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Delaware Investments National Municipal Income Fund  
Form N-CSR  
December 07, 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: September 30, 2010

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Item 1. Reports to Stockholders

## Semiannual Report

Delaware  
Investments  
Closed-End  
Municipal Bond  
Funds

September 30, 2010

The figures in the semiannual 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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Delaware Management Holdings, Inc., and its subsidiaries (collectively known by the marketing name of Delaware Investments) are wholly owned subsidiaries of 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](http://www.delawareinvestments.com).

Unless otherwise noted, views expressed herein are current as of Sept. 30, 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. 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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## Sector allocations

As of September 30, 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                                 | 99.96%                   |
| Corporate-Backed Revenue Bonds                  | 6.20%                    |
| Education Revenue Bonds                         | 12.55%                   |
| Electric Revenue Bonds                          | 11.82%                   |
| Healthcare Revenue Bonds                        | 21.38%                   |
| Housing Revenue Bonds                           | 1.26%                    |
| Lease Revenue Bonds                             | 6.48%                    |
| Local General Obligation Bonds                  | 4.57%                    |
| Pre-Refunded/Escrowed to Maturity Bonds         | 5.42%                    |
| Special Tax Revenue Bonds                       | 15.29%                   |
| State General Obligation Bond                   | 0.85%                    |
| Transportation Revenue Bonds                    | 6.01%                    |
| Water & Sewer Revenue Bonds                     | 8.13%                    |
| Total Value of Securities                       | 99.96%                   |
| Receivables and Other Assets Net of Liabilities | 0.04%                    |
| Total Net Assets                                | 100.00%                  |

Delaware Investments

Minnesota Municipal Income Fund II, Inc.

| Sector  | Percentage of Net Assets |
|---|--------------------------|
| Municipal Bonds                                 | 98.24%                   |
| Corporate-Backed Revenue Bonds                  | 5.94%                    |
| Education Revenue Bonds                         | 8.44%                    |
| Electric Revenue Bonds                          | 10.07%                   |
| Healthcare Revenue Bonds                        | 18.26%                   |
| Housing Revenue Bonds                           | 8.10%                    |
| Lease Revenue Bonds                             | 6.28%                    |
| Local General Obligation Bonds                  | 9.35%                    |
| Pre-Refunded/Escrowed to Maturity Bonds         | 20.34%                   |
| Special Tax Revenue Bonds                       | 3.52%                    |
| State General Obligation Bonds                  | 1.35%                    |
| Transportation Revenue Bonds                    | 5.66%                    |
| Water & Sewer Revenue Bond                      | 0.93%                    |
| Short-Term Investment                           | 0.39%                    |
| Total Value of Securities                       | 98.63%                   |
| Receivables and Other Assets Net of Liabilities | 1.37%                    |
| Total Net Assets                                | 100.00%                  |

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Delaware Investments

Colorado Municipal Income Fund, Inc.

| Sector  | Percentage<br>of Net Assets |
|---|-----------------------------|
| Municipal Bonds                                 | 98.75%                      |
| Corporate-Backed Revenue Bonds                  | 1.29%                       |
| Education Revenue Bonds                         | 20.21%                      |
| Electric Revenue Bonds                          | 6.17%                       |
| Healthcare Revenue Bonds                        | 13.88%                      |
| Housing Revenue Bonds                           | 2.74%                       |
| Lease Revenue Bonds                             | 4.34%                       |
| Local General Obligation Bonds                  | 8.40%                       |
| Pre-Refunded/Escrowed to Maturity Bonds         | 15.55%                      |
| Special Tax Revenue Bonds                       | 11.05%                      |
| State General Obligation Bonds                  | 5.59%                       |
| Transportation Revenue Bonds                    | 2.17%                       |
| Water & Sewer Revenue Bonds                     | 7.36%                       |
| Total Value of Securities                       | 98.75%                      |
| Receivables and Other Assets Net of Liabilities | 1.25%                       |
| Total Net Assets                                | 100.00%                     |

(continues) 1

## Sector/State allocations

Delaware Investments

National Municipal Income Fund

| Sector  | Percentage<br>of Net Assets |
|---|-----------------------------|
| Municipal Bonds                                 | 97.50%                      |
| Corporate-Backed Revenue Bonds                  | 14.57%                      |
| Education Revenue Bonds                         | 12.66%                      |
| Electric Revenue Bond                           | 1.90%                       |
| Healthcare Revenue Bonds                        | 18.43%                      |
| Housing Revenue Bonds                           | 6.91%                       |
| Lease Revenue Bond                              | 0.33%                       |
| Local General Obligation Bonds                  | 1.71%                       |
| Special Tax Revenue Bonds                       | 20.30%                      |
| State General Obligation Bonds                  | 6.21%                       |
| Transportation Revenue Bonds                    | 12.64%                      |
| Water & Sewer Revenue Bonds                     | 1.84%                       |
| Total Value of Securities                       | 97.50%                      |
| Receivables and Other Assets Net of Liabilities | 2.50%                       |
| Total Net Assets                                | 100.00%                     |

| State         | (as a % of fixed income<br>investments) |
|---------------|---|
| Alabama       | 1.44%                                   |
| Arizona       | 1.94%                                   |
| California    | 9.05%                                   |
| Colorado      | 0.99%                                   |
| Florida       | 25.72%                                  |
| Georgia       | 3.09%                                   |
| Hawaii        | 1.94%                                   |
| Illinois      | 1.05%                                   |
| Iowa          | 1.68%                                   |
| Kansas        | 0.46%                                   |
| Louisiana     | 0.80%                                   |
| Maryland      | 3.21%                                   |
| Massachusetts | 2.01%                                   |
| Michigan      | 0.51%                                   |
| Missouri      | 1.63%                                   |
| Montana       | 1.01%                                   |
| New Hampshire | 1.01%                                   |
| New Jersey    | 0.70%                                   |
| New Mexico    | 1.61%                                   |
| New York      | 9.81%                                   |
| Ohio          | 3.84%                                   |
| Oregon        | 0.43%                                   |
| Pennsylvania  | 11.22%                                  |
| Puerto Rico   | 10.44%                                  |

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|                 |         |
|-----------------|---------|
| Texas           | 3.60%   |
| Washington D.C. | 0.81%   |
| Total           | 100.00% |

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## Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.  
September 30, 2010 (Unaudited)

|   | Principal<br>Amount           | Value                         |
|---|-------------------------------|-------------------------------|
| <b>Municipal Bonds – 99.96%</b>   |                               |                               |
| <b>Corporate-Backed Revenue Bonds – 6.20%</b>   |                               |                               |
| Maricopa County Pollution Control<br>Revenue Refunding (Public Service -<br>Palo Verde Project)<br>Series B 5.20% 6/1/43  | \$ 500,000                    | \$ 524,765                    |
| Navajo County Pollution Control<br>Revenue (Arizona Public Services -<br>Cholla) Series D 5.75% 6/1/34  | 500,000                       | 541,670                       |
| Pima County Industrial Development<br>Authority Pollution Control Revenue<br>(Tucson Electric Power San Juan)<br>5.75% 9/1/29<br>Series A<br>4.95% 10/1/20<br>5.25% 10/1/40 | 250,000<br>500,000<br>400,000 | 259,763<br>535,010<br>404,344 |
| Salt Verde Financial Gas Revenue<br>Senior Note 5.00% 12/1/37   | 400,000                       | 381,136                       |
|   |                               | 2,646,688                     |
| <b>Education Revenue Bonds – 12.55%</b>   |                               |                               |
| Arizona Board of Regents System<br>Revenue (University of Arizona)<br>Series A 5.00% 6/1/39<br>Series 8-A 5.00% 6/1/18  | 500,000<br>150,000            | 530,465<br>178,986            |
| Arizona Health Facilities Authority<br>Healthcare Education Facilities<br>Revenue (Kirksville College)<br>5.125% 1/1/30   | 500,000                       | 514,625                       |
| Glendale Industrial Development<br>Authority Revenue Refunding<br>(Midwestern University)<br>5.00% 5/15/31<br>5.125% 5/15/40  | 350,000<br>300,000            | 365,687<br>310,233            |
| Northern Arizona University<br>Certificates of Participation<br>(Northern Arizona University<br>Research Project)<br>5.00% 9/1/30 (AMBAC)                                   | 1,000,000                     | 1,014,100                     |
| Pima County Industrial Development<br>Authority Educational Revenue<br>Refunding (Tucson Country Day  |                               |                               |



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|   |           |           |
|---|-----------|-----------|
| School Project) 5.00% 6/1/37  | 500,000   | 423,895   |
| South Campus Group Student<br>Housing Revenue (Arizona State<br>University South Campus Project)<br>5.625% 9/1/35 (NATL-RE)                       | 1,000,000 | 1,016,060 |
| University of Puerto Rico System<br>Revenue Series Q 5.00% 6/1/36   | 1,000,000 | 999,930   |
|   |           | 5,353,981 |
| <b>Electric Revenue Bonds – 11.82%</b>  |           |           |
| Puerto Rico Electric Power<br>Authority Revenue<br>Series TT 5.00% 7/1/37   | 100,000   | 102,118   |
| Series WW 5.50% 7/1/38  | 200,000   | 210,944   |
| Series XX 5.25% 7/1/40  | 805,000   | 841,821   |
| Series ZZ 5.25% 7/1/26  | 400,000   | 439,008   |
| Salt River Project Agricultural<br>Improvement & Power District<br>Electric System Revenue<br>Series A<br>5.00% 1/1/31                            | 1,000,000 | 1,027,810 |
| 5.00% 1/1/39  | 1,000,000 | 1,078,020 |
| Series B 5.00% 1/1/25   | 1,250,000 | 1,343,350 |
|   |           | 5,043,071 |
| <b>Healthcare Revenue Bonds – 21.38%</b>  |           |           |
| Arizona Health Facilities<br>Authority Revenue<br>(Banner Health) Series D<br>5.50% 1/1/21  | 500,000   | 556,090   |
| (Catholic Healthcare West) Series D<br>5.00% 7/1/28   | 500,000   | 512,430   |
| Glendale Industrial Development<br>Authority Hospital Revenue<br>Refunding (John C. Lincoln Health)<br>5.00% 12/1/42                              | 1,000,000 | 947,940   |
| Maricopa County Industrial<br>Development Authority Health<br>Facilities Revenue (Catholic<br>Healthcare West) Series A<br>5.25% 7/1/32           | 400,000   | 413,276   |
| 6.00% 7/1/39  | 500,000   | 541,315   |
| Scottsdale Industrial Development<br>Authority Hospital Revenue<br>Refunding (Scottsdale Healthcare)<br>Series A 5.25% 9/1/30                     | 500,000   | 509,310   |
| Show Low Industrial Development<br>Authority Hospital Revenue<br>Refunding (Navapache Regional<br>Medical Center) Series A<br>5.50% 12/1/17 (ACA) | 1,600,000 | 1,601,984 |
| University Medical Center<br>Hospital Revenue   |           |           |

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|   |           |           |
|---|-----------|-----------|
| 5.00% 7/1/33  | 1,000,000 | 978,640   |
| 5.00% 7/1/35  | 500,000   | 486,805   |
| 6.50% 7/1/39  | 500,000   | 546,660   |
| Yavapai County Industrial<br>Development Authority Revenue<br>(Yavapai Regional Medical Center)<br>Series A 5.25% 8/1/21 (RADIAN)                     |           |           |
|   | 2,000,000 | 2,030,879 |
|   |           | 9,125,329 |
| Housing Revenue Bonds – 1.26%   |           |           |
| Phoenix Industrial Development Authority<br>Single Family Mortgage Statewide<br>Revenue Series A 5.35% 6/1/20<br>(GNMA) (FNMA) (FHLMC) (AMT)          |           |           |
|   | 305,000   | 305,326   |
| Pima County Industrial Development<br>Authority Single Family Mortgage<br>Housing Revenue Series A-1<br>6.125% 11/1/33 (GNMA) (FNMA)<br>(FHLMC) (AMT) |           |           |
|   | 30,000    | 30,031    |

(continues) 3

## Statements of net assets

Delaware Investments Arizona Municipal Income Fund, Inc.

|   | Principal<br>Amount | Value              |
|---|---------------------|--------------------|
| <b>Municipal Bonds (continued)</b>  |                     |                    |
| <b>Housing Revenue Bonds (continued)</b>  |                     |                    |
| Puerto Rico Housing Finance Authority<br>Subordinate-Capital Foundation<br>Modernization 5.50% 12/1/18  | \$ 175,000          | \$ 200,503         |
|   |                     | 535,860            |
| <b>Lease Revenue Bonds – 6.48%</b>  |                     |                    |
| Arizona Certificates of Participation<br>Department Administration<br>Series A 5.25% 10/1/25 (AGM)  | 500,000             | 552,030            |
| Arizona Game & Fishing Department<br>& Commission Beneficial Interest<br>Certificates (AGF Administration<br>Building Project) 5.00% 7/1/26       | 640,000             | 669,715            |
| Nogales Development Authority<br>Municipal Facilities Revenue<br>5.00% 6/1/30 (AMBAC)   | 500,000             | 484,450            |
| Pima County Industrial Development<br>Authority Lease Revenue Metro Police<br>Facility (Nevada Project) Series A<br>5.25% 7/1/31<br>5.375% 7/1/39 | 500,000<br>500,000  | 531,310<br>526,705 |
|   |                     | 2,764,210          |
| <b>Local General Obligation Bonds – 4.57%</b>   |                     |                    |
| Gila County Unified School District #10<br>(Payson School Improvement<br>Project of 2006) Series A<br>5.25% 7/1/27 (AMBAC)                        | 500,000             | 544,035            |
| Maricopa County School District #6<br>(Washington Elementary) Refunding<br>Series A 5.375% 7/1/13 (AGM)   | 1,250,000           | 1,404,838          |
|   |                     | 1,948,873          |
| <b>§Pre-Refunded/Escrowed to Maturity Bonds – 5.42%</b>   |                     |                    |
| Puerto Rico Commonwealth Public<br>Improvement Revenue Series A<br>5.125% 7/1/31-11   | 250,000             | 259,150            |
| Southern Arizona Capital Facilities<br>Finance (University of Arizona<br>Project) 5.00% 9/1/23-12 (NATL-RE)                                       | 1,000,000           | 1,087,280          |
| University of Arizona Certificates<br>of Participation (University<br>of Arizona Project) Series B  |                     |                    |

