

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-CSR
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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:	811-07420
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:	March 31, 2018

Item 1. Reports to Stockholders

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Closed-end funds

Delaware Funds by Macquarie Closed-End Municipal Bond Funds

March 31, 2018

The figures in the annual report for Delaware Funds by Macquarie 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.

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Macquarie Asset Management (MAM) offers a diverse range of products including securities investment management, infrastructure and real asset management, and fund and equity-based structured products. Macquarie Investment Management (MIM) is the marketing name for certain companies comprising the asset management division of Macquarie Group. This includes the following registered investment advisors: Macquarie Investment Management Business Trust (MIMBT), Macquarie Funds Management Hong Kong Limited, Macquarie Investment Management Austria Kapitalanlage AG, Macquarie Investment Management Global Limited, Macquarie Investment Management Limited, Macquarie Investment Management Europe Limited, and Macquarie Capital Investment Management LLC. For more information, including press releases, please visit delawarefunds.com/closed-end.

Unless otherwise noted, views expressed herein are current as of March 31, 2018, and subject to change for events occurring after such date.

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

Advisory services provided by Delaware Management Company, a series of MIMBT, a US registered investment advisor.

Other than Macquarie Bank Limited (MBL), none of the entities noted are authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise. The Funds are governed by US laws and regulations.

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Portfolio management review

Delaware Funds[®] by Macquarie Closed-End Municipal Bond Funds

April 10, 2018 (Unaudited)

Economic conditions

For the fiscal year ended March 31, 2018, the US economy continued along its healthy growth trajectory. In the second calendar quarter of 2017, the country's gross domestic product (GDP) — a measure of national economic output rose by an annualized 3.1%. In the third and fourth calendar quarters of 2017, US GDP grew by 3.2% and an estimated 2.9%, respectively.

A robust employment environment matched this strong economic performance. By February 2018, the US jobless rate had reached 4.1%, down from 4.5% the previous March and the lowest level in 18 years.

In light of this healthy backdrop, the US Federal Reserve continued to pursue a strategy of raising short-term interest rates. The Fed initiated three such rate hikes during the Funds' fiscal year — in June 2017, December 2017, and March 2018. As of fiscal year end, the federal funds rate stood at 1.50%, three-quarters of a percentage point higher than at the start of the fiscal year.

Municipal bond market conditions

The municipal bond market, as measured by the Bloomberg Barclays Municipal Bond Index, returned 2.66% for the fiscal year. Overall, the municipal yield curve significantly flattened, signifying that yields on short-maturity debt rose while yields on longer-maturity bonds modestly fell. In addition, credit spreads widened, meaning that municipal investors were willing to accept less income in exchange for investing in lower-rated, less-creditworthy securities.

That said, for much of the 12-month time frame, the municipal bond market experienced a steepening yield curve, as rates on long-term bonds rose faster than those on short-term bonds. The exception to this trend came in the fourth calendar quarter of 2017, as investors sought to understand the potential market impact of federal tax reform legislation, which ultimately passed in late December. As a result of the uncertainty, the yield curve significantly flattened in the final three months of 2017, with rising long-term yields accompanied by a more dramatic increase in short-term rates.

During this time, the supply of municipal bonds increased sharply, as issuers, anticipating potentially unfavorable tax-policy changes, rushed debt to market. One of these expected changes — the ability to issue so-called private-activity bonds (a broad category that includes healthcare, private education, and toll road bonds, among others) — did not make it into the final legislation. However, another proposed change did come to pass: the elimination of advance refundings. Under the new legislation, issuers wishing to refinance bonds through the issuance of newer debt must do so within 90 days of the bonds' call dates.

The following tables show the returns experienced by municipal bonds of varying maturity lengths and credit ratings for the Funds' fiscal year ended March 31, 2018:

Returns by maturity

1 year	+0.61%
3 years	+0.40%
10 years	+2.31%
22+ years	+4.68%

Returns by credit**rating**

AAA	+1.76%
AA	+2.26%
A	+3.24%
BBB	+5.36%

Source: Barclays

A consistent management approach

Throughout the fiscal year, we maintained the same basic management strategy that we always do, irrespective of underlying market conditions. This bottom-up investment approach where we select individual securities on an issuer-by-issuer basis, relying on individual credit research emphasizes bonds that we believe provide a desirable risk-reward balance for the Funds' investors.

