

GAZETTE

Lake Somerset

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

TRADING POST

Picnic
Sat. July 16/
Rain Day
Sun. July 17

Pig Roast/ Annual Picnic

at Main Park

(Donation: \$1/Person)

Horseshoes All Day

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

2:00 p.m. Golf Chipping

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

12:00 p.m. Social Time

12:30 p.m. Lunch

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

Pig Roast Returning to Lake Somerset Annual Picnic

Ingrid Volker is organizing the picnic and mentioned that a pig will actually be roasted this year. She also could use help on various committees associated with this event. Contact Ingrid at 688-4327.

LSPOA Business Office

The association has its office located in the Inside Out building at the corner of US-12 and Somerset Road. Office hours are expanded during the peak spring & summer seasons beginning March 1st and effective through August 31, 2011. The office address and hours are listed below:

Address:

LSPOA Office
14261 E. Chicago Road
Somerset, MI 49281

Phone (517) 252-5069

Email Treasurer@LSPOABoard.com

Hours: (March 1st through August 31st)

Tuesday — 10:00 a.m. – 2:00 p.m.

Friday — 10:00 a.m. – 6:00 p.m.

Lake Somerset Web Site

<http://www.lakesomerset.org>

Board Of Directors

Jim Weber (*President*)(419) 885-8338
 Al Hoffmanner
 (*Vice-President*)688-9261
 Bert Lawrence (*Treasurer*)688-9252

Gary Grandy (*Building*)688-3354
 Frank Miller (*Water Quality*)(734) 718-7393
 Jim Wajda (*Parks*)(734) 320-0599
 Karen MacPherson (*Secretary*)(517) 900-9147
 Mitch Wetzler (*Security*)(248) 345-7253
 Tony Harsch (*Roads*)688-9767

Building Committee

Gary Grandy (*Chairman*)688-3354
 Mike Sleek – 13960 Grandpoint Cr., Somerset 49233688-5052
 John Dickelman – 13675 Dorchester, Somerset 49233688-3466

Meeting Times

NOTICE

Monthly Meetings — NEW TIME!!

Every **2nd Wednesday of the month** (except in December), the Board of Directors meets in the Somerset Township Hall for the purpose of conducting the Association’s business. The meetings start at 7:00 p.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 prior to the meeting.

Membership

(a) Membership is restricted to Lake Somerset property owners 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.....937-7227
 Marion Clapham688-4518
 Warren Judson.....688-9847
 George Martin.....688-3052
 Bob Mawby.....592-4648
 Glen Martin688-3861

To get a key to the boat launch, or to be on the call list for the boat launch, please contact the office at (517) 252-5069.

President's Corner

Thank you for electing me president to the board of the Lake Somerset Property Owners Association. I hope to deserve your vote through my involvement with the Board leadership and our successful management of the lake.

The 2011 summer season is fast approaching and I feel that the new board is really working together for the benefit of the members of the lake association.

We have exceptionally passionate committed people working on and with the board to achieve results. I cannot say enough to all the board members and volunteers who make our lake a great place to live.

Our primary focus this year is water quality. We want to get a better handle on our lake and make it a great place for fisherman, boaters and family alike.

We have created a new Water Quality Subcommittee to review our past policy and practice and make the important water quality improvements in 2011.

Your concerns are important to us, call us, write us, email or text us! This summer I hope we can meet at our homes to discuss what we can do to make Lake Somerset the "Special Place" for you and our members.

Go Bucks!

James F. Weber

Vice President's Report

Restrictive Covenants and Bylaws

Our Restrictive Covenants and Bylaws (RCs) are contained in our property deeds and in our "Red Book". They impose legal requirements on us and provide limited authority to us as members of LSPOA. They were originally written in 1967 by the developer, American Central Corporation. Although our Red Book had been revised since 1967, the RCs were not and the discovery of errors and claims from obsolescence has ballooned to the point they represent significant new and recurring costs. Part of our current problems can be attributed

to the lack of successful corrective actions taken by previous Boards dating back to about 1980 and our failed attempt for revision approval by 50+% membership vote in 2006.

