

DREYFUS STRATEGIC MUNICIPALS INC  
Form N-CSR  
November 30, 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:

09/30

Date of reporting period:

09/30/09

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**FORM N-CSR**

**Item 1. Reports to Stockholders.**

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# Dreyfus Strategic Municipals, Inc.

**ANNUAL REPORT** September 30, 2009

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# Contents

## THE FUND

<b>2</b>	A Letter from the Chairman and CEO
<b>3</b>	Discussion of Fund Performance
<b>6</b>	Selected Information
<b>7</b>	Statement of Investments
<b>26</b>	Statement of Assets and Liabilities
<b>27</b>	Statement of Operations
<b>28</b>	Statement of Changes in Net Assets
<b>29</b>	Financial Highlights
<b>31</b>	Notes to Financial Statements
<b>39</b>	Report of Independent Registered Public Accounting Firm
<b>40</b>	Additional Information
<b>44</b>	Important Tax Information
<b>45</b>	Proxy Results
<b>46</b>	Board Members Information
<b>50</b>	Officers of the Fund
<b>53</b>	Officers and Directors

## FOR MORE INFORMATION

Back Cover

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Dreyfus  
Strategic Municipals, Inc.

# The Fund

## A LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipals, Inc. covering the 12-month period from October 1, 2008, through September 30, 2009.

While the end of the recession will not be officially declared over for months, evidence suggests that the economy has turned a corner. Along with favorable supply-and-demand factors and stimulus from the U.S government's American Recovery and Reinvestment Act of 2009, municipal bonds have enjoyed an impressive rally since the credit crisis began last year. But as momentum may keep these securities rallying over the near term, only time will tell whether the fiscal situations of many state and local municipalities can maintain adequate credit fundamentals during what many believe will be a long recovery phase.

Currently, in our judgment, the financial markets appear poised to enter into a new phase in which underlying fundamentals, not bargain hunting, are likely to drive investment returns. Of course, the best strategy for your portfolio depends not only on your view of the economy's direction, but on your current financial needs, future goals and attitudes toward risk. Your financial advisor can help you decide which investments have the potential to benefit from a recovery while guarding against unexpected economic developments.

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

Thank you for your continued confidence and support.

Jonathan R. Baum  
Chairman and Chief Executive Officer  
The Dreyfus Corporation  
October 15, 2009

2

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## DISCUSSION OF FUND PERFORMANCE

*For the period of October 1, 2008, through September 30, 2009, as provided by James Welch, Senior Portfolio Manager*

Fund and Market Performance Overview

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For the 12-month period ended September 30, 2009, Dreyfus Strategic Municipals achieved a total return of 15.62% on a net-asset-value basis.<sup>1</sup> Over the same period, the fund provided aggregate income dividends of \$0.50 per share, which reflects a distribution rate of 6.37%.<sup>2</sup>

After suffering severe market volatility due to a financial crisis and economic downturn in late 2008, municipal bonds rebounded in 2009 as investors returned to the market. The fund's performance was driven primarily by its higher-yielding, corporate-backed holdings, which generally led the market's advance.

### 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 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.

The Fund 3

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### DISCUSSION OF FUND PERFORMANCE *(continued)*

#### Municipal Bonds Recovered Previous Lost Ground

The reporting period began just weeks after the failures of several major financial institutions sparked a global financial crisis and exacerbated an economic downturn. These developments produced severe dislocations in most financial markets, including municipal bonds. As the crisis intensified in the fall of 2008, investors fled longer-term assets in favor of traditional safe havens such as money market funds and U.S. Treasury securities. As a result, many municipal bonds appeared to lose value indiscriminately, regardless of their fundamental strengths and weaknesses.

Although market turmoil persisted over the opening months of 2009, investor sentiment soon began to improve as investors gained confidence that aggressive measures by the Federal Reserve Board (the Fed) and U.S. government would be effective in repairing the credit markets. The Fed had injected massive amounts of liquidity into the banking system and reduced short-term interest rates to the unprecedented low level of 0% to 0.25%, while Congress enacted the \$787 billion American Recovery and Reinvestment Act of 2009. Despite struggling housing markets and a climbing unemployment rate, investors began to look forward to better economic conditions.

