DREYFUS MUNICIPAL INCOME INC

Form N-Q

February 22, 2010

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: 12/31/2009

-1-

FORM N-Q

Item 1. Schedule of Investments.

-2-

SSL-DOCS2 70180139v2

STATEMENT OF INVESTMENTS

Dreyfus Municipal Income, Inc. December 31, 2009 (Unaudited)

| Long-Term Municipal Investments147.5% | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|------------|
| Alabama2.6% | | | | |
| The Board of Trustees of the | | | | |
| University of Alabama, HR | | | | |
| (University of Alabama at | | | | |
| Birmingham) (Insured; National | | | | |
| Public Finance Guarantee Corp.) (Prerefunded) | 5.88 | 9/1/10 | 4,620,000 a | 4,835,107 |
| Arizona4.2% | | | | |
| 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 | 2,860,000 | 3,017,214 |
| Glendale Western Loop 101 Public | | | | |
| Facilities Corporation, Third | | | | |
| Lien Excise Tax Revenue | 6.25 | 7/1/28 | 1,000,000 | 1,061,540 |
| Glendale Western Loop 101 Public | | | | |
| Facilities Corporation, Third | 7.00 | 7/1/28 | 2 000 000 | 0.170.660 |
| Lien Excise Tax Revenue | 7.00 | //1/20 | 2,000,000 | 2,179,660 |
| Pima County Industrial Development Authority, Education Revenue | | | | |
| (American Charter Schools | | | | |
| Foundation Project) | 5.63 | 7/1/38 | 2,000,000 | 1,523,620 |
| California23.9% | | | | |
| ABAG Financial Authority for | | | | |
| Nonprofit Corporations, | | | | |
| Insured Revenue, COP (Odd Fellows Home of California) | 6.00 | 8/15/24 | 5,000,000 | 5,001,200 |
| California, | | | | |
| GO (Various Purpose) | 5.75 | 4/1/31 | 3,950,000 | 4,000,481 |
| California, GO (Various Purpose) | 5.00 | 11/1/32 | 1,500,000 | 1,386,525 |
| California, | | | | |
| GO (Various Purpose) | 6.50 | 4/1/33 | 3,000,000 | 3,246,570 |
| California, | | | | |

| GO (Various Purpose) | 6.00 | 11/1/35 | 2,500,000 | 2,578,425 |
|--|------|---------|-------------|-----------|
| California Health Facilities | | | | |
| Financing Authority, Revenue (Sutter Health) | 6.25 | 8/15/35 | 2,500,000 | 2,532,400 |
| California Statewide Communities | | | | |
| Development Authority, COP | | | | |
| (Catholic Healthcare West) (Prerefunded) | 6.50 | 7/1/10 | 3,545,000 a | 3,681,270 |
| California Statewide Communities | | | | |
| Development Authority, COP | | | | |
| (Catholic Healthcare West) (Prerefunded) | 6.50 | 7/1/10 | 1,455,000 a | 1,510,930 |

