



Frequently Asked Questions on the Memorandum of Agreement on the Allocation, Use, and Reporting of Opioid Settlement Funds in North Carolina

Updated July 2024

CONTENTS

PART 1: LEGAL FRAMEWORK ..... 3

PART 2: ALLOCATION OF FUNDS ..... 10

PART 3: USE OF FUNDS IN GENERAL ..... 14

PART 3A: SPENDING AUTHORIZATION ..... 24

PART 4: OPTION A AND OPTION B ..... 33

PART 5: REPORTING REQUIREMENTS ..... 38

PART 6: COMPLIANCE AND AUDIT MATTERS ..... 57

PART 7: COLLABORATION AND COORDINATION ..... 59

PART 8: STATE SPENDING OF OPIOID SETTLEMENT FUNDS ..... 61

APPENDIX: ACRONYMS AND SHORTHAND ..... 64

*A more detailed table of contents appears on page 2*

*FAQs begin on page 3*

## DETAILED TABLE OF CONTENTS (showing major topics covered in each part)

PART 1: LEGAL FRAMEWORK .....	3
• National opioid settlements and bankruptcy resolutions	
• Memorandum of Agreement (MOA)	
• Supplemental Agreement for Additional Funds (SAAF)	
• Second Supplemental Agreement for Additional Funds (SAAF-2)	
PART 2: ALLOCATION OF FUNDS.....	10
• Allocation of funds between the state and local governments	
• Allocation of funds among local governments	
• Option for municipalities to have future funds directed to counties	
PART 3: USE OF FUNDS IN GENERAL.....	14
• Special revenue fund requirements	
• Restrictions on use of opioid settlement funds	
• Use of funds for salaries, capital expenses, and other purposes	
PART 3A: SPENDING AUTHORIZATION .....	24
• MOA requirements to authorize expenditure of funds	
• State law requirements to authorize expenditure of funds	
PART 4: OPTION A AND OPTION B.....	33
• Option A requirements	
• Option B requirements	
• Relationship between Option A and Option B	
PART 5: REPORTING REQUIREMENTS .....	38
• Spending authorization report	
• Option B report and recommendations	
• Annual financial report	
• Annual impact report	
PART 6: COMPLIANCE AND AUDIT MATTERS .....	57
• Preservation of records requirements	
• Consequences when expenditures are inconsistent with MOA	
• Audit provisions and compliance supplement	
PART 7: COLLABORATION AND COORDINATION .....	59
• NC MOA Coordination Group	
• Additional collaboration	
PART 8: STATE SPENDING OF OPIOID SETTLEMENT FUNDS.....	61
APPENDIX: ACRONYMS AND SHORTHAND .....	64

## PART 1: LEGAL FRAMEWORK

### 1. What is this FAQ?

This FAQ – prepared by the North Carolina Department of Justice (NC DOJ) – answers questions about the national opioid settlements; the Memorandum of Agreement (MOA) on the allocation, use, and reporting of opioid settlement funds in North Carolina; the Supplemental Agreement for Additional Funds (SAAF); and the Second Supplemental Agreement for Additional Funds (SAAF-2).

### 2. What if there is a discrepancy between this FAQ and any of the underlying legal documents discussed in the FAQ? [formerly question 3]

If there is a discrepancy between this FAQ and any of the underlying legal documents discussed in this FAQ – including the national opioid settlements and bankruptcy resolutions as well as the MOA, SAAF, or SAAF-2 – the terms of the underlying legal documents always take precedence.

### 3. Why do some questions in this FAQ document end with a parenthetical that says “[formerly question X]”?

Some questions end with a parenthetical to indicate that the question had a different number in prior drafts of this FAQ. For example, question 2 above includes the parenthetical, “[formerly question 3].” This indicates that question 2 in this version of the FAQ used to be question 3 in a previous version of the FAQ. These parentheticals are intended to assist readers who may have studied, bookmarked, or relied upon previous versions of this FAQ.

### 4. What topics are covered in Part 1 of the FAQ?

Part 1 covers the underlying legal framework, including:

- The national opioid settlements and bankruptcy resolutions
- The MOA, SAAF, and SAAF-2
- Overview of MOA requirements
- How to get more information

## National Opioid Settlements and Bankruptcy Resolutions

### **5. What opioid settlements are subject to the terms of the MOA, SAAF, or SAAF-2?** [formerly question 1A]

The opioid settlements subject to the terms of the MOA, the SAAF, or (if it is approved and finalized) the SAAF-2 include the Wave One Settlements, the Wave Two Settlements, and (if is approve and finalized) the Kroger settlement.

Wave One Settlements: The Wave One Settlements resolved litigation about opioid-related misconduct brought by many state and local governments against three drug distributors – Cardinal, McKesson, and AmerisourceBergen (which is now renamed Cencora) – as well as the drug maker Johnson & Johnson and its subsidiary Janssen. Final consent judgments for the North Carolina cases were entered in the General Court of Justice, Superior Court Division, Wake County, in April of 2022. These final consent judgments incorporate the MOA.

Wave Two Settlements: The Wave Two Settlements resolved litigation about opioid-related misconduct brought by many state and local governments against three retail pharmacy chains – CVS, Walmart, and Walgreens – as well as the drug makers Allergan and Teva. Final consent judgments were entered in the General Court of Justice, Superior Court Division, Wake County in September and October of 2023. These final consent judgments incorporate the SAAF (which applies most MOA terms to the Wave Two settlements, as discussed below).

Kroger Settlement: If and when it is finalized, the Kroger settlement will resolve litigation about opioid-related misconduct brought by many state and local governments against pharmacies operated by Kroger (which owns and operates Harris Teeter stores in North Carolina). It is anticipated that the final consent judgment in Kroger will incorporate the SAAF-2, which applies most MOA terms to the Kroger settlement, as discussed below, provided that both the SAAF-2 and Kroger settlement are approved and finalized.

### **6. How and when will the Kroger settlement be finalized?**

As with prior opioid settlements, North Carolina will receive its full share of payments from the Kroger settlement only if all relevant local governments sign onto the settlement. And Kroger will agree to finalize the settlement only if a sufficient number of local governments across North Carolina and the nation sign on. The deadline for local governments to join the Kroger settlement is August 12, 2024. [Learn more here.](#)

### **7. How can I learn more about these settlements?** [formerly question 1B]

For more information on the Wave One settlements:

- [Read the Distributor and J&J Settlements](#)
- [Read the NC Distributor Consent Judgment](#)

- [Read the NC J&J Consent Judgment](#)

For more information on the Wave Two settlements:

- [Read the CVS, Walgreens & Walmart Settlements](#)
- [Read the Teva & Allergan Settlements](#)
- [Read the NC CVS Consent Judgment](#)
- [Read the NC Walgreens Consent Judgment](#)
- [Read the NC Walmart Consent Judgment](#)
- [Read the NC Teva Consent Judgment](#)
- [Read the NC Allergan Consent Judgment](#)

For more information on the not-yet-finalized Kroger settlement:

- [Read an overview of the settlement](#)
- [Read an FAQ about the settlement](#)
- [Read the text of the settlement](#)

## 8. What bankruptcy resolutions are subject to the terms of the MOA? [formerly question 1C]

The bankruptcy resolutions subject to the terms of the MOA include the following:

- **Mallinckrodt:** As a result of the bankruptcy reorganization plan approved by the United States Bankruptcy Court for the District of Delaware, which became effective in June of 2022, the drug maker Mallinckrodt was required to pay approximately \$10.8 million over eight years to help address the opioid crisis in North Carolina. These payments were made in January and November of 2022. The bankruptcy reorganization plan incorporates the MOA.
- **Endo:** As a result of the bankruptcy reorganization plan approved by the United States Bankruptcy Court for the Southern District of New York, which took effect in April of 2024, the drug maker Endo will pay approximately \$10 million to help address the opioid crisis in North Carolina. This payment is expected to occur during Fiscal Year 2024-2025. The bankruptcy reorganization plan incorporates the MOA.
- **Purdue Pharma:** A bankruptcy plan involving the drug maker Purdue Pharma and its owners (the Sackler Family) was rejected by the U.S. Supreme Court in late June 2024. Discussions about a new plan are underway. If a new plan is developed and approved that allows for the allocation between a state and its political subdivisions to be established through a state-specific agreement, the plan would incorporate the MOA.

## 9. How much funding will these settlements and bankruptcy resolutions bring to North Carolina? [formerly question 1D]

Taken together, the Wave One Settlements, Wave Two Settlements, and bankruptcy resolutions described above (excluding Kroger, Endo and Purdue) are expected to bring

approximately \$1.4 billion to North Carolina state and local governments to address the opioid epidemic from 2022 through 2038.

In this document, the term “opioid settlement funds” refers to all funds received from the Wave One Settlements, Wave Two Settlements, and various bankruptcy resolutions described above (excluding Kroger, Endo and Purdue).

**10. What other matters might the MOA govern in North Carolina?** [formerly question 5]

In addition to the opioid settlements and bankruptcy resolutions described above, the MOA is “intended to serve as a State-Subdivision Agreement under resolutions of claims concerning alleged misconduct in manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic entered in bankruptcy court that provide for payments (including payments through a trust) to both the State and North Carolina counties and municipalities and allow for the allocation between a state and its political subdivisions to be set through a state-specific agreement.” [MOA p. 4.]

**11. Are there any national opioid settlements not covered by the MOA?**

Yes. The MOA does not govern the 2021 settlements with McKinsey & Company. A \$573 million multi-state settlement in 2021 resolved state investigations into the company’s role in advising opioid companies how to promote their drugs and profit from the opioid epidemic. The settlement provides nearly \$19 million over five years for the state of North Carolina, with all funds appropriated by the North Carolina General Assembly (NCGA) to address the opioid epidemic. A \$207 million class action settlement was approved in 2024 that resolved similar claims by local governments. (NC DOJ was not involved in this class action settlement and is not able to answer questions about it.)

In addition, the MOA does not govern the 2024 settlement between the State of North Carolina and the marketing firm Publicis. This \$350 million multi-state settlement resolved state investigations into the global marketing and communications firm’s role in fueling the prescription opioid crisis. The settlement provided a single payment of \$11.36 million to the state of North Carolina, with all funds to be appropriated by the NCGA to address the opioid epidemic.

The MOA, SAAF, and SAAF-2

**12. What is the MOA?** [formerly question 2]

The MOA governs the allocation, use, and reporting of proceeds from the Wave One Settlements and bankruptcy resolutions described above. Under the terms of the SAAF (described below), the MOA generally governs the allocation, use, and reporting of proceeds from the Wave Two Settlements. Under the terms of the SAAF-2 (also described below), the MOA will generally govern the allocation, use, and reporting of proceeds from the Kroger settlement – provided that both the Kroger settlement and the SAAF-2 are approved and finalized.

With respect to the overall allocation of opioid settlement funds, the MOA provides that funds from the Wave One Settlements and bankruptcy resolutions are allocated as follows:

- 15 percent to the state
- 85 percent to local governments

[MOA § B.2]

**13. What is the SAAF?** [formerly question 2B]

The SAAF governs the allocation, use, and reporting of proceeds from the Wave Two Settlements. The SAAF provides that the MOA governs the allocation, use, and reporting of proceeds from the Wave Two Settlements in the same way that the MOA governs the allocation, use, and reporting of proceeds from the Wave One Settlements and bankruptcy resolutions – with one minor difference. [SAAF §§ II.B.5, II.D & II.F.1]

The one minor difference between the MOA and the SAAF is that the SAAF provides that funds from the Wave Two Settlements are allocated as follows:

- 15 percent to the state
- 84.62 percent to local governments (versus 85 percent in the MOA)
- 0.38 percent to a “Local Counsel Fee Fund” to compensate private attorneys based in North Carolina that have represented local governments in opioid litigation

[SAAF § II.B.2]

**14. What is the SAAF-2?**

If the Kroger settlement and SAAF-2 are approved, the SAAF-2 will govern the allocation, use, and reporting of proceeds from the Kroger settlement. Similar to the SAAF, the SAAF-2 provides that the MOA governs the allocation, use, and reporting of proceeds from the Kroger settlement in the same way that the MOA governs the allocation, use, and reporting of proceeds from the Wave One Settlements and bankruptcy resolutions – with one minor difference. [SAAF-2 §§ II.B.5, II.D & II.F.1]

The one minor difference between the MOA and the SAAF-2 is that the SAAF-2 provides that funds from the Kroger Settlement are allocated in the same way the SAAF allocates funds from the Wave Two Settlements (15 percent to the state; 84.62 percent to local governments; and 0.38 percent to the “Local Counsel Fee Fund” described in the previous question). [SAAF-2 § II.B.2]

**15. How can I learn more about MOA, SAAF, and SAAF-2?**

For more information on the MOA:

- [Overview](#) of the national opioid settlements and NC MOA of the
- [FAQ](#) about Exhibit A strategies in the MOA (updated October 2023)
- [Guidance](#) on spending authorization requirements (August 2023)

- [Full text](#) of the NC MOA
- [Exhibit A](#) = shorter list of Option A strategies
- [Exhibit B](#) = longer list of strategies from the national settlements
- [Exhibit C](#) = collaborative strategic planning process
- [Exhibit D](#) = Coordination Group
- [Exhibit E](#) = Annual Financial Report (as modified by the NC MOA Coordination Group on July 12, 2023)
- [Exhibit F](#) = Annual Impact Report (as modified by the NC MOA Coordination Group on June 21, 2023)
- [Exhibit G](#) = Local Government Allocation Proportions

For more information on the SAAF:

- [FAQ](#) on the Wave Two Settlements & SAAF
- [Full text](#) of the SAAF

For more information on the (not yet approved) SAAF-2:

- [Overview](#) of the Kroger settlement and SAAF-2
- [FAQ](#) about the Kroger settlement and SAAF-2
- [Full text](#) of the SAAF-2

## Overview of MOA Requirements

### **16. What local governments must abide by the MOA and SAAF?** [formerly question 7]

Every local government that receives opioid settlement funds from any of the Wave One Settlements, Wave Two Settlements, or bankruptcy resolutions described above must abide by the MOA and SAAF. If the Kroger settlement and SAAF-2 are approved, every local government that receives Kroger funds will be required by the MOA and SAAF-2. A list of local governments entitled to receive opioid settlement funds is provided in question 24 below.

### **17. What does the MOA require of local governments receiving opioid settlement funds?** [formerly question 8]

Below is a broad-brush overview of some of the key requirements in the MOA. This overview does not replace the specific terms of the MOA; nor does it include every provision of the MOA that local governments must follow.

- Establish a fund.** A local government receiving opioid settlement funds must secure and account for these funds in a special revenue fund. This is covered in Part 3 of this FAQ and in Sections D and F of the MOA.
- Authorize spending.** Before spending opioid settlement funds, a local government must authorize the expenditure of these funds in a manner that satisfies MOA



requirements as well as state law. This is covered in Parts 3A and 5 of this FAQ and in Section E.6 of the MOA.

- C. Understand and follow the options. A local government must spend opioid settlement funds on opioid remediation activities authorized under Option A or Option B as detailed in the MOA. This requires a strong understanding of – and strict compliance with – the requirements of each option. This is covered in Part 4 of this FAQ and in Section E.5 and Exhibits A, B and C of the MOA.
- D. Understand and follow all reporting requirements. A local government must comply with all reporting requirements in the MOA, including the following:
  - 1. The local spending authorization report – due within 90 days of the authorization of the expenditure of opioid settlement funds.
  - 2. The Option B report and recommendations – due within 90 days of presentation to the governing body. (This report is required for local governments proceeding under Option B.)
  - 3. The annual financial report (Exhibit E) – due within 90 days of any fiscal year in which opioid settlement funds are received, held, or expended.
  - 4. The annual impact report (Exhibit F) – due within 90 days of any fiscal year in which opioid settlement funds are received, held, or expended.

Note that the Exhibit E annual financial report and Exhibit F annual impact report have been modified by the Coordination Group as detailed in questions 105, 128, 153, and 154 below.

