New Mexico Office of the State Auditor

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Opioid Settlement Expenditures by New Mexico Local Governments

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Executive Summary

New Mexico continues to face a severe opioid and overdose crisis, and opioid settlement funds give local governments an important opportunity to invest in prevention, treatment, harm reduction, and recovery efforts. This report reviewed annual financial audit information from FY 2023 through FY 2025 and surveyed local governments to better understand how local opioid settlement funds were being used and what barriers may be affecting spending. OSA's observations include:

- **Spending reported in annual financial audits increased over time but remained limited.** While more local governments reported opioid settlement fund expenditures over time, nearly half of counties and most municipalities had not reported any expenditures during the three-year period reviewed.
- **Inconsistent audit reporting limited visibility into some local government spending activity.** In some cases, audit reporting did not clearly show opioid settlement revenues, transfers, or expenditures, which made it difficult to fully verify local spending activity.
- **Survey responses indicate local governments face planning and implementation challenges.** Local governments most often reported provider shortages, uneven planning, questions about allowable uses, procurement difficulties, and sustainability concerns as barriers to using opioid settlement funds.
- **Counties and municipalities reported common barriers to spending, with some variation.** Counties more often cited provider availability and procurement, while municipalities more often identified long-term sustainability and internal decision-making as challenges.
- **Larger and more collaborative governments appeared better positioned to begin spending.** Planning, partnerships, and regional coordination may help some governments move more quickly from receiving funds to implementing opioid remediation activities.
- **The lack of a central coordinating body may affect local governments.** New Mexico's current structure places substantial responsibility at the local level, and survey responses indicate some local governments would benefit from more state-level coordination, information sharing, and implementation support.
- **Practical implementation support may enhance the effectiveness of opioid fund use.** Survey respondents most often asked for examples of successful programs, shared-services models, reporting tools, and other practical implementation resources

Improving the use of opioid settlement funds will likely require stronger planning, more consistent transparency, practical implementation support, and better coordination. This report offers recommendations for local governments and considerations for the Legislature focused on these areas to help inform the effective and transparent use of available funds.

Introduction

New Mexico faces one of the most severe opioid use and drug overdose crises in the nation.[1] According to the state's Department of Health, in 2021 alone 1,029 New Mexicans died from drug overdose—about one person every 8.5 hours.[2] The New Mexico Department of Justice has also reported significant increases in deaths attributable to prescription opioids over the past 25 years and estimates that nearly 83,000 New Mexicans experienced opioid use disorder as of 2020.[3]

Beginning in 2023, New Mexico began receiving opioid litigation settlement payments that will total more than $920 million. Opioid settlements are multibillion-dollar agreements with manufacturers, distributors and pharmacies to compensate states, local governments, and victims for the harm caused by the opioid crisis. These funds present a critical opportunity to expand prevention, treatment, harm reduction, and recovery efforts across the state.

More than three years after the settlement agreements were reached, substantial local government resources remain available for opioid remediation. According to annual financial audit reports reviewed for this report, local governments had collectively accumulated more than $110 million by FY 2025. However, the pace and visibility of local implementation varied, and some local governments reported barriers that may have delayed or complicated the use of these funds.

The Office of the State Auditor's Government Accountability Office (GAO) publishes Transparency Reports to examine specific issues related to public spending and to identify trends and concerns that may help decision-makers, legislators, and the public better understand how public resources are being managed. This report focuses on opioid settlement funds distributed to local governments beginning in 2023. For purposes of this report, local governments refer to all 33 New Mexico counties and certain municipalities that participated in opioid settlements. This report has two objectives:

1. To analyze opioid settlement fund expenditures reported in local government annual financial audits, and
2. To summarize barriers and challenges to spending reported by local governments.

To address these objectives, GAO reviewed annual financial statement audit reports for local governments for FY 2023 through FY 2025 and analyzed opioid settlement fund revenues, expenditures, and balances that were identifiable in those reports. In March 2026, GAO also surveyed local governments to collect information about planning, transparency, spending readiness, implementation, compliance, regional coordination, support needs, and access to service providers. GAO received responses from 26 of 33 counties surveyed (79 percent) and 12 of 19 municipalities

[1] *State Unintentional Drug Overdose Reporting System (SUDORS) Dashboard: Fatal Overdose Data*. Centers for Disease Control and Prevention, https://www.cdc.gov/overdose-prevention/data-research/facts-stats/sudors-dashboard-fatal-overdose-data-accessible.html.

[2] "Drug Overdose Deaths." New Mexico Department of Health, https://ibis.doh.nm.gov/indicator/summary/DrugOverdoseDth.html (2026).

[3] "Opioid Guide." New Mexico Department of Justice, https://nmdoj.gov/wp-content/uploads/New-Mexico-Department-2024-Opioid-Guide_20250423.pdf.

surveyed (63 percent).[4] Appendix A includes more information on the survey. GAO also reviewed selected public reporting by local governments, the New Mexico Department of Justice, and the Legislative Finance Committee related to opioid settlement funding and expenditures.

This report's analysis is based primarily on information from annual financial audit reports and survey responses. In some cases, local governments may have engaged in opioid remediation activities or transferred funds in ways that were not clear in audit documentation or began after FY 2025. Accordingly, GAO could not independently verify the full amount of opioid settlement revenues or expenditures in all cases. Further, audit analysis focused on municipalities that received and reported their own allocations, rather than all participating municipalities identified in the New Mexico Opioid Allocation Agreement (NMOAA).

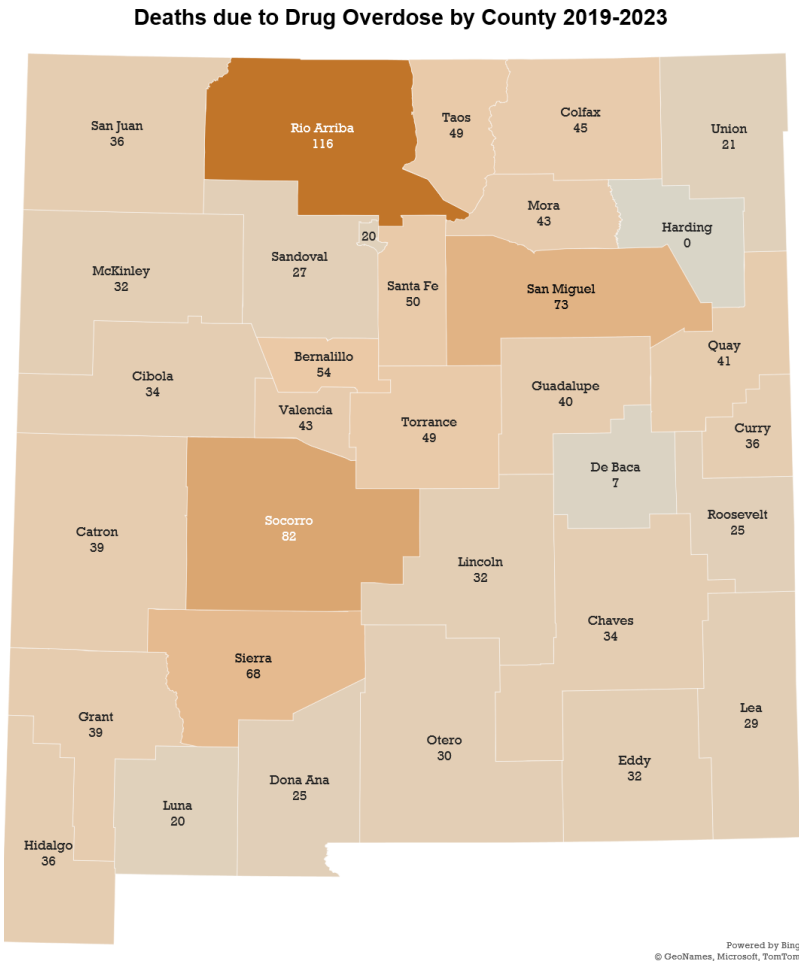

Figure 1: OSA GAO-generated, based on data retrieved from NM-IBIS.

