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Town of Duncan, Mississippi

Financial Statements

September 30, 2019

Ellis & Hirsberg

Certified Public Accountants, PLLC

Clarksdale, Mississippi

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Aldermen
Town of Duncan
Duncan, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements – governmental and business-type activities of the Town of Duncan, Mississippi, for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements – governmental and business type activities nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements – governmental and business-type activities.

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The statement of receipts and disbursements – governmental and business-type activities is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles, generally accepted in the United States of America, require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information contained in Schedules 1 through 5 is presented in compliance with the requirements of the Mississippi Office of the State Auditor and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited nor reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Other Information

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), we have issued a report dated December 2, 2020 on the results of our agreed-upon procedures.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
December 2, 2020

TOWN OF DUNCAN, MISSISSIPPI

FINANCIAL STATEMENTS

TOWN OF DUNCAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities		Business-type Activities
	Major Funds		Water Fund
	General	Special	Total
RECEIPTS			
Taxes			
Property Taxes	61,141		61,141
Licenses and Permits:			
Permits	79		79
Privilege Licenses	270		270
Franchise Taxes	9,497		9,497
Intergovernmental Revenues:			
Intergovernmental Grants			258,773
General Municipal Aid	211		211
Homestead Exemption	4,887		4,887
State Shared Revenues			
Fire Protection	2,497		2,497
Gasoline Tax	1,216		1,216
Sales Taxes	6,089		6,089
Other	396		396
Grand Gulf Payment	2,432		2,432

See independent accountants' compilation report.

TOWN OF DUNCAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities		Business-type Activities
	Major Funds	Total	
	General	Special	Water Fund
Charges for Services:			
Sanitation	10,839		
Water/Sewer		10,839	68,009
Other Receipts:			
Interest	18	18	5
Miscellaneous Receipts	150	150	
Total Receipts	99,722	99,722	326,787

DISBURSEMENTS

General Government	40,970	40,970
Public Safety		
Fire	5,510	5,510
Police	8,866	8,866
Public Works		
Beautification	14,623	14,623
Sanitation	26,179	26,179
Streets	7,736	7,736

See independent accountants' compilation report.

TOWN OF DUNCAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities			Business-type Activities
	Major Funds	Special	Total	
	General			Water Fund
Proprietary Funds				
Water and Sewer				313,965
Total Disbursements	103,884	-	103,884	313,965
OTHER FINANCING SOURCES (USES)				
Transfers	-		-	-
Excess (Deficiency) of Receipts Over Disbursements	(4,162)	-	(4,162)	12,822
Cash Basis of Fund Balance - Beginning of Year	47,631	599	48,230	37,132
Cash Basis of Fund Balance - End of Year	43,469	599	44,068	49,954

See independent accountants' compilation report.

**TOWN OF DUNCAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Duncan operates under a Mayor-Board of Aldermen form of government. The Town has an approximate population of 423. The accounting policies of the Town of Duncan conform to the laws of Mississippi for a municipality with revenues or expenditures of less than \$1,000,000. The following is a summary of the more significant policies.

Reporting Entity - This report includes all of the funds and account groups of the Town of Duncan. The Town has developed criteria to determine whether outside agencies or authorities with activities which benefit the citizens of the Town should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Town exercises oversight responsibility on financial inter-dependency, selection of governing authority, and accountability for fiscal matter, scope of public service and special financing relationships. No component unit was identified for inclusion or potential inclusion utilizing the criteria indicated.

Basis of Presentation - Fund Accounting - The accounts of the Town of Duncan are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Basis of Accounting - All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as allowed by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), and other supplemental information.

Receipts and disbursements were classified according to requirements for small towns as permitted by the Office of the State Auditor.

The following funds and groups of accounts are used by the Town:

**TOWN OF DUNCAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Governmental Fund Types:

General Fund - This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens, including the servicing of general long-term debt (debt service funds). General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Special Revenue Fund - The Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Types:

Enterprise Funds - These funds account for operations that are organized to be self-supporting through user charges. Included in this category is the Water and Sewer Fund.

Budgetary Data - Formal budgetary accounting is employed as a management control for all funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for governmental and proprietary funds. For governmental funds, receipts are budgeted on the cash basis.

Expenditures are budgeted on the modified cash basis of accounting. This is consistent with the applicable laws of Mississippi for municipalities. Budgets for Special Revenue Funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by projects.

All unencumbered budget appropriations, except special revenue project budgets, lapse at the end of each fiscal year.

Cash - Cash in excess of current requirements is invested in various interest-bearing bank deposits.

