

DREYFUS MUNICIPAL INCOME INC
Form N-Q
August 26, 2011

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-5652

Dreyfus Municipal Income, Inc.
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166

(Address of principal executive offices) (Zip code)

Michael A. Rosenberg, Esq.

200 Park Avenue

New York, New York 10166

(Name and address of agent for service)

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

Date of fiscal year end: 09/30

Date of reporting period: 06/30/2011

FORM N-Q

Item 1. Schedule of Investments.

STATEMENT OF INVESTMENTS**Dreyfus Municipal Income, Inc.****June 30, 2011 (Unaudited)**

| Long-Term Municipal Investments--151.4% | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|----------------------------|--------------------------|----------------------------------|-------------------|
| Arizona--10.5% | | | | |
| Barclays Capital Municipal Trust Receipts (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue) | 5.00 | 1/1/38 | 9,998,763 a,b | 10,246,713 |
| City of Phoenix, County of Maricopa and the County of Pima Industrial Development Authorities, SFMR (Collateralized: FHLMC, FNMA and GNMA) | 5.80 | 12/1/39 | 1,135,000 | 1,139,619 |
| Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue | 6.25 | 7/1/28 | 1,000,000 | 1,038,230 |
| Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue | 7.00 | 7/1/28 | 2,000,000 | 2,112,980 |
| Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project) | 5.63 | 7/1/38 | 2,000,000 | 1,674,740 |
| Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project) | 5.75 | 9/1/29 | 1,000,000 | 1,007,460 |
| Pinal County Electrical District Number 4, Electric System Revenue | 6.00 | 12/1/38 | 2,300,000 | 2,313,524 |
| California--24.8% | | | | |
| ABAG Financial Authority for Nonprofit Corporations, Insured Revenue, COP (Odd | | | | |

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| | | | | |
|---|------|---------|----------------|------------|
| Fellows Home of California) California, | 6.00 | 8/15/24 | 5,000,000 c | 5,116,500 |
| GO (Various Purpose) California, | 5.75 | 4/1/31 | 3,950,000 | 4,223,182 |
| GO (Various Purpose) California, | 6.00 | 3/1/33 | 1,250,000 | 1,355,725 |
| GO (Various Purpose) California, | 6.50 | 4/1/33 | 3,000,000 | 3,337,920 |
| GO (Various Purpose) California Health Facilities Financing Authority, Revenue (Sutter Health) | 6.00 | 11/1/35 | 2,500,000 | 2,685,275 |
| Chula Vista, IDR (San Diego Gas and Electric Company) | 6.25 | 8/15/35 | 2,500,000 c | 2,502,750 |
| Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded) | 5.88 | 2/15/34 | 2,000,000 | 2,139,500 |
| JPMorgan Chase Putters/Drivers Trust (Los Angeles Departments of Airports, Senior Revenue (Los Angeles International Airport)) | 4.50 | 6/1/27 | 1,000,000 | 833,050 |
| Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue San Diego Public Facilities Financing Authority, Senior Sewer Revenue | 7.80 | 6/1/13 | 3,000,000 d | 3,414,450 |
| San Francisco City and County Public Utilities Commission, | 5.25 | 5/15/18 | 10,000,000 a,b | 10,629,800 |
| | 6.00 | 7/1/35 | 2,250,000 | 2,345,805 |
| | 5.25 | 5/15/34 | 1,000,000 | 1,034,800 |

