

DREYFUS STRATEGIC MUNICIPALS INC
Form N-CSR
November 30, 2016

**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: 09/30/16

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus Strategic Municipals, Inc.

ANNUAL REPORT
September 30, 2016

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 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

Contents

THE FUND

<u>A Letter from the</u>	
Chief Executive Officer	<u>2</u>
<u>Discussion of Fund Performance</u>	<u>3</u>
<u>Selected Information</u>	<u>5</u>
<u>Statement of Investments</u>	<u>6</u>
<u>Statement of Assets and Liabilities</u>	<u>20</u>
<u>Statement of Operations</u>	<u>21</u>
<u>Statement of Cash Flows</u>	<u>22</u>
<u>Statement of Changes in Net Assets</u>	<u>23</u>
<u>Financial Highlights</u>	<u>24</u>
<u>Notes to Financial Statements</u>	<u>26</u>
<u>Report of Independent Registered</u>	
Public Accounting Firm	<u>34</u>
<u>Additional Information</u>	<u>35</u>
<u>Important Tax Information</u>	<u>37</u>
<u>Proxy Results</u>	<u>38</u>
<u>Board Members Information</u>	<u>39</u>
<u>Officers of the Fund</u>	<u>42</u>
<u>Officers and Directors</u>	<u>45</u>
FOR MORE INFORMATION	

Back Cover

Dreyfus Strategic Municipals, Inc.

The Fund

A LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipals, Inc., covering the 12-month period from October 1, 2015 through September 30, 2016. 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 and bonds generally produced strong returns over the reporting period in spite of heightened market volatility stemming from global economic developments. During the fourth quarter of 2015, investor sentiment deteriorated amid sluggish global economic growth, falling commodity prices, and the first increase in short-term U.S. interest rates in nearly a decade. These worries sparked particularly sharp stock market declines in January 2016, but equities soon rallied after U.S. monetary policymakers refrained from additional rate hikes, other central banks eased their monetary policies further, and commodity prices began to rebound. Stocks generally continued to climb through the summer, driving several broad measures of U.S. stock market performance to record highs in July and August. In the bond market, yields of high-quality sovereign bonds moved lower and their prices increased in response to robust investor demand for current income in a low interest rate environment.

Although a number of economic and political headwinds remain, we recently have seen evidence that investors may be shifting their focus away from macroeconomic influences and toward underlying company fundamentals. This development suggests that selectivity may become a more important determinant of investment success. As always, we encourage you to discuss the implications of our observations with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

Mark D. Santero
Chief Executive Officer
The Dreyfus Corporation
October 17, 2016

2

DISCUSSION OF FUND PERFORMANCE

For the period from October 1, 2015 through September 30, 2016, as provided by Daniel A. Rabasco and Jeffrey B. Burger, Primary Portfolio Managers

Fund and Market Performance Overview

For the 12-month period ended September 30, 2016, Dreyfus Strategic Municipals, Inc. achieved a total return of 10.43% on a net-asset-value basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.5160 per share, which reflects a distribution rate of 5.52%.²

Municipal bonds produced solidly positive returns over the reporting period amid falling long-term interest rates and robust investor demand. The fund benefited in this environment from its interest rate and security selection strategies.

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, 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.

Flight to Safety Supported Municipal Bonds

Municipal bonds were influenced during the reporting period by various economic developments. Most notably, sluggish international growth and declining commodity prices over the reporting period's first half that put downward pressure on longer term interest rates. Commodity prices rebounded in the spring of 2016 when global economic conditions seemed to stabilize, but United Kingdom's referendum to leave the European Union kept many investors cautious and long-term rates low.

Supply-and-demand dynamics also generally proved favorable. In the low interest rate environment, income-oriented investors reached for the competitive after-tax yields provided by municipal bonds, particularly those with lower credit ratings. Although a moderating supply of newly issued securities over the first half of 2016 also supported bond

3

DISCUSSION OF FUND PERFORMANCE *(continued)*

prices, a surge in new issuance volumes during August and September produced heightened market volatility.

