

BARS Alert – April 8, 2024



Office of the
Washington
State Auditor
Pat McCarthy

Opioid lawsuit settlement – BARS coding, accounting, and reporting

This applies to the following cash basis governments

Cities, Counties and Towns that joined Washington State under a resolution with companies that were found responsible for fueling the opioid epidemic.

Purpose of the alert

Since the original BARS Alert, additional settlement agreements have been signed. The information in the original alert (provided below) is still applicable. This alert provides additional information for opioid settlements.

Detailed guidance

BARS Coding: governments should continue to use BARS code 369.40 – Judgments and Settlements to record this revenue.

Additional Information

As of this BARS Alert, SAO is aware of the following opioid settlements:

- National distributor settlement
- Walmart/CVS/Walgreens/Teva/Allergan settlements
- Johnson & Johnson settlement

National distributor settlement

Governments can find their projected settlement payments at [National Opioids Settlement \(nationalopioidofficialsettlement.com\)](https://nationalopioidofficialsettlement.com), scroll to the bottom of the page to the “Locate State/Territory” drop-down and select Washington State. To find the projected calculations by subdivision, click the link at the bottom of the payment table:

17	Distributor Projected Payment 17 (July, 2037)	N/A	N/A	\$23,902,764.95
18	Distributor Projected Payment 18 (July, 2038)	N/A	N/A	\$23,902,764.95

A detailed breakdown of the allocations and projected calculations for this State and its Subdivision(s) is available by clicking [here](#)

Governments can expect to receive two payments from the distributor settlement in 2024. Payment 4 will be made in July 2024 as scheduled. In addition, two of the three distributor companies opted to make Payment 7 in March 2024. Payment 7 will be at a discounted rate, so you will receive less than the projected payment. This is an option allowed under the settlement agreement that each company can exercise once every five years.

Walmart/CVS/Walgreens/Teva/Allergan settlements

The deadline for local governments to join this settlement was April 2023. This settlement was finalized in 2023. The Settlement Administrator, BrownGreer, has not posted payment projections as of this BARS Alert. However, governments will receive the initial payment soon. Governments will only receive one payment from Walmart, as this satisfies their obligations. The other four companies will continue to make additional payments. These payments will not necessarily all be made on the same date, so governments can expect to receive several payments each year.

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Johnson & Johnson settlement

The Attorney General’s Office is soliciting eligible cities and counties to join their settlement with Johnson & Johnson. The deadline for cities and counties to join the settlement is May 11, 2024. For more information and instructions on how to sign up see [Johnson & Johnson Opioid Settlement | Washington State](#).



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Original BARS Alert – February 7, 2023

Opioid lawsuit settlement – BARS coding, accounting, and reporting

Who this applies to the following cash basis governments

Cities, Counties and Towns that joined Washington State under a resolution with three companies that were found responsible for fueling the opioid epidemic. The local governments that joined the resolution will start receiving payments Dec. 1, 2022, from the settlement administrator.

For information on spending settlement funds

As independent auditors, SAO staff are unable to provide detailed guidance on how to spend these funds. A [press release](#) from the Attorney General’s Office lists approved strategies for using the funds, and notes that local governments’ spending decisions must be consistent with the state [Opioid and Overdose Response Plan](#). For specific questions about appropriate use of funds, how they will be distributed, or contingency measurement changes; please contact Jeff Rupert, Complex Litigation Division Chief at the Office of the Attorney General, at jeffrey.rupert@atg.wa.gov.

Purpose of the alert

This alert provides information on BARS coding, accounting, and reporting for the opioid settlement.

Detailed guidance

BARS Coding: governments receiving this revenue should use BARS code 369.40 – Judgments and Settlements when recording these funds as revenue into their accounting system. Generally, this resource will be reported as miscellaneous revenues in the financial statements.

Cash basis accounting and reporting:

Record revenue when cash payments are received as follows:

Cash		debit
	Revenue (369.40 judgment/settlement)	credit

Your government should report a restricted cash and investment balance for any amount of revenue recorded that remains unspent at fiscal year-end.

Questions?

If you have questions related the opioid settlement, please contact Jeff Rupert, Complex Litigation Division Chief at the Office of the Attorney General, at jeffrey.rupert@atg.wa.gov.

If you have questions related to the BARS coding, accounting, or reporting please use the [SAO Helpdesk](#).