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REAVES UTILITY INCOME FUND

Form N-CSRS

July 08, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21432

REAVES UTILITY INCOME FUND

(Exact name of registrant as specified in charter)

1625 BROADWAY, SUITE 2200, DENVER, COLORADO 80202

(Address of principal executive offices) (Zip code)

Erin E. Douglas, Secretary
Reaves Utility Income Fund
1625 Broadway, Suite 2200
Denver, Colorado 80202

(Name and address of agent for service)

Registrant's Telephone Number, including Area Code: (303) 623-2577

Date of fiscal year end: October 31

Date of reporting period: February 24, 2004 - April 30, 2004

ITEM 1 - REPORTS TO STOCKHOLDERS

REAVES UTILITY INCOME FUND

The following information supplements and should be read in conjunction with the information provided in the Fund's Semi-Annual Report dated April 30, 2004.

Page 10 entitled "Financial Highlights" of the Semi-Annual Report should be deleted in its entirety and replaced with the following:

FINANCIAL HIGHLIGHTS

For the Period February 24, 2004 to April 30, 2004 (unaudited)

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PER COMMON SHARE OPERATING PERFORMANCE

Net asset value - beginning of period	\$	19.10
Income from investment operations:		
Net investment income (loss)		0.23
Net realized and unrealized gain (loss) on investments		(1.23)
Total from investment operations		(1.00)

DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:

Net investment income		(0.10)
Total distributions		(0.10)

CAPITAL SHARE TRANSACTIONS:

Common share offering costs charged to paid in capital		(0.04)
Total capital share transactions		(0.04)

Net asset value - end of period	\$	17.96
Market price - end of period	\$	17.65

TOTAL RETURN (1) (11.75)%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000)	\$	406,911
Ratio of expenses to average net assets		1.18%(2)
Ratio of net investment income to average net assets		7.29%(2)
Ratio of expenses to average net assets without fee waivers		1.18%(2)
Ratio of net investment income to average net assets without fee waivers		7.29%(2)
Portfolio turnover rate		29.19%

(1) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

(2) Annualized.

See notes to financial statements.

REAVES UTILITY INCOME FUND

SEMI-ANNUAL REPORT

APRIL 30, 2004 (UNAUDITED)

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SHAREHOLDER LETTER

April 30, 2004 (unaudited)

Dear Shareholders:

February 25, 2004 marked the first day of trading of the Reaves Utility Income Fund on the American Stock Exchange under the ticker symbol UTG. On behalf of the Board of Trustees, we thank the shareholders for making this a successful initial public offering ("IPO") with over \$400 million raised for investment. In addition to capital appreciation, the Fund's primary objective is to capture tax-advantaged dividend income and in fact declared its first dividend on April 12 and paid it out on April 30.

With an investment emphasis in the utility sector of the market, the Reaves Utility Income Fund marked the first IPO of its kind in over 17 years. The Fund is managed by W.H. Reaves & Company, an investment advisor with 42 years of utility investment management experience. Commentary from Reaves on the Fund's dividends, investments and market environment is included along with the financial highlights and holdings.

We hope that you find this first shareholder report useful and we encourage you to gather more information through an investment professional, by calling the Fund at 1-800-644-5571 or by visiting www.utilityincomefund.com.

Sincerely,

/s/ Ned Burke

Ned Burke
President

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MANAGEMENT DISCUSSION & ANALYSIS
April 30, 2004 (unaudited)

DISTRIBUTIONS TO COMMON SHAREHOLDERS The Reaves Utility Income Fund was approximately 9 weeks old as of April 30th and on April 12th it declared its first regular monthly dividend of \$ 0.0967 per share for the months of April, May and June. The dividends provide an annualized yield of approximately 5.8% based upon the Fund's initial offering price of \$20.00 per share. The current before-tax yield compares favorably to the 4.5% yield on the 10 year United States Treasury Note on April 30th. Applying ordinary income tax rates to the Treasury Note Income of 4.5% and the preferential tax rate to qualified dividend income at an annual rate 5.8% highlights the after tax value of your Fund's dividend.

