

# Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund



**ANNUAL REPORT**  
April 30, 2018

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# Contents

## THE FUND

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A Letter from the President of Dreyfus	2
Discussion of Fund Performance	3
Fund Performance	5
Understanding Your Fund's Expenses	7
Comparing Your Fund's Expenses With Those of Other Funds	7
Statement of Investments	8
Statement of Assets and Liabilities	16
Statement of Operations	17
Statement of Changes in Net Assets	18
Financial Highlights	20
Notes to Financial Statements	23
Report of Independent Registered Public Accounting Firm	30
Important Tax Information	31
Board Members Information	32
Officers of the Fund	34

## FOR MORE INFORMATION

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Back Cover

## A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund, covering the 12-month period from May 1, 2017 through April 30, 2018. 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.

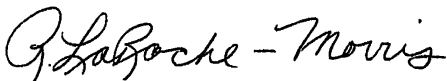
Heightened volatility has returned to the financial markets. After a period of unusually mild price swings in 2017, inflation concerns, geopolitical tensions and potential trade disputes caused volatility to increase substantially over the opening months of 2018. As a result, U.S. stocks and bonds either produced flat returns or lost a degree of value over the first four months of the year.

Yet, for the 12-month reporting period overall, stocks across all capitalization ranges posted double-digit returns on the strength of rising corporate earnings, improving global economic conditions, and the passage of tax reform legislation and other government policy reforms. Bonds fared less well over the same time frame, with corporate-backed securities eking out modestly positive total returns while U.S. government securities produced mild losses.

In our judgment, underlying market fundamentals remain strong, characterized by sustained economic growth, a robust labor market and strong consumer and business confidence. We expect these favorable conditions to persist, but we remain aware of economic and political developments that could negatively affect the markets. As always, we encourage you to discuss the risks and opportunities of today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,



Renee Laroche-Morris  
President  
The Dreyfus Corporation  
May 15, 2018

# DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from May 1, 2017 through April 30, 2018, as provided by Daniel Rabasco and Thomas Casey, Portfolio Managers*

## **Market and Fund Performance Overview**

For the 12-month period ended April 30, 2018, Class A shares of Dreyfus Pennsylvania Fund, a series of Dreyfus State Municipal Bond Funds, produced a total return of 2.44%, Class C shares returned 1.63%, and Class Z shares returned 2.66%.<sup>1</sup> In comparison, the Bloomberg Barclays U.S. Municipal Bond Index (the “Index”), the fund’s benchmark index, which is comprised of bonds issued nationally and not solely within Pennsylvania, achieved a total return of 1.56% for the same period.<sup>2</sup>

Municipal bonds during the reporting period encountered bouts of volatility stemming from rising interest rates and shifting supply-and-demand dynamics in the municipal securities market. The fund outperformed the Index, mainly due to its sector allocation and yield curve strategies.

## **The Fund’s Investment Approach**

The fund seeks to maximize current income exempt from federal income tax and from Pennsylvania state income tax, without undue risk. To pursue its goal, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in municipal bonds that provide income exempt from federal and Pennsylvania state income taxes. The fund invests at least 70% of its assets in municipal bonds rated, at the time of purchase, investment grade (Baa/BBB or higher) or the unrated equivalent as determined by The Dreyfus Corporation (“Dreyfus”). For additional yield, the fund may invest up to 30% of its assets in municipal bonds rated below investment grade (“high yield” or “junk” bonds) or the unrated equivalent as determined by Dreyfus. The dollar-weighted average maturity of the fund’s portfolio normally exceeds 10 years, but the fund may invest without regard to maturity.

The portfolio managers focus on identifying undervalued sectors and securities and minimize the use of interest-rate forecasting. The portfolio managers select municipal bonds for the fund’s portfolio by using 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; and actively trading among various sectors, such as pre-refunded, general obligation and revenue, based on their apparent relative values. The fund seeks to invest in several of these sectors.

## **Supply-and-Demand Dynamics Drove Municipal Bonds**

Municipal bonds fared well early in the reporting period when a light supply of newly issued bonds was met with solid investor demand. However, in the fall of 2017, the market experienced bouts of volatility amid uncertainty surrounding federal tax reform. Issuers rushed to market before year-end 2017 with a flood of new bonds in reaction to proposals to limit the tax exemption for bonds issued for advanced refunding and private activity purposes. This issuance was met, however, with robust demand from investors worried that the proposals might limit their tax-exempt investment opportunities in the future.

Despite a dearth of new issuance at the start of 2018, heightened market volatility continued through the opening months of the year when lower corporate tax rates dampened demand from banks and insurance companies. Investors also grew concerned that short-term interest rates might climb more than previously expected in an environment of accelerating inflation and ballooning federal budget deficits. The market generally stabilized in March 2018 when inflation fears eased, but municipal bonds continued to lose value in April 2018 around tax time.

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

Yields climbed especially sharply among short-term securities, causing yield differences to narrow along the market's maturity spectrum. Lower-rated municipal bonds typically outperformed their higher-quality counterparts over the reporting period.

Although credit conditions have remained sound for most issuers, including Pennsylvania, the state recently has relied on non-recurring revenues when balancing its budget and faces pension funding shortfalls.

### **Higher-Yielding Bonds Supported Fund Results**

The fund's relative performance was bolstered by its sector allocation strategy, including an emphasis on higher-yielding revenue-backed bonds and a commensurately underweighted position in general obligation bonds. Results were particularly favorable from overweighted positions in bonds backed by hospitals, transportation infrastructure, education facilities, and special tax districts. Municipal bonds toward the lower end of the investment-grade spectrum fared especially well. The fund further benefited from overweighted exposure to municipal bonds with maturities in the 10- to 20-year range and underweighted positions in short-term securities.

On the other hand, a relatively long average duration constrained the fund's results in the rising interest-rate environment, as did underweighted exposure to bonds with 30-year maturities.

### **A Constructive Investment Posture**

While sharply lower corporate tax rates could continue to weigh on demand for municipal bonds from institutional investors, modestly lower personal tax rates seem unlikely to dampen demand from individual investors, and the elimination of tax advantages for states' and municipalities' advance refunding activities should support favorable supply-and-demand dynamics. In addition, municipal bonds historically have been less sensitive than U.S. Treasury securities to rising interest rates. Therefore, we have maintained a constructive investment posture, including an emphasis on higher-yielding securities such as lower-rated revenue bonds. We have adjusted the fund's average maturity to a roughly market-neutral position to protect against the possibility of additional increases in interest rates.