We need to communicate with all members that this will save LSPOA money, protect the integrity of LSPOA and is in our best interest. However, even if we approved the revision today full implementation would probably require 8-10 years because of the 10 year cycles for revision required for each of our subdivisions.

More information on this revision will be forthcoming.

Al Hoffmann

LSPOA Board Positions

The Lake Somerset Board is comprised of 9 board members that serve a 3 year term. Every years, three board member positions are up for election. If you are interested in serving, please contact the LSPOA office (517) 252-5069.

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:

Chris Scheithauer	688-4737
Dave Sajewski	688-9094
John McAndrews	688-3349

Water Quality Report

Hello Lake Somerset residents. As a new member of the Board, I must say that it's been an exciting winter learning the overall operations of the LSPOA.

Kieser & Associates (K&A) will continue in 2011 to provide assistance for Aquatic Plant Management and monitoring of our herbicide applications. In addition, this year K&A will also provide services for water sampling / testing due to the upcoming retirement of our previous testers. The fall 2010 K&A Aquatic Vegetation Analysis Survey (AVAS) will be posted shortly on our LSPOA web site.

A new Water Quality Sub Committee (WQSC) has been established. This team includes non-board members representing different areas around our lake. The team is in the early stages of setting priorities, agenda and working with our lake management (K&A) and herbicide applicator (Aqua Weed).

Our herbicide permit was processed in early Jan. 2011 and was approved in Feb. 2011. As usual, notification of herbicide applications and

restrictions will continue to be posted prior to treatments.

Harvester & Team Update: We had a meeting in mid-November with the operators and they identified areas with our harvester that required attention. As you most likely know, our harvester engine is no spring chicken. We hired Superior Industrial (recommended supplier) from Jackson to perform a detailed inspection which uncovered numerous issues. Consequently, the engine was removed by Superior and a rebuild is in process. Testing and reinstall date is scheduled for April 10. I want to thank the Harvester Team for their candor, along with their commitments to return for 2011.

One last note, I will be working with the Parks chairman to come up with a solution for removing weed build-up along the park beaches.

Enjoy the lake and have a safe summer.

Thanks,

Frank Miller

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.

LSPOA Board

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, first served basis

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

Building Control Committee

This was a good year for building projects in LSPOA and hope we see more in 2010/2011 year. As before I was able to meet more wonderful people around the lake and enjoy meeting more. This has been my tenth year at the lake and have really enjoyed meeting the folks around the lake.

The committee approved 22 permits since the beginning of the 2009/2010 LSPOA fiscal year, which generated \$1,625.00 in fees. These permits included: 1 house with garage, 3 house additions, 3 garages, 10 decks, 1 pool, 2 porches and 2 sheds.

If you are considering adding a shed, deck, pool, gazebo, fence, expanding your home, or building any structure on your property, you must have an approved building permit from LSPOA Building Committee before proceeding

The LSPOA web site, lakesomerset.org provides the guidelines, cost and documents required for obtaining a permit. If you have any questions, contact one of the committee members listed. A permit request can be delivered to the LSPOA office or to a committee member.

Gary Grandy (*Chairman*)688-3354
Mike Sleek688-5052
John Dickelman688-3466

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/sticker_1.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.

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

- Sunset and 8:00 am if towed behind a PWC.

Personal watercraft: It is illegal to operate a PWC between 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>

Annual Dues Reminder

Annual dues are due by May 1, 2011
Avoid late fees and pay on time!!!

The annual assessment for 2011 continues to be \$115 per lot and is due May 1, 2011. Statements were mailed to all members (with carryover delinquencies including late and lien fees) in March.

Pontoon Hauling

If you need to help putting your raft in this spring, call Rick at 688-3068, Glen at 688-3861, Mawby at 688-3869, Bob at 688-4771, or Pete at 410-8501.

