§ 6-g. Capital reserve funds for fire districts. 1. As used in this section:

a. The term "capital improvement" shall mean:

(1) Any physical betterment or improvement or any preliminary studies and surveys relative thereto.

(2) Land or rights in land.

(3) Any furnishings, equipment, machinery or apparatus for any physical public betterment or improvement acquired at the time when such betterment or improvement is constructed, reconstructed or acquired.

b. The term "equipment" shall include any equipment, machinery or apparatus not included in the definition of the term "capital improvement" and for the acquisition of which a period of probable usefulness has been provided by law.

c. The term "obligations" shall include bonds, notes, certificates or other evidences of indebtedness.

2. The board of fire commissioners of any fire district may establish capital reserve funds for the financing of all or a part of the cost of:

a. The construction, reconstruction or acquisition of a specific capital improvement or the acquisition of a specific item or specific items of equipment.

b. The construction, reconstruction or acquisition of a type of capital improvement or the acquisition of a type of equipment.

3. If the board of fire commissioners authorizes the establishment of a capital reserve fund for the financing of all or part of the cost of the construction, reconstruction or acquisition of a specific capital improvement or the acquisition of a specific item or specific items of equipment, it shall set forth in such authorization the estimated maximum cost thereof.

4. Any resolution of the board of fire commissioners authorizing the

establishment of a reserve fund shall not take effect until approved by the affirmative vote of a majority of the electors of such fire district affected, qualified to vote at an annual election of fire district officers, voting on such proposition. Any special election shall be held in the manner provided in section one hundred seventy-nine of the town law, as amended from time to time.

A proposition for the submission of any such resolution of the board of fire commissioners to the approval of the said qualified electors pursuant to this section, shall contain an abstract of such resolution concisely stating the purposes and effect thereof. The fire district secretary shall prepare such abstract with the advice of the attorney for the fire district, if there be one, and forthwith transmit the proposition to the board of fire commissioners in the form in which it is to be submitted at such annual or special election of such fire district. If there be more than one such proposition to be voted upon at such election, each proposition shall be separately and consecutively numbered.

5. There may be paid into any such capital reserve fund:

a. Such an amount as may be provided therefor in the annual budget of the fire district adopted pursuant to section one hundred eighty-one of the town law or pursuant to section one hundred eighty-one-a of the town law.

b. Such revenues as are not required by law to be paid into any other fund or account, including the proceeds from the sale of any capital improvement or equipment owned by such fire district.

6. The moneys in each such capital reserve fund shall be deposited and secured in the manner provided by section ten of this article. The board of fire commissioners or the fire district treasurer of such fire district, if the board of fire commissioners shall delegate such duty to him, may invest the moneys in each such fund in the manner provided in section eleven of this article. Any interest earned or capital gains realized on the moneys so deposited or invested shall accrue to and

become part of each such fund. The separate identity of each such fund shall be maintained, whether its assets consist of cash or investments or both.

7. An expenditure from a reserve fund shall be made only upon authorization by the board of fire commissioners and for a specific capital improvement or a specific item or specific items of equipment, the cost of which may be financed therefrom. However, if a proposed expenditure is from a fund established for a type of capital improvement or equipment and if it is required by law that the authorization by such board of fire commissioners of the issuance of obligations for such capital improvement or equipment be subject to a permissive or mandatory referendum, then the authorization of such an expenditure shall be subject to a permissive referendum. Within ten working days after the adoption by a board of fire commissioners of a resolution described in this section as being subject to a permissive referendum, the fire district secretary, in the same manner as provided for notice of annual elections, shall publish a notice which shall set forth the date of the adoption of the resolution and contain an abstract of such resolution concisely stating the purposes and effect thereof. The notice shall specify that such resolution was adopted subject to a permissive referendum. Any such resolution of the board of fire commissioners shall not take effect until thirty days after its adoption; nor until approved by the affirmative vote of a majority of the electors of such fire district affected, qualified to vote at an annual election of fire district officers, voting on such proposition, if within thirty days after its adoption there be filed with the fire district secretary a petition signed and acknowledged or proved in the same manner as a deed to be recorded, by resident taxpayers of such fire district, owning taxable real property aggregating at least one-quarter of the assessed valuation of all the taxable real property of the fire district as such valuations appear upon the latest completed assessment roll of the town or towns in which said fire district is located, protesting against such resolution and requesting that it be submitted to the qualified electors of the fire district affected for their approval or disapproval. If such petition be so filed not more than forty-five days nor less than thirty days prior to an annual election of fire district officers, a

