

Edgar Filing: EATON VANCE INSURED MICHIGAN MUNICIPAL BOND FUND - Form N-Q

EATON VANCE INSURED MICHIGAN MUNICIPAL BOND FUND

Form N-Q

August 31, 2009

Table of Contents

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

Form N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

811-21224

Investment Company Act File Number

Eaton Vance Insured Michigan Municipal Bond Fund

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number, Including Area Code)

September 30

Date of Fiscal Year End

June 30, 2009

Date of Reporting Period

TABLE OF CONTENTS

Item 1. Schedule of Investments

Item 2. Controls and Procedures

Signatures

Certifications

Table of Contents

Item 1. Schedule of Investments

Table of Contents**Eaton Vance Insured Michigan Municipal Bond Fund****as of June 30, 2009****PORTFOLIO OF INVESTMENTS (Unaudited)****Tax-Exempt Investments 162.5%****Principal
Amount****(000 s
omitted)****Electric Utilities 2.9%**

	Security	Value
\$ 620	Michigan Strategic Fund, (Detroit Edison Pollution Control), 5.45%, 9/1/29	\$ 581,045
		\$ 581,045

Escrowed/Prerefunded 8.5%

\$ 1,500	Michigan Hospital Finance Authority, (Sparrow Obligation Group), Prerefunded to 11/15/11, 5.625%, 11/15/36	\$ 1,673,850
		\$ 1,673,850

Hospital 9.9%

\$ 400	Michigan Hospital Finance Authority, (Chelsea Community Hospital), 5.00%, 5/15/30	\$ 456,896
1,000	Michigan Hospital Finance Authority, (Oakwood Hospital System), 5.75%, 4/1/32	858,630
640	Michigan Hospital Finance Authority, (Trinity Health), 5.375%, 12/1/30	633,946
		\$ 1,949,472

Insured-Electric Utilities 7.2%

\$ 500	Michigan Strategic Fund, (Detroit Edison Co.), (XLCA), 5.25%, 12/15/32	\$ 453,100
1,000	Puerto Rico Electric Power Authority, (NPPG), 5.25%, 7/1/26	965,120
		\$ 1,418,220

Insured-Escrowed/Prerefunded 44.4%

\$ 750	Detroit School District, (School Bond Loan Fund), (FSA), Prerefunded to 5/1/12, 5.125%, 5/1/31	\$ 825,968
1,250	Detroit Sewer Disposal, (FGIC), Prerefunded to 7/1/11, 5.125%, 7/1/31	1,347,712
1,500	Lansing Building Authority, (NPPG), Prerefunded to 6/1/13, 5.00%, 6/1/29	1,687,815
1,150	Michigan Hospital Finance Authority, (St. John Health System), (AMBAC), Escrowed to Maturity, 5.00%, 5/15/28	1,158,901
1,750	Michigan House of Representatives, (AMBAC), Escrowed to Maturity, 0.00%, 8/15/22	941,167
2,615	Michigan House of Representatives, (AMBAC), Escrowed to Maturity, 0.00%, 8/15/23	1,316,339
1,300	Reed City Public Schools, (FSA), Prerefunded to 5/1/14, 5.00%, 5/1/29	1,479,023

\$ 8,756,925**Insured-General Obligations 22.6%**

\$	1,960	Grand Rapids and Kent County Joint Building Authority, (DeVos Place), (NPF), 0.00%, 12/1/27 ⁽¹⁾	\$	746,486
	750	Greenville Public Schools, (NPF), 5.00%, 5/1/25		752,820
	1,330	Okemos Public School District, (NPF), 0.00%, 5/1/19		841,930
	1,000	Pinconning Area Schools, (FSA), 5.00%, 5/1/33		988,950
	1,000	Royal Oak, (AGC), 6.25%, 10/1/28		1,119,920
				\$ 4,450,106

Insured-Hospital 6.8%

\$	500	Michigan Hospital Finance Authority, (Mid-Michigan Obligation Group), (AMBAC), 5.00%, 4/15/32	\$	426,705
	1,075	Royal Oak Hospital Finance Authority, (William Beaumont Hospital), (NPF), 5.25%, 11/15/35		916,008
				\$ 1,342,713

Insured-Lease Revenue/Certificates of Participation 8.5%

\$	1,000	Michigan Building Authority, (FGIC), (FSA), 0.00%, 10/15/29	\$	261,020
	3,100	Michigan Building Authority, (FGIC), (NPF), 0.00%, 10/15/30		715,511
	795	Puerto Rico Public Buildings Authority, (CIFG), 5.25%, 7/1/36		693,804
				\$ 1,670,335

