

DREYFUS MUNICIPAL INCOME INC
Form N-Q
February 26, 2015

**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)

John Pak, 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: 12/31/2014

FORM N-Q

Item 1. Schedule of Investments.

STATEMENT OF INVESTMENTS**Dreyfus Municipal Income, Inc.****December 31, 2014 (Unaudited)**

| Long-Term Municipal Investments--148.7% | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|----------------------------|--------------------------|----------------------------------|-------------------|
| Alabama--3.4% | | | | |
| Alabama Public School and College Authority, Capital Improvement Revenue | 5.00 | 1/1/26 | 3,500,000 | 4,283,930 |
| Jefferson County, Sewer Revenue Warrants | 0/7.75 | 10/1/46 | 4,000,000 a | 2,511,120 |
| Arizona--9.3% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 21 W) Recourse (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue) | 5.00 | 1/1/38 | 9,998,763 b,c | 10,927,513 |
| Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project) | 5.63 | 7/1/38 | 2,000,000 d | 1,812,920 |
| Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project) | 5.75 | 9/1/29 | 1,000,000 | 1,001,810 |
| Pinal County Electrical District Number 4, Electric System Revenue | 6.00 | 12/1/38 | 2,300,000 | 2,556,565 |
| Salt Verde Financial Corporation, Senior Gas Revenue | 5.00 | 12/1/37 | 2,190,000 | 2,538,166 |
| California--23.6% | | | | |
| California, GO (Various Purpose) | 5.75 | 4/1/31 | 3,950,000 | 4,671,704 |
| California, GO (Various Purpose) | 6.00 | 3/1/33 | 1,250,000 | 1,535,250 |
| California, GO (Various Purpose) | 6.50 | 4/1/33 | 3,000,000 | 3,677,100 |

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|---|------|---------|----------------|------------|
| California, GO (Various Purpose) | 6.00 | 11/1/35 | 2,500,000 | 3,044,075 |
| California Municipal Finance Authority, Revenue (Southwestern Law School) | 6.50 | 11/1/41 | 750,000 d | 924,878 |
| Chula Vista, IDR (San Diego Gas and Electric Company) | 5.88 | 2/15/34 | 2,000,000 | 2,370,940 |
| JPMorgan Chase Putters/Drivers Trust (Series 3869) Non-recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport)) | 5.25 | 5/15/18 | 10,000,000 b,c | 11,700,000 |
| JPMorgan Chase Putters/Drivers Trust (Series 4414) Non-recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles | | | | |

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|--|------|---------|-----------------|-----------|
| International Airport)) | 5.00 | 5/15/21 | 4,000,000 b,c | 4,514,040 |
| JPMorgan Chase Putters/Drivers Trust (Series 4421) | | | | |
| Non-recourse (The Regents of the University of California, General Revenue) | 5.00 | 5/15/21 | 3,750,000 b,c,d | 4,342,088 |
| Sacramento County, Airport System Subordinate and Passenger Facility Charges | | | | |
| Grant Revenue | 6.00 | 7/1/35 | 2,250,000 | 2,572,065 |
| Santa Ana Community Redevelopment Agency, Tax Allocation Revenue (Merged Project Area) | 6.75 | 9/1/28 | 3,000,000 | 3,679,110 |
| Tobacco Securitization Authority of Southern California, Tobacco Settlement | | | | |
| Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation) | 5.00 | 6/1/37 | 3,500,000 | 2,872,170 |
| Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project) | 5.88 | 1/1/29 | 1,500,000 | 1,768,890 |
| Colorado--6.5% | | | | |
| Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project) | 8.00 | 12/1/40 | 1,500,000 d | 1,745,610 |
| E-470 Public Highway Authority, Senior Revenue | 5.25 | 9/1/25 | 1,000,000 | 1,131,710 |
| E-470 Public Highway Authority, Senior Revenue | 5.38 | 9/1/26 | 1,000,000 | 1,133,930 |
| JPMorgan Chase Putters/Drivers Trust (Series 4386) | | | | |
| Non-recourse (Board of Governors of the Colorado State University, System Enterprise Revenue) | 5.00 | 3/1/20 | 2,550,000 b,c,d | 2,896,826 |
| RIB Floater Trust (Barclays Bank PLC) (Series 25 U-1) Recourse | | | | |

