



State Auditor

Dave Boliek

RAPID RESPONSE SPECIAL REPORT

North Carolina

Office of the State Auditor

Investigative Division

1-800-730-TIPS

September 12, 2025

City of Charlotte

WHY WE CONDUCTED THIS REPORT

The Office of the State Auditor (OSA) initiated a review of the settlement agreement (the agreement) entered between the City of Charlotte (the City) and Johnny Jennings, Chief of Police (Jennings or the Police Chief) of the Charlotte-Mecklenburg Police Department (CMPD).

OBJECTIVES

To determine the circumstances and sources of funding for the City's settlement payment to the Police Chief, and to determine whether the City's actions complied with the North Carolina Public Records Act, the North Carolina Open Meetings law, and other applicable laws.

WHAT WE FOUND

Timeline and Components of the Settlement

On May 20, 2025, in response to constituent requests and media reports, OSA initiated a review into this matter and requested that the City disclose the amount of money it paid to the Police Chief as part of the settlement agreement.¹

Within five days of OSA's request, the Police Chief announced his upcoming retirement from the CMPD² and released information about the agreement and subsequent amendment to local media.³

The text of the agreement revealed that the City's payment to Jennings included severance pay, additional vacation days, a retention bonus, a merit-based salary increase, and a reimbursement for legal expenses.

It appears that Charlotte's City Council voted to settle with Jennings sometime between the closed session meetings it held on April 28, 2025 and May 5, 2025, in an effort to avoid litigation related to text messages he received from a former Charlotte City Councilman.⁴ On May 8, 2025, the City officially entered into the settlement with the Police Chief, agreeing to pay him a total of \$305,000.⁵

Disclosure and Transparency

At the time of the agreement, the City did not publicly disclose the terms or the amount of the settlement in the City Council's meeting minutes, nor did the City unseal or make the closed session minutes publicly available once the agreement was finalized.

¹ <https://www.carolinajournal.com/wp-content/uploads/2025/05/nc-auditor-letter-to-charlotte.pdf>.

² <https://x.com/cmpdchief/status/1926774566078108129?s=46&t=L2NRR0psawyaOPleFUttYQ>.

³ See, e.g., <https://charlotteoptimist.com/cmpd-chief-johnny-jennings-settlement-retirement/>.

⁴ See <https://www.wfae.org/politics/2025-05-12/council-member-tiawana-brown-says-charlotte-is-paying-police-chief-300-000-settlement>.

⁵ The separation agreement was later amended on May 22, 2025. The amendment is available for review at https://charlotteoptimist.com/wp-content/uploads/2025/05/Amended-General-Waiver-Release-and-Separation-Agreement_Jennings.pdf.

NOTE: OSA maintains strict confidentiality when handling personally identifiable and other sensitive information in accordance with State and federal law. OSA takes all necessary precautions to ensure that sensitive information is not compromised or improperly shared. This special report is based on the limited information available to OSA during our investigation and is not exhaustive. This report does not constitute an audit or attestation engagement conducted in accordance with generally accepted government auditing standards.

WHAT WE FOUND

As of the date this report was published—over four months after the agreement was entered—it appears that the City still has not taken any steps to enter the terms of the settlement into its minutes or unseal the minutes from the closed sessions held on April 28 and May 5.

Funding Source of the Settlement

As part of its review, OSA identified two sources of funding for the settlement: the City's **General Fund** and **Risk Management Fund**.

The **City's General Fund** is used to pay normal operating expenses, including salaries and benefits, supplies and materials, and repair and maintenance. The City classified the value of Jennings's settlement payment, retention bonus, additional vacation days, and retroactive pay increase as normal operating expenses and charged them to the General Fund. These payments, totaling \$280,000, comprised the majority of Jennings's payout.

- **According to the City Treasurer, the retroactive pay increase of \$14,017 and the retention bonus of \$45,699 were paid from the FY 2025 General Fund. The value of extra vacation days, totaling \$45,284, was split between the FY 2025 and FY 2026 General Funds. The severance payment, \$175,000, is scheduled to be paid in January 2026 from the FY 2026 General Fund.**

The City confirmed that the expenditures paid from the FY 2025 General Fund were not anticipated or included in the City's adopted budget for FY 2025. However, the City stated that these costs were covered through other operational savings realized during the fiscal year. Additionally, the City stated that no internal document exists showing that the \$175,000 severance payment was specifically included in the City's adopted FY 2026 budget as the settlement agreement had not yet been approved at the time the budget was proposed. However, the City determined that it was not required to pass a budget amendment to reflect the upcoming severance payment.

The **City's Risk Management Fund** is used to pay claims made against the City. Its purpose is to allow the City to plan for unforeseeable liabilities arising from litigation or the risk thereof. Each of the City's departments proportionally contributes to the Fund based on an assessment of the risk it poses to the City. The City also maintains insurance policies to handle claims that exceed \$1,000,000.