Table of Contents**Principal
Amount****(000 s
omitted)**

	Security	Value
Insured-Public Education 16.5%		
\$ 1,000	Central Michigan University, (AMBAC), 5.05%, 10/1/32	\$ 952,600
435	Ferris State University, (AGC), 5.125%, 10/1/33	436,079
750	Lake Superior State University, (AMBAC), 5.125%, 11/15/26	702,787
1,200	Wayne University, (NPPG), 5.00%, 11/15/37	1,167,996
		\$ 3,259,462
Insured-Sewer Revenue 2.0%		
\$ 500	Detroit Sewer Disposal System, (NPPG), 4.50%, 7/1/35	\$ 385,615
		\$ 385,615
Insured-Special Tax Revenue 16.1%		
\$ 7,030	Puerto Rico Sales Tax Financing, (AMBAC), 0.00%, 8/1/54	\$ 372,520
1,465	Puerto Rico Sales Tax Financing, (NPPG), 0.00%, 8/1/44	161,868
1,675	Puerto Rico Sales Tax Financing, (NPPG), 0.00%, 8/1/45	173,496
1,115	Puerto Rico Sales Tax Financing, (NPPG), 0.00%, 8/1/46	107,999
1,500	Wayne Charter County, (Airport Hotel-Detroit Metropolitan Airport), (NPPG), 5.00%, 12/1/30	1,390,215
1,000	Ypsilanti Community Utilities Authority, (Sanitary Sewer System), (FGIC), (NPPG), 5.00%, 5/1/32	957,910
		\$ 3,164,008
Insured-Utilities 7.8%		
\$ 1,000	Lansing Board of Water and Light, (Water Supply, Steam and Electric Utility), (FSA), 5.00%, 7/1/25	\$ 1,017,210
510	Lansing Board of Water and Light, (Water Supply, Steam and Electric Utility), (FSA), 5.00%, 7/1/26	517,380
		\$ 1,534,590
Insured-Water Revenue 7.1%		
\$ 1,600	Detroit Water Supply System, (FGIC), (NPPG), 5.00%, 7/1/30	\$ 1,403,440
		\$ 1,403,440
Private Education 2.2%		
\$ 500	Michigan Higher Education Facilities Authority, (Hillsdale College), 5.00%, 3/1/35	\$ 437,255
		\$ 437,255

Total Tax-Exempt Investments 162.5% (identified cost \$32,902,452)	\$ 32,027,036
Auction Preferred Shares Plus Cumulative Unpaid Dividends (67.6)%	\$ (13,325,000)
Other Assets, Less Liabilities 5.1%	\$ 1,010,008
Net Assets Applicable to Common Shares 100.0%	\$ 19,712,044

The percentage shown for each investment category in the Portfolio of Investments is based on net assets applicable to common shares.

- AGC - Assured Guaranty Corp.
- AMBAC - AMBAC Financial Group, Inc.
- CIFG - CIFG Assurance North America, Inc.
- FGIC - Financial Guaranty Insurance Company
- FSA - Financial Security Assurance, Inc.
- NPFG - National Public Finance Guaranty Corp.
- XLCA - XL Capital Assurance, Inc.

The Fund invests primarily in debt securities issued by Michigan municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at June 30, 2009, 85.5% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 1.4% to 38.6% of total investments.

- (1) Security (or a portion thereof) has been pledged to cover margin requirements on open financial futures contracts.

Table of Contents

A summary of financial instruments outstanding at June 30, 2009 is as follows:

Futures Contracts

Expiration Date	Contracts	Position	Aggregate Cost	Value	Net Unrealized Appreciation (Depreciation)
9/09	8 U.S. Treasury Bond	Short	\$ (928,733)	\$ (946,875)	\$ (18,142)
9/09	4 U.S. Treasury Note	Short	(470,585)	(465,062)	5,523
					\$ (12,619)

Interest Rate Swaps

Counterparty	Notional Amount	Annual Fixed Rate Paid By Fund	Floating Rate Paid To Fund	Effective Date/ Termination Date	Net Unrealized Depreciation
JPMorgan Chase Co.	\$ 450,000	4.743%	3-month USD-LIBOR-BBA	September 14, 2009 / September 14, 2039	\$ (40,507)
Merrill Lynch Capital Services, Inc.	675,000	4.517	3-month USD-LIBOR-BBA	December 1, 2009 / December 1, 2039	(29,306)
					\$ (69,813)

The effective date represents the date on which the Fund and the counterparty to the interest rate swap contract begin interest payment accruals.

At June 30, 2009, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

The Fund is subject to interest rate risk in the normal course of pursuing its investment objectives. Because the Fund holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To hedge against this risk, the Fund may enter into interest rate swap contracts. The Fund may also purchase and sell U.S. Treasury futures contracts to hedge against changes in interest rates.

At June 30, 2009, the aggregate fair value of derivative instruments (not accounted for as hedging instruments under Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 133) in an asset position and in a liability position and whose primary underlying risk exposure is interest rate risk was \$5,523 and \$87,955, respectively.

The cost and unrealized appreciation (depreciation) of investments of the Fund at June 30, 2009, as determined on a federal income tax basis, were as follows:

Aggregate cost	\$ 32,890,918
Gross unrealized appreciation	\$ 1,256,915
Gross unrealized depreciation	(2,120,797)
Net unrealized depreciation	\$ (863,882)

The Fund adopted FASB Statement of Financial Accounting Standards No. 157 (FAS 157), Fair Value Measurements, effective October 1, 2008. FAS 157 established a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Table of Contents

At June 30, 2009, the inputs used in valuing the Fund's investments, which are carried at value, were as follows:

Asset Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Tax-Exempt Investments	\$	\$ 32,027,036	\$	\$ 32,027,036
Futures Contracts	5,523			5,523
Total	\$ 5,523	\$ 32,027,036	\$	\$ 32,032,559
Liability Description				
Futures Contracts	\$ (18,142)	\$	\$	\$ (18,142)
Interest Rate Swaps		(69,813)		(69,813)
Total	\$ (18,142)	\$ (69,813)	\$	\$ (87,955)

The Fund held no investments or other financial instruments as of September 30, 2008 whose fair value was determined using Level 3 inputs.

For information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements included in its semiannual or annual report to shareholders.

Table of Contents

Item 2. Controls and Procedures

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Table of Contents

Signatures

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.

Eaton Vance Insured Michigan Municipal Bond Fund

By: /s/ Cynthia J. Clemson

Cynthia J. Clemson
President

Date: August 20, 2009

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/ Cynthia J. Clemson

Cynthia J. Clemson
President

Date: August 20, 2009

By: /s/ Barbara E. Campbell

Barbara E. Campbell
Treasurer

Date: August 20, 2009