenue (Banner Health) Series A 5.00% 1/1/17	310,000		333,092
Brevard County, Florida Health Care Facilities Authority Revenue (Health First Income Project) Series B 7.00% 4/1/39	90,000		98,813
Butler County, Pennsylvania Hospital Authority Revenue (Butler Health System Project) 7.125% 7/1/29	150,000		168,861
Illinois Finance Authority Revenue (Silver Cross & Medical Centers) 7.00% 8/15/44	300,000		312,210
Lycoming County, Pennsylvania Authority Health System Revenue (Susquehanna Health System Project) Series A 5.50% 7/1/28	500,000		493,720
Maricopa County Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 6.00% 7/1/39	225,000		234,873
Massachusetts State Health & Education Facilities Authority Revenue (Caregroup) Refunding Series E-2 5.375% 7/1/19	360,000		373,316

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	Principal Amount	Value
Municipal Bonds (continued)		
Health Care Revenue Bonds (continued)		
New Hampshire Health & Education Facilities Authority Revenue (Dartmouth-Hitchcock Medical Center) 6.00% 8/1/38	\$ 300,000	\$ 317,544
New Mexico State Hospital Equipment Loan Council Revenue (Presbyterian Healthcare) 5.00% 8/1/39	500,000	497,680
Ohio State Hospital Facilities Revenue Refunding (Cleveland Clinic Health) Series A 5.50% 1/1/39	300,000	310,932
Orange County, Florida Health Facilities Authority Revenue (Orlando Regional Healthcare) Series A 6.25% 10/1/18 (NATL-RE)	1,470,000	1,646,738
Scottsdale, Arizona Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.00% 9/1/23	360,000	350,719
St. Mary Hospital Authority Pennsylvania Health System Revenue (Catholic Health East) Series A 5.00% 11/15/40	300,000	291,288
		5,429,786
Housing Revenue Bonds – 6.51%		
California Housing Finance Agency Revenue (Home Mortgage) Series M 5.95% 8/1/25 (AMT)	250,000	261,263
Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (NATL-RE) (AMT)	285,000	288,195
Volusia County, Florida Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (AGM) (AMT)	1,500,000	1,511,819
		2,061,277
Local General Obligation Bonds – 2.58%		
Idaho Board Bank Authority Revenue Series A 5.00% 9/15/28	250,000	271,500
New York City, New York Fiscal 2003 Series I-1 5.375% 4/1/36	250,000	268,915
Fiscal 2009 Subordinate Series A-1 5.25% 8/15/21	250,000	276,115
		816,530
Special Tax Revenue Bonds – 23.11%		
Brooklyn Arena Local Development, New York Pilot Revenue (Barclays Center Project) 5.875% 7/15/30	300,000	322,209
California State Economic Recovery Refunding Series A 5.25% 7/1/21	260,000	284,591
Jacksonville, Florida Sales Tax Revenue (Better Jacksonville) 5.00% 10/1/30 (NATL-RE)	1,200,000	1,218,840
Jacksonville, Florida Transportation Revenue Refunding 5.25% 10/1/29 (NATL-RE)	1,000,000	1,022,580
Manchester, Missouri Tax Increment & Transportation Revenue Refunding (Highway 141/Manchester Road Project) 6.875% 11/1/39	165,000	163,238
Miami-Dade County, Florida Special Obligation (Capital Appreciation &		