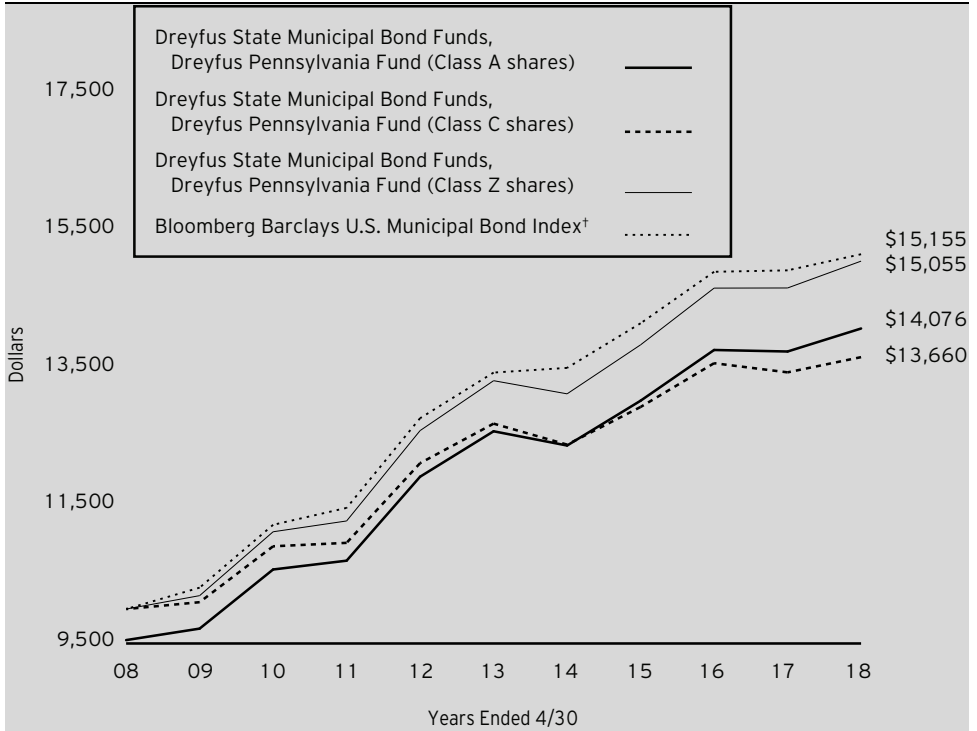
May 15, 2018

- <sup>1</sup> *Total return includes reinvestment of dividends and any capital gains paid, and does not take into consideration the maximum initial sales charge in the case of Class A shares or the applicable contingent deferred sales charge imposed on redemptions in the case of Class C shares. Had these charges been reflected, returns would have been lower. Class Z is not subject to any initial or deferred sales charge. Past performance is no guarantee of future results. Share price, yield, and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. 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 taxable.*
- <sup>2</sup> *Source: Lipper Inc. — The Bloomberg Barclays U.S. Municipal Bond Index covers the U.S.-dollar-denominated long-term, tax-exempt bond market. Investors cannot invest directly in any index.*

*Bonds are subject generally to interest-rate, credit, liquidity, and market risks, to varying degrees, all of which are more fully described in the fund's prospectus. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines.*

*The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Special factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of the fund's investments in municipal bonds. Other factors include the general conditions of the municipal bond market, the size of the particular offering, the maturity of the obligation, and the rating of the issue. Changes in economic, business, or political conditions relating to a particular municipal project, municipality, or state in which the fund invests may have an impact on the fund's share price.*

## FUND PERFORMANCE (Unaudited)



Comparison of change in value of \$10,000 investment in Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund Class A shares, Class C shares and Class Z shares and the Bloomberg Barclays U.S. Municipal Bond Index (the "Index").

† Source: Lipper Inc.

Past performance is not predictive of future performance.

The above graph compares a \$10,000 investment made in each of the Class A, Class C and Class Z shares of Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund on 4/30/08 to a \$10,000 investment made in the Index on that date. All dividends and capital gain distributions are reinvested.

The fund's performance shown in the line graph above takes into account the maximum initial sales charge on Class A shares and all other applicable fees and expenses on all classes. The Index is not limited to investments principally in Pennsylvania municipal obligations. The Index, unlike the fund, covers the U.S.-dollar-denominated long-term tax-exempt bond market. These factors can contribute to the Index potentially outperforming or underperforming the fund. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

FUND PERFORMANCE (*Unaudited*) (*continued*)

**Average Annual Total Returns as of 4/30/18**

	1 Year	5 Years	10 Years
<b>Class A shares</b>			
<i>with maximum sales charge (4.5%)</i>	<b>-2.17%</b>	<b>1.33%</b>	<b>3.48%</b>
<i>without sales charge</i>	<b>2.44%</b>	<b>2.27%</b>	<b>3.96%</b>
<b>Class C shares</b>			
<i>with applicable redemption charge †</i>	<b>0.65%</b>	<b>1.48%</b>	<b>3.17%</b>
<i>without redemption</i>	<b>1.63%</b>	<b>1.48%</b>	<b>3.17%</b>
<b>Class Z shares</b>	<b>2.66%</b>	<b>2.48%</b>	<b>4.18%</b>
<b>Bloomberg Barclays U.S. Municipal Bond Index</b>	<b>1.56%</b>	<b>2.44%</b>	<b>4.24%</b>

† *The maximum contingent deferred sales charge for Class C shares is 1% for shares redeemed within one year of the date of purchase.*

**The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Go to [Dreyfus.com](http://Dreyfus.com) for the fund's most recent month-end returns.**

*The fund's performance shown in the graph and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. In addition to the performance of Class A shares shown with and without a maximum sales charge, the fund's performance shown in the table takes into account all other applicable fees and expenses on all classes.*



## UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

*As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.*

### Review your fund's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund from November 1, 2017 to April 30, 2018. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

#### Expenses and Value of a \$1,000 Investment

assuming actual returns for the six months ended April 30, 2018

	Class A	Class C	Class Z
Expenses paid per \$1,000 <sup>†</sup>	\$ 5.04	\$ 8.78	\$ 3.71
Ending value (after expenses)	\$994.40	\$990.50	\$ 995.40

## COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

### Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

#### Expenses and Value of a \$1,000 Investment

assuming a hypothetical 5% annualized return for the six months ended April 30, 2018

