

DREYFUS MUNICIPAL INCOME INC
Form N-Q
August 22, 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: 6/30/2014

FORM N-Q

Item 1. Schedule of Investments.

STATEMENT OF INVESTMENTS**Dreyfus Municipal Income, Inc.****June 30, 2014 (Unaudited)**

Long-Term Municipal Investments--148.0%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Arizona--8.4%				
Barclays Capital Municipal Trust Receipts (Series 21 W) Recourse (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)	5.00	1/1/38	9,998,763 a,b	10,974,813
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	2,000,000 c	1,732,280
Pima County Industrial Development Authority, IDR (Tucson Electric Power Company Project)	5.75	9/1/29	1,000,000	1,016,220
Pinal County Electrical District Number 4, Electric System Revenue	6.00	12/1/38	2,300,000	2,450,052
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	490,000	540,298
California--23.6%				
California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,648,676
California, GO (Various Purpose)	6.00	3/1/33	1,250,000	1,507,388
California, GO (Various Purpose)	6.50	4/1/33	3,000,000	3,661,620
California, GO (Various Purpose)	6.00	11/1/35	2,500,000	3,021,250
California Municipal Finance Authority, Revenue (Southwestern Law School)	6.50	11/1/41	750,000 c	890,423

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Chula Vista, IDR (San Diego Gas and Electric Company)	5.88	2/15/34	2,000,000	2,295,820
JPMorgan Chase Putters/Drivers Trust (Series 3869) Non-recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.25	5/15/18	10,000,000 a,b	11,498,300
JPMorgan Chase Putters/Drivers Trust (Series 4414) Non-recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.00	5/15/21	4,000,000 a,b	4,372,760
JPMorgan Chase Putters/Drivers Trust (Series 4421) Non-recourse (The Regents of the University of California, General Revenue) Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	5.00	5/15/21	3,750,000 a,b,c	4,210,800
Santa Ana Community Redevelopment Agency, Tax Allocation Revenue (Merged Project Area)	6.00	7/1/35	2,250,000	2,585,700
Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation)	6.75	9/1/28	3,000,000	3,611,910
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.00	6/1/37	3,500,000	2,846,410
Colorado--6.5% Colorado Educational and Cultural Facilities Authority, Charter	5.88	1/1/29	1,500,000	1,780,740

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School Revenue (American

Academy Project)

8.00

12/1/40

1,500,000 c

1,739,745

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E-470 Public Highway Authority, Senior Revenue	5.25	9/1/25	1,000,000	1,097,460
E-470 Public Highway Authority, Senior Revenue	5.38	9/1/26	1,000,000	1,101,430
JPMorgan Chase Putters/Drivers Trust (Series 4386) Non-recourse (Board of Governors of the Colorado State University, System Enterprise Revenue)	5.00	3/1/20	2,550,000 a,b,c	2,798,931
RIB Floater Trust (Barclays Bank PLC) (Series 25 U-1) Recourse (Colorado Springs, Utilities System Improvement Revenue)	5.00	11/15/43	4,000,000 a,b	4,456,940
University of Colorado Regents, University Enterprise Revenue	5.38	6/1/38	1,500,000 c	1,719,525
District of Columbia--4.0%				
RIB Floater Trust (Barclays Bank PLC) (Series 15 U) Recourse (District of Columbia, Income Tax Secured Revenue)	5.00	12/1/35	6,999,163 a,b	7,903,073
Florida--7.7%				
Davie, Educational Facilities Revenue (Nova Southeastern University Project)	5.63	4/1/43	1,000,000 c	1,094,580
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	3,980,000	4,814,845
Mid-Bay Bridge Authority, Springing Lien Revenue	7.25	10/1/34	2,500,000	3,037,225
Palm Beach County Health Facilities Authority, Revenue (The Waterford Project)	5.88	11/15/37	2,400,000	2,568,000
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project)	5.88	8/1/40	2,500,000	2,689,375
South Lake County Hospital				

District, Revenue (South Lake)

