

**Carson City
Agenda Report**

Date Submitted: March 9, 2011

Agenda Date Requested: March 17, 2011

Time Requested: 15 minutes

To: Mayor and Supervisors

From: City Manager

Subject Title: Discussion and action with respect to BDR S-646 which concerns the permissible use of proceeds of certain local sales and use tax by Carson City by modifying the City's Charter.

Staff Summary: BDR S-646 proposes a change to the City's Charter which would limit the Board's ability to expend funds collected under "Quality of Life". The proposed modifications state: The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must not be: (a) Used to pay any administrative costs, regardless of whether those administrative costs are associated with an activity described in subsection 2. (b) Deposited or transferred into any fund of Carson City other than the fund created pursuant to section 8A.12.

As drafted, this legislation would prohibit the assessment of indirect costs to the Quality of Life funds. As a part of the City's Fiscal policy, a Full Cost Allocation Plan (Plan) is prepared annually and approved by the Board of Supervisors. For the last several years, the firm of Mahoney Associates Consulting, LLC has prepared the City's cost allocation plan. The Plan for FY 11/12 was completed on January 26, 2011 and adopted by the Board on February 3, 2011.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move that the Board of Supervisors send a communication to the bill sponsor respectfully requesting that such legislation not be introduced or processed for the reasons stated in the Explanation of Recommended Board Action below.

Explanation for Recommended Board Action: This legislation, if adopted, will have a significant negative impact on the City's General Fund and on bonds issued under the Quality of Life program. Currently the Quality of Life Fund supports a portion of the General Government activities through an indirect allocation charge of \$135,333. The charges are shown on the Plan's

Summary Page 7, included herein. In addition, portions of the salary of the administrative staff of the Parks and Recreation Department are charged to the Quality of Life fund as direct costs in support of the goals of the fund. The budgeted amount of Parks and Recreation administrative charges are \$145,033. Should this legislation pass, then these administrative costs, \$280,366, would have to be absorbed by the General Fund.

Second, the bill would prohibit the transfer of the make-up maintenance costs to the General Fund to support the Aquatic Center. Under the City's current policy, the cost of the Aquatic Center is made up of user fees, General Fund and the Quality of Life fund. The General Fund pays half the expenses, the user fees and the Quality of Life funds are used for the balance. Again, should this legislation pass, the General Fund would be responsible for 100% of the difference between actual expenses and user fees for the Aquatic Center which has been approximately \$70,000 per year.

Third, and probably most important, is that the City is required to pay its debt service from the single debt service fund. The funds to service the Quality of Life Bonds are transferred from the Quality of Life Fund to the City's Debt Service Fund. This bill, as drafted, would prohibit the transfer.

The proposed amendment to Carson City's Charter was not presented to or considered by the City's Charter Review Committee this past year.

Applicable Statute, Code, Policy, Rule or Regulation: Bill Draft BDR S-646

Fiscal Impact: \$280,366 plus additional Aquatic Center Charges of approximately \$70,000.

Explanation of Impact: If the above funds are not available from the Quality of Life funds then they will need to be absorbed in the General Fund or expenses in the Parks and Recreation Department reduced accordingly.

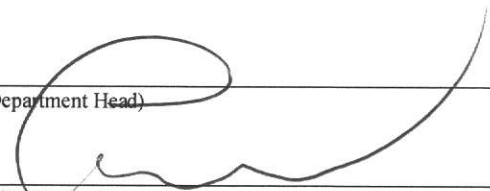
Funding Source: General Fund, Parks and Recreation Budget

Alternatives: If the bill does not pass, then the funding remains as budgeted.

Supporting Material: Carson City Charter Chapter 8A, Carson City Full Cost Allocation Plan Summary Page 7, Park Bond Official Statement

Prepared By: Lawrence A. Werner, P.E., P.L.S.

Reviewed By:



(Department Head)

Date: _____




(City Manager)

Date: 3/9/11



(District Attorney)

Date: 3/9/11



(Finance Director)

Date: 3/9/11

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

SUMMARY—Clarifies permissible use of proceeds of certain local sales and use taxes by Carson City. (BDR S-646)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: No.

AN ACT relating to Carson City; clarifying the permissible use of the proceeds of certain local sales and use taxes by the City; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Board of Supervisors of Carson City to impose by ordinance a local sales and use tax for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City, and creates a fund for the use of the proceeds from that tax. (Carson City Charter §§ 8A.070, 8A.120) The Board of Supervisors of Carson City has adopted an ordinance to impose the tax. (Carson City Municipal Code § 21.07.020) This bill clarifies that the proceeds from the tax must not be: (1) used to pay administrative costs of any kind; and (2) deposited or transferred into any fund of Carson City other than the fund specifically created for the use of the proceeds from the tax.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 8A.070 of the Charter of Carson City, being chapter 16, Statutes of Nevada 1997, at page 42, is hereby amended to read as follows:

Sec. 8A.070 Imposition of tax; use of proceeds.

