

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
August 23, 2013

**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:                      06/30/13

**FORM N-Q**

**Item 1. Schedule of Investments.**

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**STATEMENT OF INVESTMENTS****Dreyfus Municipal Income, Inc.****June 30, 2013 (Unaudited)**

<b>Long-Term Municipal Investments--152.0%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Arizona--10.6%</b>				
Apache County Industrial Development Authority, PCR (Tucson Electric Power Company Project)	4.50	3/1/30	1,500,000	1,448,670
Arizona Board of Regents, System Revenue (Arizona State University)	5.00	7/1/37	1,000,000 a	1,060,260
Barclays Capital Municipal Trust Receipts (Series 21W) (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)	5.00	1/1/38	9,998,763 b,c	10,641,563
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue (Prerefunded)	7.00	1/1/14	2,000,000 d	2,068,600
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	2,000,000 a	1,767,220
Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project)	5.75	9/1/29	1,000,000	1,029,320
Pinal County Electrical District Number 4, Electric System Revenue	6.00	12/1/38	2,300,000	2,390,850
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	490,000	485,634
<b>California--21.0%</b>				
Alameda Corridor Transportation Authority, Senior Lien Revenue	5.00	10/1/19	1,000,000 e	1,163,790

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California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,359,773
California, GO (Various Purpose)	6.00	3/1/33	1,250,000	1,471,950
California, GO (Various Purpose)	6.50	4/1/33	3,000,000	3,598,740
California, GO (Various Purpose)	6.00	11/1/35	2,500,000	2,915,950
California Department of Water Resources, Power Supply Revenue	5.00	5/1/17	1,000,000	1,142,670
California Municipal Finance Authority, Revenue (Southwestern Law School)	6.50	11/1/41	750,000 a	847,740
California State Public Works Board, LR (The Regents of the University of California) (Various University of California Projects)	5.00	4/1/34	1,000,000	1,071,360
Chula Vista, IDR (San Diego Gas and Electric Company)	5.88	2/15/34	2,000,000	2,295,920
JPMorgan Chase Putters/Drivers Trust (Series 3869) (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.25	5/15/18	10,000,000 b,c,e	10,788,600
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	2,250,000 e	2,543,850
San Diego Public Facilities Financing Authority, Senior				
Sewer Revenue	5.25	5/15/34	1,000,000	1,114,050
Santa Ana Community Redevelopment Agency, Tax Allocation Revenue (Merged Project Area)	6.75	9/1/28	3,000,000 e	3,500,460
Tobacco Securitization Authority of Southern California,				

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Tobacco Settlement				
Asset-Backed Bonds (San Diego				
County Tobacco Asset				
Securitization Corporation)	5.00	6/1/37	3,500,000	2,903,810
Tuolumne Wind Project Authority,				
Revenue (Tuolumne Company				
Project)	5.88	1/1/29	1,500,000	1,711,740
<b>Colorado--2.8%</b>				
Colorado Educational and Cultural				
Facilities Authority, Charter				
School Revenue (American				
Academy Project)	8.00	12/1/40	1,500,000 a	1,724,325
E-470 Public Highway Authority,				
Senior Revenue	5.25	9/1/25	1,000,000 e	1,052,060
E-470 Public Highway Authority,				
Senior Revenue	5.38	9/1/26	1,000,000 e	1,050,270
University of Colorado Regents,				
University Enterprise Revenue	5.38	6/1/38	1,500,000 a	1,686,840
<b>Florida--10.8%</b>				
Citizens Property Insurance				
Corporation, Personal Lines				
Account/Commercial Lines				
Account Senior Secured Revenue	5.00	6/1/22	1,500,000	1,683,495
Greater Orlando Aviation				
Authority, Airport Facilities				
Revenue	6.25	10/1/20	3,980,000 e	4,773,731
Higher Educational Facilities				
Financing Authority, Revenue				
(The University of Tampa				
Project)	5.25	4/1/42	2,000,000 a	1,988,080
Miami-Dade County,				
Subordinate Special Obligation				
Revenue	5.00	10/1/37	2,000,000	2,053,540
Mid-Bay Bridge Authority,				
Springing Lien Revenue	7.25	10/1/34	2,500,000 e	2,981,025
Palm Beach County Health				
Facilities Authority, Revenue				
(The Waterford Project)	5.88	11/15/37	2,400,000	2,421,912
Saint Johns County Industrial				
Development Authority, Revenue				
(Presbyterian Retirement				