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|                                       |           |           |
|---------------------------------------|-----------|-----------|
| 5.125% 6/1/22-12 (AMBAC)              | 500,000   | 537,940   |
| Virgin Islands Public Finance         |           |           |
| Authority Revenue (Gross              |           |           |
| Receipts Tax Loan Note) Series A      |           |           |
| 6.125% 10/1/29-10 (ACA)               | 425,000   | 429,318   |
|                                       |           | 2,313,688 |
| Special Tax Revenue Bonds – 15.29%    |           |           |
| Flagstaff Aspen Place Sawmill         |           |           |
| Improvement District Revenue          |           |           |
| 5.00% 1/1/32                          | 385,000   | 385,239   |
| Gilbert Public Facilities Municipal   |           |           |
| Property Revenue 5.00% 7/1/25         |           |           |
|                                       | 500,000   | 550,550   |
| Glendale Municipal Property Series A  |           |           |
| 5.00% 7/1/33 (AMBAC)                  | 2,000,000 | 2,058,099 |
| Marana Tangerine Farm Road            |           |           |
| Improvement District Revenue          |           |           |
| 4.60% 1/1/26                          | 924,000   | 924,869   |
| Peoria Municipal Development          |           |           |
| Authority Sales Tax & Excise          |           |           |
| Shared Revenue (Senior Lien &         |           |           |
| Subordinate Lien) 5.00% 1/1/18        |           |           |
|                                       | 1,085,000 | 1,268,180 |
| Puerto Rico Sales Tax Financing       |           |           |
| Revenue First Subordinate             |           |           |
| Series C 6.00% 8/1/39                 |           |           |
|                                       | 300,000   | 335,934   |
| Queen Creek Improvement District #1   |           |           |
| 5.00% 1/1/32                          | 1,000,000 | 1,002,340 |
|                                       |           | 6,525,211 |
| State General Obligation Bond – 0.85% |           |           |
| Puerto Rico Commonwealth Refunding    |           |           |
| (Public Improvement) Series C         |           |           |
| 6.00% 7/1/39                          | 335,000   | 363,177   |
|                                       |           | 363,177   |
| Transportation Revenue Bonds – 6.01%  |           |           |
| Phoenix Civic Improvement             |           |           |
| Airport Revenue                       |           |           |
| Junior Lien Series A 5.25% 7/1/33     | 500,000   | 535,420   |
| (Senior Lien) Series B 5.25% 7/1/27   |           |           |
| (NATL-RE) (FGIC) (AMT)                |           |           |
|                                       | 2,000,000 | 2,028,060 |
|                                       |           | 2,563,480 |
| Water & Sewer Revenue Bonds – 8.13%   |           |           |
| Phoenix Civic Improvement             |           |           |
| Wastewater Systems Revenue            |           |           |
| Junior Lien 5.00% 7/1/19 (NATL-RE)    | 850,000   | 982,685   |
| Refunding 5.00% 7/1/24                |           |           |
| (NATL-RE) (FGIC)                      |           |           |
|                                       | 1,000,000 | 1,027,000 |
| Phoenix Civic Improvement Water       |           |           |
| Systems Revenue Junior Lien           |           |           |
| Series A 5.00% 7/1/39                 | 900,000   | 969,651   |
| Scottsdale Water & Sewer Revenue      |           |           |
| Refunding 5.00% 7/1/19                |           |           |
|                                       | 400,000   | 491,036   |
|                                       |           | 3,470,372 |

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|                                    |                                   |              |
|------------------------------------|-----------------------------------|--------------|
| Total Municipal Bonds              |                                   |              |
|                                    | (cost \$41,053,486)               | 42,653,940   |
| Total Value of Securities – 99.96% |                                   |              |
|                                    | (cost \$41,053,486)               | 42,653,940   |
| Receivables and Other Assets       |                                   |              |
|                                    | Net of Liabilities – 0.04%        | 18,942       |
| Net Assets Applicable to 2,982,200 |                                   |              |
|                                    | Shares Outstanding; Equivalent to |              |
|                                    | \$14.31 Per Share – 100.00%       | \$42,672,882 |

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### Components of Net Assets at September 30, 2010:

|  |               |
|--|---------------|
| Common stock, \$0.01 par value, 200 million shares<br>authorized to the Fund | \$ 40,651,205 |
| Undistributed net investment income  | 380,050       |
| Accumulated net realized gain on investments                                 | 41,173        |
| Net unrealized appreciation of investments                                   | 1,600,454     |
| Total net assets   | \$ 42,672,882 |

§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 September 30, 2010. Interest rates reset periodically.

### Summary of Abbreviations:

ACA — Insured by American Capital Access

AGM — Insured by Assured Guaranty Municipal Corporation

AMBAC — Insured by AMBAC Assurance Corporation

AMT — Subject to Alternative Minimum Tax

FGIC — Insured by 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, which are an integral part of the financial statements.

(continues) 5

## Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

September 30, 2010 (Unaudited)

|   | Principal<br>Amount                              | Value  |
|---|--|--|
| <b>Municipal Bonds – 98.75%</b>   |  |  |
| <b>Corporate-Backed Revenue Bond – 1.29%</b>  |  |  |
| Public Authority for Colorado Energy<br>National Gas Purpose Revenue<br>Series 2008 6.50% 11/15/38  | \$ 750,000                                       | \$ 902,048                                       |
|   |  | 902,048  |
| <b>Education Revenue Bonds – 20.21%</b>   |  |  |
| Boulder County Development Revenue<br>Refunding (University Corporation<br>for Atmospheric Research)<br>5.00% 9/1/26 (NATL-RE)  | 3,000,000  | 3,030,779  |
| Colorado Board of Governors Revenue<br>(University Enterprise System)<br>Series A 5.00% 3/1/39  | 700,000  | 747,789  |
| Colorado Educational & Cultural<br>Facilities Authority Revenue<br>(Bromley Charter School Project)<br>Refunding 5.25% 9/15/32 (XLCA)<br>(Johnson & Wales University Project)<br>Series A 5.00% 4/1/28 (XLCA)<br>(Littleton Charter School Project)<br>Refunding 4.375% 1/15/36 (CIFG)<br>Student Housing<br>(Campus Village Apartments)<br>Refunding 5.00% 6/1/23<br>Student Housing (University<br>of Northern Colorado)<br>Series A 5.00% 7/1/31 (NATL-RE) | 1,000,000<br>3,000,000<br>1,200,000<br>2,500,000 | 1,018,960<br>3,001,740<br>1,074,708<br>2,501,725 |
| University of Colorado<br>Enterprise Systems Revenue<br>Series A 5.375% 6/1/38  | 750,000  | 825,743  |
| Western State College 5.00% 5/15/34   | 750,000  | 793,560  |
|   |  | 14,131,572                                       |
| <b>Electric Revenue Bonds – 6.17%</b>   |  |  |
| Platte River Power Authority<br>Revenue Series HH 5.00% 6/1/28  | 1,500,000  | 1,689,030  |
| Puerto Rico Electric Power<br>Authority Revenue<br>Series TT 5.00% 7/1/37<br>Series WW 5.50% 7/1/38   | 685,000<br>300,000                               | 699,508<br>316,416                               |

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|  |           |           |
|--|-----------|-----------|
| Series XX 5.25% 7/1/40   | 750,000   | 784,305   |
| Series ZZ 5.25% 7/1/26   | 750,000   | 823,140   |
|  |           | 4,312,399 |
| <b>Healthcare Revenue Bonds – 13.88%</b>   |           |           |
| Aurora Hospital Revenue<br>(Children’s Hospital Association<br>Project) Series A 5.00% 12/1/40   | 500,000   | 510,735   |
| Colorado Health Facilities<br>Authority Revenue<br>(Catholic Health Initiatives)<br>Series A 5.00% 7/1/39  | 750,000   | 784,013   |
| Series D 6.125% 10/1/28<br>(Evangelical Lutheran)<br>5.25% 6/1/23  | 750,000   | 862,658   |
| Series A 6.125% 6/1/38   | 1,000,000 | 1,040,849 |
| Colorado Health Facilities<br>Authority Revenue (continued)<br>(Porter Place) Series A<br>6.00% 1/20/36 (GNMA)<br>(Total Long-Term Care National)<br>Series A 6.00% 11/15/30 | 2,515,000 | 2,538,640 |
|  | 400,000   | 402,984   |
| Colorado Springs Hospital Revenue<br>Refunding 6.25% 12/15/33  | 750,000   | 821,340   |
| Denver Health & Hospital Authority<br>Healthcare Revenue 5.625% 12/1/40  | 750,000   | 761,835   |
| University of Colorado Hospital<br>Authority Revenue Series A<br>5.00% 11/15/37  | 500,000   | 502,405   |
| 6.00% 11/15/29   | 650,000   | 706,050   |
|  |           | 9,704,099 |
| <b>Housing Revenue Bonds – 2.74%</b>   |           |           |
| Colorado Housing & Finance<br>Authority (Single Family<br>Mortgage – Class I) Series A<br>5.50% 11/1/29 (FHA) (VA) (HUD)   | 500,000   | 532,695   |
| Puerto Rico Housing Finance Authority<br>Subordinate-Capital Foundation<br>Modernization<br>5.125% 12/1/27   | 1,000,000 | 1,039,150 |
| 5.50% 12/1/18  | 300,000   | 343,719   |
|  |           | 1,915,564 |
| <b>Lease Revenue Bonds – 4.34%</b>   |           |           |
| Aurora Certificates of Participation<br>Refunding Series A 5.00% 12/1/30   | 630,000   | 682,454   |
| Glendale Certificates of Participation<br>5.00% 12/1/25 (XLCA)   | 1,500,000 | 1,584,150 |
| Puerto Rico Public Buildings<br>Authority Revenue Refunding<br>(Guaranteed Government Facilities)<br>Series M-2 5.50% 7/1/35 (AMBAC)   | 700,000   | 768,061   |
|  |           | 3,034,665 |



## Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

### Local General Obligation Bonds – 8.40%

|   |           |           |
|---|-----------|-----------|
| Adams & Arapahoe Counties               |           |           |
| Joint School District #28J (Aurora)     |           |           |
| 6.00% 12/1/28                           | 600,000   | 715,386   |
| Arapahoe County Water &                 |           |           |
| Wastewater Public Improvement           |           |           |
| District Refunding Series A             |           |           |
| 5.125% 12/1/32 (NATL-RE)                | 5,000     | 642,944   |
| Boulder Larimer & Weld Counties         |           |           |
| Vrain Valley School District Re-1J      |           |           |
| 5.00% 12/15/33                          | 750,000   | 802,268   |
| Bowles Metropolitan District Refunding  |           |           |
| 5.00% 12/1/33 (AGM)                     | 2,000,000 | 2,038,279 |
| Denver City & County School District #1 |           |           |
| Series A 5.00% 12/1/29                  | 240,000   | 269,090   |

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|  | Principal<br>Amount | Value      |
|--|---------------------|------------|
| <b>Municipal Bonds (continued)</b>                       |                     |            |
| <b>Local General Obligation Bonds (continued)</b>        |                     |            |
| Jefferson County School District #R-001                  |                     |            |
| Refunding 5.25% 12/15/24                                 | \$ 750,000          | \$ 932,768 |
| Sand Creek Metropolitan District                         |                     |            |
| Refunding & Improvement                                  |                     |            |
| 5.00% 12/1/31 (XLCA)                                     | 500,000             | 470,410    |
|  |                     | 5,871,145  |
| <b>§Pre-Refunded/Escrowed to Maturity Bonds – 15.55%</b> |                     |            |
| Colorado Educational & Cultural                          |                     |            |
| Facilities Authority                                     |                     |            |
| (University of Colorado                                  |                     |            |
| Foundation Project)                                      |                     |            |
| 5.00% 7/1/27-12 (AMBAC)                                  | 4,000,000           | 4,295,080  |
| (University of Denver Project)                           |                     |            |
| Refunding & Improvement Series B                         |                     |            |
| 5.25% 3/1/35-16 (FGIC)                                   | 1,000,000           | 1,205,350  |
| Denver Convention Center Hotel                           |                     |            |
| Authority Revenue Refunding Senior                       |                     |            |
| Series A 5.00% 12/1/33-13 (XLCA)                         | 3,000,000           | 3,360,510  |
| Northwest Parkway Public Highway                         |                     |            |
| Authority Senior Series A                                |                     |            |
| 5.25% 6/15/41-11 (AGM)                                   | 350,000             | 367,980    |
| Westminster Building Authority                           |                     |            |
| Certificates of Participation                            |                     |            |
| 5.25% 12/1/22-11 (NATL-RE)                               | 1,555,000           | 1,642,920  |
|  |                     | 10,871,840 |
| <b>Special Tax Revenue Bonds – 11.05%</b>                |                     |            |
| Denver Convention Center Hotel                           |                     |            |
| Authority Revenue Refunding                              |                     |            |
| 5.00% 12/1/35 (XLCA)                                     | 1,575,000           | 1,432,368  |
| Puerto Rico Commonwealth Highway                         |                     |            |
| & Transportation Authority Revenue                       |                     |            |
| Series K 5.00% 7/1/30                                    | 750,000             | 764,228    |
| Puerto Rico Sales Tax Financing                          |                     |            |
| Revenue First Subordinate                                |                     |            |
| Series B 5.75% 8/1/37                                    | 590,000             | 638,769    |
| Series C 6.00% 8/1/39                                    | 500,000             | 559,890    |
| Regional Transportation District Sales                   |                     |            |
| Tax Revenue (Fastracks Project)                          |                     |            |
| Series A   |                     |            |
| 4.375% 11/1/31 (AMBAC)                                   | 1,250,000           | 1,274,050  |
| 4.50% 11/1/36 (AGM)                                      | 3,000,000           | 3,059,189  |
|  |                     | 7,728,494  |

