

DREYFUS STRATEGIC MUNICIPALS INC  
Form N-30D  
May 20, 2003

Dreyfus Strategic  
Municipals, Inc.

SEMIANNUAL REPORT March 31, 2003

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

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Contents

THE FUND

---

2	Letter from the Chairman
3	Discussion of Fund Performance
6	Statement of Investments
17	Statement of Assets and Liabilities
18	Statement of Operations
19	Statement of Changes in Net Assets
20	Financial Highlights
22	Notes to Financial Statements
29	Officers and Directors

FOR MORE INFORMATION

---

Back Cover

The Fund

Dreyfus Strategic Municipals, Inc.

LETTER FROM THE CHAIRMAN

Dear Shareholder:

This semiannual report for Dreyfus Strategic Municipals, Inc. covers the six-month period from October 1, 2002, through March 31, 2003. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio manager, W. Michael Petty.

A number of economic and political factors continued to support higher municipal bond prices during the reporting period. Faced with escalating tensions leading to the start of the war in Iraq, many investors preferred fixed-income securities over stocks. We believe that rising geopolitical tensions also contributed to the ongoing sluggishness of the U.S. economy, as many corporations apparently decided to wait until the situation in Iraq is resolved before committing to new capital spending. For its part, the Federal Reserve Board contributed to the municipal bond market's strength by further reducing short-term interest rates in November 2002.

The result of these influences has been generally attractive total returns from high-quality, tax-exempt bonds. While history suggests that bond prices should moderate if the economy strengthens, we believe that the economy is unlikely to make significant gains until current uncertainties are resolved.

In the meantime, we believe it is more important than ever to follow a disciplined approach to investing. While it may be tempting to shift assets between stocks and bonds in response to near-term economic and market forces, adherence to your longstanding asset allocation strategy may be the most prudent

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

course for the long term. Your financial advisor can help you to ensure that your portfolio reflects your investment needs, long-term goals and attitudes toward risk.

Thank you for your continued confidence and support.

Sincerely,

/s/Stephen E. Canter

Stephen E. Canter  
Chairman and Chief Executive Officer  
The Dreyfus Corporation  
April 15, 2003

### DISCUSSION OF FUND PERFORMANCE

W. Michael Petty, Portfolio Manager

How did Dreyfus Strategic Municipals, Inc. perform during the period?

For the six-month period ended March 31, 2003, the fund achieved a total return of 0.11%. (1) Over the same period, the fund provided income dividends of \$0.3600 per share, which is equal to a distribution rate of 7.53%. (2)

The municipal bond market exhibited generally strong performance, primarily due to the effects of declining interest rates and heightened demand from investors seeking stable alternatives to a declining stock market. However, the positive effects of these factors on the fund were largely offset by heightened volatility among some of its corporate-backed holdings.

What is 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.

To this end, we have constructed the portfolio by 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 are redeemed by their issuers, and we generally attempt to replace those bonds with what we believe are comparable securities at then-prevailing 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

### DISCUSSION OF FUND PERFORMANCE (CONTINUED)

What other factors influenced the fund's performance?

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

The fund was positively influenced by favorable market conditions, which were generally the result of a weak economy, falling interest rates and robust investor demand for high-quality, fixed-income securities. Widespread allegations of corporate malfeasance and heightened international tensions further supported investors' preferences for high-quality municipal bonds.

At the same time, investors generally shunned securities they considered risky, such as stocks and bonds issued by or on behalf of corporations. Unfortunately, the fund held a number of corporate-backed municipal bonds, including some issued on behalf of airlines. We attempted throughout the reporting period to reduce the fund's exposure to corporate-backed bonds and improve its overall credit quality. We believe that we were successful in doing so. For example, the fund's exposure to the troubled airline sector was trimmed from 7.5% of assets at the start of the reporting period to 3.7% by the reporting period's end. Similarly, to protect our shareholders from the potentially adverse tax consequences of certain holdings, we reduced the fund's position in bonds whose income is subject to the federal alternative minimum tax (AMT) from 37.2% at the start of the reporting period to 26.8% by the reporting period's end.

When opportunities arose, we looked to replace the fund's corporate-backed and AMT holdings with higher-quality securities. As a result, the fund's overall credit quality improved. When the reporting period began, 59% of the fund's holdings was rated single-A or better. By the end of the reporting period, 68% of its holdings was rated single-A or better. At the top end of the rating scale, the percentage of the fund's assets rated triple-A rose from 28.5% at the start of the reporting period to 37% at the reporting period's end.

When making new purchases, we generally avoided states' general obligation bonds in favor of essential-services revenue bonds and tax-exempt securities enhanced with insurance.<sup>(3)</sup> In addition, we focused the fund's high-quality purchases on income-oriented securities selling at a modest premium. Historically, these types of bonds have offered greater defensive characteristics than others

Finally, the fund benefited from our leveraging strategy. Taking advantage of the reporting period's low interest rates, we locked in low borrowing costs until 2005 on one of the fund's issues of auction-rate preferred notes

What is the fund's current strategy?

Because of ongoing uncertainty related to prevailing geopolitical and economic factors, we continue to maintain a generally conservative posture. Accordingly, we have maintained the fund's average duration at points we consider to be neutral. This strategy is designed to provide flexibility to participate in new opportunities for tax-exempt income while seeking to provide some protection from potential price erosion if economic growth accelerates. In addition, we recently have taken advantage of what we believe to be opportunities in bonds from certain states with relatively high income taxes. Known as "specialty state bonds," these securities have recently been available at prices we consider attractive relative to non-specialty state bonds. In our view, these are prudent strategies in today's uncertain economic and geopolitical environments.