These and other reporting requirements are covered in Part 5 of this FAQ and in MOA Sections E.6 and F.6 and Exhibits C, E and F.

- E. Hold annual meeting. The MOA requires that each county receiving opioid settlement funds hold at least one annual meeting open to the public, with all municipalities in the county invited to the meeting. The purpose of the meeting is to receive input from municipalities on proposed uses of the opioid settlement funds and to encourage collaboration among local governments. This is covered in Section E.4 of the MOA.

**18. When should the annual meeting take place?** [formerly question 9]

The MOA does not specify when the annual meeting should take place and does not clarify whether the term “annual” refers to the fiscal year or the calendar year. However, NC DOJ strongly recommends that local governments hold their annual meeting one time during each fiscal year, consistent with reporting requirements and other aspects of the MOA that generally align with the fiscal year rather than the calendar year. [MOA § E.4]

## How to Get More Information

### **19. How can I get more information?** [formerly question 10]

The Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) is the resources and reporting hub for the North Carolina opioid settlements. You can access CORE-NC at <https://ncopioidsettlement.org>.

The North Carolina Association of County Commissioners (NCACC) offers an array of tools and resources at <https://www.ncacc.org/opioidsettlement>

### **20. What if I've read this FAQ and other relevant resources and still have questions?** [formerly question 11]

If you have a legal question about the opioid settlements, bankruptcy resolutions, MOA, SAAF, or this FAQ, please contact the NC Department of Justice at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov).

If you have a question or suggestion about the Community Opioid Resources Engine website ([CORE-NC](#)), or you've encountered a broken link there, please contact the CORE-NC website managers at the UNC Injury Prevention Research Center at [opioidsettlement@unc.edu](mailto:opioidsettlement@unc.edu).

If you are a local government in need of technical assistance in planning, implementing, or evaluating opioid settlement strategies, contact the NC Association of County Commissioners ([opioidsettlement@ncacc.org](mailto:opioidsettlement@ncacc.org)) or the NC Department of Health and Human Services ([opioidsettlement@dhhs.nc.gov](mailto:opioidsettlement@dhhs.nc.gov)).

## PART 2: ALLOCATION OF FUNDS

### **21. How are opioid settlement funds allocated between the state of North Carolina and local governments in North Carolina?** [formerly question 12]

As noted in question 12 above, the MOA provides that funds from the Wave One Settlements and bankruptcy resolutions are allocated as follows:

- 15 percent to the state
- 85 percent to local governments

[MOA § B.2]

As noted in questions 13 and 14 above, both the SAAF and the SAAF-2 (if it is approved and finalized) provide that funds from the Wave Two Settlements are allocated as follows:

- 15 percent to the state
- 84.62 percent to local governments

- 0.38 percent to a “Local Counsel Fee Fund” to compensate private attorneys based in North Carolina that have represented local governments in opioid litigation [SAAF § II.B.2]

**22. What about the “county incentive fund” mentioned in the MOA?** [formerly question 13]

As a technical matter, with respect to funds from the Wave One Settlements and bankruptcy resolutions described above, the MOA allocates 15 percent of funds to the state, 80 percent to local governments, and 5 percent to a “county incentive fund.” [MOA §§ B.2 & G]

As a practical matter, because every local government receiving settlement funds has qualified to participate in the “county incentive fund,” the 80 percent going to local governments and the 5 percent going to the “county incentive fund” merge into a single 85 percent share of opioid settlement funds going to local governments.

**23. What happens to the state portion of the funds?** [formerly question 14]

The North Carolina General Assembly (NCGA) decides how to spend the 15 percent state share in keeping with the broad requirement – stated in the national settlement agreements and the MOA – that such funds be spent on opioid remediation activities. [MOA § B.5 and SAAF § II.B.2]

To learn how the NCGA has appropriated opioid settlement funds, see Part 8 below.

**24. Which local governments receive opioid settlement funds under the MOA?** [formerly question 15]

Local governments entitled to receive direct payments under the settlements are the 100 North Carolina counties plus any municipality that either filed suit against the defendants, or had a population of 75,000 or more in 2019, or both. Based on those criteria, the municipalities entitled to receive opioid settlement funds under the MOA are Asheville, Canton, Cary, Charlotte, Concord, Durham, Fayetteville, Gastonia, Greensboro, Greenville, Henderson, Hickory, High Point, Jacksonville, Raleigh, Wilmington, and Winston-Salem. [MOA § B.4.a & Exhibit G]

Note that a municipality may arrange to have future opioid settlement payments sent directly to the county or counties where the municipality is located, and several municipalities have done so. This option is discussed in questions 28 through 32 below. [MOA § B.4.b and SAAF § II.B.4]

**25. If a county and a municipality within that county are both receiving opioid settlement funds, isn't that double dipping?** [formerly question 16]

No. In situations where a county and a municipality within that county receive settlement funds, the portion of the settlement funds awarded to the county has been reduced by the amount awarded to the municipality – so there is no double dipping.

**26. If a municipality is not receiving opioid settlement funds under the MOA, how do municipal residents benefit from the opioid settlements?** [formerly question 17]

Residents of all municipalities in North Carolina – including those that receive settlement funds and those that do not – stand to benefit from county and state programs and services supported with opioid settlement funds.

**27. How much money will each local government receive from these settlements?** [formerly question 18]

The Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) includes a schedule of estimated payments for local governments. Visit the [CORE-NC](#) website at <https://ncopioidsettlement.org> and click on Data Dashboards – NC Payment Schedule.

**28. Can a municipality arrange to have future opioid settlement payments sent directly to the county or counties where the municipality is located?** [formerly question 21]

Yes. A municipality can arrange to have future opioid settlement payments sent directly to the county or counties where the municipality is located, bypassing the municipality. If a municipality is located in more than one county, future payments would be sent to those counties based on a formula developed at the national level by experts retained by the outside counsel for local governments. [MOA § B.4.b and SAAF § II.B.4]

This option is only available for future opioid settlement payments that a municipality has not yet received. This option is not available for payments that a municipality has already received. (That said, with respect to opioid settlement payments that a municipality has already received, a municipality may contract with a county to implement one or more opioid settlement strategies. See question 44 below for more on this option.)

**29. Have any municipalities arranged to have future opioid settlement payments sent directly to the county or counties where the municipalities are located?** [formerly question 22]

Yes. A number of municipalities have arranged to have future opioid settlement payments sent directly to the counties where the municipalities are located – including Cary (starting in FY 22-23), Charlotte (starting in FY 23-24), Concord (starting in FY 23-24), Gastonia (starting in FY 22-23), and Raleigh (starting in FY 22-23). The estimated payments to Burke, Cabarrus, Caldwell, Catawba, Chatham, Durham, Gaston,

Mecklenburg, and Wake Counties on the CORE-NC schedule of payments have increased to reflect these decisions.

**30. What are the advantages of a municipality arranging to have future opioid settlement payments sent directly to the county or counties where the municipality is located?** [formerly question 22A]

There are at least two potential advantages. First, a municipality that arranges to have future opioid settlement payments sent directly to the county or counties where the municipality is located is relieved of any reporting or other obligations under the MOA with respect to the future payments that go directly from the national settlement administrator to their respective county or counties, bypassing the municipality. Second, having payments sent directly to the county or counties where a municipality is located has the potential to improve coordination and increase efficiency in addressing the opioid epidemic. [MOA § B.4.b and SAAF § II.B.4]

**31. If a municipality has already received some opioid settlement payments, does the municipality still have the option to have future opioid settlement payments sent directly to the county or counties where the municipality is located?** [formerly question 22B]

Yes. A municipality that has already received opioid settlement payments has the option to have future opioid settlement payments sent directly to the county or counties where the municipality is located.

In this scenario, the municipality must continue to comply with all MOA requirements, including all reporting requirements, with respect to the opioid settlement funds that the municipality has already received. Specifically, with respect to all opioid settlement funds that the municipality has already received, the municipality must comply with all reporting requirements listed in question 94 and detailed in Part 5 of this FAQ, including requirements concerning (1) spending authorization, (2) Option B report and recommendations (if required under Option B), (3) annual financial report, and (4) annual impact report. These reporting requirements continue through any and every fiscal year in which the municipality holds or spends opioid settlement funds that it previously received.

However, the municipality will be relieved of all MOA requirements, including all reporting requirements, with respect to the future opioid settlement payments sent directly to the county or counties where the municipality is located, bypassing the municipality.

**32. How can a municipality learn more about this option?** [formerly question 22C]

A municipality interested in exploring this option should email NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov).

**33. What formula was used to allocate opioid settlement funds among local governments?**  
[formerly question 24]

The allocation formula for the NC MOA is derived directly from the allocation model developed at the national level by experts retained by the outside counsel for local governments. The national allocation model gives equal weight to three factors:

- A. Opioid Use Disorder (“OUD”). Under this factor, each county is assigned a percentage derived by dividing the number of people in the county with OUD by the total number of people nationwide with OUD. The model uses data reported in the National Survey on Drug Use and Health for 2017.
- B. Overdose Deaths. This factor assigns to each county a percentage of the nation’s opioid overdose deaths. The percentage is based on Multiple Causes of Death data reported by the National Center for Health Statistics, the Centers for Disease Control and the U.S. Department of Health and Human Services. The data so reported is then adjusted using a standard, accepted method designed to address the well-established under-reporting of deaths by opioid overdose.
- C. Amount of Opioids. This factor assigns to each county a percentage of the national opioid shipments during 2006-2016 (expressed as morphine molecule equivalents) that produced a negative outcome. This percentage is based on data reported by the U.S. Drug Enforcement Agency in its so-called ARCOS database. Each county’s share of national shipments is multiplied by the higher of two ratios: (1) the ratio of the percentage of people in the county with OUD to the percentage of people nationwide with OUD; or (2) the ratio of the percentage of people in the county who died of an opioid overdose between 2006-2016 to the national percentage of opioid overdose deaths during that time.

### PART 3: USE OF FUNDS IN GENERAL

**34. What do the MOA and SAAF say about the special revenue fund that each local government must establish?** [formerly question 25]

The MOA and SAAF state that each local government receiving opioid settlement funds must secure and account for them in a special revenue fund. [MOA § D and SAAF § D]

**35. Do the MOA and SAAF require separate special revenue funds depending on whether the source of the funds is the Wave One Settlements, Wave Two Settlements, Kroger settlement (if approved) or various bankruptcy resolutions described above?** [formerly question 25A]

No. The MOA and SAAF state that each local government receiving opioid settlement funds must secure and account for them in a special revenue fund. Beyond that requirement, there is no need for separate special revenue funds corresponding to the

particular source of the funds (e.g., Wave One Settlements, Wave Two Settlements, Kroger settlement if approved, or various bankruptcy resolutions).

- 36. Beyond the requirement that local governments secure opioid settlement funds in a special revenue fund, do the MOA and SAAF require that local governments engage in separate accounting or reporting activities depending on the source of the funds?** [formerly question 25B]

No. The MOA and SAAF state that each local government receiving opioid settlement funds must secure and account for all such funds in a special revenue fund. Beyond that requirement, the MOA and SAAF do not mandate that local governments engage in separate accounting or reporting activities based on the specific source of the funds at issue – i.e., whether the funds stem from a particular Wave One Settlement, Wave Two Settlement, Kroger settlement (if approved) or bankruptcy resolution.

- 37. Does the MOA require a unique bank account for the special revenue fund?** [formerly question 26]

No. The MOA does not require a unique bank account for the special revenue fund. A local government may place the funds in a separate, interest-bearing bank account, but the MOA does not require this. [MOA § D and SAAF § D]

- 38. Does the MOA require that a local government spend all the funds it receives in a particular fiscal year by the end of that fiscal year?** [formerly question 27]

No. The MOA does not require that a local government spend all the funds it receives in a particular fiscal year by the end of that fiscal year. The MOA allows a local government to roll funds over from year to year. Consistent with this option, the annual financial report described in MOA Exhibit E allows a local government to report the amount of opioid settlement funds in the special revenue fund at the end of one fiscal year and the beginning of the following fiscal year. [See MOA Exhibit E, as modified by the Coordination Group – discussed in questions 102 through 125 of this FAQ.]

- 39. Does the MOA allow a local government to invest and earn interest on settlement funds?** [formerly question 28]

Yes. The MOA states that the funds in the special revenue fund may be invested, consistent with the investment limitations for local governments in state law. The funds may be placed in an interest-bearing bank account, with any interest earned used in a manner that is consistent with the MOA. [MOA § D.3]

In keeping with this provision of the MOA and relevant state law, a local government may pool opioid settlement funds with cash from other funds for deposit and investment purposes. A local government will then allocate the proportional share of any interest or investment gains (or losses) to the opioid settlement special revenue fund. (For more on this, see questions 114 and 115 below.)

**40. Can funds in the special revenue fund be used for a loan or pledge of assets?** [formerly question 29]

Under the MOA, funds in the special revenue fund may be used for a loan or pledge of assets only if the loan or pledge of assets is for an opioid remediation purpose that is consistent with the terms and procedures laid out in the MOA. [MOA § D.2]

**41. Can a local government use funds in the special revenue fund to reimburse itself for past expenditures on strategies to address the opioid epidemic?** [formerly question 29B]

No, a local government may not use funds in the special revenue fund to reimburse itself for past expenditures on strategies to address the opioid epidemic. MOA Section D.1 requires that local governments create a separate special revenue fund for the receipt and expenditure of opioid settlement funds; and MOA Section E.6 describes the procedural requirements that a local government must follow in order to obligate or expend funds from the special revenue fund:

Process for drawing from special revenue funds.

- a. Budget item or resolution required. Opioid Settlement Funds can be used for a purpose when the Governing Body includes in its budget or passes a separate resolution authorizing the expenditure of a stated amount of Opioid Settlement Funds for that purpose or those purposes during a specified period of time.
- b. Budget item or resolution details. The budget or resolution should (i) indicate that it is an authorization for expenditure of opioid settlement funds; (ii) state the specific strategy or strategies the county or municipality intends to fund pursuant to Option A or Option B, using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy, and (iii) state the amount dedicated to each strategy for a stated period of time.

Section E.6 makes it clear that a local government wishing to obligate or expend opioid settlement funds must follow each of these procedural steps before obligating or expending opioid settlement funds in the special revenue fund. If a local government has already obligated or expended funds to address the opioid epidemic, the local government may not use opioid settlement funds to reimburse itself for such past expenditures.

In this context, it should be emphasized that reimbursing past expenditures is not a permissible strategy under Exhibit A or Exhibit B to the MOA. Indeed, the introductory language of MOA Exhibit A states, “As used in this list, the words ‘fund’ and ‘support’ are used interchangeably and mean to create, expand, or sustain a program, service, or activity.” Reimbursing a past expenditure is not mentioned or allowed.

For more on the process local governments must follow in order to obligate or expend funds from the special revenue fund, see Part 3A below.



For more on Exhibit A and Exhibit B strategies, see Part 4 below.

**42. Can a local government contract with a third party to implement opioid remediation strategies under the MOA?** [formerly question 30]

Yes. The MOA provides that a local government may contract with a nonprofit, charity, or other entity to use opioid settlement funds to implement opioid remediation strategies in a manner consistent with all of the substantive and procedural requirements of the MOA and all other applicable laws and rules. [MOA § D.2]

**43. Can a local government contract with a for-profit entity to implement opioid remediation strategies under the MOA?** [formerly question 31]

Yes. As noted above, the MOA provides that a local government may make contracts with a nonprofit, charity, or other entity to implement opioid remediation strategies in a manner consistent with all of the substantive and procedural terms of the MOA and all other applicable laws and rules. The words “other entity” allows for the possibility that a local government may contract with a for-profit entity to implement one or more opioid remediation strategies. [MOA § D.2]

**44. Can a local government contract with another local government to implement opioid remediation strategies under the MOA?** [formerly question 31A]

Yes. As noted above, the MOA provides that a local government may make contracts with a nonprofit, charity, or other entity to implement opioid remediation strategies in a manner consistent with all of the substantive and procedural terms of the MOA and all other applicable laws and rules. [MOA § D.2] This allows for the possibility that a local government may contract with another local government to implement one or more opioid remediation strategies listed in the MOA.

