

DREYFUS STRATEGIC MUNICIPAL BOND FUND INC
Form N-Q
October 28, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-5877

Dreyfus Strategic Municipal Bond Fund, Inc.
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166

(Address of principal executive offices) (Zip code)

Michael A. Rosenberg, Esq.

200 Park Avenue

New York, New York 10166

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000

Date of fiscal year end: 11/30

Date of reporting period: 8/31/2010

FORM N-Q

Item 1. Schedule of Investments.

STATEMENT OF INVESTMENTS**Dreyfus Strategic Municipal Bond Fund, Inc.****August 31, 2010 (Unaudited)**

Long-Term Municipal Investments--143.9%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Alaska--1.0%				
Alaska Housing Finance Corporation, Single-Family Residential Mortgage Revenue (Veterans Mortgage Program)				
	6.25	6/1/35	3,975,000	3,979,929
Arizona--7.3%				
Barclays Capital Municipal Trust Receipts (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)				
	5.00	1/1/38	13,200,000 a,b	14,252,964
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue				
	7.00	7/1/33	6,010,000	6,540,563
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)				
	5.50	7/1/26	4,000,000	4,008,680
Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project)				
	5.75	9/1/29	5,000,000	5,178,700
California--17.4%				
Barclays Capital Municipal Trust Receipts (California Infrastructure and Economic Development Bank, Revenue (Sanford Consortium Project))				
	5.00	5/15/40	5,070,000 a,b	5,371,614
Beverly Hills Unified School District, GO				
	0.00	8/1/30	8,000,000 c	3,080,240
California, GO (Various Purpose)				
	5.75	4/1/31	7,800,000	8,636,784

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

California,

GO (Various Purpose) California,	5.00	11/1/32	2,600,000	2,658,734
GO (Various Purpose) California,	6.50	4/1/33	5,000,000	5,870,600
GO (Various Purpose) California Enterprise Development Authority, Sewage Facilities Revenue (Anheuser-Busch Project)	6.00	11/1/35	5,000,000	5,644,050
California Housing Finance Agency, Home Mortgage Revenue	5.30	9/1/47	1,000,000	1,003,000
California Pollution Control Financing Authority, SWDR (Waste Management, Inc. Project)	5.05	8/1/27	2,500,000	2,307,100
Golden State Tobacco Securitization Corporation, Tobacco Settlement	5.13	11/1/23	1,500,000	1,527,345
Asset-Backed Bonds Los Angeles Department of Water and Power, Power System Revenue	5.00	6/1/33	10,535,000	8,344,141
Sacramento City Unified School District, GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/34	2,885,000	3,118,397
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	0.00	7/1/24	5,220,000 c	2,803,349
San Diego Public Facilities Financing Authority, Senior Sewer Revenue	6.00	7/1/35	4,000,000	4,389,360
San Francisco City and County Public Utilities Commission, San Francisco Water Revenue	5.25	5/15/34	2,500,000	2,731,525
Santa Margarita/Dana Point Authority, Revenue (Santa Margarita Water District	5.00	11/1/29	4,000,000	4,488,520

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Improvement Districts Numbers 2,3 and 4) Silicon Valley Tobacco	5.13	8/1/38	5,000,000	5,317,250
---	------	--------	-----------	-----------

Securitization Authority, Tobacco Settlement Asset-Backed Bonds (Santa Clara County Tobacco Securitization Corporation)	0.00	6/1/36	15,290,000 c	1,501,019
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.88	1/1/29	2,000,000	2,274,800

Colorado--3%

Colorado Housing and Finance Authority, Single Family Program Senior and Subordinate Bonds (Collateralized; FHA)	6.60	8/1/32	1,110,000	1,204,317
---	------	--------	-----------	-----------

Connecticut--3.4%

Connecticut Development Authority, PCR (Connecticut Light and Power Company Project)	5.95	9/1/28	9,000,000	9,078,030
Connecticut Resources Recovery Authority, Special Obligation Revenue (American REF-FUEL Company of Southeastern Connecticut Project)	6.45	11/15/22	4,985,000	4,988,240

District of Columbia--1.2%

District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds Metropolitan Washington Airports Authority, Special Facility Revenue (Caterair International Corporation)	10.13	9/1/11	1,700,000	1,693,914
---	-------	--------	-----------	-----------

Florida--5.1%

Highlands County Health Facilities Authority, HR (Adventist Health System/Sunbelt				
---	--	--	--	--