Background

New Mexico's drug overdose death rate has remained one of the highest in the nation for most of the last two decades. The map on this page shows the number of drug overdose deaths per 100,000 people in each New Mexico county between 2019 and 2023. Among New Mexico's 33 counties, 23 had overdose death rates above the U.S. rate of 30.4 per 100,000, including four counties—Rio Arriba, San Miguel, Socorro, and Sierra—with rates at least double the national rate.[5] The New Mexico Department of Health (DOH) estimated in 2019, 74 percent of all overdose deaths involved opioids.[6] DOH data also indicate overdose harms increased during the first half of 2025 in three northern counties: Rio Arriba, Santa Fe, and Taos. Compared with the same period in the previous year, drug overdose deaths increased by 48 percent in Rio Arriba County, 104 percent in Santa Fe County, and 340

[4] While the New Mexico Opioid Allocation Agreement (NMOAA) lists 20 municipalities, GAO did not provide a survey to one because its annual financial audit noted that it provided 100 percent of its opioid funds to its corresponding county.

[5] "Health Indicator Data and Statistics." New Mexico Indicator Based Information System (NM-IBIS), https://ibis.doh.nm.gov/indicator/view/DrugOverdoseDth.Cnty.html. Death rates are rounded to the nearest whole number.

[6] "Opioid Safety & Overdose Prevention." New Mexico Department of Health, https://www.nmhealth.org/about/erd/ibeb/pos/.

percent in Taos County. Fentanyl was linked to most overdose deaths in these counties.[7]

Amidst this public health crisis, New Mexico's opioid settlements resulted from litigation alleging opioid manufacturers, distributors, and pharmacies contributed to widespread opioid misuse and resulting harms, including overdose deaths. Payments resulting from these settlements will ultimately total more than $880 million distributed in a mixture of initial lump sums and annual distributions through the late 2030s under various national and state settlement agreements. According to the New Mexico Department of Justice, in May 2026 the Attorney General reached an additional settlement that will add more than $40 million to this total.[8] Appendix B identifies selected legal, public health, treatment, audit, and planning resources that may be useful to local governments, legislators, and members of the public seeking information about opioid settlement funds and the opioid crisis in New Mexico.

New Mexico's Opioid Settlement Structure

To govern the distribution of opioid settlement funds, New Mexico and participating local governments entered into the New Mexico Opioid Allocation Agreement (NMOAA).[9] The NMOAA establishes how settlement funds are allocated between the State and participating local governments and sets basic requirements for how local government funds must be managed and spent.

Under the NMOAA, after settlement administration costs and specified set-asides, 45 percent of opioid settlement funds are allocated to the State, which is appropriated by the Legislature to state agencies, and 55 percent are allocated to participating local governments. This report focuses on the local government share, which is distributed to all 33 New Mexico counties and certain participating municipalities identified in the NMOAA. The figure below shows the breakdown of New Mexico's opioid settlement funds.

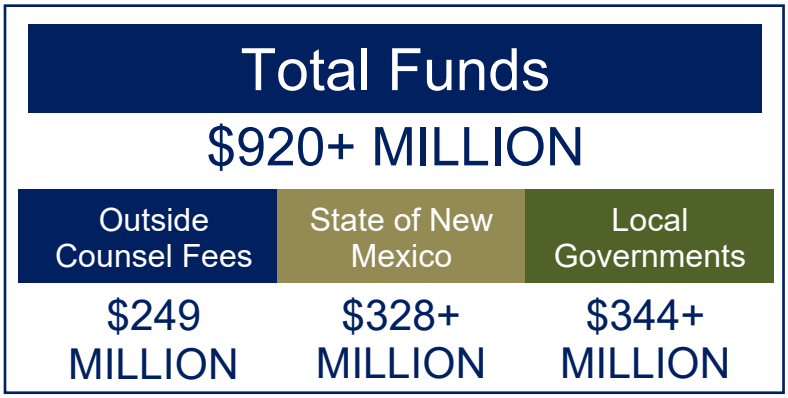

Figure 2: New Mexico's opioid settlement fund allocations. GAO generated based on LFC and NM DOJ information.

The NMOAA divides the local government share into "regions," which may consist of a single county, a county and its participating municipalities, or a single participating city. In regions with more than one participating entity, members may agree to suballocate funds among themselves. The agreement also allows local governments to combine resources across jurisdictions. The NMOAA requires that opioid settlement funds be

[7] "Rise in overdose deaths and ER visits in three Northeast counties," New Mexico Department of Health, September 18, 2025, https://www.nmhealth.org/news/awareness/2025/9/?view=2275.

[8] "New Mexico Attorney General Raúl Torrez Secures Over $40 Million Settlement from Purdue Pharma and Sackler Family in Opioid Case," New Mexico Department of Justice, May 1, 2026, https://nmdoj.gov/press-release/new-mexico-attorney-general-raul-torrez-secures-over-40-million-settlement-from-purdue-pharma-and-sackler-family-in-opioid-case/.

[9] New Mexico Office of the Attorney General and Participating Local Governments, *New Mexico Opioid Allocation Agreement*, March 7, 2022, https://nationalopioidsettlement.com/wp-content/uploads/2022/03/2022.03.15-NEW-MEXICO-OPIOID-ALLOCATION-AGREEMENT.pdf.

used only for allowable opioid-related expenditures, including prevention, treatment, harm reduction, recovery, and related opioid abatement activities.[10]

Financial Reporting and Audit Accountability Requirements

The NMOAA requires each local government to create a separate fund or project on its financial books called the "LG Abatement Fund" to receive and spend its portion of the settlement funds. Opioid funds cannot be commingled with any other local government funds.

The NMOAA also links oversight of opioid settlement funds to the annual audit process under the State Audit Act, §§ 12-6-1 through 12-6-15, NMSA 1978. Each local government's abatement fund is audited as part of the annual audit process to provide reasonable assurance that disbursements are consistent with the terms of the NMOAA. If an audit identifies an expenditure that is inconsistent with the agreement, the local government must redirect an equivalent amount from another permissible revenue source to an opioid-related expenditure. Until the State Auditor confirms the redirection is complete, the local government is ineligible to receive additional distributions, and future payments may be held in escrow.

