

Dreyfus Municipal Income, Inc.



ANNUAL REPORT
September 30, 2018

Dreyfus Municipal Income, Inc.

**Protecting Your Privacy
Our Pledge to You**

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Fund's policies and practices for collecting, disclosing, and safeguarding "nonpublic personal information," which may include financial or other customer information. These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund's consumer privacy policy, and may be amended at any time. We'll keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Fund's agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT. The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.
- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager(s) only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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Dreyfus Municipal Income, Inc. The Fund

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Municipal Income, Inc., covering the 12-month period from October 1, 2017 through September 30, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The 12-month period started on solid footing which gave way to a shifting landscape. Through February 2018, major global economies appeared to be in lockstep as they moved towards less accommodative monetary policy and concurrent growth. In the equity markets, both U.S. and non-U.S. markets enjoyed upward progression across sectors and market capitalizations. Interest rates rose across the curve, thus putting pressure on bond prices, but sectors such as investment grade and high yield corporates, non-U.S. dollar-denominated bonds, and emerging market debt, were able to outperform like-duration U.S. Treasuries.

In February, global economic growth and monetary policy paths began to diverge. Volatility disrupted equity markets until April, when pressure eased. Backed by strong economic growth, U.S. equity indices rebounded quickly and posted double-digit gains for the period. While some non-U.S. markets made it back into the black by year-end, continued difficulties in the Eurozone and in emerging markets weighed on global returns. The rising rate environment and a flattening yield curve caused some fixed income instruments to struggle during the second half of the period.

Despite concerns regarding trade, U.S. inflationary pressures, and global growth, we are optimistic that U.S. consumer spending, corporate earnings, and economic data will remain strong in the near term. However, we will stay attentive to signs that indicate potential changes on the horizon. As always, we encourage you to discuss the risks and opportunities of today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,



Renee Laroche-Morris
President
The Dreyfus Corporation
October 15, 2018

DISCUSSION OF FUND PERFORMANCE (Unaudited)

For the period from October 1, 2017 through September 30, 2018, as provided by Daniel Rabasco and Jeffrey Burger, Primary Portfolio Managers

Market and Fund Performance Overview

For the 12-month period ended September 30, 2018, Dreyfus Municipal Income, Inc. produced a total return of 0.39% on a net-asset-value basis and -9.55% on a market price basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.4440 per share, which reflects a distribution rate of 5.67%.²

Municipal bonds during the reporting period encountered bouts of market volatility stemming from rising interest rates and shifting demand dynamics in the municipal securities market. The fund benefited from its exposure to higher-yielding, lower-rated revenue-backed bonds.

The Fund's Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. Under normal market conditions, the fund invests at least 80% of the value of its net assets in municipal obligations and invests in municipal obligations which, at the time of purchase, are rated investment grade or the unrated equivalent as determined by The Dreyfus Corporation ("Dreyfus") in the case of bonds, and rated in the two highest-rating categories or the unrated equivalent as determined by Dreyfus in the case of short-term obligations having, or deemed to have, maturities of less than one year.

To this end, we have constructed a portfolio derived from seeking income opportunities through analysis of each bond's structure, including paying close attention to each bond's yield, maturity, and early redemption features. Over time, many of the fund's relatively higher-yielding bonds mature or are redeemed by their issuers, and we generally attempt to replace those bonds with investments consistent with the fund's investment policies, albeit with yields that reflect the then-current interest-rate environment. When making new investments, we focus on identifying undervalued sectors and securities, and we minimize the use of interest-rate forecasting. We use fundamental analysis to estimate the relative value and attractiveness of various sectors and securities as well as to exploit pricing inefficiencies in the municipal bond market.

Demand Dynamics and Interest Rate Fluctuation Drive Municipal Market Behavior

Municipal bonds encountered bouts of volatility early in the reporting period. Prior to tax reform passing, a record number of new issues put upward pressure on yields and downward pressure on prices. However, the situation proved temporary and municipal bonds rebounded as volatility subsided by March. Demand from individuals in high-tax states increased significantly as the search for immunization against the newly imposed restrictions on state and local tax deductions drove people back to the municipal markets. Conversely, tax cuts to corporations may have softened institutional demand for municipal bonds, particularly from banks and insurance companies, as companies perceive less of a need to seek out tax-advantaged investments in the wake of lower tax rates. As the economy remains strong, tax revenues continue to support the underlying financial conditions of many municipalities, reducing the perceived risk of lending money to these entities and increasing demand for these higher-yielding instruments.

In this low-rate environment, investors continue to display yield-seeking behavior, emphasizing lower-quality credits and longer maturity profiles. From March through August, this demand drove down the longer portion of the yield curve, causing a flattening effect. Inflationary

DISCUSSION OF FUND PERFORMANCE (*Unaudited*) (*continued*)

pressures accumulated during the latter half of the year. In late August, rates rose across the curve and volatility reentered the picture, creating a headwind for many areas of the fixed income market, particularly higher-duration securities.

Higher-Yielding Bonds Supported Fund Results

The fund's performance was supported during the reporting period by ample exposure to higher-yielding, revenue-backed bonds. Results were particularly favorable from municipal bonds with BBB credit ratings, which lie at the lower end of the investment-grade range. Exposure to tobacco securitization bonds was advantageous. Security selection was beneficial to returns, particularly within the states of Illinois and New Jersey, where lower credit ratings and higher yield attracted investors and drove demand.

On the other hand, disappointments during the reporting period included a relatively long average duration and maturity profile, which helped boost yields but made the fund more sensitive to the impact of rising interest rates. Bonds located at the 10-year point of the curve were hardest hit by rising rates. The fund's holdings of higher-quality bonds, such as those backed by water-and-sewer districts and other essential municipal services, underperformed their lower-rated counterparts. The fund's leveraging strategy proved less effective than in previous periods as higher short-term interest rates increased borrowing costs.

A Constructive Investment Posture

While rising rates and resulting volatility resurfaced near the end of the year, we anticipate a U.S. economy that will remain strong in the near term and continue to support issuer fundamentals. Therefore, we have maintained a constructive investment posture, including an emphasis on current income through holdings of higher-yielding revenue bonds with longer maturities and lower credit ratings. The opportunities to maintain high income generation within the portfolio have increased due to the market volatility and we will be looking for ways to maintain the strong earnings power of the portfolio, given the more generous opportunity set.

October 15, 2018

¹ Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share or market price per share, as applicable. Past performance is no guarantee of future results. Market price per share, net asset value per share, and investment return fluctuate. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable.

² Distribution rate per share is based upon dividends per share, paid from net investment income during the period, divided by the market price per share at the end of the period, and adjusted for any capital gain distributions.

Bonds are subject generally to interest-rate, credit, liquidity, and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines. High-yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity. The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative.

SELECTED INFORMATION

September 30, 2018 (Unaudited)

Market Price per share September 30, 2018				\$7.83
Shares Outstanding September 30, 2018				20,746,281
NYSE MKT Ticker Symbol				DMF
MARKET PRICE (NYSE MKT)				
Fiscal Year Ended September 30, 2018				
	Quarter Ended December 31, 2017	Quarter Ended March 31, 2018	Quarter Ended June 30, 2018	Quarter Ended September 30, 2018
High	\$9.24	\$8.97	\$8.16	\$8.14
Low	8.80	7.96	7.97	7.80
Close	8.89	8.08	8.15	7.83
PERCENTAGE GAIN (LOSS) based on change in Market Price[†]				
October 24, 1988 (commencement of operations) through September 30, 2018				455.27%
October 1, 2008 through September 30, 2018				107.75
October 1, 2013 through September 30, 2018				21.95
October 1, 2017 through September 30, 2018				(9.55)
January 1, 2018 through September 30, 2018				(8.38)
April 1, 2018 through September 30, 2018				(0.54)
July 1, 2018 through September 30, 2018				(2.67)
NET ASSET VALUE PER SHARE				
October 24, 1988 (commencement of operations)				\$9.26
September 30, 2017				9.35
December 31, 2017				9.29
March 31, 2018				9.07
June 30, 2018				9.06
September 30, 2018				8.90
PERCENTAGE GAIN (LOSS) based on change in Net Asset Value[†]				
October 24, 1988 (commencement of operations) through September 30, 2018				581.61%
October 1, 2008 through September 30, 2018				96.91
October 1, 2013 through September 30, 2018				33.54
October 1, 2017 through September 30, 2018				0.39
January 1, 2018 through September 30, 2018				(0.34)
April 1, 2018 through September 30, 2018				0.71
July 1, 2018 through September 30, 2018				(0.48)

[†] Total return includes reinvestment of dividends and any capital gains paid.