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|--|------|----------|---------------|-----------|
| (Colorado Springs, Utilities System Improvement Revenue) | 5.00 | 11/15/43 | 4,000,000 b,c | 4,587,120 |
| University of Colorado Regents, University Enterprise Revenue | 5.38 | 6/1/38 | 1,500,000 d | 1,730,310 |
| District of Columbia--4.0% | | | | |
| RIB Floater Trust (Barclays Bank PLC) (Series 15 U) Recourse (District of Columbia, Income Tax Secured Revenue) | 5.00 | 12/1/35 | 6,999,163 b,c | 8,066,803 |
| Florida--7.7% | | | | |
| Davie, Educational Facilities Revenue (Nova Southeastern University Project) | 5.63 | 4/1/43 | 1,000,000 d | 1,138,400 |
| Greater Orlando Aviation Authority, Airport Facilities Revenue | 6.25 | 10/1/20 | 3,980,000 | 4,768,637 |
| Mid-Bay Bridge Authority, Springing Lien Revenue Palm Beach County Health | 7.25 | 10/1/34 | 2,500,000 | 3,087,025 |

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|--|------|----------|---------------|-----------|
| Facilities Authority, Revenue (The Waterford Project) | 5.88 | 11/15/37 | 2,400,000 | 2,605,344 |
| Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project) | 5.88 | 8/1/40 | 2,500,000 | 2,812,175 |
| South Lake County Hospital District, Revenue (South Lake Hospital, Inc.) | 6.25 | 4/1/39 | 1,000,000 | 1,127,440 |
| Georgia--1.8% | | | | |
| Atlanta, Water and Wastewater Revenue | 6.00 | 11/1/28 | 3,000,000 | 3,603,240 |
| Hawaii--1.4% | | | | |
| Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company, Inc. and Subsidiary Projects) | 6.50 | 7/1/39 | 2,400,000 | 2,794,512 |
| Illinois--5.6% | | | | |
| Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport) | 5.63 | 1/1/35 | 1,000,000 | 1,141,100 |
| Chicago, GO | 5.00 | 1/1/24 | 1,000,000 | 1,073,470 |
| Chicago, GO (Project and Refunding Series) | 5.00 | 1/1/36 | 1,500,000 | 1,551,075 |
| Illinois, GO | 5.00 | 8/1/24 | 1,000,000 | 1,106,720 |
| JPMorgan Chase Putters/Drivers Trust (Series 4360) Non-recourse (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds) | 5.00 | 12/1/19 | 2,500,000 b,c | 2,859,825 |
| Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue | 6.00 | 6/1/28 | 2,000,000 | 2,357,380 |

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|---|------|---------|-------------|-----------|
| University of Illinois Board of Trustees, Auxiliary Facilities | | | | |
| System Revenue | 5.13 | 4/1/36 | 1,000,000 d | 1,120,540 |
| Iowa--1.2% | | | | |
| Iowa Student Loan Liquidity Corporation, Student Loan | | | | |
| Revenue | 5.75 | 12/1/28 | 2,230,000 d | 2,431,391 |
| Louisiana--.6% | | | | |
| Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group) | 6.13 | 7/1/29 | 1,000,000 | 1,180,220 |
| Maine--.8% | | | | |
| Maine Health and Higher Educational Facilities Authority, Revenue (MaineGeneral Medical Center Issue) | 7.50 | 7/1/32 | 1,250,000 | 1,523,825 |
| Maryland--4.4% | | | | |
| JPMorgan Chase Putters/Drivers Trust (Series 4422) | | | | |

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|---|------|--------|------------------|------------|
| Non-recourse (Mayor and City Council of Baltimore, Project Revenue (Water Projects)) | 5.00 | 7/1/21 | 2,000,000 b,c | 2,298,140 |
| Maryland, GO (State and Local Facilities Loan) | 5.00 | 8/1/22 | 2,000,000 | 2,455,480 |
| Maryland Economic Development Corporation, EDR (Transportation Facilities Project) | 5.75 | 6/1/35 | 1,000,000 | 1,082,910 |
| Maryland Economic Development Corporation, PCR (Potomac Electric Project) | 6.20 | 9/1/22 | 2,500,000 | 2,974,100 |
| Massachusetts--11.0% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 15 W) Recourse (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue)) | 5.00 | 7/1/38 | 10,000,000 b,c,d | 11,086,200 |
| JPMorgan Chase Putters/Drivers Trust (Series 4395) Non-recourse (University of Massachusetts Building Authority, Project and Refunding Revenue) | 5.00 | 5/1/21 | 3,698,335 b,c,d | 4,194,746 |
| Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue) | 7.25 | 1/1/32 | 1,500,000 | 1,843,980 |
| Massachusetts Educational Financing Authority, Education Loan Revenue (Issue K) | 5.25 | 7/1/29 | 2,500,000 d | 2,773,350 |
| Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue) | 6.25 | 7/1/30 | 2,000,000 d | 2,352,780 |
| Michigan--6.0% | | | | |
| Detroit, | | | | |