The U.S. economic recovery has continued to support sound credit conditions for most municipal bond issuers. A number of states and municipalities continue to face pressure from underfunded pension systems, but most have benefited from rising tax revenues and balanced operating budgets.

Constructive Investment Posture Bolstered Fund Results

The fund's performance was enhanced by its relatively long average duration, which enabled greater participation in the benefits of falling long-term interest rates. The fund achieved especially favorable results from an emphasis on municipal bonds with maturities of 15 years and more, as well as from generally light exposure to shorter term securities.

Our security selection strategy also proved effective over the reporting period. We continued to favor revenue-backed municipal bonds over their lower yielding general obligation counterparts, and the fund achieved especially strong results among securities backed by retirement centers, education institutions, and the states' settlement of litigation with U.S. tobacco companies. The fund further benefited from its sale during the reporting period of bonds from Illinois and Chicago, where credit fundamentals have deteriorated.

Laggards during the reporting period included lower yielding escrowed bonds and higher quality revenue bonds backed by essential municipal services.

A More Cautious Investment Posture

As of the reporting period's end, the U.S. economy has continued to grow and municipal credit quality generally has remained strong. Yet, we recently have seen higher levels of market volatility stemming from near-term concerns, including uncertainty surrounding the U.S. election, expectations of higher short-term interest rates, and the recent increase in municipal bond issuance volumes. We remain, however, optimistic about the long-term prospects of the municipal bond market.

Therefore, we continue to maintain the fund's generally constructive investment posture and have retained the fund's relatively long average duration and a bias toward longer-term revenue bonds in an effort to capture more competitive yields.

October 17, 2016

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.

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 May 31, 2017, 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.*

4

SELECTED INFORMATION

September 30, 2016 (Unaudited)

Market Price per share September 30, 2016	\$9.35
Shares Outstanding September 30, 2016	61,968,850
New York Stock Exchange Ticker Symbol	LEO

MARKET PRICE (NEW YORK STOCK EXCHANGE)

Fiscal Year Ended September 30, 2016

Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

High	\$8.57	\$8.97	\$9.50	\$9.55
Low	8.22	8.54	8.86	8.93
Close	8.54	8.98	9.50	9.35

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

September 23, 1987 (commencement of operations) through September 30, 2016	602.13%
October 1, 2006 through September 30, 2016	96.08
October 1, 2011 through September 30, 2016	52.61
October 1, 2015 through September 30, 2016	21.11
January 1, 2016 through September 30, 2016	14.26
April 1, 2016 through September 30, 2016	7.21
July 1, 2016 through September 30, 2016	(.19)

NET ASSET VALUE PER SHARE

September 23, 1987 (commencement of operations)	\$9.32
September 30, 2015	8.75
December 31, 2015	8.88
March 31, 2016	9.00
June 30, 2016	9.28
September 30, 2016	9.12

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

September 23, 1987 (commencement of operations) through September 30, 2016	634.77%
October 1, 2006 through September 30, 2016	85.58
October 1, 2011 through September 30, 2016	50.45
October 1, 2015 through September 30, 2016	10.43
January 1, 2016 through September 30, 2016	7.18
April 1, 2016 through September 30, 2016	4.22
July 1, 2016 through September 30, 2016	(.34)

[†]With dividends reinvested.

5

STATEMENT OF INVESTMENTS

September 30, 2016

Long-Term Municipal Investments - 148.3%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Alabama - 3.1%				
Birmingham Special Care Facilities Financing Authority, Improvement Revenue (Methodist Home for the Aging)	5.75	6/1/45	5,000,000	5,627,300
Jefferson County, Limited Obligation School Warrants	5.00	1/1/24	2,000,000	2,011,540
Jefferson County, Sewer Revenue Warrants	0/7.90	10/1/50	2,500,000 ^a	1,925,900

