

DREYFUS STRATEGIC MUNICIPALS INC
Form N-CSR
December 01, 2017

**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 811-05245

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)

Bennett MacDougall, Esq.

200 Park Avenue

New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6400

Date of fiscal year end: 09/30

Date of reporting period: 09/30/17

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus Strategic Municipals, Inc.

**ANNUAL REPORT
September 30, 2017**

Dreyfus Strategic Municipals, Inc.

**Protecting Your Privacy
Our Pledge to You**

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Fund's policies and practices for collecting, disclosing, and safeguarding "nonpublic personal information," which may include financial or other customer information. These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund's consumer privacy policy, and may be amended at any time. We'll keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Fund's agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT. The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.
- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager(s) only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to

update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value

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Dreyfus Strategic Municipals, Inc.

The Fund

A LETTER FROM THE CEO OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipals, Inc., covering the 12-month period from October 1, 2016 through September 30, 2017. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Stocks set a series of new record highs and bonds produced mixed results over the past year in response to changing economic and political conditions. Financial markets during the final months of 2016 were dominated by the election of a new U.S. presidential administration. Equities and corporate-backed bonds surged higher in anticipation of more business-friendly regulatory, tax, and fiscal policies, but high-quality bonds generally lost value due to expectations of rising interest rates and accelerating inflation in a stronger economy. Despite a series of short-term interest rate hikes, bonds recovered most or all of their previous losses over the first nine months of 2017 when it became clearer that pro-growth legislation would take time and political capital to enact. U.S. and international stocks continued to rally as corporate earnings grew and global economic conditions improved.

The markets' recent strong performance has been supported by solid underlying fundamentals. While we currently expect these favorable conditions to persist, we remain watchful for economic and political developments that could derail the rallies. As always, we encourage you to discuss the risks and opportunities of today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

Mark D. Santero
Chief Executive Officer
The Dreyfus Corporation
October 16, 2017

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DISCUSSION OF FUND PERFORMANCE

For the period from October 1, 2016 through September 30, 2017, as provided by Daniel Rabasco and Jeffrey Burger, Primary Portfolio Managers

Market and Fund Performance Overview

For the 12-month period ended September 30, 2017, Dreyfus Strategic Municipals, Inc. produced a total return of 0.46% on a net-asset-value basis and -0.19% on a market price basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.516 per share, which reflects a distribution rate of 5.87%.²

Municipal bonds produced modestly positive returns over the reporting period when moderating long-term interest rates and improving supply-and-demand dynamics offset earlier market weakness in the wake of the 2016 presidential election. In this environment, the fund benefited from its focus on longer-term, income-oriented securities.

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 The Dreyfus Corporation ("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, portfolio construction focuses on income opportunities, through analysis of each bond's structure, including paying close attention to each bond's yield, maturity, and early redemption features. When making new investments, we focus on identifying undervalued sectors and securities, and we minimize reliance on interest-rate forecasting. We select municipal bonds based on fundamental credit analysis to estimate the relative value and attractiveness of various sectors and securities and to exploit pricing inefficiencies in the municipal bond market. We actively trade among various sectors, such as escrowed, general obligation and revenue, based on their apparent relative values. Leverage, which is utilized in the portfolio in order to generate a higher level of current income exempt from regular federal income taxes, does amplify the fund's exposure to interest-rate movements, and potentially, gains or losses, especially those among the longest maturities.

Supply-and-Demand Dynamics Buoyed Municipal Bonds

The reporting period began in the midst of heightened market volatility stemming from a flood of new securities as issuers sought to lock in low financing rates in advance of short-term interest-rate hikes from the Federal Reserve Board. In addition, the unexpected election in November of a new presidential administration sparked uncertainty regarding potential changes in tax policy.

These negative trends reversed in early 2017, and municipal bonds rebounded steadily from low valuations as the supply of newly issued securities moderated, demand increased, and investors realized that tax reform legislation was not imminent. However, a tax reform

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DISCUSSION OF FUND PERFORMANCE *(continued)*

proposal in September rekindled investors' concerns, and municipal bonds gave back a portion of their previous gains.

Although growth in tax revenues has slowed and several states are facing pressure from underfunded pension systems, credit conditions have remained stable for most municipal issuers. Solid credit fundamentals helped lower-rated municipal bonds outperform their higher-quality counterparts over the reporting period.

Higher-Yielding Securities Supported Fund Results

The fund produced a mildly positive total return on a net-asset-value basis and a competitive dividend distribution rate during the reporting period, in part due to its focus on higher-yielding tax-exempt securities. In addition, a relatively long average duration helped the fund benefit from declining interest rates over the first eight months of 2017. An emphasis on bonds with A and BBB credit ratings, which are at the lower end of the investment-grade spectrum, also supported the fund's returns. Successful security selections during the reporting period included general obligation bonds issued on behalf of Chicago, Illinois, which rebounded sharply from earlier weakness. Among revenue-backed bonds, securities issued on behalf of education facilities, hospitals, special-tax districts, and water-and-sewer infrastructure fared well. On the other hand, the fund's emphasis on bonds backed by the states' settlement with U.S. tobacco companies detracted modestly from returns. The fund's leveraging strategy also proved relatively ineffective when short-term interest rates climbed.

