SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Investigative Summary

Summary of Significant Complaint(s) reported:
The State Auditor's Office (SAO) received concerns regarding the expenditure of opioid settlement funding by the City of Kirkwood. Concerns included the use of the settlement funds to purchase a vehicle fitted with a snowplow.

Background:
Opioid settlement funding provided to the state and local governments is the result of numerous lawsuits that have been settled with pharmaceutical manufacturers and distributors. Missouri has received, or is currently receiving, funds from 11 national settlements, of which 8 are also providing funds to Missouri local governments. In 2024, Missouri received a total of $154 million in settlement funds with approximately $100 million going to the state and $54 million to local governments. From 2021 to 2024, payments to the State of Missouri and its local governments have totaled over $254 million. Settlement funding is expected to continue beyond 2040.

The allocation of Missouri opioid settlement funds is governed by an overall Memorandum of Understanding between the State of Missouri and its Political Subdivisions on Proceeds Relating to the Settlement of Opioid Litigation (MOU) that establishes how the funds are to be spent and the reporting requirements. Funds are generally allocated by a 60/40% split with 60% to the state and 40% allocated to the participating localities/political subdivisions for non-bankruptcy settlements. Funds are directly allocated to the political subdivisions and those entities are allowed to determine how they will spend the money within the limitations of the settlement agreement. Generally, funds are to be spent on opioid remediation. Allowable expenditure categories include treatment, prevention, and other opioid abatement strategies. The MOU also requires annual reporting on expenditures of settlement funds.

The Department of Mental Health (DMH) developed a unified reporting website for use by participating cities, counties, and political subdivisions, as well as the state government and the public. The website allows local governments to report expenditures annually. Information reported for the prior calendar year is available March 1 each year and is compiled into an annual report to the Missouri General Assembly. In 2024, the website opened to reporting entities on January 1, the first annual report was posted on March 1, and expenditure data was available to the public on April 1. For its first reporting period, DMH officials indicated 100% of Missouri’s 146 local entities that received funding participated. For the second year of reporting the website was open October 1, 2024 through January 31, 2025. The second annual report was posted on March 3, 2025, and public expenditure data was available the same day. For its second reporting period, DMH officials indicated 100% of Missouri's 159 local entities that received funding participated.

Complaint Review:
Our investigation included a review of various City of Kirkwood documents related to the Opioid Settlement, including meeting minutes, reports on settlement spending (including explanations of how expenditures were allowable uses of settlement funds), and supporting documentation for all 2024 settlement fund expenditures. Our investigation also included gaining an understanding of the relevant

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

Missouri statutes and guidance related to opioid settlement funds. The City of Kirkwood received approximately $78,600 in 2024 and used the funding for patient care clinical software, training, Narcan[1] doses, an alternative response vehicle (vehicle reported in the complaint), physician oversight of Emergency Medical Services (EMS), a radio for first responders, stretcher maintenance fees, and GPS system fees.

City of Kirkwood

The city used settlement money to pay half the cost of an F350 truck, approximately $30,000, without City Council approval and did not sufficiently document the vehicle's use to support the expenditure of settlement funding. The city's response indicates the purchase is allowable under the DMH allowable use section codes 1-C9 and 3-J3, that the vehicle supports EMS, and is infrastructure that allows EMS to connect individuals in an opioid crisis by reaching locations typical EMS vehicles may not be able to. They also indicated the inclusion of the snow plow blade allows the city to clear snow to allow EMS vehicles to reach individuals in need.

The allowable use categories[2] citied by the city are defined by the DMH as follows:

- Section 1-C9 - Connect people who need help to the help they need (connections to care). Provide connections to care for people who have – or at risk of developing Opioid Use Disorder and any co-occurring Substance Use Disorder or Mental Health conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.

- Section 3-J3 - Support efforts to provide leadership, planning, coordination, facilitations, training, and technical assistance to abate the opioid epidemic through activities, programs, or strategies. Strategies including investing in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing any co-occurring Substance Use Disorder or Mental Health conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

It appears the vehicle could be used in situations that address the opioid crisis as required, although, the correlation to opioid remediation is tenuous and not as evident as other city purchases like drug-related training and Narcan doses.

The city reported the expenditures to the DMH as required. However, we noted the allowable use category for the vehicle reported to the DMH differed from that provided in the city's response to our investigation and the purchase does not appear to be allowable under the category reported to the DMH. The city reported the vehicle to the DMH as another opioid abatement strategy specifically for first responders (Category of First Responders, Part 3 - Other Opioid Abatement Strategies). DMH guidance indicates expenditures under this category is for first responder education and wellness and support services related to secondary trauma. The city clerk indicated they provided differing information because, when responding to our request, they determined some expenditures fit better in different categories and wanted to provide the most complete and accurate response to our investigation. To ensure the city is spending funds appropriately, the city should carefully evaluate expenditures in relation to the allowable use categories prior to expending funds.