proposition for the approval of such resolution shall be submitted at such annual election of fire district officers. If a petition be so filed at any other time, a proposition for the approval of such resolution shall be submitted at a special fire district election to be held not more than forty days after the filing of such petition. If, within five days after the filing of such petition, a written objection thereto be filed with the fire district secretary, and a verified petition setting forth the objections be presented by the person so filing such objections to the supreme court or any justice thereof of the judicial district in which such fire district or any part thereof is located, such court or justice within twenty days shall determine any question arising thereunder and make such order as justice may require. Such proceeding shall be heard and determined in the manner prescribed by section 16-116 of the election law. A proposition for the submission of any such resolution of the board of fire commissioners to the approval of the said qualified electors pursuant to this section, shall contain an abstract of such resolution concisely stating the purposes and effect thereof. The fire district secretary shall prepare such abstract with the advice of the attorney for the fire district, if there be one, and forthwith transmit the proposition to the board of fire commissioners in the form in which it is to be submitted at such annual or special election of such fire district. If there be more than one such proposition to be voted upon at such election, each proposition shall be separately and consecutively numbered.

8. The board of fire commissioners may authorize the transfer to the credit of another capital reserve fund of such fire district all or part of:

a. The unexpended balance remaining in a fund established pursuant to this section for a specific capital improvement or a specific item or specific items of equipment, which improvement has been completed or acquired, or which equipment has been acquired, after deducting from such balance a sum sufficient to satisfy all outstanding claims arising from the construction, reconstruction or acquisition of such capital improvement or the acquisition of such equipment.

b. The unexpended balance remaining in a fund established pursuant to this section for a specific item or specific items of equipment which have not been acquired or a specific capital improvement which has not been completed or acquired, or remaining in a fund established pursuant to this section for a type of capital improvement or a type of equipment. If the proposed transfer is from a fund established for a specific capital improvement or a specific item or specific items of equipment, the authorization of such transfer shall be subject to a permissive referendum if the authorization of the creation of a fund for such capital improvement or item or items of equipment was subject to a permissive referendum. A permissive referendum on the authorization of such transfer shall be governed in the manner provided in subdivision seven of this section.

9. The fire district treasurer shall keep a separate account for each fund established. Such account shall show:

a. The date and amount of each sum paid into the fund.

b. The interest earned by such fund.

c. The capital gains or losses resulting from the sale of investments of the fund.

d. The interest or capital gains which have accrued to the fund.

e. The amount and date of each withdrawal from the fund.

f. The assets of the fund, indicating the cash balance therein and a schedule of the amounts invested in federal or state obligations. The fire district treasurer, at the termination of each fiscal year, shall render a detailed report of the operation and condition of each of such funds to the board of fire commissioners.

10. The members of the board of fire commissioners are hereby declared trustees of such funds and shall be subject to all the duties and responsibilities imposed by law on trustees, and such duties and

responsibilities may be enforced by the fire district or by any board, commission, agency, officer or taxpayer thereof.

11. The members of the board of fire commissioners shall be guilty of a misdemeanor if they:

a. Authorize a withdrawal from a fund for any purpose other than for a capital improvement or an item or items of equipment, the cost of which has been authorized to be financed in whole or in part from such fund.

b. Expend any money withdrawn from a fund for a purpose other than that for which it was authorized to be withdrawn.

The provisions of this subdivision shall be considered to be in addition to any other penalties provided by law.

12. The board of water commissioners of a water district to which the provisions of article thirteen of the town law apply, and which has the powers of the fire district commissioners as provided in subdivisions nine to twenty-four, inclusive, of section one hundred seventy-six of the town law, may establish capital reserve funds as in this section provided for the financing of all or a part of the cost of capital improvements and equipment for fire department and fire protection purposes, in the same manner and to the same extent that the board of fire commissioners of a fire district may establish capital reserve funds for such purposes, and all of the provisions of this section shall apply in relation to the financing of all or a part of such capital improvements or equipment, and all references in this section to a fire district shall be deemed to refer to such water district, and all references herein to a fire district secretary or treasurer shall be deemed to refer to the secretary or treasurer of such board of water commissioners, except that if such board of water commissioners does not have a treasurer the provisions relating to the fire district treasurer shall be deemed to refer to the supervisor of the town in which such water district is located.

13. Notwithstanding the foregoing provisions of this section, if any

such fire district is situated in whole or in part in a town which is wholly or partly within the Adirondack park and has within the town boundaries state lands subject to taxation assessed at more than thirty per centum of the total taxable assessed valuation of the town as determined from the assessment rolls of the town, as completed from time to time, a capital reserve fund for the fire district shall not be established on and after May first, nineteen hundred forty-eight, unless the state comptroller, on behalf of the state, shall consent thereto, and, on and after May first, nineteen hundred forty-eight, in any such fire district so located, no expenditure or transfer shall be made from a capital reserve fund heretofore or hereafter established unless the state comptroller, on behalf of the state, shall consent thereto.