A More Cautious Investment Posture

In the wake of the municipal bond market's recent rally, yield differences have narrowed along the market's credit-quality spectrum, and tax reform has become a more prominent part of the national debate. In addition, short- and long-term interest rates are expected to rise in a growing economy. The municipal bond market may also face seasonal supply-and-demand pressures over the next few months.

The fund's average duration declined during the reporting period to a more moderately long position. We continue to maintain the fund's emphasis on income-oriented securities, including revenue-backed bonds, and we remain watchful for trading opportunities to boost the fund's income potential as interest rates rise.

October 16, 2017

¹ Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share or market price per share, as applicable. 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 figures provided reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in effect until May 30, 2018, at which time it may be extended, modified, or terminated. Had these expenses not been absorbed, the fund's return would have been lower.

² 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, adjusted for any capital gain distributions.

Bonds are subject generally to interest-rate, credit, liquidity, and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines. High yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity. The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative.

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SELECTED INFORMATION

September 30, 2017 (Unaudited)

Market Price per share September 30, 2017	\$8.79
Shares Outstanding September 30, 2017	62,112,968
New York Stock Exchange Ticker Symbol	LEO

MARKET PRICE (NEW YORK STOCK EXCHANGE)

Fiscal Year Ended September 30, 2017

	Quarter Ended December 31, 2016	Quarter Ended March 31, 2017	Quarter Ended June 30, 2017	Quarter Ended September 30, 2017
High	\$9.35	\$8.79	\$8.92	\$9.15
Low	8.19	8.40	8.67	8.79
Close	8.40	8.60	8.91	8.79

PERCENTAGE GAIN (LOSS) based on change in Market Price[†]

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September 23, 1987 (commencement of operations) through September 30, 2017	600.78%
October 1, 2007 through September 30, 2017	94.80
October 1, 2012 through September 30, 2017	20.90
October 1, 2016 through September 30, 2017	(.19)
January 1, 2017 through September 30, 2017	9.43
April 1, 2017 through September 30, 2017	5.30
July 1, 2017 through September 30, 2017	.13

NET ASSET VALUE PER SHARE

September 23, 1987 (commencement of operations)	\$9.32
September 30, 2016	9.12
December 31, 2016	8.45
March 31, 2017	8.56
June 30, 2017	8.64
September 30, 2017	8.63

PERCENTAGE GAIN (LOSS) based on change in Net Asset Value[†]

September 23, 1987 (commencement of operations) through September 30, 2017	638.17%
October 1, 2007 through September 30, 2017	83.48
October 1, 2012 through September 30, 2017	27.90
October 1, 2016 through September 30, 2017	.46
January 1, 2017 through September 30, 2017	6.80
April 1, 2017 through September 30, 2017	3.87
July 1, 2017 through September 30, 2017	1.38

†Total return includes reinvestment of dividends and any capital gains paid.

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STATEMENT OF INVESTMENTS

September 30, 2017

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0%				
Alabama - 3.0%				
Birmingham Special Care Facilities Financing Authority, Improvement Revenue (Methodist Home for the Aging)	5.75	6/1/45	5,000,000	5,466,850
Birmingham Special Care Facilities Financing Authority, Improvement Revenue (Methodist Home for the Aging)	6.00	6/1/50	1,000,000	1,109,680
Jefferson County, Sewer Revenue Warrants	0/7.90	10/1/50	2,500,000	a 2,050,075
Lower Alabama Gas District, Gas Project Revenue	5.00	9/1/46	6,000,000	7,281,900
				15,908,505
Alaska - 2.0%				

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Northern Tobacco Securitization Corporation of Alaska, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/46	11,190,000	10,919,426
Arizona - 5.8%				
Arizona Housing Finance Authority, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.55	12/1/41	1,070,000	1,081,620
Maricopa County Industrial Development Authority, Education Revenue (Paradise Schools Projects)	5.00	7/1/47	1,000,000	b 1,020,360
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools Projects)	5.00	7/1/35	2,360,000	b 2,467,805
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools Projects)	5.00	7/1/46	2,000,000	b 2,066,040
Phoenix Industrial Development Authority, Education Facility Revenue (Legacy Traditional Schools Projects)	5.00	7/1/45	2,000,000	b 2,045,000
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	4,030,000	4,833,985

