**UNIT 2**

**CD 1, Track 7**

**Todd:** I think it’s time we sat down and made a family budget. As the kids grow older, we’re going to need to budget our money more wisely.

**Sara:** Good idea. How should we start?

**Todd:** Well, let’s make a list of everything we spend money on, and then let’s guess at how much we spend in each category. Then we’ll save our receipts for next month and see how much we actually spent.

**Sara:** OK, why don’t we start with the cars? Since both of them are paid off, we don’t have any loan payments, but we do have to pay for gas, insurance, and maintenance. I’d say we spend $300 a month on gas, $150 a month on insurance, and I don’t know about maintenance, but it might come to $550 a month for everything.

**Todd:** That sounds right. Now let’s talk about rent. We know it’s going to be $1,500.

**Sara:** Right. In the utilities category, I’d say we spend about $40 on gas, $100 on electricity, and $20 on water. That adds up to $160.

**Todd:** Don’t forget cable, phone, and Internet. Cable is $50, phone is $95, and Internet is $45. That’s $190 right there.

**Sara:** Wow, we spend money on a lot of things!

**Todd:** And we’re not even finished! How much do you think we spend on food each month?

**Sara:** I spend about $400 a month on groceries, and I’d say we spend about $200 going out to dinner.

**Todd:** What about school supplies and clothing?

**Sara:** School supplies are about $60 a month and clothing about $200.

**Todd:** Are we forgetting anything? . . . Oh, medical expenses. It’s a good thing we have insurance, but it doesn’t pay for everything. I’d say we spend about $50 a month.

**Sara:** That sounds about right. And don’t forget entertainment. Movies and taking the kids on trips adds up! I’d be willing to bet we spend at least $150 a month on those kinds of things—I’m afraid to add all this up!

**CD 1, Track 8**

**Sara:** I can’t believe it’s been a month since we sat down and wrote our budget. Time flies!

**Todd:** Yep, it sure does. OK, since we’ve already totaled up the receipts, let’s write down the total amount of money we spent last month in each category.

**Sara:** OK, I’ve got the auto expenses. We spent $295.50 on gas, $150 on insurance, and nothing on maintenance. So, that’s $445.50 total. That’s less than what we thought.

**Todd:** OK, rent and utilities. Obviously, rent is what we thought—$1,500. Gas was $35.76, electricity was $150.02, and water was $22.34. That comes to $208.12. We were close on gas and water, but we were way off on the electricity.

**Sara:** I guess we’re not used to that rate increase yet.

**Todd:** I don’t think I’ll ever get used to it. OK, cable was $50, phone was $155.72, and Internet was $30. That adds up to $235.72.

**Sara:** Not bad. I guess the bigger phone bill was because of all those calls you made to your mother last month. Maybe we can make her pay for it!

**Todd:** Oh, she’d love that! OK, what else?

**Sara:** I spent $359.81 last month on groceries, and we spent about $300 going out to dinner. I guess we underestimated on that one.

**Todd:** What about school supplies and clothing?

**Sara:** School supplies were about $30 and clothing was $102.14, but I still think we should leave the clothing budget at $200. The boys are still growing and they need new clothes quite often.

**Todd:** Good idea. We spent $45.28 on medical expenses and $132.96 on entertainment.

**Sara:** All right. Let’s add it up!