



# Town of Chester

## One-Time Revenues Policy

Last Updated: 12/8/2025

Approved: 12/15/2025

### **PURPOSE**

To promote structurally balanced budgets by ensuring that operational expenses are supported by recurring revenue sources, this policy sets guidelines for the use of one-time revenues. It is fiscally prudent to avoid using any one-time revenue source to finance any ongoing operations since that funding source, by definition, cannot be expected to recur. Doing this without identifying future available offsets effectively postpones difficult decisions necessary to achieve structurally sound and sustainable spending plans.

### **APPLICABILITY**

This policy applies to the Town Administrator, Finance Committee, and Board of Selectmen in their budget analysis and decision-making responsibilities. It pertains to any source of revenue that occurs in isolation each year (i.e., not repetitively, either year after year or over a limited period of years). These sources can include, but are not limited to, free cash, overlay surplus, sale of municipal assets, tax lien sales, insurance proceeds, and gifts.

### **POLICY**

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. Instead, the Town will use the revenue to finance approved capital improvements, pay one-time expenditures, help reduce unfunded liabilities, or meet stated reserve goals before considering using any portion for operational needs. The Town Accountant will inform the Town Administrator of an anticipated receipt of any sizable or extraordinary one-time revenues and will thoroughly analyze them before proposing appropriation.

In addition, the following shall be the Town's priority order for appropriate one-time revenues:

1. Cash capital budget
2. General stabilization fund
3. Other Stabilization (capital) or reserve fund
4. OPEB trust fund

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenues. In such cases, the Town Administrator, with the Town Accountant may recommend their use for operational appropriations and will develop an action plan to avoid continued reliance on one-time revenues. As well as a plan to shift from using one-time revenues to more stable sources.

State laws impose further restrictions on how certain types of one-time revenues may be used. The Town will consult the following General Laws when the revenue source is:

- Sale of real estate: M.G.L. c. 44, § 63 and M.G.L. c. 44, § 63A

- Gifts and grants: M.G.L. c. 44, § 53A and M.G.L. c. 44, § 53A½
- Bond proceeds: M.G.L. c. 44, § 20

REFERENCES

M.G.L. c. 44, § 20

M.G.L. c. 44, § 63

M.G.L. c. 44, § 63A

M.G.L. c. 44, § 53

M.G.L. c. 44, § 53A

DLS Informational Guideline Release 17-22: Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt

Print Name:

Signature:

Position:

Date: