

# Annual Financial Accountability Management Report


**Fiscal Year Ended  
August 31, 2005**



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## One Dream, One Team

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**FORT  
WORTH**  
  
INDEPENDENT SCHOOL DISTRICT  
100 North University Drive  
Fort Worth, Texas 76107

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**One Dream, One Team**

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INDEPENDENT SCHOOL DISTRICT

100 North University Drive  
Fort Worth, Texas 76107

**Prepared by the Accounting Department**

Deborah Cooper-Boone - Director of Accounting

Ronald Wilson - Chief Financial Officer

Dr. Melody Johnson - Superintendent

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## INTRODUCTION

For the past four years, school districts in the State of Texas have been required by the Legislature to prepare and distribute an annual financial management report. The report must include a description of the District's financial management performance based on a comparison to: 1) standards established by the Commissioner of Education, 2) the District's previous performance, and 3) any descriptive information required by the Commissioner. The report presented in this booklet covers the 2004-2005 fiscal year and is the Fort Worth ISD's response to the requirement.

The indicators used to determine a District's rating are known as the Financial Integrity Rating System of Texas or "Schools FIRST" and are set forth as questions. The primary goal of Schools FIRST is to guide and assist districts in improving the management of financial resources. An affirmative or "Yes" answer means that the District meets or exceeds the indicator.

As a result of the District's "Yes" response to twenty of the twenty-one indicators, the Fort Worth Independent School District has earned the highest rating—*Superior Achievement*. In addition, the District has earned Superior Achievement ratings for the last three reports.

The report that follows details the District's response to each indicator along with a chart that details how ratings are determined. The District has included some additional descriptive information although not asked or required by the Commissioner to do so.



**Financial Integrity Rating System of Texas**

**2004-2005 DISTRICT STATUS DETAIL**

<b>Name: FORT WORTH ISD(220905)</b>			
<b>Rating:</b> Superior Achievement		<b>Last Updated:</b> 8/14/2006 5:04:25 PM	
<b>Indicators Answered YES:</b> 20		<b>Indicators Answered NO:</b> 1	
#	Indicator Description	Updated	Result
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	6/26/2006 10:46:02 AM	Yes
2	<u>Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	6/26/2006 10:46:02 AM	Yes
3	<u>Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?</u>	6/26/2006 10:46:02 AM	Yes
4	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	6/26/2006 10:46:03 AM	Yes
5	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	6/26/2006 10:46:03 AM	Yes
6	<u>Was The Percent Of Total Tax Collections (Including Delinquent) Greater Than 96%?</u>	6/26/2006 10:46:03 AM	No

7	<u>Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 4 Percent Of Expenditures Per Fund Type (Data Quality Measure)?</u>	6/26/2006 10:46:04 AM	Yes
8	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) &lt; \$770.00 Per Student? (If The District's Five-Year Percent Change In Students = Or &gt; 2%, Or If Property Taxes Collected Per Penny Of Tax Effort &gt; \$100,000, Then Answer This Indicator Yes)</u>	6/26/2006 10:46:04 AM	Yes
9	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	6/26/2006 10:46:04 AM	Yes
10	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Master Or Monitor Assigned)</u>	6/26/2006 10:46:05 AM	Yes
11	<u>Was The Percent Of Operating Expenditures Expended For Instruction More Than 54%?</u>	6/26/2006 10:46:05 AM	Yes
12	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</u>	6/26/2006 10:46:06 AM	Yes
13	<u>If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)</u>	6/26/2006 10:46:06 AM	Yes
14	<u>Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivables) In The General Fund = Or &gt; 1:1? (If Deferred Revenues &lt; Net Delinquent Taxes Receivable, Then Answer This Indicator Yes)</u>	6/26/2006 10:46:06 AM	Yes

15	<u>Was The Administrative Cost Ratio Less Than The Standard In State Law?</u>	6/26/2006 10:46:07 AM	Yes
16	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	6/26/2006 10:46:07 AM	Yes
17	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	6/26/2006 10:46:07 AM	Yes
18	<u>Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?</u>	6/26/2006 10:46:07 AM	Yes
19	<u>Was The Decrease In Undesignated Unreserved Fund Balance &lt; 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance &lt; Total Fund Balance In General Fund Or If Total Revenues &gt; Operating Expenditures In The General Fund, Then Answer This Indicator Yes)</u>	6/26/2006 10:46:08 AM	Yes
20	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	6/26/2006 10:46:08 AM	Yes
21	<u>Were Investment Earnings In All Funds More Than \$15 Per Student?</u>	6/26/2006 10:46:08 AM	Yes

## DETERMINATION OF RATING

**A.** Did The District Answer '**No**' To Indicators 1, 2, Or 3? **OR** Did The District Answer '**No**' To Both 4 and 5? If So, The District's Rating Is **Substandard Achievement**.

