

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1995-01-11** | Period of Report: **1994-10-31**
SEC Accession No. **0000807394-95-000004**

([HTML Version](#) on [secdatabase.com](#))

FILER

PRUDENTIAL MUNICIPAL BOND FUND

CIK: **807394** | State of Incorporation: **MA** | Fiscal Year End: **0430**
Type: **N-30D** | Act: **40** | File No.: **811-04930** | Film No.: **95501041**

Mailing Address
*ONE SEAPORT PLZ
NEW YORK NY 10292*

Business Address
*199 WATER ST
NEW YORK NY 10292
2122141250*

SEMI ANNUAL REPORT

October 31, 1994

Prudential
Municipal
Bond Fund

(ICON)

High Yield Series
Insured Series
Modified Term Series

(LOGO)

AT A GLANCE

<TABLE>
<CAPTION>

Weighted Average Monthly
As of October 31, 1994

<S>	<C>
	Years
High Yield Series	20.8
Insured Series	18.7
Modified Term Sales	10.2

</TABLE>

<TABLE>
<CAPTION>

Municipal Bond Fund Yields (%)
October 31, 1994

	30-day SEC Yield			Taxable Equivalent Yield @ 36%			Taxable Equivalent Yield @ 39.6%		
	Class			Class			Class		
	A	B	C	A	B	C	A	B	C
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
High Yield Series	6.51	6.31	6.06	10.17	9.36	9.47	10.78	10.45	10.03
Insured Series	5.27	5.02	4.78	8.23	7.84	7.47	8.73	8.31	7.91
Modified Term Series	4.74	4.49	4.23	7.41	7.02	6.61	7.85	7.43	7.00

</TABLE>

Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results.

<TABLE>
AVERAGE ANNUAL TOTAL RETURNS*
As of September 30, 1994

<CAPTION>

High Yield Series

<S>	<C>	<C>
Class A Shares	% Return without FESL	% Return with FESL
One Year:	-1.41	-4.37
From Inception (1/22/90):	+7.30	+6.60
Class B Shares	% Return without CDSC	% Return with CDSC

One Year:	-1.89	-6.89
Five Year:	7.05	6.87
From Inception (9/17/87):	8.32	8.32

Class C Shares	% Return without CDSC	% Return with CDSC
----------------	--------------------------	-----------------------

Since Inception:	N/A	N/A
Lipper High Yield Municipal Average**		

Insured Series

Class A Shares	% Return without FESL	% Return with FESL
----------------	--------------------------	-----------------------

One Year:	-4.06	-6.94
From Inception (1/22/90):	7.11	6.42

Class B Shares	% Return without CDSC	% Return with CDSC
----------------	--------------------------	-----------------------

One Year:	-4.52	-9.52
Five Year:	6.87	6.71
From Inception (9/17/87):	7.77	7.77

Class C Shares	% Return without CDSC	% Return with CDSC
----------------	--------------------------	-----------------------

Since Inception:	N/A	N/A
Lipper Insured Municipal Average**		

Modified Term Series

Class A Shares	% Return without FESL	% Return with FESL
----------------	--------------------------	-----------------------

One Year:	1.45	4.41
From Inception (1/22/90):	7.09	6.39

Class B Shares	% Return without CDSC	% Return with CDSC
----------------	--------------------------	-----------------------

One Year:	-1.75	-6.75
Five Year:	6.94	6.79
From Inception (9/17/87):	7.18	7.18

Class C Shares	% Return without CDSC	% Return with CDSC
----------------	--------------------------	-----------------------

Since Inception:	N/A	N/A
Lipper Insured Municipal Average**		

</TABLE>

Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. Average annual returns are not actual yearly results but even out performance so that investors can compare different funds on an equal basis.

*Source: Prudential Mutual Fund Management, Inc. Returns assume payment of applicable sales charges. Class A shares assume the imposition of a 3% front end sales load (FESL). For Class B shares the one year, five year and from inception returns assume the effects of a contingent deferred sales charge (CDSC) of 5%, 1% and 0% respectively. Class B shares will automatically convert to Class A shares approximately seven years after purchase. Class C shares are sold subject to a contingent deferred sales charge of 1% during the first year.

Note: in the past, the Series were partially subsidized and management fees were waived. These figures do not include subsidized and fee waivers.

**Source: Lipper Analytical Services, Inc.

Letter to
Shareholders

December 15, 1994

Dear Shareholder:

The performance of the Prudential Municipal Bond Fund over the last six months has been relatively flat, but the closing statistics masked the frequent price swings in the municipal bond market as interest rates surged or sagged over the summer. Throughout these turbulent times, the portfolio managers of your High Yield Series, Insured Series and Modified Term Series worked to minimize risk to principal while maximizing tax-exempt income.*

While the past six months' performance might seem trendless, the year has been somewhat painful for investors in bonds, since interest rates have risen sharply this year at a pace unseen in decades. Of course as interest rates rise, bond prices fall, because investors no longer want to hold an old investment yielding less than a new one. We believe that yields could continue to rise but are, for now, closer to the top than the bottom of their cycle. In addition, when interest rates do stabilize, we believe that the shrinking supply of tax-free investments may support their prices.

The Fed Moves

While the Federal Reserve has increased short-term interest rates six times this year, to 5.50% from 3%, it moved only twice since we last wrote you on May 24. The later increases have been the most dramatic -- by three quarters of a percentage point in November and by half a percentage point each in May and August. The increases in February, March and April were a quarter of a percentage point each.

The Fed is trying to foster moderate economic growth without increasing inflation. Despite that effort, third-quarter gross national product (a measure of economic activity) grew at an annualized rate of 3.9% -- faster than expected and more than the 2.5% to 3% the Fed would like. Pessimists have argued that inflation must surely follow, since anxious buyers of materials and labor bid up prices when the economy grows so rapidly that shortages occur. Still, inflation to date is within the Fed's target when measured on an actual basis; inflation has been running at 2.8% this year, versus 2.7% in 1993. So, it is the fear of rising inflation that has spooked the markets -- the prospect, rather than the reality -- of any increase.

*Shareholders may be subject to state and/or local taxes and certain shareholders may be subject to the federal alternative minimum tax.

-3-

This fear has forced the yield of the Bond Buyer's Revenue Bond Index to 6.95% on October 27 from a low of 5.49% on February 3 -- an extraordinary increase of nearly one and a half percentage points in eight months. This is what has knocked bond prices down this year.

HIGH YIELD SERIES

The High Yield Series seeks to maximize income by investing in non-investment grade municipal bonds that are rated B or better by recognized outside rating agencies such as Standard & Poor's Corp. (S&P) and Moody's Investors Service Inc., or unrated bonds that our analysts believe to be of comparable quality. On October 31, 1994, approximately 50% of the portfolio was

comprised of investment grade municipal bonds rated BBB or better (or unrated bonds of comparable quality), and the balance in non-investment grade bonds.

On October 31, 1994, the Series' net asset value was \$10.40 for Class A and Class B shares, down from \$10.74 for both share classes on April 30, 1994. Class C shares were first offered on August 1, 1994 at \$10.79 and their net asset value was \$10.40 on October 31, 1994. Dividends totalling \$0.35 for Class A shares, \$0.33 for Class B shares and \$0.14 for Class C shares were paid during the period. On October 31, 1994, total net assets were \$1,073 million.

Higher Yield Bought Higher Performance

High yield bonds generally performed better than the broader municipal market during the period because they carry higher coupons, which tend to cushion price declines as interest rates rise. Municipal junk bonds were also helped by a growing economy, which improved credit conditions. As economic growth increased, so did tax revenues of many issuers, which facilitated coupon payments. Of course, high yield bonds have higher market and credit risk than investment grade bonds.

The Series' new portfolio manager, Peter Allegrini, took a defensive position to guard against higher interest rates by raising the cash position to 3% from 0.1%. The average maturity of the Series is 13 years, slightly longer than the 12.8 years it held at the beginning of the period. The manager has also sold off smaller, less marketable holdings, using the assets to add larger, core holdings.

Drawing on our considerable credit analysis resources and Allegrini's background in research, the Series has raised the percentage of assets in credits that are not rated by rating agencies to 53% from 46%, and may take the percentage as high as 55%. (Of the 53% of assets held in non-rated bonds, 9% of assets were invested in non-rated bonds deemed by our analysts to be comparable to investment grade bonds rated BBB or better and 44% were

-4-

invested in non-rated bonds deemed by our analysts to be below investment grade.)

We favor industrial development, utility, health care and transportation bonds. To implement this strategy, we have maintained a healthy 23% position in industrial development bonds to take advantage of a growing economy. We have also added utility bonds where we found values, raising their weighting to nearly 16% of assets from 13%. Several issues with 8% coupons have been purchased, including Toledo Edison, Ohio Water and Sewer and Port of Providence, R.I.

We have sold substantially all of the Series' Denver Airport bonds, reducing the position to 0.4% of assets from 3.3%. Uncertainty surrounding the project has caused short-term volatility, but we continue to believe the project is viable over the long term. Should the bonds be attractively priced in the future, we may purchase them once again. The Series' largest holding is now New York State Medical Care Facilities Financing Agency-Mental Health bonds, at 2.1% of assets.

INSURED SERIES

The Insured Series invests in AAA-rated municipal obligations, most of which are insured and whose timely coupon and principal payments, but not market value, are guaranteed by a municipal bond insurance company rated AAA or Aaa by S & P or Moody's.

As of October 31, 1994, the Series' net asset value was \$10.33 for Class A shares and \$10.34 for Class B shares, down from \$10.71 each on April 30, 1994. Dividends totalling \$0.38 for Class A shares, \$0.37 for Class B shares, and \$0.13 for Class C shares were paid during the period. Class C shares were

offered on August 1, 1994 at \$10.79 and their NAV was \$10.34 on October 31, 1994. Total assets were \$688.8 million on October 31, 1994.

Quality Is Sensitive To Interest Rates

Insured municipal bonds are considered to be of a high quality. But they are more volatile than other municipal bonds since they carry no credit risk -- their coupon and principal payments are guaranteed. Their prices react primarily to interest rate movements. As a result, insured bonds underperformed other municipal bonds over the last six months. The Lipper insured municipal bond fund average returned -1.49% while the Lipper general municipal bond fund average returned -1.34%. By comparison, insured municipals outperformed the municipal market when rates were falling in 1992 and 1993.

Concerned that interest rates could continue to rise, we took aggressive action, increasing the Series' cash and futures position to 20% from 11% over the six-month period.

-5-

The Series raised its cash and futures level by selling longer-term bonds. We also shifted assets from long-term to intermediate-term maturities and added higher coupon, non-callable bonds at favorable prices, particularly in the transportation and utility sectors. Currently, nearly 12% of assets are invested in premium, non-callable bonds.

While maintaining a defensive stance, the Series continued to trade among specialty states, states that have high income tax rates with municipal bonds that are generally considered desirable by investors. Demand for these bonds should increase their price when compared to other bonds, as issuance declines.

New purchases during the period included revenue bonds from the Texas Municipal Power Agency, the Series' largest holding, Pennsylvania certificates of participation, California Catholic Health Facility, New Jersey Economic Development Authority and Metropolitan Transportation Authority bonds. Sales included North Carolina general obligations, New York State Energy Research and Development Authority (Brooklyn Union Gas) revenue bonds, Georgia general obligations, and Pawtucket, R.I., bonds.

MODIFIED TERM SERIES

The Modified Term Series seeks to provide a high level of income consistent with preservation of capital. It invests primarily in investment grade municipal obligations with five to 15-year maturities. The Series is structured to be less price sensitive to interest rate changes than if it held only longer-term bonds. This proved true in the market over the past several months.

As of October 31, 1994, the Series' net asset value was \$10.22 for Class A and Class B shares. On April 30, 1994, the net asset value of Class A shares was \$10.67 and for Class B, \$10.68. Dividends and distributions totalling \$0.44 for Class A shares, \$0.43 for Class B shares, and \$0.11 for Class C shares were paid during the period. Class C shares were originally offered at \$10.54 and their net asset value was \$10.22 on October 31, 1994. Total net assets were \$71 million on October 31, 1994.

The Shorter Term Performed Better Than the Long

The Series' intermediate-term effective maturity helped it perform better than longer-term funds during the past six months, because intermediate-term bonds are less volatile than long-term bonds when short-term interest rates rise. The Lipper general municipal bond fund average was -1.34% during the period.

-6-

We maintained a defensive posture during the period, slightly increasing the Series' cash and futures position to more than 22% from 20% of assets. We also searched the market for inexpensive bonds offering good value. Like the High Yield and Insured Series, we focused new purchases on higher coupon, non-callable bonds, which hold their value better in a rising rate environment. We also added some discount bonds, which offer potential price gains if rates begin to move lower again.

New purchases included: New Jersey Economic Development Authority, Maryland Stadium Authority lease revenue bonds and Allegheny County (Pennsylvania) industrial revenue bonds.

There was a large supply of California bonds available in the market this year because of the state's fiscal problems. Because of this abundance of value, California has become the Series' largest state holding. Over the long term, if the state's prospects improve, supply will diminish and these bonds should become more valuable.

A Tax Reminder

As a result of the federal Revenue Reconciliation Act of 1993, which affects bonds purchased after April 30, 1993, it is possible that this year you may have some taxable income from your tax-free municipal bond fund. The law stipulates that the portion of any gain realized on the sale or retirement of a tax-free bond purchased at a market discount to its face value must be taxed as ordinary income.

Following this change in federal tax law, some discount bonds have been selling at levels so cheap they will produce a higher after-tax return than other bonds not subject to the provisions of the new law. We have occasionally taken advantage of this market imbalance because we have determined that at very low prices these bonds can still provide you with a higher after-tax return on your investment.

The Outlook: Rates Near Highs, Supply Is Falling

Given the performance of the stock and bond markets to date, it is apparent that total returns for the full year will be well below historic averages. Until the bond market becomes convinced that the Fed will successfully prevent inflation from accelerating, interest rates and bond prices will remain quite volatile.

After the Fed again increased short-term interest rates in November, it did not announce that it would pause for a time, as it had done earlier. This left analysts to conclude that the Fed is not willing to say its work is finished. It is important to emphasize here that the Fed directly controls only short-term interest rates, not long-term rates. The market may well take long-term interest rates higher, but we believe that the 30-year U.S. Treasury yield at 8%

-7-

is closer to the top of the interest rate cycle than the bottom. That's a five percentage point premium over the inflation rate, a very healthy premium by historic standards. This makes real, inflation-adjusted yields attractive.

At the same time, the supply of tax-free municipal bonds is contracting sharply, and the zeal for austerity in government now sweeping the country might further curtail borrowing. Through October, issuance of municipal bonds has fallen by 44%. For calendar 1994, we expect that only half as many bonds will be issued as last year. A year from now, there will be far fewer bonds outstanding. When interest rates stabilize and investors return to the market, we might see better performance from the tax-exempt municipal bond market.

As always, it is a pleasure to work for you. We appreciate the confidence you have shown in us by choosing the Prudential Municipal Bond Fund.

Sincerely,

Lawrence C. McQuade
President

Peter Allegrini
High Yield Series
Portfolio Manager

Pat Dolan
Insured Series
Portfolio Manager

Marie Conti
Modified Term Series
Portfolio Manager

-8-

PORTFOLIO Q&A

PHOTO

Peter J. Allegrini

Peter J. Allegrini took over management of the Prudential Municipal Bond Fund -- High Yield Series -- in July after he was named managing director and senior portfolio manager of Prudential Investment Corp. He joined Prudential from Fidelity Investments, where he managed more than \$3 billion in high yield municipal bond assets. He first joined Fidelity in 1982 as a senior bond analyst and group leader of municipal research. We asked Peter recently to outline his investment philosophy and plans for the fund.

Q. How would you describe your investment style?

A. I'm a contrarian. I look for value. The price must be low, the potential for appreciation strong, and the relationship between risk and reward must be favorable. I take advantage of out-of-favor opportunities, provided solid credit research supports my investment conclusion. Research is vitally important. Unlike the insured or higher quality municipal bonds, the high yield market is more vulnerable to the ups and downs of the economy. We want to know, over the long term, will the project be economically viable? Can it pass an economic stress test?

Q. How do you make that judgement?

A. After seven years in research, I understand the fundamentals. I believe you start looking for value in a sector, or industry, and then look at the market of the business, and its market share. Quality of management is crucial because management can make or break the situation. They must be able to compete cost-effectively. Then you look at the balance sheet.

Q. What sectors are you looking at now?

A. I like health care, industrial development and utilities. There have been a lot of changes in health care. Cost pressures are high. You have to assess the credibility and quality of management. Then you apply the balance sheet tests. Is it liquid or leveraged? Are costs high or is it a niche player with a specialty no one else can compete with? Industrial development is a strong sector in a growing economy, particularly in commodity-related businesses, as demand increases for products such as steel and paper. The electric utilities have fallen substantially this year, and are becoming increasingly attractive.