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Arizona - 5.8% (continued)				
Tender Option Bond Trust Receipts (Series 2016-XM0447), 1/1/2038, (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue) Recourse	5.00	1/1/38	17,207,871	b,c 17,388,490
				30,903,300
California - 16.7%				
California, GO (Various Purpose)	5.75	4/1/31	10,800,000	11,577,816
California, GO (Various Purpose)	6.50	4/1/33	10,000,000	10,816,300
California, GO (Various Purpose)	6.00	11/1/35	7,500,000	8,256,975
California Statewide Communities Development Authority, Revenue (Bentley School)	7.00	7/1/40	2,090,000	2,344,625
California Statewide Communities Development Authority, Student Housing Revenue (CHF-Irvine, LLC-UCI East Campus Apartments, Phase II) (Prerefunded)	5.75	5/15/18	2,000,000	d 2,060,400
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	6,250,000	6,477,000
San Buenaventura, Revenue (Community Memorial Health System)	7.50	12/1/41	2,000,000	2,336,680
San Francisco City and County Redevelopment Agency Community Facilities District Number 6, Special Tax Revenue (Mission Bay South Public Improvements)	5.00	8/1/23	1,000,000	1,146,560

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Tender Option Bond Trust Receipts (Series 2016-XM0369), 10/1/2039, (California Educational Facilities Authority, Revenue (University of Southern California)) Non-recourse	5.25	4/1/18	10,100,000	b,c 10,545,612
Tender Option Bond Trust Receipts (Series 2016-XM0379), 7/1/2043, (Los Angeles Department of Water and Power, Water System Revenue) Non-recourse	5.00	7/1/20	5,000,000	b,c 5,638,400
Tender Option Bond Trust Receipts (Series 2016-XM0434), 5/15/2038, (The Regents of the University of California, General Revenue) Recourse	5.00	5/15/38	10,000,000	b,c 11,548,700

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STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
California - 16.7% (continued)				
Tender Option Bond Trust Receipts (Series 2016-XM0440), 5/15/2031, (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport)) Recourse	5.00	5/15/31	5,247,500	b,c 5,766,095
Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation)	5.00	6/1/37	7,300,000	7,297,810
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project) (Prerefunded)	5.88	1/1/19	3,500,000	d 3,718,225
				89,531,198
Colorado - 4.8%				
Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project) (Prerefunded)	8.00	12/1/18	3,500,000	d 3,851,925
Dominion Water and Sanitation District, Tap Fee Revenue	6.00	12/1/46	2,000,000	2,104,920
Tender Option Bond Trust Receipts (Series 2016-XM0385), 3/1/2038, (Board of Governors of the Colorado State University, System Enterprise Revenue) Non-recourse	5.00	3/1/20	7,500,000	b,c 8,672,025
Tender Option Bond Trust Receipts (Series 2016-XM0433), 11/15/2043, (Colorado Springs, Utilities System Improvement Revenue) Recourse	5.00	11/15/43	9,750,000	b,c 11,234,340
				25,863,210
Connecticut - .5%				
Connecticut Health and Educational Facilities Authority, Revenue (Trinity Health Credit Group)	5.00	12/1/45	2,500,000	2,826,200
District of Columbia - 5.3%				
District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/15/46	38,500,000	e 5,621,385
Tender Option Bond Trust Receipts (Series 2016-XM0437), 12/1/2035, (District of Columbia, Income Tax Secured Revenue) Recourse	5.00	12/1/35	19,997,609	b,c 22,952,209
				28,573,594

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Florida - 7.1%				
Cape Coral Health Facilities Authority, Senior Housing Revenue (Gulf Care, Inc. Project)	5.88	7/1/40	1,600,000	b 1,721,088
Clearwater, Water and Sewer Revenue (Prerefunded)	5.25	12/1/19	5,000,000	d 5,459,750
Florida Development Finance Corporation, Educational Facilities Revenue (Miami Arts Charter School Project)	6.00	6/15/44	5,000,000	b 4,940,450
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	8,000,000	8,789,360
Miami-Dade County, Subordinate Special Obligation Revenue	0.00	10/1/45	3,000,000	e 929,580
Mid-Bay Bridge Authority, Springing Lien Revenue (Prerefunded)	7.25	10/1/21	6,000,000	d 7,381,020
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project) (Prerefunded)	6.00	8/1/20	6,500,000	d 7,365,865
Village Community Development District Number 10, Special Assessment Revenue	6.00	5/1/44	1,000,000	1,181,480
				37,768,593
Georgia - 5.2%				
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	1,445,000	1,569,790
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.) (Prerefunded)	5.25	11/1/19	2,555,000	d 2,779,457
Atlanta, Water and Wastewater Revenue (Prerefunded)	6.00	11/1/19	6,000,000	d 6,619,860
Georgia Higher Education Facilities Authority, Revenue (USG Real Estate Foundation I, LLC Project) (Insured; Assured Guaranty Corp.) (Prerefunded)	5.63	6/15/18	5,055,000	d 5,225,303
Tender Option Bond Trust Receipts (Series 2016-XM0435), 10/1/2043, (Private Colleges and Universities Authority, Revenue (Emory University)) Recourse	5.00	10/1/43	10,000,000	b,c 11,500,400
				27,694,810

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STATEMENT OF INVESTMENTS (continued)

