

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III INC
Form N-CSR
December 08, 2005

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 I
Address of principal executive offices: 2005 Market Street
Philadelphia, PA 19103
Name and address of agent for service: David F. Connor, Esq.
2005 Market Street
Philadelphia, PA 19103
Registrant's telephone number, including area code: (800) 523-1918
Date of fiscal year end: March 31
Date of reporting period: September 30, 2005

Item 1. Reports to Stockholders

CLOSED END

Delaware
Investments(R)

A member of Lincoln Financial Group

SEMIANNUAL REPORT SEPTEMBER 30, 2005

DELAWARE INVESTMENTS CLOSED-END

MUNICIPAL BOND FUNDS

[LOGO] POWERED BY RESEARCH(R)

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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 Delaware Investments Arizona Municipal Income Fund, Delaware Investments Florida Insured Municipal Income Fund, Delaware Investments Minnesota Municipal Income Fund, and Delaware Investments 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 Delaware Investments Colorado Insured Municipal Income Fund and Delaware Investments 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 investment advisor.

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SECTOR ALLOCATIONS

As of September 30, 2005

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

DELAWARE INVESTMENTS ARIZONA MUNICIPAL INCOME FUND, INC.

SECTOR	PERCENTAGE OF NET ASSETS
MUNICIPAL BONDS	152.47%
Airport Revenue Bonds	6.92%
City General Obligation Bonds	1.16%
Convention Center/Auditorium/Hotel Revenue Bonds	2.31%
Dedicated Tax & Fees Revenue Bonds	6.93%
Escrowed to Maturity Bonds	10.93%
Higher Education Revenue Bonds	8.28%
Hospital Revenue Bonds	19.25%
Miscellaneous Revenue Bonds	3.55%
Municipal Lease Revenue Bonds	10.73%
Pre-Refunded Bonds	26.40%
Public Power Revenue Bonds	3.47%
School District General Obligation Bonds	17.36%
School District Revenue Bonds	2.42%
Single Family Housing Revenue Bonds	3.42%
Territorial Revenue Bonds	23.89%
Water & Sewer Revenue Bonds	5.45%
TOTAL MARKET VALUE OF SECURITIES	152.47%
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	3.05%
LIQUIDATION VALUE OF PREFERRED STOCK	(55.52%)
TOTAL NET ASSETS	100.00%

DELAWARE INVESTMENTS COLORADO INSURED MUNICIPAL INCOME FUND, INC.

PERCENTAGE

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SECTOR	OF NET ASSETS
MUNICIPAL BONDS	149.98%
Airport Revenue Bonds	10.33%
City General Obligation Bonds	2.75%
Continuing Care/Retirement Revenue Bonds	3.54%
Convention Center/Auditorium/Hotel Revenue Bonds	4.09%
Dedicated Tax & Fees Revenue Bonds	3.73%
Higher Education Revenue Bonds	24.34%
Hospital Revenue Bonds	1.89%
Municipal Lease Revenue Bonds	14.15%
Parking Revenue Bonds	3.53%
Political Subdivision General Obligation Bonds	6.25%
Pre-Refunded Bonds	43.33%
School District General Obligation Bonds	5.35%
School District Revenue Bonds	1.40%
Turnpike/Toll Road Revenue Bonds	12.84%
Water & Sewer Revenue Bonds	12.46%
TOTAL MARKET VALUE OF SECURITIES	149.98%
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	2.72%
LIQUIDATION VALUE OF PREFERRED STOCK	(52.70%)
TOTAL NET ASSETS	100.00%

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SECTOR ALLOCATIONS As of September 30, 2005
(CONTINUED)

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

DELAWARE INVESTMENTS FLORIDA INSURED MUNICIPAL INCOME FUND

SECTOR	PERCENTAGE OF NET ASSETS
MUNICIPAL BONDS	152.00%
Airport Revenue Bonds	9.17%
Dedicated Tax & Fees Revenue Bonds	24.69%
Higher Education Revenue Bonds	3.48%
Hospital Revenue Bonds	18.78%
Miscellaneous Revenue Bonds	2.83%
Multifamily Housing Revenue Bonds	23.06%
Municipal Lease Revenue Bonds	9.81%
Ports & Harbors Revenue Bonds	2.81%
Pre-Refunded Bonds	24.63%
Public Power Revenue Bonds	5.58%
State General Obligation Bonds	5.69%
Tax Increment/Special Assessment Bonds	0.83%
Turnpike/Toll Road Revenue Bonds	2.83%
Water & Sewer Revenue Bonds	17.81%
TOTAL MARKET VALUE OF SECURITIES	152.00%
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	2.19%

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LIQUIDATION VALUE OF PREFERRED STOCK	(54.19%)

TOTAL NET ASSETS	100.00%

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND, INC.

SECTOR	PERCENTAGE OF NET ASSETS

MUNICIPAL BONDS	150.87%

Airport Revenue Bonds	10.28%
City General Obligation Bonds	4.10%
Continuing Care/Retirement Revenue Bonds	2.42%
Corporate-Backed Revenue Bonds	4.12%
Escrowed to Maturity Bonds	13.44%
Higher Education Revenue Bonds	5.72%
Hospital Revenue Bonds	13.82%
Miscellaneous Revenue Bonds	7.13%
Multifamily Housing Revenue Bonds	5.44%
Municipal Lease Revenue Bonds	7.39%
Parking Revenue Bonds	1.83%
Political Subdivision General Obligation Bonds	8.82%
Pre-Refunded Bonds	16.50%
Public Power Revenue Bonds	27.64%
School District General Obligation Bonds	15.70%
Single Family Housing Revenue Bonds	1.90%
State General Obligation Bonds	3.22%
Tax Increment/Special Assessment Bonds	1.40%

TOTAL MARKET VALUE OF SECURITIES	150.87%

RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	1.38%

LIQUIDATION VALUE OF PREFERRED STOCK	(52.25%)

TOTAL NET ASSETS	100.00%

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SECTOR ALLOCATIONS As of September 30, 2005
(CONTINUED)

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

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC.