| Chabot-Las Positas Community | | | | |
|---|------|-----------------|-------------|-----------|
| College District, GO (Insured; | | | | |
| AMBAC) | 0.00 | 8/1/32 | 6,000,000 b | 1,324,680 |
| Chula Vista, | | | | |
| IDR (San Diego Gas and | | | | |
| Electric Company) | 5.88 | 2/15/34 | 2,000,000 | 2,194,620 |
| Golden State Tobacco | | | | |
| Securitization Corporation, | | | | |
| Tobacco Settlement | 4.50 | 0/4/07 | F 000 000 | 4.510.050 |
| Asset-Backed Bonds | 4.50 | 6/1/27 | 5,000,000 | 4,516,850 |
| Golden State Tobacco | | | | |
| Securitization Corporation, | | | | |
| Tobacco Settlement Asset-Backed Bonds | 5.00 | 6/1/33 | 2,000,000 | 1,521,940 |
| Golden State Tobacco | 0.00 | <i>3,</i> 1, 33 | _,000,000 | .,02.,0.0 |
| Securitization Corporation, | | | | |
| Tobacco Settlement | | | | |
| Asset-Backed Bonds | 5.75 | 6/1/47 | 3,500,000 | 2,612,680 |
| Golden State Tobacco | | | | |
| Securitization Corporation, | | | | |
| Tobacco Settlement | | | | |
| Asset-Backed Bonds | | | | |
| (Prerefunded) | 7.80 | 6/1/13 | 3,000,000 a | 3,624,450 |
| Sacramento County, | | | | |
| Airport System Subordinate and | | | | |
| Passenger Facility Charges | | | | |
| Grant Revenue | 6.00 | 7/1/35 | 2,250,000 | 2,423,632 |
| San Diego Public Facilities | | | | |
| Financing Authority, Senior Sewer Revenue | 5.25 | 5/15/34 | 1,000,000 | 1,030,540 |
| Tuolumne Wind Project Authority, | 0.20 | 3, 13, 31 | 1,000,000 | 1,000,010 |
| Revenue (Tuolumne Company | | | | |
| Project) | 5.88 | 1/1/29 | 1,500,000 | 1,636,185 |
| Colorado6.3% | | | | |
| Colorado Educational and Cultural | | | | |
| Facilities Authority, Charter | | | | |
| School Revenue (American | | | | |
| Academy Project) | 8.00 | 12/1/40 | 1,500,000 | 1,737,150 |
| Colorado Health Facilities | | | | |
| Authority, Health Facilities | | | | |
| Revenue (The Evangelical | | | | |
| Lutheran Good Samaritan | | | | |

| Society Project) | 6.13 | 6/1/38 | 2,525,000 | 2,538,862 |
|--|------|----------|-------------|-----------|
| Colorado Springs, HR | 6.38 | 12/15/30 | 2,890,000 | 2,947,858 |
| Colorado Springs, HR (Prerefunded) | 6.38 | 12/15/10 | 2,835,000 a | 3,024,180 |
| University of Colorado Regents, University Enterprise Revenue | 5.38 | 6/1/38 | 1,500,000 | 1,587,975 |
| District of Columbia5% | | | | |
| District of Columbia, | | | | |
| Revenue (Catholic University | | | | |
| America Project) (Insured; AMBAC) | 5.63 | 10/1/29 | 475,000 | 480,006 |
| District of Columbia Housing | | | | |
| Finance Agency, SFMR | | | | |
| | | | | |

| (Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding) | 7.45 | 12/1/30 | 480,000 | 487,728 |
|---|------|---------|-------------|-----------|
| Florida6.0% | - | | , | - , - |
| Greater Orlando Aviation | | | | |
| Authority, Airport Facilities | | | | |
| Revenue | 6.25 | 10/1/20 | 3,980,000 | 4,455,769 |
| Orange County Health Facilities | | | | |
| Authority, HR (Orlando Regional Healthcare System) | 6.00 | 10/1/26 | 2,470,000 | 2,499,838 |
| Orange County School Board, | | | | |
| COP (Master Lease Purchase | | | | |
| Agreement) (Insured; Assured Guaranty Municipal Corp.) | 5.50 | 8/1/34 | 2,000,000 | 2,090,960 |
| South Lake County Hospital | 0.00 | 3/1/31 | 2,000,000 | 2,000,000 |
| District, Revenue (South Lake | | | | |
| Hospital, Inc.) | 5.80 | 10/1/34 | 1,095,000 | 1,099,906 |
| South Lake County Hospital | | | | |
| District, Revenue (South Lake Hospital, Inc.) | 6.25 | 4/1/39 | 1,000,000 c | 1,003,920 |
| Georgia2.7% | | | | |
| Atlanta, | | | | |
| Water and Wastewater Revenue | 6.00 | 11/1/28 | 3,000,000 | 3,196,950 |
| Atlanta, | | | | |
| Water and Wastewater Revenue | | | | |
| (Insured; Assured Guaranty Municipal Corp.) | 5.25 | 11/1/34 | 1,750,000 | 1,799,980 |
| Illinois7.5% | | | | |
| Chicago, | | | | |
| GO (Insured; FGIC) (Prerefunded) | 6.13 | 7/1/10 | 3,685,000 a | 3,830,005 |
| Chicago, | 0.13 | 7/1/10 | 3,063,000 a | 3,030,003 |
| GO (Insured; National Public | | | | |
| Finance Guarantee Corp.) | | | | |
| (Prerefunded) | 6.13 | 7/1/10 | 315,000 a | 327,395 |
| Illinois Development Finance | | | | |
| Authority, Revenue (Community | | | | |
| Rehabilitation Providers Facilities Acquisition Program) | 8.75 | 3/1/10 | 10,000 | 10,016 |
| Illinois Finance Authority, | | | , | , - |
| Revenue (Sherman Health | | | | |
| Systems) | 5.50 | 8/1/37 | 2,000,000 | 1,815,980 |
| Illinois Health Facilities | | | | |
| Authority, Revenue (Advocate | | | | |