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|--|------|--------|-------------|-----------|
| Water Supply System Senior Lien Revenue | 5.00 | 7/1/31 | 1,500,000 | 1,616,685 |
| Detroit, | | | | |
| Water Supply System Senior Lien Revenue | 5.00 | 7/1/36 | 3,000,000 | 3,195,840 |
| Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Water Supply System Revenue Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.) | | | | |
| Michigan Strategic Fund, SWDR (Genesee Power Station Project) | 7.50 | 1/1/21 | 2,500,000 | 2,500,925 |
| Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) (Prerefunded) | | | | |
| Wayne County Airport Authority, | 8.00 | 9/1/18 | 2,500,000 e | 3,125,125 |

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|---|------|----------|-------------|-----------|
| Airport Revenue (Detroit Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.) | 5.00 | 12/1/34 | 1,000,000 | 1,032,260 |
| Minnesota--1.8% | | | | |
| Minneapolis, Health Care System Revenue (Fairview Health Services) | 6.75 | 11/15/32 | 3,000,000 | 3,542,490 |
| Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems) | 6.38 | 11/15/29 | 80,000 | 80,351 |
| Mississippi--2.9% | | | | |
| Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project) | 5.88 | 4/1/22 | 3,500,000 | 3,503,430 |
| Warren County, Gulf Opportunity Zone Revenue (International Paper Company Project) | 5.38 | 12/1/35 | 2,000,000 | 2,250,640 |
| New Jersey--4.3% | | | | |
| New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project) | 5.70 | 10/1/39 | 2,000,000 | 2,300,160 |
| New Jersey Higher Education Student Assistance Authority, Senior Student Loan Revenue | 5.00 | 12/1/18 | 1,500,000 d | 1,684,020 |
| New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Corp.) | 6.13 | 6/1/30 | 2,260,000 d | 2,470,361 |
| Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds | 5.00 | 6/1/29 | 2,500,000 | 2,140,825 |
| New Mexico--1.7% | | | | |
| Farmington, PCR (Public Service Company of | | | | |

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|--|------|---------|---------------|-----------|
| New Mexico San Juan Project) | 5.90 | 6/1/40 | 3,000,000 | 3,358,650 |
| New York--12.7% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 11 B) Recourse (New York City Transitional Finance Authority, Future Tax Secured Revenue) | 5.00 | 5/1/30 | 7,996,797 b,c | 9,098,877 |
| New York City Educational Construction Fund, Revenue | 6.50 | 4/1/28 | 1,500,000 d | 1,868,205 |
| New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Corp.) | 7.00 | 3/1/49 | 1,435,000 | 1,735,173 |
| New York State Dormitory Authority, State Personal Income Tax Revenue (General Purpose) | 5.00 | 3/15/32 | 2,500,000 | 2,949,050 |
| Port Authority of New York and New Jersey, Special Project Bonds | | | | |

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|---|------|---------|---------------|-----------|
| (JFK International Air Terminal LLC Project) | 6.00 | 12/1/36 | 1,500,000 | 1,751,100 |
| RIB Floater Trust (Barclays Bank PLC) (Series 16 U) Recourse (New York City Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue) | 5.00 | 6/15/44 | 7,400,000 b,c | 8,325,296 |
| North Carolina--2.7% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 31 W) Recourse (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System)) | 5.00 | 6/1/42 | 5,000,000 b,c | 5,487,200 |
| Ohio--1.2% | | | | |
| Butler County, Hospital Facilities Revenue (UC Health) | 5.50 | 11/1/40 | 1,500,000 | 1,672,050 |
| Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project) | 5.63 | 10/1/19 | 600,000 | 674,436 |
| Pennsylvania--2.7% | | | | |
| Clairton Municipal Authority, Sewer Revenue | 5.00 | 12/1/42 | 1,000,000 | 1,079,570 |
| JPMorgan Chase Putters/Drivers Trust (Series 3916) Non-recourse (Geisinger Authority, Health System Revenue (Geisinger Health System)) | 5.13 | 6/1/35 | 2,000,000 b,c | 2,211,300 |
| Philadelphia, GO | 6.50 | 8/1/41 | 1,750,000 | 2,103,938 |
| Rhode Island--1.0% | | | | |
| Tobacco Settlement Financing Corporation of Rhode Island, Tobacco Settlement | | | | |

