


**CITY OF NEWPORT BEACH**  
**Office of the City Manager**

August 9, 2002

**TO: CITY COUNCIL**

**FROM: Homer Bludau, City Manager** 

**SUBJECT: AUDIT OF AWG AND CJ&E**

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As directed by the City Council we sent letters of request for financial information to both AWG and CJ&E concerning the grants the City of Newport Beach awarded to these two organizations for a public information campaign. These letters of request were a first step to performing an audit of the organizations for grant compliance. We received the information back from both organizations by the deadline we gave them of August 1, 2002. With this memo I am transmitting the summary financial information we received in response to our request. Today we also met with the audit firm of Vavrinek Trine Day & Co., LLP, the firm we selected to perform the audits, to discuss the agreed upon procedures for their review. Please give me or Dennis Danner a call if you have any questions about the attached material.



July 30, 2002

Richard C. Kurth  
Deputy Director of Administrative Services  
City of Newport Beach  
Newport Beach, CA 92658

Dear Mr. Kurth:

Per your request follows is a list representing officers and board members of Citizens for Jobs and the Economy.

**Officers**

Bruce Nestande, President

Occupation: Independent Contractor

Daniel Russo, CFO & Secretary

Occupation: CFO, Arnel Development Company

**Board of Directors**

Doy Henley

William Buck Johns

Harry Rinker

Sincerely,

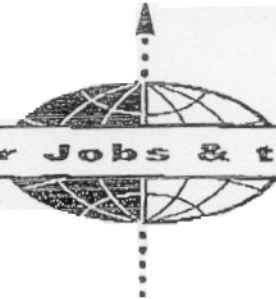
  
Bruce Nestande

## CITY OF NEWPORT BEACH

## Summary of AWG Expenditures, by Vendor

May 22, 2001 Grant

|                                           | Dollar              | %       |
|-------------------------------------------|---------------------|---------|
| A America Signs                           | 270.90              | 0.01%   |
| Advertising & Supply                      | 2,837.50            | 0.08%   |
| American Association of Airport Executive | 6,000.00            | 0.17%   |
| Amies Communications                      | 200.00              | 0.01%   |
| Arrowhead Computer Service                | 2,232.54            | 0.06%   |
| BBC Research & Consulting                 | 131,224.29          | 3.67%   |
| Bell, McAndrews, Hitachk & Davidian, LLF  | 65,567.69           | 1.84%   |
| Bruce Nestande                            | 332,415.25          | 9.31%   |
| Capital Strategies Group                  | 25,000.00           | 0.70%   |
| Cheveliar, Allen & Lichman                | 330,134.01          | 9.24%   |
| Coach USA Sightseeing Anaheim             | 2,796.20            | 0.08%   |
| Consulting Experts, Inc                   | 53,000.00           | 1.48%   |
| Copy-Stop                                 | 9,305.09            | 0.26%   |
| Corner Bakery                             | 1,960.59            | 0.05%   |
| Costa Mesa Parks & Recreation             | 300.00              | 0.01%   |
| David Ellis & Associates, LLC             | 458,061.60          | 12.82%  |
| Davis Murray                              | 535.00              | 0.01%   |
| Designed to Win                           | 41,823.54           | 1.17%   |
| Greenstripe Media                         | 931,168.09          | 26.07%  |
| Irvine Tax Payers                         | 25,000.00           | 0.70%   |
| James Gregg                               | 2,000.00            | 0.06%   |
| Kutak Rock, LLP                           | 112,214.63          | 3.14%   |
| Lara Davies/Sanders                       | 22,583.87           | 0.63%   |
| Litho Graphics                            | 408.00              | 0.01%   |
| MTA Inc.                                  | 493,874.23          | 13.83%  |
| Newport Dunes Resort                      | 2,563.22            | 0.07%   |
| Norman Ewers                              | 235.25              | 0.01%   |
| Orange County Business Council            | 7,591.55            | 0.21%   |
| Pacific Media & Research                  | 6,500.00            | 0.18%   |
| PCR                                       | 905.34              | 0.03%   |
| Petrone Productions, Inc                  | 133,903.00          | 3.75%   |
| Platinum Advisors                         | 50,000.00           | 1.40%   |
| Postmaster                                | 246,309.17          | 6.90%   |
| Reason Foundation                         | 1,000.00            | 0.03%   |
| Sasso                                     | 9,900.00            | 0.28%   |
| Sjober Evashenk Consulting, LLC           | 30,000.00           | 0.84%   |
| Urban Design Camp                         | 3,000.00            | 0.08%   |
| Urban Dimensions                          | 2,608.25            | 0.07%   |
| URS                                       | 15,000.00           | 0.42%   |
| Void                                      | -                   | 0.00%   |
| William A Bloomer                         | 1,697.03            | 0.05%   |
| Wilson Research & Strategy                | 10,000.00           | 0.28%   |
|                                           | <u>3,572,125.83</u> | 100.00% |



