

Dreyfus High Yield Municipal Bond Fund



ANNUAL REPORT
August 31, 2018

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A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus High Yield Municipal Bond Fund, covering the 12-month period from September 1, 2017 through August 31, 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.

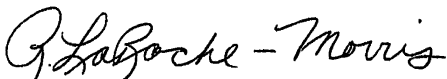
The 12-month period started on solid footing which gave way to a shifting landscape. Through February of 2018, major global economies appeared to be in lock-step as they moved towards less accommodative monetary policy and concurrent growth. In the equity markets, both U.S. and non-U.S. markets enjoyed an upward trek across sectors and market caps. Interest rates rose across the curve putting pressure on bond prices, but sectors such as investment grade and high yield corporates, non-U.S. dollar denominated bonds and emerging market debt, were able to outperform like-duration U.S. Treasuries.

In February, the first rumblings of discontent shook equity markets. Global growth and monetary policy paths began to diverge. Non-U.S. economies weakened. Momentum sputtered, and equities began to struggle. Emerging market debt, non-U.S. denominated bonds and corporate debt gave up much of the performance earned earlier in the period. Long-term U.S. interest rates started to fall. The shockwave ended in April and pressure on U.S. equity markets eased, allowing U.S. equity markets to end the 12-month period with double-digit gains.

Despite new concerns regarding trade, U.S. inflationary pressures and global growth, we are optimistic that U.S. consumer spending, corporate earnings, and economic data will remain strong in the near term. However, we will stay attentive to signs that might signal possible changes on the horizon. 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
September 17, 2018

DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from September 1, 2017 through August 31, 2018, as provided by Daniel Barton and Jeffrey Burger,
Primary Portfolio Managers*

Market and Fund Performance Overview

For the 12-month period ended August 31, 2018, Dreyfus High Yield Municipal Bond Fund's Class A shares achieved a 6.10% total return, Class C shares returned 5.31%, Class I shares returned 6.37%, Class Y shares returned 6.37%, and Class Z shares returned 6.25%.¹ The fund's benchmark, the Bloomberg Barclays U.S. Municipal Bond Index (the "Index"), which, unlike the fund, does not include securities rated below investment grade, produced a total return of 0.49%.²

Municipal bonds generally produced marginally positive total returns over the reporting period, which experienced rising interest rates, continued steady overall demand from traditional investors seeking higher yields, and supply dynamics shifting favorably due to tax reform. The fund produced higher returns than the Index, mainly due to the strong relative performance of lower-rated securities.

The Fund's Investment Approach

The fund primarily seeks high current income exempt from federal income tax. Secondly, the fund may seek capital appreciation to the extent consistent with its primary goal. To pursue its goals, the fund normally invests at least 80% of its net assets in municipal bonds that provide income exempt from federal income tax. The fund normally invests at least 50% of its assets in municipal bonds rated BBB/Baa or lower by independent rating agencies, or the unrated equivalent as determined by Dreyfus. Municipal bonds rated below investment grade (BB/Ba or lower) are commonly known as "high yield" or "junk" bonds. The fund may invest up to 50% of its assets in higher-quality municipal bonds rated AAA/Aaa to A, or the unrated equivalent as determined by Dreyfus.

We 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.

Tax Reform and Hunger for Yield Drive Municipal Market Behavior

Municipal bonds encountered bouts of volatility, particularly through the middle of the reporting period. The uncertainty surrounding potential market implications of the passage of tax reform, coupled with a record number of new issues, put upward pressure on yields and downward pressure on prices. However, market weakness proved temporary, and municipal bonds generally rebounded as volatility waned during the second half of the reporting period. Demand from individuals in high-tax states increased significantly as the search for immunization against the newly imposed tax restrictions on state and local tax deductions provided a catalyst. Conversely, tax cuts to corporations have softened institutional demand for municipal bonds, particularly from banks and property and casualty insurance companies, as companies perceive less of a need to seek out tax-advantaged investments in the wake of lower tax rates. As the economy remains strong, tax revenues continue to support the underlying financial conditions of many municipalities, reducing the perceived risk of lending money to these entities.

In this historically low rate environment, investors continue to display yield-seeking behavior, emphasizing lower-quality credits and longer-maturity profiles. The trend towards longer-maturity bonds is exacerbated by the Federal Reserve's (the "Fed") consistent increases of the federal funds

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

rate. These increases have driven up the short part of the yield curve. This activity, in conjunction with demand on the long end, has caused the yield curve to flatten. This flattening action has detracted from bond returns through the five-year portion of the curve. In addition to seeking longer-maturity securities, investors are opting for lower-quality credit, purchasing bonds in the lower investment grade and high yield credit sectors. This demand is supporting prices in these sectors and contributing to spread compression.

Lower-Quality Instruments and Issue Selection Support Fund Results

The (high yield) fund outperformed its (investment-grade) Index during the period. The outperformance was supported by several factors. First, the municipal high yield market delivered better returns than investment-grade bond markets during the period, primarily due to investors' preference for excess yield. This demand is driven by investors' comfort with municipal credit risk and the comparatively larger tax benefits offered by the higher-yielding coupon. In addition, the strong economy has improved the underlying fundamentals of many high yield issuers, reducing the amount of perceived risk of investing in these bonds. Additionally, tobacco securitization bonds, which comprise a large part of the high yield market, performed well during the period. Security selection within the continuing care retirement sectors, a part of the health care subsector, boosted returns. Yield curve positioning was also additive. Conversely, the fund's allocation to investment-grade debt was a relative drag on returns. As a sector, investment grade underperformed high yield debt. The investment-grade portion of the portfolio is maintained for diversification and liquidity purposes.

A More Neutral Investment Environment

Market volatility surrounding the enactment of tax reform legislation and rising short-term interest rates appears to have eased and more balanced supply-and-demand dynamics have resumed. As the economy remains strong, we anticipate continued support of issuer fundamentals. Rates may continue to rise. As the calendar year rolls over, we suspect seasonal effects may contribute to market volatility as supply increases and reinvestment demand falls. This may cause spreads to widen and create more attractive buying opportunities.

After the recent positive performance demonstrated by tobacco securitizations, we are cognizant of positioning in this sector and will watch for events that could foster performance changes. We have also changed our couponing structure, opting for zero coupon bonds versus higher coupon bonds in particular areas of the market where value creation opportunities exist.