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|---|------|----------|-------------|-----------|
| San Francisco Water Revenue | 5.00 | 11/1/29 | 2,210,000 | 2,329,163 |
| Tobacco Securitization Authority | | | | |
| <hr/> | | | | |
| of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation) | 5.00 | 6/1/37 | 3,500,000 | 2,412,760 |
| Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project) | 5.88 | 1/1/29 | 1,500,000 | 1,631,595 |
| Colorado--5.2% | | | | |
| Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project) | 8.00 | 12/1/40 | 1,500,000 | 1,724,070 |
| Colorado Health Facilities Authority, Health Facilities Revenue (The Evangelical Lutheran Good Samaritan Society Project) | 6.13 | 6/1/38 | 2,525,000 c | 2,529,848 |
| Colorado Springs, HR E-470 Public Highway Authority, Senior Revenue | 6.38 | 12/15/30 | 2,890,000 c | 2,895,144 |
| University of Colorado Regents, University Enterprise Revenue | 5.25 | 9/1/25 | 1,000,000 | 941,740 |
| | 5.38 | 6/1/38 | 1,500,000 | 1,564,740 |
| Florida--8.8% | | | | |
| Florida, Department of Transportation Right-of-Way Acquisition and Bridge Constuction Bonds | 5.00 | 7/1/24 | 1,500,000 | 1,657,815 |
| Greater Orlando Aviation Authority, Airport Facilities Revenue | 6.25 | 10/1/20 | 3,980,000 | 4,614,173 |
| Mid-Bay Bridge Authority, Springing Lien Revenue | 7.25 | 10/1/34 | 2,500,000 | 2,560,950 |
| Orange County School Board, COP (Master Lease Purchase | | | | |

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|--|------|----------|-------------|-----------|
| Agreement) (Insured; Assured Guaranty Municipal Corp.) Palm Beach County Health Facilities Authority, Revenue | 5.50 | 8/1/34 | 2,000,000 | 2,050,380 |
| <hr/> | | | | |
| (The Waterford Project) Saint Johns County Industrial Development Authority, Revenue | 5.88 | 11/15/37 | 2,400,000 c | 2,211,720 |
| (Presbyterian Retirement Communities Project) South Lake County Hospital District, Revenue (South Lake Hospital, Inc.) | 5.88 | 8/1/40 | 2,500,000 | 2,340,050 |
| Georgia--2.7% Atlanta, Water and Wastewater Revenue Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.) | 6.25 | 4/1/39 | 1,000,000 c | 999,880 |
| Hawaii--1.3% Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company, Inc. and Subsidiary Projects) | 6.00 | 11/1/28 | 3,000,000 | 3,271,620 |
| Illinois--3.0% Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport) | 5.25 | 11/1/34 | 1,750,000 | 1,787,188 |
| Illinois, GO Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue | 6.50 | 7/1/39 | 2,400,000 | 2,492,040 |
| University of Illinois Board of Trustees, Auxiliary Facilities System Revenue | 5.63 | 1/1/35 | 1,000,000 | 1,023,640 |
| | 5.00 | 3/1/28 | 1,500,000 | 1,493,190 |
| | 6.00 | 6/1/28 | 2,000,000 | 2,034,260 |
| | 5.13 | 4/1/36 | 1,000,000 | 982,030 |

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Indiana--1.2%

| | | | | |
|--|------|--------|-----------|-----------|
| Indianapolis Local Public Improvement Bond Bank, Revenue (Indianapolis Airport Authority Project) (Insured; AMBAC) | 5.00 | 1/1/36 | 2,500,000 | 2,287,375 |
|--|------|--------|-----------|-----------|

Louisiana--.6%

| | | | | |
|--|------|--------|-------------|-----------|
| Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group) | 6.13 | 7/1/29 | 1,000,000 c | 1,061,270 |
|--|------|--------|-------------|-----------|

Maryland--3.3%

| | | | | |
|---|------|--------|-----------|---------|
| Maryland Economic Development Corporation, EDR (Transportation Facilities Project) | 5.75 | 6/1/35 | 1,000,000 | 968,410 |
|---|------|--------|-----------|---------|

| | | | | |
|---|------|--------|-----------|-----------|
| Maryland Economic Development Corporation, PCR (Potomac Electric Project) | 6.20 | 9/1/22 | 2,500,000 | 2,923,500 |
|---|------|--------|-----------|-----------|

| | | | | |
|---|------|--------|-------------|-----------|
| Maryland Economic Development Corporation, Student Housing Revenue (University of Maryland, College Park Project) (Prerefunded) | 5.63 | 6/1/13 | 2,000,000 d | 2,198,720 |
|---|------|--------|-------------|-----------|