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Hospital, Inc.)	6.25	4/1/39	1,000,000	1,099,160
Georgia--1.8%				
Atlanta,				
Water and Wastewater Revenue	6.00	11/1/28	3,000,000	3,611,100
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	2,752,704
Illinois--5.6%				
Chicago,				
General Airport Third Lien Revenue (Chicago O'Hare International Airport)	5.63	1/1/35	1,000,000	1,124,800
Chicago,				
GO	5.00	1/1/24	1,000,000	1,088,250
Chicago,				
GO (Project and Refunding Series)	5.00	1/1/36	1,500,000	1,540,530
Illinois,				
GO	5.00	8/1/24	1,000,000	1,099,640
JPMorgan Chase Putters/Drivers Trust (Series 4360) Non-recourse (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds)	5.00	12/1/19	2,500,000 a,b	2,781,950
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	2,000,000	2,382,660
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue	5.13	4/1/36	1,000,000 c	1,081,610
Iowa--1.3%				
Iowa Student Loan Liquidity Corporation, Student Loan Revenue	5.75	12/1/28	2,345,000 c	2,505,539
Louisiana--.6%				

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Louisiana Public Facilities Authority, Revenue (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000	1,114,170
Maine--.7%				
Maine Health and Higher Educational Facilities Authority, Revenue (MaineGeneral Medical Center Issue)	7.50	7/1/32	1,250,000	1,452,750
Maryland--3.2%				
JPMorgan Chase Putters/Drivers Trust (Series 4422) Non-recourse (Mayor and City Council of Baltimore, Project Revenue (Water Projects))	5.00	7/1/21	2,000,000 a,b	2,235,600
Maryland Economic Development Corporation, EDR (Transportation Facilities Project)	5.75	6/1/35	1,000,000	1,064,820
Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,992,525
Massachusetts--11.1%				
Barclays Capital Municipal Trust Receipts (Series 15 W) Recourse (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue))	5.00	7/1/38	10,000,000 a,b,c	11,144,200
JPMorgan Chase Putters/Drivers Trust (Series 4395) Non-recourse (University of Massachusetts Building Authority, Project and Refunding Revenue)	5.00	5/1/21	3,698,335 a,b,c	4,091,497
Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue)	7.25	1/1/32	1,500,000	1,817,820

Massachusetts Educational
Financing Authority, Education

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Loan Revenue (Issue K) Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	5.25	7/1/29	2,500,000 c	2,705,975
Michigan--6.8% Detroit, Sewage Disposal System Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	7.50	7/1/33	2,140,000	2,348,650
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	1,500,000	1,487,280
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/36	3,000,000	2,950,080
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	2,500,000	2,500,000
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) (Prerefunded)	8.00	9/1/18	2,500,000 d	3,216,925
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	1,009,710
Minnesota--1.8% Minneapolis, Health Care System Revenue (Fairview Health Services)	6.75	11/15/32	3,000,000	3,543,270
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	80,358
Mississippi--2.9% Mississippi Business Finance Corporation, PCR (System				

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Energy Resources, Inc. Project)

5.88

4/1/22

3,500,000

3,502,065

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Warren County, Gulf Opportunity Zone Revenue (International Paper Company Project)	5.38	12/1/35	2,000,000	2,191,100
New Jersey--4.4%				
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	2,183,960
New Jersey Higher Education Student Assistance Authority, Senior Student Loan Revenue	5.00	12/1/18	1,500,000 c	1,710,195
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Corp.)	6.13	6/1/30	2,500,000 c	2,721,600
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/29	2,500,000	2,092,450
New Mexico--1.7%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	3,000,000	3,315,990
New York--11.3%				
Barclays Capital Municipal Trust Receipts (Series 11 B) Recourse (New York City Transitional Finance Authority, Future Tax Secured Revenue)	5.00	5/1/30	7,996,797 a,b	9,088,917
New York City Educational Construction Fund, Revenue	6.50	4/1/28	1,500,000 c	1,882,815
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Corp.)	7.00	3/1/49	1,435,000	1,737,067
Port Authority of New York and New				