1. The Board may enact an ordinance imposing a local sales and use tax for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City.

2. The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must be used *only* as follows:

(a) Forty percent of the proceeds of the tax, including interest and other income, ~~may~~ *must* be used for the acquisition, development, construction, equipping, improvement, maintenance and management of real property for open spaces.

(b) Except as otherwise provided in paragraph (e), 40 percent of the proceeds of the tax, including interest and other income, ~~may~~ *must* be used for the acquisition, development, construction, equipping and improvement of parks, trails and recreational facilities.



(c) ~~{Twenty}~~ *Except as otherwise provided in subsection 3, 20* percent of the proceeds of the tax, including interest and other income, may be used for the operation, maintenance and management of parks, trails and recreational facilities.

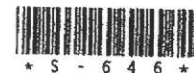
(d) Except as otherwise provided in paragraph (e) ~~{}~~ *and subsection 3*, the Board may authorize expenditures in an amount that varies from the percentage stated in paragraphs (a), (b) and (c) by not more than 2 percent for each use.

(e) If operation, maintenance and management expenses for parks, trails and recreational facilities do not equal or exceed 20 percent of the proceeds of the tax, including interest and other income, the balance of the proceeds of the tax, including interest and other income, authorized in paragraph (c) may be used for the acquisition, development, construction, equipping and improvement of parks, trails and recreational facilities in addition to the amount authorized in paragraph (b).

(f) At the end of a fiscal year, the proceeds of the tax, including interest and other income, not expended or otherwise obligated for the purposes set forth in this section must be carried forward and become part of the total proceeds of the tax, including interest and other income, available in the next fiscal year.

3. *The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must not be:*

(a) *Used to pay any administrative costs, regardless of whether those administrative costs are associated with an activity described in subsection 2.*



(b) Deposited or transferred into any fund of Carson City other than the fund created pursuant to section 8A.120.

4. The Board shall submit to the voters any proposal to change the previously approved uses for the proceeds of the tax, including interest and other income.

Sec. 2. This act becomes effective on July 1, 2011.



Article 8A - LOCAL SALES AND USE TAX FOR OPEN SPACES, PARKS, TRAILS AND RECREATIONAL FACILITIES

Sections:

Sec. 8A.010 - Definitions.

Sec. 8A.020. -

Sec. 8A.030 - "Open space" defined.

Sec. 8A.040 - "Park" defined.

Sec. 8A.050 - "Recreational facility" defined.

Sec. 8A.060 - "Trail" defined.

Sec. 8A.070 - Imposition of tax; use of proceeds.

Sec. 8A.080 - Required provisions of ordinance.

Sec. 8A.090 - Amendatory ordinances.

Sec. 8A.100 - Payment of proceeds of tax to department; distribution of proceeds.

Sec. 8A.110 - Redistribution of proceeds of tax by department.

Sec. 8A.120 - Creation of fund for use of proceeds from tax.

Sec. 8A.130 - Use of proceeds of tax; issuance of bonds and other securities.

Sec. 8A.140 - Types of securities; pledged revenue.

Sec. 8A.150 - Impairment of obligations prohibited.

Sec. 8A.160 - Department may act for Carson City in certain actions.

Sec. 8A.170 - Construction of article.

Sec. 8A.010 - Definitions.

Except as otherwise provided in this article or where the context otherwise requires, terms used or referred to in this article have the meanings ascribed to them in chapter 374 of NRS, as from time to time amended; but the definitions in sections 8A.020 to 8A.060, inclusive, except where the context otherwise requires, govern the construction of this article.

(Added-Ch. 16, Stats. 1997 p. 42; A-Ch. 37, Stats. 1999 p. 86)

Sec. 8A.020.

"Department" defined. "Department" means the department of taxation.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.030 - "Open space" defined.

"Open space" means real property that is undeveloped or partially developed natural landscape, including, but not limited to, ridges, stream corridors, natural shoreline, scenic areas, watershed areas, view-sheds, agricultural or other land devoted exclusively to open-space use, conservation easements and easements devoted or connecting to open-space use.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.040 - "Park" defined.

"Park" means real property designed to serve the recreational and outdoor needs of natural persons.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.050 - "Recreational facility" defined.