SECTOR	PERCENTAGE OF NET ASSETS

MUNICIPAL BONDS	152.00%

Airport Revenue Bonds	11.81%
City General Obligation Bonds	3.83%
Corporate-Backed Revenue Bonds	4.18%
Escrowed to Maturity Bonds	15.20%
Higher Education Revenue Bonds	11.15%
Hospital Revenue Bonds	17.24%
Miscellaneous Revenue Bonds	2.65%
Multifamily Housing Revenue Bonds	7.97%

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Municipal Lease Revenue Bonds	11.20%
Parking Revenue Bonds	1.23%
Political Subdivision General Obligation Bonds	7.70%
Pre-Refunded Bonds	22.15%
Public Power Revenue Bonds	13.85%
School District General Obligation Bonds	12.98%
Single Family Housing Revenue Bonds	2.46%
State General Obligation Bonds	4.37%
Tax Increment/Special Assessment Bonds	0.49%
Territorial General Obligation Bonds	1.06%
Territorial Revenue Bonds	0.48%

SHORT-TERM INVESTMENTS	0.92%

TOTAL MARKET VALUE OF SECURITIES	152.92%

RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	2.00%

LIQUIDATION VALUE OF PREFERRED STOCK	(54.92%)

TOTAL NET ASSETS	100.00%

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND III, INC.

SECTOR	PERCENTAGE OF NET ASSETS

MUNICIPAL BONDS	155.77%

Airport Revenue Bonds	9.56%
City General Obligation Bonds	5.02%
Continuing Care/Retirement Revenue Bonds	7.35%
Corporate-Backed Revenue Bonds	7.48%
Escrowed to Maturity Bonds	12.09%
Higher Education Revenue Bonds	5.15%
Hospital Revenue Bonds	18.93%
Miscellaneous Revenue Bonds	1.00%
Multifamily Housing Revenue Bonds	7.61%
Municipal Lease Revenue Bonds	12.49%
Parking Revenue Bonds	6.01%
Political Subdivision General Obligation Bonds	9.57%
Pre-Refunded Bonds	18.11%
Public Power Revenue Bonds	24.64%
School District General Obligation Bonds	4.07%
Single Family Housing Revenue Bonds	2.53%
Territorial Revenue Bonds	4.16%

TOTAL MARKET VALUE OF SECURITIES	155.77%

RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	1.85%

LIQUIDATION VALUE OF PREFERRED STOCK	(57.62%)

TOTAL NET ASSETS	100.00%

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STATEMENTS OF NET ASSETS DELAWARE INVESTMENTS ARIZONA MUNICIPAL INCOME FUND, INC.
September 30, 2005 (Unaudited)

Principal Market

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	Amount	Value
MUNICIPAL BONDS - 152.47%		
Airport Revenue Bonds - 6.92%		
Phoenix Civic Improvement Corporation		
Airport Revenue		
Senior Lien Series A 5.00% 7/1/25 (FSA)	\$1,000,000	\$1,028,000
Series B 5.25% 7/1/27 (FGIC) (AMT)	2,000,000	2,088,740

		3,116,740

City General Obligation Bonds - 1.16%		
DC Ranch Community Facilities		
5.00% 7/15/27 (AMBAC)	500,000	523,100

		523,100

Convention Center/Auditorium/Hotel Revenue Bonds - 2.31%		
Arizona Tourism & Sports Authority Tax		
Revenue Multipurpose Stadium Facilities		
Series A 5.00% 7/1/31 (MBIA)	1,000,000	1,041,990

		1,041,990

Dedicated Tax & Fees Revenue Bonds - 6.93%		
Glendale Municipal Property Corporation		
5.00% 7/1/33 (AMBAC)	3,000,000	3,119,970

		3,119,970

Escrowed to Maturity Bonds - 10.93%		
Puerto Rico Commonwealth Infrastructure		
Financing Series A 5.50% 10/1/40	4,500,000	4,922,640

		4,922,640

Higher Education Revenue Bonds - 8.28%		
Arizona State University Certificates of		
Participation (Research Infrastructure		
Project) 5.00% 9/1/30 (AMBAC)	1,000,000	1,046,460
Northern Arizona University Certificates of		
Participation (Northern Arizona University		
Research Project) 5.00% 9/1/30 (AMBAC)	1,000,000	1,047,360
South Campus Group Student Housing		
Revenue (Arizona State University South		
Campus Project) 5.625% 9/1/35 (MBIA)	1,000,000	1,103,270
University of Arizona Certificates of		
Participation (University of Arizona Project)		
Series B 5.125% 6/1/22 (AMBAC)	500,000	530,900

		3,727,990

Hospital Revenue Bonds - 19.25%		
Maricopa County Industrial		
Development Authority		
(Catholic Healthcare West)		
Series A 5.50% 7/1/26	430,000	454,579
(Mayo Clinic Hospital)		
5.25% 11/15/37	2,000,000	2,097,520
Mohave County Industrial Development		
Authority (Chris/Silver Ridge)		

6.375% 11/1/31 (GNMA)

260,000

270