When one local government contracts with a second local government to implement one or more opioid remediation strategies listed in the MOA, the first local government must comply with all provisions of the MOA – including all reporting requirements – with respect to the opioid settlement funds that the first local government received from the national settlement administrator.

Example #1: County One is interested in funding Exhibit A Strategy 8 – Post-Overdose Response Team (PORT). An adjacent county, County Two, already has a successful PORT. County One may contract with County Two to provide PORT services to residents of County One. Although County One has contracted with County Two in this manner, County One must comply with all provisions of the MOA – including all reporting requirements – with respect to opioid settlement funds that County One received from the national settlement administrator. County One should ask County Two for any information that County One may need to comply with these obligations.

Example #2: A municipality is interested in funding Exhibit A Strategy 4 – Recovery Housing Support. The county where the municipality is located is also interested in funding Exhibit A Strategy 4 – Recovery Housing Support. The municipality may contract with the county to provide recovery housing support to residents of the municipality. Although the municipality has contracted with the county in this manner, the municipality must comply with all provisions of the MOA – including all reporting requirements – with respect to opioid settlement funds that the municipality received from the national settlement administrator. The municipality should ask the county for any information the municipality may need to comply with these obligations.

Footnote: The discussion and examples above come into play when one local government has already received opioid settlement payments and wishes to contract with a second local government to implement opioid remediation strategies using funds that the first local government has already received. An entirely different scenario arises when a municipality arranges to have future opioid settlement payments sent directly to the county or counties where the municipality is located, bypassing the municipality. This different scenario is only available for future opioid settlement payments that a municipality has not yet received. (See questions 28 through 32 above for more on this.)]

**45. If a local government contracts with a third party to implement opioid remediation strategies under the MOA, does that relieve the local government of its obligations under the MOA?** [formerly question 32]

No. The local government always bears ultimate legal responsibility for all of its obligations under the MOA, including all reporting requirements.

Recommendation: A local government that contracts with a third party to implement opioid remediation strategies under the MOA must ensure that the third party complies with the MOA. To ensure that this happens, the local government should include all relevant MOA requirements – including reporting requirements – in its contract with the third party.

Example: Under the MOA, a local government that spends opioid settlement funds during a fiscal year must file annual financial and impact reports within 90 days of the end of the fiscal year (as discussed in Part 5 of this FAQ and in Section F.6 and Exhibits E and F of the MOA). Knowing this, the local government should ensure that any sub-recipient of opioid settlement funds agrees in advance – as part of its contract – to provide whatever information the local government will itself need to comply with the reporting requirements in the MOA.

**46. Can a local government assign to another entity its right to receive opioid settlement payments?** [formerly question 33]

No. Although a local government may make contracts with a nonprofit, charity, or other entity to implement opioid remediation strategies under the MOA, the local government may not assign to another entity its rights to receive payments from the national settlements. [MOA § D.2]

**47. Can a local government assign to another entity its responsibilities for funding decisions?** [formerly question 33A]

No. Although a local government may make contracts with a nonprofit, charity, or other entity to implement opioid remediation strategies under the MOA, the local government may not assign to another entity its responsibilities for funding decisions. [MOA § D.2]

Example #1: Under the MOA, a local government may decide to spend opioid settlement funds to operate a syringe service program and contract with a sub-recipient to operate the program. The local government decides what strategy to fund, and the sub-recipient implements that strategy.

Example #2: Under the MOA, a local government may decide to spend opioid settlement funds on collaborative strategic planning and contract with a sub-recipient to coordinate the collaborative strategic planning activities.

- As part of the collaborative strategic planning process, the sub-recipient may gather or present recommendations on what additional strategies the local government may wish to support with opioid settlement funds.
- However, the sub-recipient may not make decisions on what additional strategies the local government will support with opioid settlement funds, because making decisions about what strategies to support with opioid settlement funds is the responsibility of the local government under the MOA. [MOA § D.2]

**48. Does the MOA allow a local government to spend opioid settlement funds on salary and fringe benefits of an employee?** [formerly question 33B]

Yes, under appropriate circumstances. The MOA permits a local government to spend opioid settlement funds on the salary and fringe benefits of an employee if the following conditions are satisfied:

First, the employee must be engaged in implementing a strategy or strategies listed in Exhibit A or Exhibit B to the MOA that are properly authorized pursuant to the substantive and procedural requirements in the MOA. In this FAQ we will refer to such strategies as “authorized MOA strategies.” (To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.)

Second, if the employee is responsible for implementing more than one authorized MOA strategy, then – for accounting and reporting purposes – the cost of that employee’s salary and fringe benefits should be prorated among the various strategies, based on the proportion of the employee’s time spent implementing each authorized MOA strategy.

Third, if the employee is engaged in other employment activities that do not involve implementing authorized MOA strategies, then funding must be prorated as follows:

- Opioid settlement funds may only be used to cover the part of the employee’s salary that corresponds to time spent implementing authorized MOA strategies. Opioid settlement funds can never be used to fund any portion of the employee’s salary that corresponds to time not spent implementing authorized MOA strategies.
- Other non-opioid-settlement funds must be used to cover the portion of the employee’s salary that corresponds to time spent on activities that do not involve implementing authorized MOA strategies.

Example #1: A local government has properly authorized the use of opioid settlement funds to support Exhibit A Strategy 3, recovery support services. As part of this authorized MOA strategy, the local government may use opioid settlement funds to pay the salary and benefits of a peer support specialist who spends 100 percent of their working time engaged in recovery support services as described in Exhibit A Strategy 3.

Example #2: A local government has properly authorized the use of opioid settlement funds to support Exhibit A Strategy 3, recovery support services, and Exhibit A Strategy 12, reentry programs. As part of this strategy, the local government may use opioid settlement funds to pay the salary and benefits of a peer support specialist who spends 50 percent of their working time engaged in recovery support services as described in Exhibit A Strategy 3 and 50 percent of their working time engaged in supporting reentry programs as described in Exhibit A Strategy 12. For accounting and reporting purposes, the local government should consider 50 percent of the employee’s salary and benefits devoted to Exhibit A Strategy 3 and 50 percent devoted to Exhibit A Strategy 12.

Example #3: A local government has properly authorized the use of opioid settlement funds to support Exhibit A Strategy 10, criminal justice diversion programs. The local government has hired a social worker who will spend 50 percent of their time implementing these criminal justice diversion programs and 50 percent of their time assisting elderly nursing home residents with matters unrelated to any MOA strategy. The local government may use opioid settlement funds to cover 50 percent of the employee’s salary and benefits and must use other non-opioid-settlement funds to cover the other 50 percent of the employee’s salary and benefits.

Example #4: A local government has properly authorized the use of opioid settlement funds to support Exhibit A Strategy 1, collaborative strategic planning. It may use opioid settlement funds to pay the salary and benefits of an Opioid Coordinator to implement this strategy. Based on the text of Exhibit A strategy 1, the Opioid Coordinator may engage in a wide array of activities including (for example) stakeholder engagement, planning activities, data analysis, program evaluation, gathering and reporting relevant information, or other activities listed in Exhibit C to the MOA. (See question 83 below for more on Exhibit A Strategy 1, collaborative strategic planning.)

**49. If a local government spends opioid settlement funds on salary and fringe benefits of an employee, may that employee spend time gathering or reporting information required by the MOA?** [formerly question 33C]

Yes. If a local government spends opioid settlement funds on salary and fringe benefits of an employee in a manner consistent with question 48 above, then the employee may spend time gathering or reporting information required by the MOA. To put it another way, if a local government employee is engaged in implementing a strategy or strategies listed in Exhibit A or Exhibit B to the MOA that are properly authorized pursuant to the substantive and procedural requirements in the MOA, then the employee may spend time gathering and reporting information required by the MOA as part of their broader effort to implement the authorized strategy.

Example: A local government properly authorizes the expenditure of opioid settlement funds on Option A Strategy 5 – employment-related services for people with Opioid Use Disorder – and hires a full-time peer support specialist to implement this strategy. As part of their work, the peer support specialist may gather and report data required by the MOA, including (for example) data needed to complete the annual impact report described in MOA Exhibit F (as modified by the Coordination Group).

**50. If a local government spends opioid settlement funds on salary and fringe benefits of an employee devoted to Exhibit A Strategy 1 – collaborative strategic planning – may that employee spend time gathering or reporting information required by the MOA?** [formerly question 33D]

Yes. Consistent with the answer to question 83 below, and taking into account the broad wording and scope of Exhibit A Strategy 1 (Collaborative Strategic Planning), if a local government spends opioid settlement funds on salary and fringe benefits of an employee devoted to this Exhibit A Strategy 1 (Collaborative Strategic Planning), then the employee may spend time gathering and reporting information required by the MOA – including (for example) data needed to complete the annual impact report described in MOA Exhibit F (as modified by the Coordination Group).

**51. Can a local government dedicate a set percentage of opioid settlement funds to “indirect costs” or “administrative expenses” or “overhead”?** [formerly question 33E]

No. The MOA does not allow this. The MOA provides that all opioid settlement funds received by local governments must be spent on opioid remediation strategies listed in Exhibit A or Exhibit B – or on reasonable audit costs incurred by local governments in connection with opioid settlement funds. [MOA §§ B.5, E.1, E.5, F.3 and Exhibit E]

Note: Although a local government may not dedicate a set percentage of opioid settlement funds to indirect costs, the local government may dedicate opioid settlement funds to Exhibit A Strategy 1 – Collaborative Strategic Planning. Under this strategy, a local government may fund a wide range of collaborative strategic planning activities to address opioid misuse, addiction, overdose, or related issues. These activities may include staff support, facilitation services, or any activity or combination of activities listed in Exhibit C to the MOA. (See question 83 below for more on this.)

**52. If a local government contracts with a third party to implement opioid remediation strategies, can the third party dedicate a set percentage of opioid settlement funds to “indirect costs” or “administrative expenses” or “overhead”?** [formerly question 33F]

No. The MOA does not allow this, for the reasons stated in question 51 above.

**53. If a local government contracts with a third party to implement opioid remediation strategies, can the third party spend opioid settlement funds on salary and fringe benefits of an employee?** [formerly question 33G]

Yes, under appropriate circumstances. Just as the MOA permits a local government to spend opioid settlement funds on the salary and fringe benefits of an employee if the conditions stated in question 33B are satisfied, the MOA permits a sub-recipient to spend opioid settlement funds on the salary and fringe benefits of an employee if the conditions stated in question 48 are satisfied.

**54. Does the MOA allow a local government to spend opioid settlement funds on a building, vehicle, or other capital asset?** [formerly question 33H]

The MOA permits a local government to spend opioid settlement funds on a building, vehicle, or other capital asset if the following conditions are satisfied:

First, the local government must use the building, vehicle, or other capital asset to implement a strategy or strategies listed in Exhibit A or Exhibit B to the MOA that are properly authorized pursuant to the substantive and procedural requirements in the MOA (“authorized MOA strategy”). To learn more about the strategies listed in Exhibit A and Exhibit B, see Section 4 of this FAQ and the additional resources listed there.

Second, if the building, vehicle, or other capital asset is used to implement more than one authorized MOA strategy, then – for accounting and reporting purposes – the cost of the capital asset should be prorated among the various strategies, depending on how much of the asset is devoted to implementing each respective strategy.

Third, if the local government is using the building, vehicle, or other capital asset for more than one purpose, funding must be prorated as follows:

- Opioid settlement funds may be used only to support the portion of the cost of the building, vehicle, or other capital asset used to implement the authorized MOA strategy or strategies. Opioid settlement funds can never be used to fund any portion of the building, vehicle, or other capital asset used for any other purpose that does not involve implementing an authorized MOA strategy.
- Other non-opioid-settlement funds must be used to cover the portion of the cost of the building, vehicle, or other capital asset that is not used to implement authorized MOA strategies.

Example #1: A local government has decided to use opioid settlement funds to support Exhibit A Strategy 2, Evidence-Based Addiction Treatment. As part of this strategy, the local government may use opioid settlement funds to build a treatment center that provides evidence-based addiction treatment.

Example #2: A local government has decided to use opioid settlement funds to support Exhibit A Strategy 2, Evidence-Based Addiction Treatment. Related to this strategy, the local government plans to build a new facility where half the space will be devoted to providing evidence-based addiction treatment and half the space will be used for offices for local government officials (unrelated to implementing any authorized MOA strategy). Under these circumstances, the local government could use opioid settlement funds to cover up to half the cost of the facility and would have to use other non-opioid-settlement funds to cover the other half of the cost of the facility.

Example #3: A local government has decided to use opioid settlement funds to support Exhibit A Strategy 8, Post-Overdose Response Team (PORT). The PORT Team will drive around and visit individuals who have experienced non-fatal overdoses in an effort to connect them to services or supports they need to improve their health or well-being. As part of this strategy, the local government may use opioid settlement funds to purchase a vehicle that will be used by members of the PORT for these PORT-related purposes (and for no other purposes).

Example #4: A local government has decided to use opioid settlement funds to support Exhibit A Strategy 8, Post-Overdose Response Team (PORT). The PORT Team will engage in the activities described in Example #3 above. Related to this strategy, the local government plans to purchase a vehicle that will be used half the time by the PORT Team and half the time by the Parks Department to clean up litter in public parks (unrelated to any authorized MOA strategy). Under these circumstances, the local

government may use opioid settlement funds to cover up to half the cost of the vehicle and would have to use other non-opioid-settlement funds to cover the remaining half of the cost of the vehicle.

## PART 3A: SPENDING AUTHORIZATION

### 55. What general requirements must a local government follow to spend opioid settlement funds in the special revenue fund? [formerly question 34]

There are two broad requirements for a local government to spend opioid settlement funds in the special revenue fund:

Substantive Requirement: The expenditures must be allowed under Option A or Option B of the MOA. This substantive requirement is discussed in Part 4 of this FAQ and in Section E.5 and Exhibits A, B, and C of the MOA.

Procedural Requirement: Before spending opioid settlement funds, a local government must specifically authorize the expenditure of such funds in a manner that is consistent with both the MOA and state law. These procedural requirements are discussed below.

### 56. What are the procedural requirements for a local government to follow in order to spend opioid settlement funds? [formerly question 35]

Assuming (as a substantive matter) that an expenditure of opioid settlement funds is allowed under Option A or Option B of the MOA, then (as a procedural matter) a local government must specifically authorize the expenditure of such funds in a manner that is consistent with both (1) the MOA and (2) state law. Here is an overview of these procedural requirements:

The MOA: Section E.6 of the MOA states that, before spending opioid settlement funds, the local government's governing body must adopt a resolution that includes very specific details about each funded strategy. These details are discussed in questions 60 through 67 below.

State Law: In addition to complying with the terms of the MOA, a local government must abide by budgeting, preaudit, and other expenditure control requirements in the Local Government Budget and Fiscal Control Act, NCGS Chapter 159, Article 3. These requirements are discussed in questions 68 through 75 below and in two blog posts by Professor Kara Millonzi at the UNC School of Government:

- "Authorizing Expenditures and Budgeting Opioid Settlement Funds," August 11 2024, available here: <https://canons.sog.unc.edu/2023/08/authorizing-expenditures-and-budgeting-opioid-settlement-funds/>



- “New Multi-year Budgeting Option for Opioid Settlement funds,” June 14, 2024, available here: <https://canons.sog.unc.edu/2024/06/new-multi-year-budgeting-option-for-opioid-settlement-funds/>

**57. Why does a local government have to satisfy the procedural requirements of both the MOA and state law?** [formerly question 35A]

Local governments must satisfy the procedural requirements in both (1) the MOA and (2) state law because the resolution required by the MOA is not sufficient under the Local Government Budget and Fiscal Control Act to authorize the expenditure of the opioid settlement funds. By the same token, a budget ordinance in keeping with state law – which requires appropriations by department, function, or project – will not include sufficient detail to meet the requirements of the MOA for authorizing the expenditure of opioid settlement funds.