INVESTMENT PORTFOLIO Total net assets of the Fund amounted to approximately \$407 million on April 30th. In addition to the proceeds of the common stock offering, a bank line of credit was drawn upon to increase the Fund's investment, primarily in dividend paying utility securities. The net asset value of the Fund was \$ 17.96 on April 30th. The Fund will not be fully invested until the proceeds from the sale of auction market preferred securities are received. The amount of the preferred securities to be issued will be determined by the market value of the fund's assets at date of issue and our requirement that two credit rating agencies issue a AAA credit rating for the preferred shares.

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MARKET AND FUND COMMENTARY In the long run, the future returns for the Fund's shareholders depend primarily on how well we manage the investment portfolio to achieve a tax-advantaged yield and grow the net asset value. In the short run, changes in the market price of the Fund's common shares which deviate from the underlying changes arising in net asset value can enhance or diminish shareholder returns. April's market performance suffered when a sharp decline in bond prices, out of fear of rising interest rates, precipitated broad based selling of most interest rate sensitive securities.

The first nine weeks of the Fund's existence were challenging given the volatility of interest rates during that period. Rates declined sharply in March and rose sharply in April. On a positive note, the initial dividend yield was established above the mid range of our early expectations, and the Fund was invested along our original guidelines: (90% common stocks and 10% preferred and fixed income securities). The Fund was not fully leveraged in April. The interest rate increases in April contributed to the worst total return month for preferred stocks since

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1990, which justified our decision to keep the preferred portion of the portfolio to well below its permissible long term allocation.

The Reaves Utility Income Fund is not considered a short-term investment and the longer the period of time involved the more important portfolio investment returns will be in determining shareholder returns. The majority of companies represented in the portfolio have three primary characteristics which work to overcome the negative effects of rising interest rates and inflation. First, they are steadily growing their earnings and reinvesting their retained earnings. Second, approximately 75% of the common stock holdings are periodically raising their dividends, resulting in an increase in yield on their original cost of purchase. And third, there is the potential for capital gains from successful investments.

We are constructive on the investment outlook for selected utilities. As a result of the difficulties utilities experienced in 2001 and 2002, many utility companies have strengthened their capital structures. In some cases new management has been brought in to improve operating performance and returns to shareholders. Reduced dividend payout ratios make possible not only continued but in some cases, better dividend growth in the future. Margins are improving as excess generation capacity is reduced. In certain states, politicians and /or regulators have recognized the need to better balance demands of consumers and the needs of utilities for rates of return on investment adequate to provide needed infrastructure investment. The result can be better returns for utility common stock investors. Lastly, investors have become increasingly aware that the ability and the commitment of a company to raise its dividend may lead to strong stock performance.

Respectfully submitted,
Portfolio Co-Managers

-WILLIAM H. REAVES
-RONALD J. SORENSON
-WILLIAM A. FERER

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STATEMENT OF INVESTMENTS

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April 30, 2004 (unaudited)

	SHARES	VALUE (NOTE 1)
COMMON STOCK - 124.32%		
CONSUMER STAPLES - 11.53%		
Altria Group, Inc.	605,000	\$ 33,504,900
UST, Inc.	360,000	13,395,600
		46,900,500
ELECTRIC - 77.12%		
Alliant Energy Corp.	80,000	1,988,800
Ameren Corp.	855,000	37,380,600
Cinergy Corp.	460,000	17,452,400
Consolidated Edison, Inc.	645,000	26,580,450
Dominion Resources, Inc.	125,000	7,976,250
DTE Energy Co.	575,000	22,436,500
Duke Energy Corp.	1,733,000	36,496,980
Duquesne Light Holdings, Inc.	537,000	10,079,490
Exelon Corp.	45,000	3,012,300
FirstEnergy Corp.	60,000	2,346,000
Great Plains Energy, Inc.	537,600	16,778,496
Hawaiian Electric Industries, Inc.	190,000	9,454,400
NSTAR	286,300	13,856,920
OGE Energy Corp.	821,000	19,745,050
Pinnacle West Capital Corp.	269,900	10,542,294
Progress Energy, Inc.	450,000	19,246,500
Public Service Enterprise Group, Inc.	628,200	26,949,780
Southern Co.	740,000	21,282,400
TECO Energy, Inc.	257,800	3,281,794
Wisconsin Energy Corp.	23,000	722,200
WPS Resources Corp.	116,900	5,355,189
Xcel Energy, Inc.	50,000	836,500
		313,801,293
ENERGY - 1.58%		
Total S.A., ADR	70,000	6,448,400
FINANCIALS - 3.93%		
Citigroup, Inc.	110,000	5,289,900
Regions Financial Corp.	25,000	867,750
Washington Mutual, Inc.	250,000	9,847,500
		16,005,150
GAS - 9.62%		
Keyspan Corp.	460,000	16,629,000
ONEOK, Inc.	125,000	2,618,750
Peoples Energy Corp.	441,200	18,442,160
Vectren Corp.	60,000	1,449,000
		39,138,910

