§ 9. Use of tax moneys raised outside constitutional tax limit. 1. Whenever any county, city (other than the city of New York), village, or school district which is coterminous with, or partly within, or wholly within, a city having less than one hundred twenty-five thousand inhabitants according to the latest federal census, shall make a direct budgetary appropriation for any fiscal year for

a. The payment in such year or in any future fiscal year or years of all or any part of the cost of an object or purpose for which bonds may be issued, or

b. The payment of the interest on and principal of indebtedness, and the taxes required for such appropriation are excluded from the tax limitation prescribed by section ten of article eight of the state constitution, the amount so appropriated shall be used only for the object or purpose for which such appropriation was made, except as otherwise provided in subdivision two of this section.

2. Whenever the total amount of any such appropriation is not used for the object or purpose for which made, any unexpended balance therein may be used, in the manner provided and when authorized by law, for any of the following objects or purposes or a combination thereof:

a. An appropriation for an object or purpose for which bonds may be issued;

b. An appropriation to a reserve fund established pursuant to law for the financing of all or part of the cost of an object or purpose for which bonds may be issued; or

c. An appropriation for the payment of the interest on and principal of indebtedness, other than indebtedness evidenced by bonds and notes described in paragraphs A and D of section five of article eight of the state constitution, or renewals thereof.