

**COLORADO STATE UNIVERSITY**  
**Financial Procedure Instructions**  
**FPI 2-22**

1. **Procedure Title:** Spending Priority of Restricted and Unrestricted Funds
2. **Procedure Purpose and Effect:** To set forth procedures for the spending priority of restricted and unrestricted funds as it relates to projects.
3. **Application of Procedure:** This procedure applies to the spending on all project accounts.
4. **Exemptions:** No exemptions.
5. **Definitions:**
  - a. **Kuali Financial System:**  
The official system of record for all financial transactions.
  - b. **Project Account:**  
Accounts within the Kuali Financial System (KFS) designated for projects. Typically, these accounts begin with 7xxxxxx.
  - c. **Restricted Funds:**  
Funds that can only be used for a specific purpose set forth by the funds originator. An external party is the designator of the purpose of the funds. Examples include State capital construction funds, debt financing funds (e.g. bonds, certificates of participation, commercial paper), and donor funds.
  - d. **Unrestricted Funds:**  
Funds that are not limited by any restrictions by an external party.
6. **Procedure Statement:**

Colorado State University (CSU) receives funds from a variety of sources including state appropriations, tuition and fees, auxiliary revenues (housing, meal plans, parking permits, etc.), departmental sales and services, grants (sponsored projects), debt financing, and gifts. Most of the funds received are for specific, limited purposes or are subject to restrictions by CSU rules, state and federal legislation, and rules of other oversight agencies.

The spending priority of funding for project accounts requires restricted funds to be used prior to the use of unrestricted funds. Among the restricted funds available for the project, State capital construction and debt financing funds are applied to the project first. After all of these funds have been applied, other available restricted funds may then be applied. After all restricted funds have been spent, available unrestricted funds may then be applied to the project.

If certain externally restricted funds are not spent in accordance with the relevant authoritative guidance, there can be financial repercussions for Colorado State University (e.g. loss of funds or penalties). Adhering to the spending priority procedure helps to ensure compliance and minimize risk.

Any deviations from the procedure must be approved prior to project funding by the CSU System Treasurer or Vice President of University Operations in writing. Deviations related to projects funded with State capital construction or debt financing funds must also be communicated with the University Controller to ensure proper accounting.
7. **Reference and Cross-References:** None.
8. **Forms and Tools:** None.