11th Annual Fourth of July Boat Parade

The Community Council is inviting everyone to decorate their boat on Monday, July 4, 2011 and participate in a boat parade around the lake.

Participants in the parade are not limited to the 4th of July theme for their boat decorations. People may incorporate their own theme, for example, like the pirate ship theme or covered wagon theme, entered in previous competitions.

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 and is conducted by last year's winners. 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 Monday, July 4th! Remember, this is a family event.

If you have any questions, please contact last year's winner, Tony Harsch, at 688-9767.

Community Council News

The Community Council at its February 2011 planning meeting for 2011 projects concluded:

- We are proud of our Lake and Parks
- Our property value could be improved if inoperable and unlicensed vehicles and water toys and other stored materials could be removed
- Improving communications by preparing a directory for Lake Somerset
- If you are a business owner and would like to advertise in our upcoming LSPOA Directory, contact Ingrid Volker 517-688-4327 or email i50volker@gmail.com
- Families with children that would like to babysit, contact the above
- At this time all contact information for the upcoming LSPOA directory has been obtained by the white pages. If you want to add other contact phone numbers — or your email address, we would need your written consent by email or mail your request to the LSPOA office

The Community Council was formed many years ago to help with the communication process and public relations involving Lake Somerset residents.

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.

The council is comprised of the following members:

Pat Abersold (936-7615)

Somerset Heights & Meckley's Subdivisions

Sheila Davison (688-4051)

Somerset Heights & Meckley's Subdivisions

Sue Thompson (688-3710)

Hilldale & Gordon Subdivisions

Mandy Mullins (688-5302)

Crestview Subdivision

Jen Scheithauer (688-4737)

Somerset Heights Subdivision

Pam McAndrews (688-3349)

Somerset Heights Subdivision

Ingrid Volker (688-4327)

Somerset Heights Subdivision

Security

When Can I purchase my 2011 Boat/WaterCraft Stickers?

This year will start with special dates for Saturday and Sunday on 4/23 & 4/24 followed by Saturday and Sunday on 4/30 & 5/1 at the Main Boat Ramp from 10 a.m. to 4 p.m., weather permitting and ice off of the lake. Guards will be there to take your money and issue you the stickers based on the rules for issuance contained in this note.

After these special pre-launch dates, the boat ramp and guards will resume their normal schedule for the 2011 season on May 7th and the hours will be from 8 a.m. to 8 p.m. on Saturdays and Sundays.

You may also purchase your boat stickers from Pam at the LSPOA Office during regular business hours and also pre-buy by filling out and returning the boat sticker material sent to you as in the past with your dues bill.

What are the Requirements to obtain my Boat/Watercraft Stickers for 2011?

- 1) All motorized watercraft in the state of Michigan must be registered and display a current MC number to be operated on Michigan waters.
- 2) Your 2011 Association dues must be paid for all lots you own. There are no exceptions to these requirements. If you have any questions regarding your Association dues, please contact our office during normal hours or Mitch Wetzler at 248-345-7253.
- 3) A LSPOA boat registration form must be filled out. This form was included in the March mailing of the dues bills to all residents, at the LSPOA office during office hours or can be obtained at the boat ramp from the guards during duty hours.
- 4) You must show your current boat registration or a photocopy of such when purchasing the 2011 stickers (One copy per watercraft).
- 5) The 2011 stickers will only be issued if the property owners name is on the boat registration. For example, if your son wants to put in his boat but your name is listed as the property owner and not on the boat registration, a sticker will not be issued. If you want his boat on our lake then he needs to put the registration in the property owner's name. No exceptions to this by-law will be granted.
- 6) These requirements will be strictly enforced.
- 7) Your Lot No. must be on all of your motorized boats or watercraft. If you don't have numbers, ask the guards and these will be provided to you. It is recommended and to your advantage to also have

your lot number on all non-motorized watercraft, floats, toys, etc. so they can be identified and returned to you if they break free.

These Rules and Regulations are for your benefit and should be clear and self explanatory. If you have any questions and need clarification, please contact a Guard, the Office, or the Security Chairman.

If you rent your home, please contact the Office and fill out the required form so that we can identify the renter for boat stickers, etc. and to insure that you understand that you are transferring all of your lake privileges to the renter for that parcel that you have rented. If you have any questions regarding this requirement, please read General Rules and Regulations, Page 7, item 2 of the Red Book or contact the Office.

Please however remember that I serve you, the Property Owners and provide 100s of hours for free, so if you have an issue, I, along with the Board will get it resolved, but please use self control when dealing with us as in general we are only enforcing the Rules and Regulation in the RED Book with our Mission to make our Lake the best of any in Michigan which will only increase your property value.

Additional News for 2011:

- Ms. Thelma Whitten is looking for an additional Guard for the 2011 Season. She can be reached at 688-4796 if you have an interest.
- The Hillsdale County Sheriff/DNR will be at the Boat Ramp for the beginning of the season. They will be checking the items on your Watercraft (Life Vests, Fire Extinguishers, and Anchor etc.) along with your Boat and Trailer registration.
- The Inland Lake speed maximum MPH is 55. Both the DNR and Hillsdale Marine have Radar Guns. They can issue you a ticket up to Reckless Driving and if there's any concern on Alcohol you could be looking at 8-10 Points on your Drivers' License and a night in Jail.
- Also, your Children or Grand Children, under the age of 16 must carry their Boaters Safety/License as Law Enforcement will ask for this identification/ID if your Kids are stopped.
- We are also going to take a more aggressive stance on Non-Resident Ice Fisherman. The plan is not yet complete, but with the help of Residents like Al, Wes Rhoads and Scott Lovell, we will protect our Lake.

With Best Regards,

Mitch Wetzler
Security Chair, LSPOA

Fishing Report

Winter 2010/2011

Good grief — it's almost February and I've not been out ice fishing yet!! Wife had back surgery and I've been playing nurse for most of the winter. I've got everything ready in the garage — just need to get going!

But looking at the lake this winter, there are lots of people out fishing (Probably the most I've seen since I've been out here!). The few people I've spoken with say it's been kind of a mixed bag — some days, just small ones — other days, nice catches. At least there's lots of ice.

The past summer was very good for large bluegills and some very large redears. I didn't do very well with the walleye in the fall. The bass have been plentiful — but I don't think they are the size of past years (Yes, I know some people still got some nice ones.). I thought the crappie fishing was poor this summer. Seems like I went for a month without catching a single crappie. Fish populations wane and peak over the years usually due to poor spawning conditions.

Last summer the thermocline (water with rapidly dropping temperatures) was about 12 feet. Most of the larger bluegills stay at about 15-18 feet in mid-summer and then move higher in late summer as the dissolved oxygen gets depleted. Sometimes this transition happens quite quickly — then the deep water fishing comes to a halt. It's very noticeable with a good fish finder — one day they are at 18 feet, and the next at 12 feet, suspended over the deeper water. Realize, that in Lake Somerset, the oxygen is gone below 15 feet by late August. You then need to change your techniques. I use an ultralite rod with 4-lb line and a depth-setting reel. Once you get a bite — you set the reel to that depth. Works pretty good. During the daytime you will see many large marks (suspended fish). These are mostly schools of crappies and walleyes. I've tried lots of different baits and lures at the same depth as the marks — mostly with no luck. I suspect these fish hang out at this depth because they are comfortable — then begin feeding at

sunset and continue through the night. During the daylight hours, they just don't feed.

Regarding the redear sunfish in the lake — these fish seem to have taken very well. We planted about 7,000 redear fingerlings in 2002. There are some that are around 12 inches long in this lake. I've heard of a lot of 11-12 inch fish caught this past summer. A lot of fishermen call these "hybrid" sunfish — but they are a distinct species, and are a native fish south of Michigan. They are also called shellcrackers or stump knockers. They like to feed on snails and small shellfish (e.g. Zebra mussels?). However, they will interbreed with pumpkinseed sunfish and perhaps bluegills. So in that sense, you will have some hybrids mixed into the fishery.