	Class A	Class C	Class Z
Expenses paid per \$1,000 <sup>†</sup>	\$ 5.11	\$ 8.90	\$ 3.76
Ending value (after expenses)	\$1,019.74	\$ 1,015.97	\$ 1,021.08

<sup>†</sup> Expenses are equal to the fund's annualized expense ratio of 1.02% for Class A, 1.78% for Class C and .75% for Class Z, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# STATEMENT OF INVESTMENTS

April 30, 2018

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5%</b>				
<b>Pennsylvania - 97.6%</b>				
Adams County Industrial Development Authority, Revenue (Gettysburg College)	5.00	8/15/25	1,000,000	1,058,380
Adams County Industrial Development Authority, Revenue (Gettysburg College)	5.00	8/15/26	1,000,000	1,057,920
Allegheny County, GO	5.00	12/1/31	1,040,000	1,155,481
Allegheny County, GO	5.00	12/1/34	1,000,000	1,103,530
Allegheny County, GO	5.00	12/1/34	3,000,000	3,265,650
Allentown Neighborhood Improvement Zone Development Authority, Tax Revenue (City Center Project)	5.00	5/1/42	1,000,000 <sup>a</sup>	1,060,970
Allentown Neighborhood Improvement Zone Development Authority, Tax Revenue (City Control Project)	5.00	5/1/33	500,000 <sup>a</sup>	536,605
Beaver County Hospital Authority, Revenue (Heritage Valley Health System, Inc.)	5.00	5/15/28	1,575,000	1,681,801
Berks County Industrial Development Authority, Healthcare Facilities Revenue (Highlands at Wyomissing)	5.00	5/15/42	500,000	540,355
Berks County Industrial Development Authority, Healthcare Facilities Revenue (Highlands at Wyomissing)	5.00	5/15/47	600,000	646,062
Berks County Industrial Development Authority, Healthcare Facilities Revenue, Refunding (The Highlands at Wyomissing)	5.00	5/15/38	415,000	449,976
Berks County Industrial Development Authority, Healthcare Facilities Revenue, Refunding (The Highlands at Wyomissing)	5.00	5/15/43	500,000	539,885
Bethlehem Authority, Guaranteed Water Revenue (Insured; Build America Mutual Assurance Company)	5.00	11/15/31	2,000,000	2,180,840
Boyertown Area School District, GO	5.00	10/1/37	2,050,000	2,239,891

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5% (continued)</b>				
<b>Pennsylvania - 97.6% (continued)</b>				
Bucks County Water and Sewer Authority, Sewer System Revenue (Insured; Assured Guaranty Municipal Corp.)	5.00	12/1/37	500,000	558,985
Canonsburg-Houston Joint Authority, Sewer Revenue	5.00	12/1/40	2,000,000	2,199,580
Centre County Hospital Authority, HR (Mount Nittany Medical Center Project)	5.00	11/15/41	750,000	821,348
Charleroi Area School Authority, School Revenue (Insured; National Public Finance Guarantee Corp.)	0.00	10/1/20	2,000,000 <sup>b</sup>	1,878,200
Clairton Municipal Authority, Sewer Revenue	5.00	12/1/37	2,000,000	2,139,000
Commonwealth Financing Authority of Pennsylvania, Revenue	5.00	6/1/34	1,000,000	1,113,870
Cumberland County Municipal Authority, Revenue (Diakon Lutheran Social Ministries Project)	5.00	1/1/38	1,000,000	1,079,170
Dauphin County General Authority, Health System Revenue (Pinnacle Health System Project)	5.00	6/1/42	3,030,000	3,293,822
Delaware County Authority, Revenue (Cabrini University)	5.00	7/1/42	1,000,000	1,065,760
Delaware County Authority, Revenue (Villanova University)	5.00	8/1/40	2,170,000	2,423,738
Delaware River Joint Toll Bridge Commission, Bridge System Revenue	5.00	7/1/32	1,000,000	1,153,970
Delaware River Port Authority, Revenue	5.00	1/1/30	1,500,000	1,568,460
Delaware River Port Authority, Revenue	5.00	1/1/37	3,000,000	3,285,720
East Hempfield Township Industrial Development Authority, Revenue (Willow Valley Communities Project)	5.00	12/1/39	600,000	653,616
Geisinger Authority, Health System Revenue (Geisinger Health System)	5.00	6/1/41	2,500,000	2,729,475
Lancaster County Hospital Authority, Health Center Revenue (Masonic Villages Project)	5.00	11/1/35	1,000,000	1,098,240
Lancaster County Hospital Authority, Health System Revenue (University of Pennsylvania Health System)	5.00	8/15/42	1,800,000	2,006,370

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5% (continued)</b>				
<b>Pennsylvania - 97.6% (continued)</b>				
Lancaster County Hospital Authority, Revenue (Brethren Village Project)	5.13	7/1/37	1,000,000	1,085,550
Montgomery County Higher Education & Health Authority, Revenue (Philadelphia Presbytery Homes Project)	5.00	12/1/47	1,000,000	1,094,520
Montgomery County Industrial Development Authority, Health System Revenue (Jefferson Health System)	5.00	10/1/41	4,000,000	4,246,120
Montgomery County Industrial Development Authority, Retirement Community Revenue (Adult Communities Total Services, Inc. Retirement - Life Communities, Inc. Obligated Group)	5.00	11/15/36	3,200,000	3,544,032
Pennsylvania, CP, Refunding, Ser. A	5.00	7/1/34	1,000,000	1,108,080
Pennsylvania, GO	5.00	10/15/29	4,000,000	4,433,560
Pennsylvania Economic Development Financing Authority, Sewage Sludge Disposal Revenue (Philadelphia Biosolids Facility Project)	6.25	1/1/32	1,000,000	1,052,480
Pennsylvania Higher Educational Facilities Authority, Health System Revenue (University of Pennsylvania)	5.00	8/15/40	1,500,000	1,670,040
Pennsylvania Higher Educational Facilities Authority, Revenue (Drexel University)	5.00	5/1/35	1,750,000	1,942,045
Pennsylvania Higher Educational Facilities Authority, Revenue (Thomas Jefferson University)	5.00	9/1/30	1,170,000	1,305,849
Pennsylvania Higher Educational Facilities Authority, Revenue (Thomas Jefferson University)	5.00	9/1/45	1,500,000	1,640,340
Pennsylvania Higher Educational Facilities Authority, Revenue (University of the Sciences in Philadelphia)	5.00	11/1/31	1,000,000	1,108,590
Pennsylvania Higher Educational Facilities Authority, Revenue, Refunding (Drexel University)	5.00	5/1/41	1,000,000	1,114,330
Pennsylvania Housing Finance Agency, Capital Fund Securitization Revenue (Insured; Assured Guaranty Municipal Corp.)	5.00	12/1/25	1,210,000	1,213,376