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|  |           |    |            |
|--|-----------|----|------------|
| <b>State General Obligation Bonds – 5.59%</b>  |           |    |            |
| Guam Government  |           |    |            |
| Series A 7.00% 11/15/39  | 750,000   |    | 838,770    |
| <b>Puerto Rico Commonwealth</b>  |           |    |            |
| Refunding (Public Improvement)   |           |    |            |
| Series A 5.50% 7/1/19 (NATL-RE)  | 2,250,000 |    | 2,519,235  |
| Series C 6.00% 7/1/39  | 505,000   |    | 547,476    |
|  |           |    | 3,905,481  |
| <b>Transportation Revenue Bonds – 2.17%</b>  |           |    |            |
| Denver City & County Airport Revenue   |           |    |            |
| System Series A 5.25% 11/15/36   | 750,000   |    | 800,933    |
| <b>Regional Transportation District</b>  |           |    |            |
| Colorado Private Activity Revenue<br>(Denver Transportation Partners)                    |           |    |            |
| 6.00% 1/15/41  | 675,000   |    | 717,566    |
|  |           |    | 1,518,499  |
| <b>Water &amp; Sewer Revenue Bonds – 7.36%</b>   |           |    |            |
| Colorado Springs Utilities Revenue   |           |    |            |
| Systems Improvement Revenue  |           |    |            |
| Series C 5.50% 11/15/48  | 750,000   |    | 811,020    |
| <b>Colorado Water Resources &amp; Power</b>  |           |    |            |
| Development Authority Small<br>Water Revenue   |           |    |            |
| Un-Refunded Balance Series A   |           |    |            |
| 5.80% 11/1/20 (FGIC) (NATL-RE)   | 780,000   |    | 781,154    |
| Colorado Water Resources & Power   |           |    |            |
| Development Authority Water<br>Resources Revenue<br>(Parker Water & Sanitation District) |           |    |            |
| Series D   |           |    |            |
| 5.125% 9/1/34 (NATL-RE)  | 1,500,000 |    | 1,524,390  |
| 5.25% 9/1/43 (NATL-RE)   | 2,000,000 |    | 2,032,800  |
|  |           |    | 5,149,364  |
| <b>Total Municipal Bonds</b>   |           |    |            |
| (cost \$65,759,533)  |           |    | 69,045,170 |
| <b>Total Value of Securities – 98.75%</b>  |           |    |            |
| (cost \$65,759,533)  |           |    | 69,045,170 |
| <b>Receivables and Other Assets</b>  |           |    |            |
| Net of Liabilities – 1.25%   |           |    | 875,606    |
| <b>Net Assets Applicable to 4,837,100</b>  |           |    |            |
| Shares Outstanding; Equivalent to<br>\$14.46 Per Share – 100.00%                         |           | \$ | 69,920,776 |
| <b>Components of Net Assets at September 30, 2010:</b>                                   |           |    |            |
| Common stock, \$0.01 par value,  |           |    |            |
| 200 million shares authorized to the Fund  |           | \$ | 66,918,121 |
| <b>Undistributed net investment income</b>   |           |    | 262,136    |
| <b>Accumulated net realized loss on investments</b>                                      |           |    | (545,118)  |
| <b>Net unrealized appreciation of investments</b>  |           |    | 3,285,637  |

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Total net assets \$ 69,920,776

§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 September 30, 2010. Interest rates reset periodically.

(continues) 7

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## Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

### Summary of Abbreviations:

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

See accompanying Notes, which are an integral part of the financial statements.

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## Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

Delaware Investments Minnesota Municipal Income Fund II, Inc.  
September 30, 2010 (Unaudited)

|  | Principal<br>Amount | Value        |
|--|---------------------|--------------|
| <b>Municipal Bonds – 98.24%</b>  |                     |              |
| <b>Corporate-Backed Revenue Bonds – 5.94%</b>  |                     |              |
| Cloquet Pollution Control Revenue<br>Refunding (Potlatch Project)<br>5.90% 10/1/26                           | \$ 5,500,000        | \$ 5,413,925 |
| Laurentian Energy Authority I<br>Cogeneration Revenue Series A<br>5.00% 12/1/21                              | 3,325,000           | 3,436,321    |
| Sartell Environmental Improvement<br>Revenue Refunding<br>(International Paper) Series A<br>5.20% 6/1/27     | 1,000,000           | 1,004,370    |
|  |                     | 9,854,616    |
| <b>Education Revenue Bonds – 8.44%</b>   |                     |              |
| Minnesota Higher Education<br>Facilities Authority Revenue<br>(Augsburg College) Series 6-J1<br>5.00% 5/1/28 | 1,500,000           | 1,535,070    |
| (Carleton College)<br>Series 6-T 5.00% 1/1/28  | 1,000,000           | 1,109,150    |
| Series 7-D 5.00% 3/1/30<br>(College of St. Benedict) Series<br>5-W 5.00% 3/1/20                              | 1,120,000           | 1,245,451    |
| (St. Mary’s University) Series 5-U<br>4.80% 10/1/23  | 2,000,000           | 2,056,780    |
| (University of St. Thomas)<br>Series 6-X 5.00% 4/1/29  | 1,400,000           | 1,426,628    |
| Series 7-A 5.00% 10/1/39   | 2,250,000           | 2,396,925    |
| University of Minnesota<br>Series A 5.25% 4/1/29   | 1,000,000           | 1,055,240    |
| Series C 5.00% 12/1/19   | 1,290,000           | 1,139,180    |
| University of the Virgin Islands<br>Improvement Series A<br>5.375% 6/1/34                                    | 500,000             | 507,315      |
|  |                     | 14,019,120   |
| <b>Electric Revenue Bonds – 10.07%</b>   |                     |              |
| Chaska Electric Revenue Refunding<br>(Generating Facilities) Series A<br>5.25% 10/1/25                       | 250,000             | 266,728      |
| Minnesota Municipal Power Agency<br>Electric Revenue Series A<br>5.00% 10/1/34                               | 1,900,000           | 1,954,055    |

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|                                       |           |            |
|---------------------------------------|-----------|------------|
| 5.25% 10/1/19                         | 1,610,000 | 1,758,249  |
| Puerto Rico Electric Power Authority  |           |            |
| Revenue Series XX 5.25% 7/1/40        | 1,645,000 | 1,720,242  |
| Southern Minnesota Municipal          |           |            |
| Power Agency Supply Revenue           |           |            |
| Series A 5.25% 1/1/14 (AMBAC)         | 5,250,000 | 5,922,630  |
| Western Minnesota Municipal           |           |            |
| Power Agency Supply Revenue           |           |            |
| Series A 5.00% 1/1/30 (NATL-RE)       | 5,000,000 | 5,103,150  |
|                                       |           | 16,725,054 |
| Healthcare Revenue Bonds – 18.26%     |           |            |
| Bemidji Health Care Facilities First  |           |            |
| Mortgage Revenue (North               |           |            |
| Country Health Services)              |           |            |
| 5.00% 9/1/24 (RADIAN)                 | 1,500,000 | 1,509,480  |
| City of Minneapolis 4.875% 8/1/25     | 1,000,000 | 1,020,500  |
| Fergus Falls Health Care Facilities   |           |            |
| Revenue (Lake Region                  |           |            |
| Healthcare) 5.00% 8/1/30              | 1,000,000 | 996,190    |
| Glencoe Health Care Facilities        |           |            |
| Revenue (Glencoe Regional Health      |           |            |
| Services Project) 5.00% 4/1/25        | 2,000,000 | 2,010,800  |
| Maple Grove Health Care System        |           |            |
| Revenue (Maple Grove Hospital)        |           |            |
| 5.25% 5/1/37                          | 1,000,000 | 1,012,160  |
| Minneapolis Health Care System        |           |            |
| Revenue (Fairview Health Services)    |           |            |
| Series A 6.625% 11/15/28              | 600,000   | 693,882    |
| Series B 6.50% 11/15/38               |           |            |
| (ASSURED GTY)                         | 295,000   | 339,200    |
| Series D 5.00% 11/15/34 (AMBAC)       | 2,000,000 | 2,032,400  |
| Minnesota Agricultural & Economic     |           |            |
| Development Board Revenue             |           |            |
| (Fairview Health Care System)         |           |            |
| Un-Refunded Balance Series A          |           |            |
| 5.75% 11/15/26 (NATL-RE)              | 100,000   | 100,085    |
| 6.375% 11/15/29                       | 195,000   | 197,246    |
| Rochester Health Care & Housing       |           |            |
| Revenue Refunding (Samaritan          |           |            |
| Bethany) Series A 7.375% 12/1/41      | 1,220,000 | 1,299,654  |
| Shakopee Health Care Facilities       |           |            |
| Revenue (St. Francis Regional         |           |            |
| Medical Center) 5.25% 9/1/34          | 1,560,000 | 1,536,943  |
| St. Cloud Health Care Revenue         |           |            |
| (Centracare Health System Project)    |           |            |
| Series A 5.125% 5/1/30                | 1,125,000 | 1,188,191  |
| Series D 5.50% 5/1/39 (ASSURED GTY)   | 1,500,000 | 1,601,610  |
| St. Louis Park Health Care Facilities |           |            |
| Revenue Refunding (Park Nicollet      |           |            |
| Health Services)                      |           |            |
| 5.75% 7/1/39                          | 1,500,000 | 1,565,865  |

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| Series C 5.50% 7/1/23             | 1,000,000 | 1,077,990 |
|-----------------------------------|-----------|-----------|
| St. Paul Housing & Redevelopment  |           |           |
| Authority Health Care             |           |           |
| Facilities Revenue                |           |           |
| (Allina Health System)            |           |           |
| Series A 5.00% 11/15/18 (NATL-RE) | 1,380,000 | 1,535,236 |
| Series A-1 5.25% 11/15/29         | 1,395,000 | 1,462,937 |
| (Children's Hospital)             |           |           |
| 5.00% 8/15/34 (AGM)               | 500,000   | 524,405   |
| (Health Partners Obligation       |           |           |
| Group Project) 5.25% 5/15/36      | 2,000,000 | 1,955,780 |
| (Regions Hospital Project)        |           |           |
| 5.30% 5/15/28                     | 1,000,000 | 1,000,140 |
| (Senior Carondelet Village        |           |           |
| Project) Series A 6.00% 8/1/42    | 770,000   | 775,929   |

(continues) 9



## Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

|  | Principal<br>Amount                            | Value  |
|--|--|--|
| <b>Municipal Bonds (continued)</b>   |  |  |
| <b>Healthcare Revenue Bonds (continued)</b>  |  |  |
| St. Paul Housing & Redevelopment<br>Authority Revenue (Franciscan<br>Health Elderly Project)<br>5.40% 11/20/42 (GNMA) (FHA)  | \$ 2,700,000                                   | \$ 2,728,026                                 |
| University of Minnesota Special<br>Purposes Revenue (State<br>Supported - Biomed Science<br>Research Facilities Funding<br>Project) Series A 5.00% 8/1/35  | 1,040,000                                      | 1,142,024                                    |
| Winona Health Care Facilities<br>Revenue Refunding (Winona<br>Health Obligation Group)<br>5.00% 7/1/23   | 1,010,000                                      | 1,013,081                                    |
|  |  | 30,319,754                                   |
| <b>Housing Revenue Bonds – 8.10%</b>   |  |  |
| Chanhassen Multifamily Housing<br>Revenue Refunding (Heritage<br>Park Apartments Project)<br>6.20% 7/1/30 (FHA) (HUD) (AMT)  | 1,105,000                                      | 1,106,260                                    |
| Minneapolis Multifamily<br>Housing Revenue<br>•(Gaar Scott Loft Project)<br>5.95% 5/1/30 (AMT)<br>(LOC – U.S. Bank N.A.)<br>(Olson Townhomes Project)<br>6.00% 12/1/19 (AMT)<br>(Seward Towers Project)<br>5.00% 5/20/36 (GNMA)<br>(Sumner Housing Project) Series A<br>5.15% 2/20/45 (GNMA) (AMT) | 890,000<br>755,000<br>2,000,000<br>2,000,000   | 891,575<br>755,506<br>2,043,020<br>2,017,220 |
| Minnesota Housing Finance Agency<br>Revenue (Rental Housing)<br>Series A 5.00% 2/1/35 (AMT)<br>Series D 5.95% 2/1/18 (NATL-RE)<br>(Residential Housing)<br>Series B-1 5.35% 1/1/33 (AMT)<br>•Series D 4.75% 7/1/32 (AMT)   | 1,000,000<br>120,000<br>1,475,000<br>1,000,000 | 1,004,130<br>120,502<br>1,480,708<br>999,930 |

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|   |           |            |
|---|-----------|------------|
| Series I 5.15% 7/1/38 (AMT)   | 745,000   | 755,884    |
| Series L 5.10% 7/1/38 (AMT)   | 1,495,000 | 1,513,224  |
| Washington County Housing & Redevelopment Authority Revenue Refunding (Woodland Park Apartments Project) 4.70% 10/1/32      | 750,000   | 756,330    |
|   |           | 13,444,289 |
| <b>Lease Revenue Bonds – 6.28%</b>  |           |            |
| Andover Economic Development Authority Public Facilities Lease Revenue Refunding (Andover Community Center) 5.125% 2/1/24   | 205,000   | 226,066    |
| 5.20% 2/1/29  | 410,000   | 453,120    |
| Puerto Rico Public Buildings Authority Revenue Un-Refunded Balance (Government Facilities) Series D 5.25% 7/1/27            | 530,000   | 535,698    |
| St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.00% 12/1/22                                  | 2,385,000 | 2,543,984  |
| 5.25% 12/1/27 (Robert Street Office Building Project) Series 3-11 5.00% 12/1/27   | 2,800,000 | 2,906,428  |
|   | 2,000,000 | 2,093,140  |
| Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25                                 | 680,000   | 692,104    |
| 5.375% 10/1/30  | 965,000   | 975,740    |
|   |           | 10,426,280 |
| <b>Local General Obligation Bonds – 9.35%</b>   |           |            |
| Dakota County Community Development Agency Governmental Housing Refunding (Senior Housing Facilities) Series A 5.00% 1/1/23 | 1,100,000 | 1,187,406  |
| Minneapolis Special School District #1 5.00% 2/1/19 (AGM)   | 1,175,000 | 1,268,753  |
| Morris Independent School District #769 5.00% 2/1/28 (NATL-RE)  | 3,750,000 | 4,062,225  |
| Rocori Independent School District #750 (School Building) Series B 5.00% 2/1/22   | 1,010,000 | 1,181,589  |
| 5.00% 2/1/24  | 1,075,000 | 1,244,689  |
| 5.00% 2/1/25  | 1,115,000 | 1,283,231  |
| 5.00% 2/1/26  | 1,155,000 | 1,321,008  |
| Washington County Housing &   |           |            |