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	SHARES	VALUE (NOTE 1)
	-----	-----
COMMON STOCK (CONTINUED)		
TELEPHONE - 20.54%		
AT&T Corp.	1,134,000	\$ 19,448,100
BCE, Inc.	755,000	15,054,700
BellSouth Corp.	172,000	4,439,320
SBC Communications, Inc.	1,530,000	38,097,000
TDC A/S, ADR	120,000	2,018,400
Verizon Communications, Inc.	120,000	4,528,800

		83,586,320

TOTAL COMMON STOCK		
(Cost \$529,236,900)		505,880,573

PREFERRED STOCK - 10.50%		
CONSUMER DISCRETIONARY - 0.76%		
Corts Ford Trust, 7.40%, 11/01/46	125,200	3,077,416

ELECTRIC - 4.09%		
AES Trust III, 6.75%, 10/15/29	91,500	3,877,312
BGE Capital Trust II, 6.20%, 10/15/43	160,000	3,870,400
Consumers Energy Co. Funding Trust IV, 9.00%, 06/30/31	125,000	3,231,250
Georgia Power Capital Trust V, 7.125%, 03/31/42	131,400	3,373,038
PSEG Funding Trust II, 8.75%, 12/31/32	82,800	2,277,000

		16,629,000

FINANCIALS- 2.23%		
ABN AMRO Capital Funding Trust VII, 6.08%	120,000	2,868,000
Lehman Brothers Holdings Capital Trust, Series M, 6.00%, 04/22/53	70,000	1,646,400
Renaissance Holdings Ltd., Series C, 6.08%	200,000	4,584,000

		9,098,400

GAS - 0.81%		
ONEOK, Inc., 8.50%, 02/16/06	114,500	3,309,050

INFORMATION TECHNOLOGY - 0.17%		
Corporate- Backed Trust Certificates, Series 2001-10, 7.875%, 10/01/97	26,800	686,750

REAL ESTATE INVESTMENT TRUSTS - 1.02%		

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AMB Property Corp., Series L, 6.50%	40,400	983,489
Duke Realty Corp., Series K, 6.50%	138,700	3,158,199

		4,141,688

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	SHARES	VALUE (NOTE 1)
	-----	-----
PREFERRED STOCK (CONTINUED)		
TELEPHONE - 1.42%		
CenturyTel, Inc., 6.875%, 05/15/05	186,900	\$ 4,649,138
Preferred Plus Trust, Series T1, 7.35%, 03/15/29	30,200	750,470
Trust Certificates 2001-1, Series T, 7.45%, 03/15/29	14,900	368,030

		5,767,638

TOTAL PREFERRED STOCK (Cost \$44,853,450)		42,709,942

	BOND RATING MOODY/S&P	PRINCIPAL AMOUNT	
	-----	-----	
CORPORATE BONDS - 4.96%			
ELECTRIC - 4.31%			
Calpine Generating Co., 11.50%, 04/01/11, 144A*	B3/CCC+	\$ 20,000,000	17,550,000
TELEPHONE - 0.65%			
US West Communications Inc., 7.50%, 06/15/23	Ba3/B-	3,000,000	2,640,000

TOTAL CORPORATE BONDS (Cost \$22,803,867)			20,190,000

TOTAL INVESTMENTS (Cost \$596,894,217)	139.78%		568,780,515
Liabilities in Excess of Other Assets	-39.78%		(161,869,107)
	-----		-----
NET ASSETS	100.00%		\$ 406,911,408
	=====		=====

ADR- American Depositary Receipt

* Security exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At April 30, 2004, these securities amounted to a value of \$17,550,000 or 4.31% of net assets.

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All shares of securities by the Fund are pledged as collateral for the borrowings under the loan agreement.