| Health Care Network) (Prerefunded) | 6.13 | 11/15/10 | 5,800,000 a | 6,095,626 |
|--|------|----------|-------------|-----------|
| Illinois Health Facilities | | | | |
| Authority, Revenue (Swedish | | | | |
| American Hospital) (Prerefunded) | 6.88 | 5/15/10 | 1,990,000 a | 2,054,357 |
| Indiana1.4% | | | | |
| Franklin Township School Building | | | | |
| Corporation, First Mortgage Bonds (Prerefunded) | 6.13 | 7/15/10 | 2,500,000 a | 2,628,200 |
| Louisiana6% | | | | |
| Louisiana Public Facilities | | | | |
| | | | | |

| Authority, Revenue (CHRISTUS Health Obligated Group) | 6.13 | 7/1/29 | 1,000,000 | 1,071,750 |
|--|------|---------|-------------|-----------|
| Maryland2.8% | | | | |
| Maryland Economic Development | | | | |
| Corporation, PCR (Potomac Electric Project) | 6.20 | 9/1/22 | 2,500,000 | 2,856,550 |
| Maryland Economic Development | | | | |
| Corporation, Student Housing | | | | |
| Revenue (University of | | | | |
| Maryland, College Park Project) (Prerefunded) | 5.63 | 6/1/13 | 2,000,000 a | 2,305,180 |
| Massachusetts7.6% | | | | |
| Massachusetts Development Finance | | | | |
| Agency, SWDR (Dominion Energy Brayton Point Issue) | 5.00 | 2/1/36 | 3,000,000 | 2,657,190 |
| Massachusetts Health and | | | | |
| Educational Facilities | | | | |
| Authority, Healthcare System | | | | |
| Revenue (Covenant Health Systems Obligated Group Issue) | 6.00 | 7/1/31 | 1,970,000 | 2,009,085 |
| Massachusetts Health and | | | | |
| Educational Facilities | | | | |
| Authority, Healthcare System | | | | |
| Revenue (Covenant Health | | | | |
| Systems Obligated Group Issue) (Prerefunded) | 6.00 | 1/1/12 | 530,000 a | 591,199 |
| Massachusetts Health and | | | | |
| Educational Facilities | | | | |
| Authority, Revenue (Suffolk University Issue) | 6.25 | 7/1/30 | 2,000,000 | 2,112,880 |
| Massachusetts Housing Finance | | | | |
| Agency, Rental Housing | | | | |
| Mortgage Revenue (Insured; AMBAC) | 5.50 | 7/1/40 | 2,230,000 | 1,806,010 |
| Massachusetts Industrial Finance | | | | |
| Agency, Water Treatment | | | | |
| Revenue | | | | |
| (Massachusetts-American Hingham Project) | 6.95 | 12/1/35 | 5,235,000 | 5,087,216 |
| Michigan7.0% | | | | |
| Detroit, | | | | |
| Sewage Disposal System Senior | | | | |