Q. It sounds like there is a lot of opportunity.

A. We're in an economic expansion. That's good news for the high yield sector. A growing economy helps balance sheets, providing the capital to make interest payments. But remember, you really shouldn't compare the high yield municipal market with the high yield corporate market.

		92A.....	\$	7,503,750
		Fairfield Green Valley Rd., Impvt. Bd., 7.375%, 9/2/18.....		2,692,088
NR	2,685	Folsom Spec. Tax Dist. No. 2, 7.70%, 12/1/19.....		3,227,625
NR	3,130	Fontana Cmnty. Spec. Tax Rev. Facs., Dist. No. 2, 8.50%, 9/1/17, Ser. B.....		3,727,430
NR	3,500	Long Beach Redev. Agcy. Hsg., Multifamily Hsg. Rev., Pacific Court Apts., 6.80%, 9/1/13.....		3,603,868
NR	3,805	6.95%, 9/1/23.....		5,807,874
NR	6,195	Orange Cnty. Cmnty. Facs. Dist. Spec. Tax Rev., No. 87-4 Foothill Ranch, 7.375%, 8/15/18, Ser. A#.....		8,362,050
NR	7,500	Richmond Redev. Agcy. Rev., Multifamily Bridge Affordable Hsg., 7.50%, 6/1/23.....		9,438,600
NR	10,000	Sacramento Cnty. Spec. Tax Rev., Dist. No. 1, Elliot Ranch, 8.20%, 8/1/21.....		3,878,287
NR	3,750	Dist. No. 1, Laguna Creek Ranch, 8.25%, 12/1/20.....		4,671,090
NR	4,500	San Joaquin Hills Trans. Corridor Agcy. Toll Road Rev., Zero Coupon, 1/1/11...		3,153,405
NR	12,900	Zero Coupon, 1/1/24...		5,218,000
NR	50,000	7.00%, 1/1/30.....		9,669,500
NR	10,000			

</TABLE>

-10- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited)	Principal Amount (000)	Description(a)	Value (Note 1)
<C>	<C>	<S>	<C>
		California (cont'd) San Jose Redev., Tax Allocation, M.B.I.A.,	
Aaa	\$ 1,750	6.00%, 8/1/09..... Santa Margarita/Dana Point Auth. M.B.I.A., Impvt. Dists 1-2-2A-8	\$ 1,685,180

Aaa	1,990	7.25%, 8/1/13, Ser. A.....	2,163,787
		Improvement Dists 3-3A-4A,	
Aaa	3,000	7.25%, 8/1/12, Ser. B.....	3,237,870
		So. San Francisco Redev., Agcy., Tax Alloc., Gateway Redev. Proj.,	
NR	2,375	7.60%, 9/1/18.....	2,368,113
		Southern California Home Fin. Auth., Sngl. Fam. Mtge. Rev., G.N.M.A.,	
AAA*	8,335	7.625%, 10/1/22, Ser. 89A.....	8,487,364
		West Contra Costa School Dist., Cert. of Part.,	
Ba	1,600	7.125%, 1/1/24.....	1,495,184

			99,800,700

		Colorado--3.7% Colorado Hsg. Fin. Auth., Sngl. Fam. Mtge. Rev.,	
AA*	1,985	7.65%, 8/1/22, Ser. C3.....	1,986,925
		Denver City & Cnty. Arpt. Rev.,	
Baa	1,500	7.75%, 11/15/13, Ser. D.....	1,477,920
Baa	3,360	8.00%, 11/15/25, Ser. A.....	3,310,507
		Denver City & Cnty. Ind. Dev. Rev., Univ. of Denver,	
BBB*	1,450	7.50%, 3/1/11, Ser. 91.....	1,506,159
		Eagle Cnty. Hsg. Proj., Lake Creek Affordable Hsg. Corp.,	
NR	\$ 11,610	8.00%, 12/1/23, Ser. A.....	\$ 11,288,867
		Miguel Cnty., Mtn. Vlg. Met. Dist. Colo. San Miguel Co.,	
NR	3,200	8.10%, 12/1/11.....	3,213,824
		San Miguel Cnty. Hsg. Auth., Multi Hsg. Ref. Rev., Telluride Mountain Village,	
NR	1,100	6.30%, 7/1/13.....	988,658
NR	4,675	6.40%, 7/1/23.....	4,027,887
		Superior Met. Dist. No. 1 Colorado Wtr. & Swr. Rev.,	
NR	3,300	7.50%, 12/1/98.....	3,300,000
NR	8,900	8.50%, 12/1/13.....	8,877,750

			39,978,497

District Of Columbia--2.5%			
Dist. of Columbia			
Rev.,			
America Geophysical			
Union,			
Aaa	6,000	6.50%, 6/1/10,	
		M.B.I.A.,.....	5,895,840
BBB-*	1,350	5.75%, 9/1/13.....	1,131,395
BBB-*	4,200	5.875%, 9/1/23.....	3,419,262
		National Public Radio,	
NR	8,800	7.625%, 1/1/18.....	8,875,856
		We Care Prods. Inc.,	
NR	8,000	9.50%, 11/1/19.....	8,000,000

			27,322,353

Florida--6.1%			
Brevard Cnty. Tourist			
Dev. Tax Rev.,			
4th Central Florida			
Marlins, Spring			
Training Fac.,			
NR	1,000	6.325%, 3/1/03.....	1,020,980

</TABLE>

-11- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
Florida (cont'd)			
Broward Cnty. Res.			
Rec. Rev.,			
Broward Waste Energy,			
A	\$ 2,710	L.P. North,	\$ 2,918,128
		7.95%, 12/1/08.....	
Broward Waste Energy,			
A	3,780	L.P. South,	4,070,304
		7.95%, 12/1/08.....	
Escambia Cnty. Hlth.			
Facs. Auth. Rev.,			
L.P. South,			
NR	2,605	Azalea Trace, Ref.,	2,794,045
		9.25%, 1/1/06.....	
BBB+*	4,385	Baptist Hosp., Ref.,	4,740,623
		8.60%, 10/1/02, Ser.	
A.....			
Florida Hsg. Fin.			
Agcy., Palm Aire			
Proj.,			
NR	9,922	Multifamily Hsg. Rev.,	5,952,954
		10.00%,	
		1/1/20 (D) (D).....	
Florida St. Cmnty.			
Svcs. Corp.,			
Kissimmee Suburb			
NR	1,000	Utils. Rev.,	1,136,230
		8.625%, 10/1/03#.....	
Walton Cnty. Utils.			
Rev.,			
NR	1,000	9.00%, 3/1/18#.....	1,140,070
Greater Orlando			
Aviation			

A1	2,250	Auth. Rev., Orlando Florida Arpt. Facs., 8.00%, 10/1/18.....	2,424,510
		Hillsborough Cnty. Ind. Dev. Auth. Rev., Ind. Lvg. Ctr., Tampa Proj., Ser. 89(D) (D),	
NR	5,460	11.00%, 3/1/19.....	4,368,000
		Osceola Cnty. Ind. Dev. Auth. Rev.,	
NR	9,000	7.75%, 7/1/17.....	8,856,990
		Palm Beach Cnty. Hsg. Auth., Banyan Club Apts.,	
NR	4,655	7.75%, 3/1/23, Ser. A.....	4,504,225
		Sarasota Hlth. Facs., Kobernick House Meadow Park Proj.,	
NR	\$ 7,000	10.00%, 7/1/22.....	\$ 7,187,880
		Seminole Cnty. Ind. Dev. Auth. Rev., Ind. Dev. Fern Park,	
NR	6,430	9.25%, 4/1/12.....	6,633,895
		Tampa Rev., Tampa Aquarium Proj.,	
NR	7,500	7.75%, 5/1/27.....	7,567,800

			65,316,634

		Georgia--1.5%	
		Atlanta Urban Res. Fin. Auth., Clark Atlanta Univ. Dorm. Proj.,	
NR	5,010	9.25%, 6/1/10#.....	5,961,048
		Effingham Cnty. Dev. Auth., Ft. Howard Corp.,	
B1	10,000	7.90%, 10/1/05.....	10,004,800

			15,965,848

		Hawaii--0.6%	
		Hawaii Cnty. Impvt. Dist. No. 17,	
NR	7,175	9.50%, 8/1/11.....	6,959,750

		Illinois--6.4%	
		Chicago O'Hare Int'l. Arpt., Spec. Fac. Rev., Amer. Airlines, Ser. A,	
Baa2	4,000	7.875%, 11/1/25.....	3,938,400
		United Airlines, Ser. B,	
Baa3	6,000	8.45%, 5/1/07.....	6,165,180
Baa3	6,500	8.50%, 5/1/18.....	6,756,230
Baa3	2,850	8.85%, 5/1/18.....	3,070,305
Baa3	2,435	8.95%, 5/1/18.....	2,601,262
		Hennepin Ind. Dev. Rev., Exolon Esk. Co. Proj.,	
NR	8,000	8.875%, 1/1/18 (D) (D).....	7,855,760
		Methchem Corp. Proj.,	

NR 4,420 10.25%, 1/1/05, Ser. 397,800
 89.....

</TABLE>

-12- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
 HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Illinois (cont'd)	
		Illinois Dev. Fin. Auth. Rev., Multifamily Hsg. Town & Garden Apts.,	
BBB+*	\$ 9,460	7.20%, 9/1/08.....	\$ 9,360,764
		Illinois Hlth. Facs. Auth. Rev., Adventist Living Ctr.,	
NR	2,245	11.00%, 12/1/15 (D) (D).....	493,802
		Beacon Hill Proj.,	
NR	7,422	9.00%, 8/15/19, Ser. A.....	7,951,188
		Friendship Vlg. Schaumburg Proj.,	
NR	2,900	9.00%, 12/1/08#.....	3,329,026
		Westlake Cmnty. Hosp.,	
Baa1	7,000	7.875%, 1/1/13.....	7,102,620
		Kankakee Ind. Dev. Rev., Kroger Co. Proj.,	
Ba2	2,500	7.85%, 9/1/15.....	2,533,200
		Met. Pier & Exposition Auth. Rev., McCormick Place,	
Aaa	10,000	Zero Coupon, 6/15/14, F.G.I.C.....	2,592,200
		Winnebago Cnty. Hsg. Fin. Corp., Park Tower Assoc. Sec. 8,	
NR	4,494	8.125%, 1/1/11.....	4,462,904

			68,610,641

		Indiana--2.2% Bluffton Econ. Dev. Rev., Kroger Co. Proj.,	
Ba2	7,500	7.85%, 8/1/15.....	7,599,600
		East Chicago Poll. Ctrl. Rev., Inland Steel Co.	
BB-*	4,000	Proj. No. 10, 6.80%, 6/1/13, Ser. 1993.....	3,654,080
		Indianapolis Indiana Arpt. Auth. Rev. Federal Express Corp. Project,	
Baa1	\$ 5,000	7.10%, 1/15/17.....	\$ 4,875,000
		Wabash Econ. Dev. Rev. Bonds, Connell L.P.,	

NR	7,250	8.50%, 11/24/17.....	7,573,930

			23,702,610

		Iowa--1.0%	
		Iowa Fin. Auth., Hlth.	
		Care Facs. Rev.,	
		Mercy Hlth.	
		Initiatives,	
NR	10,000	9.95%, 7/1/19.....	10,513,900

		Kentucky--1.5%	
		Kenton Cnty. Kentucky	
		Arpt. Brd. Arpt.	
		Rev.	
		Delta Airlines	
		Proj.,	
Ba1	8,000	7.50%, 2/1/20.....	7,625,520
		Owensboro Kentucky	
		Elec. Lt. & Pwr.	
		Rev.	
		Ser. B, A.M.B.A.C.,	
Aaa	5,000	Zero Coupon, 1/1/14...	1,352,300
Aaa	6,650	Zero Coupon, 1/1/16...	1,553,174
		Perry Cnty., Solid	
		Waste	
		TJ Proj.,	
NR	2,250	7.00%, 6/1/24.....	2,104,110
		Trimble Cnty. Poll.	
		Ctrl. Rev.,	
		Louisville Gas &	
		Elec. Co.,	
Aa2	3,130	7.625%, 11/1/20.....	3,299,270

			15,934,374

		Louisiana--5.0%	
		Hodge Util. Rev.,	
		IDB Stone	
		Container Corp.,	
NR	10,000	9.00%, 3/1/10.....	10,158,200

</TABLE>

-13- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Louisiana (cont'd)	
		New Orleans Home	
		Mtge. Auth. Rev.,	
		Sngl. Fam. Mtge.,	
		G.N.M.A.,	
Aaa	\$ 1,670	8.60%, 12/1/19, Ser.	
		A.....	\$ 1,795,868
		Port of New Orleans	
		Ind.	
		Dev. Rev.,	
		Continental	
		Grain Co. Proj.,	
BB-*	5,000	7.50%, 7/1/13.....	4,814,900
		St. Charles Parish,	
		Poll. Ctrl. Rev.,	
		Louisiana Pwr. & Lt.	

		Co.,	
NR	10,000	8.25%, 6/1/14.....	10,705,500
Baa3	10,000	8.00%, 12/1/14, Ser.	
		1989.....	10,619,200
		West Feliciana Parish	
		Poll. Ctrl. Rev.,	
		Gulf St. Util. Co.	
		Proj.,	
BBB-*	3,000	7.70%, 12/1/14.....	3,134,430
BBB-*	7,000	7.50%, 5/1/15, Ser.	
		A.....	7,091,140
Baa3	5,250	9.00%, 5/1/15.....	5,872,020

			54,191,258

		Maryland--2.0%	
		Anne Arundel Cnty.	
		First Mtge. Rev.,	
		Pleasant Living	
		Conv.,	
NR	3,490	8.50%, 7/1/13.....	3,546,887
		Anne Arundel Cnty.	
		Rev.,	
		Annapolis Life Care	
		Inc., Ginger Cove,	
NR	1,250	6.00%, 1/1/18.....	1,056,013
		Maryland Hlth. &	
		Higher Edl. Facs.	
		Auth. Rev.,	
		Doctors Cmnty.	
		Hosp.,	
BBB-*	3,900	8.75%, 7/1/22#.....	4,562,610
Baa	6,100	5.50%, 7/1/24.....	4,453,549
		Northeast Waste Disp.	
		Auth.,	
		Baltimore City	
		Sludge Compositing	
		Fac.,	
NR	\$ 4,582	7.25%, 7/1/07.....	\$ 4,459,477
NR	3,400	8.50%, 7/1/07.....	3,327,274

			21,405,810

		Massachusetts--4.4%	
		Mass. St. Coll. Bldg.	
		Project and	
		Refunding Bonds,	
A	1,750	7.50%, 5/1/14.....	1,911,210
		Mass. St. Hlth. & Edl.	
		Facs. Auth. Rev.,	
		Cardinal Cushing	
		Gen. Hosp.,	
NR	7,500	8.875%, 7/1/18.....	7,701,300
		Cooley Dickinson	
		Hosp.,	
NR	7,200	7.125%, 11/15/18.....	6,955,056
		St. Josephs Hosp.,	
NR	5,740	9.50%, 10/1/20, Ser.	
		C#.....	6,730,150
		Valley Regl. Hlth.	
		Sys.,	
Baa	3,950	8.00%, 7/1/18, Ser.	
		B#.....	4,478,668
		Mass. St. Hsg. Fin.	
		Agcy.	
		Rev., Residential	
		Hsg.,	
BBB+*	335	8.10%, 8/1/23, Ser.	
		B.....	341,368

		Mass. St. Ind. Fin. Agcy. & Hlth. Care Fac. Rev., Hampden Nursing Home Proj. A,	
NR	3,810	9.75%, 10/1/17.....	3,960,609
		Mass. St. Ind. Fin. Agcy. Rev., Berkshire Retirement Facs.,	
NR	2,000	9.875%, 7/1/18#.....	2,237,500
		Continental Res.,	
NR	3,300	9.50%, 2/1/00, Ser. A.....	3,506,976

</TABLE>

-14- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Massachusetts (cont'd) Mass. St. Ind. Fin. Agcy. Rev., Merrimack College,	
BBB-*	\$ 3,140	7.125%, 7/1/12.....	\$ 3,067,215
		Randolph Hsg. Auth., Multifamily Hsg., Liberty Place Proj. A,	
NR	6,075	9.00%, 12/1/21, Ser. A.....	6,196,500

			47,086,552

		Michigan--4.8% Gratiot Cnty. Econ. Dev. Corp. Ltd., Oblig. Econ. Dev. Rev., Danley Die Proj. Connell L.P.,	
NR	3,200	7.625%, 4/1/07.....	3,175,680
		Greater Detroit Res. Rec. Auth. Rev.,	
BBB-*	6,490	9.25%, 12/13/08, Ser. C.....	6,850,000
BBB-*	8,500	9.25%, 12/13/08, Ser. H.....	8,971,495
		Holland Sch. Dist., Sch. Dist. Cap. Apprec.,	
Aaa	2,950	Zero Coupon, 5/1/17, A.M.B.A.C.....	624,604
		Lowell Area Sch.,	
Aaa	5,000	Zero Coupon, 5/1/14, F.G.I.C.....	1,321,900
		Meridian Econ. Dev. Corp. Rev., Burcham Hills Retirement Fac.,	
NR	2,875	9.625%, 7/1/19.....	3,112,130
		Michigan St. Hosp. Fin.	

