

Dreyfus California Tax Exempt Money Market Fund

ANNUAL REPORT March 31, 2004



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Dreyfus

A MELLON FINANCIAL COMPANY™

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LETTER FROM THE CHAIRMAN

Dear Shareholder:

This annual report for Dreyfus California Tax Exempt Money Market Fund covers the 12-month period from April 1, 2003, through March 31, 2004. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio manager, Joseph Irace.

Yields of money market instruments fell to their lowest level in a generation during the reporting period after the Federal Reserve Board (the "Fed") reduced short-term interest rates to 1% in late June 2003. Although the economy began to rebound soon thereafter, sluggish job growth has helped keep a lid on potential inflationary pressures, and the Fed has exercised patience in maintaining its accommodative monetary policy. As a result, money market yields have continued to hover near historically low levels.

Although our analysts and portfolio managers work hard to identify trends that may move the markets, no one can know with complete certainty what lies ahead for the U.S. economy and the money markets. As always, we encourage you to review your investments regularly with your financial advisor, who may be in the best position to suggest ways to position your portfolio for the opportunities and challenges of today's financial markets.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter
Chairman and Chief Executive Officer
The Dreyfus Corporation
April 15, 2004



DISCUSSION OF FUND PERFORMANCE

Joseph Irace, Portfolio Manager

How did Dreyfus California Tax Exempt Money Market Fund perform during the period?

For the 12-month period ended March 31, 2004, the fund produced a yield of 0.43%. Taking into account the effects of compounding, the fund produced an effective yield of 0.43%.¹

We attribute the fund's returns to low interest rates, including a federal funds rate that fell to 1% during the reporting period. However, a substantial supply of newly issued California securities helped keep tax-exempt yields high relative to yields of comparable-term taxable money market securities during much of the reporting period.

What is the fund's investment approach?

The fund seeks as high a level of current income exempt from federal and California state income taxes as is consistent with the preservation of capital and the maintenance of liquidity. To pursue this goal, the fund normally invests substantially all of its net assets in municipal obligations that provide income exempt from federal and California state personal income taxes.

In pursuing the fund's investment approach, we normally employ two primary strategies. First, we attempt to add value by constructing a portfolio of high-quality money market instruments that provide income exempt from federal and California state personal income taxes. Second, we actively manage the fund's weighted average maturity in anticipation of what we believe to be supply-and-demand changes in California's short-term municipal marketplace.

For example, if we expect an increase in short-term supply, we may decrease the fund's weighted average maturity, which should position the fund to purchase new securities with then-current higher yields, if higher yields materialize as a result of an increase in short-term supply. Yields tend to rise when there is an increase in new-issue supply

competing for investor interest. New securities are generally issued with maturities in the one-year range, which would tend to lengthen the fund's weighted average maturity. If we anticipate limited new-issue supply, we may extend the fund's weighted average maturity to maintain then-current yields for as long as we deem practical. At other times, we typically try to maintain a weighted average maturity that reflects our view of short-term interest-rate trends and future supply-and-demand considerations.

What other factors influenced the fund's performance?

The U.S. economy had been mired in weakness before the start of the reporting period, as geopolitical tensions, restrained corporate spending and a declining stock market took their toll. However the economic outlook began to improve dramatically in early April. In addition, Congress enacted a number of stimulative tax cuts in the spring, and investors began to look forward to stronger economic growth. Nonetheless, citing potential deflationary pressures and rising unemployment, the Federal Reserve Board (the "Fed") reduced short-term interest rates in late June 2003, its thirteenth consecutive rate cut since January 2001.

When more evidence of sustainable economic growth emerged during the summer of 2003, longer-term bond prices fell sharply. However, because money market yields were anchored by the 1% federal funds rate and the Fed repeatedly affirmed its commitment to an accommodative monetary policy, yields of tax-exempt money market securities remained relatively stable during the second half of the reporting period.

At the time, California was in the midst of political turmoil as record-setting budget deficits loomed and the campaign to recall the state's governor gained momentum. The state's fiscal crisis led to a substantially larger issuance of short-term debt in 2003, which put upward pressure on yields of these securities. At times during the reporting period, yields of California tax-exempt instruments exceeded those of comparable-term taxable securities. After the election of a new gover-

nor in October, political turmoil began to wane, and by the reporting period's end voters had approved a borrowing plan to address many of the state's more immediate fiscal problems. As a result, much of the uncertainty that had plagued the California market was removed, taking some of the upward pressure off money market yields.

In this challenging market environment, we continued to invest primarily in money market securities backed by third party insurance or bank letters of credit.² As such, we sought attractive values among smaller blocks of insured securities from school districts and other localities.

What is the fund's current strategy?

Due to encouraging signs of a more robust U.S. economy, we are hopeful that short-term interest rates have bottomed and that we may begin to see more opportunities for higher yields. Although challenges remain for California, including the need to address its longer-term structural budget deficit, the state government appears to be taking steps to improve its fiscal situation. In addition, California has begun to see signs of higher revenues from personal and corporate income taxes in the stronger economy.

We have continued to focus on municipal securities with what we believe to be strong credit characteristics, and we have continued to attempt to diversify the fund's assets as much as we deem practical. In our view, these are prudent strategies as investors continue to adjust to a stronger economy.

