

DREYFUS STRATEGIC MUNICIPALS INC
Form N-CSR
May 28, 2009

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES
Investment Company Act file number 811-5245

Dreyfus Strategic Municipals, Inc.
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation
200 Park Avenue
New York, New York 10166
(Address of principal executive offices) (Zip code)

Michael A. Rosenberg, Esq.
200 Park Avenue
New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000

Date of fiscal year end: 9/30

Date of reporting period: 3/31/09

FORM N-CSR
Item 1. Reports to Stockholders.

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**Dreyfus
Strategic Municipals, Inc.**

The Fund

A LETTER FROM THE CEO

Dear Shareholder:

We present this semiannual report for Dreyfus Strategic Municipals, Inc., covering the six-month period from October 1, 2008, through March 31, 2009.

The reporting period has been one of the most challenging for the U.S. economy and financial markets, including many areas of the municipal bond markets. An economic downturn was severely exacerbated in mid-September 2008, when the bankruptcy of Lehman Brothers triggered a cascading global economic decline. As the credit crisis dried up the availability of funding for businesses and consumers, international trade activity slumped, commodity prices plummeted, the U.S. and global economies entered a period of intense inventory liquidation, and unemployment surged.

On the heels of a 6.3% annualized U.S. economic growth rate in the fourth quarter of 2008, we expect another sharp decline for the first quarter of 2009. However, our Chief Economist anticipates that the U.S. recession may reach a trough around the third quarter of this year, followed by a slow recovery. Indeed, the U.S. government and monetary authorities have signaled their intent to do whatever it takes to forestall a depression or a deflationary spiral, including historically low interest rates, mortgage modification programs and massive monetary and fiscal stimulus and support for state and local municipalities. Although times seem dire now, we believe it is always appropriate to maintain a long-term investment focus and to discuss any investment modifications with your financial adviser. Together, you can prepare for the risks that lie ahead and position your assets to perform in this current market downturn, and in the future.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance given by the fund's Portfolio Manager.

As always, we thank you for your continued confidence and support.

Jonathan R. Baum
Chairman and Chief Executive Officer
The Dreyfus Corporation
April 15, 2009
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DISCUSSION OF FUND PERFORMANCE

For the period of October 1, 2008, through March 31, 2009, as provided by James Welch, Senior Portfolio Manager

Fund and Market Performance Overview

For the six-month period ended March 31, 2009, Dreyfus Strategic Municipals achieved a total return of 4.30% on a net-asset-value basis. Over the same period, the fund provided aggregate income dividends of \$0.252 per share, which reflects an annualized distribution rate of 7.59%.²

Municipal bonds suffered bouts of poor liquidity and heightened volatility due to a severe financial crisis and economic downturn during the reporting period. Although the fund's income stream held up relatively well, the fund's lower-rated holdings proved to be a drag on its total return, especially during the fourth quarter of 2008.

The Fund's Investment Approach

The fund's investment objective is to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. Under normal market conditions, the fund invests at least 80% of its net assets in municipal obligations. Generally, the fund invests at least 50% of its net assets in municipal bonds considered investment grade or the unrated equivalent as determined by Dreyfus in the case of bonds, and in the two highest-rating categories or the unrated equivalent as determined by Dreyfus in the case of short-term obligations having or deemed to have maturities of less than one year.

To this end, we have constructed a portfolio derived from seeking income opportunities through analysis of each bond's structure, including paying close attention to each bond's yield, maturity and early redemption features.

Over time, many of the fund's relatively higher-yielding bonds mature or may be called by their issuers, and we generally attempt to replace those bonds, as opportunities arise, with investments consistent with the fund's investment policies at prevailing current yields. When we believe

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DISCUSSION OF FUND PERFORMANCE *(continued)*

an opportunity exists, we also may seek to upgrade the portfolio's investments with newly issued bonds that, in our opinion, have better structural or income characteristics than existing holdings.