As assets flowed into the municipal bond market, demand proved particularly robust for many of the lower-quality, higher yielding securities that had been severely punished during the downturn. However, investors appeared to focus more carefully on underlying fundamentals, favoring corporate-backed bonds whose issuers seemed to be weathering the recession relatively well. Meanwhile, the supply of newly issued municipal bonds fell after the U.S. government enacted the Buy America Bonds program as part of the economic stimulus package, which diverted a substantial portion of new issuance to the taxable bond market.

#### Lower-Quality Rally Bolstered Fund Results

To cushion losses and maintain interest income during the downturn, we struck a balance between higher yielding, income-oriented bonds and high-quality municipal bonds from state and local governments and

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authorities. The 2009 rally helped lift prices of bonds in both categories, but gains were especially robust among lower-quality, corporate-backed holdings from issuers in the airlines, health care and utilities industries. Bonds backed by the states settlement of litigation with U.S. tobacco companies also rallied strongly. As these relatively volatile securities reached valuations that we considered rich, we sold some of them in favor of higher-quality municipal bonds with stronger liquidity characteristics.

Finally, the fund's leveraging strategy benefited from historically low short-term interest rates. Although auction-rate securities have continued to face limited liquidity, relatively wide differences between floating short-term rates and the fixed rates of longer term municipal bonds have benefited the fund's performance on a net asset value basis.

### Maintaining a Cautious Investment Posture

We have been encouraged by recent evidence of economic stabilization and a return to fundamentals among investors. However, many states have continued to struggle with budget pressures. Consequently, we currently intend to maintain a generally conservative investment posture. Over the longer term, however, we believe that the likelihood of rising tax rates, persistently low yields on money market funds and potential changes in credit-rating methodologies may make municipal bonds a particularly attractive asset class.

October 15, 2009

- 1 *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 November 30, 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.*
- 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.*

The Fund 5

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## SELECTED INFORMATION

September 30, 2009 (Unaudited)

\* *With dividends reinvested.*

6

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## STATEMENT OF INVESTMENTS

September 30, 2009

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<b>Long-Term Municipal Investments 152.1%</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Alabama 1.6%</b>				
Houston County Health Care Authority, GO (Insured; AMBAC) (Prerefunded)	6.25	10/1/09	8,000,000 <sup>a</sup>	8,081,280
<b>Arizona 4.7%</b>				
Arizona Housing Finance Authority, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.55	12/1/41	6,000,000	6,171,780
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	6.25	7/1/38	5,000,000	5,332,850
Maricopa County Pollution Control Corporation, PCR (Public Service Company of New Mexico Palo Verde Project)	5.75	11/1/22	6,000,000	5,999,940
Scottsdale Industrial Development Authority, HR (Scottsdale Healthcare) (Prerefunded)	5.80	12/1/11	6,000,000 <sup>a</sup>	6,680,820
<b>Arkansas .4%</b>				
Arkansas Development Finance Authority, SFMR (Mortgage Backed Securities Program) (Collateralized: FNMA and GNMA)	6.25	1/1/32	2,000,000	2,069,240
<b>California 17.1%</b>				
Beverly Hills Unified School District, GO	0.00	8/1/30	10,850,000 <sup>b</sup>	3,965,132
California, GO (Various Purpose)	5.75	4/1/31	10,800,000	11,643,912
California, GO (Various Purpose)	6.50	4/1/33	10,000,000	11,566,100
California Pollution Control Financing Authority, SWDR (Keller Canyon Landfill Company Project)	6.88	11/1/27	2,000,000	2,001,960
California Statewide Communities Development Authority,				

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Environmental Facilities Revenue (Microgy Holdings Project)	9.00	12/1/38	3,000,000	2,488,350
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The Fund 7

STATEMENT OF INVESTMENTS (continued)

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>California (continued)</b>				
California Statewide Communities Development Authority, Revenue (Bentley School)	6.75	7/1/32	1,925,000	1,901,611
California Statewide Communities Development Authority, Revenue (Daughters of Charity Health System)	5.25	7/1/30	3,000,000	2,900,400
California Statewide Communities Development Authority, Revenue (Daughters of Charity Health System)	5.00	7/1/39	5,000,000	4,384,700
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	2,508,225
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	4.50	6/1/27	5,000,000	4,636,550
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/33	9,775,000	8,499,265
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	7,050,000	5,900,568
Golden State Tobacco				

