

Fact Sheet regarding the State of Connecticut Statutes governing the establishment of Municipal Reserve Fund and other Special Funds

1. To the Question of “Is Giants Neck Heights a State Burrough or a District of a Municipality?”

The town Finance Director, Anna Johnson, told me in a phone conversation, that if Giants Neck Heights Association (GNHA) was a Burrough we would get annual State of CT funding to supplement Burrough expenses. We would also be required to file our budget with the State of CT annually to allocate for the use of State funding. Giants Neck Heights does not and thus she concluded that **GNHA is definitely not a Burrough.**

I also contacted Kristin Karr at the Office of the Secretary of State for CT. Kristin is a Manager there, and she referred me to the Connecticut State Register and Manual (Available on line at the CT Secretary of State website), also know as the “CT Blue Book” which is produced annually by the State of CT. In the Registers Manual on page 366 there is a list of the CT State Burroughs, Towns and Cities and **GNHA is not listed here.**

The CT State Register and Manual, on page 654, provides a listing of “Towns, Villages, and Districts with no post office of the same name.” **GNHA is listed in this section** and we do not have a distinct zip code or post office.

GNHA is a Municipal District of the Town of East Lyme and thus has to follow the CT State Statutes that govern Municipalities. See item 2 below for definition of District.

2. Definition of a District (CHAPTER 105, FIRE SEWER AND OTHER DISTRICTS)

Sec. 7-324. Definition. Continuation of former districts. For the purposes of sections 7-324 to 7-329, inclusive, “**district**” means any fire district, sewer district, fire and sewer district, lighting district, village, beach or improvement association (This is GNHA) and any other district or association, except a school district, wholly within a town and having the power to make appropriations or to levy taxes. All districts established prior to May 29, 1957, under the provisions of the general statutes or by special act shall be continued; provided any such district may be dissolved or consolidated with the government of any town, city or borough of which it is a part in accordance with the provisions of the general statutes or may, by a two-thirds vote of those voters present at a district meeting, elect to be governed by the provisions of sections 7-324 to 7-329, inclusive, in lieu of the provisions of any general or special act

under which such district was established or operated. Notwithstanding any of the provisions of sections 7-324 to 7-329, inclusive, **a district established prior to May 29, 1957, and electing to be governed by said sections shall not be required to adopt the form of organization provided for in said sections but may continue its existing form of organization and nevertheless have and exercise the powers and duties granted to districts in said sections and in such event the officers of such district shall have and may exercise the powers and duties granted to district officers in said sections.**

3. To the question of “What is a Municipal Reserve Fund and What can it be used for?” (CT State Statutes Chapter 108) and what is a Capital Improvement?

A Capital Improvement is defined as follows: “The addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the properties overall value, increase its useful life or adapt it to new uses.”

***Sec. 7-360. Creation of fund.** Upon the recommendation and approval of the budget-making authority, the legislative body of any municipality, by a majority vote, may create a reserve fund for capital and nonrecurring expenditures. Such fund shall thereafter be termed “reserve fund for capital and nonrecurring expenditures”.*

***Sec. 7-364. Use of fund.** Upon the recommendation of the budget-making authority and approval by the legislative body, **any part or the whole of such fund may be used for capital and nonrecurring expenditures, but such use shall be restricted to the financing of all or part of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of any specific item of equipment.** Upon the approval of any such expenditure an appropriation shall be set up, plainly designated for the project or acquisition for which it has been authorized, and such unexpended appropriation may be continued until such project or acquisition is completed. Any unexpended portion of such appropriation remaining after such completion shall revert to said reserve fund.*

***From Chapter 106, Town’s Board of Finance, Sec. 7-346. Tax may be apportioned over a period of years. Wherever used in this section, the phrase “recurring expenditure” means an expenditure for a purpose for which an appropriation was made in each of the three preceding fiscal years.** If any expenditure, other than a recurring expenditure, authorized in the budget or by the town meeting is of so large an amount that the tax laid to pay it would make the total tax so high as, in the judgment of the board, to be inconsistent with the public welfare, the board may apportion the tax for such expenditure over a period of not more than five years, and the amount apportioned each year shall be thereafter included in the budget as a fixed charge until such time as the total amount of such expenditure has been paid. If the electors of such town, at a legal*

meeting held for such purpose, vote to issue bonds, the interest on such bonds and an annual appropriation for a sinking fund sufficient to pay the same at maturity shall be included in the budget as a fixed charge. The provisions of this section shall not apply to any expenditure which is to be met by the proceeds of a bond issue and which has been authorized by vote of any town at any meeting thereof. Any charter provision of any municipality authorizing the apportionment of the tax laid for any recurring expenditure over a period of years is repealed. The provisions of this section shall apply to any town having a board of finance created by special act and shall become a part of such special act upon the adoption of the provisions of this section by a town at any annual or special meeting of the electors of such town called for that purpose.