**B.** Determine Rating By Applicable Range For The Number Of Indicators Answered '**No**':

<b>Superior Achievement</b>	0-2
<b>Above Standard Achievement</b>	3-4
<b>Standard Achievement</b>	5-6
<b>Substandard Achievement</b>	7+ OR ' <b>No</b> ' To Critical Indicator(s)

## INDICATOR 16 & 17 RATIOS

Indicator 16	Ranges for Ratios		Indicator 17	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 500	7	22	< 500	4	14
500-999	10	22	500-999	5.5	14
1000-4999	11.5	22	1000-4999	6	14
5000-9999	13	22	5000-9999	6.5	14
= > 10000	13.5	22	= > 10000	6.6	14

Audit Home Page: [School Financial Audits](#) | Send comments or suggestions to [schoolaudits@tea.state.tx.us](mailto:schoolaudits@tea.state.tx.us)

THE **TEXAS EDUCATION AGENCY**

1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734



## OVERVIEW OF THE WORKSHEET

### CAFR RATING ASSESSMENT WORKSHEET

1. Was the Total Fund Balance less Reserved Fund Balance greater than zero in the General Fund?

Total Fund Balance less Reserved Fund Balance was greater than zero in the General Fund. Total Fund Balance of \$80,599,337 less Reserved Fund Balance of \$3,063,669 totaled \$77,535,668, which is greater than zero. This indicator is used to determine if a school district had a fund balance to ensure adequate funding for operations. It is designed to ensure that the District has a positive amount of fund balance cash that is not designated or “reserved” for a specific purpose.

2. Were there no disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?

There were no disclosures in the Comprehensive Annual Financial Report (CAFR) or other sources of information concerning default on bonded indebtedness obligations. This indicator is used to determine whether the District has paid its bills or obligations on bonds issued to pay for school construction.

3. Was the Annual Financial Report filed within one month after the November 27 or January 28 deadline depending upon the district’s fiscal year end date (June 30 or August 31)?

The District’s year end is August 31. The Comprehensive Annual Financial Report was filed within one month after the January 28 deadline.

4. Was there an unqualified opinion in the Annual Financial Report?

An opinion rendered without reservation by the independent auditor that financial statements are fairly presented is an unqualified opinion. The District received an unqualified opinion.

5. Did the Annual Financial Report not disclose any instance(s) of material weakness in internal controls?

The Comprehensive Annual Financial Report did not disclose any instances of material weakness in internal control. The District received a clean audit of its financial report that indicates that the District properly accounts for its use of public funds.

6. Was the percent of total tax collections (including delinquent) greater than 96 percent?

The percent of total tax collections (including delinquent) was less than 96%. The calculation of total tax collection included the levy loss due to frozen taxes on “over 65 accounts” in the total tax levy.

7. Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of less than 4 percent of expenditures per fund type (Data Quality Measure)?

Data quality is measured by the comparison of PEIMS data to like information in the Comprehensive Annual Financial Report (CAFR). The District’s data comparison resulted in an aggregate variance of less than 4% of expenditures per fund type.

8. Were debt-related expenditures (net of IFA and/or EDA allotment) less than \$770 per student? (If the District’s five-year percent change in students was a 2 percent increase or more, or if property taxes collected per penny of tax effort were greater than \$100,000, then answer this indicator YES.)

Debt related expenditures were less than \$770 per student.

9. Was there no disclosure in the annual Audit Report of Material Noncompliance?

The Comprehensive Annual Financial Report included no disclosure indication that the District failed to comply with the laws, rules and regulations.

10. Did the District have full accreditation status in relation to financial management practices? (e.g. no master or monitor assigned)

The District has full accreditation status in relation to financial management practices.

11. Was the percent of operating expenditures expended for instruction more than 54 percent?

The percentage of operating expenditures expended for Instruction was 55.36% which indicates that the District focuses the majority of its funding on student instruction. Expenditures that qualify as instructional expenditures include salaries of classroom teachers and classroom supplies.

12. Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources and fund balance in General Fund?