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Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.80	6/1/13	8,100,000 <sup>a</sup>	9,870,579
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.90	6/1/13	2,000,000 <sup>a</sup>	2,443,940
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	6,250,000	7,086,000

8

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>California (continued)</b>				
San Diego Public Facilities Financing Authority, Senior Sewer Revenue	5.25	5/15/34	2,500,000	2,693,625
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.88	1/1/29	3,500,000	3,888,675
<b>Colorado 4.7%</b>				
Beacon Point Metropolitan District, GO	6.25	12/1/35	2,000,000	1,569,800
Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project)	8.00	12/1/40	3,500,000	4,148,935
Colorado Health Facilities Authority, Revenue (American Baptist Homes of the Midwest Obligated Group)	5.90	8/1/37	3,000,000	2,591,160
Colorado Housing and Finance Authority, Single Family Program Senior and Subordinate Bonds (Collateralized; FHA)	6.60	8/1/32	1,375,000	1,461,460
Northwest Parkway Public				

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Highway Authority, Revenue (Prerefunded)	7.13	6/15/11	10,455,000 <sup>a</sup>	11,698,622
Southlands Metropolitan District Number 1, GO (Prerefunded)	7.13	12/1/14	2,000,000 <sup>a</sup>	2,528,480
<b>Florida 7.3%</b>				
Clearwater, Water and Sewer Revenue	5.25	12/1/39	5,000,000	5,312,250
Florida Housing Finance Corporation, Housing Revenue (Nelson Park Apartments) (Insured; FSA)	6.40	3/1/40	12,380,000	12,562,357
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	8,000,000	9,221,520
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	4,105,000	4,147,487

The Fund 9

STATEMENT OF INVESTMENTS (continued)

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Florida (continued)</b>				
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System) (Prerefunded)	6.00	10/1/09	45,000 <sup>a</sup>	45,457
Orange County School Board, COP (Master Lease Purchase Agreement) (Insured; Assured Guaranty)	5.50	8/1/34	6,000,000	6,485,640
<b>Georgia 4.9%</b>				
Atlanta, Water and Wastewater Revenue	6.00	11/1/27	6,000,000	6,520,020
Brooks County Development Authority, Senior Health and Housing Facilities Revenue (Presbyterian Home, Quitman,				

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Inc.) (Collateralized; GNMA)	5.70	1/20/39	4,445,000	4,754,194
Fulton County Development Authority, Revenue (Georgia Tech North Avenue Apartments Project) (Insured; XLCA)	5.00	6/1/32	2,500,000	2,611,500
Georgia Higher Education Facilities Authority, Revenue (USG Real Estate Foundation I, LLC Project) (Insured; Assured Guaranty)	5.63	6/15/38	6,000,000	6,558,300
Milledgeville-Baldwin County Development Authority, Revenue (Georgia College and State Foundation)	6.00	9/1/13	2,090,000	2,465,113
Milledgeville-Baldwin County Development Authority, Revenue (Georgia College and State Foundation) (Prerefunded)	6.00	9/1/14	2,000,000 <sup>a</sup>	2,435,420
<b>Hawaii .3%</b>				
Hawaii Department of Transportation, Special Facility Revenue (Caterair International Corporation)	10.13	12/1/10	1,400,000	1,371,356
<b>Idaho 1.0%</b>				
Power County Industrial Development Corporation, SWDR (FMC Corporation Project)	6.45	8/1/32	5,000,000	5,032,000

10

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Illinois 9.1%</b>				
Chicago, GO (Insured; FGIC) (Prerefunded)	6.13	7/1/10	14,565,000 <sup>a</sup>	15,344,810
Chicago, SFMR (Collateralized: FHLMC, FNMA and GNMA)	6.55	4/1/33	1,960,000	2,074,307
Chicago,				

