

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC  
Form N-Q  
August 29, 2017

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number:	811-07420
Exact name of registrant as specified in charter:	Delaware Investments <sup>®</sup> Minnesota Municipal Income Fund II, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	March 31
Date of reporting period:	June 30, 2017

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## Item 1. Schedule of Investments.

## Schedule of investments

## Delaware Investments® Minnesota Municipal Income Fund II, Inc.

June 30, 2017 (Unaudited)

	Principal Amount°	Value (US \$)
<b>Municipal Bonds 142.25%</b>		
Corporate-Backed Revenue Bonds 2.87%		
Laurentian Energy Authority I		
Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	\$ 3,314,460
St. Paul Port Authority		
Revenue (Gerdau St. Paul Steel Mill Project) Series 7 144A 4.50% 10/1/37 (AMT) #	1,715,000	1,514,619
		4,829,079
Education Revenue Bonds 21.64%		
Brooklyn Park Charter School		
Lease (Prairie Seeds Academy Project) Series A 5.00% 3/1/34	990,000	1,026,947
Series A 5.00% 3/1/39	170,000	174,785
Cologne Charter School Lease		
Revenue (Cologne Academy Project) Series A 5.00% 7/1/29	270,000	283,638
Series A 5.00% 7/1/45	445,000	454,723
Deephaven Charter School		
(Eagle Ridge Academy Project) Series A 5.25% 7/1/37	590,000	622,303
Series A 5.25% 7/1/40	500,000	526,340
Forest Lake Minnesota		
Charter School Revenue (Lake International Language Academy) 5.75% 8/1/44	705,000	761,731
Hugo Charter School Lease		
Revenue (Noble Academy Project) Series A 5.00% 7/1/34	255,000	260,740
Series A 5.00% 7/1/44	775,000	783,665
Minneapolis Charter School		
Lease Revenue (Hiawatha Academies Project) Series A 5.00% 7/1/36	750,000	752,700
Series A 5.00% 7/1/47	900,000	888,624
Minneapolis Student Housing		
Revenue (Riverton Community Housing Project) 5.25% 8/1/39	205,000	209,859
5.50% 8/1/49	990,000	1,019,621

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Minnesota Charter School			
	Lease Revenue (Beacon Academy Project) Series A 5.00% 7/1/46	305,000	294,255
Minnesota Higher Education			
	Facilities Authority Revenue (Bethel University) 5.00% 5/1/47	1,250,000	1,370,687
	(Carleton College) 4.00% 3/1/36	485,000	519,954
	5.00% 3/1/44 (College of St. Benedict)	905,000	1,060,886
	Series 7-M 5.00% 3/1/31	300,000	322,992
	Series 7-M 5.125% 3/1/36	275,000	297,014
	(St. Catherine University) Series 7-Q 5.00% 10/1/32	700,000	769,685
	(St. Johns University) Series 8-I 5.00% 10/1/31	235,000	272,475
	Series 8-I 5.00% 10/1/34 (St. Olaf College) Series	35,000	40,027
	8-N 4.00% 10/1/35	590,000	627,034
	(St. Scholastic College) Series H 5.25% 12/1/35	1,000,000	1,049,720
	(University of St. Thomas) Series 7-A 5.00% 10/1/39	1,000,000	1,072,950
	Series 7-U 5.00% 4/1/22	750,000	866,063
Otsego Charter School			
	(Kaleidoscope Charter School) Series A 5.00% 9/1/34	230,000	238,107
	Series A 5.00% 9/1/44	400,000	409,408
Rice County Educational			
	Facilities Revenue (Shattuck-St. Mary's School) Series A 144A 5.00% 8/1/22 #	1,250,000	1,323,487
St. Cloud Charter School			
	Lease Revenue (Stride Academy Project) Series A 5.00% 4/1/46	375,000	264,004
St. Paul Housing &			
	Redevelopment Authority Charter School Lease Revenue (Academia Cesar Chavez School Project) Series A 5.25% 7/1/50	850,000	863,872