Financial Crisis and Recession Sparked Volatility

An intensifying credit crisis and a severe recession roiled most financial markets, including municipal bonds, over the reporting period. Slumping home values, surging unemployment and plunging consumer confidence contributed to one of the worst recessions since the Great Depression, putting pressure on the fiscal conditions of most states and municipalities. Meanwhile, just weeks before the start of the reporting period, an ongoing credit crunch escalated into a global financial crisis that punished a number of large financial institutions. These developments sparked a flight to quality in which investors fled riskier assets in favor of traditional safe havens, especially U.S. Treasury securities. As a result, for much of the reporting period, absolute tax-exempt yields were significantly higher than those of comparable taxable U.S. Treasury securities.

Market turmoil was particularly severe over the fourth quarter of 2008, when highly leveraged institutional investors were forced to sell creditworthy investments, including municipal bonds, to meet margin calls and redemption requests. In addition, several major bond insurers suffered massive sub-prime related losses, causing investors to question the value of insurance on municipal bonds. Lower-rated bonds declined sharply in this environment.

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Market conditions improved during the first quarter of 2009, and a number of municipal bonds that had suffered severe declines earlier in the reporting period regained a significant portion of their value in the second half. Investors apparently refocused on underlying credit fundamentals and began to look forward to the potentially beneficial effects of massive monetary and fiscal stimulus programs from the Federal Reserve Board and U.S. government.

Lower-Rated Bonds Dampened Performance

Whenever market liquidity allowed in this tumultuous market environment, we attempted to upgrade the fund's credit profile by reducing its

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positions in lower-rated municipal bonds in favor of higher-quality general-obligation bonds and essential-purpose revenue bonds. Indeed, new purchases of essential-purpose bonds fared relatively well over the reporting period. On the other hand, the fund's holdings of bonds backed by the states' settlement of litigation with U.S. tobacco companies hurt the relative performance, partly due to supply-and-demand factors.

Finally, the fund's leveraging strategy exacerbated the effects of falling bond prices over the reporting period's first half, but helped boost its current income stream and participation in the second-half rally as the cost of obtaining financing declined along with short-term interest rates. Rates on the fund's auction-rate preferred shares, which are issued to fund its leveraging strategy, fell to low levels despite dislocations in the auction-rate securities market.

Maintaining a Cautious Investment Posture

As of the reporting period's end, the U.S. economy has remained weak, and the financial crisis has persisted. Consequently, we have continued our attempts to upgrade the fund's credit profile in anticipation of heightened market volatility over the foreseeable future. Over the longer term, however, we believe that low valuations, high yields relative to taxable U.S. government securities, and the likelihood of rising federal and state taxes make municipal bonds an attractive asset class.

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- Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Market price per share, net asset value per share and investment return fluctuate. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable. Return figure provided reflects the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in effect until October 31, 2009, at which time it may be extended, modified or terminated. Had these expenses not been absorbed, the fund's return would have been lower.*
- Annualized distribution rate per share is based upon dividends per share paid from net investment income during the period, divided by the market price per share at the end of the period.*

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STATEMENT OF INVESTMENTS

March 31, 2009 (Unaudited)

Long-Term Municipal Investments	Coupon	Maturity	Principal	
161.8%	Rate (%)	Date	Amount (\$)	Value (\$)

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Alabama 1.9%				
Houston County Health Care				
Authority, GO (Insured; AMBAC)	6.25	10/1/09	8,000,000 ^a	8,313,600
Alaska .9%				
Alaska Housing Finance				
Corporation, General Mortgage				
Revenue (Insured; MBIA, Inc.)	6.00	6/1/49	4,000,000	4,023,160
Arizona 5.1%				
Arizona Housing Finance Authority,				
SFMR (Mortgage-Backed				
Securities Program)				
(Collateralized: FHLMC,				
FNMA and GNMA)	5.55	12/1/41	6,000,000	5,746,500
Glendale Western Loop 101 Public				
Facilities Corporation, Third				
Lien Excise Tax Revenue	6.25	7/1/38	5,000,000	5,104,150
Maricopa County Pollution Control				
Corporation, PCR (Public				
Service Company of New Mexico				
Palo Verde Project)	5.75	11/1/22	6,000,000	4,695,060
Scottsdale Industrial Development				
Authority, HR (Scottsdale				
Healthcare)	5.80	12/1/11	6,000,000 ^a	6,733,020
Arkansas .5%				
Arkansas Development				
Finance Authority, SFMR				
(Mortgage Backed Securities				
Program) (Collateralized:				
FNMA and GNMA)	6.25	1/1/32	2,255,000	2,294,169
California 10.5%				
Beverly Hills Unified School				
District, GO	0.00	8/1/30	10,850,000 ^b	3,291,673
California,				
GO	5.25	4/1/34	5,000	4,558
California,				
GO (Various Purpose)	6.50	4/1/33	10,000,000 ^c	10,556,600
California Pollution Control				
Financing Authority, SWDR				
(Keller Canyon Landfill				
Company Project)	6.88	11/1/27	2,000,000	1,913,140