April 15, 2004

¹ *Effective yield is based upon dividends declared daily and reinvested monthly. Past performance is no guarantee of future results. Yields fluctuate. Income may be subject to state and local taxes for non-California residents, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. An investment in the fund is not insured or guaranteed by the FDIC or the U.S. government. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

² *Insurance on individual securities extends to the repayment of principal and the payment of interest in the event of default. It does not extend to the market value of the fund's securities or the value of the fund's shares.*

STATEMENT OF INVESTMENTS

March 31, 2004

| Tax Exempt Investments—99.5% | Principal Amount (\$) | Value (\$) |
|--|--------------------------|------------|
| California—98.9% | | |
| Alameda County Industrial Development Authority Industrial Revenue, VRDN (Intermountain Trading) 1.22% (LOC; California State Teachers Retirement) | 130,000 ^a | 130,000 |
| City of Anaheim, Electric Power and Light Revenue 5%, 10/1/2004 (Insured; AMBAC) | 115,000 | 117,195 |
| Antelope Valley Union High School District, GO Notes 3%, 8/1/2004 (Insured; MBIA) | 100,000 | 100,648 |
| Bay Area Governments Association Grant Revenue (Bart SFO Extension) 3.375%, 6/15/2004 (Insured; AMBAC) | 100,000 | 100,464 |
| State of California, RAW 2%, 6/16/2004 (Liquidity Facility: Lehman Brothers, Merrill Lynch and Societe Generale) | 11,000,000 | 11,019,912 |
| California Educational Facilities Authority, College and University Revenue, VRDN: (Loyola Marymount University) 1.05% (Insured; MBIA and Liquidity Facility; Allied Irish Bank) | 700,000 ^a | 700,000 |
| (University of Judaism) 1.05% (LOC; Allied Irish Bank) | 3,400,000 ^a | 3,400,000 |
| California Health Facilities Financing Authority, Revenues VRDN (Adventist Health System/Sunbelt) 1% (LOC; U.S. Bank NA) | 4,210,000 ^a | 4,210,000 |
| California Housing Finance Agency, Revenue (Home Mortgage): 1.15%, 8/1/2004 (Liquidity Facility: Bank of Nova Scotia and State Street Bank and Trust Co.) | 1,000,000 | 1,000,000 |
| 5.20%, 8/1/2004 (Insured; MBIA) | 125,000 | 126,572 |
| California Infrastructure and Economic Development Bank VRDN: IDR (Lance Camper Manufacturing Corp.) 1.12% (LOC; Comerica Bank) | 2,340,000 ^a | 2,340,000 |
| Revenue (Los Angeles SPCA Project) 1.02% (LOC; The Bank of New York) | 6,200,000 ^a | 6,200,000 |
| California Pollution Control Financing Authority, SWDR VRDN: (Mission Trail Waste System) 1.14% (LOC; Comerica Bank) | 1,300,000 ^a | 1,300,000 |
| (Norcal Waste System Inc. Project) 1.09% (LOC; Fleet National Bank) | 3,625,000 ^a | 3,625,000 |
| (Waste Management Inc. Project) 1.09% (LOC; JPMorgan Chase Bank) | 5,000,000 ^a | 5,000,000 |

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|--|--------------------------|------------|
| California (continued) | | |
| California School Cash Reserve Program Authority Education Revenue 2%, 7/6/2004 (Insured; AMBAC) | 850,000 | 851,930 |
| California State Public Works Board, LR, Refunding (State Prisons) 5.25%, 12/1/2004 (Insured; MBIA) | 100,000 | 102,671 |
| California Statewide Communities Development Authority: Revenue: | | |
| (Kaiser Permanente): | | |
| 1.08%, 4/1/2005 | 3,000,000 | 3,000,000 |
| CP 1.04%, 8/11/2004 | 3,000,000 | 3,000,000 |
| Refunding (Sherman Oaks Project) 5%, 8/1/2004 (Insured; AMBAC) | 100,000 | 101,281 |
| VRDN: | | |
| MFHR (Cameron Park Apartments) 1.16% (Liquidity Facility; Merrill Lynch) | 2,920,000 ^a | 2,920,000 |
| Private Schools Revenue (St. Mary's & All Angels School) 1.05% (LOC; Allied Irish Bank) | 8,000,000 ^a | 8,000,000 |
| California Statewide Communities Development Corporation, Industrial Revenue, VRDN: | | |
| (Andercraft Products Inc.) 1.22% (LOC; California State Teachers Retirement) | 345,000 ^a | 345,000 |
| (DV Industries) 1.22% (LOC; California State Teachers Retirement) | 945,000 ^a | 945,000 |
| (J. Michelle) 1.22% (LOC; California State Teachers Retirement) | 1,100,000 ^a | 1,100,000 |
| (Lustre California) 1.07% (LOC; Comerica Bank) (Redline Project) 1.22% (LOC; California State Teachers Retirement) | 2,940,000 ^a | 2,940,000 |
| (Zieman Manufacturing Co. Project) 1.22% (LOC; California State Teachers Retirement) | 850,000 ^a | 850,000 |
| 245,000 ^a | 245,000 | 245,000 |
| Cardiff School District, GO Notes 4.10%, 8/1/2004 (Insured; FGIC) | 100,000 | 100,979 |
| Carson Redevelopment Agency, Tax Allocation Revenue (Merged Project Area) 2%, 10/1/2004 (Insured; MBIA) | 440,000 | 441,851 |
| Central Union High School District-Imperial County GO Notes, Refunding 3%, 8/1/2004 (Insured; FGIC) | 200,000 | 201,248 |
| Cerritos Community College District, COP 2%, 9/1/2004 (Insured; AMBAC) | 200,000 | 200,702 |
| Chaffey Community College District, GO Notes 3%, 7/1/2004 (Insured; FSA) | 200,000 | 200,963 |
| Chico, MFHR, Refunding, VRDN (Sycamore Glen) 1.15% (LOC; Bank of America) | 1,890,000 ^a | 1,890,000 |