September 17, 2018

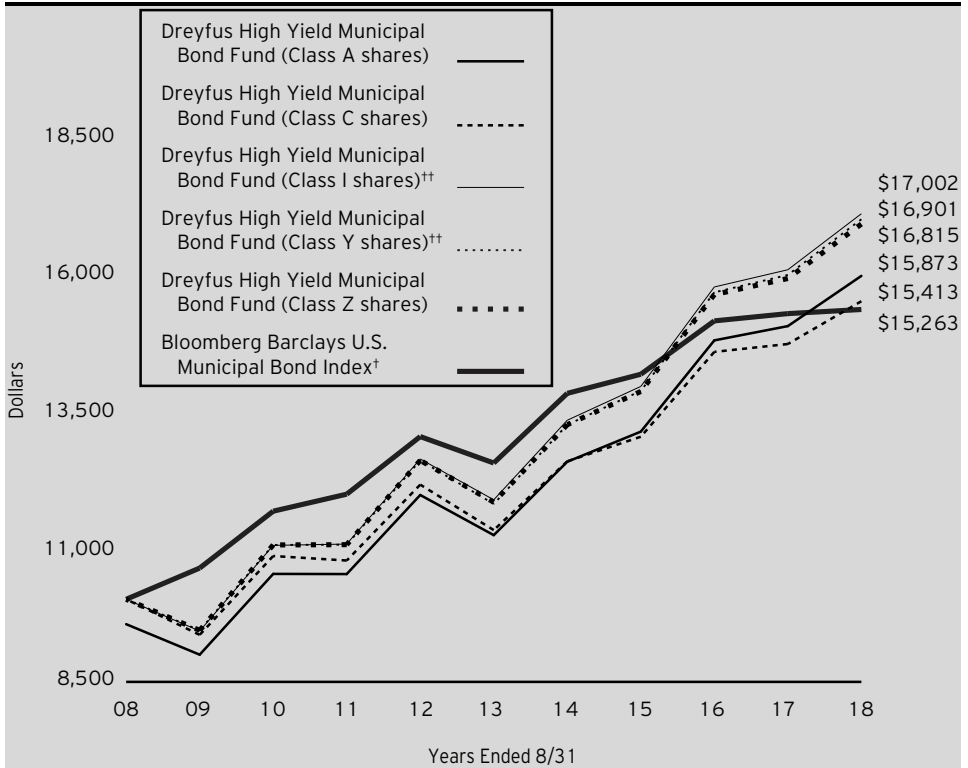
¹ Total return includes reinvestment of dividends and any capital gains paid. It does not include the maximum initial sales charge in the case of Class A shares, and the applicable contingent deferred sales charge imposed on redemptions in the case of Class C shares. Class I, Class Y, and Class Z shares are 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 fully taxable. Return figures provided reflect an undertaking for the absorption of certain fund expenses by The Dreyfus Corporation through December 31, 2018, at which time it may be extended, terminated, or modified. Had these expenses not been absorbed, the fund's returns would have been lower.

² 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.

High yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity.

FUND PERFORMANCE (Unaudited)



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

[†] Source: Lipper Inc.

^{††} The total return figures presented for Class I shares of the fund reflect the performance of the fund's Class Z shares for the period prior to 12/15/08 (the inception date for Class I shares).

The total return figures presented for Class Y shares of the fund reflect the performance of the fund's Class Z shares for the period prior to 7/1/13 (the inception date for Class Y shares).

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, Class I, Class Y and Class Z shares of Dreyfus High Yield Municipal Bond Fund on 8/31/08 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 fund invests primarily in municipal securities. The Index covers the U.S.-dollar-denominated long-term tax-exempt bond market. 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 8/31/18				
	Inception Date	1 Year	5 Years	10 Years
Class A shares				
with maximum sales charge (4.5%)	3/15/07	1.30%	6.31%	4.73%
without sales charge	3/15/07	6.10%	7.29%	5.22%
Class C shares				
with applicable redemption charge [†]	3/15/07	4.31%	6.49%	4.42%
without redemption	3/15/07	5.31%	6.49%	4.42%
Class I shares	12/15/08	6.37%	7.57%	5.45% ^{††}
Class Y shares	7/1/13	6.37%	7.57%	5.39% ^{††}
Class Z shares	9/30/05	6.25%	7.41%	5.34%
Bloomberg Barclays U.S. Municipal Bond Index		0.49%	4.12%	4.32%

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

^{††} The total return performance figures presented for Class I shares of the fund reflect the performance of the fund's Class Z shares for periods prior to 12/15/08 (the inception date for Class I shares).

The total return performance figures presented for Class Y shares of the fund reflect the performance of the fund's Class Z shares for the period prior to 7/1/13 (the inception date for Class Y shares).

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 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 High Yield Municipal Bond Fund from March 1, 2018 to August 31, 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 August 31, 2018

	Class A	Class C	Class I	Class Y	Class Z
Expenses paid per \$1,000 [†]	\$ 4.50	\$ 8.36	\$ 3.21	\$ 3.21	\$ 3.72
Ending value (after expenses)	\$ 1,050.10	\$ 1,047.00	\$ 1,051.50	\$ 1,051.40	\$ 1,050.80

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 August 31, 2018

	Class A	Class C	Class I	Class Y	Class Z
Expenses paid per \$1,000 [†]	\$ 4.43	\$ 8.24	\$ 3.16	\$ 3.16	\$ 3.67
Ending value (after expenses)	\$ 1,020.82	\$ 1,017.04	\$ 1,022.08	\$ 1,022.08	\$ 1,021.58

[†] Expenses are equal to the fund's annualized expense ratio of .87% for Class A, 1.62% for Class C, .62% for Class I, .62% for Class Y and .72% for Class Z, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

STATEMENT OF INVESTMENTS

August 31, 2018

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6%				
Alabama - 2.6%				
Birmingham-Jefferson Civic Center Authority, Special Tax Revenue Bonds, Series 2018 B	5.00	7/1/31	1,850,000	2,125,317
Jefferson County, Senior Lien Sewer Revenue Bonds Warrants (Insured; Assured Guaranty Municipal Corp.)	0/6.60	10/1/42	5,000,000 ^a	4,385,250
				6,510,567
Arizona - 5.1%				
La Paz County Industrial Development Authority, Educational Facility Lease Revenue Bonds (Harmony Public Schools Project) Series 2018 A	5.00	2/15/48	1,600,000	1,702,752
Phoenix Industrial Development Authority, Education Facility Revenue Bonds (BASIS Schools Projects)	5.00	7/1/46	1,000,000 ^b	1,023,720
Phoenix Industrial Development Authority, Education Facility Revenue Bonds (BASIS Schools Projects)	5.00	7/1/45	1,500,000 ^b	1,536,465
Phoenix Industrial Development Authority, Education Facility Revenue Bonds (Legacy Traditional Schools Project)	6.75	7/1/44	1,000,000 ^b	1,108,640
Phoenix Industrial Development Authority, Student Housing Revenue Bonds (Downtown Phoenix Student Housing LLC-University Project)	5.00	7/1/42	1,500,000	1,646,325
Pima County Industrial Development Authority, Education Revenue Bonds (American Leadership Academy Project)	5.00	6/15/52	2,565,000 ^b	2,581,467
Tempe Industrial Development Authority, Revenue Bonds (Mirabella at ASU Inc Project) Series 2017 A	6.13	10/1/47	1,300,000 ^b	1,439,542
Tempe Industrial Development Authority, Revenue Bonds (Mirabella at ASU Project)	6.13	10/1/52	1,400,000 ^b	1,543,738
				12,582,649

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
California - 7.1%				
Anaheim Community Facilities District Number 08-1, Special Tax Revenue Bonds (Platinum Triangle)	4.00	9/1/46	2,000,000	2,013,600
California County Tobacco Securitization Agency, Tobacco Settlement Revenue Bonds	0.00	6/1/46	12,500,000 ^c	1,843,875
California Statewide Communities Development Authority, Revenue Bonds (Bentley School)	7.00	7/1/40	1,075,000	1,158,022
California Statewide Communities Development Authority, Revenue Bonds (California Baptist University)	6.38	11/1/43	2,000,000	2,308,740
California Statewide Communities Development Authority, Revenue Bonds (Loma Linda University Medical Center)	5.00	12/1/36	2,000,000 ^b	2,181,900
California Statewide Communities Development Authority, Revenue Bonds (Loma Linda University Medical Center) Series A	5.50	12/1/58	1,000,000 ^b	1,103,810
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/1/47	10,000,000 ^c	1,775,300
San Buenaventura, Revenue Bonds (Community Memorial Health System)	7.50	12/1/41	1,500,000	1,665,585
Tobacco Securitization Authority, North Tobacco Settlement Revenue Bonds (Capital Appreciation-2nd Sub- Asset Backed C)	0.00	6/1/45	6,370,000 ^c	776,057
Tobacco Securitization Authority, Southern California Tobacco Settlement Revenue Bonds (Capital Appreciation Sub-Asset Backed B)	0.00	6/1/46	15,000,000 ^c	2,645,550
				17,472,439
Colorado - 5.2%				
Bellevue Station Metropolitan District Number 3, GO	5.00	12/1/36	1,000,000	1,026,320
Colorado Bridge Enterprise, Revenue Bonds (Central 70 Project)	4.00	6/30/51	1,500,000	1,483,695
Colorado High Performance Transportation Enterprise, Revenue Bonds (C-470 Express Lanes)	5.00	12/31/51	1,500,000	1,621,245