Early last summer we stocked about 1,000 northern pike fingerlings, and then in October we stocked over 1,200 walleye fingerlings. Hopefully, these will help keep our panfish under control over the next few years.

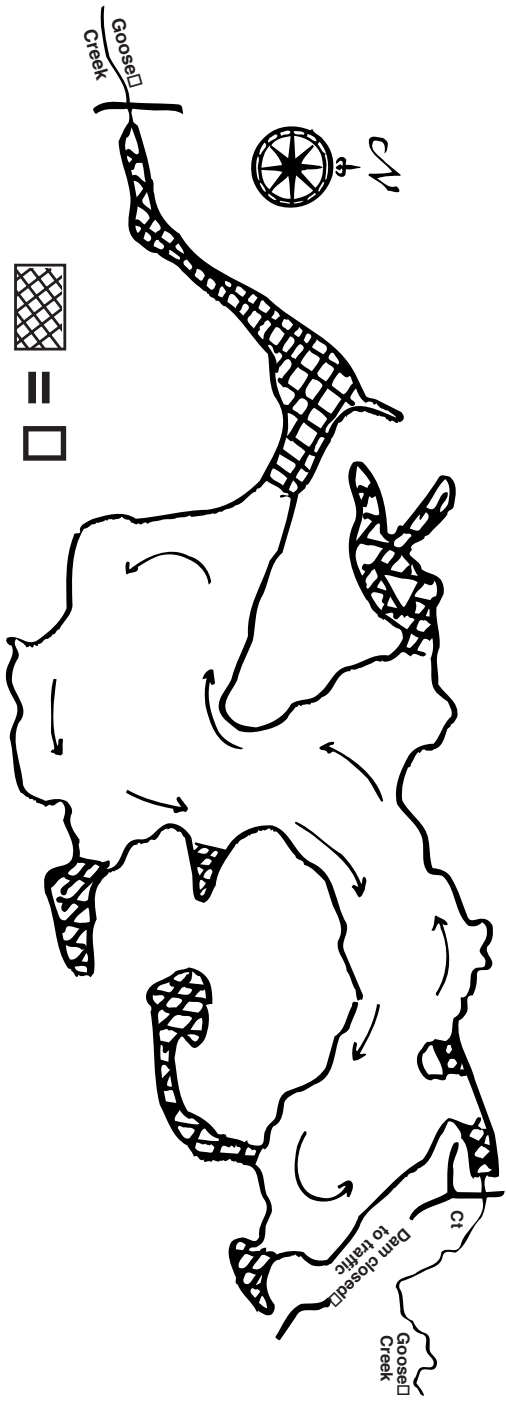
I also mention that lake association has gotten several complaints of trespassing ice fishermen this winter. Although there are numerous signs stating this is a private lake, etc., fishermen still get access through the parks. When confronted, a couple of these guys said they were from Lake Leann — and they heard the fishing was better over here! That makes me feel better that we are doing the right thing with our stocking program.

What to do about this problem? Some ideas tossed around are: hire somebody to make patrols and issue trespass citations (Somerset Police — with money from our stocking fund?). Issue cards to each resident? Issue vehicle stickers? We've tried the resident cards in the past — but it was still a problem enforcing. I think the vehicle stickers are perhaps our best option. Most of the fishermen who don't live on the lakefront use the parks to get access. I, for one, don't want my grandkids and friends hassled about fishing on the lake, especially when they get access through my property. Anybody who has any other ideas, please let one of the board members know. I still wonder whether it's really a big problem?