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## Schedule of investments

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

	Principal Amount°	Value (US \$)
<b>Municipal Bonds</b> (continued)		
Education Revenue Bonds (continued)		
St. Paul Housing &		
Redevelopment Authority		
Charter School Lease		
Revenue		
(Nova Classical Academy		
Project)		
Series A 4.125% 9/1/47	750,000	\$ 737,873
Series A 6.375% 9/1/31	750,000	829,365
(Twin Cities Academy		
Project) Series A 5.30%		
7/1/45	630,000	646,185
University of Minnesota		
Series A 5.25% 12/1/28	500,000	565,780
Series A 5.25% 4/1/29	1,000,000	1,069,030
Series C 5.00% 12/1/19	1,290,000	1,386,479
Series D 5.00% 12/1/27	1,110,000	1,267,753
Series D 5.00% 12/1/28	1,880,000	2,142,880
Series D 5.00% 12/1/29	2,265,000	2,577,570
Series D 5.00% 12/1/31	1,000,000	1,138,420
Series D 5.00% 12/1/36	3,000,000	3,387,960
State Supported Stadium		
Debt Series A 5.00%		
8/1/26	1,000,000	1,221,420
		<b>36,399,011</b>
Electric Revenue Bonds 12.63%		
Central Minnesota Municipal		
Power Agency Revenue		
(Brookings Southeast Twin		
Cities Transportation)		
5.00% 1/1/32	1,130,000	1,253,159
(Brookings Twin Cities		
Transmission Project)		
5.00% 1/1/42	1,000,000	1,096,460
Chaska Electric Revenue		
Series A 5.00% 10/1/28	445,000	524,842
Minnesota Municipal Power		
Agency Electric Revenue		
5.00% 10/1/25	500,000	602,845
5.00% 10/1/26	500,000	598,455
5.00% 10/1/27	320,000	380,282
5.00% 10/1/47	1,755,000	2,016,460
Northern Municipal Power		
Agency		
Series A 5.00% 1/1/26	100,000	115,615
Series A 5.00% 1/1/30	340,000	382,888
Rochester Electric Utility		
Revenue		
Series A 5.00% 12/1/42	605,000	707,420
Series A 5.00% 12/1/47	985,000	1,146,461
Series B 5.00% 12/1/30	1,300,000	1,524,640
Series B 5.00% 12/1/43	1,000,000	1,147,400
Southern Minnesota		

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	Municipal Power Agency Supply Revenue Series A 5.00% 1/1/41	240,000	273,086
<b>Western Minnesota Municipal</b>			
	Power Agency Supply Revenue Series A 5.00% 1/1/25	3,000,000	3,524,880
	Series A 5.00% 1/1/26	1,000,000	1,168,080
	Series A 5.00% 1/1/33	1,000,000	1,135,690
	Series A 5.00% 1/1/40	750,000	842,257
	Series A 5.00% 1/1/46	2,500,000	2,796,525
			21,237,445
<b>Healthcare Revenue Bonds 29.20%</b>			
	Anoka Health Care Facilities Revenue 5.375% 11/1/34	610,000	633,534
<b>Apple Valley Senior Living</b>			
	Revenue (Senior Living LLC Project) Series B 5.00% 1/1/47	750,000	765,435
	Series D 7.25% 1/1/52	1,000,000	1,009,210
	Center City Health Care Facilities Revenue (Hazelden Betty Ford Foundation Project) 5.00% 11/1/27	500,000	573,660
	(Hazelden Foundation Project) 5.00% 11/1/41	1,600,000	1,668,672
<b>Cloquet Housing Facilities</b>			
	Revenue (HADC Cloquet Project) Series A 5.00% 8/1/48	500,000	496,720
	Dakota County Community Development Agency Senior Housing Revenue (Walker Highview Hills Project) Series A 144A 5.00% 8/1/46 #	370,000	375,791
	Series A 144A 5.00% 8/1/51 #	755,000	764,083

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(Unaudited)