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Wastewater Transmission Revenue (Insured; National Public Finance Guarantee Corp.) (Prerefunded)	6.00	1/1/10	3,000,000 <sup>a</sup>	3,073,170
Illinois Finance Authority, Revenue (Edward Hospital Obligated Group) (Insured; AMBAC)	5.50	2/1/40	3,500,000	3,518,305
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network) (Prerefunded)	6.13	11/15/10	4,020,000 <sup>a</sup>	4,278,566
Illinois Health Facilities Authority, Revenue (OSF Healthcare System) (Prerefunded)	6.25	11/15/09	7,730,000 <sup>a</sup>	7,863,033
Illinois Health Facilities Authority, Revenue (Swedish American Hospital) (Prerefunded)	6.88	5/15/10	4,945,000 <sup>a</sup>	5,173,904
Metropolitan Pier and Exposition Authority, State Tax Revenue (McCormick Place Expansion Project) (Insured; National Public Finance Guarantee Corp.)	5.25	6/15/42	5,325,000	5,479,798
<b>Indiana 2.2%</b>				
Franklin Township School Building Corporation, First Mortgage Bonds (Prerefunded)	6.13	7/15/10	6,500,000 <sup>a</sup>	6,925,295
Petersburg, SWDR (Indianapolis Power and Light Company Project)	6.38	11/1/29	4,150,000	4,166,558
<b>Kansas 4.8%</b>				
Kansas Development Finance Authority, Health Facilities Revenue (Sisters of Charity of Leavenworth Health Services Corporation)	6.25	12/1/28	3,000,000	3,063,720

The Fund 11

STATEMENT OF INVESTMENTS (continued)

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Kansas (continued)</b>				
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	6.30	12/1/32	3,055,000	3,103,880
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	6.45	12/1/33	6,215,000	6,582,617
Sedgwick and Shawnee Counties, SFMR (Mortgage-Backed Securities Program) (Collateralized: FNMA and GNMA)	5.70	12/1/35	1,785,000	1,823,717
Wichita, Hospital Facilities Improvement Revenue (Via Christi Health System, Inc.)	6.25	11/15/24	10,000,000	10,120,000
<b>Kentucky 1.9%</b>				
Kentucky Area Development Districts Financing Trust, COP (Lease Acquisition Program)	5.50	5/1/27	2,000,000	2,066,420
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's HealthCare, Inc. Project)	6.13	2/1/37	2,300,000	2,455,066
Paducah Electric Plant Board, Revenue (Insured; Assured Guaranty)	5.25	10/1/35	5,000,000	5,391,600
<b>Louisiana 1.8%</b>				
Lakeshore Villages Master Community Development District, Special Assessment Revenue	5.25	7/1/17	2,979,000	2,456,215
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	7,000,000	6,819,190

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Maine .6%</b>				
Maine Housing Authority, Mortgage Purchase Bonds	5.30	11/15/23	2,825,000	2,872,234
<b>Maryland 1.8%</b>				
Maryland Community Development Administration, Department of Housing and Community Development, Residential Revenue	5.75	9/1/37	2,180,000	2,239,710
Maryland Economic Development Corporation, Senior Student Housing Revenue (University of Maryland, Baltimore Project)	5.75	10/1/33	4,590,000	3,317,239
Maryland Economic Development Corporation, Student Housing Revenue (University of Maryland, College Park Project) (Prerefunded)	6.50	6/1/13	3,000,000 <sup>a</sup>	3,572,040
<b>Massachusetts 2.1%</b>				
Massachusetts Health and Educational Facilities Authority, Revenue (Civic Investments Issue) (Prerefunded)	9.00	12/15/12	1,600,000 <sup>a</sup>	1,929,264
Massachusetts Health and Educational Facilities Authority, Revenue (Partners HealthCare System Issue)	5.75	7/1/32	185,000	192,237
Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue (Insured; AMBAC)	5.50	7/1/40	4,000,000	3,288,720
Massachusetts Industrial Finance Agency, RRR (Ogden Haverhill Project)	5.60	12/1/19	6,000,000	5,460,540

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**Michigan 9.2%**

Charyl Stockwell Academy,

COP	5.90	10/1/35	2,580,000	2,059,021
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The Fund **13**