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STATEMENT OF ASSETS & LIABILITIES April 30, 2004 (unaudited)

ASSETS:	
Investments, at value (Cost - see below)	\$ 568,780,515
Dividends receivable	3,169,482
Interest receivable	341,806
Receivable for investments sold	2,404,654
Other assets	15,061

Total assets	574,711,518

LIABILITIES:	
Payable for investments purchased	8,725,146
Loan payable to bank (Note 5)	158,059,757
Interest on loan payable to bank	192,652
Accrued investment advisory fee	205,769
Accrued administration fee	94,833
Accrued trustees fee	7,299
Accrued offering costs	514,654

Total Liabilities	167,800,110

Net Assets	\$ 406,911,408
	=====
COST OF INVESTMENTS	\$ 596,894,217
	=====
COMPOSITION OF NET ASSETS:	
Paid in capital	\$ 431,809,000
Undistributed net investment income	3,132,067
Accumulated net realized gain (loss) on investments	84,043
Net unrealized appreciation (depreciation) in value of investments	(28,113,702)

Net Assets	406,911,408
	=====
Shares of common stock outstanding of no par value, unlimited shares authorized	22,655,236

Net asset value per share	\$ 17.96
	=====

See notes to financial statements.

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STATEMENT OF OPERATIONS
For the Period February 24, 2004 to April 30, 2004 (unaudited)

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INVESTMENT INCOME:	
Dividends	\$ 5,882,063
Interest	302,047

Total Income	6,184,110

EXPENSES:	
Investment advisory fee (Note 4)	419,717
Administration fee (Note 4)	193,435
Trustees fee	7,299
Interest on outstanding loan payable (Note 5)	240,831

Net Expenses	861,282

Net Investment Income	5,322,828

Net realized gain (loss) on investments	84,043
Change in net unrealized appreciation/depreciation	(28,113,702)

Net gain (loss) on investments	(28,029,659)

Net Increase (Decrease) in Net Assets From Operations	\$ (22,706,831)
	=====

See notes to financial statements.

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STATEMENT OF CHANGES IN NET ASSETS
For the Period February 24, 2004 to April 30, 2004 (unaudited)

COMMON SHAREHOLDER OPERATIONS:	
Net investment income	\$ 5,322,828
Net realized gain (loss) on investments	84,043
Change in net unrealized appreciation/depreciation	(28,113,702)

Net increase (decrease) in net assets from operations	(22,706,831)

DISTRIBUTIONS TO COMMON SHAREHOLDERS:	
From net investment income	(2,190,761)

Net decrease in net assets from distributions	(2,190,761)

CAPITAL SHARE TRANSACTIONS (NOTE 2):	
Proceeds from sales of shares, net of offering costs	381,300,000
Proceeds from the underwriters' over-allotment option exercised, net of offering costs	50,509,000
Net asset value of common stock issued to stockholders from reinvestment of dividends	-

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Net increase in net assets from capital share transactions	431,809,000
NET INCREASE (DECREASE) IN NET ASSETS	406,911,408
NET ASSETS:	
Beginning of period	-
End of period *	\$ 406,911,408
* Includes undistributed net investment income of:	\$ 3,132,067

See notes to financial statements.

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FINANCIAL HIGHLIGHTS

For the Period February 24, 2004 to April 30, 2004 (unaudited)

PER COMMON SHARE OPERATING PERFORMANCE	
Net asset value - beginning of period	\$ 19.10
Income from investment operations:	
Net investment income (loss)	0.23
Net realized and unrealized gain (loss) on investments	(1.23)
Total from investment operations	(1.00)
DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:	
Net investment income	(0.10)
Total distributions	(0.10)
CAPITAL SHARE TRANSACTIONS:	
Common share offering costs charged to paid in capital	(0.04)
Total capital share transactions	(0.04)
Net asset value - end of period	\$ 17.96
Market price - end of period	\$ 17.65
TOTAL RETURN (1)	(11.75)%
RATIOS AND SUPPLEMENTAL DATA	
Net assets, end of period (000)	\$ 406,911
Ratio of expenses to average net assets	1.18%(2)
Ratio of net investment income to average net assets	7.29%(2)
Ratio of expenses to average net assets without fee waivers	1.18%(2)
Ratio of net investment income to average net assets without fee waivers	7.29%(2)

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Portfolio turnover rate

29.19%

(1) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

(2) Annualized.

