

DREYFUS MUNICIPAL INCOME INC
Form N-Q
August 17, 2005
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: 6/30/05

FORM N-Q
Item 1. Schedule of Investments.

Dreyfus Municipal Income, Inc.
Statement of Investments

June 30, 2005 (Unaudited)

| Principal Amount (\$) | Value (\$) |
|--------------------------|------------|
|--------------------------|------------|

Long-Term Municipal Investments--146.9%

Alabama--10.1%

Courtland Industrial Development Board, SWDR
(Champion International Corp. Project)
6.50%, 9/1/2025

2,500,000

2,565,275

Jefferson County:
Limited Obligation School Warrants

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| | | |
|---|-------------|-----------|
| 5.50%, 1/1/2021 Sewer Revenue, Capital Improvement | 4,000,000 | 4,419,760 |
| 5.75%, 2/1/2038 (Insured; FGIC) (Prerefunded 2/1/2009) | 7,500,000 a | 8,282,925 |
| 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 | 5,147,604 |
| Alaska--3.6% | | |
| Alaska Housing Finance Corp., General Mortgage Revenue 6.05%, 6/1/2039 (Insured; MBIA) | 6,845,000 | 7,140,909 |
| Arkansas--1.5% | | |
| Independence County, PCR (Entergy Arkansas Inc. Project) 5%, 1/1/2021 | 3,000,000 | 3,070,560 |
| California--11.1% | | |
| ABAG Financial Authority For Nonprofit Corps., Insured Revenue, COP (Odd Fellows Home of California) 6%, 8/15/2024 | 5,000,000 | 5,281,600 |
| California Department of Veteran Affairs, Home Purchase Revenue 5.20%, 12/1/2028 | 5,000,000 | 5,003,700 |
| California Health Facilities Financing Authority, Revenue (Sutter Health) 6.25%, 8/15/2035 | 2,500,000 | 2,798,325 |
| California Statewide Communities Development Authority, COP (Catholic Healthcare West) 6.50%, 7/1/2020 | 5,000,000 | 5,570,200 |
| Golden State Tobacco Securitization Corp., Revenue (Tobacco Settlement Asset-Backed Bonds) | | |
| 7.80%, 6/1/2042 | 3,000,000 | 3,601,200 |
| Colorado--4.4% | | |
| City and County of Denver, Airport Revenue | | |

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| | | | |
|---|------------------------|---|------------------------|
| (Special Facilities-United Airlines Inc. Project) 6.875%, 10/1/2032 | 2,480,000 | b | 2,242,862 |
| Colorado Springs, HR: 6.375%, 12/15/2030 (Prerefunded 12/15/2010) 6.375%, 12/15/2030 | 2,835,000 2,890,000 | a | 3,303,059 3,208,536 |
| District of Columbia--2.3% | | | |
| District of Columbia, Revenue (Catholic University America Project) 5.625%, 10/1/2029 (Insured; AMBAC) | 2,080,000 | | 2,276,851 |
| District of Columbia Housing Finance Agency, SFMR 7.45%, 12/1/2030 (Collateralized; FNMA) | 2,185,000 | | 2,313,128 |
| Florida--1.4% | | | |
| Orange County Health Facilities Authority, Revenue (Orlando Regional Healthcare System) 6%, 10/1/2026 | 1,500,000 | | 1,603,005 |
| South Lake County Hospital District, Revenue (South Lake Hospital Inc.) 5.80%, 10/1/2034 | 1,095,000 | | 1,155,773 |
| 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 | | 1,060,100 |
| Illinois--10.4% | | | |
| Chicago: 6.125%, 1/1/2028 (Insured; FGIC) (Prerefunded 7/1/2010) 6.125%, 1/1/2028 (Insured; FGIC) | 3,685,000 315,000 | a | 4,235,981 355,758 |
| Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program) 8.75%, 3/1/2010 | 75,000 | | 75,273 |
| Illinois Health Facilities Authority, Revenue: (Advocate Health Care Network) | | | |

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| | | | |
|---|-----------|--|-----------|
| 6.125%, 11/15/2022 (OSF Healthcare System) | 5,800,000 | | 6,454,182 |
| 6.25%, 11/15/2029 | 7,000,000 | | 7,557,830 |

| | | | |
|---|-----------|---|-----------|
| (Swedish American Hospital) 6.875%, 11/15/2030 (Prerefunded 5/15/2010) | 2,000,000 | a | 2,354,300 |
|---|-----------|---|-----------|