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Obligated Group)	5.25	11/15/36	2,875,000	2,957,484
Miami-Dade County, Aviation Revenue	5.00	10/1/41	3,500,000	3,523,275
Miami-Dade County, Water and Sewer System Revenue	5.00	10/1/34	3,000,000	3,192,990
<hr/>				
Orange County School Board, COP (Master Lease Purchase Agreement) (Insured; Assured Guaranty Municipal Corp.)	5.50	8/1/34	4,500,000	4,925,925
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project)	6.00	8/1/45	3,500,000	3,632,195
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	2,500,000	2,647,450
Georgia--4.1%				
Atlanta, Water and Wastewater Revenue	6.00	11/1/28	4,865,000	5,515,353
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	3,750,000	4,005,600
Augusta, Airport Revenue	5.45	1/1/31	2,500,000	2,375,500
Georgia Housing and Finance Authority, SFMR	5.60	12/1/32	1,990,000	2,004,845
Savannah Economic Development Authority, EIR (International Paper Company Project)	6.20	8/1/27	2,670,000	2,728,233
Hawaii--1.6%				
Hawaii, Airports System Revenue	5.25	7/1/28	3,650,000	4,002,152
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawai'i Pacific Health Obligated Group)	5.63	7/1/30	2,500,000	2,582,725
Idaho--.1%				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Idaho Housing and Finance Association, SFMR (Collateralized; FNMA)	6.35	1/1/30	210,000	210,315
Illinois--.8%				
Chicago, SFMR (Collateralized: FHLMC,				
<hr/>				
FNMA and GNMA)	6.25	10/1/32	1,120,000	1,182,586
Illinois Finance Authority, Revenue (Sherman Health Systems)	5.50	8/1/37	2,020,000	1,959,218
Iowa--.4%				
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	2,000,000	1,706,440
Kentucky--.3%				
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's HealthCare, Inc. Project)	6.13	2/1/37	1,000,000	1,076,000
Louisiana--2.2%				
Lakeshore Villages Master Community Development District, Special Assessment Revenue	5.25	7/1/17	1,987,000	1,093,049
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	4,000,000	4,197,160
West Feliciana Parish, PCR (Entergy Gulf States Project)	7.00	11/1/15	1,270,000	1,271,905
West Feliciana Parish, PCR (Entergy Gulf States Project)	6.60	9/1/28	2,545,000	2,548,359
Maryland--1.5%				
Maryland Economic Development				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Corporation, EDR (Transportation Facilities Project)	5.75	6/1/35	1,000,000	1,050,140
Maryland Economic Development Corporation, Senior Student Housing Revenue (University of Maryland, Baltimore Project)	5.75	10/1/33	2,550,000	1,849,566
Maryland Industrial Development				

Financing Authority, EDR (Medical Waste Associates Limited Partnership Facility)	8.75	11/15/10	3,710,000	3,413,200
Massachusetts--7.5% Barclays Capital Municipal Trust Receipts (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue))	5.00	7/1/38	10,200,000 a,b	11,131,974
Massachusetts Health and Educational Facilities Authority, Revenue (Civic Investments Issue) (Prerefunded)	9.00	12/15/12	1,700,000 d	1,980,806
Massachusetts Health and Educational Facilities Authority, Revenue (Partners HealthCare System Issue)	5.75	7/1/32	115,000	117,729
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	5,000,000	5,543,150
Massachusetts Housing Finance Agency, Housing Revenue	7.00	12/1/38	5,000,000	5,672,350
Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	6,000,000	6,040,800
Michigan--6.6% Detroit, Sewage Disposal System Senior				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	7.50	7/1/33	3,500,000	4,305,490
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	2,000,000	1,922,540
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	7,420,000	6,893,477
Royal Oak Hospital Finance Authority, HR (William				

Beaumont Hospital Obligated Group)	8.00	9/1/29	5,000,000	6,115,900
Wayne County Airport Authority, Airport Revenue (Detroit Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.)	5.00	12/1/34	8,260,000	7,662,967
Mississippi--1.0% Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.90	5/1/22	4,260,000	4,260,298
Missouri--1.4% Missouri Health and Educational Facilities Authority, Health Facilities Revenue (BJC Health System)	5.25	5/15/32	5,525,000	5,654,506
Nevada--2.6% Clark County, IDR (Nevada Power Company Project)	5.60	10/1/30	5,500,000	5,363,215
Clark County, Passenger Facility Charge Revenue (Las Vegas-McCarran International Airport)	5.00	7/1/30	5,000,000	5,266,450
New Hampshire--3.5% New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Project) (Insured; National Public Finance Guarantee Corp.)	6.00	5/1/21	2,690,000	2,719,698
New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire Project) (Insured; National Public Finance Guarantee Corp.)	6.00	5/1/21	6,000,000	6,066,240
New Hampshire Industrial Development Authority, PCR (Connecticut Light and Power Company Project)	5.90	11/1/16	5,400,000	5,410,422
New Jersey--5.1%				
<hr/>				
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.50	12/15/29	5,000,000	5,681,800
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	3,000,000	3,144,090
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/29	250,000	206,603
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.00	6/1/13	10,095,000 d	11,882,320
New Mexico--1.3%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	5,000,000	5,206,350
New York--7.7%				
Austin Trust (Port Authority of New York and New Jersey, Consolidated Bonds, 151st Series)	6.00	9/15/28	10,000,000 a,b	11,510,800
Long Island Power Authority,				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Electric System General Revenue	6.25	4/1/33	3,000,000	3,550,800
Metropolitan Transportation Authority, Transportation Revenue	6.25	11/15/23	8,425,000	10,272,855
New York City Industrial Development Agency, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	7.75	8/1/31	5,000,000	5,276,400
New York State Dormitory Authority, Revenue (Suffolk County Judicial Facility)	9.50	4/15/14	605,000	769,560
North Carolina--3.1%				
Barclays Capital Municipal Trust				