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS April 30, 2004 (unaudited)

1. SIGNIFICANT ACCOUNTING AND OPERATING POLICIES

Reaves Utility Income Fund is a closed-end management investment company (the "Fund") that was organized under the laws of the state of Delaware by an Agreement and Declaration of Trust dated September 15, 2003. The Fund is a non-diversified series with an investment objective to provide a high level of after-tax income and total return consisting primarily of tax-advantaged dividend income and capital appreciation. The Declaration of Trust provides that the Trustees may authorize separate classes of shares of beneficial interest.

THE FOLLOWING SUMMARIZES THE SIGNIFICANT ACCOUNTING POLICIES OF THE FUND.

SECURITY VALUATION: The net asset value per Share of the Fund is determined no less frequently than daily, on each day that the American Stock Exchange (the "Exchange") is open for trading, as of the close of regular trading on the Exchange (normally 4:00 p.m. New York time). Securities held by the fund for which exchange quotations are readily available are valued at the last sale price, or if no sale price or if traded on the over-the-counter market, at the mean of the bid and asked prices on such day. Over-the-counter securities traded on NASDAQ are valued based upon the NASDAQ Official Closing Price. Debt securities for which the over-the-counter market is the primary market are normally valued on the basis of prices furnished by one or pricing services at the mean between the latest available bid and asked prices. As authorized by the Trustees, debt securities (other than short-term obligations) may be valued on the basis of valuations furnished by a pricing service which determines valuations based upon market transactions for normal, institutional-size trading units of securities. Short-term obligations maturing within 60 days are valued either at amortized cost or at original cost plus accrued interest, both of which approximate market value. Other-the-counter options are valued at the mean between bid and asked prices provided by dealers. Financial futures contracts listed on commodity exchanges and exchange-traded options are valued at closing settlement prices. Securities for which there is no such quotation or valuation and all other assets are valued at fair value in good faith by or at the direction of the Trustees.

USE OF ESTIMATES: The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

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INCOME TAXES: The Fund's policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

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DISTRIBUTIONS TO SHAREHOLDERS: Distributions from net investment income for the Fund are declared and paid monthly to common shareholders. Any net capital gains earned by the Fund are distributed at least annually to the extent necessary to avoid federal income and excise taxes. Distributions to shareholders are recorded by the Fund on the ex-dividend date.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain was recorded by the Fund.

OTHER: Investment security transactions are accounted for as of trade date. Dividend income is recorded on the ex-dividend date. Interest income, which includes amortization of premium and accretion of discount, is accrued as earned. Realized gains and losses from securities transactions and unrealized appreciation and depreciation of securities are determined using the First In First Out basis for both financial reporting and income tax purposes.

2. CAPITAL TRANSACTIONS

There are an unlimited number of no par value common shares of beneficial interest authorized. Of the 22,655,236 common shares outstanding on April 30, 2004, ALPS Distributors, Inc. owned 5,236 shares. The Fund issued 20,000,000 common shares in its initial public offering on February 27, 2004. These common shares were issued at \$20.00 per share before the underwriting discount of \$0.90 per share. An additional 1,250,000 common shares and 1,400,000 common shares were issued on March 23, 2004 and April 14, 2004, respectively. These common shares were also issued at \$20.00 per share before the underwriting discount of \$0.90 per share. Offering costs of \$906,000 (representing \$.04 per common share) were offset against proceeds of the offering and have been charged to paid-in capital of the common shares. ALPS Mutual Funds Services, Inc. ("ALPS") has agreed to pay those offering costs of the Fund (other than sales load, but inclusive of the reimbursement of the underwriter expenses of \$.0067 per common share) that exceed \$.04 per common share.

Transactions in common shares for the period ended April 30, 2004, were as follows:

FOR THE PERIOD ENDED APRIL 30, 2004

Common shares outstanding - beginning of period	5,236
Common shares issued in connection with initial public offering	20,000,000
Common shares issued from underwriters' over-allotment option exercised	2,650,000
Common shares issued as reinvestment of dividends	-

Common shares outstanding - end of period	22,655,236
	=====

3. PORTFOLIO SECURITIES

Purchases and sales of investment securities, other than short-term securities, for the period ended April 30, 2004 aggregated \$670,633,193 and \$73,740,428, respectively. Purchases and sales of U.S. government and agency securities, other than short-term securities, for the period ended April 30, 2004 aggregated \$22,886,458 and \$0, respectively.

