

Edgar Filing: MUNIENHANCED FUND INC - Form N-Q

MUNIENHANCED FUND INC  
 Form N-Q  
 June 27, 2006

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: 01/31/2007

Date of reporting period: 02/01/06 - 04/30/06

Item 1 - Schedule of Investments

MuniEnhanced Fund, Inc.  
 Schedule of Investments as of April 30, 2006 (in Thousands)

State	Face Amount	Municipal Bonds
Alabama - 0.9%	\$ 2,750	Jefferson County, Alabama, Limited Obligation School Warrants, S due 1/01/2022
Arizona - 0.5%	1,750	Downtown Phoenix Hotel Corporation, Arizona, Revenue Bonds, Sub- due 7/01/2036 (b)
California - 26.6%	10,000	Alameda Corridor Transportation Authority, California, Capital A Revenue Refunding Bonds, Subordinate Lien, Series A, 5.464% due
	6,000	Alameda Corridor Transportation Authority, California, Capital A Revenue Refunding Bonds, Subordinate Lien, Series A, 5.495% due
	950	Anaheim, California, Public Financing Authority, Electric System Facilities Revenue Bonds, Series A, 5% due 10/01/2031 (d)
	5,000	Anaheim, California, Public Financing Authority, Lease Revenue B Improvements Project), Senior-Series A, 6% due 9/01/2024 (d)
	2,600	California State University, Systemwide Revenue Bonds, Series A, due 11/01/2035 (b)
	3,000	California State, GO, 5% due 8/01/2035
	2,350	California State, GO, Refunding, 5.25% due 9/01/2010 (g)
	5,000	California State, GO, Refunding, 5.125% due 6/01/2031

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	2,200	California State, GO, Refunding, ROLS, Series II-R-272, 6.566% due 11/01/2033 (i) (j)
	8,490	California State, Various Purpose, GO, 5.50% due 11/01/2033
	1,550	California State, Various Purpose, GO, Refunding, 5% due 12/01/2030
	850	Chino Valley, California, Unified School District, GO (Election Series C, 5.25% due 8/01/2030 (f)
	2,835	Golden State Tobacco Securitization Corporation of California, Tobacco Revenue Bonds, Series B, 5.50% due 6/01/2013 (c) (g)
	3,000	Golden State Tobacco Securitization Corporation of California, Tobacco Revenue Bonds, Series B, 5.625% due 6/01/2013 (g) (k)
	5,300	Los Angeles, California, Department of Water and Power, Waterworks Revenue Bonds, Series C, 5% due 7/01/2029 (f)
	5,950	Los Angeles, California, Unified School District, GO, Series A, 5.50% due 1/01/2028 (f)
	2,965	Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Series B-1, 5% due 10/01/2029 (b)
	5,000	Norco, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Redevelopment Project - Area Number 1), 5.125% due 3/01/2030 (f)
	1,750	Poway, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Redevelopment Project), 5.125% due 6/15/2033 (a)
	1,000	San Diego, California, Community College District, GO (Election Series A, 5.50% due 5/01/2030 (d)
	6,145	Stockton, California, Public Financing Authority, Lease Revenue Bonds (Capital Projects), 5.125% due 9/01/2030 (b)
	1,600	Tamalpais, California, Union High School District, GO (Election Series A, 5.50% due 8/01/2028 (d)
	1,200	University of California, Limited Project Revenue Bonds, Series A, 5.50% due 5/15/2033 (d)
	1,550	University of California Revenue Bonds (Multiple Purpose Project Series A, 5.50% due 9/01/2034 (d)
	2,325	Ventura County, California, Community College District, GO (Election Series B, 5% due 8/01/2030 (f)
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Colorado - 8.3%	2,135	Boulder County, Colorado, Hospital Development Revenue Bonds (Local Hospital Project), 5.75% due 12/01/2020 (i)
	110	Colorado HFA Revenue Bonds (S/F Program), AMT, Senior Series A-1, 5.50% due 11/01/2027
	735	Colorado HFA, Revenue Refunding Bonds (S/F Program), AMT, Senior Series A, 7.50% due 4/01/2031
	1,200	Colorado Health Facilities Authority Revenue Bonds (Catholic Health Services Series A, 5.50% due 3/01/2032 (h)
	1,200	Colorado Health Facilities Authority Revenue Bonds (Covenant Return Communities Inc.), Series A, 5.50% due 12/01/2027 (i)
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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

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ROLS            Reset Option Long Securities  
S/F             Single-Family