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|---|------|---------|---------------|-----------|
| Asset-Backed Bonds | 6.13 | 6/1/32 | 2,000,000 | 2,008,000 |
| South Carolina--7.0% | | | | |
| JPMorgan Chase Putters/Drivers Trust (Series 4379) Non-recourse (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper)) | 5.13 | 6/1/37 | 4,800,000 b,c | 5,407,488 |
| South Carolina Public Service Authority, Revenue Obligations (Santee Cooper) | 5.50 | 1/1/38 | 3,000,000 | 3,408,510 |
| Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds (Escrowed to Maturity) | 6.38 | 5/15/30 | 3,750,000 | 5,219,550 |
| Tennessee--1.1% | | | | |
| JPMorgan Chase Putters/Drivers Trust (Series 4416) Non-recourse (Metropolitan Government of Nashville and | | | | |

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|---|------|----------|-----------------|-----------|
| Davidson County, Water and Sewer Revenue) | 5.00 | 7/1/21 | 2,000,000 b,c | 2,308,700 |
| Texas--14.9% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 39 W) Recourse (Texas A&M University System Board of Regents, Financing System Revenue) | 5.00 | 5/15/39 | 5,000,000 b,c,d | 5,704,550 |
| Clifton Higher Education Finance Corporation, Revenue (Uplift Education) | 4.25 | 12/1/34 | 1,000,000 d | 1,000,770 |
| Harris County-Houston Sports Authority, Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.) | 0.00 | 11/15/52 | 4,000,000 f | 642,120 |
| Houston, Airport System Subordinate Lien Revenue | 5.00 | 7/1/25 | 1,300,000 | 1,487,590 |
| JPMorgan Chase Putters/Drivers Trust (Series 4356) Non-recourse (San Antonio, Electric and Gas Systems Junior Lien Revenue) | 5.00 | 2/1/21 | 6,300,000 b,c | 7,104,321 |
| La Vernia Higher Education Finance Corporation, Education Revenue (Knowledge is Power Program, Inc.) | 6.25 | 8/15/39 | 2,250,000 d | 2,571,098 |
| Lubbock Educational Facilities Authority, Improvement Revenue (Lubbock Christian University) | 5.25 | 11/1/37 | 1,500,000 d | 1,569,735 |
| North Texas Education Finance Corporation, Education Revenue (Uplift Education) | 5.13 | 12/1/42 | 2,000,000 d | 2,188,440 |
| North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.) | 5.75 | 1/1/40 | 1,685,000 | 1,887,722 |
| North Texas Tollway Authority, Second Tier System Revenue | 5.75 | 1/1/38 | 4,000,000 | 4,420,480 |

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|---|------|---------|---------------|-----------|
| San Antonio, General Improvement GO | 5.00 | 2/1/21 | 1,325,000 | 1,585,879 |
| Virginia--.7% | | | | |
| Washington County Industrial Development Authority, HR (Mountain States Health Alliance) | 7.25 | 7/1/19 | 1,320,000 | 1,442,034 |
| Washington--4.3% | | | | |
| Barclays Capital Municipal Trust Receipts (Series 27 B) Recourse (King County, Sewer Revenue) | 5.00 | 1/1/29 | 2,999,037 b,c | 3,464,067 |
| Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded) | 6.25 | 8/1/18 | 2,990,000 e | 3,536,094 |
| Washington Health Care Facilities Authority, Revenue (Catholic Health Initiatives) | 6.38 | 10/1/36 | 1,500,000 | 1,755,750 |

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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 | 1,035,270 |
|------------------|------|----------|-----------|-----------|