STATEMENT OF INVESTMENTS

September 30, 2018

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9%				
Alabama - 3.4%				
Jefferson County, Sewer Revenue Bonds Warrants	0/7.75	10/1/46	4,000,000 ^a	3,427,320
Lower Alabama Gas District, Gas Project Revenue Bonds	5.00	9/1/46	2,500,000	2,922,675
				6,349,995
Arizona - 2.2%				
La Paz County Industrial Development Authority, Education Facility LR (Charter Schools Solutions-Harmony Public Schools Project)	5.00	2/15/46	1,500,000 ^b	1,561,800
Salt Verde Financial Corporation, Senior Gas Revenue Bonds	5.00	12/1/37	2,190,000	2,542,042
				4,103,842
California - 19.9%				
California, GO (Various Purpose)	5.75	4/1/31	3,950,000	4,024,497
California, GO (Various Purpose)	6.00	3/1/33	1,250,000	1,322,763
California, GO (Various Purpose)	6.00	11/1/35	2,500,000	2,609,075
California, GO (Various Purpose)	6.50	4/1/33	1,375,000	1,405,883
California, GO (Various Purpose)	6.50	4/1/19	1,425,000 ^c	1,459,229
Santa Ana Community Redevelopment Agency, Tax Allocation Revenue Bonds (Merged Project Area)	6.75	9/1/28	3,000,000	3,316,860
Tender Option Bond Trust Receipts (Series 2016-XM0371), 5/15/29, (Los Angeles Department of Airports, Senior Revenue Bonds (Los Angeles International Airport)) Non-recourse	5.25	11/21/19	10,000,000 ^{b,d}	10,527,250
Tender Option Bond Trust Receipts (Series 2016-XM0387), 5/15/38, (Los Angeles Department of Airports, Senior Revenue Bonds (Los Angeles International Airport)) Non-recourse	5.00	5/15/21	4,000,000 ^{b,d}	4,349,240
Tender Option Bond Trust Receipts (Series 2016-XM0390), 5/15/36, (The Regents of the University of California, General Revenue Bonds) Non-recourse	5.00	5/15/21	3,750,000 ^{b,d}	4,165,467

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
California - 19.9% (continued)				
Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation)	5.00	6/1/37	3,500,000	3,515,995
				36,696,259
Colorado - 8.0%				
Colorado Bridge Enterprise, Revenue Bonds (Central 70 Project)	4.00	6/30/51	2,500,000	2,389,925
Colorado High Performance Transportation Enterprise, Revenue Bonds (C-470 Express Lanes)	5.00	12/31/51	1,500,000	1,608,660
E-470 Public Highway Authority, Senior Revenue Bonds	5.25	9/1/25	1,000,000	1,059,550
E-470 Public Highway Authority, Senior Revenue Bonds	5.38	9/1/26	1,000,000	1,060,910
Tender Option Bond Trust Receipts (Series 2016-XM0385), 3/1/38, (Board of Governors of the Colorado State University, System Enterprise Revenue Bonds) Non-recourse	5.00	3/1/20	2,550,000 ^{b,d}	2,788,423
Tender Option Bond Trust Receipts (Series 2016-XM0433), 11/15/43, (Colorado Springs, Utilities System Improvement Revenue Bonds) Recourse	5.00	9/25/22	3,997,093 ^{b,d}	4,410,253
University of Colorado Regents, University Enterprise Revenue Bonds	5.38	6/1/19	1,500,000 ^c	1,534,080
				14,851,801
Connecticut - 1.5%				
Connecticut Health and Educational Facilities Authority, Revenue Bonds (Trinity Health Credit Group)	5.00	12/1/45	2,500,000	2,755,350
District of Columbia - 4.1%				
Tender Option Bond Trust Receipts (Series 2016-XM0437), 12/1/35, (District of Columbia, Income Tax Secured Revenue Bonds) Recourse	5.00	12/20/21	6,997,490 ^{b,d}	7,616,167
Florida - 6.9%				
Davie, Educational Facilities Revenue Bonds (Nova Southeastern University Project)	5.63	4/1/43	1,000,000	1,095,560
Greater Orlando Aviation Authority, Airport Facilities Revenue Bonds	6.25	10/1/20	3,980,000	4,142,543
Halifax Hospital Medical Center, HR	4.00	6/1/41	1,000,000	969,480

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Florida - 6.9% (continued)				
Mid-Bay Bridge Authority, Springing Lien Revenue Bonds	7.25	10/1/21	2,500,000 ^c	2,860,350
Saint Johns County Industrial Development Authority, Revenue Bonds (Presbyterian Retirement Communities Project)	5.88	8/1/20	2,500,000 ^c	2,669,450
South Lake County Hospital District, Revenue Bonds (South Lake Hospital, Inc.)	6.25	4/1/39	1,000,000	1,016,070
				12,753,453
Georgia - 3.7%				
Atlanta, Water and Wastewater Revenue Bonds	6.00	11/1/19	3,000,000 ^c	3,130,560
Atlanta Development Authority, Senior Lien Revenue Bonds (New Downtown Atlanta Stadium Project)	5.25	7/1/40	1,500,000	1,685,205
Burke County Development Authority, Pollution Control Revenue Bonds, Refunding (Oglethorpe Power Corp- Vogtle)	4.13	11/1/45	1,000,000	972,130
Gainesville and Hall County Development Authority, Educational Facilities Revenue Bonds (Riverside Military Academy)	5.00	3/1/37	1,000,000	1,046,790
				6,834,685
Hawaii - 1.3%				
Hawaii Department of Budget and Finance, Special Purpose Revenue Bonds (Hawaiian Electric Company, Inc. and Subsidiary Projects)	6.50	7/1/39	2,400,000	2,475,240
Illinois - 16.3%				
Chicago, GO (Project and Refunding Series)	6.00	1/1/38	2,000,000	2,254,540
Chicago, Second Lien Wastewater Transmission Revenue Bonds	5.00	1/1/39	1,100,000	1,169,586
Chicago, Second Lien Water Revenue Bonds	5.00	11/1/28	1,000,000	1,091,210
Chicago Board of Education Dedicated Capital Improvement, Special Tax Revenue Bonds	5.00	4/1/46	1,725,000	1,839,264
Chicago O'Hare International Airport, Revenue Bonds (General Airport Third Lien)	5.63	1/1/35	270,000	286,854
Chicago O'Hare International Airport, Revenue Bonds (General Airport Third Lien)	5.63	1/1/21	730,000 ^c	786,334