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Hawaii - 1.4%				
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawai'i Pacific Health Obligated Group)	5.75	7/1/40	4,415,000	4,800,739
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company)	4.00	3/1/37	2,500,000	2,604,025
				7,404,764
Idaho - .9%				
Power County Industrial Development Corporation, SWDR (FMC Corporation Project)	6.45	8/1/32	5,000,000	5,009,800
Illinois - 9.3%				
Chicago, GO (Project and Refunding Series)	6.00	1/1/38	3,000,000	3,475,200
Chicago O'Hare International Airport, Revenue (General Airport Third Lien)	5.63	1/1/35	1,015,000	1,141,652
Chicago O'Hare International Airport, Revenue (General Airport Third Lien) (Prerefunded)	5.63	1/1/21	3,985,000	d4,546,287
Metropolitan Pier and Exposition Authority, Dedicated Tax Revenue (Capital Appreciation-McCormick Place Expansion Project) (Insured; MBIA Insurance Corporation)	0.00	12/15/36	2,500,000	e 1,131,375
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	12/15/28	3,000,000	3,212,580
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	0.00	12/15/51	18,100,000	e 2,548,661
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/52	1,650,000	1,667,111
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/53	3,500,000	3,556,280
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	5,050,000	5,723,417

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Illinois - 9.3% (continued)				
Tender Option Bond Trust Receipts (Series 2016-XM0378), 12/1/2032, (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds) Non-recourse	5.00	12/1/19	7,500,000	b,c 8,360,550
Tender Option Bond Trust Receipts (Series 2017-XM0492), 10/1/2040, (Illinois Finance Authority, Revenue (The University of Chicago)) Non-recourse	5.00	10/1/40	12,000,000	b,c 13,587,240

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University of Illinois Board of Trustees, Auxiliary Facilities System Revenue (University of Illinois)	5.00	4/1/44	1,000,000	1,114,280
				50,064,633
Indiana - .3%				
Indiana Finance Authority, Revenue (Marquette Project)	5.00	3/1/39	1,400,000	1,440,740
Iowa - 1.8%				
Iowa Finance Authority, Midwestern Disaster Area Revenue (Iowa Fertilizer Company Project)	5.25	12/1/25	7,375,000	7,823,842
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	2,000,000	2,011,900
				9,835,742
Louisiana - 1.6%				
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	7,000,000	7,036,400
New Orleans, Sewerage Service Revenue	5.00	6/1/40	1,500,000	1,687,755
				8,724,155
Maine - .6%				
Maine Health and Higher Educational Facilities Authority, Revenue (Maine General Medical Center Issue)	7.50	7/1/32	3,000,000	3,398,310
Maryland - 2.6%				
Maryland Health and Higher Educational Facilities Authority, Revenue (Adventist HealthCare Issue)	5.50	1/1/46	3,250,000	3,715,693

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STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Maryland - 2.6% (continued)				
Tender Option Bond Trust Receipts (Series 2016-XM0391), 7/1/2043, (Mayor and City Council of Baltimore, Project Revenue (Water Projects)) Non-recourse	5.00	7/1/21	9,000,000	b,c 10,239,300
				13,954,993
Massachusetts - 7.2%				
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	2,065,000	2,235,218
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue) (Prerefunded)	6.25	7/1/19	3,585,000	d 3,910,339
Tender Option Bond Trust Receipts (Series 2016-XM0368), 2/1/2034, (Massachusetts Development Finance Agency, Revenue (Harvard University Issue)) Non-recourse	5.25	8/1/18	10,000,000	b,c 11,353,100
	5.00	4/1/19	8,600,000	b,c 9,734,426

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Tender Option Bond Trust Receipts (Series 2016-XM0372), 11/1/2025, (Massachusetts, Consolidated Loan) Non-recourse				
Tender Option Bond Trust Receipts (Series 2016-XM0389), 5/15/2043, (Massachusetts School Building Authority, Senior Dedicated Sales Tax Revenue) Non-recourse	5.00	5/15/21	10,000,000 ^{b,c}	11,406,000

38,639,083

Michigan - 8.2%

Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	3,000,000	3,224,730
Great Lakes Water Authority, Sewage Disposal System Second Lien Revenue	5.00	7/1/36	3,000,000	3,355,890
Michigan Finance Authority, HR (Beaumont Health Credit Group)	5.00	11/1/44	5,165,000	5,760,473
Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Sewage Disposal System Revenue Senior Lien Local Project Bonds) (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/31	2,000,000	2,280,920

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Michigan - 8.2% (continued)				
Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Water Supply System Revenue Second Lien Local Project Bonds)	5.00	7/1/34	2,000,000	2,227,980
Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Water Supply System Revenue Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.)	5.00	7/1/36	2,000,000	2,210,660
Michigan Hospital Finance Authority, HR (Henry Ford Health System) (Prerefunded)	5.63	11/15/19	5,000,000 ^d	5,478,100
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,340,000	4,268,998
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds	6.88	6/1/42	5,000,000	5,082,850
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds	6.00	6/1/48	4,000,000	3,999,640
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) (Prerefunded)	8.25	9/1/18	5,500,000 ^d	5,867,895
				43,758,136
Minnesota - 1.0%				
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	12/1/38	35,637	36,348