Budgeted expenditures and other uses for the District was less than total revenues and other resources and fund balance in the General Fund. The District did not over-spend its budget.

13. If the District's aggregate fund balance in the General Fund and Capital Projects Fund was less than zero, were construction projects adequately financed?

The District's aggregate fund balance in the General Fund and Capital Projects Funds was greater than zero. Construction projects were adequately financed. The District's ability to construct schools without damaging fund balance is determined by this indicator.

14. Was the ratio of Cash and Investments to Deferred Revenues (excluding amount equal to net Delinquent Taxes Receivable) in the General Fund greater than or equal to 1:1? (If Deferred Revenues are less than net Delinquent Taxes Receivable, then answer this indicator YES).

The ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivable) in the General Fund was greater than or equal to 1:1. This indicator identifies whether the District has fund balance monies of its own that are at least equal to those dollars that are there due to overpayments from the Texas Education Agency.

15. Was the Administrative Cost Ratio less than the standard in State Law?

The administrative cost ratio was less than the standard in state law. The administrative cost ratio for Fort Worth ISD as published by TEA was .0708 for fiscal year 2004-2005. The acceptable administrative cost ratio as determined by School FIRST is .1105.

16. Was the ratio of students to teachers within the ranges shown below according to district size?

The ratio of students to teachers was in allowable ranges according to the size of the District. The number of students, 79,576, to the number of teachers, 4804, is 16.56, which is an allowable range based upon the Schools FIRST indicator for a district with greater than 10,000 students. This indicator measures the pupil/teacher ratio to ensure that it is within the Texas Education Agency recommended ranges for the District's student population range. The District should have no more than 22 students per teacher and no fewer than 13.5 students per teacher.

17. Was the Ratio of Students to Total Staff within the ranges shown below according to district size?

The ratio of students to total staff was in allowable ranges according to the size of the District. The number of students, 79,576, to the number of total staff, 10,078, is 7.89, which is within the allowable range based upon the Schools FIRST indicator for a district with greater than 10,000 students. The District should have no more than 14.0 students per staff and no fewer than 6.6 students per staff.

18. Was the Total Fund Balance in the General Fund more than 50 percent and less than 150 percent of Optimum according to the Fund Balance and Cash Flow Calculation Worksheet in the Annual Financial Report?

The total General Fund fund balance of \$80,599,337 was less than 150% of optimum (\$90,755,692 x 150% = \$136,133,538) and more than 50% of the optimum according to the fund balance and cash flow calculation worksheet in the Comprehensive Annual Financial Report.

19. Was the decrease in Undesignated/Unreserved Fund Balance less than 20 percent over two fiscal years? (If 1.5 times Optimum Fund balance in General Fund or if Total Revenues exceeded Operating Expenditures in the General Fund, then answer this indicator YES).

Unreserved, undesignated fund balance for fiscal year 2003 is 18.0% greater than the unreserved, undesignated fund balance for fiscal year 2005.

20. Was the Aggregate Total of Cash and Investments in the General Fund more than \$0?

The aggregate total of cash and investments in the General Fund is more than \$0. Cash in the General Fund covers payroll and vendor payments.

21. Were Investment Earnings in all funds more than \$15 per student?

Investment earnings in all funds were more than \$15 per student. Investment earnings totaled \$4,991,852 and total number of students was 79,576 for \$62.73. This indicator determines whether the District is using cash or fund balance monies wisely.

## **OTHER INFORMATION CONCERNING THE DISTRICT**

### **Financial Strength**

The District's total combined net assets increased by 9.0% between fiscal years 2004 and 2005. Net assets of the governmental activities increased \$20.3 million or nearly 9% while the net assets of business type activities increased \$0.6 million or 12%.

### **Operating Cost Management**

Total expenditures in the General Fund for 2004-2005 include 86% in payroll, 8% contracted services, 4% in supplies and materials, 2% in other operating expenses and less than 1% in debt and capital outlay. The payroll costs for teachers make up more than half of the total expenditures for payroll.

### **Personnel Management**

Attracting and retaining the best teachers remain a priority for the District. For fiscal year 2003-2004 the general operating budget provided a beginning teacher salary of \$38,501, one of the highest in both Tarrant County and the state.

### **Debt Management**

General obligation bonds which have been issued to fund capital projects of the District are to be repaid from tax revenues of the District. By virtue of the State's Permanent School Fund guarantee, the District's bonds presently carry "AAA" ratings. Underlying ratings are as follows: Moody's Investor Services "Aa2" and Standard & Poors "AA".