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Lower Alabama Gas District, Gas Project Revenue	5.00	9/1/46	6,000,000	7,943,640
				17,508,380
Alaska - 2.0%				
Northern Tobacco Securitization Corporation of Alaska, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/46	11,190,000	11,086,604
Arizona - 5.7%				
Arizona Housing Finance Authority, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.55	12/1/41	1,175,000	1,214,104
Barclays Capital Municipal Trust Receipts (Series 21 W), (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}	18,071,125
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools Projects)	5.00	7/1/35	2,360,000	^c 2,562,417
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools Projects)	5.00	7/1/46	2,000,000	^c 2,133,220
Phoenix Industrial Development Authority, Education Facility Revenue (Legacy Traditional Schools Projects)	5.00	7/1/45	2,000,000	^c 2,134,740
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	1,135,000	1,116,023
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	4,030,000	5,117,496
				32,349,125
California - 17.0%				
Barclays Capital Municipal Trust Receipts (Series 80 W), (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport)) Recourse	5.00	5/15/31	5,247,500	^{b,c} 5,993,157
California, GO (Various Purpose)	5.75	4/1/31	10,800,000	12,058,524

6

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California - 17.0% (continued)				
California, GO (Various Purpose)	6.50	4/1/33	10,000,000	11,383,500
California, GO (Various Purpose)	6.00	11/1/35	7,500,000	8,654,475
California Statewide Communities Development Authority, Revenue (Bentley School)	7.00	7/1/40	2,090,000	2,457,422
California Statewide Communities Development Authority, Revenue (Loma Linda University Medical Center)	5.25	12/1/56	2,300,000	^c 2,644,977
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 2,160,780

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

RIB Floater Trust (Barclays Bank PLC) (Series 23 U), (The Regents of the University of California, General Revenue) Recourse Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue San Buenaventura, Revenue (Community Memorial Health System) San Francisco City and County Redevelopment Agency Community Facilities District Number 6, Special Tax Revenue (Mission Bay South Public Improvements) Tender Option Bond Trust Receipts (Series 2016-XM0369), (California Educational Facilities Authority, Revenue (University of Southern California)) Non-recourse Tender Option Bond Trust Receipts (Series 2016-XM0379), (Los Angeles Department of Water and Power, Water System Revenue) Non-recourse Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation) Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project) (Prerefunded)	5.00	5/15/38	10,000,000	b,c	11,976,000
	6.00	7/1/35	6,250,000		6,785,250
	7.50	12/1/41	2,000,000		2,465,080
	5.00	8/1/23	1,000,000		1,200,440
	5.25	4/1/18	10,100,000	b,c	10,997,587
	5.00	7/1/20	5,000,000	b,c	5,906,600
	5.00	6/1/37	7,300,000		7,300,365
	5.88	1/1/19	3,500,000	d	3,891,160
					95,875,317

Colorado - 4.3%

Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project) (Prerefunded)	8.00	12/1/18	3,500,000	d	4,090,135
--	------	---------	-----------	---	-----------

7

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)		Value (\$)
Colorado - 4.3% (continued)					
RIB Floater Trust (Barclays Bank PLC) (Series 25 U-1), (Colorado Springs, Utilities System Improvement Revenue) Recourse	5.00	11/15/43	9,750,000	b,c	11,733,442
Tender Option Bond Trust Receipts (Series 2016-XM0385), (Board of Governors of the Colorado State University, System Enterprise Revenue) Non-recourse	5.00	3/1/20	7,500,000	b,c	8,725,425
					24,549,002
District of Columbia - 5.4%					
District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/15/46	46,000,000	e	6,364,100
RIB Floater Trust (Barclays Bank PLC) (Series 15 U), (District of Columbia, Income Tax Secured Revenue) Recourse	5.00	12/1/35	19,997,609	b,c	24,167,909
					30,532,009
Florida - 6.9%					

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Cape Coral Health Facilities Authority, Senior Housing Revenue (Gulf Care, Inc. Project) Clearwater, Water and Sewer Revenue	5.88	7/1/40	1,600,000	c	1,777,152
Florida Development Finance Corporation, Educational Facilities Revenue (Miami Arts Charter School Project)	6.00	6/15/44	5,000,000	c	5,296,500
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	8,000,000		9,168,880
Miami-Dade County, Subordinate Special Obligation Revenue	0.00	10/1/45	3,000,000	e	1,016,130
Mid-Bay Bridge Authority, Springing Lien Revenue (Prerefunded)	7.25	10/1/21	6,000,000	d	7,754,040
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project)	6.00	8/1/45	6,500,000		7,412,665
Village Community Development District Number 10, Special Assessment Revenue	6.00	5/1/44	1,000,000		1,192,890
					39,197,357

