

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
February 16, 2006

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY

Investment Company Act file number 811-05652

DREYFUS MUNICIPAL INCOME, INC.  
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation  
200 Park Avenue  
New York, New York 10166  
(Address of principal executive offices) (Zip code)

Mark N. Jacobs, Esq.  
200 Park Avenue  
New York, New York 10166  
(Name and address of agent for service)

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

Date of fiscal year end: 9/30

Date of reporting period: 12/31/05

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**FORM N-Q**

**Item 1. Schedule of Investments.**

**Dreyfus Municipal Income, Inc.**  
Statement of Investments  
December 31, 2005 (Unaudited)

	Principal Amount (\$)	Value (\$)
<b>Long-Term Municipal Investments--146.1%</b>		

**Alabama--8.8%**

Jefferson County:

Limited Obligation School Warrants

5.50%, 1/1/2021

4,000,000

4,341,840

Sewer Revenue, Capital Improvement

5.75%, 2/1/2009 (Insured; FGIC)

7,500,000

a

8,098,125

The Board of Trustees of the University of Alabama, HR  
(University of Alabama at Birmingham)

5.875%, 9/1/2031 (Insured; MBIA)

4,620,000

5,056,174

**Alaska--3.6%**

Alaska Housing Finance Corp.,

General Mortgage Revenue

6.05%, 6/1/2039 (Insured; MBIA)

6,845,000

7,083,890

**Arkansas--1.5%**

Independence County, PCR

(Entergy Arkansas Inc. Project) 5%, 1/1/2021

3,000,000

3,042,810

**California--13.0%**

ABAG Financial Authority For Nonprofit Corps.,

Insured Revenue, COP

(Odd Fellows Home of California)

6%, 8/15/2024

5,000,000

5,200,250

California Department of Veteran Affairs,

Home Purchase Revenue

5.20%, 12/1/2028

5,000,000

5,002,800

California Health Facilities Financing Authority,  
Revenue (Sutter Health)

6.25%, 8/15/2035

2,500,000

2,786,875

California Statewide Communities Development Authority,  
COP (Catholic Healthcare West)

6.50%, 7/1/2020

5,000,000

5,710,950

Golden State Tobacco Securitization Corp.:

Enhanced Tobacco Settlement Asset-Backed Bonds

5%, 6/1/2045

3,500,000

3,529,960

Tobacco Settlement Asset-Backed Bonds 7.80%, 6/1/2042	3,000,000		3,609,030
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**Colorado--4.4%**

City and County of Denver, Airport Revenue (Special Facilities-United Airlines Inc. Project) 6.875%, 10/1/2032	2,480,000	b	2,342,310
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Colorado Springs, HR: 6.375%, 12/15/2010	2,835,000	a	3,211,233
6.375%, 12/15/2030	2,890,000		3,157,585

**District of Columbia--2.0%**

District of Columbia, Revenue (Catholic University America Project) 5.625%, 10/1/2029 (Insured; AMBAC)	2,080,000		2,232,547
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District of Columbia Housing Finance Agency, SFMR 7.45%, 12/1/2030 (Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding)	1,650,000		1,706,084
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**Florida--1.4%**

Orange County Health Facilities Authority, Revenue (Orlando Regional Healthcare System) 6%, 10/1/2026	1,500,000		1,583,355
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South Lake County Hospital District, Revenue (South Lake Hospital Inc.) 5.80%, 10/1/2034	1,095,000		1,143,071
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**Georgia--.5%**

Development Authority of the City of Milledgeville and Baldwin County, Revenue (Georgia College and State University Foundation Property III, LLC Student Housing System Project) 5.25%, 9/1/2019	1,000,000		1,050,300
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**Illinois--10.6%**

Chicago: 6.125%, 7/1/2010 (Insured; FGIC)	3,685,000	a	4,126,094
6.125%, 7/1/2010 (Insured; FGIC)	315,000	a	352,705

Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program) 8.75%, 3/1/2010	75,000		75,281
Illinois Health Facilities Authority, Revenue: (Advocate Health Care Network) 6.125%, 11/15/2010	5,800,000	a	6,469,784
(OSF Healthcare System) 6.25%, 11/15/2009	7,000,000	a	7,770,280
(Swedish American Hospital) 6.875%, 5/15/2010	2,000,000	a	2,257,060
<b>Indiana--1.4%</b>			
Franklin Township School Building Corp. (Marion County) First Mortgage 6.125%, 7/15/2010	2,500,000	a	2,814,675
<b>Kansas--1.3%</b>			
Unified Government of Wyandotte County/Kansas City, Tax-Exempt Sales Tax Special Obligation Revenue (Redevelopment Project Area B) 5%, 12/1/2020	2,500,000		2,588,725
<b>Maryland--4.9%</b>			
Maryland Economic Development Corp., Student Housing Revenue (University of Maryland, College Park Project) 5.625%, 6/1/2035	2,000,000		2,093,000
Maryland Health and Higher Educational Facilities Authority, Revenue (The John Hopkins University Issue) 6%, 7/1/2009	7,000,000	a	7,671,790
<b>Massachusetts--6.7%</b>			
Massachusetts Bay Transportation Authority, Assessment 5%, 7/1/2034	5,000,000		5,219,900
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health) 6%, 7/1/2031	2,500,000		2,675,700
Massachusetts Industrial Finance Agency, Revenue (Water Treatment-American Hingham)			

