

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
February 24, 2014

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY

Investment Company Act file number      811-5652

Dreyfus Municipal Income, Inc.  
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166  
(Address of principal executive offices) (Zip code)

John Pak, Esq.

200 Park Avenue

New York, New York 10166  
(Name and address of agent for service)

Registrant's telephone number, including area code:      (212) 922-6000

Date of fiscal year end:      09/30

Date of reporting period:      12/31/2013

**FORM N-Q**

**Item 1. Schedule of Investments.**

---

**STATEMENT OF INVESTMENTS****Dreyfus Municipal Income, Inc.****December 31, 2013 (Unaudited)**

<b>Long-Term Municipal Investments--154.2%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Arizona--9.7%</b>				
Barclays Capital Municipal Trust Receipts (Series 21 W) (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)	5.00	1/1/38	9,998,763 a,b	10,336,613
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue (Prerefunded)	7.00	1/1/14	2,000,000 c	2,000,000
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	2,000,000 d	1,569,360
Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project)	5.75	9/1/29	1,000,000	1,016,370
Pinal County Electrical District Number 4, Electric System Revenue	6.00	12/1/38	2,300,000	2,350,324
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	490,000	470,640
<b>California--24.0%</b>				
California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,388,648
California, GO (Various Purpose)	6.00	3/1/33	1,250,000	1,436,113
California, GO (Various Purpose)	6.50	4/1/33	3,000,000	3,547,920
California, GO (Various Purpose)	6.00	11/1/35	2,500,000	2,852,525
California Municipal Finance				

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

Authority, Revenue (Southwestern Law School) Chula Vista, IDR (San Diego Gas and Electric Company)	6.50	11/1/41	750,000 d	825,173
JPMorgan Chase Putters/Drivers Trust (Series 3869) (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.88	2/15/34	2,000,000	2,215,740
JPMorgan Chase Putters/Drivers Trust (Series 4414) (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.25	5/15/18	10,000,000 a,b	10,696,500
JPMorgan Chase Putters/Drivers Trust (Series 4421) (The Regents of the University of California, General Revenue) Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue Santa Ana Community Redevelopment Agency, Tax Allocation Revenue (Merged Project Area)	5.00	5/15/21	3,750,000 a,b,d	3,941,700
Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation)	6.00	7/1/35	2,250,000	2,499,660
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	6.75	9/1/28	3,000,000	3,438,030
<b>Colorado--6.6%</b> Colorado Educational and Cultural Facilities Authority, Charter	5.00	6/1/37	3,500,000	2,494,905
	5.88	1/1/29	1,500,000	1,689,210

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

School Revenue (American Academy Project)	8.00	12/1/40	1,500,000 d	1,687,350
E-470 Public Highway Authority, Senior Revenue	5.25	9/1/25	1,000,000	1,026,210
E-470 Public Highway Authority, Senior Revenue	5.38	9/1/26	1,000,000	1,023,530
JPMorgan Chase Putters/Drivers Trust (Series 4386) (Board of Governors of the Colorado State University, System Enterprise Revenue)	5.00	3/1/20	2,550,000 a,b,d	2,643,228
RIB Floater Trust (Barclays Bank PLC) (Series 25 U-1) (Colorado Springs, Utilities System Improvement Revenue)	5.00	11/15/43	4,000,000 a,b	4,157,800
University of Colorado Regents, University Enterprise Revenue	5.38	6/1/38	1,500,000 d	1,641,510
<b>District of Columbia--4.0%</b>				
RIB Floater Trust (Barclays Bank PLC) (Series 15 U) (District of Columbia, Income Tax Secured Revenue)	5.00	12/1/35	6,999,163 a,b	7,395,783
<b>Florida--7.3%</b>				
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	3,980,000	4,701,415
Mid-Bay Bridge Authority, Springing Lien Revenue	7.25	10/1/34	2,500,000	2,752,050
Palm Beach County Health Facilities Authority, Revenue (The Waterford Project)	5.88	11/15/37	2,400,000	2,372,496
Saint Johns County Industrial Development Authority, Revenue				
(Presbyterian Retirement Communities Project)	5.88	8/1/40	2,500,000	2,550,375
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	1,000,000	1,055,820

