

GAZETTE

Lake Somerset

Visit our web site at: <http://www.lakesomerset.org>

TRADING POST

Annual Picnic

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

Picnic
Sat. July 21/
Rain Day
Sun. July 22

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.

LSPOA Business Office

The address and business hours are as follows:

LSPOA Office
12831 E. Chicago Road
P.O. Box 41
Somerset Center, MI 49281
(517) 688-3228

Hours: (After April 1st)

Monday — 10:00 a.m. – 2:00 p.m.

Wednesday — 10:00 a.m. – 2:00 p.m.

Friday — 2:00 p.m. – 4:00 p.m.

LSPOA Web Site

Just a reminder to all that the Lake Somerset Property Owners Association has its own web site just chock full of in-depth information, upcoming events, pictures, reports, meeting

minutes, permit applications, past issues of the Gazette, etc., etc, at:

<http://www.lakesomerset.org>

Board Of Directors

Tony Harsch (*President*)688-9767
 Jim Compton
 (*Vice-President*)688-9587
 Marion Clapham (*Treasurer*)688-4518

Larry Wright (*Water Quality*)688-3695
 Jennifer Zysk (*Secretary*)688-9892
 Chris Scollard (*Bldg. Committee*)688-5025
 Guy Vahoski (*Security*)688-3725
 Jeremy Smith (*Parks*)688-4425
 Ken Kiraly (*Roads*)688-4356

Building Committee

Chris Scollard (*Chairperson*) 10676 Glendalough Lane, Somerset 49233688-5025
 Mike Sleek – 13960 Grandpoint Cr., Somerset 49233688-5052
 John Dickelman – 13675 Dorchester, Somerset 49233688-3466

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.

In fairness to these individuals who have volunteered to help the rest of us have access to the boat launch, please try and give them 24 hours notice.

Tom Weaver.....688-9789
 Bob Iveson.....688-4771
 Marion Clapham688-4518
 Warren Judson.....688-9847
 George Martin.....688-3052
 Bob Mawby937-9820 or 688-3869
 Glen Martin688-3861
 Guy Vahoski.....688-3725

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

Revised Covenants

I would like to use this article to impress upon the membership the importance of approving the Revised Restrictive Covenants. Of all the issues that this Board has addressed, I believe that signing the Revised Covenants is by far the most important, and if approved, will help maintain and improve our property values and the appearance of our association for years to come.

It should be noted that the original covenants were drafted in the late sixties and have never been revised. When these Covenants were adopted, lake property was considered more of a summer place rather than a year round residence. Times have changed and it is up to us to make the changes that the times demand.

I should also point out that this is a document of compromise. If every member of this association were to submit their version of the Covenants, I doubt that we would find any two alike. It took 2 to 3 years to agree on the Covenants that we are submitting. It is the result of countless meetings; 1 special meeting at the township hall, 4 or 5 meetings at my home with various members of the association. At two of these meetings our attorney was present, plus many discussions at our regular monthly meeting.

I have been approached by both Mirror Lake and Lake LeAnn who are interested in revising their Covenants. I have friends who live on

Lake Columbia who tell me that this matter has been mentioned at their Board meeting.

It is an issue that all associations, lake or otherwise will have to address sooner or later.

Some good members of this association have put in a lot of time, effort and hard work into this project. All we need out of the rest of the members is a few minutes of your time to sign the Revised Covenants.

We will be calling members who have not signed and we will be sending letters with Restrictive Covenants information to members who have property but no residence. If you are in either of these categories and want to sign, please contact a member listed below.

Tony Harsch

Hillandale Subdivision
688-9767
harsch@acd.net

Marion Clapham

Meckley Somerset Heights & Crestview
688-4518
LSPOA@provide.net

Larry McNeal

Somerset Heights
688-4091
lwmc12@comcast.net

Jim MacRitchie

Rolling Meadows
688-5488
MacR9@cs.com

Respectfully,

Tony Harsch, Sr.