**CITIZENS FOR JOBS & THE ECONOMY**

*a Non-Profit Corporation*

August 1, 2002

Homer Bludau, City Manager  
City of Newport Beach  
3300 Newport Boulevard  
Newport Beach, CA 92663

Dear Mr. Bludau:

Per your request (July 11, 2002) regarding the Grant Agreement with the City of Newport Beach dated October 23, 2001, the attached material is submitted. To the best of my knowledge, the material is accurate and represents a full and complete accounting of expenditures related to the Grant Agreement. If additional information is needed or questions exist, please call me.

Sincerely



Bruce Nestande

**President**  
**Citizens for Jobs and the Economy**

# Citizens for Jobs & The Economy - Cities II

## Summary of Grant Activity

As of July 31, 2002

Current Account Balance \$ 29,965.04

|               |                  |
|---------------|------------------|
| Deposits      | 150,000.00       |
| Disbursements | (120,034.96)     |
| Balance       | <u>29,965.04</u> |

Deposits totaling \$150,000.00:

|          |                   |                       |
|----------|-------------------|-----------------------|
| 03/31/02 | 100,000.00        | City of Newport Beach |
| 04/08/02 | 25,000.00         | City of Newport Beach |
| 07/22/02 | 25,000.00         | City of Newport Beach |
|          | <u>150,000.00</u> |                       |

Disbursements totaling \$120,034.96:

|          |                   |                                   |
|----------|-------------------|-----------------------------------|
| 04/12/02 | 120,000.00        | Hecht, Spencer & Associates, Inc. |
| 04/16/02 | 34.96             | City of Newport Beach             |
|          | <u>120,034.96</u> |                                   |

07/31/2002

Account Transactions  
CJ&E - Cities II

08/01/2001 Through 07/31/2002

| Num                              | Date       | Payee                           | Category                        | Amount       | Running Bala |
|----------------------------------|------------|---------------------------------|---------------------------------|--------------|--------------|
| Opening Balance as of 08/01/2001 |            |                                 |                                 |              | 0.00         |
| Month Ending 03/31/2002          |            |                                 |                                 |              |              |
|                                  | 03/31/2002 | City of Newport Beach           | CONTRIBUTIONS RECEIVED : G      | 100,000.00   | 100,000.00   |
| Total Month Ending 03/31/2002    |            |                                 |                                 | 100,000.00   |              |
| Month Ending 04/30/2002          |            |                                 |                                 |              |              |
|                                  | 04/08/2002 | City of Newport Beach           | CONTRIBUTIONS RECEIVED : G      | 25,000.00    | 125,000.00   |
| 10001                            | 04/12/2002 | Hecht, Spencer & Associates, In | Consulting Fees - El Toro Grant | (120,000.00) | 5,000.00     |
|                                  | 04/19/2002 | Wells Fargo                     | Bank Charges : Supplies         | (34.96)      | 4,965.04     |
| Total Month Ending 04/30/2002    |            |                                 |                                 | (95,034.96)  |              |
| Month Ending 07/31/2002          |            |                                 |                                 |              |              |
|                                  | 07/22/2002 | City of Newport Beach           | CONTRIBUTIONS RECEIVED : G      | 25,000.00    | 29,965.04    |
| Total Month Ending 07/31/2002    |            |                                 |                                 | 25,000.00    |              |
| Grand Total                      |            |                                 |                                 | 29,965.04    | 29,965.04    |