4. Municipal Reserve Fund Amount Limit (CT State Statutes Chapter 108).

GNHA Board of Governors needs to rename our Capital Improvement fund “The Reserve Fund for Capital and nonrecurring Expenditures” IAW CT State statute Chapter 108 and adhere to the limitation of not exceeding the current tax levy (except for the addition of interest).

Sec. 7-367. Amount of fund not to exceed current tax levy. *No payments shall be made to the reserve fund as provided for in section 7-361 which will cause the amount of such fund to exceed the current tax levy of the municipality, except for the addition of interest and dividends earned by such fund* except in the case of any fire district or consolidated or unconsolidated borough, no such payments shall be made which will cause the amount of such fund to exceed three times the current tax levy of such fire district or borough excluding the addition of interest and dividends earned by such fund.

5. Park and recreation capital and nonrecurring expense Fund (CT State Statutes Chapter 97, Municipalities: General Provisions)

I am proposing that the GNHA board of governors establish a special fund to be known as the “Park and recreation capital and nonrecurring expense Fund” IAW Chapter 97 Sec. 7-129a of the CT State Statutes.

Sec. 7-129a. Park and recreation capital and nonrecurring expense fund. (a) As used in this section, “municipality” means any city, town, borough, **district or association with municipal powers which has within its jurisdiction and subject to**

its authority, holds or acquires any land or facilities for park or recreational use; “recreation authority” means the committee or commission within the government of a municipality responsible for the administration or supervision of parks or recreation, the legislative body of any municipality which has no such committee or commission, or the board of selectmen of any town which has no such committee or commission and the legislative body of which is the town meeting or representative town meeting.

(b) Any municipality, by vote of its legislative body, may establish a special fund, which shall be known as the park and recreation capital and nonrecurring expense fund. There shall be deposited in said fund (1) all moneys received by the municipality, from whatever source and by whatever means, as gifts for park or recreation purposes; (2) all moneys received by the municipality, from whatever source and by whatever means, as governmental grants or loans for park or recreational purposes; (3) all moneys received by the municipality from the sale or voluntary or involuntary conveyance of land used for park or recreational purposes, and (4) all moneys appropriated to said fund by the municipality.

(c) Said fund shall be in the custody of the treasurer or other officer in charge of funds of the municipality. All or any part of the moneys in said fund may, from time to time, be invested in any securities in which public funds may lawfully be invested. All income derived from such investments shall be paid into the fund and become a part thereof. The moneys so invested shall at all times be subject to withdrawal from such investment for use as provided in subsection (e) of this section.

(d) Annually, the treasurer or other officer having custody of said fund shall submit to the recreation authority and to the legislative body of the municipality a complete and detailed report of the condition of said fund, which report shall be made a part of the annual municipal report.

(e) Upon authorization of the body in such municipality having the power of appropriation, the moneys in said fund may be **used for capital and nonrecurring expenditures incurred in any of the following:** (1) **Acquisition, development, improvement, maintenance and expansion of park and recreation lands;** (2) **acquisition, erection, installation, maintenance, improvement, repair and replacement of park or recreation facilities and equipment;** (3) **development, establishment and improvement of park or recreation programs;** (4) **any other capital or nonrecurring expenditure incurred for park or recreational purposes.**

(f) No budget proposed or approved or appropriation made for park or recreational purposes in any municipality shall be reduced, ratably or otherwise, in consideration of any moneys in said fund.

6. GNHA Board of Governors Charged with enforcing Town ordinances and State Statutes.

Section 7 of the Charter (AN ACT INCORPORATING THE GIANTS NECK HEIGHTS ASSOCIATION) also has the guidance to the board on enforcing GNHA By-laws, the East Lyme Town Ordances and The CT State Statutes. It states;

“Said association shall have the power to make, amend or repeal by-laws, ordinances and regulations for its government, not in conflict with the general state statutes or town ordinances, and the governing board shall enforce the same in the name of the association. The objects of said association shall be to provide for the improvement of the land within its territorial limits, and for the health, comfort, protection and convenience of the inhabitants thereof.”

7. From the Town Charter.

Emergency: A state of imminent or proximate danger to life or property in which time is of the essence.