Indiana--1.4%

| | | | |
|--|-----------|---|-----------|
| Franklin Township School Building Corp. (Marion County) First Mortgage 6.125%, 1/15/2022 (Prerefunded 7/15/2010) | 2,500,000 | a | 2,900,000 |
|--|-----------|---|-----------|

Maryland--4.9%

| | | | |
|---|-----------|--|-----------|
| Maryland Economic Development Corp., Student Housing Revenue (University of Maryland, College Park Project) 5.625%, 6/1/2035 | 2,000,000 | | 2,089,080 |
|---|-----------|--|-----------|

| | | | |
|---|-----------|---|-----------|
| Maryland Health and Higher Educational Facilities Authority, Revenue (The John Hopkins University Issue) 6%, 7/1/2039 (Prerefunded 7/1/2009) | 7,000,000 | a | 7,867,020 |
|---|-----------|---|-----------|

Massachusetts--6.7%

| | | | |
|--|-----------|--|-----------|
| Massachusetts Bay Transportation Authority, Assessment 5%, 7/1/2034 | 5,000,000 | | 5,330,100 |
|--|-----------|--|-----------|

| | | | |
|--|-----------|--|-----------|
| Massachusetts Health and Educational Facilities Authority, Revenue, Healthcare System (Covenant Health) 6%, 7/1/2031 | 2,500,000 | | 2,707,525 |
|--|-----------|--|-----------|

| | | | |
|--|-----------|--|-----------|
| Massachusetts Industrial Finance Agency, Revenue (Water Treatment-American Hingham) 6.95%, 12/1/2035 | 5,235,000 | | 5,521,826 |
|--|-----------|--|-----------|

Michigan--7.4%

| | | | |
|--|-----------|--|-----------|
| Hancock Hospital Finance Authority, Mortgage Revenue (Portgage Health) 5.45%, 8/1/2047 (Insured; MBIA) | 2,200,000 | | 2,333,650 |
|--|-----------|--|-----------|

| | | | |
|---|-----------|---|-----------|
| Michigan Hospital Finance Authority, HR (Genesys Health System Obligated Group) 8.125%, 10/1/2021 (Prerefunded 10/1/2005) | 7,670,000 | a | 7,927,865 |
|---|-----------|---|-----------|

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| | | | |
|---|-----------|--|-----------|
| Michigan Strategic Fund, SWDR (Genesee Power Station Project) 7.50%, 1/1/2021 | 4,800,000 | | 4,555,104 |
|---|-----------|--|-----------|

Minnesota--1.4%

| | | | |
|--|-----------|---|-----------|
| Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Services): 6.375%, 11/15/2029 (Prerefunded 11/15/2010) | 2,420,000 | a | 2,818,913 |
| 6.375%, 11/15/2029 | 80,000 | | 88,263 |

Mississippi--3.0%

| | | | |
|--|-----------|--|-----------|
| Mississippi Business Finance Corp., PCR (System Energy Resource Inc. Project) 5.875%, 4/1/2022 | 6,000,000 | | 6,103,740 |
|--|-----------|--|-----------|

Missouri--2.8%

| | | | |
|--|-----------|--|-----------|
| Health and Educational Facilities Authority of the State of Missouri, Health Facilities Revenue: (BJC Health System) 5.25%, 5/15/2032 | 2,500,000 | | 2,668,475 |
| (Saint Anthony's Medical Center) 6.25%, 12/1/2030 | 2,500,000 | | 2,713,550 |

| | | | |
|--|---------|--|---------|
| Missouri Housing Development Commission, Mortgage Revenue (Single Family Homeownership Loan) 6.30%, 9/1/2025 | 270,000 | | 278,532 |
|--|---------|--|---------|

Nevada--2.2%

| | | | |
|--|-----------|--|-----------|
| Clark County, IDR (Southwest Gas Corp.) 6.10%, 12/1/2038 (Insured; AMBAC) | 4,000,000 | | 4,483,040 |
|--|-----------|--|-----------|

New Jersey--.8%

| | | | |
|---|-----------|--|-----------|
| New Jersey Economic Development Authority, Cigarette Tax Revenue 5.50%, 6/15/2031 | 1,610,000 | | 1,706,278 |
|---|-----------|--|-----------|

New Mexico--3.0%

| | | | |
|---|-----------|--|-----------|
| Farmington, PCR (Public Service Co. San Juan) 6.30%, 12/1/2016 | 3,000,000 | | 3,201,390 |
|---|-----------|--|-----------|

