

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 |
| | 3,000 | 5.375% due 5/01/2022 (f) |
| | 6,000 | California State, GO, Refunding: |
| | 5,000 | 5.25% due 9/01/2026 |
| | 2,200 | 5.25% due 2/01/2030 (f) |
| | 8,490 | 5.125% due 6/01/2031 |
| | | ROLS, Series II-R-272, 7.356% due 2/01/2033 (j) (k) |
| | | 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 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 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 1, 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 12/15/2027 |
| ----- | | |
| 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 | Un |
|-------|-----------------|--------|
| ----- | | |
| | Notional Amount | Appr |
| | | (Depre |
| ----- | | |

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

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