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Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA) Minneapolis,	5.30	12/1/39	82,187	83,351
Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty Corp.)	6.50	11/15/38	4,190,000	4,423,257

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STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Minnesota - 1.0% (continued)				
Minneapolis, Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty Corp.) (Prerefunded)	6.50	11/15/18	810,000	d860,277
				5,403,233
Mississippi - 2.1%				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	5,720,000	5,772,738
Mississippi Development Bank, Special Obligation Revenue (Magnolia Regional Health Center Project)	6.50	10/1/31	5,000,000	5,611,700
				11,384,438
Missouri - 1.0%				
Saint Louis Land Clearance Redevelopment Authority, Annual Appropriation Redevelopment Revenue (National Geospatial-Intelligence Agency Site Improvements Project)	5.13	6/1/46	5,000,000	5,416,050
New Jersey - 4.2%				
Essex County Improvement Authority, SWDR (Covanta Project)	5.25	7/1/45	1,000,000	b1,006,540
New Jersey Economic Development Authority, Revenue	5.25	6/15/27	4,000,000	4,522,560
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.25	6/15/40	3,250,000	3,537,333
New Jersey Economic Development Authority, Special Facility Revenue (Continental Airlines, Inc. Project)	5.25	9/15/29	3,375,000	3,709,935
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Corp.)	6.13	6/1/30	2,860,000	2,926,409
New Jersey Transportation Trust Fund Authority, Transportation Program Revenue	5.25	6/15/33	1,500,000	1,655,715
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/41	5,500,000	5,377,900
				22,736,392

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
New Mexico - 1.4%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	7,000,000	7,647,500
New York - 11.7%				
New York City Educational Construction Fund, Revenue	6.50	4/1/27	4,490,000	5,271,574
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Corp.)	7.00	3/1/49	5,000,000	5,415,750
New York Convention Center Development Corporation, Senior Lien Revenue (Hotel Unit Fee Secured)	0.00	11/15/47	6,800,000	e 2,130,168
New York Liberty Development Corporation, Revenue (3 World Trade Center Project)	5.00	11/15/44	7,000,000	b 7,641,830
New York Transportation Development Corporation, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	5.00	8/1/26	500,000	536,740
New York Transportation Development Corporation, Special Facility Revenue (LaGuardia Airport Terminal B Redevelopment Project)	5.00	7/1/46	3,500,000	3,852,590
Niagara Area Development Corporation, Solid Waste Disposal Facility Revenue (Covanta Energy Project)	5.25	11/1/42	3,000,000	b 3,003,270
Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project)	6.00	12/1/36	2,000,000	2,238,300
Tender Option Bond Trust Receipts (Series 2016-XM0370), 4/1/2027, (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Non-recourse	5.25	11/1/18	5,000,000	b,c 5,606,200
Tender Option Bond Trust Receipts (Series 2016-XM0438), 11/1/2027, (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Recourse	5.50	11/1/27	5,000,000	b,c 5,634,250

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STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
New York - 11.7% (continued)				
	5.00	6/15/39	20,000,000	b,c 21,279,800

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Tender Option Bond Trust Receipts (Series 2016-XM0445), 6/15/2039,
(New York City Municipal Water Finance Authority, Water and Sewer
System General Resolution Revenue) Recourse

62,610,472

North Carolina - .2%

North Carolina Medical Care Commission, Health Care Facilities First Mortgage Revenue (Pennybryn at Maryfield)	5.00	10/1/35	1,005,000	1,036,738
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Ohio - 11.1%

Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	0.00	6/1/47	19,800,000 ^e	1,333,134
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	6.50	6/1/47	14,690,000	14,687,943
Butler County, Hospital Facilities Revenue (UC Health)	5.50	11/1/40	2,360,000	2,594,254
Butler County, Hospital Facilities Revenue (UC Health) (Prerefunded)	5.50	11/1/20	1,490,000 ^d	1,683,208
Canal Winchester Local School District, School Facilities Construction and Improvement and Advance Refunding Bonds (GO - Unlimited Tax) (Insured; National Public Finance Guarantee Corp.)	0.00	12/1/29	3,955,000 ^e	2,820,508
Canal Winchester Local School District, School Facilities Construction and Improvement and Advance Refunding Bonds (GO - Unlimited Tax) (Insured; National Public Finance Guarantee Corp.)	0.00	12/1/31	3,955,000 ^e	2,626,199
Cuyahoga County Hospital, Revenue (The Metrohealth System)	5.00	2/15/57	2,000,000	2,100,640
Hamilton County, Healthcare Improvement Revenue (Life Enriching Communities Project)	5.00	1/1/51	2,000,000	2,123,420
Muskingum County, Hospital Facilities Revenue (Genesis HealthCare System Obligated Group Project)	5.00	2/15/22	4,590,000	4,980,747
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	1,900,000	1,966,272