STATEMENT OF INVESTMENTS (continued)

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|---|--------------------------|------------|
| California (continued) | | |
| Chino Hills, COP, Refunding (Water System Project) 2%, 6/1/2004 (Insured; FGIC) | 940,000 | 941,319 |
| Chula Vista Elementary School District, GO Notes: 5%, 8/1/2004 (Insured; FSA) | 200,000 | 202,654 |
| Election of 1998 3.50%, 8/1/2004 (Insured; FGIC) | 100,000 | 100,792 |
| Coachella Valley Unified School District, COP 2.50%, 9/1/2004 (Insured; MBIA) | 355,000 | 356,985 |
| Corona Redevelopment Agency, Tax Allocation Revenue Refunding (Redevelopment Project Area A) 7.50%, 9/1/2004 (Insured; FGIC) | 100,000 | 102,648 |
| Desert Sands Unified School District, COP, Refunding 4%, 3/1/2005 (Insured; MBIA) | 230,000 | 235,957 |
| East Side Union High School District-Santa Clara County GO Notes, Refunding 2.20%, 8/1/2004 (Insured; MBIA) | 450,000 | 451,795 |
| Eastern Municipal Water District, Water and Sewer Revenue Refunding, COP 5%, 7/1/2004 (Insured; FGIC) | 550,000 | 555,259 |
| El Camino Community College District, GO Notes Election of 2002 2.50%, 8/1/2004 (Insured; MBIA) | 130,000 | 130,604 |
| Escondido Union School District, GO Notes, Refunding: 6%, 9/1/2004 (Insured; FGIC) | 520,000 | 530,594 |
| 5.75%, 11/1/2004 (Insured; MBIA) | 100,000 | 102,635 |
| Fontana Unified School District, GO Notes, TRAN 1.75%, 7/2/2004 | 2,000,000 | 2,003,231 |
| Fresno Unified School District, COP, Refunding 2%, 5/1/2004 (Insured; MBIA) | 355,000 | 355,274 |
| Gardena, GO Notes, TRAN 3%, 6/2/2004 | 2,000,000 | 2,005,033 |
| Gilroy Unified School District, COP (Measure J. Capital Projects) 5%, 9/1/2004 (Insured; MBIA) | 290,000 | 294,679 |
| Industry, GO Notes, Refunding 2.50%, 7/1/2004 (Insured; MBIA) | 795,000 | 797,942 |
| Industry Urban Development Agency, Tax Allocation Revenue, Refunding (Civic Recreation Industrial) 5%, 5/1/2004 (Insured; MBIA) | 1,000,000 | 1,003,426 |
| Kern County, COP, Refunding (Beale Memorial Library) 4.60%, 12/1/2004 (Insured; FSA) | 250,000 | 255,703 |
| Lancaster Financing Authority, Tax Allocation Revenue (Project No. 5 & 6 Redevelopment Projects) 2%, 2/1/2005 (Insured; FGIC) | 210,000 | 211,388 |
| Livermore Valley Joint Unified School District, GO Notes 4.30%, 8/1/2004 (Insured; MBIA) | 100,000 | 101,031 |

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|---|--------------------------|------------|
| California (continued) | | |
| City of Long Beach, Harbor Revenue, Refunding 5.50%, 5/15/2004 (Insured; FGIC) | 175,000 | 175,921 |
| Los Altos School District, GO Notes, Election of 1998 8%, 8/1/2004 (Insured; MBIA) | 345,000 | 352,908 |
| City of Los Angeles: COP, Equipment Program 3%, 2/1/2005 (Insured; MBIA) | 165,000 | 167,515 |
| Wastewater System Revenue, Refunding 5.50%, 6/1/2004 (Insured; FGIC) | 240,000 | 241,730 |
| Los Angeles County Metropolitan Transportation Authority Sales Tax Revenue, Refunding: 2%, 7/1/2004 (Insured; MBIA) | 500,000 | 501,231 |
| 5.25%, 7/1/2004 (Insured; MBIA) | 250,000 | 252,590 |
| Los Angeles County Public Works Financing Authority: LR (Multiple Capital Facilities Project) 4.875%, 6/1/2004 (Insured; AMBAC) | 100,000 | 100,613 |
| Revenue, Refunding (Flood Control District) 2.50%, 3/1/2005 (Insured; MBIA) | 110,000 | 111,297 |
| Los Angeles County Schools Regionalized Business Services Corporation, COP: 4.75%, 3/1/2005 (Insured; MBIA) | 120,000 | 123,864 |
| County Schools Pooled Financing Program 2.05%, 9/1/2004 (Insured; AMBAC) | 200,000 | 200,000 |
| Los Angeles Department of Airports, Airport Revenue (Ontario International Airport) 5.60%, 5/15/2004 (Insured; FGIC) | 520,000 | 522,865 |
| Los Angeles Department of Water and Power Electric Power and Light Revenue: 5%, 6/15/2004 | 500,000 ^b | 509,057 |
| 5.25%, 6/15/2004 | 100,000 ^b | 101,825 |
| 5.50%, 6/15/2004 | 100,000 ^b | 101,892 |
| Water Revenue (Power System) 5.25%, 7/1/2004 | 1,230,000 | 1,242,825 |
| Los Angeles Municipal Improvement Corporation, LR Refunding (Central Library Project) 3%, 6/1/2004 (Insured; MBIA) | 490,000 | 491,616 |
| Los Angeles Unified School District: COP (Multiple Properties Project) 4%, 10/1/2004 (Insured; FSA) | 100,000 | 101,401 |
| GO Notes, Election of 1997 4%, 7/1/2004 (Insured; MBIA) | 160,000 | 161,171 |
| Los Gatos Union School District, GO Notes, Election of 2001 3%, 8/1/2004 (Insured; FSA) | 450,000 | 452,760 |

