

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III INC

Form N-CSR

December 01, 2003

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: 811-07938

Exact name of registrant as specified in charter:
Delaware Investments Minnesota Municipal Income Fund III, Inc.

Address of principal executive offices:

2005 Market Street
Philadelphia, PA 19103

Name and address of agent for service:

Richelle S. Maestro, 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, 2003

Item 1. Reports to Stockholders

Delaware
Investments (SM)

A member of Lincoln Financial Group(R)

CLOSED END

Semiannual Report 2004

DELAWARE INVESTMENTS CLOSED-END
MUNICIPAL BOND FUNDS

[Logo]

POWERED BY RESEARCH.(SM)

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Dividend Reinvestment Plans

Each Fund offers an automatic dividend reinvestment program. If Fund shares are registered in your name and you are not already reinvesting dividends but would like to do so, contact the dividend plan agent, Mellon Investor Services, L.L.C., at 800 851-9677. You will be asked to put your request in writing. If you have shares registered in "street" name, contact your financial advisor or the broker/dealer holding the shares.

Under the current policies of Arizona Municipal Income Fund, Florida Insured Municipal Income Fund, Minnesota Municipal Income Fund I, and Minnesota Municipal Income Fund II, all distributions of net investment income and capital gains to common stock shareholders are automatically reinvested in additional shares unless shareholders elect to receive all dividends and other distributions in cash paid by check mailed directly to shareholders by the dividend plan agent. Under the current policies of Colorado Insured Municipal Income Fund and Minnesota Municipal Income Fund III, distributions of net investment income and capital gains to common shareholders will be paid in cash unless shareholders notify Mellon Investor Services, L.L.C. of their desire to participate in the dividend reinvestment program.

After each Fund declares a dividend or determines to make a capital gains distribution, the plan agent will, as agent for the participants, receive the cash payment and use it to buy shares in the open market on the American Stock Exchange. The Funds will not issue any new shares in connection with the plan. You can contact Mellon at:

Mellon Investor Services, L.L.C.
Dividend Reinvestment Department
Overpeck Centre
85 Challenger Road
Ridgefield, NJ 07660
800 851-9677

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

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investment advisor.

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Statements Delaware Investments Minnesota Municipal Income Fund, Inc.
OF NET ASSETS September 30, 2003 (Unaudited)

| | Principal Amount | Market Value |
|---|---------------------|-----------------------------|
| Municipal Bonds - 148.37% | | |
| Airport Revenue Bonds - 7.82% | | |
| Minneapolis/St. Paul Metropolitan Airports Commission Revenue Series A 5.00% 1/1/30 (AMBAC) | \$ 500,000 | \$ 505,985 |
| Minneapolis/St. Paul Metropolitan Airports Commission Revenue Series C 5.25% 1/1/32 (FGIC) | 2,500,000 | 2,573,900 |
| | | ----- 3,079,885 ----- |
| City General Obligation Bonds - 2.60% | | |
| Willmar County (Rice Memorial Hospital Project) 5.00% 2/1/32 (FSA) | 1,000,000 | 1,022,700 |
| | | ----- 1,022,700 ----- |
| Continuing Care/Retirement Revenue Bonds - 6.13% | | |
| Minnetonka Housing Facilities Revenue (Beacon Hill Housing Project, Presbyterian Homes & Services) 7.70% 6/1/25 | 1,500,000 | 1,509,405 |
| St. Paul Housing & Redevelopment Authority Revenue (Franciscan Health Project) 5.40% 11/20/42 (GNMA/FHA) | 880,000 | 904,992 |
| | | ----- 2,414,397 ----- |
| Corporate Backed Revenue Bonds - 4.49% | | |
| Anoka County Solid Waste Disposal National Rural Co-Op Utility (United Power Association) Series A 6.95% 12/1/08 (AMT) | 785,000 | 795,605 |
| Sartell Environmental Improvement Revenue (International Paper) Series A 5.20% 6/1/27 | 1,000,000 | 972,860 |
| | | ----- 1,768,465 ----- |
| Escrowed to Maturity Bonds - 13.16% | | |
| Dakota/Washington Housing & Redevelopment Authority Single Family Mortgage Revenue 8.375% 9/1/21 (GNMA/FHA/AMT) | 2,555,000 | 3,757,358 |

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| | | |
|--|-------------|--------------|
| Southern Minnesota Municipal Power | | |
| Agency Series B | | |
| 5.50% 1/1/15 (AMBAC) | 390,000 | 399,348 |
| 5.75% 1/1/11 (FGIC) | 1,000,000 | 1,024,350 |
| | | ----- |
| | | 5,181,056 |
| | | ----- |
| Hospital Revenue Bonds - 20.60% | | |
| Bemidji County Health Care Facilities | | |
| (North Country Health Services) | | |
| 5.00% 9/1/24 (RADIAN) | 1,000,000 | 1,017,600 |
| Duluth Economic Development Authority | | |
| Health Care Facilities Revenue | | |
| Benedictine Health System | | |
| (St. Mary's Hospital) Series C | | |
| 6.00% 2/15/20 (Connie Lee) | 1,000,000 | 1,023,460 |
| Minneapolis Health Care Facilities Revenue | | |
| (Fairview Hospital & Healthcare Service) | | |
| Series A 5.25% 11/15/19 (MBIA) | 1,500,000 | 1,536,705 |
| Minneapolis Health Care System Revenue | | |
| (Allina Health System) Series A | | |
| 5.75% 11/15/32 | 1,100,000 | 1,143,846 |
| | Principal | Market |
| | Amount | Value |
| Municipal Bonds (continued) | | |
| Hospital Revenue Bonds (continued) | | |
| Minnesota Agricultural & Economic | | |
| Development Health Care System | | |
| (Fairview Hospital) Series A | | |
| 6.375% 11/15/29 | \$2,500,000 | \$ 2,697,175 |
| St. Paul Housing & Redevelopment | | |
| Authority Health Care Facilities Revenue | | |
| (Regions Hospital Project) | | |
| 5.30% 5/15/28 | 700,000 | 691,887 |
| | | ----- |
| | | 8,110,673 |
| | | ----- |
| Investor Owned Utilities Revenue Bonds - 5.40% | | |
| Bass Brook Pollution Control Revenue | | |
| (Minnesota Power & Light | | |
| Company Project) 6.00% 7/1/22 | | |
| | 2,100,000 | 2,128,203 |
| | | ----- |
| | | 2,128,203 |
| | | ----- |
| Miscellaneous Revenue Bonds - 6.87% | | |
| Minneapolis Art Center Facilities Revenue | | |
| (Walker Art Center Project) | | |
| 5.125% 7/1/21 | 1,600,000 | 1,671,968 |
| Minneapolis Community Development | | |
| Agency Supported Development Revenue | | |
| Series G-3 5.45% 12/1/31 | | |
| | 1,000,000 | 1,032,310 |
| | | ----- |
| | | 2,704,278 |
| | | ----- |
| Multifamily Housing Revenue Bonds - 10.07% | | |
| Brooklyn Center Multifamily Housing | | |
| Revenue (Four Courts Apartments Project) | | |
| Series A 7.50% 6/1/25 (AMT) | 1,800,000 | 1,669,554 |
| Minneapolis Multifamily Housing Revenue | | |
| (Seward Towers Project) | | |

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| | | |
|---|-----------|-----------|
| 5.00% 5/20/36 (GNMA) | 1,000,000 | 1,008,460 |
| Southeastern Minnesota Multi County Housing & Redevelopment Authority Revenue (Winona County) 5.35% 1/1/28 | 300,000 | 303,153 |
| Washington County Housing & Redevelopment Authority Revenue (Woodland Park Apartments Project) 4.70% 10/1/32 | 1,000,000 | 982,890 |
| | | ----- |
| | | 3,964,057 |
| | | ----- |
| Municipal Lease Revenue Bonds - 3.05% | | |
| St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) 5.25% 12/1/27 | 1,150,000 | 1,201,049 |
| | | ----- |
| | | 1,201,049 |
| | | ----- |
| Parking Revenue Bonds - 1.73% | | |
| St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) Series A 5.35% 8/1/29 (FSA) | 650,000 | 682,110 |
| | | ----- |
| | | 682,110 |
| | | ----- |
| Political Subdivision General Obligation Bonds - 8.49% | | |
| Hennepin County Series B 5.00% 12/1/18 | 1,300,000 | 1,397,708 |
| Washington County Housing & Redevelopment Authority Series B 5.50% 2/1/22 (MBIA) | 855,000 | 902,572 |
| 5.50% 2/1/32 (MBIA) | 1,000,000 | 1,042,810 |
| | | ----- |
| | | 3,343,090 |
| | | ----- |

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Statements Delaware Investments Minnesota Municipal Income Fund, Inc.
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| *Pre-Refunded Bonds - 8.44% | | |
| Duluth Economic Development Authority Health Care Facilities Revenue (Duluth Clinic) 6.30% 11/1/22-04 (AMBAC) | \$ 730,000 | \$ 771,617 |
| Puerto Rico Commonwealth 6.00% 7/1/26-07 | 1,000,000 | 1,165,540 |
| St. Francis Independent School District #15 6.30% 2/1/11-06 (FSA) | 1,250,000 | 1,387,750 |
| | | ----- |
| | | 3,324,907 |
| | | ----- |
| Public Power Revenue Bonds - 25.47% | | |
| Chaska Electric Revenue Series A 6.00% 10/1/25 | 1,000,000 | 1,055,150 |
| Rochester Electric 5.25% 12/1/30 (AMBAC) | 150,000 | 155,489 |

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| | | |
|---|-----------|------------|
| Southern Minnesota Municipal Power | | |
| Agency Supply System Revenue Series A | | |
| 5.00% 1/1/12 (AMBAC) | 1,000,000 | 1,114,630 |
| 5.25% 1/1/16 (AMBAC) | 1,000,000 | 1,135,150 |
| **Southern Minnesota Municipal Power | | |
| Supply System Revenue, Inverse Floater | | |
| 8.96% 1/1/14 (AMBAC) | 2,500,000 | 3,171,974 |
| Western Minnesota Municipal Power Agency | | |
| Series A 5.00% 1/1/30 (MBIA) | 2,500,000 | 2,541,500 |
| Series B 5.00% 1/1/15 (MBIA) | 765,000 | 853,205 |
| | | ----- |
| | | 10,027,098 |
| | | ----- |
| School District General Obligation Bonds - 13.15% | | |
| Centennial Independent School District #012 | | |
| Series A 5.00% 2/1/20 (FSA) | 400,000 | 420,708 |
| Farmington Independent School | | |
| District #192 5.00% 2/1/23 (FSA) | 1,200,000 | 1,235,784 |
| Morris Minnesota Independent School | | |
| District #769 5.00% 2/1/28 (MBIA) | 1,000,000 | 1,020,810 |
| Mounds View Minnesota Independent | | |
| School District #621 5.00% 2/1/23 (FSA) | 1,020,000 | 1,053,364 |
| Robbinsdale Independent School | | |
| District #281 5.00% 2/1/21 (FSA) | 500,000 | 521,605 |
| St. Michael Independent School District #885 | | |
| 5.00% 2/1/22 (FSA) | 500,000 | 518,420 |
| 5.00% 2/1/24 (FSA) | 400,000 | 409,144 |
| | | ----- |
| | | 5,179,835 |
| | | ----- |
| Single Family Housing Revenue Bonds - 3.85% | | |
| Dakota County Housing & Redevelopment | | |
| Authority Single Family Mortgage Revenue | | |
| 5.85% 10/1/30 (GNMA/FNMA/AMT) | 193,000 | 198,118 |
| Minnesota Housing Finance Agency | | |
| Single Family Mortgage Series J | | |
| 5.90% 7/1/28 (AMT) | 1,275,000 | 1,319,115 |
| | | ----- |
| | | 1,517,233 |
| | | ----- |
| State General Obligation Bonds - 2.66% | | |
| Minnesota State Refunding 5.00% 8/1/21 | | |
| | 1,000,000 | 1,049,080 |
| | | ----- |
| | | 1,049,080 |
| | | ----- |

Principal Amount Market Value

| | | |
|---|------------|------------|
| Municipal Bonds (continued) | | |
| Territorial Revenue Bonds - 4.39% | | |
| Puerto Rico Commonwealth Highway & Transportation Authority Revenue | | |
| Series A 5.00% 7/1/38 | \$ 300,000 | \$ 300,063 |
| Puerto Rico Commonwealth Highway & Transportation Authority Revenue | | |
| Series G 5.00% 7/1/42 | 250,000 | 248,413 |
| Puerto Rico Public Buildings Authority | | |
| Revenue Series D 5.25% 7/1/27 | 1,150,000 | 1,180,176 |
| | | ----- |
| | | 1,728,652 |

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| | |
|--|------------------------------|
| Total Municipal Bonds (cost \$56,259,452) | ----- 58,426,768 ----- |
| Total Market Value of Securities - 148.37% (cost \$56,259,452) | 58,426,768 |
| Receivables and Other Assets | |
| Net of Liabilities- 2.42% | 951,036 |
| Liquidation Value of Preferred Stock-- (50.79%) | (20,000,000) ----- |
| Net Assets Applicable to 2,594,700 Shares | |
| Outstanding - 100.00% | \$39,377,804 ----- |
| Net Asset Value Per Common Share ((\$39,377,804 / 2,594,700 Shares) | \$15.18 ----- |

Components of Net Assets at September 30, 2003:

| | |
|--|-----------------------|
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | \$35,426,619 |
| Undistributed net investment income | 875,131 |
| Accumulated net realized gain on investments | 908,738 |
| Net unrealized appreciation of investments | 2,167,316 ----- |
| Total net assets | \$39,377,804 ----- |

*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

**An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates. Interest rate disclosed is in effect as of September 30, 2003.