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Colorado - 5.2% (continued)				
Denver City and County Airport System, Airport Revenue Bonds, Refunding, Series A	4.00	12/1/48	1,500,000	1,503,675
Denver City and County Special Facilities, Airport Revenue Bonds (United Airlines Project)	5.00	10/1/32	2,500,000	2,680,050
Dominion Water and Sanitation District, Tap Fee Revenue Bonds	6.00	12/1/46	2,010,000	2,133,313
Sterling Ranch Community Authority, Board Supported Revenue Bonds	5.00	12/1/47	2,250,000	2,277,472
				12,725,770
Connecticut - 1.3%				
Connecticut Development Authority, Water Facilities Revenue Bonds (Aquarion Water Company of Connecticut Project)	5.50	4/1/21	1,500,000	1,622,325
Harbor Point Infrastructure Improvement District, Special Obligation Revenue Bonds, Refunding (Harbor Point Project)	5.00	4/1/39	1,500,000 ^b	1,598,895
				3,221,220
District of Columbia - .8%				
District of Columbia, Revenue Bonds (Ingleside Rock Creek Project)	5.00	7/1/52	2,000,000	2,086,840
Florida - 2.3%				
Cape Coral Health Facilities Authority, Senior Housing Revenue Bonds (Gulf Care, Inc. Project)	5.88	7/1/40	1,000,000 ^b	1,074,460
Davie, Educational Facilities Revenue Bonds (Nova Southeastern University Project)	5.63	4/1/43	1,000,000	1,105,050
Florida Development Finance Corporation, Educational Facilities Revenue Bonds (Miami Arts Charter School Project)	5.88	6/15/34	1,250,000 ^b	1,187,650
Florida Higher Educational Facilities Financial Authority, Educational Facilities Revenue Bonds (Jacksonville University Project)	5.00	6/1/48	1,500,000 ^b	1,585,170
Village Community Development District Number 10, Special Assessment Revenue Bonds	6.00	5/1/44	600,000	687,468
				5,639,798

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Georgia - 3.2%				
Atlanta Development Authority Senior Health Care Facilities, Revenue Bonds (Georgia Proton Treatment Center Project)	7.00	1/1/40	2,250,000	2,242,282
Burke County Development Authority, Pollution Control Revenue Bonds, Refunding (Oglethorpe Power Corp-Vogle)	4.13	11/1/45	2,500,000	2,477,675
Gainesville & Hall County Development Authority Educational Facilities, Revenue Bonds	5.00	3/1/47	1,000,000	1,047,170
Marietta Development Authority, Revenue Bonds (University Facilities-Life University)	5.00	11/1/47	2,000,000 ^b	2,118,900
				7,886,027
Idaho - .5%				
Idaho Health Facilities Authority, Revenue Bonds (St. Luke's Health System Project)	5.00	3/1/37	1,000,000	1,118,370
Illinois - 8.4%				
Chicago, General Airport Senior Lien Revenue Bonds (Chicago O'Hare International Airport)	5.00	1/1/34	1,000,000	1,089,690
Chicago, General Airport Third Lien Revenue Bonds (Chicago O'Hare International Airport)	5.63	1/1/35	210,000	225,941
Chicago, GO (Project and Refunding Series)	6.00	1/1/38	1,000,000	1,133,510
Chicago, Second Lien Wastewater Transmission Revenue Bonds	5.00	1/1/39	1,000,000	1,072,640
Chicago, Second Lien Waterworks Revenue Bonds, Series 2017-2	5.00	11/1/31	2,000,000	2,263,320
Chicago Board of Education, GO	5.00	12/1/36	2,000,000	2,070,180
Chicago Board of Education, GO	5.00	12/1/33	1,000,000	1,043,100
Illinois, GO	5.00	11/1/28	3,500,000	3,724,490
Illinois, GO, Refunding, Series 2018 A	5.00	10/1/28	1,000,000	1,070,210
Illinois Finance Authority, Revenue Bonds (Rehabilitation Institute of Chicago)	6.00	7/1/43	1,000,000	1,104,850

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Illinois - 8.4% (continued)				
Illinois Finance Authority, Revenue Bonds, Refunding (Rosalind Franklin University of Medicine & Science)	5.00	8/1/36	1,075,000	1,176,760
Metropolitan Pier and Exposition Authority, Revenue Bonds (McCormick Place Expansion Project)	0.00	12/15/51	10,245,000 ^c	1,990,194
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue Bonds (University of Illinois)	5.00	4/1/44	1,500,000	1,622,445
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue Bonds (University of Illinois)	5.50	4/1/31	1,000,000	1,075,820
				20,663,150
Indiana - .9%				
Indiana Finance Authority, Midwestern Disaster Relief Revenue Bonds (Ohio Valley Electric Corporation Project) Series 2012 A	5.00	6/1/39	1,750,000	1,756,353
Indiana Municipal Power Agency, Power Supply System Revenue Bonds	5.00	1/1/37	500,000	566,630
				2,322,983
Iowa - 1.5%				
Iowa Finance Authority, Midwestern Disaster Area Revenue Bonds (Iowa Fertilizer Company Project)	5.25	12/1/25	2,500,000	2,669,350
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	1,000,000	1,009,300
				3,678,650
Kansas - .8%				
Kansas Development Finance Authority, Revenue Bonds (Village Shalom Project) Series 2018 A	5.25	11/15/53	1,000,000	1,002,270
Kansas Development Finance Authority, Revenue Bonds (Village Shalom Project) Series 2018 B	4.00	11/15/25	1,000,000	1,011,180
				2,013,450
Kentucky - .3%				
Paducah Electric Plant Board, Revenue Bonds (Insured; Assured Guaranty Municipal Corp.)	5.00	10/1/35	750,000	826,283

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Louisiana - 2.4%				
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds, Refunding (Westlake Chemical Corporation Project)	3.50	11/1/32	2,000,000	1,960,620
New Orleans, Water Revenue Bonds	5.00	12/1/40	1,000,000	1,100,510
New Orleans, Water Revenue Bonds, Refunding	5.00	12/1/34	1,000,000	1,109,980
New Orleans Aviation Board, Revenue Bonds (General Airport-N Terminal Project)	5.00	1/1/48	1,500,000	1,645,260
				5,816,370
Maine - .7%				
Maine Health and Higher Educational Facilities Authority, Revenue Bonds (Maine General Medical Center Issue)	7.50	7/1/32	1,500,000	1,659,375
Maryland - .4%				
Maryland Economic Development Corporation, Student Housing Revenue Bonds (Townson University Project)	5.00	7/1/37	1,000,000	1,053,140
Massachusetts - .6%				
Massachusetts Development Finance Agency, Revenue Bonds, Refunding (NewBridge Charles)	5.00	10/1/57	1,500,000 ^b	1,593,195
Michigan - 4.1%				
Detroit, Water Supply System Senior Lien Revenue Bonds	5.00	7/1/31	1,000,000	1,055,640
Michigan Finance Authority, HR (Trinity Health Credit Group)	5.00	12/1/45	2,380,000	2,655,937
Michigan Finance Authority, Local Government Loan Program Revenue Bonds (Detroit Water and Sewerage Department, Sewage Disposal System Revenue Bonds Senior Lien Local Project Bonds) (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/32	1,000,000	1,111,150
Michigan Finance Authority, Local Government Loan Program Revenue Bonds (Detroit Water and Sewerage Department, Water Supply System Revenue Bonds Second Lien Local Project Bonds)	5.00	7/1/34	1,000,000	1,095,370

