

File Code: 6510

Date: FEB 14 2003

Roberta Wilfong  
Spruce Bark Beetle Program Manager  
Kenai Peninsula Borough  
144 North Binkley Street  
Soldotna, AK 99669

Dear Ms. Wilfong:

In December, 2002 you sent a formal request to Ms. Peggy Cossaboom of our Anchorage State and Private Forestry office. Your request asked for clarification on whether or not the two lump sum payments disbursed in our fiscal year 2000 and 2001 could be used as matching funds necessary to apply for and receive a grant from the Pacific Southwest Research Station.

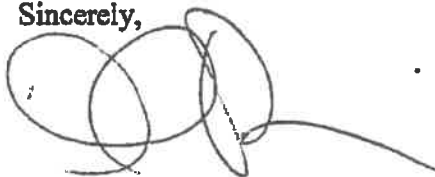
In Fiscal year 2000 we disbursed \$2,000,000 and in fiscal year 2001 we disbursed \$7,500,000. Both amounts were disbursed to the Kenai Peninsula Borough's Spruce Bark Beetle Mitigation Program. The disbursement in fiscal year 2000 was a direct appropriation through public law, intended as federal assistance for spruce bark beetle hazardous tree removal. In 2001, the disbursement was again a direct appropriation through public law intended as federal assistance to complete the activities outlined in the Spruce Bark Beetle Task Force action plan.

The Comptroller General has stated in many cases that it is forbidden to use funds from one federal grant to match funds provided under another federal grant. Since the two disbursements mentioned were not grants, they do not carry this same restriction.

One of the most important principles of federal appropriations law is that the designated funds be used for the purpose identified in the original appropriation language. If the grant you are pursuing has the same intention as that of the appropriation language, the funds may be used as matching funds for the grant you are pursuing.

If we can help you further with any questions on this matter, please contact either Ray Howard or Dawn Heutte of this office. Ray can be reached at 907-586-8731 and Dawn at 907-586-8819.

Sincerely,



DAVE BRUCE  
Chief Financial Officer

cc: Peggy Cossaboom, Dawn L Heutte, Sharon Heidersdorf

FEB 16 2003





United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 6510  
Date:

MAY 09 2003

Craig Chapman  
Kenai Peninsula Borough  
144 North Binkley Street  
Soldotna, AK 99669-7599

Dear: Mr. Chapman:

You have requested clarification regarding interest earned on funds received through a lump sum award disbursed in our fiscal year 2000 and 2001. Further, you requested our opinion on whether the Kenai Peninsula Borough is required to remit the interest earnings back to the respective federal agency.

In fiscal year 2000, we disbursed \$2,000,000 and, in fiscal year 2001, we disbursed \$7,500,000. Both amounts were disbursed to the Kenai Peninsula Borough's Spruce Bark Beetle Mitigation Program. The disbursement in fiscal year 2000 was a direct appropriation through public law, intended as federal assistance for spruce bark beetle hazardous tree removal. In 2001, the disbursement was again a direct appropriation through public law intended as federal assistance to complete the activities outlined in the Spruce Bark Beetle Task Force action plan.

The Comptroller General has consistently held that, in most cases, interest earned by a grantee (whether the grantee is a public or private agency) on funds advanced by the United States belong to the United States rather than to the grantee. Since the two disbursements mentioned were not grants, they do not carry this same restriction; thus, the Kenai Peninsula Borough is not required to remit the interest earnings from these two lump sum payments back to the Forest Service.

If we can help you further with any questions on this matter, please contact either Ray Howard or Sharon Heidersdorf of this office. Ray can be reached at 907-586-8731 and Sharon at 907-586-7924.

Sincerely,

*for* DAVE BRUCE  
Chief Financial Officer

cc: Dawn L Heutte, Peggy Cossaboom, Robert L Simmons