April 15, 2003

- (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.
- (2) DISTRIBUTION RATE PER SHARE IS BASED UPON DIVIDENDS PER SHARE PAID FROM NET

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

INVESTMENT INCOME DURING THE PERIOD, ANNUALIZED, DIVIDED BY THE MARKET PRICE PER SHARE AT THE END OF THE PERIOD.

- (3) INSURANCE ON INDIVIDUAL BONDS EXTENDS TO THE REPAYMENT OF PRINCIPAL AND THE PAYMENT OF INTEREST IN THE EVENT OF DEFAULT. IT DOES NOT EXTEND TO THE MARKET VALUE OF THE PORTFOLIO SECURITIES OR THE VALUE OF THE FUND'S SHARES.

The Fund

STATEMENT OF INVESTMENTS

March 31, 2003 (Unaudited)

	Pri
	Amo
LONG-TERM MUNICIPAL INVESTMENTS--146.3%	
-----	
ALABAMA--3.5%	
Alabama Industrial Development Authority, SWDR	
(Pine City Fiber Co.) 6.45%, 12/1/2023	4,7
Houston County Health Care Authority	
6.25%, 10/1/2030 (Insured; AMBAC)	8,0
Jefferson County, Sewer Revenue	
5.25%, 2/1/2023 (Insured; FGIC)	5,0
ALASKA--1.5%	
Alaska Housing Finance Corp.:	
6%, 12/1/2040	4
6%, 6/1/2049 (Insured; MBIA)	4,0
Valdez, Marine Terminal Revenue	
(BP Pipelines Inc. Project) 5.65%, 12/1/2028	3,2
ARKANSAS--3.5%	
Arkansas Development Finance Authority, SFMR	
(Mortgage Backed Securities Program):	
6.45%, 7/1/2031 (Guaranteed; GNMA, FNMA)	7,0
6.25%, 1/1/2032 (Guaranteed; GNMA)	4,9
Little Rock School District	
5.25%, 2/1/2030 (Insured; FSA)	6,0

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

ARIZONA--7.9%

Apache County Industrial Development Authority, PCR

(Tucson Electric Power Co. Project):

5.85%, 3/1/2028

3,8

5.875%, 3/1/2033

1,3

Maricopa Pollution Control Corp., PCR

(Public Service Co.) 5.75%, 11/1/2022

6,0

Pima County Industrial Development Authority, Industrial

Revenue (Tucson Electric Power Co. Project)

6%, 9/1/2029

14,2

Scottsdale Industrial Development Authority, HR

(Scottsdale Healthcare) 5.80%, 12/1/2031

6,0

Tempe Industrial Development Authority, IDR

(California Micro Devices Corp. Project)

10.50%, 3/1/2018

6,5

Tucson, Water System Revenue

5%, 7/1/2021 (Insured; FGIC)

3,5

University of Arkansas, University Revenue (Fayetteville

Campus) 5%, 12/1/2027 (Insured; FGIC)

2,0

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

Pri  
Amo

CALIFORNIA--5.3%

California Pollution Control Financing Authority, PCR

(Southern California Edison Co.) 7%, 2/28/2008

5,0

State of California 9.55%, 12/1/2018 (Insured; FSA)

10,0

Los Angeles Unified School District

5.25%, 7/1/2020 (Insured; FSA)

4,0

Orange County Water District, Revenue, COP

5%, 8/15/2028 (Insured; MBIA)

8,8

COLORADO--1.4%

Denver City and County, Special Facilities Airport

Revenue (United Airlines Project)

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

6.875%, 10/1/2032	6,9
El Paso County School District No. 2 (Harrison)	
5%, 12/1/2027 (Insured; MBIA)	2,0
Northwest Parkway Public Highway Authority,	
Revenue 7.125%, 6/15/2041	3,5
DELAWARE--1.4%	
Delaware Transportation Authority,	
Transportation System Revenue	
5%, 7/1/2019 (Insured; AMBAC)	6,8
FLORIDA--5.0%	
Florida Housing Finance Corp., Housing Revenue	
(Nelson Park Apartments)	
6.40%, 3/1/2040 (Insured; FSA)	12,3
Orange County Health Facility Authority, HR	
(Regional Healthcare Systems) 6%, 10/1/2026	2,0
Pasco County, Sales Tax Revenue	
(Half-Cent) 5.125%, 12/1/2028 (Insured; AMBAC)	10,1
South Miami Health Facilities Authority, HR	
(Baptist Health of South Florida Group)	
5.25%, 11/15/2033	9
GEORGIA--1.9%	
Georgia Housing Finance Authority, SFMR	
6.45%, 12/1/2030	5,3
Private Colleges and Universities Facilities Authority,	
Revenue (Clark Atlanta University Project)	
8.25%, 1/1/2015 (Prerefunded 1/1/2003)	4,1

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

HAWAII--1.3%

Hawaii Department of Transportation,  
Special Facility Revenue:

Pri  
Amo

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

(Caterair International Corp. Project)	
10.125%, 12/1/2010	3,6
(Continental Airlines, Inc.)	
5.625%, 11/15/2027	6,8
IDAHO--.8%	
Power County Industrial Development Corp, SWDR	
(FMC Corp. Project) 6.45%, 8/1/2032	5,4
ILLINOIS--8.0%	
Chicago:	
6.125%, 1/1/2028 (Insured; FGIC)	15,8
(Wastewater Transmission Revenue)	
6%, 1/1/2030 (Insured; MBIA)	3,0
Chicago-O'Hare International Airport, Special Facility Revenue:	
(Delta Airlines Project) 6.45%, 5/1/2018	4,8
(United Airlines, Inc. Project):	
6.75%, 11/1/2011	2,0
6.30%, 5/1/2016	13,4
Illinois Health Facilities Authority, Revenue:	
(Advocate Network Health Care) 6.125%, 11/15/2022	4,0
(OSF Healthcare System) 6.25%, 11/15/2029	7,7
(Swedish American Hospital) 6.875%, 11/15/2030	4,9
INDIANA--2.1%	
Franklin Township Independent School Building Corp.,	
First Mortgage 6.125%, 1/15/2022	6,5
Indiana Housing Finance Authority, SFMR	
5.95%, 1/1/2029	3,4
KANSAS--3.6%	
Kansas Development Finance Authority, Revenue:	
(Board of Regents-Scientific Resource)	
5%, 10/1/2021 (Insured; AMBAC)	5,2
Health Facility (Sisters of Charity) 6.25%, 12/1/2028	3,0
Wichita, HR (Christian Health System Inc.)	



Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

6.25%, 11/15/2024	10,0
KENTUCKY--1.1%	
Kenton County Airport Board, Airport Revenue	
(Special Facilities-Delta Airlines Project)	
6.125%, 2/1/2022	9,2
LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)	
-----	
LOUISIANA--2.4%	
Greater New Orleans Expressway Commission, Revenue	
5%, 11/1/2027 (Insured; AMBAC)	3,0
Parish of Saint James, SWDR (Freeport-McMoRan Partnership Project) 7.70%, 10/1/2022	10,0
MAINE--.8%	
Maine Housing Authority, Mortgage	
5.30%, 11/15/2023	4,0
MARYLAND--1.0%	
Baltimore County, PCR	
(Bethlehem Steel Corp. Project) 7.50%, 6/1/2015	2,5
Maryland Economic Development Corp., Student	
Housing Revenue (University of Maryland)	
5.75%, 10/1/2033	5,0
MASSACHUSETTS--4.3%	
Massachusetts Industrial Finance Agency, Revenue	
(Ogden Haverhill Project) 5.60%, 12/1/2019	6,0
Massachusetts Health and Educational Facilities Authority,	
Revenue:	
(Beth Israel Hospital Issue)	
9.942%, 7/1/2025 (Insured; AMBAC)	3,0
(Partners Healthcare System) 5.75%, 7/1/2032	5,0
(Harvard University Issue) 6%, 7/1/2035	8,0
MICHIGAN--4.4%	
Michigan Hospital Finance Authority, HR:	

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

(Ascension Health Credit) 6.125%, 11/15/2026	5,0
(Crittenton Hospital) 5.625%, 3/1/2027	2,0
(Genesys Health System Obligated Group)	
8.125%, 10/1/2021 (Prerefunded 10/1/2005)	5,0
Michigan Strategic Fund, Resource Recovery Limited	
Obligation Revenue (Detroit Edison Co.)	
5.25%, 12/15/2032	3,0
Michigan Strategic Fund, SWDR	
(Genesee Power Station Project) 7.50%, 1/1/2021	7,1
MINNESOTA--1.8%	
Duluth Economic Development Authority, Health	
Care Facilities Revenue (Saint Luke's	
Hospital) 7.25%, 6/15/2032	5,0
Minnesota Housing Finance Agency, Residential	
Housing Finance 5%, 1/1/2020	4,5

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

-----	Pri	Amo
MISSISSIPPI--3.5%		
Claiborne County, PCR (Middle South Energy, Inc.)		
(System Energy Resources, Inc.) 6.20%, 2/1/2026	4,5	
Mississippi Business Finance Corp., PCR (System Energy		
Resource Inc. Project) 5.875%, 4/1/2022	14,8	
MISSOURI--3.3%		
Missouri Health and Educational Facilities Authority,		
Health Facilities Revenue (Saint Anthony's		
Medical Center) 6.25%, 12/1/2030	6,7	
Missouri Development Finance Board, Infrastructure		
Facilities Revenue (Branson):		
5.375%, 12/1/2027	2,0	

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

5.50%, 12/1/2032	4,5
Saint Louis Industrial Development Authority, Revenue	
(Saint Louis Convention Center) 7.25%, 12/15/2035	4,2
MONTANA--4.1%	
Forsyth, PCR (Puget Sound Energy)	
5%, 3/1/2031 (Insured; AMBAC)	14,2
Montana Board of Housing, Single Family Mortgage	
6.45%, 6/1/2029	7,3
NEVADA--2.7%	
Washoe County (Reno-Sparks Convention Center)	
6.40%, 7/1/2029 (Insured; FSA)	12,0
NEW HAMPSHIRE--2.8%	
New Hampshire Business Finance Authority, PCR	
(Public Service Co. of New Hampshire)	
6%, 5/1/2021 (Insured; AMBAC)	7,0
New Hampshire Health and Educational Facilities	
Authority, Revenue (Exeter Project):	
6%, 10/1/2024	1,0
5.75%, 10/1/2031	1,0
New Hampshire Industrial Development Authority, PCR	
(Connecticut Light and Power) 5.90%, 11/1/2016	5,0
NEW JERSEY--4.6%	
New Jersey Economic Development Authority, Special	
Facility Revenue (Continental Airlines Inc. Project)	
6.40%, 9/15/2023	2,0
New Jersey Environmental Infrastructure Trust	
5%, 9/1/2020	6,3
New Jersey Health Facilities Financing Authority,	
Revenue (Christian Health Care Center)	
8.75%, 7/1/2018	14,1
LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)	Pri Amo

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

NEW MEXICO--1.8%

Farmington, PCR:

(El Paso Electric Co. Project)