"Recreational facility" means personal property and improvements to real property for athletic and leisure activities and all appurtenant or customary facilities and uses associated therewith.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.060 - "Trail" defined.

"Trail" means a path for recreational or leisure activities through or connecting open space, parks or recreational facilities for use by nonmotorized traffic. The term includes a path or additional lane for bicycles.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.070 - Imposition of tax; use of proceeds.

1.

The board may enact an ordinance imposing a local sales and use tax for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City.

2.

The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must be used as follows:

(a)

Forty percent of the proceeds of the tax, including interest and other income, may be used for the acquisition, development, construction, equipping, improvement, maintenance and management of real property for open spaces.

(b)

Except as otherwise provided in paragraph (e), 40 percent of the proceeds of the tax, including interest and other income, may be used for the acquisition, development, construction, equipping and improvement of parks, trails and recreational facilities.

(c)

Twenty percent of the proceeds of the tax, including interest and other income, may be used for the operation, maintenance and management of parks, trails and recreational facilities.

(d)

Except as otherwise provided in paragraph (e), the board may authorize expenditures in an amount that varies from the percentage stated in paragraphs (a), (b) and (c) by not more than 2 percent for each use.

(e)

If operation, maintenance and management expenses for parks, trails and recreational facilities do not equal or exceed 20 percent of the proceeds of the tax, including interest and other income, the balance of the proceeds of the tax, including interest and other income, authorized in paragraph (c) may be used for the acquisition, development, construction, equipping and improvement of parks, trails and recreational facilities in addition to the amount authorized in paragraph (b).

(f)

At the end of a fiscal year, the proceeds of the tax, including interest and other income, not expended or otherwise obligated for the purposes set forth in this section must be carried forward and become part of the total proceeds of the tax, including interest and other income, available in the next fiscal year.

3.

The board shall submit to the voters any proposal to change the previously approved uses for the proceeds of the tax, including interest and other income.

(Added-Ch. 16, Stats. 1997 p. 42)

Sec. 8A.080 - Required provisions of ordinance.

An ordinance enacted pursuant to this article, except an ordinance authorizing the issuance of bonds or other securities, must include provisions in substance as follows:

1.

A provision imposing a tax of not more than one-quarter of 1 percent of the gross receipts of any retailer from the sale of all personal property sold at retail, or stored, used or otherwise consumed in Carson City.

2.

Provisions substantially identical to those contained in chapter 374 of NRS, insofar as applicable.

3.

A provision that an amendment to chapter 374 of NRS after the date of enactment of the ordinance, not inconsistent with this article, automatically becomes a part of the ordinance imposing the tax.

4.

A provision that the board shall contract before the effective date of the ordinance with the department to perform all the functions incident to the administration or operation of the tax in Carson City.

5.

A provision that a purchaser is entitled to a refund, in accordance with the provisions of NRS 374.635 to 374.720, inclusive, of the amount of the tax required to be paid that is attributable to the tax imposed upon the sale of tangible personal property used for the performance of a written contract for the construction of an improvement to real property:

(a)

That was entered into on or before the effective date of the tax; or

(b)

For which a binding bid was submitted before that date if the bid was afterward accepted, and pursuant to the terms of the contract or bid, the contract price or bid amount may not be adjusted to reflect the imposition of the tax.

6.

A provision that specifies the date on which the tax is first imposed or on which any changes in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the effective date of the ordinance.

(Added-Ch. 16, Stats. 1997 p. 43; A-Ch. 400, Stats. 2003 p. 2391; Ch. 421, Stats. 2005 p. 1778)

Sec. 8A.090 - Amendatory ordinances.

An ordinance amending an ordinance enacted pursuant to this article, except an ordinance authorizing the issuance of bonds or other securities, must include a provision in substance that Carson City shall amend a contract made pursuant to subsection 4 of section 8A.080 by a contract made between the board and the department before the effective date of the amendatory ordinance, unless the board determines with the written concurrence of the department that no such amendment of the contract is needed.

(Added-Ch. 16, Stats. 1997 p. 44)

Sec. 8A.100 - Payment of proceeds of tax to department; distribution of proceeds.

1.

All fees, taxes, interest and penalties imposed and all amounts of a tax required to be paid to Carson City pursuant to this article must be paid to the department in the form of remittances payable to the department.

2.

The department shall deposit the payments with the state treasurer for credit to the sales and use tax account in the state general fund.

3.