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 675	Colorado Health Facilities Authority Revenue Bonds (Covenant Ret Communities Inc.), Series A, 5.50% due 12/01/2033 (i)
	3,875	Colorado Water Resources and Power Development Authority, Clean Bonds, Series A, 6.25% due 9/01/2010 (g)
	2,000	Denver, Colorado, City and County Airport, Revenue Refunding Bonds, Series A, 6% due 11/15/2018 (a)
	5,450	El Paso County, Colorado, School District Number 49, Falcon, CO, due 12/01/2018 (d)
	7,900	Northwest Parkway, Colorado, Public Highway Authority, Capital A Revenue Bonds, Senior Convertible, Series C, 5.345% due 6/15/2021 (a)
	1,900	Northwest Parkway, Colorado, Public Highway Authority Revenue Bonds, Series A, 5.50% due 6/15/2021 (a)
Florida - 1.8%	4,200	Orange County, Florida, Sales Tax Revenue Refunding Bonds, Series A, due 1/01/2032 (b)
	1,550	Pasco County, Florida, School Board, COP, Series A, 5% due 8/01/2012 (a)
Georgia - 11.8%	18,655	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series A, due 1/01/2033 (d)
	3,100	Atlanta, Georgia, Water and Wastewater Revenue Bonds, 5% due 11/15/2012 (a)
	2,610	Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2012 (a)
	3,500	Fulton County, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2012 (a)
	7,725	Georgia Municipal Electric Authority, Power Revenue Refunding Bonds, Series A, 7% due 1/01/2025 (a)
Illinois - 21.2%	5,125	Chicago, Illinois, Board of Education, GO, RIB, Series 467, 7.43% due 12/01/2027 (a) (j)
	2,700	Chicago, Illinois, O'Hare International Airport, General Revenue Bonds, Lien, Series A, 5.25% due 1/01/2026 (f)
	3,300	Chicago, Illinois, O'Hare International Airport, General Revenue Bonds, Lien, Series A, 5% due 1/01/2033 (b)
	5,670	Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2, 5.75% due 1/01/2023 (d)
	2,500	Chicago, Illinois, O'Hare International Airport Revenue Bonds, Series B-2, 6% due 1/01/2029 (c)
	4,550	Chicago, Illinois, O'Hare International Airport, Revenue Refunding Bonds, DRIVERS, AMT, Series 250, 7.343% due 1/01/2021 (f) (j)
	2,460	Cook County, Illinois, Capital Improvement, GO, Series C, 5.50% due 11/15/2012 (a) (g)
	2,240	Cook County, Illinois, Community College District Number 508, CHS, Revenue Refunding, 8.75% due 1/01/2007 (b)
	3,000	Illinois Health Facilities Authority, Revenue Refunding Bonds (State Project), Series A, 6.375% due 8/15/2006 (d) (g)
	20,120	Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, Series A, 5.50% due 6/15/2010 (a) (m)
	4,500	Illinois Sports Facilities Authority, State Tax Supported Revenue Bonds, Series A, 5.50% due 6/15/2032 (a)
	2,000	Metropolitan Pier and Exposition Authority, Illinois, Dedicated Revenue Bonds, Series A, 5.50% due 1/01/2025 (a)

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		Refunding Bonds (McCormick Place Expansion Project), Series B, 5% due 6/15/2023 (f)
	10,115	Regional Transportation Authority, Illinois, Revenue Bonds, Series B, due 11/01/2020 (a)
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Indiana - 4.5%	4,080	Hammond, Indiana, Multi-School Building Corporation, First Mortgage Refunding Bonds, 6.125% due 7/15/2019 (f)
	2,150	Indiana Transportation Finance Authority, Highway Revenue Bonds, due 6/01/2028 (d)
	4,250	Indiana Transportation Finance Authority, Highway Revenue Bonds, due 6/01/2028 (b)
	3,750	Indiana Transportation Finance Authority, Highway Revenue Bonds, due 6/01/2029 (b)
-----		
Louisiana - 6.4%	4,500	Lafayette, Louisiana, Utilities Revenue Bonds, 5% due 11/01/2028
	6,000	Louisiana Local Government, Environmental Facilities, Community Authority Revenue Bonds (Capital Projects and Equipment Acquisition), 6.30% due 7/01/2030 (a)
	2,035	Louisiana State Citizens Property Insurance Corporation, Assessment Bonds, Series B, 5% due 6/01/2023 (a)
	3,735	Louisiana State Transportation Authority, Senior Lien Toll Revenue Appreciation Bonds, Series B, 5.31% due 12/01/2027 (a)(m)
	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 Number 1 Revenue Bonds (Terrebonne General Medical Center Project), 5.50% due 4/01/2033 (a)
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Massachusetts - 11.7%	1,625	Massachusetts Bay Transportation Authority, Sales Tax Revenue Bonds, Senior Series A, 5% due 7/01/2035
	2,000	Massachusetts Bay Transportation Authority, Special Assessment Revenue Bonds, Series A, 5% due 7/01/2031
	2,500	Massachusetts State, Consolidated Loan, GO, Series C, 5% due 9/01/2030
	2,800	Massachusetts State, HFA, Housing Revenue Bonds, DRIVERS, AMT, Series A, due 1/01/2011 (d)(j)
	4,985	Massachusetts State Port Authority, Special Facilities Revenue Bonds, AMT, Series 501, 6.838% due 7/01/2009 (a)(j)
	7,250	Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5% due 8/15/2030 (d)