STATEMENT OF INVESTMENTS *(continued)*

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Michigan (continued)</b>				
Detroit,				
Sewage Disposal System Senior Lien Revenue (Insured; FSA)	7.00	7/1/27	2,500,000	3,177,150
Detroit,				
Sewage Disposal System Senior Lien Revenue (Insured; FSA)	7.50	7/1/33	5,700,000	7,372,494
Detroit School District,				
School Building and Site Improvement Bonds (GO Unlimited Tax) (Insured; FGIC)	5.00	5/1/28	6,930,000	6,965,828
Kent Hospital Finance Authority,				
Revenue (Metropolitan Hospital Project)	6.00	7/1/35	5,930,000	4,892,309
Kent Hospital Finance Authority,				
Revenue (Metropolitan Hospital Project)	6.25	7/1/40	3,000,000	2,514,270
Michigan Strategic Fund,				
LOR (The Detroit Edison Company Exempt Facilities Project) (Insured; XLCA)	5.25	12/15/32	3,000,000	3,022,620
Michigan Strategic Fund,				
SWDR (Genesee Power Station Project)	7.50	1/1/21	12,400,000	11,026,080
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group)				
	8.25	9/1/39	5,500,000	6,528,995

**Minnesota 4.7%**

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Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	12/1/38	2,295,686	2,341,623
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.30	12/1/39	2,508,412	2,580,629
Minneapolis, Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty)	6.50	11/15/38	5,000,000	5,818,600

14

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Minnesota (continued)</b>				
North Oaks, Senior Housing Revenue (Presbyterian Homes of North Oaks, Inc. Project)	6.25	10/1/47	5,265,000	4,913,035
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue (HealthEast Project)	6.00	11/15/30	3,500,000	3,155,635
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue (HealthEast Project)	6.00	11/15/35	250,000	221,812
Winona, Health Care Facilities Revenue (Winona Health Obligated Group)	6.00	7/1/26	5,000,000	5,094,450
<b>Mississippi 3.7%</b>				
Clairborne County, PCR (System Energy				

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Resources, Inc. Project)	6.20	2/1/26	4,545,000	4,544,955
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	14,310,000	14,310,429
<b>Missouri 3.1%</b>				
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.38	12/1/27	2,000,000	1,994,100
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.50	12/1/32	4,500,000	4,470,480
Missouri Development Finance Board, Infrastructure Facilities Revenue (Independence, Crackerneck Creek Project)	5.00	3/1/28	2,000,000	2,025,100
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (Saint Anthony s Medical Center) (Prerefunded)	6.25	12/1/10	6,750,000 <sup>a</sup>	7,251,457

The Fund 15

STATEMENT OF INVESTMENTS (continued)

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Montana .2%</b>				
Montana Board of Housing, SFMR	6.45	6/1/29	1,105,000	1,122,360
<b>Nevada 3.7%</b>				
Clark County, IDR (Nevada Power Company Project)	5.60	10/1/30	6,800,000	6,636,052
Washoe County, GO Convention Center Revenue				

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(Reno-Sparks Convention and Visitors Authority) (Insured; FSA) (Prerefunded)	6.40	1/1/10	12,000,000 <sup>a</sup>	12,182,760
<b>New Hampshire 2.8%</b>				
New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire) (Insured; AMBAC)	6.00	5/1/21	7,000,000	7,110,880
New Hampshire Health and Educational Facilities Authority, Revenue (Exeter Project)	6.00	10/1/24	1,000,000	1,033,680
New Hampshire Health and Educational Facilities Authority, Revenue (Exeter Project)	5.75	10/1/31	1,000,000	1,024,140
New Hampshire Industrial Development Authority, PCR (Connecticut Light and Power Company Project)	5.90	11/1/16	5,000,000	5,006,600
<b>New Jersey 3.4%</b>				
New Jersey Economic Development Authority, Cigarette Tax Revenue	5.75	6/15/34	5,500,000	5,485,040
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty)	6.13	6/1/30	5,000,000	5,376,850
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.00	6/1/13	5,640,000 <sup>a</sup>	6,766,816
<b>New Mexico 2.0%</b>				
Farmington, PCR (Tucson Electric Power Company San Juan Project)	6.95	10/1/20	3,000,000	3,002,970

16

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
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**New Mexico (continued)**