Massachusetts--12.4%

| | | | | |
|---|------|--------|----------------|------------|
| Barclays Capital Municipal Trust Receipts (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue)) | 5.00 | 7/1/38 | 10,000,000 a,b | 10,332,200 |
|---|------|--------|----------------|------------|

| | | | | |
|--|------|--------|-------------|-----------|
| Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue) | 7.25 | 1/1/32 | 1,500,000 c | 1,619,655 |
|--|------|--------|-------------|-----------|

| | | | | |
|--|------|--------|-----------|-----------|
| Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue) | 6.00 | 7/1/31 | 1,970,000 | 1,987,257 |
|--|------|--------|-----------|-----------|

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|---|------|--------|-----------|-----------|
| Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue) | 6.25 | 7/1/30 | 2,000,000 | 2,115,940 |
| Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue (Insured; AMBAC) | 5.50 | 7/1/40 | 2,230,000 | 1,930,221 |

| | | | | |
|---|------|---------|-----------|-----------|
| Massachusetts Industrial Finance Agency, Water Treatment Revenue (Massachusetts-American Hingham Project) | 6.95 | 12/1/35 | 5,235,000 | 5,203,538 |
|---|------|---------|-----------|-----------|

Michigan--7.0%

| | | | | |
|--|------|----------|-------------|-----------|
| Detroit, Sewage Disposal System Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.) | 7.50 | 7/1/33 | 2,140,000 | 2,505,469 |
| Michigan Hospital Finance Authority, HR (Henry Ford Health System) | 5.00 | 11/15/38 | 1,515,000 c | 1,347,729 |
| Michigan Strategic Fund, SWDR (Genesee Power Station Project) | 7.50 | 1/1/21 | 3,885,000 | 3,617,945 |
| Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) | 8.00 | 9/1/29 | 2,500,000 c | 2,888,325 |
| Wayne County Airport Authority, Airport Revenue (Detroit Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.) | 5.00 | 12/1/34 | 3,000,000 | 2,623,380 |

Minnesota--1.8%

| | | | | |
|--|------|----------|-------------|-----------|
| Minneapolis, Health Care System Revenue (Fairview Health Services) | 6.75 | 11/15/32 | 3,000,000 c | 3,258,660 |
| Minnesota Agricultural and | | | | |

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|--|------|----------|-----------|-----------|
| Economic Development Board, Health Care System Revenue (Fairview Health Care Systems) | 6.38 | 11/15/29 | 80,000 c | 80,274 |
| Mississippi--3.2% | | | | |
| Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project) | 5.88 | 4/1/22 | 6,000,000 | 6,007,140 |
| Missouri--.0% | | | | |
| Missouri Housing Development Commission, SFMR | | | | |
| <hr/> | | | | |
| (Homeownership Loan Program) (Collateralized: FNMA and GNMA) | 6.30 | 9/1/25 | 70,000 | 71,429 |
| Nevada--2.1% | | | | |
| Clark County, IDR (Southwest Gas Corporation Project) (Insured; AMBAC) | 6.10 | 12/1/38 | 4,000,000 | 4,005,120 |
| New Jersey--4.5% | | | | |
| New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project) | 5.70 | 10/1/39 | 2,000,000 | 2,014,460 |
| New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Municipal Corp.) | 6.13 | 6/1/30 | 2,500,000 | 2,575,025 |
| Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds | 5.00 | 6/1/29 | 5,000,000 | 3,847,850 |
| New Mexico--1.5% | | | | |
| Farmington, PCR (Public Service Company of New Mexico San Juan Project) | 5.90 | 6/1/40 | 3,000,000 | 2,879,880 |
| New York--7.2% | | | | |
| Barclays Capital Municipal Trust Receipts (New York City Transitional Finance | | | | |

