

SPECIAL MEETING!

March 19th, 1:00 p.m.

At this meeting the membership will be voting on a \$30 dues increase. Plan on attending!
See the articles inside on page 3 for more information.

LSPOA Business Office

We need help staffing the office. If you would like to volunteer, contact Marion at 688-4518.

The address and business hours are as follows:

LSPOA Office
12831 E. Chicago Road
Somerset Center, MI 49282
(517) 688-3228

Hours:

Monday — 4:30 p.m. – 6:00 p.m.
Wednesday — 10:00 a.m. – 1:00 p.m.
Friday — 4:30 p.m. – 6:00 p.m.

Picnic
**Sat. July 15/
Rain Day**
Sun. July 16

Annual Picnic

at Main Park (Donation: \$1/Person)

12:00 p.m. Social Hour

12:30 p.m. Lunch

1:30 p.m. Turtle Race (BYO)

2:00 p.m. Golf Chipping

2:15 p.m. Adult & Kids' Games

3:15 p.m. Tug of War (North vs. South)

Horseshoes All Day

Please Bring: A Passing Dish, Your Beverage, Table Service, Lawn Chairs, Your Turtles, and Chippers.

Board Of Directors

Tony Harsch (*President*)688-9767
 Jim Weber
 (*Vice-President*)419-885-8338
 Marion Clapham (*Treasurer*)688-4518

Larry Wright (*Water Quality*)734-485-3695
 Jennifer Zysk (*Secretary*)688-9892
 Colleen McNeal (*Bldg. Committee*) 688-4091
 Guy Vahoski (*Security*)688-3725
 Chris Scheithauer (*Parks*)688-4737
 Ken Kiraly (*Roads*)688-4356

Building Committee

Colleen McNeal (*Chairperson*) 14607 Brookhurst, Cement City 49233688-4091
 Charlie Hummell – 14303 Blarney Cr., Box 22, Somerset 49281688-4236
 Doug Dollar – 14695 Bunratty, Somerset 49281734-260-5814

Meeting Times

Monthly Meetings

Every 3rd Saturday of the month (except in December), the Board of Directors meet in the Somerset Township Hall for the purposes of conducting the Association business. The meetings start at 10:00 a.m. and are open to the public. If the meeting time or place is changed, every effort will be made to notify the membership.

Annual Meeting

Each year on the first Sunday of October, we conduct our annual membership meeting. All members are invited to attend. Time and place is sent to all members annually prior to the meeting.

Membership

(a) Membership is subject to payment of annual and special assessments and to a member complying with published regulations and restrictions of the Association. The right to membership shall be automatically suspended for nonpayment of dues or assessments by May 1st of each year. Where membership has been suspended for nonpayment of said dues or assessments, the membership shall be reinstated upon payment of said dues or assessments, penalties and reasonable expenses of collection, subject however, to Article VII, Section 11.

(b) The right to membership may also be suspended by action of the Board of Directors for infraction of the published rules and regulations of the Association for a period not to exceed ninety (90) days.

(c) Any dues or assessments not paid on the due date, which is May 1st, are delinquent and shall, together with penalties and reasonable expenses of collection, become a continuing lien on the property which shall bind such property in the hands of the owner, his heirs, his devisees, personal representatives and assignees. If the dues or assessments are not paid after a thirty (30) day grace period from and after May 1st, a penalty of One (1%)

percent per month on the unpaid balance may be added to the amount owed for dues and assessments. In addition any reasonable expenses of collection, as are authorized by these By-Laws or by action of the Board of Directors, shall be added to the delinquent balance, and the Association may bring an action at law against the owner personally obligated to pay the same and/or to foreclose the lien against the property. In any such action, there shall be added to such dues and assessment, authorized penalties and reasonable expenses of collection, the cost of preparing and filing the complaint in such action, and in the event that judgment is obtained, such judgment shall include penalties, interest as allowed by the law, reasonable costs of collection, and reasonable attorney fees.

Boat Launch Keys

There is a locked gate across the entrance to the boat launch at Schmidtke Park. The following members have keys to the lock and can be contacted during times that guards are not in attendance at the park.