Figure 3 illustrates the basic structure for distributing and overseeing local government opioid settlement funds. Settlement payments flow from the applicable settlement administrators to participating local governments, who deposit those monies in the required separate fund and spend only on allowable remediation activities. Annual financial statement audits serve as the primary mechanism for reviewing compliance and can suspend future distributions if misuse is identified.

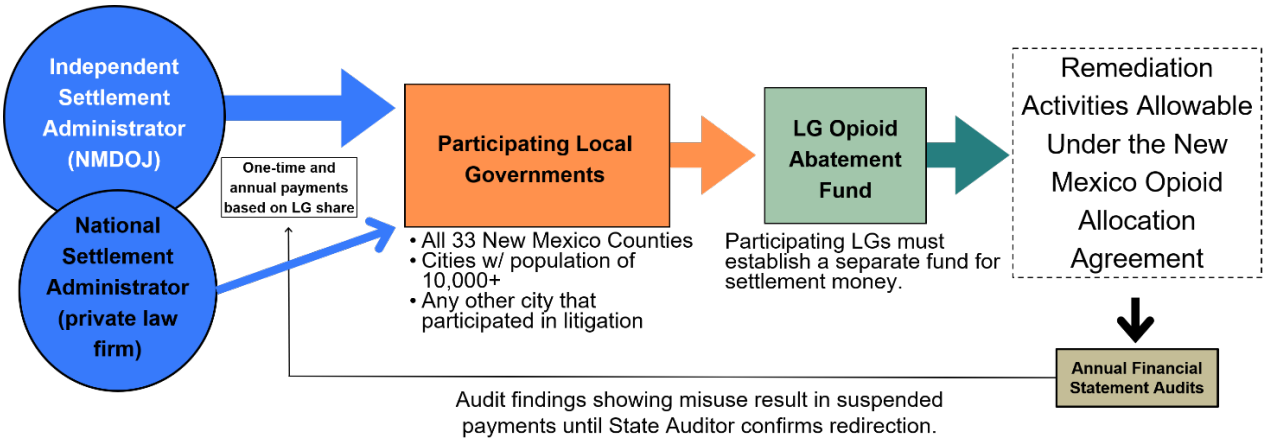

Figure 3: New Mexico Local Government Opioid Settlement Fund Structure. GAO generated based on analysis of the NMOAA.

Transparency and Coordination Context

Although the NMOAA requires local governments to separately account for opioid settlement funds and for expenditures to undergo annual audit review, it does not establish a centralized statewide public reporting requirement for local government spending. As a result, public visibility into how local

[10] Exhibit E in the NMOAA identifies core abatement strategies (Schedule A) and includes a list of approved opioid remediation uses under the categories of treatment, prevention, and other strategies (Schedule B).

governments use opioid settlement funds depends largely on local websites, dashboards, and the information available in annual financial statement audits.

Some local governments have developed more visible approaches to reporting and coordination. For example, the Opioid Remediation Collaborative (ORC), a regional partnership of counties and one village, established a website and public-facing impact dashboard. Bernalillo County and the City of Albuquerque also created a joint public accountability dashboard, and Doña Ana County and the City of Las Cruces created publicly accessible transparency pages related to opioid settlement funding. However, these approaches are not uniform across the state, and most local governments have not yet taken similar transparency steps.

New Mexico also does not maintain a formal statewide advisory or coordinating body dedicated specifically to opioid settlement spending. The former New Mexico Behavioral Health Collaborative was sunset on June 20, 2025, under the Behavioral Health Reform and Investment Act. Under that law, the state moved to a regional behavioral health planning structure. On June 24, 2025, thirteen (13) behavioral health regions were established, and each region may identify up to five behavioral health priorities and submit a four-year plan to guide funding requests and statewide investment decisions. Existing statewide entities include the Overdose Prevention and Pain Management Advisory Council, which reviews overdose prevention and pain management standards and education efforts. However, the current opioid settlement structure still places primary spending and implementation decisions for the local government share at the local level.

Observations from Analysis of Annual Financial Audit Reports and Survey Responses

Annual financial audit reports indicate that more local governments reported opioid settlement fund expenditures over time, but overall reported spending remained limited by the end of FY 2025, relative to the number of participating local governments and the amount of funding available. The evidence reviewed for this report suggests that this pattern was associated with the practical demands of planning, procurement, provider access, sustainability, and coordination. Survey responses also indicated interest in additional state-level support.

Spending Reported in Annual Financial Audits Increased Over Time but Remained Limited

According to GAO's review of local government annual financial audits, 15 of 33 counties (45 percent)[11] and seven of 12 municipalities (58 percent)[12] that received their own settlement allocation had yet to report any expenditures. Among those that did spend funds, expenditure amounts varied widely. Some local governments reported expenditures of less than $1,000 in a fiscal year, while others reported expenditures in the hundreds of thousands of dollars, reflecting significant differences

[11] At the time of this report's publication, GAO lacked FY 2025 data for six counties because OSA had not received their audit reports for that year.

[12] Eight of the 20 municipalities identified in the NMOAA had not established separate LG Abatement Funds indicating that their respective county likely acted as the fiscal agent for the region's opioid settlement funds.

in implementation across the state. Appendices C and D respectively show the cumulative revenues and expenditures reported by counties and municipalities in annual financial audits for FYs 2023-2025.

OSA identified reported expenditures in audit reports for a relatively small number of local governments in FY 2023, a slightly bigger number in FY 2024, and an even bigger but still minority group by FY 2025, with counties accounting for most of the increase. Figure 4 shows the number of counties and municipalities that reported spending in their annual financial audit over this period.

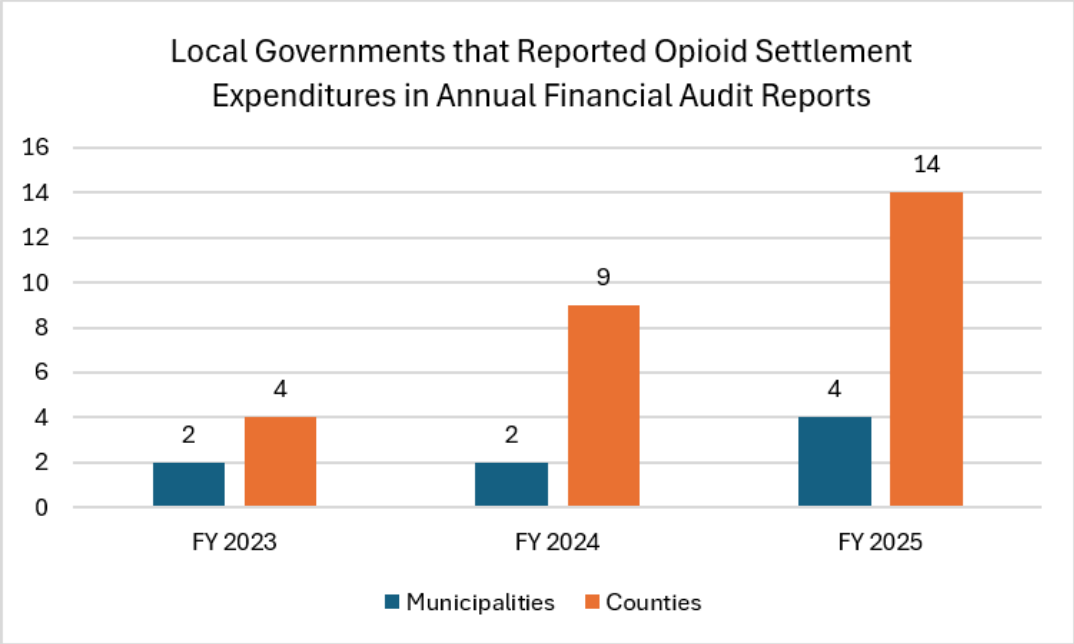

Figure 4: Trend in local government spending reported in audit reports from FY 2023 – FY 2025. GAO generated from analysis of annual financial audit reports for local governments.