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Michigan - 4.1% (continued)				
Michigan Finance Authority, Local Government Loan Program Revenue Bonds (Detroit Water and Sewerage Department, Water Supply System Revenue Bonds Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.)	5.00	7/1/36	500,000	542,735
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	1,200,000	1,185,324
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds, Series C	0.00	6/1/58	77,300,000 ^c	2,446,545
				10,092,701
Missouri - 2.8%				
Missouri Health and Educational Facilities Authority, Revenue Bonds (Lutheran Senior Services Projects)	5.00	2/1/46	1,000,000	1,071,460
Missouri Health and Educational Facilities Authority, Senior Living Facilities Revenue Bonds (Lutheran Senior Services Projects)	5.00	2/1/36	1,000,000	1,079,470
Saint Louis County Industrial Development Authority, Tax Increase Financing Revenue Bonds (Saint Louis Innovation District Project)	4.38	5/15/36	2,200,000	2,195,842
Saint Louis Industrial Development Authority, Financing Revenue Bonds, Refunding (Ballpark Village Development Project)	4.75	11/15/47	2,500,000	2,571,625
				6,918,397
Nevada - 1.1%				
Director of Nevada Department of Business and Industrial Development, Revenue Bonds, Ser. A (Somerset Academy)	5.00	12/15/48	1,500,000 ^b	1,535,715
Reno City, Sales Tax Revenue Bonds, Refunding (Retrac-Reno Transportation Rail Access Corridor Project)	0.00	7/1/58	13,000,000 ^{b,c}	1,043,120
				2,578,835
New Jersey - 5.4%				
New Jersey Economic Development Authority, Revenue Bonds	5.25	6/15/27	1,000,000	1,115,580

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
New Jersey - 5.4% (continued)				
New Jersey Economic Development Authority, School Facilities Construction Revenue Bonds	5.25	6/15/40	1,250,000	1,351,900
New Jersey Economic Development Authority, Special Facility Revenue Bonds (Continental Airlines, Inc. Project)	5.13	9/15/23	1,000,000	1,080,610
New Jersey Educational Facilities Authority, Revenue Bonds (Stockton University Issue)	5.00	7/1/41	1,000,000	1,079,790
New Jersey Tobacco Settlement Financing Corp., Revenue Bonds, Refunding, Ser. B	5.00	6/1/46	6,500,000	7,019,675
South Jersey Port Subordinated Marine Terminal, Revenue Bonds, Series B	5.00	1/1/42	1,500,000	1,630,290
				13,277,845
New Mexico - 1.0%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	6.25	6/1/40	2,200,000	2,356,970
New York - 10.4%				
Metropolitan Transportation Authority, Revenue Bonds, Refunding (LOC; TD Bank NA)	1.40	11/1/31	1,300,000 ^d	1,300,000
New York Counties Tobacco Trust V, Revenue Bonds	0.00	6/1/50	14,325,000 ^c	2,000,343
New York Counties Tobacco V, Revenue Bonds	0.00	6/1/55	75,000,000 ^c	5,345,250
New York Liberty Development Corporation, Revenue Bonds (3 World Trade Center Project)	5.00	11/15/44	2,500,000 ^b	2,631,625
New York Transportation Development Corporation, Special Facility Revenue Bonds (Delta Air Lines-Laguardia Airport Terminals)	5.00	1/1/34	1,000,000	1,112,500
New York Transportation Development Corporation, Special Facility Revenue Bonds (LaGuardia Airport Terminal B Redevelopment Project)	5.00	7/1/46	2,000,000	2,134,960
Niagara Area Development Corporation, Solid Disposal Facility Revenue Bonds, Refunding (Convanta Holding Project) Series 2018 A	4.75	11/1/42	2,000,000 ^b	2,010,020

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
New York - 10.4% (continued)				
Niagara Area Development Corporation, Solid Waste Disposal Facility Revenue Bonds (Covanta Energy Project)	5.25	11/1/42	1,000,000 ^b	1,007,190
Triborough Bridge and Tunnel Authority, Revenue Bonds, Refunding (LOC; Citibank NA)	1.37	1/1/32	4,000,000 ^d	4,000,000
TSASC Inc., Tobacco Settlement Subordinate Bonds	5.00	6/1/48	4,000,000	4,093,560
				25,635,448
North Dakota - 1.0%				
Grand Forks, Revenue Bonds (Green Bonds) (Red River Biorefinery LLC Project)	5.38	9/15/38	2,500,000 ^b	2,423,700
Ohio - 4.3%				
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	0.00	6/1/47	58,000,000 ^c	4,964,220
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	6.50	6/1/47	2,100,000	2,143,533
Centerville, Health Care Revenue Bonds (Graceworks Lutheran Services)	5.25	11/1/47	1,200,000	1,265,016
Cuyahoga County Hospital, Revenue Bonds (The Metrohealth System)	5.00	2/15/57	1,000,000	1,052,000
Hamilton County, Healthcare Improvement Revenue Bonds (Life Enriching Communities Project)	5.00	1/1/51	1,000,000	1,069,430
				10,494,199
Oklahoma - 1.1%				
Oklahoma Development Finance Authority, Health System Revenue Bonds (OU Medicine Project) Series 2018 B	5.25	8/15/48	1,500,000	1,676,055
Tulsa County Industrial Authority, Senior Living Community Revenue Bonds (Montereau Inc. Project)	5.25	11/15/37	1,000,000	1,105,730
				2,781,785
Oregon - 1.1%				
Clackamas County Hospital Facility Authority, Revenue Bonds, Refunding (Senior Living-Willamette View Project)	5.00	11/15/47	1,500,000	1,614,360

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Oregon - 1.1% (continued)				
Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue Bonds (Pelton Round Butte Project)	6.38	11/1/33	1,000,000	1,035,450
				2,649,810
Pennsylvania - 4.7%				
Allentown Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (City Center Project)	5.00	5/1/42	1,250,000 ^b	1,357,588
Chester County Industrial Development Authority, Special Obligation Revenue Bonds (Woodlands at Graystone Project)	5.13	3/1/48	1,050,000 ^b	1,074,150
Crawford County Hospital Authority, HR (Meadville Medical Center Project)	6.00	6/1/46	1,000,000	1,072,720
Lancaster County Hospital Authority, Revenue Bonds (Brethren Village Project)	5.25	7/1/41	1,000,000	1,099,120
Montgomery County Industrial Development Authority, Retirement Community Revenue Bonds (Adult Communities Total Services, Inc. Retirement - Life Communities, Inc. Obligated Group)	5.00	11/15/36	2,500,000	2,759,400
Pennsylvania Economic Development Financing Authority, Sewage Sludge Disposal Revenue Bonds (Philadelphia Biosolids Facility Project)	6.25	1/1/32	1,000,000	1,042,300
Pennsylvania Turnpike Commission, Turnpike Revenue Bonds	5.00	12/1/36	1,000,000	1,117,500
Tender Option Bond Trust Receipts (Series 2016-XM0373), 6/1/2041, (Geisinger Authority, Health System Revenue Bonds (Geisinger Health System)) Non-recourse	5.13	6/1/35	2,000,000 ^{b,e}	2,121,435
				11,644,213
South Carolina - .6%				
South Carolina Public Service Authority, Revenue Bonds Obligations (Santee Cooper)	5.25	12/1/55	1,400,000	1,521,800
Tennessee - .7%				
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue Bonds (Vanderbilt University Medical Center)	5.00	7/1/46	1,500,000	1,647,345

