

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
February 16, 2007  
**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 811-05652

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)

Mark N. Jacobs, 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: 9/30  
Date of reporting period: 12/31/06

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**FORM N-Q**  
**Item 1. Schedule of Investments.**

**STATEMENT OF INVESTMENTS**  
**Dreyfus Municipal Income, Inc.**  
**December 31, 2006 (Unaudited)**

<b>Long-Term Municipal Investments--156.7%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Alabama--8.7%</b> Jefferson County,				

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Limited Obligation School Warrants	5.50	1/1/21	4,000,000	4,369,800
Jefferson County, Sewer Revenue, Capital Improvement (Insured; FGIC)	5.75	2/1/09	7,500,000 a	7,890,225
The Board of Trustees of the University of Alabama, HR (University of Alabama at Birmingham) (Insured; MBIA)	5.88	9/1/10	4,620,000 a	5,011,314
<b>Alaska--3.5%</b>				
Alaska Housing Finance Corp., General Mortgage Revenue (Insured; MBIA)	6.05	6/1/39	6,845,000	7,039,740
<b>Arkansas--1.6%</b>				
Independence County, PCR (Entergy Arkansas Inc. Project)	5.00	1/1/21	3,000,000	3,091,170
<b>California--14.2%</b>				
ABAG Financial Authority for Nonprofit Corps., Insured Revenue, COP (Odd Fellows Home of California)	6.00	8/15/24	5,000,000	5,104,700
California Department of Veteran Affairs, Home Purchase Revenue	5.20	12/1/28	5,000,000	5,003,400
California Educational Facilities Authority, Revenue (Mills College)	5.00	9/1/34	2,000,000	2,069,860
California Health Facilities Financing Authority, Revenue (Sutter Health)	6.25	8/15/35	2,500,000	2,740,350
California Housing Finance Agency, Home Mortgage Revenue	4.80	8/1/36	2,500,000	2,524,300
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/10	3,545,000 a	3,913,857
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/20	1,455,000	1,588,293
Chabot-Las Positas Community College District, GO (Insured; AMBAC)	0.00	8/1/32	6,000,000	1,738,440
Golden State Tobacco Securitization Corp., Tobacco				
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Settlement Asset-Backed Bonds	7.80	6/1/42	3,000,000	3,662,910
<b>Colorado--10.3%</b>				
Colorado Springs,				

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HR Colorado Springs,	6.38	12/15/10	2,835,000 a	3,130,974
HR Denver City and County, Special Facilities Airport Revenue (United Airlines Project)	6.38	12/15/30	2,890,000	3,148,799
University of Northern Colorado Board of Trustees, Auxiliary Facilities System Revenue (Insured; FSA)	6.88	10/1/32	2,480,000	2,565,560
<b>District of Columbia--1.4%</b> District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.16	6/1/35	11,000,000 b,c	11,662,585
District of Columbia Housing Finance Agency, SFMR (Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding)	5.63	10/1/29	2,080,000	2,195,918
<b>Florida--1.4%</b> Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	7.45	12/1/30	580,000	590,051
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	30,000 a	32,106
South Lake County Hospital District, Revenue (South Lake Hospital Inc.)	6.00	10/1/26	1,470,000	1,556,495
<b>Georgia--.5%</b> Milledgeville and Baldwin County Development Authority, Revenue (Georgia College and State University Foundation Property III, LLC Student Housing System Project)	5.80	10/1/34	1,095,000	1,142,961
<b>Illinois--10.3%</b> Chicago (Insured; FGIC)	5.25	9/1/19	1,000,000	1,064,970
Chicago (Insured; FGIC)	6.13	7/1/10	3,685,000 a	4,013,739
Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program)	6.13	7/1/10	315,000 a	343,101
Illinois Health Facilities Authority, Revenue (Advocate	8.75	3/1/10	65,000	65,274