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|                         |           |            |
|-------------------------|-----------|------------|
| Redevelopment Authority |           |            |
| Refunding Series B      |           |            |
| 5.50% 2/1/22 (NATL-RE)  | 1,705,000 | 1,786,482  |
| 5.50% 2/1/32 (NATL-RE)  | 2,140,000 | 2,178,991  |
|                         |           | 15,514,374 |

§Pre-Refunded/Escrowed to Maturity Bonds – 20.34%

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Andover Economic Development     |           |           |
| Authority Public Facilities      |           |           |
| Lease Revenue (Andover           |           |           |
| Community Center)                |           |           |
| 5.125% 2/1/24-14                 | 295,000   | 325,314   |
| 5.20% 2/1/29-14                  | 590,000   | 652,050   |
| Dakota-Washington Counties       |           |           |
| Housing & Redevelopment          |           |           |
| Authority Revenue (Bloomington   |           |           |
| Single Family Residential        |           |           |
| Mortgage) Series B 8.375% 9/1/21 |           |           |
| (GNMA) (FHA) (VA) (AMT)          | 7,055,000 | 9,998,559 |

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|  | Principal<br>Amount | Value        |
|--|---------------------|--------------|
| <b>Municipal Bonds (continued)</b>   |                     |              |
| <b>§Pre-Refunded/Escrowed to Maturity Bonds (continued)</b>  |                     |              |
| Southern Minnesota Municipal<br>Power Agency Power<br>Supply Revenue Refunding<br>Series A 5.75% 1/1/18-11   | \$ 3,715,000        | \$ 4,047,195 |
| Series B 5.50% 1/1/15 (AMBAC)  | 390,000             | 407,651      |
| St. Louis Park Health Care Facilities<br>Revenue (Park Nicollet Health<br>Services) Series B 5.25% 7/1/30-14   | 1,250,000           | 1,443,425    |
| St. Paul Housing & Redevelopment<br>Authority Sales Tax (Civic<br>Center Project)<br>5.55% 11/1/23   | 2,300,000           | 2,484,920    |
| 5.55% 11/1/23 (NATL-RE) (IBC)  | 4,200,000           | 4,537,680    |
| University of Minnesota Hospital &<br>Clinics 6.75% 12/1/16  | 2,580,000           | 3,201,496    |
| University of Minnesota Series A<br>5.50% 7/1/21   | 4,000,000           | 4,904,840    |
| Western Minnesota Municipal<br>Power Agency Power Supply<br>Revenue Series A 6.625% 1/1/16   | 1,535,000           | 1,768,335    |
|  |                     | 33,771,465   |
| <b>Special Tax Revenue Bonds – 3.52%</b>   |                     |              |
| Minneapolis Community Planning<br>& Economic Development<br>Department Supported<br>(Common Bond Fund)<br>Series 5 5.70% 12/1/27<br>(Limited Tax Common Bond Fund) | 375,000             | 375,968      |
| Series A 6.75% 12/1/25 (AMT)   | 865,000             | 867,604      |
| Minneapolis Development Revenue<br>(Limited Tax Supported<br>Common Bond Fund) Series 1<br>5.50% 12/1/24 (AMT)   | 1,000,000           | 1,043,510    |
| Puerto Rico Commonwealth<br>Infrastructure Financing<br>Authority Special Tax Revenue<br>Series B 5.00% 7/1/46   | 800,000             | 800,176      |
| Puerto Rico Sales Tax Financing<br>Revenue First Subordinate<br>Series B 5.75% 8/1/37  | 1,200,000           | 1,299,191    |
| St. Paul Port Authority (Brownsfields<br>Redevelopment Tax) Series 2<br>5.00% 3/1/37   | 895,000             | 941,316      |
| Virgin Islands Public Finance  |                     |              |

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|  |           |                |
|--|-----------|----------------|
| Authority Revenue (Senior Lien<br>Matching Fund Loan Note)   |           |                |
| Series A 5.25% 10/1/23   | 500,000   | 520,595        |
|  |           | 5,848,360      |
| State General Obligation Bonds – 1.35%   |           |                |
| Minnesota State 5.00% 6/1/14   | 1,000,000 | 1,150,000      |
| Puerto Rico Commonwealth Public<br>Improvement Refunding   |           |                |
| Series C 6.00% 7/1/39  | 1,010,000 | 1,094,950      |
|  |           | 2,244,950      |
| Transportation Revenue Bonds – 5.66%   |           |                |
| Minneapolis - St. Paul Metropolitan<br>Airports Commission Revenue   |           |                |
| Series A   |           |                |
| 5.00% 1/1/22 (NATL-RE)   | 3,000,000 | 3,107,070      |
| 5.00% 1/1/28 (NATL-RE)   | 2,120,000 | 2,162,358      |
| 5.25% 1/1/16 (NATL-RE)   | 1,000,000 | 1,072,810      |
| Series B   |           |                |
| 5.00% 1/1/35 (AMBAC)   | 2,000,000 | 2,050,620      |
| 5.25% 1/1/24 (NATL-RE)<br>(FGIC) (AMT)   | 1,000,000 | 1,003,060      |
|  |           | 9,395,918      |
| Water & Sewer Revenue Bond – 0.93%   |           |                |
| St. Paul Sewer Revenue Series D  |           |                |
| 5.00% 12/1/21  | 1,325,000 | 1,541,770      |
|  |           | 1,541,770      |
| Total Municipal Bonds  |           |                |
| (cost \$153,595,204)   |           | 163,105,950    |
| Short-Term Investment – 0.39%  |           |                |
| Variable Rate Demand Note – 0.39%  |           |                |
| Minneapolis & St. Paul Housing &<br>Redevelopment Authority Health<br>Care System Revenue (Allina<br>Health System) Series B-2 |           |                |
| 0.30% 11/15/35 (LOC – JPMorgan<br>Chase Bank N.A.)   | 650,000   | 650,000        |
| Total Short-Term Investment  |           |                |
| (cost \$650,000)   |           | 650,000        |
| Total Value of Securities – 98.63%   |           |                |
| (cost \$154,245,204)   |           | 163,755,950    |
| Receivables and Other Assets   |           |                |
| Net of Liabilities – 1.37%   |           | 2,273,484      |
| Net Assets Applicable to 11,504,975  |           |                |
| Shares Outstanding; Equivalent to<br>\$14.43 Per Share – 100.00%   |           | \$ 166,029,434 |
| Components of Net Assets at September 30, 2010:  |           |                |

## Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

Common stock, \$0.01 par value, 200 million shares

|  |                |
|--|----------------|
| authorized to the Fund                       | \$ 157,931,075 |
| Undistributed net investment income          | 604,731        |
| Accumulated net realized loss on investments | (2,017,118)    |
| Net unrealized appreciation of investments   | 9,510,746      |
| Total net assets                             | \$ 166,029,434 |

§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 September 30, 2010. Interest rates reset periodically.

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## Statements of net assets

Delaware Investments Minnesota Municipal Income Fund II, Inc.

### Summary of Abbreviations:

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

See accompanying Notes, which are an integral part of the financial statements.

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Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

Delaware Investments National Municipal Income Fund  
September 30, 2010 (Unaudited)

|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds – 97.50%</b>   |                     |            |
| <b>Corporate-Backed Revenue Bonds – 14.57%</b>                                  |                     |            |
| <b>Brazos, Texas Harbor Industrial</b>  |                     |            |
| Development Environmental Facilities<br>Revenue (Dow Chemical Project)          |                     |            |
| 5.90% 5/1/38 (AMT)  | \$ 125,000          | \$ 129,629 |
| <b>Buckeye, Ohio Tobacco Settlement</b>   |                     |            |
| Financing Authority Asset-Backed<br>Senior Turbo Series A-2                     |                     |            |
| 5.875% 6/1/47   | 320,000             | 235,120    |
| 6.50% 6/1/47  | 130,000             | 105,018    |
| <b>Clayton County, Georgia Development</b>                                      |                     |            |
| Authority Special Facilities Revenue<br>(Delta Airlines) Series B               |                     |            |
| 9.00% 6/1/35 (AMT)  | 200,000             | 217,072    |
| <b>Golden State, California Tobacco</b>   |                     |            |
| Securitization Settlement Revenue<br>(Asset-Backed Senior Notes)                |                     |            |
| Series A-1 5.125% 6/1/47  | 370,000             | 252,999    |
| <b>Gulf Coast Waste Disposal Authority, Texas</b>                               |                     |            |
| Environmental Facilities Revenue<br>(BP Products North America)                 |                     |            |
| 2.30% 1/1/26  | 35,000              | 35,039     |
| 2.30% 1/1/42  | 70,000              | 70,078     |
| <b>Harris County, Texas Industrial</b>  |                     |            |
| Development Solid Waste Disposal<br>Revenue (Deer Park Refining Project)        |                     |            |
| 5.00% 2/1/23  | 150,000             | 159,305    |
| <b>Hawaii State Department Budget &amp;<br/>Finance Special Purpose Revenue</b> |                     |            |
| (Hawaiian Electric Subsidiary)  |                     |            |
| 6.50% 7/1/39  | 290,000             | 323,115    |
| <b>Iowa Finance Authority Pollution</b>   |                     |            |
| Control Facilities Revenue<br>Refunding (Interstate Power)                      |                     |            |
| 5.00% 7/1/14 (FGIC)   | 500,000             | 541,504    |
| <b>Louisiana Local Government Environmental</b>                                 |                     |            |
| Facilities & Community<br>(Westlake Chemical) Series A                          |                     |            |
| 6.50% 8/1/29  | 245,000             | 257,319    |
| <b>Maryland State Economic Development</b>                                      |                     |            |
| Port Facilities Revenue Refunding<br>(CNX Marine Terminals)                     |                     |            |
| 5.75% 9/1/25  | 175,000             | 180,707    |



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|  |         |           |
|--|---------|-----------|
| M-S-R Energy Authority, California Gas<br>Revenue Series A<br>6.125% 11/1/29   | 115,000 | 126,591   |
| 6.50% 11/1/39  | 210,000 | 244,371   |
| New York City, New York Industrial<br>Development Agency Special<br>Facilities Revenue (American<br>Airlines - JFK International Airport)<br>7.625% 8/1/25 (AMT) | 450,000 | 474,281   |
| New York Liberty Development<br>5.625% 7/15/47   | 300,000 | 312,960   |
| Ohio State Air Quality Development<br>Authority Revenue (First Energy<br>Generation) Series A 5.70% 8/1/20   | 260,000 | 296,091   |
| Pennsylvania Economic Development<br>Financing Authority Exempt<br>Facilities Revenue (Allegheny<br>Energy Supply) 7.00% 7/15/39                                 | 345,000 | 395,418   |
| Selma, Alabama Industrial Development<br>Board Revenue Gulf Opportunity Zone<br>(International Paper) Series A<br>5.80% 5/1/34                                   | 445,000 | 464,251   |
|  |         | 4,820,868 |
| <b>Education Revenue Bonds – 12.66%</b>  |         |           |
| Bowling Green, Ohio Student Housing<br>Revenue (CFP I - State University<br>Project) 6.00% 6/1/45  | 270,000 | 277,954   |
| California Statewide Communities<br>Development Authority School<br>Facilities Revenue (Aspire Public<br>Schools) 6.125% 7/1/46                                  | 265,000 | 270,904   |
| California Statewide Communities<br>Development Authority Student<br>Housing Revenue (Irvine, LLC - UCI<br>East Campus) 6.00% 5/15/23                            | 470,000 | 516,004   |
| Marietta, Georgia Development Authority<br>Revenue Refunding (Life University<br>Income Project) 7.00% 6/15/39   | 430,000 | 438,385   |
| Maryland State Economic Development<br>Student Housing Revenue (University of<br>Maryland College Park Projects)<br>5.75% 6/1/33                                 | 370,000 | 382,377   |
| Massachusetts State Health & Educational<br>Facilities Authority Revenue (Nichols<br>College Project) Series C 6.125% 10/1/29                                    | 250,000 | 251,310   |
| Michigan Finance Authority Educational<br>Facilities Revenue (Senior St. Catherine<br>Seina) Series A 8.00% 10/1/30  | 165,000 | 165,942   |
| Montgomery County, Pennsylvania Higher<br>Education & Health Authority Revenue   |         |           |

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|  |         |           |
|--|---------|-----------|
| (Arcadia University) 5.25% 4/1/30  | 550,000 | 568,282   |
| New Jersey Economic Development<br>Authority Revenue MSU Student<br>Housing (Provident Group – Montclair<br>LLC) 5.875% 6/1/42   | 215,000 | 226,737   |
| Oregon State Facilities Authority<br>Revenue (Concordia University<br>Project) Series A 6.125% 9/1/30  | 135,000 | 138,368   |
| Pennsylvania State Higher Educational<br>Facilities Authority Student Housing<br>Revenue (Edinboro University<br>Foundation) 5.80% 7/1/30<br>(University Properties – East Stroudsburg<br>University) 5.25% 7/1/19 | 300,000 | 314,073   |
| Troy, New York Capital Resource<br>Revenue (Rensselaer Polytechnic<br>Series A 5.125% 9/1/40)  | 300,000 | 311,934   |
|  |         | 4,187,638 |

