

**MICHIGAN EDUCATION SPECIAL SERVICES ASSOCIATION**  
**STATEMENTS OF NET ASSETS AVAILABLE**  
**FOR BENEFITS AND BENEFIT OBLIGATIONS**  
**JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 34,612,377	\$ 25,559,358
Investments (Note 3)	188,722,343	155,223,195
Contributions receivable from or on behalf of members	7,464,240	6,170,480
Due from insurance companies		636,551
Rate stabilization reserves with underwriters (Note 4)	87,288,606	2,627,519
Miscellaneous receivables and prepayments	1,114,199	1,390,847
Deferred compensation deposits (Note 5)	822,963	1,125,846
Property and equipment, less accumulated depreciation (Note 6)	20,340,970	24,888,616
Intangible pension asset (Note 8)	655,833	891,075
Prepaid retiree healthcare benefits (Note 8)	744,772	
	<u>341,766,303</u>	<u>218,513,487</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES:</b>		
Claims drafts outstanding	6,232,059	6,234,354
Accounts payable	1,935,876	2,011,222
Due to insurance companies	10,989,056	7,181,916
Accrued payroll and related items	5,066,856	4,149,548
Accrued claims processing expenses	1,750,500	1,750,500
Members' contributions received in advance	28,065,520	17,463,920
Deferred compensation payable	822,963	1,125,846
Accrued pension liability (Note 8)	3,010,404	29,535,382
Accrued retiree healthcare benefits (Note 8)		4,051,280
Notes payable (Note 9)	8,645,834	9,570,833
	<u>66,519,068</u>	<u>83,074,801</u>
<b>TOTAL LIABILITIES</b>		
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	275,247,235	135,438,686
<b>BENEFIT OBLIGATIONS:</b>		
Experience rating deficit (Note 4)	6,464,194	16,442,609
	<u>6,464,194</u>	<u>16,442,609</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS IN EXCESS OF BENEFIT OBLIGATIONS</b>	<u>\$ 268,783,041</u>	<u>\$ 118,996,077</u>

See notes to financial statements.