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Ohio - 11.1% (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 ^b	2,957,010
Tender Option Bond Trust Receipts (Series 2016-XM0380), 12/1/2038, (Hamilton County, Sewer System Improvement Revenue (The Metropolitan Sewer District of Greater Cincinnati)) Non-recourse	5.00	6/1/33	17,000,000 ^{b,c}	19,700,790
				59,574,125

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Oregon - .7%

Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue (Pelton Round Butte Project)	6.38	11/1/33	3,300,000	3,492,456
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Pennsylvania - 1.6%

Crawford County Hospital Authority, HR (Meadville Medical Center Project)	6.00	6/1/46	1,175,000	1,224,855
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Philadelphia, GO (Prerefunded)	6.50	8/1/20	3,550,000	d 4,084,097
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Tender Option Bond Trust Receipts (Series 2016-XM0373), 6/1/2041, (Geisinger Authority, Health System Revenue (Geisinger Health System)) Non-recourse	5.13	6/1/35	3,000,000	b,c 3,236,250
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8,545,202

Rhode Island - 1.0%

Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue (Lifespan Obligated Group Issue) (Insured; Assured Guaranty Corp.) (Prerefunded)	7.00	5/15/19	5,000,000	d 5,486,350
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South Carolina - 6.9%

South Carolina Public Service Authority, Revenue Obligations (Santee Cooper) (Prerefunded)	5.50	1/1/19	9,205,000	d 9,732,354
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Tender Option Bond Trust Receipts (Series 2016-XM0384), 12/1/2043, (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper)) Non-recourse	5.13	6/1/37	15,000,000	b,c 16,547,550
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Tender Option Bond Trust Receipts (Series 2016-XM0442), 2/1/2040, (Columbia, Waterworks and Sewer System Revenue) Recourse	5.00	2/1/40	10,000,000	b,c 10,911,700
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37,191,604

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STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Tennessee - 4.5%				
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University) (Prerefunded)	5.50	10/1/19	7,000,000	d 7,620,200
Tender Option Bond Trust Receipts (Series 2016-XM0388), 7/1/2040, (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue) Non-recourse	5.00	7/1/21	5,000,000	b,c 5,735,300
Tender Option Bond Trust Receipts (Series 2016-XM0446), 11/15/2040, (Rutherford County Health and Educational Facilities Board, Revenue (Ascension Health Senior Credit Group)) Recourse	5.00	11/15/40	10,000,000	b,c 10,662,700
				24,018,200
Texas - 11.6%				
Central Texas Regional Mobility Authority, Senior Lien Revenue	5.00	1/1/45	1,500,000	1,667,730

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Clifton Higher Education Finance Corporation, Education Revenue (International Leadership of Texas)	5.75	8/15/45	4,500,000	4,835,430
Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education)	4.50	12/1/44	2,500,000	2,552,125
Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education) (Prerefunded)	6.00	12/1/20	2,500,000 d	2,870,825
Dallas Area Rapid Transit, Senior Lien Sales Tax Revenue (Prerefunded)	5.25	12/1/18	10,000,000d	10,500,700
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	7.25	12/1/18	2,000,000 d	2,145,440
Harris County-Houston Sports Authority, Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.) Houston,	0.00	11/15/50	6,500,000 e	1,423,695
Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.)	6.00	11/15/36	295,000	319,214

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Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Texas - 11.6% (continued)				
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.) (Prerefunded)	6.00	5/15/19	4,705,000 d	5,084,646
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	965,000	976,802
Tender Option Bond Trust Receipts (Series 2016-XM0377), 2/1/2043, (San Antonio, Electric and Gas Systems Junior Lien Revenue) Non-recourse	5.00	2/1/21	16,750,000 b,c	18,991,485
Tender Option Bond Trust Receipts (Series 2017-XF2422), 8/15/2040, (Leander Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program)) Recourse	5.00	8/15/40	8,507,701 b,c	9,132,760
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	12.42	7/2/24	50,000 f	52,394
Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue (Blueridge Transportation Group, State Highway 288 Toll Lanes Project)	5.00	12/31/50	1,300,000	1,416,285
				61,969,531
Virginia - 2.4%				
Chesterfield County Economic Development Authority, Retirement Facilities First Mortgage Revenue (Brandermill Woods Project)	5.13	1/1/43	2,100,000	2,131,080
Tender Option Bond Trust Receipts (Series 2016-XM0448), 11/1/2040, (Virginia Small Business Financing Authority, Health Care Facilities Revenue (Sentara Healthcare)) Recourse	5.00	11/1/40	10,000,000 b,c	10,737,300
				12,868,380

Washington - 3.8%

Tender Option Bond Trust Receipts (Series 2016-XM0441), 1/1/2033, (King County, Limited Tax GO (Payable from Sewer Revenues)) Recourse	5.13	1/1/33	10,000,000	b,c 10,521,000
Tender Option Bond Trust Receipts (Series 2017-XF2423), 1/1/2029, (King County, Server Revenue) Recourse	5.00	1/1/29	3,998,716	b,c 4,466,876