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Texas - 7.9%				
Arlington Higher Education Finance Corporation, Revenue Bonds (Uplift Education)	5.00	12/1/46	1,100,000	1,184,502
Austin Convention Enterprises, Convention Center Revenue Bonds (1st Tier-Convention Center Hotel)	5.00	1/1/32	1,000,000	1,102,130
Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds	5.00	1/1/45	1,000,000	1,089,650
Clifton Higher Education Finance Corporation, Education Revenue Bonds (International Leadership of Texas)	5.75	8/15/45	1,500,000	1,546,635
Clifton Higher Education Finance Corporation, Education Revenue Bonds (Uplift Education)	4.50	12/1/44	1,500,000	1,526,865
Harris County Industrial Development Corporation, SWDR (Exxon Project)	1.37	4/1/32	1,600,000 ^d	1,600,000
Harris County-Houston Sports Authority, Senior Lien Revenue Bonds (Insured; Assured Guaranty Municipal Corp.)	0.00	11/15/49	8,000,000 ^c	1,922,560
Houston, Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects)	6.50	7/15/30	1,500,000	1,632,945
New Hope Cultural Education Facilities Finance Corporation, Retirement Facility Revenue Bonds (Westminster Project)	5.00	11/1/40	1,000,000	1,086,890
New Hope Cultural Education Facilities Finance Corporation, Student Housing Revenue Bonds (National Campus and Community Development Corporation - College Station Properties LLC - Texas A&M University Project)	5.00	7/1/35	1,750,000	1,555,540
Tarrant County Cultural Education Facilities Finance Corporation, Retirement Facility Revenue Bonds (Air Force Villages Obligated Group Project)	5.00	5/15/37	1,500,000	1,570,080
Tarrant County Cultural Education Facilities Finance Corporation, Retirement Facility Revenue Bonds (Buckingham Senior Living Community, Inc. Project)	5.25	11/15/35	1,000,000	878,410

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Texas - 7.9% (continued)				
Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds (Blueridge Transportation Group, LLC State Highway 288 Toll Lanes Project)	5.00	12/31/55	1,000,000	1,073,380
Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds (Blueridge Transportation Group, State Highway 288 Toll Lanes Project)	5.00	12/31/50	1,000,000	1,075,360
Texas Public Finance Authority Charter School Finance Corporation, Education Revenue Bonds (Burnham Wood Charter School Project)	6.25	9/1/36	565,000	565,339
				19,410,286
U.S. Related - 2.4%				
Puerto Rico Commonwealth, Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/35	1,000,000	1,087,130
Puerto Rico Highway & Transportation Authority, Highway Revenue Bonds, Refunding (Insured; Assured Guaranty Municipal Corporation) Series 2007 CC	5.25	7/1/34	1,000,000	1,183,690
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue Bonds, Series A	0.00	8/1/46	15,000,000 ^c	3,599,250
				5,870,070
Utah - .9%				
Utah Infrastructure Agency, Telecommunication Revenue Bonds, Refunding (Special Limited Obligations)	5.00	10/15/40	2,000,000	2,178,460
Virginia - 2.4%				
Chesterfield County Economic Development Authority, Retirement Facilities First Mortgage Revenue Bonds (Brandermill Woods Project)	5.13	1/1/43	155,000	159,636
Fairfax County Economic Development Authority, Residential Care Facilities Mortgage Revenue Bonds (Goodwin House, Inc.)	5.00	10/1/42	1,750,000	1,933,995
Virginia College Building Authority, Educational Facilities Revenue Bonds (Marymount University Project)	5.00	7/1/45	1,000,000 ^b	1,040,950
Virginia College Building Authority, Educational Facilities Revenue Bonds (Marymount University Project) (Green Bonds)	5.00	7/1/45	500,000 ^b	520,475

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 100.6% (continued)				
Virginia - 2.4% (continued)				
Virginia Small Business Financing Authority, Private Activity Revenue Bonds (Transform 66 P3 Project)	5.00	12/31/52	1,400,000	1,523,732
Virginia Small Business Financing Authority, Solid Waste Disposal Facility Revenue Bonds (Covanta Holding Project)	5.00	7/1/38	750,000 ^b	773,588
				5,952,376
Washington - 2.6%				
Washington Convention Center Public Facilities District, Revenue Bonds	5.00	7/1/58	3,000,000	3,318,570
Washington Housing Finance Commission, Nonprofit Housing Revenue Bonds (Presbyterian Retirement Communities Northwest Projects)	5.00	1/1/46	2,800,000 ^b	2,976,008
				6,294,578
Wisconsin - 2.0%				
Public Finance Authority, Retirement Facilities First Mortgage Revenue Bonds (Southminster, Inc.)	5.00	10/1/43	2,000,000 ^b	2,123,500
Public Finance Authority, Revenue Bonds (Maryland Proton Treatment Center) Series 2018 A-1	6.38	1/1/48	2,000,000 ^b	2,029,940
Public Finance Authority, Senior Living Revenue Bonds (Mary's Woods At Marylhurst Project)	5.25	5/15/37	625,000 ^b	683,131
				4,836,571
Total Investments (cost \$238,268,120)			100.6%	247,435,665
Liabilities, Less Cash and Receivables			(0.6%)	(1,529,760)
Net Assets			100.0%	245,905,905

LIBOR—London Interbank Offered Rate

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

^b Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At August 31, 2018, these securities were valued at \$47,029,687 or 19.13% of net assets.

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

^d The Variable Rate shall be determined by the Remarketing Agent in its sole discretion based on prevailing market conditions and may, but need not, be established by reference to one or more financial indices.

^e Collateral for floating rate borrowings.

Portfolio Summary (Unaudited) †	Value (%)
Education	14.8
Tobacco Settlement	13.8
Nursing Homes	13.1
Transportation	11.7
Water	8.0
Medical	7.7
Development	6.6
Special Tax	6.5
General	6.4
Pollution	4.6
Utilities	2.9
General Obligation	2.4
Housing	1.1
Airport	.6
School District	.4
	100.6

† Based on net assets.

See notes to financial statements.

Summary of Abbreviations (Unaudited)

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

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

August 31, 2018

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	238,268,120	247,435,665
Cash		1,170,802
Interest receivable		2,304,507
Receivable for shares of Common Stock subscribed		2,261,975
Prepaid expenses		37,838
		253,210,787
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		137,567
Payable for investment securities purchased		5,361,807
Payable for floating rate notes issued—Note 4		1,500,000
Payable for shares of Common Stock redeemed		205,617
Interest and expense payable related to floating rate notes issued—Note 4		7,634
Directors fees and expenses payable		5,184
Accrued expenses		87,073
		7,304,882
Net Assets (\$)		245,905,905
Composition of Net Assets (\$):		
Paid-in capital		247,597,654
Accumulated net realized gain (loss) on investments		(10,859,294)
Accumulated net unrealized appreciation (depreciation) on investments		9,167,545
Net Assets (\$)		245,905,905

Net Asset Value Per Share	Class A	Class C	Class I	Class Y	Class Z
Net Assets (\$)	85,903,906	16,942,652	89,203,324	1,280,465	52,575,558
Shares Outstanding	6,876,988	1,356,924	7,154,309	102,611	4,216,263
Net Asset Value Per Share (\$)	12.49	12.49	12.47	12.48	12.47