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Illinois - 16.3% (continued)				
Illinois, GO	5.00	12/1/39	1,150,000	1,184,006
Illinois, GO	5.00	11/1/27	1,150,000	1,214,377
Illinois Finance Authority, Revenue Bonds, Refunding (Rosalind Franklin University of Medicine & Science)	5.00	8/1/47	1,350,000	1,437,129
Metropolitan Pier and Exposition Authority, Dedicated Tax Revenue Bonds (Capital Appreciation-McCormick Place Expansion Project) (Insured; MBIA Insurance Corporation)	0.00	12/15/36	2,500,000 ^e	1,058,050
Metropolitan Pier and Exposition Authority, Revenue Bonds (McCormick Place Expansion Project)	5.00	6/15/53	2,500,000	2,618,300
Metropolitan Pier and Exposition Authority, Revenue Bonds (McCormick Place Expansion Project)	5.00	12/15/28	1,500,000	1,569,465
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue Bonds	6.00	6/1/21	2,000,000 ^c	2,197,700
Tender Option Bond Trust Receipts (Series 2016-XM0378), 12/1/32, (Greater Chicago Metropolitan Water Reclamation District, GO Capital Improvement Bonds) Non-recourse	5.00	2/15/21	2,500,000 ^{b,d}	2,659,719
Tender Option Bond Trust Receipts (Series 2017-XM0492), 10/1/40, (Illinois Finance Authority, Revenue Bonds (The University of Chicago)) Non-recourse	5.00	10/1/40	7,000,000 ^{b,d}	7,682,482
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue Bonds	5.13	4/1/36	1,000,000	1,044,140
				30,093,156
Iowa - .6%				
Iowa Student Loan Liquidity Corporation, Student Loan Revenue Bonds	5.75	12/1/28	1,090,000	1,126,537
Kentucky - .6%				
Kentucky Economic Development Finance Authority, Revenue Bonds, Refunding (Louisville Arena Project) (Insured; Assured Guaranty Municipal Corporation)	5.00	12/1/45	1,000,000	1,097,760

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Louisiana - 4.8%				
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds, Refunding (Westlake Chemical Corporation Project)	3.50	11/1/32	1,000,000	969,620
Louisiana Public Facilities Authority, Revenue Bonds (CHRISTUS Health Obligated Group)	6.13	7/1/29	1,000,000	1,030,710
Tender Option Bond Trust Receipts (Series 2018-XF2584), 7/1/47, (Louisiana Public Facilities Authority, Hospital Revenue Bonds (Franciscan Missionaries of Our Lady Health System Project)) Recourse	5.00	7/1/25	6,320,000 ^{b,d}	6,811,064
				8,811,394
Maine - .7%				
Maine Health and Higher Educational Facilities Authority, Revenue Bonds (Maine General Medical Center Issue)	7.50	7/1/32	1,250,000	1,375,300
Maryland - 3.5%				
Maryland Economic Development Corporation, PCR (Potomac Electric Project)	6.20	9/1/22	2,500,000	2,542,150
Maryland Health and Higher Educational Facilities Authority, Revenue Bonds (Adventist HealthCare Issue)	5.50	1/1/46	1,500,000	1,646,700
Tender Option Bond Trust Receipts (Series 2016-XM0391), 7/1/43, (Mayor and City Council of Baltimore, Project Revenue Bonds (Water Projects)) Non-recourse	5.00	7/1/21	2,000,000 ^{b,d}	2,190,795
				6,379,645
Massachusetts - 5.2%				
Massachusetts Development Finance Agency, Revenue Bonds, Refunding	7.25	1/1/32	600,000	664,512
Massachusetts Development Finance Agency, Revenue Bonds, Refunding (Tufts Medical Center Issue)	7.25	1/1/21	900,000 ^c	1,002,438
Massachusetts Educational Financing Authority, Education Loan Revenue Bonds (Issue K)	5.25	7/1/29	1,660,000	1,758,704

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Massachusetts - 5.2% (continued)				
Massachusetts Health and Educational Facilities Authority, Revenue Bonds (Suffolk University Issue)	6.25	7/1/30	705,000	724,733
Massachusetts Health and Educational Facilities Authority, Revenue Bonds (Suffolk University Issue)	6.25	7/1/19	1,295,000 ^c	1,336,841
Tender Option Bond Trust Receipts (Series 2016-XM0386), 5/1/43, (University of Massachusetts Building Authority, Project and Refunding Revenue Bonds) Non-recourse	5.00	5/1/21	3,695,009 ^{b,d}	4,041,347
				9,528,575
Michigan - 3.5%				
Detroit, Water Supply System Senior Lien Revenue Bonds	5.00	7/1/36	3,000,000	3,140,790
Detroit, Water Supply System Senior Lien Revenue Bonds	5.00	7/1/31	1,500,000	1,572,405
Michigan Finance Authority, Local Government Loan Program Revenue Bonds (Detroit Water and Sewerage Department, Water Supply System Revenue Bonds Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.)	5.00	7/1/36	500,000	538,175
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	1,300,000	1,280,643
				6,532,013
Minnesota - .8%				
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue Bonds (HealthEast Care System Project)	5.00	11/15/25	1,200,000 ^c	1,393,668
Mississippi - 2.4%				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	2,200,000	2,204,334
Warren County, Gulf Opportunity Zone Revenue Bonds (International Paper Company Project)	5.38	12/1/35	2,000,000	2,179,540
				4,383,874

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Missouri - 1.1%				
Missouri Health and Educational Facilities Authority, Revenue Bonds (Lutheran Senior Services Projects)	5.00	2/1/46	2,000,000	2,121,960
Nebraska - .6%				
Douglas County Hospital Authority, Revenue Bonds (Childrens Hospital Obligation Group)	5.00	11/15/36	1,000,000	1,113,890
Nevada - .7%				
Reno, Sales Tax Revenue Bonds, Refunding (Reno Transportation Rail Access Project) (Insured; Assured Guaranty Municipal Corporation) Series 2018 B	4.13	6/1/58	1,250,000	1,246,300
New Jersey - 6.8%				
New Jersey Economic Development Authority, Revenue Bonds	5.25	6/15/27	1,000,000	1,106,840
New Jersey Economic Development Authority, School Facilities Construction Revenue Bonds	5.25	6/15/40	1,250,000	1,344,038
New Jersey Economic Development Authority, Water Facilities Revenue Bonds (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	2,000,000	2,057,840
New Jersey Tobacco Settlement Financing Corp., Revenue Bonds, Refunding, Ser. B	5.00	6/1/46	5,500,000	5,810,420
New Jersey Transportation Trust Fund Authority, Transportation Program Revenue Bonds	5.25	6/15/33	1,000,000	1,092,450
South Jersey Port Subordinated Marine Terminal, Revenue Bonds, Series B	5.00	1/1/48	1,000,000	1,067,040
				12,478,628
New Mexico - 1.7%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	3,000,000	3,186,360
New York - 8.6%				
New York City Educational Construction Fund, Revenue Bonds	6.50	4/1/28	1,500,000	1,656,660

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
New York - 8.6% (continued)				
New York City Industrial Development Agency, PILOT Revenue Bonds (Yankee Stadium Project) (Insured; Assured Guaranty Corp.)	7.00	3/1/49	1,435,000	1,463,958
New York Convention Center Development Corporation, Senior Lien Revenue Bonds (Hotel Unit Fee Secured)	0.00	11/15/47	5,600,000 ^e	1,641,024
New York Transportation Development Corporation, Special Facility Revenue Bonds (LaGuardia Airport Terminal B Redevelopment Project)	5.00	7/1/46	1,500,000	1,582,545
Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project)	6.00	12/1/36	1,500,000	1,625,730
Tender Option Bond Trust Receipts (Series 2016-XM0436), 6/15/44, (New York City Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue Bonds) Recourse	5.00	4/9/20	7,400,000 ^{b,d}	7,938,794
				15,908,711
North Carolina - 3.4%				
North Carolina Medical Care Commission Retirement Facilities, Revenue Bonds, Refunding (United Methodist Retirement Homes)	5.00	10/1/47	1,000,000	1,072,110
Tender Option Bond Trust Receipts (Series 2016-XM0444), 6/1/42, (North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds (Duke University Health System)) Recourse	5.00	6/1/42	5,000,000 ^{b,d}	5,240,690
				6,312,800
Ohio - 1.8%				
Butler County, Hospital Facilities Revenue Bonds (UC Health)	5.50	11/1/20	1,050,000 ^c	1,122,503
Butler County, Hospital Facilities Revenue Bonds (UC Health)	5.50	11/1/20	450,000 ^c	481,550
Cuyahoga County Hospital, Revenue Bonds (The Metrohealth System)	5.00	2/15/57	1,000,000	1,029,570

