

**MICHIGAN EDUCATION SPECIAL SERVICES ASSOCIATION  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
AND BENEFIT OBLIGATIONS  
JUNE 30, 2008 AND 2007**

	2008	2007
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 35,066,456	\$ 24,389,194
Investments (Note 3)	233,869,281	237,727,138
Contributions receivable from or on behalf of members	6,796,605	11,374,825
Rate stabilization reserves with underwriters (Note 4)	154,755,333	137,614,788
Miscellaneous receivables and prepayments	1,484,048	1,395,764
Deferred compensation deposits (Note 5)	484,628	724,468
Property and equipment, less accumulated depreciation (Note 6)	16,978,549	17,723,280
<b>TOTAL ASSETS</b>	<b>449,434,900</b>	<b>430,949,457</b>
<b>LIABILITIES:</b>		
Claims drafts outstanding	4,273,863	4,926,123
Accounts payable	2,087,274	2,080,311
Due to insurance companies	11,991,797	13,398,648
Accrued payroll and related items	4,444,586	4,722,842
Accrued claims processing expenses	1,750,500	1,750,500
Members' contributions received in advance	24,480,938	23,040,693
Deferred compensation payable	484,628	724,468
Accrued pension liability (Note 8)	13,185,882	1,214,939
Accrued retiree healthcare benefits (Note 9)	14,518,289	11,923,933
Notes payable (Note 10)	7,262,500	7,787,500
<b>TOTAL LIABILITIES</b>	<b>84,480,257</b>	<b>71,569,957</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS IN EXCESS OF BENEFIT OBLIGATIONS</b>	<b>\$ 364,954,643</b>	<b>\$ 359,379,500</b>

See notes to financial statements.