



EXAMPLE 2 Balancing a Monthly Budget

Use the monthly budget form to find your total actual expenses. Compare your total actual expenses with your total budgeted expenses.



Study Tip
 A negative number means you are under budget. So, it is “good” to have negative numbers for expense differences, but “bad” to have negative numbers for income differences.



 CATEGORY	MONTHLY ACTUAL AMOUNT	−	MONTHLY BUDGETED AMOUNT	=	DIFFERENCE
INCOME	\$5500.00		\$5500.00		\$0.00
Income Taxes Withheld					
Federal income tax	\$1100.00		\$1100.00		\$0.00
State and local income tax	\$225.00		\$225.00		\$0.00
Social Security/Medicare tax	\$412.50		\$412.50		\$0.00
Spendable Income	\$3762.50		\$3762.50		\$0.00
EXPENSES					
Home					
Mortgage or rent	\$455.00		\$455.00		\$0.00
Homeowners/renters insurance	\$95.00		\$95.00		\$0.00
Property taxes	\$234.00		\$234.00		\$0.00
Utilities					
Electricity	\$121.46		\$125.00		−\$3.54
Water and sewer	\$62.30		\$58.00		\$4.30
Natural gas	\$158.16		\$200.00		−\$41.84
Telephone (landline, cell)	\$138.92		\$125.00		\$13.92
Food					
Groceries	\$287.60		\$300.00		−\$12.40
Eating out, lunches, snacks	\$234.86		\$200.00		\$34.86
Health and Medical					
Insurance (medical, dental, vision)	\$165.00		\$165.00		\$0.00
Medical expenses, co-pays	\$0.00		\$200.00		−\$200.00
Transportation					
Car payments	\$175.00		\$175.00		\$0.00
Gasoline/oil	\$48.23		\$60.00		−\$11.77
Auto repairs/maintenance/fees	\$0.00		\$50.00		−\$50.00
Auto insurance	\$125.00		\$125.00		\$0.00
Debt Payments	\$253.48		\$253.48		\$0.00
Entertainment/Recreation	\$124.50		\$150.00		−\$25.50
Clothing	\$0.00		\$50.00		−\$50.00
Investments and Savings	\$125.00		\$125.00		\$0.00
Miscellaneous	\$93.50		\$200.00		−\$106.50
Total Expenses			\$3345.48		

SOLUTION

The total of your actual expenses is \$2897.01. So, you spent $3345.48 - 2897.01 = \$448.47$ less than what you budgeted.

 **Checkpoint**

Help at Math.andYOU.com

Complete the “difference” column of the monthly budget form. Explain how you can use the total in this column to check the total in the “actual” column.