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California (continued)				
California Statewide Communities Development Authority, Environmental Facilities Revenue (Microgy Holdings Project)	9.00	12/1/38	3,000,000	2,383,320
California Statewide Communities Development Authority, Revenue (Bentley School)	6.75	7/1/32	1,960,000	1,422,470
California Statewide Communities Development Authority, Revenue (Daughters of Charity Health System)	5.25	7/1/30	3,000,000	2,022,960
California Statewide Communities Development Authority, Revenue (Daughters of Charity Health System)	5.00	7/1/39	5,000,000	3,015,400
California Statewide Communities Development Authority, Student Housing Revenue (CHF-Irvine, LLC-UCI East Campus Apartments, Phase II)	5.75	5/15/32	2,500,000	2,015,775
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	7.80	6/1/13	8,100,000 ^a	9,849,276
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	7.90	6/1/13	2,000,000 ^a	2,439,460
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/33	5,775,000	3,343,263
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	7,050,000	3,958,575

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Colorado 5.6%

Beacon Point Metropolitan

District, GO	6.25	12/1/35	2,000,000	1,328,320
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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Colorado (continued)				
Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project)	8.00	12/1/40	3,500,000	3,671,430
Colorado Health Facilities Authority, Revenue (American Baptist Homes of the Midwest Obligated Group)	5.90	8/1/37	3,000,000	1,870,620
Colorado Health Facilities Authority, Revenue (Poudre Hospital) (Insured; FSA)	5.25	3/1/40	3,000,000	2,571,510
Colorado Housing Finance Authority, Single Family Program Senior and Subordinate Bonds (Collateralized; FHA)	6.60	8/1/32	1,445,000	1,500,156
Northwest Parkway Public Highway Authority, Revenue	7.13	6/15/11	10,550,000 ^a	11,274,574
Southlands Metropolitan District Number 1, GO	7.13	12/1/14	2,000,000 ^a	2,509,860
Florida 5.1%				
Florida Housing Finance Corporation, Housing Revenue (Nelson Park Apartments) (Insured; FSA)	6.40	3/1/40	12,380,000	12,500,953
Jacksonville Economic Development Commission, Health Care Facilities Revenue (Florida Proton Therapy Institute Project)	6.25	9/1/27	3,000,000 ^d	2,232,990
Orange County Health Facilities				

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Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	45,000 ^a	46,682
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	1,955,000	1,825,677
Orange County School Board, COP (Master Lease Purchase Agreement) (Insured; Assured Guaranty)	5.50	8/1/34	6,000,000	5,946,060

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Georgia 4.0%				
Brooks County Development Authority, Senior Health and Housing Facilities Revenue (Presbyterian Home, Quitman, Inc.) (Collateralized; GNMA)	5.70	1/20/39	4,445,000	4,413,040
Fulton County Development Authority, Revenue (Georgia Tech North Avenue Apartments Project) (Insured; XLCA)	5.00	6/1/32	2,500,000	2,374,850
Georgia Higher Education Facilities Authority, Revenue (USG Real Estate Foundation I, LLC Project) (Insured; Assured Guaranty)	5.63	6/15/38	6,000,000	6,074,640
Milledgeville-Baldwin County Development Authority, Revenue (Georgia College and State Foundation)	6.00	9/1/13	2,090,000	2,467,663
Milledgeville-Baldwin County Development Authority, Revenue (Georgia College and State Foundation)	6.00	9/1/14	2,000,000 ^a	2,420,360
Hawaii .3%				
Hawaii Department of Transportation, Special Facility Revenue (Caterair				