The \$25,000 legal fee the City paid Jennings is the only portion of the payout that was charged to the Risk Management Fund.

Figure 1 categorizes the \$305,000 settlement to the Police Chief by payment type and funding source.

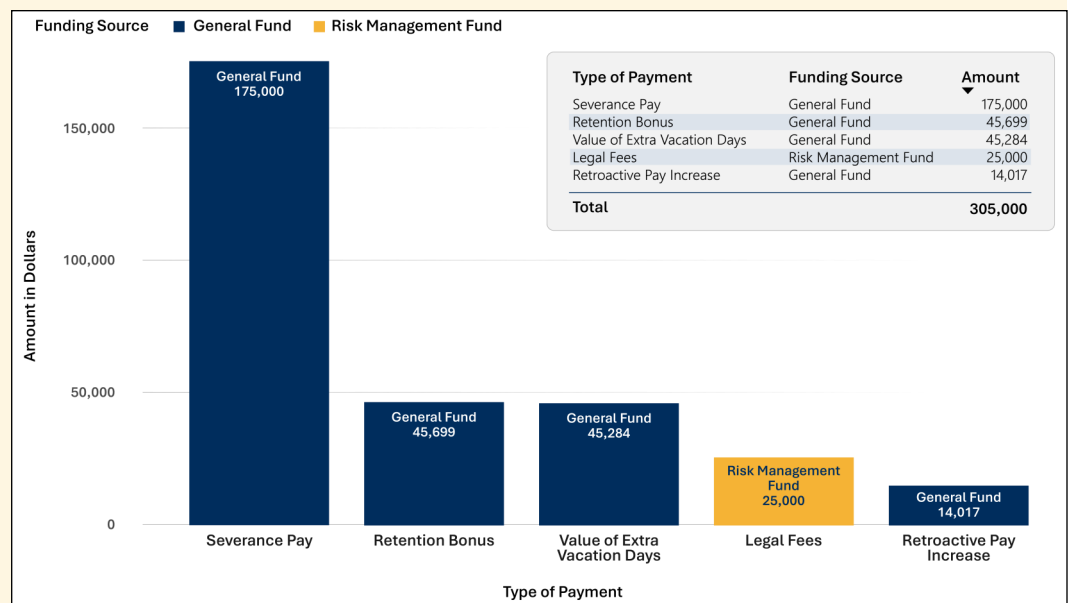


Figure 1 Figure 1 was created from data the City provided to OSA. For readability, the amount of each payment type has been rounded to the nearest whole dollar.

WHAT WE FOUND

OSA reviewed records of disbursements made from the Risk Management Fund for the period of July 1, 2024 through June 11, 2025. During this period, expenses charged to the City's Risk Management Fund related to, among other things, property damage, liability claims, and legal fees. Accordingly, the decision to charge the \$25,000 legal fee to the Risk Management Fund appears to be consistent with the City's prior practices.

Figure 2 shows the expenses charged to the City's Risk Management Fund by fiscal year, starting with FY 2023.⁶ The data contained therein demonstrates that, as designed, the Risk Management Fund has historically absorbed large, unexpected expenses.