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

Water Quality Report

Kieser and Associates will be working with Lake Somerset again this year to monitor our herbicide applications and the quality of our lake. Phosphorus continues to be a major concern between run-off from lawn fertilizers and older septic systems contributing to weed growth in our lake. We would all like to see less herbicide used in our lake, but we ALL need to work together to make that happen. Less phosphorus (fertilizer, clean/maintained septic, detergents) = less weeds = less herbicides needed!

In the fall of 2006, Somerset Township presented Progressive AE's report on the quality of the township lakes and Goose Creek. Lake Somerset has the largest total watershed area (land surrounding the lake that drains to the lake) with 6,200+ acres. Progressive indicated that phosphorus is entering township

lakes at "an excessive rate." They indicated that our residential run-off needs to be reduced and said that good management practices can result in lowering the phosphorus contents of the lake. Drain fields have a finite lifespan of 15-20 years with year-round use. Many of our homes are not summer cottages; they are year-round homes. Maintenance of septic systems is important, as is reducing/eliminating use of phosphates in dishwasher detergents and fertilizers. Progressive AE will be coming back to the township in May with the results of their final study.

Thanks to Jim Compton, launching the harvester will be much easier starting this spring. Jim located rollers that will make the job a lot safer for our volunteers.

Larry Wright

Roads - Spring 2007

A complete inspection of the roads surrounding Lake Somerset was performed in January and a list of areas in need of repairs was sent to township supervisor Don Figiel.

Mr. Figiel will submit the list to the County Road Commission and request that the areas noted are repaired.

This year unlike some of the years in the past, there will be no funds available for any type of major road work in the county such as

Seal Coating or Chip & Seal.

Repairs this year will be limited to patching small holes and repairing the shoulders along the sides of the roads.

If you are aware of areas on the roads surrounding Lake Somerset that are in need of repair please forward those locations to me at 517-688-4356. I will inspect those areas and forward the information to Mr. Figiel.

Ken Kiraly

LSPOA Boat Sticker

Placement

If you have any uncertainty about where to place your LSPOA boat sticker, check out the Security section on our web site. The URL is: <http://www.lakesomerset.org/security.html>.

Some guidelines:

- 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.

Building Control Committee

Hello. My name is Chris Scollard and I replaced Colleen McNeal as your Building Control Chair last August when Colleen elected to go back to (paid) work. I retired from Ford Motor Company at the end of '06 after 30 (mostly) blessed years. We also have 2 other new Committee members that are auto engineering retirees — John Dickelman and Mike Sleek. My x-husband was a builder, so I am familiar with building standards (or lack there of) that way. We have enjoyed our role as we meet new LSPOA friends and neighbors.

We have created a new Building Control Procedure and Permit Application that are posted on the www.lakesomerset.org site under the Building Control page — for ease of access and understanding of our association bylaw requirements. We meet on an “as needed” basis to review new structure permit applications as submitted. We are also working effectively now in cooperation with the Somerset Township and DEQ who will require our LSPOA Permit Approval as conditional for their approvals.

As spring approaches we expect the number of applications to rise. It will work fastest for us all if you follow the posted procedure, complete the application that is available online, and submit 3 sets of the documentation (with your survey and structural drawing to verify setback measurements), before going to the township or DEQ, to one of us directly at the contact info noted below. We will keep one set and return two sets (marked approved) for you to take to the township and/or DEQ. Feel

free to call any of us involved to clarify questions as we go, at:

LSPOA Building Control Committee

Chris Scollard on 688-5025 at 10676 Glendalough Lane, or
John Dickelman on 688-3466 at 13675 Dorchester, or
Mike Sleek on 688-5052 at 13960 Grandpoint Circle

LSPOA Building Permits Approved Year-to-Date (Since October 2006)