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Ohio - 1.8% (continued)				
Ohio Air Quality Development Authority, Air Quality Revenue Bonds (Ohio Valley Electric Corporation Project)	5.63	10/1/19	600,000	612,096
				3,245,719
Pennsylvania - 6.0%				
Clairton Municipal Authority, Sewer Revenue Bonds	5.00	12/1/42	1,000,000	1,052,060
Montgomery County Industrial Development Authority, Retirement Community Revenue Bonds (Adult Communities Total Services, Inc. Retirement - Life Communities, Inc. Obligated Group)	5.00	11/15/36	1,000,000	1,088,220
Pennsylvania Turnpike Commission, Oil Franchise Tax Revenue Bonds, Series 2018 B	5.25	12/1/48	1,000,000	1,130,260
Pennsylvania Turnpike Commission, Turnpike Revenue Bonds	5.00	12/1/46	1,000,000	1,090,190
Philadelphia, GO	6.50	8/1/20	1,750,000 ^c	1,891,452
Tender Option Bond Trust Receipts (Series 2016-XM0373), 6/1/41, (Geisinger Authority, Health System Revenue Bonds (Geisinger Health System)) Non-recourse	5.13	6/1/35	2,000,000 ^{b,d}	2,106,950
Tender Option Bond Trust Receipts (Series 2018-XM0594), 11/1/50, (Berks County Industrial Development Authority, Health System Revenue Bonds, Refunding (Tower Health Project)) Recourse	5.00	11/1/25	2,460,000 ^{b,d}	2,651,517
				11,010,649
Rhode Island - 1.1%				
Tobacco Settlement Financing Corporation of Rhode Island, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/40	2,000,000	2,124,280
South Carolina - 5.4%				
Tender Option Bond Trust Receipts (Series 2016-XM0384), 12/1/43, (South Carolina Public Service Authority, Revenue Bonds Obligations (Santee Cooper)) Non-recourse	5.13	6/1/37	4,800,000 ^{b,d}	5,048,016

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
South Carolina - 5.4% (continued)				
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds (Escrowed to Maturity)	6.38	5/15/30	3,750,000	4,898,925
				9,946,941
Tennessee - 1.2%				
Tender Option Bond Trust Receipts (Series 2016-XM0388), 7/1/40, (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue Bonds) Non-recourse	5.00	7/1/21	2,000,000 ^{b,d}	2,191,255
Texas - 11.9%				
Clifton Higher Education Finance Corporation, Revenue Bonds (Uplift Education)	4.25	12/1/34	1,000,000	1,009,140
Harris County-Houston Sports Authority, Senior Lien Revenue Bonds (Insured; Assured Guaranty Municipal Corp.)	0.00	11/15/52	4,000,000 ^e	801,080
Houston, Airport System Subordinate Lien Revenue Bonds	5.00	7/1/25	1,300,000	1,387,152
La Vernia Higher Education Finance Corporation, Education Revenue Bonds (Knowledge is Power Program, Inc.)	6.25	8/15/19	2,250,000 ^c	2,328,165
North Texas Education Finance Corporation, Education Revenue Bonds (Uplift Education)	5.13	12/1/42	2,000,000	2,089,740
Tender Option Bond Trust Receipts (Series 2016-XM0377), 2/1/43, (San Antonio, Electric and Gas Systems Junior Lien Revenue Bonds) Non-recourse	5.00	2/1/21	6,300,000 ^{b,d}	6,797,731
Tender Option Bond Trust Receipts (Series 2016-XM0443), 5/15/39, (Texas A&M University System Board of Regents, Financing System Revenue Bonds) Recourse	5.00	5/15/39	5,002,755 ^{b,d}	5,235,475
Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds (Blueridge Transportation Group, LLC State Highway 288 Toll Lanes Project)	5.00	12/31/55	1,000,000	1,061,670

STATEMENT OF INVESTMENTS (continued)

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Texas - 11.9% (continued)				
Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds (Blueridge Transportation Group, State Highway 288 Toll Lanes Project)	5.00	12/31/50	1,200,000	1,277,892
				21,988,045
U.S. Related - 2.2%				
Guam, LOR (Section 30)	5.75	12/1/34	1,500,000 ^c	1,565,055
Puerto Rico Commonwealth, Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/35	1,250,000	1,343,438
Puerto Rico Highway & Transportation Authority, Highway Revenue Bonds, Refunding (Insured; Assured Guaranty Municipal Corporation) Series 2007 CC	5.25	7/1/34	1,000,000	1,136,040
				4,044,533
Utah - .9%				
Utah Infrastructure Agency, Telecommunication Revenue Bonds, Refunding (Special Limited Obligations)	5.00	10/15/40	1,500,000	1,619,880
Virginia - 1.2%				
Virginia Small Business Financing Authority, Private Activity Revenue Bonds (Transform 66 P3 Project)	5.00	12/31/56	2,000,000	2,132,540
Washington - 10.3%				
Tender Option Bond Trust Receipts (Series 2017-XF2423), 1/1/29, (King County, Server Revenue Bonds) Recourse	5.00	6/1/20	3,000,000 ^{b,d}	3,184,830
Tender Option Bond Trust Receipts (Series 2018-XM0680), 7/1/58, (Washington Convention Center Public Facilities District, Revenue Bonds) Recourse	7.62	7/1/26	13,000,000 ^{b,d}	14,326,910
Washington Health Care Facilities Authority, Revenue Bonds (Catholic Health Initiatives)	6.38	10/1/36	1,500,000	1,504,485
				19,016,225

Description	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments - 154.9% (continued)				
Wisconsin - .6%				
Public Finance Authority, Revenue Bonds (Denver International Airport Great Hall Project)	5.00	9/30/37	1,000,000	1,086,730
Total Investments (cost \$273,171,118)			154.9%	285,934,160
Liabilities, Less Cash and Receivables			(38.5%)	(71,122,180)
Preferred Stock, at redemption value			(16.4%)	(30,225,000)
Net Assets Applicable to Common Shareholders			100.0%	184,586,980

^a Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.

^b Security 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 September 30, 2018, these securities were valued at \$113,526,175 or 61.5% of net assets.

^c 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.

^d Collateral for floating rate borrowings.

^e Security issued with a zero coupon. Income is recognized through the accretion of discount.

Portfolio Summary (Unaudited) †	Value (%)
Transportation	24.1
Education	21.6
Prerefunded	15.8
Medical	15.6
Utilities	15.4
Water	14.2
General	11.4
Special Tax	9.4
General Obligation	9.0
Tobacco Settlement	6.2
Pollution	5.0
Development	4.3
Nursing Homes	2.3
Facilities	.6
	154.9

† Based on net assets.

See notes to financial statements.

