

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller



June 2023

To: County and Cities of Albany, Buffalo, Rochester, Syracuse and Yonkers
Chief Fiscal Officers

From: Division of Local Government and School Accountability

Subject: Accounting for Direct Payment 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 guidance related to **direct payments** of opioid settlement funds from the New York State (State) Attorney General's Office to county and city governments. Note that this bulletin **does not apply** to money received by local governments and school districts from the State Opioid Settlement Fund, which will be covered in separate accounting guidance on that topic.¹

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, and each county in the State have begun to receive a portion of these settlements funds via the Attorney General's Office pursuant to the terms of the settlement agreements. This bulletin addresses the accounting for these direct payment opioid settlement funds.

¹ Chapter 190 of the Laws of 2021 established the Opioid Settlement Fund. The law generally requires that all funds received by the State as a result of a settlement or other successful resolution of a claim or cause of action against opioid manufacturers, distributors, dispensers, vendors of opioids and related entities, involving activities alleged to have contributed to increases in opioid addiction, be deposited into the Opioid Settlement Fund. The funds will be used to support treatment, recovery and abatement efforts. The State Office of Addiction Services and Supports (OASAS) is the lead agency responsible for the monitoring and oversight of the Opioid Settlement Fund. The guidance in this bulletin **does not apply** to money received by local governments and school districts from the State's Opioid Settlement Fund. Our office will issue additional accounting guidance for money received from this fund.

New Revenue Account Code Established

The new revenue account code **2735 Opioid Settlement Funds** should be used when a county or city receives direct payment opioid settlement funds. This new revenue account code is active across multiple funds.²

Accounting for Direct Payment Opioid Settlement Funds

Revenues

County and city officials should use professional judgement to determine which fund to record these revenues in. Direct payment opioid settlement funds are an exchange or exchange-like transaction. As a result, 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).³

In governmental funds, counties and cities should recognize a receivable (net of allowance for uncollectible receivables) for the entire amount due. Revenue should be recognized as it becomes available, and the unavailable amount should be recorded as a deferred inflow of resources. Unused direct payment opioid settlement funds should be closed out to other restricted fund balance.

In enterprise funds, counties and cities should recognize the entire amount due as a revenue. Unused direct payment opioid settlement funds should be closed out to net assets restricted for other purposes.

Expenditures

Counties and cities should keep in mind that settlement funds may have specific allowable uses as outlined in the settlement agreements. Accordingly, officials should consult with their respective municipal attorneys, to ensure that settlement funds are being spent in accordance with the intended purpose. Pre-existing expenditure codes should be used when recording expenditures made with direct payment 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 county or city.⁴

Questions regarding settlement amounts, timing, and allowable uses should be directed to the State Attorney General's Office or your municipal attorney.

² This account code will be active in the A, CM, EF, EH, EI and EM funds.

³ 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.

⁴ Contact information can be found at <https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>