This pattern indicates that implementation of opioid remediation activities has proceeded unevenly across the state, and that funds intended for urgent public health interventions may not be reaching communities in a timely manner. Because this analysis relies on annual financial audit information, more spending may have occurred than what was reported and may have occurred in the intervening period between FY 2025 audit reports and this report's publication. However, survey responses suggest that factors such as administrative capacity, provider availability, and partnership structures may affect how quickly local governments move from receipt of funds to implementation.

Inconsistent Audit Reporting Limited Visibility into Some Local Government Spending Activity

GAO's review also found that inconsistent audit reporting reduced transparency into how some local governments used opioid settlement funds. In FY2025, the Opioid Remediation Collaborative (ORC) included seven counties, and its website indicates that all seven contributed funds towards implementation of the collaborative's strategic plan. Three of these counties established a separate LG Abatement Fund, as required by the NMOAA, and reported opioid settlement revenue and matching expenditures, which suggests the funds were passed through to the ORC's designated

fiscal agent. However, four of the seven member counties did not report an LG Abatement Fund or otherwise identify opioid settlement activity in their most recent audit reports. As a result, GAO could not fully validate the total amount of opioid settlement revenue and expenditures associated with the ORC using audit documentation alone.

In addition, some counties have late audit reports. At the time of this report's publication, OSA had not received draft FY 2025 audit reports for six counties, which had a due date of January 20, 2026.[13] Further, as of FY 2025 one county had not established the required "LG Abatement Fund" for its opioid monies and was instead depositing its share in an "Other Special Revenues Fund" that included monies from non-opioid settlement sources. This makes it impossible to distinguish opioid monies and expenditures from other monies deposited in this fund.

These reporting inconsistencies make it difficult for policymakers, auditors, and the public to determine how much funding has been used, how funds were transferred, and whether reported expenditures accurately reflect real activity.

Survey Responses Indicate Local Governments Face Planning and Implementation Challenges

GAO's analysis of survey responses indicate many local governments viewed the main obstacles to spending as practical implementation barriers rather than uncertainty about local needs or the general allowable-use framework.

Survey responses indicate many local governments faced provider availability challenges in using opioid settlement funds. Among the 38 respondents, only eight (21 percent) reported having adequate provider capacity to deliver services authorized under the NMOAA, while 20 (53 percent) reported gaps or significant gaps in available providers. One respondent was unsure about provider availability in their region.

These responses reflect challenges previously reported by the Legislative Finance Committee (LFC). According to the LFC, New Mexico faces "systematic obstacles that make addressing the harms of opioids in communities challenging," including a significant behavioral health shortage.[14] Only 18 percent of needs are met and only one-third of substance-use disorder patients receive treatment. Compounding these difficulties, a lack of data on behavioral health services limits insight on trends and treatment utilization.

Local governments also reported substantial variation in planning for opioid settlement funds. Fewer than half of the 38 local governments that responded to OSA's survey reported having a formal, written plan for the use of those funds. Sixteen respondents reported having a formal written plan, while the remainder reported having an informal or draft plan, a plan in development, or no plan. This variation suggests that some local governments may still be in earlier stages of decision-making and program development, even after three years of receiving settlement distributions.

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[13] County due dates are typically December 15, but OSA extended due dates for most FY 2025 audit reports due to the federal government's delay associated with the issuance of uniform audit guidance.

[14] "LFC Hearing Brief (Update on Opioid Settlements)," Legislative Finance Committee, May 16, 2024, https://www.nmlegis.gov/handouts/ALFC 051424 Item 15 - Hearing Brief - Opioid Settlement Update.pdf.

A formal plan can help local governments document priorities, guide decision-making and stakeholder engagement, and demonstrate that opioid settlement funds are being managed in a deliberate and accountable manner. This is especially important in the context of reported challenges related to provider shortages, procurement, and sustainability. Absent such planning, local governments may face greater difficulty in determining priorities, identifying viable spending opportunities, and efficiently sequencing activities. This, in turn, could ultimately contribute to uncertainty and delays in implementing remediation activities.

Counties and Municipalities Reported Common Barriers to Spending with Some Variation

County survey responses indicate the most significant barriers to spending opioid funds were identifying qualified service providers and procurement or contracting processes, followed by concerns about sustaining programs beyond the settlement fund distribution period. Figure 5 shows county responses. Overall, the responses suggest that counties may be more constrained by the availability of providers and the practical procurement steps required to establish services than by resource or staff constraints, confusion about allowable uses, or internal decision-making processes.

Larger governments with higher opioid fund allocations were not immune to challenges related to provider availability and sustainability. For example, Doña Ana County reported that it received no provider applications during an initial funding effort focused on maternal and child health. As a result, the County stated it was working to "build provider capacity and strengthen the pipeline of eligible partners." The County also stated while current funding supports implementation, long-term sustainability "will depend on braided funding strategies such as Medicaid, state alignment, and partnerships with health systems and philanthropy." Bernalillo County and the City of Albuquerque stated they were mitigating long term sustainability risks by focusing their spending on capacity building and infrastructure development.