Summary of Abbreviations:

AMBAC -- Insured by the AMBAC Indemnity Corporation
 AMT -- Subject to Alternative Minimum Tax
 Connie Lee -- Insured by the College Construction Insurance Association
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FHA -- Insured by the Federal Housing Administration
 FNMA -- Insured by Federal National Mortgage Association
 FSA -- Insured by Financial Security Assurance
 GNMA -- Insured by Government National Mortgage Association
 MBIA -- Insured by the Municipal Bond Insurance Association
 RADIAN -- Insured by Radian Asset Assurance

See accompanying notes

Delaware Investments Minnesota Municipal Income Fund II, Inc.
 September 30, 2003 (Unaudited)

Statements
 OF NET ASSETS (CONTINUED)

| | |
|---------------------|-----------------|
| Principal Amount | Market Value |
|---------------------|-----------------|

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| | | |
|--|-------------|--------------|
| Municipal Bonds - 152.07% | | |
| Airport Revenue Bonds - 6.52% | | |
| Minneapolis/St. Paul Metropolitan Airports | | |
| Commission Revenue Series A | | |
| 5.00% 1/1/28 (MBIA) | \$1,250,000 | \$ 1,273,088 |
| 5.00% 1/1/30 (AMBAC) | 1,200,000 | 1,214,364 |
| Minneapolis/St. Paul Metropolitan Airports | | |
| Commission Revenue Series B | | |
| 5.25% 1/1/24 (FGIC) | 1,000,000 | 1,020,150 |
| Minneapolis/St. Paul Metropolitan Airports | | |
| Commission Revenue Series C | | |
| 5.25% 1/1/32 (FGIC) | 3,500,000 | 3,603,460 |
| | | ----- |
| | | 7,111,062 |
| | | ----- |
| City General Obligation Bonds - 2.57% | | |
| Moorhead Series B 5.00% 2/1/33 (MBIA) | 1,250,000 | 1,273,675 |
| Willmar County | | |
| (Rice Memorial Hospital Project) | | |
| 5.00% 2/1/32 (FSA) | 1,500,000 | 1,534,050 |
| | | ----- |
| | | 2,807,725 |
| | | ----- |
| Continuing Care/Retirement Revenue Bonds - 4.43% | | |
| Minneapolis Health Care Facility Revenue | | |
| (Jones-Harrison Residence Project) | | |
| 6.00% 10/1/27 | 1,565,000 | 1,445,418 |
| Minnetonka Housing Facilities Revenue | | |
| (Beacon Hill Senior Housing Project, | | |
| Presbyterian Homes & Services) | | |
| 7.55% 6/1/19 | 2,365,000 | 2,388,414 |
| Moorhead Economic Development Authority | | |
| Multifamily Revenue (Eventide Lutheran | | |
| Home Project) Series B 6.00% 6/1/18 | 1,000,000 | 1,003,970 |
| | | ----- |
| | | 4,837,802 |
| | | ----- |
| Corporate Backed Revenue Bonds - 5.08% | | |
| Burnsville Commonwealth Development | | |
| (Holiday Inn Project) 5.90% 4/1/08 | 1,430,000 | 1,492,748 |
| Cloquet Pollution Control Revenue | | |
| (Potlatch Corporation Projects) | | |
| 5.90% 10/1/26 | 4,500,000 | 4,051,575 |
| | | ----- |
| | | 5,544,323 |
| | | ----- |
| Escrowed to Maturity Bonds - 21.02% | | |
| Dakota/Washington Housing & | | |
| Redevelopment Authority Single Family | | |
| Mortgage Revenue 8.375% 9/1/21 | | |
| (GNMA/FHA/AMT) | 5,500,000 | 8,088,244 |
| Metropolitan Council Minneapolis/St. Paul | | |
| Area Sports Facilities Commission | | |
| (Hubert H. Humphrey Metrodome) | | |
| 6.00% 10/1/09 | 2,360,000 | 2,480,218 |
| Southern Minnesota Municipal Power | | |
| Agency Supply Revenue Series A | | |
| 5.75% 1/1/18 | 3,715,000 | 3,804,346 |
| St. Paul Housing & Redevelopment | | |
| Authority Sales Tax (Civic Center) | | |
| 5.55% 11/1/23 (MBIA) | 4,200,000 | 4,300,716 |
| 5.55% 11/1/23 | 2,300,000 | 2,355,154 |

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| | | |
|--|---------------------|-----------------|
| Western Minnesota Municipal Power Agency 6.625% 1/1/16 | 1,535,000 | 1,896,723 |
| | | ----- |
| | | 22,925,401 |
| | | ----- |
| | Principal Amount | Market Value |
| Municipal Bonds (continued) | | |
| Higher Education Revenue Bonds - 7.56% | | |
| Minnesota Higher Education Facilities Authority (St. Catherine College) Series 5-N1 5.375% 10/1/32 | \$1,500,000 | \$ 1,520,295 |
| Minnesota Higher Education Facilities Authority (St. Thomas University) Series 3-R1 5.60% 10/1/15 | 1,050,000 | 1,061,792 |
| Minnesota Higher Education Facilities Authority (St. Thomas University) Series 3-R2 5.60% 9/1/14 | 175,000 | 176,965 |
| Minnesota Higher Education Facilities Authority (St. Thomas University) Series 4-A1 5.625% 10/1/21 | 1,000,000 | 1,031,690 |
| St. Cloud Housing & Redevelopment Authority Revenue (State University Foundation Project) 5.00% 5/1/23 | 1,000,000 | 1,024,150 |
| University of Minnesota Series A 5.50% 7/1/21 | 3,000,000 | 3,433,500 |
| | | ----- |
| | | 8,248,392 |
| | | ----- |
| Hospital Revenue Bonds - 24.42% | | |
| Brainerd Health Care (Evangelical Lutheran Health Care Facilities) Series A 6.65% 3/1/17 (FSA) | 1,195,000 | 1,212,208 |
| Duluth Economic Development Authority Health Care Facilities Revenue Benedictine Health System (St. Mary's Hospital) Series C 6.00% 2/15/20 (Connie Lee) | 6,000,000 | 6,140,759 |
| Minneapolis Health Care System Revenue (Fairview Health Services) Series A 5.625% 5/15/32 | 2,750,000 | 2,840,915 |
| Minneapolis/St. Paul Housing & Redevelopment Authority Health Care Systems (Children's Health Care Series) Series A 5.50% 8/15/25 (FSA) | 1,400,000 | 1,471,848 |
| Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series 97A 5.75% 11/15/26 (MBIA) | 5,550,000 | 5,993,167 |
| Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series A 6.375% 11/15/29 | 3,300,000 | 3,560,271 |
| Rochester Health Care Facilities Revenue (Mayo Foundation) Series B 5.50% 11/15/27 | 3,365,000 | 3,534,024 |
| St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Regions Hospital Project) 5.30% 5/15/28 | 300,000 | 296,523 |
| Waconia Health Care Facilities Revenue | | |

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| | | |
|---|-----------|------------|
| (Ridgeview Medical Center Project) Series A 6.10% 1/1/19 (RADIAN) | 1,405,000 | 1,581,342 |
| | | ----- |
| | | 26,631,057 |
| | | ----- |
| Investor Owned Utilities Revenue Bonds - 7.02% Bass Brook Pollution Control Revenue (Minnesota Power & Light Company Project) 6.00% 7/1/22 | 7,560,000 | 7,661,531 |
| | | ----- |
| | | 7,661,531 |
| | | ----- |

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Delaware Investments Minnesota Municipal Income Fund II, Inc.

Statements
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| Miscellaneous Revenue Bonds - 3.73% Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21 | \$2,400,000 | \$ 2,507,952 |
| Minneapolis Community Development Agency (Supported Development Revenue Limited Tax Common Bond Fund) Series 5 5.70% 12/1/27 | 375,000 | 381,608 |
| Minneapolis Community Development Agency (Supported Development Revenue Limited Tax Common Bond Fund) Series G1 5.70% 12/1/19 | 1,100,000 | 1,177,308 |
| | | ----- |
| | | 4,066,868 |
| | | ----- |
| Multifamily Housing Revenue Bonds - 12.64% | | |
| Chanhassen Multifamily Housing Revenue (Heritage Park Project Section 8) 6.20% 7/1/30 (FHA/AMT) | 1,105,000 | 1,128,150 |
| Coon Rapids Multifamily Housing Revenue (Browns Meadow Manor Project) Series A 4.70% 1/1/38 (FHA/AMT) | 1,000,000 | 935,470 |
| Dakota County Housing & Redevelopment Authority Multifamily Mortgage (Imperial Ridge Project) Series 1993-A 6.10% 12/15/28 (GNMA/FHA) | 1,780,000 | 1,794,702 |
| Harmony Multifamily Housing Revenue Refunding Section 8 (Zedakah Foundation Project) Series A 5.95% 9/1/20 | 1,000,000 | 867,350 |
| Minneapolis Multifamily Housing Revenue (Sumner Housing Project) Series A 5.15% 2/20/45 (GNMA/AMT) | 3,575,000 | 3,578,360 |
| Minnesota Housing Finance Agency Series D 5.95% 2/1/18 (MBIA) | 1,065,000 | 1,100,283 |
| Minnetonka Housing Facilities (Beacon Hill Project, Presbyterian Homes & Services) 7.25% 6/1/09 | 1,225,000 | 1,227,046 |

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| | | |
|--|-------------|--------------|
| 7.50% 6/1/14 | 760,000 | 767,167 |
| Southeastern Minnesota Multi County Housing & Redevelopment Authority | | |
| Revenue (Winona County) 5.35% 1/1/28 | 870,000 | 879,144 |
| Stillwater Multifamily (Stillwater Cottages) (Orleans Homes Number One) | | |
| 7.25% 11/1/27 (AMT) | 1,540,000 | 1,515,760 |
| | | ----- |
| | | 13,793,432 |
| | | ----- |
| Municipal Lease Revenue Bonds - 6.72% | | |
| St. Paul Port Authority Lease Revenue (Cedar Street Office Building Project) | | |
| 5.00% 12/1/22 | 2,385,000 | 2,476,369 |
| 5.25% 12/1/27 | 2,650,000 | 2,767,634 |
| St. Paul Port Authority Lease Revenue (Robert Street Site) 5.25% 12/1/27 | | |
| | 2,000,000 | 2,088,780 |
| | | ----- |
| | | 7,332,783 |
| | | ----- |
| Parking Revenue Bonds - 1.20% | | |
| St. Paul Housing & Redevelopment Authority Parking Revenue (Block 19 Ramp Project) | | |
| Series A 5.35% 8/1/29 (FSA) | 1,250,000 | 1,311,750 |
| | | ----- |
| | | 1,311,750 |
| | | ----- |
| | Principal | Market |
| | Amount | Value |
| Municipal Bonds (continued) | | |
| Political Subdivision General Obligation Bonds - 5.35% | | |
| Hennepin County Series B | | |
| 5.00% 12/1/18 | \$1,000,000 | \$ 1,075,160 |
| Hennepin Regional Railroad Authority | | |
| 5.00% 12/1/26 | 3,500,000 | 3,574,795 |
| Washington County Housing & Redevelopment Authority Series B | | |
| 5.50% 2/1/32 (MBIA) | 1,140,000 | 1,188,803 |
| | | ----- |
| | | 5,838,758 |
| | | ----- |
| *Pre-Refunded Bonds - 8.47% | | |
| Duluth Economic Development Authority Health Care Facilities Revenue (Duluth Clinic) | | |
| 6.20% 11/1/12-04 (AMBAC) | 280,000 | 295,660 |
| 6.30% 11/1/22-04 (AMBAC) | 960,000 | 1,014,730 |
| Esko Independent School District #99 | | |
| 5.65% 4/1/12-05 (FSA) | 550,000 | 585,789 |
| Hawley Independent School District #150 | | |
| Series A 5.75% 2/1/17-06 (FSA) | 1,000,000 | 1,097,620 |
| Minnesota Public Facilities Authority Water Pollution Control Revenue Series A | | |
| 6.25% 3/1/16-05 | 1,000,000 | 1,072,990 |
| Puerto Rico Highway & Transportation Authority Revenue (Highway Improvements) | | |
| Series Y 5.50% 7/1/26-06 | 3,000,000 | 3,379,920 |
| Stewartville Independent School District #534 5.75% 2/1/17-05 | | |
| | 1,705,000 | 1,797,428 |

| | | |
|--|-----------|-----------------------------|
| | | ----- 9,244,137 ----- |
| Public Power Revenue Bonds - 6.13% | | |
| Rochester Electric 5.25% 12/1/30 (AMBAC) | 450,000 | 466,466 |
| **Southern Minnesota Municipal Power | | |
| Agency Supply System Revenue, | | |
| Inverse Floater | | |
| 8.96% 1/1/14 (AMBAC) | 3,000,000 | 3,806,370 |
| 8.96% 1/1/15 (AMBAC) | 1,500,000 | 1,905,405 |
| Western Minnesota Municipal Power Agency | | |
| Series A 5.00% 1/1/30 (MBIA) | 500,000 | 508,300 |
| | | ----- 6,686,541 ----- |
| School District General Obligation Bonds - 8.31% | | |
| Centennial Independent School District #012 | | |
| Series A 5.00% 2/1/20 (FSA) | 400,000 | 420,708 |
| Farmington Independent School District #192 | | |
| 5.00% 2/1/23 (FSA) | 1,080,000 | 1,112,206 |
| Morris Minnesota Independent School | | |
| District #769 5.00% 2/1/28 (MBIA) | 2,750,000 | 2,807,227 |
| Mounds View Minnesota Independent | | |
| School District #621 5.00% 2/1/23 (FSA) | 1,000,000 | 1,032,710 |
| Rosemount Independent School | | |
| District #196 Series A 5.70% 4/1/12 | 1,270,000 | 1,396,911 |
| St. Michael Independent School District #885 | | |
| 5.00% 2/1/22 (FSA) | 1,500,000 | 1,555,260 |
| 5.00% 2/1/24 (FSA) | 725,000 | 741,574 |
| | | ----- 9,066,596 ----- |

4

Delaware Investments Minnesota Municipal Income Fund II, Inc.
Statements
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|---|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| Single Family Housing Revenue Bonds - 7.57% | | |
| Minnesota Housing Finance Agency Single | | |
| Family Housing Series 1992-B | | |
| 6.15% 1/1/26 (AMT) | \$2,430,000 | \$ 2,465,357 |
| Minnesota Housing Finance Agency Single | | |
| Family Housing Series 1992-C2 | | |
| 6.15% 7/1/23 (AMT) | 2,465,000 | 2,505,081 |
| Minnesota Housing Finance Agency Single | | |
| Family Housing Series 1994-J | | |
| 6.95% 7/1/26 (AMT) | 1,160,000 | 1,186,054 |
| Minnesota Housing Finance Agency Single | | |
| Family Housing Series F 6.30% 7/1/25 | 810,000 | 828,411 |
| Minnesota State Housing Finance Agency | | |
| Single Family Mortgage Series B | | |
| 5.35% 1/1/33 (AMT) | 165,000 | 167,199 |
| Minnesota State Housing Finance Agency | | |
| Single Family Mortgage Series J | | |
| 5.90% 7/1/28 | 1,075,000 | 1,112,195 |