For these reasons, in order to authorize the expenditure of opioid settlement funds, a local government must adopt both an authorizing resolution (consistent with the MOA requirements described in questions 60 through 67 below) and a formal budget ordinance (consistent with state law, described in questions 68 through 75 below), settlement project ordinance, or capital project ordinance.

**58. What if a local government has satisfied the procedural requirements of the Local Government Budget and Fiscal Control Act but has not satisfied the procedural requirements of the MOA?** [formerly question 35B]

The local government must take immediate action to comply with the procedural requirements in MOA. These procedural requirements are discussed in questions 60 through 67 below.

**59. What if a local government has satisfied the procedural requirements of the MOA but has not satisfied the procedural requirements of the Local Government Budget and Fiscal Control Act?** [formerly question 35C]

The local government must take immediate action to comply with the procedural requirements in the Local Government Budget and Fiscal Control Act. These procedural requirements are discussed in questions 68 through 75 below.

## MOA Procedural Requirements to Authorize Expenditure of Opioid Settlement Funds

### **60. What are the procedural requirements in the MOA for a local government to authorize the expenditure of opioid settlement funds in the special revenue fund?** [formerly question 35D]

In order to comply with the procedural requirements in the MOA for a local government to authorize the expenditure of opioid settlement funds in the special revenue fund, a local government's governing board must adopt a resolution that provides the specific details required by Section E.6 of the MOA. Pursuant to that section of the MOA, the resolution must:

- (i) indicate that it is an authorization for expenditure of opioid settlement funds; and
- (ii) state the specific strategy or strategies the county or municipality intends to fund pursuant to Option A or Option B, using the item letter and/or number in MOA Exhibit A or Exhibit B to identify each funded strategy; and
- (iii) state the amount dedicated to each strategy for a specific period of time.

[MOA § E.6]

### **61. When a local government seeks to authorize the expenditure of opioid settlement funds on a strategy listed in Exhibit B, must the authorizing resolution include both the letter and number to refer to the strategy?** [formerly question 35E]

Yes. Under Section E.6 of the MOA, the local government must adopt a resolution that states each specific strategy that the local government intends to fund. In this context, the word "specific" means that resolution must use both the letter and number to refer to the exact strategy listed in Exhibit B.

Example: A local government seeks to fund a program to address the needs of pregnant women with Opioid Use Disorder by training healthcare providers about best practices for treating pregnant women with OUD. It is not sufficient for the resolution to state the most relevant general strategy (Exhibit B Strategy E – Address the Needs of Pregnant or Parenting Women and their Families). Instead, resolution must identify a more specific strategy that includes both the letter and number in Exhibit B (such as Exhibit B Strategy E3 – "Training for obstetricians or other healthcare personnel that work with pregnant women and their families regarding treatment of OUD").

Note: To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.

**62. When a local government seeks to authorize the expenditure of opioid settlement funds on a specific Exhibit B strategy, using both the letter and number of the strategy as the MOA requires, what if there are several numbered strategies that seem relevant?**

[formerly question 35F]

When a local government seeks to fund a specific Exhibit B strategy, and there are several numbered strategies in Exhibit B that seem relevant, the local government should select the Exhibit B strategy that best describes – and accurately describes – the program or service the local government seeks to fund (using both the letter and the number listed in Exhibit B).

Example: A local government seeks to prevent the misuse of opioids through evidence-based prevention programs in schools. Such programs fall under Exhibit B Strategy G – Prevent Misuse of Opioids. However, there are several numbered strategies under Exhibit B Strategy B that seem relevant. In this situation, the local government should select the numbered strategy that best describes – and accurately describes – the programs the local government seeks to fund. In this case, the local government might select Strategy B8 – “Fund evidence-based prevention programs in schools or evidence-informed school and community education programs”).

Note: To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.

**63. Is it OK for a local government to authorize a single expenditure covering multiple strategies listed in Exhibit A or Exhibit B of the MOA?** [formerly question 35G]

No. Under Section E.6 of the MOA, the local government must adopt a resolution that states each specific strategy the local government intends to fund, along with the amount dedicated to that specific strategy for a specified period of time. For this reason, the MOA does not allow a local government to authorize the expenditure of a single amount of funds on multiple strategies listed in Exhibit A or Exhibit B of the MOA.

Example #1 (in which resolution does not comply with MOA): A local government adopts a resolution authorizing the expenditure of a single sum of \$300,000 during Fiscal Year 2024-2025 that is devoted to three different Exhibit A strategies:

- Exhibit A Strategy 1 – Collaborative Strategic Planning
- Exhibit A Strategy 2 – Evidence-Based Addiction Treatment
- Exhibit A Strategy 3 – Recovery Support Services

The resolution does not state the specific amount of funds devoted to each strategy. Because the resolution groups three distinct strategies together and does not state the particular amount dedicated to each strategy, the resolution does not comply with Section E.6 of the MOA.

Example #2 (in which resolution does comply with MOA): A local government adopts a resolution authorizing the following expenditures during Fiscal Year 2024-2025:

- \$100,000 on Exhibit A Strategy 1 – Collaborative Strategic Planning
- \$150,000 on Exhibit A Strategy 2 – Evidence-Based Addiction Treatment
- \$50,000 on Exhibit A Strategy 3 – Recovery Support Services

Because the resolution identifies each specific strategy the local government intends to fund, and states the particular amount dedicated to each strategy for a specified period of time, this resolution does comply with Section E.6 of the MOA.

Note: To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.

**64. If there is an Exhibit A strategy and an Exhibit B strategy that accurately describe a program or service that a local government wishes to support with opioid settlement funds, should the local government authorize an expenditure of opioid settlement funds on the Exhibit A strategy or the Exhibit B strategy – or both?** [formerly question 35H]

The following is a recommendation from NC DOJ, not a requirement:

If there is an Exhibit A strategy and an Exhibit B strategy that accurately describe a program or service that a local government wishes to support with opioid settlement funds, NC DOJ recommends that the local government authorize an expenditure of opioid settlement funds on the Exhibit A strategy rather than the Exhibit B strategy. Among other considerations, a local government that authorizes an expenditure of opioid settlement funds on an Exhibit B strategy must first engage in the Option B collaborative strategic planning process described in question 38 below. In this sense, there are extra requirements associated with any decision to fund an Exhibit B strategy – requirements that are not triggered when a local government funds an Exhibit A strategy. Furthermore, there is a robust set of tools and resources available to local governments seeking to implement Exhibit A strategies.

Example: A local government wishes to provide evidence-based addiction treatment. Exhibit A Strategy 2 is Evidence-Based Addiction Treatment. Exhibit B Strategy A2 also covers evidence-based addiction treatment. NC DOJ recommends that the local government authorize an expenditure of opioid settlement funds on Exhibit A Strategy 2 rather than Exhibit B Strategy A2.

Note: To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.

**65. If there are multiple Exhibit A and Exhibit B strategies that accurately describe a program or service that a local government wishes to support with opioid settlement funds, should the local government authorize the expenditure of opioid settlement funds on as many Exhibit A and Exhibit B strategies as possible?** [formerly question 35-1]

The following is a recommendation from NC DOJ, not a requirement:

No. If there are several Exhibit A or Exhibit B strategies that accurately describe a program or service that a local government wishes to support with opioid settlement funds, NC DOJ recommends that the local government authorize an expenditure on the single Exhibit A strategy the best describes – and accurately describes – the program or service. If there is no Exhibit A strategy that accurately describes the program or service the local government seeks to fund, NC DOJ recommends that the local government authorize an expenditure of funds on the single Exhibit B strategy that best describes – and accurately describes – the relevant program or service (bearing in mind that the local government must first engage in the Option B collaborative strategic planning process described in question 78 below).

Even if there is no single strategy that accurately describes the program or service that the local government wishes to support, NC DOJ recommends that the local government seek to fund a smaller number (rather than a larger number) of Exhibit A or Exhibit B strategies – provided of course that the strategy or strategies selected accurately describe the programs or services the local government wishes to support. There are many advantages to this approach. Among other advantages, selecting a smaller number of strategies to fund has the potential to reduce the amount of annual reporting the local government may be required to undertake. (To learn more about relevant reporting requirements, see Section 5 of this FAQ.)

Example: A local government wishes to fund a Syringe Service Program (SSP) that will (among other things) distribute sterile syringes, distribute naloxone, and connect clients to recovery support services. Under these circumstances, it would be possible for the local government to authorize an expenditure of opioid settlement funds on Exhibit A Strategy 9 (Syringe Service Program), Exhibit A Strategy 7 (Naloxone Distribution), Exhibit A Strategy 3 (Recovery Support Services), and perhaps other Exhibit A strategies as well. On top of that, the local government could authorize the expenditure of opioid settlement funds on several Exhibit B strategies, such as Exhibit B strategies H1, H2, and H9. Although the local government could in theory authorize expenditures of funds on all of these strategies, NC DOJ would recommend that the local government select Exhibit A Strategy 9 (Syringe Service Program) and leave it at that – provided of course that this selection accurately describes the programs or services that the local government wishes to fund.

Note: To learn more about the strategies listed in Exhibit A and Exhibit B of the MOA, see Section 4 of this FAQ and the additional resources listed there.

**66. Is there a template that local governments can use to help ensure compliance with these procedural requirements in the MOA?** [formerly question 35J]

Yes. The North Carolina Association of County Commissioners (NCACC) has created a template that local governments may use to draft a resolution in compliance with these requirements. While NCACC developed the template for counties, it works equally well for municipalities (with a few minor tweaks, such as changing “county” to “municipality”).

The NCACC template is available at <https://www.ncacc.org/opioidsettlement> by scrolling down to the “Recommended Resources” section, clicking on the “Spending Authorization Language” button, and downloading the template.

**67. Are there any reporting requirements associated with a local government resolution authorizing the expenditure of opioid settlement funds on specific strategies?** [formerly question 35K]

Yes. Pursuant to MOA Section F.6.c.i, after a local government passes a resolution authorizing the expenditure of opioid settlement funds, the local government has 90 days to report this information to the Community Opioid Resources Engine for North Carolina (CORE-NC) using this link: <https://ncopioidsettlement.org/reporting/> Note that a local government may report more than one resolution authorizing the expenditure of opioid settlement funds to CORE-NC. This and other reporting requirements are described in Part 5 of this FAQ.

**State Law Procedural Requirements to Authorize Expenditure of Opioid Settlement Funds**

**68. What state law requirements must local governments follow to authorize the expenditure of opioid settlement funds?** [formerly question 35L]

In addition to complying with the procedural requirements in the MOA, a local government must abide by budgeting, preaudit, and other expenditure control requirements in the Local Government Budget and Fiscal Control Act, NCGS Chapter 159, Article 3. As noted above, the resolution required by the MOA and described above is not sufficient under the Local Government Budget and Fiscal Control Act to authorize the expenditure of the opioid settlement funds.

**69. How can local governments comply with relevant state law requirements?** [formerly question 35M]

In addition to adopting the authorizing resolution that the MOA requires, a local government’s governing board must appropriate the opioid settlement funds through a legal budget ordinance before funds can be obligated and expended. Under current law, there are three budgeting options available to local governments:

- (i) The annual budget ordinance, or an amendment to the annual budget ordinance;
- (ii) A settlement project ordinance; or
- (iii) A capital project ordinance for capital projects that are consistent with the MOA.

**70. How can local governments authorize the expenditure of opioid settlement funds through an annual budget ordinance?** [formerly question 35N]

The local government’s governing board may appropriate the opioid settlement funds in the annual budget ordinance or an amendment to the annual budget ordinance. The amount of opioid settlement funds estimated to be expended during the fiscal year is included as revenue and corresponding appropriations are made by department, function, or project, in accordance with NCGS § 159-13. The appropriations must be consistent with the authorizing resolution required by the MOA that is described in questions 60 through 67 above.

NCGS §§ 159-11 and 159-12 detail the process for adopting the annual budget ordinance. In addition, NCGS § 159-15 authorizes the governing board to amend the budget ordinance to increase or reduce the estimated opioid settlement funds it expects to expend during the fiscal year or to change the department, function, or project to which the funds are appropriated (consistent with the authorizing resolution required by the MOA). The governing board also may delegate authority to the local government’s budget officer to make appropriation changes within a fund. As adopted or amended, the annual budget ordinance must be balanced.

**71. How can local governments authorize the expenditure of opioid settlement funds through a settlement project ordinance?**

As an alternative to an annual budget ordinance, a local government may budget opioid settlement funds for any strategy authorized under Option A or Option B of the MOA through a settlement project ordinance. This is a new budgeting option created by the North Carolina General Assembly through Session Law 2024-1 (Section 1.1), at the request of the North Carolina Treasurer’s Office, Department of Justice, and Association of County Commissioners. Session Law 2024-1 was signed into law on May 15, 2024.

Session Law 2024-1 defines a settlement project ordinance as “a project financed in whole or in part by revenues received pursuant to an order of the court or other binding agreement resolving a legal dispute.” In the context of the opioid settlements subject to the MOA, a settlement project is a multi-year budget in which the governing board appropriates opioid settlement funds for strategies authorized under Option A or Option B of the MOA.

As with a capital project ordinance, the governing board may estimate revenues and make appropriations for the entirety of the authorized strategy, which may span multiple years. More than one strategy may be included in the same settlement project

ordinance, provided that each strategy is listed separately. Unlike in the annual budget ordinance, funds do not need to be reappropriated each fiscal year. The settlement project ordinance must be balanced and must “clearly identify the project and authorize its undertaking, identify the estimated revenues that will finance the project, and make the appropriations necessary to complete the project.”

For more information about using a settlement project ordinance:

- Read Session Law 2024-1 (Section 1.1) here: <https://www.ncleg.gov/Sessions/2023/Bills/Senate/PDF/S508v5.pdf>
- Read the recent blog post by Professor Kara Millonzi at the UNC School of Government, “New Multi-year Budgeting Option for Opioid Settlement funds,” June 14, 2024, available here: <https://canons.sog.unc.edu/2024/06/new-multi-year-budgeting-option-for-opioid-settlement-funds/>

**72. How can local governments authorize the expenditure of opioid settlement funds through a capital project ordinance?** [formerly question 35-O]

As an additional alternative to an annual budget ordinance, if a local government is expending all or a portion of its opioid settlement funds on a capital project that is permissible under the MOA, it may budget the funds through a capital project ordinance pursuant to NCGS § 159-13.2. A capital project is defined, in relevant part, as a “project involving the construction or acquisition of a capital asset.” The project must be permissible under the MOA, and it must be consistent with the authorizing resolution required by the MOA (described in questions 60 through 67 above).

A capital project ordinance is a multi-year budget that authorizes all appropriations necessary for the completion of the capital project. Unlike in the annual budget ordinance, funds do not need to be reappropriated each fiscal year. NCGS § 159-13.2 specifies the process for adopting or amending the capital project ordinance. As adopted or amended, the capital project ordinance must be balanced over the life of the project.

**73. Is there a reporting requirement associated with a annual budget ordinance, settlement project ordinance, or capital project ordinance?** [formerly question 35Q]

A local government that passes a resolution (or several resolutions) authorizing the expenditure of opioid settlement funds and reports each such resolution to CORE-NC as provided in question 67 above is not also required to report to CORE-NC its annual budget ordinance or any amendment to its annual budget ordinance – or any settlement project ordinance or capital project ordinance. Reporting the resolution or resolutions required by the MOA – as discussed in questions 60 through 67 above – is sufficient.



**74. Can a local government authorize the expenditure of opioid settlement funds through a grant project ordinance?** [formerly question 35R]

Some local governments have considered a different potential budget ordinance alternative, authorized by NCGS § 159-13.2, known as the grant project ordinance. However, despite some ambiguity in the relevant statutory language, NC DOJ does not believe that a local government can use a grant project ordinance for opioid settlement funds.