STATEMENT OF INVESTMENTS (continued)

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|---|--------------------------|------------|
| California (continued) | | |
| Marin Emergency Radio Authority, Revenue (Public Safety and Emergency Radio) 3.65%, 8/15/2004 (Insured; AMBAC) | 200,000 | 201,851 |
| Maywood, COP, VRDN (Infrastructure Financing Project) 1.10% (LOC; Allied Irish Bank) | 2,960,000 ^a | 2,960,000 |
| Metropolitan Water District of Southern California Waterworks Revenue 4.375%, 7/1/2004 | 250,000 | 251,976 |
| Monrovia Redevelopment Agency, Tax Allocation Revenue, Refunding (Central Redevelopment Project) 4.35%, 5/1/2004 (Insured; AMBAC) | 100,000 | 100,270 |
| Mount Diablo Unified School District, GO Notes 4%, 8/1/2004 (Insured; FSA) | 200,000 | 201,878 |
| Mount San Antonio Community College District, GO Notes 3.25%, 5/1/2004 (Insured; FGIC) | 900,000 | 901,723 |
| City of Oakland, GO Notes (Measure DD) 2.50%, 1/15/2005 (Insured; MBIA) | 230,000 | 232,432 |
| Oakland State Building Authority, LR (Elihu M. Harris) 4.10%, 4/1/2004 (Insured; AMBAC) | 210,000 | 210,000 |
| Ontario Redevelopment Agency, Housing Revenue, VRDN (Terrace View LP) 1.10% (LOC; California State Teachers Retirement) | 2,300,000 ^a | 2,300,000 |
| Orange County Local Transportation Authority, Sales Tax Revenue (Measure M) 5.80%, 2/15/2005 (Insured; FGIC) | 100,000 | 103,977 |
| Orange County Public Financing Authority, LR, Refunding (Juvenile Justice Center Facility) 3%, 6/1/2004 (Insured; AMBAC) | 100,000 | 100,322 |
| Oroville Union High School District, GO Notes Election of 2002 4%, 8/1/2004 (Insured; FSA) | 225,000 | 227,205 |
| Pacific Housing and Finance Agency, LR Lease Power Program 4.625%, 12/1/2004 (Insured; MBIA) | 975,000 | 996,913 |
| City of Pacifica, COP (Public Safety Building Project) 4.50%, 11/1/2004 (Insured; MBIA) | 100,000 | 101,939 |
| Panama-Buena Vista Union School District, GO Notes Refunding 3.50%, 8/1/2004 (Insured; FSA) | 140,000 | 141,092 |
| Pittsburgh Unified School District, GO Notes, Refunding 3.50%, 8/1/2004 (Insured; FGIC) | 220,000 | 221,733 |
| Placentia-Yorba Linda Unified School District, GO Notes 4%, 8/1/2004 (Insured; FGIC) | 165,000 | 166,560 |
| City of Pomona, COP (General Fund Lease Financing) 10%, 6/1/2004 (Insured; AMBAC) | 315,000 | 319,691 |

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|---|--------------------------|------------|
| California (continued) | | |
| Redwood City Public Financing Authority, LR 2.50%, 7/15/2004 (Insured; AMBAC) | 560,000 | 562,159 |
| Reedley Public Financing Authority, LR, Refunding (Wastewater Treatment Plant) 2.50%, 6/1/2004 (Insured; AMBAC) | 100,000 | 100,215 |
| Rio Linda Union School District, GO Notes, Refunding 6.10%, 8/1/2004 (Insured; FSA) | 580,000 | 589,780 |
| Riverside County Transportation Commission, Sales Tax Revenue 5.50%, 6/1/2004 (Insured; AMBAC) | 380,000 | 382,771 |
| Riverside Transit Agency, COP, Refunding 2%, 10/1/2004 (Insured; FSA) | 250,000 | 251,041 |
| Sacramento County Sanitation District Financing Authority, Revenue: 4.80%, 12/1/2004 | 250,000 ^b | 254,388 |
| 5.50%, 12/1/2004 | 100,000 ^b | 102,912 |
| San Diego Area Housing and Finance Agency, LR, VRDN: 1.05%, Series A (Liquidity Facility; Societe Generale) | 4,555,000 ^a | 4,555,000 |
| 1.05%, Series B (Liquidity Facility; Societe Generale) | 2,640,000 ^a | 2,640,000 |
| San Diego County, COP: Central Jail Refunding 4.50%, 10/1/2004 (Insured; AMBAC) | 500,000 | 508,336 |
| VRDN (Friends of Chabad) 1.10% (LOC; Comerica Bank) | 1,500,000 ^a | 1,500,000 |
| San Diego County Regional Transportation Commission Sales Tax Revenue 6%, 4/1/2004 (Insured; AMBAC) | 550,000 | 550,000 |
| San Diego Housing Authority, MFHR, VRDN (Logan Square Apartments) 1.16% (Liquidity Facility; Merrill Lynch) | 1,800,000 ^a | 1,800,000 |
| San Francisco City and County, GO Notes 2%, 6/15/2004 (Insured; MBIA) | 550,000 | 551,117 |
| San Francisco City and County Airports Commission International Airport Revenue: 5.50%, 5/1/2004 (Insured; FGIC) | 200,000 | 200,688 |
| 5.625%, 5/1/2005 (Insured; FGIC) | 275,000 | 287,565 |
| San Jose Redevelopment Agency, Tax Allocation Revenue (Merged Area Redevelopment Project): 2%, 8/1/2004 (Insured; XL Capital Assurance) | 300,000 | 300,945 |
| 3%, 8/1/2004 (Insured; MBIA) | 630,000 | 634,180 |
| San Mateo County Community College District, GO Notes Election of 2001 3%, 9/1/2004 (Insured; FGIC) | 200,000 | 201,567 |
| San Mateo Foster City School District, GO Notes, Refunding 2%, 9/1/2004 (Insured; FSA) | 100,000 | 100,367 |