Georgia - 5.1%

Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	4,000,000		4,467,560
Atlanta, Water and Wastewater Revenue (Prerefunded)	6.00	11/1/19	6,000,000	d	6,921,600

8

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)		Value (\$)
Georgia - 5.1% (continued)					
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	5,458,945
RIB Floater Trust (Barclays Bank PLC) (Series 20 U), (Private Colleges and Universities Authority, Revenue (Emory University)) Recourse	5.00	10/1/43	10,000,000 ^{b,c}		12,009,100
					28,857,205
Hawaii - .9%					
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawai'i Pacific Health Obligated Group)	5.75	7/1/40	4,415,000		4,992,614
Idaho - .9%					
Power County Industrial Development Corporation, SWDR (FMC Corporation Project)	6.45	8/1/32	5,000,000		5,011,900
Illinois - 6.8%					
Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport)	5.63	1/1/35	5,000,000		5,792,800
	5.00	1/1/40	2,000,000		2,370,720

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Illinois Toll Highway Authority, Toll Highway Senior Revenue					
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	12/15/28	3,000,000		3,331,380
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.25	6/15/50	1,650,000		1,759,577
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	0.00	12/15/51	18,100,000 ^e		3,660,906
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/52	1,500,000		1,669,410
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/53	3,500,000		3,895,150
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	5,050,000		6,004,854
Tender Option Bond Trust Receipts (Series 2016-XM0378), (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds) Non-recourse	5.00	12/1/19	7,500,000	b,c	8,648,700

9

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Illinois - 6.8% (continued)				
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue (University of Illinois)	5.00	4/1/44	1,000,000	1,137,070
				38,270,567
Indiana - .3%				
Indiana Finance Authority, Revenue (Marquette Project)	5.00	3/1/39	1,400,000	1,508,178
Iowa - 1.8%				
Iowa Finance Authority, Midwestern Disaster Area Revenue (Iowa Fertilizer Company Project)	5.25	12/1/25	7,375,000	7,930,927
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	2,000,000	2,013,060
				9,943,987
Kentucky - .4%				
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's HealthCare, Inc. Project) (Prerefunded)	6.13	2/1/18	2,300,000	^d 2,461,920
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	7,423,150
New Orleans, Sewerage Service Revenue	5.00	6/1/40	1,500,000	1,743,615

9,166,765

Maine - .6%

Maine Health and Higher Educational Facilities Authority, Revenue (Maine General Medical Center Issue)	7.50	7/1/32	3,000,000	3,578,970
---	------	--------	-----------	-----------

Maryland - 2.2%

Maryland Economic Development Corporation, Private Activity Revenue (Purple Line Light Rail Project) (Green Bonds)	5.00	3/31/46	1,700,000	1,991,873
--	------	---------	-----------	-----------

Tender Option Bond Trust Receipts (Series 2016-XM0391), (Mayor and City Council of Baltimore, Project Revenue (Water Projects)) Non-recourse	5.00	7/1/21	9,000,000	b,c 10,558,665
--	------	--------	-----------	----------------

12,550,538

Massachusetts - 7.1%

Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	5,650,000	6,371,787
--	------	--------	-----------	-----------

10

Long-Term Municipal Investments - 148.3% (continued)**Massachusetts - 7.1% (continued)**

	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Tender Option Bond Trust Receipts (Series 2016-XM0368), (Massachusetts Development Finance Agency, Revenue (Harvard University Issue)) Non-recourse	5.25	8/1/18	10,000,000	b,c 11,788,000

Tender Option Bond Trust Receipts (Series 2016-XM0372), (Massachusetts, Consolidated Loan) Non-recourse	5.00	4/1/19	8,600,000	b,c 10,102,678
--	------	--------	-----------	----------------

Tender Option Bond Trust Receipts (Series 2016-XM0389), (Massachusetts School Building Authority, Senior Dedicated Sales Tax Revenue) Non-recourse	5.00	5/15/21	10,000,000	b,c 11,900,400
--	------	---------	------------	----------------