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 1,800	Massachusetts State Special Obligation Dedicated Tax Revenue Bonds, due 1/01/2014 (b)(g)
	10,000	Massachusetts State Special Obligation Dedicated Tax Revenue Bonds, due 1/01/2014 (b)(g)
	950	Massachusetts State Water Resource Authority, General Revenue Bonds, Series B, 5.125% due 8/01/2027 (f)
	3,100	University of Massachusetts Building Authority, Facilities Revenue Bonds, Series 4-A, 5.125% due 11/01/2014 (f)(g)
-----		
Michigan - 5.0%	6,200	Detroit, Michigan, Water Supply System Revenue Bonds, Series B, 5% due 11/01/2020 (a)

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		due 7/01/2032 (f)
	1,700	Michigan Higher Education Student Loan Authority, Student Loan R Bonds, AMT, Series XVII-G, 5.20% due 9/01/2020 (a)
	1,300	Michigan State Strategic Fund, Limited Obligation Revenue Refund (Detroit Edison Company Project), AMT, Series A, 5.50% due 6/01/
	2,500	Michigan State Strategic Fund, Limited Obligation Revenue Refund (Detroit Edison Company Project), AMT, Series C, 5.65% due 9/01/
	4,300	Michigan State Strategic Fund, Limited Obligation Revenue Refund (Detroit Edison Company Project), AMT, Series C, 5.45% due 12/15
Mississippi - 0.8%	2,400	Walnut Grove, Mississippi, Correctional Authority, COP, 6% due 1
Nebraska - 0.5%	1,700	Washington County, Nebraska, Wastewater Facilities Revenue Bonds Project), AMT, 5.90% due 11/01/2027
Nevada - 6.1%	3,100	Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospit Series A, 5.50% due 9/01/2033 (i)
	1,500	Clark County, Nevada, Airport System Subordinate Lien Revenue Bo 5% due 7/01/2030 (b)
	3,200	Clark County, Nevada, Airport System Subordinate Lien Revenue Bo 5% due 7/01/2036 (b)
	9,000	Washoe County, Nevada, Gas and Water Facilities, Revenue Refundi Pacific Power Company), 6.30% due 12/01/2014 (a)
	3,000	Washoe County, Nevada, Water Facility Revenue Bonds (Sierra Paci Company), 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 - 10.4%	700	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/15/2031
	1,165	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75% due 6/15/2034
	2,600	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, due 7/01/2029 (f)
	9,325	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, due 7/01/2031 (f)
	5,200	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series A, due 7/01/2033 (f)
	7,625	New Jersey EDA, Revenue Bonds, ROLS, Series II-R-309-1, 7.073% due 6/15/2024 (e) (j)
	2,500	New Jersey EDA, Revenue Bonds, ROLS, Series II-R-309-2, 7.073% due 6/15/2031 (e) (j)
	3,100	New Jersey EDA, School Facilities Construction Revenue Bonds, Se due 3/01/2028
New York - 6.3%	2,250	Metropolitan Transportation Authority, New York, Transportation Series A, 5% due 11/15/2032 (b)
	2,325	New York City, New York, City Municipal Water Finance Authority, System, Revenue Refunding Bonds, Series A, 5% due 6/15/2035 (f)
	6,960	New York City, New York, GO, DRIVERS, Series 356, 6.867% due 6/0
	7,650	Tobacco Settlement Financing Corporation of New York Revenue Bon 5.25% due 6/01/2022 (a)
Pennsylvania - 5.3%	10,575	Pennsylvania State Public School Building Authority, School Leas (The School District of Philadelphia Project), 5% due 6/01/2033
	6,500	Philadelphia, Pennsylvania, Authority for Industrial Development Bonds, Series B, 5.50% due 10/01/2020 (d)
Rhode Island - 2.6%	4,345	Providence, Rhode Island, Public Building Authority, General Rev Series A, 6.25% due 12/15/2020 (d)
	3,355	Rhode Island State Economic Development Corporation, Airport Rev Series B, 6.50% due 7/01/2010 (b) (g)