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

**Georgia--1.9%**

Atlanta, Water and Wastewater Revenue	6.00	11/1/28	3,000,000	3,441,030
------------------------------------------	------	---------	-----------	-----------

**Hawaii--1.4%**

Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company, Inc. and Subsidiary Projects)	6.50	7/1/39	2,400,000	2,580,792
----------------------------------------------------------------------------------------------------------------------------------------	------	--------	-----------	-----------

**Illinois--4.9%**

Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport)	5.63	1/1/35	1,000,000	1,032,960
Chicago, GO	5.00	1/1/24	1,000,000	1,038,730
Illinois, GO	5.00	8/1/24	1,000,000	1,047,390
JPMorgan Chase Putters/Drivers Trust (Series 4360) (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds)	5.00	12/1/19	2,500,000 a,b	2,612,875
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	2,000,000	2,178,120
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue	5.13	4/1/36	1,000,000 d	1,022,080

**Iowa--1.4%**

Iowa Student Loan Liquidity Corporation, Student Loan Revenue	5.75	12/1/28	2,480,000 d	2,527,988
---------------------------------------------------------------------	------	---------	-------------	-----------

**Louisiana--.6%**

Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000	1,075,130
----------------------------------------------------------------------------------------	------	--------	-----------	-----------

**Maine--.7%**

Maine Health and Higher Educational Facilities Authority, Revenue				
-------------------------------------------------------------------------	--	--	--	--

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

(MaineGeneral Medical Center Issue)	7.50	7/1/32	1,250,000	1,371,400
<b>Maryland--3.3%</b>				
JPMorgan Chase Putters/Drivers Trust (Series 4422) (Mayor and City Council of Baltimore, Project Revenue (Water Projects))	5.00	7/1/21	2,000,000 a,b	2,080,640
Maryland Economic Development  Corporation, EDR (Transportation Facilities Project)	5.75	6/1/35	1,000,000	1,009,170
Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,928,650
<b>Massachusetts--11.3%</b>				
Barclays Capital Municipal Trust Receipts (Series 15 W) (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue))	5.00	7/1/38	10,000,000 a,b,d	10,473,600
JPMorgan Chase Putters/Drivers Trust (Series 4395) (University of Massachusetts Building Authority, Project and Refunding Revenue)	5.00	5/1/21	3,698,335 a,b,d	3,849,221
Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue)	7.25	1/1/32	1,500,000	1,721,595
Massachusetts Educational Financing Authority, Education Loan Revenue (Issue K)	5.25	7/1/29	2,500,000 d	2,410,125
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	2,000,000 d	2,180,040

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

**Michigan--8.1%**

Detroit,				
Sewage Disposal System Senior				
Lien Revenue (Insured; Assured				
Guaranty Municipal Corp.)				
	7.50	7/1/33	2,140,000	2,276,489
Detroit,				
Water Supply System Senior				
Lien Revenue				
	5.00	7/1/31	1,500,000	1,363,035
Detroit,				
Water Supply System Senior				
Lien Revenue				
	5.00	7/1/36	3,000,000	2,662,650
Michigan Hospital Finance				
Authority, HR (Henry Ford				
Health System)				
	5.00	11/15/38	1,515,000	1,439,462
Michigan Strategic Fund,				
SWDR (Genesee Power Station				
Project)				
	7.50	1/1/21	3,385,000	3,118,905
Royal Oak Hospital Finance				
Authority, HR (William				
Beaumont Hospital Obligated				
Group)				
	8.00	9/1/29	2,500,000	2,968,075
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	950,180

**Minnesota--1.9%**

---

Minneapolis,				
Health Care System Revenue				
(Fairview Health Services)				
	6.75	11/15/32	3,000,000	3,436,920
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--3.0%</b>				
Mississippi Business Finance				
Corporation, PCR (System				
Energy Resources, Inc. Project)				
	5.88	4/1/22	3,500,000	3,485,615



Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

Warren County, Gulf Opportunity Zone Revenue (International Paper Company Project)	5.38	12/1/35	2,000,000	1,933,700
<b>New Jersey--4.6%</b>				
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	2,103,700
New Jersey Higher Education Student Assistance Authority, Senior Student Loan Revenue	5.00	12/1/18	1,500,000 d	1,664,595
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Corp.)	6.13	6/1/30	2,500,000 d	2,619,175
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/29	2,500,000	1,970,025
<b>New Mexico--1.7%</b>				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	3,000,000	3,064,800
<b>New York--11.6%</b>				
Barclays Capital Municipal Trust Receipts (Series 11 B) (New York City Transitional Finance Authority, Future Tax Secured Revenue)	5.00	5/1/30	7,996,797 a,b	8,706,637
New York City Educational Construction Fund, Revenue	6.50	4/1/28	1,500,000 d	1,802,025
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Corp.)	7.00	3/1/49	1,435,000	1,632,743
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	1,604,805

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

RIB Floater Trust (Barclays Bank  
PLC) (Series 16 U) (New York  
City Municipal Water Finance  
Authority, Water and Sewer

---

System Second General

Resolution Revenue	5.00	6/15/44	7,400,000 a,b	7,580,338
--------------------	------	---------	---------------	-----------

**North Carolina--2.8%**

Barclays Capital Municipal Trust  
Receipts (Series 31 W) (North  
Carolina Medical Care  
Commission, Health Care

Facilities Revenue (Duke University Health System))	5.00	6/1/42	5,000,000 a,b	5,043,450
--------------------------------------------------------	------	--------	---------------	-----------

**Ohio--2.2%**

Butler County,  
Hospital Facilities Revenue  
(UC Health)

Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	600,000	651,042
-----------------------------------------------------------------------------------------------------------------	------	---------	---------	---------

Toledo-Lucas County Port  
Authority, Special Assessment  
Revenue (Crocker Park Public  
Improvement Project)

	5.38	12/1/35	2,000,000	1,916,720
--	------	---------	-----------	-----------

**Pennsylvania--2.6%**

Clairton Municipal Authority,  
Sewer Revenue  
JPMorgan Chase Putters/Drivers  
Trust (Series 3916) (Geisinger  
Authority, Health System  
Revenue (Geisinger Health

System))	5.13	6/1/35	2,000,000 a,b	2,021,420
----------	------	--------	---------------	-----------

Philadelphia,

GO	6.50	8/1/41	1,750,000	1,917,177
----	------	--------	-----------	-----------

**Rhode Island--1.1%**

Tobacco Settlement Financing  
Corporation of Rhode Island,

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

Tobacco Settlement				
Asset-Backed Bonds	6.13	6/1/32	2,000,000	1,965,240
<b>South Carolina--7.0%</b>				
JPMorgan Chase Putters/Drivers				
Trust (Series 4379) (South				
Carolina Public Service				
Authority, Revenue Obligations				
(Santee Cooper))	5.13	6/1/37	4,800,000 a,b	4,839,936
South Carolina Public Service				
Authority, Revenue Obligations				
(Santee Cooper)	5.50	1/1/38	3,000,000	3,212,490
Tobacco Settlement Revenue				
Management Authority of South				
Carolina, Tobacco Settlement				
Asset-Backed Bonds (Escrowed				
to Maturity)	6.38	5/15/30	3,750,000	4,728,900
<b>Tennessee--1.1%</b>				
JPMorgan Chase Putters/Drivers				
Trust (Series 4416)				
(Metropolitan Government of				
Nashville and Davidson County,				
Water and Sewer Revenue)	5.00	7/1/21	2,000,000 a,b	2,095,520
<hr/>				
<b>Texas--13.5%</b>				
Barclays Capital Municipal Trust				
Receipts (Series 39 W) (Texas				
A&M University System Board of				
Regents, Financing System				
Revenue)	5.00	5/15/39	5,000,000 a,b,d	5,183,700
Houston,				
Airport System Subordinate				
Lien Revenue	5.00	7/1/25	1,300,000	1,380,509
JPMorgan Chase Putters/Drivers				
Trust (Series 4356) (San				
Antonio, Electric and Gas				
Systems Junior Lien Revenue)	5.00	2/1/21	6,300,000 a,b	6,485,157
La Vernia Higher Education Finance				
Corporation, Education Revenue				
(Knowledge is Power Program,				