Summary of Abbreviations (Unaudited)

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
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	PILOT	Payment in Lieu of Taxes
P-FLOATS	Puttable Floating Option Tax-Exempt Receipts	PUTTERS	Puttable Tax-Exempt Receipts
RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	RIB	Residual Interest Bonds
ROCS	Reset Options 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		

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2018

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	273,171,118	285,934,160
Cash		57,187
Interest receivable		4,333,171
Prepaid expenses		7,110
		290,331,628
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 2(b)		127,884
Payable for floating rate notes issued—Note 3		74,682,347
Interest and expense payable related to floating rate notes issued—Note 3		498,907
Commissions payable—Note 1		24,173
Directors fees and expenses payable		21,314
Dividends payable to Preferred Shareholders		7,844
Accrued expenses		157,179
		75,519,648
Auction Preferred Stock, Series A and B, par value \$.001 per share (1,209 shares issued and outstanding at \$25,000 per share liquidation preference)—Note 1		30,225,000
Net Assets Applicable to Common Shareholders (\$)		184,586,980
Composition of Net Assets (\$):		
Common Stock, par value, \$.001 per share (20,746,281 shares issued and outstanding)		20,746
Paid-in capital		179,256,211
Total distributable earnings (loss)		5,310,023
Net Assets Applicable to Common Shareholders (\$)		184,586,980
Shares Outstanding		
(110 million shares authorized)		20,746,281
Net Asset Value Per Share of Common Stock (\$)		8.90

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended September 30, 2018

Investment Income (\$):	
Interest Income	13,599,682
Expenses:	
Management fee—Note 2(a)	1,594,144
Interest and expense related to floating rate notes issued—Note 3	1,132,876
Professional fees	216,379
Directors' fees and expenses—Note 2(c)	97,303
Custodian fees—Note 2(b)	57,743
Shareholders' reports	47,115
Commission fees—Note 1	36,000
Shareholder servicing costs	24,254
Registration fees	23,333
Miscellaneous	71,171
Total Expenses	3,300,318
Investment Income—Net	10,299,364
Realized and Unrealized Gain (Loss) on Investments—Note 3 (\$):	
Net realized gain (loss) on investments	595,292
Net unrealized appreciation (depreciation) on investments	(11,380,825)
Net Realized and Unrealized Gain (Loss) on Investments	(10,785,533)
Dividends to Preferred Shareholders	(767,544)
Net (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	(1,253,713)

See notes to financial statements.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2018

Cash Flows from Operating Activities (\$):	
Purchases of portfolio securities	(39,722,136)
Proceeds from sales of portfolio securities	56,746,174
Dividends paid to Preferred Shareholders	(765,874)
Dividends and Interest received	14,038,092
Paid to The Dreyfus Corporation	(1,614,221)
Operating expenses paid	(501,018)
Net Cash Provided by Operating Activities	28,181,017
Cash Flows from Financing Activities (\$):	
Auction Preferred Stock Redeemed	(19,775,000)
Dividends paid to Common Shareholders	(9,211,349)
Proceeds from Auction Preferred Stock to Common Stock	988,750
Interest and expense related to floating rate notes issued paid	(910,932)
Net Cash Provided in Financing Activities	(28,908,531)
Net Increase (Decrease) in cash	(727,514)
Cash at beginning of period	784,701
Cash at end of period	57,187
Reconciliation of Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations to Net Cash Provided by Operating Activities (\$):	
Net (Decrease) in Net Assets Resulting From Operations	(1,253,713)
Adjustments to reconcile net (decrease) in net assets applicable to Common Shareholder resulting from operations to net cash provided by operating activities (\$):	
Increase in investments in securities at cost	(6,097,857)
Decrease in interest receivable	94,820
Decrease in prepaid expenses	3,513
Decrease in Due to The Dreyfus Corporation and affiliates	(20,077)
Increase in payable for floating rate notes issued	22,940,251
Interest and expense related to floating rate notes issued	1,132,876
Increase in dividends payable to Preferred Shareholders	1,670
Decrease in Directors fees and expense payable	6,991
Increase in commissions payable and accrued expenses	61,776
Net unrealized depreciation on investments	11,380,825
Net amortization of premiums on investments	(70,058)
Net Cash Provided by Operating Activities	28,181,017

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended September 30,	
	2018	2017 ^a
Operations (\$):		
Investment income—net	10,299,364	10,795,802
Net realized gain (loss) on investments	595,292	(452,203)
Net unrealized appreciation (depreciation) on investments	(11,380,825)	(9,509,200)
Dividends to Preferred Shareholders	(767,544)	(632,683)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	(1,253,713)	201,716
Distributions (\$):		
Distributions to Common Shareholders	(9,211,349)	(10,207,170)
Capital Stock Transactions (\$):		
Proceeds from Auction Preferred Stock to Common Shareholders	988,750	-
Increase (Decrease) in Net Assets from Capital Stock Transactions	988,750	-
Total Increase (Decrease) in Net Assets Applicable to Common Shareholders	(9,476,312)	(10,005,454)
Net Assets Applicable to Common Shareholders (\$):		
Beginning of Period	194,063,292	204,068,746
End of Period	184,586,980	194,063,292

^a Distributions to shareholders include only distributions from net investment income. Undistributed investment income-net was \$73,466 in 2017 and is no longer presented as a result of the adoption of SEC's Disclosure Update and Simplification Rule. See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements and, with respect to common stock, market price data for the fund's common shares.

	Year Ended September 30,				
	2018	2017	2016	2015	2014
Per Share Data (\$):					
Net asset value, beginning of period	9.35	9.84	9.54	9.68	9.00
Investment Operations:					
Investment income-net ^a	.50	.52	.52	.55	.59
Net realized and unrealized gain (loss) on investments	(.52)	(.49)	.33	(.06)	.72
Dividends to Preferred Shareholders from investment income—net	(.04)	(.03)	(.01)	(.00) ^b	(.00) ^b
Total from Investment Operations	(.06)	-	.84	.49	1.31
Distributions to Common Shareholders:					
Dividends from investment income-net	(.44)	(.49)	(.54)	(.63)	(.63)
Net asset value resulting from Auction Preferred Stock tendered as a discount	.05	-	-	-	-
Net asset value, end of period	8.90	9.35	9.84	9.54	9.68
Market value, end of period	7.83	9.13	9.60	9.45	9.09
Total Return (%)^c	(9.55)	.44	7.39	11.15	12.46

FINANCIAL HIGHLIGHTS (continued)

	Year Ended September 30,				
	2018	2017	2016	2015	2014
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets applicable to Common Stock ^d	1.75	1.48	1.33	1.25	1.28
Ratio of interest and expense related to floating rate notes issued to average net assets applicable to Common Stock ^d	.60	.37	.20	.16	.16
Ratio of net investment income to average net assets applicable to Common Stock ^d	5.46	5.57	5.35	5.70	6.33
Ratio of total expenses to total average net assets	1.45	1.18	1.07	1.00	1.00
Ratio of interest and expense related to floating rate notes issued to total average net assets	.50	.29	.16	.13	.13
Ratio of net investment income to total average net assets	4.52	4.43	4.29	4.56	4.95
Portfolio Turnover Rate	17.70	12.49	11.66	11.17	10.97
Asset Coverage of Preferred Stock, end of period	711	488	508	495	501
Net Assets applicable to Common Shareholders, end of period (\$ x 1,000)	184,587	194,063	204,069	197,727	200,598
Preferred Stock Outstanding, end of period (\$ x 1,000)	30,225	50,000	50,000	50,000	50,000
Floating Rate Notes Outstanding, end of period (\$ x 1,000)	74,682	51,742	46,492	51,492	51,492

^a Based on average common shares outstanding.

^b Amount represents less than \$.01 per share.

^c Calculated based on market value.

^d Does not reflect the effect of dividends to Preferred Shareholders.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—Significant Accounting Policies:

Dreyfus Municipal Income, Inc. (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a non-diversified closed-end management investment company. The fund’s investment objective is to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser. The fund’s Common Stock trades on the New York Stock Exchange (the “NYSE MKT”) under the ticker symbol DMF.

The fund has outstanding 616 Series A shares and 593 Series B shares, Auction Preferred Stock (“APS”), with a liquidation preference of \$25,000 per share (plus an amount equal to accumulated but unpaid dividends upon liquidation). APS dividend rates are determined pursuant to periodic auctions or by reference to a market rate. Deutsche Bank Trust Company America, as Auction Agent, receives a fee from the fund for its services in connection with such auctions. The fund also compensates broker-dealers generally at an annual rate of .15%-.25% of the purchase price of shares of APS.

The fund is subject to certain restrictions relating to the APS. Failure to comply with these restrictions could preclude the fund from declaring any distributions to shareholders of Common Stock (“Common Shareholders”) or repurchasing shares of Common Stock and/or could trigger the mandatory redemption of APS at liquidation value. Thus, redemptions of APS may be deemed to be outside of the control of the fund.