We maintained our typical overweighting in bonds with lower-investment-grade credit ratings in all three Funds and to varying degrees depending on the availability of suitable opportunities. We also maintained an allocation to bonds rated below investment grade (investment grade bonds have credit ratings of BBB and higher). This willingness to embrace credit risk reflects our confidence in our research team's capabilities and resources, as well as our belief that careful credit selection can provide opportunities to achieve favorable performance for shareholders over time.

In all three Funds, we limited new purchases throughout the fiscal year, reflecting our assessment of market conditions. Even as interest rates have risen in recent years, they remain low by historical standards. Accordingly, in all three Funds, we maintained a number of bonds originally purchased a decade or more ago at significantly higher yields. As many of these bonds have become advance refunded over time, they have acquired short durations in anticipation of their call dates, while their credit quality has improved because the bonds are backed by escrowed US government securities.

We have decided to hold onto the vast majority of these older issues. In addition to their high underlying credit quality, they continue to offer compelling yields, even compared to more recently issued longer-dated, lower-rated bonds.

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Portfolio management review

Delaware Funds® by Macquarie Closed-End Municipal Bond Funds

One exception to our limited purchase activity came in the first calendar quarter of 2018, when a large interest rate increase provided us with attractive opportunities to engage in tax-loss swaps. Employing this strategy in **Delaware Investments National Municipal Income Fund** and **Delaware Investments Minnesota Municipal Income Fund II, Inc.**, we exchanged bonds that were trading at a loss and reinvested proceeds in higher yielding issues offering similar risk characteristics. This strategy allowed us to improve each Fund's yield while generating capital losses that we will be able to apply against future gains. In light of its different portfolio composition, we did not pursue this approach in **Delaware Investments Colorado Municipal Income Fund, Inc.**

Individual performance effects

As discussed earlier, lower-rated bonds generally outperformed higher-rated bonds, while longer-maturity issues tended to fare better than their shorter-maturity counterparts. Many of the Funds' strongest- and weakest-performing individual securities clearly demonstrated this trend.

For example, **Delaware Investments Colorado Municipal Income Fund, Inc.** saw especially strong performance from its position in Evangelical Lutheran Good Samaritan Society senior housing bonds and University Schools charter school bonds, which returned more than 11% and 10%, respectively. These issues benefited from their lower credit ratings and relatively long maturity dates of 2043 and 2045, respectively.

In contrast, the Colorado Fund's weakest-performing bonds were advance refunded issues whose short maturity dates resulted in weaker relative performance for the Fund's fiscal year. Specifically, investments in senior care bonds for Total Long-Term Care and

education bonds for Arapahoe County, Englewood School District #1 turned in only slightly better than flat returns, trailing the overall municipal bond market during the fiscal year.

In **Delaware Investments National Municipal Income Fund**, the strongest-performing individual holding was City of Chicago general obligation debt (+15%). These bonds, rated BBB+ and maturing in 2038, experienced tightening credit spreads, as investors became more optimistic that recent political developments may have somewhat eased the city's formidable fiscal challenges. The Fund's investment in Methodist Home for the Aging, a senior care center in Birmingham, Ala. also added value. Bonds of this issuer mature in 2050 and gained close to 14% for the fiscal year.

The Fund's weakest individual performers were, again, short-maturity issues: municipal lease holdings of the Idaho State Building Authority and advance refunded bonds of Louisiana Public Facilities Authority for the Ochsner Clinic Foundation. These bonds declined modestly.

The strongest-performing holding in **Delaware Investments Minnesota Municipal Income Fund II, Inc.** was corporate-backed industrial development revenue bonds issued for steel producer Gerdau Ameristeel (+19%). These lower-rated bonds saw their credit spreads narrow as investors became more confident in the issuer's underlying credit quality. Nova Classical Academy charter school bonds (+13%), whose 2047 maturity date and BBB- credit rating proved attractive to investors, likewise outperformed.

The Fund had difficulty with two of its charter school holdings. Bonds issued for Academia Cesar Chavez and STRIDE Academy returned roughly -2% and -21%, respectively, for the fiscal year, reflecting the schools probationary statuses as they sought to address performance difficulties.

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Fund basics

Delaware Investments®

Colorado Municipal Income Fund, Inc.

As of March 31, 2018 (Unaudited)

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

\$72 million

Number of holdings

108

Fund start date

July 29, 1993

NYSE MKT symbol

VCF

CUSIP number

246101109

Delaware Investments

Minnesota Municipal Income Fund II, Inc.