(continues) 13

## Statements of net assets

Delaware Investments National Municipal Income Fund

|   | Principal<br>Amount | Value      |
|---|---------------------|------------|
| <b>Municipal Bonds (continued)</b>  |                     |            |
| <b>Electric Revenue Bond – 1.90%</b>  |                     |            |
| Puerto Rico Electric Power Authority<br>Revenue Series XX 5.25% 7/1/40  | \$ 600,000          | \$ 627,444 |
|   |                     | 627,444    |
| <b>Healthcare Revenue Bonds – 18.43%</b>  |                     |            |
| Brevard County, Florida Healthcare<br>Facilities Authority Revenue (Health<br>First Income Project) Series B<br>7.00% 4/1/39                  | 90,000              | 101,613    |
| Butler County, Pennsylvania Hospital<br>Authority Revenue (Butler Health<br>System Project) 7.125% 7/1/29                                     | 150,000             | 173,741    |
| Hawaii Pacific Health Special Purpose<br>Revenue Series A 5.50% 7/1/40  | 300,000             | 301,095    |
| Illinois Finance Authority Revenue (Silver<br>Cross & Medical Centers) 7.00% 8/15/44  | 300,000             | 337,977    |
| Lycoming County, Pennsylvania Authority<br>Health System Revenue (Susquehanna<br>Health System Project) Series A<br>5.50% 7/1/28              | 500,000             | 519,300    |
| Maricopa County, Arizona Industrial<br>Development Authority Health<br>Facilities Revenue (Catholic Healthcare<br>West) Series A 6.00% 7/1/39 | 225,000             | 243,592    |
| Massachusetts State Health & Education<br>Facilities Authority Revenue<br>(Caregroup) Refunding Series E-2<br>5.375% 7/1/19                   | 360,000             | 396,727    |
| Montana Facilities Finance Authority<br>Revenue (Sisters Leavenworth) Series A<br>5.25% 1/1/40  | 300,000             | 324,402    |
| New Hampshire Health & Education<br>Facilities Authority Revenue<br>(Dartmouth-Hitchcock Medical<br>Center) 6.00% 8/1/38                      | 300,000             | 326,331    |
| New Mexico State Hospital Equipment<br>Loan Council Revenue (Presbyterian   |                     |            |

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|  |           |           |
|--|-----------|-----------|
| Healthcare) 5.00% 8/1/39   | 500,000   | 519,140   |
| Ohio State Hospital Facilities Revenue Refunding (Cleveland Clinic Health Series A 5.50% 1/1/39                                | 300,000   | 325,200   |
| Orange County, Florida Health Facilities Authority Revenue (Orlando Regional Healthcare) Series A 6.25% 10/1/18 (NATL-RE)      | 1,325,000 | 1,549,189 |
| Philadelphia Hospitals & Higher Education Facilities Authority Revenue (Temple University Health System) Series B 5.50% 7/1/30 | 300,000   | 292,221   |
| Scottsdale, Arizona Industrial Development Authority Hospital Revenue Refunding (Scottsdale Healthcare) Series A 5.00% 9/1/23  | 360,000   | 382,885   |
| St. Mary Hospital Authority Pennsylvania Health System Revenue (Catholic Health East) Series A 5.00% 11/15/40                  | 300,000   | 304,269   |
|  |           | 6,097,682 |
| <b>Housing Revenue Bonds – 6.91%</b>   |           |           |
| California Housing Finance Agency Revenue (Home Mortgage) Series M 5.95% 8/1/25 (AMT)  | 245,000   | 259,744   |
| California Municipal Finance Authority Mobilehome Park Revenue (Caritas Projects) Series A 6.40% 8/15/45                       | 230,000   | 229,595   |
| Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (NATL-RE) (AMT)                                      | 275,000   | 278,237   |
| Volusia County, Florida Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (AGM) (AMT)         | 1,500,000 | 1,516,800 |
|  |           | 2,284,376 |
| <b>Lease Revenue Bond – 0.33%</b>  |           |           |
| Capital Area Cultural Education Facilities Finance Texas Revenue (Roman Catholic Diocese) Remarketing Series B 6.125% 4/1/45   | 105,000   | 108,472   |
|  |           | 108,472   |
| <b>Local General Obligation Bonds – 1.71%</b>  |           |           |
| New York City, New York Fiscal 2003 Subordinate Series I-1 5.375% 4/1/36   | 250,000   | 276,563   |
| Fiscal 2009 Subordinate Series A-1 5.25% 8/15/21   | 250,000   | 290,860   |
|  |           | 567,423   |

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### Special Tax Revenue Bonds – 20.30%

|   |           |           |
|---|-----------|-----------|
| Anne Arundel County, Maryland Special<br>Obligation (National Business Park –<br>North Project) 6.10% 7/1/40                        | 200,000   | 204,400   |
| Brooklyn Arena Local Development,<br>New York Pilot Revenue (Barclays<br>Center Project) 6.50% 7/15/30                              | 300,000   | 334,983   |
| California State Economic Recovery<br>Series A 5.25% 7/1/21   | 260,000   | 307,252   |
| Jacksonville, Florida Sales Tax Revenue<br>(Better Jacksonville)<br>5.00% 10/1/30 (NATL-RE)   | 500,000   | 514,370   |
| Jacksonville, Florida Transportation<br>Revenue Refunding<br>5.25% 10/1/29 (NATL-RE)  | 1,000,000 | 1,031,300 |
| Manchester, Missouri Tax Increment &<br>Transportation Revenue Refunding<br>(Highway 141 Manchester Road<br>Project) 6.875% 11/1/39 | 165,000   | 170,209   |
| Miami-Dade County, Florida<br>Special Obligation (Capital<br>Appreciation & Income) Series B<br>5.00% 10/1/35 (NATL-RE)             | 2,000,000 | 2,038,080 |
| New York State Dormitory Authority<br>(State Personal Income Tax Revenue –<br>Education) Series A 5.00% 3/15/38                     | 570,000   | 612,032   |

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|  | Principal<br>Amount | Value      |
|--|---------------------|------------|
| <b>Municipal Bonds (continued)</b>   |                     |            |
| <b>Special Tax Revenue Bonds (continued)</b>   |                     |            |
| New York State Thruway Authority<br>(State Personal Income Tax Revenue –<br>Transportation) Series A 5.00% 3/15/22   | \$ 200,000          | \$ 230,406 |
| Puerto Rico Sales Tax Financing Sales Tax<br>Revenue First Subordinate Series A<br>5.75% 8/1/37  | 245,000             | 265,252    |
| (Capital Appreciation) 6.75% 8/1/32  | 610,000             | 527,101    |
| Series C 6.00% 8/1/39  | 295,000             | 330,335    |
| ^Wyandotte County, Kansas City,<br>Kansas Unified Government<br>Special Obligation Revenue (Capital<br>Appreciation) Sales Tax Subordinate<br>Lien Series B 6.07% 6/1/21 | 260,000             | 148,346    |
|  |                     | 6,714,066  |
| <b>State General Obligation Bonds – 6.21%</b>  |                     |            |
| California State Various Purposes<br>6.00% 4/1/38  | 105,000             | 116,928    |
| New York State Refunding Series A<br>5.00% 2/15/39   | 300,000             | 321,048    |
| Puerto Rico Commonwealth<br>(Public Improvement) Refunding<br>Series A 5.50% 7/1/19 (NATL-RE)  | 1,250,000           | 1,399,575  |
| Series C 6.00% 7/1/39  | 200,000             | 216,822    |
|  |                     | 2,054,373  |
| <b>Transportation Revenue Bonds – 12.64%</b>   |                     |            |
| Bay Area Toll Authority, California Toll<br>Bridge Authority Revenue (San<br>Francisco Bay Area) Series F-1<br>5.625% 4/1/44   | 235,000             | 263,825    |
| Florida Ports Financing Commission<br>Revenue (State Transportation<br>Trust Fund) 5.375% 6/1/27<br>(NATL-RE) (AMT)  | 1,000,000           | 1,000,559  |
| Maryland State Economic Development<br>Revenue (Transportation Facilities<br>Project) Series A 5.75% 6/1/35  | 255,000             | 267,906    |
| Metropolitan Washington D.C. Airports<br>Authority Dulles Toll Road Revenue (First<br>Senior Lien) Series A 5.25% 10/1/44  | 245,000             | 262,035    |
| Pennsylvania Turnpike Commission Revenue<br>Subordinate Series B 5.25% 6/1/39  | 300,000             | 317,001    |
| Subordinate Series D 5.125% 12/1/40  | 390,000             | 409,321    |
| Regional Transportation District,<br>Colorado Denver Transportation<br>6.00% 1/15/41   | 300,000             | 318,918    |

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|   |                    |                      |
|---|--------------------|----------------------|
| Sacramento County, California Airport<br>Services Revenue (PFC/Grant)<br>Subordinate Series C 6.00% 7/1/41                                    | 300,000            | 329,565              |
| St. Louis, Missouri Airport Revenue<br>(Lambert-St Louis International)<br>Series A-1 6.625% 7/1/34   | 325,000            | 354,458              |
| Texas Private Activity Bond Surface<br>Transportation Senior Note<br>(LBJ Infrastructure) 7.00% 6/30/40<br>(Mobility Partners) 7.50% 12/31/31 | 285,000<br>300,000 | 312,389<br>347,256   |
|   |                    | 4,183,233            |
| <b>Water &amp; Sewer Revenue Bonds – 1.84%</b>  |                    |                      |
| Atlanta, Georgia Water & Wastewater<br>Revenue Series A 6.25% 11/1/39   | 300,000            | 342,030              |
| Florida Water Pollution Control Financing<br>Revenue Series A 5.00% 1/15/25   | 235,000            | 266,405              |
|   |                    | 608,435              |
| <b>Total Municipal Bonds</b><br>(cost \$30,103,160)   |                    | <b>32,254,010</b>    |
| <b>Total Value of Securities – 97.50%</b><br>(cost \$30,103,160)  |                    |                      |
|   |                    | <b>32,254,010</b>    |
| <b>Receivables and Other Assets</b>   |                    |                      |
| Net of Liabilities – 2.50%  |                    | 827,338              |
| <b>Net Assets Applicable to 2,422,200</b>   |                    |                      |
| Shares Outstanding, Equivalent to<br>\$13.66 Per Share – 100.00%  |                    | <b>\$ 33,081,348</b> |
| <b>Components of Net Assets at September 30, 2010:</b>  |                    |                      |
| Common stock, \$0.01 par value, unlimited shares<br>authorized to the Fund  |                    | \$ 33,208,317        |
| Undistributed net investment income   |                    | 264,758              |
| Accumulated net realized loss on investments  |                    | (2,542,577)          |
| Net unrealized appreciation of investments  |                    | 2,150,850            |
| <b>Total net assets</b>   |                    | <b>\$ 33,081,348</b> |

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.

^Zero coupon security. The rate shown is the yield at the time of purchase.

Wvariable rate security. The rate shown is the rate as of September 30, 2010. Interest rates reset periodically.

### Summary of Abbreviations:

AGM — Insured by Assured Guaranty Municipal Corporation  
 AMT — Subject to Alternative Minimum Tax  
 FGIC — Insured by Financial Guaranty Insurance Company  
 NATL-RE — Insured by National Public Finance Guarantee Corporation

See accompanying Notes, which are an integral part of the financial statements.

## Statements of operations

Delaware Investments Closed-End Municipal Bond Funds  
Six Months Ended September 30, 2010 (Unaudited)

|   | Delaware<br>Investments<br>Arizona<br>Municipal<br>Income<br>Fund, Inc. | Delaware<br>Investments<br>Colorado<br>Municipal<br>Income<br>Fund, Inc. | Delaware<br>Investments<br>Minnesota<br>Municipal<br>Income<br>Fund II, Inc. | Delaware<br>Investments<br>National<br>Municipal<br>Income<br>Fund |
|---|---|--|--|--|
| <b>Investment Income:</b>   |   |  |  |  |
| Interest  | \$ 1,003,025  | \$ 1,651,142   | \$ 3,970,543   | \$ 842,566   |
| <b>Expenses:</b>  |   |  |  |  |
| Management fees   | 84,030  | 137,620  | 328,010  | 64,820   |
| Accounting and administration expenses                            | 8,326   | 13,636   | 32,500   | 6,423  |
| Audit and tax   | 6,536   | 7,224  | 9,712  | 6,322  |
| Dividend disbursing and transfer agent fees and expenses          | 6,501   | 8,798  | 23,177   | 8,472  |
| Pricing fees  | 3,027   | 3,338  | 5,360  | 3,856  |
| Reports and statements to shareholders                            | 2,895   | 6,071  | 15,907   | 4,842  |
| Legal fees  | 2,160   | 862  | 2,814  | 303  |
| Stock exchange fees   | 1,390   | 2,138  | 5,359  | 1,113  |
| Directors'/Trustees' fees   | 1,155   | 1,892  | 4,513  | 891  |
| Insurance fees  | 986   | 1,598  | 3,888  | 750  |
| Dues and services   | 456   | 687  | 1,491  | 361  |
| Consulting fees   | 337   | 536  | 1,284  | 261  |
| Registration fees   | 283   | 283  | 396  | 396  |
| Custodian fees  | 270   | 419  | 1,082  | 276  |
| Directors'/Trustees' expenses                                     | 92  | 130  | 308  | 73   |
| Taxes (Pennsylvania franchise tax)                                | —   | —  | 5,900  | —  |
| Total operating expenses  | 118,444   | 185,232  | 441,701  | 99,159   |
| Net Investment Income   | 884,581   | 1,465,910  | 3,528,842  | 743,407  |
| <b>Net Realized and Unrealized Gain on Investments:</b>           |   |  |  |  |
| Net realized gain on investments                                  | 4,607   | 123,255  | 202,883  | 107,874  |
| Net change in unrealized appreciation/depreciation of investments | 1,554,664   | 2,059,383  | 3,854,096  | 1,203,656  |
| Net Realized and Unrealized Gain on Investments                   | 1,559,271   | 2,182,638  | 4,056,979  | 1,311,530  |
| Net Increase in Net Assets Resulting from Operations              | \$ 2,443,852  | \$ 3,648,548   | \$ 7,585,821   | \$ 2,054,937   |

See accompanying Notes, which are an integral part of the financial statements.