		Principal Amount <sup>o</sup>	Value (US \$)
<b>Municipal Bonds</b> (continued)			
Healthcare Revenue Bonds (continued)			
	Deephaven Housing &		
	Healthcare Revenue (St. Therese Senior Living Project)		
	Series A 5.00% 4/1/38	280,000	\$ 284,029
	Series A 5.00% 4/1/40	270,000	273,480
	Duluth Economic		
	Development Authority (St. Luke's Hospital Authority Obligation Group)		
	5.75% 6/15/32	1,400,000	1,517,684
	6.00% 6/15/39	1,000,000	1,092,890
	Fergus Falls Health Care		
	Facilities Revenue (Lake Region Healthcare)		
	5.00% 8/1/30	1,000,000	1,001,000
	Hayward		
	(American Baptist Homes Midwest) 5.75% 2/1/44	500,000	506,990
	Hayward Health Care		
	Facilities Revenue (St. John's Lutheran Home of Albert Lea)		
	5.375% 10/1/44	680,000	686,032
	Maple Grove Health Care		
	Facilities Revenue (Maple Grove Hospital Corporation) 4.00%		
	5/1/37	1,000,000	1,028,670
	(North Memorial Health Care) 5.00% 9/1/30	865,000	984,776
	Minneapolis Health Care		
	System Revenue (Fairview Health Services)		
	Series A 5.00% 11/15/33	500,000	575,155
	Series A 5.00% 11/15/34	500,000	573,555
	(Unrefunded Fairview Health Services) Series B		
	6.50% 11/15/38 (AGC)	1,940,000	2,070,135
	Minneapolis Senior Housing &		
	Healthcare Revenue (Ecumen-Abiitan Mill City Project) 5.00% 11/1/35	220,000	226,373
	Minneapolis Senior Housing &		
	Healthcare Revenue (Ecumen Mill City Quarter)		
	5.25% 11/1/45	850,000	876,189
	5.375% 11/1/50	200,000	206,138
	Minneapolis St. Paul		
	Housing & Redevelopment Authority Health Care Revenue (Allina Health System)		
	Series A 5.00% 11/15/29	585,000	705,370

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	(Children s Health Care Facilities) Series A1 5.00% 8/15/34 (AGM)	500,000	540,310
Rochester Health Care &			
	Housing Revenue (Samaritan Bethany) Series A 7.375% 12/1/41	1,220,000	1,309,194
	(The Homestead at Rochester Project) Series A 6.875% 12/1/48	1,220,000	1,358,263
Rochester Health Care			
	Facilities Revenue (Mayo Clinic) 4.00% 11/15/41	4,860,000	5,022,956
Sartell Health Care Facilities			
	Revenue (Country Manor Campus Project) 5.25% 9/1/30	1,000,000	1,040,890
	Series A 5.30% 9/1/37	600,000	624,978
Shakopee Health Care			
	Facilities Revenue (St. Francis Regional Medical Center) 4.00% 9/1/31	205,000	217,858
	5.00% 9/1/34	165,000	184,783
St. Cloud Health Care			
	Revenue (Centracare Health System Project) Series A 4.00% 5/1/37	1,295,000	1,370,058
	Series A 5.00% 5/1/46	2,800,000	3,180,520
	Series B 5.00% 5/1/24 (Unrefunded Centracare Health System Project) 5.125% 5/1/30	1,400,000	1,680,952
		95,000	103,226
St. Paul Housing &			
	Redevelopment Authority Health Care Facilities Revenue (Allina Health System) Series A1 5.25% 11/15/29	640,000	699,085

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## Schedule of investments

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

		Principal Amount°	Value (US \$)
<b>Municipal Bonds</b> (continued)			
Healthcare Revenue Bonds (continued)			
St. Paul Housing &			
	Redevelopment Authority Health Care Facilities Revenue (Health Partners Obligation Group Project) 5.00% 7/1/29	2,000,000	\$ 2,331,460
	5.00% 7/1/32	1,100,000	1,259,698
St. Paul Housing &			
	Redevelopment Authority Hospital Facility (Healtheast Care System Project) Series A 5.00% 11/15/29	395,000	440,066
	Series A 5.00% 11/15/30	290,000	321,636
St. Paul Housing &			
	Redevelopment Authority Housing & Health Care Facilities Revenue (Senior Episcopal Homes Project) 5.125% 5/1/48	1,200,000	1,209,948
	Series A 4.75% 11/1/31	740,000	739,193
Wayzata Senior Housing			
	Revenue (Folkestone Senior Living Community) Series A 5.50% 11/1/32	420,000	448,673
	Series A 5.75% 11/1/39	945,000	1,010,177
	Series A 6.00% 5/1/47	1,475,000	1,573,633
Winona Health Care Facilities			
	Revenue (Winona Health Obligation) 4.65% 7/1/26	465,000	495,732
	4.75% 7/1/27	785,000	835,389
	5.00% 7/1/23	150,000	150,367
	5.00% 7/1/34	750,000	795,420
Woodbury Housing &			
	Redevelopment Authority Revenue (St. Therese of Woodbury) 5.125% 12/1/44	1,250,000	1,280,150
			49,120,186
Housing Revenue Bonds 2.04%			
Minneapolis Multifamily			
	Housing Revenue (Olson Townhomes Project) 6.00% 12/1/19 (AMT)	345,000	345,179
Minnesota Housing Finance			
	Agency (Non Ace State		