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Revenue	6.00	6/1/28	2,000,000	2,226,220
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue	5.13	4/1/36	1,000,000 a	1,042,470
<b>Indiana--2.3%</b>				
Indiana Finance Authority, Educational Facilities Revenue (Butler University Project)	5.00	2/1/31	1,460,000 a	1,461,956
Indiana Finance Authority, Midwestern Disaster Relief Revenue (Ohio Valley Electric Corporation Project)	5.00	6/1/39	1,500,000	1,447,140
Indianapolis Local Public Improvement Bond Bank, Revenue (Indianapolis Airport Authority Project) (Insured; AMBAC)	5.00	1/1/36	1,500,000 e	1,527,765
<b>Iowa--1.5%</b>				
Iowa Student Loan Liquidity Corporation, Student Loan Revenue	5.75	12/1/28	2,715,000 a	2,919,548
<b>Louisiana--1.3%</b>				
Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000	1,100,450
Louisiana Stadium and Exposition District, Senior Revenue	5.00	7/1/36	1,325,000	1,373,588
<b>Maine--.8%</b>				
Maine Health and Higher Educational Facilities Authority, Revenue (MaineGeneral Medical Center Issue)	7.50	7/1/32	1,250,000	1,490,088
<b>Maryland--2.1%</b>				
Maryland Economic Development Corporation, EDR (Transportation Facilities Project)	5.75	6/1/35	1,000,000 e	1,087,570
Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,974,125

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**Massachusetts--9.4%**

Barclays Capital Municipal Trust Receipts (Series 15W) (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue))	5.00	7/1/38	10,000,000 a,b,c	10,916,100
Massachusetts Development Finance Agency, Revenue (Partners HealthCare System Issue)	5.00	7/1/36	1,000,000	1,044,930
Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue)	7.25	1/1/32	1,500,000	1,755,675
Massachusetts Educational Financing Authority, Education Loan Revenue (Issue K) Massachusetts Health and Educational Facilities	5.25	7/1/29	2,500,000 a	2,499,975

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Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	2,000,000 a	2,146,580
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**Michigan--9.0%**

Detroit, Sewage Disposal System Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	7.50	7/1/33	2,140,000	2,383,040
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	1,500,000	1,468,620
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/36	3,000,000	2,854,350
Michigan Building Authority, Revenue (Facilities Program)	5.13	10/15/30	2,025,000	2,174,040
Michigan Hospital Finance Authority, HR (Henry Ford Health System)	5.00	11/15/38	1,515,000	1,473,519
Michigan Strategic Fund,				



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SWDR (Genesee Power Station Project)	7.50	1/1/21	3,385,000	3,237,143
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group)	8.00	9/1/29	2,500,000	3,039,100
Wayne County Airport Authority, Airport Revenue (Detroit Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.)	5.00	12/1/34	1,000,000 e	1,001,200
<b>Minnesota--1.8%</b>				
Minneapolis, Health Care System Revenue (Fairview Health Services)	6.75	11/15/32	3,000,000	3,499,050
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	80,275
<b>Mississippi--2.8%</b>				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	3,500,000	3,508,470
Warren County, Gulf Opportunity Zone Revenue (International Paper Company Project)	5.38	12/1/35	2,000,000	2,085,880
<b>Nebraska--1.5%</b>				
Nebraska Public Power District, General Revenue	5.00	1/1/32	2,785,000	2,957,336
<b>New Jersey--5.7%</b>				
New Jersey Economic Development Authority, Cigarette Tax Revenue	5.00	6/15/25	2,500,000	2,609,750
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	2,070,200
New Jersey Higher Education Student Assistance Authority, Senior Student Loan Revenue	5.00	12/1/18	1,500,000 a	1,661,595