40,162,865

Michigan - 8.6%

Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	3,000,000	3,335,430
---	------	--------	-----------	-----------

Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	2,930,000	2,938,526
---	------	--------	-----------	-----------

Michigan Finance Authority, HR (Trinity Health Credit Group)	5.00	12/1/45	4,765,000	5,687,552
---	------	---------	-----------	-----------

Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Sewage Disposal System Revenue Second Lien Local Project Bonds)	5.00	7/1/34	3,250,000	3,785,048
--	------	--------	-----------	-----------

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	2,359,600
--	------	--------	-----------	-----------

Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and	5.00	7/1/34	2,000,000	2,329,260
---	------	--------	-----------	-----------

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Sewerage Department, Water Supply System Revenue Second Lien Local Project Bonds) 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	2,301,640
Michigan Hospital Finance Authority, HR (Henry Ford Health System) (Prerefunded)	5.63	11/15/19	5,000,000	5,671,600
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,980,000	4,979,701

11

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Michigan - 8.6% (continued)				
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds	6.88	6/1/42	5,000,000	5,145,250
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds	6.00	6/1/48	4,000,000	4,022,240
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) (Prerefunded)	8.25	9/1/18	5,500,000	6,273,355
				48,829,202
Minnesota - 1.0%				
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	12/1/38	70,332	71,979
Dakota County Community Development Agency, SFMR (Mortgage-Backed Securities Program) (Collateralized: FHLMC, FNMA and GNMA)	5.30	12/1/39	129,768	133,892
Minneapolis, Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty Corp.)	6.50	11/15/38	4,190,000	4,635,900
Minneapolis, Health Care System Revenue (Fairview Health Services) (Insured; Assured Guaranty Corp.) (Prerefunded)	6.50	11/15/18	810,000	905,021
				5,746,792
Mississippi - 2.1%				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	5,720,000	5,925,863
Mississippi Development Bank, Special Obligation Revenue (Magnolia Regional Health Center Project)	6.50	10/1/31	5,000,000	5,910,500
				11,836,363
New Jersey - 3.4%				

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Essex County Improvement Authority, SWDR (Covanta Project)	5.25	7/1/45	1,000,000	c 1,043,800
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.25	6/15/40	3,250,000	3,676,173
New Jersey Economic Development Authority, Special Facility Revenue (Continental Airlines, Inc. Project)	5.25	9/15/29	3,375,000	3,768,660
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Corp.)	6.13	6/1/30	3,495,000	3,721,231

12

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New Jersey - 3.4% (continued)				
New Jersey Transportation Trust Fund Authority, Transportation Program Revenue	5.25	6/15/33	1,500,000	1,710,000
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/41	5,500,000	5,354,415
				19,274,279
New Mexico - 1.4%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	7,000,000	7,989,030
New York - 10.5%				
Barclays Capital Municipal Trust Receipts (Series 29 W), (New York City Municipal Water Finance Authority, Water and Sewer System General Resolution Revenue) Recourse	5.00	6/15/39	20,000,000	b,c 22,119,800
Barclays Capital Municipal Trust Receipts (Series 7 B), (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Recourse	5.50	11/1/27	5,000,000	b,c 5,907,000
New York City Educational Construction Fund, Revenue	6.50	4/1/27	4,490,000	5,499,711
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Corp.)	7.00	3/1/49	5,000,000	5,709,950
New York Liberty Development Corporation, Revenue (3 World Trade Center Project)	5.00	11/15/44	7,000,000	c 8,083,950
New York Transportation Development Corporation, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	5.00	8/1/31	500,000	547,160
Niagara Area Development Corporation, Solid Waste Disposal Facility Revenue (Covanta Energy Project)	5.25	11/1/42	3,000,000	c 3,059,070
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	2,344,960
Tender Option Bond Trust Receipts (Series 2016-XM0370), (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Non-recourse	5.25	11/1/18	5,000,000	b,c 5,848,300
				59,119,901

