

Edgar Filing: BLACKROCK MUNI ENHANCED FUND INC - Form N-Q

BLACKROCK MUNI ENHANCED FUND INC

Form N-Q

February 28, 2007

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: BlackRock 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, BlackRock 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: 08/01/06 - 10/31/06

Item 1 - Schedule of Investments

BlackRock MuniEnhanced Fund, Inc.

Schedule of Investments as of October 31, 2006 (in Thousands)

State	Face Amount	Municipal Bonds
Alabama - 0.9%	\$ 2,750	Jefferson County, Alabama, Limited Obligation School Warrants, due 1/01/2022
California - 29.4%	10,000	Alameda Corridor Transportation Authority, California, Capital Refunding Bonds, Subordinate Lien, Series A, 5.464% due 10/01/2027
	6,000	Alameda Corridor Transportation Authority, California, Capital Refunding Bonds, Subordinate Lien, Series A, 5.495% due 10/01/2027
	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 Bonds (Improvements Project), Senior-Series A, 6% due 9/01/2024 (d)
	2,350	California State, GO, Refunding, 5.25% due 9/01/2010 (g)
	1,700	California State, GO, Refunding, 5.125% due 6/01/2027
	5,000	California State, GO, Refunding, 5.125% due 6/01/2031
	1,900	California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series C, 5% due 6/01/2025
	2,600	California State University, Systemwide Revenue Bonds, Series

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	due 11/01/2035 (b)
8,490	California State, Various Purpose, GO, 5.50% due 11/01/2033
850	Chino Valley, California, Unified School District, GO (Election 5.25% due 8/01/2030 (f)
1,600	East Side Union High School District, California, Santa Clara of 2002), Series D, 5% due 8/01/2026 (c)
2,835	Golden State Tobacco Securitization Corporation of California, Revenue Bonds, Series B, 5.50% due 6/01/2013 (c) (g)
3,000	Golden State Tobacco Securitization Corporation of California, Revenue Bonds, Series B, 5.625% due 6/01/2013 (g) (k)
5,300	Los Angeles, California, Department of Water and Power, Waterworks Series C, 5% due 7/01/2029 (f)
7,600	Los Angeles, California, Unified School District, GO, Series A
2,965	Metropolitan Water District of Southern California, Waterworks Series B-1, 5% due 10/01/2029 (b)
1,655	Metropolitan Water District of Southern California, Waterworks Series B-1, 5% due 10/01/2036 (b)
5,000	Norco, California, Redevelopment Agency, Tax Allocation Refund Redevelopment Project - Area Number 1), 5.125% due 3/01/2030 (
7,455	Orange County, California, Sanitation District, COP, 5% due 2/
1,750	Poway, California, Redevelopment Agency, Tax Allocation Refund Redevelopment Project), 5.125% due 6/15/2033 (a)

Portfolio Abbreviations

To simplify the listings of BlackRock 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
EDA	Economic Development Authority
GO	General Obligation Bonds
HDA	Housing Development Authority
HFA	Housing Finance Agency
IDA	Industrial Development Authority
IDR	Industrial Development Revenue Bonds
S/F	Single-Family

BlackRock MuniEnhanced Fund, Inc.

Schedule of Investments as of October 31, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 3,850	Sacramento, California, Unified School District, GO (Election 7/01/2030 (f)
	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 (Election due 8/01/2028 (d)
	2,325	Ventura County, California, Community College District, GO (Election Series B, 5% due 8/01/2030 (f)