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5% (continued)</b>				
<b>Pennsylvania - 97.6% (continued)</b>				
Pennsylvania Turnpike Commission, Motor License Fund-Enhanced Turnpike Subordinate Special Revenue	5.00	12/1/36	3,000,000	3,354,540
Pennsylvania Turnpike Commission, Oil Franchise Tax Senior Revenue	5.00	12/1/32	3,000,000	3,436,230
Pennsylvania Turnpike Commission, Turnpike Revenue	5.00	12/1/36	1,605,000	1,780,956
Pennsylvania Turnpike Commission, Turnpike Revenue	5.00	12/1/42	1,000,000	1,081,420
Pennsylvania Turnpike Commission, Turnpike Revenue	5.00	12/1/43	2,500,000	2,703,025
Pennsylvania Turnpike Commission, Turnpike Subordinate Revenue (Prerefunded)	5.25	6/1/19	65,000 <sup>c</sup>	67,360
Philadelphia, Airport Revenue	5.25	6/15/25	1,500,000	1,589,070
Philadelphia, Airport Revenue	5.00	6/15/35	2,000,000	2,192,820
Philadelphia, Gas Works Revenue	5.00	8/1/31	1,250,000	1,405,625
Philadelphia, Gas Works Revenue	5.00	8/1/32	1,000,000	1,121,050
Philadelphia, Revenue, Refunding	5.00	7/1/47	1,500,000	1,656,450
Philadelphia Authority for Industrial Development, Housing Revenue (Housing-University Square Apartments Project)	5.00	12/1/37	1,250,000	1,346,575
Philadelphia Authority for Industrial Development, HR (The Children's Hospital of Philadelphia Project)	5.00	7/1/42	3,000,000	3,356,730
Philadelphia Authority for Industrial Development, Revenue (Independence Charter School Project)	5.50	9/15/37	1,700,000	1,700,714
Philadelphia Authority for Industrial Development, Revenue (Temple University)	5.00	4/1/45	1,500,000	1,656,450
Philadelphia Authority for Industrial Development, Revenue (Thomas Jefferson University)	5.00	9/1/47	1,000,000	1,101,080
Philadelphia Hospitals and Higher Education Facilities Authority, HR (The Children's Hospital of Philadelphia Project)	5.00	7/1/25	1,800,000	1,960,668

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5% (continued)</b>				
<b>Pennsylvania - 97.6% (continued)</b>				
Philadelphia Housing Authority, Capital Fund Program Revenue (Insured; Assured Guaranty Municipal Corp.)	5.00	12/1/21	1,685,000	1,689,920
Philadelphia School District, GO	5.00	9/1/38	1,000,000	1,099,940
Philadelphia School District, GO	5.00	9/1/43	1,000,000	1,102,590
Philadelphia School District, GO (Prerefunded)	6.00	9/1/18	5,000 <sup>c</sup>	5,069
Philadelphia School District, GO (Prerefunded)	6.00	9/1/18	25,000 <sup>c</sup>	25,345
Philadelphia School District, GO (Prerefunded)	6.00	9/1/18	5,000 <sup>c</sup>	5,069
Philadelphia School District, GO (Prerefunded)	6.00	9/1/18	5,000 <sup>c</sup>	5,069
Pittsburgh, GO (Insured; Build America Mutual Assurance Company)	5.00	9/1/30	1,585,000	1,771,317
Pittsburgh Urban Redevelopment Authority, MFHR (West Park Court Project) (Collateralized; GNMA)	4.90	11/20/47	1,170,000	1,176,540
Pocono Mountains Industrial Park Authority, HR (Saint Luke's Hospital - Monroe Project)	5.00	8/15/40	1,795,000	1,930,469
Reading Area Water Authority, Water Revenue	5.00	12/1/31	2,000,000	2,157,360
State Public School Building Authority, College Revenue (Montgomery County Community College)	5.00	5/1/38	1,115,000	1,210,767
State Public School Building Authority, School Revenue (The School District of the City of Harrisburg Project) (Insured; Assured Guaranty Municipal Corp.)	5.00	12/1/32	2,000,000	2,260,200
Susquehanna Area Regional Airport Authority, Systems Revenue	4.00	1/1/33	1,300,000	1,305,993
West Shore Area Authority, Revenue (Holy Spirit Hospital of the Sisters of Christian Charity Project)	6.00	1/1/26	995,000	1,097,714
Westmoreland County Industrial Development Authority, Health System Revenue (Excela Health Project)	5.00	7/1/25	1,390,000	1,458,805

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments - 98.5% (continued)</b>				
<b>Pennsylvania - 97.6% (continued)</b>				
Westmoreland County Municipal Authority, Municipal Service Revenue (Insured; Build America Mutual Assurance Company)	5.00	8/15/26	1,000,000	1,151,160
Westmoreland County Municipal Authority, Municipal Service Revenue (Insured; Build America Mutual Assurance Company)	5.00	8/15/42	1,000,000	1,108,570
Wilkes-Barre Finance Authority, Revenue (University of Scranton)	5.00	11/1/34	1,000,000	1,096,090
York County, GO	5.00	6/1/31	1,500,000	1,692,225
				<b>128,006,557</b>
<b>U.S. Related - .9%</b>				
Puerto Rico Highway & Transportation Authority, Highway Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	7/1/34	1,000,000	<b>1,112,340</b>
<b>Total Investments (cost \$127,284,681)</b>			<b>98.5%</b>	<b>129,118,897</b>
<b>Cash and Receivables (Net)</b>			<b>1.5%</b>	<b>2,032,663</b>
<b>Net Assets</b>			<b>100.0%</b>	<b>131,151,560</b>

<sup>a</sup> 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 April 30, 2018, these securities were valued at \$1,597,575 or 1.22% of net assets.

<sup>b</sup> Security issued with a zero coupon. Income is recognized through the accretion of discount.

<sup>c</sup> 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.