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International Corporation)	10.13	12/1/10	1,600,000	1,530,928
Idaho 1.0%				
Power County Industrial Development Corporation, SWDR (FMC Corporation Project)	6.45	8/1/32	5,000,000	4,281,450
Illinois 11.0%				
Chicago, GO (Insured; FGIC)	6.13	7/1/10	14,565,000 ^a	15,705,294
Chicago, SFMR (Collateralized: FHLMC, FNMA and GNMA)	6.55	4/1/33	2,000,000	2,073,980

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Illinois (continued)				
Chicago, Wastewater Transmission Revenue (Insured; MBIA, Inc.)	6.00	1/1/10	3,000,000 ^a	3,154,740
Chicago O Hare International Airport, Special Facility Revenue (American Airlines, Inc. Project)	5.50	12/1/30	5,000,000	1,823,200
Illinois Finance Authority, Revenue (Edward Hospital Obligated Group) (Insured; AMBAC)	5.50	2/1/40	3,500,000	2,903,635
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network)	6.13	11/15/10	4,020,000 ^a	4,358,806
Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	7,730,000 ^a	8,071,048
Illinois Health Facilities Authority, Revenue (Swedish American Hospital)	6.88	5/15/10	4,945,000 ^a	5,283,287
Metropolitan Pier and Exposition				

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Authority, State Tax Revenue (McCormick Place Expansion Project) (Insured; MBIA, Inc.)	5.25	6/15/42	5,325,000	5,266,744
Indiana 2.3%				
Franklin Township School Building Corporation, First Mortgage Bonds	6.13	7/15/10	6,500,000 ^a	7,084,480
Petersburg, SWDR (Indianapolis Power and Light Company Project)	6.38	11/1/29	4,150,000	3,270,657
Kansas 5.8%				
Kansas Development Finance Authority, Health Facilities Revenue (Sisters of Charity of Leavenworth Health Services Corporation)	6.25	12/1/28	3,000,000	3,027,120
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	6.30	12/1/32	3,325,000	3,373,512

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Kansas (continued)				
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	6.45	12/1/33	6,760,000	7,065,552
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	5.70	12/1/35	1,895,000	1,789,164
Wichita, Hospital Facilities Improvement Revenue (Via Christi Health System, Inc.)	6.25	11/15/24	10,000,000	10,103,600
Kentucky 1.8%				
Kentucky Area Development Districts Financing Trust, COP				

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(Lease Acquisition Program)	5.50	5/1/27	2,000,000	1,838,540
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's Healthcare, Inc. Project)	6.13	2/1/37	1,000,000	994,610
Paducah Electric Plant Board, Revenue (Insured; Assured Guaranty)	5.25	10/1/35	5,000,000	4,971,650
Louisiana 1.5%				
Lakeshore Villages Master Community Development District, Special Assessment Revenue	5.25	7/1/17	2,979,000	2,274,764
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	7,000,000	4,550,420
Maine .6%				
Maine Housing Authority, Mortgage Purchase Bonds	5.30	11/15/23	2,825,000	2,833,983
Maryland 1.9%				
Maryland Community Development Administration, Department of Housing and Community Development, Residential Revenue	5.75	9/1/37	2,265,000	2,262,667

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Maryland (continued)				
Maryland Economic Development Corporation, Senior Student Housing Revenue (University of Maryland, Baltimore Project)	5.75	10/1/33	4,590,000	2,669,865
Maryland Economic Development Corporation, Student Housing Revenue (University of				

