

### ***Creating the Budget, Exercise 7, Gasoline (Chapter 3)***

Perform the gasoline exercise (*Refer to Section 3.5 for the detailed exercise*) to establish monthly cost:

- Determine gas mileage on the vehicle and fuel tank size
- Determine the fuel mileage by way of an owner's manual or a web search; mileage will be displayed by city and highway.
- Determine how many miles are driven each week
- Determine the percentage of city and highway driven

Destination	Miles (2x)	Trips	Total
Work	12	4	96
Gym	5	2	20
Errands (est)	--	--	15
Family / Friends	4	2	16
Leisure Activities (est)	--	--	15

-Determine for a few cycles the number of miles a tank provides and then by the number of miles projected per year to determine the amount of fill ups are required each year.

-Take the current cost of gas and add .25 cents to it and multiply by the number of fill ups each year to establish total cost. Then divide by 12 to determine monthly cost.

-Next run the **12 month budget exercise** as seen in the example below:

Month	To Supp	From Supp	Balance	Added Cash	New Balance in Supp
Jan	\$7	--	\$7	--	\$7
Feb	\$7	--	\$14	--	\$14
Mar	--	\$14	(\$18)	<b>\$18</b>	\$0
Apr	\$7	--	\$7	--	\$7
May	\$7	--	\$7	--	\$14
Jun	\$7	--	\$7	--	\$21
Jul	\$7	--	\$7	--	\$28
Aug	--	\$28	(\$4)	<b>\$4</b>	\$0
Sep	\$7	--	\$7	--	\$7
Oct	\$7	--	\$7	--	\$14
Nov	\$7	--	\$7	--	\$21
Dec	\$7	--	\$7	--	<b>\$28</b>

Note that adding .25 cents creates a surplus in your budget in light of knowing the 12-month budget exercise has been run. As long your projections are correct and gas is under the .25 cents you've projected you will have surplus. If your exercise determines that you need extra cash still still follow through with adding the money.

Gas prices can fluctuate often so creating surplus will help mitigate spikes in prices. If gas rises above the projection adjust the budget accordingly.