Net unrealized appreciation/depreciation of investments based on federal tax cost were as follows:

FOR THE PERIOD ENDED APRIL 30, 2004

Gross appreciation (excess of value over tax cost)	\$ 1,679,347
Gross depreciation (excess of tax cost over value)	(29,945,622)

Net unrealized appreciation (depreciation)	\$ (28,113,702)

Cost of investments for income tax purposes	\$ 597,046,790
	=====

4. INVESTMENT ADVISORY AND ADMINISTRATION AGREEMENTS

W.H. Reaves & Co., Inc. ("Reaves") serves as the Fund's investment adviser pursuant to an Investment Advisory Agreement with the Fund. As compensation for its services to the Fund, Reaves receives an annual investment advisory fee of 0.575% based on the Fund's average daily total assets, computed daily and payable monthly.

ALPS serves as the Fund's administrator pursuant to an Administration, Bookkeeping and Pricing Services Agreement with the Fund. As compensation for its services to the Fund, ALPS receives an annual administration fee of 0.265% based on the Fund's average daily total assets, computed daily and payable monthly. ALPS will pay all expenses incurred by the Fund, with the exception of advisory fees, trustees' fees, portfolio transaction expenses, litigation expenses, taxes, cost of preferred shares, expenses of conducting repurchase offers for the purpose of repurchasing fund shares, and extraordinary expenses.

5. OUTSTANDING LOAN

On March 11, 2004, a Security Agreement between the Fund and The Bank of New York ("BONY") was executed which allows the Fund to borrow from BONY an aggregate amount of up to \$190,000,000. The borrowings under the BONY loan are secured by pledging the Fund's portfolio securities as collateral. As of April 30, 2004, the Fund had a loan payable in the amount of \$158,059,757 with a daily interest rate of 2.03%, which represents Federal Funds Rate plus 1.00%. The amount of the loan represented 27.50% of the Fund's total assets as of April 30, 2004.

6. DIVIDEND REINVESTMENT PLAN

Unless the registered owner of Common Shares elects to receive cash by contacting The Bank of New York (the "Plan Administrator" or "BONY"), all dividends declared on Common Shares will be automatically reinvested by the Plan Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the

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"Plan"), in additional Common Shares. Shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash paid by check mailed directly to the shareholder of record (or, if the Common Shares are held in street or other nominee name, then to such nominee) by BONY as dividend disbursing agent. You may elect not to participate in the Plan and to receive all dividends in cash by contacting BONY, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional Common Shares for you. If you wish for all dividends declared on your Common Shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each Common Shareholder under the Plan in the same name in which such Common Shareholder's Common Shares are registered. Whenever the Fund declares a dividend or other distribution (together, a "Dividend") payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in Common Shares. The Common Shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Common Shares from the Fund ("Newly Issued Common Shares") or (ii) by purchase of outstanding Common Shares on the open market ("Open-Market Purchases") on the American Stock Exchange or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commissions per Common Share is equal to or greater than the net asset value per Common Share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per Common Share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per Common Share on the payment date. If, on the payment date for any Dividend, the net asset value per Common Share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the Dividend amount in Common Shares acquired on behalf of the participants in Open-Market Purchases. In the event of a market discount on the payment date for any Dividend, the Plan Administrator will have until the last business day before the next date on which the

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Common Shares trade on an "ex-dividend" basis or 30 days after the payment date for such Dividend, whichever is sooner (the "Last Purchase Date"), to invest the Dividend amount in Common Shares acquired in Open-Market Purchases. It is contemplated that the Fund will pay monthly income Dividends. Therefore, the period during which Open-Market Purchases can be made will exist only from the payment date of each Dividend through the date before the next "ex-dividend" date which typically will be approximately ten days. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per Common Share exceeds the net asset value per Common Share, the average per Common Share purchase price paid by the Plan Administrator may exceed the net asset value of the Common Shares, resulting in the acquisition of fewer Common Shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the

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purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at the net asset value per Common Share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per Common Share; the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common Shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of Common Shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Common Shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. Participants that request a sale of Common Shares through the Plan Administrator are subject to brokerage commissions.

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The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, The Bank of New York, 101 Barclay Street, New York, New York 10286, 20th Floor, Transfer Agent Services, (800) 433-8191.