| Lien Revenue (Insured; Assured | | | | |
|---------------------------------|------|----------|-----------|-----------|
| Guaranty Municipal Corp.) | 7.50 | 7/1/33 | 2,140,000 | 2,544,246 |
| Michigan Hospital Finance | | | | |
| Authority, HR (Henry Ford | | | | |
| Health System) | 5.00 | 11/15/38 | 1,515,000 | 1,302,673 |
| Michigan Strategic Fund, | | | | |
| SWDR (Genesee Power Station | | | | |
| Project) | 7.50 | 1/1/21 | 4,385,000 | 3,840,339 |
| Royal Oak Hospital Finance | | | | |
| Authority, HR (William | | | | |
| Beaumont Hospital Obligated | | | | |
| Group) | 8.00 | 9/1/29 | 2,500,000 | 2,929,750 |
| 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 | 2,509,470 |
| Minnesota3.7% | | | | |
| Minneapolis, | | | | |
| Health Care System Revenue (Fairview Health Services) | 6.75 | 11/15/32 | 3,000,000 | 3,344,970 |
| Minnesota Agricultural and | | | | |
| Economic Development Board, | | | | |
| Health Care Facilities Revenue | | | | |
| (Essentia Health Obligated | | | | |
| Group) (Insured; Assured Guaranty Municipal Corp.) | 5.00 | 2/15/37 | 1,000,000 | 1,018,660 |
| Minnesota Agricultural and | | | | |
| Economic Development Board, | | | | |
| Health Care System Revenue | | | | |
| (Fairview Health Care Systems) | 6.38 | 11/15/29 | 80,000 | 81,379 |
| Minnesota Agricultural and | | | | |
| Economic Development Board, | | | | |
| Health Care System Revenue | | | | |
| (Fairview Health Care Systems) | | | | |
| (Prerefunded) | 6.38 | 11/15/10 | 2,420,000 a | 2,572,750 |
| Mississippi3.2% | | | | |
| Mississippi Business Finance | | | | |
| Corporation, PCR (System Energy Resources, Inc. Project) | 5.88 | 4/1/22 | 6,000,000 | 5,999,400 |
| Missouri1.5% | | | | |
| Missouri Health and Educational | | | | |
| Facilities Authority, Health | | | | |
| Facilities Revenue (Saint | | | | |
| Anthony's Medical Center) (Prerefunded) | 6.25 | 12/1/10 | 2,500,000 a | 2,655,000 |
| Missouri Housing Development | | | | |
| Commission, SFMR | | | | |
| (Homeownership Loan Program) (Collateralized: FNMA and GNMA) | 6.30 | 9/1/25 | 100,000 | 102,114 |
| Nevada2.1% | | | | |
| Clark County, | | | | |
| IDR (Southwest Gas Corporation Project) (Insured; AMBAC) | 6.10 | 12/1/38 | 4,000,000 | 3,999,760 |
| New Hampshire1.2% | | | | |
| New Hampshire Business Finance | | | | |

| Authority, PCR (Public Service | | | | |
|--|------|---------|-----------|-----------|
| Company of New Hampshire Project) (Insured; AMBAC) | 6.00 | 5/1/21 | 2,135,000 | 2,158,912 |
| New Jersey2.5% | | | | |
| New Jersey Economic Development | | | | |
| Authority, Water Facilities | | | | |
| Revenue (New Jersey - American Water Company, Inc. Project) | 5.70 | 10/1/39 | 2,000,000 | 1,972,160 |
| New Jersey Higher Education | | | | |
| Student Assistance Authority, | | | | |
| Student Loan Revenue (Insured; | | | | |
| Assured Guaranty Municipal | | | | |
| Corp.) | 6.13 | 6/1/30 | 2,500,000 | 2,648,900 |
| New Mexico2.1% | | | | |
| | | | | |