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

Parks Spring 2011

We had a busy fall cutting down 6 dead trees in the main park and 1 dead tree in the North Park. We also cut up a dead tree that collapsed on the island this winter. The light lens was replaced in the West Park and the association took delivery of new picnic tables which will be assembled and placed in the



Construction of the new pavilion in the West park in 2010.

parcs by May 1st. The West Park pavilion was also finished and it certainly will make a great

private picnic spot for the association. If you have not been down to the West Park, then check it out!

We continue to maintain our docks but may need to replace two docks in the 2012 calendar year. The oldest and most unstable docks will be eliminated. We are also looking at extending the boat ramp by one concrete block to cut down on the erosion caused by



Ingrid Volker working in the community flower garden in the West park.

power loading. Both items will be the focus of the 2011 budget review.

Special thanks to Ingrid Volker and Pat Abersold, who landscaped our sign off US12 with boulders and flowers. Should be pretty this year! Looks fantastic.

All 2011 contracts are in place and the parks are ready to shine for the 2011 season.

Special thanks to John and Babette Dickelman for all their help on the West Park! They are really great neighbors who volunteer a tremendous amount of time keeping West Park in tip top shape. They will have a work party this spring and anyone that would like to volunteer let us know. The date is April 16th at the West Park 10 a.m.

Jim Wajda

Roads - Spring 2011

Since the fall Gazette, I have met with the Hillsdale County Road Commission twice. Once in November, accompanied by Carl Reuter, Gary Grandy and Bert Lawrence. The second time on January 13, 2011.

The January meeting was the Somerset Township's annual meeting with the Commission to discuss what road repairs would be addressed in the township for 2011. After the township had concluded their business, I expressed the concerns of the association that we have only 11 miles of roads, and not all were in need of repair at this time. I acknowledged that we were aware that funds were tight, but our request of one mile of road maintenance every other year was a reasonable one. I had hoped that they would allow us to have some

input into which roads should be addressed first. A majority if not all the Board Members agree that Limerick Lane starting at Blarney Circle is the road that should receive their highest attention.

I was informed by the Road Commission that they do not address roads that are in the most need of repair, but only the ones that need minor maintenance to keep them from going bad.

The members of the Board that I have discussed this with find this reasoning or policy totally unacceptable. Our next step is to send the Commission a letter signed by all board members expressing our concern over their lack of interest in our input and our roads.

Our hope is that this will make them aware of just how determined we are.

Tony Harsch
(517) 688-9767

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, RESERVE AND
MEMBERS' EQUITY - CASH BASIS
AUGUST 31, 2010

475 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

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

PHONE: (617) 849-2410
FAX: (617) 849-2492
E-MAIL: BAILEYHODSHIRE@GMAIL.COM

ACCOUNTANT'S REPORT

To the Board of Directors
Lake Somerset Property Owners Association
Somerset, Michigan

We have compiled the accompanying Statement of Assets, Liabilities, Reserve and Members' Equity - Cash Basis of the Lake Somerset Property Owners Association (a corporation) as of August 31, 2010, and the related Statement of Revenue and Expenses - Cash Basis and Changes in Members' Equity - Cash Basis for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Bailey, Hodshire & Company, P.C.
Jonesville, Michigan
October 27, 2010

ASSETS

Current Assets:	
Cash in Checking Account	\$ 27,214
Cash in Savings Account	509
Cash in Edward Jones Money Market Account	2,361
Cash in Credit Union Accounts	164,669
Maintenance Assessments Receivable	<u>42,053</u>
Total Current Assets	\$ 236,806

Fixed Assets:	
Buildings and Improvements	\$ 60,826
Equipment and Signs	<u>181,803</u>
	\$ 242,629
Less: Accumulated Depreciation	<u>(167,873)</u>
Net Book Value	\$ 74,756
Land (Hillandale - Lot #231)	5,820
Land (Meckleys-Somerset Heights)	<u>40,748</u>
Total Fixed Assets - Net Book Value	121,324

Other Assets:	
Edward Jones-Collateralized Mortgage Obligation (Matures 2034)	<u>24,669</u>
Total Assets	\$ 382,799

LIABILITIES, RESERVE AND MEMBERS' EQUITY

Liabilities	\$ 0
Reserve for Maintenance Assessments Receivable	42,053
Members' Equity	<u>340,746</u>
Total Liabilities, Reserve and Members' Equity	\$ 382,799

See accompanying notes and accountants' report.