## Statements of changes in net assets

### Delaware Investments Closed-End Municipal Bond Funds

|   | Delaware Investments<br>Arizona Municipal<br>Income Fund, Inc.      |                          | Delaware Investments<br>Colorado Municipal<br>Income Fund, Inc. |                          |
|---|---|--------------------------|---|--------------------------|
|   | Six Months<br>Ended<br>9/30/10<br>(Unaudited)                       | Year<br>Ended<br>3/31/10 | Six Months<br>Ended<br>9/30/10<br>(Unaudited)                   | Year<br>Ended<br>3/31/10 |
| <b>Increase in Net Assets from Operations:</b>                    |   |                          |   |                          |
| Net investment income   | \$ 884,581  | \$ 1,718,485             | \$ 1,465,910  | \$ 2,935,660             |
| Net realized gain on investments                                  | 4,607   | 397,279                  | 123,255   | 1,000,097                |
| Net change in unrealized appreciation/depreciation of investments | 1,554,664   | 2,548,883                | 2,059,383   | 2,519,706                |
| Net increase in net assets resulting from operations              | 2,443,852   | 4,664,647                | 3,648,548   | 6,455,463                |
| <b>Dividends and Distributions to Common Shareholders from:</b>   |   |                          |   |                          |
| Net investment income   | (767,917)   | (1,438,912)              | (1,378,574)   | (2,757,147)              |
| Net realized gain on investments                                  | (98,413)  | (74,555)                 | —   | —                        |
|   | (866,330)   | (1,513,467)              | (1,378,574)   | (2,757,147)              |
| <b>Net Increase in Net Assets</b>                                 | <b>1,577,522</b>  | <b>3,151,180</b>         | <b>2,269,974</b>  | <b>3,698,316</b>         |
| <b>Net Assets:</b>  |   |                          |   |                          |
| Beginning of period   | 41,095,360  | 37,944,180               | 67,650,802  | 63,952,486               |
| End of period   | \$ 42,672,882   | \$ 41,095,360            | \$ 69,920,776   | \$ 67,650,802            |
| <b>Undistributed net investment income</b>                        | <b>\$ 380,050</b>   | <b>\$ 268,364</b>        | <b>\$ 262,136</b>   | <b>\$ 176,704</b>        |
|   | Delaware Investments<br>Minnesota Municipal<br>Income Fund II, Inc. |                          | Delaware Investments<br>National Municipal<br>Income Fund       |                          |
|   | Six Months<br>Ended<br>9/30/10<br>(Unaudited)                       | Year<br>Ended<br>3/31/10 | Six Months<br>Ended<br>9/30/10<br>(Unaudited)                   | Year<br>Ended<br>3/31/10 |
| <b>Increase (Decrease) in Net Assets from Operations:</b>         |   |                          |   |                          |
| Net investment income   | \$ 3,528,842  | \$ 6,924,251             | \$ 743,407  | \$ 1,383,491             |
| Net realized gain (loss) on investments                           | 202,883   | 457,242                  | 107,874   | (344,009)                |
| Net change in unrealized appreciation/depreciation of investments | 3,854,096   | 9,715,309                | 1,203,656   | 2,879,326                |
| Net increase in net assets resulting from operations              | 7,585,821   | 17,096,802               | 2,054,937   | 3,918,808                |
| <b>Dividends and Distributions to Common Shareholders from:</b>   |   |                          |   |                          |
| Net investment income   | (3,278,918)   | (6,557,836)              | (623,717)   | (1,235,322)              |
|   | (3,278,918)   | (6,557,836)              | (623,717)   | (1,235,322)              |
| <b>Net Increase in Net Assets</b>                                 | <b>4,306,903</b>  | <b>10,538,966</b>        | <b>1,431,220</b>  | <b>2,683,486</b>         |

## Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

### Net Assets:

|                                     |                |                |               |               |
|-------------------------------------|----------------|----------------|---------------|---------------|
| Beginning of period                 | 161,722,531    | 151,183,565    | 31,650,128    | 28,966,642    |
| End of period                       | \$ 166,029,434 | \$ 161,722,531 | \$ 33,081,348 | \$ 31,650,128 |
| Undistributed net investment income | \$ 604,731     | \$ 362,513     | \$ 264,758    | \$ 145,793    |

See accompanying Notes, which are an integral part of the financial statements.

## Financial highlights

Delaware Investments Arizona Municipal Income Fund, Inc.

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

|  | Six<br>Months<br>Ended<br>9/30/101<br>(Unaudited) | Year Ended<br>3/31/10 | 3/31/09  | 3/31/08   | 3/31/07   | 3/31/06   |
|--|---|-----------------------|----------|-----------|-----------|-----------|
| Net asset value, beginning of period   | \$13.780  | \$12.720              | \$13.850 | \$14.730  | \$14.730  | \$15.070  |
| <b>Income (loss) from investment operations:</b>   |   |                       |          |           |           |           |
| Net investment income  | 0.297   | 0.576                 | 0.707    | 0.906     | 0.932     | 0.951     |
| Net realized and unrealized gain (loss) on investments   | 0.524   | 0.992                 | (1.093)  | (0.783)   | 0.160     | (0.177)   |
| <b>Dividends on preferred stock from:</b>  |   |                       |          |           |           |           |
| 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   | 0.821   | 1.568                 | (0.560)  | (0.212)   | 0.782     | 0.540     |
| <b>Less dividends and distributions to common shareholders from:</b>   |   |                       |          |           |           |           |
| Net investment income  | (0.258)   | (0.483)               | (0.570)  | (0.610)   | (0.750)   | (0.860)   |
| Net realized gain on investments   | (0.033)   | (0.025)               | —        | (0.058)   | (0.032)   | (0.020)   |
| Total dividends and distributions  | (0.291)   | (0.508)               | (0.570)  | (0.668)   | (0.782)   | (0.880)   |
| Net asset value, end of period   | \$14.310  | \$13.780              | \$12.720 | \$13.850  | \$14.730  | \$14.730  |
| Market value, end of period  | \$13.240  | \$11.840              | \$9.900  | \$12.390  | \$14.790  | \$15.980  |
| <b>Total investment return based on:<sup>2</sup></b>   |   |                       |          |           |           |           |
| Market value   | 14.45%  | 25.04%                | (15.86%) | (11.86%)  | (2.58%)   | 9.74%     |
| Net asset value  | 6.28%   | 13.27%                | (3.29%)  | (1.08%)   | 5.26%     | 3.31%     |
| <b>Ratios and supplemental data:</b>   |   |                       |          |           |           |           |
| Net assets applicable to common shares, end of period (000 omitted)  | \$42,673  | \$41,095              | \$37,944 | \$41,294  | \$43,916  | \$43,923  |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.56%   | 0.58%                 | 0.96%    | 1.07%     | 1.05%     | 1.03%     |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.21%   | 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 shares <sup>4</sup> | 4.21%   | 4.27%                 | 4.05%    | 3.99%     | 4.23%     | 4.72%     |
| Portfolio turnover   | 4%  | 20%                   | 4%       | 18%       | 17%       | 2%        |
| <b>Leverage analysis:</b>  |   |                       |          |           |           |           |
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>   | \$—   | \$—                   | \$—      | \$25,000  | \$25,000  | \$25,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup>   | \$—   | \$—                   | \$—      | \$132,588 | \$137,832 | \$137,847 |

## Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

|  |     |     |     |          |          |          |
|--|-----|-----|-----|----------|----------|----------|
| Liquidation value per share of preferred shares <sup>5,6</sup> | \$— | \$— | \$— | \$50,000 | \$50,000 | \$50,000 |
|--|-----|-----|-----|----------|----------|----------|

1 Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 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.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

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

5 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."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

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# Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

Delaware Investments Colorado Municipal Income Fund, Inc.

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

|  | Six<br>Months<br>Ended<br>9/30/10<br>(Unaudited) | Year Ended<br>3/31/10 | 3/31/09  | 3/31/08   | 3/31/07   | 3/31/06   |
|--|--|-----------------------|----------|-----------|-----------|-----------|
| Net asset value, beginning of period   | \$13.990   | \$13.220              | \$14.260 | \$15.100  | \$15.260  | \$15.580  |
| <b>Income (loss) from investment operations:</b>   |  |                       |          |           |           |           |
| Net investment income  | 0.303  | 0.607                 | 0.755    | 0.937     | 0.985     | 1.018     |
| Net realized and unrealized gain (loss) on investments   | 0.452  | 0.733                 | (0.965)  | (0.604)   | 0.069     | (0.129)   |
| <b>Dividends on preferred stock from:</b>  |  |                       |          |           |           |           |
| 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   | 0.755  | 1.340                 | (0.383)  | 0.019     | 0.761     | 0.670     |
| <b>Less dividends and distributions to common shareholders from:</b>   |  |                       |          |           |           |           |
| Net investment income  | (0.285)  | (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  | (0.285)  | (0.570)               | (0.657)  | (0.859)   | (0.921)   | (0.990)   |
| Net asset value, end of period   | \$14.460   | \$13.990              | \$13.220 | \$14.260  | \$15.100  | \$15.260  |
| Market value, end of period  | \$13.920   | \$13.390              | \$11.240 | \$15.060  | \$15.940  | \$18.650  |
| <b>Total investment return based on:<sup>2</sup></b>   |  |                       |          |           |           |           |
| Market value   | 6.14%  | 24.49%                | (21.63%) | (0.14%)   | (9.86%)   | 14.64%    |
| Net asset value  | 5.52%  | 10.55%                | (2.66%)  | (0.19%)   | 4.35%     | 3.44%     |
| <b>Ratios and supplemental data:</b>   |  |                       |          |           |           |           |
| Net assets applicable to common shares, end of period (000 omitted)  | \$69,921   | \$67,651              | \$63,952 | \$68,973  | \$73,056  | \$73,833  |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.54%  | 0.56%                 | 0.91%    | 1.03%     | 1.01%     | 0.95%     |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.26%  | 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 <sup>4</sup> | 4.26%  | 4.41%                 | 4.28%    | 4.23%     | 4.56%     | 5.11%     |
| Portfolio turnover   | 9%   | 20%                   | 16%      | 16%       | 11%       | 12%       |
| <b>Leverage analysis:</b>  |  |                       |          |           |           |           |
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>   | \$—  | \$—                   | \$—      | \$40,000  | \$40,000  | \$40,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup>   | \$—  | \$—                   | \$—      | \$136,216 | \$141,320 | \$142,291 |
| Liquidation value per share of preferred shares <sup>5,6</sup>   | \$—  | \$—                   | \$—      | \$50,000  | \$50,000  | \$50,000  |

<sup>1</sup> Ratios have been annualized and total return and portfolio turnover have not been annualized.

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2 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.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

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

5 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."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

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## Financial highlights

Delaware Investments Minnesota Municipal Income Fund II, Inc.

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

|  | Six<br>Months<br>Ended<br>9/30/10<br>(Unaudited) | Year Ended<br>3/31/10 | 3/31/09   | 3/31/08   | 3/31/07   | 3/31/06   |
|--|--|-----------------------|-----------|-----------|-----------|-----------|
| Net asset value, beginning of period   | \$14.060   | \$13.140              | \$14.190  | \$14.880  | \$14.730  | \$14.890  |
| <b>Income (loss) from investment operations:</b>   |  |                       |           |           |           |           |
| Net investment income  | 0.307  | 0.602                 | 0.776     | 0.962     | 0.963     | 0.971     |
| Net realized and unrealized gain (loss) on investments   | 0.348  | 0.888                 | (1.013)   | (0.674)   | 0.225     | 0.012     |
| <b>Dividends on preferred stock from:</b>  |  |                       |           |           |           |           |
| 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   | 0.655  | 1.490                 | (0.412)   | (0.030)   | 0.890     | 0.740     |
| <b>Less dividends to common shareholders from:</b>   |  |                       |           |           |           |           |
| Net investment income  | (0.285)  | (0.570)               | (0.638)   | (0.660)   | (0.740)   | (0.900)   |
| Total dividends  | (0.285)  | (0.570)               | (0.638)   | (0.660)   | (0.740)   | (0.900)   |
| Net asset value, end of period   | \$14.430   | \$14.060              | \$13.140  | \$14.190  | \$14.880  | \$14.730  |
| Market value, end of period  | \$13.200   | \$12.740              | \$11.250  | \$13.450  | \$14.640  | \$16.200  |
| <b>Total investment return based on:</b>   |  |                       |           |           |           |           |
| Market value   | 5.90%  | 18.58%                | (11.91%)  | (3.58%)   | (5.13%)   | 4.73%     |
| Net asset value  | 4.87%  | 12.04%                | (2.48%)   | 0.08%     | 6.05%     | 4.69%     |
| <b>Ratios and supplemental data:</b>   |  |                       |           |           |           |           |
| Net assets applicable to common shares, end of period (000 omitted)  | \$166,029  | \$161,723             | \$151,184 | \$163,305 | \$171,143 | \$169,481 |
| Ratio of expenses to average net assets applicable to common shares <sup>3,5</sup>   | 0.54%  | 0.56%                 | 0.98%     | 1.18%     | 1.20%     | 1.07%     |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.30%  | 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 <sup>4</sup> | 4.30%  | 4.36%                 | 4.45%     | 4.43%     | 4.50%     | 4.86%     |
| Portfolio turnover   | 4%   | 19%                   | 15%       | 6%        | 3%        | 8%        |
| <b>Leverage analysis:</b>  |  |                       |           |           |           |           |
| Value of preferred shares outstanding (000 omitted) <sup>6</sup>   | \$—  | \$—                   | \$—       | \$95,000  | \$95,000  | \$95,000  |
| Net asset coverage per share of preferred shares, end of period <sup>6</sup>   | \$—  | \$—                   | \$—       | \$135,950 | \$140,075 | \$139,200 |
| Liquidation value per share of preferred shares <sup>6,7</sup>   | \$—  | \$—                   | \$—       | \$50,000  | \$50,000  | \$50,000  |

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1 Ratios have been annualized and total return and portfolio turnover have not been annualized.

2 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.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

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

5 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 Notes 1 and 8 in "Notes to financial statements."

6 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."

7 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.



# Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

## Delaware Investments National Municipal Income Fund

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

|  | Six<br>Months<br>Ended<br>9/30/10<br>(Unaudited) | Year Ended<br>3/31/10 | 3/31/09  | 3/31/08   | 3/31/07   | 3/31/06   |
|--|--|-----------------------|----------|-----------|-----------|-----------|
| Net asset value, beginning of period   | \$13.070   | \$11.960              | \$13.360 | \$14.560  | \$14.650  | \$15.340  |
| <b>Income (loss) from investment operations:</b>   |  |                       |          |           |           |           |
| Net investment income  | 0.307  | 0.571                 | 0.704    | 0.919     | 0.960     | 1.017     |
| Net realized and unrealized gain (loss) on investments   | 0.541  | 1.049                 | (1.367)  | (1.081)   | 0.141     | (0.236)   |
| <b>Dividends on preferred stock from:</b>  |  |                       |          |           |           |           |
| 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   | 0.848  | 1.620                 | (0.835)  | (0.488)   | 0.798     | 0.524     |
| <b>Less dividends and distributions to common shareholders from:</b>   |  |                       |          |           |           |           |
| Net investment income  | (0.258)  | (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  | (0.258)  | (0.510)               | (0.565)  | (0.712)   | (0.888)   | (1.214)   |
| Net asset value, end of period   | \$13.660   | \$13.070              | \$11.960 | \$13.360  | \$14.560  | \$14.650  |
| Market value, end of period  | \$13.100   | \$12.140              | \$10.850 | \$11.950  | \$14.530  | \$16.050  |
| <b>Total investment return based on:</b> <sup>2</sup>  |  |                       |          |           |           |           |
| Market value   | 10.08%   | 16.69%                | (4.31%)  | (13.11%)  | (4.12%)   | 14.75%    |
| Net asset value  | 6.62%  | 13.97%                | (5.65%)  | (3.05%)   | 5.27%     | 2.76%     |
| <b>Ratios and supplemental data:</b>   |  |                       |          |           |           |           |
| Net assets applicable to common shares, end of period (000 omitted)  | \$33,081   | \$31,650              | \$28,967 | \$32,365  | \$35,256  | \$35,492  |
| Ratio of expenses to average net assets applicable to common shares <sup>3</sup>   | 0.61%  | 0.63%                 | 1.06%    | 1.16%     | 1.10%     | 1.07%     |
| Ratio of net investment income to average net assets applicable to common shares <sup>3</sup>                                      | 4.59%  | 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 shares <sup>4</sup> | 4.59%  | 4.48%                 | 4.25%    | 4.22%     | 4.51%     | 5.01%     |
| Portfolio turnover   | 27%  | 69%                   | 36%      | 17%       | 9%        | 28%       |
| <b>Leverage analysis:</b>  |  |                       |          |           |           |           |
| Value of preferred shares outstanding (000 omitted) <sup>5</sup>   | \$—  | \$—                   | \$—      | \$20,000  | \$20,000  | \$20,000  |
| Net asset coverage per share of preferred shares, end of period <sup>5</sup>   | \$—  | \$—                   | \$—      | \$130,914 | \$138,141 | \$138,731 |
| Liquidation value per share of preferred shares <sup>5,6</sup>   | \$—  | \$—                   | \$—      | \$50,000  | \$50,000  | \$50,000  |

<sup>1</sup> Ratios have been annualized and total return and portfolio turnover have not been annualized.

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2 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.

3 Ratios do not reflect the effect of dividend payments to preferred shareholders, if applicable.

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

5 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."

6 Excluding any accumulated but unpaid dividends.

See accompanying Notes, which are an integral part of the financial statements.

## Notes to financial statements

Delaware Investments Closed-End Municipal Bond Funds  
September 30, 2010 (Unaudited)

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 and disclosure of contingent 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 and such differences could be material.

**Interest and Related Expenses** — Interest and related expenses include, but are not limited to, interest expense, remarketing fees, liquidity fees, and trustees' fees from the Funds' participation in inverse floater programs where a Fund has transferred 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 six months ended September 30, 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. Such dividends and distributions, if any, are recorded on the ex-dividend date.

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 six months ended September 30, 2010.

The Funds may receive earnings credits from their transfer agent when positive cash balances are maintained, which are used to offset transfer agent fees. There were no earnings credits for the six months ended September 30, 2010.



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### 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.

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 six months ended September 30, 2010, the Funds were charged as follows:

|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
|  | \$1,050                      | \$1,719                       | \$4,098                           | \$810                         |

At September 30, 2010, each Fund had liabilities payable to affiliates as follows:

|   | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|---|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Investment management fee payable to DMC                    | \$ 14,013                    | \$ 22,951                     | \$ 54,547                         | \$ 10,845                     |
| Accounting administration and other expenses payable to DSC | 175                          | 286                           | 680                               | 135                           |
| Other expenses payable to DMC and affiliates*               | 3,270                        | 6,531                         | 15,090                            | 1,473                         |

\*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 six months ended September 30, 2010, each Fund was charged for internal legal and tax services provided by DMC and/or its affiliates' employees as follows:

|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
|  | \$304                        | \$474                         | \$1,134                           | \$242                         |

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 six months ended September 30, 2010, the Funds made purchases and sales of investment securities other than short-term investments as follows:

|           | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|-----------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Purchases | \$ 2,450,070                 | \$ 6,130,780                  | \$ 7,157,349                      | \$ 8,847,969                  |
| Sales     | 1,693,721                    | 6,615,529                     | 7,997,264                         | 9,836,146                     |

At September 30, 2010, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At September 30, 2010, the cost of investments and unrealized appreciation (depreciation) for each Fund were as follows:

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|                                   | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|-----------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Cost of investments               | \$ 41,016,999                | \$ 65,755,041                 | \$ 154,166,796                    | \$ 30,095,786                 |
| Aggregate unrealized appreciation | \$ 1,881,093                 | \$ 3,674,007                  | \$ 9,873,641                      | \$ 2,181,157                  |
| Aggregate unrealized depreciation | (244,152)                    | (383,878)                     | (284,487)                         | (22,933)                      |
| Net unrealized appreciation       | \$ 1,636,941                 | \$ 3,290,129                  | \$ 9,589,154                      | \$ 2,158,224                  |

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## Notes to financial statements

### Delaware Investments Closed-End Municipal Bond Funds

#### 3. Investments (continued)

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 level hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets for identical investments (i.e. equity securities, open-end investment companies, futures contracts, 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) (i.e. debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing)

Level 3 – inputs are significant unobservable inputs (including the Funds' own assumptions used to determine the fair value of investments) (i.e. broker-quoted securities, fair valued securities)

The following table summarizes the valuation of each Fund's investments by fair value hierarchy levels as of September 30, 2010:

|                 |                             |
|-----------------|-----------------------------|
|                 | Arizona Municipal Fund      |
|                 | Level 2                     |
| Municipal Bonds | \$ 42,653,940               |
| Total           | \$ 42,653,940               |
|                 | Colorado Municipal Fund     |
|                 | Level 2                     |
| Municipal Bonds | \$ 69,045,170               |
| Total           | \$ 69,045,170               |
|                 | Minnesota Municipal Fund II |
|                 | Level 2                     |
| Municipal Bonds | \$ 163,105,950              |
| Short-Term      | 650,000                     |
| Total           | \$ 163,755,950              |
|                 | National Municipal Fund     |
|                 | Level 2                     |
| Municipal Bonds | \$ 32,254,010               |
| Total           | \$ 32,254,010               |

There were no Level 3 securities at the beginning or end of the period for any Fund.

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In January 2010, the Financial Accounting Standards Board issued an Accounting Standards Update, Improving Disclosures about Fair Value Measurements, which introduced new disclosure requirements and clarified certain existing disclosure requirements around fair value measurements currently presented above. The new disclosures and clarifications of existing disclosures are generally effective for the Funds' fiscal year ending, March 31, 2011 and interim periods therein. During the six months ended September 30, 2010, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Funds.



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### 4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Additionally, distributions from net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the six months ended September 30, 2010 and year ended March 31, 2010 was as follows:

|                                  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|----------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| <b>Six Months Ended 9/30/10*</b> |                              |                               |                                   |                               |
| Long-term capital gain           | \$ 97,833                    | \$ —                          | \$ —                              | \$ —                          |
| Ordinary income                  | 580                          | —                             | —                                 | 12,514                        |
| Tax-exempt income                | 767,917                      | 1,378,574                     | 3,278,918                         | 611,203                       |
| <b>Total</b>                     | <b>\$ 866,330</b>            | <b>\$ 1,378,574</b>           | <b>\$ 3,278,918</b>               | <b>\$ 623,717</b>             |
| <b>Year Ended 3/31/10</b>        |                              |                               |                                   |                               |
| Long-term capital gain           | \$ 74,555                    | \$ —                          | \$ —                              | \$ —                          |
| Ordinary income                  | —                            | —                             | —                                 | 18,011                        |
| Tax-exempt income                | 1,438,912                    | 2,757,147                     | 6,557,836                         | 1,217,311                     |
| <b>Total</b>                     | <b>\$ 1,513,467</b>          | <b>\$ 2,757,147</b>           | <b>\$ 6,557,836</b>               | <b>\$ 1,235,322</b>           |

\*Tax information for the six months ended September 30, 2010 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

### 5. Components of Net Assets on a Tax Basis

The components of net assets are estimated since final tax characteristics cannot be determined until fiscal year end. As of September 30, 2010, the estimated components of net assets on a tax basis were as follows:

|  | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Shares of beneficial interest            | \$40,651,205                 | \$66,918,121                  | \$157,931,075                     | \$33,208,317                  |
| Undistributed long-term capital gains    | 4,686                        | —                             | —                                 | —                             |
| Undistributed tax-exempt income          | 380,050                      | 262,136                       | 604,731                           | 264,758                       |
| Realized gains 4/1/10 - 9/30/10          | —                            | 123,308                       | 162,363                           | 99,424                        |
| Capital loss carryforwards as of 3/31/10 | —                            | (672,918)                     | (2,257,889)                       | (2,649,375)                   |
| Unrealized appreciation of investments   | 1,636,941                    | 3,290,129                     | 9,589,154                         | 2,158,224                     |
| <b>Net assets</b>                        | <b>\$42,672,882</b>          | <b>\$69,920,776</b>           | <b>\$166,029,434</b>              | <b>\$33,081,348</b>           |

The differences between book basis and tax basis components of net assets are primarily attributable to tax treatment of market discount on debt instruments.

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of dividends and distributions and tax treatment of market discount on debt instruments. Results of operations and net assets were not affected by these reclassifications. For the six months ended September 30, 2010, the Funds recorded an estimate of these differences since final tax characteristics cannot be determined until fiscal year end.

|                                     | Arizona<br>Municipal<br>Fund | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|-------------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Undistributed net investment income | \$ (4,978)                   | \$ (1,904)                    | \$ (7,706)                        | \$ (925)                      |
| Accumulated net realized gain       | 4,978                        | 1,904                         | 7,706                             | 925                           |



## Notes to financial statements

### Delaware Investments Closed-End Municipal Bond Funds

#### 5. Components of Net Assets on a Tax Basis (continued)

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Capital loss carryforwards remaining at March 31, 2010 will expire as follows:

| Year of Expiration | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--------------------|-------------------------------|-----------------------------------|-------------------------------|
| 2013               | \$ —                          | \$ 9,826                          | \$ —                          |
| 2016               | —                             | —                                 | 18,596                        |
| 2017               | 672,918                       | 1,983,869                         | 1,770,984                     |
| 2018               | —                             | 264,194                           | 859,795                       |
| Total              | \$ 672,918                    | \$ 2,257,889                      | \$ 2,649,375                  |

For the six months ended September 30, 2010, the Funds had capital gains, as follows, which may reduce the capital loss carryforwards:

|  | Colorado<br>Municipal<br>Fund | Minnesota<br>Municipal<br>Fund II | National<br>Municipal<br>Fund |
|--|-------------------------------|-----------------------------------|-------------------------------|
|  | \$123,308                     | \$162,363                         | \$99,424                      |

#### 6. Capital Stock

Pursuant to their articles of incorporation, Arizona Municipal Fund, Colorado Municipal Fund and Minnesota Municipal Fund II each have 200 million shares of \$0.01 par value common shares authorized. National Municipal Fund has been authorized to issue an unlimited amount of \$0.01 par value common shares. The Funds did not repurchase any shares under the Share Repurchase Program during the six months ended September 30, 2010. Shares issuable under the Funds' dividend reinvestment plan are purchased by the Funds' transfer agent, BNY Mellon Shareowner Services, in the open market.

For the six months ended September 30, 2010, the Funds did not have any transactions in common shares.

#### 7. Redemption of Preferred Shares

On October 7, 2008, the Funds' Board approved a plan to redeem all outstanding preferred shares issued by the Funds. At the time, the market was experiencing extraordinary volatility, which resulted in significantly higher rates on the preferred shares. Management recommended the redemption of the Funds' preferred shares because of the increasing difficulty for the Funds to invest the assets attributable to the preferred shares in securities that provided a rate of return in excess of the dividend rates payable on the preferred shares. These higher costs, in conjunction with market conditions at that time, could cause the Funds to realize an overall lower rate of return than if the Funds were not leveraged. Each Fund's Board may consider adding some form of leverage to the Funds in the future if warranted by economic conditions at that time.

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Prior to the redemption, each preferred share had a liquidation preference of \$50,000 plus an amount equal to accumulated but unpaid dividends. The effective dates and redemption values are as follows:

|                                    | Shares<br>Redeemed | Total                   |
|------------------------------------|--------------------|-------------------------|
| <b>Arizona Municipal Fund</b>      |                    |                         |
| Effective 10/24/08                 |                    |                         |
| Series A                           | 250                | \$ 12,512,197.50        |
| Series B                           | 250                | 12,512,197.50           |
| <b>Total</b>                       | <b>500</b>         | <b>\$ 25,024,395.00</b> |
| <b>Colorado Municipal Fund</b>     |                    |                         |
| Effective 10/22/08                 |                    |                         |
| Series A                           | 270                | \$ 13,516,758.90        |
| Series B                           | 270                | 13,516,758.90           |
|                                    |                    | \$ 27,033,517.80        |
| Effective 10/29/08                 |                    |                         |
| Colorado A                         | 95                 | \$ 4,753,593.85         |
| Colorado B                         | 95                 | 4,753,593.85            |
|                                    |                    | \$ 9,507,187.70         |
| Effective 11/5/08                  |                    |                         |
| Series A                           | 35                 | \$ 1,751,036.00         |
| Series B                           | 35                 | 1,751,036.00            |
|                                    |                    | \$ 3,502,072.00         |
| <b>Total</b>                       | <b>800</b>         | <b>\$ 40,042,777.50</b> |
| <b>Minnesota Municipal Fund II</b> |                    |                         |
| Effective 10/22/08                 |                    |                         |
| Series B                           | 355                | \$ 17,772,038.40        |
| Effective 10/24/08                 |                    |                         |
| Series A                           | 355                | \$ 17,767,320.45        |
| Series C                           | 227                | 11,361,075.33           |
| Series D                           | 177                | 8,858,635.83            |
|                                    |                    | \$ 37,987,031.61        |
| Effective 10/29/08 and 10/31/08    |                    |                         |
| Series A                           | 115                | \$ 5,753,645.50         |
| Series B                           | 115                | 5,754,350.45            |
| Series C                           | 80                 | 4,002,536.00            |
| Series D                           | 60                 | 3,001,902.00            |
|                                    |                    | \$ 18,512,433.95        |
| Effective 11/5/08 and 11/7/08      |                    |                         |
| Series B                           | 130                | \$ 6,503,848.00         |
| Series A                           | 130                | 6,503,738.80            |
| Series C                           | 93                 | 4,652,674.68            |
| Series D                           | 63                 | 3,151,811.88            |
|                                    |                    | \$ 20,812,073.36        |
| <b>Total</b>                       | <b>1,900</b>       | <b>\$ 95,083,577.32</b> |
| <b>National Municipal Fund</b>     |                    |                         |
| Effective 10/24/08                 |                    |                         |

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|          |     |                  |
|----------|-----|------------------|
| Series A | 200 | \$ 10,009,758.00 |
| Series B | 200 | 10,009,758.00    |
| Total    | 400 | \$ 20,019,516.00 |

In connection with these transactions, each Fund liquidated a corresponding amount of its investments to fund the redemptions.