**75. How can I learn more about state law procedural requirements to authorize the expenditure of opioid settlement funds?**

State law procedural requirements to authorize the expenditure of opioid settlement funds are discussed in two blog posts by Professor Kara Millonzi at the UNC School of Government:

- “Authorizing Expenditures and Budgeting Opioid Settlement Funds,” August 11 2024, available here: <https://canons.sog.unc.edu/2023/08/authorizing-expenditures-and-budgeting-opioid-settlement-funds/>
- “New Multi-year Budgeting Option for Opioid Settlement funds,” June 14, 2024, available here: <https://canons.sog.unc.edu/2024/06/new-multi-year-budgeting-option-for-opioid-settlement-funds/>

## PART 4: OPTION A AND OPTION B

**76. When deciding which opioid remediation strategies to fund, what is the relevance of Option A and Option B?** [formerly question 36]

Under the MOA, a local government may spend opioid settlement funds on opioid remediation strategies authorized under Option A or Option B or both. [MOA § E.5]

**77. What is Option A?** [formerly question 37]

Under Option A, a local government may fund one or more strategies from MOA Exhibit A, which is a shorter list of high-impact strategies to address the epidemic. This option allows for but does not require specific planning activities at the local level. [MOA § E.5.a & Exhibit A]

You can read MOA Exhibit A [HERE](#).

**78. What is Option B?** [formerly question 38]

Under Option B, a local government undertakes the following steps:

1. The local government engages in a collaborative strategic planning process described in MOA Exhibit C.

2. The local government drafts a report and recommendations, the contents of which are described in the right-hand column of MOA Exhibit C.
3. The local government formally presents the report and recommendations to its governing body.
4. The local government submits the report and recommendations to the Community Opioid Resources Engine for North Carolina (CORE-NC) within 90 days of the date the report and recommendations were presented to the local governing body, using this link: <https://ncopioidsettlement.org/reporting/>

Once the report and recommendations have been submitted to the local governing body for consideration, the local governing body may decide to fund one or more strategies from the shorter list of approved strategies listed in MOA Exhibit A or the longer list of strategies from the national settlements in MOA Exhibit B. The local governing body is not required to select the specific strategies recommended in the report and recommendations; they may fund the recommended strategies or other strategies in MOA Exhibit A or B.

By going through the collaborative strategic planning process that is required for Option B, the local government not only reaps the benefits of thoughtful planning but also opens up a wider array of strategies available to address the epidemic, including the strategies listed in Exhibit A as well as Exhibit B. [MOA § E.5.b & Exhibits B & C]

You can read MOA Exhibit A [HERE](#), MOA Exhibit B [HERE](#) and MOA Exhibit C [HERE](#).

**79. If a local government authorizes or funds a strategy that is listed in Exhibit B but not in Exhibit A, does that mean the local government is proceeding under Option B?** [formerly question 38A]

Yes. A local government that proceeds under Option A can fund strategies listed in Exhibit A but not strategies in Exhibit B. A local government that proceeds under Option B can fund strategies listed in Exhibit A or Exhibit B or both. For this reason, a local government that authorizes an expenditure of funds on an Exhibit B strategy or spends funds on an Exhibit B strategy must be proceeding under Option B and must have engaged in the collaborative strategic planning process described in question 78 above before authorizing an expenditure of funds on an Exhibit B strategy or spending funds on an Exhibit B strategy.

**80. If a local government authorizes or funds a strategy listed in Exhibit B without first engaging in the collaborative strategic planning process described in question 78 above, is that a violation of the MOA?** [formerly question 38B]

Yes. If a local government were to authorize an expenditure of funds on an Exhibit B strategy or spend funds on an Exhibit B strategy without first engaging in the collaborative strategic planning process described in question 78 above, that local government would be in violation of section E.5.b of the MOA. The consequences of an MOA violation are discussed in Part 6 of this FAQ.

**81. Can a local government proceed with Option A and Option B at the same time?** [formerly question 39]

Yes. For example, a county that has received \$500,000 in opioid settlement funds could decide to spend \$75,000 on naloxone distribution pursuant to Option A, strategy 7 – and to do so immediately. At the same time, the county could undertake the collaborative strategic planning process described in question 78 above before making a decision on how to spend the remaining \$425,000 received that year (along with additional payments in future years). After engaging in the collaborative strategic planning process, the local governing body would have a wider array of strategies to fund, including strategies from the shorter list of MOA Exhibit A strategies as well as strategies from the longer list of MOA Exhibit B strategies. [MOA § E.5 & Exhibits A, B & C]

**82. Can a local government select different options in different years?** [formerly question 40]

Yes.

**83. Can you clarify the relationship between collaborative strategic planning activities as an Option A strategy and the collaborative strategic planning process that is required under Option B?** [formerly question 41]

**Collaborative Strategic Planning Under Option A:** Under Option A Strategy 1, a local government may fund a wide range of collaborative strategic planning activities (individually or in combination) to address opioid misuse, addiction, overdose, or related issues. These activities may include staff support, facilitation services, or any activity or combination of activities listed in Exhibit C to the MOA. Because a local government may fund any activity or combination of activities listed in Exhibit C, activities listed there that may be funded by the local government include:

- Engaging diverse stakeholders (including those listed on page 2 of MOA Exhibit C)
- Facilitating any planning activities related to opioid settlement funds
- Building upon any related planning efforts to address the opioid overdose epidemic
- Agreeing on a shared vision for the use of opioid settlement funds
- Identifying or reporting on key indicators to determine need or measure progress
- Identifying or exploring root causes of the opioid overdose epidemic
- Identifying or evaluating potential strategies to address the epidemic
- Identifying gaps in existing efforts to address the opioid overdose epidemic
- Prioritizing strategies to address the opioid overdose epidemic
- Identifying or implementing goals, measures, or evaluation plans related to potential or funded strategies to address the opioid overdose epidemic
- Considering ways to align strategies to address the opioid overdose epidemic
- Identifying organizations to implement strategies to address the epidemic
- Developing budgets and timelines for addressing the epidemic

**Collaborative Strategic Planning Under Option B:** Under Option B, a local government that engages in all of the steps of the collaborative strategic planning process described in question 78 above may then select one or more strategies from the shorter list of Exhibit A strategies or from the longer list of Exhibit B strategies. [MOA § E.5.b & Exhibits A, B & C]

**84. If a local government chooses to engage in the collaborative strategic planning process required for Option B and detailed in question 78 above, can it use opioid settlement funds to cover the cost of the planning process?** [formerly question 42]

Yes. A local government may rely on Option A, strategy 1 (described in question 83 above) to cover any or all costs associated with the collaborative strategic planning process that is required under Option B (and described in question 78 above). This another example of how a local government may undertake Option A and Option B at the same time. [MOA § E.5.a & Exhibit A]

**85. Is there a deadline for a local government to select Option A or Option B?** [formerly question 43]

No. There is no general deadline for a local government to select Option A or Option B. Whether a local government is proceeding under Option A or Option B will become apparent when the local government does one of the following things:

- Authorizes the expenditure of opioid settlement funds on an Exhibit B strategy, or spends opioid settlement funds on an Exhibit B strategy. (As noted in questions 78 through 80 above, a local government that funds an Exhibit B strategy must be proceeding under Option B and must comply with all procedural requirements associated with Option B, which are described in question 78 above.)
- Presents an Option B Report and Recommendation to its governing body, reporting on the Option B collaborative strategic planning process it has undertaken, thus indicating that it is proceeding under Option B.
- Passes a resolution or takes other formal action indicating that it is proceeding under Option A or Option B or both.
- Submits a report to CORE-NC indicating that it is proceeding under Option A or Option B or both.

**86. Does NC DOJ or some other state agency or authority have to “sign off” on the strategy or strategies that a local government chooses to fund?** [formerly question 44]

No. A local government is free to choose any strategy that is authorized under the MOA in keeping with the terms and procedures laid out in the MOA and any other applicable laws and rules. That said, NC DOJ routinely reviews local government submissions to CORE-NC and reaches out to local governments with any questions or concerns that DOJ may have.

- 87. With respect to Option B, what does the MOA say about the report and recommendations that come at the end of the collaborative strategic planning process?** [formerly question 46]

The collaborative strategic planning process required under Option B is described in question 38 above. One step in that process is to offer a report and non-binding recommendations to the local governing body (such as the county board or city council). The contents of the report and recommendation are detailed in the right-hand column of Exhibit C. [MOA § E.5.b & Exhibit C]

- 88. Are the report and recommendations shared with members of the public?** [formerly question 47]

Yes. Since collaborative strategic planning is a public process involving a diverse array of stakeholders, the report and recommendations that come out of this process are public as well. In addition to any local efforts to share the report and recommendations with stakeholders and members of the public, the report and recommendations must be reported to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) within 90 days of the date they are formally submitted to the local governing body for consideration. [MOA §§ E.5.b & F.6.c & Exhibit C]

- 89. Does the local governing body have to accept the recommendations in the report and recommendations?** [formerly question 48]

No. As stated in question 78 above, the recommendations in the report and recommendations are not binding on the governing body. [MOA § E.5.b and Exhibits B & C]

- 90. Does NC DOJ or some other state agency or authority have to “sign off” on the report and recommendations?** [formerly question 49]

No. There is no requirement that NC DOJ or some other state agency or authority “sign off” on the report and recommendations. That said, NC DOJ routinely reviews local government submissions to CORE-NC and reaches out to local governments with any questions or concerns.

- 91. Is regional planning allowed or required under the MOA?** [formerly question 50]

Regional planning is allowed and encouraged under the MOA, but it is not required.

- 92. If a group of local governments want to engage in regional planning, do they have to proceed under Option A or Option B?** [formerly question 51]

Regional planning is allowed and encouraged regardless of whether the local governments involved are proceeding under Option A or Option B. With respect to Option B, the MOA provides that two or more local governments may undertake a single collaborative strategic planning process resulting in a report and

recommendations to all of the local governments involved, if they wish to do so. [MOA § E.5.b]

**93. Can a local government use opioid settlement funds to support regional planning?** [formerly question 52]

Yes. As noted in question 83 above, a local government can take advantage of Option A, strategy 1 to support a wide array of planning activities related to opioid settlement funds. This may include regional planning. [MOA § E.5.b and Exhibit A]

## PART 5: REPORTING REQUIREMENTS

**94. What reporting obligations does a local government have under the MOA?** [formerly question 54]

As detailed below, under the MOA, a local government must report the following to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)).

Item One – Spending Authorization. After a local government passes a resolution authorizing the expenditure of opioid settlement funds (discussed in Part 3A of this FAQ), the local government has 90 days to report this information to CORE-NC. [MOA §§ E.6.b & F.6.c]

Item Two – Option B Report and Recommendations. If a local government has undertaken the collaborative strategic planning process under Option B (as described in question 78 above), the resulting report and recommendations to the local governing body must be reported to CORE-NC within 90 days of the date they were presented to the local governing body. [MOA §§ E.5.b.ii & F.6.c & Exhibit C]

Item Three – Annual Financial Report (MOA Exhibit E). A local government that receives, holds, or spends opioid settlement funds during a fiscal year must file an annual financial report within 90 days of the end of the fiscal year. [See MOA § F.6 and Exhibit E (as modified by the Coordination Group).]

Item Four – Annual Impact Report (MOA Exhibit F). A local government that receives, holds, or spends opioid settlement funds during a fiscal year must file an annual impact report within 90 days of the end of the fiscal year. [See MOA § F.6.c & Exhibit F (as modified by the Coordination Group).]

Note that the Exhibit E annual financial report and Exhibit F annual impact report have been modified by the Coordination Group as detailed in questions 105 and 128 below.

**95. Are there any other reporting obligations?** [formerly question 54A]

Yes. In addition to the reporting requirements summarized above, certain audit reports are discussed in questions 145 and 146 below. [MOA § F & Exhibit D]

Finally, if a national settlement agreement or bankruptcy resolution requires that a local government provide a report or other document beyond those described in the MOA – or if any local government communicates in writing with any national settlement or bankruptcy administrator regarding the local government’s compliance with any opioid settlement agreements or bankruptcy resolutions – a copy of any such report, document, or written communication must be emailed to NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov). [MOA § F.6.d]

**96. How should local governments report the information described above?** [formerly question 55]

Local governments should submit the various reports described in question 94 above to the Community Opioid Resources Engine (CORE-NC) Reporting page using this link: <https://ncopioidsettlement.org/reporting/>

Before submitting any reports to CORE-NC, local governments are strongly encouraged to consult the highly informative previews and resources available on the CORE-NC reporting page at the above link. Consulting these previews and resources will help local governments submit accurate and timely information while avoiding errors or pitfalls that could in result in extra work on the part of local officials and the CORE-NC team or even (in the worst case) failure to comply with local government reporting obligations under the MOA.

**97. What happens if a local government fails to comply with its reporting obligations under the MOA?** [formerly question 56]

The MOA states that:

- i. Every local government shall make a good faith effort to comply with all of its reporting obligations under the MOA.
- ii. A local government that engages in a good faith effort to comply with its reporting obligations under the MOA but fails in some way to report information in an accurate, timely, or complete manner shall be given an opportunity to remedy this failure within a reasonable time.
- iii. A local government that does not engage in a good faith effort to comply with its reporting obligations under the MOA, or that fails to remedy reporting issues within a reasonable time, may be subject to action for breach of contract.
- iv. However, a local government that is in substantial compliance with the reporting obligations in this MOA shall not be considered in breach of the MOA or in breach of contract.

[MOA § F.6.e]

### Item 1 – Spending Authorization

**98. When reporting that it has authorized the expenditure of opioid settlement funds, what information must a local government provide?** [formerly question 57]

As discussed in Part 3A of this FAQ, in order to comply with the procedural requirements of the MOA for a local government to authorize the expenditure of opioid settlement funds in the special revenue fund, a local government’s governing board must adopt a resolution that provides the specific details required by Section E.6 of the MOA.

Pursuant to Section E.6 of the MOA, this separate resolution must:

- (i) indicate that it is an authorization for expenditure of opioid settlement funds; and
- (ii) state the specific strategy or strategies the county or municipality intends to fund pursuant to Option A or Option B, using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy; and
- (iii) state the amount dedicated to each strategy for a specific period of time.

[MOA §§ E.6 & F.6.c]

**99. [58] How should this information be reported?** [formerly question 58]

Local governments should submit reports to the Community Opioid Resources Engine (CORE-NC) using this link: <https://ncopioidsettlement.org/reporting/>

Before submitting any reports to CORE-NC, local governments are strongly encouraged to consult the highly informative previews and resources available on the CORE-NC reporting page at the above link. Consulting these previews and resources will help local governments submit accurate and timely information while avoiding errors or pitfalls that could in result in extra work on the part of local officials and the CORE-NC team or even (in the worst case) failure to comply with local government reporting obligations under the MOA.

### Item 2 – Option B Report and Recommendations

**100. If a local government has chosen to undertake the collaborative strategic planning process that is required for Option B, what does the MOA say about the contents of the final reporting and recommendations?** [formerly question 59]

As noted in question 78 above, the contents of the report and recommendation are detailed in the right-hand column of Exhibit C. [MOA §§ E.5.b & F.6.c & Exhibit C]



**101. If a local government has chosen to undertake the collaborative strategic planning process that is required under Option B, how should the local government provide the resulting report and recommendations to CORE-NC?** [formerly question 60]

The local government must upload the report and recommendations to CORE-NC within 90 days of the date they are submitted to the local governing body for consideration. Local governments should submit the reports to the Community Opioid Resources Engine (CORE-NC) using this link: <https://ncopioidsettlement.org/reporting/> [MOA §§ E.5.b & F.6.c & Exhibit C]

Before submitting any reports to CORE-NC, local governments are strongly encouraged to consult the highly informative previews and resources available on the CORE-NC reporting page at the above link. Consulting these previews and resources will help local governments submit accurate and timely information while avoiding errors or pitfalls that could in result in extra work on the part of local officials and the CORE-NC team or even (in the worst case) failure to comply with local government reporting obligations under the MOA.

**Item 3 – Annual Financial Report (MOA Exhibit E)**

**102. What is the annual financial report?** [formerly question 61]

A local government that receives, holds, or spends opioid settlement funds during a fiscal year must file an annual financial report within 90 days of the end of the fiscal year. The contents of the annual financial report are detailed in Exhibit E to the MOA.