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New Mexico Hospital Equipment Loan				
Council, Hospital System				
Revenue (Presbyterian				
Healthcare Services)				
5.00	8/1/39	5,500,000	5,580,795	
New Mexico Mortgage Finance				
Authority, Single Family				
Mortgage Program Revenue				
(Collateralized: FHLMC,				
FNMA and GNMA)				
7.00	9/1/31	845,000	854,870	
New Mexico Mortgage Finance				
Authority, Single Family Mortgage				
Program Revenue (Collateralized:				
FHLMC, FNMA and GNMA)				
6.15	7/1/35	1,040,000	1,079,437	
<b>New York 4.1%</b>				
New York City Industrial				
Development Agency, Liberty				
Revenue (7 World Trade				
Center Project)				
6.25	3/1/15	3,275,000	3,284,956	
New York City Industrial				
Development Agency, PILOT				
Revenue (Yankee Stadium Project)				
(Insured; Assured Guaranty)				
7.00	3/1/49	5,000,000	6,176,750	
New York City Industrial				
Development Agency, Special				
Facility Revenue (American				
Airlines, Inc. John F. Kennedy				
International Airport Project)				
8.00	8/1/28	1,000,000	1,045,310	
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	5,336,100	
Triborough Bridge and Tunnel				
Authority, Revenue				
5.25	11/15/30	5,220,000	5,498,069	
<b>North Carolina .6%</b>				
North Carolina Housing Finance				
Agency, Home Ownership Revenue				
5.88	7/1/31	3,130,000	3,136,041	
<b>North Dakota .1%</b>				
North Dakota Housing Finance				
Agency, Home Mortgage Revenue				
(Housing Finance Program)				
6.15	7/1/31	320,000	331,459	

STATEMENT OF INVESTMENTS *(continued)*

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Ohio 2.1%</b>				
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	5.88	6/1/30	3,000,000	2,866,800
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 <sup>b</sup>	1,472,249
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 <sup>b</sup>	1,297,517
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	3,000,000	2,158,620
Toledo Lucas County Port Authority, Airport Revenue (Baxter Global Project)	6.25	11/1/13	3,100,000	2,937,436
<b>Oklahoma .2%</b>				
Oklahoma Housing Finance Agency, SFMR (Homeownership Loan Program)	7.55	9/1/28	790,000	800,641
Oklahoma Housing Finance Agency, SFMR (Homeownership Loan				

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Program) (Collateralized: FNMA and GNMA)	7.55	9/1/27	405,000	414,935
<b>Oregon .7%</b>				
Multnomah County Hospital Facilities Authority, Revenue (Adventist Health System/West)	5.13	9/1/40	3,500,000	3,577,700

18

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Pennsylvania .4%</b>				
Philadelphia Authority for Industrial Development, Revenue (Please Touch Museum Project)	5.25	9/1/31	2,500,000	2,298,575
<b>Rhode Island 1.1%</b>				
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	5,879,250
<b>South Carolina 2.2%</b>				
South Carolina Public Service Authority, Revenue Obligations	5.50	1/1/38	10,000,000	11,269,400
<b>Tennessee 4.2%</b>				
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance) (Prerefunded)	7.50	7/1/12	5,000,000 <sup>a</sup>	5,692,850
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance) (Prerefunded)	7.50	7/1/12	3,000,000 <sup>a</sup>	3,415,710

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Memphis Center City Revenue Finance Corporation, Sports Facility Revenue (Memphis Redbirds Baseball Foundation Project)	6.50	9/1/28	10,000,000 <sup>c</sup>	4,724,200
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University)	5.50	10/1/34	7,000,000	8,029,700

The Fund 19

STATEMENT OF INVESTMENTS (continued)

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Texas 16.6%</b>				
Austin Convention Enterprises Inc., Convention Center Hotel First Tier Revenue (Prerefunded)	6.70	1/1/11	4,000,000 <sup>a</sup>	4,305,360
Austin Convention Enterprises, Inc., Convention Center Hotel Second Tier Revenue	5.75	1/1/34	3,000,000	2,350,560
Brazos River Authority, PCR (TXU Electric Company Project)	8.25	5/1/33	5,000,000	3,139,150
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue (Insured; National Public Finance Guarantee Corp.)	6.25	11/1/28	3,000,000	3,003,330
Dallas Area Rapid Transit, Senior Lien Sales Tax Revenue	5.25	12/1/48	10,000,000	10,778,200
Gulf Coast Industrial Development Authority, Environmental Facilities Revenue (Microgy Holdings Project)	7.00	12/1/36	6,000,000	2,631,900