6.375%, 6/1/2032

5,3

(Tucson Electric Power Co., San Juan)

6.95%, 10/1/2020

4,0

NEW YORK--4.0%

Long Island Power Authority, New York  
Electric System Revenue

8.404% 12/1/2016

10,0

New York Transitional Finance Authority, Revenue

(Future Tax Secured) 5%, 2/1/2031

10,0

NORTH DAKOTA--2.3%

North Dakota Housing Finance Agency,  
Home Mortgage Revenue

(Housing Finance Program):

6.50%, 1/1/2031

8,3

6.15%, 7/1/2031

3,1

OHIO--5.6%

Cuyahoga County , Revenue 6%, 1/1/2032

2,0

Mahoning County, Hospital Facilities Revenue

(Forum Health Obligation Group) 6%, 11/15/2032

7,0

Ohio Air Quality Development Authority, PCR

(Cleveland Electric Illuminating)

6.10%, 8/1/2020 (Insured; ACA)

3,0

Ohio Higher Educational Facility Revenue

(Kenyon College Project) 4.95%, 7/1/2037

5,0

Ohio Housing Finance Agency,  
Residential Mortgage Revenue:

6.25%, 9/1/2020 (Collateralized; GNMA)

3,7

6.35%, 9/1/2031 (Collateralized; GNMA)

3,7

Ohio Water Development Authority, Pollution Control

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Facilities Revenue (Cleveland Electric Illuminating) 6.10%, 8/1/2020 (Insured; ACA)	4,3
OKLAHOMA--2.4%	
Oklahoma Industries Authority (Health System Obligated Group) 5.75%, 8/15/2029	12,2
OREGON--1.6%	
Port of Portland, International Airport Revenue (Portland International Airport) 5.50%, 7/1/2024 (Insured; AMBAC)	5,0
STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)	
LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)	Pri Amo
-----	
OREGON (CONTINUED)	
Tigard--Tualatin School District No. 23 5.375%, 6/15/2019 (Insured; MBIA)	3,0
PENNSYLVANIA--1.9%	
Pennsylvania Housing Financing Authority 10.544%, 4/1/2025	6,0
York County Hospital Authority, Revenue (Health Center--Lutheran Social Services) 6.50%, 4/1/2022	4,2
SOUTH CAROLINA--2.7%	
Greenville Hospital System, Hospital Facilities Revenue 5.50%, 5/1/2026 (Insured; AMBAC)	5,0
Piedmont Municipal Power Agency, Electric Revenue 6.55%, 1/1/2016	1,6
Tobacco Settlement Revenue Management Authority, Tobacco Settlement Revenue:	
6.375%, 5/15/2028	3
6.375%, 5/15/2030	8,4
TENNESSEE--5.4%	

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Knox County Health Educational and Housing Facilities	
Board, Hospital Facilities Revenue	
(Baptist Health System of Eastern Tennessee)	
6.50%, 4/15/2031	4,9
Memphis Center City Revenue Finance Corp.,	
Tennessee Sports Facility Revenue	
(Memphis Redbirds) 6.50%, 9/1/2028	10,0
Tennessee Housing Development Agency	
(Homeownership Program) 6.40%, 7/1/2031	12,7
TEXAS--13.5%	
Austin Convention Enterprises Inc., Convention Center	
Hotel Revenue:	
5.75%, 1/1/2016	5,2
6.70%, 1/1/2028	4,0
5.75%, 1/1/2032	6,5
6.70%, 1/1/2032	3,5
Harris County Health Facilities Development Corp., HR	
(Memorial Hermann Hospital System Project)	
6.375%, 6/1/2029	8,5
LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)	Pri Amo
-----	
TEXAS (CONTINUED)	
Houston Airport System, Special Facilities Revenue,	
Airport Improvement (Continental Airlines):	
6.125%, 7/15/2027	6,3
6.75%, 7/1/2029	8,2
5.70%, 7/15/2029	3,7
Sabine River Authority, PCR (TXU Electric Co. Project)	
6.45%, 6/1/2021	8,3
Sam Rayburn Municipal Power Agency, Power Supply	
System Revenue 5.75%, 10/1/2021	6,0
Texas Department of Housing and Community Affairs,	

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Collateralized Home Mortgage Revenue 12.35%, 7/2/2024	3,9
Texas Turnpike Authority, Central Texas Turnpike System Revenue 5.75%, 8/15/2038 (Insured; AMBAC)	7,1
Tomball Hospital Authority, HR (Tomball Regional Hospital) 6%, 7/1/2025	4,0
Tyler Health Facilities Development Corp., HR  (East Texas Medical Center Regional Health Care System Project) 6.75%, 11/1/2025	3,0
UTAH--.8%	
Carbon County, SWDR (Sunnyside Cogeneration)  7.10%, 8/15/2023	4,5
VERMONT--1.1%	
Vermont Housing Finance Agency, Single Family Housing  6.40%, 11/1/2030 (Insured; FSA)	5,5
VIRGINIA--2.2%	
Greater Richmond Convention Center Authority, Hotel Tax Revenue (Convention Center Expansion Project) 6.25%, 6/15/2032	10,5
WASHINGTON--5.7%	
Energy Northwest:	
Electric Revenue 10.20%, 7/1/2018 (Insured; MBIA)	10,0
Wind Project Revenue 5.875%, 7/1/2020	3,0
Public Utility District No. 1 of Pend Orielle County, Electric Revenue 6.375%, 1/1/2015	3,7

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED) Pri  
Amo

---

WASHINGTON (CONTINUED)	
Seattle, Water System Revenue  6%, 7/1/2029 (Insured; FGIC)	10,0
WEST VIRGINIA--3.2%	

**Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D**

Braxton County, SWDR (Weyerhaeuser Co. Project):

6.125%, 4/1/2026 14,0

West Virginia Housing Development Fund,  
Housing Finance 6.50%, 5/1/2028 6

West Virginia Water Development Authority, Water  
Development Revenue 6.375%, 7/1/2039 2,2

WISCONSIN--5.7%

Badger Tobacco Asset Securitization Corp., Tobacco

Settlement Revenue:

7%, 6/1/2028 24,0

6.375%, 6/1/2032 2,5

Wisconsin Health and Educational Facilities Authority,  
Health, Hospital and Nursing Home Revenue

(Aurora Health Care Inc.) 5.60%, 2/15/2029 5,2

Wisconsin Housing and Economic Development Authority

9.845%, 7/1/2025 9

WYOMING--.9%

Sweetwater County, SWDR (FMC Corp. Project):

7%, 6/1/2024 3,1

6.90%, 9/1/2024 2,0

U. S. RELATED--1.5%

Guam Housing Corp., SFMR

5.75%, 9/1/2031 (Collateralized; FHLMC) 9

Puerto Rico Highway and Transportation Authority,  
Transportation Revenue 6%, 7/1/2039 6,0

TOTAL LONG-TERM MUNICIPAL INVESTMENTS

(cost \$778,867,988)

SHORT-TERM MUNICIPAL INVESTMENTS--3.4% Pri  
Amo

-----  
ALASKA--2.3%

Valdez, Marine Terminal Revenue, VRDN (Exxon Mobil

Pipeline Co. Project) 1.10% 12,6



Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

MASSACHUSETTS--.2%

Massachusetts Health and Educational Facilities Authority,

Revenue, VRDN (Capital Asset Program) 1.15%

1,0

NEW YORK--.2%

New York, VRDN 1.15% (Insured; MBIA)

1,2

TEXAS--.7%

Gulf Coast Waste Disposal Authority, PCR, VRDN

(Amoco Oil Co. Project) 1.10%

3,6

TOTAL SHORT-TERM MUNICIPAL INVESTMENTS

(cost \$18,400,000)

TOTAL INVESTMENTS (cost \$797,267,988)

CASH AND RECEIVABLES (NET)

PREFERRED STOCK, AT REDEMPTION VALUE

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

Summary of Abbreviations

ACA	American Capital Access
AMBAC	American Municipal Bond Assurance Corporation
COP	Certificate of Participation
FGIC	Financial Guaranty Insurance Company
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
FSA	Financial Security Assurance
GNMA	Government National Mortgage Association
HR	Hospital Revenue
IDR	Industrial Development Revenue

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

MBIA	Municipal Bond Investors Assurance Insurance Corporation
PCR	Pollution Control Revenue
SFMR	Single Family Mortgage Revenue
SWDR	Solid Waste Development Revenue
VRDN	Variable Rate Demand Notes

Summary of Combined Ratings (Unaudited)

Fitch	or	Moody's	or	Standard & Poor's
AAA		Aaa		AAA
AA		Aa		AA
A		A		A
BBB		Baa		BBB
BB		Ba		BB
B		B		B
CCC		Caa		CCC
CC		Ca		CC
F1		Mig1		SP1
Not Rated( f)		Not Rated( f)		Not Rated( f)

- (A) INVERSE FLOATER SECURITY--THE INTEREST RATE IS SUBJECT TO CHANGE PERIODICALLY.
- (B) SECURITIES EXEMPT FROM REGISTRATION UNDER RULE 144A OF THE SECURITIES ACT OF 1933. THESE SECURITIES MAY BE RESOLD IN TRANSACTIONS EXEMPT FROM REGISTRATION, NORMALLY TO QUALIFIED INSTITUTIONAL BUYERS. AT MARCH 31, 2003, THESE SECURITIES AMOUNTED TO \$35,120,891 OR 6.5% OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS.
- (C) 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.
- (D) NON-INCOME PRODUCING SECURITY--INTEREST PAYMENTS IN DEFAULT.
- (E) SECURITIES PAYABLE ON DEMAND. VARIABLE RATE INTEREST--SUBJECT TO PERIODIC CHANGE.
- (F) SECURITIES WHICH, WHILE NOT RATED BY FITCH, MOODY'S AND STANDARD & POOR'S,

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

HAVE BEEN DETERMINED BY THE MANAGER TO BE OF COMPARABLE QUALITY TO THOSE  
RATED SECURITIES IN WHICH THE FUND MAY INVEST.

SEE NOTES TO FINANCIAL STATEMENTS.

### STATEMENT OF ASSETS AND LIABILITIES

March 31, 2003 (Unaudited)

	Cost	Value
<hr/>		
ASSETS (\$):		
Investments in securities--See Statement of Investments	797,267,988	806,331,594
Cash		68,628
Interest receivable		13,959,313
Receivable for investment securities sold		8,862,540
Prepaid expenses		467,876
		829,689,951
<hr/>		
LIABILITIES (\$):		
Due to The Dreyfus Corporation and affiliates		527,558
Payable for investment securities purchased		5,120,730
Dividends payable to preferred shareholders		247,566
Commissions payable		7,062
Accrued expenses		352,266
		6,255,182
<hr/>		
AUCTION PREFERRED STOCK, Series M, T, W, Th and F par value \$.001 per share (11,400 shares issued and outstanding a \$25,000 per share liquidation preference)--Note 1		285,000,000
<hr/>		
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (\$)		538,434,769
<hr/>		
COMPOSITION OF NET ASSETS (\$):		
Common Stock, par value \$.001 per share (59,703,072 shares issued and outstanding)		59,703
Paid-in capital		562,775,495

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Accumulated undistributed investment income--net	9,215,063
Accumulated net realized gain (loss) on investments	(42,679,098)
Accumulated net unrealized appreciation (depreciation) on investments	9,063,606
-----	
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	538,434,769
-----	
SHARES OUTSTANDING	
(500 million shares of \$.001 par value Common Stock authorized)	59,703,072
NET ASSET VALUE PER SHARE OF COMMON STOCK (\$)	9.02
SEE NOTES TO FINANCIAL STATEMENTS.	