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2010

(CONTINUED)	
	\$ 630
REVENUE	
Assessments	17,765
Boat Stickers	2,928
Interest - Assessments	6,698
Interest - Bank Accounts	1,006
Other - Gate Keys, etc.	1,775
Construction Review	(393)
Unrealized Gain (Loss) on Investment	1,64,052
Total Revenue	<u>\$ 180,000</u>
EXPENSES	
Treasurer	
Compilation Report Fee	1,480
Postage	1,735
Printing and Supplies	7,376
Accounting and Office Labor	1,313
Telephone and Internet	3,893
Taxes - Property	1,853
Legal and Recording Fees	5,597
Insurance	85
Annual Meeting	2,056
IRS - Taxes	3,300
Office Rent	2,061
Miscellaneous - Contingency, Collections and Mileage	1,834
Bad Debts	<u>34,383</u>
Total Treasurer	\$ 67,809
Water Quality	
Harvester Maintenance	2,631
Harvester Labor	8,037
Truck Maintenance	1,087
Dredging & Erosion	7,295
Fuel	1,403
Miscellaneous	447
Herbicide	31,698
Lake Study	9,973
Pole Barn Repairs	5,238
Total Water Quality	<u>\$ 67,809</u>
Secretary:	
Gazette Printing and Mailing	\$ 2,605
Web Maintenance & Account Fees	541
Total Secretary	<u>\$ 3,146</u>
See accompanying notes and accountants' report.	

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2010

	\$ 12,829
REVENUE	
Dock Repair	14
Fence Repair	1,679
Port-a-Johns	684
Trash Pickup	1,554
Consumers Power	4,950
Mowing	2,214
Picnic Table Repair	444
Signs & Buoys	660
Trees & Maintenance of Beaches	<u>12,829</u>
Total Parks	\$ 6,260
Security	
Guard Labor	749
Keys and Other	<u>7,009</u>
Total Security	\$ 4,724
Fish Planting	
Community Council	726
Fireworks Display	400
Depreciation	<u>8,074</u>
Total Expenses	\$ 139,100
Excess of Revenue Over (Under) Expenses	<u>\$ 24,952</u>
See accompanying notes and accountants' report.	

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
ANALYSIS OF CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2010

Members' Equity - September 1, 2009	\$ 315,794
Add: Excess of Revenue over Expenses	
Revenue	\$ 164,052
Expenses	<u>(139,100)</u>
Members' Equity - August 31, 2010	<u>\$ 340,746</u>

LAKE SOMERSET PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010

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 \$2,687.

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 depositories include a non-interest bearing checking account, an interest bearing savings account, certificate of deposit account, a multi-trust account, and a brokerage account with Edward Jones. The balance sheet has been capitalized for unpaid maintenance assessments at August 31, 2010, of \$42,053 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 pavilions are shown on the balance sheet in the assets section. The equipment includes weed harvesting, park and office equipment. The weed harvesting equipment is being depreciated over 10 years. The park fencing, improvements, and equipment are being depreciated over a 10-20 year lives 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 20 year life straight line method used for the pavilions and a 29 year life for the storage building improvement.

Members' Equity

The Members' Equity of \$340,746 at year-end was an increase of \$24,952 from the prior year-end balance of \$315,794.

See accompanying notes and accountants' report.

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

PRESORTED
STANDARD
U.S. POSTAGE
PAID
JACKSON, MI
PERMIT NO. 456

FORWARDING SERVICE REQUESTED



We will be having our 13th annual Lake Somerset Garage Sale on Saturday, June 25th,

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 contact Pam McAndrews at the LSPOA office at (517) 252-5069.

Ingrid Volker

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 (517) 252-5069.
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.

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