The state controller, acting upon the collection data furnished by the department, shall monthly:

(a)

Transfer from the sales and use tax account to the appropriate account in the state general fund a percentage of all fees, taxes, interest and penalties collected pursuant to this article during the preceding month as compensation to the state for the cost of collecting the tax. The percentage to be transferred pursuant to this paragraph must be the same percentage as the percentage of proceeds transferred pursuant to paragraph (a) of subsection 3 of NRS 374.785 but the percentage must be applied to the proceeds collected pursuant to this article only.

(b)

Determine the amount equal to all fees, taxes, interest and penalties collected in or for Carson City pursuant to this article during the preceding month, less the amount transferred to the state general fund pursuant to paragraph (a).

(c)

Transfer the amount determined pursuant to paragraph (b) to the intergovernmental fund and remit the money to the treasurer for Carson City.

(Added-Ch. 16, Stats. 1997 p. 44)

Sec. 8A.110 - Redistribution of proceeds of tax by department.

The department may redistribute any tax proceeds, interest or penalty collected pursuant to this article which is determined to be improperly distributed, but no such redistribution may be made as to amounts originally distributed more than 6 months before the date on which the department obtains knowledge of the improper distribution.

(Added-Ch. 16, Stats. 1997 p. 44)

Sec. 8A.120 - Creation of fund for use of proceeds from tax.

1.

The treasurer for Carson City shall deposit money received from the state controller pursuant to paragraph (c) of section 8A.100 into the treasury of Carson City for credit to the fund created for the use of the proceeds from the tax authorized by this article.

2.

The fund of Carson City created for the use of the proceeds from the tax authorized by this article must be accounted for as a separate fund and not as a part of any other fund.

(Added-Ch. 16, Stats. 1997 p. 44)

Sec. 8A.130 - Use of proceeds of tax; issuance of bonds and other securities.

1.

Money for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City may be obtained:

(a)

By the issuance of bonds and other securities as provided in subsection 2, subject to any pledges, liens and other contractual limitations made pursuant to this article;

(b)

- By direct distribution from the fund created pursuant to section 8A.120; or
- (c) By both the issuance of such securities and by direct distribution, as the board may determine appropriate.

2. The board may, after the enactment of the ordinance imposing the tax, from time to time issue bonds and other securities, which are general or special obligations of Carson City and that may be secured as to principal and interest by a pledge of the proceeds from the tax authorized by this article.

3. An ordinance authorizing the issuance of such a bond or other security must describe the purpose for which the bond or other security is issued.

(Added-Ch. 16, Stats. 1997 p. 45)

Sec. 8A.140 - Types of securities; pledged revenue.

1. For the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities authorized by this article, the board may issue:

(a)

General obligation bonds;

(b)

General obligation bonds for which payment is additionally secured by a pledge of the proceeds of the tax imposed pursuant to this article, and if so determined by the board, further secured by a pledge of the gross or net revenues derived from the operation of the recreational facilities, and any other project of the city which produces income, or from any license fees or other excise taxes imposed for revenue by the city, or otherwise, as may be legally made available for payment of the bonds;

(c)

Revenue bonds for which payment is solely secured by a pledge of the proceeds of the tax imposed pursuant to this article, and if so determined by the board, further secured by a pledge of the gross or net revenues derived from the operation of the recreational facilities, and any other project of the city which produces income, or from any license fees or other excise taxes imposed for revenue by the city, or otherwise, as may be legally made available for payment of the bonds; and

(d)

Medium-term obligations pursuant to NRS 350.085 to 350.095, inclusive.

2.

Money pledged to the payment of bonds or other securities pursuant to subsection 1 may be treated for the purposes of subsection 3 of NRS 350.020 as pledged revenue for the uses authorized by this article.

(Added-Ch. 16, Stats. 1997 p. 45)

Sec. 8A.150 - Impairment of obligations prohibited.

The board shall not repeal or amend or otherwise directly or indirectly modify the ordinance imposing the tax authorized by this article in such a manner as to impair an outstanding bond issued pursuant to this article, or other obligations incurred pursuant to this article, until all obligations for which revenue from an ordinance have been pledged or otherwise made payable from such revenue pursuant to this article have been discharged in full or provision for full payment and redemption has been made.

(Added-Ch. 16, Stats. 1997 p. 46)

Sec. 8A.160 - Department may act for Carson City in certain actions.

In a proceeding arising from an ordinance imposing a tax pursuant to this article, the department may act for and on behalf of Carson City.

(Added-Ch. 16, Stats. 1997 p. 46)

Sec. 8A.170 - Construction of article.

1.

The powers conferred by this article are in addition and supplemental to, and not in substitution for, the powers conferred by any other law and the limitations imposed by this article do not affect the powers conferred by any other law.

2.