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Income) Series B 5.00% 10/1/35 (NATL-RE)	2,000,000	1,982,921
New York State Dormitory Authority (State Personal Income Tax Revenue- Education) Series A 5.00% 3/15/38	570,000	599,817
New York State Thruway Authority (State Personal Income Tax Revenue-Transportation) Series A 5.00% 3/15/22	425,000	467,258
Puerto Rico Sales Tax Financing Sales Tax Revenue First Subordinate Series A		
•5.00% 8/1/39	500,000	523,345
5.75% 8/1/37	245,000	261,187
(Capital Appreciation) 6.75% 8/1/32	610,000	467,400
		7,313,386
State General Obligation Bonds – 7.91%		
California State Various Purposes 6.00% 4/1/38	105,000	110,591
New York State Refunding Series A 5.00% 2/15/39	300,000	314,661
Puerto Rico Commonwealth (Public Improvement) Refunding Series A 5.00% 7/1/16 (ASSURED GTY)	250,000	273,740
Series A 5.50% 7/1/19 (NATL-RE)	1,250,000	1,311,787
Series C 6.00% 7/1/39	200,000	209,072
Virginia State Commonwealth Refunding Series B 5.00% 6/1/20	250,000	284,378
		2,504,229
Transportation Revenue Bonds – 12.18%		
Bay Area Toll Authority, California Toll Bridge Revenue (San Francisco Bay Area) Series F-1 5.625% 4/1/44	235,000	254,571
Florida Ports Financing Commission Revenue (State Transportation Trust Fund) 5.375% 6/1/27 (NATL-RE) (AMT)	1,000,000	999,959
Maryland State Economic Development Revenue (Transportation Facilities Project) Series A 5.75% 6/1/35	255,000	260,092
Metropolitan Washington D.C. Airports Authority Dulles Toll Road Revenue (First Senior Lien) Series A 5.25% 10/1/44	245,000	252,201

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Statements of net assets

Delaware Investments National Municipal Income Fund

	Principal Amount	Value
Municipal Bonds (continued)		
Transportation Revenue Bonds (continued)		
Pennsylvania State Turnpike Commission Revenue		
Subordinate Series B 5.25% 6/1/39	\$ 300,000	\$ 306,546
Subordinate Series D 5.125% 12/1/40	390,000	395,168
Sacramento County, California Airport Services Revenue (PFC/Grant) Subordinate Series C 6.00% 7/1/41	300,000	322,359
St. Louis, Missouri Airport Revenue (Lambert-St. Louis International) Series A-1 6.625% 7/1/34	325,000	344,188
Texas Private Activity Bond Surface Transportation Senior Lien Note Mobility Partners 7.50% 12/31/31	300,000	326,160
Windsor, New York Bridge & Tunnel Authority Revenue Subordinate Series B-3 5.00% 11/15/38	350,000	395,129
		3,856,373
Water & Sewer Revenue Bonds – 8.51%		
Atlanta, Georgia Water & Wastewater Revenue Series A 6.25% 11/1/39	300,000	318,867
Florida Water Pollution Control Financing Revenue Series A 5.00% 1/15/25	235,000	250,820
Riviera Beach, Florida Utility Special District Water & Sewer Revenue 5.00% 10/1/34 (NATL-RE) (FGIC)	1,200,000	1,110,672
Winter Haven, Florida Utilities Systems Revenue 5.00% 10/1/30 (NATL-RE)	1,000,000	1,011,980
		2,692,339
Total Municipal Bonds (cost \$30,682,889)		31,630,083
Short-Term Investment – 0.95%		
Variable Rate Demand Note – 0.95%		
Colorado Educational & Cultural Facilities Authority Revenue (National Jewish Federation Bond Program) Series A-8 0.30% 9/1/35 (LOC - Bank of America N.A.)	300,000	300,000
Total Short-Term Investment (cost \$300,000)		300,000
Total Value of Securities – 100.89% (cost \$30,982,889)		31,930,083
Liabilities Net of Receivables and Other Assets – (0.89%)		(279,955)
Net Assets Applicable to 2,422,200		

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Shares Outstanding, Equivalent to	
\$13.07 Per Share – 100.00%	\$ 31,650,128

Components of Net Assets at March 31, 2010:

Common stock, \$0.01 par value, unlimited shares authorized to the Fund	\$ 33,208,317
Undistributed net investment income	145,793
Accumulated net realized loss on investments	(2,651,176)
Net unrealized appreciation of investments	947,194
Total net assets	\$ 31,650,128

Step coupon bond. Indicates security that has a zero coupon that remains in effect until a predetermined date at which time the stated interest rate becomes effective.

Variable rate security. The rate shown is the rate as of March 31, 2010.

Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation
 AMT — Subject to Alternative Minimum Tax
 ASSURED GTY — Insured by the Assured Guaranty Corporation
 FGIC — Insured by the Financial Guaranty Insurance Company
 LOC — Letter of Credit
 NATL-RE — Insured by the National Public Finance Guarantee Corporation

See accompanying notes

Statements of operations

Delaware Investments Closed-End Municipal Bond Funds

Year Ended March 31, 2010

	Delaware Investments Arizona Municipal Income Fund, Inc.	Delaware Investments Colorado Municipal Income Fund, Inc.	Delaware Investments Minnesota Municipal Income Fund II, Inc.	Delaware Investments National Municipal Income Fund
Investment Income:				
Interest	\$ 1,954,031	\$ 3,307,301	\$ 7,806,021	\$ 1,579,265
Expenses:				
Management fees	160,532	265,120	632,888	123,057
Accounting and administration expenses	16,085	26,563	63,411	12,330
Dividend disbursing and transfer agent fees and expenses	13,163	16,828	55,998	18,878
Audit and tax	13,038	14,635	20,921	12,286
Reports and statements to shareholders	10,989	17,116	31,407	10,476
Legal fees	7,525	11,141	25,765	5,607
Pricing fees	4,330	4,291	7,575	5,191
Stock exchange fees	2,625	4,715	10,843	1,816
Directors'/Trustees' fees	2,512	4,152	9,910	1,925
Insurance fees	1,669	2,621	5,603	1,325
Registration fees	863	863	863	863
Dues and services	773	1,295	3,145	734
Custodian fees	718	1,059	3,212	741
Consulting fees	541	926	2,202	406
Directors'/Trustees' expenses	183	316	753	139
Taxes (Pennsylvania franchise tax)	—	—	7,274	—
Total operating expenses	235,546	371,641	881,770	195,774
Net Investment Income	1,718,485	2,935,660	6,924,251	1,383,491
Net Realized and Unrealized Gain (Loss) on Investments:				
Net realized gain (loss) on investments	397,279	1,000,097	457,242	(344,009)
Net change in unrealized appreciation/depreciation of investments	2,548,883	2,519,706	9,715,309	2,879,326
Net Realized and Unrealized Gain on Investments	2,946,162	3,519,803	10,172,551	2,535,317
Net Increase in Net Assets Resulting from Operations	\$ 4,664,647	\$ 6,455,463	\$ 17,096,802	\$ 3,918,808

See accompanying notes

Statements of changes in net assets

Delaware Investments Closed-End Municipal Bond Funds

	Delaware Investments Arizona Municipal Income Fund, Inc. Year Ended		Delaware Investments Colorado Municipal Income Fund, Inc. Year Ended	
	3/31/10	3/31/09	3/31/10	3/31/09
Increase (Decrease) in Net Assets from Operations:				
Net investment income	\$ 1,718,485	\$ 2,107,397	\$ 2,935,660	\$ 3,653,366
Net realized gain (loss) on investments	397,279	(198,104)	1,000,097	(1,425,714)
Net change in unrealized appreciation/depreciation of investments	2,548,883	(3,039,177)	2,519,706	(3,237,138)
Dividends on preferred stock	—	(520,055)	—	(835,572)
Net increase (decrease) in net assets resulting from operations	4,664,647	(1,649,939)	6,455,463	(1,845,058)
Dividends and Distributions to Common Shareholders from:				
Net investment income	(1,438,912)	(1,699,854)	(2,757,147)	(3,175,556)
Net realized gain on investments	(74,555)	—	—	—
	(1,513,467)	(1,699,854)	(2,757,147)	(3,175,556)
Net Increase (Decrease) in Net Assets	3,151,180	(3,349,793)	3,698,316	(5,020,614)
Net Assets:				
Beginning of year	37,944,180	41,293,973	63,952,486	68,973,100
End of year	\$ 41,095,360	\$ 37,944,180	\$ 67,650,802	\$ 63,952,486
Undistributed net investment income	\$ 268,364	\$ —	\$ 176,704	\$ —

