

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
August 27, 2010

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY

Investment Company Act file number      811-5652

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

c/o The Dreyfus Corporation

200 Park Avenue

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

Michael A. Rosenberg, Esq.

200 Park Avenue

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

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

Date of fiscal year end:      09/30

Date of reporting period:      06/30/2010

**FORM N-Q**

**Item 1. Schedule of Investments.**

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**STATEMENT OF INVESTMENTS****Dreyfus Municipal Income, Inc.****June 30, 2010 (Unaudited)**

<b>Long-Term Municipal Investments--149.8%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Arizona--9.1%</b>				
Barclays Capital Municipal Trust Receipts (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)	5.00	1/1/38	10,000,000 a,b	10,441,600
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	1,930,000	2,000,001
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	6.25	7/1/28	1,000,000	1,057,790
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	7.00	7/1/28	2,000,000	2,165,760
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	2,000,000	1,775,660
<b>California--27.7%</b>				
ABAG Financial Authority for Nonprofit Corporations, Insured Revenue, COP (Odd Fellows Home of California)	6.00	8/15/24	5,000,000 c	5,121,450
Barclays Capital Municipal Trust Receipts (California Infrastructure and Economic Development Bank, Revenue				

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(Sanford Consortium Project))	5.00	5/15/40	10,000,000 a,b,c	10,282,150
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California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,198,731
California, GO (Various Purpose)	5.00	11/1/32	1,500,000	1,466,340
California, GO (Various Purpose)	6.50	4/1/33	3,000,000	3,360,720
California, GO (Various Purpose)	6.00	11/1/35	2,500,000	2,667,200
California Health Facilities Financing Authority, Revenue (Sutter Health)	6.25	8/15/35	2,500,000 c	2,526,500
Chabot-Las Positas Community College District, GO (Insured; AMBAC)	0.00	8/1/32	6,000,000 d	1,488,600
Chula Vista, IDR (San Diego Gas and Electric Company)	5.88	2/15/34	2,000,000	2,209,400
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	4.50	6/1/27	4,975,000	4,254,719
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/33	2,500,000	1,907,550
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	3,500,000	2,517,550
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.80	6/1/13	3,000,000 e	3,568,530
Sacramento County, Airport System Subordinate and Passenger Facility Charges				

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Grant Revenue	6.00	7/1/35	2,250,000	2,444,783
San Diego Public Facilities Financing Authority, Senior				

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Sewer Revenue	5.25	5/15/34	1,000,000	1,063,360
San Francisco City and County Public Utilities Commission, San Francisco Water Revenue	5.00	11/1/29	2,210,000	2,376,192
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.88	1/1/29	1,500,000	1,636,635

**Colorado--4.7%**

Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project)	8.00	12/1/40	1,500,000	1,782,375
Colorado Health Facilities Authority, Health Facilities Revenue (The Evangelical Lutheran Good Samaritan Society Project)	6.13	6/1/38	2,525,000 c	2,575,374
Colorado Springs, HR	6.38	12/15/30	2,890,000 c	2,933,119
University of Colorado Regents, University Enterprise Revenue	5.38	6/1/38	1,500,000	1,608,600

**District of Columbia--.3%**

District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/29	475,000	479,959
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**Florida--4.6%**

Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	3,980,000	4,544,802
Orange County School Board, COP (Master Lease Purchase Agreement) (Insured; Assured Guaranty Municipal Corp.)	5.50	8/1/34	2,000,000	2,133,900
South Lake County Hospital				

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District, Revenue (South Lake Hospital, Inc.)	5.80	10/1/34	1,095,000 c	1,106,957
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	1,000,000 c	1,029,610

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**Georgia--2.7%**

Atlanta, Water and Wastewater Revenue	6.00	11/1/28	3,000,000	3,239,970
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Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	1,750,000	1,819,265
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**Hawaii--1.1%**

Hawaii, Airports System Revenue	5.25	7/1/26	2,000,000	2,121,400
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**Illinois--1.1%**

Chicago, GO (Insured; National Public Finance Guarantee Corp.) (Prerefunded)	6.13	7/1/10	315,000 e	318,200
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Illinois Finance Authority, Revenue (Sherman Health Systems)	5.50	8/1/37	2,000,000 c	1,827,020
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**Louisiana--.6%**

Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000 c	1,068,050
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**Maryland--3.2%**