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| | | |
|---|-----------|---------------------------------|
| | | ----- 8,264,297 ----- |
| State General Obligation Bonds - 4.00% | | |
| Minnesota State Refunding 5.00% 8/1/21 | 3,525,000 | 3,698,007 |
| **Minnesota State, Inverse Floater | | |
| 8.86% 11/1/17 | 570,000 | 663,252 |
| | | ----- 4,361,259 ----- |
| Tax Increment/Special Assessment Bonds - 3.52% | | |
| Becker Tax Increment Series D | | |
| 6.25% 8/1/15 (MBIA/AMT) | 3,700,000 | 3,840,970 |
| | | ----- 3,840,970 ----- |
| Territorial General Obligation Bonds - 2.22% | | |
| Puerto Rico Public Improvement Series A | | |
| 5.00% 7/1/27 | 1,250,000 | 1,258,988 |
| 5.50% 7/1/19 (MBIA) | 1,000,000 | 1,164,400 |
| | | ----- 2,423,388 ----- |
| Territorial Revenue Bonds - 3.59% | | |
| Puerto Rico Commonwealth Highway & Transportation Authority Revenue Series G 5.00% 7/1/42 | 1,500,000 | 1,490,475 |
| Puerto Rico Electric Power Authority Power Revenue Series Z 5.25% 7/1/21 | 1,500,000 | 1,558,545 |
| Puerto Rico Public Buildings Authority Revenue Series D 5.25% 7/1/27 | 850,000 | 872,304 |
| | | ----- 3,921,324 ----- |
| Total Municipal Bonds (cost \$159,208,998) | | ----- 165,919,396 ----- |
| Total Market Value of Securities - 152.07% | | |
| (cost \$159,208,998) | | 165,919,396 |
| Receivables and Other Assets | | |
| Net of Liabilities- 2.92% | | 3,184,830 |
| Liquidation Value of Preferred Stock - (54.99%) | | ----- (60,000,000) ----- |
| Net Assets Applicable to 7,252,200 Shares Outstanding - 100.00% | | ----- \$109,104,226 ===== |
| Net Asset Value Per Common Share (\$109,104,226 / 7,252,200 Shares) | | ----- \$15.04 ----- |
| Components of Net Assets at September 30, 2003: | | |
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | | \$99,710,000 |
| Undistributed net investment income | | 3,507,338 |
| Accumulated net realized loss on investments | | (823,510) |
| Net unrealized appreciation of investments | | 6,710,398 |
| Total net assets | | ----- \$109,104,226 |

=====

*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

**An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates. Interest rate disclosed is in effect as of September 30, 2003.

Summary of Abbreviations:

AMBAC -- Insured by the AMBAC Indemnity Corporation
 AMT -- Subject to Alternative Minimum Tax
 Connie Lee -- Insured by the College Construction Insurance Association
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FHA -- Insured by the Federal Housing Administration
 FSA -- Insured by Financial Security Assurance
 GNMA -- Insured by Government National Mortgage Association
 MBIA -- Insured by the Municipal Bond Insurance Association
 RADIAN -- Insured by Radian Asset Assurance

See accompanying notes

Delaware Investments Minnesota Municipal Income Fund III, Inc.
 September 30, 2003 (Unaudited)

Statements
 OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|---|---------------------|-----------------|
| Municipal Bonds - 153.66% | | |
| Airport Revenue Bonds - 9.30% | | |
| Minneapolis/St. Paul Metropolitan Airports | | |
| Commission Revenue Series A | | |
| 5.00% 1/1/28 (MBIA) | \$ 750,000 | \$ 763,853 |
| 5.00% 1/1/30 (AMBAC) | 750,000 | 758,978 |
| 5.125% 1/1/25 (FGIC) | 900,000 | 922,598 |
| | | ----- |
| | | 2,445,429 |
| | | ----- |
| City General Obligation Bonds - 2.91% | | |
| Moorhead Series B 5.00% 2/1/33 (MBIA) | 750,000 | 764,205 |
| | | ----- |
| | | 764,205 |
| | | ----- |
| Continuing Care/Retirement Revenue Bonds - 11.77% | | |
| Minnesota Agriculture & Economic | | |
| Development Board Revenue | | |
| (Benedictine Health Systems) | | |
| 5.75% 2/1/29 | 1,300,000 | 1,223,404 |
| St. Paul Housing & Redevelopment | | |
| Authority Revenue | | |
| (Franciscan Health Project) | | |
| 5.40% 11/20/42 (GNMA/FHA) | 1,820,000 | 1,871,688 |
| | | ----- |
| | | 3,095,092 |

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| | | |
|--|-------------|--------------|
| ----- | | |
| Corporate Backed Revenue Bonds - 6.93% | | |
| Cloquet Pollution Control Revenue (Potlatch Corporation Projects) 5.90% 10/1/26 | 1,000,000 | 900,350 |
| Minneapolis Community Development Agency Supported Development Revenue (Pajor Graphics) Series 1 (LOC US Bank NA) 6.75% 12/1/25 (AMT) | 865,000 | 922,367 |
| | | ----- |
| | | 1,822,717 |
| | | ----- |
| Escrowed to Maturity Bonds - 12.45% | | |
| University of Minnesota Hospital 6.75% 12/1/16 | 2,580,000 | 3,272,962 |
| | | ----- |
| | | 3,272,962 |
| | | ----- |
| Higher Education Revenue Bonds - 9.13% | | |
| Minnesota Higher Education Facilities Authority (College of St. Benedict) Series 3-W 6.375% 3/1/20 | 345,000 | 347,170 |
| Minnesota Higher Education Facilities Authority (St. Mary's College) Series 3-Q 6.15% 10/1/23 | 1,000,000 | 1,010,610 |
| Minnesota Higher Education Facilities Authority (St. Thomas University) Series 4-A1 5.625% 10/1/21 | 1,010,000 | 1,042,007 |
| | | ----- |
| | | 2,399,787 |
| | | ----- |
| Hospital Revenue Bonds - 14.50% | | |
| Minneapolis Health Care System Revenue (Allina Health System) Series A 5.75% 11/15/32 | 1,100,000 | 1,143,846 |
| Minnesota Agricultural & Economic Development Health Care System (Fairview Hospital) Series A 6.375% 11/15/29 | 1,500,000 | 1,618,305 |
| Rochester Health Care Facilities Revenue (Mayo Foundation) Series B 5.50% 11/15/27 | 1,000,000 | 1,050,230 |
| | | ----- |
| | | 3,812,381 |
| | | ----- |
| | Principal | Market |
| | Amount | Value |
| Municipal Bonds (continued) | | |
| Investor Owned Utilities Revenue Bonds - 5.80% | | |
| Bass Brook Pollution Control Revenue (Minnesota Power & Light Company Project) 6.00% 7/1/22 | \$1,505,000 | \$ 1,525,212 |
| | | ----- |
| | | 1,525,212 |
| | | ----- |
| Miscellaneous Revenue Bonds - 0.99% | | |
| Minneapolis Art Center Facilities Revenue (Walker Art Center Project) 5.125% 7/1/21 | 250,000 | 261,245 |
| | | ----- |
| | | 261,245 |

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| | | |
|--|-----------|-----------|
| ----- | | |
| Multifamily Housing Revenue Bonds - 19.12% | | |
| Brooklyn Center Multifamily Housing | | |
| Revenue (Four Courts Apartments Project) | | |
| Series A 7.50% 6/1/25 (AMT) | 1,000,000 | 927,530 |
| Burnsville Multifamily Housing Mortgage | | |
| Revenue SCA Tax Exempt Trust | | |
| Series A 7.10% 1/1/30 (FSA) | 1,970,000 | 2,051,380 |
| Minneapolis Multifamily Housing Revenue | | |
| (Gaar Scott Loft Project) 5.95% 5/1/30 | 990,000 | 1,057,963 |
| Minneapolis Multifamily Housing Revenue | | |
| (Olson Townhomes Project) | | |
| 6.00% 12/1/19 (AMT) | 1,000,000 | 990,720 |
| | | ----- |
| | | 5,027,593 |
| | | ----- |
| Municipal Lease Revenue Bonds - 3.97% | | |
| St. Paul Port Authority Lease Revenue | | |
| (Cedar Street Office Building Project) | | |
| 5.25% 12/1/27 | 1,000,000 | 1,044,390 |
| | | ----- |
| | | 1,044,390 |
| | | ----- |
| Parking Revenue Bonds - 5.79% | | |
| St. Paul Housing & Redevelopment Authority | | |
| Parking Revenue (Block 19 Ramp Project) | | |
| Series A 5.35% 8/1/29 (FSA) | 1,450,000 | 1,521,630 |
| | | ----- |
| | | 1,521,630 |
| | | ----- |
| Political Subdivision General Obligation Bonds - 6.44% | | |
| Minneapolis Sports Arena Project | | |
| 5.125% 10/1/20 | 750,000 | 796,733 |
| Washington County Housing & | | |
| Redevelopment Authority Series B | | |
| 5.50% 2/1/22 (MBIA) | 850,000 | 897,294 |
| | | ----- |
| | | 1,694,027 |
| | | ----- |
| *Pre-Refunded Bonds - 18.29% | | |
| Duluth Economic Development Authority | | |
| Health Care Facilities Revenue | | |
| (Duluth Clinic) | | |
| 6.20% 11/1/12-04 (AMBAC) | 420,000 | 443,491 |
| Esko Independent School District #99 | | |
| 5.75% 4/1/17-05 (FSA) | 2,145,000 | 2,287,749 |
| Minnesota Higher Education Facilities | | |
| Authority (College of St. Benedict) | | |
| Series 3-W 6.375% 3/1/20-04 | 930,000 | 950,804 |
| Puerto Rico Highway & Transportation | | |
| Authority Revenue | | |
| (Highway Improvements) | | |
| Series Y 5.50% 7/1/26-06 | 1,000,000 | 1,126,640 |
| | | ----- |
| | | 4,808,684 |
| | | ----- |

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Statements
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|---|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| Public Power Revenue Bonds - 11.94% | | |
| Southern Minnesota Municipal Power Agency Supply System Revenue Series A 5.25% 1/1/16 (AMBAC) | \$ 500,000 | \$ 567,575 |
| **Southern Minnesota Municipal Power Agency Supply System Revenue, Inverse Floater 8.96% 1/1/14 (AMBAC) | 1,500,000 | 1,903,185 |
| Western Minnesota Municipal Power Agency Series B 5.00% 1/1/15 (MBIA) | 600,000 | 669,180 |
| | | ----- |
| | | 3,139,940 |
| | | ----- |
| Single Family Housing Revenue Bonds - 2.51% | | |
| Minnesota State Housing Finance Agency Single Family Mortgage Series B 5.35% 1/1/33 (AMT) | 650,000 | 658,665 |
| | | ----- |
| | | 658,665 |
| | | ----- |
| Territorial Revenue Bonds - 2.83% | | |
| Puerto Rico Highway & Transportation Authority Revenue Series G 5.00% 7/1/42 | 750,000 | 745,238 |
| | | ----- |
| | | 745,238 |
| | | ----- |
| Water & Sewer Revenue Bonds - 8.99% | | |
| Minnesota Public Facilities Authority Water Pollution Control Revenue Series B 5.40% 3/1/15 | 2,200,000 | 2,362,910 |
| | | ----- |
| | | 2,362,910 |
| | | ----- |
| Total Municipal Bonds (cost \$38,146,697) | | 40,402,107 |
| | | ----- |
| Total Market Value of Securities - 153.66% | | |
| (cost \$38,146,697) | | 40,402,107 |
| Receivables and Other Assets | | |
| Net of Liabilities - 3.39% | | 891,094 |
| Liquidation Value of Preferred Stock - (57.05%) | | (15,000,000) |
| | | ----- |
| Net Assets Applicable to 1,837,200 Shares Outstanding - 100.00% | | \$26,293,201 |
| | | ===== |
| Net Asset Value Per Common Share (\$26,293,201 / 1,837,200 Shares) | | \$14.31 |
| | | ----- |

Components of Net Assets at September 30, 2003:

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| | |
|--|--------------|
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | \$24,853,904 |
| Undistributed net investment income | 762,838 |
| Accumulated net realized loss on investments | (1,578,951) |
| Net unrealized appreciation of investments | 2,255,410 |
| | ----- |
| Total net assets | \$26,293,201 |
| | ===== |

*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

**An inverse floater bond is a type of bond with variable or floating interest rates that move in the opposite direction of short-term interest rates. Interest rate disclosed is in effect as of September 30, 2003.

