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The true and full (T/F) value is determined by the Equalization Director's office from sales in the county from prior years and Vanguard's cost manual and valuation procedures. Many variables affect the valuation of a property. (See back page)

**EXAMPLE: T/F value of \$150,000**

2

Taxable value on residential property is 4.5% of the T/F value. Commercial, vacant lots (land only) and Ag land taxable value is 5% of the T/F value.

**EXAMPLE: T/F value of \$150,000 would equal  
a taxable value of \$6,750 ( $150,000 * 4.5\%$ )**

**What is a mill: a mill is simply 1/1000 of anything.**

**The value of one mill for this residential property would be \$6.75 ( $6750 * 1/1000$ )**

**If the total mill levy for County, City, Township, School, and State  
is 322.68 mills the tax bill would be \$2,178.09 ( $6.75 * 322.68$ )**

3

Now let's say that valuations increase and now your property is valued at \$187,500. This does not mean that taxes on this residential property will go up 25%. An increase in T/F values will increase the overall assessed value for each levy district. To levy the same dollar amount would mean a REDUCTION in the total number of mills needed to get to the same dollar amount as last year.

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In 2024 Foster County levied \$959,727.36 which equaled 29.53 mills in the general fund. The assessed value of the county was \$32,500,075 (one mill = 32,500.08). In 2025 the estimated assessed value of the county was \$34,651,333 (one mill = 34,651.33) and would require only 27.69 mills to get to the same dollar amount.

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#### SCENARIO 1:

Let's say that due to the increased assessed values that all entities can reduce their 2024 mills (322.68) by 15% to 274.28 mills. With 274.28 mills and a new T/F value of \$187,500 for this residential property, the value of 1 mill for this residential property in 2025 would be \$8.43 ( $187,500 \times 0.045 = \$8.43$ ). The taxes for this residential property for 2025 would be \$2,315.55 ( $8.43 \times 274.28$  mills). The increase in property taxes from 2024 (\$2,178.09) to 2025 (\$2,315.55) is \$137.46 which is approximately 6%.

#### SCENARIO 2:

Let's say that entities decrease can reduce their 2024 mills (322.68) by 5% to 306.55. With 306.55 mills and a new T/F value of 187,500 for this residential property in 2025 would be \$8.43 ( $187,500 \times 0.045 = \$8.43$ ). The taxes for this residential property for 2025 would be \$2,584.22 ( $8.43 * 306.55$  mills). The increase in property taxes for 2024 (\$2,178.09) to 2025 (\$2,584.22) is \$406.13 which is approximately 18.65%

**\*This is an example for a RESIDENTIAL PROPERTY\***

# VALUATION OF A PROPERTY

## Replacement cost new

This value is the starting point. It is determined by using a cost manual that tells the assessor what it would cost to build a structure. The value for a new house or building (detached garage, grocery store, etc.) is based on current construction costs (objective), age (objective), square feet of the structure (objective), land value (objective), location (objective), grade of construction (subjective), and condition (subjective).

The assessor completes a valuation worksheet, measures the structure and compares the measurements with the building plans, notes the age of the structure, checks sales of vacant lots in the area in which the structure is being built to determine the lot value, enters the structure to determine the grade of construction (poor to very fancy) and assigns a grade, determines the condition of the building (poor construction methods to over-the-top construction methods and physical upkeep) and assigns a grade, applies depreciation in accordance with the age of the structure, and applies a location factor. This process determines the true and full value of the property.

## For each sale in Foster County

The assessor reviews the sale to determine if the sale is an arms-length transaction or a good sale (sales between relatives, sales that are an exchange of properties, sales through a quit claim deed without a sale price, etc. are not good sales), calculates the sales ratio, which is the true and full value of the property divided by the sale price, orders the sales ratio from lowest to highest, and determines the median (middle number) of all the sales.

If the median sales ratio is not between 90% and 100% as required by the State, the assessor must, using the State's sales ratio worksheet, apply an increase or decrease to move the median sales ratio between 90% and 100%. If a county were to not be within the 90% sales ratio, legal action could be taken against the county.

***\*Disclaimer: This information is based off of estimated examples and may not be a true or exact representation of what COULD happen from year to year. \****