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South Carolina - 1.1%	1,560	Charleston Educational Excellence Financing Corporation, South Carolina Bonds, ROLS, Series II-R-481X-1, 6.586% due 12/01/2028 (e) (j)
	1,383	Charleston Educational Excellence Financing Corporation, South Carolina Bonds, ROLS, Series II-R-481X-2, 6.586% due 12/01/2029 (e) (j)
	505	Charleston Educational Excellence Financing Corporation, South Carolina Bonds, ROLS, Series II-R-481X-3, 6.586% due 12/01/2030 (e) (j)
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), 5.95% due 7/01/2012 (f)
Texas - 10.9%	1,615	Bexar, Texas, Metropolitan Water District, Waterworks System Revenue Bonds, 6.35% due 5/01/2025 (f)
	2,000	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, Series 202, 7.843% due 11/01/2028 (b) (j)
	7,250	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, Series 353, 6.838% due 5/01/2011 (f) (j)

MuniEnhanced Fund, Inc.

Schedule of Investments as of April 30, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 9,345	Leander, Texas, Independent School District, Capital Appreciation (School Building), 5.84% due 8/15/2029 (b) (m)
	5,820	North Harris County, Texas, Regional Water Authority, Senior Lien 5.125% due 12/15/2035 (f)
	2,700	Texas State Transportation Commission, GO (Mobility Fund), Series due 4/01/2028
	6,250	Texas State Turnpike Authority, Central Texas Turnpike System Revenue First Tier, Series A, 5.50% due 8/15/2039 (a)
	5,200	Travis County, Texas, Health Facilities Development Corporation, Refunding Bonds, RITR, Series 4, 7.635% due 11/15/2024 (a) (j)
Virginia - 4.0%	10,000	Fairfax County, Virginia, EDA, Resource Recovery Revenue Refunding Series A, 6.10% due 2/01/2010 (a)
	2,300	Halifax County, Virginia, IDA, Exempt Facility Revenue Refunding Dominion Electric Cooperative Project), AMT, 5.625% due 6/01/202
Washington - 1.7%	3,600	Seattle, Washington, Municipal Light and Power Revenue Refunding due 11/01/2028 (d)
	2,000	Snohomish County, Washington, Public Utility District Number 001 Revenue Refunding Bonds, 5.375% due 12/01/2009 (d) (g)
		Total Municipal Bonds (Cost - \$492,717) - 153.7%

Shares Held

Short-Term Securities

2,900 Merrill Lynch Institutional Tax-Exempt Fund, 3.49% (1) (n)

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 Total Short-Term Securities (Cost - \$2,900) - 0.9%  
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Total Investments (Cost - \$495,617\*) - 154.6%

Other Assets Less Liabilities - 1.6%

Preferred Stock, at Redemption Value - (56.2%)

Net Assets Applicable to Common Stock - 100.0%

\* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2006, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 495,617
	=====
Gross unrealized appreciation	\$ 20,289
Gross unrealized depreciation	(780)
	-----
Net unrealized appreciation	\$ 19,509
	=====

- (a) AMBAC Insured.
- (b) FGIC Insured.
- (c) XL Capital Insured.
- (d) FSA Insured.
- (e) Assured Guaranty Insured.
- (f) MBIA Insured.
- (g) Prerefunded.
- (h) Escrowed to maturity.
- (i) Radian Insured.
- (j) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.
- (k) CIFG Insured.
- (l) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	695	\$21

- (m) Represents a zero coupon or step bond; the interest rate shown is the effective yield at the time of purchase.
- (n) Reflects the effective yield as of 4/30/2006.

MuniEnhanced Fund, Inc.  
 Schedule of Investments as of April 30, 2006 (in Thousands)

- o Forward interest rate swaps outstanding as of April 30, 2006 were as follows:

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	Notional Amount	U Ap
Pay a fixed rate of 3.844% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, JPMorgan Chase Bank Expires May 2016	\$ 35,000	\$
Pay a fixed rate of 4.034% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, JPMorgan Chase Bank Expires July 2016	\$ 15,000	
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 22, 2006



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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 22, 2006

By: /s/ Donald C. Burke

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

Date: June 22, 2006