7. OTHER

The Independent Trustees of the Fund receive a quarterly retainer of \$3,500 and an additional \$1,500 for each meeting attended.

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TRUSTEES & OFFICERS
April 30, 2004 (unaudited)

INTERESTED TRUSTEES AND OFFICERS

NAME, AGE AND ADDRESS	POSITION(S) HELD WITH FUNDS/LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS* AND OTHER DIRECTORSHIPS HELD BY TRUSTEE
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W. ROBERT ALEXANDER
Age - 76
1625 Broadway, Ste. 2200
Denver, CO 80202

Trustee and
Chairman/Less
than three months

Mr. Alexander is the Chief Executive & Chairman of ALPS. Mr. Alexander was Chairman of First Interstate Bank of responsible for Trust, Private Bankin Retail Banking, Cash Management Servi Marketing. Mr. Alexander is currently member of the Board of Trustees of th and Hughes Trusts as well as Financia Investors Trust and Financial Investo Variable Insurance Trust. Because of affiliation with ALPS, Mr. Alexander considered an "interested" Trustee of Fund.

EDMUND J. BURKE
Age - 43
1625 Broadway, Ste. 2200
Denver, CO 80202

President/Less
than three months

Mr. Burke is President and a Director ALPS. Mr. Burke joined ALPS in 1991 a President and National Sales Manager. of his position with ALPS, Mr. Burke deemed an affiliate of the Trust as d under the 1940 Act. Mr. Burke is curr the President of Financial Investors and Financial Investors Variable Insu Trust.

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NAME, AGE AND ADDRESS	POSITION(S) HELD WITH FUNDS/LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS* AND OTHER DIRECTORSHIPS HELD BY TRUSTEE
<p>JEREMY O. MAY Age - 34 1625 Broadway, Ste. 2200 Denver, CO 80202</p>	<p>Treasurer/Less than three months</p>	<p>Mr. May is Managing Director of ALPS. joined ALPS in 1995 as a Controller. of his position with ALPS, Mr. May is an affiliate of the Trust as defined the 1940 Act. Mr. May is currently th Treasurer of Financial Investors Trus Financial Investors Variable Insuranc and First Funds.</p>
<p>EVERETT L. MORRIS Age - 75 1625 Broadway, Ste. 2200 Denver, CO 80202</p>	<p>Trustee/Less than three months</p>	<p>Mr. Morris was a Vice President and D of Reaves from 1993 to 2003. Mr. Morr currently a Director/Trustee of the P Funds, a Director of the Duff & Phelps Utilities Tax-Free Income Fund, and a Director of the Duff & Phelps Utiliti Income Fund.</p>
<p>TRACI A. THELEN Age - 31 1625 Broadway, Ste. 2200 Denver, CO 80202</p>	<p>Secretary/Less than three months</p>	<p>Ms. Thelen is the General Counsel of Ms. Thelen joined ALPS in October 199 Associate Counsel. Because of her pos with ALPS, Ms. Thelen is deemed an af of the Trust as defined under the 194 Ms. Thelen is currently the Secretary Financial Investors Trust, Financial Investors Variable Insurance Trust, F</p>

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Funds and Westcore Trust.

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INDEPENDENT TRUSTEES

NAME, AGE AND ADDRESS	POSITION(S) HELD WITH FUNDS/LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS* AND OTHER DIRECTORSHIPS HELD BY TRUSTEE
<p>MARY K. ANSTINE Age - 63 1625 Broadway, Ste. 2200 Denver, CO 80202</p>	<p>Trustee/Less than three months</p>	<p>Ms. Anstine is the President/Chief Executive Officer of HealthONE, Denver, Colorado, former Executive Vice President of First Interstate Bank of Denver. Ms. Anstine is also a Trustee/Director of the following: Denver Area Council of the Boy Scouts of America; Colorado Uplift Board; AV Home Trust; P/SL Auxiliary Board; Financial Investors Trust; Financial Investors Trust; and a member of the Advisory Board for the Girl Scouts Mile Hi Council. Anstine was a Director of: the Northern Bank of Colorado from February 1998 until February 2002; HealthONE; a member of the American Bankers Association Trust Executive Committee; and Director of the Center for Dispute Resolution.</p>
<p>MICHAEL F. HOLLAND Age - 59 375 Park Avenue New York, NY 10152</p>	<p>Trustee/Less than three months</p>	<p>Mr. Holland is Chairman of Holland & Mr. Holland is currently a Director and Chairman of the Board, President and Treasurer of the Holland Series Fund, Mr. Holland is also a Trustee of Stat Master Funds, Vanguard Charitable Endowment Program, and the China Fund, Inc.</p>