As of March 31, 2018 (Unaudited)

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

\$164 million

Number of holdings

197

Fund start date

Feb. 26, 1993

NYSE MKT symbol

VMM

CUSIP number

24610V103

Delaware Investments

National Municipal Income Fund

As of March 31, 2018 (Unaudited)

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

\$65 million

Number of holdings

189

Fund start date

Feb. 26, 1993

NYSE MKT symbol

VFL

CUSIP number

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Security type / sector / state allocations

As of March 31, 2018 (Unaudited)

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

Delaware Investments®**Colorado Municipal Income Fund, Inc.**

Security type / sector	Percentage of net assets
Municipal Bonds*	139.25%
Corporate Revenue Bonds	5.21%
Education Revenue Bonds	19.18%
Electric Revenue Bonds	2.79%
Healthcare Revenue Bonds	40.26%
Lease Revenue Bonds	4.19%
Local General Obligation Bonds	14.32%
Pre-Refunded/Escrowed to Maturity Bonds	16.30%
Special Tax Revenue Bonds	25.49%
Transportation Revenue Bonds	10.61%
Water & Sewer Revenue Bonds	0.90%
Short-Term Investment	0.69%
Total Value of Securities	139.94%
Liquidation Value of Preferred Stock	(41.64)%
Receivables and Other Assets Net of Liabilities	1.70%
Total Net Assets	100.00%

* As of the date of this report, Delaware Investments Colorado Municipal Income Fund, Inc. held bonds issued by or on behalf of territories and the states of the United States as follows:

State / territory	Percentage of net assets
Colorado	137.23%
Guam	1.98%
US Virgin Islands	0.73%
Total Value of Securities	139.94%
Delaware Investments	

Minnesota Municipal Income Fund II, Inc.

Security type / sector	Percentage of net assets
Municipal Bonds*	141.36%
Corporate Revenue Bonds	2.63%
Education Revenue Bonds	19.41%
Electric Revenue Bonds	13.85%
Healthcare Revenue Bonds	29.77%
Housing Revenue Bonds	1.98%
Lease Revenue Bonds	10.49%
Local General Obligation Bonds	10.81%
Pre-Refunded/Escrowed to Maturity Bonds	26.65%
Special Tax Revenue Bonds	1.53%
State General Obligation Bonds	13.40%
Transportation Revenue Bonds	7.25%
Water & Sewer Revenue Bonds	3.59%
Short-Term Investments	1.83%
Total Value of Securities	143.19%
Liquidation Value of Preferred Stock	(45.68)%
Receivables and Other Assets Net of Liabilities	2.49%
Total Net Assets	100.00%

* As of the date of this report, Delaware Investments Minnesota Municipal Income Fund II, Inc. held bonds issued by or on behalf of territories and the states of the United States as follows:

State / territory	Percentage of net assets
Guam	1.12%
Minnesota	142.07%
Total	143.19%

Table of Contents**Delaware Investments®****National Municipal Income Fund**

Security type / sector	Percentage of net assets
Municipal Bonds*	144.53%
Corporate Revenue Bonds	13.32%
Education Revenue Bonds	22.63%
Electric Revenue Bonds	2.77%
Healthcare Revenue Bonds	24.05%
Lease Revenue Bonds	8.59%
Local General Obligation Bonds	6.38%
Pre-Refunded/Escrowed to Maturity Bonds	18.56%
Special Tax Revenue Bonds	14.04%
State General Obligation Bonds	7.06%
Transportation Revenue Bonds	23.46%
Water & Sewer Revenue Bonds	3.67%
Short-Term Investment	0.46%
Total Value of Securities	144.99%
Liquidation Value of Preferred Stock	(46.21)%
Receivables and Other Assets Net of Liabilities	1.22%
Total Net Assets	100.00%

* As of the date of this report, Delaware Investments National Municipal Income Fund held bonds issued by or on behalf of territories and the states of the United States as follows:

State / territory	Percentage of net assets
Alabama	0.86%
Alaska	0.50%
Arizona	6.52%
California	18.38%