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended August 31, 2018

Investment Income (\$):	
Interest Income	8,970,787
Expenses:	
Management fee—Note 3(a)	954,936
Shareholder servicing costs—Note 3(c)	278,434
Distribution/Service Plan fees—Note 3(b)	186,377
Professional fees	97,053
Registration fees	84,817
Interest and expense related to floating rate notes issued—Note 4	33,901
Directors' fees and expenses—Note 3(d)	16,390
Prospectus and shareholders' reports	16,253
Custodian fees—Note 3(c)	5,878
Loan commitment fees—Note 2	4,743
Miscellaneous	57,022
Total Expenses	1,735,804
Less—reduction in expenses due to undertaking—Note 3(a)	(138,888)
Less—reduction in fees due to earnings credits—Note 3(c)	(5,878)
Net Expenses	1,591,038
Investment Income—Net	7,379,749
Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):	
Net realized gain (loss) on investments	4,423,128
Net unrealized appreciation (depreciation) on investments	(484,945)
Net Realized and Unrealized Gain (Loss) on Investments	3,938,183
Net Increase in Net Assets Resulting from Operations	11,317,932

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended August 31,	
	2018	2017
Operations (\$):		
Investment income—net	7,379,749	6,698,513
Net realized gain (loss) on investments	4,423,128	3,656,879
Net unrealized appreciation (depreciation) on investments	(484,945)	(7,797,688)
Net Increase (Decrease) in Net Assets Resulting from Operations	11,317,932	2,557,704
Distributions to Shareholders from (\$):		
Investment income—net:		
Class A	(2,570,399)	(1,999,132)
Class C	(510,788)	(572,085)
Class I	(2,108,101)	(1,420,407)
Class Y	(62,755)	(127,168)
Class Z	(2,093,327)	(2,416,722)
Net realized gain on investments:		
Class A	(105,954)	(39,363)
Class C	(29,000)	(14,226)
Class I	(82,040)	(20,670)
Class Y	(2,736)	(2,462)
Class Z	(94,159)	(44,715)
Total Distributions	(7,659,259)	(6,656,950)
Capital Stock Transactions (\$):		
Net proceeds from shares sold:		
Class A	47,481,162	26,908,377
Class C	3,568,757	3,432,361
Class I	66,460,055	37,401,429
Class Y	543,008	310,800
Class Z	1,983,972	8,685,500
Distributions reinvested:		
Class A	1,986,682	1,334,593
Class C	372,919	360,938
Class I	2,016,848	1,197,585
Class Y	46,878	99,194
Class Z	1,717,996	1,986,307
Cost of shares redeemed:		
Class A	(18,166,121)	(38,036,948)
Class C	(5,349,105)	(6,101,901)
Class I	(22,103,991)	(29,613,277)
Class Y	(770,547)	(3,587,182)
Class Z	(8,067,153)	(19,245,181)
Increase (Decrease) in Net Assets from Capital Stock Transactions	71,721,360	(14,867,405)
Total Increase (Decrease) in Net Assets	75,380,033	(18,966,651)
Net Assets (\$):		
Beginning of Period	170,525,872	189,492,523
End of Period	245,905,905	170,525,872

STATEMENT OF CHANGES IN NET ASSETS (continued)

	Year Ended August 31,	
	2018	2017
Capital Share Transactions (Shares):		
Class A^a		
Shares sold	3,836,401	2,257,877
Shares issued for distributions reinvested	161,149	112,051
Shares redeemed	(1,477,198)	(3,202,546)
Net Increase (Decrease) in Shares Outstanding	2,520,352	(832,618)
Class C^a		
Shares sold	288,486	285,057
Shares issued for distributions reinvested	30,294	30,321
Shares redeemed	(434,154)	(516,951)
Net Increase (Decrease) in Shares Outstanding	(115,374)	(201,573)
Class I		
Shares sold	5,375,974	3,170,256
Shares issued for distributions reinvested	163,808	100,270
Shares redeemed	(1,801,095)	(2,488,148)
Net Increase (Decrease) in Shares Outstanding	3,738,687	782,378
Class Y		
Shares sold	44,136	26,977
Shares issued for distributions reinvested	3,810	8,369
Shares redeemed	(62,153)	(305,645)
Net Increase (Decrease) in Shares Outstanding	(14,207)	(270,299)
Class Z		
Shares sold	161,602	731,630
Shares issued for distributions reinvested	139,753	166,961
Shares redeemed	(658,316)	(1,602,755)
Net Increase (Decrease) in Shares Outstanding	(356,961)	(704,164)

^a During the period ended August 31, 2018, 5,430 Class C shares representing \$67,269 were automatically converted to 5,431 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 August 31,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	12.25	12.51	11.63	11.63	10.90
Investment Operations:					
Investment income—net ^a	.47	.45	.56	.50	.54
Net realized and unrealized gain (loss) on investments	.26	(.25)	.88	.00 ^b	.73
Total from Investment Operations	.73	.20	1.44	.50	1.27
Distributions:					
Dividends from investment income—net	(.47)	(.45)	(.56)	(.49)	(.53)
Dividends from net realized gain on investments	(.02)	(.01)	(.00) ^b	(.01)	(.01)
Total Distributions	(.49)	(.46)	(.56)	(.50)	(.54)
Net asset value, end of period	12.49	12.25	12.51	11.63	11.63
Total Return (%)^c	6.10	1.76	12.71	4.38	11.95
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.95	1.00	1.03	1.03	1.04
Ratio of net expenses to average net assets	.87	.98	1.03	1.03	1.04
Ratio of interest and expense related to floating rate notes issued to average net assets	.02	.01	.01	.00 ^d	.01
Ratio of net investment income to average net assets	3.83	3.85	4.68	4.26	4.82
Portfolio Turnover Rate	34.62	32.84	12.46	26.66	21.00
Net Assets, end of period (\$ x 1,000)	85,904	53,364	64,917	37,305	49,626

^a Based on average shares outstanding.

^b Amount represents less than \$.01 per share.

^c Exclusive of sales charge.

^d Amount represents less than .01%.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Class C Shares	Year Ended August 31,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	12.25	12.51	11.64	11.64	10.91
Investment Operations:					
Investment income—net ^a	.37	.37	.49	.41	.46
Net realized and unrealized gain (loss) on investments	.27	(.26)	.86	.00 ^b	.73
Total from Investment Operations	.64	.11	1.35	.41	1.19
Distributions:					
Dividends from investment income—net	(.38)	(.36)	(.48)	(.40)	(.45)
Dividends from net realized gain on investments	(.02)	(.01)	(.00) ^b	(.01)	(.01)
Total Distributions	(.40)	(.37)	(.48)	(.41)	(.46)
Net asset value, end of period	12.49	12.25	12.51	11.64	11.64
Total Return (%)^c	5.31	.98	11.89	3.58	11.09
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	1.71	1.77	1.80	1.80	1.81
Ratio of net expenses to average net assets	1.63	1.75	1.80	1.80	1.81
Ratio of interest and expense related to floating rate notes issued to average net assets	.02	.01	.01	.00 ^d	.01
Ratio of net investment income to average net assets	3.06	3.10	4.08	3.51	4.07
Portfolio Turnover Rate	34.62	32.84	12.46	26.66	21.00
Net Assets, end of period (\$ x 1,000)	16,943	18,030	20,935	15,780	16,748

^a Based on average shares outstanding.

^b Amount represents less than \$.01 per share.

^c Exclusive of sales charge.

^d Amount represents less than .01%.

See notes to financial statements.