6.95%, 12/1/2035	5,235,000		5,401,892
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<b>Michigan--3.6%</b>			
Hancock Hospital Finance Authority, Mortgage Revenue (Portgag Health) 5.45%, 8/1/2047 (Insured; MBIA)	2,200,000		2,290,178
Michigan Strategic Fund, SWDR (Genesee Power Station Project) 7.50%, 1/1/2021	4,800,000		4,790,592
<b>Minnesota--1.4%</b>			
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Services): 6.375%, 11/15/2010	2,420,000	a	2,740,335
6.375%, 11/15/2029	80,000		86,938
<b>Mississippi--3.1%</b>			
Mississippi Business Finance Corp., PCR (System Energy Resource Inc. Project) 5.875%, 4/1/2022	6,000,000		6,099,600
<b>Missouri--4.1%</b>			
Health and Educational Facilities Authority of the State of Missouri, Health Facilities Revenue: (BJC Health System) 5.25%, 5/15/2032	2,500,000		2,619,475
(Saint Anthony's Medical Center) 6.25%, 12/1/2010	2,500,000	a	2,819,300
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project) 5%, 6/1/2035	2,500,000		2,533,650
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) 6.30%, 9/1/2025 (Collateralized: FNMA and GNMA)	220,000		223,227
<b>Nevada--2.2%</b>			
Clark County, IDR (Southwest Gas Corp.) 6.10%, 12/1/2038 (Insured; AMBAC)	4,000,000		4,394,040

**New Jersey--.8%**

New Jersey Economic Development Authority,  
Cigarette Tax Revenue

5.50%, 6/15/2031 1,610,000 1,668,862

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**New Mexico--2.7%**

Farmington, PCR (Public Service Co. San Juan)  
6.30%, 12/1/2016

3,000,000 3,126,930

New Mexico Mortgage Finance Authority,  
(Single Family Mortgage Program)  
6.85%, 9/1/2031 (Collateralized:FHLMC and GNMA)

2,100,000 2,163,504

**New York--.8%**

Long Island Power Authority,  
Electric System Revenue  
5%, 9/1/2027

1,500,000 1,551,540

**North Carolina--6.0%**

Gaston County Industrial Facilities and Pollution  
Control Financing Authority, Exempt Facilities Revenue  
(National Gypsum Co. Project) 5.75%, 8/1/2035

1,500,000 1,567,740

North Carolina Capital Facilities Finance Agency,  
Revenue (Duke University Project)  
5.25%, 7/1/2042

5,000,000 5,256,050

North Carolina Eastern Municipal Power Agency,  
Power System Revenue  
5.125%, 1/1/2026

3,000,000 3,101,550

North Carolina Housing Finance Agency (Home Ownership)  
6.25%, 1/1/2029

1,860,000 1,933,563

**Ohio--4.8%**

Cuyahoga County, Hospital Improvement Revenue  
(The Metrohealth System Project)  
6.125%, 2/15/2009

5,000,000 a 5,450,150

Ohio Housing Finance Agency,  
Residential Mortgage Revenue

5.75%, 9/1/2030 (Collateralized; GNMA)	260,000	260,889
Rickenbacker Port Authority, Capital Funding Revenue (OASBO Expanded Asset Pooled)		
5.375%, 1/1/2032	3,590,000	3,908,864

**Oklahoma--1.3%**

Oklahoma Development Finance Authority, Revenue (Saint John Health System)		
6%, 2/15/2029	2,500,000	2,674,700

**Pennsylvania--7.7%**

Delaware County Industrial Development Authority, Water Facilities Revenue (Aqua Pennsylvania, Inc. Project) 5%, 11/1/2038 (Insured; FGIC)	3,375,000	3,457,823
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Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project)		
6.60%, 1/1/2019	3,500,000	3,507,105

Sayre Health Care Facilities Authority, Revenue (Guthrie Health)		
5.875%, 12/1/2031	7,750,000	8,315,828

**South Carolina--9.4%**

Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project)		
5%, 12/1/2026	5,000,000	5,093,850

Medical University of South Carolina, Hospital Facilities Revenue		
6%, 7/1/2009	2,500,000	a 2,734,725

Piedmont Municipal Power Agency, Electric Revenue		
5.25%, 1/1/2021	3,500,000	3,553,760

Tobacco Settlement Revenue Management Authority, Tobacco Settlement Asset - Backed Bonds:		
6.375%, 5/15/2028	2,900,000	3,107,234
6.375%, 5/15/2030	3,750,000	4,217,288

**Tennessee--1.5%**

The Health, Educational and Housing Facility Board of  
the City of Chattanooga, Revenue  
(CDFI Phase I, LLC Project)  
5.125%, 10/1/2035