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Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	7.25	12/1/35	2,000,000	2,286,400
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	6.38	6/1/11	8,500,000 <sup>a</sup>	9,368,785
Houston, Airport System Special Facilities Revenue (Continental Airlines, Inc. Terminal E Project)	7.00	7/1/29	3,800,000	3,807,866
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty)	6.00	11/15/36	5,000,000	5,928,800

20

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Texas (continued)</b>				
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty)	5.75	1/1/40	10,300,000	11,275,204
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	5,500,000	5,809,925
Sabine River Authority, PCR (TXU Electric Company Project)	6.45	6/1/21	11,300,000	6,240,199
Sam Rayburn Municipal Power Agency, Power Supply System Revenue	5.75	10/1/21	6,000,000	6,188,040
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	12.01	7/2/24	750,000 <sup>d</sup>	893,798

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Texas Turnpike Authority, Central Texas Turnpike System Revenue (Insured; AMBAC)	5.75	8/15/38	7,100,000	7,215,801
<b>Vermont .1%</b>				
Vermont Housing Finance Agency, SFHR (Insured; FSA)	6.40	11/1/30	675,000	688,426
<b>Virginia 2.2%</b>				
Greater Richmond Convention Center Authority, Hotel Tax Revenue (Convention Center Expansion Project) (Prerefunded)	6.25	6/15/10	10,500,000 <sup>a</sup>	11,047,575
Pittsylvania County Industrial Development Authority, Exempt Facility Revenue (Multitrade of Pittsylvania County, L.P. Project)	7.65	1/1/10	200,000	202,728
<b>Washington 2.7%</b>				
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA)	6.25	8/1/36	6,000,000	6,693,300
				The Fund 21

STATEMENT OF INVESTMENTS (continued)

<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Washington (continued)</b>				
Washington Higher Education Facilities Authority, Revenue (Seattle University Project) (Insured; AMBAC)	5.25	11/1/37	4,210,000	4,355,498
Washington Housing Finance Commission, Revenue (Single-Family Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	6/1/37	3,000,000	3,042,180
<b>West Virginia 1.4%</b>				

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The County Commission of Pleasants County, PCR (Allegheny Energy Supply Company, LLC Pleasants Station Project)	5.25	10/15/37	5,000,000	4,850,000
West Virginia Water Development Authority, Water Development Revenue (Insured; AMBAC)	6.38	7/1/39	2,250,000	2,290,433
<b>Wisconsin 7.8%</b>				
Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	6.13	6/1/27	8,425,000	9,245,258
Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.00	6/1/12	22,995,000 <sup>a</sup>	26,345,142
Madison, IDR (Madison Gas and Electric Company Projects)	5.88	10/1/34	2,390,000	2,436,653
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.)	6.40	4/15/33	2,000,000	2,058,440
<b>Wyoming 1.9%</b>				
Sweetwater County, SWDR (FMC Corporation Project)	5.60	12/1/35	4,500,000	4,343,985
Wyoming Municipal Power Agency, Power Supply System Revenue	5.50	1/1/33	2,360,000	2,486,095

22

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<b>Long-Term Municipal Investments (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Wyoming (continued)</b>				
Wyoming Municipal Power Agency, Power Supply System Revenue	5.38	1/1/42	2,750,000	2,847,020
<b>U.S. Related 4.6%</b>				
Government of Guam, LOR (Section 30)	5.75	12/1/34	2,000,000	2,098,760
Guam Housing Corporation,				

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SFMR (Guaranteed Mortgage-Backed Securities Program) (Collateralized; FHLMC)	5.75	9/1/31	965,000	1,055,237
Puerto Rico Commonwealth, Public Improvement GO	5.50	7/1/32	2,000,000	2,051,480
Puerto Rico Highways and Transportation Authority, Transportation Revenue (Prerefunded)	6.00	7/1/10	6,000,000 <sup>a</sup>	6,305,220
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	6.00	8/1/42	11,000,000	12,124,200
<b>Total Investments</b> (cost \$759,571,593)			<b>152.1%</b>	<b>782,868,266</b>
<b>Cash and Receivables (Net)</b>			<b>3.3%</b>	<b>16,917,686</b>
<b>Preferred Stock, at redemption value</b>			<b>(55.4%)</b>	<b>(285,000,000)</b>
<b>Net Assets Applicable to Common Shareholders</b>			<b>100.0%</b>	<b>514,785,952</b>