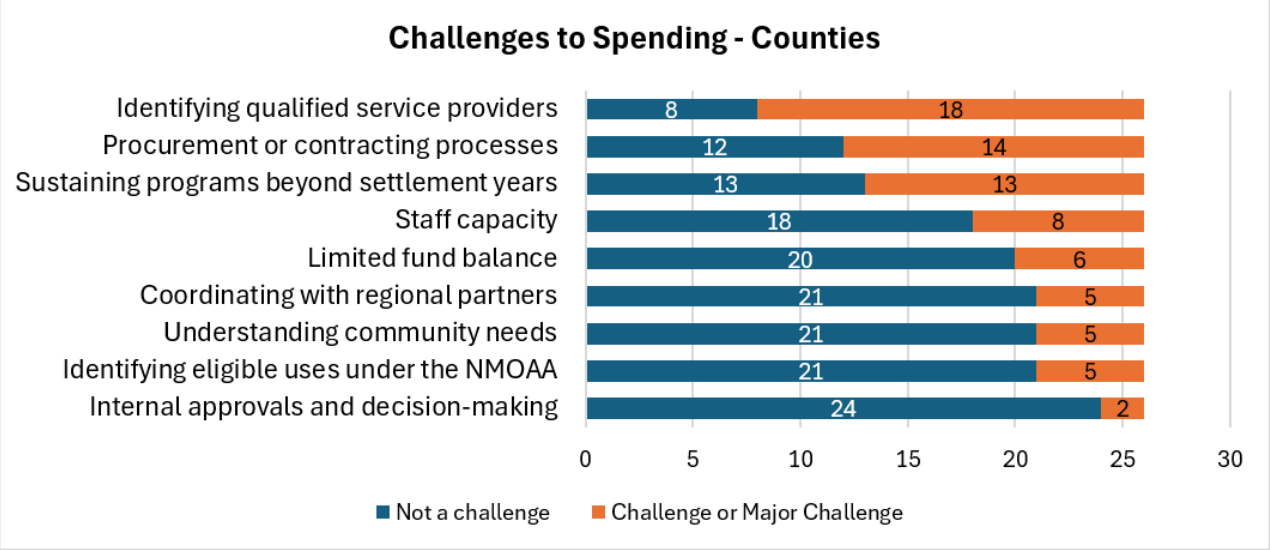

Figure 5: County-reported challenges to spending opioid settlement funds. Source: GAO analysis of local government survey responses.

Municipalities most often identified sustaining programs beyond the settlement period and finding qualified service providers as challenges. Most municipalities did not identify staff capacity, limited fund balance, procurement, understanding community needs, or identifying eligible uses under the NMOAA as major barriers. Compared with counties, municipalities appeared more likely to describe sustainability and internal decision-making as challenges, while counties emphasized provider availability and procurement. Figure 6 summarizes municipal responses.

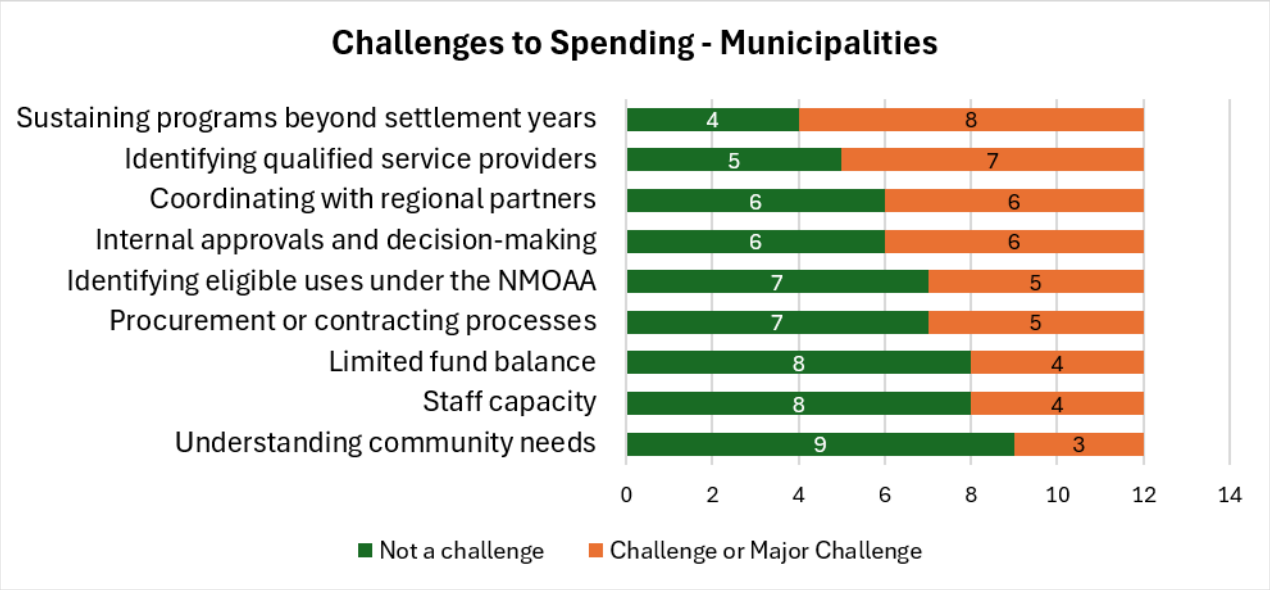

Figure 6: Municipal-reported challenges to spending opioid settlement funds. Source: GAO analysis of local government survey responses.

Overall, both groups of responses suggest spending challenges are driven less by uncertainty about local needs or allowable uses and more by the practical demands of implementing and sustaining services. In addition, they show that improving local government spending readiness may require specific attention on provider availability, sustainable program models, and administrative processes that undergird procurement, and, for municipalities, approvals and decision-making.

Larger and More Collaborative Governments Appeared Better Positioned to Begin Spending

According to GAO's review of different existing approaches to managing opioid funds, larger and more collaborative local governments may be better positioned to move into spending and program implementation. The following examples cannot comprehensively demonstrate causation or effectiveness, but they help illustrate how coordinated approaches to planning, resource management, and implementation can positively affect spending readiness. Many other local governments did not appear to have comparable public reporting, formal coordination structures, or documented planning processes. Local administrative capacity, overall fund balances, and access to service providers likely also have a significant impact on the timing and visibility of spending and program implementation.

Opioid Remediation Collaborative

In February 2022, seven counties—Catron, Cibola, Guadalupe, Hidalgo, Sierra, Socorro and Valencia—entered into a Joint Powers Agreement and formed the Opioid Remediation Collaborative (ORC). In December 2025, the ORC expanded to include 2 additional counties—Grant and Luna—and the Village of Los Lunas. The ORC's goal is to develop and implement a sustainable, best practice, opioid treatment program. The ORC established a website with an impact dashboard indicating that all member local governments contributed funds and were implementing programs.[15]

ORC members reported that, since the Collaborative represents 10 entities, it can be challenging to identify and procure services for all members, but they are "actively identifying ways to get the dollars to our entities in an efficient manner." In addition, ORC members stated that they perform an annual review of their strategic plan to identify spending opportunities for the upcoming fiscal year.

Bernalillo County and the City of Albuquerque

The City of Albuquerque and Bernalillo County formed a partnership focused on cooperative procurements to help ensure consistency, avoid service duplication, maximize the impact of their funding, and develop a strategic plan. These entities also established transparency and accountability mechanisms through a joint opioid settlement public accountability dashboard on the City of Albuquerque's website.[16] The dashboard provides information on the total anticipated funds, spending details, and metrics related to oversight, accountability, and efficacy.

Doña Ana County and the City of Las Cruces

The City of Las Cruces and Doña Ana County formed a partnership to align funding decisions, coordinate implementation, and maintain shared oversight. They also formed the Opioid Settlement Advisory Council to provide a transparent and structured process for reviewing proposals, determining funding priorities, and incorporating community and stakeholder input. Doña Ana County's survey response stated that the partnership has been "particularly strong" and "reflects a model for regional collaboration." The response noted that the Advisory Council has provided substantial benefit by providing a structured, transparent forum to align funding priorities, support evidence-based decision-making, strengthen coordination, and help ensure settlement funds are used strategically and reflect real community needs. Doña Ana County's website[17] and the City of Las Cruces' website[18] also include transparency sections focused on opioid settlement spending.