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

Inc.)	6.25	8/15/39	2,250,000 d	2,383,178
Lubbock Educational Facilities Authority, Improvement Revenue (Lubbock Christian University)	5.25	11/1/37	1,500,000 d	1,486,800
North Texas Education Finance Corporation, Education Revenue (Uplift Education)	5.13	12/1/42	2,000,000 d	1,832,580
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	1,685,000	1,788,341
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	4,000,000	4,182,680
<b>Virginia--.9%</b>				
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.25	7/1/19	1,555,000	1,728,693
<b>Washington--4.7%</b>				
Barclays Capital Municipal Trust Receipts (Series 27 B) (King County, Sewer Revenue)	5.00	1/1/29	2,999,037 a,b	3,247,137
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	2,990,000 c	3,642,418
Washington Health Care Facilities Authority, Revenue (Catholic Health Initiatives)	6.38	10/1/36	1,500,000	1,674,075
<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	962,080
<b>Wyoming--1.2%</b>				
Wyoming Municipal Power Agency, Power Supply System Revenue	5.50	1/1/38	2,000,000	2,135,320
<b>U.S. Related--8.6%</b>				

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

Guam,				
LOR (Section 30)	5.75	12/1/34	1,500,000	1,552,275
Puerto Rico Aqueduct and Sewer Authority, Senior Lien Revenue	5.13	7/1/37	1,550,000	958,644
Puerto Rico Commonwealth, Public Improvement GO	5.50	7/1/32	1,000,000	668,730
Puerto Rico Commonwealth, Public Improvement GO	6.00	7/1/39	1,300,000	885,989
Puerto Rico Commonwealth, Public Improvement GO	6.50	7/1/40	1,000,000	701,860
Puerto Rico Electric Power Authority, Power Revenue	5.00	7/1/37	1,945,000	1,192,363
Puerto Rico Electric Power Authority, Power Revenue	5.50	7/1/38	5,400,000	3,438,720
Puerto Rico Electric Power Authority, Power Revenue	5.25	7/1/40	1,500,000	937,695
Puerto Rico Electric Power Authority, Power Revenue	5.00	7/1/42	950,000	573,049
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	5.38	8/1/39	1,000,000	697,090
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	6.00	8/1/42	5,500,000	4,110,370
<b>Total Investments</b> (cost \$276,902,830)			<b>154.2 %</b>	<b>282,478,996</b>
<b>Liabilities, Less Cash and Receivables</b>			<b>(19.1 %)</b>	<b>(35,011,970 )</b>
<b>Preferred Stock, at redemption value</b>			<b>(35.1 %)</b>	<b>(64,300,000 )</b>
<b>Net Assets Applicable to Common Shareholders</b>			<b>100.0 %</b>	<b>183,167,026</b>

a Collateral for floating rate borrowings.

b Securities exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2013, these securities were valued at \$107,414,815 or 58.6% of net assets applicable to Common Shareholders

c 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.

d At December 31, 2013, the fund had \$51,743,428 or 28.2% of net assets applicable to Common Shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from education.

At December 31, 2013, net unrealized appreciation on investments was \$5,576,166 of which \$13,996,975 related to appreciated investment securities and \$8,420,809 related to depreciated investment securities. At December 31, 2013, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes.

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-Q

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
<hr/>			
<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
<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
<b>LR</b>	Lease Revenue	<b>MERLOTS</b>	Municipal Exempt Receipts Liquidity Option Tender
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue
<b>PCR</b>	Pollution Control Revenue	<b>P-FLOATS</b>	Puttable Floating Option Tax-Exempt Receipts
<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>RIB</b>	Residual Interest Bonds
<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 December 31, 2013 in valuing the fund's investments:

<b>Assets (\$)</b>	<b>Level 1 - Unadjusted Quoted Prices</b>	<b>Level 2 - Other Significant</b>	<b>Level 3 -</b>	<b>Total</b>
			<b>Significant Unobservable Inputs</b>	

**Observable  
Inputs**

## Investments in Securities:

Municipal Bonds+	-	282,478,996	-	<b>282,478,996</b>
------------------	---	-------------	---	--------------------

+ See Statement of Investments for additional detailed categorizations.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

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

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

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows: Investments in securities are valued each business day by an independent pricing service (the "Service") approved by the 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, 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.

---



**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 21, 2014

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 21, 2014

By: /s/ James Windels  
James Windels

Treasurer

Date: February 21, 2014

**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)