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
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	1,116,836
Ohio - 9.9%				
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds Butler County,	6.50	6/1/47	14,690,000	14,948,397
Hospital Facilities Revenue (UC Health) Canal Winchester Local School District, School Facilities Construction and Improvement and Advance Refunding Bonds (GO - Unlimited Tax) (Insured; National Public Finance Guarantee Corp.)	5.50	11/1/40	3,850,000	4,480,553
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	2,895,851
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	2,727,368
Muskingum County, Hospital Facilities Revenue (Genesis HealthCare System Obligated Group Project)	5.00	2/15/22	4,590,000	5,168,570
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	1,900,000	2,091,292
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	3,000,000 c	3,049,200
Tender Option Bond Trust Receipts (Series 2016-XM0380), (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}	20,427,880
				55,789,111
Oregon - .6%				
Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue (Pelton Round Butte Project)	6.38	11/1/33	3,300,000	3,656,697
Pennsylvania - 2.1%				
Montgomery County Industrial Development Authority, Retirement Community Revenue (ACTS Retirement - Life Communities, Inc. Obligated Group)	5.00	11/15/36	3,600,000	4,243,500
Philadelphia, GO	6.50	8/1/41	3,550,000	4,212,963

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Pennsylvania - 2.1% (continued)				
Tender Option Bond Trust Receipts (Series 2016-XM0373), (Geisinger Authority, Health System Revenue (Geisinger Health System)) Non-recourse	5.13	6/1/35	3,000,000	b,c 3,361,800
				11,818,263
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 5,787,000
South Carolina - 6.9%				
Barclays Capital Municipal Trust Receipts (Series 42 W), (Columbia, Waterworks and Sewer System Revenue) Recourse	5.00	2/1/40	10,000,000	b,c 11,211,200
South Carolina Public Service Authority, Revenue Obligations (Santee Cooper) (Prerefunded)	5.50	1/1/19	9,205,000	d 10,143,818
Tender Option Bond Trust Receipts (Series 2016-XM0384), (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper)) Non-recourse	5.13	6/1/37	15,000,000	b,c 17,636,400
				38,991,418
Tennessee - 4.4%				
Barclays Capital Municipal Trust Receipts (Series 25 W), (Rutherford County Health and Educational Facilities Board, Revenue (Ascension Health Senior Credit Group)) Recourse	5.00	11/15/40	10,000,000	b,c 11,119,600
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 7,944,020
Tender Option Bond Trust Receipts (Series 2016-XM0388), (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue) Non-recourse	5.00	7/1/21	5,000,000	b,c 5,946,400
				25,010,020
Texas - 12.7%				
Barclays Capital Municipal Trust Receipts (Series 28 W), (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 9,458,481
Central Texas Regional Mobility Authority, Senior Lien Revenue	5.00	1/1/45	1,500,000	1,738,125

15

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
---	-----------------	---------------	-----------------------	------------

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-CSR

Texas - 12.7% (continued)

Clifton Higher Education Finance Corporation, Education Revenue (International Leadership of Texas)	5.75	8/15/45	4,500,000	5,012,055
Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education)	6.00	12/1/30	2,500,000	2,838,325
Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education)	4.50	12/1/44	2,500,000	2,628,175
Dallas Area Rapid Transit, Senior Lien Sales Tax Revenue (Prerefunded)	5.25	12/1/18	10,000,000 d	10,929,300
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	7.25	12/1/18	2,000,000 d	2,273,900
Harris County-Houston Sports Authority, Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.) Houston,	0.00	11/15/50	6,500,000 e	1,495,260
Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.) Houston,	6.00	11/15/36	295,000	335,132
Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.) (Prerefunded)	6.00	5/15/19	4,705,000 d	5,319,849
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	965,000	1,023,662
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.) (Prerefunded)	5.75	1/1/18	8,335,000 d	8,837,851
Tender Option Bond Trust Receipts (Series 2016-XM0377), (San Antonio, Electric and Gas Systems Junior Lien Revenue) Non-recourse	5.00	2/1/21	16,750,000 b,c	19,802,520
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	12.97	7/2/24	150,000 f	157,899