Receipts (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System)	5.00	6/1/42	10,000,000 a,b	10,527,600
North Carolina Housing Finance Agency, Home Ownership Revenue	5.88	7/1/31	2,120,000	2,121,823
Ohio--1.6%				
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	4,200,000	4,555,446
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	2,530,000 b	1,920,725
Oregon--.4%				
Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue (Pelton Round Butte Project)	6.38	11/1/33	1,500,000	1,565,820
Pennsylvania--.9%				
Pennsylvania Turnpike Commission, Turnpike Subordinate Revenue	5.25	6/1/39	3,545,000	3,751,071

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Rhode Island--1.5%

Rhode Island Health and
Educational Building
Corporation, Hospital
Financing Revenue (Lifespan
Obligated Group Issue)
(Insured; Assured Guaranty
Municipal Corp.)

7.00 5/15/39 5,000,000 5,935,700

South Carolina--1.7%

Greenville Hospital System,
Hospital Facilities Revenue
(Insured; AMBAC)

5.50 5/1/26 7,000,000 7,134,260

Tennessee--4.1%

Johnson City Health and
Educational Facilities Board,
Hospital First Mortgage

Revenue (Mountain States
Health Alliance) (Prerefunded)
Johnson City Health and
Educational Facilities Board,
Hospital First Mortgage

7.50 7/1/12 2,000,000 d 2,256,980

Revenue (Mountain States
Health Alliance) (Prerefunded)
Memphis Center City Revenue
Finance Corporation, Sports
Facility Revenue (Memphis
Redbirds Baseball Foundation
Project)

7.50 7/1/12 4,875,000 d 5,501,389

6.50 9/1/28 6,000,000 e 2,659,500

Metropolitan Government of
Nashville and Davidson County
Health and Educational
Facilities Board, Revenue (The
Vanderbilt University)

5.50 10/1/29 2,500,000 2,953,300

Metropolitan Government of
Nashville and Davidson County
Health and Educational
Facilities Board, Revenue (The
Vanderbilt University)

5.50 10/1/34 3,000,000 3,431,940

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

Texas--24.7%

Barclays Capital Municipal Trust Receipts (Leander Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program))	5.00	8/15/40	10,000,000 a,b	10,931,000
Barclays Capital Municipal Trust Receipts (Texas A&M University System Board of Regents, Financing System Revenue)	5.00	5/15/39	13,160,000 a,b	14,459,155
Dallas-Fort Worth International Airport Facility Improvement Corporation, Revenue (Learjet Inc. Project)	6.15	1/1/16	3,000,000	3,001,650
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	7.25	12/1/35	9,290,000	10,797,024

Harris County Hospital District, Senior Lien Revenue (Insured; National Public Finance Guarantee Corp.)	5.25	2/15/42	5,000,000	5,071,950
Harris County-Houston Sports Authority, Third Lien Revenue (Insured; National Public Finance Guarantee Corp.)	0.00	11/15/31	4,685,000 c	1,134,707
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	6.00	11/15/36	5,000,000	5,883,550
Matagorda County Navigation District Number One, Revenue (Houston Lighting and Power Company Project) (Insured; AMBAC)	5.13	11/1/28	4,295,000	4,237,275
North Texas Tollway Authority, First Tier System Revenue				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

(Insured; Assured Guaranty Municipal Corp.)	5.75	1/1/40	14,705,000	16,163,883
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	6,650,000	7,095,417
Sabine River Authority, PCR (TXU Electric Company Project)	6.45	6/1/21	4,900,000	2,311,134
Texas, GO (Veterans' Land)	6.00	12/1/30	3,935,000	3,947,710
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	13.02	7/2/24	800,000 f	978,800
Texas Department of Housing and Community Affairs, Residential Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	5.35	7/1/33	4,600,000	4,652,440
Texas Turnpike Authority, Central Texas Turnpike System				
<hr/>				
Revenue (Insured; AMBAC) Tomball Hospital Authority, Revenue (Tomball Regional Hospital)	5.25	8/15/42	5,375,000	5,396,500
Virginia--6.6% Henrico County Industrial Development Authority, Revenue (Bon Secours Health System) (Insured; Assured Guaranty Municipal Corp.)	11.04	8/23/27	7,350,000 f	9,181,620
Virginia Housing Development Authority, Commonwealth Mortgage Revenue	6.25	7/1/31	5,250,000	5,766,915
Virginia Housing Development Authority, Rental Housing Revenue	6.20	8/1/24	8,520,000	8,531,843
Washington County Industrial				

