§ 55-a. Reserve funds for improvement districts. 1. The town board of a suburban town, on behalf of any improvement district wholly located within the town, may establish one or more reserve funds for the financing of all or part of the cost of a "specific object or purpose" or a "class of objects or purposes", as such terms are defined in section 2.00 of the local finance law, which may be constructed, reconstructed, acquired or provided by or on behalf of such district. The authorization of the establishment of such a fund shall be subject to a permissive referendum in the affected district and shall set forth the estimated maximum cost of any such specific object or purpose or class thereof.

2. There may be paid into such fund such an amount as may be provided therefor by budgetary appropriation or such district revenues as are not required by law to be paid into any other fund or account. Any amount to be assessed, levied and collected in a district to provide money for such a fund shall be assessed, levied and collected in the same manner and at the same time as the amount to provide for the costs of operation and maintenance of such district.

3. An expenditure may be made from such a reserve fund only by an authorization of the town board and only for a specific object or purpose or class thereof, the cost of which may be financed therefrom.

4. The town board may authorize the transfer to the credit of a reserve fund created pursuant to this section for the district affected, any unexpended balance remaining in another reserve fund created for such district. If the object or purpose or class thereof for which the latter fund was established has been completed, acquired or provided, a sum sufficient to satisfy all outstanding claims arising from such completion, acquisition or provision shall be retained in such fund and not transferred.