Property Tax Revenues - Property taxes are levied on January 1 based on the assessed value of property per the County Tax Bills. Assessed values are an approximation of market value.

Property taxes are recognized as revenue when they are received.

Encumbrances - The Town of Duncan does not use encumbrance accounting.

Compensated Absences - The Town of Duncan, Mississippi does not grant sick leave or vacation pay.

Interfund Transfers - The interfund transfers have not been eliminated.

**TOWN OF DUNCAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Restricted Funds - When an expenditure is incurred that could be paid by either restricted or unrestricted funds, restricted funds are used first.

Total Columns - The Combined Statements of Cash Receipts and Disbursements, Governmental and Business-type Activities includes a total column that is described as memorandum only. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of this financial statement.

NOTE 2 - PROPERTY TAXES:

Property taxes attach as an enforceable lien as of February 1.

The Town 2018 tax levy was 45 mills on assessed valuation for taxing property within the incorporated boundaries. The Town utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the Town boundaries. The Town pays a fee to the Bolivar County Tax Collector to collect its ad valorem taxes.

Property for which ad valorem taxes have not been paid is advertised for sale in April of each year. Property not sold at the auction is purchased by the State of Mississippi. Since unpaid ad valorem taxes at year end are usually not collected within the 60 day period following the close of the Town's fiscal year, delinquent property taxes are not recorded as a receivable on the books of the Town.

NOTE 3 - CASH AND OTHER DEPOSITS:

The collateral for public entities' deposits in financial institutions, is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of the Town's deposits with financial institutions was \$94,023 and the bank balance was \$94,023. The bank balance is categorized as follows:

Amount insured or collateralized with securities held by the Town or its agent in the Town's name	\$94,023
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Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a deposit policy

**TOWN OF DUNCAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2019, none of the Town's bank balances of \$94,023 was exposed to custodial credit risk.

NOTE 4 - LONG-TERM DEBT:

The Town did not have any long-term debt at September 30, 2019.

NOTE 5 - GRANT RECEIVED:

The Town of Duncan received a sewer grant during the fiscal year of September 30, 2019 and used all the grant proceeds by the end of the fiscal year. The grant proceeds were used for various sewer improvements and pumps.

NOTE 6 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; and natural disasters. Except as described below, the Town has commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The Town is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi worker's compensation and employers' liability coverage. The Town pays premiums on a quarterly basis for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of total claims exceeding the pool's resources is remote. In the event claims deplete the trust account, pool members would be required to pay for the deficiencies. Settlement amounts have not exceeded for the current year nor the prior three years.

The Town is a member of the Mississippi Municipal Liability Plan, a public entity risk pool. The Mississippi Municipal Liability Plan covers liability against its members. The Plan is funded by member contributions. The Town has not had an additional assessment for excess losses.

**TOWN OF DUNCAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

NOTE 7 - ECONOMIC DEPENDENCY

The Town is a rural community located in the Mississippi Delta. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Town of Duncan evaluated the activity of the Town through September 9, 2019 and determined that there were no following subsequent events that requires disclosure in the financial statements.

TOWN OF DUNCAN, MISSISSIPPI

SUPPLEMENTAL INFORMATION

**TOWN OF DUNCAN, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

There was no long-term debt outstanding at September 30, 2019.

See independent accountants' compilation report.

**TOWN OF DUNCAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2019**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Charles Harvey	Mayor	St. Paul Travelers	50,000
Curtis Boschert	Town Clerk	Western Surety Company	50,000
Shirley Reddicks	Alderman	St. Paul Travelers	10,000
Erma C. Lee	Alderman	St. Paul Travelers	10,000
Roy Caston	Alderman	St. Paul Travelers	10,000
Lynn Sutton McMurchy	Alderman	St. Paul Travelers	10,000
John J. Janous	Alderman	St. Paul Travelers	10,000
Charles Anderson	Police Chief	Western Surety Company	50,000

See independent accountants' compilation report.

TOWN OF DUNCAN, MISSISSIPPI
SCHEDULE OF BUDGET AND ACTUAL REVENUE AND EXPENSES - CASH BASIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Revised Budget	Actual	Budget Variance Favorable (Unfavorable)
Receipts			
Franchise Tax	10,000	9,497	(503)
Miscellaneous Income	11,682	9,179	(2,503)
Municipal Aid	1,000	211	(789)
State Fire Aid	150	2,497	2,347
Privilege Taxes	200	270	70
Property Taxes	64,268	61,141	(3,127)
Sales Taxes	5,000	6,089	1,089
Sanitation Fees	10,000	10,839	839
Water & Sewer Fees	75,700	326,787	251,087
Total Receipts	178,000	426,510	248,510
General Government	49,000	40,970	8,030
Public Safety			
Fire	5,000	5,510	(510)
Police	10,000	8,866	1,134
Public Works			
Beautification	9,000	14,623	(5,623)
Sanitation	18,800	26,179	(7,379)
Streets	10,500	7,736	2,764
Proprietary Funds			
Water and Sewer	75,700	313,965	(238,265)
Total Disbursements	178,000	417,849	(239,849)
Excess (Deficiency) of Receipts Over Disbursements	-	8,661	8,661

See independent accountants' compilation report.