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[15] "Opioid Remediation Collaborative New Mexico 2025-2026 Impact Metrics," Opioid Remediation Collaborative, https://orcnm.com/impact-dashboard/.

[16] "Opioid Settlement Funds Data and Accountability Dashboard," City of Albuquerque, https://www.cabq.gov/health-housing-homelessness/health/opioid-settlement-funds/data-and-accountability-dashboard.

[17] "Overview of the Opioid Settlement in Doña Ana County," Doña Ana County, https://www.donaana.gov/departments/community_services/health_human_services/opioid_settlement.php#collapselinks-702-20b1.

[18] "About the Opioid Settlement Fund," City of Las Cruces, https://lascruces.gov/government/transparency-and-accountability/opioid-settlement-funds/.

State-Level Coordination Remains Limited Under the Current Structure

New Mexico is one of only nine states that does not require or maintain a formal statewide advisory or coordinating body to specifically support the use of opioid settlement funds.[19] New Mexico's Overdose Prevention and Pain Management Advisory Council reviews the status of overdose prevention and pain management standards, clinical guidelines, and education efforts but does not have a role in opioid settlement-related spending decisions.[20]

Rather, New Mexico's settlement structure places substantial decision-making authority at the local level. Local governments that have not combined resources or formalized partnerships must independently interpret allowable uses, identify service providers, and develop sustainable programs. In 2025, New Mexico's broader behavioral health system shifted from the former Behavioral Health Collaborative to a regional planning model under the Behavioral Health Reform and Investment Act. Under this model, 13 behavioral health regions identify priorities and submit four-year plans for funding consideration.

While this regional structure is broader than opioid settlement governance and is not dedicated specifically to opioid settlement spending, it may provide a venue for stronger state-local coordination, information sharing, and alignment of local opioid remediation efforts with broader behavioral health priorities. Survey responses reviewed for this report indicate that some local governments would welcome more state-level coordination and support. The LFC has also recommended stronger statewide coordination to address barriers and improve responses to the opioid crisis.[21]

PERSPECTIVES ON STATE-LEVEL SUPPORT

"While provider capacity must be developed locally, there is a role for state-level support in strengthening the pipeline. This includes identifying emerging providers in other regions, sharing vetted consultants and technical assistance providers, supporting intermediaries that focus on capacity building, and reducing duplication across counties. Coordinated support in these areas would help local governments more efficiently expand the pool of qualified providers, particularly in priority areas where capacity is currently limited."

– County

"We would greatly benefit from coordination efforts led by the State to facilitate the sharing of best practices, leverage economies of scale, and foster more cohesive, collaborative initiatives between local governments. The State's involvement could also help streamline processes like data collection and public reporting and [could] act as a convener across jurisdictions."

– Municipality

Establishing a convening role for the State would be very helpful in facilitating regional coordination on opioid settlement fund planning and implementation.

– Municipality

[19] GAO analysis of data compiled by Christine Minhee, J.D., Global Settlement Tracker, OpioidSettlementTracker.com (2026).

[20] "New Mexico Overdose Prevention and Pain Management Advisory Council," New Mexico Department of Health, https://www.nmhealth.org/about/erd/ibeb/pos/advc/.

[21] "LFC Hearing Brief (Update on Opioid Settlements)," Legislative Finance Committee, May 16, 2024, https://www.nmlegis.gov/handouts/ALFC 051424 Item 15 - Hearing Brief - Opioid Settlement Update.pdf.

Because local governments are responsible for implementing a substantial share of opioid remediation activities, state policymakers may wish to consider how counties and participating municipalities can be incorporated more directly into behavioral health regional planning, especially where opioid remediation priorities overlap with broader treatment, recovery, harm reduction, and prevention needs. Clearer state-local coordination mechanisms could improve visibility into local barriers, support regional collaboration, and better connect local governments to behavioral health resources, provider development efforts, and shared planning processes. Approaches could also include establishing a formal local government advisory function, adding local government representation to relevant workgroups, or creating regular processes for joint planning, information sharing, and coordination on opioid remediation priorities. This type of integration could help New Mexico make more effective and efficient use of opioid settlement funds.

Practical Implementation Support May Enhance the Effectiveness of Opioid Fund Use

Survey respondents most often identified practical implementation support as necessary to help use opioid settlement funds effectively. The figure below shows the most common types of support local governments cited. The most frequently identified support need was examples of successful New Mexico or national programs followed by regional coordination or shared-services models, data, evaluation, or reporting tools, and guidance on allowable uses under the NMOAA. To a slightly lesser degree, respondents also identified template policies, agreements, or scopes of work and procurement assistance as types of needed support.

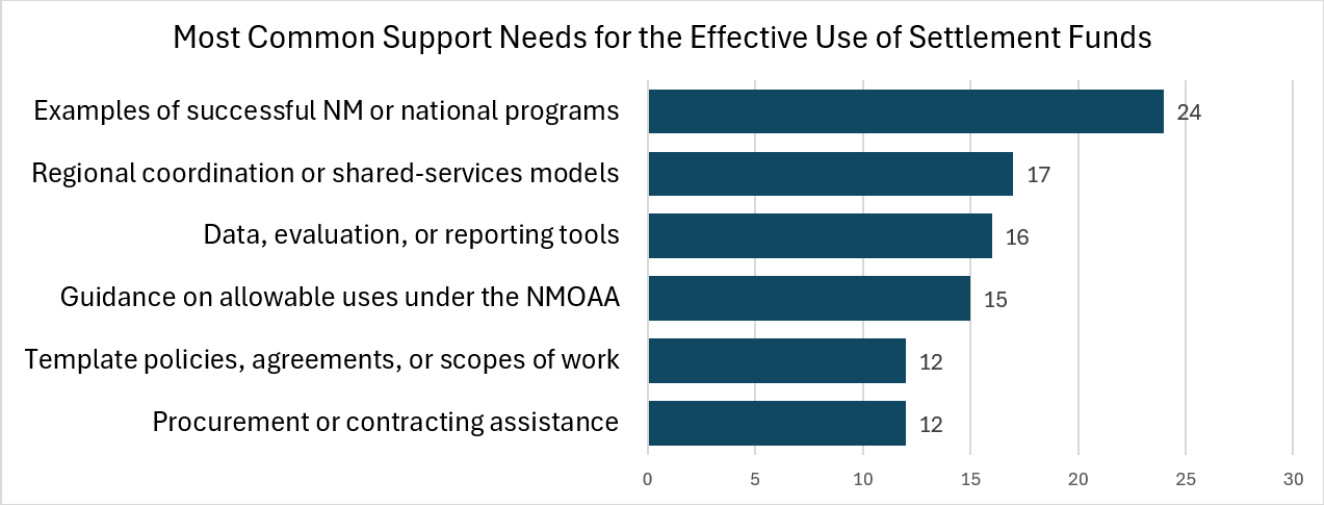

Figure 7: Common support needs identified by local governments. Source: GAO analysis of survey responses.

These responses suggest that many local governments may need more help translating available funds into implementable and sustainable activities. The types of support needs identified by respondents are consistent with the broader findings of this report: limited reported spending seems to reflect practical implementation barriers over other potential factors.