Summary of Abbreviations:

AMBAC -- Insured by the AMBAC Indemnity Corporation
 AMT -- Subject to Alternative Minimum Tax
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FHA -- Insured by the Federal Housing Administration
 FSA -- Insured by Financial Security Assurance
 GNMA -- Insured by Government National Mortgage Association
 LOC -- Letter of Credit
 MBIA -- Insured by the Municipal Bond Insurance Association

See accompanying notes

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Delaware Investments Arizona Municipal Income Fund, Inc.
 September 30, 2003 (Unaudited)

Statements
 OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------------------|
| Municipal Bonds - 155.51% | | |
| Airport Revenue Bonds - 2.23% | | |
| Phoenix Civic Improvement Airport Revenue Senior Lien Series A 5.00% 7/1/25 (FSA) | \$1,000,000 | \$ 1,016,250 |
| | | ----- 1,016,250 ----- |
| Charter School Revenue Bonds - 8.21% | | |
| Maricopa County Industrial Development Authority School District Revenue 6.75% 7/1/29 | 1,000,000 | 995,630 |
| Pima County Industrial Development Authority (Arizona Charter Schools Project II) Series A 6.75% 7/1/31 | 2,750,000 | 2,737,653 |
| | | ----- 3,733,283 ----- |
| Continuing Care/Retirement Revenue Bonds - 3.48% | | |
| Yavapai County Industrial Development Authority Residential Care Facilities (Margaret T. Morris Center) Series A | | |

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| | | |
|---|-------------|--------------|
| 5.40% 2/20/38 (GNMA) | 1,575,000 | 1,581,316 |
| | | ----- |
| | | 1,581,316 |
| | | ----- |
| Dedicated Tax & Fees Revenue Bonds - 9.99% | | |
| Glendale Municipal Property Corporation | | |
| Excise Tax Revenue Series A | | |
| 5.00% 7/1/33 (AMBAC) | 3,455,000 | 3,501,332 |
| Phoenix Civic Improvement Corporation | | |
| Excise Tax Revenue 5.25% 7/1/24 | 1,000,000 | 1,043,720 |
| | | ----- |
| | | 4,545,052 |
| | | ----- |
| Escrowed to Maturity Bonds - 10.72% | | |
| Puerto Rico Commonwealth Infrastructure | | |
| Financing Authority Special Series A | | |
| 5.50% 10/1/40 | 4,500,000 | 4,875,390 |
| | | ----- |
| | | 4,875,390 |
| | | ----- |
| Higher Education Revenue Bonds - 10.59% | | |
| South Campus Group Student Housing | | |
| Revenue (Arizona State University South | | |
| Campus Project) 5.625% 9/1/35 (MBIA) | | |
| | 1,000,000 | 1,077,720 |
| Southern Arizona Capital Facilities Finance | | |
| Corporation Student Housing Revenue | | |
| (University of Arizona Project) | | |
| 5.00% 9/1/23 (MBIA) | 1,150,000 | 1,184,569 |
| University of Arizona Certificates of | | |
| Participation (University of Arizona | | |
| Projects) Series B 5.125% 6/1/22 (AMBAC) | | |
| | 500,000 | 522,490 |
| West Campus Housing Revenue | | |
| (Arizona State University Project) | | |
| 5.50% 7/1/34 (ACA) | 2,000,000 | 2,033,020 |
| | | ----- |
| | | 4,817,799 |
| | | ----- |
| Hospital Revenue Bonds - 18.27% | | |
| Maricopa County Industrial Development | | |
| Authority (Mayo Clinic Hospital) | | |
| 5.25% 11/15/37 | 2,000,000 | 2,023,960 |
| Mohave County Industrial Development | | |
| Authority (Chris/Silver Ridge) | | |
| 6.375% 11/1/31 (GNMA) | 750,000 | 794,205 |
| Scottsdale Industrial Development | | |
| Authority Hospital Revenue | | |
| (Scottsdale Healthcare) 5.80% 12/1/31 | | |
| | 1,000,000 | 1,024,110 |
| | | |
| | Principal | Market |
| | Amount | Value |
| Municipal Bonds (continued) | | |
| Hospital Revenue Bonds (continued) | | |
| Show Low Industrial Development | | |
| Authority Hospital Revenue | | |
| (Navapache Regional Medical Center) | | |
| Series A 5.50% 12/1/17 (ACA) | | |
| | \$1,600,000 | \$ 1,676,032 |
| University of Arizona Medical Center | | |
| 6.25% 7/1/16 (MBIA) | | |
| | 700,000 | 709,793 |
| Yavapai County Industrial Development | | |

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| | | |
|--|-----------|-----------|
| Authority Hospital Revenue (Yavapai Regional Medical Center) Series A 5.25% 8/1/21 (RADIAN) | 2,000,000 | 2,083,300 |
| | | ----- |
| | | 8,311,400 |
| | | ----- |
| Miscellaneous Revenue Bonds - 8.15% | | |
| Arizona School Facilities Board Revenue 5.00% 7/1/19 | 2,000,000 | 2,121,520 |
| Arizona Student Loan Acquisition Authority Revenue 5.90% 5/1/24 (AMT) | 1,500,000 | 1,586,565 |
| | | ----- |
| | | 3,708,085 |
| | | ----- |
| Multifamily Housing Revenue Bonds - 6.68% | | |
| Maricopa County Industrial Development Authority Multifamily Housing Revenue (Pines at Camelback Apartments Project) Series A 5.45% 5/1/28 (RADIAN) | 1,250,000 | 1,251,988 |
| Maricopa County Industrial Development Authority Multifamily Housing Revenue (Sly-Mar Apartments) 6.10% 4/20/36 (GNMA/AMT) | 465,000 | 494,123 |
| Peoria Industrial Development Authority Multifamily Housing Revenue (Casa Del Rio) 7.30% 2/20/28 (GNMA) | 1,230,000 | 1,293,603 |
| | | ----- |
| | | 3,039,714 |
| | | ----- |
| Municipal Lease Revenue Bonds - 8.23% | | |
| Oro Valley Municipal Property Corporation Excise Tax Revenue 5.00% 7/1/20 (FGIC) | 1,000,000 | 1,053,160 |
| Prescott Valley Municipal Property Corporate Facilities Revenue 5.00% 1/1/27 (FGIC) | 500,000 | 509,425 |
| Tucson Certificates of Participation 5.60% 7/1/11 | 1,100,000 | 1,167,782 |
| Yuma Municipal Property Corporation 5.00% 7/1/25 (AMBAC) | 1,000,000 | 1,016,250 |
| | | ----- |
| | | 3,746,617 |
| | | ----- |
| Political Subdivision General Obligation Bonds - 3.70% | | |
| Eagle Mountain Community Facilities District Series A 6.40% 7/1/17 | 1,500,000 | 1,683,165 |
| | | ----- |
| | | 1,683,165 |
| | | ----- |
| *Pre-Refunded Bonds - 6.06% | | |
| Arizona State Transportation Board Highway 5.75% 7/1/18-09 | 2,350,000 | 2,758,148 |
| | | ----- |
| | | 2,758,148 |
| | | ----- |
| Public Power Revenue Bonds - 2.23% | | |
| Salt River Project Arizona Agricultural Improvement & Power District Electric System Revenue (Salt River Project) Series A 5.00% 1/1/31 | 1,000,000 | 1,014,350 |
| | | ----- |
| | | 1,014,350 |
| | | ----- |

Delaware Investments Arizona Municipal Income Fund, Inc.

Statements

OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| School District General Obligation Bonds - 17.14% | | |
| Maricopa County School District #6 (Washington Elementary) 5.375% 7/1/13 (FSA) | \$3,000,000 | \$ 3,454,529 |
| Maricopa County School District #38 (Madison Elementary) 5.00% 7/1/13 (FSA) | 1,250,000 | 1,399,888 |
| Maricopa County School District #69 (Paradise Valley) 3.375% 7/1/13 (FGIC) | 1,880,000 | 1,824,277 |
| Tempe Union High School #213 5.00% 7/1/14 (FSA) | 1,000,000 | 1,119,590 |
| | | ----- |
| | | 7,798,284 |
| | | ----- |
| Single Family Housing Revenue Bonds - 8.94% | | |
| Phoenix Industrial Development Authority Single Family Mortgage 5.30% 4/1/20 (GNMA/FNMA/FHLMC) | 1,325,000 | 1,366,168 |
| 5.35% 6/1/20 (GNMA/FNMA/FHLMC) | 2,155,000 | 2,210,922 |
| Pima County Industrial Development Authority Single Family Mortgage Revenue Series A 6.125% 11/1/33 (GNMA/FNMA/FHLMC/AMT) | 465,000 | 492,551 |
| | | ----- |
| | | 4,069,641 |
| | | ----- |
| Territorial General Obligation Bonds - 0.56% | | |
| Puerto Rico Commonwealth Refunding Public Improvement Series A 5.125% 7/1/31 | 250,000 | 253,170 |
| | | ----- |
| | | 253,170 |
| | | ----- |
| Territorial Revenue Bonds - 22.16% | | |
| Puerto Rico Commonwealth Highway & Transportation Authority Transportation Revenue Series D 5.00% 7/1/32 (FSA) | 8,500,000 | 8,705,190 |
| Virgin Islands Public Finance Authority Revenue Series A 6.125% 10/1/29 (ACA) | 1,250,000 | 1,381,125 |
| | | ----- |
| | | 10,086,315 |
| | | ----- |
| Water & Sewer Revenue Bonds - 8.17% | | |
| Arizona Water Infrastructure Finance Authority Revenue Water Quality Series A 5.05% 10/1/20 | 1,500,000 | 1,586,520 |
| Phoenix Civic Improvement Corporation Wastewater Systems Revenue 5.00% 7/1/24 (FGIC) | 1,590,000 | 1,621,100 |
| Phoenix Civic Improvement Corporation Water Systems Revenue 5.00% 7/1/26 (FGIC) | 500,000 | 509,010 |

| | |
|--|--------------|
| | ----- |
| | 3,716,630 |
| | ----- |
| Total Municipal Bonds (cost \$67,505,652) | 70,754,609 |
| | ----- |
| Total Market Value of Securities - 155.51% | |
| (cost \$67,505,652) | 70,754,609 |
| Liabilities Net of Receivables and Other | |
| Assets - (0.56%) | (255,581) |
| Liquidation Value of Preferred | |
| Stock - (54.95%) | (25,000,000) |
| | ----- |
| Net Assets Applicable to 2,982,200 Shares | |
| Outstanding - 100.00% | \$45,499,028 |
| | ===== |
| | |
| Net Asset Value Per Common Share | |
| (\$45,499,028 / 2,982,200 Shares) | \$15.26 |
| | ----- |

Components of Net Assets at September 30, 2003:

| | |
|--|--------------|
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | \$40,838,893 |
| Undistributed net investment income | 1,117,400 |
| Accumulated net realized gain on investments | 293,778 |
| Net unrealized appreciation of investments | 3,248,957 |
| | ----- |
| Total net assets | \$45,499,028 |
| | ===== |

*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

Summary of Abbreviations:

ACA -- Insured by American Capital Access
 AMBAC -- Insured by the AMBAC Indemnity Corporation
 AMT -- Subject to Alternative Minimum Tax
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FHLMC -- Insured by the Federal Home Loan Mortgage Corporation
 FNMA -- Insured by Federal National Mortgage Association
 FSA -- Insured by Financial Security Assurance
 GNMA -- Insured by Government National Mortgage Association
 MBIA -- Insured by the Municipal Bond Insurance Association
 RADIAN -- Insured by Radian Asset Assurance

See accompanying notes

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| | Principal Amount | Market Value |
|---|---------------------|-----------------|
| Municipal Bonds - 152.62% | | |
| Airport Revenue Bonds - 6.87% | | |
| Dade County Aviation Series 96B | | |
| 5.60% 10/1/26 (MBIA) | \$1,000,000 | \$ 1,066,430 |
| Hillsborough County Aviation Authority | | |
| (Tampa International Airport) | | |
| Series B 5.60% 10/1/19 (FGIC) | 1,600,000 | 1,632,208 |
| | | ----- |
| | | 2,698,638 |
| | | ----- |
| Dedicated Tax & Fees Revenue Bonds - 10.71% | | |
| Jacksonville Sales Tax Revenue | | |
| 5.00% 10/1/30 (MBIA) | 1,000,000 | 1,016,930 |
| Jacksonville Transportation Revenue | | |
| 5.25% 10/1/29 (MBIA) | 2,000,000 | 2,076,040 |
| Miami Beach Resort Tax | | |
| 5.50% 10/1/16 (AMBAC) | 1,000,000 | 1,111,940 |
| | | ----- |
| | | 4,204,910 |
| | | ----- |
| Higher Education Revenue Bonds - 7.69% | | |
| Florida Agriculture & Mechanical University | | |
| (Student Apartment Facility) | | |
| 5.625% 7/1/21 (MBIA) | 1,250,000 | 1,365,263 |
| Volusia County Educational Facilities | | |
| Authority (Stetson University Project) | | |
| Series A 5.50% 6/1/17 (MBIA) | 1,500,000 | 1,653,000 |
| | | ----- |
| | | 3,018,263 |
| | | ----- |
| Hospital Revenue Bonds - 28.25% | | |
| Escambia County Health Facilities Authority | | |
| (Florida Health Care Facilities -- | | |
| VHA Program) 5.95% 7/1/20 (AMBAC) | 3,075,000 | 3,311,190 |
| Lee County Memorial Health System | | |
| Hospital Revenue 5.00% 4/1/20 (FSA) | 1,000,000 | 1,047,600 |
| Orange County Health Facilities Authority | | |
| (Adventist Health Center) | | |
| 5.75% 11/15/25 (AMBAC) | 1,500,000 | 1,628,985 |
| Orange County Health Facilities Authority | | |
| (Orlando Regional Health) Series A | | |
| 6.25% 10/1/18 (MBIA) | 2,000,000 | 2,439,120 |
| Venice Health Care | | |
| (Bon Secours Health System) | | |
| 5.60% 8/15/16 (MBIA) | 2,405,000 | 2,663,129 |
| | | ----- |
| | | 11,090,024 |
| | | ----- |
| Multifamily Housing Revenue Bonds - 20.11% | | |
| Broward County Multifamily Housing | | |
| Finance Authority | | |
| (St. Croix Apartments Project) | | |
| Series A 5.45% 11/1/36 (FSA) | 1,000,000 | 1,014,180 |
| Florida Housing Finance Agency | | |
| (Leigh Meadows Apartments) Series N | | |
| 6.30% 9/1/36 (AMBAC/AMT) | 2,510,000 | 2,612,458 |
| Florida Housing Finance Agency | | |
| (Woodbridge Apartments) Series L | | |
| 6.05% 12/1/16 (AMBAC) | 1,120,000 | 1,178,475 |
| 6.25% 6/1/36 (AMBAC/AMT) | 1,500,000 | 1,561,980 |

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| | | |
|---|------------------|--------------|
| Volusia County Multifamily Housing Finance Authority (San Marco Apartments) Series A 5.60% 1/1/44 (FSA/AMT) | 1,500,000 | 1,530,210 |
| | | ----- |
| | | 7,897,303 |
| | | ----- |
| | Principal Amount | Market Value |
| Municipal Bonds (continued) | | |
| Municipal Lease Revenue Bonds - 23.58% | | |
| Broward School Board Certificates of Participation Series A 5.25% 7/1/24 (FSA) | \$1,000,000 | \$ 1,048,160 |
| Escambia County School Board Certificates of Participation Series 2 5.50% 2/1/22 (MBIA) | 5,000,000 | 5,419,250 |
| Orange County School Board Certificates of Participation 5.00% 8/1/27 (MBIA) | 1,250,000 | 1,268,925 |
| Palm Beach County School Board Certificates of Participation Series D 5.00% 8/1/28 (FSA) | 1,500,000 | 1,522,710 |
| | | ----- |
| | | 9,259,045 |
| | | ----- |
| Ports & Harbors Revenue Bonds - 2.61% | | |
| Florida Ports Financing Commission State Transportation Trust Fund 5.375% 6/1/27 (MBIA/AMT) | 1,000,000 | 1,022,750 |
| | | ----- |
| | | 1,022,750 |
| | | ----- |
| *Pre-Refunded Bonds - 30.83% | | |
| Dade County School Board Certificates of Participation Series B 5.60% 8/1/17-06 (AMBAC) | 1,000,000 | 1,126,210 |
| Orange County Public Service Tax 6.00% 10/1/24-05 (FGIC) | 3,000,000 | 3,294,600 |
| Reedy Creek Improvement District (Sports Complex) Series A 5.75% 6/1/13-05 (MBIA) | 2,300,000 | 2,477,399 |
| Sunrise Utility System Series A 5.75% 10/1/26-06 (AMBAC) | 2,500,000 | 2,843,850 |
| Tampa Utility Tax Series A 6.125% 10/1/19-09 (AMBAC) | 1,000,000 | 1,208,770 |
| Village Center Community Development District Recreational Revenue Series A 5.85% 11/1/16-06 (MBIA) | 1,000,000 | 1,152,030 |
| | | ----- |
| | | 12,102,859 |
| | | ----- |
| Single Family Housing Revenue Bonds - 2.95% | | |
| Florida Housing Finance Agency (Homeowner Mortgage) Series 2 5.90% 7/1/29 (MBIA/AMT) | 1,115,000 | 1,157,649 |
| | | ----- |
| | | 1,157,649 |
| | | ----- |
| State General Obligation Bonds - 9.34% | | |
| Florida Department of Transportation 5.00% 7/1/31 (FGIC) | 1,400,000 | 1,419,866 |