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New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Municipal Corp.)	6.13	6/1/30	2,500,000 a	2,647,025
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/29	2,500,000	2,187,525
<b>New Mexico--1.6%</b>				
Farmington, PCR (Public Service Company of  New Mexico San Juan Project)	5.90	6/1/40	3,000,000	3,143,760
<b>New York--7.0%</b>				
Barclays Capital Municipal Trust Receipts (Series 11B) (New York City Transitional Finance Authority, Future Tax Secured Revenue)	5.00	5/1/30	7,996,797 b,c	8,529,357
New York City Educational Construction Fund, Revenue	6.50	4/1/28	1,500,000 a	1,837,140
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Municipal Corp.)	7.00	3/1/49	1,435,000	1,700,303
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 e	1,680,795
<b>North Carolina--2.6%</b>				
Barclays Capital Municipal Trust Receipts (Series 31W) (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System))	5.00	6/1/42	5,000,000 b,c	5,090,550
<b>Ohio--2.9%</b>				

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Butler County, Hospital Facilities Revenue (Kettering Health Network Obligated Group Project)	6.38	4/1/36	1,250,000	1,403,263
Butler County, Hospital Facilities Revenue (UC Health)	5.50	11/1/40	1,500,000	1,535,790
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	600,000	683,172
Toledo-Lucas County Port Authority, Special Assessment Revenue (Crocker Park Public Improvement Project)	5.38	12/1/35	2,000,000	2,015,940
<b>Pennsylvania--2.6%</b>				
Clairton Municipal Authority, Sewer Revenue	5.00	12/1/42	1,000,000	987,810
JPMorgan Chase Putters/Drivers Trust (Series 3916) (Geisinger Authority, Health System Revenue (Geisinger Health System))	5.13	6/1/35	2,000,000 b,c	2,071,680
Philadelphia, GO	6.50	8/1/41	1,750,000	1,970,570
<b>Rhode Island--1.0%</b>				
Tobacco Settlement Financing Corporation of Rhode Island, Tobacco Settlement Asset-Backed Bonds	6.13	6/1/32	2,000,000	1,980,000
<b>South Carolina--6.9%</b>				
Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project) (Prerefunded)	5.00	12/1/14	5,000,000 d	5,330,800
South Carolina Public Service Authority, Revenue Obligations	5.50	1/1/38	3,000,000	3,305,490
Tobacco Settlement Revenue Management Authority of South				

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Carolina, Tobacco Settlement				
Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,850,512
<b>Texas--15.9%</b>				
Barclays Capital Municipal Trust				
Receipts (Series 39W) (Texas				
A&M University System Board of				
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Regents, Financing System				
Revenue)	5.00	5/15/39	5,000,000 a,b,c	5,278,550
Dallas and Fort Worth,				
Joint Improvement Revenue				
(Dallas/Fort Worth				
International Airport)	5.00	11/1/42	2,500,000 e	2,477,025
El Paso County Hospital District,				
GO	5.00	8/15/27	1,000,000	1,090,410
Houston,				
Airport System Subordinate				
Lien Revenue	5.00	7/1/25	1,300,000 e	1,401,738
JPMorgan Chase Putters/Drivers				
Trust (Series 4356) (San				
Antonio, Electric and Gas				
Systems Junior Lien Revenue)	5.00	2/1/21	4,500,000 b,c	4,708,935
La Vernia Higher Education Finance				
Corporation, Education Revenue				
(Knowledge is Power Program,				
Inc.)	6.25	8/15/39	2,250,000 a	2,461,500
Lower Colorado River Authority,				
Transmission Contract Revenue				
(Lower Colorado River				
Authority Transmission				
Services Corporation Project)	5.00	5/15/31	1,750,000	1,866,568
Lubbock Educational Facilities				
Authority, Improvement Revenue				
(Lubbock Christian University)	5.25	11/1/37	1,500,000 a	1,525,785
North Texas Education Finance				
Corporation, Education Revenue				
(Uplift Education)	5.13	12/1/42	2,000,000 a	1,936,460
North Texas Tollway Authority,				
First Tier System Revenue				