Conclusion

At a time when New Mexico continues to face one of the nation's most severe overdose crises, opioid settlement funds provide local governments with a significant opportunity to invest in efforts that address opioid-related harms in their communities. Improving the use of these funds depends, in part, on strengthening the conditions that enable local governments to move into spending with accountability and transparency and implement programs that effectively address community needs. More robust planning, coordination, dedicated transparency initiatives, and practical support for implementation may help local governments move available funds into opioid remediation activities in a more timely, transparent, and coordinated manner.

Recommendations and Considerations

Based on the audit analysis, survey responses, and examples reviewed for this report, GAO identified several practical steps local governments and policymakers may wish to consider to improve transparency, implementation, and coordination related to opioid settlement funds.

Recommendations for Local Governments

1. **Develop, periodically review, and update a written spending plan for opioid settlement funds.** A written plan can help local governments identify priorities, guide decision-making, and support implementation over time.
2. **Ensure the consistency of audit reporting related to opioid settlement funds.** Local governments should consider working with finance staff and auditors to ensure opioid settlement revenues, transfers, balances, and expenditures are clearly identifiable in annual financial statement audits.
3. **Consider regional coordination or shared approaches where local capacity is limited.** Local governments may benefit from combined resources, shared planning, procurement, service delivery, or administrative arrangements.
4. **Maintain documentation linking expenditures to allowable uses and local priorities.** Clear documentation can support audit readiness, transparency, and public understanding of how opioid settlement funds are being used.
5. **Implement public-facing reporting where feasible.** Posting basic information on amounts received, amounts spent, funded activities, and progress may improve transparency and public awareness on important health and spending issues.

Considerations for the Legislature

The following are potential considerations for the Legislature for improving on and supporting the administration of opioid remediation at the local level:

1. **Establishing minimum public reporting expectations for local opioid settlement funds.** Standardized public reporting could improve transparency and statewide visibility into local spending.

2. **Supporting practical implementation assistance for local governments.** Local governments may benefit from tools such as examples of successful programs, model agreements, reporting templates, and other implementation resources.
3. **Options to strengthen state-local coordination on opioid remediation.** A more structured coordination process may help improve visibility into local barriers and better connect local governments to statewide behavioral health resources. This could include using the state's current behavioral health regional planning structure to improve information sharing, regional alignment, and coordination with counties and municipalities on opioid-related priorities.
4. **Additional support for regional or shared-services approaches.** Smaller local governments may face implementation barriers that are difficult to address independently.
5. **Periodic statewide review of local opioid settlement spending and implementation barriers.** Continued review could help identify trends, support accountability, and inform future policy decisions.

Appendix A: Survey Methodology

In addition to reviewing annual financial audit information, the Office of the State Auditor's Government Accountability Office (GAO) conducted a voluntary survey of local governments to better understand how opioid settlement funds are being planned, managed, and implemented across New Mexico.

The survey was designed as an informational and fact-finding exercise to gather context that could not be obtained through financial audit data alone. Topics included planning, spending readiness, implementation challenges, transparency practices, regional coordination, support needs, compliance considerations, and access to service providers.

GAO distributed the survey electronically in March 2025 to counties and municipalities that were identified in the New Mexico Opioid Allocation Agreement (NMOAA). GAO requested responses from all 33 counties and 19 municipalities receiving direct opioid settlement allocations. While the NMOAA identifies 20 municipalities, one municipality was not surveyed because its annual financial audit indicated that 100 percent of its opioid settlement allocation was transferred to its corresponding county. GAO received responses from a total of 38 local governments: 26 of 33 counties (79 percent) and 12 of 19 municipalities (63 percent).

The survey was intended to help identify common challenges, support shared learning among local governments, and inform future policy discussions and technical assistance efforts. GAO analyzed survey responses in aggregate to identify statewide patterns, recurring challenges, and opportunities for improvement. Analysis of responses presented in this report should not be interpreted as audit findings or compliance determinations, the survey's purpose was to obtain information and context from local governments regarding opioid settlement funds.

Appendix B: Selected Resources Related to Opioid Remediation in New Mexico

This appendix identifies selected legal, public health, treatment, audit, and planning resources that may be useful to local governments, legislators, providers, community organizations, and members of the public seeking information about opioid settlement funds and the opioid crisis in New Mexico.

Legal, Governance, and Oversight Resources

- **New Mexico Opioid Allocation Agreement.** Primary governing document for the local government share of opioid settlement funds, including local allocations, allowable uses (Exhibit E), the LG Abatement Fund requirement, and audit accountability provisions. Link: https://nationalopioidsettlement.com/wp-content/uploads/2022/03/2022.03.15-NEW-MEXICO-OPIOID-ALLOCATION-AGREEMENT.pdf.
- **National Opioid Settlement, New Mexico page.** Central source for New Mexico settlement documents, including executed judgments, the NMOAA, and the addendum. Link: https://nationalopioidsettlement.com/states/new-mexico/.
- **New Mexico Department of Justice Opioid Guide.** State summary of settlement history, allocation amounts, allowable uses, and audit requirements. Link: https://nmdoj.gov/wp-content/uploads/New-Mexico-Department-2024-Opioid-Guide-updated-6.17.2026.pdf.
- **NMSA Section 6-4-28, Opioid Settlement Restricted Fund.** Structure for the state share and the statutory exclusion of local government funds from the restricted fund. Link: https://law.justia.com/codes/new-mexico/chapter-6/article-4/section-6-4-28/.
- **NMSA Section 6-4-29, Opioid Crisis Recovery Fund.** Statutory definition of opioid settlement expenditures and the state's priority program categories. Link: https://law.justia.com/codes/new-mexico/chapter-6/article-4/section-6-4-29/.
- **New Mexico Office of the State Auditor, Audit Report Search.** Public database for searching local government annual financial audit reports. Link: https://www.osa.nm.gov/auditing/audit-report-search/.
- **New Mexico Office of the State Auditor, Audit Rule.** Guidance and requirements for financial audits for government agencies in New Mexico, including testing requirements for opioid settlement expenditures. Link: https://www.osa.nm.gov/auditing/for-agencies/audit-rule/.

Public Health Data and Statewide Resources

- **National Opioid Settlement Tracker.** National comparison tool on opioid settlement governance, expenditure reporting, advisory structures, and grantmaking. Link: https://www.opioidsettlementtracker.com/everything.
- **New Mexico Health Care Authority (HCA), Behavioral Health Services Division.** Provides statewide behavioral health contacts, peer recovery resources, and the broader behavioral health system. Link: https://www.hca.nm.gov/about_the_department/behavioral_health_services_division/.

- **New Mexico Overdose Prevention and Pain Management Advisory Council.** Information on the statewide advisory council, current membership, recommendations, and meeting materials related to overdose prevention and pain management standards and education efforts. Link: https://www.nmhealth.org/about/erd/ibeb/pos/advc/.
- **New Mexico Overdose Fatality Review.** Statewide initiative funded through opioid settlement dollars to identify system gaps and produce public recommendations to prevent overdose deaths. Link: https://prod.nmhealth.org/about/erd/ibeb/ofr/.
- **The Office of Substance Abuse Prevention (OSAP): New Mexico Prevention Website.** Part of the Behavioral Health Services Division and developed to provide information about OSAP funded programs and initiatives, including documents and resources relevant to substance misuse prevention efforts across the state. Link: https://nmprevention.org/.
- **New Mexico Opioid Hub.** Overseen by the Behavioral Health Services Division. Aims to improve access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths through the provision of prevention, treatment, and recovery services. Link: https://yes.nm.gov/s/new-mexico-opioid-hub?language=en_US.