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Colorado - 8.2%	2,135	Boulder County, Colorado, Hospital Development Revenue Bonds (Hospital Project), 5.75% due 12/01/2010 (g) (i)	
	80	Colorado HFA, Revenue Bonds (S/F Program), AMT, Senior Series due 11/01/2027	
	650	Colorado HFA, Revenue Refunding Bonds (S/F Program), AMT, Senior Series 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 Renter's), Series A, 5.50% due 12/01/2027 (i)	
	675	Colorado Health Facilities Authority Revenue Bonds (Covenant Renter's), Series A, 5.50% due 12/01/2033 (i)	
	3,875	Colorado Water Resources and Power Development Authority, Clearwater 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, General Obligation Bonds, Series A, 5% due 12/01/2009 (d) (g)	
	7,900	Northwest Parkway, Colorado, Public Highway Authority, Capital Improvement Bonds, Senior Convertible, Series C, 5.345% due 6/15/2025 (d) (e)	
	1,900	Northwest Parkway, Colorado, Public Highway Authority Revenue Refunding Bonds, Series A, 5% due 6/15/2021 (a)	
	<hr/>		
	District of Columbia - 0.8%	2,700	District of Columbia, COP, 5% due 1/01/2025 (b)
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Florida - 1.7%	1,400	Highlands County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Adventist Health System), Series C, 5.25% due 11/15/2036	
	4,200	Orange County, Florida, Sales Tax Revenue Refunding Bonds, Series A, 5% due 1/01/2032 (b)	
<hr/>			
Georgia - 12.5%	17,355	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series A, 5% due 1/01/2033 (d)	
	2,900	Atlanta, Georgia, Water and Wastewater Revenue Bonds, 5% due 1/01/2033 (d)	
	1,000	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series A, 5% due 1/01/2033 (d)	
	4,250	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series A, 5% due 1/01/2033 (d)	
	2,300	Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2033 (d)	
	2,500	Fulton County, Georgia, Water and Sewer Revenue Bonds, 5.25% due 10/01/2033 (d)	
7,725	Georgia Municipal Electric Authority, Power Revenue Refunding Bonds, Series A, 5% due 1/01/2025 (a)		
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Illinois - 15.2%	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)	
	2,460	Cook County, Illinois, Capital Improvement, GO, Series C, 5.50% due 1/01/2033 (d)	
	2,240	Cook County, Illinois, Community College District Number 508, Revenue Refunding, 8.75% due 1/01/2007 (b)	
	20,120	Illinois Sports Facilities Authority, State Tax Supported Revenue Refunding Bonds, Series A, 5% due 6/15/2030 (a) (m)	
	4,500	Illinois Sports Facilities Authority, State Tax Supported Revenue Refunding Bonds, Series A, 5% due 6/15/2032 (a)	
	2,000	Metropolitan Pier and Exposition Authority, Illinois, Dedicated Revenue Refunding Bonds (McCormick Place Expansion Project), Series B, 5% due 6/15/2023 (f)	
	10,115	Regional Transportation Authority, Illinois, Revenue Bonds, Series A, 5% due 11/01/2020 (a)	

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(in Thousands)

State	Face Amount	Municipal Bonds
Indiana - 4.4%	\$ 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 11/01/2010
	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)
	4,650	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 4 Bonds (Terrebonne General Medical Center Project), 5.50% due 4/01/2014	
Massachusetts - 6.6%	8,800	Massachusetts State School Building Authority, Dedicated Sales Tax Bonds, Series A, 5% due 8/15/2030 (d)
	11,300	Massachusetts State Special Obligation Dedicated Tax Revenue Bonds, Series A, 6.6% due 1/01/2014 (b)(g)
	950	Massachusetts State Water Resource Authority, General Revenue Bonds, Series B, 5.125% due 8/01/2027 (f)
Michigan - 3.6%	1,900	Detroit, Michigan, Sewage Disposal System, Second Lien Revenue Bonds, 3.6% due 7/01/2036 (b)
	1,700	Michigan Higher Education Student Loan Authority, Student Loan Bonds, AMT, Series XVII-G, 5.20% due 9/01/2020 (a)
	1,300	Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Edison Company Pollution Control Project), AMT, Series A, 5.50% due 7/01/2028 (a)
	2,500	Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Edison Company Pollution Control Project), AMT, Series C, 5.65% due 7/01/2028 (a)
	4,300	Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Edison Company Pollution Control Project), AMT, Series C, 5.45% due 7/01/2028 (a)
Minnesota - 0.5%	1,550	Dakota County, Minnesota Community Development Agency, S/F Mortgage-Backed Securities Program, Series B, 5.15% due 12/01/2014
Mississippi - 0.8%	2,400	Walnut Grove, Mississippi, Correctional Authority, COP, 6% due 7/01/2014
Nebraska - 0.5%	1,700	Washington County, Nebraska, Wastewater Facilities Revenue Bonds (Project), AMT, 5.90% due 11/01/2027
Nevada - 7.2%	3,100	Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital), Series A, 5.50% due 9/01/2033 (i)
	1,500	Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, 5% due 7/01/2030 (b)
	3,200	Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, 5% due 7/01/2030 (b)

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	5,060	5% due 7/01/2036 (b) Clark County, Nevada, IDR (Southwest Gas Corp. Project), AMT, due 9/01/2036 (b)
	8,000	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 - 2.3%	7,390	New Hampshire Health and Education Facilities Authority Revenue (Dartmouth-Hitchcock Obligation Group, 5.50% due 8/01/2027 (d)

BlackRock MuniEnhanced Fund, Inc.