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| | | |
|---|-----------|-----------|
| Florida State Board of Education (Capital Outlay Public Education) Series C 6.00% 6/1/21 (FGIC) | 2,000,000 | 2,247,980 |
| | | ----- |
| | | 3,667,846 |
| | | ----- |

10

Delaware Investments Florida Insured Municipal Income Fund

Statements
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| Water & Sewer Revenue Bonds - 9.68% | | |
| Dade County Water & Sewer System | | |
| 5.50% 10/1/25 (FGIC) | \$1,100,000 | \$ 1,176,384 |
| Indian River County Water & Sewer System | | |
| 5.50% 9/1/16 (FGIC) | 1,000,000 | 1,109,450 |
| Village Center Community Development | | |
| District Florida Utility Revenue | | |
| 5.00% 10/1/36 (MBIA) | 1,500,000 | 1,513,530 |
| | | ----- |
| | | 3,799,364 |
| | | ----- |
| Total Municipal Bonds (cost \$55,053,431) | | 59,918,651 |
| | | ----- |
| Total Market Value of Securities - 152.62% | | |
| (cost \$55,053,431) | | 59,918,651 |
| Liabilities Net of Receivables and | | |
| Other Assets - (1.68%) | | (657,850) |
| Liquidation Value of Preferred | | |
| Stock - (50.94%) | | (20,000,000) |
| | | ----- |
| Net Assets Applicable to 2,422,200 Shares | | |
| Outstanding - 100.00% | | \$39,260,801 |
| | | ----- |
| Net Asset Value Per Common Share | | |
| (\$39,260,801 / 2,422,200 Shares) | | \$16.21 |
| | | ----- |
| Components of Net Assets at September 30, 2003: | | |
| Common stock, \$0.01 par value, unlimited shares | | |
| authorized to the Fund | | \$33,361,389 |
| Undistributed net investment income | | 1,027,015 |
| Accumulated net realized gain on investments | | 7,177 |
| Net unrealized appreciation of investments | | 4,865,220 |
| | | ----- |
| Total net assets | | \$39,260,801 |
| | | ----- |

*For Pre-Refunded Bonds, the stated maturity is followed by the year in which the bond is pre-refunded.

Summary of Abbreviations:

AMBAC -- Insured by the AMBAC Indemnity Corporation
 AMT -- Subject to Alternative Minimum Tax
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FSA -- Insured by Financial Security Assurance
 MBIA -- Insured by the Municipal Bond Insurance Association

See accompanying notes

11

Delaware Investments Colorado Insured Municipal Income Fund, Inc.
 September 30, 2003 (Unaudited)

Statements
 OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|--|---------------------|-----------------|
| Municipal Bonds - 149.80% | | |
| Airport Revenue Bonds - 10.29% | | |
| Denver City & County Airport | | |
| 5.25% 11/15/23 (MBIA) | \$7,500,000 | \$ 7,888,200 |
| | | ----- |
| | 7,888,200 | ----- |
| Continuing Care/Retirement Revenue Bonds - 3.46% | | |
| Colorado Health Facilities Authority | | |
| (Porter Place) 6.00% 1/20/36 (GNMA) | 2,515,000 | 2,654,381 |
| | | ----- |
| | | 2,654,381 |
| | | ----- |
| Dedicated Tax & Fees Revenue Bonds - 11.26% | | |
| Broomfield Sales & Use Tax Revenue | | |
| Refunding & Improvement Series A | | |
| 5.00% 12/1/31 (AMBAC) | 750,000 | 760,140 |
| Denver City & County Excise Tax Revenue | | |
| (Colorado Convention Center Project) | | |
| Series A 5.00% 9/1/20 (FSA) | 6,500,000 | 6,811,415 |
| Golden Sales & Use Tax Revenue | | |
| Improvement Series B | | |
| 5.10% 12/1/20 (AMBAC) | 1,000,000 | 1,060,290 |
| | | ----- |
| | | 8,631,845 |
| | | ----- |
| Higher Education Revenue Bonds - 34.74% | | |
| Adams State College (Board of Trustees) | | |
| 5.75% 5/15/19 (MBIA) | 1,000,000 | 1,034,300 |
| Boulder County Development Revenue | | |
| University Corporation for Atmospheric | | |
| Research 5.00% 9/1/26 (MBIA) | 4,500,000 | 4,574,835 |
| Colorado Educational & Cultural Facilities | | |
| Authority (Johnson & Wales | | |
| University Project) | | |
| Series A 5.00% 4/1/28 (XLCA) | 3,000,000 | 3,036,900 |

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| | | |
|--|-------------|--------------|
| Colorado Educational & Cultural Facilities Authority (University of Colorado Foundation Project) | | |
| 5.00% 7/1/27 (AMBAC) | 4,000,000 | 4,070,640 |
| Colorado Educational & Cultural Facilities Authority (University of Denver Project) | | |
| 5.50% 3/1/21 (AMBAC) | 3,200,000 | 3,502,400 |
| Colorado Educational & Cultural Facilities Authority (University of Northern Colorado) | | |
| 5.00% 7/1/31 (MBIA) | 3,000,000 | 3,041,160 |
| Colorado Springs Revenue (Colorado College Project) | | |
| 5.375% 6/1/32 (MBIA) | 5,000,000 | 5,265,050 |
| Colorado State University Systems Series B 5.00% 3/1/35 (AMBAC) | 2,095,000 | 2,120,978 |
| | | ----- |
| | | 26,646,263 |
| | | ----- |
| Hospital Revenue Bonds - 6.67% | | |
| Colorado Health Facilities Authority (Boulder Community Hospital Project) Series B 5.875% 10/1/23 (MBIA) | 1,925,000 | 2,043,619 |
| Colorado Health Facilities Authority (North Colorado Medical Center) | | |
| 5.95% 5/15/12 (MBIA) | 2,000,000 | 2,047,820 |
| 6.00% 5/15/20 (MBIA) | 1,000,000 | 1,023,920 |
| | | ----- |
| | | 5,115,359 |
| | | ----- |
| | | |
| | Principal | Market |
| | Amount | Value |
| Municipal Bonds (continued) | | |
| Miscellaneous Revenue Bonds - 3.95% | | |
| Denver Convention Center Series A 5.00% 12/1/33 (XLCA) | \$3,000,000 | \$ 3,031,980 |
| | ----- | ----- |
| | | 3,031,980 |
| | | ----- |
| Multifamily Housing Revenue Bonds - 5.81% | | |
| Burlingame Multifamily Housing Revenue Series A 6.00% 11/1/29 (MBIA) | 2,290,000 | 2,418,835 |
| Snowmass Village Multifamily Housing Revenue (Essential-Function Housing) | | |
| 6.25% 12/15/16 (FSA) | 2,000,000 | 2,038,780 |
| | | ----- |
| | | 4,457,615 |
| | | ----- |
| Municipal Lease Revenue Bonds - 22.11% | | |
| Arapahoe County Library District Certificates of Participation | | |
| 5.70% 12/15/10 (MBIA) | 2,000,000 | 2,255,520 |
| Aurora Certificates of Participation | | |
| 5.50% 12/1/30 (AMBAC) | 2,000,000 | 2,122,280 |
| Aurora Educational Development | | |
| 6.00% 10/15/15 (Connie Lee) | 1,500,000 | 1,587,495 |
| Broomfield Certificates of Participation | | |
| 5.75% 12/1/24 (AMBAC) | 1,500,000 | 1,651,635 |

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| | | |
|---|-----------|------------|
| Denver City & County Certificates of Participation Series B 5.50% 12/1/25 (AMBAC) | 2,000,000 | 2,354,460 |
| Eagle County Certificates of Participation 5.40% 12/1/18 (MBIA) | 1,000,000 | 1,109,770 |
| Garfield County Certificates of Participation 5.00% 12/1/24 (AMBAC) | 1,000,000 | 1,025,890 |
| Lakewood Certificates of Participation 5.375% 12/1/22 (AMBAC) | 2,000,000 | 2,140,220 |
| Westminster Building Authority Certificates of Participation 5.25% 12/1/22 (MBIA) | 1,555,000 | 1,646,092 |
| Westminster Certificates of Participation 5.40% 1/15/23 (AMBAC) | 1,000,000 | 1,063,180 |
| | | ----- |
| | | 16,956,542 |
| | | ----- |
| Parking Revenue Bonds - 3.45% | | |
| Auraria Higher Education Center Parking Facilities System Revenue 5.50% 4/1/26 (AMBAC) | 2,485,000 | 2,647,668 |
| | | ----- |
| | | 2,647,668 |
| | | ----- |
| Political Subdivision General Obligation Bonds - 10.99% | | |
| Arapahoe County Water & Wastewater Public Improvement District Series A 5.125% 12/1/32 (MBIA) | 1,000,000 | 1,022,320 |
| Bowles Metropolitan District 5.00% 12/1/33 (FSA) | 2,000,000 | 2,027,740 |
| GVR Metropolitan District 5.75% 12/1/19 (AMBAC) | 1,000,000 | 1,137,490 |
| Pueblo County 5.80% 6/1/11 (MBIA) | 1,405,000 | 1,560,365 |
| Pueblo County (Pueblo Library District Project) 5.80% 11/1/19 (AMBAC) | 1,395,000 | 1,588,305 |
| Stonegate Village Metropolitan District Refunding & Improvement Series A 5.50% 12/1/21 (FSA) | 1,000,000 | 1,093,750 |
| | | ----- |
| | | 8,429,970 |
| | | ----- |

12

Delaware Investments Colorado Insured Municipal Income Fund, Inc.

Statements
OF NET ASSETS (CONTINUED)

| | Principal Amount | Market Value |
|---|---------------------|-----------------|
| Municipal Bonds (continued) | | |
| School District General Obligation Bonds - 17.42% | | |
| Adams & Arapahoe Counties School | | |

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| | | |
|--|-------------|--------------|
| District #28J 5.00% 12/1/22 (FSA) | \$2,000,000 | 2,084,920 |
| Adams County School District #1 5.00% 12/1/16 (FSA) | 1,490,000 | 1,633,651 |
| Archuleta & Hinsdale Counties School District #50JT 5.55% 12/1/20 (MBIA) | 4,000,000 | 4,400,440 |
| Douglas County School District #Re-1 (Douglas & Elbert Counties) 5.00% 12/15/21 (MBIA) | 1,000,000 | 1,042,650 |
| El Paso County School District #20 5.625% 12/15/16 (MBIA) | 1,000,000 | 1,104,850 |
| 5.625% 12/15/16 (AMBAC) | 2,800,000 | 3,093,580 |
| | | ----- |
| | | 13,360,091 |
| | | ----- |
| Turnpike/Toll Road Revenue Bonds - 13.50% | | |
| E-470 Public Highway Authority | | |
| 5.75% 9/1/29 (MBIA) | 3,000,000 | 3,300,660 |
| 5.75% 9/1/35 (MBIA) | 1,700,000 | 1,881,050 |
| Northwest Parkway Public Highway Authority Series A 5.25% 6/15/41 (FSA) | 5,000,000 | 5,170,650 |
| | | ----- |
| | | 10,352,360 |
| | | ----- |
| Water & Sewer Revenue Bonds - 6.15% | | |
| Colorado Water Resources & Power Development Authority Small Water Resources Revenue 5.80% 11/1/20 (FGIC) | 2,000,000 | 2,278,340 |
| Ute Utility Water Conservancy District Water Revenue 5.75% 6/15/20 (MBIA) | 2,155,000 | 2,438,900 |
| | | ----- |
| | | 4,717,240 |
| | | ----- |
| Total Municipal Bonds (cost \$107,553,418) | | 114,889,514 |
| | | ===== |
| Total Market Value of Securities - 149.80% (cost \$107,553,418) | | 114,889,514 |
| Receivables and Other Assets Net of Liabilities - 2.35% | | 1,807,723 |
| Liquidation Value of Preferred Stock - (52.15%) | | (40,000,000) |
| | | ----- |
| Net Assets Applicable to 4,837,100 Shares Outstanding - 100.00% | | \$76,697,237 |
| | | ----- |
| Net Asset Value Per Common Share (\$76,697,237 / 4,837,100 Shares) | | \$15.86 |
| | | ----- |
| Components of Net Assets at September 30, 2003: | | |
| Common stock, \$0.01 par value, 200 million shares authorized to the Fund | | \$67,238,110 |
| Undistributed net investment income | | 1,961,922 |
| Accumulated net realized gain on investments | | 161,109 |
| Net unrealized appreciation of investments | | 7,336,096 |
| | | ----- |
| Total net assets | | \$76,697,237 |
| | | ===== |

Summary of Abbreviations:

AMBAC -- Insured by the AMBAC Indemnity Corporation
 Connie Lee -- Insured by the College Construction Insurance Association
 FGIC -- Insured by the Financial Guaranty Insurance Company
 FSA -- Insured by Financial Security Assurance
 GNMA -- Insured by Government National Mortgage Association
 MBIA -- Insured by the Municipal Bond Insurance Association
 XLCA -- Insured by XL Capital Assurance