Figure 2

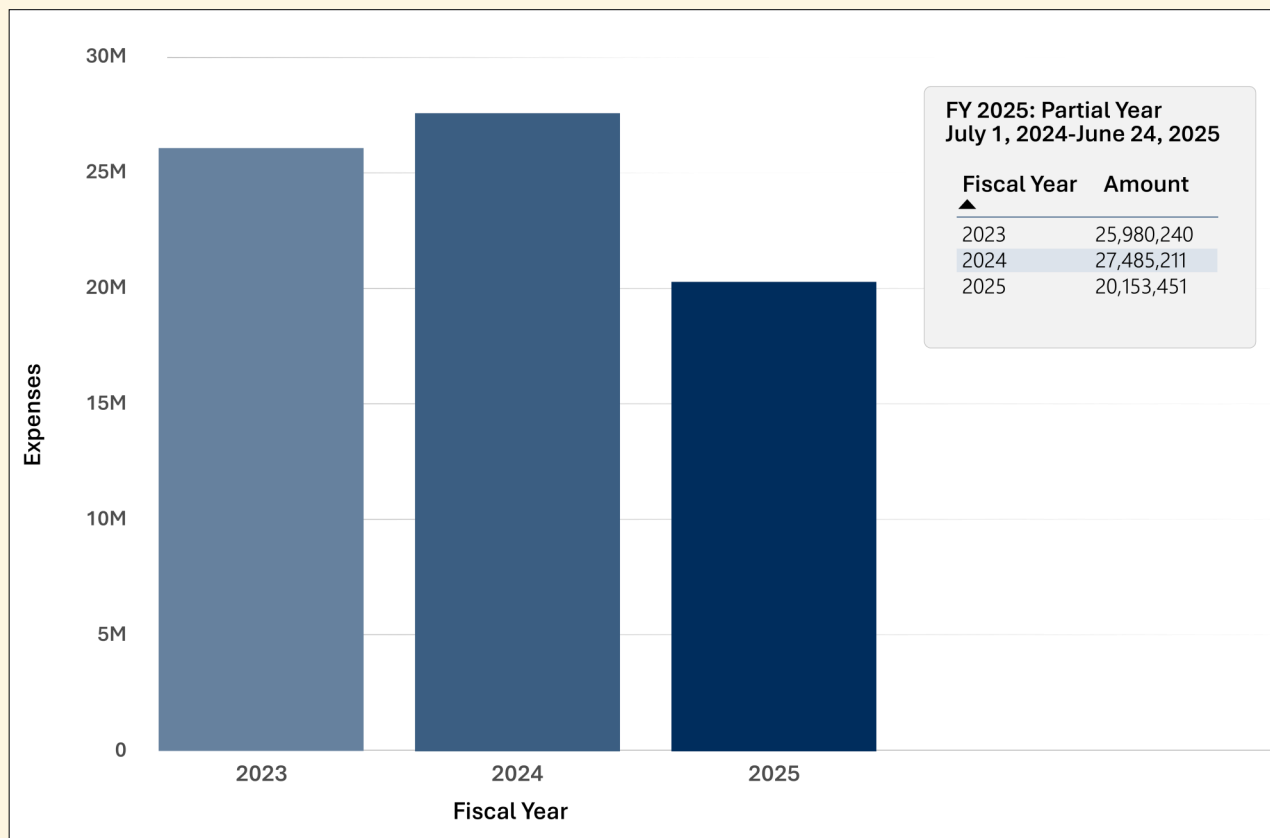


Figure 2 was created from data the City provided to OSA. For readability, the amount charged to the Fund each fiscal year has been rounded to the nearest whole dollar.

Based on the historical purpose and funding of the Risk Management Fund, it seems that it may have been appropriate for the City to charge all of the settlement costs to the Risk Management Fund, rather than charging a large portion to the General Fund. When asked why the City chose to charge several portions of the settlement payment to the General Fund over the Risk Management Fund, the City stated that the severance payment, retroactive pay increase, retention bonus, and value of the extra vacation days all qualified as employee compensation or benefits and, as such, were charged to the General Fund.

⁶ Expenses charged to the Fund for FY 2025 appear lower because the fiscal year had not yet ended at the time this report was drafted.

RECOMMENDATIONS

OSA made no findings with respect to the Funds used to pay the settlement or with respect to the City's actions under the Public Records Act or Open Meetings Law. The recommendations below are made in order to promote full transparency with the public.

- **Improve Transparency in Settlement Reporting**

The City of Charlotte should consider adopting a more nuanced policy or practice regarding the release of information related to settlements with employees. While much information related to settlements with employees may be confidential personnel information, at a minimum, the amount paid to an employee as a result of a settlement agreement is public information and should be "entered into [the City's] minutes as soon as possible within a reasonable time after the settlement is concluded." N.C.G.S. § 143-318.11(a)(3).

- **Timely Release of Closed Session Minutes**

The City of Charlotte should consider reviewing its procedures for keeping meeting minutes to ensure that it includes "a general account of [all] closed session[s] so that a person not in attendance would have a reasonable understanding of what transpired." N.C.G.S. § 143-318.10(e). Although a public body may seal closed session minutes from public inspection for a time in order to preserve the purpose of the closed session, such minutes should be released as soon as possible to promote transparency.

- **Reevaluate Use of General Fund for Settlement Payments**

The City of Charlotte should reassess its treatment of substantial settlement-related costs—particularly those incurred to avoid potential litigation—as "normal operating expenses" and charging such costs to the City's General Fund. Because the Risk Management Fund is designed to cover costs arising from unexpected claims and liabilities, the City should consider whether it is more appropriate to charge all settlement-related costs to the Risk Management Fund.

OSA appreciates the cooperation of the City's staff and their willingness to provide requested documentation as OSA conducted this report.