Treatment, Harm Reduction, Community Service, and Strategy Resources

- **The Healthcare Authority: A Dose of Reality.** Statewide campaign focused on opioid addiction prevention, treatment, and recovery to help ensure New Mexicans have access to quality health care and essential support services. Link: https://www.doseofreality.com/.
- **New Mexico Opioid Safety and Overdose Prevention.** Landing page for opioid safety, fentanyl information, naloxone resources, and overdose prevention materials. Link: https://www.nmhealth.org/about/erd/ibeb/pos/.
- **New Mexico Treatment Finder.** Treatment locator for local resources, medication for opioid use disorder services, naloxone access, and the New Mexico Crisis and Access Line. Link: https://www.nmhealth.org/about/erd/ibeb/pos/awnm/tf/.
- **New Mexico Harm Reduction Program.** Information on naloxone, fentanyl test strips, xylazine resources, overdose prevention training, referrals, and the NM Pathways program. Link: https://www.nmhealth.org/about/phd/idb/hrp/.
- **New Mexico Harm Reduction publications.** Overdose response materials, naloxone instructions, fentanyl and xylazine fact sheets, and related handouts. Link: https://www.nmhealth.org/about/phd/idb/hrp/publications/.
- **CDC, Public Health Considerations for Strategies and Partnerships.** Current CDC resource on evidence-based overdose prevention strategies for states and local communities. Link: https://www.cdc.gov/overdose-prevention/php/public-health-strategy/index.html.
- **CDC, Evidence-Based Strategies for Preventing Opioid Overdose.** Reference for examples of interventions with an evidence base. Link: https://www.cdc.gov/overdose-prevention/media/pdfs/2024/03/Evidence-based-strategies-for-prevention-of-opioid-overdose.pdf.

Appendix C: County Opioid Settlement Fund Balances Reported in Annual Financial Statement Audits for FYs 2023-2025

The table below shows counties' cumulative opioid settlement revenues, expenditures, and reported fund balances based on the most recent annual financial statements available for FY 2023 through FY 2025. In some cases, data was unavailable due to delayed audit reports, the late establishment of a separate opioid settlement fund, or participation in the Opioid Remediation Collaborative (ORC), which resulted in opioid settlement activity not being reported consistently in annual financial statements. In addition, some ORC members reported expenditures equal or nearly equal to revenues, indicating that these were likely passthroughs to the collaborative's fiscal agent. Reported fund balances may not always equal cumulative revenues minus cumulative expenditures because of transfers, beginning fund balances carried forward from prior years, or accounting adjustments.

County	Cumulative Revenues	Cumulative Expenditures	Total Fund Balance
Bernalillo	$26,506,242.00	$1,179,761.00	$25,326,488.00
Catron	$7,978.00	$7,978.00	$-
Chaves	$3,367,771.00	$55,000.00	$3,312,771.00
Cibola	$1,021,182.00	$1,021,182.00	$-
Colfax	$204,985.00	$-	$204,985.00
Curry	$306,140.00	$-	$306,140.00
De Baca	$123,077.00	$-	$83,535.00
Doña Ana	$5,621,135.00	$33,525.00	$5,587,610.00
Eddy	$3,561,039.00	$758,500.00	$2,802,539.00
Grant	$2,475,081.00	$-	$2,475,081.00
Guadalupe	No data	No data	No data
Harding	$13,432.00	$1,034.00	$12,398.00
Hidalgo	No data	No data	No data
Lea	$1,444,042.00	$-	$1,731,390.00
Lincoln	$517,082.00	$123,905.00	$393,177.00
Los Alamos	No data	$77,447.00	$793,562.00
Luna	$778,741.00	$-	$778,741.00
McKinley	$1,350,619.00	$-	$1,350,619.00
Mora	$46,812.00	$-	$46,812.00
Otero	$2,201,674.00	$646.00	$2,201,028.00
Quay	$648,814.00	$-	$648,815.00
Rio Arriba	$4,639,508.00	$878,300.00	$3,728,676.00
Roosevelt	$390,864.00	$18.00	$390,846.00
San Juan	$3,181,892.00	$573,422.00	$2,335,915
San Miguel	No data	No data	No data
Sandoval	$2,639,099.00	$-	$2,639,099.00
Santa Fe	$1,250,818.00	$269,467.00	$981,351.00
Sierra	$1,363,024.00	$1,348,004.00	$15,020.00
Socorro	$202,632.00	$181,325.00	No data
Taos	$2,265,499.00	$55,000.00	$2,210,499.00
Torrance	$935,021.00	$4,900.00	$930,121.00
Union	$154,386.00	$-	$154,386.00
Valencia	$1,259,857.00	No data	No data
Total:	$68,478,446.00	$6,569,414.00	$61,003,946.00

Appendix D: Municipal Opioid Settlement Fund Balances Reported in Annual Financial Statement Audits for FYs 2023-2025

The table below shows municipal cumulative opioid settlement revenues, expenditures, and total fund balance reported in their most recent available annual financial statements. “No data” indicates the municipality was identified in the NMOAA but its annual audit reports did not include any information on opioid settlement funds and its county likely acts as its fiscal agent for those funds, or that data was unavailable due to delayed audit reports. Reported fund balances may not always equal cumulative revenues minus cumulative expenditures because of transfers, beginning fund balances carried forward from prior years, accounting adjustments, or the late establishment of a separate opioid settlement fund.

Municipality	Cumulative Revenues	Cumulative Expenditures	Total Fund Balance
Albuquerque	$33,439,406.00	$8,841,337.00	$24,598,069.00
Alamogordo	No data	No data	No data
Artesia	No data	No data	No data
Carlsbad	No data	No data	No data
Clovis	No data	No data	No data
Deming	No data	No data	No data
Espanola	$1,437,878.00	$74,344.00	$1,421,924.00
Farmington	$1,961,951.00	$-	$301,053.00
Gallup	$1,021,148.00	$160,000.00	$861,148.00
Hobbs	$724,280.00	$-	$724,280.00
Las Cruces	$3,924,808.00	$-	$3,924,808.00
Las Vegas	$1,257,354.00	$42,856.00	$1,214,498.00
Lovington	No data	No data	No data
Portales	$293,118.00	$-	$293,118.00
Rio Rancho	$3,488,502.00	$-	$3,488,502.00
Roswell	No data	No data	No data
Santa Fe	$239,498.00	$605.00	$8,834,088.00
Sunland Park	No data	No data	No data
Bernalillo	$101,742.00	$-	$101,742.00
Los Lunas	$376,099.00	$-	$376,099.00
Total:	$48,265,784.00	$9,119,142.00	$46,139,329.00