Wyoming--1.1%

Wyoming Municipal Power Agency,

| | | | | |
|-----------------------------|------|--------|-----------|-----------|
| Power Supply System Revenue | 5.50 | 1/1/38 | 2,000,000 | 2,209,920 |
|-----------------------------|------|--------|-----------|-----------|

U.S. Related--.8%

Guam,

| | | | | |
|------------------|------|---------|-----------|-----------|
| LOR (Section 30) | 5.75 | 12/1/34 | 1,500,000 | 1,667,280 |
|------------------|------|---------|-----------|-----------|

| | | | | |
|---|--|--|----------------|--------------------|
| Total Investments (cost \$267,032,857) | | | 148.7 % | 299,873,748 |
|---|--|--|----------------|--------------------|

| | | | | |
|---|--|--|-----------------|----------------------|
| Liabilities, Less Cash and Receivables | | | (23.9 %) | (48,230,324) |
|---|--|--|-----------------|----------------------|

| | | | | |
|---|--|--|-----------------|----------------------|
| Preferred Stock, at redemption value | | | (24.8 %) | (50,000,000) |
|---|--|--|-----------------|----------------------|

| | | | | |
|---|--|--|----------------|--------------------|
| Net Assets Applicable to Common Shareholders | | | 100.0 % | 201,643,424 |
|---|--|--|----------------|--------------------|

a Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.

b Collateral for floating rate borrowings.

c Securities exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2014, these securities were valued at \$116,585,100 or 57.8% of net assets applicable to Common Shareholders.

d At December 31, 2014, the fund had \$57,607,218 or 28.6% of net assets invested in securities whose payment of principal and interest is dependent upon revenues generated from education applicable to Common Shareholders.

e 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.

f Security issued with a zero coupon. Income is recognized through the accretion of discount.

At December 31, 2014, net unrealized appreciation on investments was \$32,840,891 of which \$32,994,771 related to appreciated investment securities and \$153,880 related to depreciated investment securities. At December 31, 2014, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes.

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 | DRIVERS | Derivative Inverse Tax-Exempt Receipts |

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|-------------|---------------------------------------|--------------|---|
| 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 |

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|---------------|-----------------------------------|-----------------|--|
| IDB | Industrial Development Board | IDC | Industrial Development Corporation |
| IDR | Industrial Development Revenue | LIFERS | Long Inverse Floating Exempt Receipts |
| LOC | Letter of Credit | LOR | Limited Obligation Revenue |
| LR | Lease Revenue | MERLOTS | Municipal Exempt Receipts Liquidity Option Tender |
| MFHR | Multi-Family Housing Revenue | MFMR | Multi-Family Mortgage Revenue |
| PCR | Pollution Control Revenue | P-FLOATS | Puttable Floating Option Tax-Exempt Receipts |
| PILOT | Payment in Lieu of Taxes | PUTTERS | Puttable Tax-Exempt Receipts |
| RAC | Revenue Anticipation Certificates | RAN | Revenue Anticipation Notes |
| RAW | Revenue Anticipation Warrants | RIB | Residual Interest Bonds |
| ROCS | Reset Option Certificates | 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 | SPEARS | Short Puttable Exempt Adjustable Receipts |
| SWDR | Solid Waste Disposal Revenue | TAN | Tax Anticipation Notes |
| TAW | Tax Anticipation Warrants | TRAN | Tax and Revenue Anticipation Notes |
| XLCA | XL Capital Assurance | | |

The following is a summary of the inputs used as of December 31, 2014 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+ | - | 299,873,748 | - | 299,873,748 |

+ See Statement of Investments for additional detailed categorizations.

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: The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

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. Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows: Investments in securities are valued each business day by an independent pricing service (the "Service") approved by the fund's Board. 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 the following: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. All preceding securities are categorized as Level 2 in the hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the fund's Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized as Level 2 or 3 depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are categorized as Level 3 in the hierarchy.

Inverse Floater Securities: The fund participates in secondary inverse floater structures in which fixed-rate, tax-exempt municipal bonds are transferred to a trust. The trust subsequently issues two or more variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One or more of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals. A residual interest tax-exempt security is also created by the trust, which is transferred to the fund, and is paid interest based on the remaining cash flow of the trust, after payment of interest on the other securities and various expenses of the trust.

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: February 24, 2015

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: February 24, 2015

By: /s/ James Windels

James Windels

Treasurer

Date: February 24, 2015

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)