Tom Weaver.....688-9789
 Bob Iveson.....688-4771
 Don Johnston688-9472
 Marion Clapham688-4518
 Warren Judson.....688-9847
 George Martin.....688-3052
 Bob Mawby.....937-9820 or 688-3869
 Glen Martin688-3861
 Guy Vahoski.....688-3725

Once again, we will be changing the lock at the boat launch this year. I will be taking over the distribution of the boat launch keys. To get a key to the boat launch, or to be on the call list for the boat launch, please contact me.

Guy Vahoski

President's Corner

I would like to remind the members of this association that the board is made up of fellow members who give freely of their time and talent and whose only concern is for the good of the Lake Somerset community.

This board is in constant change because members resign or move away. John Lichtle who was our Secretary and who put in numerous hours maintaining our harvester, has stepped down and is planning to move. Jennifer Zysk volunteered to fill his position. If you see Jennifer or John or any board member, thank them for giving of their time and caring for our community.

Good News

As of the first week of December we now have an association office. We have rented a space next to Just Bad Food Too. It is small but quite adequate for our needs. Now all of the association's files and materials are located in one building. This office has been badly needed and long overdue.

I am pleased to report that we now have 122 members in our e-mail address book. When we get all our computer systems up and running, this will be a very useful tool. Members who are now on the list are receiving notices of monthly and

annual meetings and association events. If you are not on the list and would like to be, just e-mail me at harsch@acd.net and I will see that you are included

Bad News

At our 2005 annual meeting, the board asked members to vote for a \$30 increase in our association dues. This request did not pass. When we decided to ask for the increase, we did not do it lightly. At the last two annual meetings Jim Weber, our Vice President, put on a slide presentation showing in great detail our budget and our expenditures. If you had seen Jim's presentation you would know that the increase is needed and our request was warranted. The board has decided to call a special meeting of the association to address this important issue. The increase that we asking for amounts to \$2.50 a month, a small price considering the investment you have in this lake. Many members know the needs of this association and support this increase.

Please come to the SPECIAL MEETING on March 19th with an open mind and support this board in their efforts to maintain and improve your lake and association.

Tony Harsch

Why A Dues Increase?

The L.S.P.O.A. planned expenses for 2005 was \$135,000. Income excluding boat sticker fees was \$100,000. The L.S.P.O.A. board had a tough task at hand. How do you correct a \$35,000 deficit? We decided a boat sticker fee could help offset our budget crisis. It did help, however it did not solve our problem. At the end of 2005 L.S.P.O.A. operated at a loss. The board feels strongly that we should balance our budget with lot assessment dues and leave the boat sticker fees for special projects.

The L.S.P.O.A. board has been trying to maintain a frugal budget for years. Note: (all general costs increase 3-5% a year). The association must be able to plan for the future and save for projects that protect our lake such as dredging/erosion control. With the current income that is impossible. If we don't increase dues to cover expenses and set aside money for future needs, our savings will be depleted in the very near future. Services will have to be cut such as herbicide application,

harvester operation, fish planting, guard hours and community functions like the picnic.

The choice is ours. Do we want to see our lake community improve and thrive? Or do we want to see the lake suffer and our investment in homes and property decline?

Make the correct choice on March 19th and vote Yes for a modest \$30.00 a year (\$2.50 a month) dues increase.

If you have questions or would like more information, please contact a board member or visit any of the monthly association meetings which are held on the 3rd Saturday of each month in the Somerset Township hall.

Sincerely,

Lake Somerset Board

If you are unable to attend the March 19th special meeting, and would like to vote via proxy, please send a self-addressed, stamped envelope stating you need a 2006 Dues Increase Proxy to: LSPOA P.O. Box 41 Somerset, MI 49281. For your proxy to be valid be sure it is postmarked by March 10th.