4 House/Garage	\$1000
(Gregory Construction 1-188; Cameron 1-092; H&D Investments 2-053; Rein 3-045)	
2 Additions	\$250
(Napierala 1-073; Brosnan 3-053)	
3 Sheds	\$150
(Lowe 3-093; Sheldon 3-097; Beougher 3-271)	
1 Porch	\$50
(Stegeman 1-094)	
1 Patio	\$ 50
(Cushman 1-091)	
1 Gazebo	\$ 50
(Cushman 1-091)	
1 Fence	\$ 50
(Pearson 1-008)	
1 Deck	\$ 50
(Demick 2-173)	

Total YTD \$1650

Chris Scollard
Building Control Chair

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, 2007
Avoid late fees and pay on time!!!

7th Annual Fourth of July Boat Parade

The Community Council is inviting everyone to decorate your boats on Wednesday, July 4, 2007 and participate in a boat parade around the lake.

Participants in the parade are not limited to the 4th of July theme for your boat decorations. People may incorporate their own theme, for example, like the covered wagon theme entered in last year's competition.

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 Wednesday, July 4th! Remember, this is a family event.

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

Community Council News

Julie Iveson (688-4771)

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 Curtis (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.

Lake Somerset Shirts

You asked..."How can we get shirts embroidered?" A few samples are hanging in the LSPOA Office window. Sweatshirts are approximately \$42.00 and t-shirts are \$22.00 (including tax). Polo shirts are also available. XXL + sizes are more. You can choose your shirt color, personalize it with the colors of your pontoon, speedboat, wave runner, sail boat or bass boat. All shirt prices include "Lake

Somerset" and a watercraft of your choice or ship's wheel embroidered. Order forms are available in the office.

Lake Somerset Aerial Photos

Are still available to order. Cost is \$71.00 including shipping and tax. Order forms are available in the LSPOA office or by calling Carol Wright at 688-3695.

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.

Remember — dogs are not allowed on the volleyball courts or on the beaches.

Jeremy Smith

Parks Update Spring 2007

On September 23, we had a volunteer work party at the East Park. The rain held off long enough for us to get the painting done. It took about three hours to repaint the playground equipment, restrain four picnic tables and the

sign, and spread mulch throughout the park. The trees were also trimmed.

Thanks to the ten volunteers who took time out of their busy schedules to help out. Because of them, our association parks look great.

Jeremy Smith

West Park Volunteer Cleanup

We will be having our spring park cleanup at the West Park on Saturday, April 14th at 9:00 a.m.

We will be landscaping, painting and having

a general cleanup. Please mark your calendars and bring yard equipment (rakes and shovels) and old paint brushes, ladders, chain saws, etc.

The rain date will be Saturday, April 21st, 2007.

Any questions, contact Jeremy at 688-4425.

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.

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>

Fishing Report

Winter 2007

Well here we wait for some ice to walk on for the second year in a row! I have seen a few hardy souls out fishing in boats- even on new years day! I talked to them briefly and asked how they were doing — no sign of any fish is what they said. I've tossed a few lures off of my dock over the past couple weeks — nothing! Same story with a few other fishermen around here. The last fish I caught was a nice looking 19.5-inch bass (a "breeder" per Mitch!) just before I took the boat out in late November. Last I knew even our hardy fall fishermen (Mitch and Larry) weren't doing much.

I spoke with Leland Spangler (Doctor Pike??). He said he caught and released several 30-36 inch pike in late September and October. His biggest was a 41 inch, 21 lb monster. If you recall, Leland also caught a 40 inch pike in 2004. I asked him if he thought this was the same fish — he didn't think so, this one had a bigger girth. Remember a pike of this size is probably 13-15 years old and survived a lot of years in the lake (Leland released her to grow even bigger). I also received a picture over the computer of some one else with a nice pike; unfortunately I didn't get a name to go with the picture. And not to be outdone, Mike Miller caught a nice 21.5 inch bass in July, it had an estimated weight of 6 lbs plus. Mike released her to grow bigger. (the reason I always say "her" is because in the fish world — the females are almost always much larger than the males!!)

