DREYFUS STRATEGIC MUNICIPAL BOND FUND INC
Form N-CSR
January 28, 2008

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5877

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:	11/30/07

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus Strategic Municipal Bond Fund, Inc.

ANNUAL REPORT November 30, 2007

Dreyfus Strategic Municipal Bond Fund, Inc.

Protecting Your Privacy Our Pledge to You

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Funds policies and practices for collecting, disclosing, and safeguarding nonpublic personal information, which may include financial or other customer information.These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Funds consumer privacy policy, and may be amended at any time. Well keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Funds agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT.

The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.
- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC

PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Not FDIC-Insured Not Bank-Guaranteed May Lose Value

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Dreyfus
Strategic Municipal Bond Fund, Inc.

The Fund

A LETTER FROM THE CEO

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipal Bond Fund, Inc., covering the 12-month period from December 1, 2006, through November 30, 2007.

Volatility has returned to the municipal bond market.The past few months have been filled with greater swings in security valuations than we□ve seen in several years, as the economic cycle matured and a credit crisis spread from the sub-prime mortgage sector of the taxable bond market to other areas of the financial markets, including municipal bonds. A high degree of leverage within parts of the financial system made these price fluctuations more intense than they otherwise might have been.While we saw few changes in the underlying credit fundamentals of municipal bonds,the tax-exempt market nonetheless suffered bouts of difficult liquidity.

In our view, these developments signaled a shift to a new phase of the credit cycle in which the price of risk has increased. Although the housing downturn and sub-prime turmoil may persist, fiscal conditions so far have remained sound for most municipal bond issuers, and lower short-term interest rates from the Federal Reserve Board may help forestall a technical recession.Turning points such as this one may be a good time to review your portfolio with your financial advisor, who can help you consider whether to reposition your investments in this changing market environment.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance given by the fund□s Portfolio Manager.

Thank you for your continued confidence and support.

Thomas F. Eggers
Chief Executive Officer
The Dreyfus Corporation

December 17, 2007

DISCUSSION OF FUND PERFORMANCE

For the period of December 1, 2006, through November 30, 2007, as provided by James Welch, Portfolio Manager

Fund and Market Performance Overview

The municipal bond market encountered heightened volatility during the summer and fall of 2007 as turmoil spread from sub-prime mortgages to other areas of the financial markets.The fунds performance was driven primarily by its income-oriented holdings, which were relatively hard-hit during the downturn but produced competitive levels of tax-exempt income.

For the 12-month period ended November 30, 2007, Dreyfus Strategic Municipal Bond Fund achieved a total return of 1.17% on a net-asset-value basis.[1] Over the same period, the fund provided aggregate income dividends of $0.50 per share, which reflects a distribution rate of 6.45%.[2]

The Funds Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent believed by Dreyfus to be consistent with the preservation of capital. In pursuing this goal, the fund invests at least 80% of its assets in municipal bonds. Under normal market conditions, the weighted average maturity of the funds portfolio is expected to exceed 10 years. Municipal bonds are classified as general obligation bonds, revenue bonds and notes. Under normal market conditions, the fund invests at least 80% of its net assets in municipal bonds considered investment grade or the unrated equivalent as determined by Dreyfus.

The fund also issues auction rate preferred stock and invests the proceeds in a manner consistent with its investment objective.This has the effect of leveraging the portfolio, which can increase the funds performance potential as well as, depending on market conditions, enhance net asset value losses during times of higher market risk.

Over time, many of the funds older, higher-yielding bonds have matured or were redeemed by their issuers.We have attempted to replace those

bonds with investments consistent with the funds investment policies.We have also sought to upgrade the fund with newly issued bonds that, in our opinion, have better structural or income characteristics than existing holdings.When such opportunities arise,we usually look to sell bonds that are close to their optimal redemption date or maturity. In addition, we conduct credit analysis of the funds holdings in an attempt to avoid potential defaults on interest and principal payments.

Sub-Prime Mortgage Woes Weighed on Municipal Bonds

The first half of the reporting period was characterized by a moderate slowdown in U.S. economic growth, generally mild inflationary pressures and stable short-term interest rates. While these factors helped support municipal bond prices, narrow yield differences along the markets maturity range reduced the effectiveness of our leveraging strategy, leading us to reduce the funds monthly dividend payout in May.

Market conditions changed dramatically over the reporting periods second half, when municipal bonds were shaken by an intensifying credit crisis. Delinquencies and defaults among lower-quality borrowers led to sharp declines in securities backed by sub-prime mortgages, many of which were held by highly leveraged hedge funds. These investors were forced to sell unrelated securities to meet margin calls and redemption requests.

Consequently, municipal bonds with no direct exposure to the troubled sub-prime mortgage market were adversely affected as selling pressures generally caused bond prices to fall.