Water Quality Report

We are looking forward to Kieser & Associates' report on Lake Somerset's water quality to be presented at the March 18th LSPOA Board Meeting. Association members are always welcome to attend the Board meetings on the 3rd Saturday of each month. Our ability to maintain good water quality will depend on the outcome of the Special Association Meeting on March 19. At that meeting, members will be asked to vote on an increase in dues for the coming year to cover expenses. Because the cost of chemicals and application continues to rise, our budget must

meet that increase or we will suffer a reduction in services and therefore allow the quality of the lake to decrease.

I would like to welcome Chris Scollard to the Water Quality Committee. Chris has volunteered to monitor the southeast channel for any changes in conditions. If there are other members who would be willing to volunteer to monitor their areas of the lake for changes in water condition (i.e., weed growth, algae blooms, etc.), please contact me at 688-3695, or via email at tinman55@comcast.net.

Larry Wright

Roads - Spring 2006

The list of roads in need of repairs requested for the 2005 calendar year have been completed. A new list of roads needing repair was submitted to the Township Board in January for their consideration.

At the monthly meeting in January there was discussion concerning the loose gravel on Kildare Lane. This road was repaired by what is termed as Chip and Seal, but due to traffic not driving at the correct speed and possibly too cold of a day the Chip and Seal was not totally effective.

Chip and Seal is a process in which the road is treated with a layer of tar (Seal) followed by a layer of gravel (Chip). In order for this type of repair to be effective vehicles driving over it must be traveling at a speed of 35mph.

That is the minimum speed required for the Chip to properly adhere to the Seal. When this process is applied to an area road you will notice a temporary 35 mph speed limit sign posted for the next few days following the application.

A speed study was conducted on Northmoor Drive by the Michigan State Police in late December. Over a period of 27 hours 375 vehicles were recorded traveling at an average speed of 37 mph. An additional study will be conducted before the Memorial Day weekend when traffic will begin to increase. These studies were requested by the LSPOA board in response to association members inquiring about the possibility of lowering the speed limit due to the increase of homes on Northmoor.

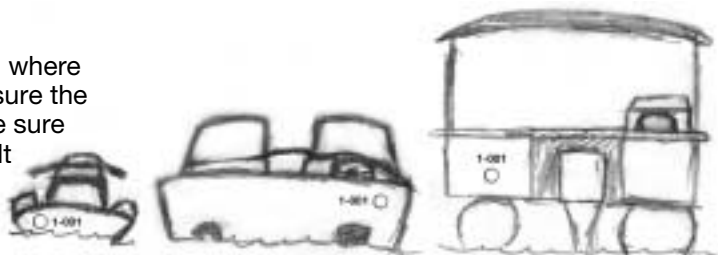
Ken Kiraly

LSPOA Boat Sticker

Placement

Last year we had some confusion on where to place your LSPOA boat sticker. Be sure the sticker is on the BACK of your boat. Be sure your cover does not cover the sticker. It should be easily seen at all times.

Chris Scheithauer



4th Boat Sticker Approved

After much debate, the L.S.P.O.A. board has voted to allow lot owners a 4th boat sticker. We felt it was not uncommon to own a ski boat, pontoon and two personal watercraft. Also, the association has a dire need to generate income. As before, the first 3 stickers are \$35.00 each. The 4th boat sticker has a premium price of \$75.00. The maximum number of registered watercraft per lot owner is now 4.

Special Thanks

There are a number of residents that continue to contribute countless hours of work with very little recognition. The board would like to thank all the volunteers that make Lake Somerset a better place.

John Licthle (harvester maintenance), Al Hoffmann (water quality), Doug Dollar and Charlie Hummel (Building Committee), Pete Tochman (Gazette), and everyone who contributes time and effort.

We would also like to thank Mitch Badders for all the help in patrolling the lake looking for boats without an LSPOA sticker.

Fertilizer Reminder

If you fertilize your lawn be sure to use phosphate-free fertilizer. Look for a bag that displays the following.27-0-9. The key is the middle number. It should be zero. Protect our lake and use only phosphate-free fertilizer.

Neighborhood Watch

The thefts continue around the community, however once we had a snowfall or two, the thefts stopped. Hopefully this is a sign of things to come. Remember to help your neighbors by watching out for them, and they'll help you. If you see anything out of the ordinary, contact the police immediately.