The Fund

STATEMENT OF OPERATIONS

Six Months Ended March 31, 2003 (Unaudited)

-----	
INVESTMENT INCOME (\$):	
INTEREST INCOME	26,117,645
EXPENSES:	
Management fee--Note 3(a)	3,086,787
Commission fee--Note 1	374,780
Shareholder servicing costs	72,955
Custodian fees--Note 3(b)	69,922
Shareholders' reports	47,576
Professional fees	42,485
Directors' fees and expenses--Note 3(c)	31,351
Registration fees	25,833
Miscellaneous	24,636
TOTAL EXPENSES	3,776,325
INVESTMENT INCOME--NET	22,341,320
-----	
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS--NOTE 4 (\$):	
Net realized gain (loss) on investments	(13,473,393)
Net unrealized appreciation (depreciation) on investments	(5,868,579)

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	(19,341,972)
DIVIDENDS ON PREFERRED STOCK	(2,221,606)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	777,742

SEE NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended March 31, 2003 (Unaudited)	Year Ended September 30, 2002
-----		
OPERATIONS (\$):		
Investment income--net	22,341,320	47,823,496
Net realized gain (loss) on investments	(13,473,393)	(18,783,774)
Net unrealized appreciation (depreciation) on investments	(5,868,579)	(2,508,827)
Dividends on Preferred Stock	(2,221,606)	(4,821,324)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	777,742	21,709,571
-----		
DIVIDENDS TO COMMON SHAREHOLDERS FROM (\$):		
INVESTMENT INCOME--NET	(21,394,278)	(39,168,624)
-----		
CAPITAL STOCK TRANSACTIONS (\$):		
DIVIDENDS REINVESTED	4,294,118	6,491,435
TOTAL INCREASE (DECREASE) IN NET ASSETS	(16,322,418)	(10,967,618)
-----		
NET ASSETS (\$):		
Beginning of Period	554,757,187	565,724,805
END OF PERIOD	538,434,769	554,757,187
Undistributed investment income--net	9,215,063	10,145,155
-----		
CAPITAL SHARE TRANSACTIONS (SHARES):		
SHARES ISSUED FOR DIVIDENDS REINVESTED	468,458	685,471
SEE NOTES TO FINANCIAL STATEMENTS.		

The Fund

FINANCIAL HIGHLIGHTS

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements and market price data for the fund's common shares.

	Six Months Ended		Year Ended	
	March 31, 2003		2002 (a)	2001
	(Unaudited)			
-----				
PER SHARE DATA (\$):				
Net asset value, beginning of period	9.37		9.66	9.38
Investment Operations:				
Investment income--net	.38 (b)		.81 (b)	.82
Net realized and unrealized gain (loss) on investments	(.33)		(.35)	.18
Dividends on Preferred Stock from net investment income	(.04)		(.08)	(.16)
Total from Investment Operations	.01		.38	.84
Distributions to Common Shareholders:				
Dividends from investment income--net	(.36)		(.67)	(.56)
Dividends from net realized gain on investments	--		--	--
Total Distributions to Common Shareholders	(.36)		(.67)	(.56)
Capital Stock transactions, net effect of Preferred Stock offerings	--		--	--
Net asset value, end of period	9.02		9.37	9.66
Market value, end of period	9.56		10.11	9.69
-----				
TOTAL RETURN (%) (C)	(1.67) (d)		11.89	20.22

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

	Six Months Ended March 31, 2003			Year
	(Unaudited)	2002 (a)	2001	2000
RATIOS/SUPPLEMENTAL DATA (%):				
Ratio of expenses to average net assets applicable to Common Stock	1.40 (e, f, g)	1.38 (f, g)	1.39 (f, g)	1.2
Ratio of net investment income to average net assets applicable to Common Stock	8.29 (e, f, g)	8.61 (f, g)	8.49 (f, g)	7.9
Portfolio Turnover Rate	22.96 (d)	36.81	10.07	19.0
Asset coverage of Preferred Stock, end of Period	289	294	299	29
Net Assets, net of Preferred Stock, end of period (\$ x 1,000)	538,435	554,757	565,725	548,93
Preferred Stock outstanding, end of period (\$ x 1,000)	285,000	285,000	285,000	285,00

(A) AS REQUIRED, EFFECTIVE OCTOBER 1, 2001, THE FUND HAS ADOPTED THE PROVISIONS OF THE AICPA AUDIT AND ACCOUNTING GUIDE FOR INVESTMENT COMPANIES AND BEGAN AMORTIZING DISCOUNT OR PREMIUM ON A SCIENTIFIC BASIS FOR DEBT SECURITIES ON A DAILY BASIS. THE EFFECT OF THIS CHANGE FOR THE PERIOD ENDED SEPTEMBER 30, 2002 WAS TO INCREASE NET INVESTMENT INCOME PER SHARE AND DECREASE NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS BY LESS THAN \$.01 AND INCREASE THE RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS FROM 8.58% TO 8.61%. PER SHARE DATA AND RATIOS/SUPPLEMENTAL DATA FOR PERIODS PRIOR TO OCTOBER 1, 2001 HAVE NOT BEEN RESTATED TO REFLECT THIS CHANGE IN PRESENTATION.

