

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
February 22, 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: 12/31/2009

**FORM N-Q**

**Item 1. Schedule of Investments.**

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**STATEMENT OF INVESTMENTS****Dreyfus Municipal Income, Inc.****December 31, 2009 (Unaudited)**

<b>Long-Term Municipal Investments--147.5%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Alabama--2.6%</b>				
The Board of Trustees of the University of Alabama, HR (University of Alabama at Birmingham) (Insured; National Public Finance Guarantee Corp.) (Prerefunded)	5.88	9/1/10	4,620,000 a	4,835,107
<b>Arizona--4.2%</b>				
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	2,860,000	3,017,214
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	6.25	7/1/28	1,000,000	1,061,540
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	7.00	7/1/28	2,000,000	2,179,660
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	2,000,000	1,523,620
<b>California--23.9%</b>				
ABAG Financial Authority for Nonprofit Corporations, Insured Revenue, COP (Odd Fellows Home of California)	6.00	8/15/24	5,000,000	5,001,200
California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,000,481
California, GO (Various Purpose)	5.00	11/1/32	1,500,000	1,386,525
California, GO (Various Purpose)	6.50	4/1/33	3,000,000	3,246,570
California,				

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GO (Various Purpose)	6.00	11/1/35	2,500,000	2,578,425
California Health Facilities				
Financing Authority, Revenue				
(Sutter Health)	6.25	8/15/35	2,500,000	2,532,400
California Statewide Communities				
Development Authority, COP				
(Catholic Healthcare West)				
(Prerefunded)	6.50	7/1/10	3,545,000 a	3,681,270
California Statewide Communities				
Development Authority, COP				
(Catholic Healthcare West)				
(Prerefunded)	6.50	7/1/10	1,455,000 a	1,510,930

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Chabot-Las Positas Community College District, GO (Insured; AMBAC)	0.00	8/1/32	6,000,000 b	1,324,680
Chula Vista, IDR (San Diego Gas and Electric Company)	5.88	2/15/34	2,000,000	2,194,620
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	4.50	6/1/27	5,000,000	4,516,850
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/33	2,000,000	1,521,940
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	3,500,000	2,612,680
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.80	6/1/13	3,000,000 a	3,624,450
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	2,250,000	2,423,632
San Diego Public Facilities Financing Authority, Senior Sewer Revenue	5.25	5/15/34	1,000,000	1,030,540
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.88	1/1/29	1,500,000	1,636,185
<b>Colorado--6.3%</b>				
Colorado Educational and Cultural Facilities Authority, Charter School Revenue (American Academy Project)	8.00	12/1/40	1,500,000	1,737,150
Colorado Health Facilities Authority, Health Facilities Revenue (The Evangelical Lutheran Good Samaritan				

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Society Project)	6.13	6/1/38	2,525,000	2,538,862
Colorado Springs, HR	6.38	12/15/30	2,890,000	2,947,858
Colorado Springs, HR (Prerefunded)	6.38	12/15/10	2,835,000 a	3,024,180
University of Colorado Regents, University Enterprise Revenue	5.38	6/1/38	1,500,000	1,587,975
<b>District of Columbia--.5%</b>				
District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/29	475,000	480,006
District of Columbia Housing Finance Agency, SFMR				

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(Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding)	7.45	12/1/30	480,000	487,728
<b>Florida--6.0%</b>				
Greater Orlando Aviation Authority, Airport Facilities Revenue	6.25	10/1/20	3,980,000	4,455,769
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	2,470,000	2,499,838
Orange County School Board, COP (Master Lease Purchase Agreement) (Insured; Assured Guaranty Municipal Corp.)	5.50	8/1/34	2,000,000	2,090,960
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	5.80	10/1/34	1,095,000	1,099,906
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	1,000,000 c	1,003,920
<b>Georgia--2.7%</b>				
Atlanta, Water and Wastewater Revenue	6.00	11/1/28	3,000,000	3,196,950
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	1,750,000	1,799,980
<b>Illinois--7.5%</b>				
Chicago, GO (Insured; FGIC) (Prerefunded)	6.13	7/1/10	3,685,000 a	3,830,005
Chicago, GO (Insured; National Public Finance Guarantee Corp.) (Prerefunded)	6.13	7/1/10	315,000 a	327,395
Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program)	8.75	3/1/10	10,000	10,016
Illinois Finance Authority, Revenue (Sherman Health Systems)	5.50	8/1/37	2,000,000	1,815,980
Illinois Health Facilities Authority, Revenue (Advocate				