### **Tax Collections**

One of the requirements of Schools FIRST is that a minimum of 96 percent of the District's levied taxes must be collected. The calculation of total tax collections included the levy loss due to frozen taxes on "over 65 accounts" in the total levy.

## **Facility Acquisition and Construction Management**

The District has sold all general obligation bonds authorized. The District was obligated at August 31, 2005, under contracts for various construction projects. The major contracts were for building additions at certain schools and other campus and building improvements throughout the District.

## **Cash Management**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements and investment pools that include the State Treasurer's Investment Pool and TexStar.

## **Budgetary Planning and Financial Allocations**

Prior to August 31 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them. A meeting of the Board of Education is then called for the purpose of adopting the proposed budget after public notice of the meeting has been given. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board of Education. The budget is prepared and controlled by the budget officer at the revenue object and expenditure function level. The official school budget was prepared for adoption for the General Fund before August 31, 2005.

The administration performs budget reviews by which budget requirements are re-evaluated and revisions recommended to the Board. The budget officer has the authority to transfer appropriation balances within a functional expenditure category as long as total expenditures for that function are not changed. The Board may approve amendments to the budget, which are required when a change is made to the functional expenditure categories or revenue object accounts, as defined by the Agency. Total expenditures may exceed total appropriations, as amended, by fund as long as those expenditures are certified as funds being available by the budget officer to the Board.

## **Annual Audit Report Performance**

The Texas Education Agency requires the District to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, Audits of State and Local Governments annually by independent auditors. The District has complied with this requirement and has received a clean audit.

## **Awards and Recognitions**

The Association of School Business Officials International (“ASBO”) awarded a Certificate of Excellence in Financial Reporting and the Governmental Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial report for the fiscal year ended August 31, 2005. This was the twentieth consecutive year that the District has received these prestigious awards. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. Such a report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificates are valid for a period of one year only.



## **APPENDIX A**

1-1 AN ACT  
1-2 relating to a financial accountability rating system for, and  
1-3 certain audit reports of, school districts.  
1-4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
1-5 SECTION 1. Subchapter I, Chapter 39, Education Code, is  
1-6 amended by adding Sections 39.201 through 39.204 to read as  
1-7 follows:  
1-8 Sec. 39.201. DEFINITIONS. In this subchapter:  
1-9 (1) "Parent" includes a guardian or other person  
1-10 having lawful control of a student.  
1-11 (2) "System" means the financial accountability rating  
1-12 system.  
1-13 Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) The  
1-14 commissioner shall, in consultation with the comptroller, develop  
1-15 and implement a financial accountability rating system for school  
1-16 districts in this state.  
1-17 (b) The system must include uniform indicators adopted by  
1-18 the commissioner by which to measure a district's financial  
1-19 management performance.  
1-20 Sec. 39.203. REPORTING. (a) The commissioner shall  
1-21 develop, as part of the system, a reporting procedure under which:  
1-22 (1) each school district is required to prepare and  
1-23 distribute an annual financial management report; and  
1-24 (2) the public is provided an opportunity to comment  
1-25 on the report at a hearing.  
2-1 (b) The annual financial management report must include:  
2-2 (1) a description of the district's financial  
2-3 management performance based on a comparison, provided by the  
2-4 agency, of the district's performance on the indicators adopted  
2-5 under Section 39.202(b) to:  
2-6 (A) state-established standards; and  
2-7 (B) the district's previous performance on the  
2-8 indicators; and  
2-9 (2) any descriptive information required by the  
2-10 commissioner.  
2-11 (c) The report may include:  
2-12 (1) information concerning the district's:  
2-13 (A) financial allocations;  
2-14 (B) tax collections;  
2-15 (C) financial strength;  
2-16 (D) operating cost management;  
2-17 (E) personnel management;  
2-18 (F) debt management;  
2-19 (G) facility acquisition and construction  
2-20 management;  
2-21 (H) cash management;  
2-22 (I) budgetary planning;  
2-23 (J) overall business management;  
2-24 (K) compliance with rules; and  
2-25 (L) data quality; and  
2-26 (2) any other information the board of trustees  
3-1 determines to be necessary or useful.  
3-2 (d) The board of trustees of each school district shall hold  
3-3 a public hearing on the report. The board shall give notice of the  
3-4 hearing to owners of real property in the district and to parents