Note that the annual financial report requirements stated in Exhibit E have been modified by the Coordination Group as explained in question 105 below.

[See MOA § F.6 and Exhibit E (as modified by the Coordination Group)]

**103. How should a local government submit this report?** [formerly question 62]

Local governments should submit reports to the Community Opioid Resources Engine (CORE-NC) using this link: <https://ncopioidsettlement.org/reporting/>

Before submitting any reports to CORE-NC, local governments are strongly encouraged to consult the highly informative previews and resources available on the CORE-NC reporting page at the above link. Consulting these previews and resources will help local governments submit accurate and timely information while avoiding errors or pitfalls that could in result in extra work on the part of local officials and the CORE-NC team or even (in the worst case) failure to comply with local government reporting obligations under the MOA.

**104. If a local government reports its annual financial report to CORE-NC, does it also have to email a copy of the report to NC DOJ?** [formerly question 63]

No. By providing the annual financial report to CORE-NC in a timely manner, a local government satisfies its obligation (stated Section F.6.b of the MOA) to email the annual financial report to NC DOJ. Once the report is provided to CORE-NC, the additional step of emailing the report to NC DOJ is unnecessary and not required.

**105. Have the reporting requirements in the Exhibit E annual financial report been modified?** [formerly question 63A]

Yes. Pursuant to its authority under Section E.7 and Exhibit D of the MOA, the Coordination Group voted unanimously to modify the reporting requirements in the Exhibit E annual financial report at its July 12, 2023 meeting. Local governments are required to comply with these modified requirements.

You can read Exhibit E (as modified by the Coordination Group) [HERE](#).

To learn more about the Coordination Group, see Part 7 of this FAQ below.

**106. Do the contents of the annual financial report vary depending on the proportion of settlement funds a local government receives?** [formerly question 64]

Yes. In keeping with Exhibit E (as modified by the Coordination Group), every local government receiving opioid settlement funds must provide certain basic information as part of its annual financial report. This basic information is described in PART ONE of Exhibit E (as modified).

In addition, all local governments that receive two-tenths of one percent (0.2 percent) or more of the total local government allocation as listed in Exhibit G to the MOA are required to provide certain additional information in PART TWO of Exhibit E (as modified by the Coordination Group). Other local governments are strongly encouraged to provide this information. [MOA Exhibit E]

**107. Which local governments are required to provide the basic information in PART ONE of Exhibit E (as modified) but not the additional information in PART TWO?** [formerly question 65]

The following local governments that stand to receive less than two-tenths of one percent (0.2 percent) of the total local government allocation as listed in Exhibit G to the MOA are required to provide the basic information in PART ONE and are encouraged – but not required – to provide the additional information detailed in PART TWO of Exhibit E (as modified):

- Counties: Alleghany, Anson, Bertie, Camden, Caswell, Chowan, Currituck, Gates, Graham, Greene, Hyde, Jones, Northampton, Pamlico, Perquimans, Tyrrell, Warren, and Washington.

- Municipalities: Canton, Greenville, Henderson, Hickory, Jacksonville, and Wilmington.

**108. Which local governments are required to provide the basic information in PART ONE as well as the additional information in PART TWO of Exhibit E (as modified)?** [formerly question 66]

Except as noted in question 107 above, and except as noted in the paragraph below, all local governments receiving opioid settlement funds are required to provide both the basic information in PART ONE and the additional information in PART TWO of Exhibit E (as modified). [MOA Exhibit E]

As discussed in questions 28 through 33 above, a number of municipalities have directed their opioid settlement funds to the counties where they are located, including Cary (starting in FY 22-23), Charlotte (starting in FY 23-24), Concord (starting in FY 23-24), Gastonia (starting in FY 22-23), and Raleigh (starting in FY 22-23). These municipalities are relieved of their reporting obligations with respect to funds that have been directed to their respective counties. To be more specific:

- Because Cary, Gastonia, and Raleigh have never received any opioid settlement funds, they are relieved of all reporting obligations under the MOA so long as their opioid settlement funds are directed to their respective counties.
- Because Charlotte and Concord received opioid settlement funds during the 2021-2022 and 2022-2023 fiscal years, they have continuing reporting obligations with respect to all opioid settlement funds received during those years. Specifically, with respect to all opioid settlement funds that the these municipalities have already received, they must comply with all reporting requirements listed in question 94 and detailed in Part 5 of this FAQ, including requirements concerning (1) spending authorization, (2) Option B report and recommendations (if required under Option B), (3) annual financial report, and (4) annual impact report. These reporting requirements continue through any and every fiscal year in which these municipalities hold or spend opioid settlement funds that were previously received. However, Charlotte and Concord have no reporting obligations with respect to funds that are directed to their respective counties starting in the 2023-2024 fiscal year.

**109. What is the basic information in Exhibit E / PART ONE that all local governments must provide in their annual financial reports if they receive, hold, or disburse opioid settlement funds during the relevant fiscal year?** [formerly question 67]

The basic information in Exhibit E / PART ONE states:

All Local Governments that receive, hold, or disburse Opioid Settlement Funds during the fiscal year shall report the following financial information:

1. The amount of Opioid Settlement Funds in the special revenue fund at the beginning of the fiscal year (July 1).

2. The amount of Opioid Settlement Funds received during the fiscal year.
3. The amount of any interest and investment gains realized during the fiscal year.
4. The amount of any investment losses realized during the fiscal year.
5. The amount of Opioid Settlement Funds disbursed during the fiscal year, net of any reimbursements, not including audit costs covered in item 6 below. This amount shall be reported:
  - a) in total; and
  - b) broken down by funded strategy, including the item letter and/or number in Exhibit A or Exhibit B to identify each such funded strategy (with any permissible common costs prorated among strategies).
6. The amount of Opioid Settlement Funds used to cover audit costs as provided in Section F.3 of this MOA.
7. The amount of Opioid Settlement Funds in the special revenue fund at the end of the fiscal year (June 30).

**110. What is the mathematical relationship between these seven items?** [formerly question 67A]

With respect to the seven items listed above, Exhibit E states that item 1 plus item 2 plus item 3 minus item 4 minus item 5 minus item 6 must equal item 7. To put it another way:  $1 + 2 + 3 - 4 - 5 - 6 = 7$

**111. What if items 1 through 7 do not add up as required?** [formerly question 67B]

If items 1 through 7 do not add up as required by Exhibit E and explained in question 110 above, it means the local government has provided inaccurate information or made an accounting error that should be reviewed and corrected.

If the local government has already submitted an annual financial report that contains incorrect information or an accounting error, the local government should email [opiodsettlement@unc.edu](mailto:opiodsettlement@unc.edu) to discuss the best and most efficient way to correct the incorrect information or accounting error.

**112. With respect Exhibit E / Part One / item 1 (the amount of Opioid Settlement Funds in the special revenue fund at the beginning of the fiscal year), should this amount be identical to the amount of opioid settlement funds in the special revenue fund at the end of the preceding fiscal year?** [formerly question 67C]

Yes. The amount of opioid settlement funds in the special revenue fund at the end of any fiscal year (on June 30 at 11:59 p.m.) should be identical to the amount of opioid settlement funds in the special revenue fund at the beginning of the next fiscal year (on July 1 at 12:01 a.m.). If the amounts do not match, the local government needs to take corrective action as discussed in question 113 below.

**113. With respect Exhibit E / Part One / item 1 (the amount of Opioid Settlement Funds in the special revenue fund at the beginning of the fiscal year), what if there is a discrepancy between the amount of opioid settlement funds in the special revenue fund at the end of one fiscal year (as reported) and the amount of opioid settlement funds in the special revenue fund at the beginning of the next fiscal year (as reported)?** [formerly question 67D]

If there is a discrepancy between the amount of opioid settlement funds in the special revenue fund at the end of one fiscal year (as reported) and the amount of opioid settlement funds in the special revenue fund at the beginning of the next fiscal year (as reported), it means one of two things: Either (1) there is an error in the reported amount of opioid settlement funds in the special revenue fund at the end of the earlier fiscal year, or (2) there is an error in the reported amount of opioid settlement funds in the special revenue fund at the beginning of the subsequent fiscal year.

In the event this situation arises, the local government should email [opioidsettlement@unc.edu](mailto:opioidsettlement@unc.edu) to discuss the best and most efficient way to address the discrepancy.

**114. With respect to Exhibit E / Part One / item 3 (the amount of any interest and investment gains realized during the fiscal year), is there further guidance available to local governments?** [formerly question 67E]

Yes. With respect item 3 in the annual financial report, the local government should provide the amount of interest (if any) and/or investment gains (if any) that were realized during the fiscal year and allocated to the special revenue fund.

Explanation: MOA Section D.3 provides that “The funds in the special revenue fund may be invested, consistent with the investment limitations for local governments, and may be placed in an interest-bearing bank account. Any interest earned on the special revenue fund must be used in a way that is consistent with this MOA.” In keeping with this provision of the MOA and relevant state law, a local government may pool opioid settlement funds with cash from other funds for deposit and investment purposes. A local government will then allocate the proportional share of any interest or investment gains to the opioid settlement special revenue fund.

**115. With respect to Exhibit E / Part One / item 4 (the amount of any investment losses realized during the fiscal year), is there further guidance available to local governments?** [formerly question 67F]

Yes. With respect item 4 in the annual financial report, the local government should provide the amount of investment losses (if any) that were realized during the fiscal year and allocated to the special revenue fund.

Explanation: MOA Section D.3 provides that “The funds in the special revenue fund may be invested, consistent with the investment limitations for local governments, and may be placed in an interest-bearing bank account. Any interest earned on the special

revenue fund must be used in a way that is consistent with this MOA.” In keeping with this provision of the MOA and relevant state law, a local government may pool opioid settlement funds with cash from other funds for deposit and investment purposes. A local government will then allocate the proportional share of any investment losses to the opioid settlement special revenue fund.

**116. With respect to Exhibit E / Part One / item 5 (the amount of opioid settlement funds disbursed during the fiscal year), is there any further guidance available to local governments?** [formerly question 67G]

Yes. Exhibit E / Part One / item 5 has two subparts:

Subpart (a) – Total Amount Disbursed

A local government must provide the total amount of opioid settlement funds disbursed from the special revenue fund during the relevant fiscal year, net of any reimbursements. A local government should not include obligations that have not yet been disbursed. Further, a local government should not include audit costs disbursed during the fiscal year, as these addressed in Exhibit E / Part One / item 6. (For more on audit costs, see question 121 below.)

Subpart (b) – Amount Disbursed Broken Down by Funded Strategy

After recording the total amount of opioid settlement funds disbursed during the fiscal year in the manner just described, the local government must then record the amount of opioid settlement funds disbursed during the fiscal year broken down by funded strategy, including the item letter and/or number in Exhibit A or Exhibit B to identify each such funded strategy (with any permissible common costs prorated among strategies).

Relationship between Subpart (a) and Subpart (b)

The total amount reported for subpart (a) should equal the total amount reported for subpart (b). In other words, the total amount of opioid settlement funds disbursed during the fiscal year reported subpart (a) should equal the sum of all of the amounts disbursed for the various funded strategies reported in subpart (b).

**117. With respect to Exhibit E / Part One / item 5 (the amount of opioid settlement funds disbursed during the fiscal year), clarify the meaning of the term “disbursed”?**

Yes. As noted above, pursuant to MOA Exhibit A, a local government must provide the total amount of opioid settlement funds “disbursed” from the special revenue fund during the relevant fiscal year and then report that same amount broken down by funded strategy.

The term “disburse” in MOA Exhibit E has the exact same meaning that the term “disburse” has under North Carolina law. Under the North Carolina Local Government Finance Act and other relevant laws and rules, a local government must budget and obligate funds before it may finally disburse those funds. Immediately before disbursing the funds, a local government finance officer must:

1. verify that the amount is due and owing,
2. confirm that there is an appropriation authorizing the expenditure,
3. make sure sufficient funds remain in the appropriation to pay the amount due, and
4. include specific language (known as a “disbursement certificate”) on the face of the check or draft that disburses the funds.

For more on this, see the blog post from UNC Professor Kara Millonzi, “Disbursing Public Funds,” May 23, 2014, available here: <https://canons.sog.unc.edu/2014/05/dispersing-public-funds/>

For additional guidance from CORE-NC, see “Common Disbursement Examples for the NC Opioid Settlements” here: <https://ncopioidsettlement.org/wp-content/uploads/2024/06/Common-Disbursement-Examples-June-2024.pdf>

**118. With respect to item 5 / subpart (b) (the amount of opioid settlement funds disbursed, broken down by funded strategy), when a local government identifies a funded strategy that is listed in Exhibit B, must the local government report both the letter and the number of the Exhibit B strategy?** [formerly question 67H]

Yes. When a local government identifies a funded strategy that is listed in Exhibit B, the local government must report both the letter and the number of the Exhibit B strategy. This is addressed in question 61 above. (While question 35E addresses MOA spending authorization requirements, the same rule applies to the annual financial report.) [MOA § E.6]

**119. With respect to item 5 / subpart (b) (the amount of opioid settlement funds disbursed, broken down by funded strategy), what is the relationship between this part of the annual financial report and the requirement that local governments authorize spending of opioid settlement funds before spending such funds?** [formerly question 67-I]

As explained in Part 3A of this FAQ, before spending opioid settlement funds, a local government must authorize the expenditure of these funds in a manner that satisfies both the MOA and state law. Section E.6 of the MOA states that, before spending opioid settlement funds, the local government’s governing body must adopt a resolution that includes specific details about each strategy it intends to fund. Furthermore, Section F.6.c.i of the MOA requires that the local government report this spending authorization to CORE-NC within 90 days.

If a local government reports in its annual financial report that it disbursed funds on a strategy that it had not previously authorized pursuant to MOA Section E.6 and reported

to CORE-NC within 90 days as required by the MOA, that would be a violation of the MOA that the local government should address right away, as discussed in question 120 below.

**120. With respect to item 5 / subpart (b) (the amount of opioid settlement funds disbursed, broken down by funded strategy), if a local government reports in its annual financial report that it disbursed funds on a strategy that it had not previously authorized and reported to CORE-NC as required by the MOA, what should the local government do?** [formerly question 67J]

If a local government reports in its annual financial report that it disbursed funds on a strategy that it had not previously authorized and reported to CORE-NC within 90 days as required by the MOA, that would be a violation of the MOA that the local government would need to address right away. The local government should inform NC DOJ of the MOA violation and the local government's plan to address it by emailing NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov)

If the local government previously authorized the expenditure of opioid settlement funds as required by Section E.6 of the MOA but neglected to report this information to CORE-NC as required by Section F.6.c.i of the MOA, the local government should submit the spending authorization information to CORE-NC using this link: <https://ncopioidsettlement.org/reporting/>

If the local government never authorized the expenditure of opioid settlement funds as required by Section E.6 of the MOA, the local government should take immediate action to authorize the expenditure as required by Section E.6 of the MOA and report this information to CORE-NC as required by Section F.6.c.i of the MOA. (See Part 3A of this FAQ for additional information on spending authorization requirements and procedures.)

If the local government disbursed funds on an Exhibit B strategy without engaging in all the steps of the Option B collaborative strategic planning process (described in question 78 above), this is a serious violation of the MOA that the local government must address immediately in consultation with NC DOJ (addressing the email to [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov)).

**121. With respect to Exhibit E / Part One / item 6 (the amount of opioid settlement funds used to cover audit costs as provided in Section F.3 of this MOA), is there further guidance available to local governments?** [formerly question 67K]

Yes. A local government should report the amount of opioid settlement funds disbursed during the relevant fiscal year to cover the cost of any audit of how the local government expended and accounted for opioid settlement funds in the past (e.g., in the prior fiscal year).



Example: In the fall of 2027, Granville County completes its annual financial report for the 2026-2027 fiscal year. For Exhibit E / Part One / item 6, Granville County reports that it disbursed \$3,000 during the 2026-2027 fiscal year to cover the cost of the audit of Granville’s use of opioid settlement funds during the 2025-2026 fiscal year.