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|--|------|---------|-----------------|-----------|
| Authority, Future Tax Secured Revenue) | 5.00 | 5/1/30 | 7,996,797 a,b | 8,482,837 |
| New York City Educational Construction Fund, Revenue | 6.50 | 4/1/28 | 1,500,000 | 1,752,030 |
| New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Municipal Corp.) | 7.00 | 3/1/49 | 1,435,000 | 1,587,627 |
| Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project) | 6.00 | 12/1/36 | 1,500,000 | 1,524,720 |
| North Carolina--3.1% | | | | |
| Barclays Capital Municipal Trust Receipts (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System)) | 5.00 | 6/1/42 | 5,000,000 a,b,c | 5,021,250 |
| North Carolina Housing Finance Agency, Home Ownership Revenue | 6.25 | 1/1/29 | 775,000 | 775,605 |
| Ohio--3.3% | | | | |
| Butler County, Hospital Facilities Revenue (UC Health) | 5.50 | 11/1/40 | 2,500,000 c | 2,215,575 |
| Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project) | 5.63 | 10/1/19 | 2,100,000 | 2,218,209 |
| Toledo-Lucas County Port Authority, Special Assessment Revenue (Crocker Park Public Improvement Project) | 5.38 | 12/1/35 | 2,000,000 | 1,681,380 |
| Pennsylvania--5.3% | | | | |
| Delaware County Industrial Development Authority, Charter School Revenue (Chester | | | | |

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|---|------|---------|-----------------|-----------|
| Community Charter School Project) | 6.13 | 8/15/40 | 2,500,000 | 2,289,925 |
| JPMorgan Chase Putters/Drivers Trust (Geisinger Authority, Health System Revenue (Geisinger Health System)) | 5.13 | 6/1/35 | 2,000,000 a,b,c | 2,020,840 |
| Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project) | 6.60 | 1/1/19 | 3,500,000 | 1,954,820 |
| Philadelphia, GO | 6.50 | 8/1/41 | 1,750,000 | 1,882,668 |
| Sayre Health Care Facilities Authority, Revenue (Guthrie | | | | |
| <hr/> | | | | |
| Health) | 5.88 | 12/1/31 | 1,755,000 c | 1,771,637 |
| Rhode Island--1.1% | | | | |
| Tobacco Settlement Financing Corporation of Rhode Island, Tobacco Settlement Asset-Backed Bonds | 6.13 | 6/1/32 | 2,000,000 | 2,002,680 |
| South Carolina--7.0% | | | | |
| Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project) | 5.00 | 12/1/26 | 5,000,000 | 5,049,850 |
| South Carolina Public Service Authority, Revenue Obligations | 5.50 | 1/1/38 | 3,000,000 | 3,200,040 |
| Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds | 6.38 | 5/15/30 | 3,750,000 | 4,751,513 |
| Texas--9.8% | | | | |
| Barclays Capital Municipal Trust Receipts (Texas A&M University System Board of Regents, Financing System Revenue) Houston, | 5.00 | 5/15/39 | 5,000,000 a,b | 5,201,450 |

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|---|------|---------|-------------|-----------|
| Airport System Subordinate | | | | |
| Lien Revenue | 5.00 | 7/1/25 | 1,300,000 | 1,291,602 |
| La Vernia Higher Education Finance Corporation, Education Revenue (Knowledge is Power Program, Inc.) | 6.25 | 8/15/39 | 2,250,000 | 2,298,600 |
| Lubbock Educational Facilities Authority, Improvement Revenue (Lubbock Christian University) | 5.25 | 11/1/37 | 1,500,000 | 1,346,430 |
| North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Municipal Corp.) | 5.75 | 1/1/40 | 4,000,000 | 4,112,320 |
| North Texas Tollway Authority, Second Tier System Revenue | 5.75 | 1/1/38 | 4,000,000 | 4,006,440 |
| Utah--0% | | | | |
| <hr/> | | | | |
| Utah Housing Finance Agency, SFMR (Collateralized; FHA) | 6.00 | 1/1/31 | 10,000 | 10,045 |
| Vermont--.9% | | | | |
| Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project) | 6.00 | 10/1/28 | 1,500,000 | 1,516,320 |
| Vermont Housing Finance Agency, SFHR (Insured; Assured Guaranty Municipal Corp.) | 6.40 | 11/1/30 | 225,000 | 229,723 |
| Virginia--1.2% | | | | |
| Washington County Industrial Development Authority, HR (Mountain States Health Alliance) | 7.25 | 7/1/19 | 2,000,000 c | 2,260,180 |
| Washington--4.3% | | | | |
| Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) | 6.25 | 8/1/36 | 2,990,000 c | 3,226,270 |
| Washington Health Care Facilities Authority, Revenue (Catholic | | | | |