Security Guards

Want to enjoy the lake and earn some extra cash while doing so? LSPOA is in need of a few Security Guards. Various shifts available, please contact me for more details.

Guy Vahoski

Recycling Site

Somerset Township and Modern Waste Systems have partnered to sponsor recycling bins for the benefit of township residents. The bins are located between the party store and the barber shop. The items accepted are listed in the flyer below.

This is a FREE service that needs the cooperation of the community. It depends on good sorting and preparation. It requires that all cans, bottles and other containers be washed.

More information may be obtained by calling Somerset Township at 688-9223 or Modern Waste Systems at 536-4900.

SOMERSET TOWNSHIP RECYCLE SITE

ITEMS ACCEPTED	PREPARATION	BIN NAME
Cans, steel or aluminum	washed, flatten if possible	TIN & PLASTIC
Plastic Bottles #1, #2	washed, remove caps and rings flatten if possible	TIN & PLASTIC
Glass Containers	washed, remove lids	GLASS
Newspaper		PAPER
Magazines	remove from plastic bags	PAPER
Phone Books		PAPER
Computer Paper		PAPER
Correspondence, shredded or not		PAPER

FREE RECYCLING DEPENDS ON GOOD SORTING & PREPARATION

SPONSORED BY
SOMERSET TOWNSHIP and MODERN WASTE SYSTEMS
(517)688-9223 (517)536-4900



Volunteers Needed

Lake Somerset needs your help. If you have any interest in computers, park maintenance, water quality, park guards, security, roads, Building Committee, annual picnic, Community Council, boat parade, office staff or, if you have no interest in anything, but you are bored out of your mind, we need you! Please contact us!

6th Annual Fourth of July Boat Parade

The Community Council is inviting everyone to decorate your boats on Tuesday, July 4, 2006 and participate in a boat parade around the lake. We will begin lining up the boats at the island at 11:45 a.m. (No jet skis please.) Judging will take place at noon before the

parade begins. Awards will be given out prior to the start of the parade. The winning boats will have signs showing the place they were awarded during the parade.

So be sure to deck out your boat (and yourself too) on Tuesday, July 4th! Remember, this is a family event.

If you have any questions, please call Sue Prange at 688-3710.

Community Council News

- Andi Overmyer (688-3652)
Somerset Heights & Meckley's Subdivisions
- Sheila Davison (688-4051)
Somerset Heights & Meckley's Subdivisions
- Sharon Badders (688-3074)
Somerset Heights & Meckley's Subdivisions
- Sue Prange (688-3710)
Hillandale & Gordon Subdivisions
- Manessa Braman (688-3631)
Rolling Meadows Subdivision
- Tracey Dear (688-9528)
Crestview Subdivision

The mission of the council is to act as a liaison between residents and the association board. Each representative is a spokesperson for their subdivision. If concerns come up, we will bring them to the board meetings but all of them may not be acted upon. We make recommendations, but it is not our charge to make decisions.

We are also here to act as a public relations committee. Different events that have been provided by the council are the Lake Somerset garage sale in June and an annual picnic and boat parade in July. We welcome any volunteers or suggestions to help us promote a better community.

Building Control Committee

The Lake Somerset Property Owner's Association (LSPOA) Building Control Committee would like to remind both new and old residents that everyone must comply with the LSPOA building guidelines.

All structures including houses, garages, sheds, and fences must be approved by the Building Control Committee before they can be erected.

Documents needed for sheds, decks or anything else built above ground are:

1. Three (3) sets of drawings complete and clearly definable.
2. Three (3) grid plans showing location of the proposed structure showing size and distance to lot lines.
3. Three (3) sets of elevation drawings showing height and appearance.