STATEMENT OF INVESTMENTS (continued)

| Tax Exempt Investments (continued) | Principal Amount (\$) | Value (\$) |
|--|--------------------------|--------------------|
| California (continued) | | |
| Santa Clara County-El Camino Hospital District Hospital Facilities Authority Revenue VRDN (Valley Medical Center Project) 1.03% (LOC; State Street Bank & Trust Co.) | 6,000,000 ^a | 6,000,000 |
| Santa Clara County Financing Authority, LR, Refunding 4.40%, 11/15/2004 (Insured; AMBAC) | 520,000 | 530,458 |
| South Orange County Public Financing Authority, Special Tax Revenue 4.20%, 8/15/2004 (Insured; FSA) | 250,000 | 252,965 |
| Southern California Public Power Authority, Electric Power and Light Revenue, Refunding: (Palo Verde Project) 5.50%, 7/1/2004 (Insured; AMBAC) (Southern Transmission) 6%, 7/1/2004 (Insured; MBIA) | 100,000 150,000 | 101,076 151,811 |
| Stockton Community Facilities District Special Tax Revenue, VRDN (Arch Road East) 1.03% (LOC; Wells Fargo Bank) | 2,700,000 ^a | 2,700,000 |
| Tobacco Securitization Authority of Southern California Tobacco Settlement Revenue, VRDN 1.11% (LOC; WestLB AG) | 9,900,000 ^a | 9,900,000 |
| Tri-City Hospital District, Revenues, Refunding 5.10%, 2/15/2005 (Insured; MBIA) | 250,000 | 258,427 |
| Tulare-Porterville Schools Financing Authority COP, VRDN (2002 Refinancing Project) 1.02% (Insured; FSA and Liquidity Facility; Dexia Credit Locale) | 7,075,000 ^a | 7,075,000 |
| Ventura County Community College District, GO Notes 3%, 8/1/2004 (Insured; MBIA) | 200,000 | 201,263 |
| Victor Valley Union High School District, GO Notes, BAN 1.25%, 6/30/2004 | 2,000,000 | 2,001,213 |
| City of Yorba Linda, LR, Refunding, COP Public Financing Authority 2.50%, 10/1/2004 (Insured; AMBAC) | 435,000 | 437,800 |
| U.S. Related--.6% | | |
| Government of Guam, LOR 5%, 12/1/2004 (Insured; FSA) | 750,000 | 768,831 |
| Puerto Rico Electric Power Authority, Electric Power and Light Revenue, Refunding 6%, 7/1/2004 (Insured; MBIA) | 100,000 | 101,232 |
| Total Investments (cost \$139,751,115) | 99.5% | 139,751,115 |
| Cash and Receivables (Net) | .5% | 746,753 |
| Net Assets | 100.0% | 140,497,868 |

Summary of Abbreviations

| | | | |
|--------------|---|-------------|--|
| AMBAC | American Municipal Bond Assurance Corporation | LOC | Letter of Credit |
| BAN | Bond Anticipation Notes | LOR | Limited Obligation Revenue |
| COP | Certificate of Participation | LR | Lease Revenue |
| CP | Commercial Paper | MBIA | Municipal Bond Investors Assurance Insurance Corporation |
| FGIC | Financial Guaranty Insurance Company | MFHR | Multi-Family Housing Revenue |
| FSA | Financial Security Assurance | RAW | Revenue Anticipation Warrants |
| GO | General Obligation | SWDR | Solid Waste Disposal Revenue |
| IDR | Industrial Development Revenue | TRAN | Tax and Revenue Anticipation Notes |
| | | VRDN | Variable Rate Demand Notes |

Summary of Combined Ratings (Unaudited)

| Fitch | or | Moody's | or | Standard & Poor's | Value (%) |
|-------------------------|----|-------------------------|----|-------------------------|--------------|
| F1 +, F1 | | VMIG1, MIG1, P1 | | SP1 +, SP1, A1 +, A1 | 79.1 |
| AAA, AA, A ^c | | Aaa, Aa, A ^c | | AAA, AA, A ^c | 19.5 |
| Not Rated ^d | | Not Rated ^d | | Not Rated ^d | 1.4 |
| | | | | | 100.0 |

^a Securities payable on demand. Variable interest rate—subject to periodic change.