See accompanying notes

Statements OF OPERATIONS Delaware Investments Closed-End Municipal Bond Funds Six Months Ended September 30, 2003 (Unaudited)

| | Delaware Investments Minnesota Municipal Income Fund, Inc. | Delaware Investments Minnesota Municipal Income Fund II, Inc. |
|---|--|---|
| Investment Income: | | |
| Interest | \$1,585,563 | \$4,535,388 |
| | ----- | ----- |
| Expenses: | | |
| Management fees | 118,818 | 336,746 |
| Accounting and administration expenses | 42,500 | 42,675 |
| Remarketing Agent fees | 25,069 | 75,206 |
| Professional fees | 1,413 | 2,784 |
| Transfer agent fees and expenses | 12,439 | 7,778 |
| Reports and statements to shareholders | 1,242 | 30 |
| Custodian fees | 1,228 | 2,480 |
| Directors'/Trustees' Fees | 100 | -- |
| Rating Agency fees | 4,200 | 2,100 |
| Other | 3,777 | 9,980 |
| | ----- | ----- |
| | 210,786 | 479,779 |
| Less expenses paid indirectly | (1,949) | (4,515) |
| | ----- | ----- |
| Total expenses | 208,837 | 475,264 |
| | ----- | ----- |
| Net Investment Income | 1,376,726 | 4,060,124 |
| | ----- | ----- |
| Net Realized and Unrealized Gain (Loss) on Investments: | | |
| Net realized gain on investments | 812,985 | 1,131,227 |
| Net change in unrealized appreciation/depreciation of investments | (1,077,142) | (1,487,531) |
| | ----- | ----- |
| Net Realized and Unrealized Loss on Investments | (264,157) | (356,304) |
| | ----- | ----- |

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| | | |
|---|-------------|-------------|
| Dividends on Preferred Stock | (110,928) | (293,892) |
| | ----- | ----- |
| Net Increase in Net Assets Resulting from Operations | \$1,001,641 | \$3,409,928 |
| | ===== | ===== |

See accompanying notes

14

Delaware Investments Closed-End Municipal Bond Funds

Statements
OF OPERATIONS (CONTINUED)

| | Delaware Investments Arizona Municipal Income Fund, Inc. | Delaware Investments Florida Insured Municipal Income Fund |
|--|---|---|
| Investment Income: | | |
| Interest | \$1,773,237 | \$1,541,254 |
| | ----- | ----- |
| Expenses: | | |
| Management fees | 141,721 | 117,917 |
| Accounting and administration expenses | 42,500 | 42,500 |
| Remarketing Agent fees | 31,508 | 25,087 |
| Professional fees | 14,370 | 2,246 |
| Transfer agent fees and expenses | 11,700 | 3,712 |
| Reports and statements to shareholders | 7,500 | -- |
| Custodian fees | 1,419 | 1,153 |
| Directors'/Trustees' Fees | 2,700 | 146 |
| Rating Agency fees | 6,000 | 5,500 |
| Other | 12,364 | 4,979 |
| | ----- | ----- |
| | 271,782 | 203,240 |
| Less expenses paid indirectly | (2,273) | (1,436) |
| | ----- | ----- |
| Total expenses | 269,509 | 201,804 |
| | ----- | ----- |
| Net Investment Income | 1,503,728 | 1,339,450 |
| | ----- | ----- |
| Net Realized and Unrealized Gain (Loss) on Investments: | | |
| Net realized gain on investments | 238,027 | -- |
| Net change in unrealized appreciation/depreciation of investments | (575,003) | (393,672) |
| | ----- | ----- |
| Net Realized and Unrealized Gain (Loss) on Investments | (336,976) | (393,672) |
| | ----- | ----- |

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| | | |
|--|-------------|------------|
| Dividends on Preferred Stock | (122,693) | (98,258) |
| | ----- | ----- |
| Net Increase in Net Assets Resulting from Operations | \$1,044,059 | \$ 847,520 |
| | ===== | ===== |

See accompanying notes

15

Delaware Investments Closed-End Municipal Bond Funds
 Statements
 OF CHANGES IN NET ASSETS

| | Delaware Investments Minnesota Municipal Income Fund, Inc. | |
|--|---|-----------------------|
| | Six Months Ended 9/30/03 (Unaudited) | Year Ended 3/31/03 |
| Increase (Decrease) in Net Assets from Operations: | | |
| Net investment income | \$1,376,726 | \$ 2,902,39 |
| Net realized gain on investments | 812,985 | 995,36 |
| Net change in unrealized appreciation/depreciation of investments | (1,077,142) | 973,09 |
| Dividends on preferred stock | (110,928) | (266,22) |
| | ----- | ----- |
| Net increase in net assets resulting from operations | 1,001,641 | 4,604,63 |
| | ----- | ----- |
| Dividends and Distributions to Common Shareholders from: | | |
| Net investment income | (1,180,588) | (2,309,35) |
| Net realized gain on investments | (565,645) | (168,65) |
| | ----- | ----- |
| | (1,746,233) | (2,478,01) |
| | ----- | ----- |
| Net Increase (Decrease) in Net Assets | (744,592) | 2,126,62 |
| Net Assets: | | |
| Beginning of period | 40,122,396 | 37,995,77 |
| | ----- | ----- |
| End of period | \$39,377,804 | \$40,122,39 |
| | ===== | ===== |

| | Delaware Investments Minnesota Municipal Income Fund III, Inc. | |
|--|---|-----------------------|
| | Six Months Ended 9/30/03 (Unaudited) | Year Ended 3/31/03 |

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| | | |
|--|--------------|-------------|
| Increase (Decrease) in Net Assets from Operations: | | |
| Net investment income | \$981,931 | \$1,991,07 |
| Net realized gain on investments | 402,515 | 326,28 |
| Net change in unrealized appreciation/depreciation of investments | (501,665) | 1,367,75 |
| Dividends on preferred stock | (68,364) | (206,64) |
| | ----- | ----- |
| Net increase in net assets resulting from operations | 814,417 | 3,478,47 |
| | ----- | ----- |
| Dividends and Distributions to Common Shareholders from: | | |
| Net investment income | (780,810) | (1,524,92) |
| Net realized gain on investments | -- | -- |
| | ----- | ----- |
| | (780,810) | (1,524,92) |
| | ----- | ----- |
| Net Increase (Decrease) in Net Assets | 33,607 | 1,953,55 |
| Net Assets: | | |
| Beginning of period | 26,259,594 | 24,306,04 |
| | ----- | ----- |
| End of period | \$26,293,201 | \$26,259,59 |
| | ===== | ===== |

See accompanying notes

16

Delaware Investments Closed-End Municipal Bond Funds

Statements

OF CHANGES IN NET ASSETS (CONTINUED)

| | Delaware Investments Florida Insured Municipal Income Fund | |
|--|---|----------------------|
| | Six Months Ended 9/30/03 (Unaudited) | Year Ende 3/31/03 |
| Increase (Decrease) in Net Assets from Operations: | | |
| Net investment income | \$1,339,450 | \$2,625,09 |
| Net realized gain on investments | -- | 384,20 |
| Net change in unrealized appreciation/depreciation of investments | (393,672) | 2,487,45 |
| Dividends on preferred stock | (98,258) | (264,65) |
| | ----- | ----- |
| Net increase in net assets resulting from operations | 847,520 | 5,232,09 |
| | ----- | ----- |
| Dividends and Distributions to Common Shareholders from: | | |
| Net investment income | (1,174,767) | (2,276,96) |
| Net realized gain on investments | (62,977) | -- |
| | ----- | ----- |
| | (1,237,744) | (2,276,96) |

| | | |
|---------------------------------------|--------------|-------------|
| | ----- | ----- |
| Net Increase (Decrease) in Net Assets | (390,224) | 2,955,13 |
| Net Assets: | | |
| Beginning of period | 39,651,025 | 36,695,89 |
| | ----- | ----- |
| End of period | \$39,260,801 | \$39,651,02 |
| | ===== | ===== |

See accompanying notes

Financial
HIGHLIGHTS

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

| | Delaware Investments Minneso | | |
|---|------------------------------|----------|------------|
| | Six Months | | Year Ended |
| | Ended | | 3/31/02 (|
| | 9/30/03 (6) | 3/31/03 | 3/31/02 (|
| | (Unaudited) | | |
| Net asset value, beginning of period | \$15.460 | \$14.640 | \$14.790 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.513 | 1.119 | 1.191 |
| Net realized and unrealized gain (loss) on investments | (0.077) | 0.758 | (0.323) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.043) | (0.094) | (0.178) |
| Net realized gain on investments | -- | (0.008) | -- |
| | ----- | ----- | ----- |
| Total dividends on preferred stock | (0.043) | (0.102) | (0.178) |
| | ----- | ----- | ----- |
| Total from investment operations | 0.393 | 1.775 | 0.690 |
| | ----- | ----- | ----- |
| Less dividends and distributions to common shareholders from: | | | |
| Net investment income | (0.455) | (0.890) | (0.840) |
| Net realized gain on investments | (0.218) | (0.065) | -- |
| | ----- | ----- | ----- |
| Total dividends and distributions | (0.673) | (0.955) | (0.840) |
| | ----- | ----- | ----- |
| Net asset value, end of period | \$15.180 | \$15.460 | \$14.640 |
| | ===== | ===== | ===== |
| Market value, end of period | \$15.150 | \$16.000 | \$14.450 |
| | ===== | ===== | ===== |

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| | | | |
|--|-----------|-----------|-----------|
| Total investment return based on:(2) | | | |
| Market value | (1.11%) | 17.74% | 7.00% |
| Net asset value | 2.54% | 12.29% | 4.81% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$39,378 | \$40,122 | \$37,996 |
| Ratio of expenses to average net assets applicable to common shares(3) | 1.04% | 1.21% | 1.13% |
| Ratio of net investment income to average net assets applicable to common shares(3) | 6.88% | 7.35% | 8.00% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares(4) | 6.33% | 6.68% | 6.84% |
| Portfolio turnover | 87% | 38% | 15% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding (000 omitted) | \$20,000 | \$20,000 | \$20,000 |
| Net asset coverage per share of preferred shares, end of period | \$148,445 | \$150,306 | \$144,989 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. The effect of these changes for the year ended March 31, 2002 was an increase in net investment income per share of \$0.006, a decrease in net realized and unrealized gain (loss) per share of \$0.006, and an increase in the ratio of net investment income to average net assets of 0.04%. Per share data and ratios for periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

(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.

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

(5)Excluding any accumulated but unpaid dividends.

(6)Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

Financial
HIGHLIGHTS (CONTINUED)

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

| | Delaware Investments Minnesota | | |
|---|---|-----------|---------------------------|
| | Six Months Ended 9/30/03 (6) (Unaudited) | 3/31/03 | Year Ended 3/31/02 (1) |
| Net asset value, beginning of period | \$15.060 | \$14.280 | \$14.450 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.560 | 1.143 | 1.163 |
| Net realized and unrealized gain (loss) on investments | (0.054) | 0.689 | (0.313) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.041) | (0.112) | (0.182) |
| | ----- | ----- | ----- |
| Total dividends on preferred stock | (0.041) | (0.112) | (0.182) |
| | ----- | ----- | ----- |
| Total from investment operations | 0.465 | 1.720 | 0.668 |
| | ----- | ----- | ----- |
| Less dividends to common shareholders from: | | | |
| Net investment income | (0.485) | (0.940) | (0.838) |
| | ----- | ----- | ----- |
| Total dividends | (0.485) | (0.940) | (0.838) |
| | ----- | ----- | ----- |
| Net asset value, end of period | \$15.040 | \$15.060 | \$14.280 |
| | ===== | ===== | ===== |
| Market value, end of period | \$15.590 | \$15.300 | \$14.050 |
| | ===== | ===== | ===== |
| Total investment return based on: (2) | | | |
| Market value | 5.10% | 15.84% | 5.75% |
| Net asset value | 3.01% | 12.19% | 4.73% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$109,104 | \$109,212 | \$103,573 |
| Ratio of expenses to average net assets applicable to common shares (3) | 0.87% | 1.03% | 1.06% |
| Ratio of net investment income to average net assets applicable to common shares (3) | 7.42% | 7.74% | 8.03% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares (4) | 6.88% | 6.99% | 6.79% |
| Portfolio turnover | 49% | 22% | 7% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding | | | |

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| | | | |
|---|-----------|-----------|-----------|
| (000 omitted) | \$60,000 | \$60,000 | \$60,000 |
| Net asset coverage per share of preferred shares, end of period | \$140,920 | \$141,010 | \$136,311 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. The effect of these changes for the year ended March 31, 2002 was an increase in net investment income per share of \$0.003, a decrease in net realized and unrealized gain (loss) per share of \$0.003, and an increase in the ratio of net investment income to average net assets of 0.02%. Per share data and ratios for periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

(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.

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

(5)Excluding any accumulated but unpaid dividends.

(6)Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

Financial
HIGHLIGHTS (CONTINUED)

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

| | | | |
|--|------------------------------|---------|------------|
| | Delaware Investments Minneso | | |
| | Six Months | | |
| | Ended | | |
| | 9/30/03 (6) | 3/31/03 | 3/31/02 (1 |
| | (Unaudited) | | |

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| | | | |
|--|-----------|-----------|-----------|
| Net asset value, beginning of period | \$14.290 | \$13.230 | \$13.420 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.532 | 1.084 | 1.064 |
| Net realized and unrealized gain (loss) on investments | (0.053) | 0.918 | (0.306) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.034) | (0.112) | (0.183) |
| | ----- | ----- | ----- |
| Total dividends on preferred stock | (0.034) | (0.112) | (0.183) |
| | ----- | ----- | ----- |
| Total from investment operations | 0.445 | 1.890 | 0.575 |
| | ----- | ----- | ----- |
| Less dividends to common shareholders from: | | | |
| Net investment income | (0.425) | (0.830) | (0.765) |
| | ----- | ----- | ----- |
| Total dividends | (0.425) | (0.830) | (0.765) |
| | ----- | ----- | ----- |
| Net asset value, end of period | \$14.310 | \$14.290 | \$13.230 |
| | ===== | ===== | ===== |
| Market value, end of period | \$13.960 | \$14.800 | \$13.000 |
| | ===== | ===== | ===== |
| Total investment return based on:(2) | | | |
| Market value | (2.87%) | 20.72% | 5.93% |
| Net asset value | 3.12% | 14.53% | 4.43% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$26,293 | \$26,260 | \$24,306 |
| Ratio of expenses to average net assets applicable to common shares(3) | 1.16% | 1.32% | 1.49% |
| Ratio of net investment income to average net assets applicable to common shares(3) | 7.45% | 7.80% | 7.88% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares(4) | 6.93% | 6.99% | 6.56% |
| Portfolio turnover | 59% | 23% | 5% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding (000 omitted) | \$15,000 | \$15,000 | \$15,000 |
| Net asset coverage per share of preferred shares, end of period | \$137,643 | \$137,532 | \$131,007 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. The effect of these changes for the year ended March 31, 2002 was an increase in net investment income per share of \$0.007, a decrease in net realized and unrealized gain (loss) per share of \$0.007, and an increase in the ratio of net investment income to average net assets of 0.04%. Per share data and ratios for periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