19**STATEMENT OF INVESTMENTS (continued)**

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 152.0% (continued)				
Washington - 3.8% (continued)				
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	3,475,000	d 3,628,317
Washington Housing Finance Commission, Nonprofit Housing Revenue (Presbyterian Retirement Communities Northwest Projects)	5.00	1/1/51	1,700,000	b 1,748,076
				20,364,269
West Virginia - .3%				
The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station Project)	5.50	10/15/37	1,750,000	1,752,135
Wisconsin - .2%				
Public Finance Authority, Senior Living Revenue (Mary's Woods At Marylhurst Project)	5.25	5/15/47	750,000	b 801,375
Wyoming - .3%				
Wyoming Municipal Power Agency, Power Supply System Revenue (Prerefunded)	5.50	1/1/18	1,360,000	d 1,376,225
U.S. Related - 1.7%				
Guam, LOR (Section 30) (Prerefunded)	5.75	12/1/19	2,000,000	d 2,200,780
Guam Housing Corporation, SFMR (Guaranteed Mortgage-Backed Securities Program) (Collateralized; FHLMC)	5.75	9/1/31	965,000	1,004,478
Guam Waterworks Authority, Water and Wastewater System Revenue	5.63	7/1/40	2,000,000	2,123,040

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Description Value (\$)

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	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	
Long-Term Municipal Investments - 152.0% (continued)				
U.S. Related - 1.7% (continued)				
Puerto Rico Commonwealth, Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/35	3,500,000	3,654,630
				8,982,928
Total Investments (cost \$748,896,399)			152.0%	814,876,795
Liabilities, Less Cash and Receivables			(25.4%)	(136,419,270)
Preferred Stock, at redemption value			(26.6%)	(142,500,000)
Net Assets Applicable to Common Shareholders			100.0%	535,957,525

^a Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.

^b Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2017, these securities amounted to \$354,509,692, or 66.15% of net assets applicable to Common Shareholders.

^c Collateral for floating rate borrowings.

^d These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.

^e Security issued with a zero coupon. Income is recognized through the accretion of discount.

^f Inverse floater security—the interest rate is subject to change periodically. Rate shown is the interest rate in effect at September 30, 2017.

Portfolio Summary (Unaudited) †	Value (%)
Education	23.3
Prerefunded	22.7
Utility-Water and Sewer	19.3
Special Tax	16.8
Health Care	16.0
Utility-Electric	15.9
Industrial	7.8
Transportation Services	7.1
State/Territory	5.7
Asset-Backed	4.1
Pollution Control	2.4
City	1.7
Resource Recovery	1.1
County	.7
Housing	.6
Other	6.8
	152.0

[†]Based on net assets applicable to Common Shareholders.

See notes to financial statements.

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Summary of Abbreviations (Unaudited)

ABAG	Association of Bay Area Governments	ACA	American Capital Access
AGC	ACE Guaranty Corporation	AGIC	Asset Guaranty Insurance Company
AMBAC	American Municipal Bond Assurance Corporation	ARRN	Adjustable Rate Receipt Notes
BAN	Bond Anticipation Notes	BPA	Bond Purchase Agreement
CIFG	CDC Ixis Financial Guaranty	COP	Certificate of Participation
CP	Commercial Paper	DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDR	Economic Development Revenue	EIR	Environmental Improvement Revenue
FGIC	Financial Guaranty Insurance Company	FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank	FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association	GAN	Grant Anticipation Notes
GIC	Guaranteed Investment Contract	GNMA	Government National Mortgage Association
GO	General Obligation	HR	Hospital Revenue
IDB	Industrial Development Board	IDC	Industrial Development Corporation
IDR	Industrial Development Revenue	LIFERS	Long Inverse Floating Exempt Receipts
LOC	Letter of Credit	LOR	Limited Obligation Revenue
LR	Lease Revenue	MERLOTS	Municipal Exempt Receipts Liquidity Option Tender
MFHR	Multi-Family Housing Revenue	MFMR	Multi-Family Mortgage Revenue
PCR	Pollution Control Revenue	PILOT	Payment in Lieu of Taxes
P-FLOATS	Puttable Floating Option Tax-Exempt Receipts	PUTTERS	Puttable Tax-Exempt Receipts

RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	RIB	Residual Interest Bonds
ROCS	Reset Options Certificates	RRR	Resources Recovery Revenue
SAAN	State Aid Anticipation Notes	SBPA	Standby Bond Purchase Agreement
SFHR	Single Family Housing Revenue	SFMR	Single Family Mortgage Revenue
SONYMA	State of New York Mortgage Agency	SPEARS	Short Puttable Exempt Adjustable Receipts
SWDR	Solid Waste Disposal Revenue	TAN	Tax Anticipation Notes
TAW	Tax Anticipation Warrants	TRAN	Tax and Revenue Anticipation Notes
XLCA	XL Capital Assurance		

See notes to financial statements.