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(Insured; Assured Guaranty Corporation)	5.75	1/1/40	1,685,000 e	1,867,031
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	4,000,000 e	4,331,240
Pasadena Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program)	5.00	2/15/31	2,000,000 a	2,188,960
<b>Virginia--1.6%</b>				
Virginia Commonwealth Transportation Board, Transportation Capital Projects Revenue	5.00	5/15/22	1,000,000 e	1,194,960
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.25	7/1/19	1,780,000	1,975,818
<b>Washington--4.8%</b>				
Barclays Capital Municipal Trust Receipts (Series 27B) (King County, Sewer Revenue) Port of Seattle, Intermediate Lien Revenue	5.00	1/1/29	2,999,037 b,c	3,271,047
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA)	6.25	8/1/36	2,990,000	3,417,779
Washington Health Care Facilities Authority, Revenue (Catholic Health Initiatives)	6.38	10/1/36	1,500,000	1,730,295
<b>West Virginia--.5%</b>				
The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station Project)	5.50	10/15/37	1,000,000	1,016,340
<b>Wisconsin--.5%</b>				
Public Finance Agency, Senior Airport Facilities Revenue (Transportation Infrastructure Properties, LLC Obligated Group)	5.00	7/1/42	1,000,000 e	948,720

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**Wyoming--1.1%**

Wyoming Municipal Power Agency,

Power Supply System Revenue	5.50	1/1/38	2,000,000	2,187,300
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**U.S. Related--10.5%**

Guam,

LOR (Section 30)	5.75	12/1/34	1,500,000	1,582,155
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Puerto Rico Aqueduct and Sewer

Authority, Senior Lien Revenue	5.13	7/1/37	1,550,000	1,322,708
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Puerto Rico Commonwealth,

Public Improvement GO	5.50	7/1/32	1,000,000	940,510
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Puerto Rico Commonwealth,

Public Improvement GO	6.50	7/1/40	1,000,000	1,026,950
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Puerto Rico Electric Power

Authority, Power Revenue	5.00	7/1/37	1,945,000	1,735,465
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Puerto Rico Electric Power

Authority, Power Revenue	5.50	7/1/38	5,400,000	5,153,274
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Puerto Rico Electric Power

Authority, Power Revenue	5.25	7/1/40	1,500,000	1,378,560
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Puerto Rico Electric Power

Authority, Power Revenue	5.00	7/1/42	950,000	837,871
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Puerto Rico Sales Tax Financing

Corporation, Sales Tax Revenue

(First Subordinate Series)	5.38	8/1/39	1,000,000	1,000,220
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Puerto Rico Sales Tax Financing

Corporation, Sales Tax Revenue

(First Subordinate Series)	6.00	8/1/42	5,500,000	5,721,100
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<b>Total Investments</b> (cost \$282,682,287)			<b>152.0 %</b>	<b>298,364,291</b>
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<b>Liabilities, Less Cash and Receivables</b>			<b>(13.8 %)</b>	<b>(27,054,706 )</b>
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<b>Preferred Stock, at redemption value</b>			<b>(38.2 %)</b>	<b>(75,000,000 )</b>
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<b>Net Assets Applicable to Common Shareholders.</b>			<b>100.0 %</b>	<b>196,309,585</b>
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a At June 30, 2013, the fund had \$49,598,109 or 25.3% of net assets applicable to Common Shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from education .

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 June 30, 2013, these securities were valued at \$61,296,382 or 31.2% of net assets applicable to Common Shareholders.

d These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are

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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 At June 30, 2013, the fund had \$49,105,130 or 25.0% of net assets applicable to Common Shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from transportation.

