

January 30, 2026

Mayor Jacque and City Council Members
City of Dyersville
Memorial Building
340 1st Avenue East
Dyersville, IA 52040

Re: Discussion and Possible Action Authorizing to Engage an Independent Auditor for the Downtown Housing Grant

Mayor Jacque and Council Members:

I am requesting Council authorization for the City to engage a third- party independent auditor to complete an Agreed- Upon Procedures (AUP) review related to the City's Downtown Housing Grant (IEDA Grant No. 22- ARPDH- 019).

The Iowa Economic Development Authority (IEDA) has issued a Notice of Noncompliance dated May 15, 2025. That notice states that the Downtown Housing Grant award is \$600,000, that \$360,000 has been disbursed to the City to date, and that IEDA has identified noncompliance, including a conflict of interest and failure to disclose. The notice further states that if the matter is not rectified, no further grant funds will be disbursed, and the City may be required to return the \$360,000 disbursement for non-compliance with the grant agreement.

Furthermore, IEDA is requesting a third- party auditor to verify project expenses and proof of payment through agreed- upon procedures for the total project costs reported in the final report, and to provide the AUP document to the independent auditor. That correspondence also requests that, after reviewing the AUP with the auditor, the City must reply with an anticipated completion date and provide monthly status updates through their web portal regarding the audit status.

The AUP document outlines the procedures the independent auditor would perform, including reviewing invoices and related support, reviewing internal wage support where applicable, determining whether costs were incurred in connection with the project, confirming timing of costs relative to the Construction Contract execution date identified in the AUP, and verifying that paid amounts align with invoiced amounts for qualifying costs.

Our auditor has provided a fee estimate of \$6,000–\$8,000 to complete this work. I am requesting Council authorization to engage the independent auditor for the AUP review, with an expenditure authorization not to exceed \$8,000.

Thank you for your attention to this matter. Please feel free to reach out if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Michel". The signature is fluid and cursive, with a large loop at the end.

Mick J. Michel,
City Administrator