**TOWN OF DUNCAN, MISSISSIPPI
SCHEDULE OF INVESTMENTS
FOR THE FISCAL YEAR SEPTEMBER 30, 2019**

None

See independent accountants' compilation report.

TOWN OF DUNCAN, MISSISSIPPI
 SCHEDULE OF CAPITAL ASSETS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
Capital Assets:					
Land	-				-
Buildings	82,362				82,362
Machinery and Equipment	56,935				56,935
Infrastructure	-				-
Construction in Progress	-				-
Total Governmental Activities Capital Assets	<u>139,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,297</u>
Business-type Activities:					
Capital Assets:					
Land	-				-
Construction in Progress	-				-
Buildings	-				-
Machinery and Equipment	-				-
Infrastructure	<u>471,773</u>				<u>471,773</u>
Total Business-type Activities Capital Assets	<u>471,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,773</u>

See independent accountants' compilation report.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

Honorable Mayor and Aldermen
Town of Duncan, Mississippi

We have compiled the Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities of the Town of Duncan, Mississippi as of and for the year ended September 30, 2019, and have issued our report thereon dated December 2, 2020. Our report differed from the standard report due to the basis of accounting. All governmental and proprietary funds contained in this report are accounted for using the cash receipts and disbursements basis of accounting, as allowed by the Mississippi State Department of Audit. This basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with generally accepted accounting principles. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A). Management elected to omit the MD&A.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our procedures were substantially less than an audit, the objective of which is to express an opinion on the Town's compliance with those requirements. Accordingly, we do not express such an opinion.

With respect to items tested, the results of those procedures and our compilation of the accompanying Statement of Cash Receipts and Disbursements - Governmental and Business-Type Activities, Schedule of Long-Term Debt, Schedule of Surety Bonds for Town Officials, Schedule of Budget and Actual Revenue and Expenses, Schedule of Investments and Schedule of Capital Assets for the year ended September 30, 2019 disclosed no instances of noncompliance.

This report is intended for the information and use of management and is not intended and should not be used by anyone other than those specified parties.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
December 2, 2020

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Aldermen
Town of Duncan
Duncan, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor and the mayor and Board of Aldermen of the Town of Duncan, to the accounting records of Town of Duncan, Mississippi, solely to assist the Office of the State Auditor and the mayor and Board of Aldermen in evaluating the Town's compliance with certain laws and regulations as of September 30, 2019, and for the year then ended as required by provisions of Section 21-35-31 of Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. This sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Southern Bancorp	General Fund	27,752
Southern Bancorp	General Fund	27,718
Southern Bancorp	General Fund	-
Total General Fund		55,470
Southern Bancorp	Special Revenue Fund	599
Southern Bancorp	Proprietary Fund	397
Southern Bancorp	Proprietary Fund	2,120
Southern Bancorp	Proprietary Fund	29,949
Southern Bancorp	Proprietary Fund	5,488
Total Proprietary Fund		37,954

2. There were no securities held at year end.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for compliance with increase limitations of Section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to be within the limitations of Section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

There were no ad valorem tax collections for the retirement of General Obligation Debt.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger with no exceptions. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Municipal Aid	General Fund	211
Nuclear Payment	General Fund	2,432
Sales Tax Allocation	General Fund	6,089
Intergovernmental Revenues	General Fund	258,773
Homestead Exemption Reimbursement	General Fund	4,887
Gasoline Tax	General Fund	1,216
Fire Protection Allocation	General Fund	2,496
Total		<u>276,104</u>

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	60
Dollar Value of Sample	\$24,065

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. The Town of Duncan, Mississippi does not have a municipal court.
7. We have read the Municipal Compliance Questionnaire completed by the municipality. It was completed, signed and recorded in the board's minutes. Test of the questionnaire indicated it was accurately prepared.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Duncan, Mississippi, for the year ended September 30, 2019.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi and the mayor and Board of Aldermen of the Town of Duncan and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
December 2, 2020