		Auth. Rev., Saratoga Cmnty. Hosp.,	
NR	7,100	8.75%, 6/1/10, Ser. A.....	7,397,987
		Michigan Stragitic Fund, Gennese Pwr. Station,	
NR	6,000	7.50%, 1/1/21.....	5,579,520
		Monroe Cnty. Poll. Ctrl. Rev., Detroit Edison Co. Proj.,	
Baa1	\$ 8,000	7.75%, 12/1/19, Ser. A.....	\$ 8,400,400
		Romulus Michigan Cmnty. Sch., F.G.I.C.,	
Aaa	5,000	Zero Coupon, 5/1/21...	789,050
		Wayne Cnty. Bldg. Auth.,	
Baa	3,500	8.00%, 3/1/17, Ser. A#.....	3,977,645
		West Ottawa Pub. Sch. Dist., F.G.I.C.,	
Aaa	4,825	Zero Coupon, 5/1/15...	1,186,805

			51,387,216

		Minnesota--0.9%	
		Minneapolis St. Paul Hsg. Fin. Brd., Multifamily Rev., Riverside Plz.,	
AAA*	4,000	8.25%, 12/20/30, G.N.M.A. (D).....	4,205,040
		Southern Minnesota Mun. Pwr. Agcy. Pwr. Supply Sys., Ser. A, M.B.I.A.,	
Aaa	25,875	Zero Coupon, 1/1/19...	5,176,811
Aaa	1,500	Zero Coupon, 1/1/20...	280,095

			9,661,946

		Mississippi--2.3%	
		Claiborne Cnty., Poll. Ctrl. Rev., Middle So. Energy Sys.,	
NR	10,350	9.50%, 12/1/13, Ser. A.....	11,668,383
NR	6,100	9.875%, 12/1/14, Ser. C.....	6,960,344
		Mississippi Hosp. Equip. & Facs. Auth. Rev., Methodist Hosp. & Rehab. Ctr.,	
NR	5,000	9.375%, 5/1/12#.....	5,778,500

			24,407,227

</TABLE>

-15- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE> <CAPTION> Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Missouri--0.6% St. Louis Cnty. Ind. Dev. Auth. Rev., Conv. & Sports Complex, 7.90%, 8/15/21, Ser. C.....	\$ 4,415,537
NR	\$ 4,250		
		Soemm Proj., 10.25%, 7/1/08.....	2,566,904
NR	2,435		
			----- 6,982,441 -----
		Montana--0.7% Montana Brd. Inv. Res. Rec. Rev., Yellowstone Energy L.P. Proj., 7.00%, 12/31/19.....	7,273,360
NR	8,000		-----
		Nebraska--0.3% Nebraska Invest. Fin. Auth., G.N.M.A., Sngl. Fam. Mtge. Rev., 8.125%, 8/15/38, Ser. I, M.B.I.A.....	3,039,476
Aaa	2,945		-----
		New Hampshire--3.1% New Hampshire Higher Edl. & Hlth. Facs. Auth., Antioch College, 7.875%, 12/1/22.....	5,587,235
NR	5,530		
		Havenwood/Heritage Heights, 9.75%, 12/1/19.....	8,438,349
NR	7,840		
		New Hampshire St. Ind. Dev. Auth., Poll. Ctrl. Rev., 8.00%, 12/1/14, Ser. A.....	4,260,589
Ba1	4,125		
		7.50%, 5/1/21, Proj. B.....	2,755,885
Baa3	2,750		
		7.65%, 5/1/21, Proj. A.....	12,146,400
Baa3	12,000		-----
			33,188,458 -----
		New Jersey--2.9% Camden Cnty. Poll. Ctrl. Fin. Auth., Solid Waste Res. Rec. Rev., 7.50%, 12/1/09, Ser. B.....	\$ 2,423,075
Baa1	\$ 2,500		
		Howell Twnshp. Mun. Utils. Auth. Rev., 8.60%, 1/1/14.....	1,975,592
NR	1,750		
		Hudson Cnty. Impvt. Auth., Solid Waste Sys., 7.10%, 1/1/20.....	9,614,100
BBB-*	10,000		

		New Jersey St. Econ. Dev. Auth., 1st Mtge. Keswick Pines Proj.,	
NR	10,845	7.75%, 1/1/01.....	10,538,846
		New Jersey St. Econ. Dist. Heating & Cool., Trigen Trenton Proj.,	
BBB-*	5,640	6.20%, 12/1/10.....	5,306,225
		Union Cnty. Utils. Auth., Solid Waste Rev.,	
A-*	1,000	7.20%, 6/15/14, Ser. A.....	989,510

			30,847,348

		New Mexico--0.6% Farmington New Mexico Poll. Ctrl. Rev., San Juan Proj.,	
Ba2	7,500	6.40%, 8/15/23, Ser. A.....	6,491,625

		New York--6.7% Met. Trans. Auth. Facs. Rev., F.G.I.C.,	
Aaa	8,340	Zero Coupon, 7/1/13, Ser. N.....	2,376,400
		Nassau Cnty. Ind. Dev. Agcy. Rev., S&S Incinerator Jt. Venture Proj.,	
NR	8,000	9.00%, 1/1/07(D) (D)...	4,640,000

</TABLE>

-16- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		New York (cont'd) New York City Ind. Dev. Agcy., American Airlines Inc.,	
Baa2	\$ 3,320	8.00%, 7/1/20.....	\$ 3,398,651
		Mesorah Publications Ltd.,	
NR	1,959	10.25%, 3/1/19.....	2,133,076
		New York City, Gen. Oblig.,	
Baa1	6,000	7.50%, 2/1/04, Ser. B.....	6,434,220
		New York Hosp. Rev., Newark Wayne Cmnty. Hosp., Inc.,	
NR	5,380	7.60%, 9/1/15, Ser. A.....	5,290,853
		New York St. Dorm. Auth.	

Baa1	7,000	Rev., City Univ., 5.75%, 7/1/13, Ser. A.....	6,036,170
		New York St. Energy Resh. & Dev. Auth. Rev., Brooklyn Union Gas Co.,	
Aaa	2,000	7.539%, 7/8/26, Ser. D M.B.I.A.@.....	1,355,000
		New York St. Med. Care Facs. Fin. Auth. Rev., Mental Hlth. Svcs.,	
Baa1	7,510	5.375%, 2/15/14.....	6,118,397
Baa1	15,000	5.25%, 2/15/19.....	11,565,300
Aaa	6,250	5.25%, 2/15/21, F.S.A.....	4,999,375
		New York St. Mtge. Agcy. Rev., Homeowner Mtge.,	
Aa	3,505	8.125%, 4/1/20, Ser. GG.....	3,696,128
		New York St. Urban Dev. Corp. Rev., Correctional Facs.,	
Baa1	2,000	5.50%, 1/1/14.....	1,669,140
Baa1	10,000	5.50%, 1/1/15.....	8,268,800
		Port Auth. of New York & New Jersey Spec. Oblig., U.S. Air, LaGuardia Arpt.,	
NR	\$ 4,000	9.125%, 12/1/15.....	\$ 4,372,080
			----- 72,353,590 -----
		Ohio--1.9% Mahoning Valley Ohio San. Dist. Wtr. Rev.,	
NR	8,000	7.75%, 5/15/19.....	7,785,760
		Montgomery Cnty. Hlth. Care Facs. Rev., Friendship Vlg. Dayton, Proj. B,	
NR	4,500	9.25%, 2/1/16.....	4,562,595
		Ohio Hsg. Fin. Agcy., Sngl. Fam. Mtge. Rev., G.N.M.A.,	
AAA*	1,370	8.25%, 12/15/19, Ser. B.....	1,421,937
		Ohio St Wtr. Dev. Auth. Poll. Ctrl. Facs., Toledo Edison,	
Ba2	7,000	8.00%, 10/1/23.....	6,860,350
			----- 20,630,642 -----
		Oklahoma--1.1% Tulsa Mun. Arpt. Trust Rev., American Airlines, Inc.,	
Baa2	13,000	7.375%, 12/1/20.....	12,208,300
		Pennsylvania--5.6%	

NR	2,800	Allegheny Cnty. Hosp. Dev. Auth. Rev., West Penn. Hosp. Hlth. Proj., 8.50%, 1/1/20.....	3,035,592
NR	3,500	Berks Cnty. Ind. Dev. Auth. Rev., Lutheran Home Proj., 6.875%, 1/1/23.....	3,180,205
NR	367	Berks Cnty. Mun. Auth. Rev., Adventist Living Ctrs. Proj., 11.00%, 12/1/15 (D) (D).....	80,842

</TABLE>

-17- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
NR	\$ 5,240	Pennsylvania (cont'd) Berks Cnty. Mun. Auth. Rev., Alvernia Coll. Proj., 7.75%, 11/15/16.....	\$ 5,413,077
NR	4,000	Bucks Cnty. Ind. Dev. Auth. Rev., Mill Run Care, 10.00%, 7/1/19 (D) (D).....	2,320,000
NR	3,750	Chartiers Valley Ind. & Coml. Dev. Auth. Rev., Friendship Village/ South Hills, 9.50%, 8/15/18.....	4,043,138
NR	1,180	Doylestown Hosp. Auth. Rev., Pine Run, 7.20%, 7/1/23.....	1,096,621
A	5,965	Lancaster Cnty. Solid Waste Mgmt., Res. Rec. Auth. Sys. Rev., 8.50%, 12/15/10, Ser. A.....	5,938,038
NR	6,000	North Umberland Cnty. Ind. Dev. Auth. Rev., Roaring Creek Wtr., 6.375%, 10/15/23.....	5,089,020
Aa	3,460	Pennsylvania Hsg. Fin. Agcy., Sngl. Fam. Mtge. Rev., 8.15%, 10/1/21, Ser. 27.....	3,632,204
Aa	1,050	8.059%, 4/1/25@..... Pennsylvania St. Higher Edl. Facs. Auth. Rev., Med. Coll. of	807,188

Baa1	5,200	Pennsylvania, 8.375%, 3/1/11, Ser. A.....	5,458,804
		Philadelphia Gas Wks. Rev.,	
Aaa	4,800	7.70%, 6/15/21, Ser. 13#.....	5,408,928
		Philadelphia Wtr. & Waste Auth. Rev., M.B.I.A.,	
Aaa	5,005	5.00%, 6/15/18.....	3,894,340
Aaa	2,200	5.00%, 6/15/19.....	1,703,746
		Shenango Valley Hosp. Auth. Rev., Osteopathic Hosp. Med. Ctr.,	
BBB+*	\$ 4,900	7.875%, 4/1/10.....	\$ 5,060,328
		Wilkes Barre Gen. Mun. Auth. Coll. Rev., Misericordia Coll.,	
NR	1,245	7.75%, 12/1/12, Ser. A.....	1,276,349
NR	2,660	7.75%, 12/1/12, Ser.B.....	2,726,979

			60,165,399

		Puerto Rico--2.0%	
		Puerto Rico Aqueduct & Swr. Auth. Rev.,	
Baa	3,500	7.875%, 7/1/17, Ser. A.....	3,824,135
		Puerto Rico Elec. Pwr. Auth., Pwr. Rev. Refunding Bonds,	
Baa1	7,375	6.125%, 7/1/09, Ser. S.....	7,135,460
		Puerto Rico Tel. Auth. Rev., M.B.I.A., Ser. I,	
Aaa	6,500	7.073%, 1/25/07@.....	5,419,375
Aaa	6,150	7.137%, 1/16/15@.....	4,604,813

			20,983,783

		Rhode Island--2.3%	
		Providence Rhode Island Redev. Agcy., Cert. of Part.,	
NR	11,000	8.00%, 9/1/24, Ser. A.....	10,682,650
		Rhode Island Depositors Econ. Protn. Corp., Sub. Gen. Oblig.,	
NR	7,000	10.00%, 7/1/07, Ser. B.....	7,647,500
		Rhode Island Hsg. & Mtge. Fin. Corp., Homeownership Opportunity,	
A1	6,000	8.20%, 10/1/17, Ser. 1A.....	6,145,740

			24,475,890

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		South Carolina--0.9% Lee Cnty. Ind. Dev. Rev., Mid American Waste System, 7.00%, 9/15/13.....	\$ 4,903,474
NR	\$ 5,450	So. Carolina St. Hsg. Fin. & Dev. Auth., Homeownership Mtge., 7.75%, 7/1/22.....	4,438,461
Aa	4,345		----- 9,341,935 -----
		South Dakota--0.6% So. Dakota Econ. Dev. Fin. Auth., Dakota Park, 10.25%, 1/1/19.....	4,751,800
NR	5,165	Lomar Dev. Co. Proj., 10.25%, 8/1/08.....	1,382,095
NR	1,300		----- 6,133,895 -----
		Tennessee--0.7% Knox Cnty. Hlth. & Edl. Facs. Rev., Baptist Hlth. Hosp., 8.50%, 4/15/04.....	7,928,190
NR	7,525		-----
		Texas--3.0% Beaumont Hsg. Fin. Corp., Sngl. Fam. Mtge. Rev., 9.20%, 3/1/12.....	2,295,875
A	2,120	Bell Cnty. Hlth. Facs. Dev. Corp., Adventist Living Tech., Inc., 10.50%, 6/15/18, Ser. A.....	5,318,400
NR	5,540	Harris Cnty. Texas Cultural Ed. Facs. Fin. Corp. Rev. Space Ctr., Houston Proj., 9.25%, 8/15/15.....	6,580,000
NR	7,000	Port Corpus Christi Ind. Dev. Corp., Valero Refining & Mfg. Co., 10.25%, 6/1/17, Ser. A.....	1,451,190
Baa3	1,300	Retama Dev. Corp., Spec. Fac., Retama Park Racetrack,	

NR	\$ 7,500	8.75%, 12/15/18.....	\$ 7,312,500
		Tarrant Cnty. Hlth. Facs. Dev. Corp., Rev., 3927 Fndtn. Proj.,	
NR	5,000	10.25%, 9/1/19.....	5,329,650
		Texas Mun. Pwr. Agcy. Rev., M.B.I.A.,	
Aaa	15,000	Zero Coupon, 9/1/15...	3,606,300

			31,893,915

		U. S. Virgin Islands--0.7%	
		Virgin Islands Terr., Hugo Ins. Claims Fund Proj.,	
NR	2,195	7.75%, 10/1/06, Ser. 91.....	2,325,142
		Virgin Islands Wtr. & Pwr. Auth., Wtr. Sys. Rev.,	
NR	4,600	8.50%, 1/1/10, Ser. A.....	4,968,000

			7,293,142

		Utah--0.3%	
		Intermountain Pwr. Agcy., Pwr. Sup. Rev.,	
Aa	4,500	7.621%, 7/1/21@.....	2,964,375

		Virginia--2.0%	
		Pittsylvania Cnty. Virginia Ind. Dev. Auth. Rev. Multitrade,	
NR	5,500	7.45%, 1/1/09.....	5,377,020
NR	12,000	7.55%, 1/1/19, Ser. A.....	11,498,040
		West Point Ind. Dev., Chesapeake Corp.,	
Baa3	5,150	6.375%, 3/1/19.....	4,670,123

			21,545,183

</TABLE>

-19- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Washington--1.6%	
		Washington St. Pub. Pwr. Sup. Sys. Rev., Nuclear Proj. No. 2,	
Aa	\$ 5,000	5.375%, 7/1/11.....	\$ 4,181,250
		Nuclear Proj. No. 3,	
Aa	10,000	Zero Coupon, 7/1/16, Ser. C.....	2,110,600
Aa	5,000	7.125%, 7/1/16, Ser.	

