Town of Ozan, Arkansas

Financial and Compliance Report

December 31, 2024 and 2023

LEGISLATIVE JOINT AUDITING COMMITTEE

TOWN OF OZAN, ARKANSAS
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Ozan, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the Town of Ozan, Arkansas, as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated November 3, 2025. These procedures were not performed for the Water Department. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2024 and 2023:

Mayor: David Stallsworth, Jr.
Recorder/Treasurer: Theresia Linville (resigned November 30, 2024)

We evaluated the Town's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Recorder/Treasurer**.

Mayor

The minutes of the governing body did not document the review of the findings and recommendations and the action taken by the governing body for the prior report, as required by Ark. Code Ann. § 10-4-418. A similar finding was noted in the previous three reports dating back to 2016.

The Town was in noncompliance with Ark. Code Ann. § 14-58-202 as follows:

- Budgets were not adopted for the General and Street Funds in 2023.
- A budget was not adopted for the ARPA Fund in 2024.
- A budget could not be provided for the General Fund in 2024.

A similar finding was issued in the previous report.

Recorder/Treasurer

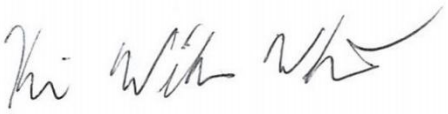
Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was in noncompliance with these codes as follows:

- Annual financial statements were not prepared and posted.
- A monthly financial statement was not presented to the Town Council.
- A detailed fixed asset listing was not provided.
- Prenumbered receipts were not issued for all funds received.
- Monthly bank reconciliations were not prepared.
- Cash receipts and disbursements journals were not properly established and maintained.
- Payroll records including Internal Revenue Service (IRS) Form W-3, Arkansas Form AR3, IRS Forms 941, and IRS Form W-2 were not provided for inspection. We were unable to determine if the appropriate taxes were withheld and remitted or wages were properly and adequately reported.

A similar finding was noted in the previous two reports.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 3, 2025
LOM312324

TOWN OF OZAN, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	$ 9,736	$ 34,090
Receipts:		
State aid	15,744	4,112
Sales taxes	9,740	
Unclassified	6,472	753
Total Receipts	31,956	4,865
Disbursements:		
General government	4,300	
Highways and streets		3,480
Sanitation	10,539	
Unclassified	1,500	15,706
Total Disbursements	16,339	19,186
Cash Balance, December 31, 2024	$ 25,353	$ 19,769

TOWN OF OZAN, ARKANSAS

Schedule 2

COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2024	$ 18,052	$ 16,038	$ 34,090
Receipts:			
State aid	4,112		4,112
Unclassified	489	264	753
Total Receipts	4,601	264	4,865
Disbursements:			
Highways and streets	3,480		3,480
Unclassified		15,706	15,706
Total Disbursements	3,480	15,706	19,186
Cash Balance, December 31, 2024	$ 19,173	$ 596	$ 19,769

TOWN OF OZAN, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2023	$ 7,437	$ 33,381
Receipts:		
State aid	760	4,218
Sales taxes	9,533	
Unclassified	3,170	305
Total Receipts	13,463	4,523
Disbursements:		
Highways and streets		3,671
Unclassified	11,164	143
Total Disbursements	11,164	3,814
Cash Balance, December 31, 2023	$ 9,736	$ 34,090

TOWN OF OZAN, ARKANSAS

Schedule 4

COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

(UNAUDITED)

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	$ 17,200	$ 16,181	$ 33,381
Receipts:			
State aid	4,218		4,218
Unclassified	305		305
Total Receipts	4,523		4,523
Disbursements:			
Highways and streets	3,671		3,671
Unclassified		143	143
Total Disbursements	3,671	143	3,814
Cash Balance, December 31, 2023	$ 18,052	$ 16,038	$ 34,090

TOWN OF OZAN, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts.

2. The Municipality's capital assets records were not available.