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|---|------|----------|-------------|-----------|
| Health Initiatives) | 6.38 | 10/1/36 | 1,500,000 c | 1,612,710 |
| Washington Housing Finance Commission, Revenue (Single-Family Program) (Collateralized: FHLMC, FNMA and GNMA) | 5.15 | 6/1/37 | 3,160,000 | 3,089,121 |
| West Virginia--.5% | | | | |
| The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station Project) | 5.50 | 10/15/37 | 1,000,000 | 932,930 |
| Wisconsin--2.6% | | | | |
| Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.) | 5.60 | 2/15/29 | 4,780,000 c | 4,780,335 |
| Wyoming--1.1% | | | | |
| Wyoming Municipal Power Agency, Power Supply System Revenue | 5.50 | 1/1/38 | 2,000,000 | 2,049,920 |

U.S. Related--10.1%

| | | | | |
|---|------|---------|-----------|-----------|
| Government of Guam, LOR (Section 30) | 5.75 | 12/1/34 | 1,500,000 | 1,494,180 |
| Puerto Rico Commonwealth, Public Improvement GO | 5.50 | 7/1/32 | 1,000,000 | 973,300 |
| Puerto Rico Commonwealth, Public Improvement GO | 6.50 | 7/1/40 | 1,000,000 | 1,073,760 |
| Puerto Rico Electric Power Authority, Power Revenue | 5.00 | 7/1/37 | 1,945,000 | 1,808,772 |
| Puerto Rico Electric Power Authority, Power Revenue | 5.50 | 7/1/38 | 5,400,000 | 5,384,934 |
| Puerto Rico Electric Power Authority, Power Revenue | 5.25 | 7/1/40 | 1,500,000 | 1,439,655 |
| Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series) | 5.38 | 8/1/39 | 1,000,000 | 989,230 |
| Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series) | 6.00 | 8/1/42 | 5,500,000 | 5,739,195 |

Total Long-Term Municipal Investments

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|---|-----------------|-----------------|--------------------|--------------------|
| (cost \$273,765,391) | | | | 282,101,419 |
| Short-Term Municipal | Coupon | Maturity | Principal | |
| Investments--1.8% | Rate (%) | Date | Amount (\$) | Value (\$) |
| California; | | | | |
| California, | | | | |
| GO Notes | | | | |
| (Kindergarten-University) | | | | |
| (LOC: California State | | | | |
| Teachers Retirement System and | | | | |
| Citibank NA) | 0.03 | 7/1/11 | 2,400,000 e | 2,400,000 |
| Irvine Assessment District Number | | | | |
| 03-19, Limited Obligation | | | | |
| Improvement Bonds (LOC: | | | | |
| California State Teachers | | | | |
| Retirement System and U.S. | | | | |
| Bank NA) | 0.04 | 7/1/11 | 1,000,000 e | 1,000,000 |
| Total Short-Term Municipal Investments | | | | |
| (cost \$3,400,000) | | | | 3,400,000 |

| | | |
|---|----------------|---------------------|
| Total Investments (cost \$277,165,391) | 153.2% | 285,501,419 |
| Liabilities, Less Cash and Receivables | (13.0%) | (24,174,622) |
| Preferred Stock, at redemption value | (40.2%) | (75,000,000) |
| Net Assets Applicable to Common Shareholders | 100.0% | 186,326,797 |