^b 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.

^c Notes which are not F, MIG and SP rated are represented by bond ratings of the issuers.

^d Securities which, while not rated by Fitch, Moody's and Standard & Poor's, have been determined by the Manager to be of comparable quality to those rated securities in which the fund may invest.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2004

| | Cost | Value |
|--|-------------|--------------------|
| Assets (\$): | | |
| Investments in securities—See Statement of Investments | 139,751,115 | 139,751,115 |
| Cash | | 790,540 |
| Interest receivable | | 698,017 |
| Prepaid expenses | | 14,927 |
| | | 141,254,599 |
| Liabilities (\$): | | |
| Due to The Dreyfus Corporation and affiliates—Note 2(a) | | 64,721 |
| Payable for investment securities purchased | | 635,522 |
| Payable for shares of Beneficial Interest redeemed | | 136 |
| Accrued expenses | | 56,352 |
| | | 756,731 |
| Net Assets (\$) | | 140,497,868 |
| Composition of Net Assets (\$): | | |
| Paid-in capital | | 140,501,983 |
| Accumulated net realized gain (loss) on investments | | (4,115) |
| Net Assets (\$) | | 140,497,868 |
| Shares Outstanding | | |
| (unlimited number of \$.01 par value shares of Beneficial Interest authorized) | | 140,568,286 |
| Net Asset Value, offering and redemption price per share (\$) | | 1.00 |

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended March 31, 2004

| | |
|---|------------------|
| Investment Income (\$): | |
| Interest Income | 1,608,375 |
| Expenses: | |
| Management fee–Note 2(a) | 731,838 |
| Shareholder servicing costs–Note 2(b) | 122,301 |
| Professional fees | 54,091 |
| Custodian fees | 20,303 |
| Registration fees | 15,560 |
| Prospectus and shareholders' reports | 11,395 |
| Trustees' fees and expenses–Note 2(c) | 6,680 |
| Miscellaneous | 14,888 |
| Total Expenses | 977,056 |
| Investment Income–Net | 631,319 |
| Net Realized Gain (Loss) on Investments–Note 1(b) (\$) | 400 |
| Net Increase in Net Assets Resulting from Operations | 631,719 |

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

| | Year Ended March 31, | |
|--|----------------------|---------------------|
| | 2004 | 2003 |
| Operations (\$): | | |
| Investment income-net | 631,319 | 1,315,608 |
| Net realized gain (loss) from investments | 400 | 15,578 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 631,719 | 1,331,186 |
| Dividends to Shareholders from (\$): | | |
| Investment income-net | (631,319) | (1,315,608) |
| Beneficial Interest Transactions (\$1.00 per share): | | |
| Net proceeds from shares sold | 241,978,245 | 222,395,958 |
| Dividends reinvested | 384,982 | 787,931 |
| Cost of shares redeemed | (248,111,399) | (278,341,076) |
| Increase (Decrease) in Net Assets from Beneficial Interest Transactions | (5,748,172) | (55,157,187) |
| Total Increase (Decrease) in Net Assets | (5,747,772) | (55,141,609) |
| Net Assets (\$): | | |
| Beginning of Period | 146,245,640 | 201,387,249 |
| End of Period | 140,497,868 | 146,245,640 |

See notes to financial statements.

FINANCIAL HIGHLIGHTS

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

| | Year Ended March 31, | | | | |
|---|----------------------|---------|---------|---------|---------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Per Share Data (\$): | | | | | |
| Net asset value, beginning of period | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Investment Operations: | | | | | |
| Investment income–net | .004 | .008 | .016 | .029 | .024 |
| Distributions: | | | | | |
| Dividends from investment income–net | (.004) | (.008) | (.016) | (.029) | (.024) |
| Net asset value, end of period | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Total Return (%) | .43 | .81 | 1.58 | 2.94 | 2.43 |
| Ratios/Supplemental Data (%): | | | | | |
| Ratio of expenses to average net assets | .67 | .68 | .64 | .65 | .68 |
| Ratio of net investment income to average net assets | .43 | .81 | 1.55 | 2.89 | 2.40 |
| Net Assets, end of period (\$ x 1,000) | 140,498 | 146,246 | 201,387 | 176,590 | 163,310 |

See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus California Tax Exempt Money Market Fund (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified open-end management investment company. The fund’s investment objective is to provide investors with as high a level of current income exempt from federal and California state income taxes, as is consistent with the preservation of capital and the maintenance of liquidity. The Dreyfus Corporation (the “Manager” or “Dreyfus”) serves as the fund’s investment adviser. The Manager is a wholly-owned subsidiary of Mellon Financial Corporation (“Mellon Financial”). Dreyfus Service Corporation (the “Distributor”), a wholly-owned subsidiary of the Manager, is the distributor of the fund’s shares, which are sold to the public without a sales charge.

It is the fund’s policy to maintain a continuous net asset value per share of \$1.00; the fund has adopted certain investment, portfolio valuation and dividend and distribution policies to enable it to do so. There is no assurance, however, that the fund will be able to maintain a stable net asset value per share of \$1.00.