RESPONSE FROM CITY OF CHARLOTTE



CITY of CHARLOTTE

MAYOR VI LYLES

Office of the Mayor
600 East 4th Street, 15th Floor
Charlotte, NC 28202
charlottenc.gov

Via email only to dave.boliek@ncauditor.gov

September 8, 2025

David L. Boliek
State Auditor
North Carolina Office of the State Auditor
20601 Mail Service Center
Raleigh, NC 27699

RE: Formal Response to City of Charlotte Rapid Response Special Report

Dear Mr. Boliek:

I am in receipt of the letter dated August 27, 2025 and the draft Rapid Response Special Report prepared in connection with the Office of the State Auditor's review of the settlement agreement between the City of Charlotte (the "City") and Johnny Jennings, Chief of Police. On behalf of the City of Charlotte (the City), I acknowledge the confidential nature of this draft report and have provided it only to the staff members in relevant City departments whose input was necessary for the City's response. This response to the draft report has been prepared in consultation with the City Attorney's Office, the Interim City Attorney, and the City's Chief Financial Officer. There will be an upcoming appointment of a permanent City Attorney and transition of the Interim City Attorney. Therefore, the completion timeframes set out have been developed in anticipation of this transition. As previously stated, the City maintains that it is in compliance with the Public Records Act, the Open Meetings laws, the personnel privacy statute and all applicable laws. Since there are no findings in the report with respect to the Funds used to pay the settlement or with respect to the City's actions under the Public Records Act or Open Meetings Law, we set out our responses and address each of your recommendations as follows:

1. Improve Transparency in Settlement Reporting: The City of Charlotte should consider adopting a more nuanced policy or practice regarding the release of information related to settlements with employees. While much information related to settlements with employees may be confidential personnel information, at a minimum, the amount paid to an employee as a result of a settlement agreement is public information and should be "entered into [the City's] minutes as soon as possible within a reasonable time after the settlement is concluded." N.C.G.S. §143-318.11(a)(3).

Response: The City interpreted this settlement agreement as personnel information and therefore, in our opinion, the entire settlement agreement and related records remain confidential

RESPONSE FROM CITY OF CHARLOTTE

and not subject to public disclosure pursuant to N.C.G.S. §160A-168. In addressing this recommendation, the City will revisit the relevant authorities in Chapters 132 and 143 of the North Carolina General Statutes and its application to personnel-related matters. The City will revise, if necessary, the internal practice specifically pertaining to the release of settlements with employees to ensure compliance with state law. The City will identify what information pertaining to employee settlements that is authorized by law to be made public and will release this information within a reasonable time after conclusion of the settlement. The City will continue to comply with the Public Records Act, Open Meetings laws, and the personnel privacy statute.

- Staff responsible: City Attorney's Office; City Clerk's Office; Human Resources, City Manager's Office
- Timeframe for completion: Six months from date of this letter

2. Timely Release of Closed Session Minutes: The City of Charlotte should consider reviewing its procedures for keeping meeting minutes to ensure that it includes "a general account of [all] closed session[s] so that a person not in attendance would have a reasonable understanding of what transpired." N.C.G.S. §143-318.10(e). Although a public body may seal closed session minutes from public inspection for a time to preserve the purpose of the closed session, such minutes should be released as soon as possible to promote transparency.

Response: The City currently keeps minutes which include minutes of closed sessions. Historically, the City's practice has been for the City Attorney's Office, in conjunction with the City Clerk's Office, to review closed session minutes on a quarterly basis to determine which, if any, closed session minutes may be opened to public inspection. In addressing this recommendation, the City will continue this practice and ensure that closed session minutes are timely reviewed for release for public inspection on a quarterly basis. The City will also include the approval of closed session minutes on future agendas to ensure the public is informed. The City will continue to comply with the Public Records Act, Open Meetings laws, the personnel privacy statute and all applicable laws.

- Staff responsible: City Attorney's Office; City Clerk's Office; Communication and Marketing Office; City Manager's Office
- Timeframe for completion: Effective immediately

3. Reevaluate Use of General Fund for Settlement Payments: The City of Charlotte should reassess its treatment of substantial settlement-related costs – particularly those incurred to avoid potential litigation – as "normal operating expenses" and charging such costs to the city's General Fund. Because the Risk Management Fund is designed to cover costs arising from unexpected claims and liabilities, the City should consider whether it is more appropriate to charge all settlement-related costs to the Risk Management Fund.

Response: The City utilizes trust documents applicable to the Risk Loss Fund to evaluate the payment of settlement-related costs. In addressing this recommendation, the City will review the trust documents to determine the source of funds utilized for the payment of the settlement-related costs. The City will analyze the types of settlement-related costs and the appropriate fund from which these costs should be paid.

- Staff responsible: City Attorney's Office, Finance Department, City Manager's Office

RESPONSE FROM CITY OF CHARLOTTE

- Timeframe for completion: Six months from date of this letter

Thank you for the opportunity to provide a formal response to the draft Rapid Response Special Report. I look forward to hearing from you. Should you have any questions, please do not hesitate to contact me.

Sincerely,



Vi Alexander Lyles

Mayor

City of Charlotte

Cc (via email): Charles Dingee, Deputy State Auditor
Anthony Fox, Interim City Attorney
Matt Hastedt, Treasurer, Finance Department, City of Charlotte