

Edgar Filing: MUNIENHANCED FUND INC - Form N-Q

MUNIENHANCED FUND INC  
 Form N-Q  
 June 27, 2005

UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
 MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-5739

Name of Fund: MuniEnhanced Fund, Inc.

Fund Address: P.O. Box 9011  
 Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
 Officer, MuniEnhanced Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ  
 08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 01/31/06

Date of reporting period: 02/01/05 - 04/30/05

Item 1 - Schedule of Investments

MuniEnhanced Fund, Inc.  
 Schedule of Investments as of April 30, 2005 (in Thousands)

State	Face Amount	Municipal Bonds
Alabama - 0.9%	\$ 2,750	Jefferson County, Alabama, Limited Obligation School Warrants, due 1/01/2022
California - 29.1%	9,000	Alameda Corridor Transportation Authority, California, Capital Refunding Bonds, Subordinate Lien, Series A, 5.543%* due 10/01/2025
	6,000	Alameda Corridor Transportation Authority, California, Revenue Subordinated Lien, Series A, 5.471%* due 10/01/2025 (a)
	5,000	Anaheim, California, Public Financing Authority, Lease Revenue Improvements Project), Senior-Series A, 6% due 9/01/2024 (d)
	1,270	California State Department of Water Resources, Power Supply R
	1,800	5.375% due 5/01/2022
		5.375% due 5/01/2022 (f)
	3,000	California State, GO, Refunding: 5.25% due 9/01/2026
	6,000	5.25% due 2/01/2030 (f)
	5,000	5.125% due 6/01/2031
	2,200	ROLS, Series II-R-272, 7.356% due 2/01/2033 (j) (k)
	8,490	California State, Various Purpose, GO, 5.50% due 11/01/2033

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### Portfolio Abbreviations

To simplify the listings of MuniEnhanced Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list below.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
HDA	Housing Development Authority
HFA	Housing Finance Agency
IDA	Industrial Development Authority
RIB	Residual Interest Bonds
RITR	Residual Interest Trust Receipts
ROLS	Reset Option Long Securities
S/F	Single-Family
VRDN	Variable Rate Demand Notes

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2005

(in Thousands)

State	Face Amount	Municipal Bonds
-----		
		Golden State Tobacco Securitization Corporation of California, Revenue Bonds, Series B:
	\$ 3,805	5.60% due 6/01/2028
	2,200	5.50% due 6/01/2033 (c)
	1,400	5.625% due 6/01/2033 (c)
	5,000	5% due 6/01/2038 (a)
	6,800	5.625% due 6/01/2038 (1)
	10,000	5.50% due 6/01/2043 (b)
	2,835	5.50% due 6/01/2043 (c)
	3,500	Los Angeles, California, Unified School District, GO, Series A
	5,000	Norco, California, Redevelopment Agency, Tax Allocation Refund Redevelopment Project-Area Number 1), 5.125% due 3/01/2030 (f)
	1,750	Poway, California, Redevelopment Agency, Tax Allocation Refund Redevelopment Project), 5.125% due 6/15/2033 (a)
	6,145	Stockton, California, Public Financing Authority, Lease Revenue Capital Projects), 5.125% due 9/01/2030 (b)
	1,600	Tamalpais, California, Union High School District, GO (Electio 8/01/2028 (d)
-----		
Colorado - 9.4%		Boulder County, Colorado, Hospital Development Revenue Bonds (H Hospital Project) (k):
	2,705	5.60% due 12/01/2015
	2,135	5.75% due 12/01/2020
	185	Colorado HFA, Revenue Bonds (S/F Program), AMT, Senior Series 11/01/2027
	930	Colorado HFA, Revenue Refunding Bonds (S/F Program), AMT, Seni due 4/01/2031 Colorado Health Facilities Authority Revenue Bon
	1,200	(Catholic Health Initiatives), Series A, 5.50% due 3/01/203
	1,200	(Covenant Retirement Communities Inc.), Series A, 5.50% due
	675	(Covenant Retirement Communities Inc.), Series A, 5.50% due