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Health Care Network) (Prerefunded)	6.13	11/15/10	5,800,000 a	6,095,626
Illinois Health Facilities Authority, Revenue (Swedish American Hospital) (Prerefunded)	6.88	5/15/10	1,990,000 a	2,054,357
<b>Indiana--1.4%</b>				
Franklin Township School Building Corporation, First Mortgage Bonds (Prerefunded)	6.13	7/15/10	2,500,000 a	2,628,200
<b>Louisiana--.6%</b>				
Louisiana Public Facilities				

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Authority, Revenue (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000	1,071,750
<b>Maryland--2.8%</b>				
Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,856,550
Maryland Economic Development Corporation, Student Housing Revenue (University of Maryland, College Park Project) (Prerefunded)	5.63	6/1/13	2,000,000 a	2,305,180
<b>Massachusetts--7.6%</b>				
Massachusetts Development Finance Agency, SWDR (Dominion Energy Brayton Point Issue)	5.00	2/1/36	3,000,000	2,657,190
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue)	6.00	7/1/31	1,970,000	2,009,085
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue) (Prerefunded)	6.00	1/1/12	530,000 a	591,199
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	2,000,000	2,112,880
Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue (Insured; AMBAC)	5.50	7/1/40	2,230,000	1,806,010
Massachusetts Industrial Finance Agency, Water Treatment Revenue (Massachusetts-American Hingham Project)	6.95	12/1/35	5,235,000	5,087,216
<b>Michigan--7.0%</b>				
Detroit, Sewage Disposal System Senior				

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Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	7.50	7/1/33	2,140,000	2,544,246
Michigan Hospital Finance Authority, HR (Henry Ford Health System)	5.00	11/15/38	1,515,000	1,302,673
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,385,000	3,840,339
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group)	8.00	9/1/29	2,500,000	2,929,750
Wayne County Airport Authority, Airport Revenue (Detroit				

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Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.)	5.00	12/1/34	3,000,000	2,509,470
<b>Minnesota--3.7%</b>				
Minneapolis, Health Care System Revenue (Fairview Health Services)	6.75	11/15/32	3,000,000	3,344,970
Minnesota Agricultural and Economic Development Board, Health Care Facilities Revenue (Essentia Health Obligated Group) (Insured; Assured Guaranty Municipal Corp.)	5.00	2/15/37	1,000,000	1,018,660
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	81,379
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems) (Prerefunded)	6.38	11/15/10	2,420,000 a	2,572,750
<b>Mississippi--3.2%</b>				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	6,000,000	5,999,400
<b>Missouri--1.5%</b>				
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (Saint Anthony's Medical Center) (Prerefunded)	6.25	12/1/10	2,500,000 a	2,655,000
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) (Collateralized: FNMA and GNMA)	6.30	9/1/25	100,000	102,114
<b>Nevada--2.1%</b>				
Clark County, IDR (Southwest Gas Corporation Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	3,999,760
<b>New Hampshire--1.2%</b>				
New Hampshire Business Finance				

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Authority, PCR (Public Service Company of New Hampshire Project) (Insured; AMBAC)	6.00	5/1/21	2,135,000	2,158,912
<b>New Jersey--2.5%</b>				
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	1,972,160
New Jersey Higher Education Student Assistance Authority, Student Loan Revenue (Insured; Assured Guaranty Municipal Corp.)	6.13	6/1/30	2,500,000	2,648,900
<b>New Mexico--2.1%</b>				