STATEMENT OF INVESTMENTS (continued)

Portfolio Summary (Unaudited) †	Value (%)
Health Care	26.9
Education	19.6
Transportation Services	17.4
Utility-Water and Sewer	9.6
City	5.7
County	4.2
Housing	4.1
State/Territory	3.4
Utility-Electric	1.9
Special Tax	1.7
Industrial	.4
Prerefunded	.1
Other	3.5
	<b>98.5</b>

† Based on net assets.  
See notes to financial statements.



## Summary of Abbreviations (Unaudited)

<b>ABAG</b>	Association of Bay Area Governments	<b>ACA</b>	American Capital Access
<b>AGC</b>	ACE Guaranty Corporation	<b>AGIC</b>	Asset Guaranty Insurance Company
<b>AMBAC</b>	American Municipal Bond Assurance Corporation	<b>ARRN</b>	Adjustable Rate Receipt Notes
<b>BAN</b>	Bond Anticipation Notes	<b>BPA</b>	Bond Purchase Agreement
<b>CIFG</b>	CDC Ixis Financial Guaranty	<b>COP</b>	Certificate of Participation
<b>CP</b>	Commercial Paper	<b>DRIVERS</b>	Derivative Inverse Tax-Exempt Receipts
<b>EDR</b>	Economic Development Revenue	<b>EIR</b>	Environmental Improvement Revenue
<b>FGIC</b>	Financial Guaranty Insurance Company	<b>FHA</b>	Federal Housing Administration
<b>FHLB</b>	Federal Home Loan Bank	<b>FHLMC</b>	Federal Home Loan Mortgage Corporation
<b>FNMA</b>	Federal National Mortgage Association	<b>GAN</b>	Grant Anticipation Notes
<b>GIC</b>	Guaranteed Investment Contract	<b>GNMA</b>	Government National Mortgage Association
<b>GO</b>	General Obligation	<b>HR</b>	Hospital Revenue
<b>IDB</b>	Industrial Development Board	<b>IDC</b>	Industrial Development Corporation
<b>IDR</b>	Industrial Development Revenue	<b>LIFERS</b>	Long Inverse Floating Exempt Receipts
<b>LOC</b>	Letter of Credit	<b>LOR</b>	Limited Obligation Revenue
<b>LR</b>	Lease Revenue	<b>MERLOTS</b>	Municipal Exempt Receipts Liquidity Option Tender
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue
<b>PCR</b>	Pollution Control Revenue	<b>PILOT</b>	Payment in Lieu of Taxes
<b>P-FLOATS</b>	Puttable Floating Option Tax-Exempt Receipts	<b>PUTTERS</b>	Puttable Tax-Exempt Receipts
<b>RAC</b>	Revenue Anticipation Certificates	<b>RAN</b>	Revenue Anticipation Notes
<b>RAW</b>	Revenue Anticipation Warrants	<b>RIB</b>	Residual Interest Bonds
<b>ROCS</b>	Reset Options Certificates	<b>RRR</b>	Resources Recovery Revenue
<b>SAAN</b>	State Aid Anticipation Notes	<b>SBPA</b>	Standby Bond Purchase Agreement
<b>SFHR</b>	Single Family Housing Revenue	<b>SFMR</b>	Single Family Mortgage Revenue
<b>SONYMA</b>	State of New York Mortgage Agency	<b>SPEARS</b>	Short Puttable Exempt Adjustable Receipts
<b>SWDR</b>	Solid Waste Disposal Revenue	<b>TAN</b>	Tax Anticipation Notes
<b>TAW</b>	Tax Anticipation Warrants	<b>TRAN</b>	Tax and Revenue Anticipation Notes
<b>XLCA</b>	XL Capital Assurance		

*See notes to financial statements.*

# STATEMENT OF ASSETS AND LIABILITIES

April 30, 2018

	Cost	Value	
<b>Assets (\$):</b>			
Investments in securities—See Statement of Investments	127,284,681	129,118,897	
Cash		941,066	
Interest receivable		1,883,522	
Prepaid expenses		17,782	
		<b>131,961,267</b>	
<b>Liabilities (\$):</b>			
Due to The Dreyfus Corporation and affiliates—Note 3(c)		91,897	
Payable for investment securities purchased		540,875	
Payable for shares of Beneficial Interest redeemed		95,916	
Accrued expenses		81,019	
		<b>809,707</b>	
<b>Net Assets (\$)</b>		<b>131,151,560</b>	
<b>Composition of Net Assets (\$):</b>			
Paid-in capital		128,619,146	
Accumulated net realized gain (loss) on investments		698,198	
Accumulated net unrealized appreciation (depreciation) on investments		1,834,216	
<b>Net Assets (\$)</b>		<b>131,151,560</b>	
<b>Net Asset Value Per Share</b>			
	Class A	Class C	Class Z
Net Assets (\$)	92,963,862	2,511,372	35,676,326
Shares Outstanding	5,869,818	158,500	2,253,173
<b>Net Asset Value Per Share (\$)</b>	<b>15.84</b>	<b>15.84</b>	<b>15.83</b>

See notes to financial statements.

# STATEMENT OF OPERATIONS

Year Ended April 30, 2018

<b>Investment Income (\$):</b>	
<b>Interest Income</b>	<b>5,065,115</b>
<b>Expenses:</b>	
Management fee—Note 3(a)	775,453
Shareholder servicing costs—Note 3(c)	331,891
Professional fees	87,358
Registration fees	35,366
Distribution fees—Note 3(b)	25,755
Trustees' fees and expenses—Note 3(d)	11,391
Prospectus and shareholders' reports	10,356
Loan commitment fees—Note 2	3,013
Custodian fees—Note 3(c)	761
Miscellaneous	37,407
<b>Total Expenses</b>	<b>1,318,751</b>
Less—reduction in fees due to earnings credits—Note 3(c)	(2,642)
<b>Net Expenses</b>	<b>1,316,109</b>
<b>Investment Income—Net</b>	<b>3,749,006</b>
<b>Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):</b>	
Net realized gain (loss) on investments	1,708,332
Net unrealized appreciation (depreciation) on investments	(1,750,329)
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>(41,997)</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>3,707,009</b>