(B) BASED ON AVERAGE SHARES OUTSTANDING AT EACH MONTH END.

(C) CALCULATED BASED ON MARKET VALUE.

(D) NOT ANNUALIZED.

(E) ANNUALIZED.

(F) DOES NOT REFLECT THE EFFECT OF DIVIDENDS TO PREFERRED STOCK SHAREHOLDERS.

(G) THE RATIO OF EXPENSES TO TOTAL AVERAGE NET ASSETS AND THE RATIO OF NET INVESTMENT INCOME TO TOTAL AVERAGE NET ASSETS WERE .92% AND 5.43%, RESPECTIVELY, FOR THE SIX MONTHS ENDED MARCH 31, 2003, .91% AND 5.69%,

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

RESPECTIVELY, FOR THE YEAR ENDED SEPTEMBER 30, 2002, .92% AND 5.65%,  
RESPECTIVELY, FOR THE YEAR ENDED SEPTEMBER 30, 2001 AND .92% AND 5.79%,  
RESPECTIVELY, FOR THE YEAR ENDED SEPTEMBER 30, 2000.

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1-- Significant Accounting Policies:

Dreyfus Strategic Municipals, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified closed-end management investment company. The fund's investment objective is to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. The Dreyfus Corporation (the "Manager") serves as the fund's investment adviser. The Manager is a direct subsidiary of Mellon Bank, N.A., which is a wholly-owned subsidiary of Mellon Financial Corporation. The fund's Common Stock trades on the New York Stock Exchange under the ticker symbol LEO.

The fund has outstanding 2,280 shares of Series M, Series T, Series W, Series TH and Series F for a total of 11,400 shares of Auction Preferred Stock ("APS"), with a liquidation preference of \$25,000 per share (plus an amount equal to accumulated but unpaid dividends upon liquidation). APS dividends rates are determined pursuant to periodic auctions. Bankers Trust, as Auction Agent, receives a fee from the fund for its services in connection with such auctions. The fund also compensates broker-dealers generally at an annual rate of .25% of the purchase price of the shares of APS placed by the broker-dealer in an auction.

The fund is subject to certain restrictions relating to the APS. Failure to comply with these restrictions could preclude the fund from declaring any distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of APS at liquidation value.

The holders of the APS, voting as a separate class, have the right to elect at least two directors. The holders of the APS will vote as a separate class on certain other matters, as required by law. The fund has designated Robin R. Pringle and John E. Zuccotti to represent holders of APS on the fund's Board of Directors.

The fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

(a) Portfolio valuation: Investments in municipal securities (excluding options and financial futures on municipal and U.S. Treasury securities) are valued on the last business day of each week and month by an independent pricing service ("Service") approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the



## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Service, based on methods which include consideration of: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal and U.S. Treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on the last business day of each week and month.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Interest income, adjusted for amortization of discount and premium on investments, is earned from settlement date and recognized on the accrual basis. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date.

(c) Dividends to shareholders of Common Stock ("Common Shareholders(s)": Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain.

The Fund

### NOTES TO FINANCIAL STATEMENTS (Unaudited) (CONTINUED)

For Common Shareholders who elect to receive their distributions in additional shares of the fund, in lieu of cash, such distributions will be reinvested at the lower of the market price or net asset value per share (but not less than 95% of the market price) based on the record date's respective prices. If the net asset value per share on the record date is lower than the market price per share, shares will be issued by the fund at the record date's net asset value on the payable date of the distribution. If the net asset value per share is less than 95% of the market value, shares will be issued by the fund at 95% of the market value. If the market price is lower than the net asset value per share on the record date, The Bank of New York will purchase fund shares in the open market commencing on the payable date and reinvest those shares accordingly. As a result of purchasing fund shares in the open market, fund shares outstanding will not be affected by this form of reinvestment.

On March 31, 2003, the Board of Directors declared a cash dividend to Common Shareholders of \$.060 per share from investment income-net, payable on April 28, 2003 to Common Shareholders of record as of the close of business on April 14, 2003.

(d) Dividends to shareholders of APS: For APS, dividends are currently reset every 7 days for Series M and Series Th. The dividend rate for Series T will be in effect until July 21, 2003. The dividend rate for Series W will be in effect until December 4, 2003. The dividend rate for Series F will be in effect until February 14, 2005. The dividend rates in effect at March 31, 2003 were as follows: Series M-.90% , Series T-1.75% , Series W-1.65%, Series TH-1.10% and Series F-1.64%.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, which can distribute tax exempt dividends, by complying with the applicable provisions of the Code and to make distributions of income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

The fund has unused capital loss carryover of \$9,912,633 available for federal tax purposes to be applied against future net securities profits,

if any, realized subsequent to September 30, 2002. If not applied, \$9,836,505 of the carryover expires in fiscal 2009 and \$76,128 expires in fiscal 2010.

The tax character of distributions paid to shareholders during the fiscal year ended September 30, 2002 was as follows: tax exempt income \$43,989,948. The tax character of current year distributions will be determined at the end of the current fiscal year.

### NOTE 2--Bank Line of Credit:

The fund participates with other Dreyfus-managed funds in a \$100 million unsecured line of credit primarily to be utilized for temporary or emergency purposes. Interest is charged to the fund based on prevailing market rates in effect at the time of borrowings. During the period ended March 31, 2003, the fund did not borrow under the line of credit.