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Farmington, PCR (Public Service Company of New Mexico San Juan Project)	6.30	12/1/16	3,000,000	3,001,290
New Mexico Mortgage Finance Authority, Single Family Mortgage Program (Collateralized: FHLMC and GNMA)	6.85	9/1/31	930,000	943,206
<b>New York--1.7%</b>				
Long Island Power Authority, Electric System General Revenue	5.00	9/1/27	1,500,000	1,535,685
New York City Industrial Development Agency, PILOT Revenue (Yankee Stadium Project) (Insured; Assured Guaranty Municipal Corp.)	7.00	3/1/49	1,435,000	1,654,239
<b>North Carolina--5%</b>				
North Carolina Housing Finance Agency, Home Ownership Revenue	6.25	1/1/29	980,000	980,833
<b>Ohio--2.0%</b>				
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	2,100,000	2,153,025
Toledo-Lucas County Port Authority, Special Assessment Revenue (Crocker Park Public Improvement Project)	5.38	12/1/35	2,000,000	1,627,880
<b>Pennsylvania--6.7%</b>				
Lancaster Higher Education Authority, College Revenue (Franklin and Marshall College Project)	5.00	4/15/37	2,000,000	2,011,980
Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project)	6.60	1/1/19	3,500,000	2,074,275
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/31	1,755,000	1,783,273
Sayre Health Care Facilities Authority, Revenue (Guthrie				

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Health) (Prerefunded)	5.88	12/1/11	5,995,000 a	6,648,395
<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	1,901,360
<b>South Carolina--8.9%</b>				
Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project)				
Piedmont Municipal Power Agency,	5.00	12/1/26	5,000,000	5,027,900

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Electric Revenue	5.25	1/1/21	3,500,000	3,507,350
South Carolina Public Service Authority, Revenue Obligations	5.50	1/1/38	3,000,000	3,258,180
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,866,338
<b>Tennessee--2.6%</b>				
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance)	5.50	7/1/36	2,000,000	1,948,320
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University)	5.50	10/1/29	2,500,000	2,837,975
<b>Texas--10.6%</b>				
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue Improvement (Insured; Assured Guaranty Municipal Corp.)	5.00	11/1/35	1,500,000	1,451,310
Gregg County Health Facilities Development Corporation, HR (Good Shepherd Medical Center Project) (Insured; Radian) (Prerefunded)	6.38	10/1/10	2,500,000 a	2,630,100
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	6.38	6/1/11	3,565,000 a	3,889,522
La Vernia Higher Education Finance Corporation, Education Revenue (Knowledge is Power Program, Inc.)	6.25	8/15/39	2,250,000	2,256,255
Lubbock Educational Facilities Authority, Improvement Revenue (Lubbock Christian University)	5.25	11/1/37	1,500,000	1,283,895
North Texas Tollway Authority,				

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First Tier System Revenue (Insured; Assured Guaranty Municipal Corp.)	5.75	1/1/40	4,000,000	4,228,240
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	4,000,000	4,066,600
<b>Utah--.0%</b>				
Utah Housing Finance Agency, SFMR (Collateralized; FHA)	6.00	1/1/31	70,000	70,391
<b>Vermont--2.3%</b>				
Vermont Educational and Health Buildings Financing Agency, Revenue (Middlebury College Project)	5.00	11/1/38	2,500,000	2,517,675
Vermont Educational and Health				

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Buildings Financing Agency, Revenue (Saint Michael's College Project)	6.00	10/1/28	1,500,000	1,557,840
Vermont Housing Finance Agency, SFHR (Insured; Assured Guaranty Municipal Corp.)	6.40	11/1/30	290,000	296,308
<b>Virginia--1.3%</b>				
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.25	7/1/19	2,000,000	2,392,280
<b>Washington--4.2%</b>				
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA)	6.25	8/1/36	3,000,000	3,127,140
Washington Health Care Facilities Authority, Revenue (Catholic Health Initiatives)	6.38	10/1/36	1,500,000	1,633,500
Washington Housing Finance Commission, Revenue (Single-Family Program) (Collateralized: FHLMC, FNMA and GNMA)	5.15	6/1/37	3,160,000	3,180,666
<b>West Virginia--1.2%</b>				
The County Commission of Pleasants County, PCR (Allegheny Energy Supply Company, LLC Pleasants Station Project)	5.25	10/15/37	2,500,000	2,311,100
<b>Wisconsin--4.2%</b>				
Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds (Prerefunded)	7.00	6/1/12	2,500,000 a	2,847,425
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.)	5.60	2/15/29	4,975,000	4,945,797
<b>Wyoming--1.8%</b>				
Sweetwater County, SWDR (FMC Corporation Project)	5.60	12/1/35	1,500,000	1,356,045
Wyoming Municipal Power Agency,				