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Health Care Network)	6.13	11/15/10	5,800,000 a	6,301,294
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Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	7,000,000 a	7,567,630
Illinois Health Facilities Authority, Revenue (Swedish American Hospital)	6.88	5/15/10	2,000,000 a	2,197,440
<b>Indiana--1.4%</b>				
Franklin Township School Building Corp., First Mortgage	6.13	7/15/10	2,500,000 a	2,747,025
<b>Kansas--1.3%</b>				
Unified Government of Wyandotte County/Kansas City, Tax-Exempt Sales Tax Special Tax Obligation Revenue (Redevelopment Project Area B)	5.00	12/1/20	2,500,000	2,604,925
<b>Maryland--4.9%</b>				
Maryland Economic Development Corp., Student Housing Revenue (University of Maryland, College Park Project)	5.63	6/1/13	2,000,000 a	2,223,660
Maryland Health and Higher Educational Facilities Authority, Revenue (The Johns Hopkins University Issue)	6.00	7/1/09	7,000,000 a	7,474,390
<b>Massachusetts--9.1%</b>				
Massachusetts Bay Transportation Authority, Assessment Revenue	5.00	7/1/14	5,000,000 a	5,434,550
Massachusetts Development Finance Agency, SWDR (Dominion Energy Brayton Point Issue)	5.00	2/1/36	2,000,000	2,066,880
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue)	6.00	7/1/31	2,500,000	2,715,075
Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	2,500,000	2,571,500
Massachusetts Industrial Finance Agency, Water Treatment Revenue (Massachusetts-American Hingham Project)	6.95	12/1/35	5,235,000	5,236,937
<b>Michigan--3.5%</b>				
Hancock Hospital Finance Authority, Mortgage Revenue				

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(Portage Health) (Insured; MBIA)	5.45	8/1/08	2,200,000 a	2,252,778
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,785,000	4,784,904
<b>Minnesota--1.4%</b>				
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/10	2,420,000 a	2,671,801
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	86,649
<b>Mississippi--3.0%</b>				
Mississippi Business Finance Corp., PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	6,000,000	6,000,720
<b>Missouri--4.1%</b>				
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.00	6/1/35	2,500,000	2,568,200
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (BJC Health System)	5.25	5/15/32	2,500,000	2,641,250
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (Saint Anthony's Medical Center)	6.25	12/1/10	2,500,000 a	2,749,925
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) (Collateralized: FNMA and GNMA)	6.30	9/1/25	180,000	181,883
<b>Nevada--2.2%</b>				
Clark County, IDR (Southwest Gas Corp. Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	4,316,200
<b>New Jersey--.9%</b>				
New Jersey Economic Development Authority, Cigarette Tax Revenue	5.50	6/15/31	1,610,000	1,707,695
<b>New Mexico--2.4%</b>				
Farmington, PCR (Public Service Co. of New				

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Mexico San Juan Project)	6.30	12/1/16	3,000,000	3,064,770
New Mexico Mortgage Finance Authority, Single Family Mortgage Program (Collateralized: FHLMC and GNMA)	6.85	9/1/31	1,660,000	1,685,481
<b>New York--2.3%</b>				
Long Island Power Authority, Electric System Revenue	5.00	9/1/27	1,500,000	1,567,785
New York State Dormitory Authority, Catholic Health Services of Long Island Obligated Group Revenue (Saint				
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Francis Hospital Project)	5.00	7/1/27	2,930,000	3,027,159
<b>North Carolina--3.2%</b>				
Gaston County Industrial Facilities and Pollution Control Financing Authority, Exempt Facilities Revenue (National Gypsum Co. Project)	5.75	8/1/35	1,500,000	1,608,375
North Carolina Eastern Municipal Power Agency, Power System Revenue	5.13	1/1/26	3,000,000	3,128,970
North Carolina Housing Finance Agency, Home Ownership Revenue	6.25	1/1/29	1,525,000	1,573,525
<b>Ohio--4.7%</b>				
Cuyahoga County, Hospital Improvement Revenue (The Metrohealth System Project)	6.13	2/15/09	5,000,000 a	5,305,650
Ohio Housing Finance Agency, Residential Mortgage Revenue (Collateralized; GNMA)	5.75	9/1/30	105,000	105,811
Rickenbacker Port Authority, Capital Funding Revenue (OASBO Expanded Asset Pooled)	5.38	1/1/32	3,590,000	4,026,724
<b>Oklahoma--1.3%</b>				
Oklahoma Development Finance Authority, Revenue (Saint John Health System)	6.00	2/15/29	2,500,000	2,627,800
<b>Pennsylvania--7.8%</b>				
Delaware County Industrial Development Authority, Water Facilities Revenue (Aqua Pennsylvania, Inc. Project) (Insured; FGIC)	5.00	11/1/38	3,375,000	3,541,927

