

OFFICE OF THE NEW YORK STATE COMPTROLLER

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To: Local Government and School District Chief Fiscal Officers
From: Division of Local Government and School Accountability
Subject: Accounting for Opioid Settlement Funds

Please provide copies of this document to others who would benefit from this information.

Purpose of Bulletin

The purpose of this bulletin is to provide accounting and reporting guidance to local governments and school districts receiving opioid settlement funds. Opioid settlement funds will be distributed to local governments in direct payments from the New York State (State) Attorney General's Office to county and city governments and in payments from the New York State Opioid Settlement Fund. These funds are distributed under programs and services overseen by the State Office of Addiction Services and Supports (OASAS), the Department of Health, the Office of Mental Health, the Division of Housing and Community Renewal, or any other agency that may oversee an eligible expenditure of opioid settlement funds.

Background

In March 2019, the State Attorney General sued several drug manufacturers and distributors for their role in the opioid epidemic. Several of these cases were settled in 2021, securing approximately \$1.6 billion for the State. As a result, the cities of Albany, Buffalo, New York, Rochester, Syracuse and Yonkers, along with each county in the State, have begun to receive a portion of these settlement funds² via the Attorney General's Office pursuant to the terms of the settlement agreements.

In addition to direct payments to cities and counties, chapter 190 of the Laws of 2021 established the Opioid Settlement Fund, which consists of money received by the State as a result of a settlement or other successful resolution of litigation, claims or causes of action (whether filed or unfiled, actual or potential) against opioid manufacturers, marketers, distributors, dispensers, vendors of opioids and related entities, involving activities alleged to have contributed to increases in opioid addiction. The money in the Opioid Settlement Fund will be used to support treatment, recovery and abatement efforts.

¹ Updated to incorporate accounting guidance related to money received by local governments and school districts from the State Opioid Settlement Fund.

² A schedule of direct payment opioid settlement funds broken out by city and county can be found on the [OASAS website](#). Page one of this schedule shows the combined total for all settlement agreements as of the date it was published.

The Office of Addiction Services and Supports (OASAS) is the lead agency responsible for monitoring and oversight of the Opioid Settlement Fund. Local governments and school districts may apply for State Opioid Settlement Funds on the OASAS webpage [Opioid Settlement Funding Initiatives](#).³

New Revenue Account Code Established

The new revenue account code **2735 Opioid Settlement Funds** should be used to record all opioid settlement-related revenues. This new revenue account code is active for cities, counties, towns, villages, school districts and fire districts across multiple funds.⁴

Accounting for Opioid Settlement Funds

Revenues

Local government and school district officials should use professional judgement to determine in which fund to record these revenues. A receivable should be recognized for the full amount when an enforceable legal claim to the resources is established (i.e., a legally binding settlement agreement or an approved agreement with OASAS).

In governmental funds, local governments and school districts should recognize revenue as it becomes available and when eligibility requirements are met, if applicable. Any unavailable amounts should be recorded as a deferred inflow of resources. Unused opioid settlement fund revenues should be closed out to other restricted fund balance.

In enterprise funds, local governments should recognize the entire amount due as a revenue. Unused opioid settlement funds should be closed out to net assets restricted for other purposes.

Expenditures

Local governments and school districts should keep in mind that settlement funds may have specific allowable uses. Accordingly, officials should consult with their respective municipal attorneys, to ensure that opioid settlement funds are being spent in accordance with the intended purpose. Pre-existing expenditure codes should be used when recording expenditures made with all opioid settlement funds.

Additional Information

If you have questions pertaining to the accounting information described in this bulletin, please contact the New York State Comptroller's regional office that serves your local government or school district.⁵

Questions regarding settlement amounts, timing, and allowable uses should be directed to the State Attorney General's Office or OASAS depending on which agency distributed the funds, as well as your municipal attorney.

³ <https://oasas.ny.gov/opioid-settlement-funding-initiatives>

⁴ This account code will be active in the A, CM, EF, EH, EI, EM and F funds.

⁵ Contact information can be found at <https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>