Class I Shares	Year Ended August 31,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	12.23	12.49	11.61	11.62	10.88
Investment Operations:					
Investment income—net ^a	.49	.49	.58	.53	.57
Net realized and unrealized gain (loss) on investments	.27	(.26)	.89	(.01)	.74
Total from Investment Operations	.76	.23	1.47	.52	1.31
Distributions:					
Dividends from investment income—net	(.50)	(.48)	(.59)	(.52)	(.56)
Dividends from net realized gain on investments	(.02)	(.01)	(.00) ^b	(.01)	(.01)
Total Distributions	(.52)	(.49)	(.59)	(.53)	(.57)
Net asset value, end of period	12.47	12.23	12.49	11.61	11.62
Total Return (%)	6.37	2.00	13.02	4.63	12.24
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.72	.75	.80	.79	.79
Ratio of net expenses to average net assets	.63	.72	.80	.78	.79
Ratio of interest and expense related to floating rate notes issued to average net assets	.02	.01	.01	.00 ^c	.01
Ratio of net investment income to average net assets	4.07	4.09	4.91	4.52	5.08
Portfolio Turnover Rate	34.62	32.84	12.46	26.66	21.00
Net Assets, end of period (\$ x 1,000)	89,203	41,770	32,885	14,756	15,645

^a Based on average shares outstanding.

^b Amount represents less than \$.01 per share.

^c Amount represents less than .01%.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Class Y Shares	Year Ended August 31,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	12.24	12.50	11.61	11.62	10.89
Investment Operations:					
Investment income—net ^a	.50	.49	.60	.54	.51
Net realized and unrealized gain (loss) on investments	.26	(.26)	.87	(.01)	.79
Total from Investment Operations	.76	.23	1.47	.53	1.30
Distributions:					
Dividends from investment income—net	(.50)	(.48)	(.58)	(.53)	(.56)
Dividends from net realized gain on investments	(.02)	(.01)	(.00) ^b	(.01)	(.01)
Total Distributions	(.52)	(.49)	(.58)	(.54)	(.57)
Net asset value, end of period	12.48	12.24	12.50	11.61	11.62
Total Return (%)	6.37	2.03	12.99	4.67	12.25
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.68	.73	.76	.78	.94
Ratio of net expenses to average net assets	.63	.72	.75	.75	.84
Ratio of interest and expense related to floating rate notes issued to average net assets	.02	.01	.01	.01	.01
Ratio of net investment income to average net assets	4.06	4.12	4.91	4.58	5.28
Portfolio Turnover Rate	34.62	32.84	12.46	26.66	21.00
Net Assets, end of period (\$ x 1,000)	1,280	1,430	4,840	2,954	316

^a Based on average shares outstanding.

^b Amount represents less than \$.01 per share.

See notes to financial statements.

Class Z Shares	Year Ended August 31,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	12.23	12.49	11.64	11.64	10.91
Investment Operations:					
Investment income—net ^a	.49	.48	.61	.51	.56
Net realized and unrealized gain (loss) on investments	.26	(.27)	.84	.01	.73
Total from Investment Operations	.75	.21	1.45	.52	1.29
Distributions:					
Dividends from investment income—net	(.49)	(.46)	(.60)	(.51)	(.55)
Dividends from net realized gain on investments	(.02)	(.01)	(.00) ^b	(.01)	(.01)
Total Distributions	(.51)	(.47)	(.60)	(.52)	(.56)
Net asset value, end of period	12.47	12.23	12.49	11.64	11.64
Total Return (%)	6.25	1.88	12.78	4.58	11.96
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.80	.89	.93	.93	.93
Ratio of net expenses to average net assets	.73	.85	.93	.92	.93
Ratio of interest and expense related to floating rate notes issued to average net assets	.02	.01	.01	.00 ^c	.01
Ratio of net investment income to average net assets	3.96	3.98	5.06	4.38	4.94
Portfolio Turnover Rate	34.62	32.84	12.46	26.66	21.00
Net Assets, end of period (\$ x 1,000)	52,576	55,931	65,915	62,027	66,925

^a Based on average shares outstanding.

^b Amount represents less than \$.01 per share.

^c Amount represents less than .01%.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—Significant Accounting Policies:

Dreyfus High Yield Municipal Bond Fund (the “fund”) is a separate non-diversified series of Dreyfus Municipal Funds, Inc. (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 two series, including the fund. The fund’s investment objective is to seek high current income exempt from federal income tax. 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 100 million shares of \$.001 par value Common Stock in each of the following classes of shares: Class A, Class C, Class I, Class T, Class Y 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 I and Class Y shares are sold at net asset value per share generally to institutional investors. 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

Directors (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 not to 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 August 31, 2018 in valuing the fund’s investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets (\$)				
Investments in Securities:				
Municipal Bonds [†]	-	247,435,665	-	247,435,665
Liabilities (\$)				
Floating Rate Notes ^{††}	-	(1,500,000)	-	(1,500,000)

[†] See Statement of Investments for additional detailed categorizations.

^{††} Certain of the fund's liabilities are held at carrying amount, which approximates fair value for financial reporting purposes.

At August 31, 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.

(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 August 31, 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 August 31, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended August 31, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At August 31, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed tax-exempt income \$326,400, undistributed ordinary income \$144,819, accumulated capital losses \$10,991,346 and unrealized appreciation \$9,154,778.

Under the Regulated Investment Company Modernization Act of 2010 (the “2010 Act”), the fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 (“post-enactment losses”) for an unlimited period. Furthermore, post-enactment capital loss carryovers retain their character as either short-term or long-term capital losses rather than short-term as they were under previous statute. The 2010 Act requires post-enactment losses to be utilized before the utilization of losses incurred in taxable years prior to the effective date of the 2010 Act (“pre-enactment losses”). As a result of this ordering rule, pre-enactment losses may be more likely to expire unused.

The accumulated capital loss carryover is available for federal income tax purposes to be applied against future net realized capital gains, if any, realized subsequent to August 31, 2018. If not applied, \$5,919,280 expires in fiscal year 2019. The fund has \$794,581 of post-enactment short-term capital losses and \$4,277,485 of post enactment long-term capital losses which can be carried forward for an unlimited period.

The tax character of distributions paid to shareholders during the fiscal periods ended August 31, 2018 and August 31, 2017 were as follows: tax-exempt income \$7,345,370 and \$6,535,514, and ordinary income \$313,889 and \$121,436, respectively.

During the period ended August 31, 2018, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization adjustments and capital loss carryover expiration, the fund decreased accumulated undistributed investment income-net by \$34,379, increased accumulated net realized gain (loss) on investments by \$10,526,013 and decreased paid-in capital by \$10,491,634. Net assets and net asset value per share were not affected by this reclassification.

(e) New Accounting Pronouncements: In March 2017, the FASB issued Accounting Standards Update 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium

Amortization On Purchased Callable Debt Securities (“ASU 2017-08”). The update shortens the amortization period for the premium on certain purchased callable debt securities to the earliest call date. ASU 2017-08 will be effective for annual periods beginning after December 15, 2018.

Also in August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

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 August 31, 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 .50% of the value of the fund’s average daily net assets and is payable monthly. Dreyfus had contractually agreed, from September 1, 2017 through December 31, 2017, to waive receipt of its fees and/or assume the direct expenses of the fund so that the total annual fund operating expenses of Class A, C, I, Y and Z shares (excluding Rule 12b-1 Distribution Plan fees, Shareholder Services Plan fees, taxes, interest expense, brokerage commission, commitment fees on borrowings and extraordinary expenses) did not exceed .62% of the value of the fund’s average daily net assets. Dreyfus has contractually agreed, from January 1, 2018 through December 31, 2018, to waive receipt of its fees and/or assume the direct expenses of the fund so that the total annual fund operating expenses of Class A, C, I, Y and Z shares (excluding certain

expenses as described above) do not exceed .61% of the value of the fund's average daily net assets. The reduction in expenses, pursuant to the undertaking, amounted to \$138,888 during the period ended August 31, 2018.

During the period ended August 31, 2018, the Distributor retained \$3,767 from commissions earned on sales of the fund's Class A shares and \$2,125 from CDSC fees on redemptions of the fund's Class C 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 August 31, 2018, Class C shares were charged \$125,674 pursuant to the Distribution Plan.