		B(D).....	5,170,600
Aa	5,000	Zero Coupon, 7/1/17, Ser C.....	975,800
		Washington St. Pub. Pwr. Supply Sys. Rev., Nuclear Proj. No. 1, 7.25%, 7/1/09, Ser. B(D).....	5,321,250

			17,759,500

		West Virginia--1.6% So. Charleston Ind. Dev. Rev., Union Carbide Chem. & Plastics Co., 8.00%, 8/1/20.....	2,558,633
Baa2	2,450	Weirton Poll. Ctrl. Rev., Weirton Steel Proj., 8.625%, 11/1/14.....	4,011,040
B2	4,000	West Virginia St. Hsg. Dev. Auth., Fund Hsg. Fin., 7.95%, 5/1/17, Ser. A.....	8,347,105
A1	8,030	West Virginia St. Pkwys. Econ. Dev. & Tourism Auth., 7.829%, 5/16/19, F.G.I.C.@.....	2,437,500
Aaa	3,250		-----
			17,354,278

		Wyoming--0.8% Sweetwater Cnty. Wyoming Solid Waste Disp. Rev. Proj. Ser. B, 6.90%, 9/1/24.....	8,887,060
Baa3	9,500		-----
		Total long-term investments (cost \$1,059,016,397).....	1,038,135,401

		SHORT-TERM INVESTMENTS--2.7%	
		Arizona--0.9% Coconino Cnty. Arizona Poll. Ctrl. Corp. Rev. Arizona Pub. Svc. Navajo Proj. A, Ser. 94A 3.65%, 11/1/94, F.R.D.D.....	\$ 9,200,000
P1	\$ 9,200		-----
		Florida--0.2% Pinellas Cnty. Hlth. Facs. Auth. Rev., Ser. 85, Pooled Hosp. Loan Prog., 3.70%, 11/1/94, F.R.D.D.....	2,685,000
VMIG1	2,685		-----
		Iowa--0.3%	

		Iowa Fin. Auth. Solid Waste Disp. Rev. Cedar River Paper Co. Proj. Ser. 93A	
A1+*	3,500	3.80%, 11/1/94, F.R.D.D.....	3,500,000

		New York--0.3% Port Auth. of New York & New Jersey, Spec. Oblig. Rev., F.R.D.D.,	
VMIG1	2,800	3.50%, 11/1/94, Ser.1.....	2,800,000

		Texas--1.0% Brazos River Harbor Nav. Dist. Harbor Rev., Dow Chemical Co. Proj., F.R.D.D.,	
A1	11,200	3.65%, 11/1/94, Ser. 93.....	11,200,000

		Total short-term investments (cost \$29,385,000).....	29,385,000

		Total Investments--99.4% (cost \$1,088,401,397; Note 4).....	1,067,520,401
		Other assets in excess of liabilities--0.6%...	5,938,605

		Net Assets--100%.....	\$1,073,459,006

</TABLE>

-20- See Notes to Financial Statements.

(a) The following abbreviations are used in portfolio descriptions:

A.M.B.A.C.--American Municipal Bond Assurance Corporation

F.G.I.C.--Financial Guaranty Insurance Company

F.R.D.D.--Floating Rate (Daily) Demand Note**

F.S.A.--Financial Securities Assurance

G.N.M.A.--Government National Mortgage Association

M.B.I.A.--Municipal Bond Insurance Association

Prerefunded issues are secured by escrowed cash and direct U.S. guaranteed obligations.

(D) Pledged as initial margin on financial futures contract.

(D) (D) Issuer in default, non-income producing security.

@ Inverse floating rate bond. The coupon is inversely indexed to a floating interest rate. The rate shown is the rate at period end.

* Standard & Poor's Rating.

** For purposes of amortized cost valuation, the maturity date of Floating Rate Demand Notes is considered to be the later of the next date on which the security can be redeemed at par or the next date on which the rate of interest is adjusted.

NR--Not Rated by Moody's or Standard & Poor's.

The Fund's current Prospectus contains a description of Moody's and Standard & Poor's ratings.

-21- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES
Statement of Assets and Liabilities
(Unaudited)

<TABLE>	
<CAPTION>	
Assets	October 31, 1994
<S>	<C>
Investments, at value (cost \$1,088,401,397).....	\$ 1,067,520,401
Accrued interest receivable.....	24,086,898
Receivable for investments sold.....	11,845,855
Receivable for Fund shares sold.....	1,382,649
Due from broker-variation margin.....	27,250
Deferred expenses.....	18,812

Total assets.....	1,104,881,865

Liabilities	
Bank overdraft.....	89,263
Payable for investments purchased.....	22,726,923
Payable for Fund shares reacquired.....	5,104,237
Dividends payable.....	2,421,979
Management fee payable.....	466,512
Distribution fee payable.....	449,779
Accrued expenses.....	164,166

Total liabilities.....	31,422,859

Net Assets.....	\$ 1,073,459,006

Net assets were comprised of:	
Shares of beneficial interest, at par.....	\$ 1,032,420
Paid-in capital in excess of par.....	1,101,204,188

Undistributed net investment income.....	1,102,236,608
Accumulated net realized loss on investments.....	324,000
Net unrealized depreciation on investments.....	(8,300,981)
	(20,800,621)

Net assets, October 31, 1994.....	\$ 1,073,459,006

Class A:	
Net asset value and redemption price per share	
(\$48,745,056 / 4,687,858 shares of beneficial interest issued and outstanding).....	\$10.40
Maximum sales charge (3.0% of offering price).....	.32

Maximum offering price to public.....	\$10.72

Class B:	
Net asset value, offering price and redemption price per share	
(\$1,023,381,639 / 98,426,120 shares of beneficial interest issued and	
outstanding).....	\$10.40

Class C:	
Net asset value, offering price and redemption price per share	
(\$1,332,311 / 128,096 shares of beneficial interest issued and outstanding).....	\$10.40

</TABLE>

See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES
Statement of Operations
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended October 31, 1994
Net Investment Income	----- -----
<S>	<C>
Income	
Interest.....	\$ 41,857,306 -----
Expenses	
Management fee.....	2,864,595
Distribution fee--Class A.....	26,421
Distribution fee--Class B.....	2,731,562
Distribution fee--Class C.....	1,394
Transfer agent's fees and expenses.....	262,000
Custodian's fees and expenses.....	124,000
Reports to shareholders.....	108,000
Registration fees.....	51,000
Insurance expense.....	19,000
Legal fees.....	15,000
Audit fee.....	9,000
Trustees' fees.....	7,500
Miscellaneous.....	3,720 -----
Total expenses.....	6,223,192 -----
Net investment income.....	35,634,114 -----
Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on:	
Investment transactions.....	(4,453,555)
Financial futures contracts.....	2,249,634 -----
	(2,203,921) -----
Net change in unrealized depreciation of:	
Investments.....	(32,134,744)
Financial futures contracts.....	(1,022,750) -----
	(33,157,494) -----
Net loss on investments.....	(35,361,415) -----
Net Increase in Net Assets Resulting from Operations.....	\$ 272,699 ----- -----

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES
Statement of Changes in Net Assets
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended October 31, 1994	Year Ended April 30, 1994
Increase (Decrease) in Net Assets	----- -----	----- -----

<S>	<C>	<C>
Operations		
Net investment		
income.....	\$ 35,634,114	\$ 71,607,244
Net realized loss on		
investment		
transactions.....	(2,203,921)	(5,680,677)
Net change in		
unrealized		
appreciation/depreciation		
of investments.....	(33,157,494)	(39,373,092)
	-----	-----
Net increase in net		
assets		
resulting from		
operations.....	272,699	26,553,475
	-----	-----
Dividends and distributions (Note 1)		
Dividends to		
shareholders from		
net investment		
income		
Class A.....	(1,743,115)	(3,401,705)
Class B.....	(33,879,272)	(68,205,539)
Class C.....	(11,727)	--
	-----	-----
	(35,634,114)	(71,607,244)
	-----	-----
Distributions to		
shareholders from		
net realized gains		
Class A.....	--	(35,027)
Class B.....	--	(724,132)
Class C.....	--	--
	-----	-----
	--	(759,159)
	-----	-----
Fund share transactions (Note 5)		
Net proceeds from		
shares		
issued.....	63,547,862	307,757,433
Net asset value of		
shares		
issued to		
shareholders in		
reinvestment of		
dividends and		
distributions.....	15,834,613	32,076,014
Cost of shares		
reacquired.....	(124,692,465)	(211,899,598)
	-----	-----
Increase (decrease)		
in net assets from		
Fund share		
transactions.....	(45,309,990)	127,933,849
	-----	-----
Total increase		
(decrease).....	(80,671,405)	82,120,921
	-----	-----
Net Assets		
Beginning of period....	1,154,130,411	1,072,009,490
	-----	-----
End of period.....	\$1,073,459,006	\$1,154,130,411
	-----	-----

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND Portfolio of Investments
 INSURED SERIES October 31, 1994 (Unaudited)

<TABLE>
 <CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		LONG-TERM INVESTMENTS--87.3%	
		Alabama--1.2%	
		Huntsville Solid Waste Disp. Auth., 7.00%, 10/1/08, F.G.I.C.....	\$ 2,095,060
Aaa	\$ 2,000	Mobile Wtr. & Swr. Rev., 5.00%, 1/1/13, A.M.B.A.C.....	3,938,356
Aaa	4,840	Univ. Alabama Rev., Birmingham Hosp., 5.00%, 10/1/14, M.B.I.A.....	1,998,775
Aaa	2,500		----- 8,032,191 -----
		Alaska--1.1%	
		Alaska St. Energy Auth. Pwr. Rev., Bradley Lake Hydro, A.M.B.A.C., 7.25%, 7/1/16, 1st Ser.....	2,053,840
Aaa	2,000	Anchorage Hosp. Rev., Sisters of Providence, 7.125%, 10/1/05, A.M.B.A.C.....	5,362,650
Aaa	5,000		----- 7,416,490 -----
		Arizona--3.9%	
		Maricopa Cnty. Ind. Dev. Auth. Rev., Hosp. Fac., John C. Lincoln Hosp., F.S.A., 7.00%, 12/1/00.....	2,922,429
Aaa	2,740	7.50%, 12/1/13.....	2,398,388
Aaa	2,250	Maricopa Cnty. Unified Sch. Dist., No. 69, Paradise Valley, F.G.I.C., 6.80%, 7/1/12, Ser. E.....	3,799,456
Aaa	3,700	Pima Cnty. Ind. Dev. Auth. Rev., Tucson Elec. Pwr. Co., 7.25%, 7/15/10, F.S.A.....	\$ 14,344,960
Aaa	\$ 14,000	Tucson, Gen. Oblig., 7.625%, 7/1/14, F.G.I.C.....	3,532,374
Aaa	3,140		----- 26,997,607 -----
		California--6.2%	

		California St. Gen. Oblig.,	
Aaa	6,000	6.30%, 9/1/08,	
		M.B.I.A.....	6,060,060
		California St. Hlth. Facs. Fin. Auth. Rev.,	
Aaa	5,000	Catholic Hlth. Facs., 5.00%, 7/1/14,	
		A.M.B.A.C.....	3,975,900
		Culver City Redev. Fin. Auth. Rev. Ref. Tax Alloc.,	
Aaa	9,225	5.50%, 11/1/14,	
		A.M.B.A.C.....	8,014,495
		Sacramento Mun. Util. Dist.,	
Aaa	3,250	Elec. Rev., M.B.I.A., 5.75%, 8/15/13, Ser. A.....	2,928,673
		San Diego Cnty. Wtr. Auth. Wtr. Rev., Cert. of Part.,	
Aaa	11,600	5.559%, 4/26/06,	
		F.G.I.C.....	10,905,740
		Santa Margarita/Dana Point Auth., Impt. Dist.,	
Aaa	2,180	7.25%, 8/1/10,	
		M.B.I.A.....	2,364,188
		So. Orange Cnty. Pub. Fin. Auth.,	
Aaa	2,500 (D)	Foothill Area Proj., F.G.I.C., 8.00%, 8/15/08.....	2,897,700
Aaa	2,725	6.50%, 8/15/10.....	2,735,355
		West & Central Basin Fin. Auth. Rev.,	
Aaa	3,840	Central Basin Proj., 5.00%, 8/1/13,	
		F.G.I.C.....	3,085,171

			42,967,282

		Colorado--0.2% Jefferson Cnty. Sngl. Fam. Mtge. Rev., M.B.I.A.,	
Aaa	1,055	8.875%, 10/1/13, Ser. A.....	1,098,519

</TABLE>

-24- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Delaware--1.1% Delaware Econ. Dev. Auth. Rev., Delmarva Pwr. & Lt., M.B.I.A.,	

Aaa	\$ 5,000	7.60%, 3/1/20, Ser.	
		A.....	\$ 5,307,550
		Wilmington, Gen.	
		Oblig., F.G.I.C.,	
Aaa	2,500	5.10%, 7/1/10, Ser.	
		B.....	2,117,350

			7,424,900

		District Of Columbia--1.5%	
		Dist. of Columbia Met.	
		Area Transit Auth.	
		Gross Rev., F.G.I.C.,	
Aaa	2,400	6.00%, 7/1/09.....	2,324,712
Aaa	1,500	6.00%, 7/1/10.....	1,442,430
Aaa	5,000	5.25%, 7/1/14.....	4,165,450
		Dist. of Columbia, Gen. Oblig.,	
Aaa	2,500	6.75%, 6/1/08, Ser. A,	
		M.B.I.A.....	2,560,800

			10,493,392

		Florida--2.1%	
		Gulf Breeze Local	
		Gov't.	
		Loan Proj., F.G.I.C.,	
Aaa	1,500	8.00%, 12/1/15, Ser.	
		85B.....	1,634,880
		Orlando & Orange Cnty.	
		Expwy. Auth. Rev.,	
		F.G.I.C.,	
Aaa	5,000	6.50%, 7/1/10.....	5,043,450
Aaa	2,550	6.50%, 7/1/11.....	2,565,172
		Univ. Cmnty. Hosp.	
		Inc.,	
		Hosp. Rev.,	
Aaa	5,000	7.375%, 9/1/07,	
		F.S.A.....	5,540,000

			14,783,502

		Georgia--1.4%	
		Atlanta Wtr. & Swr.	
		Rev.,	
Aa	4,410	6.00%, 1/1/11.....	4,211,991
		De Kalb Cnty. Hsg.	
		Auth.,	
		Sngl. Fam. Mtge.	
		Rev.,	
AAA*	3,075	7.70%, 2/1/24,	
		G.N.M.A.....	3,115,375
		Fulton Cnty. Hosp. Auth. Rev.,	
		Northside Hosp.,	
Aaa	\$ 2,790	5.375%, 10/1/12,	
		M.B.I.A.....	\$ 2,391,783

			9,719,149

		Guam--0.4%	
		Guam Gov't. Ltd. Oblig.	
		Hwy. Rev. C.G.I.C.,	
Aaa*	3,000	6.30%, 5/1/12, Ser.	
		A.....	2,928,570

		Hawaii--1.2%	
		Hawaii Arpts. Sys.	
		Rev.,	
		F.G.I.C., 2nd Ser. 90,	
Aaa	7,750	7.50%, 7/1/20.....	8,055,040

		Illinois--2.2%	
		Chicago Residential	
		Mtge. Rev., M.B.I.A.,	
		Ser. B,	
Aaa	9,000	Zero Coupon, 10/1/09...	3,133,350
		Chicago Sch. Fin.	
		Auth., M.B.I.A.,	
Aaa	5,000	5.00%, 6/1/08, Ser.	
		A.....	4,209,400
		Onterie Ctr. Hsg. Fin.	
		Corp. Mtge. Rev.,	
		Ser. A, M.B.I.A.,	
Aaa	1,575	7.00%, 7/1/12.....	1,581,001
Aaa	6,400	7.05%, 7/1/27.....	6,390,912

			15,314,663

		Indiana--3.1%	
		Indianapolis Arpt. Auth. Rev.,	
Aaa	2,450	9.00%, 7/1/15,	
		M.B.I.A.....	2,624,905
		Lake Cent. Multi Dist.	
		Sch. Bldg., First	
		Mtge.,	
Aaa	3,000	6.50%, 1/15/14,	
		M.B.I.A.....	2,919,510
		Marion Cnty. Hosp.	
		Auth. Facs. Rev.,	
Aaa	8,500	8.625%, 10/1/12,	
		A.M.B.A.C.....	9,558,335
		Rockport Poll. Ctrl.	
		Rev.,	
		Ind. & Mich. Elec. Co.,	
		B.I.G.,	
Aaa	6,000	9.25%, 8/1/14, Ser.	
		A(D).....	6,317,220

			21,419,970

</TABLE>

-25- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Kansas--0.7%	
		Olathe Hlth. Facs. Rev.	
		Auth., Lutheran Good	
		Samaritan Proj.,	
Aaa	\$ 2,000	6.00%, 5/1/19,	
		A.M.B.A.C.....	\$ 1,859,720
		Sedgwick Cnty. Mtge.	
		Loan Rev.,	
		A.M.B.A.C.,	
Aaa	2,630	7.80%, 6/1/22, Ser.	
		B.....	2,664,085

			4,523,805

		Kentucky--3.5%	
		Kentucky Hsg. Corp.	

