Municipal Paving Strategy & Capital Allocation Plan

To maximize Moulton's paving footprint while maintaining a highly conservative fiscal posture, this strategy establishes a funding baseline of **$200,000** for the current fiscal cycle.

Because 25% of total combined cash on hand across these four specific accounts ($357,759.31) is greater than $200,000, the plan strictly adheres to a minimum threshold constraint of **$200,000** to preserve reserves.

Funding Source Analysis & Strategy

The strategy utilizes a **"Restricted-First"** allocation model. We would exhaust the highly restrictive Rebuild Alabama Act (RAA) annual revenues first, supplement with 4-Cent Gas Tax revenues, and leave your massive Capital Improvement balance virtually untouched as a structural safety net.

1. **Rebuild Alabama Funds (Gas & Diesel):** These funds are strictly legally restricted to transportation infrastructure. We will completely allocate their combined annual revenue (**$40,000**) to ensure no statutory money sits idle.
2. **4-Cent Gas Tax Fund:** This fund has a massive runway. We will draw **$160,000** from this account. This utilizes its annual revenue ($30,000) plus a modest $130,000 dip into its $516k surplus.
3. **Capital Improvement Fund:** Kept entirely at **$0.00 spending** for this cycle. Because it generates $30,000 annually and has a $710k balance, preserving this fund gives the City immense leverage for unexpected municipal emergencies or massive future matching-grant opportunities (like ALDOT Industrial Access or ATRIP-II grants).

Multi-Tiered Implementation Framework

Implementation Tiers

- **Tier 1: Annual Revenue Absorption** — Use all incoming FY2026 revenues, totaling **$70,000**.
- **Tier 2: Surplus Drawdown** — Draw **$130,000** from the 4-Cent Gas Tax balance.
- **Tier 3: Asset Preservation** — Preserve the Capital Improvement Fund to continue building reserves.

- **Tier 1: Revenue Optimization (The $70,000 Baseline)**
  - *Action:* Immediately deploy the $30,000 from Rebuild Alabama Gas, $10,000 from Rebuild Alabama Diesel, and $30,000 from the 4-Cent Gas Tax annual projected revenues.
  - *Impact:* This ensures that 35% of your current paving cycle is entirely funded by new, incoming FY2026 revenues rather than depleting savings.
- **Tier 2: Controlled Surplus Drawdown ($130,000 Balance Dip)**
  - *Action:* Draw down the remaining $130,000 strictly from the 4-Cent Gas Tax surplus balance.
  - *Impact:* This satisfies the $200,000 budget target while leaving the 4-Cent Gas Tax fund with a incredibly healthy remaining balance of over $386,000.

- **Tier 3: Strategic Reserve Isolation ($0 Capital Improvement Draw)**
  - *Action:* Restrict Capital Improvement spending to zero.
  - *Impact:* This allows the Capital Improvement fund to compound by its $30,000 annual generation rate, pushing its balance toward three-quarters of a million dollars for high-priority economic development or utility emergencies.

Fiscal Impact & Net Spending Chart

The following table outlines the current balances, annual revenue generations, planned spending, and the projected net ending balances for all four accounts under this strategy.

Funding Account	Starting Balance	Est. Annual Revenue	Strategy Allocation	Projected Ending Balance	Net Balance Change
4-Cent Gas Tax Fund	$516,126.22	$30,000.00	**$160,000.00**	$386,126.22	-$130,000.00
Capital Improvement Fund	$710,911.03	$30,000.00	**$0.00**	$740,911.03	+$30,000.00
Rebuild Alabama Gas Fund	$141,000.00	$30,000.00	**$30,000.00**	$141,000.00	$0.00
Rebuild Alabama Diesel Fund	$63,000.00	$10,000.00	**$10,000.00**	$63,000.00	$0.00
TOTALS	**$1,431,037.25**	**$100,000.00**	**$200,000.00**	**$1,331,037.25**	**-$100,000.00**

Strategic Takeaway: By executing this multi-tiered model, the City of Moulton successfully injects $200,000 into local roads, yet net municipal wealth across these infrastructure accounts only decreases by $100,000 due to incoming revenue streams. Total combined reserves remain exceptionally strong at over **$1.33 million**.