

CRIMINAL INJURIES COMPENSATION FUND

CRIMINAL INJURIES COMPENSATION FUND

The Criminal Injuries Compensation Fund ("Fund") provides financial assistance to crime victims through two types of programs. The funding for the programs includes privilege taxes assessed in courts against criminal defendants and other offenders upon conviction, fees levied against parolees and probationers, the proceeds of bond forfeitures in felony cases, and a federal grant. Jurors may also elect to donate their jury service reimbursement to the Fund.

Criminal Injuries Compensation Program

Payments made under the Criminal Injuries Compensation Program are intended to defray the costs of medical services, loss of earnings, burial costs, and other pecuniary losses to either an innocent victim of a crime or to the dependents of a deceased victim. Applications for Criminal Injuries Compensation are filed with the Division of Claims Administration. During the 2008 fiscal year, 2,814 new claims were filed.

The division's staff reviews the application and obtains supporting information from the appropriate District Attorney's Office to determine eligibility for payment from the Criminal Injuries Compensation Fund. If the division cannot process a claim within 90 days, then the claim is transferred to the Tennessee Claims Commission. Eligible payments are issued promptly and are payable directly to the service provider if the bill is unpaid, to the victim for out-of-pocket expenses and, if appropriate, his or her attorney. On average, the division renders a decision on claims within 41 days.

During the 2008 fiscal year, the Division of Claims Administration made payments to victims of crime totaling \$13.6 million.

Victims of drunk drivers are also paid from the Criminal Injuries Compensation Fund. When the proximate cause of a death or injury is the operator's intoxication as prohibited by T.C.A. Section 55-10-401, the victim's death or injury is eligible for compensation, not to exceed a maximum award of \$30,000 plus attorney's fees.

Since the first claims were paid in 1982, the program has awarded a total of more than \$189 million to crime victims.

The Division of Claims Administration has made an effort to educate members of the public of the existence and benefits of the Criminal Injuries Compensation Program by printing and distributing informative brochures explaining the program. Public awareness efforts and the use of victim assistance coordinators in each judicial district have also aided in providing the public with information about the benefits provided through the Criminal Injuries Compensation Fund.

Sexual Assault Forensic Exam Reimbursement

In 2007, the General Assembly amended the Criminal Injuries Compensation Act to provide payment for services related to sexual assault forensic examinations. The Fund provides reimbursement to a facility that performs sexual assault forensic exams on victims of certain sexually-oriented crimes. Facilities must bill the Fund (not the victim) and cannot seek any additional payment from the victim after payment by the Fund. Payment is up to \$750 for such services for crimes occurring on or after July 1, 2007. During the 2008 fiscal year, 1,468 forensic claims were filed.

SOURCES OF FUNDS

Fiscal Years 2006-2008

Source	2006		2007		2008	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fines	\$ 4,351,199	39%	\$ 4,718,062	39%	\$ 7,038,358	44%
Federal Funds	3,177,000	29%	3,411,000	28%	5,253,000	32%
Probation Fees	2,107,481	19%	2,183,494	18%	2,852,637	18%
Parole Fees	764,503	7%	833,820	7%	325,936	2%
Bond Forfeitures	339,176	3%	536,720	5%	397,807	2%
Other	365,429	3%	333,891	3%	272,009	2%
Total	\$ 11,104,788	100%	\$ 12,016,987	100%	\$ 16,139,747	100%

CRIMINAL INJURIES COMPENSATION FUND

CLAIMS PAID BY CRIME TYPE

Fiscal Year 2008

Crime Type	Number Paid	Percentage of Total Claims	Amount Paid	Percentage of Total Paid
Assault	810	24.9%	\$ 6,193,824	45.4%
Homicide	310	9.5%	2,807,706	20.6%
Robbery by Force	197	6.1%	1,598,928	11.7%
Child Sexual Abuse	1,253	38.6%	1,447,992	10.5%
Adult Sexual Assault	579	17.8%	675,323	5.0%
DUI	79	2.4%	639,879	4.7%
Vehicular (non DUI)	18	0.6%	118,977	0.9%
Child Physical Abuse	2	0.1%	117,441	0.9%
Kidnapping	1	0.0%	23,242	0.2%
Arson	1	0.0%	7,929	0.1%
Total	3,250	100.0%	\$ 13,631,241	100.0%

These numbers include reimbursement of sexual assault forensic examinations on 1,354 claims totaling \$929,425

NEW CLAIMS FILED

Fiscal Year 2008

Crime Type	Number Filed
Child Sexual Abuse	1,527
Assault	1,201
Adult Sexual Assault	670
Homicide	407
Robbery by Force	211
DUI	142
Vehicular (Non DUI)	83
Other	26
Child Physical Abuse	9
Stalking	3
Kidnapping	3
Total	4,282

These numbers include 1,468 claims filed for sexual assault forensic exam reimbursement.