At the regular monthly meeting of November 19, 2005, the L.S.P.O.A Board of Directors

voted to implement, effective January 1, 2006, the following fee structure for review of construction plans submitted to the Association's Building Control Committee:

House and Garage.....	\$250.00
House Addition	\$125.00
Garage	\$100.00
Shed	\$50.00
Deck.....	\$50.00
Fence	\$50.00
Concrete Patio.....	\$50.00
Playhouse	\$50.00
Arbor	\$50.00
Sun Porch	\$50.00

Construction plans for items not listed here will be assessed a review fee of \$50.00

If you have any questions, please contact any of the committee members listed below:

- Colleen McNeal (*Chairperson*).....688-4091
- Charlie Hummel
- Doug Dollar.....734-260-5814

Tentative Herbicide Schedule

Herbicide Applications

We are planning to apply herbicide on the following dates:

1. About May 10, and
2. About July 15

Volunteers

To save money on the herbicide applications we are looking for volunteers to post notices and also to do a plant survey:

1. Posting — 2 times (Before May 10 and July 15) — 5 men and a boat for 2 hours each time
2. Plant Survey — 2 times (About July 10 and about September 20) — 2 men and a boat for 5 hours each time.

Fall 2005 Work Party

On September 24th, we had a volunteer work party at the West Park. Many projects were completed. All picnic tables were power washed, stained and painted. Overgrown brush was removed and mulch was installed. A variety of trees and plants were planted. New sand for the beach was also installed.

The gazebo on the island was stained by Girl Scout Troop 265. A special thanks to Deana Lang and all the girls. Below is a list of all of the volunteers.

Troop 265

Deana Lang, Amy Cramer, Sara Dillon, Amber Dear, Frances Feeing, Rachel Millyard, Kassy Davis, Courtney Lang, and Tiffany Cole.



LSPOA Volunteers

Jim Marshall, Tom & Ada Weaver, Guy & Cindy Vahoski, Chase & Hailee Vahoski, Gary Sanchez (aka Jerry Garcia), Niki & Rick Meyer, Luke Meyer, Jerry & Chris Pattenaude, Makayla Pattenaude, Paige Dotson, Glen & Theresa Martin, Ed Pyzik, John & Babette Dickelman, Pete Tochman, Dennis & Pat Glasgow, Brian Utterback, Mitch Badders, Bob & Julie Iveson, Braden & Robbie Iveson, and Jennifer Selland.

Thanks again to all the volunteers!

Chris Scheithauer



Boat Ramp

Power loading your boat is prohibited at the boat ramp. We have heard numerous excuses on why this practice continues. Sorry, but we are not buying any of them. So with that said .. PLEASE DO NOT POWER LOAD! Winch your boat on your trailer. Enough said !

Friendly Park Reminders

Parks are for the use of L.S.P.O.A members. A member must accompany all guests.

Park Hours 7am-10pm

(No overnight vehicle or boat parking)

Main park pavilion cannot be reserved. It is on a first come basis

Trash bins at the parks are for park trash only. Please do not use for the dumping of household trash.

Dogs In the Park

If you walk your dog at any of the Lake Somerset parks, please be considerate of your neighbors and pick up after your pet. We all

should feel comfortable to walk in the park without stepping in doggie landmines. I think you get the idea!

Michigan Boating Rules – Water Safety

There are laws we all must abide by. Local police and county sheriffs are patrolling our waters to make our lake a better place. Just a few reminders:

Requirements for Towing Skiers: It is illegal to tow skiers, surfboards, or any device of this type between:

- One hour after sunset and one hour before sunrise if towed behind a vessel

- One hour before sunset and 8:00 am if towed behind a PWC.

Personal watercraft: It is illegal to operate a PWC between one hour before sunset and 8:00 am. Check the weather channel for legal sunset!!!

For the most current Michigan boating rules:
<http://boat-ed.com/mi/handbook>

Pontoon Hauling

If you need to help putting your raft in this spring, call Larry at 688-3968, Glen at 688-3861, Mawby at 688-3869, or Bob at 688-4771.

Annual Dues Reminder

Annual dues are due by May 1, 2006
Avoid late fees and pay on time!!!