Aaa	2,695	Rev., F.H.A., 7.45%, 1/1/23, Ser. D.....	2,706,508
Aaa	19,100	Kentucky St. Ppty. & Bldgs. Ref. Proj. No. 55, 6.25%, 9/1/07, M.B.I.A.....	19,265,979
Aaa	2,000	Louisville & Jefferson Cnty. Regl. Arpt. Auth., M.B.I.A., 8.375%, 7/1/07, Ser A.....	2,164,240
			----- 24,136,727 -----
Aaa	5,000	Louisiana--1.3% Jefferson Parish Sales Tax Dist., F.G.I.C., 6.75%, 12/1/06, Ser. A.....	5,195,050
Aaa	11,000	New Orleans, Gen. Oblig., Cap. Apprec., Zero Coupon, 9/1/09, A.M.B.A.C.....	4,073,740
			----- 9,268,790 -----
Aaa	4,000	Massachusetts--1.3% Mass. Bay Trans. Auth., Gen. Trans., M.B.I.A., 5.50%, 3/1/09, Ser. A.....	3,637,000
Aaa	3,000	Mass. St. Hlth. & Edl. Facs. Auth. Rev., Fallon Hlthcare, C.G.I.C., 6.875%, 6/1/11, Ser. A.....	3,066,990
Aaa	\$ 1,500	Mass. St. Hsg. Fin. Agcy., Hsg. Rev., B.I.G., 7.75%, 12/1/19, Ser. A.....	\$ 1,571,250
Aaa	1,000	Mass. St. Mun. Wholesale Elec. Co., M.B.I.A., 5.00%, 7/1/13, Ser. B.....	805,670
			----- 9,080,910 -----
Aaa	8,050	Michigan--5.1% Michigan St. Bldg. Auth. Rev., A.M.B.A.C. 5.20%, 10/1/09, Ser. I.....	6,948,358
Aaa	8,735	6.00%, 10/1/09, Ser. II.....	8,442,290
Aaa	2,350	Michigan St. Hosp. Fin. Auth. Rev., Mid Michigan, 7.50%, 6/1/15, M.B.I.A.....	2,470,203
Aaa	1,500	Michigan St. Hsg. Dev. Auth., F.G.I.C., 7.70%, 7/1/18, Ser.	

		A.....	1,582,500
		Monroe Cnty. Poll. Ctrl. Rev.,	
		Detroit Edison Co. Proj.,	
		A.M.B.A.C.,	
Aaa	3,250	7.30%, 9/1/19, Ser.	
		I,.....	3,371,062
		Detroit Edison Co., Proj. 1,	
Aaa	8,000	7.65%, 9/1/20,	
		F.G.I.C.....	8,466,800
		Saginaw Hosp. Fin.	
		Auth. Hosp. Rev.,	
		St. Luke's Hosp., M.B.I.A.,	
Aaa	4,000	6.50%, 7/1/11, Ser.	
		C.....	3,999,520

			35,280,733

		Minnesota--1.2%	
		St. Louis Park Hlth.	
		Facs.,	
		Hlthsys. Oblig. Group,	
Aaa	10,000	5.20%, 7/1/16,	
		A.M.B.A.C.,.....	8,217,700

</TABLE>

-26- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Mississippi--2.5%	
		Harrison Cnty.	
		Wastewater Mgmt.	
		Dist. Rev.,	
Aaa	\$ 2,400	6.50%, 2/1/06,	
		F.G.I.C.....	\$ 2,448,792
		Mississippi Hosp.	
		Equip. & Facs. Auth.	
		Rev.,	
		Baptist Med. Ctr.,	
Aaa	2,000	7.40%, 5/1/07,	
		M.B.I.A.....	2,142,040
		Mississippi Hsg. Fin.	
		Corp.,	
		Sngl. Fam. Mtge. Rev.,	
		F.G.I.C.,	
Aaa	2,285	7.80%, 10/15/16, Ser.	
		A.....	2,309,084
		Mississippi St. Hwy.	
		Ref. Bd.,	
Aaa	10,000	6.20%, 2/1/08.....	10,007,600

			16,907,516

		Missouri--1.6%	
		Missouri St. Hlth. &	
		Edl.	
		Facs. Auth. Rev.,	
		M.B.I.A.,	
		SSM Healthcare,	
Aaa	3,750	6.25%, 6/1/16, Ser.	
		AA.....	3,589,350
		St. Lukes Hlth. Sys.,	

Aaa	3,000	5.10%, 11/15/13..... Sikeston Elec. Auth. Rev., M.B.I.A.,	2,454,120
Aaa	5,000	6.25%, 6/1/12, Ser. A.....	4,879,900

			10,923,370

		Montana--1.5% Forsyth Poll. Ctrl. Rev., Puget Sound Pwr. & Lt. Co., A.M.B.A.C.,	
Aaa	2,000	7.05%, 8/1/21, Ser. A.....	2,036,260
Aaa	8,000 (D)	Washington Wtr. Pwr. Proj., 7.125%, 12/1/13, M.B.I.A.....	8,299,680

			10,335,940

		Nebraska--0.9% Nebraska Invest. Fin. Auth., G.N.M.A., Sngl. Fam. Mtge. Rev.,	
Aaa	1,980	8.00%, 7/15/17, Ser. B, F.G.I.C.....	2,032,035
Aaa	\$ 4,265	Nebraska Invest. Fin. Auth., 8.125%, 8/15/38, Ser. I, M.B.I.A.....	\$ 4,401,821

			6,433,856

		New Jersey--3.8% Garfield Sch. Dist., Cert. of Part., Wtr. Impvt. Dist. No. 31,	
Aaa	3,150 (D)	7.65%, 6/1/08, B.I.G.....	3,400,457
Aaa	5,275	New Jersey Econ. Dev. Auth., Mkt. Trans. Fac. Rev., Sr. Lien M.B.I.A., 5.80%, 7/1/08.....	5,016,419
Aaa	3,800	5.80%, 7/1/09.....	3,577,738
		New Jersey Hlth. Care Facs. Fin. Auth. Rev., Allegany Hlth. Our Lady of Lourdes, M.B.I.A.,	
Aaa	1,500	5.125%, 7/1/13.....	1,246,005
Aaa	2,000	Hackensack Med. Ctr., F.G.I.C., 6.625%, 7/1/11.....	2,014,800
Aaa	5,000	6.625%, 7/1/17.....	4,967,400
Aaa	2,500	Irvington Gen. Hosp., 9.625%, 8/1/25, M.B.I.A.....	2,639,075
Aaa	3,600	New Jersey St. Hsg. & Mtge. Fin. Agcy. Rev., M.B.I.A., 7.90%, 10/1/22, Ser. B.....	3,678,444

			26,540,338

New Mexico--0.8%

		Socorro Hosp. Sys. Rev., Cmnty. Hlth. Svcs., M.B.I.A., 9.25%, 8/1/12, Ser. A.....	5,315(D)	5,596,004
		New York--9.0% Erie Cnty. Wtr. Auth. Rev., A.M.B.A.C., Zero Coupon, 12/1/17... Islip Res. Rec., A.M.B.A.C., 7.20%, 7/1/10, Ser. B.....	770 1,750	144,729 1,867,303

</TABLE>

-27- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		New York (cont'd) Met. Trans. Auth. Facs. Rev., F.G.I.C., 6.375%, 7/1/10, Ser. J.....	\$ 1,494,675
Aaa	\$ 1,500		
Aaa	9,000	6.00%, 7/1/24, M.B.I.A.....	8,159,580
		New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., 6.75%, 6/15/16, F.G.I.C.....	21,175,837
Aaa	21,250		
		New York St. Dorm. Auth. Rev. Univ. Edl. Facs. 5.50%, 5/15/09, A.M.B.A.C.....	4,516,400
Aaa	5,000		
		New York St. Energy Res. & Dev. Auth., Poll. Ctrl. Rev., 7.375%, 10/1/14, F.G.I.C.....	4,210,200
Aaa	4,000		
		New York St. Hsg. Fin. Agcy. Rev., Multifamily Hsg., A.M.B.A.C., 7.45%, 11/1/28, Ser. A.....	3,080,647
Aaa	2,955		
		New York St. Pwr. Auth., M.B.I.A., 7.875%, 1/1/13, Ser. V.....	7,651,271
Aaa	7,155		
		New York St. Thrwy. Auth. Gen. Rev., M.B.I.A., 5.00%, 1/1/14, Ser. B.....	8,416,234
Aaa	10,420		
		Port Auth. New York & New Jersey F.G.I.C., 7.00%, 9/1/24, Ser. 65.....	1,535,760
Aaa	1,500		

			----- 62,252,636 -----
		North Carolina--1.0%	
		North Carolina Mun. Pwr. Agcy. Elec. Rev., No. 1 Catawba, M.B.I.A.,	
Aaa	7,500	6.00%, 1/1/11.....	7,027,425 -----
		Ohio--1.3%	
		Cleveland Arpt. Sys. Rev., M.B.I.A.,	
Aaa	\$ 1,500	7.40%, 1/1/20, Ser. 90A.....	\$ 1,569,255
		Cleveland Waterworks Rev.,	
Aaa	2,500	6.25%, 1/1/15.....	2,405,575
		Hamilton Elec. Rev., Ser. A, F.G.I.C.,	
Aaa	5,085	6.00%, 10/15/12.....	4,853,785 -----
			8,828,615 -----
		Oklahoma--2.0%	
		Oklahoma St. Tpke. Auth. Rev., M.B.I.A.,	
Aaa	14,250	6.25%, 1/1/22, Ser. C.....	13,743,697 -----
		Pennsylvania--5.1%	
		Allegheny Cnty. Arpt. Rev., Pittsburgh Int'l. Arpt., M.B.I.A.,	
Aaa	4,800(D)	8.25%, 1/1/16, Ser. C.....	5,191,488
		North Umberland Cnty. Lease Auth. Rev., Correctional Facs., M.B.I.A.,	
Aaa	7,500	Zero Coupon, 10/15/10.....	2,690,250
		Pennsylvania St. Cert. of Part., A.M.B.A.C.,	
Aaa	8,740	5.00%, 7/1/15, Ser. A.....	6,924,265
		Philadelphia Arpt. Sys. Rev.,	
Aaa	6,750	9.00%, 6/15/15, A.M.B.A.C.....	7,133,670
		Philadelphia Mun. Auth. Rev., Criminal Justice Ctr., M.B.I.A.,	
Aaa	3,000	6.90%, 11/15/03, Ser. A.....	3,228,510
		Philadelphia Wtr. & Waste Auth. Rev., M.B.I.A.,	
Aaa	5,000	5.625%, 6/15/08.....	4,612,100
		Pittsburgh Gen. Oblig., F.G.I.C.,	
Aaa	5,000	7.00%, 3/1/06, Ser. B.....	5,192,050 -----
			34,972,333 -----

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND

INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Puerto Rico--2.1%	
		Puerto Rico Tel. Auth. Rev., M.B.I.A., Ser. I,	
Aaa	\$ 8,200	5.25%, 1/25/07.....	\$ 7,518,908
Aaa	7,600	5.45%, 1/16/15.....	6,647,188

			14,166,096

		Rhode Island--1.0%	
		Rhode Island Hsg. & Mtge. Fin. Corp., M.B.I.A.,	
Aaa	6,500	7.875%, 10/1/22.....	6,650,345

		South Carolina--0.4%	
		Berkeley Cnty. Wtr. & Swr. Rev.,	
Aaa	2,500	6.50%, 6/1/06, M.B.I.A.....	2,550,825

		Tennessee--1.8%	
		Knox Cnty. Hlth. Edl. Hosp. Facs. Rev.,	
Aaa	4,840	5.75%, 1/1/14, Ser. C, M.B.I.A.....	4,313,553
		Tennessee Hsg. Dev. Agcy.,	
Aaa	7,950	7.65%, 7/1/20, B.I.G.....	8,031,090

			12,344,643

		Texas--9.5%	
		Austin Util. Sys. Rev.,	
Aaa	3,250	7.25%, 11/15/03, Ser. B, F.G.I.C.....	3,485,137
Aaa	5,000	6.50%, 5/15/11, A.M.B.A.C.....	4,920,300
		Brazos River Auth. Rev.,	
Aaa	5,000	Houston Lt. & Pwr., 6.70%, 3/1/17, Ser. A, A.M.B.A.C.....	4,965,000
Aaa	1,000	7.20%, 12/1/18, Ser. B, F.G.I.C.....	1,024,920
		Corpus Christi Hsg. Fin. Corp., Sngl. Fam. Mtge., M.B.I.A.,	
Aaa	2,510	7.70%, 7/1/11, Ser. A.....	2,644,913
		Harris Cnty. Toll Rd., F.G.I.C.,	
Aaa	10,290 (D)	8.00%, 8/15/11, Ser. A.....	11,955,848
		Houston Arpt. Sys. Rev.,	
Aaa	3,900	7.20%, 7/1/13.....	4,277,169
		Keller Texas Ind. Sch. Dist.,	
Aaa	\$ 7,000	5.50%, 8/15/13.....	\$ 6,135,780
		Matagorda Cnty. Navigation Poll. Ctrl. Rev., Dist. No. 1,	

Aaa	2,300	7.50%, 12/15/14, A.M.B.A.C.....	2,434,941
		Port Arthur Nav. Dist., Gen. Oblig. Bonds,	
Aaa	3,200	6.00%, 3/1/15, A.M.B.A.C.....	2,936,256
		Texas St. Mun. Pwr. Agcy. Rev.,	
Aaa	1,300	5.25%, 9/1/09, M.B.I.A.....	1,139,840
Aaa	7,000	Zero Coupon, 9/1/14, M.B.I.A.....	1,809,080
Aaa	5,000	5.00%, 9/1/14, F.G.I.C.....	3,980,950
Aaa	3,960	6.75%, 9/1/12, Ser. A, A.M.B.A.C.....	3,972,514
Aaa	9,000	Zero Coupon, 9/1/13, M.B.I.A.....	2,503,800
		Texas St. Pub. Fin. Auth. Bldg. Rev., M.B.I.A.,	
Aaa	6,900	Zero Coupon, 2/1/14.... Willis Indpt. Sch. Dist.,	1,855,617
Aaa	3,650	6.50%, 2/15/16..... Wtr. Res. Fin. Auth. Rev.,	3,579,445
Aaa	2,000	7.50%, 8/15/13, A.M.B.A.C.....	2,066,080

			65,687,590

		Utah--1.1%	
		Intermountain Pwr. Agcy. Pwr. Supply Rev., M.B.I.A.,	
Aaa	9,250	5.00%, 7/1/12, Ser. A.....	7,526,633

		Virginia--0.5%	
		Southeastern Pub. Svc. Auth. Rev., Regl. Waste Sys.,	
Aaa	3,000	7.00%, 7/1/13, B.I.G.....	3,242,430

</TABLE>

-29- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
Aaa	\$ 2,500	Washington--2.7% Washington Hlth. Care Facs. Auth., Fred Hutchinson Cancer Ctr., 7.30%, 1/1/12.....	\$ 2,573,925
Aaa	5,000	Tacoma Multicare Med. Ctr., 7.875%, 8/15/11, F.G.I.C.....	5,354,750
		Washington St. Pub. Pwr. Supply Sys., Nuclear Proj. No. 1,	

Aaa	5,000	7.00%, 7/1/04, Ser. A,.....	5,301,750
		Nuclear Proj. No. 2,	
Aaa	3,000	7.25%, 7/1/03, Ser. B, F.G.I.C.....	3,243,300
		Nuclear Proj. No. 3, F.G.I.C.,	
Aaa	2,000	7.00%, 7/1/05, Ser. B.....	2,111,440

			18,585,165

		Total long-term investments (cost \$611,082,517)....	601,475,397

		SHORT-TERM INVESTMENTS--10.1%	
		California--1.3%	
		California St., Rev. Ant. Wts.,	
MIG1	9,000	5.75%, 4/25/95, Ser. C.....	9,089,749

		Florida--0.7%	
		Broward Cnty. Hsg. Fin. Auth., Welleby Apts., Ser. 84,	
MIG1	800	3.25%, 11/2/94, F.R.W.D.....	800,000
		Manatee Cnty. Hsg. Fin. Auth., Sngl. Fam. Mtge. Rev.,	
MIG1	3,700	3.46%, 11/15/94, Ser. 94.....	3,700,000

			4,500,000

		Kansas--0.2%	
		Butler Cnty. Texaco Ref. & Mktg., F.R.D.D.,	
VMIG1	1,400	3.65%, 11/1/94, Ser. 94A.....	1,400,000

		Kentucky--2.6%	
		Davies Cnty., Scott Paper Co. Proj., F.R.D.D.,	
NR	\$ 2,000	3.60%, 11/1/94, Ser. 93A.....	\$ 2,000,000
NR	13,700	3.65%, 11/1/94, Ser. 93B.....	13,700,000
P1	2,300	3.65%, 11/1/94, Ser. 94B.....	2,300,000

			18,000,000

		Louisiana--1.6%	
		West Baton Rouge Ind. Dist. Rev., Dow Chemical Co. Proj., F.R.D.D.,	
P1	11,000	3.65%, 11/1/96, Ser. 93.....	11,000,000

		Maryland--0.8%	
		Maryland St. Energy	

		Fin. Auth., Baltimore Proj., F.R.D.D., 3.80%, 11/1/94, Ser.	
VMIG1	5,400	91.....	5,400,000

		Mississippi--0.3% Jackson Cnty. Poll. Ctrl. Rev., Chevron U.S.A, F.R.D.D., 3.40%, 11/1/94, Ser.	
P1	1,900	93.....	1,900,000

		New Mexico--0.3% Hurley New Mexico Poll. Ctrl. Rev., F.R.D.D., Kennecott Santa Fe Corp., 3.25%, 11/3/94, Ser.	
P1	2,100	85.....	2,100,000

		North Carolina--0.6% Cleveland Cnty., Ind. Fac. Poll. Ctrl. Rev., Metals America Inc., F.R.W.D., 4.10%, 11/2/94, Ser.	
P1	4,115	90.....	4,115,000

		Pennsylvania--0.3% Schuylkill Cnty. Ind. Dev. Auth., F.R.D.D., Westwood Energy Proj., 3.65%, 11/1/94, Ser.	
P1	2,200	85.....	2,200,000

</TABLE>

-30- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Utah--1.1% Salt Lake Cnty. Poll. Ctrl. Rev., BP Service Station, F.R.D.D., 3.70%, 11/1/94.....	\$ 7,900,000
P1	\$ 7,900		-----
		Virginia--0.3% King George Cnty. Ind. Dev. Auth., Birchwood Power Proj., 3.60%, 11/1/94, Ser.	
NR	2,000	94.....	2,000,000

		Total short-term investments (cost \$69,641,379)...	69,604,749

		Total Investments--97.4% (cost \$680,723,896;	

Note 4).....	671,080,146
Other assets in excess of liabilities--2.6%....	17,770,461
Net Assets--100%.....	\$688,850,607

</TABLE>

(a) The following abbreviations are used in portfolio descriptions:

- A.M.B.A.C.--American Municipal Bond Assurance Corporation
- B.I.G.--Bond Investors Guaranty Insurance Company
- C.G.I.C.--Capital Guaranty Insurance Corporation
- F.G.I.C.--Financial Guaranty Insurance Company
- F.R.D.D.--Floating Rate (Daily) Demand Note**
- F.R.W.D.--Floating Rate (Weekly) Demand Note**
- F.H.A.--Federal Housing Administration
- F.S.A.--Financial Security Assurance
- G.N.M.A.--Government National Mortgage Association
- M.B.I.A.--Municipal Bond Insurance Association

(D) Portion of or entire principal amount pledged as initial margin on financial futures contracts.