71,850,534

Virginia - 3.0%

Barclays Capital Municipal Trust Receipts (Series 17 W), (Virginia Small Business Financing Authority, Health Care Facilities Revenue (Sentara Healthcare)) Recourse	5.00	11/1/40	10,000,000 b,c	11,195,100
Chesterfield County Economic Development Authority, Retirement Facilities First Mortgage Revenue (Brandermill Woods Project)	5.13	1/1/43	2,100,000	2,230,725

16

Long-Term Municipal Investments - 148.3% (continued)

	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Virginia - 3.0% (continued) Newport News Economic Development Authority, Residential Care Facilities Revenue (LifeSpire of Virginia)	5.00	12/1/38	3,000,000	3,265,890

16,691,715

Washington - 4.1%

Barclays Capital Municipal Trust Receipts (Series 27 B), (King County, Sewer Revenue) Recourse	5.00	1/1/29	3,998,716	b,c 4,617,796
Barclays Capital Municipal Trust Receipts (Series 66 W), (King County, Limited Tax GO (Payable from Sewer Revenues)) Recourse	5.13	1/1/33	10,000,000	b,c 10,948,200
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	3,475,000	d 3,813,639
Washington Higher Education Facilities Authority, Revenue (Seattle University Project) (Insured; AMBAC) (Prerefunded)	5.25	11/1/17	1,500,000	d 1,571,550
Washington Housing Finance Commission, Nonprofit Housing Revenue (Presbyterian Retirement Communities Northwest Projects)	5.00	1/1/46	1,765,000	c 1,990,496
				22,941,681

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	1,806,927
--	------	----------	-----------	------------------

Wisconsin - 1.3%

Public Finance Authority of Wisconsin, Lease Development Revenue (KU Campus Development Corporation - Central District Development Project)	5.00	3/1/46	6,000,000	7,075,260
---	------	--------	-----------	------------------

Wyoming - 1.0%

Wyoming Municipal Power Agency, Power Supply System Revenue	5.50	1/1/33	2,360,000	2,486,378
Wyoming Municipal Power Agency, Power Supply System Revenue	5.38	1/1/42	2,750,000	2,891,570
				5,377,948

U.S. Related - 1.7%

Guam, LOR (Section 30) (Prerefunded)	5.75	12/1/19	2,000,000	d 2,298,880
Guam Housing Corporation, SFMR (Guaranteed Mortgage-Backed Securities Program) (Collateralized; FHLMC)	5.75	9/1/31	965,000	1,048,251
Guam Waterworks Authority, Water and Wastewater System Revenue	5.63	7/1/40	2,000,000	2,191,620

17

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 148.3% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
U.S. Related - 1.7% (continued)	5.00	7/1/35	3,500,000	3,769,150

Puerto Rico Commonwealth,
Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)

		9,307,901
Total Investments (cost \$744,060,692)	148.3%	837,620,181
Liabilities, Less Cash and Receivables	(23.1%)	(130,210,631)
Preferred Stock, at redemption value	(25.2%)	(142,500,000)
Net Assets Applicable to Common Shareholders	100.0%	564,909,550

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

^b Collateral for floating rate borrowings.

^c 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, 2016, these securities amounted to \$355,954,787, or 63.01% of net assets applicable to Common Shareholders.

^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, 2016.

Portfolio Summary (Unaudited) †	Value (%)
Education	23.5
Utility-Water and Sewer	20.1
Prerefunded	18.5
Special Tax	17.9
Health Care	16.5
Utility-Electric	16.3
Transportation Services	7.7
Industrial	7.6
State/Territory	5.7
Asset-Backed	4.0
Pollution Control	2.3
Resource Recovery	1.2
City	1.0
Housing	.7
County	.6
Other	4.7
	148.3

†Based on net assets applicable to Common Shareholders.

See notes to financial statements.

18

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.

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2016

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	744,060,692	837,620,181
Cash		3,256,052
Interest receivable		12,460,141
Prepaid expenses		31,754
		853,368,128
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 2(b)		413,000
Payable for floating rate notes issued—Note 3		139,574,397
Payable for investment securities purchased		5,243,388
Interest and expense payable related to floating rate notes issued—Note 3		503,675
Commissions payable—Note 1		35,533
Dividends payable to Preferred Shareholders		15,612
Accrued expenses		172,973
		145,958,578