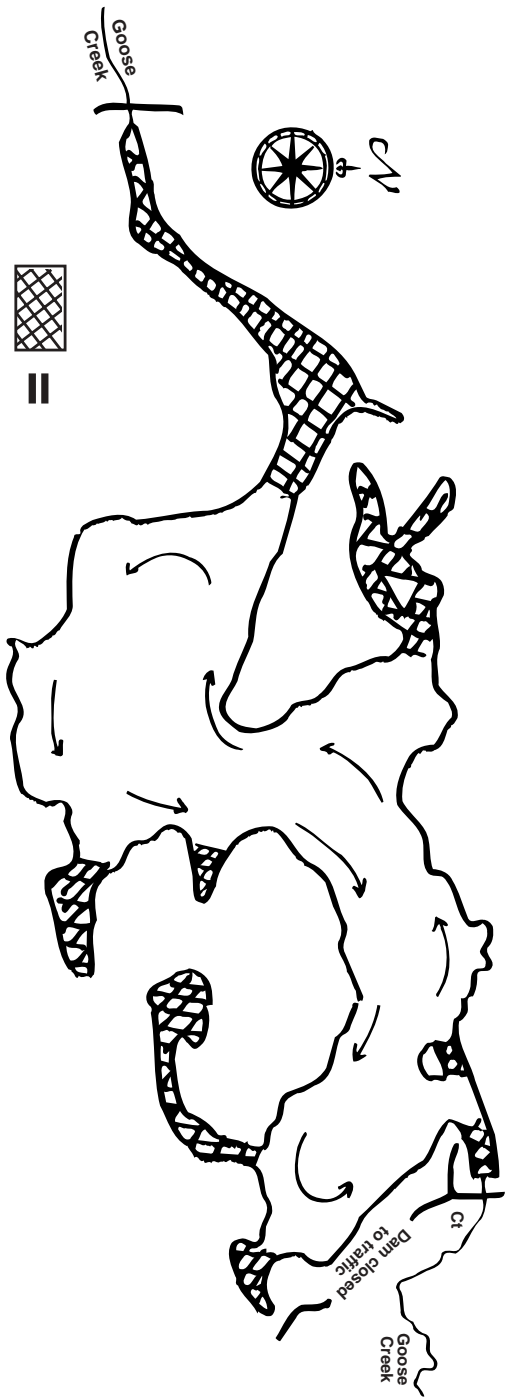
LSPOA Board

Nominating Committee

Any member wishing to become a member of the Lake Somerset Property Owners

Association board should contact one of the individuals listed below for more information:
Laurie Mawby688-3869
John McAndrews688-3349
Colleen McNeal688-4091

All Power Boat Traffic Must Move Counterclockwise Around The Lake



No-Wake Areas Of The Lake

Sailboats & Rowboats Always Have The Right-Of-Way

**Bailey, Hodshire
& Company, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

419 E. CHICAGO STREET
PO BOX 318
KENDONVILLE, MO 67260

PHONE: (317) 848-1442
FAX: (317) 848-1441
EMAIL: BAILEY@BAILEYHODSHIRE.COM

LAKE SOMERSET PROPERTY
OWNERS ASSOCIATION

AUDIT REPORT
AUGUST 31, 2005

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lake Somerset Property Owners Association
Somerset, ME #0281

We have audited the accompanying Statement of Assets, Liabilities, Reserve and Members' Equity - Cash Basis of the Lake Somerset Property Owners Association as of August 31, 2005 and the related Statement of Revenue and Expenses - Cash Basis and Changes in Members' Equity - Cash Basis for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

As described in the Accounting Policy Note, these financial statements were prepared on the basis of cash receipts and disbursements except that the statements include a provision for depreciation of buildings and equipment. This basis is a comprehensive basis of accounting other than 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 assets, liabilities and members' equity of the Lake Somerset Property Owners Association as of August 31, 2005, and its revenues, expenses and changes in members' equity for the year then ended, on the basis of accounting as described in the Accounting Policy Note.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The budget information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Paul G. Hodshire
Paul G. Hodshire
November 22, 2005