3,000,000

2,954,700

**Texas--13.4%**

Cities of Dallas and Fort Worth,  
Dallas/Fort Worth International Airport,  
Joint Revenue Improvement  
5%, 11/1/2035 (Insured; FSA)

2,500,000

2,516,825

Gregg County Health Facilities Development Corp.,  
HR (Good Shepherd Medical Center Project)  
6.375%, 10/1/2025 (Insured; Radian)

2,500,000

2,763,200

Harris County Health Facilities Development Corp.,  
HR (Memorial Hermann Healthcare)  
6.375%, 6/1/2011

3,565,000

a

4,059,465

Industrial Development Corp. of Port of Corpus  
Christi, Revenue  
(Valero Refining and Marketing Co. Project)  
5.40%, 4/1/2018

2,350,000

2,442,943

Port of Corpus Christi Authority of Nueces County,  
Revenue (Union Pacific Corp. Project)  
5.65%, 12/1/2022

4,500,000

4,750,560

Sabine River Authority of Texas, PCR  
(TXU Energy Co. LLC Project)  
6.15%, 8/1/2022

2,500,000

2,742,675

Texas, Veterans Housing Assistance Program  
6.10%, 6/1/2031 (Collateralized; FHA)

7,000,000

7,411,670

**Utah--1.6%**

Carbon County, SWDR (Sunnyside Cogeneration)  
7.10%, 8/15/2023

2,765,000

2,794,392

Utah Housing Finance Agency,  
Single Family Mortgage  
6%, 1/1/2031 (Collateralized; FHA)

320,000

322,723

**Vermont--1.2%**



Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project) 6%, 10/1/2028	1,500,000		1,682,460
Vermont Housing Finance Agency, Single Family Housing 6.40%, 11/1/2030 (Insured; FSA)	645,000		650,302
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<b>Washington--3.8%</b>			
Public Utility District Number 1 of Pend Orielle County, Electric Revenue 6.375%, 1/1/2015	2,000,000		2,040,160
Washington Higher Education Facilities Authority, Revenue (Whitman College Project) 5.875%, 10/1/2009	5,000,000	a	5,435,000
<b>West Virginia--3.9%</b>			
Braxton County, SWDR (Weyerhaeuser Co. Project) 5.80%, 6/1/2027	7,450,000		7,655,173
<b>Wisconsin--3.8%</b>			
Badger Tobacco Asset Securitization Corp., Tobacco Settlement Asset-Backed Bonds 7%, 6/1/2028	2,500,000		2,778,050
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.) 5.60%, 2/15/2029	4,575,000		4,700,401
<b>Wyoming--1.8%</b>			
Sweetwater County, SWDR (FMC Corp. Project): 7%, 6/1/2024	2,000,000		2,022,740
5.60%, 12/1/2035	1,500,000		1,521,465
<b>U.S. Related--7.1%</b>			
Puerto Rico Highway and Transportation Authority, Transportation Revenue: 6.319%, 7/1/2038 (Insured; MBIA)	4,000,000	c,d	4,303,840
6.319%, 7/1/2038 (Insured; MBIA)	5,000,000	c,d	5,379,800

Puerto Rico Infrastructure Financing Authority, Special Tax Revenue, Residual Certificates 6.16%, 7/1/2015 (Insured; AMBAC)	4,000,000	c,d	4,349,880
<b>Total Long-Term Municipal Investments</b> (cost \$270,854,129)			<b>289,933,789</b>
<b>Short-Term Municipal Investments--2.1%</b>			
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<b>Louisiana--2.0%</b>			
New Orleans, Sewerage Service, BAN 3%, 7/26/2006	4,000,000		3,878,320
<b>Texas--.1%</b>			
Harris County Health Facilities Development Corp., Special Facilities Revenue (Texas Medical Center Project) 3.70% (Insured; MBIA)	200,000	e	200,000
<b>Total Short-Term Municipal Investments</b> (cost \$4,154,000)			<b>4,078,320</b>
<b>Total Investments</b> (cost \$275,008,129)	<b>148.2%</b>		<b>294,012,109</b>
<b>Cash and Receivables (Net)</b>	<b>2.2%</b>		<b>4,377,550</b>
<b>Preferred Stock, at redemption value</b>	<b>(50.4%)</b>		<b>(100,000,000)</b>
<b>Net Assets applicable to Common Shareholders</b>	<b>100.0%</b>		<b>198,389,659</b>

Notes to Statements of Investments:

- a These securities are prerefunded; the date shown represents the prerefunded date. Bonds which collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on a municipal issue and to retire the bonds in full at the earliest refunding date.
- b Non-income producing security; interest payments in default.
- c Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities are sold in private transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, these securities amounted to \$14,033,520 or 7.1% of net assets applicable to common shareholders.
- d Inverse floater security--the interest rate is subject to change periodically.
- e Securities payable on demand. Variable interest rate--subject to periodic change.
- f At December 31, 2005, the fund had \$53,859,259 or 27.1% of net assets applicable to common shareholders. These securities whose payment of principal and interest is dependent upon revenues generated from health services.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the Registrant's 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.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

DREYFUS MUNICIPAL INCOME, INC.

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.

**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)

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