

**MICIDGAN EDUCATION SPECIAL SERVICES ASSOCIATION
STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS AND BENEFIT OBLIGATIONS**

JUNE 30, 2007 AND 2006

	2007	2006
ASSETS:		
Cash and cash equivalents	\$ 24,389,194	\$ 34,612,377
Investments (Note 3)	237,727,138	188,722,343
Contributions receivable from or on behalf of members	11,377,113	7,464,240
Rate stabilization reserves with underwriters (Note 4)	137,614,788	87,288,606
Miscellaneous receivables and prepayments	1,393,476	1,114,199
Deferred compensation deposits (Note 5)	724,468	822,963
Property and equipment, less accumulated depreciation (Note 6)	17,723,280	20,340,970
Intangible pension asset (Note 8)		655,833
Prepaid retiree healthcare benefits (Note 9)		744,772
TOTAL ASSETS	430,949,457	341,766,303
LIABILITIES:		
Claims drafts outstanding	4,926,123	6,232,059
Accounts payable	2,080,311	1,935,876
Due to insurance companies	13,398,648	10,989,056
Accrued payroll and related items	4,722,842	5,066,856
Accrued claims processing expenses	1,750,500	1,750,500
Members' contributions received in advance	23,040,693	28,065,520
Deferred compensation payable	724,468	822,963
Accrued pension liability (Note 8)	1,214,939	3,010,404
Accrued retiree healthcare benefits (Note 9)	11,923,933	
Notes payable (Note 10)	7,787,500	8,645,834
TOTAL LIABILITIES	71,569,957	66,519,068
NET ASSETS AVAILABLE FOR BENEFITS	359,379,500	275,247,235
BENEFIT OBLIGATIONS:		
Experience rating deficit (Note 4)		6,464,194
NET ASSETS AVAILABLE FOR BENEFITS IN EXCESS OF BENEFIT OBLIGATIONS	\$ 359,379,500	\$ 268,783,041

See notes to financial statements.