CLAIMS DENIED BY REASON

Fiscal Year 2008

Reason Type	Number Denied	Percentage
Contributory Behavior	273	19.9%
Failure to Cooperate/Prosecute	240	17.5%
Ineligible Crime	206	15.0%
Insufficient Documentation	171	12.5%
Collateral Resource Covered Loss(es)	137	10.0%
Insufficient Proof of a Crime	63	4.6%
Late Filing of Claim	60	4.4%
Ineligible Claimant	58	4.2%
Other	43	3.0%
Ineligible Loss(es)	32	2.3%
Loss(es) Less than \$100	28	2.0%
Late Reporting of Crime	25	1.8%
No Collateral Resource Information	22	1.6%
Passenger with Drunk Driver	9	0.7%
No Report of Crime	5	0.4%
Lack of Proper Signature	1	0.1%
Total	1,373	100.0%

In fiscal year 2008, 1,137 claims were denied, including claims for sexual assault forensic examinations. Some claims are denied for more than one reason.

**CRIMINAL INJURIES COMPENSATION FUND
INDEPENDENT AUDITOR'S REPORT**



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT / DIVISION OF STATE AUDIT
SUITE 1500, JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 401-7897 / FAX (615) 532-2765

December 4, 2008

Members of the General Assembly
and
The Honorable Dale Sims, Treasurer
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have audited the accompanying balance sheets of the Criminal Injuries Compensation Fund, a special revenue fund of the State of Tennessee, as of June 30, 2008, and June 30, 2007, and the related statements of revenues, expenditures, and changes in fund balances and revenues, expenditures, and changes in fund balances (budget and actual) for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A.1., the financial statements referred to above present only the Criminal Injuries Compensation Fund, a special revenue fund, and do not purport to, and do not, present fairly the financial position of the State of Tennessee as of June 30, 2008, and June 30, 2007, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Criminal Injuries Compensation Fund of the State of Tennessee as of June 30, 2008, and June 30, 2007, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with generally accepted government auditing standards, we have also issued our report dated December 4, 2008, on our consideration of the Criminal Injuries Compensation Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with generally accepted government auditing standards and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in cursive script that reads "Arthur A. Hayes, Jr.".

Arthur A. Hayes, Jr., CPA
Director

**CRIMINAL INJURIES COMPENSATION FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND JUNE 30, 2007**

	June 30, 2008	June 30, 2007
ASSETS		
Cash	\$ 7,964,318	\$ 8,266,771
Accounts receivable	591,921	450,120
Due from federal government	<u>5,253,000</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 13,809,239</u>	<u>\$ 8,716,891</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 136,211	\$ 104,878
Claims liability	<u>6,694,308</u>	<u>6,748,933</u>
TOTAL LIABILITIES	<u>6,830,519</u>	<u>6,853,811</u>
FUND BALANCES		
Reserved for victims of drunk drivers (see Note B.1)	1,919,987	1,862,436
Unreserved	<u>5,058,733</u>	<u>644</u>
TOTAL FUND BALANCES	<u>6,978,720</u>	<u>1,863,080</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,809,239</u>	<u>\$ 8,716,891</u>

See accompanying Notes to the Financial Statements

CRIMINAL INJURIES COMPENSATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

	For the Year Ended June 30, 2008	For the Year Ended June 30, 2007
REVENUES		
State		
Fines	\$ 7,038,358	\$ 4,718,062
Fees	3,178,573	3,017,314
Federal	5,253,000	3,411,000
Interest income	270,119	331,847
Other	<u>399,697</u>	<u>538,764</u>
TOTAL REVENUES	<u>16,139,747</u>	<u>12,016,987</u>
EXPENDITURES		
Claim payments	13,576,616	12,907,574
Victims' coalition grant	100,000	100,000
District Attorneys General grant	204,400	197,591
Administrative cost	<u>843,091</u>	<u>686,652</u>
TOTAL EXPENDITURES	<u>14,724,107</u>	<u>13,891,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,415,640	(1,874,830)
OTHER FINANCING SOURCES		
Transfer from general fund	<u>3,700,000</u>	<u>602,000</u>
TOTAL OTHER FINANCING SOURCES	<u>3,700,000</u>	<u>602,000</u>
NET CHANGE IN FUND BALANCES	5,115,640	(1,272,830)
FUND BALANCES, BEGINNING OF YEAR	<u>1,863,080</u>	<u>3,135,910</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,978,720</u>	<u>\$ 1,863,080</u>