**122. With respect Exhibit E / Part One / item 7 (the amount of opioid settlement funds in the special revenue fund at the end of the fiscal year), is this amount identical to the amount of opioid settlement funds in the special revenue fund at the beginning of the fiscal year that follows?** [formerly question 67L]

Yes. Please see questions 112 through 113 for more on this.

**123. What is the additional information in Exhibit E / PART TWO that most local governments receiving opioid settlement funds must provide in their annual financial reports?**  
[formerly question 68]

Exhibit E / PART TWO states:

- A. The reporting requirements in Part Two, subpart B below are mandatory for all Local Governments that receive two-tenths of one percent (0.2 percent) or more of the total Local Government Allocation as listed in Exhibit G and that disburse any amount of Opioid Settlement Funds during the fiscal year, as reported above in Part One, item 5. Other Local Governments that disburse Opioid Settlement Funds during the fiscal year are strongly encouraged to provide such information.
- B. For each sub-recipient (as defined below) that during the fiscal year received a disbursement of Opioid Settlement Funds from the Local Government equal to or greater than either (a) \$50,000 or (b) ten percent of the total amount disbursed by the Local Government during the fiscal year as reported above in Part One, line 5, the Local Government shall report the following:
  - 1. The name of the sub-recipient.
  - 2. The total amount of Opioid Settlement Funds disbursed to the sub-recipient during the fiscal year.
  - 3. A very brief description of the goods, services or other value provided by the sub-recipient (for example, “addiction treatment services” or “peer-support services” or “syringe service program”).

For the purposes of this Part Two, sub-section B, a sub-recipient for whom reporting is required is an entity receiving Opioid Settlement Funds from the Local Government for the purpose of the entity implementing a strategy listed in Exhibit A or Exhibit B to this MOA.

For guidance on the meaning of “disburse” under MOA Exhibit E as well as North Carolina local government finance law, please see question 117 above.

**124. What if a local government disbursed funds to a single sub-recipient that implemented multiple MOA strategies on behalf of the local government during the relevant fiscal year?**

If a local government disbursed funds to a single sub-recipient that helped implement multiple MOA strategies on behalf of the local government during the relevant fiscal year, the local government should report the following information:

1. The name of the sub-recipient.
2. The total amount of Opioid Settlement Funds disbursed to the sub-recipient during the fiscal year for all strategies the subrecipient helped implement.
3. A very brief description of the goods, services or other value provided by the sub-recipient that covers all of the strategies the sub-recipient helped implement (for example, “addiction treatment services” and/or “peer-support services” and/or “syringe service program”).

**125. If a local government disburses opioid settlement funds to a local government entity to implement an authorized opioid settlement strategy, does MOA Exhibit E (Annual Financial Report) require that the local government report this as a disbursement to a sub-recipient?** [formerly question 68A]

The answer to this question depends on the legal status of the of the entity receiving the opioid settlement funds.

If a local government disburses opioid settlement funds to an entity that is legally a part of the local government, then MOA Exhibit E does not require that the local government report this as a disbursement to a sub-recipient.

On the other hand, if a local government disburses opioid settlement funds to an entity that is not legally a part of the local government, then MOA Exhibit E does require that the local government report this as a disbursement to a sub-recipient.

Note: There are many public or quasi-public entities that (1) receive substantial funding from local governments but (2) are not legally a part of the local governments that fund them. If you are uncertain whether an entity receiving opioid settlement funds is legally a part of your local government, NC DOJ strongly recommends that you ask your local government attorney.

Example #1: County One disburses opioid settlement funds to the county’s own Emergency Medical Services (EMS) department to support the department’s Post Overdose Response Team (PORT). Because County One’s EMS department is legally a part of County One (they are part of the same legal entity), MOA Exhibit E does not require that County One report this as a disbursement to a sub-recipient.

Example #2: County Two disburses opioid settlement funds a multi-county health authority to distribute naloxone to county residents. Because the multi-county health

authority is not legally a part of County Two, MOA Exhibit E does require that County Two report this as a disbursement to a sub-recipient.

Example #3: County Three disburses opioid settlement funds to a Local Management Entity – Managed Care Organizations (LME-MCO) to provide evidence-based addiction treatment to county residents. Because the LME-MCO is not legally a part of County Three, MOA Exhibit E does require that County Three report this as a disbursement to a sub-recipient.

#### Item 4 – Annual Impact Report (MOA Exhibit F)

##### **126. What is the annual impact report?** [formerly question 70]

A local government that receives, holds, or expends opioid settlement funds during a fiscal year must file an annual impact report within 90 days of the end of the fiscal year. The contents of the annual impact report are detailed in Exhibit F to the MOA. [See MOA § F.6.c and Exhibit F (as modified by the Coordination Group)]

Note that the annual impact report requirements stated in Exhibit F have been modified as explained in question 128 below.

##### **127. How is this information reported?** [formerly question 71]

Local governments should submit reports to the Community Opioid Resources Engine (CORE-NC) using this link: <https://ncopioidsettlement.org/reporting/>

Before submitting any reports to CORE-NC, local government are strongly encouraged to consult the highly informative previews and resources available on the CORE-NC reporting page at the above link. Consulting these previews and resources will help local governments submit accurate and timely information while avoiding errors or pitfalls that could in result in extra work on the part of local officials and the CORE-NC team or even (in the worst case) failure to comply with local government reporting obligations under the MOA.

##### **128. Have the reporting requirements in the Exhibit F Annual Impact Report been modified?** [formerly question 71A]

Yes. Pursuant to its authority under Section E.7 and Exhibit D of the MOA, the Coordination Group voted unanimously to modify the reporting requirements in the Exhibit F annual impact report at its June 21, 2023 meeting. Local governments are required to comply with these modified requirements.

You can read Exhibit E (as modified by the Coordination Group) [HERE](#).

To learn more about the Coordination Group, see Part 7 of this FAQ below.

**129. What information must every local government provide as part of its annual impact report?** [formerly question 72A]

Exhibit F (as modified by the Coordination Group) requires that, within 90 days of the end of any fiscal year in which a Local Government receives, holds, or expends Opioid Settlement Funds, the Local Government shall:

- (A) provide a BRIEF GENERAL NARRATIVE as described below;
- (B) provide the date of the most recent annual meeting held by the county pursuant to section E.4 of this MOA (for counties only); and
- (C) report impact information for each strategy that it funded with Opioid Settlement Funds during that fiscal year (“funded strategy”), using the STANDARD FORM or the SHORT FORM for each funded strategy, as described below.

**130. What information must every local government provide in connection with the “Brief General Narrative” mentioned in the annual impact report?** [formerly question 72B]

Exhibit F (as modified by the Coordination Group) states that:

The Local Government shall provide a BRIEF GENERAL NARRATIVE of approximately one page (250 words) summarizing how the Local Government made use of Opioid Settlement Funds in the relevant fiscal year to support activities across all funded strategies. The narrative may include success stories, ways in which Opioid Settlement Funds were used to meet community needs, or information on planning, implementation, or evaluation of strategies.

**131. Is there any guidance available to assist local governments in drafting their BRIEF GENERAL NARRATIVES?**

Yes. Guidance on drafting brief general narratives is available here:  
[https://ncopioidsettlement.org/wp-content/uploads/2024/05/Guidance-for-the-Brief-General-Narratives-Progress-Reports-and-Success-Stories\\_May2024.pdf](https://ncopioidsettlement.org/wp-content/uploads/2024/05/Guidance-for-the-Brief-General-Narratives-Progress-Reports-and-Success-Stories_May2024.pdf)

**132. With respect to the Standard Form and the Short Form that are required for the reporting of impact information related to each funded strategy, which local governments are required to use which form?** [formerly question 72C]

Exhibit F (as modified by the Coordination Group) states:

The STANDARD FORM is recommended to all Local Governments for all funded strategies, as it offers an opportunity for Local Governments to share the impact of Opioid Settlement Funds using their own words and data. However, Local Governments that receive less than 0.4 percent (four-tenths of one percent) of the total Local Government Allocation as shown in Exhibit G may use the SHORT FORM for all funded strategies, while Local Governments that receive 0.4 percent (four-tenths of one

percent) or more of the total Local Government Allocation as shown in Exhibit G shall use the STANDARD FORM for all funded strategies.

**133. Which local governments may use the SHORT FORM to report on all funded strategies because they receive less than 0.4 percent (four-tenths of one percent) of the total Local Government Allocation as shown in Exhibit G?** [formerly question 72D]

The following local governments may use the SHORT FORM to report on all funded strategies because they receive less than 0.4 percent (four-tenths of one percent) of the total Local Government Allocation as shown in Exhibit G:

- Counties: Alleghany, Anson, Ashe, Avery, Bertie, Camden, Caswell, Chowan, Clay, Currituck, Duplin, Gates, Graham, Greene, Hertford, Hoke, Hyde, Jones, Madison, Martin, Mitchell, Montgomery, Northampton, Pamlico, Pasquotank, Perquimans, Polk, Swain, Tyrrell, Warren, Washington, Yancey.
- Municipalities: Asheville, Canton, Concord, Durham, Fayetteville, Greenville, Henderson, Hickory, High Point, Jacksonville, Wilmington.

**134. Which local governments are required to use the STANDARD FORM for all funded strategies because they receive 0.4 percent (four-tenths of one percent) or more of the total Local Government Allocation as shown in Exhibit G?** [formerly question 72E]

Except for the local governments listed above that stand to receive less than four-tenths of one percent (0.4 percent) of the total local government allocation as listed in Exhibit G to the MOA, and except as noted in the paragraph below, all remaining local governments receiving opioid settlement funds are required to use the STANDARD FORM for all funded strategies.

Note that – as discussed in questions 28 through 32 above – a number of municipalities have directed their opioid settlement funds to the counties where they are located, including Cary (starting in FY 22-23), Charlotte (starting in FY 23-24), Concord (starting in FY 23-24), Gastonia (starting in FY 22-23), and Raleigh (starting in FY 22-23). These municipalities are relieved of their reporting obligations with respect to funds that have been directed to their respective counties. To be more specific:

- Because Cary, Gastonia, and Raleigh have never received any opioid settlement funds, they are relieved of all reporting obligations under the MOA so long as their opioid settlement funds are directed to their respective counties.
- Because Charlotte and Concord received opioid settlement funds during the 2021-2022 and 2022-2023 fiscal years, they have continuing reporting obligations with respect to all opioid settlement funds received during those years. Specifically, with respect to all opioid settlement funds that the these municipalities have already received, they must comply with all reporting requirements listed in question 94 and detailed in Part 5 of this FAQ, including requirements concerning (1) spending authorization, (2) Option B report and

recommendations (if required under Option B), (3) annual financial report, and (4) annual impact report. These reporting requirements continue through any and every fiscal year in which these municipalities hold or spend opioid settlement funds that were previously received. However, Charlotte and Concord have no reporting obligations with respect to funds that are directed to their respective counties starting in the 2023-2024 fiscal year.

**135. What information is required on the STANDARD FORM?** [formerly question 79]

The information required on the STANDARD FORM is as follows:

1. County or municipality and fiscal year covered by this report.
2. Name, title, and organization of person completing this report.
3. Name of funded strategy, letter and/or number of funded strategy on Exhibit A or Exhibit B to the MOA, and number and date of resolution(s) authorizing expenditure of settlement funds on funded strategy.
4. **Brief progress report** describing the funded strategy and progress made during the fiscal year. Recommended length: approximately one page (250 words).
5. **Brief success story** from a person who has benefitted from the strategy (de-identified unless the person has agreed in writing to be identified). Recommended length: approximately one page (250 words).
6. **One or more process measures**, addressing the question, “How much did you do?” Examples: number of persons enrolled, treated, or served; number of participants trained; units of naloxone or number of syringes distributed.
7. **One or more quality measures**, addressing the question, “How well did you do it?” Examples: percentage of clients referred to care or engaged in care; percentage of staff with certification, qualification, or lived experience; level of client or participant satisfaction shown in survey data.
8. **One or more outcome measures**, addressing the question, “Is anyone better off?” Examples: number or percentage of clients with stable housing or employment; self-reported measures of client recovery capital, such as overall well-being, healthy relationships, or ability to manage affairs; number or percentage of formerly incarcerated clients receiving community services or supports within X days of leaving jail or prison.
9. In connection with items 6, 7, and 8 above, **demographic information** on the participation or performance of people of color and other historically marginalized groups.

**136. What information is required on the SHORT FORM?** [formerly question 80]

The information required on the SHORT FORM is as follows:

1. County or municipality and fiscal year covered by this report.
2. Name, title, and organization of person completing this report.
3. Name of funded strategy, letter and/or number of funded strategy on Exhibit A or Exhibit B to the MOA, and number and date of resolution(s) authorizing expenditure of settlement funds on funded strategy.
4. **Brief progress report** describing the funded strategy and progress made during the fiscal year. Recommended length: approximately one page (250 words).

**137. Is there any guidance available to assist local governments in completing the STANDARD FORM or SHORT FORM?**

Yes. For guidance and resources to assist local governments in completing these forms, visit the CORE-NC “Reporting Overview” page and scroll down to “Annual Impact Report.” Here is the link: <https://ncopioidsettlement.org/reporting/>

**138. What are the “funded strategies” that a local government is required to address in its Exhibit F Annual Impact Report using the STANDARD FORM or SHORT FORM?** [formerly question 80A]

If a local government disburses opioid settlement funds on any strategy listed in Exhibit A or B during the relevant fiscal year, the local government must then provide information on this disbursement in two places:

1. In the Exhibit E Annual Financial Report, on line 5(b); and
2. In the Exhibit F Annual Impact Report, using the STANDARD FORM or SHORT FORM as explained above.

If a local government reports on line 5(b) of its Annual Financial Report that it disbursed opioid settlement funds on a strategy listed in Exhibit A or B during the relevant fiscal year, then the local government must also provide impact information on that “funded strategy” using the STANDARD FORM or SHORT FORM described in the Exhibit F Annual Impact Report.

**139. What if a local government authorized the expenditure of funds (and obligated funds) on a strategy listed in Exhibit A or B but did not actually disburse any funds on the strategy during the relevant fiscal year?** [formerly question 80B]

If a local government authorized the expenditure of opioid settlement funds (and obligated funds) on a strategy listed in Exhibit A or B, but the local government did not actually disburse any opioid settlement funds on that strategy during the relevant fiscal year, the local government is not required to report on that strategy in its Exhibit E Annual Financial Report or its Exhibit F Annual Impact Report.

That said, a local government may (in its discretion) choose to provide additional, optional impact information on any strategy that it has authorized but not yet funded (and/or obligated funds to), using the “brief progress report” that is a part of the STANDARD FORM or the SHORT FORM set forth in the Exhibit F Annual Impact Report. In a similar vein, a local government may (in its discretion) choose to provide additional, updated impact information on a strategy that it did not fund during the relevant fiscal year but did fund in a previous fiscal year.

Reminder: Before obligating and disbursing opioid settlement funds, a local government must authorize the expenditure of funds in a manner that is consistent with both the MOA and state law. Please see Part 3A of this FAQ for more on this.

**140. What if a local government disburses funds to a sub-recipient to implement a strategy listed in Exhibit A or B, but the sub-recipient does not begin work on the strategy during the relevant fiscal year?** [formerly question 80C]

If a local government disburses opioid settlement funds on a strategy listed in Exhibit A or B during the relevant fiscal year, the local government must provide information on this disbursement in both the Exhibit E Annual Financial Report and the Exhibit F Annual Impact Report (as explained in question 138 above).

If the local government disburses funds to a sub-recipient that does not begin work on the strategy during the relevant fiscal year, the local government should explain the situation using the “brief progress report” that appears on both the STANDARD FORM and the SHORT FORM described in the Exhibit F Annual Impact Report. Having explained the situation, the local government may then enter “zeroes” when asked to provide process, quality, and outcome measures on the STANDARD FORM (if there is truly nothing to report for these fields).