Maryland Economic Development Corporation, EDR (Transportation Facilities Project)	5.75	6/1/35	1,000,000	1,021,170
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Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,865,875
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Maryland Economic Development Corporation, Student Housing Revenue (University of				
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Maryland, College Park Project) (Prerefunded)	5.63	6/1/13	2,000,000 e	2,278,640
<b>Massachusetts--18.9%</b>				
Barclays Capital Municipal Trust Receipts (Massachusetts Health and Educational Facilities Authority, Revenue (Harvard University Issue))	5.00	12/15/34	10,000,000 a,b	10,817,800
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	10,571,100
Massachusetts Development Finance Agency, SWDR (Dominion Energy Brayton Point Issue)	5.00	2/1/36	3,000,000	2,779,680
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue)	6.00	7/1/31	1,970,000	2,006,445
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue) (Prerefunded)	6.00	1/1/12	530,000 e	579,311
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	2,000,000	2,152,420
Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue (Insured; AMBAC)	5.50	7/1/40	2,230,000	1,883,369
Massachusetts Industrial Finance Agency, Water Treatment				

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Revenue

(Massachusetts-American  
Hingham Project)

6.95

12/1/35

5,235,000

5,235,105

**Michigan--7.0%**

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

2,575,747

Health System)  
Michigan Strategic Fund,  
SWDR (Genesee Power Station  
Project)

5.00

11/15/38

1,515,000 c

1,339,533

Royal Oak Hospital Finance  
Authority, HR (William  
Beaumont Hospital Obligated  
Group)

7.50

1/1/21

4,185,000

3,816,971

Wayne County Airport Authority,  
Airport Revenue (Detroit  
Metropolitan Wayne County  
Airport) (Insured; National  
Public Finance Guarantee Corp.)

8.00

9/1/29

2,500,000 c

2,981,050

Wayne County Airport Authority,  
Airport Revenue (Detroit  
Metropolitan Wayne County  
Airport) (Insured; National  
Public Finance Guarantee Corp.)

5.00

12/1/34

3,000,000

2,600,640

**Minnesota--2.3%**

Minneapolis,  
Health Care System Revenue  
(Fairview Health Services)  
Minnesota Agricultural and  
Economic Development Board,  
Health Care Facilities Revenue  
(Essentia Health Obligated  
Group) (Insured; Assured  
Guaranty Municipal Corp.)

6.75

11/15/32

3,000,000 c

3,351,090

Minnesota Agricultural and  
Economic Development Board,  
Health Care System Revenue  
(Fairview Health Care Systems)

5.00

2/15/37

1,000,000

1,019,630

Minnesota Agricultural and  
Economic Development Board,  
Health Care System Revenue  
(Fairview Health Care Systems)

6.38

11/15/29

80,000 c

81,014

**Mississippi--3.2%**



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Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	6,000,000	6,015,600
<b>Missouri--0.0%</b>				
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) (Collateralized: FNMA and GNMA)	6.30	9/1/25	85,000	86,737
<b>Nevada--2.1%</b>				
Clark County, IDR (Southwest Gas Corporation Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	4,020,760

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**New Hampshire--1.1%**

New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire Project) (Insured; AMBAC)	6.00	5/1/21	2,135,000	2,158,079
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**New Jersey--2.5%**

New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	2,033,160
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Municipal Corp.)	6.13	6/1/30	2,500,000	2,645,100

**New Mexico--1.6%**

Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	3,000,000	3,004,290
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**New York--1.7%**

Long Island Power Authority, Electric System General Revenue	5.00	9/1/27	1,500,000	1,533,840
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured				

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Guaranty Municipal Corp.)	7.00	3/1/49	1,435,000	1,665,016
<b>North Carolina--3.2%</b>				
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	5,149,675
North Carolina Housing Finance				
Agency, Home Ownership Revenue	6.25	1/1/29	865,000	865,882
<b>Ohio--2.1%</b>				
Ohio Air Quality Development				
Authority, Air Quality Revenue				
(Ohio Valley Electric				
Corporation Project)	5.63	10/1/19	2,100,000	2,245,866
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Toledo-Lucas County Port				
Authority, Special Assessment				
Revenue (Crocker Park Public				
Improvement Project)	5.38	12/1/35	2,000,000	1,732,940
<b>Pennsylvania--4.1%</b>				
Lancaster Higher Education				
Authority, College Revenue				
(Franklin and Marshall College				
Project)	5.00	4/15/37	2,000,000	2,037,320
Pennsylvania Economic Development				
Financing Authority, RRR				
(Northampton Generating				
Project)	6.60	1/1/19	3,500,000	1,968,120
Pennsylvania Turnpike Commission,				
Turnpike Subordinate Revenue	5.25	6/1/39	2,000,000	2,089,700
Sayre Health Care Facilities				
Authority, Revenue (Guthrie				
Health)	5.88	12/1/31	1,755,000 c	1,781,518
<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	1,944,700
<b>South Carolina--6.7%</b>				

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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	5,053,100
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South Carolina Public Service

Authority, Revenue Obligations	5.50	1/1/38	3,000,000	3,264,150
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Tobacco Settlement Revenue

Management Authority of South

Carolina, Tobacco Settlement

Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,474,500
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**Tennessee--2.5%**

Johnson City Health and

Educational Facilities Board,

Hospital First Mortgage