	Delaware Investments Minnesota Municipal Income Fund II, Inc. Year Ended		Delaware Investments National Municipal Income Fund Year Ended	
	3/31/10	3/31/09	3/31/10	3/31/09
Increase (Decrease) in Net Assets from Operations:				
Net investment income	\$ 6,924,251	\$ 8,930,566	\$ 1,383,491	\$ 1,704,667
Net realized gain (loss) on investments	457,242	(3,108,067)	(344,009)	(2,108,853)
Net change in unrealized appreciation/depreciation of investments	9,715,309	(8,600,912)	2,879,326	(1,210,078)
Dividends on preferred stock	—	(2,008,388)	—	(416,044)
Net increase (decrease) in net assets resulting from operations	17,096,802	(4,786,801)	3,918,808	(2,030,308)
Dividends and Distributions to Common Shareholders from:				
Net investment income	(6,557,836)	(7,334,488)	(1,235,322)	(1,368,543)
	(6,557,836)	(7,334,488)	(1,235,322)	(1,368,543)
Net Increase (Decrease) in Net Assets	10,538,966	(12,121,289)	2,683,486	(3,398,851)
Net Assets:				
Beginning of year	151,183,565	163,304,854	28,966,642	32,365,493
End of year	\$ 161,722,531	\$ 151,183,565	\$ 31,650,128	\$ 28,966,642
Undistributed net investment income	\$ 362,513	\$ —	\$ 145,793	\$ —

See accompanying notes

Financial highlights

Delaware Investments Arizona Municipal Income Fund, Inc.

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

	Year Ended				
	3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$12.720	\$13.850	\$14.730	\$14.730	\$15.070
Income (loss) from investment operations:					
Net investment income	0.576	0.707	0.906	0.932	0.951
Net realized and unrealized gain (loss) on investments	0.992	(1.093)	(0.783)	0.160	(0.177)
Dividends on preferred stock from:					
Net investment income	—	(0.174)	(0.312)	(0.297)	(0.232)
Net realized gain on investments	—	—	(0.023)	(0.013)	(0.002)
Total dividends on preferred stock	—	(0.174)	(0.335)	(0.310)	(0.234)
Total from investment operations	1.568	(0.560)	(0.212)	0.782	0.540
Less dividends and distributions to common shareholders from:					
Net investment income	(0.483)	(0.570)	(0.610)	(0.750)	(0.860)
Net realized gain on investments	(0.025)	—	(0.058)	(0.032)	(0.020)
Total dividends and distributions	(0.508)	(0.570)	(0.668)	(0.782)	(0.880)
Net asset value, end of period	\$13.780	\$12.720	\$13.850	\$14.730	\$14.730
Market value, end of period	\$11.840	\$9.900	\$12.390	\$14.790	\$15.980
Total investment return based on:1					
Market value	25.04%	(15.86%)	(11.86%)	(2.58%)	9.74%
Net asset value	13.27%	(3.29%)	(1.08%)	5.26%	3.31%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	\$41,095	\$37,944	\$41,294	\$43,916	\$43,923
Ratio of expenses to average net assets applicable to common shares2	0.58%	0.96%	1.07%	1.05%	1.03%
Ratio of net investment income to average net assets applicable to common shares2	4.27%	5.37%	6.34%	6.34%	6.28%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares3	4.27%	4.05%	3.99%	4.23%	4.72%
Portfolio turnover	20%	4%	18%	17%	2%
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)4	\$—	\$—	\$25,000	\$25,000	\$25,000
Net asset coverage per share of preferred shares, end of period4	\$—	\$—	\$132,588	\$137,832	\$137,847
Liquidation value per share of preferred shares4,5	\$—	\$—	\$50,000	\$50,000	\$50,000

1 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

2 Ratios do not reflect the effect of dividend payments to preferred shareholders.

3 Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.

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

5 Excluding any accumulated but unpaid dividends.

See accompanying notes

Financial highlights

Delaware Investments Colorado Municipal Income Fund, Inc.