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

The fund 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: Investments in securities are valued at amortized cost in accordance with Rule 2a-7 of the Act, which has been determined by the fund’s Board of Trustees to represent the fair value of the fund’s investments.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Interest income, adjusted for

amortization of discount and premium on investments, is earned from settlement date and recognized on the accrual basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Cost of investments represents amortized cost. Under the terms of the custody agreement, the fund received net earnings credits of \$13,345 during the period ended March 31, 2004, based on available cash balances left on deposit. Income earned under this arrangement is included in interest income.

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

(c) Dividends 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 gain, 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 gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain.

(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.

At March 31, 2004, the components of accumulated earnings on a tax basis were substantially the same as for financial reporting purposes.

The accumulated capital loss carryover of \$4,115 is available to be applied against future net securities profits, if any, realized subsequent to March 31, 2004. If not applied, the carryover expires in fiscal 2005.

The tax character of distributions paid to shareholders during the fiscal years ended March 31, 2004 and March 31, 2003, respectively, were all tax exempt income.

At March 31, 2004, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

During the period ended March 31, 2004, as a result of permanent book to tax differences, the fund increased net realized gain (loss) on investments by \$3,494 and decreased paid-in capital by the same amount. Net assets were not affected by this reclassification.

NOTE 2—Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management agreement with the Manager, the management fee is computed at the annual rate of .50 of 1% of the value of the fund's average daily net assets and is payable monthly.

The components of Due to The Dreyfus Corporation and affiliates consists of: management fees \$59,848 and transfer agency per account fees \$4,873.

(b) Under the Shareholder Services Plan, the fund reimburses the Distributor an amount not to exceed an annual rate of .25 of 1% of the value of the fund's average daily net assets for certain allocated expenses of providing personal services and/or maintaining shareholder accounts. 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. During the period ended March 31, 2004, the fund was charged \$64,432 pursuant to the Shareholder Services Plan.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, under a transfer agency agreement for provid-

ing personnel and facilities to perform transfer agency services for the fund. During the period ended March 31, 2004, the fund was charged \$30,123 pursuant to the transfer agency agreement.

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

NOTE 3—Legal Matters:

Two class actions have been filed against Mellon Financial and Mellon Bank, N.A., and Dreyfus and Founders Asset Management LLC (the “Investment Advisers”), and the directors of all or substantially all of the Dreyfus funds, alleging that the Investment Advisers improperly used assets of the Dreyfus funds, in the form of directed brokerage commissions and 12b-1 fees, to pay brokers to promote sales of Dreyfus funds, and that the use of fund assets to make these payments was not properly disclosed to investors. The complaints further allege that the directors breached their fiduciary duties to fund shareholders under the Investment Company Act of 1940 and at common law. The complaints seek unspecified compensatory and punitive damages, rescission of the funds’ contracts with the Investment Advisers, an accounting of all fees paid, and an award of attorneys’ fees and litigation expenses. Dreyfus and the Dreyfus funds believe the allegations to be totally without merit and will defend the actions vigorously.

Additional lawsuits arising out of these circumstances and presenting similar allegations and requests for relief may be filed against the defendants in the future. Neither Dreyfus nor the Dreyfus funds believe that any of the pending actions will have a material adverse affect on the Dreyfus funds or Dreyfus’ ability to perform its contracts with the Dreyfus funds.

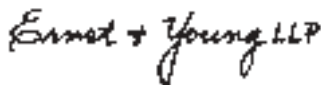
REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Trustees Dreyfus California Tax Exempt Money Market Fund

We have audited the accompanying statement of assets and liabilities of Dreyfus California Tax Exempt Money Market Fund, including the statement of investments, as of March 31, 2004 and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the financial highlights. Our procedures included confirmation of securities owned as of March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus California Tax Exempt Money Market Fund at March 31, 2004, 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 the financial highlights for each of the indicated years, in conformity with accounting principles generally accepted in the United States.

The signature is written in a cursive, handwritten style. It reads "Ernst & Young LLP". The "E" is large and loops around the "r". The "Y" is also large and loops around the "o". The "LLP" is written in a more straightforward, slightly slanted font.

New York, New York
May 7, 2004

IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby designates all the dividends paid from investment income-net during its fiscal year ended March 31, 2004 as “exempt-interest dividends” (not generally subject to regular federal and, for individuals who are California residents, California personal income taxes).

BOARD MEMBERS INFORMATION (Unaudited)

Joseph S. DiMartino (60)
Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

- The Muscular Dystrophy Association, Director
- Levcor International, Inc., an apparel fabric processor, Director
- Century Business Services, Inc., a provider of outsourcing functions for small and medium size companies, Director
- The Newark Group, a provider of a national market of paper recovery facilities, paperboard mills and paperboard converting plants, Director

No. of Portfolios for which Board Member Serves: 186

David W. Burke (68)
Board Member (1985)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee.