The holders of APS, voting as a separate class, have the right to elect at least two directors. The holders of APS will vote as a separate class on certain other matters, as required by law. The fund’s Board of Directors (the “Board”) has designated Nathan Leventhal and Benaree Pratt Wiley as directors to be elected by the holders of APS.

On November 28, 2017, the fund announced that its Board had authorized the fund to conduct a tender offer for up to 100% of its then outstanding 1,000 shares each of Series A and Series B APS at a price equal to 95% of the APS’ liquidation preference of \$25,000 per share (\$23,750 per share) plus any unpaid dividends accrued through the expiration date of the tender offer. On February 28, 2018, the fund accepted for repurchase 384 Series A shares and 407 Series B shares of the fund’s APS (approximately 39.6% of the fund’s then outstanding APS) with an aggregate liquidation

preference of \$9,600,000 Series A and \$10,175,000 Series B for an aggregate purchase price of \$9,120,000 Series A and \$9,666,250 Series B. The difference between the liquidation preference of the APS and the actual repurchase price of the tendered APS (i.e., the 5% discount on the per share liquidation preference of the tendered APS) was recognized by the fund in the Statement of Changes in Net Assets for the period ended September 30, 2018 as Proceeds from Auction Preferred Stock to Common Shareholders.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 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.

The fund enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) 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 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 of the preceding securities are generally categorized within Level 2 of the fair value hierarchy.

The Service is engaged under the general supervision of the Board.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect 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, 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 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 within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of September 30, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets (\$)				
Investments in Securities:				
Municipal Bonds [†]	-	285,934,160	-	285,934,160
Liabilities (\$)				
Floating Rate Notes ^{††}	-	(74,682,347)	-	(74,682,347)

[†] See Statement of Investments for additional detailed categorizations.

^{††} Certain of the fund's liabilities are held at carrying amount, which approximates fair value for financial reporting purposes.

At September 30, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of premium on investments, is earned from settlement date and recognized on the accrual basis. Securities purchased or sold on a when issued or delayed delivery basis may be settled a month or more after the trade date.

(c) Dividends and distributions to Common shareholders: Dividends and distributions are recorded on the ex-dividend date. Dividends from investment income-net are normally declared and paid monthly. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

Common Shareholders will have their distributions reinvested in additional shares of the fund, unless such Common shareholders elect to receive cash, at the lower of the market price or net asset value per share (but not

less than 95% of the market price). If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price, Computershare Inc., the transfer agent for the fund's Common Stock, will buy fund shares in the open market and reinvest those shares accordingly.

On September 27, 2018, the Board declared a cash dividend of \$.035 per share from investment income-net, payable on October 31, 2018 to Common Shareholders of record as of the close of business on October 12, 2018. The ex-dividend date was October 11, 2018. Effective January 26, 2018, the above per share investment income dividend was reduced by \$.006 per share.

(d) Dividends and distributions to shareholders of APS: Dividends, which are cumulative, are generally reset every 7 days for each Series of APS pursuant to a process specified in related fund charter documents. Dividend rates as of September 30, 2018, for each Series of APS were as follows: Series A–2.357% and Series B–2.357%. These rates reflect the “maximum rates” under the governing instruments as a result of “failed auctions” in which sufficient clearing bids are not received. The average dividend rates for the period ended September 30, 2018 for each Series of APS were as follows: Series A–2.002% and Series B–1.995%.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, which can distribute tax-exempt dividends, by complying with the applicable provisions of the Code, and to make distributions of income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended September 30, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended September 30, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended September 30, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At September 30, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed tax-exempt income \$674,907, accumulated capital losses \$7,881,961 and unrealized appreciation \$12,868,105.

Under the Regulated Investment Company Modernization Act of 2010 (the “2010 Act”), the fund is permitted to carry forward capital losses

incurred in taxable years beginning after December 22, 2010 (“post-enactment losses”) for an unlimited period. Furthermore, post-enactment capital loss carryovers retain their character as either short-term or long-term capital losses rather than short-term as they were under previous statute. The 2010 Act requires post-enactment losses to be utilized before the utilization of losses incurred in taxable years prior to the effective date of the 2010 Act (“pre-enactment losses”). As a result of this ordering rule, pre-enactment losses may be more likely to expire unused.

The accumulated capital loss carryover is available for federal income tax purposes to be applied against future net realized capital gains, if any, realized subsequent to September 30, 2018. The fund has \$3,147,834 of post-enactment short-term capital losses and \$4,734,127 of post-enactment long-term capital losses which can be carried forward for an unlimited period.

The tax character of distributions paid to shareholders during the fiscal periods ended September 30, 2018 and September 30, 2017 were as follows: tax-exempt income \$9,849,969 and \$10,839,853, and ordinary income \$128,924 and \$0, respectively.

During the period ended September 30, 2018, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization adjustments and capital loss carryover expiration, the fund increased total distributable earnings (loss) by \$2,200,210 and decreased paid-in capital by the same amount. Net assets and net asset value per share were not affected by this reclassification.

(f) New Accounting Pronouncements: In March 2017, the FASB issued Accounting Standards Update 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization On Purchased Callable Debt Securities* (“ASU 2017-08”). The update shortens the amortization period for the premium on certain purchased callable debt securities to the earliest call date. ASU 2017-08 will be effective for annual periods beginning after December 15, 2018.

Also in August 2018, the FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

NOTE 2—Management Fee and Other Transactions with Affiliates:

(a) Pursuant to a management agreement (the “Agreement”) with Dreyfus, the management fee is computed at the annual rate of .70% of the value of the fund’s average weekly net assets, inclusive of the outstanding APS, and is payable monthly. The Agreement provides that if in any full fiscal year the aggregate expenses of the fund (excluding taxes, interest on borrowings, brokerage fees and extraordinary expenses) exceed the expense limitation of any state having jurisdiction over the fund, the fund may deduct from payments to be made to Dreyfus, or Dreyfus will bear, the amount of such excess to the extent required by state law. During the period ended September 30, 2018, there was no expense reimbursement pursuant to the Agreement.

(b) The fund compensates The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets and transaction activity. During the period ended September 30, 2018, the fund was charged \$57,743 pursuant to the custody agreement.

The fund has an arrangement with the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset custody fees. For financial reporting purposes, the fund includes net earnings credits, if any, as an expense offset in the Statement of Operations.

During the period ended September 30, 2018, the fund was charged \$7,707 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of “Due to The Dreyfus Corporation and affiliates” in the Statement of Assets and Liabilities consist of: management fees \$124,152, custodian fees \$1,845 and Chief Compliance Officer fees \$1,887.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 3—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended September 30, 2018, amounted to \$39,722,136 and \$56,746,174, respectively.

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 “Inverse Floater Trust”). The Inverse Floater Trust typically issues two variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals (“Trust Certificates”). A residual interest tax-exempt security is also created by the Inverse Floater Trust, which is transferred to the fund, and is paid interest based on the remaining cash flows of the Inverse Floater Trust, after payment of interest on the other securities and various expenses of the Inverse Floater Trust. An Inverse Floater Trust may be collapsed without the consent of the fund due to certain termination events such as bankruptcy, default or other credit event.

The fund accounts for the transfer of bonds to the Inverse Floater Trust as secured borrowings, with the securities transferred remaining in the fund’s investments, and the Trust Certificates reflected as fund liabilities in the Statement of Assets and Liabilities.