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	Appropriated Housing) 5.00% 8/1/33	1,390,000	1,582,404
<b>Minnesota State Housing</b>			
	Finance Agency Homeownership (Mortgage-Backed Securities Program) 4.40% 7/1/32 (GNMA) (FNMA)	885,000	945,525
<b>Northwest Multi-County</b>			
	Housing & Redevelopment Authority (Pooled Housing Program) 5.50% 7/1/45	560,000	563,976
			3,437,084
<b>Lease Revenue Bonds 14.14%</b>			
<b>Minnesota State General</b>			
	Fund Revenue Appropriations Series A 5.00% 6/1/32 Series A 5.00% 6/1/38 Series A 5.00% 6/1/43 Series B 4.00% 3/1/26 Series B 5.00% 3/1/29	780,000 5,500,000 1,750,000 3,000,000 3,525,000	899,644 6,274,840 1,989,295 3,297,840 4,038,240
<b>University of Minnesota</b>			
	Special Purpose Revenue (State Supported Biomed Science Research) 5.00% 8/1/35 5.00% 8/1/36	1,040,000 4,000,000	1,141,951 4,484,840
<b>Virginia Housing &amp;</b>			
	Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25 5.375% 10/1/30	680,000 965,000	681,618 966,969
			23,775,237
<b>Local General Obligation Bonds 10.16%</b>			
<b>Burnsville-Eagan-Savage</b>			
	Independent School District No 191 (Alternative Facilities) Series A 4.00% 2/1/28	1,185,000	1,323,965
<b>Duluth Independent School</b>			
	District No 709 Series A 4.00% 2/1/27	600,000	674,238

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(Unaudited)

	Principal Amount <sup>o</sup>	Value (US \$)
<b>Municipal Bonds</b> (continued)		
Local General Obligation Bonds (continued)		
Duluth, Minnesota		
(Improvement DECC) Series A 5.00% 2/1/34	545,000	\$ 637,290
Hennepin County		
Series A 5.00% 12/1/36	1,300,000	1,555,554
Series A 5.00% 12/1/41	1,060,000	1,254,775
Hopkins Independent School		
District No. 270 Series A 5.00% 2/1/28	1,000,000	1,119,190
Mahtomedi Independent		
School District No. 832 (School Building) Series A 5.00% 2/1/28	515,000	614,601
Metropolitan Council Waste		
Water Revenue Series C 4.00% 3/1/31	1,355,000	1,517,465
Series C 4.00% 3/1/32	1,405,000	1,565,816
Mountain Iron-Buhl		
Independent School District No. 712 (School Building) Series A 4.00% 2/1/26	1,315,000	1,517,208
St Michael-Albertville		
Independent School District No. 885 (School Building) Series A 5.00% 2/1/27	1,300,000	1,590,550
St. Paul Independent School		
District No. 625 (School Building) Series B 5.00% 2/1/26	1,000,000	1,170,190
Willmar		
(Rice Memorial Hospital Project) Series A 4.00% 2/1/32	2,440,000	2,552,777
		17,093,619
<b>Pre-Refunded/Escrowed to Maturity Bonds 23.30%</b>		
Anoka Health Care Facilities		
Revenue (Homestead Anoka Project) Series A 7.00% 11/1/46-19 §	1,200,000	1,369,296
Dakota-Washington Counties		
Housing & Redevelopment Authority Single Family Residential Mortgage Revenue (City of Bloomington) Series B 8.375% 9/1/21 (GNMA) (AMT)	7,055,000	8,952,160
Deephaven Charter School		
(Eagle Ridge Academy Project) Series A 5.50% 7/1/43-23 §	500,000	601,985
Minneapolis Health Care		

