

## MEMORANDUM

TO: NC local governments receiving opioid settlement funds  
FROM: North Carolina Department of Justice ([opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov))  
DATE: November 21, 2022  
RE: Requirements for local governments to spend opioid settlement funds under the opioid settlement Memorandum of Agreement

Now that every NC local government receiving opioid settlement funds has received two payments from the distributors (the first payment between late May and early July and the second payment in September) and one payment from Johnson & Johnson (in mid-November), we are writing to remind you of the process that a local government must follow in order to spend opioid settlement funds pursuant to the Memorandum of Agreement (MOA) on the use of opioid settlement funds.

Section D.1 of the MOA states that every local government receiving opioid settlement funds shall create a separate special revenue fund that is designated for the receipt and expenditure of opioid settlement funds. As you know, these funds are subject to audit and may not be commingled with other funds.

Section E.6 of the MOA describes the process that every local government must follow in order to draw funds from this special revenue fund. Section E.6.a states that “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.”

Section E.6.b states that 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.

Regarding the second element listed above (item “ii”), it is not sufficient for the budget item or resolution to describe the funded strategy in general terms. **The budget item or resolution must 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.**

If a local government passes a budget item or resolution that does not satisfy all of the elements listed above (using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy), the local government has not properly authorized the expenditure of opioid settlement funds and may not spend opioid settlement funds until it has passed an additional budget item or resolution that satisfies all of the elements listed above.

The North Carolina Association of County Commissioners (NCACC) has created a template that local governments may use to draft a resolution in compliance with the requirements described above. (While NCACC developed the template for counties, it works equally well for municipalities.) NCACC template is available [HERE](#) (by scrolling down to the “Recommended Resources” section, clicking on the “Spending Authorization Language” button, and downloading the template).

After a local government passes a budget or 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) pursuant to section F.6.c.i of the MOA. A local government may report more than one budget item, budget amendment, or separate resolution authorizing the expenditure of opioid settlement funds to CORE-NC. This and other reporting requirements are described in the Reporting Requirements Memo available on the [NC MOA Resource Center](#).

Further information about the MOA is available on the [NC MOA Resource Center](#). More general information about the opioid settlements is available on NC DOJ’s [MorePowerfulNC](#) website and on the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)).

If you have questions or concerns about this memo or other legal matters, please do not hesitate to contact NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov). For technical assistance evaluating or implementing strategies to address the opioid epidemic, you can reach out to [opioidsettlement@dhhs.gov](mailto:opioidsettlement@dhhs.gov) or [opioidsettlement@ncacc.org](mailto:opioidsettlement@ncacc.org). For assistance submitting reports or other information to CORE-NC, or to report broken links or other issues with the website, you can reach out to the CORE-NC team at [opioidsettlement@unc.edu](mailto:opioidsettlement@unc.edu).

Thank you for your continued partnership, and best wishes for a warm and safe holiday season!