The fund may invest in inverse floater securities on either a non-recourse or recourse basis. These securities are typically supported by a liquidity facility provided by a bank or other financial institution (the “Liquidity Provider”) that allows the holders of the Trust Certificates to tender their certificates in exchange for payment from the Liquidity Provider of par plus accrued interest on any business day prior to a termination event. When the fund invests in inverse floater securities on a non-recourse basis, the Liquidity Provider is required to make a payment under the liquidity facility due to a termination event to the holders of the Trust Certificates. When this occurs, the Liquidity Provider typically liquidates all or a portion of the municipal securities held in the Inverse Floater Trust. A liquidation shortfall occurs if the Trust Certificates exceed the proceeds of the sale of the bonds in the Inverse Floater Trust (“Liquidation Shortfall”). When a fund invests in inverse floater securities on a recourse basis, the fund typically enters into a reimbursement agreement with the Liquidity Provider where the fund is required to repay the Liquidity Provider the amount of any Liquidation Shortfall. As a result, a fund investing in a recourse inverse floater security bears the risk of loss with respect to any Liquidation Shortfall.

The average amount of borrowings outstanding under the inverse floater structure during the period ended September 30, 2018 was approximately \$64,845,200, with a related weighted average annualized interest rate of 1.75%.

At September 30, 2018, the cost of investments for federal income tax purposes was \$198,383,708; accordingly, accumulated net unrealized appreciation on investments was \$12,868,105, consisting of \$13,640,936 gross unrealized appreciation and \$772,831 gross unrealized depreciation.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Dreyfus Municipal Income, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Dreyfus Municipal Income, Inc. (the “Fund”), including the statement of investments, as of September 30, 2018, and the related statement of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at September 30, 2018, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York
November 27, 2018

ADDITIONAL INFORMATION (Unaudited)

Dividend Reinvestment Plan

Under the fund's Dividend Reinvestment Plan (the "Plan"), a Common Shareholder who has fund shares registered in his name will have all dividends and distributions reinvested automatically by Computershare Trust Company, N.A., as Plan administrator (the "Administrator"), in additional shares of the fund at the lower of prevailing market price or net asset value (but not less than 95% of market value at the time of valuation) unless such Common Shareholder elects to receive cash as provided below. If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price or if a cash dividend only is declared, the Administrator, as agent for the Plan participants, will buy fund shares in the open market. A Plan participant is not relieved of any income tax that may be payable on such dividends or distributions.

A Common Shareholder who owns fund shares registered in nominee name through his broker/dealer (i.e., in "street name") may not participate in the Plan, but may elect to have cash dividends and distributions reinvested by his broker/dealer in additional shares of the fund if such service is provided by the broker/dealer; otherwise such dividends and distributions will be treated like any other cash dividend or distribution.

A Common Shareholder who has fund shares registered in his or her name may elect to withdraw from the Plan at any time for a \$5.00 fee and thereby elect to receive cash in lieu of shares of the fund. Changes in elections must be in writing, sent to The Bank of New York Mellon, c/o Computershare Inc., P.O. Box 30170, College Station, TX 77842-3170, should include the shareholder's name and address as they appear on the Administrator's records and will be effective only if received more than ten business days prior to the record date for any distribution.

The Administrator maintains all Common Shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account. Shares in the account of each Plan participant will be held by the Administrator in non-certificated form in the name of the participant, and each such participant's proxy will include those shares purchased pursuant to the Plan.

The fund pays the Administrator's fee for reinvestment of dividends and distributions. Plan participants pay a pro rata share of brokerage commissions incurred with respect to the Administrator's open market purchases in connection with the reinvestment of dividends or distributions.

The fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to notice of the change sent to Plan participants at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by the Administrator on at least 90 days' written notice to Plan participants.

Level Distribution Policy

The fund's dividend policy is to distribute substantially all of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the fund, the fund may at times pay out more or less than the entire amount of net investment income earned in any particular month and may at times in any month pay out any accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the fund for any particular month may be more or less than the amount of net investment income earned by the fund during such month.

Benefits and Risks of Leveraging

The fund utilizes leverage to seek to enhance the yield and net asset value of its Common Stock. These objectives cannot be achieved in all interest rate environments. To leverage, the fund has issued APS and floating rate certificate securities, which pay dividends or interest at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the fund's Common Stock. In order for either of these forms of leverage to benefit Common Shareholders, the yield curve must be positively sloped: that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Shareholders. If either of these conditions change along with other factors that may have an effect on APS dividends or floating rate certificate securities, then the risk of leveraging will begin to outweigh the benefits.

Supplemental Information

During the period ended September 30, 2018, there were: (i) no material changes in the fund's investment objectives or fundamental investment policies, (ii) no changes in the fund's charter or by-laws that would delay or prevent a change of control of the fund, and (iii) no change in the persons primarily responsible for the day-to-day management of the fund's portfolio.

IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby reports all the dividends paid from investment income-net during its fiscal year ended September 30, 2018 as “exempt-interest dividends” (not generally subject to regular federal income tax), except \$128,924 that is being reported as an ordinary income distribution for reporting purposes. Where required by federal tax law rules, shareholders will receive notification of their portion of the fund’s taxable ordinary dividends (if any), capital gains distributions (if any) and tax-exempt dividends paid for the 2018 calendar year on Form 1099-DIV, which will be mailed in early 2019.

PROXY RESULTS (Unaudited)

Common Shareholders and holders of APS voted together as a single class on the following proposal presented at the annual shareholders' meeting held on June 13, 2018.

	Shares	
	For	Authority Withheld
To elect three Class I Directors: [†]		
Francine J. Bovich	17,516,711	1,142,938
Gordon J. Davis	17,479,446	1,180,203
Roslyn M. Watson	17,521,935	1,137,714

[†] The terms of these Class I Directors expire in 2021.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AGREEMENT (Unaudited)

At a meeting of the fund's Board of Directors held on July 18-19, 2018, the Board considered the renewal of the fund's Management Agreement pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"). The Board members, a majority of whom are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from Dreyfus representatives. In considering the renewal of the Agreement, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus representatives noted that the fund is a closed-end fund without daily inflows and outflows of capital and provided the fund's asset size.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered Dreyfus' extensive administrative, accounting and compliance infrastructures.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended May 31, 2018, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed with representatives of Dreyfus and/or its affiliates the results of the comparisons and considered that the fund's total return performance, on a net asset value basis, was at or above the Performance Group median for the one-, two- and ten-year periods and below the median for the three- and four-year periods and below the Performance Universe

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AGREEMENT (Unaudited) *(continued)*

median for all periods, and, on a market price basis, was at or below the Performance Group median, and below the Performance Universe median, for all periods.

The Board also considered that, on a net asset value basis, the fund's yield performance was at or above the Performance Group median for seven of the ten one-year periods, and at or above the Performance Universe median for five of the ten one-year periods, ended May 31st, and, on a market price basis, was at or above the Performance Group median for five of the ten one-year periods, and at or below the Performance Universe median for four of the ten one-year periods, ended May 31st, respectively. The Board considered the relative proximity of the fund's yield to the Performance Group median in certain periods when the yield was below the median and the relative proximity of the fund's yield (on a market price basis) to the Performance Group and/or Performance Universe median(s) in certain periods when the yield was below the median(s). Dreyfus also provided a comparison of the fund's calendar year total returns (on a net asset basis) to the returns of the fund's benchmark index, and it was considered that the fund's returns were above the returns of the index in seven of the ten calendar years shown.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board considered that, based on common assets alone, the fund's contractual management fee was above the Expense Group median, the fund's actual management fee was at the Expense Group median and below the Expense Universe median and the fund's total expenses were below the Expense Group and Expense Universe medians. The Board also considered that, based on common and leveraged assets together, the fund's actual management fee and total expenses were above the Expense Group and Expense Universe medians.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Dreyfus-affiliated primary employer of the fund's primary portfolio manager(s) for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors, noting that the fund is a closed-end fund. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also had been provided with information prepared by

an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered, on the advice of its counsel, the profitability analysis (1) as part of its evaluation of whether the fees under the Agreement, considered in relation to the mix of services provided by Dreyfus, including the nature, extent and quality of such services, supported the renewal of the Agreement and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Dreyfus representatives stated that, because the fund is a closed-end fund without daily inflows and outflows of capital, there were not at this time significant economies of scale to be realized by Dreyfus in managing the fund's assets. Dreyfus representatives also stated that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus from acting as investment adviser and took into consideration that there were no soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreement. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus are adequate and appropriate.
- The Board generally was satisfied with the fund's overall relative performance.
- The Board concluded that the fee paid to Dreyfus continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreement, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates, of Dreyfus and the services provided to the fund by Dreyfus. The Board also relied on information received on a routine and

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT
AGREEMENT (Unaudited) *(continued)*

regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreement, including information on the investment performance of the fund in comparison to similar funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of the Agreement for the fund, or substantially similar agreements for other Dreyfus funds that the Board oversees, during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the fund's arrangements, or substantially similar arrangements for other Dreyfus funds that the Board oversees, in prior years. The Board determined to renew the Agreement.