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, RESERVE AND
MEMBERS' EQUITY - CASH BASIS
AUGUST 31, 2005

ASSETS	
Current Assets:	
Cash in Checking Account	\$ 2,675
Cash in Savings Account	31,522
Cash in Edward Jones Money Market Account	2,027
Cash in Credit Union Accounts	14,103
Maintenance Assessments Receivable	<u>21,126</u>
Total Current Assets	\$ 87,455
Fixed Assets:	
Buildings and Improvements	\$ 42,949
Equipment and Signs	<u>120,691</u>
	\$ 173,640
Less: Accumulated Depreciation	<u>133,360</u>
Net Book Value	\$ 40,280
Land (Hillsdale - Lot #211)	<u>5,820</u>
Total Fixed Assets - Net Book Value	46,070
Other Assets:	
Edward Jones Collateralized Mortgage Obligation (Market Value \$24,551 Matured 2004)	<u>25,002</u>
Total Assets	<u>\$ 158,588</u>
LIABILITIES, RESERVE AND MEMBERS' EQUITY	
Liabilities	\$ 0
Reserve for Maintenance Assessments Receivable	31,156
Members' Equity	<u>127,432</u>
Total Liabilities, Reserve and Members' Equity	<u>\$ 158,588</u>

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
ANALYSIS OF CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2005

Members' Equity - September 1, 2004	\$ 128
Deduct: Excess of Expenses over Revenue:	
Expenses	\$ 125,976
Revenue	<u>122,472</u>
	3
Members' Equity - August 31, 2005	<u>\$ 127</u>

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
 BUDGET STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
 FOR THE YEAR ENDED AUGUST 31, 2005
 (CONTINUED)

	Budget (Unaudited)	Actual	Over (Under) Budget
REVENUE			
Assessments	\$ 97,665	\$ 100,123	\$ 2,458
Boat Slickers	0	17,150	17,150
Interest - Assessments	500	975	475
Interest - Bank Accounts	1,000	412	(588)
Interest - Money Market Account & Bond	0	1,352	1,352
Other - Insurance and Gate Keys	1,000	2,428	1,428
Boat Numbers	30	37	7
Total Revenue	\$ 100,195	\$ 122,477	\$ 22,282
Cash on Hand - September 1, 2005	37,282	57,885	20,603
Total Revenue and Resources	\$ 137,477	\$ 180,362	\$ 42,885
EXPENSES			
TOTAL			
Audit Fee	2,400	2,400	0
Postage	1,400	1,192	(208)
Printing Services	4,000	2,374	(1,626)
Accounting	4,600	4,600	0
Telephone	15	0	(15)
Taxes - Property	2,425	2,951	526
Legal and Recording Fees	5,000	1,114	(3,886)
Insurance	6,000	7,945	1,945
Bank Charges	200	0	(200)
Annual Meeting	75	74	(1)
IRS - Taxes	1,600	0	(1,600)
Miscellaneous	450	927	477
Total Expenses	\$ 27,215	\$ 22,577	\$ (4,638)
Water Quality	600	1,028	428
Harvester/Truck Fuel	5,000	3,656	(1,344)
Harvester Maintenance	1,500	62	(1,438)
Truck Maintenance	14,000	0	(14,000)
Dredging & Erosion	4,000	2,515	(1,485)
Harvester Labor	2,200	1,150	(1,050)
Miscellaneous	28,000	39,678	11,678
Herbicide	12,000	15,104	3,104
Lake Study	47,300	63,193	15,893
Total Water Quality	\$ 107,300	\$ 125,976	\$ 18,676

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
 BUDGET STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
 FOR THE YEAR ENDED AUGUST 31, 2005

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Total Revenue and Resources	\$ 137,477	\$ 180,362	\$ 42,885
EXPENSES			
TOTAL			
Audit Fee	2,400	2,400	0
Postage	1,400	1,192	(208)
Printing Services	4,000	2,374	(1,626)
Accounting	4,600	4,600	0
Telephone	15	0	(15)
Taxes - Property	2,425	2,951	526
Legal and Recording Fees	5,000	1,114	(3,886)
Insurance	6,000	7,945	1,945
Bank Charges	200	0	(200)
Annual Meeting	75	74	(1)
IRS - Taxes	1,600	0	(1,600)
Miscellaneous	450	927	477
Total Expenses	\$ 27,215	\$ 22,577	\$ (4,638)
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Truck Maintenance	14,000	0	(14,000)
Dredging & Erosion	4,000	2,515	(1,485)
Harvester Labor	2,200	1,150	(1,050)
Miscellaneous	28,000	39,678	11,678
Herbicide	12,000	15,104	3,104
Lake Study	47,300	63,193	15,893
Total Water Quality	\$ 107,300	\$ 125,976	\$ 18,676

