

City of



320 North Locust Street
Point, Texas 75472
9035983296

Date: 03/05/2026

To All City of Point Personnel:

I am writing this to inform you of some substantial financial shortfall that the City of Point is experiencing and has uncovered since December of 2025. I had hoped that City would be able to continue operations until the new Council was elected and impaneled in May, but the situation has become so dire that the City of Point will not be able to meet all of its current payroll obligations past this week.

I want to briefly explain how we've gotten here before I explain the next steps:

Despite previous assurances that obligations were being met, it has been discovered that the City's payroll tax obligations were not being met. Though the City has been making consistent payroll tax payments to the IRS since the resignation of the previous City Secretary, it was discovered that payments were not made or were sporadically made throughout the last few years. Obligations to the IRS date back to 2018, but many of the payments missed are over the last few years. This has caused the incursion of additional penalties and interest. The City has been made aware that it is under a formal investigation, and from which we intend to comply fully. At this point, the debt, including penalties and interest is in excess of \$300,000.00 and it is likely that the IRS may seek to seize certain items that are not subject to a debt obligation – like city owned vehicles and real property.

Additionally, certain funds, which were previously created for specific purposes and are generally maintained within the general fund, have been depleted and misappropriated by a former employee. That is not to say that these funds were used for that employee's personal use, instead it appears that the funds were moved into general fund in order to make payroll. As a former Council member and now your Mayor, I assure you this was not disclosed to Council, and it appears it was actively concealed. Regardless, these sums are substantial, and now do not exist inside the general fund.

The City has reason to believe that the Comptroller is owed an excess of \$200,000 – approximately \$80,000 of which accrued during 2025. Unfortunately, the above is not the extent of the debt, and at the point a Council is impaneled a forensic audit will be a high priority, in the event it can be afforded.

Regardless, the City arrived at this point due to the above factors as well as having been presented with an incomplete budget for the 2025-2026 year – specifically, the budget for payroll failed to include several things, like the payroll tax obligation per employee. This means that there has been a significant difference in the projected budget and the actual cost to employ you, which has left the City with funds depleting at a higher rate than funds are incoming.

After payments are made for retirement, health insurance, life insurance, and the City’s risk pool insurance, the City’s General Fund will barely be able to cover utilities this month. I am in the process of negotiating payments regarding the above, but in the interim, I am forced to make a tough decision regarding City personnel. Specifically, I have to prioritize personnel that are integral to the daily operations of the City of Point, and that cannot be otherwise supplemented by another entity or service.

After consultation with legal counsel, and after considering several options, I have determined that law enforcement assistance can be acquired from Rains County, therefore the most straightforward and cost-effective solution to the immediate payroll deficiency is the suspension of all of the officers of the Point Police Department.

Effective March 6, 2026, ALL MEMBERS of the Point Police Department, including the reserve officers, and Chief of Police are being eliminated. In May, when the new Council members are impaneled, any officer subject to this lay off may apply for reinstatement to their position. However, please understand, it is unlikely that funding will be available.

All City owned vehicles must be returned to the City of Point on or before March 6, 2026 by 4:00 p.m. All items owned by the City of Point, including but not limited to firearms, uniforms, and tactical gear, must be returned by March 6, 2026 at 4:00 p.m.

The City will contact the necessary agencies to make arrangements for securing the necessary areas and notify the appropriate authorities regarding this result.

I understand that this may cause a hardship to many of our officers, many of which have served the City in a dedicated manner. I am deeply saddened to have to make this decision and had sincerely hoped to preserve as many personnel members as possible.

If you have any questions or concerns please contact me at mayer@cityofpoint.org.

Sincerely,


Angela Nelson, Mayor 3-5-2026