(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.
- (4) Ratio reflects total net investment income less dividends paid to preferred shareholders from net investment income divided by average net assets applicable to common shareholders.
- (5) Excluding any accumulated but unpaid dividends.
- (6) Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

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Financial
HIGHLIGHTS (CONTINUED)

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

| | Delaware Investments Arizo | | |
|---|----------------------------|----------|-------------|
| | Six Months | | |
| | Ended | | |
| | 9/30/03 (6) | 3/31/03 | 3/31/02 (6) |
| | (Unaudited) | | |
| Net asset value, beginning of period | \$15.480 | \$14.650 | \$14.970 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.504 | 1.067 | 1.113 |
| Net realized and unrealized gain (loss) on investments | (0.109) | 0.988 | (0.257) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.041) | (0.103) | (0.164) |
| Net realized gain on investments | -- | (0.018) | (0.051) |
| | ----- | ----- | ----- |
| Total dividends on preferred stock | (0.041) | (0.121) | (0.215) |
| | ----- | ----- | ----- |
| Total from investment operations | 0.354 | 1.934 | 0.641 |
| | ----- | ----- | ----- |
| Less dividends and distributions to common shareholders from: | | | |
| Net investment income | (0.480) | (0.940) | (0.817) |
| Net realized gain on investments | (0.094) | (0.164) | (0.144) |
| | ----- | ----- | ----- |
| Total dividends and distributions | (0.574) | (1.104) | (0.961) |

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| | | | |
|--|-------------------|-------------------|-------------------|
| Net asset value, end of period | \$15.260 ===== | \$15.480 ===== | \$14.650 ===== |
| Market value, end of period | \$15.450 ===== | \$15.490 ===== | \$14.750 ===== |
| Total investment return based on:(2) | | | |
| Market value | 3.43% | 12.74% | 10.22% |
| Net asset value | 2.22% | 13.44% | 4.21% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$45,499 | \$46,167 | \$43,703 |
| Ratio of expenses to average net assets applicable to common shares(3) | 1.17% | 1.16% | 1.19% |
| Ratio of net investment income to average net assets applicable to common shares(3) | 6.53% | 6.96% | 7.41% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares(4) | 6.00% | 6.18% | 5.99% |
| Portfolio turnover | 36% | 24% | 43% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding (000 omitted) | \$25,000 | \$25,000 | \$25,000 |
| Net asset coverage per share of preferred shares, end of period | \$140,998 | \$142,334 | \$137,405 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. The effect of these changes for the year ended March 31, 2002 was an increase in net investment income per share of \$0.002, a decrease in net realized and unrealized gain (loss) per share of \$0.002, and an increase in the ratio of net investment income to average net assets of 0.02%. Per share data and ratios for periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

(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.

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

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(5) Excluding any accumulated but unpaid dividends.

(6) Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

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Financial

HIGHLIGHTS (CONTINUED)

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

| | Delaware Investments Florida | | |
|--|------------------------------|----------|-------------|
| | Six Months | | |
| | Ended | | |
| | 9/30/03 (6) | 3/31/03 | 3/31/02 (1) |
| | (Unaudited) | | |
| Net asset value, beginning of period | \$16.370 | \$15.150 | \$15.400 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.553 | 1.084 | 1.071 |
| Net realized and unrealized gain (loss) on investments | (0.161) | 1.186 | (0.337) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.041) | (0.109) | (0.179) |
| Total dividends on preferred stock | (0.041) | (0.109) | (0.179) |
| Total from investment operations | 0.351 | 2.161 | 0.555 |
| Less dividends to common shareholders from: | | | |
| Net investment income | (0.485) | (0.941) | (0.805) |
| Net realized gain on investments | (0.026) | -- | -- |
| Total dividends | (0.511) | (0.941) | (0.805) |
| Net asset value, end of period | \$16.210 | \$16.370 | \$15.150 |
| Market value, end of period | \$15.400 | \$15.050 | \$14.020 |
| Total investment return based on: (2) | | | |
| Market value | 5.71% | 14.17% | 12.63% |
| Net asset value | 2.30% | 14.92% | 4.16% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$39,261 | \$39,651 | \$36,696 |
| Ratio of expenses to average net assets applicable to common shares (3) | 1.02% | 1.18% | 1.34% |
| Ratio of net investment income to average net assets applicable to common shares (3) | 6.77% | 6.81% | 6.95% |
| Ratio of net investment income to average net | | | |

| | | | |
|--|-----------|-----------|-----------|
| assets applicable to common shares net of dividends to preferred shares(4) | 6.27% | 6.13% | 5.79% |
| Portfolio turnover | 0% | 13% | 13% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding (000 omitted) | \$20,000 | \$20,000 | \$20,000 |
| Net asset coverage per share of preferred shares, end of period | \$148,153 | \$149,128 | \$141,740 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. This change in accounting had no effect on the Fund's results of operations for the year ended March 31, 2002. Per share data and ratios for the periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

(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.

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

(5)Excluding any accumulated but unpaid dividends.

(6)Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

Financial
HIGHLIGHTS (CONTINUED)

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

Delaware Investments Colorado In
Six Months
Ended

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| | 9/30/03 (6) (Unaudited) | 3/31/03 | 3/31/02 (1) |
|--|----------------------------|-----------|-------------|
| Net asset value, beginning of period | \$15.920 | \$14.780 | \$15.260 |
| Income (loss) from investment operations: | | | |
| Net investment income | 0.518 | 1.068 | 1.094 |
| Net realized and unrealized gain (loss) on investments | 0.042 | 1.324 | (0.401) |
| Dividends on preferred stock from: | | | |
| Net investment income | (0.040) | (0.098) | (0.172) |
| Net realized gain on investments | -- | (0.023) | (0.051) |
| Total dividends on preferred stock | (0.040) | (0.121) | (0.223) |
| Total from investment operations | 0.520 | 2.271 | 0.470 |
| Less dividends and distributions to common shareholders from: | | | |
| Net investment income | (0.480) | (0.940) | (0.818) |
| Net realized gain on investments | (0.100) | (0.191) | (0.132) |
| Total dividends and distributions | (0.580) | (1.131) | (0.950) |
| Net asset value, end of period | \$15.860 | \$15.920 | \$14.780 |
| Market value, end of period | \$16.050 | \$16.650 | \$14.700 |
| Total investment return based on: (2) | | | |
| Market value | (0.16%) | 21.31% | 7.52% |
| Net asset value | 3.18% | 15.37% | 3.15% |
| Ratios and supplemental data: | | | |
| Net assets applicable to common shares, end of period (000 omitted) | \$76,697 | \$76,988 | \$71,506 |
| Ratio of expenses to average net assets applicable to common shares(3) | 1.10% | 1.05% | 1.01% |
| Ratio of net investment income to average net assets applicable to common shares(3) | 6.49% | 6.83% | 7.18% |
| Ratio of net investment income to average net assets applicable to common shares net of dividends to preferred shares(4) | 5.99% | 6.08% | 5.71% |
| Portfolio turnover | 16% | 14% | 37% |
| Leverage analysis: | | | |
| Value of preferred shares outstanding (000 omitted) | \$40,000 | \$40,000 | \$40,000 |
| Net asset coverage per share of preferred shares, end of period | \$145,871 | \$146,235 | \$139,382 |
| Liquidation value per share of preferred shares(5) | \$50,000 | \$50,000 | \$50,000 |

(1)As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that required amortization of all premiums and discounts on debt securities. This change in accounting had no effect on the Fund's results of operations for the year ended March 31, 2002. Per share data and ratios for the periods prior to April 1, 2001 have not been restated to reflect this change in accounting.

- (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.
- (4) Ratio reflects total net investment income less dividends paid to preferred shareholders from net investment income divided by average net assets applicable to common shareholders.
- (5) Excluding any accumulated but unpaid dividends.
- (6) Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

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Delaware Investments Closed-End Municipal Bond Funds
September 30, 2003 (Unaudited)

Notes

TO FINANCIAL STATEMENTS

Delaware Investments Minnesota Municipal Income Fund, Inc. ("Minnesota Municipal Fund"); Delaware Investments Minnesota Municipal Income Fund II, Inc. ("Minnesota Municipal Fund II"); Delaware Investments Minnesota Municipal Income Fund III, Inc. ("Minnesota Municipal Fund III"); Delaware Investments Arizona Municipal Income Fund, Inc. ("Arizona Municipal Fund"), and Delaware Investments Colorado Insured Municipal Income Fund, Inc. ("Colorado Insured Municipal Fund") are organized as Minnesota corporations and Delaware Investments Florida Insured Municipal Income Fund ("Florida Insured Municipal Fund") is organized as a Massachusetts Business Trust (each referred to as a "Fund" and collectively as the "Funds"). The Minnesota Municipal Fund II, Florida Insured Municipal Fund and Arizona Municipal Fund are diversified closed-end management investment companies and Minnesota Municipal Fund, Minnesota Municipal Fund III and Colorado Insured Municipal Fund are non-diversified closed-end management investment companies under the Investment Company Act of 1940, as amended. The Funds' shares trade on the American Stock Exchange.

The investment objective of each Fund is to provide high current income exempt from federal income tax and from the personal income tax of its state, if any, consistent with the preservation of capital. Florida Insured Municipal Fund will generally seek investments that will enable its shares to be exempt from Florida's intangible personal property tax. Each 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 accounting principles generally accepted in the United States and are consistently followed by the Funds.

Security Valuation -- Long-term debt securities are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Funds' Board of Trustees/Directors.

Federal Income Taxes -- Each Fund intends to continue to qualify for federal income tax purposes as a regulated investment company and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other -- Expenses common to all funds within the Delaware Investments Family of Funds are allocated amongst the Funds on the basis of average net assets. Security transactions are recorded on the date the securities are purchased or sold (trade date). 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.

Expenses Paid Indirectly -- Certain expenses of the Funds are paid through commission arrangements with brokers. These transactions are done subject to best execution. In addition, the Funds may receive earnings credits from their custodian when positive cash balances are maintained, which are used to offset custody fees. The expenses paid under the above arrangements are included in their respective expense captions on the Statement of Operations with the corresponding expense offset shown as "expenses paid indirectly." The amount of these expenses for the period ended September 30, 2003 were as follows:

| | Minnesota Municipal Fund | Minnesota Municipal Fund II | Minnesota Municipal Fund III | Arizona Municipal Fund | Florida Municipal Fund |
|---------------------------|--------------------------------|-----------------------------------|------------------------------------|------------------------------|------------------------------|
| Commission Reimbursements | \$ 721 | \$2,035 | \$497 | \$ 854 | \$7 |
| Earnings Credits | 1,228 | 2,480 | 961 | 1,419 | 7 |

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

In accordance with the terms of its respective investment management agreement,

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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 daily net assets of each Fund, including assets attributable to any preferred stock that may be outstanding.

The Funds have engaged Delaware Service Company, Inc., (DSC), an affiliate of DMC, to provide accounting and administration services which are based on average net assets and paid on a monthly basis, subject to certain minimums.

At September 30, 2003, the Funds had liabilities payable to affiliates as follows:

| | Minnesota Municipal Fund ----- | Minnesota Municipal Fund II ----- | Minnesota Municipal Fund III ----- | Arizona Municipal Fund ----- | Florida Municipal Fund ----- |
|---|---|--|---|---------------------------------------|---------------------------------------|
| Investment management fee payable to DMC | \$ (19,608) | \$ (55,819) | \$ (13,627) | \$ (23,272) | \$ (19,5 |
| Dividend disbursing, accounting and other expenses payable to DSC | (7,083) | (7,083) | (5,042) | (7,083) | (7,0 |
| Other expenses payable to DMC and affiliates | (2,285) | (3,221) | (2,104) | (2,365) | (2,2 |

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.

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Delaware Investments Closed-End Municipal Bond Funds

Notes

TO FINANCIAL STATEMENTS (CONTINUED)

3. Investments

For the six months ended September 30, 2003 the Funds made purchases and sales of investment securities other than U.S. government securities and short-term investments as follows:

| | Minnesota Municipal Fund ----- | Minnesota Municipal Fund II ----- | Minnesota Municipal Fund III ----- | Arizona Municipal Fund ----- | Florida Municipal Fund ----- |
|-----------|---|--|---|---------------------------------------|---------------------------------------|
| Purchases | \$25,839,745 | \$42,048,432 | \$12,193,876 | \$13,885,558 | \$1,48 |
| Sales | 26,309,142 | 40,942,532 | 12,274,601 | 12,622,994 | 3 |

At September 30, 2003, the cost of investments for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At September 30, 2003, the cost of investments and unrealized appreciation (depreciation) for each Fund were as follows:

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| | Minnesota Municipal Fund | Minnesota Municipal Fund II | Minnesota Municipal Fund III | Arizona Municipal Fund | Florida Municipal Fund |
|--------------------------------------|--------------------------------|-----------------------------------|------------------------------------|------------------------------|------------------------------|
| Cost of Investments | \$56,224,166 | \$159,030,514 | \$38,139,008 | \$67,485,427 | \$55,050,000 |
| Aggregate Unrealized Appreciation | \$2,496,538 | \$7,803,327 | \$2,517,146 | \$3,475,282 | \$4,860,000 |
| Aggregate Unrealized Depreciation | (293,936) | (933,609) | (254,047) | (206,100) | |
| Net Unrealized Appreciation | \$2,202,602 | \$6,869,718 | \$2,263,099 | \$3,269,182 | \$4,860,000 |

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 accounting principles generally accepted in the United States. The tax character of dividends and distributions paid during the periods ended September 30, 2003 and March 31, 2003 was as follows:

| | Minnesota Municipal Fund | | Minnesota Municipal Fund III | Arizona Municipal Fund |
|-------------------------|--------------------------------|-------------|---------------------------------|--------------------------------|
| | 9/30/03* | 3/31/03 | 9/30/03* | 9/30/03* |
| Tax-exempt income | \$1,291,516 | \$2,553,713 | \$3,811,209 | \$3,811,209 |
| Ordinary income | 46,705 | -- | -- | -- |
| Long-term capital gains | 518,940 | 190,519 | -- | -- |
| Total | \$1,857,161 | \$2,744,232 | \$3,811,209 | \$3,811,209 |
| | | | | |
| | Minnesota Municipal Fund III | | Arizona Municipal Fund | Florida Insured Municipal Fund |
| | 9/30/03* | 3/31/03 | 9/30/03* | 9/30/03* |
| Tax-exempt income | \$849,174 | \$1,731,376 | \$1,554,149 | \$2,514,960 |
| Ordinary income | -- | -- | 149,110 | 48,371 |
| Long-term capital gains | -- | -- | 131,217 | 435,339 |
| Total | \$849,174 | \$1,731,376 | \$1,834,476 | \$2,998,670 |
| | | | | |
| | Florida Insured Municipal Fund | | Colorado Insured Municipal Fund | Minnesota Municipal Fund III |
| | 9/30/03* | 3/31/03 | 9/30/03* | 9/30/03* |
| Tax-exempt income | \$1,273,025 | \$2,541,617 | \$2,514,960 | \$2,514,960 |
| Ordinary income | -- | -- | 48,371 | 48,371 |
| Long-term capital gains | 62,977 | -- | 435,339 | 435,339 |
| Total | \$1,336,002 | \$2,541,617 | \$2,998,670 | \$2,998,670 |