| Farmington, | | | | |
|--|------|---------|-----------|-----------|
| PCR (Public Service Company of | | | | |
| New Mexico San Juan Project) | 6.30 | 12/1/16 | 3,000,000 | 3,001,290 |
| New Mexico Mortgage Finance | | | | |
| Authority, Single Family | | | | |
| Mortgage Program | | | | |
| (Collateralized: FHLMC and GNMA) | 6.85 | 9/1/31 | 930,000 | 943,206 |
| New York1.7% | | | | |
| Long Island Power Authority, Electric System General Revenue | 5.00 | 9/1/27 | 1,500,000 | 1,535,685 |
| New York City Industrial | | | | |
| Development Agency, PILOT | | | | |
| Revenue (Yankee Stadium | | | | |
| Project) (Insured; Assured Guaranty Municipal Corp.) | 7.00 | 3/1/49 | 1,435,000 | 1,654,239 |
| North Carolina5% | | | | |
| North Carolina Housing Finance Agency, Home Ownership Revenue | 6.25 | 1/1/29 | 980,000 | 980,833 |
| Ohio2.0% | | | | |
| Ohio Air Quality Development | | | | |
| Authority, Air Quality Revenue | | | | |
| (Ohio Valley Electric | | | | |
| Corporation Project) | 5.63 | 10/1/19 | 2,100,000 | 2,153,025 |
| Toledo-Lucas County Port | | | | |
| Authority, Special Assessment | | | | |
| Revenue (Crocker Park Public | | | | |
| Improvement Project) | 5.38 | 12/1/35 | 2,000,000 | 1,627,880 |
| Pennsylvania6.7% | | | | |
| Lancaster Higher Education | | | | |
| Authority, College Revenue | | | | |
| (Franklin and Marshall College Project) | 5.00 | 4/15/37 | 2,000,000 | 2,011,980 |
| Pennsylvania Economic Development | | | | |
| Financing Authority, RRR | | | | |
| (Northampton Generating Project) | 6.60 | 1/1/19 | 3,500,000 | 2,074,275 |
| Sayre Health Care Facilities | | | | |
| Authority, Revenue (Guthrie Health) | 5.88 | 12/1/31 | 1,755,000 | 1,783,273 |
| Sayre Health Care Facilities | | | | |
| Authority, Revenue (Guthrie | | | | |

| Health) (Prerefunded) | 5.88 | 12/1/11 | 5,995,000 a | 6,648,395 |
|----------------------------------|------|---------|-------------|-----------|
| Rhode Island1.0% | | | | |
| Tobacco Settlement Financing | | | | |
| Corporation of Rhode Island, | | | | |
| Tobacco Settlement | | | | |
| Asset-Backed Bonds | 6.13 | 6/1/32 | 2,000,000 | 1,901,360 |
| South Carolina8.9% | | | | |
| 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 | 5,027,900 |
| Piedmont Municipal Power Agency, | | | | |
| | | | | |

| Electric Revenue | 5.25 | 1/1/21 | 3,500,000 | 3,507,350 |
|---|------|---------|-------------|---|
| South Carolina Public Service | | | | |
| Authority, Revenue Obligations | 5.50 | 1/1/38 | 3,000,000 | 3,258,180 |
| Tobacco Settlement Revenue | | | | |
| Management Authority of South | | | | |
| Carolina, Tobacco Settlement Asset-Backed Bonds | 6.38 | 5/15/30 | 3,750,000 | 4,866,338 |
| Tennessee2.6% | | | | |
| Johnson City Health and | | | | |
| Educational Facilities Board, | | | | |
| Hospital First Mortgage | | | | |
| Revenue (Mountain States | | | | |
| Health Alliance) | 5.50 | 7/1/36 | 2,000,000 | 1,948,320 |
| Metropolitan Government of | | | | |
| Nashville and Davidson County | | | | |
| Health and Educational | | | | |
| Facilities Board, Revenue (The Vanderbilt University) | 5.50 | 10/1/29 | 2,500,000 | 2,837,975 |
| Texas10.6% | | | | |
| Cities of Dallas and Fort Worth, | | | | |
| Dallas/Fort Worth | | | | |
| International Airport, Joint | | | | |
| Revenue Improvement (Insured; | | | | |
| Assured Guaranty Municipal | | | | |
| Corp.) | 5.00 | 11/1/35 | 1,500,000 | 1,451,310 |
| Gregg County Health Facilities | | | | |
| Development Corporation, HR | | | | |
| (Good Shepherd Medical Center | | | | |
| Project) (Insured; Radian) (Prerefunded) | 6.38 | 10/1/10 | 2,500,000 a | 2,630,100 |
| Harris County Health Facilities | | | | |
| Development Corporation, HR | | | | |
| (Memorial Hermann Healthcare System) (Prerefunded) | 6.38 | 6/1/11 | 3,565,000 a | 3,889,522 |
| La Vernia Higher Education Finance | | | | |
| Corporation, Education Revenue | | | | |
| (Knowledge is Power Program, | 0.05 | 0/45/00 | 0.050.000 | 0.050.055 |
| Inc.) | 6.25 | 8/15/39 | 2,250,000 | 2,256,255 |
| Lubbock Educational Facilities | | | | |
| Authority, Improvement Revenue (Lubbock Christian University) | 5.25 | 11/1/37 | 1,500,000 | 1,283,895 |
| North Texas Tollway Authority, | 0.20 | 11/1/01 | 1,000,000 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| Total Toxas Tollway Authority, | | | | |