See accompanying Notes to the Financial Statements

CRIMINAL INJURIES COMPENSATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

	For the Year Ended June 30, 2008			For the Year Ended June 30, 2007		
	Original Budget	Final Budget	Actual (Budgetary Basis)	Original Budget	Final Budget	Actual (Budgetary Basis)
SOURCES OF FINANCIAL RESOURCES						
FUND BALANCES, BEGINNING OF YEAR	\$ 1,863,080	\$ 1,863,080	\$ 1,863,080	\$ 3,135,910	\$ 3,135,910	\$ 3,135,910
REVENUES						
Taxes	5,000,000	5,000,000	7,038,358	5,900,000	5,900,000	4,718,062
Fees	3,167,000	3,167,000	3,178,573	3,406,900	3,406,900	3,017,314
Federal	5,055,000	5,055,000	5,253,000	3,415,100	3,415,100	3,411,000
Interest income	0	0	270,119	0	0	331,847
Other	603,000	603,000	399,697	603,000	603,000	538,764
OTHER FINANCIAL SOURCES						
Transfer in	1,900,000	3,700,000	3,700,000	0	602,000	602,000
TOTAL SOURCES OF FINANCIAL RESOURCES	17,588,080	19,388,080	21,702,827	16,460,910	17,062,910	15,754,897
USES OF FINANCIAL RESOURCES						
EXPENDITURES						
Claim payments	15,000,000	18,425,600	13,576,616	12,500,000	13,397,600	12,907,574
Victims' coalition grant	0	100,000	100,000	0	100,000	100,000
District Attorneys General grant	0	204,400	204,400	0	204,400	197,591
Administrative cost	825,000	825,000	843,091	825,000	825,000	686,652
TOTAL USES OF FINANCIAL RESOURCES	15,825,000	19,555,000	14,724,107	13,325,000	14,527,000	13,891,817
FUND BALANCES, END OF YEAR	\$ 1,763,080	\$ (166,920)	\$ 6,978,720	\$ 3,135,910	\$ 2,535,910	\$ 1,863,080

See accompanying Notes to the Financial Statements

CRIMINAL INJURIES COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. Reporting Entity**

The Criminal Injuries Compensation Fund is part of the primary government and has been included in the *Tennessee Comprehensive Annual Financial Report* as a special revenue fund. The Criminal Injuries Compensation Program (CIC) is funded through privilege and litigation taxes assessed in courts against certain criminal defendants upon conviction, fees levied against parolees, probationers and employed releasees, proceeds from sales of illegal contraband and bond forfeitures in felony cases, donations from individuals serving as jurors, interest income and a federal grant. Payments made under the CIC program are intended to defray the costs of medical services, loss of earnings, burial costs, and other pecuniary losses to either the victim of a crime or to the dependents of deceased victims.

2. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recorded when they become both measurable and available, and expenditures are recognized at the time the fund liabilities are incurred. For revenue recognition purposes, taxes and fees are considered to be available if received in the first sixty days of the new year. Federal grants, departmental services, and interest associated with the current fiscal year are all considered to be available if received in twelve months. All other revenue items are considered to be measurable and available only when cash is received by the Criminal Injuries Compensation Fund.

3. Cash

The primary government's policy regarding the definition of Cash and Cash Equivalents includes cash management pools as cash. Cash deposited in the Criminal Injuries Compensation Fund is pooled with the State Pooled Investment Fund (SPIF), administered by the State Treasurer, which is authorized by statute to invest funds in accordance with policy guidelines approved by the Funding Board of the State of Tennessee. The current resolution of that board gives the Treasurer authority to invest in collateralized certificates of deposit in authorized state depositories, prime commercial paper, prime bankers' acceptances, certain repurchase agreements, and various U.S. Treasury and Agency obligations. The SPIF is also authorized to enter into securities lending agreements in which U.S. Government securities may be loaned for a fee. The loaned securities are transferred to the borrower by the custodial agent upon simultaneous receipt of collateral securities. The SPIF has not obtained a credit quality rating from a nationally recognized ratings agency. Required risk disclosures relative to the SPIF are presented in the *Tennessee Comprehensive Annual Financial Report*. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Rosa L Parks Avenue, Nashville, Tennessee 37243-0298.

4. Budgetary Process

Legislation requires that annual budgets be adopted for special revenue funds. The CIC budget is included in the budget presented by the Governor to the General Assembly at the beginning of each annual legislative session. The CIC annual budget is prepared on the modified accrual basis of accounting. Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes or administrative intradepartmental transfers, may be affected with certain executive and legislative branch approval. Only the legislature may transfer appropriations between departments.

(continued)

CRIMINAL INJURIES COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND JUNE 30, 2007

5. Reclassification

Funds classified as revenue from state taxes on the June 30, 2007 financial statements have been reclassified as revenue from state fines.

B. OTHER ACCOUNTING DISCLOSURES**1. Reserves**

A reserve has been established for the Victims of Drunk Drivers Compensation Fund (VDDC) which is included in the Criminal Injuries Compensation Fund. A requirement of the CIC and VDDC combination is that a reserve be established annually for an amount equal to three times the awards paid for VDDC during the fiscal year. *Chapter 761 of the Public Acts of 1992* discusses the fund combination as well as the VDDC reserve requirement.

2. Receivable

The receivable shown on the Comparative Balance Sheets as due from federal government includes funds for a grant awarded to the CICF under the Victims of Crime Act Formula Grant Program by the Department of Justice, Office of Justice Programs.

3. Other Financing Sources

During fiscal year 2008, two transfers totaling \$3,700,000 were made from the State's general fund. *Chapter 603 of the Public Acts of 2007* authorized a transfer from the general fund of \$1,900,000. *Chapter 1203 of the Public Acts of 2008* authorized a transfer from the general fund of \$1,800,000. During fiscal year 2007, \$602,000 was transferred from the State's general fund in accordance with *Chapter 963 of the Public Acts of 2006*.