---

[1] Narcan is the brand name for the medication naloxone, which is used to reverse an opioid overdose.
[2] Missouri Department of Mental Health , *Opioid Settlement Allowable Uses and Reporting Codes*, available at https://moopioidsettlements.dmh.mo.gov/ReportingResources/AllowableUses, accessed September 17, 2025.

City officials did not obtain City Council approval to use settlement funding for the vehicle purchase. City officials were unable to provide meeting minutes or other documentation supporting the City Council's approval of the use of settlement money for the vehicle or any purchase. Given the specific requirements for use of the money, careful City Council consideration of its use appears necessary prior to spending.

Also, while the city explained how the vehicle was used in emergency situations, city officials could not provide dispatch records to support such use as they did not include the vehicle in their dispatch tracking like other emergency vehicles. The opioid settlement MOU section F.41. requires any recipient to maintain records of abatement expenditures and documents underlying those expenditures "so that it can be verified that funds are being utilized in a manner consistent with Approved Uses." The city has now added the vehicle into its dispatch process to allow for better tracking.

Additional Concerns:

There is no state oversight of local settlement spending. While both state law[3] and the MOU prohibit the use of settlement money for unallowable purposes, neither dictate who is responsible for ensuring compliance or the consequences of non-compliance and there is no state agency or other entity responsible for ensuring settlement money is spent only on allowable items or enforcing settlement requirements. As a result, if the City of Kirkwood's purchase of a truck was considered questionable, there is no oversight agency to address the possible violation or take action to recover any of the funds.

We discussed oversight with DMH officials who indicated they serve only to provide guidance and a reporting mechanism that is used for the required annual report to the General Assembly. DMH officials indicated they work, along with the Attorney General's Office, the Missouri Municipal League, and Association of Counties to provide information on, and support for, the settlement reporting by participating local governments. Beyond this, DMH officials indicated reminders are sent by the national settlement administrator to the local governments with each settlement payment of the intended use of the funding and these reminders reference the possibility of penalties for noncompliance.

The DMH indicated the settlement agreements are not clear as to the consequences for spending the funds inappropriately, there are no examples yet of enforcement of any requirements, and it is the settlement administrators who are responsible for any enforcement. We reviewed 4 of the 8 settlement agreements where funding is going to local governments and noted there were no specific penalties for noncompliance at the local level. Instead the agreements indicate an unspecified penalty will be imposed on any state in which the annual payments on non-opioid remediation exceed a certain percentage (between 4.5 and 15 percent, depending on the settlement, over the life of the settlement). Agreement language indicates penalties could include any recourse available to non-breaching parties under the law.

Non-opioid spending amounts are reported to the DMH as part of the annual reporting and are also required to be reported to the settlement administrator under the terms of the settlement agreements. The DMH reports that, for calendar years 2023 and 2024, the percentage of payments for other uses/non-opioid remediation is 3% for cities, 3% for counties, and 35% for other political subdivisions (currently 2 ambulance and 1 hospital district). Overall, the DMH reports expenditures for "other uses" are only 2% of the total spent during these years at the state and local level. While most entities are within the allowable limits, the percentage spent by other political subdivisions indicates some risk of unallowable spending. DMH officials indicated this is, in part, due to the settlement with the hospital district that requires attorney's fees, paid directly to the law firm, to be included.

[3] Section 196.1050, RSMo

Conclusion:

The city's purchase of a vehicle with opioid settlement money appears to have only a tenuous correlation to allowable expenditure categories, was not approved by City Council, and the city did not track the vehicle's use in opioid-related emergency situations to support the expenditure of settlement funds. Also, while the City of Kirkwood's use of settlement money was reported to the DMH as required, the purchased vehicle was reported with an incorrect spending category. City Council review and approval of settlement purchases prior to expenditure would help ensure funding is appropriate and properly reported. In addition, better tracking of the use of the purchased vehicle for opioid related emergency situations would further support the use of opioid funds for the purchase.

Our investigation also identified limitations in the state oversight of the opioid settlement money. If there were improper expenditures, it does not appear there is a mechanism to identify or remedy any improper spending at the state level. Given that significant funding will continue to be allocated to local governments, oversight of expenditures would help prevent waste and/or abuse.

We will close this investigation with recommendations to the city to improve procedures in approving, tracking, and reporting settlement expenditures. In addition, we recommend the General Assembly consider legislation establishing an oversight mechanism for settlement expenditures, to the extent allowed by the settlement agreements.