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

(First Subordinate Series)	5.38	8/1/39	2,500,000	2,640,750
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue				
(First Subordinate Series)	6.00	8/1/42	10,000,000	10,983,400
Virgin Islands Public Finance Authority, Revenue (Virgin Islands Matching Fund Loan Notes) (Senior Lien/Capital Projects)				
	5.00	10/1/39	1,250,000	1,267,263
Total Long-Term Municipal Investments				
(cost \$569,606,377)				587,158,684
Short-Term Municipal Investments--1.4%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California--.5%				
California, GO Notes (Kindergarten-University) (LOC: California Teachers Retirement System and Citibank NA)				
	0.25	9/1/10	2,000,000 g	2,000,000
Florida--.4%				
Florida Municipal Power Agency, Revenue, Refunding (All-Requirements Power Supply				
Project) (LOC; Bank of America)				
	0.27	9/1/10	1,900,000 g	1,900,000
New York--.5%				
New York City, GO Notes (Liquidity Facility; Allied Irish Banks)				
	0.60	9/1/10	700,000 g	700,000
New York City, GO Notes (LOC; Bank of America)				
	0.26	9/1/10	1,200,000 g	1,200,000
Total Short-Term Municipal Investments				
(cost \$5,800,000)				5,800,000
Total Investments (cost \$575,406,377)			145.3%	592,958,684
Liabilities, Less Cash and Receivables			(7.2%)	(29,432,786)
Preferred Stock, at redemption value			(38.1%)	(155,325,000)
			100.0%	408,200,898

Net Assets Applicable to Common Shareholders

- a Collateral for floating rate borrowings.
- b Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At August 31, 2010, these securities had a total market value of \$80,105,832 or 19.6% of net assets applicable to Common Shareholders.
- c Security issued with a zero coupon. Income is recognized through the accretion of discount.
- d These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.
- e Non-income producing--security in default.
- f Inverse floater security--the interest rate is subject to change periodically.
- g Variable rate demand note - rate shown is the interest rate in effect at August 31, 2010. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

At August 31, 2010, the aggregate cost of investment securities for income tax purposes was \$575,406,377. Net unrealized appreciation on investments was \$17,522,307 of which \$44,215,040 related to appreciated investment securities and \$26,662,733 related to depreciated investment securities.

Summary of Abbreviations

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	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
LOC	Letter of Credit	LOR	Limited Obligation Revenue
LR	Lease Revenue	MFHR	Multi-Family Housing Revenue
MFMR	Multi-Family Mortgage Revenue	PCR	Pollution Control Revenue
PILOT	Payment in Lieu of Taxes	PUTTERS	Puttable Tax-Exempt Receipts

Edgar Filing: DREYFUS STRATEGIC MUNICIPAL BOND FUND INC - Form N-Q

RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	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	SWDR	Solid Waste Disposal Revenue
TAN	Tax Anticipation Notes	TAW	Tax Anticipation Warrants

TRAN	Tax and Revenue Anticipation Notes	XLCA	XL Capital Assurance
-------------	------------------------------------	-------------	----------------------

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.

The following is a summary of the inputs used as of August 31, 2010 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	-	592,958,684	-	592,958,684

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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.

Portfolio valuation: Investments in municipal debt securities are valued on the last business day of each week and month by an independent pricing service (the Service) approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal securities and U.S. Treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on the last business day of each week and month.

The fund adopted the provisions of ASC Topic 815 Derivatives and Hedging which requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The fund held no derivatives during the period ended August 31, 2010.

Additional investment related disclosures are hereby incorporated by reference to the annual and semi-annual reports previously filed with the Securities and Exchange Commission on Form N-CSR.

Item 2. Controls and Procedures.

(a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes to the Registrant's internal control over financial reporting that occurred during the Registrant's most recently ended fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

(a) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940.

FORM N-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dreyfus Strategic Municipal Bond Fund, Inc.

By: /s/ Bradley J. Skapyak
Bradley J. Skapyak

President

Date: October 26, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Bradley J. Skapyak
Bradley J. Skapyak

President

Date: October 26, 2010

By: /s/ James Windels
James Windels

Treasurer

Date: October 26, 2010

EXHIBIT INDEX

(a) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940. (EX-99.CERT)