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

	Year Ended				
	3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$13.220	\$14.260	\$15.100	\$15.260	\$15.580
Income (loss) from investment operations:					
Net investment income	0.607	0.755	0.937	0.985	1.018
Net realized and unrealized gain (loss) on investments	0.733	(0.965)	(0.604)	0.069	(0.129)
Dividends on preferred stock from:					
Net investment income	—	(0.173)	(0.264)	(0.274)	(0.213)
Net realized gain on investments	—	—	(0.050)	(0.019)	(0.006)
Total dividends on preferred stock	—	(0.173)	(0.314)	(0.293)	(0.219)
Total from investment operations	1.340	(0.383)	0.019	0.761	0.670
Less dividends and distributions to common shareholders from:					
Net investment income	(0.570)	(0.657)	(0.720)	(0.850)	(0.960)
Net realized gain on investments	—	—	(0.139)	(0.071)	(0.030)
Total dividends and distributions	(0.570)	(0.657)	(0.859)	(0.921)	(0.990)
Net asset value, end of period	\$13.990	\$13.220	\$14.260	\$15.100	\$15.260
Market value, end of period	\$13.390	\$11.240	\$15.060	\$15.940	\$18.650
Total investment return based on: ¹					
Market value	24.49%	(21.63%)	(0.14%)	(9.86%)	14.64%
Net asset value	10.55%	(2.66%)	(0.19%)	4.35%	3.44%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	\$67,651	\$63,952	\$68,973	\$73,056	\$73,833
Ratio of expenses to average net assets applicable to common shares ²	0.56%	0.91%	1.03%	1.01%	0.95%
Ratio of net investment income to average net assets applicable to common shares ²	4.41%	5.55%	6.37%	6.49%	6.51%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ³	4.41%	4.28%	4.23%	4.56%	5.11%
Portfolio turnover	20%	16%	16%	11%	12%
Leverage analysis:					
Value of preferred shares outstanding (000 omitted) ⁴	\$—	\$—	\$40,000	\$40,000	\$40,000
Net asset coverage per share of preferred shares, end of period ⁴	\$—	\$—	\$136,216	\$141,320	\$142,291
Liquidation value per share of preferred shares ^{4,5}	\$—	\$—	\$50,000	\$50,000	\$50,000

¹ Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

² Ratios do not reflect the effect of dividend payments to preferred shareholders.

³ Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.

⁴ In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$40,042,778. See Note 7 in "Notes to financial statements."

⁵ Excluding any accumulated but unpaid dividends.

See accompanying notes

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Delaware Investments Minnesota Municipal Income Fund II, Inc.

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

	Year Ended				
	3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$13.140	\$14.190	\$14.880	\$14.730	\$14.890
Income (loss) from investment operations:					
Net investment income	0.602	0.776	0.962	0.963	0.971
Net realized and unrealized gain (loss) on investments	0.888	(1.013)	(0.674)	0.225	0.012
Dividends on preferred stock from:					
Net investment income	—	(0.175)	(0.318)	(0.298)	(0.243)
Total dividends on preferred stock	—	(0.175)	(0.318)	(0.298)	(0.243)
Total from investment operations	1.490	(0.412)	(0.030)	0.890	0.740
Less dividends to common shareholders from:					
Net investment income	(0.570)	(0.638)	(0.660)	(0.740)	(0.900)
Total dividends	(0.570)	(0.638)	(0.660)	(0.740)	(0.900)
Net asset value, end of period	\$14.060	\$13.140	\$14.190	\$14.880	\$14.730
Market value, end of period	\$12.740	\$11.250	\$13.450	\$14.640	\$16.200
Total investment return based on: ¹					
Market value	18.58%	(11.91%)	(3.58%)	(5.13%)	4.73%
Net asset value	12.04%	(2.48%)	0.08%	6.05%	4.69%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	\$161,723	\$151,184	\$163,305	\$171,143	\$169,481
Ratio of expenses to average net assets applicable to common shares ^{2,4}	0.56%	0.98%	1.18%	1.20%	1.07%
Ratio of net investment income to average net assets applicable to common shares ²	4.36%	5.74%	6.61%	6.52%	6.45%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares ³	4.36%	4.45%	4.43%	4.50%	4.86%
Portfolio turnover	19%	15%	6%	3%	8%
Leverage analysis:					
Value of preferred shares outstanding (000 omitted) ⁵	\$—	\$—	\$95,000	\$95,000	\$95,000
Net asset coverage per share of preferred shares, end of period ⁵	\$—	\$—	\$135,950	\$140,075	\$139,200
Liquidation value per share of preferred shares ^{5,6}	\$—	\$—	\$50,000	\$50,000	\$50,000

¹ Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

² Ratios do not reflect the effect of dividend payments to preferred shareholders.

³ Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.

⁴ The ratio of expenses to average net assets applicable to common shares includes interest and related expenses which include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees in connection with the Fund's participation in inverse floater programs for the years ended March 31, 2009, 2008, and 2007. See Note 1 and 8 in "Notes to financial statements."

⁵ In 2008, the Fund redeemed all of its preferred shares at par plus accumulated dividends amounting to \$95,083,577. See Note 7 in "Notes to financial statements."

⁶ Excluding any accumulated but unpaid dividends.

See accompanying notes

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Financial highlights

Delaware Investments National Municipal Income Fund

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

	Year Ended				
	3/31/10	3/31/09	3/31/08	3/31/07	3/31/06
Net asset value, beginning of period	\$11.960	\$13.360	\$14.560	\$14.650	\$15.340
Income (loss) from investment operations:					
Net investment income	0.571	0.704	0.919	0.960	1.017
Net realized and unrealized gain (loss) on investments	1.049	(1.367)	(1.081)	0.141	(0.236)
Dividends on preferred stock from:					
Net investment income	—	(0.172)	(0.311)	(0.285)	(0.202)
Net realized gain on investments	—	—	(0.015)	(0.018)	(0.055)
Total dividends on preferred stock	—	(0.172)	(0.326)	(0.303)	(0.257)
Total from investment operations	1.620	(0.835)	(0.488)	0.798	0.524
Less dividends and distributions to common shareholders from:					
Net investment income	(0.510)	(0.565)	(0.668)	(0.820)	(0.970)
Net realized gain on investments	—	—	(0.044)	(0.068)	(0.244)
Total dividends and distributions	(0.510)	(0.565)	(0.712)	(0.888)	(1.214)
Net asset value, end of period	\$13.070	\$11.960	\$13.360	\$14.560	\$14.650
Market value, end of period	\$12.140	\$10.850	\$11.950	\$14.530	\$16.050
Total investment return based on:1					
Market value	16.69%	(4.31%)	(13.11%)	(4.12%)	14.75%
Net asset value	13.97%	(5.65%)	(3.05%)	5.27%	2.76%
Ratios and supplemental data:					
Net assets applicable to common shares, end of period (000 omitted)	\$31,650	\$28,967	\$32,365	\$35,256	\$35,492
Ratio of expenses to average net assets applicable to common shares2	0.63%	1.06%	1.16%	1.10%	1.07%
Ratio of net investment income to average net assets applicable to common shares2	4.48%	5.63%	6.54%	6.58%	6.70%
Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares3	4.48%	4.25%	4.22%	4.51%	5.01%
Portfolio turnover	69%	36%	17%	9%	28%
Leverage analysis:					
Value of preferred shares outstanding (000 omitted)4	\$—	\$—	\$20,000	\$20,000	\$20,000
Net asset coverage per share of preferred shares, end of period4	\$—	\$—	\$130,914	\$138,141	\$138,731
Liquidation value per share of preferred shares4,5	\$—	\$—	\$50,000	\$50,000	\$50,000

1 Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods.

Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

2 Ratios do not reflect the effect of dividend payments to preferred shareholders.

3 Ratio reflects total net investment income less dividends paid to preferred shareholders divided by average net assets applicable to common shareholders.

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

5 Excluding any accumulated but unpaid dividends.

See accompanying notes

Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

March 31, 2010

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

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

1. Significant Accounting Policies

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

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

Federal Income Taxes – No provision for federal income taxes has been made as each Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Funds' tax positions taken on federal income tax returns for all open tax years (March 31, 2007 – March 31, 2010), and has concluded that no provision for federal income tax is required in the Funds' financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest and Related Expenses – Interest and related expenses include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees of inverse floater programs in which a Fund participates. In an inverse floater program, a Fund transfers its own bonds to a trust that issues floating rate securities with an aggregate principal amount equal to the principal of the transferred bonds. In conveyance of the bond, the Funds receive the inverse floating rate securities and cash from the trust. As a result of certain rights retained by the Funds, the transfer of the bond is not considered a sale, but rather a form of financing for accounting purposes whereby the cash received is recorded as a liability and interest expense is recorded based on the interest rate of the floating rate securities. Remarketing fees, liquidity fees, and trustees' expenses are recorded on the accrual basis. There were no interest and related expenses for the year ended March 31, 2010.