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		Colorado Water Resources and Power Development Authority, Clearwater Series A:
	3,875	6.25% due 9/01/2010 (g)
	405	6.25% due 9/01/2016
	2,000	Denver, Colorado, City and County Airport Revenue Refunding Bonds due 11/15/2018 (a)
	5,450	El Paso County, Colorado, School District Number 49, Falcon, Colorado, 12/01/2018 (d)
	8,950	Northwest Parkway, Colorado, Public Highway Authority, Capital Bonds, Senior Convertible, Series C, 4.867%* due 6/15/2025 (d)
	1,900	Northwest Parkway, Colorado, Public Highway Authority Revenue Refunding Bonds due 6/15/2021 (a)
Florida - 0.7%	2,500	Escambia County, Florida, Health Facilities Authority, Health Facilities Authority (Florida Health Care Facility Loan), 5.95% due 7/01/2020 (a)
Georgia - 10.6%	18,655	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series A, 1/01/2033 (d)
	2,300	Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2025 (a)
	3,500	Fulton County, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2025 (a)
	7,725	Georgia Municipal Electric Authority, Power Revenue Refunding Bonds due 1/01/2025 (a)
Illinois - 22.0%	5,125	Chicago, Illinois, Board of Education, GO, RIB, Series 467, 8.125% due 12/01/2027 (a) (j)
	3,750	Chicago, Illinois, Gas Supply Revenue Refunding Bonds (People's Gas Company) Series A, 6.10% due 6/01/2025 (a)

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2005

(in Thousands)

State	Face Amount	Municipal Bonds
		Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2:
	\$ 5,670	5.75% due 1/01/2023 (d)
	2,500	6% due 1/01/2029 (c)
	4,550	Chicago, Illinois, O'Hare International Airport, Revenue Refunding Bonds, Series 250, 8.159% due 1/01/2021 (f) (j)
	3,000	Cook County, Illinois, Capital Improvement, GO, Series C, 5.50% due 1/01/2025 (a)
	2,240	Cook County, Illinois, Community College District No. 508, Chicago, 8.75% due 1/01/2007 (b)
	3,000	Illinois Health Facilities Authority, Revenue Refunding Bonds Series A, 6.375% due 8/15/2006 (d) (g)
	4,200	Illinois Health Facilities Authority, Revenue Refunding Bonds (Hospitals), VRDN, 2.98% due 8/01/2026 (f) (i)
	21,160	Illinois Sports Facilities Authority, State Tax Supported Revenue Refunding Bonds, 5.349%* due 6/15/2030
	4,500	5% due 6/15/2032
	3,000	Metropolitan Pier and Exposition Authority, Illinois, Dedicated Revenue Refunding Bonds (McCormick Place Expansion Project), Series B, 5.50% due 11/01/2020 (a)
	10,115	Regional Transportation Authority, Illinois, Revenue Bonds, Series A, 11/01/2020 (a)
Indiana - 5.0%	2,500	Brownsburg, Indiana, School Building Corporation, First Mortgage Revenue Refunding Bonds, Series A, 5.00% due 11/01/2020 (a)

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	4,080	(Brownsburg Community School), 5.55% due 2/01/2010 (f)(g) Hammond, Indiana, Multi-School Building Corporation, First Mortgage Refunding Bonds, 6.125% due 7/15/2019 (f) Indiana Transportation Finance Authority, Highway Revenue Bonds
	4,250	5.25% due 6/01/2028
	3,750	5.25% due 6/01/2029
	1,500	Indianapolis, Indiana, Local Public Improvement Bond Bank Revenue Project), Series A, 5.25% due 7/01/2033 (f)
-----		
Kansas - 0.4%	1,240	Sedgwick and Shawnee Counties, Kansas, S/F Revenue Bonds (Mortgage Program), AMT, Series A-1, 6.875% due 12/01/2026 (e)(f)
-----		
Louisiana - 3.9%	6,000	Louisiana Local Government, Environmental Facilities, Community Revenue Bonds (Capital Projects and Equipment Acquisition), Series A, 7/01/2030 (a)
	5,150	New Orleans, Louisiana, Ernest N. Morial Exhibit Hall Authority Sub-Series A, 5.25% due 7/15/2028 (a)
	1,400	Terrebonne Parish, Louisiana, Hospital Service District Numbered Bonds (Terrebonne General Medical Center Project), 5.50% due 4/1/2028
-----		
Massachusetts - 6.4%		Massachusetts Bay Transportation Authority, Sales Tax Revenue Bonds Senior Series A:
	1,500	5% due 7/01/2032
	1,625	5% due 7/01/2035
	4,985	Massachusetts State Port Authority, Special Facilities Revenue Bonds Series 501, 7.654% due 7/01/2009 (a)(j)
	1,800	Massachusetts State Special Obligation Dedicated Tax Revenue Bonds Series A, 5.25% due 1/01/2028
	10,000	5.25% due 1/01/2029