Under the Service Plan adopted pursuant to Rule 12b-1 under the Act, Class Z shares reimburse the Distributor for distributing its shares and servicing shareholder accounts at an amount not to exceed an annual rate of .25% of the value of the average daily net assets of Class Z shares. During the period ended August 31, 2018, Class Z shares were charged \$60,703 pursuant to the Service 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 August 31, 2018, Class A and Class C shares were charged \$168,655 and \$41,891, respectively, 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, if any, 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 August 31, 2018, the fund was charged \$24,700 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations.

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 August 31, 2018, the fund was charged \$5,878 pursuant to the custody agreement. These fees were offset by earnings credits of \$5,878.

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 August 31, 2018, the fund was charged \$558 pursuant to the agreement, which is included in Shareholder servicing costs in the Statement of Operations.

During the period ended August 31, 2018, the fund was charged \$13,269 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 \$100,427, Distribution Plan fees \$16,002, Shareholder Services Plan fees \$21,564, custodian fees \$1,700, Chief Compliance Officer fees \$5,693 and transfer agency fees \$2,712, which are offset against an expense reimbursement currently in effect in the amount of \$10,531.

(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.

(e) A 2% redemption fee is charged and retained by the fund on certain shares redeemed within sixty days following the date of issuance subject to certain exceptions, including redemptions made through use of the fund's exchange privilege. During the period ended August 31, 2018, redemption fees charged and retained by the fund amounted to \$15,560.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended August 31, 2018, amounted to \$135,921,010 and \$65,216,975, respectively.

Inverse Floater Securities: The fund participates in secondary inverse floater structures in which fixed-rate, tax-exempt municipal bonds are

transferred to a trust (the “Inverse Floater Trust”). The Inverse Floater Trust typically issues two variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals (“Trust Certificates”). A residual interest tax-exempt security is also created by the Inverse Floater Trust, which is transferred to the fund, and is paid interest based on the remaining cash flows of the Inverse Floater Trust, after payment of interest on the other securities and various expenses of the Inverse Floater Trust. An Inverse Floater Trust may be collapsed without the consent of the fund due to certain termination events such as bankruptcy, default or other credit event.

The fund accounts for the transfer of bonds to the Inverse Floater Trust as secured borrowings, with the securities transferred remaining in the fund’s investments, and the Trust Certificates reflected as fund liabilities in the Statement of Assets and Liabilities.

The fund may invest in inverse floater securities on either a non-recourse or recourse basis. These securities are typically supported by a liquidity facility provided by a bank or other financial institution (the “Liquidity Provider”) that allows the holders of the Trust Certificates to tender their certificates in exchange for payment from the Liquidity Provider of par plus accrued interest on any business day prior to a termination event. When the fund invests in inverse floater securities on a non-recourse basis, the Liquidity Provider is required to make a payment under the liquidity facility due to a termination event to the holders of the Trust Certificates. When this occurs, the Liquidity Provider typically liquidates all or a portion of the municipal securities held in the Inverse Floater Trust. A liquidation shortfall occurs if the Trust Certificates exceed the proceeds of the sale of the bonds in the Inverse Floater Trust (“Liquidation Shortfall”). When a fund invests in inverse floater securities on a recourse basis, the fund typically enters into a reimbursement agreement with the Liquidity Provider where the fund is required to repay the Liquidity Provider the amount of any Liquidation Shortfall. As a result, a fund investing in a recourse inverse floater security bears the risk of loss with respect to any Liquidation Shortfall.

The average amount of borrowings outstanding under the inverse floater structure during the period ended August 31, 2018 was approximately \$1,250,000, with a related weighted average annualized interest rate of 2.71%.

At August 31, 2018, the cost of investments for federal income tax purposes was \$236,780,887; accordingly, accumulated net unrealized

appreciation on investments was \$9,154,778, consisting of \$10,550,158 gross unrealized appreciation and \$1,395,380 gross unrealized depreciation.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Dreyfus High Yield Municipal Bond Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Dreyfus High Yield Municipal Bond Fund (the “Fund”) (one of the funds constituting Dreyfus Municipal Funds, Inc.), including the statement of investments, as of August 31, 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 Municipal Funds, Inc.) at August 31, 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 August 31, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others 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

October 26, 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 August 31, 2018 as “exempt-interest dividends” (not generally subject to regular federal income tax). The fund also hereby reports \$.0218 per share as a short-term capital gain distribution paid on December 28, 2017. 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.

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: 125

Joni Evans (76) **Board Member (1991)**

Principal Occupation During Past 5 Years:

- Chief Executive Officer, www.wowOwow.com, an online community dedicated to women's conversations and publications (2007-present)
- Principal, Joni Evans Ltd. (publishing) (2006-present)

No. of Portfolios for which Board Member Serves: 21

Joan Gulley (70) **Board Member (2017)**

Principal Occupation During Past 5 Years:

- PNC Financial Services Group, Inc.(1993-2014), Executive Vice President and Chief Human Resources Officer and Executive Committee Member (2008-2014)

No. of Portfolios for which Board Member Serves: 52

Ehud Houminer (78) **Board Member (2006)**

Principal Occupation During Past 5 Years:

- Board of Overseers at the Columbia Business School, Columbia University (1992-present)
Trustee, Ben Gurion University

No. of Portfolios for which Board Member Serves: 52

Alan H. Howard (58)
Board Member (2018)

Principal Occupation During Past 5 Years:

- Managing Partner of Heathcote Advisors LLC, a financial advisory services firm (2008 – present)
- President of Dynatech/MPX Holdings LLC (2012 – present), a global supplier and service provider of military aircraft parts, including Chief Executive Officer of an operating subsidiary, Dynatech International LLC (2013 – present)
- Senior Advisor, Rossoff & Co., an independent investment banking firm (2014 – present)

Other Public Company Board Memberships During Past 5 Years:

- Movado Group, a designer and manufacturer of watches, Director (1997-present)

No. of Portfolios for which Board Member Serves: 21

Robin A. Melvin (54)
Board Member (2006)

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: 100

Burton N. Wallack (67)
Board Member (1991)

Principal Occupation During Past 5 Years:

- President and Co-owner of Wallack Management Company, a real estate management company (1987-present)

No. of Portfolios for which Board Member Serves: 21

Benaree Pratt Wiley (72)
Board Member (2006)

Principal Occupation During Past 5 Years:

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-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 (2008-present)

No. of Portfolios for which Board Member Serves: 80

BOARD MEMBERS INFORMATION (Unaudited) (continued)
INTERESTED BOARD MEMBER

Gordon J. Davis (77)
Board Member (1995)

Principal Occupation During Past 5 Years:

- Partner in the law firm of Venable LLP (2012-present)

Other Public Company Board Memberships During Past 5 Years:

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

No. of Portfolios for which Board Member Serves: 54

Gordon J. Davis is deemed to be an “interested person” (as defined under the Act) of the Company as a result of his affiliation with Venable LLP, which provides legal services to the Company.

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 Members 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.

William Hodding Carter III, Emeritus Board Member

Hans C. Mautner, 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 125 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 150 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 150 portfolios) managed by the Manager. He is 52 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 150 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 150 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 150 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. She is an officer of 63 investment companies (comprised of 150 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 150 portfolios) managed by the Manager. He is 53 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 150 portfolios) managed by Dreyfus. She is 33 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 150 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 150 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 150 portfolios) managed by the Manager. He is 50 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 150 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 150 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 August 2005.

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 150 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 150 portfolios). He is 61 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 144 portfolios) managed by the Manager. She is 50 years old and has been an employee of the Distributor since 1997.

NOTES