*a 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.*

*b Security issued with a zero coupon. Income is recognized through the accretion of discount.*

*c Non-income producing security in default.*

*d Inverse floater security the interest rate is subject to change periodically.*

The Fund 23

STATEMENT OF INVESTMENTS (continued)

Summary of Abbreviations

<b>ABAG</b>	Association of Bay Area Governments	<b>ACA</b>	American Capital Access
<b>AGC</b>	ACE Guaranty Corporation	<b>AGIC</b>	Asset Guaranty Insurance Company
<b>AMBAC</b>	American Municipal Bond Assurance Corporation	<b>ARRN</b>	Adjustable Rate Receipt Notes
<b>BAN</b>	Bond Anticipation Notes	<b>BIGI</b>	Bond Investors Guaranty Insurance
<b>BPA</b>	Bond Purchase Agreement	<b>CGIC</b>	Capital Guaranty Insurance Company
<b>CIC</b>	Continental Insurance Company	<b>CIFG</b>	CDC Ixis Financial Guaranty
<b>CMAC</b>	Capital Markets Assurance Corporation	<b>COP</b>	Certificate of Participation
<b>CP</b>	Commercial Paper	<b>EDR</b>	Economic Development Revenue

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<b>EIR</b>	Environmental Improvement Revenue	<b>FGIC</b>	Financial Guaranty Insurance Company
<b>FHA</b>	Federal Housing Administration	<b>FHLB</b>	Federal Home Loan Bank
<b>FHLMC</b>	Federal Home Loan Mortgage Corporation	<b>FNMA</b>	Federal National Mortgage Association
<b>FSA</b>	Financial Security Assurance	<b>GAN</b>	Grant Anticipation Notes
<b>GIC</b>	Guaranteed Investment Contract	<b>GNMA</b>	Government National Mortgage Association
<b>GO</b>	General Obligation	<b>HR</b>	Hospital Revenue
<b>IDB</b>	Industrial Development Board	<b>IDC</b>	Industrial Development Corporation
<b>IDR</b>	Industrial Development Revenue	<b>LOC</b>	Letter of Credit
<b>LOR</b>	Limited Obligation Revenue	<b>LR</b>	Lease Revenue
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue
<b>PCR</b>	Pollution Control Revenue	<b>PILOT</b>	Payment in Lieu of Taxes
<b>RAC</b>	Revenue Anticipation Certificates	<b>RAN</b>	Revenue Anticipation Notes
<b>RAW</b>	Revenue Anticipation Warrants	<b>RRR</b>	Resources Recovery Revenue
<b>SAAN</b>	State Aid Anticipation Notes	<b>SBPA</b>	Standby Bond Purchase Agreement
<b>SFHR</b>	Single Family Housing Revenue	<b>SFMR</b>	Single Family Mortgage Revenue
<b>SONYMA</b>	State of New York Mortgage Agency	<b>SWDR</b>	Solid Waste Disposal Revenue
<b>TAN</b>	Tax Anticipation Notes	<b>TAW</b>	Tax Anticipation Warrants
<b>TRAN</b>	Tax and Revenue Anticipation Notes	<b>XLCA</b>	XL Capital Assurance

24

The Fund 25

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2009

	Cost	Value
<b>Assets (\$):</b>		
Investments in securities See Statement of Investments	759,571,593	782,868,266
Cash		3,224,967
Interest receivable		14,231,175
Receivable for investment securities sold		156,932
Prepaid expenses		19,897

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	<b>800,501,237</b>
<b>Liabilities (\$):</b>	
Due to The Dreyfus Corporation and affiliates Note 3(b)	472,077
Commissions payable	31,518
Dividends payable to Preferred Shareholders	16,480
Accrued expenses	195,210
	<b>715,285</b>
<b>Auction Preferred Stock, Series M,T,W,Th and F,</b> par value \$.001 per share (11,400 shares issued and outstanding at \$25,000 per share liquidation preference) Note 1	285,000,000
<b>Net Assets applicable to Common Shareholders (\$)</b>	