Jersey, Special Project Bonds

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(JFK International Air Terminal LLC Project)	6.00	12/1/36	1,500,000	1,724,115
RIB Floater Trust (Barclays Bank PLC) (Series 16 U) Recourse (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	8,039,508
North Carolina--2.7%				
Barclays Capital Municipal Trust Receipts (Series 31 W) Recourse (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System))	5.00	6/1/42	5,000,000 a,b	5,349,400
Ohio--1.2%				
Butler County, Hospital Facilities Revenue (UC Health)	5.50	11/1/40	1,500,000	1,638,780
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	600,000	678,000
Pennsylvania--2.6%				
Clairton Municipal Authority, Sewer Revenue	5.00	12/1/42	1,000,000	1,028,680
JPMorgan Chase Putters/Drivers Trust (Series 3916) Non-recourse (Geisinger Authority, Health System Revenue (Geisinger Health System))	5.13	6/1/35	2,000,000 a,b	2,169,340
Philadelphia, GO	6.50	8/1/41	1,750,000	2,026,640
Rhode Island--1.0%				
Tobacco Settlement Financing Corporation of Rhode Island, Tobacco Settlement				

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Asset-Backed Bonds	6.13	6/1/32	2,000,000	1,999,860
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South Carolina--6.9%

JPMorgan Chase Putters/Drivers Trust (Series 4379) Non-recourse (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper))	5.13	6/1/37	4,800,000 a,b	5,227,584
South Carolina Public Service Authority, Revenue Obligations (Santee Cooper)	5.50	1/1/38	3,000,000	3,381,720
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds (Escrowed to Maturity)	6.38	5/15/30	3,750,000	5,064,862

Tennessee--1.1%

JPMorgan Chase Putters/Drivers Trust (Series 4416) Non-recourse (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue)	5.00	7/1/21	2,000,000 a,b	2,250,520
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Texas--13.3%

Barclays Capital Municipal Trust Receipts (Series 39 W) Recourse (Texas A&M University System Board of Regents, Financing System Revenue) Houston, Airport System Subordinate Lien Revenue	5.00	5/15/39	5,000,000 a,b,c	5,612,350
JPMorgan Chase Putters/Drivers Trust (Series 4356) Non-recourse (San Antonio, Electric and Gas Systems Junior Lien Revenue)	5.00	2/1/21	6,300,000 a,b	6,919,416
La Vernia Higher Education Finance Corporation, Education Revenue (Knowledge is Power Program,				

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Inc.)	6.25	8/15/39	2,250,000 c	2,512,687
Lubbock Educational Facilities				

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Authority, Improvement Revenue (Lubbock Christian University)	5.25	11/1/37	1,500,000 c	1,548,000
North Texas Education Finance Corporation, Education Revenue (Uplift Education)	5.13	12/1/42	2,000,000 c	2,090,060
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	1,685,000	1,890,132
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	4,000,000	4,418,560
Virginia--.9%				
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.25	7/1/19	1,555,000	1,711,200
Washington--4.4%				
Barclays Capital Municipal Trust Receipts (Series 27 B) Recourse (King County, Sewer Revenue)	5.00	1/1/29	2,999,037 a,b	3,391,662
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	2,990,000 d	3,606,867
Washington Health Care Facilities Authority, Revenue (Catholic Health Initiatives)	6.38	10/1/36	1,500,000	1,729,125
West Virginia--.5%				
The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station Project)	5.50	10/15/37	1,000,000	1,022,070
Wyoming--1.1%				
Wyoming Municipal Power Agency, Power Supply System Revenue	5.50	1/1/38	2,000,000	2,220,260
U.S. Related--7.5%				
Guam,				