**141. Are there any recommended measures or sources of data for common opioid remediation strategies such as those listed in Exhibit A?** [formerly question 80D]

Yes. Exhibit A states that “The State will provide counties and municipalities with recommended measures and sources of data for common opioid remediation strategies such as those listed in Exhibit A.” To assist NC DOJ in addressing this need, the NC Association of County Commissioners developed “NC Opioid Settlements Measures Models,” available at <https://www.ncacc.org/opioidsettlement>



## PART 6: COMPLIANCE AND AUDIT MATTERS

### **142. If a question or issue arises concerning a local government's compliance with the MOA, who is the point of contact at the local level?** [formerly question 81]

The MOA states that the local government manager or administrator is the point of contact for questions that may arise under the MOA. [MOA § F.4]

### **143. Are local governments required to preserve records related to opioid settlement spending?** [formerly question 82]

Yes. The MOA provides that each local government that receives opioid settlement funds must maintain, for a period of at least five years, records of opioid settlement expenditures and documents underlying those expenditures, so that it can be verified that funds are used in a manner consistent with the national settlements and MOA. NC DOJ and the State Auditor shall have access to persons and records related to the MOA and expenditures of opioid settlement funds. [MOA §§ F.4 & F.5]

### **144. What happens if a local government spends opioid settlement funds in a manner that is inconsistent with the NC MOA?** [formerly question 83]

Local governments are entrusted with the responsibility of spending opioid settlement funds to in a manner consistent with the terms of the MOA. In the unlikely event that a local government spends opioid settlement funds in a manner that is not consistent with the terms of the MOA, the local government has 60 days after discovery of the expenditure to cure the inconsistent expenditure in one of several ways. In the unlikely event that the local government fails to cure the inconsistent expenditure, future opioid settlement payments may be reduced by the amount of the inconsistent expenditure. [See MOA Sections E.2 and E.3 for details.]

Compliance or non-compliance with reporting obligations under the MOA are addressed in question 97 above.

In addition to these MOA-specific considerations, note that spending or other action by a local government that is inconsistent with the terms of the various settlement agreements or bankruptcy could result in additional sanctions by the relevant courts.

### **145. What are the audit-related provisions of the MOA?** [formerly question 84]

Section F of the MOA states:

- 1) Audits under Local Government Budget and Fiscal Control Act. Local Governments' Opioid Settlement Funds are subject to financial audit by an independent certified public accountant in a manner no less than what is required under G.S. 159-34. Each Local Government must file an annual financial audit of the Opioid Settlement Funds with the Local Government

Commission. If any such audit reveals an expenditure inconsistent with the terms of this MOA, the Local Government shall immediately report the finding to the Attorney General.

- 2) Audits under other acts and requirements. The expenditure of Opioid Settlement Funds is subject to the requirements of the Local Government Budget and Fiscal Control Act, Chapter 159 of the North Carolina General Statutes; Local Government Commission rules; the Federal Single Audit Act of 1984 (as if the Opioid Settlement Funds were federal funds); the State Single Audit Implementation Act; Generally Accepted Government Auditing Standards; and all other applicable laws, rules, and accounting standards. For expenditures for which no compliance audit is required under the Federal Single Audit Act of 1984, a compliance audit shall be required under a compliance supplement approved by the coordination group [described in questions 150 and 151 below].
- 3) Audit costs. Reasonable audit costs that would not be required except for this Section F may be paid by the Local Government from Opioid Settlement Funds.

**146. What does the MOA say about the compliance supplement mentioned in the last sentence of Section F.2 of the MOA?** [formerly question 85]

Exhibit D to the MOA states:

As provided in Section F.2 of the MOA, where no compliance audit would be required under the Federal Single Audit Act of 1984 for expenditures of Opioid Settlement Funds, a compliance audit shall be required under a compliance supplement established by a vote of at least 8 members of the coordination group [described in questions 150 and 151 below]. The compliance supplement shall address, at least, procedures for determining:

- i. Whether the Local Government followed the procedural requirements of the MOA in ordering the expenditures.
- ii. Whether the Local Government's expenditures matched one of the types of opioid-related expenditures listed in Exhibit A of the MOA (if the Local Government selected Option A) or Exhibit B of the MOA (if the Local Government selected Option B).
- iii. Whether the Local Government followed the reporting requirements in the MOA.
- iv. Whether the Local Government (or sub-recipient of any grant or loan, if applicable) utilized the awarded funds for their stated purpose, consistent with this MOA and other relevant standards.
- v. Which processes (such as sampling) shall be used (i) to keep the costs of the audit at reasonable levels; and (ii) to tailor audit requirements for differing levels of expenditures among different counties.

**147. Has the Coordination Group approved a compliance supplement for use by local government auditors as called for in MOA Section F.2 and Exhibit D?** [formerly question 85A]

Yes. The Coordination Group approved a compliance supplement for local government auditors at its meeting of June 21, 2023.

## PART 7: COLLABORATION AND COORDINATION

**148. Does the MOA promote collaboration and coordination of efforts?** [formerly question 86]

Yes. The MOA promotes collaboration in general and establishes a Coordination Group to help implement the MOA. [MOA §§ F.7 & E.7 & Exhibit D]

**149. How does the MOA promote collaboration in general?** [formerly question 87]

The MOA states that the state of North Carolina and local governments must collaborate to promote effective use of opioid settlement funds, including through the sharing of expertise, training, technical assistance. The MOA also states that the state and local governments should coordinate with trusted partners to collect and share information about successful strategies to address the opioid epidemic. [MOA § F.7]

**150. What is the composition of the coordination group?** [formerly question 88]

The coordination group has twelve members, including:

- Five local government representatives (a county commissioner, county manager, county attorney, county local health director or consolidated human services director, and municipal manager).
- Four experts appointed by NC DHHS.
- One expert appointed by the North Carolina Attorney General.
- Two experts appointed by legislative leaders, including:
  - One representative from the University of North Carolina School of Government with relevant expertise appointed by the Speaker of the North Carolina House of Representatives.
  - One representative from the board or staff of the North Carolina Institute of Medicine with relevant expertise appointed by the President Pro Tempore of the North Carolina Senate.

[MOA Exhibit D]

**151. What are the responsibilities of the coordination group?** [formerly question 89]

The coordination group has a variety of responsibilities, including the following:

- To develop certain guidelines for audits required under the MOA (as discussed in questions 145 and 146 above).
- To make adjustments as needed to certain aspects of the NC MOA, including:
  - The high-impact strategies listed in Exhibit A.
  - The collaborative strategic planning process described in Exhibit C.
  - The annual financial report described in Exhibit E.
  - The impact information described in Exhibit F.
- To work with counties, municipalities, NCACC, NCLM, other associations, foundations, non-profits, and other government or nongovernment entities to provide support to local governments in their efforts to effectuate the goals and implement the terms of the MOA.

[MOA Exhibit D]

**152. Has the Coordination Group held any meetings?** [formerly question 89A]

Yes. The Coordination Group met on June 21, 2023 and on July 12, 2023.

**153. What actions did the Coordination Group take at its June 21, 2023 meeting?** [formerly question 89B]

At its June 21, 2023 meeting, the Coordination Group took the following actions:

- Approved basic operating procedures for the Coordination Group
- Approved a compliance supplement for the MOA
- Approved modifications to MOA Exhibit F (Annual Impact Report)
- Approved a proposal for future annual and special meetings

For more information:

- [Read MOA Exhibit F](#) as modified by the coordination group.
- [Read the minutes](#) of the June 21, 2023 Coordination Group meeting.

**154. What actions did the Coordination Group take at its July 12, 2023 meeting?** [formerly question 89C]

At its July 12, 2023 meeting, the Coordination Group took the following actions:

- Approved minutes from the June 21, 2023 meeting
- Approved modifications to MOA Exhibit E (Annual Financial Report)

Minutes of the July 12, 2023 meeting of the Coordination Group were approved in August 2023 by an email vote of ten in favor and zero opposed (with one member abstaining because they were unable to attend the meeting).

For more information:

- [Read MOA Exhibit E](#) as modified by the Coordination Group.
- [Read the minutes](#) of the July 12, 2023 Coordination Group meeting.

**155. Has there been further collaboration to promote effective use of opioid settlement funds?** [formerly question 90]

Yes. To date there has been a high level of collaboration among multiple state, local, foundation, university, and other partners, including the North Carolina Department of Justice ([NC DOJ](#)), North Carolina Association of County Commissioners ([NCACC](#)), the University of North Carolina Injury Prevention Research Center ([IPRC](#)), the North Carolina Department of Health & Human Services ([NC DHHS](#)), and the North Carolina Institute of Medicine ([NCIOM](#)). Working together, these and many other partners have collaborated on numerous projects and initiatives to promote effective use of opioid settlement funds.

## PART 8: STATE SPENDING OF OPIOID SETTLEMENT FUNDS

**156. How is the state of North Carolina spending its share of opioid settlement funds?**  
[formerly question 91]

The MOA requires that 85 percent of the funds to go directly to county and municipal governments, while the remaining 15 percent of funds are directed to the General Assembly to be used by the state to address the opioid epidemic in a manner consistent with the national opioid settlement agreements.

In addition, the General Assembly has appropriated funds from the settlement between the State of North Carolina and McKinsey & Company, which is not governed by the MOA and does not involve any payments to local governments. The McKinsey settlement provides nearly \$19 million over five years for the state of North Carolina.

**157. For Fiscal Year 2021-2022, how did the General Assembly appropriate opioid settlement funds?** [formerly question 92]

For Fiscal Year 2021-2022, the General Assembly directed \$15,735,496 from the multi-state settlement with McKinsey & Company to the North Carolina Department of Health and Human Services (NCDHHS) to support treatment, recovery, and preventions services for individuals battling Opioid Use Disorder. NCDHHS awarded 20 agencies across the state with grant funds to enhance or implement treatment services. A detailed overview of those who received awards from NC DHHS can be found [HERE](#).

These appropriations for Fiscal Year 2022-2023 are described more fully on pages 217-219 of the 2021-2022 state budget [HERE](#).

**158. For Fiscal Year 2022-2023, how did the General Assembly appropriate opioid settlement funds?** [formerly question 93]

For Fiscal year 2022-2023, the General Assembly divided funds from the distributor and Johnson & Johnson settlement agreements into two parts. Of the \$14,781,203 made available as a result of those agreements, the General Assembly directed \$9,225,000 to the NC Department of Health and Human Services to be used as follows:

- \$1,850,000 – Prescription Digital Therapeutics Pilot Program
- \$1,000,000 – Triangle Residential Options for Substance Abusers Inc. (TROSA)
- \$6,000,000 – Local Management Entities and Managed Care Organizations (LME/MCOs) to purchase naloxone and medications for opioid use disorder and for related purposes
- \$375,000 – NC Association of County Commissioners to assist counties in maximizing the long-term positive impact of opioid settlement funds

The remaining funds in the amount of \$5,556,203 are directed to the UNC Collaboratory to be used as follows:

- \$400,000 – UNC Injury Prevention Research Center to support their work on the Community Opioid Resources Engine for North Carolina (CORE-NC)
- \$600,000 – NC Central University
- \$2,656,203 – UNC School of Pharmacy’s Eshelman Institute for Innovation
- \$1,900,000 – Expanding grant opportunities across UNC campuses

Regarding the last item – \$1,900,000 to expand grant opportunities across UNC campuses – the NC Collaboratory funded the five research projects described [HERE](#).

These appropriations for Fiscal Year 2022-2023 are described more fully on pages 90-92 of the 2021-2022 state budget [HERE](#).

**159. For Fiscal Year 2023-2024 and Fiscal Year 2024-2025, how did the General Assembly appropriate opioid settlement funds?** [formerly question 94]

For Fiscal Years 2022-2023 and 2023-2024, the General Assembly appropriated the state share of opioid settlement funds in the following manner:

\$5.5 million for FY 23-24 and \$5.5 million for FY 24-25 to the University of North Carolina to be used as follows:

- \$5.2 million in FY 23-24 and \$5.5 million in FY 24-25 to the University of North Carolina to make grants available on a competitive basis prescribed by the North Carolina Collaboratory to each campus of the constituent institutions of The University of North Carolina for opioid abatement research and development projects.

- \$300,000 in FY 23-24 to the University of North Carolina to conduct the study on judicially managed accountability and recovery courts.

\$3,692,461 for FY 23-24 and \$4,478,462 for FY 24-25 to the NC Department of Health and Human Services to be allocated as grants to the following entities to respond to the negative impacts of the opioid epidemic:

- \$200,000 for FY 23-24 to Addiction Professionals of NC, a nonprofit in Wake County which provides professional development services and support to professionals working in the field of substance use disorder, prevention, treatment, and recovery.
- \$78,462 for FY 24-25 to Adult & Teen Challenge of Sandhills NC, a nonprofit in Moore County which provides substance use disorder treatment and recovery services.
- \$1 million for FY 23-24 to Bridge to Recovery, Inc., a nonprofit in Union County which provides substance use disorder treatment and recovery services.
- \$1 million for FY 24-25 to Clay County NC.
- \$1.4 million for FY 24-25 to Columbus Regional Healthcare System, a nonprofit healthcare system, for its hospital in Columbus County.
- \$950,000 for FY 23-24 to Freedom Farm Ministries, a nonprofit in Watauga County which provides substance use disorder treatment and recovery services.
- \$750,000 for FY 23-24 to Ground 40 Ministries, a nonprofit in Union County which provides substance use disorder treatment and recovery services.
- \$1 million for FY 24-25 to Pamlico County NC.
- \$400,000 for FY 23-24 to Safer Communities Ministry, Inc., a nonprofit in Union County which provides substance use disorder treatment and recovery services.
- \$300,000 for FY 23-24 to The Samaritan Colony, Inc., a nonprofit in Richmond County which provides substance use disorder treatment and recovery services.
- \$92,461 for FY 23-24 to Solus Christus, a nonprofit in Yadkin County which provides substance use disorder treatment and recovery services.
- \$1 million for FY 24-25 to Surry County NC

In connection with the above appropriations, the General Assembly further provided that: “By September 1, 2024, recipients of funds allocated . . . for the 2023-2024 fiscal year, and by September 1, 2025, recipients of funds allocated . . . for the 2024-2025 fiscal year shall report to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services; the Joint Legislative Oversight Committee on Health and Human Services; and the Fiscal Research Division [of the NC Generally Assembly] on the use of these allocated funds. The report shall include at least all of the following for each recipient: (1) An itemized list of expenditures. (2) The types of opioid remediation programs, services, and activities

funded, broken down by geographic location and the number of people served at each location.”

Additional information is available on pages 272-273 of the state budget [HERE](#) and on pages C107-C109 of the Joint Conference Committee Report [HERE](#).

## APPENDIX: ACRONYMS AND SHORTHAND

Authorized MOA Strategies – Strategies listed in Exhibit A or Exhibit B to the MOA that are properly authorized pursuant to the substantive and procedural requirements in the MOA.

CORE-NC – Community Opioid Resources Engine – the resources and reporting hub for the North Carolina opioid settlements available at <https://ncopioidsettlement.org>

FAQ – Frequently Asked Questions.

MOA – Memorandum of Agreement on the allocation, use, and reporting of opioid settlement funds in North Carolina.

NCACC – North Carolina Association of County Commissioners.

NC DHHS – North Carolina Department of Health and Human Services.

NC DOJ – North Carolina Department of Justice.

NCGA – North Carolina General Assembly.

NCLM – North Carolina League of Municipalities.

SAAF – Supplemental Agreement for Additional Funds.

SAAF-2 – Second Supplemental Agreement for Additional Funds.

Wave One Settlements – The Wave One Settlements resolved litigation about opioid-related misconduct that many state and local governments brought against three drug distributors – Cardinal, McKesson, and AmerisourceBergen – as well as the drug maker Johnson & Johnson and its subsidiary Janssen.

Wave Two Settlements – The Wave Two Settlements resolved litigation about opioid-related misconduct brought by many state and local governments against three retail pharmacy chains – CVS, Walmart, and Walgreens – as well as the drug makers Allergan and Teva.