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| | | |
|---|-----------|-----------|
| New Mexico Mortgage Finance Authority, Single Family Mortgage Program 6.85%, 9/1/2031 (Collateralized; GNMA) | 2,590,000 | 2,741,489 |
| New York--2.1% | | |
| Long Island Power Authority, Electric System Revenue 5%, 9/1/2027 | 1,500,000 | 1,581,645 |
| New York City Municipal Water Finance Authority, Water and Sewer System Revenue 5.125%, 6/15/2034 (Insured; FGIC) | 2,500,000 | 2,657,600 |
| North Carolina--5.2% | | |
| North Carolina Capital Facilities Finance Agency, Revenue (Duke University Project) 5.25%, 7/1/2042 | 5,000,000 | 5,356,650 |
| North Carolina Eastern Municipal Power Agency, | | |
| <hr/> | | |
| Power System Revenue 5.125%, 1/1/2026 | 3,000,000 | 3,113,430 |
| North Carolina Housing Finance Agency (Home Ownership) 6.25%, 1/1/2029 | 1,870,000 | 1,963,182 |
| Ohio--4.8% | | |
| Cuyahoga County, Hospital Improvement Revenue (The Metrohealth System Project) 6.125%, 2/15/2024 | 5,000,000 | 5,303,450 |
| Ohio Housing Finance Agency, Residential Mortgage Revenue 5.75%, 9/1/2030 (Collateralized; GNMA) | 375,000 | 376,699 |
| Rickenbacker Port Authority, Capital Funding Revenue (OASBO Expanded Asset Pooled) 5.375%, 1/1/2032 | 3,590,000 | 4,016,600 |
| Oklahoma--1.4% | | |
| Oklahoma Development Finance Authority, Revenue (Saint John Health System) | | |

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| | | | |
|--|-----------|---|-----------|
| 6%, 2/15/2029 | 2,500,000 | | 2,720,050 |
| Pennsylvania--7.7% | | | |
| Delaware County Industrial Development Authority, Water Facilities Revenue (Aqua Pennsylvania, Inc. Project) 5%, 11/1/2038 (Insured; FGIC) | 3,375,000 | | 3,545,809 |
| Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project) 6.60%, 1/1/2019 | 3,500,000 | | 3,560,830 |
| Sayre Health Care Facilities Authority, Revenue (Guthrie Health) 5.875%, 12/1/2031 | 7,750,000 | | 8,363,103 |
| 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 | | 5,147,450 |
| Medical University, Hospital Facilities Revenue 6%, 7/1/2019 (Prerefunded 7/1/2009) | 2,500,000 | a | 2,802,600 |
| Piedmont Municipal Power Agency, Electric Revenue 5.25%, 1/1/2021 | 3,500,000 | | 3,573,675 |
| Tobacco Settlement Revenue Management Authority, Tobacco Settlement Asset - Backed Bonds: 6.375%, 5/15/2028 | 2,900,000 | | 3,091,835 |
| <hr/> | | | |
| 6.375%, 5/15/2030 | 3,750,000 | | 4,314,113 |
| 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 | | 3,004,500 |
| Texas--13.3% | | | |
| Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue Improvement | | | |

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| | | |
|---|-----------|-----------|
| 5%, 11/1/2035 (Insured; FSA) | 2,500,000 | 2,547,225 |
| Gregg County Health Facilities Development Corp., HR (Good Shepherd Medical Center Project) 6.375%, 10/1/2025 (Insured; Radian) | 2,500,000 | 2,835,125 |
| Harris County Health Facilities Development Corp., HR (Memorial Hermann Healthcare) 6.375%, 6/1/2029 | 3,565,000 | 3,964,672 |
| Industrial Development Corp. of Port of Corpus Christi, Revenue (Valero Refining and Marketing Co. Project) 5.40%, 4/1/2018 | 2,350,000 | 2,455,327 |
| Port of Corpus Christi Authority of Nueces County, Revenue (Union Pacific Corp. Project) 5.65%, 12/1/2022 | 4,500,000 | 4,756,905 |
| Sabine River Authority of Texas, PCR (TXU Energy Co. LLC Project) 6.15%, 8/1/2022 | 2,500,000 | 2,762,475 |
| Texas, Veterans Housing Assistance Program 6.10%, 6/1/2031 (Collateralized; FHA) | 7,000,000 | 7,543,690 |
| Utah--1.6% | | |
| Carbon County, SWDR (Sunnyside Cogeneration) 7.10%, 8/15/2023 | 2,868,000 | 2,898,917 |
| Utah Housing Finance Agency, Single Family Mortgage 6%, 1/1/2031 (Collateralized; FHA) | 385,000 | 389,458 |
| Vermont--1.3% | | |
| Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project) 6%, 10/1/2028 | 1,500,000 | 1,714,890 |
| <hr/> | | |
| Vermont Housing Finance Agency, Single Family Housing 6.40%, 11/1/2030 (Insured; FSA) | 800,000 | 807,608 |