- a Collateral for floating rate borrowings.
- b Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2011, these securities were valued at \$51,935,090 or 27.9% of net assets applicable to Common Shareholders.
- c At June 30, 2011, the fund had \$49,420,552 or 26.5% of net assets applicable to Common Shareholders Invested in securities whose payment of principal and interest is dependent upon revenues generated from health care.
- d These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.
- e Variable rate demand note - rate shown is the interest rate in effect at June 30, 2011. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

At June 30, 2011, the aggregate cost of investment securities for income tax purposes was \$277,165,391. Net unrealized appreciation on investments was \$8,336,028 of which \$12,280,060 related to appreciated investment securities and \$3,944,032 related to depreciated investment securities.

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Summary of Abbreviations

| | | | |
|--------------|---|-------------|---------------------------------------|
| ABAG | Association of Bay Area Governments | ACA | American Capital Access |
| AGC | ACE Guaranty Corporation | AGIC | Asset Guaranty Insurance Company |
| AMBAC | American Municipal Bond Assurance Corporation | ARRN | Adjustable Rate Receipt Notes |
| BAN | Bond Anticipation Notes | BPA | Bond Purchase Agreement |
| CIFG | CDC Ixis Financial Guaranty | COP | Certificate of Participation |
| CP | Commercial Paper | EDR | Economic Development Revenue |
| EIR | Environmental Improvement Revenue | FGIC | Financial Guaranty Insurance Company |
| FHA | Federal Housing Administration | FHLB | Federal Home Loan Bank |
| FHLMC | Federal Home Loan Mortgage Corporation | FNMA | Federal National Mortgage Association |

| | | | |
|---------------|--|----------------|---------------------------------|
| GAN | Grant Anticipation Notes | GIC | Guaranteed Investment Contract |
| GNMA | Government National Mortgage Association | GO | General Obligation |
| HR | Hospital Revenue | IDB | Industrial Development Board |
| IDC | Industrial Development Corporation | IDR | Industrial Development Revenue |
| LOC | Letter of Credit | LOR | Limited Obligation Revenue |
| LR | Lease Revenue | MFHR | Multi-Family Housing Revenue |
| MFMR | Multi-Family Mortgage Revenue | PCR | Pollution Control Revenue |
| PILOT | Payment in Lieu of Taxes | PUTTERS | Puttable Tax-Exempt Receipts |
| RAC | Revenue Anticipation Certificates | RAN | Revenue Anticipation Notes |
| RAW | Revenue Anticipation Warrants | RRR | Resources Recovery Revenue |
| SAAN | State Aid Anticipation Notes | SBPA | Standby Bond Purchase Agreement |
| SFHR | Single Family Housing Revenue | SFMR | Single Family Mortgage Revenue |
| SONYMA | State of New York Mortgage Agency | SWDR | Solid Waste Disposal Revenue |
| TAN | Tax Anticipation Notes | TAW | Tax Anticipation Warrants |
| TRAN | Tax and Revenue Anticipation Notes | XLCA | XL Capital Assurance |

Various inputs are used in determining the value of the fund's investments relating to fair value measurements.

These inputs are summarized in the three broad levels listed below.

Level 1 - unadjusted quoted prices in active markets for identical investments.

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 - significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2011 in valuing the fund's investments:

| Assets (\$) | Level 1 - Unadjusted Quoted Prices | Level 2 - Other Significant Observable Inputs | Level 3 - Significant Unobservable Inputs | Total |
|----------------------------|---|--|--|--------------------|
| Investments in Securities: | | | | |
| Municipal Bonds | - | 285,501,419 | - | 285,501,419 |

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

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

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

Item 2. Controls and Procedures.

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

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

Item 3. Exhibits.

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

FORM N-Q

SIGNATURES

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

Dreyfus Municipal Income, Inc.

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

President

Date: August 19, 2011

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

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

President

Date: August 19, 2011

By: /s/ James Windels
James Windels

Treasurer

Date: August 19, 2011

EXHIBIT INDEX

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