At June 30, 2013, net unrealized appreciation on investments was \$15,682,004 of which \$19,183,457 related to appreciated investment securities and \$3,501,453 related to depreciated investment securities. At June 30, 2013, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes.

### Summary of Abbreviations

<b>ABAG</b>	Association of Bay Area Governments	<b>ACA</b>	American Capital Access
<b>AGC</b>	ACE Guaranty Corporation	<b>AGIC</b>	Asset Guaranty Insurance Company
<b>AMBAC</b>	American Municipal Bond Assurance Corporation	<b>ARRN</b>	Adjustable Rate Receipt Notes
<b>BAN</b>	Bond Anticipation Notes	<b>BPA</b>	Bond Purchase Agreement
<b>CIFG</b>	CDC Ixis Financial Guaranty	<b>COP</b>	Certificate of Participation
<b>CP</b>	Commercial Paper	<b>DRIVERS</b>	Derivative Inverse Tax-Exempt Receipts
<b>EDR</b>	Economic Development Revenue	<b>EIR</b>	Environmental Improvement Revenue
<b>FGIC</b>	Financial Guaranty Insurance Company	<b>FHA</b>	Federal Housing Administration
<b>FHLB</b>	Federal Home Loan Bank	<b>FHLMC</b>	Federal Home Loan Mortgage Corporation
<b>FNMA</b>	Federal National Mortgage Association	<b>GAN</b>	Grant Anticipation Notes
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<b>GIC</b>	Guaranteed Investment Contract	<b>GNMA</b>	Government National Mortgage Association
<b>GO</b>	General Obligation	<b>HR</b>	Hospital Revenue
<b>IDB</b>	Industrial Development Board	<b>IDC</b>	Industrial Development Corporation
<b>IDR</b>	Industrial Development Revenue	<b>LIFERS</b>	Long Inverse Floating Exempt Receipts
<b>LOC</b>	Letter of Credit	<b>LOR</b>	Limited Obligation Revenue Municipal Exempt Receipts Liquidity Option Tender
<b>LR</b>	Lease Revenue	<b>MERLOTS</b>	
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue Puttable Floating Option Tax-Exempts Receipts
<b>PCR</b>	Pollution Control Revenue	<b>P-FLOATS</b>	
<b>PILOT</b>	Payment in Lieu of Taxes	<b>PUTTERS</b>	Puttable Tax-Exempt Receipts
<b>RAC</b>	Revenue Anticipation Certificates	<b>RAN</b>	Revenue Anticipation Notes
<b>RAW</b>	Revenue Anticipation Warrants	<b>ROCS</b>	Reset Option Certificates
<b>RRR</b>	Resources Recovery Revenue	<b>SAAN</b>	State Aid Anticipation Notes
<b>SBPA</b>	Standby Bond Purchase Agreement	<b>SFHR</b>	Single Family Housing Revenue
<b>SFMR</b>	Single Family Mortgage Revenue	<b>SONYMA</b>	State of New York Mortgage Agency
<b>SPEARS</b>	Short Puttable Exempt Adjustable Receipts	<b>SWDR</b>	Solid Waste Disposal Revenue
<b>TAN</b>	Tax Anticipation Notes	<b>TAW</b>	Tax Anticipation Warrants
<b>TRAN</b>	Tax and Revenue Anticipation Notes	<b>XLCA</b>	XL Capital Assurance

The following is a summary of the inputs used as of June 30, 2013 in valuing the fund's investments:

<b>Assets (\$)</b>	<b>Level 1 - Unadjusted Quoted Prices</b>	<b>Level 2 - Other Significant Observable Inputs</b>	<b>Level 3 - Significant Unobservable Inputs</b>	<b>Total</b>
Investments in Securities:				
Municipal Bonds	-	298,364,291	-	<b>298,364,291</b>

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 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 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,

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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 Board of Directors. 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.

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.

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**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 20, 2013

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 20, 2013

By: /s/ James Windels  
James Windels,

Treasurer

Date: August 20, 2013

**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)