The walleye fishery was pretty good last summer. I caught a total of 19; unfortunately about half of these were just under the legal limit of 15 inches. These fish should be 17-19 inches this coming summer. According to the DNR growth charts, Lake Somerset walleyes are growing faster than average. We usually stock them at 6-8 inches long, so the survival rate is pretty good. This fall we stocked over 1300 walleye fingerlings.

I'm often asked why we don't stock some



perch in the lake. I've caught a fair amount of perch — but never any keepers. I'm not quite sure why perch in this lake do not grow larger. Yes, I've heard of an occasional fish 9-10 inches long, but they are extremely rare. I think a lot of perch are in the lake and stocking more would NOT make them grow any faster. Perhaps this summer I'll age a few just to see how old they are?

This fall I have seen a huge infestation of zebra mussels. Almost all boats, pontoons, and docks in the main lake are covered with them. I also checked some of the rocks around the boat launch and park — they are also covered with them. Right now they appear as very small dark spots on the stones — if you look closely you'll see that they are small zebra mussels. I suspect by next summer we'll start seeing some changes around the lake like clearer water, etc. There's not much we can do at this point — but learn to live with them!

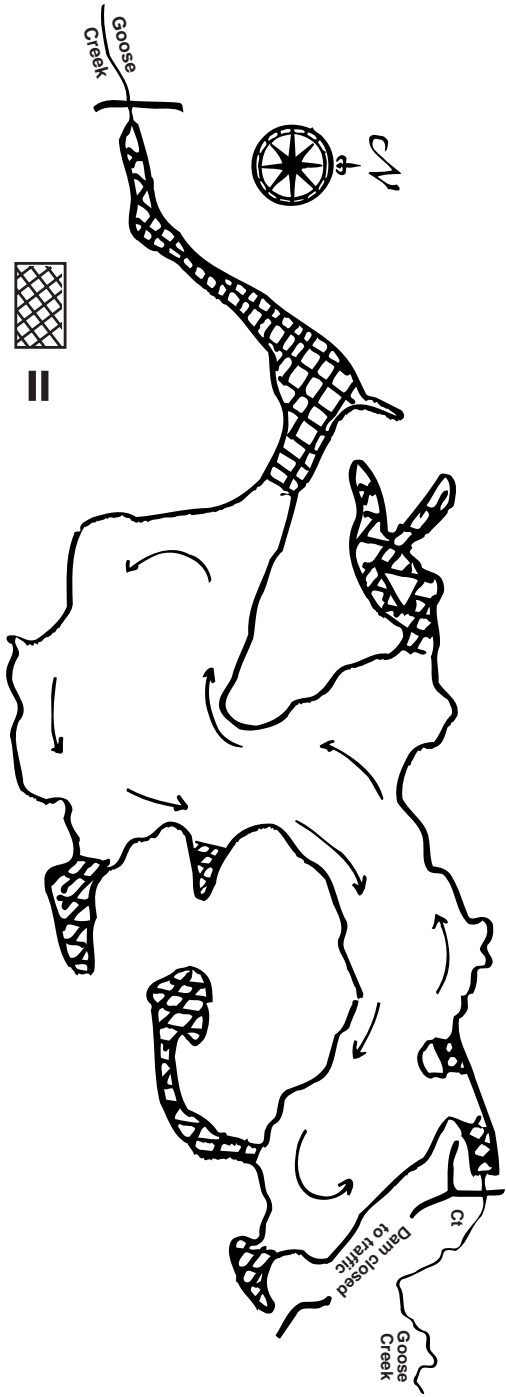
The stocking plan for 2007 calls for some pike in early summer and more walleyes in the fall. In the event that we can't get any pike, I'll try and get some more redears. Several of the lake residents have seen the "fish truck" at the park and came over to see the fish put into the lake, if anyone is interested in seeing this, let me know and I can call you when they are scheduled. I'm always amazed at the number that survive the trip from the fish farm — there's usually only a couple out of thousands that are dead or injured. We probably lose more to the bass and pike that always seem to show up at the boat launch for a free meal!