* Standard & Poor's rating.

** For purposes of amortized cost valuation, the maturity date of Floating Rate Demand Notes is considered to be the later of the next date on which the security can be redeemed at par or the next date on which the rate of interest is adjusted.

NR--Not rated by Moody's or Standard & Poor's.

The Fund's current Prospectus contains a description of Moody's and Standard & Poor's ratings.

-31- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES
Statement of Assets and Liabilities
(Unaudited)

<TABLE>	
<CAPTION>	
Assets	October 31, 1994
<S>	<C>
Investments, at value (cost \$680,723,896).....	\$ 671,080,146
Cash.....	31,313
Interest receivable.....	11,502,692
Receivable for investments sold.....	10,348,011
Receivable for Fund shares sold.....	213,112
Due from broker-variation margin.....	55,510
Deferred expenses.....	14,390
Total assets.....	693,245,174
Liabilities	
Payable for Fund shares reacquired.....	2,631,647
Dividends payable.....	1,044,444
Management fee payable.....	301,025
Distribution fee payable.....	291,216
Accrued expenses.....	126,235
Total liabilities.....	4,394,567
Net Assets.....	\$ 688,850,607
Net assets were comprised of:	
Shares of beneficial interest, at par.....	\$ 666,452
Paid-in capital in excess of par.....	709,380,945
	710,047,397

Accumulated net realized losses.....	(11,709,009)
Net unrealized depreciation.....	(9,487,781)

Net assets, October 31, 1994.....	\$ 688,850,607

Class A:	
Net asset value and redemption price per share	
(\$26,899,856 / 2,604,221 shares of beneficial interest issued and outstanding).....	\$10.33
Maximum sales charge (3.0% of offering price).....	.32

Maximum offering price to public.....	\$10.65

Class B:	
Net asset value, offering price and redemption price per share	
(\$661,782,887 / 64,024,768 shares of beneficial interest issued and outstanding)...	\$10.34

Class C:	
Net asset value, offering price and redemption price per share	
(\$167,864 / 16,242 shares of beneficial interest issued and outstanding).....	\$10.34

</TABLE>

See Notes to Financial Statements.

-32-

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES
Statement of Operations
(Unaudited)

<TABLE>

<CAPTION>

	Six Months ended October 31, 1994

Net Investment Income	

<S>	<C>
Income	
Interest.....	\$ 22,553,917

Expenses	
Management fee.....	1,883,402
Distribution fee--Class A.....	15,233
Distribution fee--Class B.....	1,807,125
Distribution fee--Class C.....	172
Transfer agent's fees and expenses.....	260,000
Custodian's fees and expenses.....	94,000
Reports to shareholders.....	76,000
Registration fees.....	43,000
Legal fees.....	13,000
Insurance expense.....	10,000
Audit fee.....	8,000
Trustees' fees.....	7,500
Miscellaneous.....	11,018

Total expenses.....	4,228,450

Net investment income.....	18,325,467

Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on:	
Investment transactions.....	(10,081,618)
Financial futures contracts.....	3,267,929

	(6,813,689)
Net change in unrealized depreciation of:	
Investments.....	(17,676,520)
Financial futures contracts.....	(1,176,219)
	(18,852,739)
Net loss on investments.....	(25,666,428)
Net Decrease in Net Assets Resulting from Operations.....	\$ (7,340,961)

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES
Statement of Changes in Net Assets
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended October 31, 1994	Year Ended April 30, 1994
Increase (Decrease) in Net Assets	-----	-----
<S>	<C>	<C>
Operations		
Net investment income...	\$ 18,325,467	\$ 39,499,561
Net realized gain (loss) on investment transactions.....	(6,813,689)	8,935,788
Net change in unrealized appreciation/depreciation of investments.....	(18,852,739)	(42,237,908)
	-----	-----
Net increase/decrease in net assets resulting from operations.....	(7,340,961)	6,197,441
	-----	-----
Dividends and distributions (Note 1)		
Dividends to shareholders from net investment income		
Class A.....	(799,551)	(1,643,190)
Class B.....	(17,524,815)	(37,856,371)
Class C.....	(1,101)	--
	-----	-----
	(18,325,467)	(39,499,561)
	-----	-----
Distributions to shareholders from net realized gains		
Class A.....	--	(834,417)
Class B.....	--	(20,909,142)
Class C.....	--	--
	-----	-----
	--	(21,743,559)
	-----	-----
Fund share transactions (Note 5)		
Net proceeds from shares issued.....	23,706,416	189,769,487
Net asset value of		

shares issued to shareholders in reinvestment of dividends and distributions.....	10,072,823	35,730,676
Cost of shares reacquired.....	(90,378,483)	(199,496,131)
	-----	-----
Increase/decrease in net assets from Fund share transactions.....	(56,599,244)	26,004,032
	-----	-----
Total (decrease).....	(82,265,672)	(29,041,647)
Net Assets		
Beginning of period.....	771,116,279	800,157,926
	-----	-----
End of period.....	\$688,850,607	\$ 771,116,279
	-----	-----

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

-33-

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES

Portfolio of Investments
October 31, 1994 (Unaudited)

<TABLE>

<CAPTION>

Moody's Rating (Unaudited)	Principal Amount (000)	Description(a)	Value (Note 1)
<C>	<C>	<S>	<C>
		LONG-TERM INVESTMENTS--95.5%	
		Alabama--1.9%	
		Univ. So. Alabama Hosp. & Auxiliary Rev., A.M.B.A.C.,	
Aaa	\$ 1,250	7.00%, 5/15/04#.....	\$ 1,337,825

		Alaska--4.2%	
		Alaska Ind. Dev. & Expt. Auth., Revolving Loan Fund,	
A	1,005	5.40%, 4/1/01.....	953,222
		Alaska St. Housing Finance Corporation Collateral Mortgage Obligation,	
Aaa	1,000	5.70%, 12/1/11.....	907,550
		No. Slope Boro., Gen. Oblig.,	
Baa1	1,000	8.35%, 6/30/98, Ser. C.....	1,114,270

			2,975,042

		Arizona--1.8%	
		Univ. Arizona Rev.,	
A1	1,515	4.60%, 6/1/05.....	1,297,098

		California--12.7%	
		California St. Pub. Wks. Brd., Lease Rev., A.M.B.A.C.,	
Aaa	1,000	5.25%, 12/1/06.....	911,970
Aaa	1,000	6.25%, 12/1/08, Ser.	

		A.....	991,600
		Los Angeles, Gen. Oblig.,	
Aaa	750	5.90%, 9/1/09, M.B.I.A.....	712,260
		Oxnard Fin. Auth. Lease Rev., F.S.A.,	
Aaa	2,000	5.375%, 6/1/08.....	1,807,160
		San Diego Open Space Park Facilities District Number 1,	
Aaa	1,480	5.75%, 1/1/08.....	1,415,383
		San Jose Redev., Tax Allocation, M.B.I.A.,	
Aaa	500	6.00%, 8/1/08.....	487,160
		San Jose Redev., M.B.I.A.,	
Aaa	\$ 500	6.00%, 8/1/06.....	\$ 496,610
		Statewide Cmnty. Dev. Corp.,	
Aaa	1,500	4.80%, 10/1/08.....	1,246,935
		Cedars Sinai Med. Ctr.,	
Aa	1,000	4.80%, 11/1/04.....	883,820

			8,952,898

		Colorado--5.1%	
		Colorado Student Oblig. Bond Auth., Student Loan Rev.,	
A	1,480	7.25%, 9/1/05, Ser. A3.....	1,509,348
		Denver City & County Arpt. Rev.,	
Baa	1,250	7.30%, 11/15/03, Ser. A.....	1,232,900
		Jefferson Cnty. Sch. Dst. R-001,	
Baa1	1,000	4.50%, 12/15/03.....	873,940

			3,616,188

		Connecticut--1.5%	
		Connecticut Spec. Tax Oblig. Rev.,	
A1	1,000	7.00%, 6/1/03, Ser. A...	1,075,090

		District Of Columbia--0.9%	
		Dist. Columbia Rev., America Geophysical Union,	
BBB-*	700	5.50%, 9/1/03, Ser. 199.....	645,918

		Florida--2.8%	
		Dade Cnty. Pub. Facs. Rev., Jackson Mem. Hosp., M.B.I.A.,	
Aaa	1,000	4.75%, 6/1/08, Ser. A...	828,480
		Jacksonville Excise Taxes Revenue Refunding	
Aaa	1,105	6.25%, 10/1/05, A.M.B.A.C.....	1,136,990

			1,965,470

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description (a) <S>	Value (Note 1) <C>
BBB*	\$ 1,000	Guam--1.3% Guam Pwr. Auth. Rev., 5.25%, 10/1/05, Ser. A.....	\$ 893,920
Aaa	1,000	Hawaii--1.5% Hawaii Cnty., Gen. Oblig., F.G.I.C., 7.20%, 6/1/05, Ser. A#.....	1,087,590
A	450	Illinois--0.6% Illinois Hlth. Facs. Auth. Rev., Edward Hosp., 5.75%, 2/15/09, Ser. A.....	404,888
A1	500	Indiana--2.0% Indiana Univ. Stud. Fee, 6.90%, 8/1/03, Ser. G... Indianapolis Gas Util. Rev., F.G.I.C.,	530,040
Aaa	1,000	5.00%, 6/1/06, Ser. B...	890,310
			1,420,350
Aaa	1,000	Maryland--4.5% Maryland St. Stadium Auth. Lease Revenue Convention Center Expansion, 5.375%, 12/15/00, A.M.B.A.C.....	986,870
A	1,250	Northeast Maryland Waste Disp. Auth., Mont. Co. Res. Rec., 5.90%, 7/1/05.....	1,195,512
Aa1	1,000	Washington Suburban San. Dist., 5.90%, 6/1/04.....	1,011,610
			3,193,992
Aaa	1,000	Massachusetts--1.5% Mass. Gen. Oblig., 6.75%, 8/1/06, Ser. C#.....	1,078,150
Aaa	500	Michigan--2.0% Michigan Mun. Bond Auth. Rev., Wayne Cnty. Proj., 7.40%, 12/1/02, M.B.I.A.....	551,060

		Michigan St. Hosp. Fin. Auth. Rev., Sisters Of Mercy, 4.70%, 8/15/03, M.B.I.A.....	\$ 885,730
Aaa	\$ 1,000		----- 1,436,790 -----
		Minnesota--1.5% Minneapolis-St. Paul Hsg., Redev. Auth., Hlth. Care Sys. Rev., M.B.I.A., 7.20%, 8/15/00, Ser. A.....	1,081,130
Aaa	1,000		-----
		Missouri--1.9% Missouri St. Regl. Conv. & Sports Complex Auth., 5.10%, 8/15/06, Ser. A.....	859,900
A1	1,000		
		New Madrid Elec. Pwr. Place Rev. Refunding, 5.35%, 12/1/00, A.M.B.A.C.....	490,325
Aaa	500		----- 1,350,225 -----
		New Jersey--2.7% New Jersey Economic Development Auth. Market Transition Facility Revenue, 5.75%, 7/1/06, M.B.I.A.....	916,266
Aaa	950		
		5.80%, 7/1/07, M.B.I.A.....	960,890
Aaa	1,000		----- 1,877,156 -----
		New York--8.2% Metropolitan Transportation Auth. Transport Facilities Revenue, 4.30%, 7/1/01, M.B.I.A.....	1,033,229
Aaa	1,150		
		Nassau Cnty. Swr. Gen. Oblig., F.G.I.C., 4.75%, 5/1/06, Ser. B...	928,080
Aaa	1,075		

</TABLE>

-35- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		New York (cont'd) New York City, Gen. Oblig., 7.50%, 2/1/01, Ser. B...	\$ 1,069,040
Baa1	\$ 1,000		

Baa1	1,000	7.00%, 2/1/07..... New York St. Dorm. Auth. Rev., St. Univ. Edl. Facs.,	1,010,690
Baa1	2,000	5.50%, 5/15/08, Ser. A.....	1,785,220
			----- 5,826,259 -----
		North Carolina--1.4% No. Carolina Mun. Pwr. Agcy. Elec. Rev., No. 1 Catawba,	
A	1,000	5.90%, 1/1/03.....	993,510
		Ohio--0.7% Ohio St. Building Authority, Administration Bldg. Project,	
Aaa	500	5.60%, 10/1/06, M.B.I.A.....	479,410
		Oregon--1.2% Oregon St., Dept. Trans. Rev.,	
Aaa	750	7.00%, 6/1/03, M.B.I.A.....	808,028
		Pennsylvania--8.1% Allegheny Cnty. Industrial Development Rev., USX Project,	
Baa3	1,000	5.30%, 12/1/96..... Montgomery Cnty. Redev. Auth., Multifamily Hsg. Rev.,	985,570
NR	780	5.75%, 7/1/99, Ser. A... Pennsylvania Hsg. Fin. Agcy., Sngl. Fam. Mtge. Rev.,	768,167
AAA*	1,000	6.20%, 7/1/25..... Pennsylvania St. Gen. Oblig., F.S.A.,	1,022,080
Aaa	1,000	6.25%, 11/1/06, Ser. A.....	1,006,130
		Philadelphia Hosp. Auth. & Higher Ed. Auth., Childrens Seashore House,	
A-*	1,000	7.00%, 8/15/03, Ser. A.....	1,018,890
		Philadelphia Sch. Dist., Gen. Oblig., M.B.I.A.,	
Aaa	\$ 1,000	5.75%, 7/1/07, Ser. A...	\$ 949,040
			----- 5,749,877 -----
		Puerto Rico--7.7% Puerto Rico Elec. Pwr. Auth. Rev.,	
Baa1	1,500	6.00%, 7/1/04, Ser. S... Puerto Rico Hsg. Bank & Fin. Agcy.,	1,481,475
Baa	1,000	5.125%, 12/1/05..... Puerto Rico Hwy. & Trans. Auth. Rev.,	887,430
Baa1	750	4.90%, 7/1/01, Ser. X...	720,007
Baa1	330	7.50%, 7/1/01, Ser. Q...	362,525

Baa1	975	7.60%, 7/1/02, Ser. Q... Puerto Rico Ind. Poll. Auth. Rev.,	1,075,308
A2	1,000	4.00%, 9/1/13, Ser. A...	948,620

			5,475,365

		Texas--10.9% Carrollton Farmers Indpt. Sch. Dist.,	
Aa	1,300	8.375%, 2/15/99..... Dallas Ft. Worth Int'l. Arpt.,	1,448,759
NR	1,000	5.875%, 11/1/06, Ser. A.....	1,023,240
Aa	500	Harris Cnty., Toll Rd., 7.20%, 8/1/98.....	534,315
Aaa	1,500	5.125%, 8/15/08, A.M.B.A.C.....	1,294,110
Aa	1,000	6.50%, 8/15/08, Ser. A.....	1,029,280
		Plano Ind., Sch. Dist., F.G.I.C.,	
Aaa	1,000	8.625%, 2/15/03, Ser. B#.....	1,155,480
		San Antonio Elec. & Gas Rev., F.G.I.C.,	
Aaa	1,000	Zero Coupon, 2/1/05, Ser. A.....	532,150
		Texas Gen. Oblig., Veterans Hsg. Asst.,	
Aa	750	6.05%, 12/1/12, F.H.A.....	716,640

			7,733,974

</TABLE>

-36- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES

<TABLE>

<CAPTION>

Moody's Rating (Unaudited) <C>	Principal Amount (000) <C>	Description(a) <S>	Value (Note 1) <C>
		Utah--1.5% Utah St. Brd. of Regents, Student Loan Rev., A.M.B.A.C.,	
Aaa	\$ 1,000 (D)	7.00%, 11/1/01, Ser. F.....	\$ 1,061,230

		Washington--3.9% Washington St. Pub. Pwr. Supp. Sys., Nuclear Proj. No. 2,	
Aa	2,000	4.90%, 7/1/05, Ser. A...	1,718,920
		Nuclear Proj. No. 3,	
Aa	1,000	7.00%, 7/1/99, Ser. B...	1,052,920

			2,771,840

		West Virginia--1.5% West Virginia School Building Auth. Rev.	