Subsequently, the tax-exempt bond market rebounded, to some extent, as investors recognized that fundamentals remained sound for most municipal issuers and the Federal Reserve Board (the Fed) attempted to promote market liquidity by reducing short-term interest rates. However, investors had reassessed their attitudes toward risk, and lower-rated, higher-yielding securities did not bounce back as strongly as higher-rated bonds. In addition, a robust new issuance calendar toward the end of the reporting period put further downward pressure on prices of some municipal bonds. As a result, municipal bond prices ended the reporting period slightly lower than where they began.

Income-Oriented Bonds Were Hard-Hit During the Downturn

Although the funds income returns were relatively robust, its total return suffered in this environment. The funds holdings of bonds backed by state settlements of litigation with U.S. tobacco companies were particularly hard-hit, as several states securitized their settlements and added to the supply of such bonds.The funds holdings of corporate-backed municipal bonds lagged market averages in the flight to quality during and after the credit crisis. Lastly, the fund also was punished for its focus on securities with maturities at the longer end of the spectrum, which was more severely affected by market volatility.

On a more positive note, despite supply-and-demand factors that typically affect municipal bonds toward year-end, reductions in short-term interest rates by the Fed later in the reporting period caused yield differences to widen along the markets maturity spectrum, and the funds longer duration helped to enhance the effectiveness of the funds leveraging strategy.

Positioned for a Changing Economic Environment

The U.S. economy appears to have slowed as a result of declining housing markets, making further interest-rate reductions from the Fed more likely. Should the Fed cut rates further, we may find new opportunities for income and total return as yield differences widen along the markets maturity range. In the meantime, we intend to maintain our focus on producing competitive levels of tax-exempt income.

December 17, 2007

1 *Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable. Return figure provided reflects the absorption of certain expenses by The Dreyfus Corporation pursuant to an undertaking in effect through October 31, 2008. Had these expenses not been absorbed, the funds return would have been lower.*

2 *Distribution rate per share is based upon dividends per share paid from net investment income during the period, divided by the market price per share at the end of the period, adjusted for any capital gain distributions.*

SELECTED INFORMATION

November 30, 2007 (Unaudited)

Market Price per share November 30, 2007	$7.77
Shares Outstanding November 30, 2007	48,495,729

New York Stock Exchange Ticker Symbol DSM

MARKET PRICE (NEW YORK STOCK EXCHANGE)

Fiscal Year Ended November 30, 2007

	Quarter Ended February 28, 2007	Quarter Ended May 31, 2007	Quarter Ended August 31, 2007	Quarter Ended November 30, 2007
High	$9.58	$9.61	$9.10	$8.86
Low	9.13	9.07	7.81	7.63
Close	9.40	9.12	8.54	7.77

PERCENTAGE GAIN (LOSS) based on change in Market Price*

November 22, 1989 (commencement of operations) through November 30, 2007	162.39%
December 1, 1997 through November 30, 2007	40.45
December 1, 2002 through November 30, 2007	36.30
December 1, 2006 through November 30, 2007	(11.43)
March 1, 2007 through November 30, 2007	(13.70)
June 1, 2007 through November 30, 2007	(12.31)
September 1, 2007 through November 30, 2007	(7.64)

NET ASSET VALUE PER SHARE

November 22, 1989 (commencement of operations)	$9.32
November 30, 2006	9.21
February 28, 2007	9.15
May 31, 2007	9.00
August 31, 2007	8.61
November 30, 2007	8.60

PERCENTAGE GAIN based on change in Net Asset Value*

November 22, 1989 (commencement of operations) through November 30, 2007	211.47%
December 1, 1997 through November 30, 2007	73.96
December 1, 2002 through November 30, 2007	38.80
December 1, 2006 through November 30, 2007	(1.17)
March 1, 2007 through November 30, 2007	(1.92)
June 1, 2007 through November 30, 2007	(1.69)
September 1, 2007 through November 30, 2007	1.34