BOARD MEMBERS INFORMATION (Unaudited)
INDEPENDENT BOARD MEMBERS

Joseph S. DiMartino (74)
Chairman of the Board (1995)

Current term expires in 2020

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1995-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

No. of Portfolios for which Board Member Serves: 125

Francine J. Bovich (67)
Board Member (2015)

Current term expires in 2021

Principal Occupation During Past 5 Years:

- Trustee, The Bradley Trusts, private trust funds (2011-present)

Other Public Company Board Membership During Past 5 Years:

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

No. of Portfolios for which Board Member Serves: 73

Isabel P. Dunst (71)
Board Member (2014)

Current term expires in 2020

Principal Occupation During Past 5 Years:

- Senior Counsel, Hogan Lovells LLP (2018-present; previously, Of Counsel, 2015-2018, Partner, 1990-2014)

No. of Portfolios for which Board Member Serves: 34

BOARD MEMBERS INFORMATION (Unaudited) (continued)
INDEPENDENT BOARD MEMBERS (continued)

Nathan Leventhal (75)
Board Member (2009)

Current term expires in 2019

Principal Occupation During Past 5 Years:

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

Other Public Company Board Membership During Past 5 Years:

- Movado Group, Inc., Director (2003-present)

No. of Portfolios for which Board Member Serves: 48

Robin A. Melvin (55)
Board Member (2014)

Current term expires in 2019

Principal Occupation During Past 5 Years:

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

No. of Portfolios for which Board Member Serves: 100

Roslyn M. Watson (68)
Board Member (2014)

Current term expires in 2021

Principal Occupation During Past 5 Years:

- Principal, Watson Ventures, Inc., a real estate investment company (1993-present)

No. of Portfolios for which Board Member Serves: 59

Benaree Pratt Wiley (72)
Board Member (2009)

Current term expires in 2020

Principal Occupation During Past 5 Years:

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-present)

Other Public Company Board Membership During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (2008-present)

No. of Portfolios for which Board Member Serves: 80

INTERESTED BOARD MEMBERS

J. Charles Cardona (62)

Board Member (2014)

Current term expires in 2019

Principal Occupation During Past 5 Years:

- Retired. President and a Director of the Manager (2008-2016), Chairman of the Distributor (2013-2016, Executive Vice President, 1997-2013)

No. of Portfolios for which Board Member Serves: 34

J. Charles Cardona is deemed to be an “interested person” (as defined under the Act) of the fund as a result of his previous affiliation with The Dreyfus Corporation.

Gordon J. Davis (77)

Board Member (2012)

Current term expires in 2021

Principal Occupation During Past 5 Years:

- Partner in the law firm of Venable LLP (2012-present)

Other Public Company Board Membership During Past 5 Years:

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

No. of Portfolios for which Board Member Serves: 55

Gordon J. Davis is deemed to be an “interested person” (as defined under the Act) of the fund as a result of his affiliation with Venable LLP, which provides legal services to the fund.

The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166.

Clifford L. Alexander, Jr., Emeritus Board Member

Whitney I. Gerard, Emeritus Board Member

George L. Perry, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 125 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since February 1988.

BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2015.

JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since December 1996.

JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 56 years old and has been an employee of the Manager since June 2000.

SONALEE CROSS, Vice President and Assistant Secretary since March 2018.

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 150 portfolios) managed by Dreyfus. She is 30 years old and has been an employee of the Manager since October 2016.

MAUREEN E. KANE, Vice President and Assistant Secretary since April 2015.

Managing Counsel of BNY Mellon since July 2014; from October 2004 until July 2014, General Counsel, and from May 2009 until July 2014, Chief Compliance Officer of Century Capital Management. She is an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. She is 56 years old and has been an employee of the Manager since July 2014.

SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.

Managing Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. She is 43 years old and has been an employee of the Manager since March 2013.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 53 years old and has been an employee of the Manager since October 1990.

NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 150 portfolios) managed by Dreyfus. She is 33 years old and has been an employee of the Manager since May 2016.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1985.

RICHARD CASSARO, Assistant Treasurer since September 2007.

Senior Accounting Manager – Money Market and Municipal Bond Funds of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since September 1982.

**GAVIN C. REILLY, Assistant Treasurer
since December 2005.**

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since April 1991.

**ROBERT S. ROBOL, Assistant Treasurer
since August 2005.**

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

**ROBERT SALVIOLO, Assistant Treasurer
since May 2007.**

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

**ROBERT SVAGNA, Assistant Treasurer
since August 2005.**

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 150 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

**JOSEPH W. CONNOLLY, Chief Compliance
Officer since October 2004.**

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 150 portfolios). He is 61 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

NOTES

OFFICERS AND DIRECTORS

Dreyfus Municipal Income, Inc.

200 Park Avenue
New York, NY 10166

Directors

Joseph S. DiMartino, Chairman
Francine J. Bovich
J. Charles Cardona[†]
Gordon J. Davis[†]
Isabel P. Dunst
Nathan Leventhal^{††}
Robin A. Melvin
Roslyn M. Watson
Benaree Pratt Wiley^{††}

[†] Interested Board Member

^{††} Elected by APS Holders

Officers

President
Bradley J. Skapyak
Chief Legal Officer
Bennett A. MacDougall
Vice President and Secretary
James Bitetto
Vice Presidents and Assistant Secretaries
Joseph M. Chioffi
Sonalee Cross
Maureen E. Kane
Sarah S. Kelleher
Jeff Prusnofsky
Natalya Zelensky
Treasurer
James Windels
Assistant Treasurers
Richard Cassaro
Gavin C. Reilly
Robert S. Robol

Officers (continued)

Assistant Treasurers (continued)
Robert Salviolo
Robert Svagna

Chief Compliance Officer
Joseph W. Connolly

Portfolio Managers

Daniel A. Rabasco
Jeffrey B. Burger

Manager

The Dreyfus Corporation

Custodian

The Bank of New York Mellon

Counsel

Proskauer Rose LLP

Transfer Agent, Dividend Disbursing Agent and Registrar

Computershare Inc.
(Common Stock)
Deutsche Bank Trust Company America
(Auction Preferred Stock)

Stock Exchange Listing

NYSE MKT Symbol: DMF

Initial SEC Effective Date

10/21/88

Auction Agent

Deutsche Bank Trust Company America
(Auction Preferred Stock)

The fund's net asset value per share appears in the following publications: Barron's, Closed-End Bond Funds section under the heading "Municipal Bond Funds" every Monday; The Wall Street Journal, Mutual Funds section under the heading "Closed-End Funds" every Monday.

Notice is hereby given in accordance with Section 23(c) of the Act that the fund may purchase shares of its common stock in the open market when it can do so at prices below the then current net asset value per share.

For More Information

Dreyfus Municipal Income, Inc.

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

Transfer Agent & Registrar (Common Stock)

Computershare Inc.
480 Washington Boulevard
Jersey City, NJ 07310

Dividend Disbursing Agent (Common Stock)

Computershare Inc.
P.O. Box 30170
College Station, TX 77842

Ticker Symbol: DMF

The fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at www.sec.gov.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at www.dreyfus.com and on the SEC's website at www.sec.gov and without charge, upon request, by calling 1-800-DREYFUS.