Colorado	1.41%
District of Columbia	1.79%
Florida	6.19%
Georgia	2.46%
Guam	2.13%
Hawaii	0.50%
Idaho	1.51%
Illinois	11.18%
Indiana	0.98%
Kansas	0.34%
Louisiana	5.00%
Maine	0.50%
Maryland	3.05%
Massachusetts	0.86%
Michigan	1.70%
Minnesota	2.16%
Missouri	4.26%
Montana	1.14%
Nebraska	0.48%
New Hampshire	0.49%
New Jersey	6.97%
New York	22.13%
Ohio	4.02%
Oklahoma	0.37%
Oregon	1.90%
Pennsylvania	18.98%
Texas	10.67%
Utah	1.10%
Virginia	1.27%
Washington	1.32%
Wisconsin	1.46%
Wyoming	0.41%
Total Value of Securities	144.99%

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Schedules of investments

Delaware Investments® Colorado Municipal Income Fund, Inc.

March 31, 2018

	Principal Amount^o	Value (US \$)
Municipal Bonds 139.25%		
Corporate Revenue Bonds 5.21%		
Denver City & County (United Airlines Project) 5.00% 10/1/32 (AMT)	215,000	\$ 232,781
Public Authority for Colorado Energy Natural Gas Revenue Series 2008 6.50% 11/15/38	1,750,000	2,436,630
Public Authority for Colorado Energy Revenue 6.25% 11/15/28	865,000	1,082,245
		3,751,656
Education Revenue Bonds 19.18%		
Colorado Educational & Cultural Facilities Authority Revenue 144A 5.00% 7/1/36 #	500,000	505,105
5.125% 11/1/49	765,000	768,144
144A 5.25% 7/1/46 #	500,000	505,055
(Academy Charter School Project) 5.50% 5/1/36 (SGI)	1,720,000	1,723,543
(Alexander Dawson School-Nevada Project) 5.00% 5/15/29	760,000	872,890
(Charter School - Atlas Preparatory School) 144A 5.25% 4/1/45 #	700,000	690,060
(Charter School - Community Leadership Academy) 7.45% 8/1/48	500,000	567,620
(Charter School - Peak to Peak Charter) 5.00% 8/15/34	1,000,000	1,078,810
(Improvement - Charter School - University Lab School Building) 5.00% 12/15/45	500,000	525,045
(Johnson & Wales University) Series A 5.25% 4/1/37	900,000	990,648
(Liberty Charter School)		
Series A		
5.00% 1/15/44	1,000,000	1,071,370
(Littleton Charter School Project) 4.375% 1/15/36 (AGC)	1,200,000	1,200,264
(Loveland Classical Schools) 144A 5.00% 7/1/36 #	625,000	635,513
	Principal Amount^o	Value

(US \$)

Municipal Bonds (continued)

Education Revenue Bonds (continued)

Colorado Educational & Cultural Facilities Authority Revenue
(Skyview Charter School)

144A 5.50% 7/1/49 #	750,000	\$ 774,300
(Student Housing - Campus Village Apartments) 5.00% 6/1/23 (Vail Mountain School Project)	1,065,000	1,075,661
4.00% 5/1/46	25,000	24,708
(Windsor Charter Academy Project) 144A 5.00% 9/1/46 #	500,000	500,910
Colorado School of Mines Series B 5.00% 12/1/42	270,000	298,890
Colorado State Board of Governors (University Enterprise System) Series A 5.00% 3/1/39	10,000	10,279

13,818,815

Electric Revenue Bonds 2.79%

Platte River Power Authority Revenue Series JJ 5.00% 6/1/27	1,700,000	2,010,556
		2,010,556

Healthcare Revenue Bonds 40.26%

Aurora Hospital Revenue (Children's Hospital Association
Project) Series A

5.00% 12/1/40	2,000,000	2,113,160
Colorado Health Facilities Authority Revenue (Catholic Health Initiatives)		
Series A 5.00% 7/1/39	750,000	768,990
Series A 5.00% 2/1/41	2,400,000	2,499,288
Series A 5.25% 2/1/33	1,625,000	1,714,310
Series A 5.25% 1/1/45	1,000,000	1,073,570
Series D 6.125% 10/1/28	750,000	765,143
(Christian Living Community Project) 6.375% 1/1/41	615,000	665,947

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	Principal	Value
	Amount^o	(US \$)
Municipal Bonds (continued)		
Healthcare Revenue Bonds (continued)		
Colorado Health Facilities Authority Revenue (Covenant Retirement Communities Inc.)		
5.00% 12/1/35	1,000,000	\$ 1,094,900
Series A 5.75% 12/1/36	1,000,000	