3-5 of district students. In addition to other notice required by law,  
3-6 notice of the hearing must be provided:  
3-7 (1) to a newspaper of general circulation in the  
3-8 district; and  
3-9 (2) through electronic mail to media serving the  
3-10 district.  
3-11 (e) After the hearing, the report shall be disseminated in  
3-12 the district in the manner prescribed by the commissioner.  
3-13 Sec. 39.204. RULES. The commissioner shall adopt rules as  
3-14 necessary for the implementation and administration of this  
3-15 subchapter.  
3-16 SECTION 2. Subsection (d), Section 44.008, Education Code,  
3-17 is amended to read as follows:  
3-18 (d) A copy of the annual audit report, approved by the board  
3-19 of trustees, shall be filed by the district with the agency not  
3-20 later than the 150th [~~120th~~] day after the end of the fiscal year  
3-21 for which the audit was made. If the board of trustees declines or  
3-22 refuses to approve its auditor's report, it shall nevertheless file  
3-23 with the agency a copy of the audit report with its statement  
3-24 detailing reasons for failure to approve the report.  
3-25 SECTION 3. (a) This Act takes effect September 1, 2001.  
3-26 (b) The commissioner of education shall implement a  
4-1 transitional financial accountability management system not later  
4-2 than September 1, 2002.  
4-3 (c) The commissioner of education shall fully implement the  
4-4 financial accountability rating system prescribed by Subchapter I,  
4-5 Chapter 39, Education Code, as amended by this Act, not later than  
4-6 September 1, 2003.  
4-7 (d) Section 44.008, Education Code, as amended by this Act,  
4-8 applies beginning with the annual audit of school districts for the  
4-9 2001-2002 school year.

\_\_\_\_\_  
President of the Senate  
I hereby certify that S.B. No. 218 passed the Senate on  
April 2, 2001, by a viva-voce vote; and that the Senate concurred  
in House amendments on May 24, 2001, by a viva-voce vote.

\_\_\_\_\_  
Secretary of the Senate  
I hereby certify that S.B. No. 218 passed the House, with  
amendments, on May 16, 2001, by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House  
Approved:

\_\_\_\_\_  
Date  
\_\_\_\_\_  
Governor

## **APPENDIX B**

SRC-MWN S.B. 218 77(R)BILL ANALYSIS

Senate Research Center S.B. 218  
By: Shapiro  
Education  
6/5/2001  
Enrolled

DIGEST AND PURPOSE

School districts lack an accountability rating system to handle their financial resources. S.B. 218 directs the commissioner of education to create a financial accountability rating system for school districts in Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (Section 39.204, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 39I, Education Code, by adding Sections 39.201-39.204 as follows:

Sec. 39.201. DEFINITIONS. Defines "parent" and "system."

Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) Requires the commissioner of education (commissioner), in consultation with the comptroller, to develop and implement a financial accountability rating system for school districts in this state.

(b) Requires the system to include uniform indicators adopted by the commissioner by which to measure a district's financial management performance.

Sec. 39.203. REPORTING. (a) Requires the commissioner to develop, as part of the system, a reporting procedure under which certain criteria is met.

(b) Requires the annual financial management report to include certain information.

(c) Authorizes the report to include certain information.

(d) Requires the board of trustees of each school district to hold a public hearing on the report. Requires the board to give notice of the hearing to owners of real property in the district and to parents of district students. Requires notice of the hearing to be provided, in addition to other notice required by law, to a newspaper of general circulation in the district; and through electronic mail to the media serving the district.

(e) Requires the report to be disseminated in the district in the manner prescribed by the commissioner after the hearing.

Sec. 39.204. RULES. Requires the commissioner to adopt rules as necessary for the implementation and administration of this subchapter.

SECTION 2. Amends Section 44.008(d), Education Code, to require a copy of the annual report, approved by the board of trustees, to be filed by the district with the agency not later than 150th, rather than 20th, day after the end of the fiscal year for which the audit was made.

SECTION 3. Effective date: September 1, 2001.

(b) Requires the commissioner of education to implement a transitional financial accountability management system not later than September 1, 2002.

(c) Requires the commissioner of education to fully implement the financial accountability rating system prescribed by Subchapter I, Chapter 39, Education Code, as amended by this Act, not later than September 1, 2003.

(d) Provides that Section 44.008, Education Code, as amended by this Act, applies beginning with the annual audit of school districts for the 2001-2002 school year.