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	System Revenue (Fairview Health Services) Series A 6.625% 11/15/28-18 §	1,150,000	1,238,263
	Series B 6.50% 11/15/38-18 (AGC) §	355,000	381,668
Minneapolis Revenue	(National Marrow Donor Program Project) Series NMDP 4.875% 8/1/25-18 §	1,000,000	1,042,080
Minnesota Higher Education	Facilities Authority Revenue (Carleton College) Series D 5.00% 3/1/30-19 §	1,120,000	1,193,595
Minnesota Public Safety Radio	5.00% 6/1/23-19 §	2,595,000	2,790,274
Rocori Independent School	District No. 750 (School Building) Series B 5.00% 2/1/22-19 §	1,010,000	1,073,398
	Series B 5.00% 2/1/24-19 §	1,075,000	1,142,478
	Series B 5.00% 2/1/25-19 §	1,115,000	1,184,988
	Series B 5.00% 2/1/26-19 §	1,155,000	1,227,499
Southern Minnesota	Municipal Power Agency Supply Revenue Series A 5.25% 1/1/30-19 §	780,000	829,202
St. Cloud Health Care	Revenue (Centracare Health System Project) 5.50% 5/1/39-19 (AGC) §	1,500,000	1,621,050
	Series A 5.125% 5/1/30-20 §	5,080,000	5,645,810
St. Louis Park Health Care	Facilities Revenue (Park Nicollet Health Services) 5.75% 7/1/39-19 §	2,000,000	2,185,400

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## Schedule of investments

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

	Principal Amount <sup>o</sup>	Value (US \$)
<b>Municipal Bonds</b> (continued)		
Pre-Refunded/Escrowed to Maturity Bonds (continued)		
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Allina Health System) Series A1 5.25% 11/15/29-19 \$	755,000	\$ 828,107
St. Paul Sewer Revenue Series D 5.00% 12/1/21-18 \$	1,325,000	1,374,687
University of Minnesota Series A 5.50% 7/1/21	4,000,000	4,507,320
		39,189,260
Special Tax Revenue Bonds 2.67%		
Guam Government Business Privilege Tax Revenue Series A 5.25% 1/1/36	150,000	159,243
Hennepin County Sales Tax Revenue (Second Lien-Ballpark Project) Series B 4.75% 12/15/27	1,905,000	1,937,823
Minneapolis Community Planning & Economic Development Department (Limited Tax Supported Common Bond Fund) 6.25% 12/1/30	1,000,000	1,140,750
Minneapolis Revenue (YMCA Greater Twin Cities Project) 4.00% 6/1/29	165,000	176,372
St. Paul Sales Tax Revenue Series G 5.00% 11/1/30	935,000	1,077,550
		4,491,738
State General Obligation Bonds 15.12%		
Minnesota State Series A 5.00% 8/1/24	4,500,000	5,514,300
Series A 5.00% 8/1/29 (State Trunk Highway)	700,000	845,803
Series B 5.00% 10/1/22	5,500,000	6,349,035
Series B 5.00% 10/1/29 (State Various Purpose)	3,315,000	3,805,222
Series D 5.00% 8/1/24 (Various Purposes) Series F 5.00% 10/1/22	2,700,000	3,007,584
	5,000,000	5,908,400
		25,430,344
Transportation Revenue Bonds 7.26%		
Minneapolis St. Paul Metropolitan Airports Commission Revenue 5.00% 1/1/21	600,000	677,100

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5.00% 1/1/22	670,000	752,410
Subordinate		
Series A 5.00% 1/1/31	410,000	492,763
Series A 5.00% 1/1/32	1,255,000	1,500,164
Series B 5.00% 1/1/26	540,000	614,164
Series B 5.00% 1/1/26 (AMT)	500,000	571,045
Series B 5.00% 1/1/27	1,190,000	1,352,340
Series B 5.00% 1/1/30	500,000	559,250
Series B 5.00% 1/1/31	250,000	278,943
Series C 5.00% 1/1/33	2,000,000	2,379,600
Series C 5.00% 1/1/36	1,000,000	1,178,790
Series C 5.00% 1/1/46	1,245,000	1,447,325
<b>St. Paul Port Authority</b>		
Revenue		
(Amherst H. Wilder Foundation) Series 3		
5.00% 12/1/36	380,000	400,467
		12,204,361
<b>Water &amp; Sewer Revenue Bonds 1.22%</b>		
Guam Government		
Waterworks Authority		
5.00% 1/1/46	725,000	790,228
<b>Metropolitan Council Waste</b>		
Water Revenue		
Series B 4.00% 9/1/27	1,145,000	1,265,603
		2,055,831
<b>Total Municipal Bonds</b>		
(cost \$228,890,329)		<b>239,263,195</b>

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(Unaudited)