P.S. When I wrote the preceding paragraphs, we had no ice, but before I submitted the fish report — suddenly — lots of ICE (currently at about 15-16 inches). So I must mention something about this winter's ice fishing. I haven't been out as much as I like, but from reports — the ice fishing has been pretty good once the ice formed. Lots of panfish and walleyes are being taken in front of the main park.

As always, any comments or stories, give me a call at 688-3384. Good luck in 2007.

George Rausch

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, Hodshing
& Company, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

479 L. CHICAGO STREET
P.O. BOX 313
PERRYSVILLE, MD 21770

PHONE: (301) 684-1480
FAX: (301) 684-1481
EMAIL: BAILEY@BAILEYHODSHING.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 aspects, the assets, liabilities and members' equity of the Lake Somerset Property Owners Association as of August 31, 2005, and its revenue, 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. This 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.

David G. Hodshing
David G. Hodshing & Co., PC
November 22, 2005

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, RESERVE AND
MEMBERS' EQUITY - CASH BASIS
AUGUST 31, 2006

ASSETS	
Current Assets:	
Cash in Checking Account	\$ 4,458
Cash in Savings Account	4,259
Cash in Edward Jones Money Market Account	3,388
Cash in Credit Union Accounts	28,897
Cash in Multistart Account	40,249
Maintenance Assessments Receivable	<u>29,338</u>
Total Current Assets	\$ 110,319
Fixed Assets:	
Buildings and Improvements	\$ 44,549
Equipment and Signs	<u>136,692</u>
	\$ 181,241
Less: Accumulated Depreciation	<u>(142,586)</u>
Net Book Value	\$ 37,697
Land (Hillendale - Lot #231)	5,820
Land (Mockleys-Somerset Heights)	<u>46,268</u>
Total Fixed Assets - Net Book Value	\$ 84,265
Other Assets:	
Edward Jones-Collateralized Mortgage Obligation (Market Value \$21,795-Maturity 2034)	<u>23,683</u>
Total Assets	<u>\$ 219,847</u>
LIABILITIES, RESERVE AND MEMBERS' EQUITY	
Liabilities:	
Bank Loan Payable	\$ 23,816
Reserve for Maintenance Assessments Receivable	29,338
Members' Equity	<u>166,693</u>
Total Liabilities, Reserve and Members' Equity	<u>\$ 219,847</u>

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
ANALYSIS OF CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2006

Members' Equity - September 1, 2005	\$ 127,432
Add: Excess of Revenue over Expenses	
Revenue	\$ 151,074
Expenses	<u>(111,813)</u>
Members' Equity - August 31, 2006	<u>\$ 166,693</u>

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
BUDGET STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
(CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2006

	Budget (Unaudited)	Actual	Over (Under) Budget
REVENUE			
Assessments	\$ 132,115	\$ 128,993	\$ (3,122)
Boat Stickers	10,000	17,433	7,433
Interest - Assessments	300	825	525
Interest - Bank Accounts	1,000	1,268	268
Interest - Money Market Account & Bond	0	1,247	1,247
Other - Insurance and Gate Keys	1,000	1,718	718
Boat Numbers	30	35	5
Construction Review	0	1,425	1,425
Total Revenue	\$ 152,845	\$ 151,074	\$ (1,771)