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2005

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 650	Massachusetts State Water Resource Authority, General Revenue Bonds Series B, 5.125% due 8/01/2027 (f)
-----		
Michigan - 5.1%	6,200	Detroit, Michigan, Water Supply System Revenue Bonds, Series B, 7/01/2032 (f)
	2,200	Michigan Higher Education Student Loan Authority, Student Loan Bonds, AMT, Series XVII-G, 5.20% due 9/01/2020 (a)
		Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Edison Company Project), AMT (c):
	2,500	Series C, 5.65% due 9/01/2029
	1,300	Series A, 5.50% due 6/01/2030
	4,300	Series C, 5.45% due 12/15/2032
-----		
Mississippi - 0.8%	2,400	Walnut Grove, Mississippi, Correctional Authority, COP, 6% due 12/1/2027
-----		
Nebraska - 0.5%	1,700	Washington County, Nebraska, Wastewater Facilities Revenue Bonds (Project), AMT, 5.90% due 11/01/2027
-----		
Nevada - 8.3%	3,100	Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series A, 5.50% due 9/01/2033 (k)

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		Clark County, Nevada, Airport System Subordinate Lien Revenue
	1,500	Series A-2, 5% due 7/01/2030
	3,200	Series A-2, 5% due 7/01/2036
	2,000	Series B, 5.25% due 7/01/2034
		Director of the State of Nevada, Department of Business and In
		(Las Vegas Monorail Company Project), First Tier (a):
	750	5.625% due 1/01/2032
	3,280	5.375% due 1/01/2040
	10,450	Washoe County, Nevada, Gas and Water Facilities Revenue Refund
		Pacific Power Company), 6.30% due 12/01/2014 (a)
	3,000	Washoe County, Nevada, Water Facility Revenue Bonds (Sierra Pa
		AMT, 6.65% due 6/01/2017 (f)
-----		
New Hampshire - 2.4%	7,390	New Hampshire Health and Education Facilities Authority Revenue
		(Dartmouth-Hitchcock Obligation Group, 5.50% due 8/01/2027 (d))
-----		
New Jersey - 8.8%		New Jersey EDA, Revenue Bonds, ROLS (j) (m):
	7,625	Series II-R-309-1, 7.883% due 6/15/2024
	2,500	Series II-R-309-2, 7.883% due 6/15/2031
		New Jersey EDA, Cigarette Tax Revenue Bonds:
	700	5.50% due 6/15/2031
	1,165	5.75% due 6/15/2034
		New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series
	2,600	5% due 7/01/2029
	7,250	5.25% due 7/01/2031
	5,200	5.25% due 7/01/2033
-----		
New York - 9.8%	3,000	Erie County, New York, IDA, School Facility Revenue Bonds (Cit
		5.75% due 5/01/2025 (d)
	6,960	New York City, New York, GO, DRIVERS, Series 356, 7.693% due 6

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2005

(in Thousands)

State	Face Amount	Municipal Bonds
		New York City, New York, GO, Refunding:
	\$ 2,305	Series A, 6.375% due 5/15/2010 (b) (g)
	3,560	Series A, 6.375% due 5/15/2010 (b) (g)
	440	Series A, 6.375% due 5/15/2013 (b)
	435	Series A, 6.375% due 5/15/2014 (b)
	550	Series A, 6.375% due 5/15/2015 (b)
	1,245	Series L, 5.75% due 8/01/2013 (c)
	3,290	New York City, New York, GO, Series E, 5.75% due 5/15/2010 (c)
	7,650	Tobacco Settlement Financing Corporation of New York Revenue B
		5.25% due 6/01/2022 (a)
-----		
Pennsylvania - 6.1%	600	Allegheny County, Pennsylvania, Sanitation Authority, Sewer Re
		due 12/01/2030 (f)
	7,750	Pennsylvania State Public School Building Authority, School Le
		School District of Philadelphia Project), 5% due 6/01/2033 (d)
	6,500	Philadelphia, Pennsylvania, Authority for Industrial Developme
		Series B, 5.50% due 10/01/2020 (d)
	4,500	Philadelphia, Pennsylvania, School District, GO, Series B, 5.6