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(in Thousands)

State	Face Amount	Municipal Bonds

New Jersey - 7.5%	\$ 700	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/15/20
	1,165	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75% due 6/15/20
	2,600	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series
	9,325	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series due 7/01/2031 (f)
	5,200	New Jersey EDA, Motor Vehicle Surcharge Revenue Bonds, Series due 7/01/2033 (f)
	4,960	New Jersey EDA, School Facilities Construction Revenue Bonds, due 3/01/2028

New York - 1.4%	2,250	Metropolitan Transportation Authority, New York, Transportatio Series A, 5% due 11/15/2032 (b)
	2,400	Tobacco Settlement Financing Corporation of New York Revenue B 5.25% due 6/01/2022 (a)

Ohio - 0.5%	1,500	Ohio State Air Quality, Development Authority Revenue Bonds (D Company Project), 4.80% due 9/01/2036 (b)

Pennsylvania - 5.9%	12,425	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 Bonds, Series B, 5.50% due 10/01/2020 (d)

Rhode Island - 2.5%	4,345	Providence, Rhode Island, Public Building Authority, General R Series A, 6.25% due 12/15/2020 (d)
	3,355	Rhode Island State Economic Development Corporation, Airport R Series B, 6.50% due 7/01/2010 (b) (g)

South Carolina - 1.6%	2,800	Berkeley County, South Carolina, School District, Installment (Securing Assets for Education Project), 5.125% due 12/01/2030
	2,365	Kershaw County, South Carolina, Public Schools Foundation, Ins Refunding Bonds, 5% due 12/01/2029 (k)

South Dakota - 2.1%	6,825	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)

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due 7/01/2012 (f)

Texas - 5.7%	1,615	Bexar, Texas, Metropolitan Water District, Waterworks System R Bonds, 6.35% due 5/01/2025 (f)
	9,345	Leander, Texas, Independent School District, Capital Appreciat (School Building), 5.49% due 8/15/2029 (b) (m)
	10,000	Leander, Texas, Independent School District, Capital Appreciat (School Building), 5.58% due 8/15/2035 (m)
	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 First Tier, Series A, 5.50% due 8/15/2039 (a)
Virginia - 3.9%	10,000	Fairfax County, Virginia, EDA, Resource Recovery Revenue Refund Series A, 6.10% due 2/01/2010 (a)
	2,300	Halifax County, Virginia, IDA, Exempt Facility Revenue Refundi (Old Dominion Electric Cooperative Project), AMT, 5.625% due 6
Washington - 0.6%	2,000	Snohomish County, Washington, Public Utility District Number 0 Refunding Bonds, 5.375% due 12/01/2009 (d) (g)
Puerto Rico - 0.5%	1,700	Puerto Rico Electric Power Authority, Power Revenue Bonds, Ser due 7/01/2029
Total Municipal Bonds (Cost - \$431,131) - 133.9%		

Municipal Bonds Held in Trust (p)

California - 1.4%	4,400	California State, GO, Refunding, 5.25% due 2/01/2033 (i)
Illinois - 6.0%	10,250	Chicago, Illinois, Board of Education, GO (Chicago School Refo due 12/01/2027 (a)
	9,100	Chicago, Illinois, O'Hare International Airport, General Airpo Bonds, Third Lien, AMT, Series A, 5.75% due 1/01/2021 (f)

BlackRock MuniEnhanced Fund, Inc.

Schedule of Investments as of October 31, 2006

(in Thousands)

State	Face Amount	Municipal Bonds Held in Trust (p)
Massachusetts - 4.8%	\$ 5,600	Massachusetts State HFA, Housing Revenue Bonds (Rental Mortgage 5.25% due 1/01/2046 (d)
	3,100	Massachusetts State Port Authority, Special Facilities Revenue Lines Inc. Project), AMT, Series A, 5.50% due 1/01/2016 (a)
	4,000	Massachusetts State Port Authority, Special Facilities Revenue Lines Inc. Project), AMT, Series A, 5.50% due 1/1/2018 (a)
	2,870	Massachusetts State Port Authority, Special Facilities Revenue Lines Inc. Project), AMT, Series A, 5.50% due 1/01/2019 (a)
New Jersey - 6.4%	15,250	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/15/20
	5,000	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/15/20

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New York - 1.3%	4,200	New York City, New York, GO, Series J, 5.50% due 6/01/2021 (c)
South Carolina - 2.2%	3,120	Charleston Educational Excellence Financing Corporation, South Bonds (Charleston County School District), 5.25% due 12/01/202
	2,765	Charleston Educational Excellence Financing Corporation, South Bonds (Charleston County School District), 5.25% due 12/01/202
	1,010	Charleston Educational Excellence Financing Corporation, South Bonds (Charleston County School District), 5.25% due 12/01/203
Texas - 9.0%	4,000	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, due 11/01/2028 (f)
	14,500	Dallas-Fort Worth, Texas, International Airport Revenue Bonds, due 11/01/2033 (f)
	10,400	Travis County, Texas, Health Facilities Development Corporatio Bonds (Ascension Health Credit), Series A, 5.875% due 11/15/20
Total Municipal Bonds Held in Trust (Cost - \$102,911) - 31.1%		