	Budget (Unaudited)	Actual	Over (Under) Budget
EXPENSES			
TRADING			
Audit Fees	\$ 2,400	\$ 2,500	\$ 100
Postage	1,400	927	(473)
Printing, Maintenance, and Computer	4,000	1,981	(2,019)
Accounting	5,000	4,596	(404)
Telephone	20	345	325
Taxes - Property	2,500	3,079	579
Legal and Recording Fees	5,000	1,586	(3,414)
Insurance	6,000	7,992	1,992
Bank Charges	200	0	(200)
Annual Meeting	75	82	7
BS - Taxes	1,000	0	(1,000)
Office Rent	8,400	1,750	(6,650)
Miscellaneous	600	1,646	1,046
Total Trading	\$ 36,205	\$ 26,514	\$ (9,691)
Water Quality			
Harvester Truck Fuel	\$ 600	\$ 965	\$ 365
Harvester Maintenance	5,000	3,145	(1,855)
Truck Maintenance	1,500	1,265	(235)
Dredging & Ironing	14,000	0	(14,000)
Harvester Labor	4,000	3,163	(837)
Miscellaneous	2,200	609	(1,591)
Herbicide	20,000	34,494	14,494
Lake Study	12,800	2,893	(9,907)
Total Water Quality	\$ 58,300	\$ 47,220	\$ (11,080)

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, 2006

	Budget (Unaudited)	Actual	Over (Under) Budget
EXPENSES			
TRADING			
Audit Fees	\$ 2,400	\$ 2,500	\$ 100
Postage	1,400	927	(473)
Printing, Maintenance, and Computer	4,000	1,981	(2,019)
Accounting	5,000	4,596	(404)
Telephone	20	345	325
Taxes - Property	2,500	3,079	579
Legal and Recording Fees	5,000	1,586	(3,414)
Insurance	6,000	7,992	1,992
Bank Charges	200	0	(200)
Annual Meeting	75	82	7
BS - Taxes	1,000	0	(1,000)
Office Rent	8,400	1,750	(6,650)
Miscellaneous	600	1,646	1,046
Total Trading	\$ 36,205	\$ 26,514	\$ (9,691)
Water Quality			
Harvester Truck Fuel	\$ 600	\$ 965	\$ 365
Harvester Maintenance	5,000	3,145	(1,855)
Truck Maintenance	1,500	1,265	(235)
Dredging & Ironing	14,000	0	(14,000)
Harvester Labor	4,000	3,163	(837)
Miscellaneous	2,200	609	(1,591)
Herbicide	20,000	34,494	14,494
Lake Study	12,800	2,893	(9,907)
Total Water Quality	\$ 58,300	\$ 47,220	\$ (11,080)

The accompanying notes are an integral part of this statement.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

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 as its head. The appointed committees include: Building Control, Water Quality, Parks, Security and Road, and Public Affairs, Rules and Bylaws.

Federal and State Taxes

The Association is classified as a "Homeowners Association" subject to corporate federal income taxes on which accompany dual type of entity status. The total income tax liability for the current year is \$966.

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 depositaries include a six-percent bearing checking account, an interest bearing savings account, a mutual account, and a brokerage account with Edward Jones. The balance sheet has been capitalized for annual maintenance assessments at August 31, 2006 with an equal amount being shown as "Reserve for Maintenance Assessments Receivable."

Maintenance Assessments Receivable

The maintenance assessment is currently \$115 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, 2006

Members' Equity

The Members' Equity of \$166,693 at year-end was an increase of \$19,261 from the prior year-end balance of \$147,432.

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 firm appearing as "Accounting" in the Treasurer's section of the revenue and expense statement.

Long-Term Debt

During the year, \$32,000 was borrowed from County National Bank to purchase certain lots in the inlet area. The loan is payable at 7.5% with monthly payments of \$257.78. A balloon payment for the balance will be due in April, 2009. The balance due at August 31, 2006, was \$22,816. The loan (net) cost has been capitalized in the "Fixed Assets" section of the Statement of Assets, Liabilities, Reserve, and Members' Equity.



FORWARDING SERVICE REQUESTED

Lake Somerset Property Owner's Association
P.O. Box 41
Somerset, MI 49281



We will be having our 9th annual Lake Somerset Garage Sale on Saturday, June 23rd, 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.**