### 8. Derivatives

U.S. GAAP requires enhanced disclosures that enable investors to understand: 1) how and why an entity uses derivatives, 2) how they are accounted for, and 3) how they affect an entity's results of operations and financial position.

**Inverse Floaters** — Each Fund may participate in inverse floater programs where a fund transfers its own bonds to a trust that issues floating rate securities and inverse floating rate securities (inverse floaters) with an aggregate principal amount equal to the principal of the transferred bonds. The inverse floaters received by the Funds are derivative tax-exempt obligations with floating or variable interest rates that move in the opposite direction of short-term interest rates, usually at an accelerated speed. Consequently, the market values of the inverse floaters will generally be more volatile than other tax-exempt investments. The Funds typically use inverse floaters to adjust the duration of their portfolio. Duration measures a portfolio's sensitivity to changes in interest rates. By holding inverse floaters with a different duration than the underlying bonds that a Fund transferred to the trust, the Fund seeks to adjust its portfolio's sensitivity to changes in interest rates. The Funds may also invest in inverse floaters to add additional income to the Funds or to adjust the Funds' exposure to a specific segment of the yield curve. At September 30, 2010, the Funds held no investments in inverse floaters.

### 9. Credit and Market Risk

The Funds concentrate their investments in securities issued by municipalities. The value of these investments may be adversely affected by new legislation within the states, regional or local and national economic conditions, as applicable and differing levels of supply and demand for municipal bonds. Many municipalities insure repayment for their obligations. Although bond insurance reduces the risk of loss due to default by an issuer, such bonds remain subject to the risk that market value may fluctuate for other reasons and there is no assurance that the insurance company will meet its

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## Notes to financial statements

### Delaware Investments Closed-End Municipal Bond Funds

#### 9. Credit and Market Risk (continued)

obligations. A real or perceived decline in creditworthiness of a bond insurer can have an adverse impact on the value of insured bonds held in each Fund. At September 30, 2010, the percentages of each Fund's net assets insured by insurers are listed below and these securities have been identified in the statements of net assets.

|                             |     |
|-----------------------------|-----|
| Arizona Municipal Fund      | 35% |
| Colorado Municipal Fund     | 41% |
| Minnesota Municipal Fund II | 23% |
| National Municipal Fund     | 30% |

The Funds invest a portion of their assets in high yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group (S&P) and/or Ba or lower by Moody's Investors Service, Inc. (Moody's). Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Funds may invest in advanced refunded bonds, escrow secured bonds or defeased bonds. Under current federal tax laws and regulations, state and local government borrowers are permitted to refinance outstanding bonds by issuing new bonds. The issuer refinances the outstanding debt to either reduce interest costs or to remove or alter restrictive covenants imposed by the bonds being refinanced. A refunding transaction where the municipal securities are being refunded within 90 days from the issuance of the refunding issue is known as a "current refunding". "Advance refunded bonds" are bonds in which the refunded bond issue remains outstanding for more than 90 days following the issuance of the refunding issue. In an advance refunding, the issuer will use the proceeds of a new bond issue to purchase high grade interest bearing debt securities which are then deposited in an irrevocable escrow account held by an escrow agent to secure all future payments of principal and interest and bond premium of the advance refunded bond. Bonds are "escrowed to maturity" when the proceeds of the refunding issue are deposited in an escrow account for investment sufficient to pay all of the principal and interest on the original interest payment and maturity dates.

Bonds are considered "pre-refunded" when the refunding issue's proceeds are escrowed only until a permitted call date or dates on the refunded issue with the refunded issue being redeemed at the time, including any required premium. Bonds become "defeased" when the rights and interests of the bondholders and of their lien on the pledged revenues or other security under the terms of the bond contract are substituted with an alternative source of revenues (the escrow securities) sufficient to meet payments of principal and interest to maturity or to the first call dates. Escrowed secured bonds will often receive a rating of AAA from Moody's, S&P, and/or Fitch Ratings due to the strong credit quality of the escrow securities and the irrevocable nature of the escrow deposit agreement.

Each Fund may invest up to 15% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair each Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, each Fund's Board has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of each Fund's limitation on investments in illiquid assets. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Funds' 15% limit on investments in illiquid securities. As of September 30, 2010, there were no Rule 144A securities and no securities have been determined to be illiquid under the Funds' Liquidity Procedures.

#### 10. Contractual Obligations

The Funds enter into contracts in the normal course of business that contain a variety of indemnifications. The Funds' maximum exposure under these arrangements is unknown. However, the Funds have not had prior claims or losses pursuant to these contracts. Management has reviewed each Fund's existing contracts and expects the risk of loss to be remote.

#### 11. Investments in Municipal Securities Issued by the State of Florida

On September 13, 2007, shareholders of Delaware Investments National Municipal Income Fund (formerly Delaware Investments Florida Insured Municipal Income Fund) approved (1) the elimination of the Fund's fundamental investment policy that required the Fund to invest primarily in insured municipal securities issued by the State of Florida and (2) the adoption of a new fundamental investment policy permitting the Fund to invest in un-insured municipal securities issued by states other than Florida. The Fund's portfolio managers began to transition the Fund's portfolio to include un-insured municipal bonds issued by other states and territories on October 15, 2007. As of September 30, 2010, municipal bonds issued by the state of Florida constitute approximately 26% of the Fund's portfolio. These investments could make the Fund more sensitive to economic conditions in Florida than other more geographically diversified national municipal income funds.



## 12. Subsequent Event

On November 19, 2010, the Boards of Trustees/Directors of Delaware Investments National Municipal Income Fund (the "National Muni Fund") and Delaware Investments Arizona Municipal Income Fund, Inc. (the "Arizona Muni Fund") announced their decision to approve a proposal providing for the reorganization of the Arizona Muni Fund into the National Muni Fund. Under the terms of the proposed reorganization, the National Muni Fund would acquire substantially all of the Arizona Muni Fund's assets in exchange for newly issued shares of beneficial interest of the National Muni Fund. Those shares of the National Muni Fund would then be distributed pro rata to Arizona Muni Fund's shareholders, and the Arizona Muni Fund would subsequently be liquidated and dissolved.

Common shares of Arizona Muni Fund would be exchanged for common shares of National Muni Fund based on the relative net asset values of each Fund's common shares. These transactions, which are expected to be tax-free, are subject to the approval of the Agreement and Plan of Acquisition by each Fund's shareholders (which includes the National Muni Fund's approval of the issuance of new common shares).

Each Fund's Board plans to submit the proposals described above to each Fund's shareholders at a special meeting, currently expected to take place on February 25, 2011. Any solicitation of proxies by each Fund in connection with this shareholder meeting will be made only pursuant to proxy materials filed under the federal securities laws. It is anticipated that these proxy materials will be distributed to each Fund's shareholders in January 2011. There can be no assurance that the shareholders of each Fund will vote in favor of the proposals.



## Other Fund information (Unaudited)

### Delaware Investments Closed-End Municipal Bond Funds (the "Funds")

Change in Independent Registered Public Accounting Firm. Due to independence matters under the Securities and Exchange Commission's auditor independence rules relating to the January 4, 2010 acquisition of Delaware Investments (including DMC and DSC) by Macquarie Group, Ernst & Young LLP ("E&Y") has resigned as the independent registered public accounting firm for the Funds effective May 27, 2010. At a meeting held on February 18, 2010, the Board of Directors/Trustees of the Funds, upon recommendation of the Audit Committee, selected PricewaterhouseCoopers LLP ("PwC") to serve as the independent registered public accounting firm for the Funds for the fiscal year ending March 31, 2011. During the fiscal years ended March 31, 2010 and March 31, 2009, E&Y's audit reports on the financial statements of the Funds did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. In addition, there were no disagreements between the Funds and E&Y on accounting principles, financial statements disclosures or audit scope, which, if not resolved to the satisfaction of E&Y, would have caused them to make reference to the disagreement in their reports. Neither the Funds nor anyone on their behalf has consulted with PwC at any time prior to its selection with respect to the application of accounting principles to a specified transaction, either completed or proposed or the type of audit opinion that might be rendered on the Funds' financial statements.

## About the organization

This semiannual report is for the information of Delaware Investments Closed-End Municipal Bond Funds shareholders. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Funds may, from time to time, purchase shares of their common stock on the open market at market prices.

### Board of directors/trustees

Patrick P. Coyne  
Chairman, President,  
and Chief Executive Officer  
Delaware Investments® Family of Funds  
Philadelphia, PA

Thomas L. Bennett  
Private Investor  
Rosemont, PA

John A. Fry  
President  
Drexel University  
Philadelphia, PA

Anthony D. Knerr  
Founder and Managing Director  
Anthony Knerr & Associates  
New York, NY

Lucinda S. Landreth  
Former Chief Investment Officer  
Assurant, Inc.  
Philadelphia, PA

Ann R. Leven  
Consultant  
ARL Associates  
New York, NY

Thomas F. Madison  
President and Chief Executive Officer  
MLM Partners, Inc.  
Minneapolis, MN

Janet L. Yeomans  
Vice President and Treasurer  
3M Corporation  
St. Paul, MN

J. Richard Zecher  
Founder  
Investor Analytics  
Scottsdale, AZ

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### Your reinvestment options

Each of the Funds offers an automatic dividend reinvestment program. If you would like to reinvest dividends, and shares are registered in your name, contact BNY Mellon Shareowner Services at 800 851-9677. You will be asked to put your request in writing. If you have shares registered in "street" name, contact the broker/dealer holding the shares or your financial advisor.

### Affiliated officers

David F. Connor

Vice President, Deputy General Counsel,  
and Secretary  
Delaware Investments Family of Funds  
Philadelphia, PA

Daniel V. Geatens

Vice President and Treasurer  
Delaware Investments Family of Funds  
Philadelphia, PA

David P. O'Connor

Senior Vice President, General Counsel,  
and Chief Legal Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

Richard Salus

Senior Vice President and  
Chief Financial Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. Each Fund's Forms N-Q, as well as a description of the policies and procedures that each Fund uses to determine how to vote proxies (if any) relating to portfolio securities are available without charge (i) upon request, by calling 800 523-1918; and (ii) on the SEC's Web site at [www.sec.gov](http://www.sec.gov). In addition, a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities and each Fund's Schedule of Investments are available without charge on the Fund's Web site at [www.delawareinvestments.com](http://www.delawareinvestments.com). Each Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling 800 SEC-0330.

Information (if any) regarding how each Fund voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through each Fund's Web site at [www.delawareinvestments.com](http://www.delawareinvestments.com); and (ii) on the SEC's Web site at [www.sec.gov](http://www.sec.gov).

### Contact information

Investment manager

Delaware Management Company,  
a series of Delaware Management  
Business Trust  
Philadelphia, PA

Principal office of the Funds

2005 Market Street  
Philadelphia, PA 19103-7057

Independent registered public  
accounting firm

PricewaterhouseCoopers LLP  
2001 Market Street  
Philadelphia, PA 19103

# Edgar Filing: Delaware Investments National Municipal Income Fund - Form N-CSR

Registrar and stock transfer  
agent  
BNY Mellon Shareowner Services  
480 Washington Blvd.  
Jersey City, NJ 07310  
800 851-9677

For securities dealers  
and financial institutions  
representatives  
800 362-7500

Web site  
[www.delawareinvestments.com](http://www.delawareinvestments.com)

Delaware Investments is the marketing name of Delaware Management Holdings, Inc. and its subsidiaries.

Number of recordholders as of  
September 30, 2010

|                                       |     |
|---------------------------------------|-----|
| Arizona Municipal Income Fund         | 50  |
| Colorado Municipal<br>Income Fund     | 113 |
| Minnesota Municipal Income<br>Fund II | 549 |
| National Municipal Income Fund        | 96  |
|                                       | 31  |

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Item 2. Code of Ethics

Not applicable.

Item 3. Audit Committee Financial Expert

Not applicable.

Item 4. Principal Accountant Fees and Services

Not applicable.

Item 5. Audit Committee of Listed Registrants

Not applicable.

Item 6. Investments

(a) Included as part of report to shareholders filed under Item 1 of this Form N-CSR.

(b) Divestment of securities in accordance with Section 13(c) of the Investment Company Act of 1940.

Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

Applicable to Form N-CSRs filed after fiscal years ending on or after December 31, 2005.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers

Not applicable.

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Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 11. 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 second fiscal quarter of the period covered by the report to stockholders included herein (i.e., the registrant's second fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

(a) (1) Code of Ethics

Not applicable.

(2) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2 under the Investment Company Act of 1940 are attached hereto as Exhibit 99.CERT.

(3) Written solicitations to purchase securities pursuant to Rule 23c-1 under the Securities Exchange Act of 1934.

Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are furnished herewith as Exhibit 99.906CERT.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized.

Name of Registrant: Delaware Investments® National Municipal Income Fund

/s/ PATRICK P. COYNE

By: Patrick P. Coyne

Title: Chief Executive Officer

Date: December 6, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ PATRICK P. COYNE

By: Patrick P. Coyne

Title: Chief Executive Officer

Date: December 6, 2010

/s/ RICHARD SALUS

By: Richard Salus

Title: Chief Financial Officer

Date: December 6, 2010

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