* *With dividends reinvested.*

STATEMENT OF INVESTMENTS

November 30, 2007

Long-Term Municipal Investments—146.7%	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Alaska—3.9%				
Alaska Housing Finance Corporation, General Mortgage Revenue (Insured; MBIA)	6.05	6/1/39	11,915,000	12,108,976
Alaska Housing Finance Corporation, Single-Family Residential Mortgage Revenue (Veterans Mortgage Program)	6.25	6/1/35	4,180,000	4,309,914
Arizona—1.5%				
Apache County Industrial Development Authority, PCR (Tucson Electric Power Company Project)	5.85	3/1/28	2,220,000	2,220,000
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.50	7/1/26	4,000,000	3,924,520
Arkansas—.6%				
Arkansas Development Finance Authority, SFMR (Mortgage Backed Securities Program) (Collateralized: FNMA and GNMA)	6.25	1/1/32	2,500,000	2,556,675
California—9.0%				
California, GO (Various Purpose)	5.50	4/1/14	4,605,000 [a]	5,161,606
California, GO (Various Purpose)	5.25	11/1/27	4,240,000	4,463,109
California Department of Veteran Affairs, Home Purchase Revenue	5.20	12/1/28	2,950,000	2,951,357
California Educational Facilities Authority, Revenue (University of Southern California)	4.50	10/1/33	10,000,000	9,829,900
California Enterprise Development Authority, Sewage Facilities Revenue (Anheuser-Busch Project)	5.30	9/1/47	1,000,000	991,060
California Health Facilities Financing Authority, Revenue (Cedars-Sinai Medical Center)	6.25	12/1/09	3,750,000 [a]	3,998,962

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
California (continued)				
California Health Facilities Financing Authority, Revenue (Sutter Health)	5.25	11/15/46	7,800,000	7,956,702
Silicon Valley Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds (Santa Clara County Tobacco Securitization Corporation)	0.00	6/1/36	15,290,000	2,208,488
Colorado4.1%				
Colorado Health Facilities Authority, Revenue (American Baptist Homes of the Midwest Obligated Group)	5.90	8/1/37	2,500,000	2,401,825
Colorado Health Facilities Authority, Revenue (American Housing Foundation I, Inc. Project)	8.50	12/1/31	1,970,000	2,046,988
Colorado Housing Finance Authority (Single Family Program) (Collateralized; FHA)	6.60	8/1/32	1,755,000	1,867,794
Denver City and County, Special Facilities Airport Revenue (United Air Lines Project)	5.75	10/1/32	3,000,000	2,760,480
Northwest Parkway Public Highway Authority, Revenue	7.13	6/15/11	7,000,000 [a]	7,852,040
Connecticut3.7%				
Connecticut Development Authority, PCR (Connecticut Light and Power Company Project)	5.95	9/1/28	9,000,000	9,221,760
Connecticut Resources Recovery Authority, Special Obligation Revenue (American REF-FUEL Company of Southeastern Connecticut Project)	6.45	11/15/22	4,985,000	4,986,844
Mohegan Tribe of Indians of Connecticut Gaming Authority, Priority Distribution Payment Public Improvement Revenue	6.25	1/1/31	1,000,000	1,036,660

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
District of Columbia—2.6%				
District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/15/46	104,040,000	7,296,325
Metropolitan Washington Airports Authority, Special Facility Revenue (Caterair International Corporation)	10.13	9/1/11	3,500,000	3,503,920
Florida—5.6%				
Escambia County, EIR (International Paper Company Project)	5.00	8/1/26	1,825,000	1,694,056
Florida Housing Finance Corporation, Housing Revenue (Seminole Ridge Apartments) (Collateralized; GNMA)	6.00	4/1/41	6,415,000	6,571,847
Highlands County Health Facilities Authority, HR (Adventist Health System/Sunbelt Obligated Group)	5.25	11/15/36	5,000,000	5,056,850
Jacksonville Economic Development Commission, Health Care Facilities Revenue (Florida Proton Therapy Institute Project)	6.25	9/1/27	2,595,000	2,649,754
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	70,000 [a]	73,874
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	3,675,000	3,788,631
Orange County Health Facilities Authority, Revenue (Adventist Health System)	6.25	11/15/12	3,000,000 [a]	3,384,870
Georgia—2.5%				
Atlanta, Airport Revenue (Insured; FSA)	5.25	1/1/25	3,000,000	3,092,400
Augusta, Airport Revenue	5.45	1/1/31	2,500,000	2,400,050

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Georgia (continued)				
Georgia Housing and Finance Authority, SFMR	5.60	12/1/32	2,180,000	2,321,024
Savannah Economic Development Authority, EIR (International Paper Company Project)	6.20	8/1/27	2,670,000	2,753,304
Idaho.1%				
Idaho Housing and Finance Association, SFMR (Collateralized; FNMA)	6.35	1/1/30	320,000	326,630
Illinois7.8%				
Chicago, SFMR (Collateralized: FHLMC, FNMA and GNMA)	6.25	10/1/32	1,665,000	1,701,896
Chicago OHare International Airport, General Airport Third Lien Revenue (Insured; XLCA)	6.00	1/1/29	5,000,000	5,356,750
Chicago OHare International Airport, Special Facility Revenue (American Airlines, Inc. Project)	5.50	12/1/30	4,000,000	3,528,080
Illinois Educational Facilities Authority, Revenue (Northwestern University)	5.00	12/1/38	5,000,000	5,139,500
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network)	6.13	11/15/10	5,000,000 [a]	5,398,600
Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	10,900,000	