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Maryland, College Park Project)	6.50	6/1/13	3,000,000 ^a	3,585,060
Massachusetts 1.6%				
Massachusetts Health and Educational Facilities Authority, Revenue (Civic Investments Issue)	9.00	12/15/12	1,600,000 ^a	1,955,024
Massachusetts Health and Educational Facilities Authority, Revenue (Partners HealthCare System Issue)	5.75	7/1/32	185,000	185,007
Massachusetts Industrial Finance Agency, RRR (Ogden Haverhill Project)	5.60	12/1/19	6,000,000	4,746,240
Michigan 7.4%				
Charyl Stockwell Academy, COP	5.90	10/1/35	2,580,000	1,690,287
Detroit School District, School Building and Site Improvement Bonds (GO Unlimited Tax) (Insured; FGIC)	5.00	5/1/28	6,930,000	6,283,708
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	5,930,000	4,119,630
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.25	7/1/40	3,000,000	2,110,140
Michigan Strategic Fund, LOR (The Detroit Edison Company Exempt Facilities Project) (Insured; XLCA)	5.25	12/15/32	3,000,000	2,591,520
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	12,400,000	9,930,044

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Michigan (continued)				
Royal Oak Hospital Finance Authority, HR (William Beaumont				

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Hospital Obligated Group)	8.25	9/1/39	5,500,000	5,887,530
Minnesota 6.4%				
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	12/1/38	2,356,378	2,340,355
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.30	12/1/39	2,606,494	2,461,338
Duluth Economic Development Authority, Health Care Facilities Revenue (Saint Luke s Hospital)	7.25	6/15/32	5,000,000	4,026,550
Minneapolis, Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty)	6.50	11/15/38	5,000,000	5,338,500
North Oaks, Senior Housing Revenue (Presbyterian Homes of North Oaks, Inc. Project)	6.25	10/1/47	5,265,000	3,844,766
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue (HealthEast Project)	6.00	11/15/30	5,500,000	4,056,855
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue (HealthEast Project)	6.00	11/15/35	2,000,000	1,400,840
Winona, Health Care Facilities Revenue (Winona Health Obligated Group)	6.00	7/1/26	5,000,000	4,570,700
Mississippi 4.4%				
Clairborne County, PCR (System Energy Resources, Inc. Project)	6.20	2/1/26	4,545,000	3,701,403

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Mississippi (continued)				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	14,310,000	12,205,142
Warren County, Gulf Opportunity Zone Revenue (International Paper Company Projects)	6.50	9/1/32	5,000,000	3,652,950
Missouri 3.3%				
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.38	12/1/27	2,000,000	1,632,640
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.50	12/1/32	4,500,000	3,591,135
Missouri Development Finance Board, Infrastructure Facilities Revenue (Independence, Crackerneck Creek Project)	5.00	3/1/28	2,000,000	1,789,040
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (Saint Anthony's Medical Center)	6.25	12/1/10	6,750,000 ^a	7,409,813
Montana .3%				
Montana Board of Housing, SFMR	6.45	6/1/29	1,200,000	1,221,228
Nevada 2.8%				
Washoe County, GO Convention Center Revenue (Reno-Sparks Convention and Visitors Authority) (Insured; FSA)	6.40	1/1/10	12,000,000 ^a	12,528,720
New Hampshire 3.0%				
New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire)				

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(Insured; AMBAC)	6.00	5/1/21	7,000,000	6,524,000
New Hampshire Health and Educational Facilities Authority, Revenue (Exeter Project)	6.00	10/1/24	1,000,000	961,510

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New Hampshire (continued)				
New Hampshire Health and Educational Facilities Authority, Revenue (Exeter Project)	5.75	10/1/31	1,000,000	904,880
New Hampshire Industrial Development Authority, PCR (Connecticut Light and Power Company Project)	5.90	11/1/16	5,000,000	4,832,400
New Jersey 3.6%				
New Jersey Economic Development Authority, Cigarette Tax Revenue	5.75	6/15/34	5,500,000	4,017,970
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty)	6.13	6/1/30	5,000,000	4,955,600
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	7.00	6/1/13	5,640,000 ^a	6,830,209
New Mexico 1.1%				
Farmington, PCR (Tucson Electric Power Company San Juan Project)	6.95	10/1/20	3,000,000	2,973,150
New Mexico Mortgage Finance Authority, Single Family Mortgage Program Revenue (Collateralized: FHLMC, FNMA and GNMA)	7.00	9/1/31	915,000	925,019
New Mexico Mortgage Finance Authority, Single Family Mortgage Program Revenue (Collateralized: FHLMC, FNMA				