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LOR (Section 30)	5.75	12/1/34	1,500,000	1,638,540
Puerto Rico Aqueduct and Sewer Authority, Senior Lien Revenue	5.13	7/1/37	1,550,000	1,040,902
Puerto Rico Commonwealth, Public Improvement GO	5.50	7/1/32	1,000,000	702,470
Puerto Rico Commonwealth, Public Improvement GO	6.00	7/1/39	1,300,000	951,730
Puerto Rico Commonwealth, Public Improvement GO	6.50	7/1/40	1,000,000	759,970
Puerto Rico Electric Power Authority, Power Revenue	5.00	7/1/37	1,945,000	862,160
Puerto Rico Electric Power Authority, Power Revenue	5.50	7/1/38	5,400,000	2,393,334
Puerto Rico Electric Power Authority, Power Revenue	5.25	7/1/40	1,500,000	664,890
Puerto Rico Electric Power Authority, Power Revenue	5.00	7/1/42	950,000	421,135
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	5.38	8/1/39	1,000,000	781,780
Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue (First Subordinate Series)	6.00	8/1/42	5,500,000	4,577,430
Total Long-Term Municipal Investments (cost \$273,002,470)				293,745,369
Short-Term Municipal Investments--1.3%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California--.5%				
California, GO Notes (Kindergarten-University) (LOC; Citibank NA)	0.01	7/1/14	1,000,000 e	1,000,000
Pennsylvania--.8%				
Geisinger Authority, Health System Revenue (Geisinger Health System) (Liquidity Facility; JPMorgan Chase Bank)	0.02	7/1/14	1,500,000 e	1,500,000

Total Short-Term Municipal Investments

(cost \$2,500,000)		2,500,000
Total Investments (cost \$275,502,470)	149.3 %	296,245,369
Liabilities, Less Cash and Receivables	(24.1 %)	(47,859,329)
Preferred Stock, at redemption value	(25.2 %)	(50,000,000)
Net Assets Applicable to Common Shareholders	100.0 %	198,386,040

- 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 June 30, 2014, these securities were valued at \$114,517,561 or 57.7% of net assets applicable to Common Shareholders.
- c At June 30, 2014, the fund had \$56,119,952 or 28.3% of net assets invested in securities whose payment of principal and interest is dependent upon revenues generated from education applicable to Common Shareholders.
- 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, 2014. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

At June 30, 2014, net unrealized appreciation on investments was \$20,742,899 of which \$28,155,215 related to appreciated investment securities and \$7,412,316 related to depreciated investment securities. At June 30, 2014, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes.

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	DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDR	Economic Development Revenue	EIR	Environmental Improvement Revenue

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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	LIFERS	Long Inverse Floating Exempt Receipts
LOC	Letter of Credit	LOR	Limited Obligation Revenue
LR	Lease Revenue	MERLOTS	Municipal Exempt Receipts Liquidity Option Tender
MFHR	Multi-Family Housing Revenue	MFMR	Multi-Family Mortgage Revenue
PCR	Pollution Control Revenue	P-FLOATS	Puttable Floating Option Tax-Exempt Receipts
PILOT	Payment in Lieu of Taxes	PUTTERS	Puttable Tax-Exempt Receipts
RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	RIB	Residual Interest Bonds
ROCS	Reset Option Certificates	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	SPEARS	Short Puttable Exempt Adjustable Receipts
SWDR	Solid Waste Disposal Revenue	TAN	Tax Anticipation Notes
TAW	Tax Anticipation Warrants	TRAN	Tax and Revenue Anticipation Notes

XLCA

XL Capital Assurance

The following is a summary of the inputs used as of June 30, 2014 in valuing the fund's investments:

Assets (\$)	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Investments in Securities:				
Municipal Bonds+	-	296,245,369	-	296,245,369

+ 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 fund's Board.

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 fund's Board. 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.

Inverse Floater Securities: The fund participates in secondary inverse floater structures in which fixed-rate, tax-exempt municipal bonds are transferred to a trust. The trust subsequently issues two or more variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One or more of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals. A residual interest tax-exempt security is also created by the trust, which is transferred to the fund, and is paid

interest based on the remaining cash flow of the trust, after payment of interest on the other securities and various expenses of the trust.

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 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: August 21, 2014

By: /s/ James Windels

James Windels

Treasurer

Date: August 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)