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Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project)	6.60	1/1/19	3,500,000	3,539,165
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/31	7,750,000	8,393,715
<b>South Carolina--10.9%</b>				
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	5,171,600
Medical University of South Carolina, Hospital Facilities Revenue	6.00	7/1/09	2,500,000 a	2,667,550
Piedmont Municipal Power Agency, Electric Revenue	5.25	1/1/21	3,500,000	3,567,655
Securing Assets for Education,				
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Installment Purchase Revenue (Berkeley County School District Project)	5.13	12/1/30	2,500,000	2,641,275
Tobacco Settlement Revenue Management Authority, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/28	2,900,000	3,147,544
Tobacco Settlement Revenue Management Authority, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,402,950
<b>Texas--13.3%</b>				
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue Improvement (Insured; FSA)	5.00	11/1/35	2,500,000	2,538,800
Gregg County Health Facilities Development Corp., HR (Good Shephard Medical Center Project) (Insured; Radian)	6.38	10/1/10	2,500,000 a	2,750,400
Harris County Health Facilities Development Corp., HR (Memorial Hermann Healthcare System)	6.38	6/1/11	3,565,000 a	3,977,827
Industrial Development Corp. of Port of Corpus Christi, Revenue (Valero Refining and Marketing Co. Project)	5.40	4/1/18	2,350,000	2,428,560

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Port of Corpus Christi Authority of Nueces County, Revenue (Union Pacific Corp. Project)	5.65	12/1/22	4,500,000	4,714,470
Sabine River Authority, PCR (TXU Energy Co. LLC Project)	6.15	8/1/22	2,500,000	2,716,325
Texas (Veterans Housing Assistance Program) (Collateralized; FHA)	6.10	6/1/31	7,000,000	7,377,230
<b>Utah--1.1%</b>				
Utah Housing Finance Agency, Single Family Mortgage (Collateralized; FHA)	6.00	1/1/31	235,000	239,315
<b>Vermont--1.1%</b>				
Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project)	6.00	10/1/28	1,500,000	1,676,430
Vermont Housing Finance Agency, Single Family Housing (Insured; FSA)	6.40	11/1/30	505,000	508,818
<b>Washington--2.7%</b>				
Washington Higher Educational Facilities Authority, Revenue (Whitman College)	5.88	10/1/09	5,000,000 a	5,301,600
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<b>West Virginia--3.8%</b>				
Braxton County, SWDR (Weyerhaeuser Co. Project)	5.80	6/1/27	7,450,000	7,628,651
<b>Wisconsin--5.1%</b>				
Badger Tobacco Asset Securitization Corp., Tobacco Settlement Asset-Backed Bonds	7.00	6/1/28	2,500,000	2,824,550
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.)	5.60	2/15/29	4,975,000	5,159,921
Wisconsin Health and Educational Facilities Authority, Revenue (Marshfield Clinic)	5.38	2/15/34	2,000,000	2,121,100
<b>Wyoming--.8%</b>				
Sweetwater County, SWDR (FMC Corp. Project)	5.60	12/1/35	1,500,000	1,594,590
<b>U.S. Related--13.5%</b>				
Puerto Rico Highway and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.97	7/1/38	8,000,000 b,c	8,202,920