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and GNMA)	6.15	7/1/35	1,130,000	1,146,419
New York 4.7%				
New York City Industrial Development Agency, Liberty Revenue (7 World Trade Center Project)				
	6.25	3/1/15	3,275,000	2,748,249
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty)				
	7.00	3/1/49	5,000,000	5,569,150

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New York (continued)				
New York City Industrial Development Agency, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)				
	8.00	8/1/28	2,800,000	1,993,432
Tobacco Settlement Financing Corporation of New York, Asset-Backed Revenue Bonds (State Contingency Contract Secured) (Insured; AMBAC)				
	5.25	6/1/21	5,000,000	5,010,200
Triborough Bridge and Tunnel Authority, Revenue				
	5.25	11/15/30	5,220,000	5,236,652
North Carolina .8%				
North Carolina Housing Finance Agency, Home Ownership Revenue				
	5.88	7/1/31	3,415,000	3,415,273
North Dakota .1%				
North Dakota Housing Finance Agency, Home Mortgage Revenue (Housing Finance Program)				
	6.15	7/1/31	405,000	414,882
Ohio 4.8%				
Buckeye Tobacco Settlement Financing Authority, Tobacco				

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Settlement Asset-Backed Bonds	5.88	6/1/30	3,000,000	1,827,810
Buckeye Tobacco Settlement				
Financing Authority, Tobacco				
Settlement Asset-Backed Bonds	6.50	6/1/47	16,900,000	9,951,734
Canal Winchester Local School				
District, School Facilities				
Construction and Improvement				
and Advance Refunding				
Bonds (GO Unlimited Tax)				
(Insured; MBIA, Inc.)	0.00	12/1/29	3,955,000 ^b	1,160,911
Canal Winchester Local School				
District, School Facilities				
Construction and Improvement				
and Advance Refunding				
Bonds (GO Unlimited Tax)				
(Insured; MBIA, Inc.)	0.00	12/1/31	3,955,000 ^b	1,011,491
Ohio,				
SWDR (USG Corporation Project)	5.60	8/1/32	5,555,000	2,436,923

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Ohio (continued)				
Port of Greater Cincinnati				
Development Authority, Tax				
Increment Development Revenue				
(Fairfax Village Red Bank				
Infrastructure Project)	5.63	2/1/36	3,000,000	1,953,870
Toledo Lucas County Port				
Authority, Airport Revenue				
(Baxter Global Project)	6.25	11/1/13	3,300,000	2,975,181
Oklahoma 3.2%				
Oklahoma Housing Finance Agency,				
SFMR (Homeownership				
Loan Program)	7.55	9/1/28	855,000	866,089
Oklahoma Housing Finance Agency,				
SFMR (Homeownership Loan				
Program) (Collateralized: FNMA				
and GNMA)	7.55	9/1/27	555,000	568,065
Oklahoma Industries Authority,				

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Health System Revenue (Obligated Group) (Insured; MBIA, Inc.)	5.75	8/15/09	5,160,000 ^a	5,314,181
Oklahoma Industries Authority, Health System Revenue (Obligated Group) (Insured; MBIA, Inc.)	5.75	8/15/09	7,070,000 ^a	7,281,252
Pennsylvania 1.2%				
Pennsylvania Economic Development Financing Authority, SWDR (USG Corporation Project)	6.00	6/1/31	8,060,000	3,587,587
Philadelphia Authority for Industrial Development, Revenue (Please Touch Museum Project)	5.25	9/1/31	2,500,000	1,832,700
Rhode Island 1.2%				
Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue (Lifespan Obligated Group Issue) (Insured; Assured Guaranty)	7.00	5/15/39	5,000,000	5,283,050
South Carolina 2.3%				
South Carolina Public Service Authority, Revenue Obligations	5.50	1/1/38	10,000,000	10,311,200

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Tennessee 6.8%				
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance)	7.50	7/1/12	5,000,000 ^a	5,716,200
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States				