*See notes to financial statements.*

## STATEMENT OF CHANGES IN NET ASSETS

	Year Ended April 30,	
	2018	2017
<b>Operations (\$):</b>		
Investment income—net	3,749,006	4,606,428
Net realized gain (loss) on investments	1,708,332	3,017,596
Net unrealized appreciation (depreciation) on investments	(1,750,329)	(7,914,079)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>3,707,009</b>	<b>(290,055)</b>
<b>Distributions to Shareholders from (\$):</b>		
Investment income—net:		
Class A	(2,563,188)	(2,927,140)
Class C	(63,199)	(98,594)
Class Z	(1,140,881)	(1,534,594)
Net realized gain on investments:		
Class A	(1,641,607)	(639,061)
Class C	(46,604)	(30,679)
Class Z	(641,354)	(311,957)
<b>Total Distributions</b>	<b>(6,096,833)</b>	<b>(5,542,025)</b>
<b>Beneficial Interest Transactions (\$):</b>		
Net proceeds from shares sold:		
Class A	3,753,933	3,989,659
Class C	45,617	584,990
Class Z	1,892,275	2,189,496
Distributions reinvested:		
Class A	3,646,266	3,067,576
Class C	104,248	112,879
Class Z	1,487,568	1,570,391
Cost of shares redeemed:		
Class A	(12,912,360)	(10,901,558)
Class C	(2,063,776)	(987,273)
Class Z	(16,645,621)	(3,921,477)
<b>Increase (Decrease) in Net Assets from Beneficial Interest Transactions</b>	<b>(20,691,850)</b>	<b>(4,295,317)</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(23,081,674)</b>	<b>(10,127,397)</b>
<b>Net Assets (\$):</b>		
Beginning of Period	154,233,234	164,360,631
<b>End of Period</b>	<b>131,151,560</b>	<b>154,233,234</b>
Undistributed investment income—net	-	23,563

	Year Ended April 30,	
	2018	2017
<b>Capital Share Transactions (Shares):</b>		
<b>Class A<sup>a</sup></b>		
Shares sold	230,657	240,443
Shares issued for distributions reinvested	224,710	187,316
Shares redeemed	(792,248)	(664,686)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(336,881)</b>	<b>(236,927)</b>
<b>Class C<sup>a</sup></b>		
Shares sold	2,763	35,585
Shares issued for distributions reinvested	6,414	6,903
Shares redeemed	(125,805)	(60,647)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(116,628)</b>	<b>(18,159)</b>
<b>Class Z</b>		
Shares sold	116,175	133,139
Shares issued for distributions reinvested	91,659	95,907
Shares redeemed	(1,024,163)	(239,281)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(816,329)</b>	<b>(10,235)</b>

<sup>a</sup> During the period ended April 30, 2018, 9,688 Class C shares representing \$160,057 were automatically converted to 9,695 Class A shares.

See notes to financial statements.

## FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. 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.

Class A Shares	Year Ended April 30,				
	2018	2017	2016	2015	2014
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	16.15	16.74	16.34	16.01	16.88
Investment Operations:					
Investment income—net <sup>a</sup>	.43	.47	.51	.51	.56
Net realized and unrealized gain (loss) on investments	(.03)	(.50)	.40	.32	(.85)
Total from Investment Operations	.40	(.03)	.91	.83	(.29)
Distributions:					
Dividends from investment income—net	(.43)	(.46)	(.51)	(.50)	(.56)
Dividends from net realized gain on investments	(.28)	(.10)	-	-	(.02)
Total Distributions	(.71)	(.56)	(.51)	(.50)	(.58)
Net asset value, end of period	15.84	16.15	16.74	16.34	16.01
<b>Total Return (%)<sup>b</sup></b>	<b>2.44</b>	<b>(.16)</b>	<b>5.66</b>	<b>5.26</b>	<b>(1.64)</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.98	.96	.95	.96	.93
Ratio of net expenses to average net assets	.98	.96	.95	.96	.93
Ratio of net investment income to average net assets	2.62	2.82	3.13	3.11	3.51
Portfolio Turnover Rate	15.24	20.97	12.49	29.84	9.57
Net Assets, end of period (\$ x 1,000)	92,964	100,228	107,889	108,258	109,883

<sup>a</sup> Based on average shares outstanding.

<sup>b</sup> Exclusive of sales charge.

See notes to financial statements.

Class C Shares	Year Ended April 30,				
	2018	2017	2016	2015	2014
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	16.15	16.75	16.34	16.02	16.89
Investment Operations:					
Investment income—net <sup>a</sup>	.30	.34	.39	.39	.43
Net realized and unrealized gain (loss) on investments	(.03)	(.51)	.40	.31	(.85)
Total from Investment Operations	.27	(.17)	.79	.70	(.42)
Distributions:					
Dividends from investment income—net	(.30)	(.33)	(.38)	(.38)	(.43)
Dividends from net realized gain on investments	(.28)	(.10)	-	-	(.02)
Total Distributions	(.58)	(.43)	(.38)	(.38)	(.45)
Net asset value, end of period	15.84	16.15	16.75	16.34	16.02
<b>Total Return (%)<sup>b</sup></b>	1.63	(.98)	4.93	4.41	(2.40)
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	1.76	1.73	1.72	1.71	1.71
Ratio of net expenses to average net assets	1.76	1.73	1.72	1.71	1.71
Ratio of net investment income to average net assets	1.83	2.05	2.36	2.36	2.73
Portfolio Turnover Rate	15.24	20.97	12.49	29.84	9.57
Net Assets, end of period (\$ x 1,000)	2,511	4,445	4,913	4,660	4,414

<sup>a</sup> Based on average shares outstanding.

<sup>b</sup> Exclusive of sales charge.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Class Z Shares	Year Ended April 30,				
	2018	2017	2016	2015	2014
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	16.15	16.74	16.33	16.01	16.88
Investment Operations:					
Investment income—net <sup>a</sup>	.46	.50	.55	.54	.59
Net realized and unrealized gain (loss) on investments	(.04)	(.49)	.40	.32	(.85)
Total from Investment Operations	.42	.01	.95	.86	(.26)
Distributions:					
Dividends from investment income—net	(.46)	(.50)	(.54)	(.54)	(.59)
Dividends from net realized gain on investments	(.28)	(.10)	-	-	(.02)
Total Distributions	(.74)	(.60)	(.54)	(.54)	(.61)
Net asset value, end of period	15.83	16.15	16.74	16.33	16.01
<b>Total Return (%)</b>	2.66	.01	5.95	5.43	(1.43)
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.76	.73	.74	.73	.72
Ratio of net expenses to average net assets	.76	.73	.74	.73	.72
Ratio of net investment income to average net assets	2.83	3.05	3.34	3.34	3.71
Portfolio Turnover Rate	15.24	20.97	12.49	29.84	9.57
Net Assets, end of period (\$ x 1,000)	35,676	49,560	51,559	51,116	53,133

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.



## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1—Significant Accounting Policies:**

Dreyfus Pennsylvania Fund (the “fund”) is a separate non-diversified series of Dreyfus State Municipal Bond Funds (the “Company”), which is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company and operates as a series company currently offering three series, including the fund. The fund’s investment objective is to seek to maximize current income exempt from federal income tax and from Pennsylvania state income tax, without undue risk. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser.

MBSC Securities Corporation (the “Distributor”), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund’s shares. The fund is authorized to issue an unlimited number of \$.001 par value shares of Beneficial Interest in each of the following classes of shares: Class A, Class C, Class T and Class Z. Class A and Class T shares generally are subject to a sales charge imposed at the time of purchase. Class C shares are subject to a contingent deferred sales charge (“CDSC”) imposed on Class C shares redeemed within one year of purchase. Class C shares automatically convert to Class A shares ten years after the date of purchase, without the imposition of a sales charge. Class Z shares are sold at net asset value per share to certain shareholders of the fund. Class Z shares generally are not available for new accounts. As of the date of this report, the fund did not offer Class T shares for purchase. Other differences between the classes include the services offered to and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series’ operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC

registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

**(a) Portfolio valuation:** The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

**Level 1**—unadjusted quoted prices in active markets for identical investments.

**Level 2**—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued each business day by an independent pricing service (the "Service") approved by the Company's Board of Trustees (the "Board"). 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 Service, based on methods which include consideration of the following: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. All of the preceding securities are generally categorized within Level 2 of the fair value hierarchy.

The Service is engaged under the general supervision of the Board.

When market quotations or official closing prices are not readily available, or are determined to not accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of April 30, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Assets (\$)</b>				
Investments in Securities:				
Municipal Bonds <sup>†</sup>	-	129,118,897	-	<b>129,118,897</b>

<sup>†</sup> See *Statement of Investments for additional detailed categorizations.*

At April 30, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

**(b) Securities transactions and investment income:** Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of 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.

The fund follows an investment policy of investing primarily in municipal obligations of one state. Economic changes affecting the state and certain of its public bodies and municipalities may affect the ability of issuers within the state to pay interest on, or repay principal of, municipal obligations held by the fund.

**(c) Dividends and distributions to shareholders:** It is the policy of the fund to declare dividends daily from investment income-net. Such dividends are paid monthly. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

**(d) 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.

As of and during the period ended April 30, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended April 30, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended April 30, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At April 30, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed tax-exempt income \$306,842, undistributed ordinary income \$4,502, undistributed capital gains \$693,696 and unrealized appreciation \$1,834,216.

The tax character of distributions paid to shareholders during the fiscal periods ended April 30, 2018 and April 30, 2017 were as follows: tax-exempt income \$3,767,268 and \$4,560,328, ordinary income \$314,873 and \$0, and long-term capital gains \$2,014,692 and \$981,697, respectively.

During the period ended April 30, 2018, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization adjustments, the fund decreased accumulated undistributed investment income-net by \$5,301, decreased accumulated net realized gain (loss) on investments by \$47,252 and increased paid-in capital by \$52,553. Net assets and net asset value per share were not affected by this reclassification.

**NOTE 2—Bank Lines of Credit:**

The fund participates with other Dreyfus-managed funds in an \$830 million unsecured credit facility led by Citibank, N.A. and a \$300 million unsecured credit facility provided by The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus (each, a “Facility”), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. Prior to October 4, 2017, the unsecured credit facility with Citibank, N.A. was \$810 million. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended April 30, 2018, the fund did not borrow under the Facilities.

**NOTE 3—Management Fee and Other Transactions with Affiliates:**

(a) Pursuant to a management agreement with Dreyfus, the management fee is computed at the annual rate of .55% of the value of the fund’s average daily net assets and is payable monthly.

During the period ended April 30, 2018, the Distributor retained \$706 from commissions earned on sales of the fund’s Class A shares.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Class C shares pay the Distributor for distributing its shares at an annual rate of .75% of the value of its average daily net assets. During the period ended April 30, 2018, Class C shares were charged \$25,755 pursuant to the Distribution Plan.

(c) Under the Shareholder Services Plan, Class A and Class C shares pay the Distributor at an annual rate of .25% of the value of their average daily net assets for the provision of certain services. The services provided may include personal services relating to shareholder accounts, such as

answering shareholder inquiries regarding the fund and providing reports and other information, and services related to the maintenance of shareholder accounts. The Distributor may make payments to Service Agents (securities dealers, financial institutions or other industry professionals) with respect to these services. The Distributor determines the amounts to be paid to Service Agents. During the period ended April 30, 2018, Class A and Class C shares were charged \$243,632 and \$8,585, respectively, pursuant to the Shareholder Services Plan.

Under the Shareholder Services Plan, Class Z shares reimburse the Distributor at an amount not to exceed an annual rate of .25% of the value of Class Z shares' average daily net assets for the provision of certain services. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding Class Z shares and providing reports and other information, and services related to the maintenance of shareholder accounts. During the period ended April 30, 2018, Class Z shares were charged \$12,385 pursuant to the Shareholder Services Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended April 30, 2018, the fund was charged \$33,742 for transfer agency services and \$1,942 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were offset by earnings credits of \$1,942.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended April 30, 2018, the fund was charged \$761 pursuant to the custody agreement. These fees were partially offset by earnings credits of \$699.

The fund compensates The Bank of New York Mellon under a shareholder redemption draft processing agreement for providing certain

services related to the fund's check writing privilege. During the period ended April 30, 2018, the fund was charged \$643 pursuant to the agreement, which is included in Shareholder servicing costs in the Statement of Operations. These fees were partially offset by earnings credit of \$1.

During the period ended April 30, 2018, the fund was charged \$12,180 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to the Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees \$59,620, Distribution Plan fees \$1,555, Shareholder Services Plan fees \$19,687, custodian fees \$814, Chief Compliance Officer fees \$4,214 and transfer agency fees \$6,007.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

**NOTE 4—Securities Transactions:**

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended April 30, 2018, amounted to \$21,201,852 and \$42,305,414, respectively.