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Power Supply System Revenue	5.50	1/1/38	2,000,000	2,053,340
<b>U.S. Related--9.1%</b>				
Government of Guam, LOR (Section 30)	5.75	12/1/34	1,500,000	1,513,455
Puerto Rico Commonwealth, Public Improvement GO	5.50	7/1/32	1,000,000	963,780
Puerto Rico Commonwealth, Public Improvement GO	6.00	7/1/39	1,500,000	1,506,465
Puerto Rico Electric Power Authority, Power Revenue	5.00	7/1/37	1,945,000	1,834,213
Puerto Rico Electric Power Authority, Power Revenue	5.50	7/1/38	5,400,000	5,432,778
Puerto Rico Sales Tax Financing				

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Corporation, Sales Tax Revenue (First Subordinate Series)	6.00	8/1/42	5,500,000	5,714,885
<b>Total Long-Term Municipal Investments</b> (cost \$266,151,957)				<b>276,153,232</b>
<b>Short-Term Municipal Investments--3.7%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>California--1.1%</b>				
California Department of Water Resources, Power Supply Revenue (LOC; Landesbank Hessen-Thuringen Girozentrale)	0.20	1/1/10	2,000,000 d	2,000,000
<b>Massachusetts--1.3%</b>				
Massachusetts Health and Educational Facilities Authority, Revenue (Harvard University Issue)	0.18	1/1/10	2,500,000 d	2,500,000
<b>Utah--1.3%</b>				
Murray City, HR (IHC Health Services, Inc.)	0.20	1/1/10	2,500,000 d	2,500,000
<b>Total Short-Term Municipal Investments</b> (cost \$7,000,000)				<b>7,000,000</b>
<b>Total Investments</b> (cost \$273,151,957)			<b>151.2%</b>	<b>283,153,232</b>
<b>Cash and Receivables (Net)</b>			<b>2.2%</b>	<b>4,120,999</b>
<b>Preferred Stock, at redemption value</b>			<b>(53.4%)</b>	<b>(100,000,000)</b>
<b>Net Assets Applicable to Common Shareholders</b>			<b>100.0%</b>	<b>187,274,231</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 Security issued with a zero coupon. Income is recognized through the accretion of discount.

c Purchased on a delayed delivery basis.

d Variable rate demand note - rate shown is the interest rate in effect at December 31, 2009. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

At December 31, 2009, the aggregate cost of investment securities for income tax purposes was \$273,151,957. Net unrealized appreciation on investments was \$10,001,275 of which \$15,539,849 related to appreciated investment securities and \$5,538,574 related to depreciated investment securities.

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>EDR</b>	Economic Development Revenue
<b>EIR</b>	Environmental Improvement Revenue	<b>FGIC</b>	Financial Guaranty Insurance Company



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<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>LOC</b>	Letter of Credit	<b>LOR</b>	Limited Obligation Revenue
<b>LR</b>	Lease Revenue	<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	<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		

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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.

The following is a summary of the inputs used as of December 31, 2009 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	-	283,153,232	-	<b>283,153,232</b>

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

The Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) has become 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 ASC has superseded all existing non-SEC accounting and reporting standards. 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: Investments in municipal debt securities are valued on the last business day of each week and month by an independent pricing service (the Service ) approved by the Board of Directors. Investments for which quoted bid prices are readily available and are 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: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal and U.S. Treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on the last business day of each week and month.

The fund adopted the provisions of ASC Topic 815 Derivatives and Hedging which requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The fund held no derivatives during the period ended December 31, 2009. These disclosures did not impact the notes to the financial statements.

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.

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**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 19, 2010

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 19, 2010

By: /s/ James Windels  
James Windels  
Treasurer

Date: February 19, 2010

**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)