Other – Expenses directly attributable to a Fund are charged directly to that Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Interest income is recorded on the accrual basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Each Fund declares and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually.

The Funds may receive earnings credits from their custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the year ended March 31, 2010.

On July 1, 2009, the Financial Accounting Standard Board (FASB) issued the FASB Accounting Standards Codification (Codification). The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification is effective for interim and annual periods ending after September 15, 2009. The Funds adopted the Codification for the year ended March 31, 2010. There was no impact to financial statements as the Codification requirements are disclosure-only in nature.

2. Investment Management, Administration Agreements and Other Transactions with Affiliates

In accordance with the terms of its respective investment management agreement, each Fund pays Delaware Management Company (DMC), a series of Delaware Management Business Trust and the investment manager, an annual fee of 0.40% which is calculated daily based on the average weekly net assets of each Fund.

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Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds

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

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Funds. For these services, the Funds pay DSC fees based on the aggregate daily net assets of the Delaware Investments Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the year ended March 31, 2010, the Funds were charged as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
	\$ 2,014	\$ 3,325	\$ 7,938	\$ 1,544

At March 31, 2010, each Fund had liabilities payable to affiliates as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Investment management fee payable to DMC	\$ 14,020	\$ 23,047	\$ 55,232	\$ 10,784
Accounting administration and other expenses payable to DSC	179	288	707	138
Other expenses payable to DMC and affiliates*	418	30,385	1,644	321

*DMC, as part of its administrative services, pays operating expenses on behalf of each Fund and is reimbursed on a periodic basis. Such expenses include items such as printing of shareholder reports, fees for audit, legal and tax services, stock exchange fees, custodian fees and directors/trustees' fees.

As provided in the investment management agreement, each Fund bears the cost of certain legal and tax services, including internal legal and tax services provided to each Fund by DMC and/or its affiliates' employees. For the year ended March 31, 2010, each Fund was charged for internal legal and tax services provided by DMC and/or its affiliates' employees as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
	\$ 3,121	\$ 5,156	\$ 12,309	\$ 2,393

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

3. Investments

For the year ended March 31, 2010, the Fund made purchases and sales of investment securities other than short-term investments as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Purchases	\$9,832,332	\$13,637,475	\$31,062,260	\$21,131,602
Sales	7,876,326	12,898,561	29,846,597	20,828,960

At March 31, 2010, the cost of investments and unrealized appreciation (depreciation) for federal income tax purposes for each Fund were as follows:

	Arizona Municipal Fund	Colorado Municipal Fund	Minnesota Municipal Fund II	National Municipal Fund
Cost of investments	\$ 40,303,944	\$ 66,169,368	\$ 154,385,698	\$ 30,976,220

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Aggregate unrealized appreciation	\$ 1,088,737	\$ 2,401,823	\$ 7,375,049	\$ 1,269,279
Aggregate unrealized depreciation	(1,010,857)	(1,172,928)	(1,688,217)	(315,416)
Net unrealized appreciation	\$ 77,880	\$ 1,228,895	\$ 5,686,832	\$ 953,863

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U.S. GAAP defines fair value as the price that the Funds 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. Each Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets

Level 2 – inputs are observable, directly or indirectly

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

The following table summarizes the valuation of each Fund's investments by the fair value hierarchy levels as of March 31, 2010:

Arizona Municipal Fund	
Level 2	
Municipal Bonds	\$ 40,381,824
Total	\$ 40,381,824
Colorado Municipal Fund	
Level 2	
Municipal Bonds	\$ 67,298,263
Short-Term	100,000
Total	\$ 67,398,263