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STATEMENT OF ASSETS AND LIABILITIES

September 30, 2017

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	748,896,399	814,876,795
Cash		679,328
Interest receivable		12,869,602
Prepaid expenses		21,633
		828,447,358
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 2(b)		384,961
Payable for floating rate notes issued—Note 3		148,574,397
Interest and expense payable related to floating rate notes issued—Note 3		798,801
Commissions payable—Note 1		36,128
Dividends payable to Preferred Shareholders		23,407
Accrued expenses		172,139
		149,989,833
Auction Preferred Stock, Series M,T,W,Th and F, par value \$.001 per share (5,700 shares issued and outstanding at \$25,000 per share liquidation value)—Note 1		142,500,000
Net Assets Applicable to Common Shareholders (\$)		535,957,525
Composition of Net Assets (\$):		
Common Stock, par value, \$.001 per share (62,112,968 shares issued and outstanding)		62,113
Paid-in capital		528,489,417
Accumulated undistributed investment income—net		114,173
Accumulated net realized gain (loss) on investments		(58,688,574)

Accumulated net unrealized appreciation (depreciation) on investments	65,980,396
Net Assets Applicable to Common Shareholders (\$)	535,957,525
Shares Outstanding (500 million shares authorized)	62,112,968
Net Asset Value Per Share of Common Stock (\$)	8.63

See notes to financial statements.

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STATEMENT OF OPERATIONS
Year Ended September 30, 2017

Investment Income (\$):	
Interest Income	39,196,294
Expenses:	
Management fee—Note 2(a)	5,080,841
Interest and expense related to floating rate notes issued—Note 3	2,090,658
Commission fees—Note 1	270,966
Professional fees	139,441
Directors' fees and expenses—Note 2(c)	98,572
Registration fees	70,620
Shareholders' reports	64,443
Shareholder servicing costs	58,232
Custodian fees—Note 2(b)	43,104
Miscellaneous	64,357
Total Expenses	7,981,234
Less—reduction in expenses due to undertaking—Note 2(a)	(677,445)
Net Expenses	7,303,789
Investment Income—Net	31,892,505
Realized and Unrealized Gain (Loss) on Investments—Note 3 (\$):	
Net realized gain (loss) on investments	(709,004)
Net unrealized appreciation (depreciation) on investments	(27,579,093)
Net Realized and Unrealized Gain (Loss) on Investments	(28,288,097)
Dividends to Preferred Shareholders	(1,802,862)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations	1,801,546

See notes to financial
statements.

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STATEMENT OF CASH FLOWS
Year Ended September 30, 2017

Cash Flows from Operating Activities (\$):		
Interest received	39,695,029	
Operating expenses paid	(5,231,288)	
Dividends paid to Preferred Shareholders	(1,795,067)	
Purchases of portfolio securities	(63,908,511)	
Proceeds from sales of portfolio securities	61,212,216	
Net Cash Provided by Operating Activities		29,972,379
Cash Flows from Financing Activities (\$):		
Dividends paid to Common Shareholders	(30,753,571)	
Interest and expense related to floating rate notes issued paid	(1,795,532)	
Net Cash Used in Financing Activities		(32,549,103)
Decrease in cash		(2,576,724)
Cash at beginning of period		3,256,052
Cash at end of period		679,328
Reconciliation of Net Decrease in Net Assets Applicable to		
Common Shareholders Resulting from Operations to		
Net Cash Provided by Operating Activities (\$):		
Net Increase in Net Assets Applicable to Common Shareholders Resulting From Operations		1,801,546
Adjustments to reconcile net decrease in net assets applicable to Common Shareholders resulting from operations to net cash provided by operating activities (\$):		
Increase in investments in securities, at cost		(5,716,247)
Decrease in payable for investment securities purchased		(5,243,388)
Increase in interest receivable		(409,461)
Decrease in commissions payable and accrued expenses		(239)
Decrease in prepaid expenses		10,121
Decrease in Due to The Dreyfus Corporation and affiliates		(28,039)
Increase in dividends payable to Preferred Shareholders		7,795
Increase in payable for floating rate notes issued		9,000,000
Interest and expense related to floating rate notes issued		2,090,658
Net unrealized depreciation on investments		27,579,093
Net amortization of premiums on investments		880,540
Net Cash Provided by Operating Activities		29,972,379
Supplemental Disclosure Cash Flow Information (\$):		
Non-cash financing activities:		
Reinvestment of dividends		1,241,830
<i>See notes to financial statements.</i>		

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended September 30, 2017	2016
Operations (\$):		
Investment income—net	31,892,505	32,539,159
Net realized gain (loss) on investments	(709,004)	5,350,790
Net unrealized appreciation (depreciation) on investments	(27,579,093)	17,474,037
Dividends to Preferred Shareholders	(1,802,862)	(710,599)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	1,801,546	54,653,387
Dividends to Common Shareholders from (\$):		
Investment income—net	(31,995,401)	(31,927,984)
Capital Stock Transactions (\$):		
Distributions reinvested	1,241,830	1,093,840
Increase (Decrease) in Net Assets from Capital Stock Transactions	1,241,830	1,093,840
Total Increase (Decrease) in Net Assets Applicable to Common Shareholders	(28,952,025)	