NR	1,000	Capital Improvement, 6.25%, 7/1/01, M.B.I.A.....	1,032,290

		Total long-term investments (cost \$69,320,168)....	67,621,503

		SHORT-TERM INVESTMENTS--5.1%	
		Florida--0.3%	
		Hillsborough Cnty. Poll. Ctrl. Rev., Tampa Elec. Co., F.R.D.D.,	
VMIG1	200	3.60%, 11/1/94, Ser. 93.....	200,000

		Illinois--2.6%	
		Chicago O'Hare Int'l. Arpt., American Airlines Inc., F.R.D.D.,	
P2	1,800	4.00%, 11/1/94, Ser. 84B.....	1,800,000

		Kentucky--1.8%	
		Davies Cnty. Solid Wst. Disp. Fac. Rev., F.R.D.D., Scott Paper Co. Proj.,	
A1*	1,300	3.65%, 11/1/94, Ser. 93B.....	1,300,000

		Texas--0.4%	
		Gulf Coast Waste Disposal Authority Texas Pollution Control Rev., F.R.D.D.,	
VMIG1	\$ 300	3.60%, 11/1/94, Ser. 94.....	\$ 300,000

		Total short-term investments (cost \$3,600,000).....	3,600,000

		Total Investments--100.6%	
		(cost \$72,920,168; Note 4).....	71,221,503
		Liabilities in excess of other assets--(0.6%).....	(398,078)

		Net Assets--100%.....	\$70,823,425

</TABLE>

(a) The following abbreviations are used in portfolio descriptions:

A.M.B.A.C.--American Municipal Bond Assurance Corporation

F.G.I.C.--Financial Guaranty Insurance Company

F.H.A.--Federal Housing Administration

F.R.D.D.--Floating Rate (Daily) Demand Note**

F.S.A.--Financial Security Assurance

M.B.I.A.--Municipal Bond Insurance Association

Prerefunded issues are secured by escrowed cash and direct U.S. guaranteed obligations.

(D) Pledged as initial margin on financial futures contract.

* Standard & Poor's Rating.

** For purposes of amortized cost valuation, the maturity date of Floating Rate Demand Notes is considered to be the later of the next date on which the security can be redeemed at par or the next date on which the rate of interest is adjusted.

NR--Not rated by Moody's or Standard & Poor's.

The Fund's current Prospectus contains a description of Moody's and Standard & Poor's ratings.

-37- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES
Statement of Assets and Liabilities
(Unaudited)

	October 31, 1994
<hr/>	
<TABLE>	
<CAPTION>	
Assets	October 31, 1994
<hr/>	
<S>	<C>
Investments, at value (cost \$72,920,168).....	\$71,221,503
Interest receivable.....	1,282,624
Receivable for Fund shares sold.....	12,234
Due from broker-variation margin.....	3,750
Deferred expenses and other assets.....	1,164
<hr/>	
Total assets.....	72,521,275
<hr/>	
Liabilities	
Bank overdraft.....	98,791
Payable for investments purchased.....	1,027,960
Payable for Fund shares reacquired.....	402,585
Dividends payable.....	90,789
Management fee payable.....	30,645
Distribution fee payable.....	27,737
Accrued expenses.....	19,343
<hr/>	
Total liabilities.....	1,697,850
<hr/>	
Net Assets.....	\$70,823,425
<hr/>	
Net assets were comprised of:	
Shares of beneficial interest, at par.....	\$ 69,304
Paid-in capital in excess of par.....	72,409,784
<hr/>	
	72,479,088
Accumulated net realized capital losses.....	(115,248)
Net unrealized depreciation on investments.....	(1,540,415)
<hr/>	
Net assets, October 31, 1994.....	\$70,823,425
<hr/>	
Class A:	
Net asset value and redemption price per share	
(\$8,625,459 / 844,352 shares of beneficial interest issued and outstanding).....	\$10.22
Maximum sales charge (3.0% of offering price).....	.32
<hr/>	
Maximum offering price to public.....	\$10.54
<hr/>	
Class B:	
Net asset value, offering price and redemption price per share	
(\$62,197,773 / 6,086,012 shares of beneficial interest issued and outstanding).....	\$10.22
<hr/>	
Class C:	
Net asset value, offering price and redemption price per share	
(\$193 / 19 shares of beneficial interest issued and outstanding).....	\$10.22
<hr/>	

</TABLE>

See Notes to Financial Statements.

-38-

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES
Statement of Operations
(Unaudited)

<TABLE>

<CAPTION>

	Year Ended October 31, 1994

Net Investment Income	
<S>	<C>
Income	
Interest.....	\$2,035,026

Expenses	
Management fee.....	181,057
Distribution fee--Class A.....	3,352
Distribution fee--Class B.....	164,299
Distribution fee--Class C.....	2
Custodian's fees and expenses.....	49,000
Reports to shareholders.....	33,000
Transfer agent's fees and expenses...	18,800
Registration fees.....	14,000
Legal fees.....	8,900
Trustees' fees.....	7,500
Audit fees.....	6,000
Insurance expense.....	1,000
Miscellaneous.....	2,859

Total expenses.....	489,769

Net investment income.....	1,545,257

Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on:	
Investment transactions.....	(109,585)
Financial futures contracts.....	225,606

	116,021

Net change in unrealized appreciation of:	
Investments.....	(1,983,907)
Financial futures contracts.....	(62,468)

	(2,046,375)

Net loss on investments.....	(1,930,354)

Net Decrease in Net Assets Resulting from Operations.....	\$ (385,097)

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND
MODIFIED TERM SERIES
Statement of Changes in Net Assets
(Unaudited)

<TABLE>

<CAPTION>

Six Months

Increase (Decrease) in Net Assets	Ended October 31, 1994	Year Ended April 30, 1994
<S>	<C>	<C>
Operations		
Net investment income.....	\$ 1,545,257	\$ 2,760,661
Net realized gain on investment transactions.....	116,021	2,063,495
Net change in unrealized appreciation/depreciation of investments.....	(2,046,375)	(3,673,322)
Net increase in net assets resulting from operations.....	(385,097)	1,150,834
Dividends and distributions (Note 1)		
Dividends to shareholders from net investment income		
Class A.....	(155,618)	(230,644)
Class B.....	(1,389,618)	(2,530,017)
Class C.....	(21)	--
	(1,545,257)	(2,760,661)
Distributions to shareholders from net realized gains		
Class A.....	(102,830)	(104,832)
Class B.....	(1,139,663)	(1,198,718)
Class C.....	--	--
	(1,242,493)	(1,303,550)
Fund share transactions (Note 5)		
Net proceeds from shares issued.....	9,258,214	28,144,358
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions.....	1,850,090	2,666,224
Cost of shares reacquired.....	(8,137,165)	(17,514,873)
Increase in net assets from Fund share transactions.....	2,971,139	13,295,709
Total increase (decrease)...	(201,708)	10,382,332
Net Assets		
Beginning of period.....	71,025,133	60,642,801
End of period.....	\$70,823,425	\$71,025,133

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
Notes to Financial Statements
(Unaudited)

Prudential Municipal Bond Fund (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. The Fund was organized as an unincorporated business trust in Massachusetts on November 3, 1986 and consists of three series: the High Yield Series, the Insured Series and the Modified Term Series. The Fund had no operations until July 27, 1987 when 10,005 shares of beneficial interest (3,335 shares of each of the series) were sold at \$10.00 per share to Prudential Securities Incorporated ("PSI"). The monies of each series are invested in separate, independently managed portfolios. Investment operations for Class A, Class B and Class C shares commenced on January 22, 1990, September 17, 1987 and August 1, 1994, respectively.

The investment objectives of the series are as follows: (i) the objective of the High Yield Series is to provide the maximum amount of income that is eligible for exclusion from federal income taxes, (ii) the objective of the Insured and Modified Term Series is to provide the maximum amount of income that is eligible for exclusion from federal income taxes consistent with the preservation of capital. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political developments in a specific state, region or industry.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Note 1. Accounting
Policies

Securities Valuation:

Municipal securities (includ-

ing commitments to purchase such securities on a

"when-issued" basis) are valued on the basis of prices provided by a pricing service which uses information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities in determining values. If market quotations are not readily available from such pricing service, a security is valued at its fair value as determined under procedures established by the Trustees.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost.

Financial Futures Contracts: A financial futures contract is an agreement to purchase (long) or sell (short) an agreed amount of debt securities at a set price for delivery on a future date. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This amount is known as the "initial margin". Subsequent payments, known as "variation margin", are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded for financial statement purposes on a daily basis as unrealized gain or loss.

The Fund invests in financial futures contracts solely for the purpose of hedging its existing portfolio securities or securities the Fund intends to purchase against fluctuations in value caused by changes in prevailing market interest rates. Should interest rates move unexpectedly the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets.

Securities Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized gains and losses on sales of securities are calculated on the identified cost basis. Interest income is recorded on the accrual basis. Premiums paid on purchases of portfolio securities are amortized as adjustments to interest income. Net investment income, other than distribution fees, and realized and unrealized gains or losses are allocated daily to each class of shares based upon the relative proportion of net assets of each class at the beginning of the day.

Federal Income Taxes: For federal income tax purposes, each series in the Fund is treated as a separate tax paying entity. It is the intent of each series to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all net income to shareholders. For this reason and because substantially all of the Fund's gross income consists of tax-exempt interest, no federal income tax provision is required.

Series) in front-end sales charges resulting from sales of Class A shares during the six months ended October 31, 1994. From these fees, PMFD paid such sales charges to dealers (PSI and Prusec) which in turn paid commissions to salespersons and incurred other distribution costs.

PSI has advised the Fund that for the six months ended October 31, 1994, it received approximately \$1,961,900 (\$1,114,100-High Yield Series; \$753,300-Insured Series; \$94,500-Modified Term Series) in contingent deferred sales charges imposed upon certain redemptions by Class B shareholders.

PMFD is a wholly-owned subsidiary of PMF; PSI, PIC and PMF are indirect, wholly-owned subsidiaries of The Prudential Insurance Company of America.

Note 3. Other Transactions With Affiliates Prudential Mutual Fund Services, Inc. ('PMFS'), a wholly-owned subsidiary of PMF, serves as the Fund's

-41-

transfer agent. During the six months ended October 31, 1994, the Fund incurred fees of approximately \$404,000 (\$209,000--High Yield Series; \$179,000--Insured Series; \$16,000--Modified Term Series) for the services of PMFS. As of October 31, 1994, approximately \$64,100 (\$34,800--High Yield Series; \$26,200--Insured Series; \$3,100--Modified Term Series) of such fees were due to PMFS. Transfer agent fees and expenses in the Statement of Operations also include certain out of pocket expenses paid to non-affiliates.

Note 4. Portfolio Securities Purchases and sales of portfolio securities, excluding short-term investments, for the six months ended October 31, 1994, were as follows:

<TABLE>
<CAPTION>

Series	Purchases	Sales
<S>	<C>	<C>
High Yield.....	\$146,554,224	\$200,775,158
Insured.....	215,859,136	321,405,511
Modified Term.....	13,529,721	10,563,349

</TABLE>

At October 31, 1994, the High Yield Series and the Insured Series sold 218 and 205 financial futures contracts, respectively, of U.S. Treasury Bonds expiring in December, 1994. The Modified Term Series sold 90 financial futures contracts on the Municipal Bond Index expiring in December, 1994. The Insured Series also bought 278 financial futures contracts on the Municipal Bond Index expiring in December 1994.

The values of these financial futures contracts at October 31, 1994 were as follows:

<TABLE>
<CAPTION>

	Financial Futures Contracts Bought/Sold		
	High Yield Series	Insured Series	Modified Series
Value at disposition.....	\$18,678,500	\$41,049,156	\$8,618,250
Value at October 31, 1994.....	18,598,125	40,893,187	8,460,000
Unrealized gain (loss).....	\$ 80,375	\$ 155,969	\$ 158,250

</TABLE>

The federal income tax basis of the Fund's investments, at October 31, 1994 was \$1,088,446,397-High Yield Series; \$680,725,196-Insured Series; and \$72,920,168-Modified Term Series and, accordingly, net unrealized appreciation of investments for federal income tax purposes was as follows:

<TABLE>
<CAPTION>

Series	Net unrealized (depreciation)	Gross unrealized appreciation	Gross unrealized depreciation
High Yield.....	\$(20,925,996)	\$28,185,216	\$(49,111,212)
Insured.....	(9,645,050)	9,792,187	(19,437,237)
Modified....	(1,698,665)	1,331,082	(3,029,747)

</TABLE>

The High Yield Series has a net capital loss carryforward as of October 31, 1993 of approximately \$2,024,000 expiring in the year 2002. In addition, the High Yield Series and the Insured Series elected to treat net realized capital losses of approximately \$2,447,000 and \$3,562,000 incurred in the six month period ended April 30, 1994 as having been incurred in the following year.

Note 5. Capital

Each series currently offers Class A, Class B and Class C shares. Class A shares are sold with a front-end sales charge of up to 3.0%. Class B shares are sold with a contingent deferred sales charge which declines from 5% to zero depending on the period of time the shares are held. Class C shares are sold with a contingent deferred sales charge of 1% during the first year. Class B shares will automatically convert to Class A shares on a quarterly basis approximately seven years after purchase commencing in or about February 1995.

-42-

The Fund has authorized an unlimited number of shares of beneficial interest of each class at \$.01 par value per share. Transactions in shares of beneficial interest for the six months ended October 31, 1994 and the fiscal year ended April 30, 1994 were as follows:

<TABLE>
<CAPTION>

Modified Term Series	High Yield Series		Insured Series	
	Class A		Class A	
Class A				
Six Months Ended October 31,	-----		-----	
1994	Shares	Amount	Shares	Amount
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Shares issued.....	450,443	\$ 4,809,048	111,259	\$ 1,186,703
355,128 \$ 3,733,069				
Shares issued in reinvestment of dividends and distributions.....	73,820	789,103	45,221	482,766
14,969 157,311				
Shares reacquired.....	(912,108)	(9,746,736)	(416,771)	(4,409,764)
(70,045) (737,421)				
Increase/decrease in shares outstanding.....	(387,845)	\$ (4,148,585)	(260,291)	\$ (2,740,295)
300,052 \$ 3,152,959				

<CAPTION>
Year Ended April 30, 1994

<S>	<C>	<C>	<C>	<C>	<C>
Shares issued..... 299,213 \$ 3,353,193	2,534,562	\$ 28,590,668	781,363	\$ 9,004,329	
Shares issued in reinvestment of dividends..... 20,276 226,541	139,629	1,569,710	136,891	1,570,343	
Shares reacquired..... (99,485) (1,103,936)	(1,507,559)	(16,901,433)	(685,468)	(7,770,170)	
Increase in shares outstanding..... 220,004 \$ 2,475,798	1,166,632	\$ 13,258,945	232,786	\$ 2,804,502	

<CAPTION>

Class B		Class B		Class B	
Six Months Ended October 31,		Shares	Amount	Shares	Amount
1994					
Shares	Amount				
Shares issued..... 521,314 \$ 5,524,945		5,387,753	\$ 57,378,162	2,086,898	\$ 22,347,416
Shares issued in reinvestment of dividends and distributions..... 160,726 1,692,779		1,406,456	15,037,255	897,776	9,589,277
Shares reacquired..... (702,582) (7,399,744)		(10,771,114)	(114,945,729)	(8,065,783)	(85,968,719)
Decrease in shares outstanding..... (20,542) \$ (182,020)		(3,976,905)	\$ (42,530,312)	(5,081,109)	\$ (54,032,026)

<CAPTION>
Year Ended April 30, 1994

<S>	<C>	<C>	<C>	<C>	<C>
Shares issued..... 2,220,623 \$24,791,165	24,747,145	\$ 279,166,765	15,666,431	\$ 180,765,158	
Shares issued in reinvestment of dividends and distributions..... 218,375 2,439,638	2,712,412	30,506,304	2,973,210	34,160,333	
Shares reacquired..... (1,478,665) (16,410,937)	(17,392,980)	(194,998,165)	(16,827,416)	(191,725,961)	
Increase in shares outstanding..... 960,333 \$10,819,911	10,066,577	\$ 114,674,904	1,812,225	\$ 23,199,530	

<CAPTION>

Class C August 1, 1994* through		Class C		Class C			
October 31, 1994		Shares	Amount	Shares	Amount		
Shares	Amount						
<S>	<C>	<C>	<C>	<C>	<C>		<C>
Shares issued.....		127,315	\$ 1,360,652	16,167	\$ 172,297		
19 \$ 200							
Shares issued in reinvestment of dividends and distributions.....		781	8,255	75	780		
-- --							
Shares reacquired.....		--	--	--	--		
-- --							
Increase in shares outstanding.....		128,096	\$ 1,368,907	16,242	\$ 173,077		
19 \$ 200							

* Commencement of offering of Class C shares.