This article must not be construed to prevent the exercise of any power granted by any other law to Carson City or any officer, agent or employee of the city.

3.

This article must not be construed to repeal or otherwise affect any other law or part thereof.

4.

This article is intended to provide a separate method of accomplishing the objectives of the article but not an exclusive method.

(Added-Ch. 16, Stats. 1997 p. 46)

CARSON CITY, NEVADA
FULL COST ALLOCATION PLAN

Fiscal Year 2010
Prepared January 26, 2011

Mahoney
Associates Consulting, LLC

Specializing in Cost Plans & Government Finance

1870 Divot Road
Carson City, NV 89701

775-883-3182
www.costplans.com
mahoney@costplans.com

Allocated Costs by Department

Central Service Departments	<u>Regional Transportation</u>	<u>V&I</u>	<u>Quality of Life</u>	<u>Street Maintenance</u>	<u>Grant Fund</u>	<u>Commissary Fund</u>	<u>Firefighter Retirement Medical</u>	<u>Capital Facilities</u>	<u>Residential Construction</u>
Building Use Charge	\$9,990	\$4	\$3,653	\$12,847	\$12,146	\$876	\$269	\$10	\$206
Equipment Use Charge	\$69,359		\$34,677						
Board of Supervisors									
Clerk									
Records Management									
Public Safety Complex									
Treasurer	\$5,356	\$5,342	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356
District Attorney	\$31,089		\$49,459	\$8,479					
City Manager	\$15,078	\$8	\$5,513	\$19,391	\$18,331	\$1,323	\$406	\$14	\$310
Finance	\$50,004	\$11	\$5,070	\$21,162	\$22,112	\$1,548	\$487	\$17	\$185
Human Resources	\$608		\$608	\$3,342	\$4,710	\$162	\$745		\$439
Information Technology	\$4,825		\$7,781	\$27,366	\$26,877	\$1,090			
Geographic Information Systems	\$9,312		\$20,312	\$16,538					
Purchasing	\$40,436	\$1	\$2,873	\$3,276	\$16,170	\$146	\$70	\$2	\$30
City Hall									
Internal Auditor	\$85		\$31	\$109	\$103	\$7	\$3		\$2
Planning									
Dispatch									
Public Works	\$67,376			\$74,586					
Facilities Maintenance	\$303			\$31,016					
Subtotal	\$303,821	\$5,366	\$135,333	\$223,458	\$105,805	\$10,498	\$7,336	\$5,399	\$6,528
Proposed Costs	\$303,821	\$5,366	\$135,333	\$223,458	\$105,805	\$10,498	\$7,336	\$5,399	\$6,528

OFFICIAL STATEMENT

\$6,815,000
Carson City, Nevada
General Obligation (Limited Tax)
Park Bonds
(Additionally Secured by Pledged Revenues)
Series 2005



MBIA

Application of Proceeds

The proceeds of the Bonds will be deposited in the Bond Fund and Acquisition Account. First, there shall be credited to the Bond Fund all moneys, if any, received as accrued interest on the Bonds from their sale by the City from the date of the Bonds to the date of their delivery to the Purchaser, to apply to the payment of interest on the Bonds as the same becomes due after their delivery. The remaining proceeds derived from the sale of the Bonds will be credited to the Acquisition Account. See "Use of Proceeds, Estimated Sources and Uses of Funds" in the Official Statement.

Acquisition Account

The money in the Acquisition Account will be used and paid out for the purpose of defraying the Cost of the Project, including the costs of issuing the Bonds. When any amounts in the Acquisition Account are no longer needed to pay the Cost of the Project, upon the direction of the City Finance Director, the City Treasurer shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated by the City Finance Director to be retained to pay any unpaid accrued costs or contingent obligations. The sums so transferred to the Bond Fund shall be applied to the payment of the next principal and interest due on the Bonds.

Flow of Funds

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues shall be set aside and credited immediately to a special fund known as the "Income Fund."

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Income Fund shall be administered, and the moneys on deposit therein shall be applied in the following order of priority:

a. First, from the Pledged Revenues, there will be credited to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any superior bonds or superior securities issued in accordance with the provisions of the 2005 Bond Ordinance:

(1) Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the superior bonds or superior securities.

(2) Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the superior bonds or superior securities coming due at maturity, and an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the outstanding superior bonds or superior securities.

b. Second, concurrently with the transfers required by the bond ordinances authorizing the issuance of Outstanding parity securities and parity securities hereafter issued, the following transfers will be credited to the Bond Fund:

(1) Monthly, commencing on the first day of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys available therefor, to pay the next maturing installment of interest on the Bonds then Outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then outstanding.