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	Coupon	Maturity	Principal	
Investments151.4%	Rate (%)	Date	Amount (\$)	Value (\$)
Arizona10.5%				
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
California24.8%				
ABAG Financial Authority for				
Nonprofit Corporations,				
Insured Revenue, COP (Odd				

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

San Francisco Water Revenue	5.00	11/1/29	2,210,000	2,329,163
Tobacco Securitization Authority				
of Southern California,				
Tobacco Settlement				
Asset-Backed Bonds (San Diego				
County Tobacco Asset	5 00	0/4/07	0.500.000	0.440.700
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
Colorado5.2%				
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	6.38	12/15/30	2,890,000 c	2,895,144
E-470 Public Highway Authority,				
Senior Revenue	5.25	9/1/25	1,000,000	941,740
University of Colorado Regents,				
University Enterprise Revenue	5.38	6/1/38	1,500,000	1,564,740
Florida8.8%				
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				

Agreement) (Insured; Assured Guaranty Municipal Corp.) Palm Beach County Health Facilities Authority, Revenue	5.50	8/1/34	2,000,000	2,050,380
(The Waterford Project)	5.88	11/15/37	2,400,000 c	2,211,720
Saint Johns County Industrial				
Development Authority, Revenue				
(Presbyterian Retirement				
Communities Project)	5.88	8/1/40	2,500,000	2,340,050
South Lake County Hospital				
District, Revenue (South Lake				
Hospital, Inc.)	6.25	4/1/39	1,000,000 c	999,880
Georgia2.7%				
Atlanta,				
Water and Wastewater Revenue	6.00	11/1/28	3,000,000	3,271,620
Atlanta,				
Water and Wastewater Revenue				
(Insured; Assured Guaranty				
Municipal Corp.)	5.25	11/1/34	1,750,000	1,787,188
Hawaii1.3%				
Hawaii Department of Budget and				
Finance, Special Purpose				
Revenue (Hawaiian Electric				
Company, Inc. and Subsidiary				
Projects)	6.50	7/1/39	2,400,000	2,492,040
Illinois3.0%				
Chicago,				
General Airport Third Lien				
Revenue (Chicago O'Hare				
International Airport)	5.63	1/1/35	1,000,000	1,023,640
Illinois,				
GO	5.00	3/1/28	1,500,000	1,493,190
Railsplitter Tobacco Settlement				
Authority, Tobacco Settlement				
Revenue	6.00	6/1/28	2,000,000	2,034,260
University of Illinois Board of				
Trustees, Auxiliary Facilities				
System Revenue	5.13	4/1/36	1,000,000	982,030

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

AMBAC)	5.00	1/1/36	2,500,000	2,287,375
Louisiana6%				
Louisiana Public Facilities				
Authority, Revenue (CHRISTUS				
Health Obligated Group)	6.13	7/1/29	1,000,000 c	1,061,270
Maryland3.3%				
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
Massachusetts12.4%				
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

Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue) Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue (Insured; AMBAC)	6.25 5.50	7/1/30 7/1/40	2,000,000 2,230,000	2,115,940 1,930,221
Massachusetts Industrial Finance Agency, Water Treatment Revenue				
(Massachusetts-American Hingham Project) Michigan7.0%	6.95	12/1/35	5,235,000	5,203,538
Detroit, Sewage Disposal System Senior Lien Revenue (Insured; Assured				
Guaranty Municipal Corp.) Michigan Hospital Finance Authority, HR (Henry Ford	7.50	7/1/33	2,140,000	2,505,469
Health System) Michigan Strategic Fund, SWDR (Genesee Power Station	5.00	11/15/38	1,515,000 c	1,347,729
Project) Royal Oak Hospital Finance Authority, HR (William	7.50	1/1/21	3,885,000	3,617,945
Beaumont Hospital Obligated Group) Wayne County Airport Authority, Airport Revenue (Detroit	8.00	9/1/29	2,500,000 c	2,888,325
Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.) Minnesota1.8%	5.00	12/1/34	3,000,000	2,623,380
Minneapolis, Health Care System Revenue (Fairview Health Services) Minnesota Agricultural and	6.75	11/15/32	3,000,000 c	3,258,660

Economic Development Board, Health Care System Revenue (Fairview Health Care Systems) Mississippi3.2% Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project) Missouri0% Missouri Housing Development Commission, SFMR	6.38 5.88	11/15/29 4/1/22	80,000 c 6,000,000	80,274 6,007,140
(Homeownership Loan Program)				
(Collateralized: FNMA and GNMA)	6.30	9/1/25	70,000	71,429
Nevada2.1%	0.00	<i>37.1723</i>	7 0,000	7 1,120
Clark County,				
IDR (Southwest Gas Corporation				
Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	4,005,120
New Jersey4.5%				
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 Mexico1.5%				
Farmington,				
PCR (Public Service Company of				
New Mexico San Juan Project)	5.90	6/1/40	3,000,000	2,879,880
New York7.2%				
Barclays Capital Municipal Trust				
Receipts (New York City				
Transitional Finance				

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 Carolina3.1%				
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
Ohio3.3%				
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
Pennsylvania5.3%				
Delaware County Industrial				
Development Authority, Charter				
School Revenue (Chester				