At April 30, 2018, the cost of investments for federal income tax purposes was \$127,284,681; accordingly, accumulated net unrealized appreciation on investments was \$1,834,216, consisting of \$2,891,166 gross unrealized appreciation and \$1,056,950 gross unrealized depreciation.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Trustees of Dreyfus Pennsylvania Fund

## *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of Dreyfus Pennsylvania Fund (the “Fund”) (one of the funds constituting Dreyfus State Municipal Bond Funds), including the statement of investments, as of April 30, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Dreyfus State Municipal Bond Funds) at April 30, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

## *Basis for opinion*

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York

June 20, 2018



## IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby reports all the dividends paid from investment income-net during its fiscal year ended April 30, 2018 as “exempt-interest dividends” (not subject to regular federal income tax, and for individuals who are Pennsylvania residents, Pennsylvania personal income taxes). Where required by federal tax law rules, shareholders will receive notification of their portion of the fund’s taxable ordinary dividends (if any), capital gains distributions (if any) and tax-exempt dividends paid for the 2018 calendar year on Form 1099-DIV which will be mailed in early 2019. The fund also hereby reports \$.0379 per share as a short-term capital gain distribution and \$.2425 per share as a long-term capital gain distribution paid on December 28, 2017.

## BOARD MEMBERS INFORMATION (Unaudited)

### INDEPENDENT BOARD MEMBERS

#### **Joseph S. DiMartino (74)** **Chairman of the Board (1995)**

*Principal Occupation During Past 5 Years:*

- Corporate Director and Trustee (1995-present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

*No. of Portfolios for which Board Member Serves:* 124

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#### **Francine J. Bovich (66)** **Board Member (2012)**

*Principal Occupation During Past 5 Years:*

- Trustee, The Bradley Trusts, private trust funds (2011-present)

*Other Public Company Board Memberships During Past 5 Years:*

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

*No. of Portfolios for which Board Member Serves:* 72

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#### **Peggy C. Davis (75)** **Board Member (1990)**

*Principal Occupation During Past 5 Years:*

- Shad Professor of Law, New York University School of Law (1983-present)

*No. of Portfolios for which Board Member Serves:* 45

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#### **Diane Dunst (78)** **Board Member (2007)**

*Principal Occupation During Past 5 Years:*

- President of Huntting House Antiques (1999-present)

*No. of Portfolios for which Board Member Serves:* 14

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**Nathan Leventhal (75)  
Board Member (1989)**

*Principal Occupation During Past 5 Years:*

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

*Other Public Company Board Memberships During Past 5 Years:*

- Movado Group, Inc., Director (2003-present)

*No. of Portfolios for which Board Member Serves:* 47

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**Robin A. Melvin (54)  
Board Member (2012)**

*Principal Occupation During Past 5 Years:*

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

*No. of Portfolios for which Board Member Serves:* 99

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*Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Member is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-DREYFUS.*

*Clifford L. Alexander, Jr., Emeritus Board Member*

*Ernest Kafka, Emeritus Board Member*

*Jay I. Meltzer, Emeritus Board Member*

*Daniel Rose, Emeritus Board Member*

## OFFICERS OF THE FUND (Unaudited)

### **BRADLEY J. SKAPYAK, President since January 2010.**

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 124 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since February 1988.

### **BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.**

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 46 years old and has been an employee of the Manager since June 2015.

### **JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.**

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since December 1996.

### **JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.**

Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 56 years old and has been an employee of the Manager since June 2000.

### **SONALEE CROSS, Vice President and Assistant Secretary since March 2018.**

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 149 portfolios) managed by Dreyfus. She is 30 years old and has been an employee of the Manager since October 2016.

### **MAUREEN E. KANE, Vice President and Assistant Secretary since April 2015.**

Managing Counsel of BNY Mellon since July 2014; from October 2004 until July 2014, General Counsel, and from May 2009 until July 2014, Chief Compliance Officer of Century Capital Management. She is an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. She is 56 years old and has been an employee of the Manager since July 2014.

### **SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.**

Managing Counsel of BNY Mellon since December 2017; from March 2013 to December 2017 Senior Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. She is 42 years old and has been an employee of the Manager since March 2013.

### **JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.**

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since October 1990.

### **NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.**

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 149 portfolios) managed by Dreyfus. She is 32 years old and has been an employee of the Manager since May 2016.

### **JAMES WINDELS, Treasurer since November 2001.**

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since April 1985.

**RICHARD CASSARO, Assistant Treasurer since January 2008.**

Senior Accounting Manager – Money Market and Municipal Bond Funds of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since September 1982.

**GAVIN C. REILLY, Assistant Treasurer since December 2005.**

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since April 1991.

**ROBERT S. ROBOL, Assistant Treasurer since August 2005.**

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

**ROBERT SALVILOLO, Assistant Treasurer since July 2007.**

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

**ROBERT SVAGNA, Assistant Treasurer since December 2002.**

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 149 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

**JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.**

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 149 portfolios). He is 60 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

**CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.**

Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust since January 2016; from May 2015 to December 2015, Interim Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust and the Distributor; from January 2012 to May 2015, AML Surveillance Officer of the Distributor and from 2007 to December 2011, Financial Processing Manager of the Distributor. She is an officer of 57 investment companies (comprised of 143 portfolios) managed by the Manager. She is 49 years old and has been an employee of the Distributor since 1997.

# NOTES

# NOTES

# For More Information

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## **Dreyfus State Municipal Bond Funds, Dreyfus Pennsylvania Fund**

200 Park Avenue  
New York, NY 10166

### **Manager**

The Dreyfus Corporation  
200 Park Avenue  
New York, NY 10166

### **Custodian**

The Bank of New York Mellon  
225 Liberty Street  
New York, NY 10286

## **Transfer Agent & Dividend Disbursing Agent**

Dreyfus Transfer, Inc.  
200 Park Avenue  
New York, NY 10166

### **Distributor**

MBSC Securities Corporation  
200 Park Avenue  
New York, NY 10166

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**Ticker Symbols:** Class A: PTPAX      Class C: PPACX      Class Z: DPENX

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**Telephone** Call your financial representative or 1-800-DREYFUS

**Mail** The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144

**E-mail** Send your request to [info@dreyfus.com](mailto:info@dreyfus.com)

**Internet** Information can be viewed online or downloaded at [www.dreyfus.com](http://www.dreyfus.com)

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. The fund’s Forms N-Q are available on the SEC’s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC’s Public Reference Room in Washington, D.C. (phone 1-800-SEC-0330 for information).

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at [www.dreyfus.com](http://www.dreyfus.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov) and without charge, upon request, by calling 1-800-DREYFUS.