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Health Alliance)	7.50	7/1/12	3,000,000 ^a	3,429,720
Knox County Health, Educational and Housing Facility Board, Revenue (University Health System, Inc.)	5.25	4/1/36	8,910,000	6,706,022
Memphis Center City Revenue Finance Corporation, Sports Facility Revenue (Memphis Redbirds Baseball Foundation Project)	6.50	9/1/28	10,000,000 ^e	6,723,100
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University)	5.50	10/1/34	7,000,000 ^c	7,248,500
Texas 20.5%				
Austin Convention Enterprises Inc., Convention Center Hotel First Tier Revenue	6.70	1/1/11	4,000,000 ^a	4,393,360
Austin Convention Enterprises, Inc., Convention Center Hotel Second Tier Revenue	5.75	1/1/34	3,000,000	1,813,830
Brazos River Authority, PCR (TXU Electric Company Project)	8.25	5/1/33	7,000,000	3,792,740
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Facility Improvement Corporation Revenue (American Airlines, Inc.)	6.38	5/1/35	10,630,000	3,885,371
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue (Insured; MBIA, Inc.)	6.25	11/1/28	3,000,000	3,003,450

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Texas (continued)				
Dallas Area Rapid Transit, Senior Lien Sales Tax Revenue	5.25	12/1/48	10,000,000	9,987,600

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Gulf Coast Industrial Development Authority, Environmental Facilities Revenue (Microgy Holdings Project)	7.00	12/1/36	6,000,000	3,317,400
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	6.38	6/1/11	8,500,000 ^a	9,527,480
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	7.25	12/1/35	2,000,000	2,092,280
Houston, Airport System Special Facilities Revenue (Continental Airlines, Inc. Terminal E Project)	6.75	7/1/29	5,125,000	3,141,625
Houston, Airport System Special Facilities Revenue (Continental Airlines, Inc. Terminal E Project)	7.00	7/1/29	3,800,000	2,401,904
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty)	6.00	11/15/36	5,000,000 ^c	5,203,550
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty)	5.75	1/1/40	10,300,000	10,490,241
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	5,500,000	4,868,490
Sabine River Authority, PCR (TXU Electric Company Project)	6.45	6/1/21	11,300,000	5,626,609
Sam Rayburn Municipal Power Agency, Power Supply System Revenue	5.75	10/1/21	6,000,000	5,336,100
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	12.38	7/2/24	800,000 ^f	848,176

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Texas (continued)				
Texas Turnpike Authority, Central Texas Turnpike System Revenue (Insured; AMBAC)	5.75	8/15/38	7,100,000	6,651,706
Tyler Health Facilities Development Corporation, HR, Refunding and Improvement Bonds (East Texas Medical Center Regional Healthcare System Project)	5.25	11/1/32	5,500,000	3,731,255
Vermont .2%				
Vermont Housing Finance Agency, SFHR (Insured; FSA)	6.40	11/1/30	680,000	692,492
Virginia 2.6%				
Greater Richmond Convention Center Authority, Hotel Tax Revenue (Convention Center Expansion Project)	6.25	6/15/10	10,500,000 ^a	11,302,515
Pittsylvania County Industrial Development Authority, Exempt Facility Revenue (Multitrade of Pittsylvania County, L.P. Project)	7.65	1/1/10	200,000	206,880
Washington 5.3%				
Seattle, Water System Revenue (Insured; FGIC)	6.00	7/1/09	10,000,000 ^a	10,240,500
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA)	6.25	8/1/36	6,000,000	6,137,640
Washington Higher Education Facilities Authority, Revenue (Seattle University Project) (Insured; AMBAC)	5.25	11/1/37	4,210,000	4,100,414
Washington Housing Finance Commission, Revenue				

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(Single-Family Program)				
(Collateralized: FHLMC, FNMA and GNMA)	5.15	6/1/37	3,000,000	2,821,680

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
West Virginia 1.4%				
The County Commission of Pleasants County, PCR (Allegheny Energy Supply Company, LLC Pleasants Station Project)	5.25	10/15/37	5,000,000	3,741,500