Other Board Memberships and Affiliations:

- John F. Kennedy Library Foundation, Director
- U.S.S. Constitution Museum, Director

No. of Portfolios for which Board Member Serves: 83

William Hodding Carter III (69)
Board Member (1988)

Principal Occupation During Past 5 Years:

- President and Chief Executive Officer of the John S. and James L. Knight Foundation (1998-
p r e s e n t)

Other Board Memberships and Affiliations:

- Independent Sector, Director
- The Century Foundation, Director
- The Enterprise Corporation of the Delta, Director
- Foundation of the Mid-South, Director

No. of Portfolios for which Board Member Serves: 11

Ehud Houminer (63)
Board Member (1994)

Principal Occupation During Past 5 Years:

- Executive-in-Residence at the Columbia Business School, Columbia University
- Principal of Lear, Yavitz and Associates, a management consulting firm, from 1996 to 2001

Other Board Memberships and Affiliations:

- Avnet Inc., an electronics distributor, Director
- International Advisory Board to the MBA Program School of Management, Ben Gurion University, Chairman
- Explore Charter School, Brooklyn, NY, Chairman

No. of Portfolios for which Board Member Serves: 30

Richard C. Leone (63)
Board Member (1985)

Principal Occupation During Past 5 Years:

- President of The Century Foundation (formerly, The Twentieth Century Fund, Inc.), a tax exempt research foundation engaged in the study of economic, foreign policy and domestic issues

No. of Portfolios for which Board Member Serves: 11

Hans C. Mautner (66)
Board Member (1985)

Principal Occupation During Past 5 Years:

- President—International Division and an Advisory Director of Simon Property Group, a real estate investment company (1998-present)
- Director and Vice Chairman of Simon Property Group (1998-2003)
- Chairman and Chief Executive Officer of Simon Global Limited (1999-present)

Other Board Memberships and Affiliations:

- Capital and Regional PLC, a British co-investing real estate asset manager, Director

No. of Portfolios for which Board Member Serves: 11

Robin A. Pringle (40)
Board Member (1995)

Principal Occupation During Past 5 Years:

- Senior Vice President of Mentor/National Mentoring Partnership, a national non-profit organization that is leading the movement to connect America's young people with caring adult mentors

No. of Portfolios for which Board Member Serves: 11

John E. Zuccotti (66)
Board Member (1985)

Principal Occupation During Past 5 Years:

- Chairman of Brookfield Financial Properties, Inc.

No. of Portfolios for which Board Member Serves: 11

Once elected all Board Members serve for an indefinite term. Additional information about the Board Members, including their address 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: 1-800-554-4611.

OFFICERS OF THE FUND (Unaudited)

STEPHEN E. CANTER, President since March 2000.

Chairman of the Board, Chief Executive Officer and Chief Operating Officer of the Manager, and an officer of 96 investment companies (comprised of 185 portfolios) managed by the Manager. Mr. Canter also is a Board member and, where applicable, an Executive Committee Member of the other investment management subsidiaries of Mellon Financial Corporation, each of which is an affiliate of the Manager. He is 58 years old and has been an employee of the Manager since May 1995.

STEPHEN R. BYERS, Executive Vice President since November 2002.

Chief Investment Officer, Vice Chairman and a Director of the Manager, and an officer of 96 investment companies (comprised of 185 portfolios) managed by the Manager. Mr. Byers also is an officer, director or an Executive Committee Member of certain other investment management subsidiaries of Mellon Financial Corporation, each of which is an affiliate of the Manager. He is 50 years old and has been an employee of the Manager since January 2000. Prior to joining the Manager, he served as an Executive Vice President-Capital Markets, Chief Financial Officer and Treasurer at Gruntal & Co., L.L.C.

MARK N. JACOBS, Vice President since March 2000.

Executive Vice President, Secretary and General Counsel of the Manager, and an officer of 97 investment companies (comprised of 201 portfolios) managed by the Manager. He is 58 years old and has been an employee of the Manager since June 1977.

JOHN B. HAMMALIAN, Secretary since March 2000.

Associate General Counsel of the Manager, and an officer of 37 investment companies (comprised of 46 portfolios) managed by the Manager. He is 40 years old and has been an employee of the Manager since February 1991.

STEVEN F. NEWMAN, Assistant Secretary since March 2000.

Associate General Counsel and Assistant Secretary of the Manager, and an officer of 97 investment companies (comprised of 201 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since July 1980.

MICHAEL A. ROSENBERG, Assistant Secretary since March 2000.

Associate General Counsel of the Manager, and an officer of 94 investment companies (comprised of 194 portfolios) managed by the Manager. He is 44 years old and has been an employee of the Manager since October 1991.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 97 investment companies (comprised of 201 portfolios) managed by the Manager. He is 45 years old and has been an employee of the Manager since April 1985.

**ROBERT ROBOL, Assistant Treasurer
since August 2003.**

Senior Accounting Manager – Money Market Funds of the Manager, and an officer of 37 investment companies (comprised of 79 portfolios) managed by the Manager. He is 40 years old and has been an employee of the Manager since October 1988.

**KENNETH J. SANDGREN, Assistant
Treasurer since November 2001.**

Mutual Funds Tax Director of the Manager, and an officer of 97 investment companies (comprised of 201 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since June 1993.

**WILLIAM GERMENIS, Anti-Money
Laundering Compliance Officer since
September 2002.**

Vice President and Anti-Money Laundering Compliance Officer of the Distributor, and the Anti-Money Laundering Compliance Officer of 92 investment companies (comprised of 196 portfolios) managed by the Manager. He is 33 years old and has been an employee of the Distributor since October 1998.

For More Information

**Dreyfus California
Tax Exempt Money
Market Fund**
200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York
100 Church Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

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

Distributor

Dreyfus Service Corporation
200 Park Avenue
New York, NY 10166

To obtain information:

By telephone

Call 1-800-645-6561

By mail Write to:

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

By E-mail Send your request
to info@dreyfus.com

On the Internet Information
can be viewed online or
downloaded from:

<http://www.dreyfus.com>