Washington--3.8%

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Public Utility District Number 1 of Pend Orielle County,

Electric Revenue

| | | | |
|------------------|-----------|--|-----------|
| 6.375%, 1/1/2015 | 2,000,000 | | 2,059,520 |
|------------------|-----------|--|-----------|

Washington Higher Education Facilities Authority,

Revenue (Whitman College Project)

| | | | |
|---|-----------|---|-----------|
| 5.875%, 10/1/2029 (Prerefunded 10/1/2009) | 5,000,000 | a | 5,568,600 |
|---|-----------|---|-----------|

West Virginia--3.9%

Braxton County, SWDR

(Weyerhaeuser Co. Project)

| | | | |
|-----------------|-----------|--|-----------|
| 5.80%, 6/1/2027 | 7,450,000 | | 7,766,699 |
|-----------------|-----------|--|-----------|

Wisconsin--3.8%

Badger Tobacco Asset Securitization Corp.,

Tobacco Settlement Asset-Backed Bonds

| | | | |
|--------------|-----------|--|-----------|
| 7%, 6/1/2028 | 2,500,000 | | 2,820,450 |
|--------------|-----------|--|-----------|

Wisconsin Health and Educational Facilities Authority,

Revenue (Aurora Health Care, Inc.)

| | | | |
|------------------|-----------|--|-----------|
| 5.60%, 2/15/2029 | 4,575,000 | | 4,747,935 |
|------------------|-----------|--|-----------|

Wyoming--1.0%

Sweetwater County, SWDR (FMC Corp. Project)

| | | | |
|--------------|-----------|--|-----------|
| 7%, 6/1/2024 | 2,000,000 | | 2,022,260 |
|--------------|-----------|--|-----------|

U.S. Related--7.2%

Puerto Rico Highway and Transportation Authority,

Transportation Revenue:

| | | | |
|----------------------------------|-----------|-----|-----------|
| 7.309%, 7/1/2038 (Insured; MBIA) | 4,000,000 | c,d | 4,451,200 |
|----------------------------------|-----------|-----|-----------|

| | | | |
|----------------------------------|-----------|-----|-----------|
| 7.309%, 7/1/2038 (Insured; MBIA) | 5,000,000 | c,d | 5,564,000 |
|----------------------------------|-----------|-----|-----------|

Puerto Rico Infrastructure Financing Authority,

Special Tax Revenue, Residual Certificates

| | | | |
|-----------------------------------|-----------|-----|-----------|
| 7.155%, 7/1/2015 (Insured; AMBAC) | 4,000,000 | c,d | 4,514,200 |
|-----------------------------------|-----------|-----|-----------|

Total Long-Term Municipal Investments

(cost \$273,673,125)

295,798,913

Short-Term Municipal Investments--.5%

Alaska--.5%

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Valdez, Marine Terminal Revenue, VRDN
(Exxon Pipeline Co. Project):
2.32%, Series A

700,000 e 700,000

| | | | |
|--|----------------|---|----------------------|
| 2.32%, Series B | 300,000 | e | 300,000 |
| Texas--.0% | | | |
| Lower Neches Valley Authority, IDC, Exempt Facilities Revenue, VRDN (ExxonMobil Project) 2.32% | 100,000 | e | 100,000 |
| Total Short-Term Municipal Investments (cost \$1,100,000) | | | 1,100,000 |
| Total Investments (cost \$274,773,125) | 147.4% | | 296,898,913 |
| Cash And Receivables (Net) | 2.2% | | 4,465,452 |
| Preferred Stock, at redemption value | (49.6%) | | (100,000,000) |
| Net Assets applicable to Common Shareholders | 100.0% | | 201,364,365 |

Notes to Statement of Investments:

a 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 Non-income producing security; interest payments in default.

c Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2005, these securities amounted to \$14,529,400 or 7.2% 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 June 30, 2005, the fund had \$77,298,125 or 38.4% of net assets applicable to common shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from health care projects.

g Securities valuation policies and other 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.

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/ Stephen E. Canter
Stephen E. Canter
President

Date: August 10, 2005

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/ Stephen E. Canter
Stephen E. Canter
Chief Executive Officer

Date: August 10, 2005

By: /s/ James Windels
James Windels
Chief Financial Officer

Date: August 10, 2005

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)