| First Tier System Revenue | | | | |
|--|------|---------|-----------|-----------|
| (Insured; Assured Guaranty Municipal Corp.) | 5.75 | 1/1/40 | 4,000,000 | 4,228,240 |
| North Texas Tollway Authority, Second Tier System Revenue | 5.75 | 1/1/38 | 4,000,000 | 4,066,600 |
| Utah0% | | | | |
| Utah Housing Finance Agency, SFMR (Collateralized; FHA) | 6.00 | 1/1/31 | 70,000 | 70,391 |
| Vermont2.3% | | | | |
| Vermont Educational and Health | | | | |
| Buildings Financing Agency, | | | | |
| Revenue (Middlebury College Project) | 5.00 | 11/1/38 | 2,500,000 | 2,517,675 |
| Vermont Educational and Health | | | | |
| | | | | |

| Buildings Financing Agency, | | | | |
|--|------|----------|-------------|-----------|
| Revenue (Saint Michael's | | | | |
| College Project) | 6.00 | 10/1/28 | 1,500,000 | 1,557,840 |
| Vermont Housing Finance Agency, | | | | |
| SFHR (Insured; Assured Guaranty Municipal Corp.) | 6.40 | 11/1/30 | 290,000 | 296,308 |
| Virginia1.3% | 0.40 | 11/1/30 | 230,000 | 230,000 |
| Washington County Industrial | | | | |
| Development Authority, HR | | | | |
| (Mountain States Health | | | | |
| Alliance) | 7.25 | 7/1/19 | 2,000,000 | 2,392,280 |
| Washington4.2% | | | | |
| Washington Health Care Facilities | | | | |
| Authority, Mortgage Revenue | | | | |
| (Highline Medical Center) | | | | |
| (Collateralized; FHA) | 6.25 | 8/1/36 | 3,000,000 | 3,127,140 |
| Washington Health Care Facilities | | | | |
| Authority, Revenue (Catholic | | | | |
| Health Initiatives) | 6.38 | 10/1/36 | 1,500,000 | 1,633,500 |
| Washington Housing Finance | | | | |
| Commission, Revenue | | | | |
| (Single-Family Program) | | | | |
| (Collateralized: FHLMC, FNMA and GNMA) | 5.15 | 6/1/37 | 3,160,000 | 3,180,666 |
| West Virginia1.2% | 0.10 | 3,1,3, | 0,100,000 | 3,133,333 |
| The County Commission of Pleasants | | | | |
| County, PCR (Allegheny Energy | | | | |
| Supply Company, LLC Pleasants | | | | |
| Station Project) | 5.25 | 10/15/37 | 2,500,000 | 2,311,100 |
| Wisconsin4.2% | | | | |
| Badger Tobacco Asset | | | | |
| Securitization Corporation, | | | | |
| Tobacco Settlement | | | | |
| Asset-Backed Bonds | | | | |
| (Prerefunded) | 7.00 | 6/1/12 | 2,500,000 a | 2,847,425 |
| Wisconsin Health and Educational | | | | |
| Facilities Authority, Revenue | 5.60 | 2/15/29 | 4,975,000 | 4 Q4E 707 |
| (Aurora Health Care, Inc.) Wyoming1.8% | 5.60 | 2/13/29 | 4,975,000 | 4,945,797 |
| Sweetwater County, | | | | |
| SWDR (FMC Corporation Project) | 5.60 | 12/1/35 | 1,500,000 | 1,356,045 |
| Wyoming Municipal Power Agency, | | | | |
| | | | | |