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NAME, AGE AND ADDRESS	POSITION(S) HELD WITH FUNDS/LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS* AND OTHER DIRECTORSHIPS HELD BY TRUSTEE
<p>ROBERT E. LEE Age - 68 10510 Lakeview Drive Hayden Lake, Idaho 83835</p>	<p>Trustee/Less than three months</p>	<p>Mr. Lee was a commercial bank executive at First Interstate Bank of Denver from 1980 through 1989. He is currently a Director of the following: Storage Technology Corporation; ING Financial Services - America; Meredith Corporation; and Executive Director -- The Denver Foundation. Mr. Lee is also a Trustee of Financial</p>

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Investors Trust and Financial Investo
Variable Insurance Trust.

LARRY W. PAPASAN
Age - 62
2670 Union Avenue
Extended Suite 700
Memphis, TN 38112

Trustee/Less than
three months

Mr. Papasan is the former Chairman of Nephew, Inc. (orthopedic division). Mr. Papasan is a former Director of First American National Bank of Memphis and West Tennessee Board of First American National Bank (1988-1991) and was President of Memphis Light Gas and Water Division of the city of Memphis (1984-1991). Mr. Papasan is a member of the Board of the Plough Foundation, a non-profit trust, a Trustee of First Funds, a mutual fund complex, a Trustee of Smith Seckman Reid, Inc., an engineering services company. Mr. Papasan is also Chairman of the Board of the University of Memphis Board of Visitors and Foundation Chairman of the Board of LeBonheur Children's Hospital Foundation, President of the Board of the Biblical Resource Center and Memphis Biotechnology Group, a non-profit organization.

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Except for their service on the Company's Board of Directors, the independent directors named above have not held any positions during the past two years with the Fund; any investment company; any investment adviser; any underwriter of the Fund; or any affiliate of the Fund or its investment advisers or underwriters.

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REAVES UTILITY INCOME FUND
1625 Broadway, Suite 2200
Denver, CO 80202
1-800-644-5571

[ALPS MUTUAL FUNDS SERVICES, INC. LOGO]

This Fund is neither insured nor guaranteed by the U.S. Government, the FDIC, the Federal Reserve Board or any other governmental agency or insurer.

Must be accompanied or preceded by a current prospectus.

For more information, please call 1-800-644-5571.

ITEM 2 - CODE OF ETHICS

Not applicable to semi-annual report.

ITEM 3 - AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable to semi-annual report.

ITEM 4 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable to semi-annual report.

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ITEM 5 - AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable to semi-annual report.

ITEM 6 - SCHEDULE OF INVESTMENTS

Schedule of Investments is included as part of the report to shareholders filed under item 1 of this form.

ITEM 7 - DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not applicable to semi-annual report.

ITEM 8 - PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS

Not Applicable.

ITEM 9 - SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

The Board of Trustees has not yet adopted procedures by which shareholders may recommend nominees to the Board of Trustees.

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ITEM 10 - CONTROLS AND PROCEDURES

- (a) The Registrant's Principal Executive Officer and Principal Financial Officer have evaluated the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures were effective, as of that date.
- (b) There was no change in the Registrant's internal control over financial reporting during Registrant's most recent fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 11 - EXHIBITS

- (a) (1) Not applicable to semi-annual report.
- (a) (2) Separate certifications for the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.
- (a) (3) Not applicable.
- (b) A certification for the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Rule 30a-2(b) under the Investment Company Act of 1940, is attached as Ex99.906CERT. The certification furnished pursuant to this paragraph is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Registrant specifically

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incorporates it by reference.

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SIGNATURES

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

REAVES UTILILTY INCOME FUND

By: /s/Edmund J. Burke

Edmund J. Burke
President

Date: July 8, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Edmund J. Burke

Edmund J. Burke
President

Date: July 8, 2004

By: /s/ Jeremy O. May

Jeremy O. May
Treasurer

Date: July 8, 2004

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