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				
Health)	5.88	12/1/31	1,755,000 c	1,771,637
Rhode Island1.1%	5.66	12/1/31	1,755,000 C	1,771,037
Tobacco Settlement Financing				
Corporation of Rhode Island,				
Tobacco Settlement				
Asset-Backed Bonds	6.13	6/1/32	2,000,000	2,002,680
South Carolina7.0%	0.13	0/1/32	2,000,000	2,002,000
Lancaster Educational Assistance				
Program, Inc., Installment Purchase Revenue (The School				
·				
District of Lancaster County,	5.00	12/1/26	E 000 000	E 040 9E0
South Carolina, Project) South Carolina Public Service	5.00	12/1/20	5,000,000	5,049,850
	5.50	1/1/38	2.000.000	2 200 040
Authority, Revenue Obligations Tobacco Settlement Revenue	5.50	1/1/30	3,000,000	3,200,040
Management Authority of South				
Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,751,513
	0.36	3/13/30	3,730,000	4,731,313
Texas9.8% Rarolave Capital Municipal Trust				
Barclays Capital Municipal Trust				
Receipts (Texas A&M University				
System Board of Regents,	F 00	E/1E/00	E 000 000 - h	E 001 450
Financing System Revenue)	5.00	5/15/39	5,000,000 a,b	5,201,450
Houston,				

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
Utah0%				
Utah Housing Finance Agency,				
SFMR (Collateralized; FHA)	6.00	1/1/31	10,000	10,045
Vermont9%				
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
Virginia1.2%				
Washington County Industrial				
Development Authority, HR				
(Mountain States Health				
Alliance)	7.25	7/1/19	2,000,000 c	2,260,180
Washington4.3%				
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				

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 Virginia5%				
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
Wisconsin2.6%				
Wisconsin Health and Educational				
Facilities Authority, Revenue				
(Aurora Health Care, Inc.)	5.60	2/15/29	4,780,000 c	4,780,335
Wyoming1.1%				
Wyoming Municipal Power Agency,				
Power Supply System Revenue	5.50	1/1/38	2,000,000	2,049,920
U.S. Related10.1%				
U.S. Related10.1% Government of Guam,				
	5.75	12/1/34	1,500,000	1,494,180
Government of Guam,	5.75	12/1/34	1,500,000	1,494,180
Government of Guam, LOR (Section 30)	5.75 5.50	12/1/34 7/1/32	1,500,000 1,000,000	1,494,180 973,300
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth,				
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO				
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth,	5.50	7/1/32	1,000,000	973,300
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO	5.50	7/1/32	1,000,000	973,300
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power	5.50 6.50	7/1/32 7/1/40	1,000,000	973,300 1,073,760
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue	5.50 6.50	7/1/32 7/1/40	1,000,000	973,300 1,073,760
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Electric Power	5.50 6.50 5.00	7/1/32 7/1/40 7/1/37	1,000,000 1,000,000 1,945,000	973,300 1,073,760 1,808,772
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Electric Power Authority, Power Revenue	5.50 6.50 5.00	7/1/32 7/1/40 7/1/37	1,000,000 1,000,000 1,945,000	973,300 1,073,760 1,808,772
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Electric Power	5.50 6.50 5.00 5.50	7/1/32 7/1/40 7/1/37 7/1/38	1,000,000 1,000,000 1,945,000 5,400,000	973,300 1,073,760 1,808,772 5,384,934
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue	5.50 6.50 5.00 5.50	7/1/32 7/1/40 7/1/37 7/1/38	1,000,000 1,000,000 1,945,000 5,400,000	973,300 1,073,760 1,808,772 5,384,934
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Sales Tax Financing	5.50 6.50 5.00 5.50	7/1/32 7/1/40 7/1/37 7/1/38	1,000,000 1,000,000 1,945,000 5,400,000	973,300 1,073,760 1,808,772 5,384,934
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue	5.50 6.50 5.00 5.50 5.25	7/1/32 7/1/40 7/1/37 7/1/38 7/1/40	1,000,000 1,000,000 1,945,000 5,400,000 1,500,000	973,300 1,073,760 1,808,772 5,384,934 1,439,655
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	5.50 6.50 5.00 5.50 5.25	7/1/32 7/1/40 7/1/37 7/1/38 7/1/40	1,000,000 1,000,000 1,945,000 5,400,000 1,500,000	973,300 1,073,760 1,808,772 5,384,934 1,439,655
Government of Guam, LOR (Section 30) Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Commonwealth, Public Improvement GO Puerto Rico Electric Power Authority, Power Revenue Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series) Puerto Rico Sales Tax Financing	5.50 6.50 5.00 5.50 5.25	7/1/32 7/1/40 7/1/37 7/1/38 7/1/40	1,000,000 1,000,000 1,945,000 5,400,000 1,500,000	973,300 1,073,760 1,808,772 5,384,934 1,439,655

(cost \$273,765,391)				282,101,419
Short-Term Municipal	Coupon	Maturity	Principal	
Investments1.8%	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 Shareho	olders		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.

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:

Level 3 -

Level 2 - Other Significant

Level 1 - Unadjusted Significant Observable Unobservable

Assets (\$) Quoted Prices Inputs 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: <u>/s/ James Windels</u>
James Windels

Treasurer

James Winder

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)