| Power Supply System Revenue | 5.50 | 1/1/38 | 2,000,000 | 2,053,340 |
|--|------|---------|-----------|-----------|
| U.S. Related9.1% | | | | |
| Government of Guam, LOR (Section 30) | 5.75 | 12/1/34 | 1,500,000 | 1,513,455 |
| Puerto Rico Commonwealth, Public Improvement GO | 5.50 | 7/1/32 | 1,000,000 | 963,780 |
| Puerto Rico Commonwealth, Public Improvement GO | 6.00 | 7/1/39 | 1,500,000 | 1,506,465 |
| Puerto Rico Electric Power Authority, Power Revenue | 5.00 | 7/1/37 | 1,945,000 | 1,834,213 |
| Puerto Rico Electric Power Authority, Power Revenue | 5.50 | 7/1/38 | 5,400,000 | 5,432,778 |
| Puerto Rico Sales Tax Financing | | | | |
| | | | | |

| Corporation, Sales Tax Revenue (First Subordinate Series) | 6.00 | 8/1/42 | 5,500,000 | 5,714,885 |
|--|--------------------|------------------|-----------------------|---------------|
| Total Long-Term Municipal Investments | | | | |
| (cost \$266,151,957) | | | | 276,153,232 |
| Short-Term Municipal Investments3.7% | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
| California1.1% | | | | |
| California Department of Water | | | | |
| Resources, Power Supply | | | | |
| Revenue (LOC; Landesbank Hessen-Thuringen Girozentrale) | 0.20 | 1/1/10 | 2,000,000 d | 2,000,000 |
| Massachusetts1.3% | | | | |
| Massachusetts Health and | | | | |
| Educational Facilities | | | | |
| Authority, Revenue (Harvard University Issue) | 0.18 | 1/1/10 | 2,500,000 d | 2,500,000 |
| Utah1.3% | | | | |
| Murray City, HR (IHC Health Services, Inc.) | 0.20 | 1/1/10 | 2,500,000 d | 2,500,000 |
| Total Short-Term Municipal Investments | | | | |
| (cost \$7,000,000) | | | | 7,000,000 |
| Total Investments (cost \$273,151,957) | | | 151.2% | 283,153,232 |
| Cash and Receivables (Net) | | | 2.2% | 4,120,999 |
| Preferred Stock, at redemption value | | | (53.4%) | (100,000,000) |
| Net Assets Applicable to Common Shareho | lders | | 100.0% | 187,274,231 |

- 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.
- b Security issued with a zero coupon. Income is recognized through the accretion of discount.
- C Purchased on a delayed delivery basis.
- Variable rate demand note rate shown is the interest rate in effect at December 31, 2009. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

At December 31, 2009, the aggregate cost of investment securities for income tax purposes was \$273,151,957. Net unrealized appreciation on investments was \$10,001,275 of which \$15,539,849 related to appreciated investment securities and \$5,538,574 related to depreciated investment securities.

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 | 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 December 31, 2009 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 | - | 283,153,232 | - | 283,153,232 |

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) has become 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 ASC has superseded all existing non-SEC accounting and reporting standards. 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 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.

The fund adopted the provisions of ASC Topic 815 Derivatives and Hedging which requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The fund held no derivatives during the period ended December 31, 2009. These disclosures did not impact the notes to the financial statements.

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.

-3-

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 19, 2010

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 19, 2010

By: /s/ James Windels

James Windels

Treasurer

Date: February 19, 2010

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)

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