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Puerto Rico Highway and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.97	7/1/38	10,000,000 b,c	10,253,650
Puerto Rico Infrastructure Financing Authority, Special Tax Revenue (Insured; AMBAC)	5.80	7/1/15	8,000,000 b,c	8,196,800
<b>Total Long-Term Municipal Investments</b> (cost \$292,952,947)				<b>311,371,591</b>
<b>Short-Term Municipal Investments--1.2%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
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<b>Alaska--.1%</b>				
Valdez, Marine Terminal Revenue, Refunding (Exxon Pipeline Co. Project)	3.90	1/1/07	200,000 d	200,000
<b>Montana--.2%</b>				
Montana Facility Finance Authority, Revenue (Sisters of Charity of Leavenworth Health System) (Liquidity Facility; JPMorgan Chase Bank)	4.00	1/1/07	350,000 d	350,000
<b>Pennsylvania--.6%</b>				
Delaware County Industrial Development Authority, PCR (BP Oil Inc. Project)	3.98	1/1/07	100,000 d	100,000
Geisinger Authority, Health System Revenue (Geisinger Health System) (Liquidity Facility; Wachovia Bank)	3.98	1/1/07	1,200,000 d	1,200,000
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<b>Tennessee--.1%</b>				
Clarksville Public Building Authority, Pooled Financing Revenue (Tennessee Municipal Bond Fund) (LOC; Bank of America)	4.00	1/1/07	100,000 d	100,000
<b>Utah--.2%</b>				
Weber County, HR (IHC Health Services) (Liquidity Facility; Westdeutsche Landesbank)	4.00	1/1/07	450,000 d	450,000
<b>Total Short-Term Municipal Investments</b> (cost \$2,400,000)				<b>2,400,000</b>
<b>Total Investments</b> (cost \$295,352,947)			<b>157.9%</b>	<b>313,771,591</b>

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<b>Liabilities, Less Cash and Receivables</b>	<b>(7.6%)</b>	<b>(15,071,882)</b>
<b>Preferred Stock, at redemption value</b>	<b>(50.3%)</b>	<b>(100,000,000)</b>
<b>Net Assets Applicable to Common Shareholders</b>	<b>100.0%</b>	<b>198,699,709</b>

a 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 Collateral for floating rate borrowings.

c 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 December 31, 2006, these securities

amounted to \$38,315,955 or 19.3% of net assets applicable to common shareholders.

d Securities payable on demand. Variable interest rate--subject to periodic change.

Securities valuation policies and other 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.

Summary of Abbreviations

<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>BIGI</b>	Bond Investors Guaranty Insurance	<b>BPA</b>	Bond Purchase Agreement
<b>CGIC</b>	Capital Guaranty Insurance Company	<b>CIC</b>	Continental Insurance Company
<b>CIFG</b>	CDC Ixis Financial Guaranty	<b>CMAC</b>	Capital Market Assurance Corporation
<b>COP</b>	Certificate of Participation	<b>CP</b>	Commercial Paper
<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>FSA</b>	Financial Security Assurance
<b>GAN</b>	Grant Anticipation Notes	<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>LOC</b>	Letter of Credit	<b>LOR</b>	Limited Obligation Revenue
<b>LR</b>	Lease Revenue	<b>MBIA</b>	Municipal Bond Investors Assurance Insurance Corporation
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue
<b>PCR</b>	Pollution Control Revenue	<b>PILOT</b>	Payment In Lieu Of Taxes
<b>RAC</b>	Revenue Anticipation Certificates	<b>RAN</b>	Revenue Anticipation Notes
<b>RAW</b>	Revenue Anticipation Warrants	<b>RRR</b>	Resources Recovery Revenue
<b>SAAN</b>	State Aid Anticipation Notes	<b>SBPA</b>	Standby Bond Purchase Agreement

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<b>SFHR</b>	Single Family Housing Revenue	<b>SFMR</b>	Single Family Mortgage Revenue
<b>SONYMA</b>	State of New York Mortgage Agency	<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

**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) The Registrant has revised its internal control over financial reporting with respect to investments certain inverse floater structures to account for such investments as secured borrowings and to report the related income and expense.

**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.

-2-

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**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/ J. David Officer  
J. David Officer  
President

Date: February 14, 2007

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/ J. David Officer  
J. David Officer  
President

Date: February 14, 2007

By: /s/ James Windels  
James Windels  
Treasurer

Date: February 14, 2007

**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)

-3-

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