</TABLE>

-43-

PRUDENTIAL MUNICIPAL BOND FUND
HIGH YIELD SERIES
Financial Highlights
(Unaudited)

<TABLE>
<CAPTION>

Class B		Class A						
Years		Six Months	Years Ended April 30,				January 22,	Six
Months	Ended	Ended	Years Ended April 30,				Through	Ended
April 30,		October 31,	Years Ended April 30,				April 30,	October
PER SHARE OPERATING		1994	1994	1993	1992	1991	1990	1994
31,								
PERFORMANCE:								
1994								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....		\$ 10.74	\$ 11.14	\$ 10.68	\$ 10.45	\$ 10.33	\$ 10.58	\$
10.74 \$ 11.14								
Income from investment operations								
Net investment income.....		.35	.72	.77	.77D	.79D	.23D	

.33	.68						
Net realized and unrealized gain (loss) on investment transactions.....	(.34)	(.39)	.46	.23	.12	(.25)	
(.34)	(.39)						

Total from investment operations.....	.01	.33	1.23	1.00	.91	(.02)	
(.01)	.29						

Less distributions							
Dividends from net investment income.....	(.35)	(.72)	(.77)	(.77)	(.79)	(.23)	
(.33)	(.68)						
Distributions from capital gains.....	--	(.01)	--	--	--	--	
--	(.01)						

Total distributions.....	(.35)	(.73)	(.77)	(.77)	(.79)	(.23)	
(.33)	(.69)						

Net asset value, end of period.....	\$ 10.40	\$ 10.74	\$ 11.14	\$ 10.68	\$ 10.45	\$ 10.33	\$
10.40	\$ 10.74						

TOTAL RETURN#:	0.09%	2.88%	11.90%	9.82%	9.14%	(1.49)%	
(0.11)%	2.46%						
RATIOS/SUPPLEMENTAL DATA:							
Net assets, end of period (000).....	\$48,745	\$54,491	\$43,529	\$24,725	\$15,089	\$3,905	
\$1,023,382	\$1,099,640						
Average net assets (000)....	\$52,411	\$52,982	\$31,658	\$19,702	\$11,594	\$1,914	
\$1,083,718	\$1,132,653						
Ratios to average net assets:##							
Expenses, including distribution fees.....	0.70%*	0.69%	0.74%	0.65%D	0.60%D	0.60%*D	
1.10%*	1.09%						
Expenses, excluding distribution fees.....	0.60%*	0.59%	0.64%	0.55%D	0.50%D	0.50%*D	
0.60%*	0.59%						
Net investment income.....	6.60%*	6.42%	7.04%	7.25%D	7.62%D	8.17%*D	
6.20%*	6.02%						
Portfolio turnover rate.....	13%	36%	27%	34%	29%	44%	
13%	36%						

<CAPTION>

	Class C				

	August 1, 1994@@				
	Through				
	October 31, 1994				

PER SHARE OPERATING PERFORMANCE:	1993	1992	1991	1990	
	-----	-----	-----	-----	-----
<S>	<C>	<S>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$ 10.68	\$ 10.45	\$ 10.34	\$ 10.56	\$ 10.79
	-----	-----	-----	-----	-----
Income from investment operations					
Net investment income.....	.73	.73D	.75D	.79D	.14
Net realized and unrealized					

gain (loss) on investment transactions.....	.46	.23	.11	(.17)	(.39)
Total from investment operations.....	1.19	.96	.86	.62	(.25)
Less distributions					
Dividends from net investment income.....	(.73)	(.73)	(.75)	(.79)	(.14)
Distributions from capital gains.....	--	--	--	(.05)	--
Total distributions.....	(.73)	(.73)	(.75)	(.84)	(.14)
Net asset value, end of period.....	\$ 11.14	\$ 10.68	\$ 10.45	\$ 10.34	\$ 10.40
TOTAL RETURN#:	11.47%	9.40%	8.59%	6.04%	(2.31)%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000).....	\$1,028,480	\$803,838	\$701,483	\$622,970	\$1,332
Average net assets (000)....	\$893,203	\$759,779	\$667,751	\$549,485	\$754
Ratios to average net assets:##					
Expenses, including distribution fees.....	1.14%	1.05%D	1.00%D	0.83%D	1.35%*
Expenses, excluding distribution fees.....	.64%	0.55%D	0.50%D	0.33%D	0.60%*
Net investment income.....	6.66%	6.85%D	7.22%D	7.24%D	6.31%*
Portfolio turnover rate.....	27%	34%	29%	44%	13%

@ Commencement of offering of Class A shares.

@@ Commencement of offering of Class C shares.

* Annualized.

Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and reinvestment of dividends and distributions. Total returns for periods of less than a full year are not annualized.

Because of the event referred to in @@ and the timing of such, the ratios for the Class C shares are not necessarily comparable to that of Class A or B shares and are not necessarily indicative of future ratios.

D Net of expense subsidy, fee waivers and distribution fee deferrals.

</TABLE>

See Notes to Financial Statements.

-44-

PRUDENTIAL MUNICIPAL BOND FUND
INSURED SERIES
Financial Highlights
(Unaudited)

<TABLE>

<CAPTION>

Class A

Class B

Years Ended Months April Six Months Ended Years Ended April 30, Through January 22, 1990@ Six

Ended 30, PER SHARE OPERATING October 31, ----- PERFORMANCE: 1994 1994	October 31, 1994	October 31, 1994	1993	1992	1991	April 30, 1990	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period..... 10.71 \$ 11.44	\$ 10.71	\$ 11.44	\$ 10.98	\$ 10.76	\$10.25	\$ 10.51	\$
Income from investment operations							
Net investment income..... .26 .54	.28	.58	.61	.66D	.67D	.18D	
Net realized and unrealized gain (loss) on investment transactions..... (.37) (.43)	(.38)	(.43)	.73	.24	.54	(.26)	
Total from investment operations..... (.11) .11	(.10)	.15	1.34	.90	1.21	(.08)	
Less distributions							
Dividends from net investment income..... (.26) (.54)	(.28)	(.58)	(.61)	(.66)	(.67)	(.18)	
Distributions from capital gains..... -- (.30)	--	(.30)	(.27)	(.02)	(.03)	--	
Total distributions..... (.26) (.84)	(.28)	(.88)	(.88)	(.68)	(.70)	(.18)	
Net asset value, end of period..... 10.34 \$ 10.71	\$ 10.33	\$ 10.71	\$ 11.44	\$ 10.98	\$10.76	\$ 10.25	\$
TOTAL RETURN#: (1.08)% 0.63%	(0.98)%	1.04%	12.68%	8.59%	11.86%	(3.37)%	
RATIOS/SUPPLEMENTAL DATA:							
Net assets, end of period (000)..... 661,783 \$740,447	\$26,900	\$30,669	\$30,098	\$19,177	\$7,630	\$ 2,700	\$
Average net assets (000)..... 716,957 \$807,794	\$30,217	\$32,309	\$24,589	\$12,731	\$5,164	\$ 1,280	\$
Ratios to average net assets:##							
Expenses, including distribution fees..... 1.14%* 1.11%	0.74%*	0.71%	0.72%	0.62%D	0.61%D	0.62%*D	
Expenses, excluding distribution fees..... 0.64%* 0.61%	0.64%*	0.61%	0.62%	0.52%D	0.51%D	0.52%*D	
Net investment income..... 4.85%* 4.69%	5.25%*	5.09%	5.46%	6.06%D	6.38%D	6.64%*D	
Portfolio turnover rate..... 31% 105%	31%	105%	85%	56%	51%	82%	
<CAPTION>							

	1993	1992	1991	1990	Class C August 1, 1994@@ Through October 31, 1994
PER SHARE OPERATING PERFORMANCE:					
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$ 10.99	\$ 10.76	\$ 10.25	\$ 10.54	\$ 10.79
Income from investment operations					
Net investment income.....	.56	.62D	.63D	.67D	.13
Net realized and unrealized gain (loss) on investment transactions.....	.72	.25	.54	(.22)	(.45)
Total from investment operations.....	1.28	.87	1.17	.45	(.32)
Less distributions					
Dividends from net investment income.....	(.56)	(.62)	(.63)	(.67)	(.13)
Distributions from capital gains.....	(.27)	(.02)	(.03)	(.07)	--
Total distributions.....	(.83)	(.64)	(.66)	(.74)	(.13)
Net asset value, end of period.....	\$ 11.44	\$ 10.99	\$ 10.76	\$ 10.25	\$ 10.34
TOTAL RETURN#:	12.14%	8.24%	11.43%	4.36%	(3.17)%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000).....	\$770,060	\$638,451	\$578,412	\$497,139	\$ 168
Average net assets (000).....	\$705,846	\$609,516	\$537,275	\$446,904	\$ 91
Ratios to average net assets:##					
Expenses, including distribution fees.....	1.12%	1.02%D	1.01%D	0.85%D	1.39%*
Expenses, excluding distribution fees.....	0.62%	0.52%D	0.51%D	0.35%D	.64%*
Net investment income.....	5.06%	5.66%D	5.98%D	6.07%D	4.80%*
Portfolio turnover rate.....	85%	56%	51%	82%	31%

@ Commencement of offering of Class A shares.

@@ Commencement of offering of Class C shares.

* Annualized.

Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total returns for periods of less than a full year are not annualized.

Because of the event referred to in @@ and the timing of such, the ratios for the Class C shares are not necessarily comparable to that of Class A or B shares and are not necessarily indicative of future ratios.

D Net of expense subsidy, fee waivers and distribution fee deferrals.

</TABLE>

See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND
 MODIFIED TERM SERIES
 Financial Highlights
 (Unaudited)

<TABLE>
 <CAPTION>

Class B		Class A					January 22,
Years		Six Months					1990
Ended		Ended					Through
Six Months	April	October 31,	Years Ended April 30,				April 30,
Ended	30,	1994	1994	1993	1992	1991	1990
October 31,	-----	-----	-----	-----	-----	-----	-----
PER SHARE OPERATING	PERFORMANCE:	-----	-----	-----	-----	-----	-----
1994	1994	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 10.68	\$ 11.09	\$ 10.67	\$ 11.08	\$ 10.59	\$ 10.48	\$ 9.98
Income from investment operations							
Net investment income.....	.24	.48	.25	.53	.54D	.57D	.59D
Net realized and unrealized gain (loss)							
on investment transactions.....	(.27)	(.19)	(.26)	(.19)	.60	.26	.50
Total from investment operations.....	(.03)	.29	(.01)	.34	1.14	.83	1.09
Less distributions							
Dividends from net investment income....	(.24)	(.48)	(.25)	(.53)	(.54)	(.57)	(.59)
Distributions from capital gains.....	(.19)	(.22)	(.19)	(.22)	(.11)	(.15)	--
Total distributions.....	(.43)	(.70)	(.44)	(.75)	(.65)	(.72)	(.59)
Net asset value, end of period.....	\$ 10.22	\$ 10.68	\$ 10.22	\$ 10.67	\$ 11.08	\$ 10.59	\$ 9.98

TOTAL RETURN#:	(0.23)%	2.83%	11.13%	8.14%	11.20%	(2.49)%
(0.41)%	2.43%					
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (000).....	\$8,625	\$5,810	\$3,594	\$1,424	\$397	\$164
\$62,198	\$65,215					
Average net assets (000).....	\$6,648	\$4,981	\$1,883	\$599	\$305	\$80
\$65,184	\$59,811					
Ratios to average net assets:##						
Expenses, including distribution fees.....	1.00%*	1.00%	1.06%D	1.06%D	0.92%D	0.63%*D
1.40%*	1.40%D					
Expenses, excluding distribution fees.....	0.90%*	0.90%	0.96%D	0.96%D	0.82%D	0.53%*D
0.90%*	0.90%					
Net investment income.....	4.64%*	4.63%	5.09%D	5.41%D	5.92%D	6.26%*D
4.23%*	4.23%					
Portfolio turnover rate.....	15%	55%	22%	78%	128%	91%
15%	55%					

<CAPTION>

	Class C				
	August 1, 1994@@				
	Through October 31, 1994				
PER SHARE OPERATING PERFORMANCE:	1993	1992	1991	1990	1994
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 10.60	\$ 10.48	\$ 9.98	\$ 10.17	\$ 10.54
Income from investment operations					
Net investment income.....	.50D	.53D	.56D	.62D	.11
Net realized and unrealized gain (loss) on investment transactions.....	.60	.27	.50	(.16)	(.32)
Total from investment operations.....	1.10	.80	1.06	.46	(.21)
Less distributions					
Dividends from net investment income....	(.50)	(.53)	(.56)	(.62)	(.11)
Distributions from capital gains.....	(.11)	(.15)	--	(.03)	--
Total distributions.....	(.61)	(.68)	(.56)	(.65)	(.11)
Net asset value, end of period.....	\$ 11.09	\$ 10.60	\$ 10.48	\$ 9.98	\$ 10.22
TOTAL RETURN#:	10.62%	7.68%	10.82%	4.61%	(2.00)%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000).....	\$57,049	\$45,440	\$45,401	\$47,838	--
Average net assets (000).....	\$50,154	\$44,439	\$46,521	\$46,246	\$1
Ratios to average net assets:##					
Expenses, including distribution fees.....	1.46%D	1.46%D	1.32%D	0.83%D	2.30%*
Expenses, excluding distribution fees.....	0.96%D	0.96%D	0.82%D	0.33%D	1.55%*
Net investment income.....	4.69%D	5.01%D	5.52%D	6.03%D	8.07%*
Portfolio turnover rate.....	22%	78%	128%	91%	15%

</TABLE>

@ Commencement of offering of Class A shares.

@@ Commencement of offering of Class C shares.

* Annualized.

Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported

and reinvestment of dividends and distributions. Total returns for periods of less than a full year are not annualized.

Because of the event referred to in @@ and the timing of such, the ratios for the Class C shares are not necessarily comparable to that of Class A or B shares and are not necessarily indicative of future ratios.

D Net of expense subsidy, fee waivers and distribution fee deferrals.

See Notes to Financial Statements.

-46-

Trustees

Edward D. Beach
Donald D. Lennox
Douglas H. McCorkindale
Lawrence C. McQuade
Thomas T. Mooney
Richard A. Redeker
Louis A. Weil, III

Officers

Lawrence C. McQuade, President
Robert F. Gunia, Vice President
Susan C. Cote, Treasurer
S. Jane Rose, Secretary
Marguerite E.H. Morrison, Assistant Secretary

Manager

Prudential Mutual Fund Management, Inc.
One Seaport Plaza
New York, NY 10292

Investment Adviser

The Prudential Investment Corporation
Prudential Plaza
Newark, NJ 07101

Distributors

Prudential Mutual Fund Distributors, Inc.
Prudential Securities Incorporated
One Seaport Plaza
New York, NY 10292

Custodian

State Street Bank and Trust Company
One Heritage Drive
North Quincy, MA 02171

Transfer Agent

Prudential Mutual Fund Services, Inc.
P.O. Box 15005
New Brunswick, NJ 08906

Independent Accountants

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281

Legal Counsel

Gardner, Carton & Douglas
Quaker Tower
321 North Clark Street
Chicago, IL 60610

Prudential Mutual Funds

One Seaport Plaza
New York, NY 10292

Toll free (800) 225-1852, Collect (908) 417-7555

The accompanying financial statements as of October 30, 1994, were not audited and, accordingly, no opinion is expressed on them.

This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.

74435L103	74435L301	74435L509	MF 157E
74435L202	74435L400	74435L608	CAT. #4445665
74435L707	74435L806	74435L889	

(LOGO)