*Tax information for the period ended September 30, 2003 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

Delaware Investments Closed-End Municipal Bond Funds

Notes

TO FINANCIAL STATEMENTS (CONTINUED)

4. Dividend and Distribution Information (continued)

The components of net assets are estimated since final tax characteristics cannot be determined until fiscal year end. As of September 30, 2003, the estimated components of net assets on a tax basis were as follows:

| | Minnesota Municipal Fund | Minnesota Municipal Fund |
|--|--------------------------|--------------------------|
| | ----- | ----- |
| Paid in Capital | \$35,426,619 | \$99,710,000 |
| Undistributed tax-exempt income | 875,131 | 3,507,338 |
| Undistributed ordinary income | 41,457 | -- |
| Undistributed long-term gains | 831,995 | 988,114 |
| Capital loss carry forward | -- | (1,970,944) |
| Unrealized appreciation (depreciation) | 2,202,602 | 6,869,718 |
| | ----- | ----- |
| Net assets | \$39,377,804 | \$109,104,226 |
| | ===== | ===== |

| | Arizona Municipal Fund | Florida Insured Municipal Fund |
|--|------------------------|--------------------------------|
| | ----- | ----- |
| Paid in Capital | \$40,838,893 | \$33,361,389 |
| Undistributed tax-exempt income | 1,117,400 | 1,027,015 |
| Undistributed ordinary income | -- | -- |
| Undistributed long-term gains | 273,553 | 7,177 |
| Unrealized appreciation (depreciation) | 3,269,182 | 4,865,220 |
| | ----- | ----- |
| Net assets | \$45,499,028 | \$39,260,801 |
| | ===== | ===== |

For federal income tax purposes capital loss carryforwards may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows:

| | 2004 | 2005 | 2006 | 2008 | 2009 |
|------------------------------|-------------|----------|-----------|-----------|-----------|
| | ---- | ---- | ---- | ---- | ---- |
| Minnesota Municipal Fund II | \$1,127,768 | \$89,665 | \$132,129 | \$437,162 | \$175,800 |
| Minnesota Municipal Fund III | 1,279,495 | 455,666 | 6,539 | 56,856 | 153,300 |

5. Capital Stock

Pursuant to their articles of incorporation, Minnesota Municipal Fund, Minnesota Municipal Fund II, Minnesota Municipal Fund III, Arizona Municipal Fund and

Colorado Insured Municipal Fund each have 200 million shares of \$0.01 par value common shares authorized. Florida Insured 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 period ending September 30, 2003. Shares issuable under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Mellon Investor Services, LLC, in the open market.

For the period ended September 30, 2003, the Funds did not have any transactions in common shares.

The Funds each have one million shares of \$0.01 par value preferred shares authorized, except for Florida Insured Municipal Fund, which has an unlimited amount of \$0.01 par value preferred shares authorized. Under resolutions adopted by the Board of Directors/Trustees, Minnesota Municipal Fund is allowed to issue up to 400 preferred shares, of which the entire amount was issued on August 6, 1992. On May 14, 1993, Minnesota Municipal Fund II, Arizona Municipal Fund and Florida Insured Municipal Fund issued 1,200, 500 and 400 preferred shares, respectively. On December 10, 1993, Minnesota Municipal Fund III issued 300 preferred shares and on September 23, 1993, Colorado Insured Municipal Fund issued 800 preferred shares. The preferred shares of each Fund have a liquidation preference of \$50,000 per share plus an amount equal to accumulated but unpaid dividends.

Dividends for the outstanding preferred shares of each Fund are cumulative at a rate established at the initial public offering and are typically reset every 28 days based on the results of an auction. Dividend rates (adjusted for any capital gain distributions) ranged during the period ended September 30, 2003 as follows:

| Fund | Low | | High |
|---------------------------------|-------|----|-------|
| ---- | --- | | ---- |
| Minnesota Municipal Fund | 0.89% | to | 1.22% |
| Minnesota Municipal Fund II | 0.75% | to | 1.25% |
| Minnesota Municipal Fund III | 0.80% | to | 1.20% |
| Arizona Municipal Fund | 0.82% | to | 1.12% |
| Florida Insured Municipal Fund | 0.80% | to | 1.15% |
| Colorado Insured Municipal Fund | 0.65% | to | 1.17% |

Delaware Investments Closed-End Municipal Bond Funds

Notes

TO FINANCIAL STATEMENTS (CONTINUED)

5. Capital Stock (continued)

Salomon Smith Barney, Inc. and Merrill Lynch Pierce, Fenner & Smith Inc. (Colorado Insured Municipal Fund only), as the remarketing agents, receive an annual fee from each of the Funds of 0.25% of the average amount of preferred stock outstanding.

Under the 1940 Act, the Funds may not declare dividends or make other distributions on common shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding preferred stock is less than 200%. The preferred shares are redeemable at the option of the Funds, in whole or in part, on any dividend payment date at \$50,000 per share plus any accumulated but unpaid dividends

whether or not declared. The preferred shares are also subject to mandatory redemption at \$50,000 per share plus any accumulated but unpaid dividends whether or not declared, if certain requirements relating to the composition of the assets and liabilities of each Fund are not satisfied. The holders of preferred shares have voting rights equal to the holders of common shares (one vote per share) and will vote together with holders of common shares as a single class. However, holders of preferred shares are also entitled to elect two of each Fund's Directors. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding preferred shares, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the preferred shares, and (b) take any action requiring a vote of security holders pursuant of Section 13(a) of the 1940 Act, including, among other things, changes in each of the Fund's subclassification as a closed-end investment company or changes in their fundamental investment restrictions.

6. Credit and Market Risks

The Funds concentrate their investments in securities issued by municipalities. The value of these investments may be adversely affected by new legislation within the state, regional or local economic conditions, 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 obligations. These securities have been identified in the Statements of Net Assets.

The Funds may invest in inverse floating rate securities ("inverse floaters"), a type of derivative tax-exempt obligation 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 inverse floaters will generally be more volatile than other tax-exempt investments. Such securities are denoted on the Statements of Net Assets.

Proxy Delaware Investments Closed-End Municipal Bond Funds
RESULTS (UNAUDITED)

Shareholders of the Delaware Investments Minnesota Municipal Income Fund, Inc., Delaware Investments Minnesota Municipal Income Fund II, Inc., Delaware Investments Minnesota Municipal Income Fund III, Inc., Delaware Investments Arizona Municipal Income Fund, Inc., Delaware Investments Florida Insured Municipal Income Fund, and Delaware Investments Colorado Insured Municipal Income Fund, Inc. voted on the following proposals at the annual meeting of shareholders held on August 14, 2003. The description of each proposal and number of shares voted are as follows:

| | Common Shareholders | | | |
|--|---------------------|---------|---------|-----|
| | Shares | Shares | Shares | Sh |
| | Voted | Voted | Voted | V |
| | For | Against | Abstain | |
| | ----- | ----- | ----- | --- |

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1. To elect the Fund's Board of Directors/Trustees:

Delaware Investments Minnesota Municipal Income

Fund, Inc:

| | | | |
|-------------------|-----------|--------|-----|
| Jude T. Driscoll | 2,272,497 | 48,987 | -- |
| David K. Downes | 2,277,127 | 44,357 | -- |
| Walter P. Babich | 2,270,185 | 51,299 | -- |
| John H. Durham | 2,275,725 | 45,759 | -- |
| John A. Fry | 2,277,127 | 44,357 | -- |
| Anthony D. Knerr | 2,273,153 | 48,331 | -- |
| Ann R. Leven | 2,277,024 | 44,460 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments Minnesota Municipal Income

Fund II, Inc:

| | | | |
|-------------------|-----------|---------|-----|
| Jude T. Driscoll | 6,450,488 | 164,302 | -- |
| David K. Downes | 6,454,530 | 160,260 | -- |
| Walter P. Babich | 6,439,054 | 175,736 | -- |
| John H. Durham | 6,450,954 | 163,836 | -- |
| John A. Fry | 6,454,142 | 160,648 | -- |
| Anthony D. Knerr | 6,448,065 | 166,725 | -- |
| Ann R. Leven | 6,464,409 | 150,381 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments Minnesota Municipal Income

Fund III, Inc:

| | | | |
|-------------------|-----------|--------|-----|
| Jude T. Driscoll | 1,612,802 | 38,397 | -- |
| David K. Downes | 1,616,202 | 34,997 | -- |
| Walter P. Babich | 1,612,631 | 38,567 | -- |
| John H. Durham | 1,616,202 | 34,997 | -- |
| John A. Fry | 1,616,202 | 34,997 | -- |
| Anthony D. Knerr | 1,616,202 | 34,997 | -- |
| Ann R. Leven | 1,612,802 | 38,397 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments Arizona Municipal Income

Fund, Inc:

| | | | |
|-------------------|-----------|--------|-----|
| Jude T. Driscoll | 2,537,582 | 31,201 | -- |
| David K. Downes | 2,538,282 | 30,501 | -- |
| Walter P. Babich | 2,533,972 | 34,811 | -- |
| John H. Durham | 2,537,922 | 30,861 | -- |
| John A. Fry | 2,538,622 | 30,161 | -- |
| Anthony D. Knerr | 2,537,772 | 31,011 | -- |
| Ann R. Leven | 2,538,622 | 30,161 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments Florida Insured Municipal Income Fund:

| | | | |
|-------------------|-----------|--------|-----|
| Jude T. Driscoll | 2,236,509 | 24,347 | -- |
| David K. Downes | 2,236,759 | 24,097 | -- |
| Walter P. Babich | 2,236,759 | 24,097 | -- |
| John H. Durham | 2,236,759 | 24,097 | -- |
| John A. Fry | 2,235,478 | 25,379 | -- |
| Anthony D. Knerr | 2,236,759 | 24,097 | -- |
| Ann R. Leven | 2,236,759 | 24,097 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments Colorado Insured Municipal Income Fund, Inc:

| | | | |
|-------------------|-----------|--------|-----|
| Jude T. Driscoll | 4,175,482 | 72,695 | -- |
| David K. Downes | 4,172,957 | 75,220 | -- |
| Walter P. Babich | 4,176,619 | 71,558 | -- |
| John H. Durham | 4,177,016 | 71,161 | -- |
| John A. Fry | 4,174,094 | 74,083 | -- |
| Anthony D. Knerr | 4,179,819 | 68,358 | -- |
| Ann R. Leven | 4,177,017 | 71,160 | -- |
| Thomas F. Madison | N/A | N/A | N/A |
| Janet L. Yeomans | N/A | N/A | N/A |

Delaware Investments (SM)

A member of Lincoln Financial Group(R)

This semiannual report is for the information of Delaware Investments Closed-End Municipal Bond Funds shareholders. The return and principal value of an investment in the Funds will fluctuate so that shares, when resold, may be worth more or less than their original cost. 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

Jude T. Driscoll
Chairman
Delaware Investments Family of Funds
Philadelphia, PA

Walter P. Babich
Board Chairman
Citadel Construction Corporation
King of Prussia, PA

Affiliated Officers

Joseph H. Hastings
Executive Vice President and
Chief Financial Officer
Delaware Investments Family of Funds
Philadelphia, PA

Richelle S. Maestro
Senior Vice President,
Chief Legal Officer and Secretary

Contact Info

Investment M
Delaware Man
Philadelphia

Internationa
Delaware Int
London, Engl

Principal Of

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| | | |
|---|---|--|
| <p>John H. Durham Private Investor Gwynedd Valley, PA</p> <p>John A. Fry President Franklin & Marshall College Lancaster, PA</p> <p>Anthony D. Knerr Managing Director Anthony Knerr & Associates New York, NY</p> <p>Ann R. Leven Former Treasurer/Chief Fiscal Officer National Gallery of Art Washington, DC</p> <p>Thomas F. Madison President and Chief Executive Officer MLM Partners, Inc. Minneapolis, MN</p> <p>Janet L. Yeomans Vice President/Mergers & Acquisitions 3M Corporation St. Paul, MN</p> <p>Thomas F. Madison and Janet L. Yeomans were elected by the preferred Shareholders of the Delaware Investments Closed-End Municipal Bond Funds.</p> | <p>Delaware Investments Family of Funds Philadelphia, PA</p> <p>Michael P. Bishof Senior Vice President and Treasurer Delaware Investments Family of Funds Philadelphia, PA</p> <p>----- A description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities is available without charge (i) upon request, by calling 800 523-1918; (ii) on the Fund's website at http://www.delawareinvestments.com; and (iii) on the Commission's website at http://www.sec.gov; and beginning no later than August 31, 2004, information (if any) regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) through the Fund's website at http://www.delawareinvestments.com; and (ii) on the Commission's website at http://www.sec.gov.</p> <p>-----</p> | <p>2005 Market Philadelphia</p> <p>Independent Ernst & Young 2001 Market Philadelphia</p> <p>Registrar an Mellon Inves Overpeck Cen 85 Challenge Ridgefield P 800 851-9677</p> <p>For Securit Institutions 800 362-7500</p> <p>Web site www.delawareinvestments.com</p> <p>Number of Re September 30 Minnesota Mu Minnesota Mu Minnesota Mu Arizona Muni Florida Insu Colorado Ins Income Fun</p> |
|---|---|--|

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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. [Reserved]

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

Not applicable.

Item 8. [Reserved]

Item 9. Controls and Procedures

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

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

Item 10. 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.

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

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 Minnesota Municipal Income Fund III, Inc.

JUDE T. DRISCOLL

By: Jude T. Driscoll

Title: Chairman

Date: 11/25/03

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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.

JUDE T. DRISCOLL

By: Jude T. Driscoll

Title: Chairman

Date: 11/25/03

JOSEPH H. HASTINGS

By: Joseph H. Hastings

Title: Chief Financial Officer

Date: 11/25/03