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Rhode Island - 2.6%	4,345	Providence, Rhode Island, Public Building Authority, General R 6.25% due 12/15/2020 (d)
	3,355	Rhode Island State Economic Development Corporation, Airport R 6.50% due 7/01/2015 (b)
South Carolina - 0.3%	855	South Carolina Housing Finance and Development Authority, Mort Bonds, AMT, Series A-2, 5.875% due 7/01/2009 (d)
South Dakota - 2.2%	7,000	South Dakota State Health and Educational Facilities Authority Bonds, Series A, 7.625% due 1/01/2008 (f)(g)
Tennessee - 0.7%	2,280	Tennessee HDA, Revenue Refunding Bonds (Homeownership Program) due 7/01/2012 (f)
Texas - 11.0%	800	Bell County, Texas, Health Facilities Development Corporation, Bonds (Scott & White Memorial Hospital), VRDN, Series 2001-1, 8/15/2031 (f)(i)
	1,615	Bexar, Texas, Metropolitan Water District, Waterworks System R 6.35% due 5/01/2025 (f)
	2,000	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, Series 202, 8.67% due 11/01/2028 (b)
	7,250	Series 353, 7.654% due 5/01/2011 (f)
	700	Harris County, Texas, Health Facilities Development Corporatio Bonds (Texas Children's Hospital), VRDN, Series B-1, 2.98% due due 7/01/2030 (d)
	9,345	Leander, Texas, Independent School District, Capital Appreciat (School Building), 5.484*** due 8/15/2029 (b)
	5,820	North Harris County, Texas, Regional Water Authority, Senior L 5.125% due 12/15/2035 (f)
	6,250	Texas State Turnpike Authority, Central Texas Turnpike System Tier, Series A, 5.50% due 8/15/2039 (a)
	5,200	Travis County, Texas, Health Facilities Development Corporatio Bonds, RITR, Series 4, 8.374% due 11/15/2024 (a)(j)
	1,000	University of Houston, Texas, University Revenue Bonds, 5.50%
Virginia - 3.9%	10,000	Fairfax County, Virginia, EDA, Resource Recovery Revenue Refun Series A, 6.10% due 2/01/2010 (a)

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2005

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 2,300	Halifax County, Virginia, IDA, Exempt Facility Revenue Refundi Electric Cooperative Project), AMT, 5.625% due 6/01/2028 (a)
Washington - 3.6%	2,150	King County, Washington, Sewer Revenue Refunding Bonds, Series 1/01/2027 (d)
	2,000	Snohomish County, Washington, Public Utility District Number 0 Refunding Bonds, 5.375% due 12/01/2024 (d)
	7,000	Washington State, GO, Series A and AT-6, 6.25% due 2/01/2011 (
Total Investments (Cost - \$498,702**) - 154.5%		

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Liabilities in Excess of Other Assets - (0.2%)

Preferred Stock, at Redemption Value - (54.3%)

Net Assets Applicable to Common Stock - 100.0%

\* Represents a step bond; the interest rate shown is the effective yield at the time of purchase by the Fund.

\*\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2005, as computed for federal income tax purposes, were as follows:

	(in Thousands)
-----	
Aggregate cost	\$498,722
	=====
Gross unrealized appreciation	\$ 34,152
Gross unrealized depreciation	(332)
	-----
Net unrealized appreciation	\$ 33,820
	=====

\*\*\* Represents a zero coupon bond; the interest rate shown is the effective yield at the time of purchase by the Fund.

- (a) AMBAC Insured.
- (b) FGIC Insured.
- (c) XL Capital Insured.
- (d) FSA Insured.
- (e) GNMA Collateralized.
- (f) MBIA Insured.
- (g) Prerefunded.
- (h) Escrowed to maturity.
- (i) Security may have a maturity of more than one year at time of issuance, but has variable rate and demand features that qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.
- (j) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.
- (k) Radian Insured.
- (l) CIFG Insured.
- (m) Assured Guaranty Insured.

MuniEnhanced Fund, Inc.  
Schedule of Investments as of April 30, 2005

Forward interest rate swaps outstanding as of April 30, 2005 were as follows:

	(in Tho	
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	Un	Un
	Appr	Appr
	Notional Amount	(Depre
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Receive a variable rate equal to the 7-Day Bond Market

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Association Municipal Swap Index Rate and pay a fixed rate of 3.88%

Broker, JPMorgan Chase Bank  
Expires July 2015

\$25,000

Receive a variable rate equal to the 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate of 3.935%

Broker, JPMorgan Chase Bank  
Expires May 2025

\$25,000

Receive a variable rate equal to the 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate of 4.187%

Broker, Morgan Stanley Capital Services, Inc.  
Expires June 2025

\$20,000

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Total

Item 2 - Controls and Procedures

- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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.

MuniEnhanced Fund, Inc.

By: /s/ Robert C. Doll, Jr.  
-----

Robert C. Doll, Jr.  
Chief Executive Officer  
MuniEnhanced Fund, Inc.

Date: June 20, 2005



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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.

By: /s/ Robert C. Doll, Jr.  
-----

Robert C. Doll, Jr.  
Chief Executive Officer  
MuniEnhanced Fund, Inc.

Date: June 20, 2005

By: /s/ Donald C. Burke  
-----

Donald C. Burke  
Chief Financial Officer  
MuniEnhanced Fund, Inc.

Date: June 20, 2005