	Principal Amount <sup>o</sup>	Value (US \$)
<b>Short-Term Investments 1.10%</b>		
Variable Rate Demand Notes 1.10% <sup>⌘</sup>		
Minneapolis St. Paul		
Housing & Redevelopment		
Authority Health Care		
Revenue		
Series A-II (Children s		
Hospital Clinics)		
0.71% 8/15/37 (AGM)	1,650,000	\$ 1,650,000
Series B-1 (Allina Health		
System)		
0.73% 11/15/35		
(LOC JPMorgan Chase		
Bank N.A.)	200,000	200,000
<b>Total Short-Term</b>		
<b>Investments</b>		
(cost \$1,850,000)		1,850,000
<b>Total Value of</b>		
<b>Securities 143.35%</b>		
(cost \$230,740,329)		241,113,195
<b>Liquidation Value of</b>		
<b>Preferred</b>		
<b>Stock (44.59%)</b>		(75,000,000)
<b>Receivables and Other</b>		
<b>Assets Net of</b>		
<b>Liabilities 1.24%</b>		2,092,408
<b>Net Assets Applicable to</b>		
<b>11,504,975 Shares</b>		
<b>Outstanding 100.00%</b>		\$ 168,205,603

Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At June 30, 2017, the aggregate # value of Rule 144A securities was \$3,977,980, which represents 2.36% of the Fund's net assets.

Tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period (generally up to 30 days) prior to specified dates either from the issuer or by drawing on a bank letter of credit, a guarantee, or insurance issued with respect to <sup>⌘</sup> such instrument. Each rate shown is as of June 30, 2017.

Pre-refunded bonds. Municipal bonds that are generally backed or secured by US Treasury bonds. For pre-refunded bonds, the § stated maturity is followed by the year in which the bond is pre-refunded.

<sup>o</sup> Principal amount shown is stated in US dollars unless noted that the security is denominated in another currency.

**Summary of abbreviations:**

AGC Insured by Assured Guaranty Corporation  
AGM Insured by Assured Guaranty Municipal Corporation  
AMT Subject to Alternative Minimum Tax  
FNMA Federal National Mortgage Association Collateral  
GNMA Government National Mortgage Association Collateral  
LOC Letter of Credit  
N.A. National Association

See accompanying notes.

# Notes

Delaware Investments<sup>®</sup> Minnesota Municipal Income Fund II, Inc.  
June 30, 2017 (Unaudited)

## 1. Significant Accounting Policies

The following accounting policies are in accordance with US generally accepted accounting principles (US GAAP) and are consistently followed by Delaware Investments Minnesota Municipal Income Fund II, Inc. (Fund). This report covers the period of time since the Fund's last fiscal year end.

**Security Valuation** Debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

## 2. Investments

At June 30, 2017, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At June 30, 2017, the cost of investments and unrealized appreciation (depreciation) for the Fund were as follows:

Cost of investments	\$ 230,740,329
Aggregate unrealized appreciation of investments	\$ 11,125,996
Aggregate unrealized depreciation of investments	(753,130)
Net unrealized appreciation of investments	\$ 10,372,866

US GAAP defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three-level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below.

- Level 1 Inputs are quoted prices in active markets for identical investments. (Examples: equity securities, open-end investment companies, futures contracts, exchange-traded options contracts)
- Level 2 Other observable inputs, including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other market-corroborated inputs. (Examples: debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)
- Level 3 Significant unobservable inputs, including the Fund's own assumptions used to determine the fair value of investments. (Examples: broker-quoted securities, fair valued securities)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied

due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity, and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

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(Unaudited)

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of June 30, 2017:

Securities	Level 2
<u>Assets:</u>	
Municipal Bonds	\$239,263,195
Short-Term Investments	1,850,000
Total Value of Securities	\$241,113,195

During the period ended June 30, 2017, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Fund. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

**3. Recent Accounting Pronouncements**

On Oct. 13, 2016, the Securities and Exchange Commission amended existing rules intended to modernize reporting and disclosure of information. These amendments relate to Regulation S-X which sets forth the form and content of financial statements. At this time, management is evaluating the implications of adopting these amendments and their impact on the Schedule of investments and accompanying notes.

**4. Subsequent Events**

Management has determined that no material events or transactions occurred subsequent to June 30, 2017 that would require recognition or disclosure in the Fund's Schedule of investments.

**Item 2. Controls and Procedures.**

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

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

**Item 3. Exhibits.**

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

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