### NOTE 3--Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management agreement ("Agreement") with the Manager, the management fee is computed at the annual rate of .75 of 1% of the value of the fund's average weekly net assets and is payable monthly. The Agreement provides for an expense reimbursement from the Manager should the fund's aggregate expenses, exclusive of taxes, interest on borrowings, brokerage and extraordinary expenses, in any full fiscal year exceed the lesser of (1) the expense limitation of any state having jurisdiction over the fund or (2) 2% of the first \$10 million, 1 1/2% of the next \$20 million and 1% of the excess over \$30 million of the average value of the fund's net assets. During the period ended March 31, 2003, there was no expense reimbursement pursuant to the Agreement.

(b) The fund compensates Boston Safe Deposit and Trust Company, an affiliate of the Manager, under a custody agreement for providing custodial services to the fund. During the period ended March 31, 2003, \$69,922 was charged by Boston Safe Deposit and Trust Company pursuant to the custody agreement.

The Fund

### NOTES TO FINANCIAL STATEMENTS (Unaudited) (CONTINUED)

(c) Through January 27th, 2003, each director who is not an "affiliated person" as defined in the Act received from the fund an annual fee of \$4,500 and an attendance fee of \$500 per meeting. Each such director also serves as a board member of other Funds within the Dreyfus complex (collectively, the "Fund Group" ). After January 27th, 2003, Board compensation was changed from a "Fund by Fund" basis to a "Fund Group" basis, such that each such director now receives an annual fee of \$30,000 and an attendance fee of \$4,000 for each in person meeting and \$500 for telephone meetings. These fees are allocated among the funds in the Fund Group. The Chairman of the Board receives an additional 25% of such compensation. Subject to the fund's Emeritus Program Guidelines, Emeritus Board members, if any, receive 50% of the annual retainer fee and per meeting fee paid at the time the Board member achieves emeritus status.

### NOTE 4--Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended March 31, 2003, amounted to \$182,965,922 and \$182,708,471, respectively.

At March 31, 2003, accumulated net unrealized appreciation on investments was

## Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

\$9,063,606, consisting of \$40,965,531 gross unrealized appreciation and \$31,901,925 gross unrealized depreciation.

At March 31, 2003, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

### NOTES

#### OFFICERS AND DIRECTORS

Dreyfus Strategic Municipals, Inc.

200 Park Avenue  
New York, NY 10166

#### DIRECTORS

Joseph S. DiMartino

David W. Burke

William Hodding Carter, III

Ehud Houminer

Richard C. Leone

Hans C. Mautner

Robin A. Pringle(\*)

John E. Zuccotti(\*)

\* AUCTION PREFERRED STOCK DIRECTORS

#### OFFICERS

##### President

Stephen E. Canter

##### Vice President

Mark N. Jacobs

##### Executive Vice Presidents

Stephen Byers

Paul Disdier

##### Secretary

John B. Hammalian

##### Assistant Secretaries

Steven F. Newman

Michael A. Rosenberg

##### Treasurer

James Windels

##### Assistant Treasurers

Gregory S. Gruber

Kenneth J. Sandgren

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

Anti-Money Laundering Compliance Officer

William Germenis

PORTFOLIO MANAGERS:

Joseph P. Darcy

A. Paul Disdier

PORTFOLIO MANAGERS (CONTINUED)

Douglas J. Gaylor

Joseph A. Irace

Colleen A. Meehan

W. Michael Petty

Scott Sprauer

James Welch

Monica S. Wieboldt

INVESTMENT ADVISER

The Dreyfus Corporation

CUSTODIAN

Boston Safe Deposit  
and Trust Company

COUNSEL

Stroock & Stroock & Lavan LLP

TRANSFER AGENT,  
DIVIDEND DISBURSING AGENT  
AND REGISTRAR

The Bank of New York (Common Stock)  
Bankers Trust (Auction Preferred Stock)

AUCTION AGENT  
Bankers Trust (Auction Preferred Stock)

STOCK EXCHANGE LISTING  
NYSE Symbol: LEO

INITIAL SEC EFFECTIVE DATE  
9/23/87

THE NET ASSET VALUE APPEARS IN THE FOLLOWING PUBLICATIONS: BARRON'S, CLOSED-END BOND FUNDS SECTION UNDER THE HEADING "MUNICIPAL BOND FUNDS" EVERY MONDAY; WALL STREET JOURNAL, MUTUAL FUNDS SECTION UNDER THE HEADING "CLOSED-END BOND FUNDS" EVERY MONDAY; NEW YORK TIMES, BUSINESS SECTION UNDER THE HEADING "CLOSED-END BOND FUNDS--NATIONAL MUNICIPAL BOND FUNDS" EVERY SUNDAY.

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH SECTION 23(C) OF THE INVESTMENT

Edgar Filing: DREYFUS STRATEGIC MUNICIPALS INC - Form N-30D

COMPANY ACT OF 1940, AS AMENDED, THAT THE FUND MAY PURCHASE SHARES OF ITS COMMON STOCK IN THE OPEN MARKET WHEN IT CAN DO SO AT PRICES BELOW THE THEN CURRENT NET ASSET VALUE PER SHARE.

The Fund

For More Information

Dreyfus Strategic  
Municipals, Inc.  
200 Park Avenue  
New York, NY 10166

Manager

The Dreyfus Corporation  
200 Park Avenue  
New York, NY 10166

Custodian

Boston Safe Deposit and  
Trust Company  
One Boston Place  
Boston, MA 02108

Transfer Agent &  
Dividend Disbursing Agent  
and Registrar  
(Common Stock)

The Bank of New York  
101 Barclay Street  
New York, NY 10286

(c) 2003 Dreyfus Service Corporation

853SA0303