§ 6-h. Reserve fund for payment of bonded indebtedness in counties, cities, villages, towns and fire districts. 1. As used in this section, the term "governing board," in so far as it is used in reference to a county, shall mean the board of supervisors thereof; in so far as it is used in reference to a city, shall mean the "local legislative body" thereof, as that term is defined in subdivision seven of section two of the municipal home rule law, as amended from time to time; in so far as it is used in reference to a village, shall mean the board of trustees thereof; in so far as it is used in reference to a town, shall mean the town board thereof; in so far as it is used in reference to a fire district, shall mean the board of fire commissioners.

2. The governing board of any county, city, village, town or fire district may by resolution adopted by a majority vote of its governing body establish a reserve fund for the payment of its bonded indebtedness as herein described, provided, however, that such debt reserve fund shall not be established for, or moneys therein used to pay, any obligations payable in the first instance from assessments, or from taxes levied upon an area in such county, city, village, town or fire district smaller than the area of such county, city, village, town or fire district.

3. Such fund may be established for the payment of one or of several issues of bonds of such municipality or the purchase of the same.

4. There may be paid into such fund:

a. Such an amount as may be provided therefor by budgetary appropriation.

b. Such revenues as are not otherwise appropriated or required by law to be paid into any other fund or account.

5. An expenditure from such a reserve fund may only be made by appropriation pursuant to a resolution of the governing board of the municipal corporation or fire district establishing the same and only for the payment of the principal and interest on bonds issued by such

municipal corporation or fire district and forming a part of an issue having a maximum maturity of not less than five years; or for the purchase of bonds of such municipal corporation or fire district forming a part of an issue having a maximum maturity of not less than five years at a price not to exceed the par value thereof and accrued interest to the date of delivery of such bonds to such municipal corporation or fire district, provided, however, that if any such bonds were issued subject to the right of such municipal corporation or fire district to redeem the same prior to the maturity date thereof then such purchase may be made for the redemption of such bonds at the price and on the terms stated in such bonds or in the proceeding authorizing the same as the case may be.

Where provision has been made in the current budget from funds other than a reserve fund for the payment of the principal and interest on bonds or the purchase thereof, no expenditure may be made for the purchase or payment of the same from such a reserve fund during the current fiscal year for which such budget was adopted.

All expenditures from such fund as provided in this subdivision may only be made by the chief fiscal officer of the municipal corporation or fire district establishing the same.

Any such bonds so paid, purchased or redeemed and any interest coupons representing unmatured interest attached thereto shall be cancelled and destroyed by the chief fiscal officer of such municipal corporation or fire district establishing such fund who shall make a notation of such cancellation and destruction in the bond register of such municipal corporation or fire district. Such notation shall describe each such bond by title, date of issue, number, denomination and date of maturity, and if coupons are attached thereto by number, face value and date of maturity.

6. The governing board of a municipal corporation may, subject to a permissive referendum, authorize the transfer of a portion or all of such reserve to a capital reserve fund established pursuant to section six-c of the general municipal law.

The board of fire commissioners of a fire district may, subject to the approval of the voters at a regular or special election in such district, in the manner provided in section one hundred seventy-nine of the town law, authorize the transfer of a portion or all of such reserve to a capital reserve fund established pursuant to section six-g hereof.

7. The chief fiscal officer 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. The chief fiscal officer at the termination of each fiscal year shall render a detailed report of the operation and condition of each of such funds to the governing board.

8. The members of the governing board 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 county, city, village, town or fire district, as the case may be, or by any board, commission, agency, officer or taxpayer thereof.

9. The moneys in each such fund shall be deposited and secured in the manner provided by section ten of this article. The governing board or the chief fiscal officer of such municipal corporation or fire district, if the governing board 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 a part of each such fund. The separate identity of each such fund shall be maintained whether its assets consist of cash, investments, or both.

10. The members of the governing board shall be guilty of a misdemeanor if they:

a. Authorize a withdrawal from a fund for any other purpose except as provided in this section.

b. Expend any money withdrawn from a fund for a purpose other than that as provided in this section.

11. Notwithstanding the foregoing provisions of this section, in any town which is located wholly or partly within the Adirondack park and has within its boundaries state lands subject to taxation assessed at more than thirty percentum 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 reserve fund for the payment of bonded indebtedness 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 town no expenditure or transfer from any such fund heretofore or hereafter established shall be made unless the state comptroller, on behalf of the state, shall consent thereto.