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Description of Reporting Entity

The Lake Somerset Property Owners Association is a Michigan non-stock corporation. Generally speaking, any person or entity who has an equitable interest in any lot and is subject to the restrictive covenants or assessments by the Association is a member. The operations are governed by a nine member Board of Directors with a president at its head. The appointed committees include: Building Control, Water Quality, Parks, Security and Roads, and Public Affairs, Rules and Bylaws.

Federal and State Taxes

The Association is classified as a "Homeowners Association" subject to corporate federal income taxes which accompany that type of entity status. The total income tax liability for the current year is \$-0- and the unused net operating loss from a prior and current year will be carried over to the 2005-2006 fiscal year.

Accounting Policy

The accounting policy of the Association includes the maintenance of records on the cash basis of accounting. Under this basis, revenue and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. The finances are controlled by a budget which is approved by members attending the Annual Meeting, usually in October of each year. The departments include a non-statement bearing checking account and an interest bearing savings account and a brokerage account with Edward Jones. The balance sheet has been capitalized for unpaid maintenance assessments at August 31, 2005 with an equal amount being shown as "Reserve for Maintenance Assessments Receivable."

Maintenance Assessments Receivable

The maintenance assessment is currently \$85 per lot, billed in March of each year. There are approximately 1,150 billable units (lots). No provision has been made for estimated uncollectible maintenance assessments.

Equipment and Accumulated Depreciation

The costs of depreciable tangible equipment, the storage building, fencing, park improvements, and the pavilion are shown on the balance sheet in the assets section. The equipment includes wood harvesting, park and office equipment. The wood harvesting equipment is being depreciated over 10 years. The park fencing, improvements, and equipment are being depreciated over a 10-year life at straight line rates, and the office and other equipment utilizes accelerated depreciation rates with a 5-year life. The storage building has a 31.5-year life at an accelerated depreciation rate, with a 15 year life straight line method used for the pavilion and a 20 year life for the storage building improvements.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Member Equity

The Member's Equity of \$127,412 at year-end was a decrease of \$3,499 from the prior year-end balance of \$130,911.

Related Parties

The members of the Board serve as volunteers by virtue of the annual election at each October meeting. The Treasurer is the only paid officer with the fees appearing as "Accounting" in the Treasurer's section of the revenue and expense statement.



FORWARDING SERVICE REQUESTED

Somerset, MI 49281

P.O. Box 41

Lake Somerset Property Owner's Association



We will be having our 8th annual Lake Somerset Garage Sale on Saturday, June 24th,

from 9:00 am - 5:00 pm. Anyone who wishes to open their garage sale earlier may do so. Everyone is welcome to participate in the event. The association will take care of advertising in local papers, passing out flyers, and putting up signs at the main entrances of the lake. You would be responsible for signs, balloons, or other "attention getters" at your own home.

Flyers will be distributed as we get closer to the date. If you have questions or ideas, please let me know.

Sue Prange
688-3710

To Receive Your Boat Sticker

1. Send your boat registration and sticker fee along with your annual dues payment.
2. From the guards at the main park on the weekend. (Remember boat sticker fee.)
3. Call the office at 688-3228.
4. Assessments on all property owned must be paid prior to launch.

Please take the time to put lot numbers on all your boats. Several paddle boats have been found with no way to notify the owners. The guards have numbers for anything and everything at the Main Park (4 for \$1.00).

PLEASE NOTIFY LSPOA

WHEN YOU BUY OR SELL A LOT SO WE CAN KEEP OUR RECORDS UP TO DATE.