Shares
Held Short-Term Securities

8,900	Merrill Lynch Institutional Tax-Exempt Fund, 3.38% (1)(j)
Total Short-Term Securities (Cost - \$8,900) - 2.6%	
Total Investments (Cost - \$542,942*) - 167.6%	
Other Assets Less Liabilities - 1.7%	
Liabilities for Trust Certificates, Including Interest Expense	
Preferred Stock, at Redemption Value - (54.6%)	
Net Assets Applicable to Common Stock - 100.0%	

* The cost and unrealized appreciation (depreciation) of investments as of October 31, 2006, as computed for federal income tax purposes were as follows:

Aggregate cost	\$ 493,510 =====
Gross unrealized appreciation	\$ 31,228
Gross unrealized depreciation	(41)

Net unrealized appreciation	\$ 31,187 =====

- (a) AMBAC Insured.
- (b) FGIC Insured.
- (c) XL Capital Insured.
- (d) FSA Insured.

BlackRock MuniEnhanced Fund, Inc.
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- (e) Assured Guaranty Insured.
- (f) MBIA Insured.
- (g) Prerefunded.
- (h) Escrowed to maturity.
- (i) Radian Insured.
- (j) Represents current yield as of October 31, 2006.
- (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	\$ 6,695	\$ 88

- (m) Represents a zero coupon bond or step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (n) FNMA/GNMA Collateralized.
- (o) FHLMC Collateralized.
- (p) Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund may have acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
- o Forward interest rate swaps outstanding as of October 31, 2006 were as follows:

	Notional Amount	Unrealized Depreciation
Pay a fixed rate of 3.981% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, JPMorgan Chase Expires November 2016	\$ 25,000	\$
Pay a fixed rate of 4.145% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, JPMorgan Chase Expires November 2021	\$ 7,500	
Pay a fixed rate of 4.004% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, JPMorgan Chase Expires December 2021	\$ 12,500	
Pay a fixed rate of 3.855% and receive a floating rate based on 1-week Bond Market Association rate		
Broker, Citibank N.A. Expires January 2022	\$ 8,000	
Total		\$ (1

Item 2 - Controls and Procedures

- 2(a) - The Registrant's principal executive and principal financial officers have evaluated the Registrant's disclosure controls and procedures, including internal control over financial reporting, within 90 days of this filing. Such principal officers have concluded that as of January 23, 2007 the Registrant's disclosure controls and procedures were effective in design and operation to reasonably ensure that information required to be disclosed by the Registrant in this Form N-Q was recorded, processed, summarized, and reported within the required time periods, and were sufficient to form the basis of the certifications required by Rule 30a-2 of the Investment Company Act of 1940, as amended. Prior to reaching that conclusion, such principal officers had become aware of matters relating to the Registrant's participation in certain inverse floater structures that necessitated adjustments to financial information included in the Registrant's annual report to shareholders on Form N-CSR. As a result, management of the Registrant had reevaluated certain disclosure controls and procedures determined not to be effective, as discussed more fully below.

Management of the Registrant is responsible for establishing and maintaining effective internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The Registrant's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Such internal control includes policies and procedures that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a registrant's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Registrant's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Registrant's annual or interim financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

The Registrant identified the following control deficiency, that was determined to be a material weakness, as defined above, in the

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Registrant's internal control over financial reporting at October 31, 2006. The Registrant's controls related to the review and analysis of relevant terms and conditions of transfers of certain assets pertaining to inverse floater structures were not operating effectively to appropriately determine whether the transfers of assets qualified for sale accounting under the provisions of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"). As a result, these controls did not detect that certain transfers were not appropriately recorded as borrowings. Accordingly, the Registrant's schedule of investments as of and for the period ended October 31, 2006, were restated to appropriately reflect transfers of such securities as secured borrowings. These adjustments had no impact on net assets, net asset value per share or total return.

Subsequent to October 31, 2006, but prior to the evaluation of the design and operation of the Registrant's disclosure controls and procedures at January 23, 2007, the Registrant's disclosure controls and procedures were modified to enhance the review and analysis of the relevant terms and conditions of transfers of securities in connection with inverse floater structures in light of SFAS 140.

2(b) - There have been 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 are reasonably likely to materially affect, the registrant's internal control over financial reporting. However, as discussed above, subsequent to October 31, 2006, the Registrant has enhanced controls related to the application of SFAS 140.

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.

BlackRock MuniEnhanced Fund, Inc.

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

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

Date: February 20, 2007

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

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BlackRock MuniEnhanced Fund, Inc.

Date: February 20, 2007

By: /s/ Donald C. Burke

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

Date: February 20, 2007